

POVERTY AND INCLUSIVE GROWTH

10.7 Incidence of poverty is estimated by the Planning Commission on the basis of quinquennial large sample surveys on household consumer expenditure conducted by the National Sample Survey Organisation (NSSO). The Uniform Recall Period (URP) consumption distribution data of NSS 61st Round yields a poverty ratio of 28.3 per cent in rural areas, 25.7 per cent in urban areas and 27.5 per cent for the country as a whole in 2004-05. The corresponding poverty ratios from the Mixed Recall Period (MRP) consumption distribution data are 21.8 per cent for rural areas, 21.7 per cent for urban areas and 21.8 per cent for country as a whole. While the former consumption data uses 30-day recall/reference period for all items of consumption, the latter uses 365-day recall/reference period for five infrequently purchased non-food items, namely, clothing, footwear, durable goods, education and institutional medical expenses and 30-day recall/reference period for remaining items. The percentage of poor in 2004-05 estimated from URP consumption distribution of NSS 61st Round of consumer expenditure data are comparable with the poverty estimates of 1993-94(50th round) which was 36 per cent for the country as a whole. The percentage of poor in 2004-05 estimated from MRP consumption distribution of NSS 61st Round of consumer expenditure data are roughly comparable with the poverty estimates of 1999-2000 (55th round) which was 26.1 per cent for the country as a whole (Table 10.4).

Consumption Patterns below and above

Table 10.4

Poverty Ratios by URP and MRP

		(per cent)	
Sr. No.	Category	1993-94	2004-05
By Uniform Recall Period (URP) Method			
1	Rural	37.3	28.3
2	Urban	32.4	25.7
3	All India	36.0	27.5
By Mixed Recall Period (MRP) Method			
		1999-2000	2004-05
4	Rural	27.1	21.8
5	Urban	23.6	21.7
6	All India	26.1	21.8

Source: Planning Commission

Poverty Line

10.8 There are concerns about vulnerability of people who have crossed the poverty line (PL) and are at present above it. Vulnerability is a relative term and could be gauged from the consumption patterns (in the absence of a better available alternative). Given meagre resources, higher share of expenditure on food items, which is the most basic of all basic needs, would be indicative of vulnerability to some extent.

10.9 The average per capita consumption expenditure for rural and urban population as per 61st Round (2004-05) is Rs. 558.78 and Rs. 1,052.36, respectively. NSSO data also reveals that rural population on an average spends about 55 per cent of its consumption on food and remaining 45 per cent on non-food items (Table 10.5). Rural population divided on the basis of their monthly per capita expenditures (MPCEs) exhibit consumption patterns as follows.:

- Rural poor (below PL) are spending about 31 to 35 per cent of their total consumption expenditure on non-food items and remaining on food items.
- In the group of population between PL. and 1.5 PL., non-food items take up between 36

Table 10.5

Consumption pattern across different MPCE classes of population (per cent)

MPCE classes of population—rural	Food	Non-Food
	55.05	44.95
I Poor (roughly below PL)		
1. 0-235	68.45	31.55
2. 235-270	67.16	32.84
3. 270-320	66.35	33.65
4. 320-365 ^a	64.78	35.22
II Roughly between PL and 2PL		
5. 365-410	63.99	36.01
6. 410-455	62.93	37.06
7. 455-510	61.61	38.39
8. 510-580 ^b	60.11	39.88
9. 580-690	58.02	41.98
10. 690-890 ^c	53.92	46.08
III Roughly above 2 PL		
11. 890-1155	49.80	50.20

Source: NSSO: Estimated from Table 5R of NSS Report No. 508: Level and Pattern of Consumer Expenditure, 2004-05

^a MPCE class having poverty line(PL) at Rs 356.30

^b MPCE class having 1.5 times the poverty line(1.5PL) at Rs. 534.45

^c MPCE class having twice the poverty line(2PL) at Rs. 712.60

Table 10.6**Consumption pattern across different MPCE classes of population**

(percent)		
MPCE classes of population—urban	Food	Non-Food
	42.51	57.48
I Poor (roughly below PL)		
1. 0-335	64.86	35.14
2. 335-395	63.11	36.89
3. 395-485	60.04	39.96
4. 485-580 ^a	57.30	42.70
II Roughly between PL and 2 PL		
5. 580-675	55.35	44.65
6. 675-790	52.37	47.62
7. 790-930 ^b	49.69	50.31
8. 930-1100 ^c	46.61	53.39
III Roughly above 2 PL		
9. 1100-1380	44.44	55.56
10. 1380-1880	40.17	59.83

Source: NSSO: Estimated from Table 5U of NSS Report No. 508: Level and Pattern of Consumer Expenditure, 2004-05

^a MPCE class having poverty line(pl) at Rs 538.60

^b MPCE class having 1.5 times the poverty line (1.5 PL) at Rs. 807.90

^c MPCE class having twice the poverty line(2 PL) at Rs. 1077.20

and 40 per cent of the total consumption expenditure.

