

Poverty and Human Development in India: Getting Priorities Right

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1. The concern, the promise

In the 1930s, when the British ruled the country, Jawaharlal Nehru described India's situation as follows: "A servile state, with its splendid strength caged up, hardly daring to breathe freely, governed by strangers from afar; her people poor beyond compare; short-lived and incapable of resisting disease and epidemic; illiteracy rampant; vast areas devoid of all sanitary or medical provision; unemployment on a prodigious scale, both among the middle classes and the masses." ³ On being sworn in as the first Prime Minister of independent India in 1947, Nehru called for "the ending of poverty and ignorance and disease and inequality of opportunity." Mahatma Gandhi had always insisted that India would become truly independent only when the poorest of its people would be free from human suffering. An overwhelming concern for the poor, a multidimensional view of poverty and human deprivations, the focus on freedoms, the need to expand opportunities and ensure its equal distribution are fundamental to a strong human development perspective.

Every major policy and plan document has expressed such a perspective and concern. The *First Five Year Plan* (1951-56) stated that "the central objective of planning in India is to raise the standard of living of the people and to open them opportunities for a richer and more varied life." The document went on to state: "It is no longer possible to think of development as a process merely of increasing the available supplies of material goods; it is necessary to ensure that simultaneously a steady advance is made towards the realisation of wider objectives such as full employment and the removal of economic inequalities." Successive five-year plans continued to emphasize poverty eradication, and the attainment of economic equality and social justice as key objectives. The *Eighth Five Year Plan* (1992-97) identified human development as the ultimate goal. It aimed to create jobs, contain population, eradicate illiteracy, universalize elementary education, and provide safe drinking water and primary health care facilities to all. The Approach Paper to the *Ninth Five Year Plan* (1997) reiterates the importance of focusing on human development, and argues that there can be no two opinions about this being the ultimate goal of all public action.

Given such a strong concern for human development and a promise to eliminate the worst forms of human deprivations, what has been India's performance on the poverty

front? To what extent has poverty reduction occurred? What are some factors that have limited the expansion of human capabilities? Above all, what are the country's prospects? This paper discusses these questions, and reviews India's performance from a human development perspective.

2. Significant changes, mixed achievements

Several significant changes have taken place in India since independence. Some of these changes are distinctly visible - especially in the economic sphere with adoption of new technologies, diversified production, and sophisticated management. Changes have also taken place in the social sphere - with affirmative action for disadvantaged communities, with the weakening of untouchability and caste discrimination, and with women enjoying by and large more freedoms than ever before. On the political front, India has remained a vibrant democracy with increased participation by women and men in political decision making.

However, in terms of achievements, India's performance during the past 50 years has been decidedly mixed. From a human development perspective, the glass can be considered half-full or half-empty; much depends upon the eye of the beholder. The country has recorded impressive gains in many areas, significant reductions in the intensity of poverty, but there is still much ground to cover in terms of ending human deprivations.

Between 1951 and 1996, per capita income more than doubled, foodgrain production increased fourfold, and the index of industrial production went up 15 times. Still some 36% of the country's population lives below the poverty line - defined as access to minimum calories needed for healthy living. The country has achieved self-sufficiency in foodgrain production, it has built up a good safety stock of foodgrains, and famines have been virtually eliminated. Even so, some 53% of children under four - some 60 million - remain malnourished. In 1951, the country had only 735 primary health care centres. This increased to more than 150,000 primary health centres and sub-centres by 1995. Life expectancy nearly doubled to 61 years and infant mortality was halved to 74 deaths per 1,000 live births during 1951-95. Still, close to 2.2 million infants die each year, and most of these deaths are avoidable. Apart from impressive achievements in higher education, the number of primary schools increased almost threefold - from 210,000 in 1951 to 590,000 in 1995. As a result, literacy nearly tripled during 1951-91. Yet almost half the population - some 450 million people are still illiterate. For females seven years and older, the proportion is 61%. Less than two-thirds of the children reach Grade V of primary schooling, and of those completing Grade V, many cannot even read or write a simple sentence. Close to 85% of the population is reported to have access to safe drinking water. However, problems of rapidly declining water tables, deteriorating quality and increasing contamination threaten this availability. Despite the narrowing of gender gaps along several fronts, India is one of the few countries where there are fewer women than men - 927 females per 1000 males - a reflection of systematic deprivation and strong anti-female bias that pervades society [3](#) .

