PERSPECTIVES ON POVERTY IN INDIA

Stylized Facts from Survey Data

THE WORLD BANK
Overview
This booklet contains the Overview as well as a list of contents from the book: *Perspectives on Poverty in India: Stylized Facts from Survey Data.*

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## Abbreviations

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<tr>
<td>ASER</td>
<td>Annual State of Education Report</td>
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<tr>
<td>CBD</td>
<td>community-based development</td>
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<td>CDD</td>
<td>community-driven development</td>
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<td>DHS</td>
<td>Demographic and Health Surveys</td>
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<td>DISE</td>
<td>District Information System for Education</td>
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<td>GDP</td>
<td>gross domestic product</td>
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<td>GE</td>
<td>General Entropy class</td>
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<td>GIC</td>
<td>growth incidence curves</td>
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<td>HCR</td>
<td>head-count rate</td>
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<td>MUS</td>
<td>Muslims</td>
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<td>NAS</td>
<td>National Accounts Statistics</td>
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<td>NCAER</td>
<td>National Council of Applied Economic Research</td>
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<td>NCERT</td>
<td>National Council on Educational Research and Training</td>
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<td>NCEUS</td>
<td>National Commission on Enterprises in the Unorganized Sector</td>
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<td>NFHS</td>
<td>National Family Health Surveys</td>
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<td>NNMB</td>
<td>National Nutrition Monitoring Bureau</td>
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<td>NSDP</td>
<td>net state domestic product</td>
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<td>NSS</td>
<td>National Sample Surveys</td>
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<td>OBC</td>
<td>other backward caste</td>
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### Abbreviations

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<tr>
<td>PESA</td>
<td>Panchayat (Extension to Scheduled Areas) Act</td>
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<td>PPP</td>
<td>purchasing power parity</td>
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<td>SC</td>
<td>scheduled castes</td>
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<td>SPG</td>
<td>squared poverty gap index</td>
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<td>ST</td>
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Overview

India’s Poverty Challenge

India is a country of continental proportions, and poverty is a multidimensional phenomenon. Not surprisingly, the debate over poverty in India—its extent, trends, causes, and cure—is complex and controversial. Fortunately, India also has a much higher quality and more substantial evidence base than most other countries for understanding poverty. Questions of poverty in India have engaged a large community of researchers over the years. But in recent decades, because difficult measurement issues have arisen, a disproportionate amount of attention has been devoted to assessments of the extent of poverty and the rate of poverty decline. Much less is known about how the rapidly changing economic landscape has altered the underlying profile of poverty—and how that affects the consequent search for its causes and cure. This report seeks to fill that gap.

We work with two objectives. The first is to produce a diagnosis of the broad nature of the poverty problem and its trends in India, relying primarily on household survey data. We focus on both consumption poverty and human development outcomes. Second, we attempt a more detailed treatment of a subset of issues that have been identified as particularly important for achieving inclusive growth, a central objective of the Government’s Eleventh Five-Year Plan. Sustained and rapid growth is a central component of any poverty reduction strategy. But the fact that the responsiveness of poverty reduction to economic growth has been uneven over time and across regions leads us to analyze potential pathways to make growth more inclusive. It is clearly not feasible to aim for an exhaustive treatment of all the myriad pathways that are likely to be of
relevance in India. Instead, the focus in this second objective is on three key themes revealed in the diagnostic section to be important.

First, since the early 1990s, urban growth has emerged as a much more important driver of poverty reduction than in the past. Our analysis of urban poverty examines the specific nature and dimensions of urban poverty, focusing in particular on the role of small and medium-size conurbations in India, both as the urban subsector in which urban poverty is overwhelmingly concentrated and as a subsector that could potentially stimulate rural-based poverty reduction. Second, in rural areas we focus on the nature of transformation out of agriculture to the nonfarm economy. Stagnation in agriculture has been accompanied by dynamism in the nonfarm sector, but debate is vigorous about whether the growth seen has been a symptom of agrarian distress or a source of poverty reduction. Finally, alongside the accelerating economic growth and the highly visible transformation that is occurring in India's major cities, inequality is on the rise, raising concern that economic growth in India has bypassed significant segments of the population. The third theme, social exclusion, asks whether despite the dramatic growth, historically grounded inequalities along lines of caste, tribe, and gender have persisted.

It is not possible to tackle every poverty-related issue in a single report, and this report does not attempt to do so. It does not focus on the international (for example, the impact of globalization on poverty), class (the divide between landlords and tenants, for example), or sectoral dimensions (export industry and different manufacturing sectors, for example). The choice of focus must be made, and in this report, we select themes of clear importance for which a combination of data availability and analytical tractability offers some prospect of new insights.

The government has launched many initiatives that have a bearing on poverty, for example, in areas of rural infrastructure (Bharat Nirman), employment (National Rural Employment Guarantee Act), education (Sarva Shiksha Abhiyan), rural health (National Rural Health Mission), and urban infrastructure (National Urban Renewal Mission). Indeed, the task of poverty reduction is one on which almost every policy instrument of government has a bearing. The report does not focus on how specific government programs are working or how the current poverty situation reflects specific policy measures taken in the past. Its objective is to develop the evidence base for policy making in relation to poverty reduction. While the focus of the report is resolutely on descriptive analysis rather than on the articulation of policy recommendations, certain general policy directions and questions do emerge. They are summarized at the end of this overview.
The poverty reduction challenge facing India needs to be defined broadly. Our analysis argues against a narrow definition of the poverty reduction challenge confronting India. As discussed in chapter 1 and summarized in figure 1 below, little difference is evident in consumption levels between the poor and a large section of the middle class, especially in rural areas. The median rural person in India lives barely above the poverty line and below international poverty lines, especially in rural areas.

**Figure 1** India's Middle-Class Lives Barely or Not Far above India's Poverty Line, and Below International Poverty Lines, Especially in Rural Areas

*Source: Authors' estimates from NSS 2004-05 Schedule 1.0. Note: Consumption estimates are in all-India rural or urban rupees and are corrected for cost-of-living differences between states using the official poverty lines. International poverty lines were converted to rupees using 2005 purchasing power parity rates of 11.4 Rs/$ in rural areas and 17.24 Rs/$ in urban areas.*
on Rs 15 per day (with a purchasing power parity, or PPP, of $1.30), spending only Rs 3 each day more than a person on the official Indian rural poverty line. India's poverty line is very low by international standards, and 80 percent of the rural population lives below the median developing-country poverty line of Rs 22 (PPP $2) a day. Qualitative surveys show that most Indians think of themselves as poor. Moreover, when the definition of poverty is expanded to include other dimensions of well-being, such as access to education, health care, and basic infrastructure, then poverty clearly continues to afflict more than half of India's population. Inequality is on the rise, raising concerns that India's history of social stratification may be excluding groups from the development process. For all these reasons, although a large portion of the report is devoted to analysis of households falling below India's official poverty line, the report also examines how outcomes are changing for the officially nonpoor.