- For rural population between PL and 2PL, non-food items take up between 36 per cent and 46 per cent of the total consumption expenditure.

A similar classification of urban population indicates a consumption pattern (Table 10.6) as follows:

- while about 43 per cent of total consumption on an average is spent on food items and remaining 57 per cent is spent on non-food items, urban poor (below PL) are spending about 35 to 43 per cent of their total consumption on non-food items.
- In the group of population between PL. and 1.5 PL., non-food items take up between 45 to 50 per cent of the total consumption expenditure.
- However, in the group of population between PL. and 2 PL., non-food items take up between 45 and 53 per cent of the total consumption expenditure.
- It is noticeable that on expected lines, the average consumption pattern of urban population in general is more skewed in favour of non-food items.

Trends in Consumption Growth (Rural Urban Disparity)

10.10 The Compound Annual Growth Rate (CAGR) of consumption for rural as well as urban population for different percentile groups of population over the period between 1993-94 and 2004-05 based on NSSO data on monthly per capita consumption for various rounds at constant prices (Table 10.7) indicate the following:

- While, on an average, the growth in consumption expenditures over this period may not appear too different for rural (CAGR

Table 10.7 Growth in MPCEs between 1993-94 and 2004-05

No.	Percentile grp. of popln.	Rural 1993-94 (Rs.)	Rural 2004-05 (Rs.)	Rural CAGR (%)	Urban 1993-94 (Rs.)	Urban 2004-05 (Rs.)	Urban CAGR (%)
1.	0% - 10%	115.5	129.5	1.05	154.5	163.5	0.52
2.	10% - 20%	153	169	0.91	211	223	0.50
3.	20% - 30%	178	195	0.83	248	269	0.74
4.	30% - 40%	200	221	0.91	287	316	0.88
5.	40% - 50%	222	246	0.94	332	368	0.94
6.	50% - 60%	249	275	0.91	381	433	1.17
7.	60% - 70%	282	310	0.86	448	512	1.22
8.	70% - 80%	325	359	0.91	543	619	1.20
9.	80% - 90%	398	442	0.96	698	804	1.29
10.	90% - 100%	686	843	1.89	1283	1612.5	2.10
11.	All classes	281	319	1.16	458	531	1.35

Source: NSSO: Estimated from Table No. P7: Comparison of average MPCE at constant prices over rounds, NSS Report No. 508: Level and Pattern of Consumer Expenditure, 2004-05.

1.16 per cent) and urban (CAGR 1.35 per cent) population, differences are noticeable if different MPCE based percentile groups of population are taken into consideration.

- For all percentile groups except top 10 per cent in rural population between 1993-94 and 2004-05, CAGR has been around 1 per cent.
- At the same time, the CAGR of the upper 50 percentile group in the urban population is consistently above 1 per cent and higher as compared with those of lower 50 percentile urban population.
- It is also noticeable that while in urban population, a CAGR of more than 1 per cent is for entire upper 50 percentile, only the uppermost 10 percentile group is registering a CAGR of consumption (MPCE) above 1 per cent for rural population.
- Further, the growth in consumption of lower 40 percentile of urban population is consistently lower than its counterpart rural population.

Hence, changes in MPCEs over this period within urban population may have been less uniform than in the rural population. (Rural urban migration may be behind this phenomenon as influx of migrant population may be neutralizing the rise in average incomes of lower half of urban population. At the same time, migrant workers may be sending back funds to support their poor families back home thus raising consumption levels). This also signals the importance of programmes that improve the supply of public goods and services to urban poor.

Food Availability and Hunger

10.11 On the basis of NSSO data for various rounds, it is observed that reporting of inadequate food has also come down between 1993-94 and 2004-05 with 1.9 per cent households reporting inadequate food availability for the country as a whole in 2004-05 as against 4.2 per cent households in 1993-94. Of these, 1.6 per cent households reported inadequate food for some months while 0.3 per cent reported inadequate

Table 10.8

Food Inadequacy Status of Households

Total	some (aggregate)	(in per cent)	
		All months	All months
50th (1993-94)	4.2
55th (1999-00)	2.6
61st (2004-05)	1.6	0.3	1.9
Rural			
50th (1993-94)	4.2	0.9	5.1
55th ((1999-00)	2.6	0.7	3.3
61st (2004-05)	2.0	0.4	2.4
Urban			
50th (1993-94)	1.1	0.5	1.6
55th (1999-00)	0.6	0.3	0.9
61st (2004-05)	0.4	0.1	0.5

Source: NSSO: Estimated from Statement 2: Statewise Food Availability Status, NSS Report No. 512: Perceived Adequacy of Food Consumption in Indian Households, 2004-05.

food for all months. Further, rural households accounted for a predominant share of inadequate food availability. In respect of State-wise comparison, as discussed in chapter 2, West Bengal followed by Orissa has an unusually high percentage of households reporting food inadequacy (Table 10.8).