India today remains a country of stark contrasts and striking disparities. [4](#) Some states and districts of India report levels of social advancement similar to leading industrialized countries. Other parts of India report achievement levels that are worse than the average of the poorest countries in the world. For example, only 39 out of 150 countries in the world - and all of them by far richer - reported a lower infant mortality rate than Kerala's in 1995. At the same time, only 24 countries had a higher rate of infant mortality than Orissa. The life expectancy of a girl born in Kerala today, around 74 years, is 20 years more than that of a girl born in Uttar Pradesh. Less than 15% of adult women are illiterate in Kerala. On the other hand, 75% or more women are illiterate in Bihar, Rajasthan and Uttar Pradesh. Birth rates have fallen with rising incomes and education, reduced child deaths, and improved access to family planning services. The total fertility rate is 2 or less in Kerala, Tamil Nadu and Goa. It is however 4 or more in Bihar, Haryana, Madhya Pradesh, Rajasthan, and Uttar Pradesh. Were all of India to have Kerala's birth and child death rates, there would be 10 million fewer births and 1.5 million fewer infant deaths in the country every year - and a dramatic reduction in population growth with 13 million fewer births.

Women fare worse than men on most social indicators. A computation of the Gender-related Development Index (GDI) for Indian states reveals not only the low levels of human development and the extent of gender inequalities within India, but more importantly, it provides a measure of how badly Indian states are doing vis-a-vis other nations of the world. [5](#) . At the top of the list of Indian states is Kerala with a GDI value of 0.597. Uttar Pradesh is at the bottom with a GDI value of 0.310, next to Benin. Looked at differently, the GDI value for Uttar Pradesh is only half that of Kerala. There are only 13 countries in the world with lower GDI values than Bihar and Uttar Pradesh. [6](#) Twice as many people live in Uttar Pradesh and Bihar (combined population of 225 million in 1991) in such abysmal conditions of human deprivation than in the 13 countries that had lower GDI values. Similarly, disparities exist between and within communities in India. For instance, communities classified as belonging to Scheduled Castes and Scheduled Tribes have significantly lower literacy and higher child mortality rates than the rest of the population. [7](#)

3. Displaced concerns, misplaced priorities

India has always has the intention to eradicate poverty. It is one of the few issues on which there exists a strong political consensus. The real issue is not the intent, but the nature of public action. Much of it has been guided by displaced concerns and misplaced priorities.

Despite the strong articulation of a multidimensional view of human poverty, India has been overwhelmingly concerned with income poverty. The focus on income poverty began early in the 1960s when a Working Group of eminent economists was set up by Government of India to assess the extent of poverty in the country. [8](#) This Group used a nationally desirable minimum level of consumption expenditure to define India's poverty line and based it on a standard balanced diet prescribed by the Nutrition Advisory

Committee. [9](#) . Based on such a measure, the Group found that "half the population lives in abject poverty." The Report discussed the consequences as well. "Such widespread poverty is a challenge which no society in modern times can afford to ignore for long. It must be eradicated on humanitarian grounds and as a condition for orderly progress." It also warned that no programme or policy that "fails to alleviate the conditions of the poor appreciably can hope for the necessary measure of public cooperation and political support in a mature democracy." [10](#)

The Report of the Working Group was influential in many respects. It set the trend for defining and measuring income poverty. Subsequent studies on poverty in India continued to use either income or consumption as the basis for defining and measuring poverty. [11](#) The attention of policy makers shifted to a narrow conception of poverty as income deprivation. The Planning Commission declared: "The stage has now come when we should sharply focus our efforts on providing an assured minimum income to every citizen of the country within a reasonable period of time. Progressively this minimum should be raised as development goes apace." [12](#) To this day, India's income poverty line is the monetary equivalent of a minimum daily calorie intake - 2400 calories per person in rural areas and 2100 calories per person in urban areas.