The report is structured around three themes: consumption poverty and growth, human development, and inequality and social exclusion. Chapters 1 to 3 of the report analyze trends in consumption poverty in India and the links between it and the pattern of economic growth. Chapter 1 focuses on trends and patterns of poverty. Chapters 2 and 3 focus on two new drivers of poverty reduction in India: urban growth and rural nonfarm employment. Chapter 4 turns to the nonincome dimensions of poverty, it analyzes trends in relation to education and health, including nutrition. Chapter 5 examines and attempts to understand India's rising inequality. The final chapter examines disadvantaged groups, with a focus on women, scheduled castes, and scheduled tribes. This overview follows the same approach.

Poverty on the Decline

India has continued to record steady progress in reducing consumption poverty. Focusing on the experience of the last 20 years and using the official poverty lines, in 2004-05, 28 percent of people in rural areas and 26 percent of people in urban areas lived below the poverty line, down from 47 percent and 42 percent, respectively, in 1983 (figure 2). With population growth, however, it has proved difficult to reduce the number of poor at a comparably rapid pace. So despite India's success in bringing down its poverty rate, more than 300 million people remained in poverty in 2004-05.
Improvements in the last two decades represent a continuation of a long-term secular decline of both urban and rural poverty under way in India since the 1970s (figure 3). At this pace, accelerated progress against poverty since economic reforms began in earnest in the early 1990s is suggested, but it is too early to say that it is a (statistically) robust new trend.

**Definitive views on the pace of poverty decline are hostage to data uncertainties.** India’s official poverty lines have been criticized on multiple counts and are in urgent need of an overhaul. The recent report of an expert group constituted by the Planning Commission (Gol 2009), which addresses the price index problems that currently plague comparability over time as well as comparisons between urban and rural areas, is a welcome step in that direction. Revision of official poverty lines and price indexes after due deliberation of the expert group’s recommendations will help put poverty measurement on a sounder footing. The growing divergence shown in figure 4, between mean consumption per person from the National Sample Survey (NSS) and the private consumption component of the national accounts statistics (NAS), also per person, further confounds efforts to be definitive. In levels, aggregate household consumption implied by the NSS is barely half that of the household component of the NAS. Such a gap is unusually large by international standards. It is


Figure 3  Evolution of Poverty, 1951–2006

Source: Datt and Ravallion 2009.

Note: Data based on Datt-Ravallion poverty lines and annual rounds of NSS consumption data, except between 1978 and 1988 for which only four rounds of NSS data are available.

also notable that the NSS series does not reflect the large gains in mean consumption indicated by the NAS from the early 1990s on. Although the measurement issues cloud efforts to quantify the rate of poverty decline or to determine whether poverty reduction has accelerated over time, little doubt remains that poverty levels today are lower than they were in the past.

High premium should be placed on understanding the sources of discrepancy between the National Sample Survey and National Accounts Statistics estimates of consumption. Discrepancies such as these will also have implications for poverty and inequality measurement. The extent of bias in poverty estimates depends on how much of the discrepancy is attributed to the NSS or the NAS. Choosing between the NSS and NAS is not easy and is well beyond the scope of this report. With the available evidence it is likely that surveys do a better job of measuring poverty than inequality. Getting to the bottom of, and resolving, sources of differences should be a priority for India’s statistical system.

Growth has tended to reduce poverty. But problems with data cloud our assessment of whether the growth process has become
more or less pro-poor in the postreform period. Per capita income growth has clearly picked up: per capita GDP grew by only about 1 percent in the 1960s and 1970s, at about 3 percent in the 1980s, and at about 4 percent to 5 percent after 1992. The evidence that growth has tended to reduce poverty, including in the postreform period, is also clear. However, the evidence on whether the responsiveness of poverty to growth increased or decreased in the postreform period is inconclusive. The answer depends crucially on whether one is talking about growth in mean household consumption, as measured in the surveys, or growth based on the national accounts. As it is, we do not see in the data a robust case for saying that the poverty elasticity has either risen or fallen.

The pattern of growth matters for the pace of poverty reduction. Agricultural growth, long considered the key driver of poverty reduction in India, has slowed. It appears that, in its effect on poverty reduction, the acceleration of nonagricultural growth has only been able to offset the reduction in agricultural growth, roughly speaking. (Note the rapid reduction in poverty shown in figure 1 for the 1970s refers to a period when aggregate growth was low but the Green Revolution was under way in agriculture.) Of course, if the growing discrepancy between the National Sample Surveys and the National Accounts Statistics shown in figure 4 is due to an underestimation by NSS of consumption among the poor as well as the rich, then the rate of poverty reduction after the 1990s might well be significantly underestimated. But on balance, the evidence points to the NSS underestimating the incomes of the rich rather than those of the poor.
Calorie poverty has not declined. Although consumption poverty has steadily declined in India, the number of people who actually consume calories above the minimum level associated with the poverty line—2,400 and 2,100 kilocalories per day in rural and urban areas, respectively—has not risen (figure 5). As of 2004–05, as many as 80 percent of rural households were estimated to be “calorie poor.”

A possible explanation for this paradox is a shift in food preferences and reduced caloric requirements. Declining poverty, based on consumption expenditures, implies that India’s households could buy more calories. The Indian poverty line was originally anchored in the amount that would enable minimum calorie needs to be met, if a household so chose. So why aren’t households devoting incremental consumption spending to additional calories? There is tentative support for two reasons: First, some evidence is seen of a shift in food preferences from cheaper sources of calories toward more expensive foods. That is likely to be due to changes in incomes and relative food prices, as well as nonincome factors (such as exposure to new foods, imitation of consumption patterns of the wealthy, the influence of advertising, and changes induced by public policy). Second, calorie requirements may be less as a result of improvements in the public health environment. A number of developments over the last two decades also imply a decline in activity levels, particularly in rural areas, including greater mechanization of agricultural activities and domestic work, greater ownership of consumer durables, greater access to safe drinking water, and expansion of transportation networks. In this regard, it is interesting to note that self-reported hunger has fallen. The share of individuals reporting inadequate food fell from 17.3 percent to 2.5 percent between 1983 and 2004–05 in rural areas.

