

Poverty

8. Together with the overall economic growth, the anti-poverty and employment generation programmes have helped in reducing the incidence of poverty over the long run. The poverty ratio declined from 56.4 per cent in 1973-74 to 37.3 in 1993-94 in rural areas and from 49.0 per cent in 1973-74 to 32.4 per cent in 1993-94 in urban areas. For the country as a whole, the poverty ratio declined from 54.9 per cent in 1973-74 to 36 per cent in 1993-94 (Table 10.6). Large Sample surveys on common expenditure on the basis of which poverty ratios are estimated are not available in subsequent years.

9. Although reduction of the overall poverty ratio in India from 55 per cent to 36 per cent during a period of two decades is significant, India's performance in poverty reduction has been weak as compared with some of the East Asian countries. It may be observed from Table 10.7 that the success of some of the East Asian countries (like China and Indonesia) lies in faster economic growth. In general, the faster the rate of overall growth, the faster is the rate of poverty reduction. It is, therefore, reasonable to expect that a sustained and long lasting solution to the problem of poverty depends on creation of opportunities for broad based economic development and higher growth.

TABLE 10.6
Number and Percentage of Population Below Poverty Line
(Number in million and poverty ratio in percentage)

Year	Rural sector		Urban sector		Combined All India	
	Number (million)	Poverty ratio	Number (million)	Poverty ratio	Number (million)	Poverty ratio
1973-74	261	56.4	60	49.0	321	54.9
1977-78	264	53.1	65	45.2	329	51.3
1983	252	45.7	71	40.8	323	44.5
1987-88	232	39.1	75	38.2	307	38.9
1993-94	244	37.3	76	32.4	320	36.0

Source: Planning Commission.

TABLE 10.7
Poverty incidence and growth rates in India and selected Asian countries
(in per cent)

Country	Poverty ratio 1975	Poverty ratio 1995	Annual Reduction In 1975-95 Percentage point	Average GDP growth 1970-1980	Average GDP Growth 1980-1995
India	54.9	36.0	0.9	3.2	5.6
China	59.5	22.2	1.9	5.0	11.1
Indonesia	64.3	11.4	2.6	7.8	6.6
Korea	23.0	5.0	0.9	9.0	8.7
Malaysia	17.4	4.3	0.7	7.8	6.4
Philippines	35.7	25.5	0.5	6.2	1.4
Thailand	8.1	0.9	0.4	7.2	7.9

Source : For India, Planning Commission; for others World Bank Report on Social Consequences of the East Asian Financial Crisis, September, 1998.

Note : For India, poverty ratios refer to the years 1973 and 1993 respectively and GDP growth rates are based on old series with base 1980-81.