Assessing levels of income poverty over time and across states is not an easy task. [13](#) Differences in methodologies and assumptions can lead to quite different estimates. Until recently, for example, there were two sets of poverty line estimates for India using the same criteria of minimum calorie requirements. In 1993-94, for instance, according to the Planning Commission, only 19% of India's population was below the poverty line. This was the "official" estimate. Estimates based on consumer expenditure surveys carried out regularly by the National Sample Survey (NSS) Organization however placed the proportion of India's population below the poverty line at 36%. [14](#) In February 1997, Government of India accepted the recommendations of the Expert Group on Estimation of Proportion and Number of Poor (1993) which rejected the adjustments made by the Planning Commission to arrive at estimates of poverty. As a result, the official estimate of India's population below the poverty line was 35% in 1993-94.

The proportion of income poor in India has fluctuated widely in the past but the trend is downwards.

Trends in income poverty are far from uniform. They can be divided into roughly three periods.

1951 to mid-1970s: Income poverty reduction shows no discernible trend between 1951 and the mid-1970s. In 1951, some 47% of India's rural population was below the poverty line. The proportion went up to 64% in 1954-5; it came down to 45% in 1960-1; but in 1977-78, it went up again to 51%.

Mid-1970s to end-1980s: Income poverty declined significantly between the mid-1970s and the end of the 1980s. The decline was more pronounced between 1977-78 and 1986-87 with rural income poverty declining from 51% to 39%. It went down further to 34% by 1989-90. Urban income poverty went down from 41% in 1977-78 to 34% in

1986-87, and further to 33% in 1989-90.

After 1991: This is the post-economic reform period which has witnessed progress and setbacks. Rural income poverty increased from 34% in 1989-90 to 43% in 1992 and then fell to 37% in 1993-94. Urban income poverty went up from 33.4% in 1989-90 to 33.7% in 1992 and declined to 31% in 1993-94.

Despite the decline in proportions, the number of income poor has been increasing due to the growth in population. Between 1951-94, their numbers doubled - from 170 million in 1951 to an estimated 340 million in 1994 as population increased nearly threefold. There were nearly 25 million more rural poor in 1994 than there were in 1986-87. Similarly, though the proportion of urban poor went down from 34% in 1986-87 to 31% in 1994, the number of urban poor during this period remained almost the same, around 60 million.

National aggregates tend to mask wide variations between states. Income poverty declined in all states between 1974-94 though the size and pace of reduction varied. Only 5 states (Andhra Pradesh, Gujarat, Haryana, Kerala and Punjab) were able to reduce rural income poverty by more than 50%. The pervasiveness of income poverty has also been reduced considerably. In 1977-78, for example, 60% or more of the rural population was income poor in 6 states: Orissa (72%), West Bengal (68%), Maharashtra (64%), Madhya Pradesh (63%), Bihar (63%), and Assam (60%). By 1986-87, there was not one state which recorded such severe and pervasive income poverty. Orissa (55%) and Bihar (50%) were the two states with the highest proportion of rural income poor. By 1994, Andhra Pradesh, Punjab, Haryana and Himachal Pradesh reduced their rural income poverty levels to less than 20%.

Between 1987 and 1994, rural income poverty increased in Assam, Bihar, and Uttar Pradesh. As a result, the regional concentration of income poverty got accentuated during this period. Today, 50% of India's rural income poor live in 3 states: Bihar, Madhya Pradesh, and Uttar Pradesh.

Table 1: Trends in rural income poverty across Indian states

	% of population below income poverty line			% decline in income poverty ratio		Number of income poor (millions)			% decline in number of income poor	
	1973-74	1987-88	1993-94	1973-74 to 1987-88	1973-74 to 1993-94	1973-74	1987-88	1993-94	1973-74 to 1987-88	1973-74 to 1993-94
Andhra Pradesh	46.4	20.9	16.0	56.8	66.9	17.8	9.5	8.1	46.6	54.5
Punjab	28.2	12.6	12.5	55.3	55.7	3.1	1.7	1.9	45.2	38.7
Haryana	34.2	16.2		52.6		3.0	1.9		36.7	
Kerala	59.2	29.1	25.9	50.8	56.3	11.1	6.6	5.6	40.5	49.5
Himachal	27.4	16.3		40.5		0.9	0.7		25.5	