Consistent with the decline in consumption poverty, communities also self-report improvements in well-being or declining perceived poverty. Improvements are seen not only in increases in incomes and purchasing power, but also in some education and health outcomes and an increase in personal freedom and choices (related to reduced dependence on patrons in rural areas and greater enterprise in urban areas). In self-reported evaluations of well-being in the 2006 World Gallup Poll survey for India, half the respondents said that their life is “getting better.” Only 12 percent felt that their lives have been getting worse over time (Srinivasan 2007).

Large differences in poverty levels persist across India’s states and indeed are growing in urban areas. Figure 6 shows that rural areas of India’s poorest states have poverty rates that are comparable to the highest anywhere in the developing world. In contrast, urban areas of Punjab and Himachal Pradesh have poverty rates that are
Figure 5 The Calorie-Income Puzzle: Declining Calorie Consumption during a Period of Rising Per Capita Expenditure

Source: Deaton and Dreze 2009, tables 1 and 2.
Note: MPCE = monthly per capita (total) expenditure; MPCFE = monthly per capita food expenditure; MPCC = monthly per capita calorie consumption.
Figure 6 Poverty Rates in Indian States Span the Best in the Developing World to the Worst

Source: Authors' estimates based on data from http://iresearch.worldbank.org/PovcalNet/.

Note: R = rural; U = urban.
similar to those found in countries such as Turkey or the richer Latin American countries. There is no clear pattern over time in the spread of rural poverty across India's states, but in urban areas the range of poverty rates across states has been increasing.

It is still the case that because poorer states in general are also the most populous, a large proportion of the poor are concentrated in the poorest states. Accelerating progress in the poorest states is important as they are also the states where fertility rates are particularly high.

City Size Matters: Urban Growth and Poverty

Urban growth not only reduces urban poverty, which is assuming increased importance in relative terms in India, but since 1991 it is also helping to bring down rural poverty. Urban poverty in India is becoming more important relative to rural poverty for two reasons. First, India's urban population is on the increase, especially since 1990. In the 40 years after 1950 the urban sector's share of India's population only rose from 17 percent to 26 percent, but in the 15 years after 1990 it is projected to have risen to 29 percent. Second, urban and rural poverty rates are converging, at least if official poverty lines are used (see figure 1). Even though the gap between urban and rural mean consumption levels is growing, urban inequality has increased, with the result that urban poverty reduction has been slower than that in rural areas (figure 7).

Urban growth obviously helps to reduce urban poverty directly, but since 1991 evidence has also appeared of a much stronger link from urban economic growth to rural (and therefore overall) poverty reduction (figure 8). That could be due in part to the more rapid rural-urban migration that urban growth now appears to be inducing—though migration levels in India remain low compared to those in other countries. Evidence is also seen that other horizontal links have strengthened: urban areas are a demand hub for rural producers, a place of employment for rural workers, and, increasingly, a source of domestic remittances. Indeed, the analysis of the nonfarm sector, discussed below, confirms that urban areas act as a stimulus for rural nonfarm growth.

Urban poverty reduction and urban growth have been most visible in large cities. The share of metropolises (cities with 1 million people or more) in India's urban population increased from just 19 percent in 1983 to 27 percent in 2004–05. During that period, poverty levels have halved in these large cities, from 29 percent in 1983 to 15 percent in 2004–05.

However, more than 70 percent of India's urban population lives in towns with a population of less than 1 million, and roughly
**Figure 7** Even Though Urban and Rural Consumption Levels Are Diverging, Rising Urban Inequality Explains Why Urban and Rural Poverty Levels Are Converging

**a. Ratio of urban mean to rural mean**

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<td>Ratio</td>
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**b. Gini index of inequality**

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<td>Percent</td>
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**Source:** Datt and Ravallion 2009.
Figure 8  Growing Poverty Impacts of Urban Economic Growth

Source: Datt and Ravallion 2009.
Note: The shaded area shows 95 percent confidence intervals.
85 percent of the urban poor can be found in these smaller cities and towns. Poverty rates in small towns (population less than 50,000) are significantly higher than in medium-size towns (population 50,000 to 1 million), which again are significantly higher than the average for metropolises. Access to key services in small towns also lags behind the larger cities. Small and medium-size towns contain the bulk of India’s urban population (about 70 percent) and, because they are poorer, an even larger proportion of India’s urban poor (about 85 percent).

These smaller towns are poorer, but they have also experienced a 15-percentage-point reduction in their poverty levels. Poverty is falling in small towns and large cities alike, at roughly the same rate in absolute terms. Thus, smaller and larger towns are contributing to poverty reduction more or less in line with their population shares. Overall, only about 10 percent of aggregate urban poverty reduction is due to the increasing size of the more affluent metropolises. Since small and medium-size towns hold the bulk of India’s urban population, they are responsible for the bulk of India’s urban poverty reduction.

More remote urban centers also tend to be poorer: A recent “poverty mapping” exercise for three states—West Bengal, Orissa, and Andhra Pradesh—which combined NSS household survey data with census data to estimate poverty at a much more disaggregated level than previously possible, shows that the finding of smaller towns’ having more poverty survives even when infrastructure access is controlled for. Distance from a large metropolis is also shown to be a significant determinant of urban poverty.

Not only would poverty reduction in these smaller conurbations target most of India’s urban poor, but there is also evidence that it would have a larger spillover effect on rural poverty. We present evidence that poverty reduction in small towns has a larger spillover effect on rural poverty reduction than poverty reduction in large cities. Various mechanisms might explain the greater connection of small towns with rural areas. For example, small towns might offer greater scope for daily commuting from rural areas to town, rather than full migration; employment opportunities in small towns may be less skill and human capital intensive; and many small-town services and industries may be oriented around the support of agriculture in surrounding areas.

A Casual Transformation: Rural Nonfarm Employment

Rural areas are being slowly transformed by growth of the nonfarm sector. Traditionally, agricultural growth and rural growth have been
regarded as synonymous. That has always been a simplification, but it is one that has become increasingly misleading. Chapter 3 focuses on the nonfarm sector, which now provides 30 percent of jobs in rural areas, up from 20 percent 20 years ago. In the last 10 years, nonfarm employment has been growing about four times as fast as farm employment, and more rural jobs have been created off-farm than on (figure 9).