Poverty alleviation and employment generation programmes

10.12 Poverty reduction has been an important goal of development policy since the inception of planning in India. Various anti-poverty, employment generation and basic services programmes are being implemented at present (Box 10.3). The ongoing reforms attach great importance to removal of poverty and addressing specifically the wide variations across States and the rural-urban divide. However, there is a need for better implementation of schemes especially NREGS, through web enabled information generation and monitoring system. The lessons learnt from earlier phases of implementation need to be utilized in the third phase of implementation of the programme.

Box 10.3 Major Anti Poverty, employment generation and basic services programmes**Pradhan Mantri Gram Sadak Yojana (PMGSY)**

The PMGSY was launched on December 25, 2000 as a 100 per cent Centrally Sponsored Scheme with the primary objective of providing all-weather connectivity to the eligible unconnected habitations in the rural areas. The programme is funded mainly from the accruals of diesel cess in the Central Road Fund. In addition, support of the multilateral funding agencies and the domestic financial institutions is being obtained to meet the financial requirements of the programme. Up to December, 2007, about 1,42,750 kilometre-long roadworks have been completed with a cumulative expenditure of Rs. 27,382.24 crore.

Indira Awaas Yojana (IAY)

This scheme aims at providing dwelling units, free of cost, to the poor families of the Scheduled Castes, Scheduled Tribes, freed bonded labourers and also the non-SC/ST persons below the poverty line in rural areas. The scheme is funded on a cost sharing basis of 75:25 between the Centre and the States. During the current financial year, Rs. 4,032.70 crore have been earmarked for release to DRDAs under Indira Awaas Yojana (IAY) for construction of 21.27 lakh houses. As per the information received from the State Governments, 9.39 lakh houses have been constructed up to November 2007.

Swarnjayanti Gram Swarozgar Yojana (SGSY)

The Swarnjayanti Gram Swarozgar Yojana (SGSY) was launched in April 1999 after restructuring the Integrated Rural Development Programme (IRDP) and allied programmes. It is the only Self Employment Programme currently being implemented for the rural poor. The objective of the SGSY is to bring the assisted swarozgaris above the poverty line by providing them income generating assets through bank credit and Government subsidy. The scheme is being implemented on cost sharing basis of 75:25 between the Centre and States. Up to December 2007, 27.37 lakh self-help groups (SHGs) have been formed and 93.21 lakh swarozgaris have been assisted with a total outlay of Rs. 19,340.32 crore.

Sampoorna Grameen Rozgar Yojana (SGRY)

The Sampoorna Grameen Rozgar Yojana (SGRY) was launched on September 25, 2001. The objective of the programme is to provide additional wage employment in the rural areas as also food security, alongside creation of durable community, social and economic infrastructure in the rural areas. In 2007-08 up to December 31, 2007, the number of person-days of employment generated under SGRY was 11.60 crore while the Centre's contributions in terms of cash and foodgrain component up to December 31, 2007, were Rs. 1,142.27 crore and 9.55 lakh tonnes, respectively. Under the special component, about 0.55 lakh tonnes of foodgrain have been released to calamity hit States in the current year up to December 2007. SGRY programme in 330 districts has already been subsumed in National Rural Employment Guarantee Scheme (NREGS) (200 districts in first phase during the year 2006-07 and 130 additional districts in second phase during 2007-08). SGRY programme will be entirely subsumed in NREGS with effect from April 1, 2008.

Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

In December 1997, the Urban Self-Employment Programme (USEP) and the Urban Wage Employment Programme (UWEP), which are the two special components of the Swarna Jayanti Shahari Rozgar Yojana, were substituted for various programmes operated earlier for urban poverty alleviation. The fund allocation for the scheme was Rs. 344 crore during 2007-08 and Rs. 256.41 crore has been released up to December 4, 2007. During 2007-08, under USEP, 0.44 lakh urban poor were assisted to set up micro/group enterprise and 0.60 lakh urban poor were imparted skill training up to end of November 2007. Under UWEP, the mandays of employment generated was 6.77 lakh up to end of November 2007. Cumulative coverage of beneficiaries under the Community Structure Component was 358.13 lakh up to end of November 2007.