Pradesh											
Karnataka	55.1	32.8	28.2	40.5	48.8	12.8	9.4	9.2	26.6	28.1	
Gujarat	46.4	28.7	22.2	38.1	52.2	9.5	7.6	6.2	20.0	34.7	
West Bengal	73.2	48.3	40.3	34.0	44.9	25.8	21.9	21.1	15.1	18.2	
Madhya Pradesh	62.7	41.9	40.8	33.2	34.9	23.1	19.6	22.0	15.2	4.8	
Maharashtra	57.7	40.8	38.6	29.3	33.1	21.1	18.6	19.6	11.8	7.1	
Uttar Pradesh	56.5	41.1	42.6	27.3	24.6	45.0	41.2	50.4	8.4	-12.0	
Rajasthan	44.8	33.2	27.5	25.9	38.6	10.1	10.3	9.9	-2.0	2.0	
Assam	52.7	39.4	45.0	25.2	14.6	7.6	8.1	12.8	-6.6	-68.4	
Tamil Nadu	57.4	45.8	32.6	20.2	43.2	17.3	16.1	12.4	6.9	28.3	
Bihar	63.0	52.6	58.0	16.5	7.9	33.7	37.0	46.1	-9.8	-36.8	
Orissa	67.3	57.6	49.9	14.4	25.9	14.2	14.8	14.3	-4.2	-0.7	
INDIA	56.4	39.1	37.5	30.7	33.5	261.3	229.4	244.9	12.2	6.3	

Source: Chandrasekhar and Sen (1996)

Many would credit the reductions in income poverty to economic growth. Between 1950- 75, when income poverty was fluctuating, growth averaged 3.6%. Over the next 10 years, when the reduction in income poverty was more pronounced, growth rose to 4%, and during 1986-91, it averaged 6%. A related factor is agricultural growth. India from the mid-1970s to the mid-1980s enjoyed a higher and more stable trend rate of agricultural growth. On the other hand, when the index of agricultural production for all commodities fell by 2.5% between 1990-91 and 1991-92, rural poverty went up in the country.

Yes, economic growth has the potential to reduce income poverty, but equating growth with income poverty reduction is too simplistic. True, there is an association between economic growth and poverty reduction, but this association is, at best, weak.¹⁵ In the latter half of the 1980s, for example, despite rapid economic growth, income poverty did not decline much. Similarly, all states recorded significant declines in income poverty from the mid 1970s to the end 1980s even though the green revolution was limited in geographical coverage; and most states did not record any significant increase in agricultural value-added per head of rural population. ¹⁶

There isn't - and has never been - an automatic link between economic growth and income poverty reduction. Nationwide India did not see a consistent drop in poverty between 1950-mid 1970s despite a reasonable growth rate. This was because of a greater emphasis on the expansion of total output than on its distribution. All efforts went into building up of heavy industry and public enterprises rather than on micro-enterprises that employ most of the poor. The green revolution helped agricultural growth, but adequate efforts were not made to distribute the benefits equitably. Health and educational facilities were built, but they were predominantly located in urban areas. A large

proportion of a limited budget was spent on higher education; basic education was neglected. Land and tenancy reforms were introduced, but seldom carried out. Centralized planning was the order of the day. Bureaucracies that administered centrally-sponsored development programmes replaced village level local institutions for participatory planning and decision-making. As a result, inequalities developed and have continued to persist.

Several factors mediate the conversion of economic growth into income poverty reduction. Kerala, for instance, ensured maximum reductions in income poverty despite slow economic growth through political activism and a rapid expansion of equal opportunities. Improvements in infrastructure and access to assets also play an important role in income poverty reduction.¹⁷

In the Indian context, effective management of buffer stocks and food prices by government is another critical factor.¹⁸ During a year of bad harvests, the fact that the higher purchasing power and stronger urban demand lead to a flow of foodgrains to urban areas often accentuates food availability in rural areas; and this tends to push up foodgrain prices in rural areas. The rural poor are doubly affected as a result. Not only do they face a fall in rural employment and incomes due to the bad harvest, but they now have to pay higher foodgrain prices. This is where government's effective management of buffer stocks to regulate food availability and prices becomes critical. Open market prices for rice and wheat are determined to a large extent by Government's procurement price, and by the Central Issue Price, the price at which rice and wheat are sold to consumers through the public distribution system. During the drought year of 1987-88, public action took the form of drought-relief works and depletion of public stocks to meet the demands of the public distribution system. As a result, rural food prices did not rise to that extent, and this protected the rural poor. This was not so in 1991-92 when the decline in agricultural output accentuated rural poverty. The decline in agricultural output adversely affected rural incomes, but at the same time, a steep rise in the open market prices of wheat and rice worsened their situation. Anticipating a substantial rise in procurement prices, farmers held back stocks and private traders stepped up direct purchases. Market arrivals were greatly reduced; and public stocks of foodgrains fell below the minimum specified norms. Procurement prices of rice and wheat were raised substantially, as were the central issue prices. The urban poor, beneficiaries of the universal public distribution system were hard hit by these price increases. At the same time, with low and depleting public stocks, the urban public distribution system had to be served through procurement from the below normal harvests. As a result, rural grain prices also went up. These price increases adversely affected the rural poor as well.