While the number of people moving into nonfarm employment is growing, the quality of nonfarm employment is falling. Contrary to popular perception, more than two-thirds of nonfarm jobs are in the service sector. Construction is the fastest-growing rural nonfarm sector and now provides almost 20 percent of nonfarm employment, up from 10 percent only a decade ago. About 50 percent of participants in the nonfarm sector are self-employed, a ratio that has stayed fairly constant over time. The share of casual employment in total nonfarm employment has risen from 24 percent in 1983 to 29 percent in 2004. Growth in the formal sector has mainly been at the lower-paid end, and a dual wage structure is emerging in the regular employment category: well-paid regular employees have seen a growth in their average wage; poorly paid regular employees have seen little growth in their average wage and more growth in numbers. The effect is a trend toward the casualization of the nonfarm sector.

Figure 9 The Nonfarm Sector Is Now the Source of Most New Rural Jobs

Source: Authors' estimates based on employment and unemployment surveys of respective NSS rounds.

Note: Employment defined on the basis of principal-cum-subsidiary (usual) status. Farm versus nonfarm assignment is based on workers' reported industry, occupation, and employment status. The numbers of farm and nonfarm workers are calculated using (a) estimated proportions from unit-level data and (b) total rural workforce as in Sundaram 2007.
Nonfarm growth reduces rural poverty. It is mainly young men who obtain nonfarm jobs. The poor are more likely to obtain casual than regular employment as they are more likely to be uneducated and socially disadvantaged, which are greater barriers to regular than to casual employment. Because casual nonfarm employment, though worth considerably less than regular employment, still pays considerably better than agriculture (the wage premium is about 45 percent; see figure 10), the rapid growth of casual employment in recent years is likely to have been poverty reducing.

A regression analysis of the impact of nonfarm employment, which also takes into account its indirect effects, tells a similar story. Chapter 3 presents evidence that nonfarm employment reduces poverty both directly and through upward pressure on the agricultural wage rate. The agricultural wage growth of the 1990s has slowed, but the analysis shows that without the labor market tightening due to the nonfarm sector, agricultural wage growth would have been slower still. All that said, nonfarm employment growth today is neither rapid nor inclusive enough to displace agriculture as a key determinant of rural poverty in India.

India’s nonfarm growth, slow by international standards, is driven by urban growth, education levels, and state and local factors. Although India’s nonfarm employment growth has increased,

Figure 10 The Increasing Premium of Casual Nonfarm Wages Compared with Agricultural Wages

Source: Authors’ estimates based on employment and unemployment surveys of respective NSS rounds.

Note: Employment defined on the basis of principal-cum-subsidiary (usual) status. Farm versus nonfarm assignment is based on workers’ reported industry, occupation, and employment status. The numbers of farm and nonfarm workers are calculated using (a) estimated proportions from unit-level data and (b) total rural workforce as in Sundaram 2007. Mean and median daily wages are in Rs and are calculated for 19 major states of India.
it remains slow when compared to those in China and other successful Asian countries. Chapter 3 takes advantage of the variations in the nonfarm sector across the country to explore the determinants of its growth. The analysis finds that the expansion of the nonfarm sector in recent years has been more closely linked to urban than agricultural growth, thus confirming the previous chapter’s findings of the importance of urban growth for poverty reduction in India. The nonfarm sector is also seen to be expanding more rapidly in areas of the country where education levels are higher. As might be expected, state and local factors are also important.

Beyond Consumption: Toward Health and Education for All, Haltingly

*In contrast to the steady reduction in consumption poverty, India’s record on improving human development indicators is mixed. In several dimensions problems remain stubborn, and though worse for the poor, they are not confined to the poor.* Literacy rates are at par with Sub-Saharan African countries’ and much behind those in China (see figure 11). In 1975, 32 percent of China’s adult population had secondary education, versus just 16 percent of India’s in 2004.

Viewed through the prism of nutrition and health outcomes, Indians are not doing well. In 2005–06, 43 percent of children (age less than five years) were underweight, 48 percent were stunted, and 20 percent were wasted (NFHS-III Report). More than half of adult

*Figure 11* India’s Educational Attainment Is below China 30 Years Ago

![Figure 11](image-url)


*Note:* Educational attainment among the share of the population aged 15 and older. Illiterate includes both the illiterate and below-primary-educated populations.
women in India are anemic, and a third of all adults have low body-mass index. South Asians are among the shortest people in the world and attain adult height at a later age than people in other countries, a marker of childhood insults.

Contrasted with consumption poverty rates of 26 percent to 28 percent, it is clear that poor human development indicators are not a problem only of the poor, even though outcomes are substantially worse among the poor. The infant mortality rate among poor children is double that among rich children in rural and urban areas (figure 12). In 1998–99, only about two-thirds of poor children in urban areas were fully immunized, compared to nearly all children belonging to the richest quintile.

Variations in human development indicators across states are enormous. In general, southern states, especially Kerala and Tamil Nadu, have nutrition and human development outcomes comparable with those in developed countries, but states such as Bihar, Madhya Pradesh, Orissa, and Uttar Pradesh do poorly.

Signs of improvement are appearing. But improvements in nutrition and some other key indicators have been extremely slow and remain cause for serious concern. India lies on the regression line linking basic health indicators (life expectancy) to income per capita (Deaton 2006). But progress lags that in countries such as Brazil and Mexico, and over time the pace of improvement has been slower since 1990 relative to periods of slower economic growth.

Figure 12 Health Outcomes Are Substantially Worse among the Poor

![Figure 12: Health Outcomes Are Substantially Worse among the Poor](image)

Sources: 2005–06 NFHS III report and authors' calculations.

Note: CMR = child mortality rate; IMR = infant mortality rate; Q1–Q5 = asset index-based quintiles of population.
Key indicators such as child immunization have stagnated or worsened (table 1). Self-reported morbidity in India is high, taking a significant toll on productive capabilities. Basic sanitation remains a challenge, with two-thirds of rural households reporting no toilet facilities even in 2005-06, hampering improvements in health outcomes.

In the area of nutrition, as with consumption poverty, data inconsistencies make the detection of clear trends difficult. Data from the National Nutrition Monitoring Bureau (NNMB) suggest progress since the mid-1970s, whereas National Family Health Survey (NFHS) data suggest hardly any progress at all in combating malnutrition over the last decade. Even assuming that the more optimistic NNMB data are correct, the pace of this decline has been slow relative to India’s pace of economic growth. Cross-country data suggest that the rate of decline of the proportion of underweight children tends to be about half the rate of growth of GDP per capita (Haddad et al. 2003). This would predict a decline of 38 percent between 1980 and 2005, compared to an actual decline of 29 percent. Similarly, the rate of growth of average adult height has been much slower than has been the case in several European countries in the past and in China in recent decades (Deaton and Drèze 2009).

The good news is that elementary school attendance has increased substantially in the last decade. Literacy, educational equity, and mobility in education across generations have improved as a result. Table 2 shows the rapid growth in school attendance. Today 80 percent of rural girls attend school, up from less than 60 percent.

<table>
<thead>
<tr>
<th>Table 1 Trends in Key Indicators of Health and Morbidity</th>
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<tbody>
<tr>
<td>Life expectancy at birth (years)</td>
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<td></td>
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<tr>
<td>Infant mortality rate (%)</td>
</tr>
<tr>
<td>Child mortality rate (%)</td>
</tr>
<tr>
<td>Total fertility rate (%)</td>
</tr>
<tr>
<td>% children fully immunized</td>
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</tbody>
</table>

Sources: Life expectancy from SRS Bulletins; all other information from NFHS II and III reports.

Note: Total fertility rate for the 1- to 36-month period preceding the survey.
Table 2  Attendance Increased Substantially in the Past Decade, Particularly in Elementary Schools

<table>
<thead>
<tr>
<th>Age group</th>
<th>1993/94 Rural</th>
<th></th>
<th>1993/94 Urban</th>
<th></th>
<th>2004/05 Rural</th>
<th></th>
<th>2004/05 Urban</th>
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<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Age 5–29 years</td>
<td>45.4</td>
<td>30.5</td>
<td>47.7</td>
<td>34.9</td>
<td>53.2</td>
<td>43.6</td>
<td>54.1</td>
<td>51.9</td>
</tr>
<tr>
<td>Age 3–5 years</td>
<td>17.2</td>
<td>15.0</td>
<td>35.5</td>
<td>32.3</td>
<td>30.6</td>
<td>29.0</td>
<td>49.0</td>
<td>47.9</td>
</tr>
<tr>
<td>Age 6–14 years</td>
<td>74.5</td>
<td>58.2</td>
<td>87.0</td>
<td>82.4</td>
<td>86.9</td>
<td>79.5</td>
<td>91.0</td>
<td>89.5</td>
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<tr>
<td>Age 6–10 years</td>
<td>74.0</td>
<td>60.4</td>
<td>87.5</td>
<td>83.8</td>
<td>87.6</td>
<td>83.2</td>
<td>88.7</td>
<td>85.0</td>
</tr>
<tr>
<td>Age 11–14 years</td>
<td>75.3</td>
<td>54.5</td>
<td>86.4</td>
<td>80.6</td>
<td>85.8</td>
<td>74.1</td>
<td>88.4</td>
<td>86.9</td>
</tr>
<tr>
<td>Age 15–18 years</td>
<td>43.0</td>
<td>22.3</td>
<td>59.1</td>
<td>52.0</td>
<td>49.4</td>
<td>36.0</td>
<td>61.0</td>
<td>59.3</td>
</tr>
<tr>
<td>Age 19–29 years</td>
<td>8.0</td>
<td>2.4</td>
<td>16.8</td>
<td>9.9</td>
<td>8.6</td>
<td>3.9</td>
<td>17.4</td>
<td>12.3</td>
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Source: Authors’ estimates based on NSS data.

Note: Table reports percentage of age group currently attending school.
in the early 1990s. More children are also in the age-appropriate grade than a decade ago. And school attendance gaps have narrowed, with the most rapid increases in attendance rates occurring among girls and children from poor households and in rural areas and relatively educationally backward states. As a result, the disparity in primary school attendance between boys and girls in rural and urban areas had largely been bridged by 2004-05. Disparities are more pronounced at higher age groups and levels of education, but even those have narrowed over time, especially in urban areas.

Literacy has risen in India from about 52 percent in 1991 to 75 percent in 2001 and is expected to rise more rapidly with the surge in schooling. Mobility in education has improved significantly across generations for all major social groups and wealth classes. In fact, in sharp contrast to its image of low social mobility, India appears to have average, or above average, mobility (defined as the lack of persistence in education attainment levels across generations) compared to estimates from studies of other countries (Jalan and Murgai 2008).

But children are learning little in school. Since the mid-1990s, several national and state-specific studies testing learning achievement of children at the terminal grades of primary school have been undertaken. Differences in test content, test administration, and study sample render precise comparisons across studies and over time difficult. However, all studies agree overall learning levels are low. The National Council of Educational Research and Training (NCERT) national midterm achievement survey for Class V students found average scores of 48 percent and 60 percent on curriculum-based mathematical and language tests (NCERT 2009). The 2009 ASER (Annual Survey of Education Report) survey carried out by the nongovernmental organization Pratham showed that children typically know little, both relative to their curriculum and relative to what they need to know to function in society (figure 13). For example, 9 percent of children in grade 5 could not identify numbers up to 100, 44 percent could not read a short paragraph at grade 2 difficulty, and 29 percent were unable to divide or subtract. Smaller-scale, internationally comparable testing of students in secondary school (grade 9) in Orissa and Rajasthan supports the evidence that learning levels are low.

Inequalities in learning outcomes are very high. One dimension of inequality is large differences across states (NCERT 2009; Pandey, Goyal, and Sundararaman 2008). Another is inequality within states. At the secondary school level, the inequality in the distribution of mathematics test scores among ninth graders in Orissa and Rajasthan is second only to that in South Africa among...
**Figure 13** Children Learn Little Even after Spending 5 Years in School

- **Reading:** % children in grade V with the skill
  - no skill: 2%
  - letters: 7%
  - words: 13%
  - text grade II: 53%

- **Arithmetic:** % children in grade V with the skill
  - no skill: 2%
  - recognize numbers 1 to 9: 7%
  - divide: 38%
  - subtract: 33%

**Source:** Pratham 2010.

**Note:** The panels are to be interpreted as follows: 7 percent of children in grade V can only recognize letters, 13 percent can recognize both letters and words, and so on.