Clearly, growth is important but the conversion of higher incomes into income poverty reduction is contingent upon several factors: effective public policy interventions, the redistribution of assets, the equitable expansion of physical and social infrastructure, an even and rapid spread of health, education and employment opportunities, and the assurance of people's participation.

4. Public spending matters and how

Public expenditures have played an important role in India's income poverty reduction. The period from the mid 1970s to the end of the 1980s when income poverty showed a marked reduction was also a decade when public expenditures rose phenomenally. [19](#) This also corresponded to a period when Government introduced several new poverty alleviation programmes. There was an increased political commitment to poverty eradication which was backed by an increased allocation of resources and by a set of new pro-poor policies. Nationalized commercial banks were required to assign 40% of their lending to priority sectors - small farmers, small businesses, and artisans. New employment-creation and asset generation programmes for income poverty reduction were introduced. As a result, rural non-agricultural employment increased substantially, and real wages went up sharply. But most important, between 1976 and 1990, real per capita development expenditure increased at an annual rate of 6% per annum compared with only a 3% growth in real GDP per capita. In fact, the steep rise in government spending contributed to the fiscal crisis that necessitated economic reforms in 1991. On the other hand, after economic reforms were introduced, real government expenditure per capita fell 15% during 1990-93, but increased again by 6% in 1993-94. Income poverty too worsened in the initial years of the reforms, but in 1994, showed improvement.

Government expenditures appear to have strong "trickle down" characteristics, much more distinctly so than income growth. Practically all states that have succeeded in reducing poverty have made sizable investments in poverty alleviation programmes. [20](#) The size of government spending matters, but so does the efficiency of such spending. Leakage, corruption and inefficiency in management are frequently reported. Nevertheless, even with a poor record in programme implementation, states that have invested heavily in poverty alleviation programmes seem to do distinctly better in income poverty reduction. This is not to suggest that efficiency of government spending does not matter. In fact, it points to the enormous potential that exists for accelerating income poverty reductions with improvements in the efficiency of spending. Improving the design, administration and management of poverty alleviation programmes are urgently required poverty. [21](#) With such improvements, overall government expenditures are likely to have larger multiplier effects and India could witness a more rapid reduction in income poverty.

5. Poverty reduction: not by income alone

The overwhelming attention paid to measuring and monitoring income poverty has resulted in a gross neglect of other serious forms of human deprivation. Some of these deprivations are loud and visible - child labour, illiteracy, damaged environments. Others are largely silent but visible - caste discrimination, discrimination against women and girls, and child prostitution. Many other forms of deprivations are, to this day, silent and invisible. These include for instance issues of women's health, domestic violence, child malnutrition. These deprivations are not related to income or income poverty levels in any predictable manner. Haryana is one of the richest and fastest growing states in terms of per capita income. Yet infant mortality at 68 per 1,000 live births is four times higher

than in income-poorer Kerala. And women in Haryana suffer systematic deprivation that gives them one of the lowest female-to-male ratios in the country - 865 per 1000 males.

Income levels often fail to capture deprivations along other dimensions of human life. Rural Andhra Pradesh and rural Madhya Pradesh, for example, suffer from similar levels of educational deprivation - an illiteracy rate of 64% - but the proportion of income poor is 29% in Andhra Pradesh and it is 45% in Madhya Pradesh. Again, the extent of urban illiteracy is the same in Punjab and Orissa (28%), and yet the proportion of urban income poor is 11% in Punjab, and in Orissa, it is 41%. Similarly, Kerala, Tamil Nadu and Andhra Pradesh which report the lowest levels of child malnutrition do so despite having relatively low levels of per capita incomes. Madhya Pradesh and Maharashtra report the same levels of child malnutrition even though Maharashtra's per capita income is more than double that of Madhya Pradesh's. Gujarat, among the high-income states, reports the highest levels of child malnutrition. [22](#) .

Levels of affluence or the lack of incomes also fail to measure the richness - or poverty of human lives. Urban poverty rates, for instance, have been consistently lower than rural poverty rates nationwide and across all states. Also, urban income levels are typically higher than rural incomes. Yet visitors to India's major cities will observe that traffic congestion has increased dramatically and so has air pollution. Respiratory problems have gone up and there is a severe shortage of water and electricity. The poor, especially those living in urban slums, estimated to be around 30% in metropolitan cities, experience the decay even more: clogged drainage pipes, stagnant water, filthy public latrines, uncleared garbage piles, and an increasingly unhealthy environment around them. Most significantly, infant mortality in urban areas has remained stagnant in recent years for the country as a whole, and has gone up in several states. The declining trends in urban income poverty do not capture such dangerously deteriorating living conditions.

All this is not to say that income does not matter. It does, but people often value other things in life much more than income. Even to the very poor, self-respect and a good reputation mean a lot. They often articulate their immediate needs as a good education for their children, access to good health care facilities, and a safe environment. They detest exploitation and discrimination. To most people, to be treated with dignity and respect matter much more than incomes. [23](#)

6. Poverty eradication by 2005?

In 1996, the United Front national Government announced a definite poverty goal for the country: poverty eradication by the year 2005. [24](#) What does this mean? According to the Prime Minister: "Programmes for generation of employment, creation of assets, imparting of productive skills and raising the incomes of the very poor people would all be strengthened and provided with larger funds. At the same time, there is need to review these programmes, sharpen their focus, improve their delivery system and involve the poor in their implementation. Effective steps will be taken to ensure that the benefits reach the needy people."

According to Government of India, success in eradicating poverty will be contingent upon three factors:(a) a GDP growth rate of at least 6% per annum over the next 10 years; (b) provisioning of at least 7 basic minimum services - universal access to safe drinking water, 100% coverage of primary health care centres, universalization of primary education, public housing assurance to all shelterless deserving families, extension of the mid-day meal school throughout all primary schools, road connectivity to all villages and habitations; and streamlining the public distribution system targeted to families below the income poverty line; and (c) ensuring that the income poor and the socially disadvantaged groups receive special attention and priority. Other planned initiatives include a universal employment assurance programme that will guarantee 100 days of employment for every unemployed person, and efforts to achieve universal literacy. Agricultural growth will be stepped up by improving productivity in regions with a high concentration of poverty - which are also regions with the highest potential for growth. Efforts will be made to promote actively both rural farm as well as non-farm employment; and improve access to credit and other resources.

Given India's mixed record of the past, what are the chances that the political intent will translate into public action? Clearly, there is a long way to go in ending human deprivations. Access to quality health care, basic education and other essential services has to improve dramatically. Caste, class and gender barriers have to breakdown. Physical provisioning has to be expanded considerably. Less than a third of India's nearly 600,000 villages has a primary health care centre or sub-centre located within the village. For Madhya Pradesh with nearly 72,000 villages, the coverage is 13.5%. And in Uttar Pradesh with 113,000 villages, it is 20%. Only around 25% of all deliveries take place in institutions; and trained birth attendants attend to only a little over a third of all deliveries. More than 95% of rural households do not have access to proper sanitation facilities. Only around 40% of households have access to electricity.

If living conditions have to improve, what then needs to be done differently? First, India has to recognize and capitalize on the strong complementarity that exists between economic expansion and the improvements in the quality of people's lives. Table 2 presents comparative data on a few countries.

Table 2: Comparative data on human development: India and selected countries

	Life expectancy		Adult literacy		Real GDP per capita (PPP\$)	
	1960	1993	1960	1993	1960	1993
INDIA	44.0	60.7	34	51	617	1,240
BOTSWANA	45.5	65.2	41	68	474	5,220
INDONESIA	41.2	63.0	54	83	490	3,270
CHINA	47.1	68.6		80	723	2,330
THAILAND	52.3	69.2	60	82	985	6,350
SOUTH KOREA	53.9	71.3	88	98	690	9,710

Source: Human Development Report 1996.