The 51 countries in the sample (Das and Zajonc 2009). Although the median enrolled child failed to meet the lowest international benchmark, the top 5 percent tested scored much higher than the best in several other low-income countries, with scores comparable to those in some high-income countries.

This research is relatively recent, and little consensus exists on the nature and extent of sociodemographic variation in achievement levels. Some studies report better learning outcomes for boys and students from upper castes and richer and more educated families, while others find no gender or caste differences.

**Improving human development outcomes for the poor, but not just the poor, remains a key challenge for India.** That challenge is central to improving income-earning opportunities and directly improving welfare. Education is an essential tool for breaking the intergenerational transmission of poverty. It is becoming increasingly important if the poor are to share in the benefits of growth, as the economy transforms away from agriculture toward a greater role of urban and nonfarm growth. Poor health outcomes are not just a loss for the people concerned. Because they have high out-of-pocket expenditures and little health care coverage, ill health can be a catastrophe for poor families. Undernutrition can itself become a critical factor in perpetuating poverty. The evidence unambiguously suggests that childhood deprivation is associated with poorer childhood
development, results in significant long-term impairment in later life, and may also adversely affect future generations. Although gaps remain between the poor and others in outcomes, the burdens of undernutrition and poor learning outcomes, for example, are borne not just by the poor. Rates of malnutrition among India's children (as measured by the percentage underweight and stunted) are nearly one-and-a-half times the percentage of the population below the official poverty line. Given the recent record, it is simply not the case that continued rapid economic growth will automatically translate to commensurate improvements in human development outcomes. These challenges have led to vigorous debate and discussion on what actions are needed to improve delivery of services. Although that debate is beyond the scope of the report, it is clear from the findings reported that reducing nonconsumption poverty in India is a task that will require systemic improvements, not simply better targeting of existing systems to the consumption poor.

Rising Inequality: Cause for Concern?

_inequality may be greater in India than often thought. It affects poor and rich communities alike._ Although comparisons based on consumption data have been used to argue that inequality in India is low by international standards, chapter 5 shows that when income, rather than NSS consumption data, is used, inequality in India appears to be in the same league as that in Brazil and South Africa, both high-inequality countries (figure 14). Why the gap between India's consumption and income Gini measures of inequality is so large remains to be explained, but this finding at a minimum casts doubt on the often-rehearsed notion that inequality is low in India. (It also serves as a useful reminder of the difficulty of making international inequality comparisons, a difficulty too often overlooked when cross-country comparisons and regressions are undertaken.)

_inequality affects poor and rich communities alike._ Chapter 5 challenges conventional wisdom at the local as well as the international level. The poverty mapping exercise mentioned earlier shows that consumption inequality seems to be at least as high among poorer rural communities as among better-off ones. Indeed, in Andhra Pradesh inequality seems to be even greater in poorer rural communities than in better-off ones. If local inequality of consumption is also an indication of concentration of power and influence, then resources allocated to poor communities—for example, under
Figure 14 India in International Comparisons of Inequality

Sources: Consumption Gini from NSS 61st round; income Gini from 2004–05 NCAER–University of Maryland India Human Development Survey (Dubey 2008).

Note: Consumption Gini = 0.325; income Gini = 0.535.
"community-driven development" approaches—will not necessarily reach the poor and might instead be at risk of elite capture.

Consumption inequality has fallen over the longer term in India but is now on the increase. Turning from levels to trends, inequality is on the rise in India. This is a recent phenomenon. As figure 7 illustrated, the last five decades show a long-term trend in rural areas of declining inequality; a decline in inequality in urban areas until the 1980s, and since then a rise; and a long-term upward trend in the urban-rural gap. What this would mean for total inequality depends on how adjustments are made for urban-rural cost of living differences, but given that the great bulk of the population still lives in rural areas, a long-term downward trend would be expected.

Focusing in greater detail on the more recent past, however, tells a different story. Rural growth switched from being pro-poor (largely benefiting the poorer) between 1983 and 1993–94, to being largely distribution neutral between 1993–94 and 2004–05. In urban areas, over the same period, growth went from being distribution neutral to being pro-rich. And the gap between rural and urban areas continued to widen. Again, aggregate comparisons are difficult, but this set of findings would suggest an upward trend in national inequality. When one uses the official urban and rural poverty lines to correct for cost-of-living differences over time and between urban and rural areas, for most inequality indicators, no increase or a decrease in national inequality is apparent between 1983 and 1993–94, and a small increase is seen between 1993–94 and 2004–05. Figure 15 illustrates the Gini coefficients.

These results understate the increase in inequality, likely because the household consumption surveys are missing increases in top-end incomes. Increases in wealth holdings are also driving perceptions of increased inequality. Although the survey data we examine show an increase in inequality, it is not a dramatic increase. We have already noted, however, that the survey data likely underreport consumption at the top end. It is certainly popularly perceived that inequality has increased sharply, very likely driven by the observation that rich Indians did extraordinarily well during the boom of the 1990s. According to one study, in 1999–2000, the gap in per capita income between the 99th and 99.5th percentile was almost four times as large as the gap between the median person and the 95th percentile. Incomes of the super-rich at the 99.99th percentile grew by over 285 percent between 1987–88 and 1999–2000 (Banerjee and Piketty 2003). Wealth inequalities are also on the rise. Between 1996 and 2008, wealth holdings of Indian billionaires are estimated to have risen from 0.8 percent of GDP to 23 percent (Walton 2010).
Growing divergence across states in mean incomes does not explain the increase in inequality observed in the survey data. Divergence across states is often pointed to as the main source of rising inequality. Indeed, inequality in mean incomes across states is increasing, according to national accounts data (figure 16). Rich states used to have average incomes twice those of poor states in the 1970s; now the ratio is closer to four times. However, despite the clear evidence of divergence across states in incomes as measured by the national accounts, a decomposition analysis of inequality, using survey data between states, or between high-growth and low-growth regions, reveals that only a very small, albeit growing, share of overall consumption inequality can be attributed to differences in mean consumption levels between states. In other words, inequality of consumption within states, and within regions, dominates.

Increased returns to education appear to be an important factor. A similar inequality decomposition exercise (figure 17) shows that in urban areas, the share of inequality explained by a simple division of the population into those with and those without a primary education shows very little change. But the share of inequality explained when the population is divided into those with and those without a graduate education doubles to almost 20 percent in 2004-05, up from only 11 percent in 1983. The rural analysis tells a slightly different story. There, the share in inequality using both decompositions rises, more so for the graduates, but from a very low base.
This evidence fits well with the story of the growing nonfarm sector told earlier, as we know that the less the countryside is dominated by agriculture, the more important education is. Even completing primary education increases the chances of escaping the farm. That education is a source of rising inequality appears...
paradoxical inasmuch as access to education is becoming much more equitable over time. However, inequalities in learning are high in India—among the highest in the world, and rewards to skills are becoming more unequal (Dutta 2006; Kijima 2006).

Some types of inequality, but not all, are harmful for growth and economic development. The link between inequality and poverty is far from straightforward. Everything else being equal, a rise in inequality will dampen the poverty-reducing impact of an increase in mean incomes. But everything else is not equal, and some growth accelerations might not be possible without an increase in inequality. The analysis suggests that the recent experience of India might fall into such a category, with increasing returns to education a necessary requirement for its recent rapid growth.

Even so, rising inequality can be of concern for other reasons. Some inequalities may be more structural and exclude groups from the development process.

Social Exclusion: Who Is Being Left Behind?

Although increases in inequality due to increasing returns to education might be growth enhancing and ultimately poverty reducing, other inequalities in India are structural and are more likely to act as a brake on, rather than enhance, poverty reduction. The final chapter of the report examines inequalities across social groups, with a particular focus on scheduled castes and tribes and on gender.

At the all-India level, differences between social groups explain only a small share of total consumption inequality in India; but in some states, group differences are important and growing. A decomposition inequality analysis shows that dividing households into those belonging to scheduled castes (SC), scheduled tribes (ST), Muslims, and others explains only about 4 percent of India's consumption inequality. At the state level the picture is less reassuring. In some states, notably rural Bihar, scheduled caste households appear, as a group, to be falling behind the rest of the population. More frequently the analysis shows that it is the more advantaged segments that are pulling ahead from the traditionally disadvantaged groups (scheduled castes, scheduled tribes, and Muslims taken together).

It is widely noted in the sociological and anthropological literature that social groups are highly heterogeneous. Our analysis of within-group inequality confirms that and shows that within-group inequalities are more important than those across groups. In other
words, the gaps between elites and the poorest within the excluded groups are greater than the average gaps between groups.

That is not to deny that social group membership continues to be an important welfare determinant. Progress indicators are particularly worrying for scheduled tribes.

**Welfare indicators for SCs and STs are improving, but the gap between them and the general population is large and persistent.** Poverty rates for SCs and STs and for the general population have fallen by about 20 percentage points over the last two decades (figure 18). STs today (2004–05) experience levels of poverty seen in the general population 20 years earlier (1983), whereas SCs lag 10 years behind the general population.

Education indicators tell a similar story, with improvements but also large and persistent differences (figure 19). Scheduled tribe and scheduled caste women, in particular, are falling behind, with slower-paced improvements particularly in postprimary education.

Higher child mortality among STs is the starkest marker of deprivation. Mortality of rural ST children starts off on par with that of other groups but rapidly worsens by the time the children are five years old. A disproportionately high number of child deaths are concentrated among STs and in those states and districts with a high proportion of STs.

*Figure 18 In Terms of Poverty, Scheduled Tribes Are 20 Years Behind the General Population, and Scheduled Castes Are 10 Years Behind*

![Bar chart showing poverty levels for scheduled tribes, scheduled castes, and all population over time](image-url)
Occupational segregation and wage differentials between Dalits and other groups are still evident. Nearly 30 percent of Dalits are engaged in low-skill casual jobs, compared to 8 percent in the general category (non-SC/ST/OBC [other backward caste]) individuals. They are also less likely than other groups to have their own business enterprises, particularly in urban areas. Concentration of Dalits in casual work or in lower-paid occupations relative to other groups is in part related to differences in education levels, but the differences persist even after controlling for education and other characteristics.

Difference in access to occupations—or "glass walls"—is an important determinant of the wage gap. Various studies show that small-scale Dalit entrepreneurs, especially in rural areas, are prevented from moving out of caste-based occupations into self-employed ventures. Even in the urban private formal sector, recent research establishes, they are less likely to secure a job despite being as qualified as applicants of other castes (Deshpande and Newman 2007).

Some positive signs of dynamism are visible within the caste hierarchy. With the expansion of the nonfarm sector, discussed earlier, Dalits are moving out of agricultural labor to relatively higher paying, nonfarm casual work and into trade and self-employment. At the margin, an increasing number of new workers entering the nonfarm sector are from a scheduled caste or tribe background.
With casual nonfarm employment paying significantly better than agriculture, the shift from agricultural labor to casual nonfarm labor is a sign of mobility, albeit limited. Other studies also present evidence of greater Dalit entrepreneurship and social change. Expanding economic opportunities, improvements in education, and greater political voice for scheduled castes have been drivers of change.

One of the most worrying trends is the increasing exclusion of scheduled tribes from the growth process. Scheduled tribes have historically lived in remote areas, and that has made the delivery of services to them particularly challenging. In addition, over the years they have been increasingly alienated from the traditional sources of their livelihood—land and forests (Gol Planning Commission 2008). Combined with their limited voice in decision making, that has caused them to lag behind other groups on a range of indicators. Scheduled tribes have also suffered more mass displacement as a result of infrastructure projects than any other group: they make up 8 percent of India's population but 40 percent of the 21 million people displaced between 1951 and 1990 (Burra 2008). Though consumption inequalities are not yet increasing, there are worrying indicators that India's educational expansion is leaving scheduled tribes behind. They show the least improvement in intergenerational mobility in education, as well as the worst indicators of child nutrition and mortality. Scheduled tribes are at risk of being locked out of India's growth and prosperity.

Although considerable progress has been achieved, female disadvantage in India continues, and women die unnecessarily both in infancy and in motherhood, with the poorest outcomes among women of scheduled castes and tribes. Female disadvantage is most starkly evident in the lower survival chances of baby girls compared to boys. India and, to a lesser extent, Nepal are the only two countries where the survival of infant girls is known to be lower than that of boys. At the same time, notable areas of progress can be seen. Fertility decline, for instance, frees up women from the cycle of childbearing and child rearing and allows them to enter into other arenas. In India, fertility rates in several states are now below replacement levels and resemble levels in developed countries; in other states the figures resemble those in much poorer countries (figure 20). Use of contraception is much higher than even a decade ago, and maternal mortality—although at stubbornly high levels across the South Asia region (except Sri Lanka)—is declining more sharply in India than in other countries. Progress has, however, been highly uneven, and Dalit and Adivasi women's outcomes are much worse than those of other women.