In 1960, the levels of income in Botswana and Indonesia were lower than in India. But by 1993, the situation was reversed. During this period, Botswana and Indonesia also recorded significantly more rapid advances in health and education than India did. Again, in 1960, South Korea and India had similar levels of per capita income. By 1993, South Korea's income was nearly 8 times higher than India's. This increase in income between 1960-93 coincided with a period when life expectancy in South Korea went up from 54 years to 71 years, and adult illiteracy fell from 46% to 2%. Similarly, China, Indonesia and Thailand have all achieved and sustained higher levels of per capita incomes than India because they have done much better in terms of expanding human capabilities. These countries recognized the strong complementarity between income expansion and social development. If human poverty has to be eradicated, India must, as a priority, invest in its people - in their health and education.

Second, India needs to strike a balance in its development. This balance is not on the economic front alone - between receipts and expenditures, between imports and exports, between savings and investments. A balance is needed between economic growth and an expansion of social opportunities. [25](#) A balance is needed between the assurance of economic rights and political rights. A balance is needed between expansion of physical infrastructure and basic social infrastructure. The priority has to shift to basic education, to preventive and promotive health care, to assuring basic economic security and livelihoods. At the same time, several imbalances need to be corrected: between men and women, between rural and urban areas, between socially disadvantaged communities and the rest of society.

Third, there is the issue of resources. Clearly, more financial resources are required if all children have to attend school, if all villages must have access to a primary health care centre, if all communities must have access to safe water, if all pregnant mothers have to be assured of safe motherhood. Additional resources could be mobilized by improving tax-to-GDP ratio and ensuring a growth rate of 6-8% per annum; by eliminating subsidies to the rich; by cutting losses of public enterprises; and by reducing defense spending. But there is also need for getting the priorities right. Expenditures must be utilized for improving the quality and efficacy of services, for correcting imbalances in public expenditures, for plugging leaks and reducing wastage, and for ensuring greater efficiency in spending.

Fourth, the State, instead of abdicating its responsibility for expanding social opportunities, needs to play a more proactive role than it has in the past. The state in India often achieves what it sets out to do. [26](#) If something has not been done, it usually reflects an unwillingness rather than an inability to act. For example, the state has shown dynamism in reducing controls, liberalizing the economy, and opening up the economy. The recent Constitutional amendment to ensure women's participation in local governments displays an extremely progressive and proactive face. On the other hand, the state's effort at abolishing child labour, preventing child prostitution, and until recently, addressing the problem of AIDS reveals shocking recalcitrance. Similarly, its unwillingness to make primary education compulsory, despite the affirmation in the Constitution of India, reveals inexplicable reluctance. [27](#) For many of these matters,

sustained advocacy, open debates, concerted pressure and public action are urgently needed to provoke a positive response from the state.

Fifth, opportunities must be created and expanded for women to participate more fully in economic and political decision-making. The human development experience from Kerala and Manipur suggest that society's well-being improves when women enjoy greater freedoms - economic, social and political.²⁸ But ensuring greater freedom for women is not easy. Unfortunately, many see it as usurping of power from men with no net gains. Quite the contrary. The overall gains to society increase many times when men and women contribute equally. However, to achieve this, changes are required in the way people think and behave, in the way society perceives the role and contribution of women.

Finally, economic growth has to be participatory. It must be planned and managed locally by people whose lives it affects. Communities must participate actively to shape programmes, ensure that opportunities are expanded, and that the benefits are shared equitably. For this, structures of local self-governance must be strengthened; and people's participation has to become a way of public life.

Is there then hope for optimism? Yes. First, the official stated policies for poverty eradication reflect human development priorities. Second, following the post-1991 reforms, economic conditions are more favourable. Third, democratic participation is opening up. This is not just through local governments but through people's organizations, and in particular women's groups that are frequently organized around credit, economic activities and social empowerment. At the same time, there are some causes for concern. The focus on reducing fiscal deficits is forcing major cuts in social sector spending. The pressure to pursue state minimalism is leading to an abdication of state responsibilities - as the pressure to privatize is beginning to affect people's access to basic health and education.

What does India need to do? Mahatma Gandhi had once remarked: "India's salvation consists in unlearning what she has learned during the past fifty years."²⁹ Similar changes are now required in thinking, in living, and in cultivating a genuine public spirit. India needs to get its development priorities right. We need to undo and unlearn. At the same time, we also need to learn and act. If human poverty has to be eradicated, attention must shift from income poverty to the poverty and inequality of opportunities - economic, social and political. India needs sustained public action to be guided by strong human development priorities.