High levels of gender inequality persist in the labor market despite improvements in other areas. Female participation in the
Figure 20 Fertility Is Declining, and Many Indian States Resemble More Developed Countries

births per woman

Sources: National Family Health Survey for India and Indian states; EUROSTAT 2008 for European countries; StatCan for Canada; AUSTATS for Australia; and Demographic Health Surveys for selected countries.

Note: Data from 2005, or closest year available.
labor force remains low in India, with only 40 percent of women employed in full-time work. That is so despite the fact that a very large share of women say that they aspire to work outside their homes. Economic and social outcomes for women are underpinned by low levels of security for them both within and outside their homes. Several policies and programs are under way to promote women's empowerment and better gender outcomes. Both vision and implementation count.

Concluding Remarks

Poverty has been falling in India for the last 30 years and continues to decline steadily, if not rapidly. In contrast, India's record on improving basic health and education indicators is mixed. Some outcomes have improved with rising income. In other dimensions, most notably nutrition, problems remain stubborn and are worse for the poor, but not only the poor.

India's structural transformation is affecting poverty. Underlying the long-term reduction of poverty is a gradual transformation of India's economic geography. This report has drawn on survey evidence to point to the emergence of new drivers of poverty reduction. India is slowly becoming urbanized, and urban growth has outpaced rural. Since the 1990s, a much stronger link from urban growth to a reduction of rural poverty is evident. In urban areas, it is small and medium-size towns, rather than large cities, that appear to demonstrate the strongest urban-rural growth linkages.

Rural areas are diversifying away from agriculture toward the nonfarm sector. Agriculture remains an important determinant of rural poverty, but the link between the two is weaker than it used to be. That is why poverty has continued to fall apace, even as agricultural growth has slowed. Expansion of the nonfarm sector has been poverty reducing both directly, because of the premium that even low-wage nonfarm jobs offer over agricultural wages, and indirectly, by driving up agricultural wages.

Inequality is on the increase. But at least some of the factors driving inequality up, such as increasing returns to education, seem to be associated with India's accelerating growth rather than with an intensification of structural inequality. Some signs are also apparent of dynamism within caste hierarchies. But structural inequalities also remain present and visible. Caste is still a potent indicator of social status. Female disadvantage continues despite high rates of growth, with deaths of females both in infancy and in motherhood and with poorer outcomes for women from scheduled castes and
tribes. Worrying indicators are appearing that India's educational expansion is leaving scheduled tribes behind, and that group also displays the worst indicators of child nutrition and mortality.

This diagnosis of patterns and trends of poverty and inequality in India suggests some policy directions.

A multisectoral response to India's poverty seems indicated. Given the results that we report, continued debate about the appropriate sectoral focus for poverty reduction efforts is warranted. Agriculture is still the employer of too many of India's poor (especially the female and the elderly poor) to be ignored, but nonfarm rural employment and urban growth deserve greater attention. The rural nonfarm sector, as a sustainable source of poverty reduction, will need close scrutiny—the quality of nonfarm employment has been falling in a trend toward growing "casualization" of the sector. Within the urban sector, large cities may well continue to drive India's growth. But given that small and medium-size towns are currently home to 80 percent of India's urban poor, and given the strong links between such towns and rural areas, it will be necessary to ensure that no barriers exist to small-town growth and that no policy biases prevent small towns from realizing their potential. One place to look for such biases is in access to basic infrastructure services.

Improving India's human development indicators will require systemic change. The report shows very mixed progress with respect to human development indicators. Disaggregating outcomes between the poor and others shows that outcomes are worse for the poor. But the burden of undernutrition, for example, is not confined to the poor. These challenges have led to a vast debate about what actions are needed to improve delivery of services. Although that debate is beyond the scope of the report, it is clear that reducing nonconsumption poverty in India is a task that will require systemic improvements, rather than simply better targeting of existing systems to the consumption poor.

A redoubling of efforts to get scheduled tribe children into school is needed. Social status and gender continue to be important indicators of disadvantage. The report's analysis draws attention to the risk that scheduled tribes, in particular, might be locked out of the modern economy by their lagging participation in India's schooling expansion above the primary school level.

Data inconsistencies need to be addressed. As stated at the outset, India enjoys a rich pool of primary data from which analysts can draw. It is no surprise that data inconsistencies and contradictory trends appear. From our vantage point, a high premium should be placed on resolving inconsistencies around India's poverty line, understanding the growing divergence between the national accounts
and household consumption survey data, and reconciling the divergent trends in India's two household health monitoring surveys.

Notes

1. India's official poverty estimates are based on the “thick” rounds of the consumption expenditure surveys carried out (roughly) every five years by the National Sample Survey (NSS) Organization. The most recent thick round for which data are available is 2004–05. Trends in education attendance are also based on the NSS. Trends and patterns of health and nutrition outcomes are primarily based on the National Family Health Surveys. The most recent data available from that source are from 2005–06.

2. Rupees converted to international purchasing power parity (PPP) $ using 2005 PPP rates of Rs 11.4 to the dollar in rural areas and Rs 17.24 to the dollar in urban areas.

3. See Bhalla 2002 and the arguments summarized in Deaton and Kozel 2005 for differing views on whether the national accounts estimates of consumption are more or less reliable than NSS estimates.

4. See Deaton and Drèze 2009 for a comprehensive review.

5. However, problems related to public amenities were seen as worse, possibly as a result of increasing population pressure (Praxis 1999). Small city-specific studies also reveal that despite some evidence of limited income mobility, little or no improvement has occurred in living conditions such as shelter, basic amenities like water and sanitation, and the living environment (see, for example, Swaminathan 1995; Praxis 1999).

6. Some surprises appear as well. For example, states such as Madhya Pradesh, Chhattisgarh, and Bihar outperform the southern states with respect to learning achievement (Pratham 2009).

7. See Das, Pandey, and Zojanc 2006 for a summary.

8. Income estimates are from a fairly comprehensive measure of income obtained from the 2004–05 India Human Development Survey collected by the National Council of Applied Economic Research (NCAER) and University of Maryland.

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