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2 Nehru (1936)

3 Data are from Government of India (1997) and Kumar and Rohde (1995).

4 Several studies have highlighted the persistence of inequalities. See, for instance, Dreze and Sen (1995, 1997), Kumar (1991), and Kumar and Rohde (1995).

5 See Kumar (1996)

6 These countries are Angola, Gambia, Guinea-Bissau, Burundi, Chad, Mozambique, Ethiopia, Guinea, Burkina Faso, Niger, Mali, Sierra Leone, and Afghanistan.

7 International Institute for Population Sciences (1993) and National Council for Applied Economic Research (1996) provide very striking data on disparities across Indian states.

8 The Group consisted of D.R. Gadgil, B.N. Ganguli, P.S. Lokanathan, M.R. Masani, Ashoka Mehta, Shriman Narayan, Pitambar Pant, V.K.R.V. Rao and Anna Saheb Sahasrabuddhe.

9 The monetary value of the national minimum for a household of five persons (four adult consumption units) was not to be less than Rs.100 per month at 1960-61 prices, or Rs. 20 per capita per month . For urban areas, this figure was raised to Rs.125 per month or Rs. 25 per capita to cover the higher prices of the physical volume of commodities which were used to calculate the national minimum. The Working Group also clarified that the national minimum excludes expenditure on health and education, both of which were expected to be provided free by the State according to the Constitution and in the light of other commitments.

10 See Pant (1974)

11 See, for instance, Ahluwalia (1978), Bardhan (1970,1974), Dandekar and Rath (1971), Dantwala (1973), Rudra (1974), Sukhatme (1981), Minhas (1970,1971), and Vaidyanathan (1974).

12 See Pant (1974)

13 For a comprehensive discussion, see Planning Commission (1993).

14 The discrepancy arose because of the adjustments that the Planning Commission made to National Sample Survey (NSS) estimates based on household consumption surveys. Such an adjustment was considered necessary because the aggregate private household consumption expenditure from the NSS data was different from the aggregate private consumption expenditure estimated in the National Accounts Statistics (NAS). In order to ensure consistency between the two sets of figures, the Planning Commission used to adjust the expenditure levels reported by the NSS uniformly across all expenditure classes by a factor equal to the ratio of the total private consumption expenditure obtained from the NAS to that obtained from the NSS.

15 Statistical analyses attribute around half of income poverty reduction to economic expansion. See, for example, Ravallion and Datt (1996)

16 For a comprehensive discussion, see Sen (1996)

17 Several studies have reviewed Kerala's success and India's poverty experience. For instance, Ramachandran (1997) discusses comprehensively Kerala's development achievements. Vyas and Bhargava (1995) and Vyas and Sagar (1993) review poverty alleviation programmes in India.

18 For a detailed discussion, see Tendulkar and Jain (1995).

19 This section draws heavily on the a very thorough analysis in Sen (1996).

20 See, for instance, Vyas and Bhargava (1995)

21 See Sen (1996)

22 For a discussion on child malnutrition in India and its causes, see Kumar and Rohde (1995).

23 For a very powerful description of the experience of poverty in rural India and the priorities of the poor, see Beck (1994).

24 The Planning Commission interprets "poverty eradication" as reducing income poverty from 36% to 5% over the next 10 years. Discussions with the Planning Commission suggest that 5% income poor is a practical and realistic target because in every society - even in the wealthiest - there will always be a small proportion of the very poor and destitute.

25 See in particular the discussions in Dreze and Sen (1989, 1995, 1997)) and Sen (1989, 1994).

26 "... we reap as we sow, and in particular we do not reap what we do not sow." This is how Amartya Sen (1989) sums up India's experience.

27 The Constitution of India in 1950 affirmed that "the State shall endeavor to provide, within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of fourteen years". Since then, the target date has shifted several times. The most recent is to reach Education for All by the year 2000. Not even a miracle can achieve this.

28 There are several studies on Kerala. For a comprehensive discussion, see in particular Ramachandran (1997) and the references therein. Manipur's story is much less well-known. For a discussion on the Manipur phenomenon, see Kumar (1992).

29 M.K. Gandhi (1909) in "A confession of faith".