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Poverty at the Turn of the Century : Facets, Issues and Policy Perspectives

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Poverty at the Turn of the Century : Facets, Issues & Policy Perspectives*

Dr. Rajiv Balakrishnan**

1.2 billion of the world's population is estimated to live in 'extreme consumption poverty'. More than two thirds live in Asia, and close to half, in South Asia. This, at the turn of the century, is poverty's ghastly visage, as it emerges from the shadows to occupy centre-stage in policy pronouncements; poverty alleviation was one of the key themes of the Social Development Summit in Copenhagen in 1995, and a few years later, the Millennium Summit 2000 (the 24th Special Session of the General Assembly of the UN) adopted a declaration in which each member State resolved to bring down poverty to 50% by 2015.[1] In the past too, commitments to reduce poverty have figured in the agendas of the United Nations, international agencies and governments - for at least a quarter of a century, but what is new today is the *prioritisation* of poverty alleviation 'as the primary mission of the global development agencies and national governments'. This is marked by a recognition of the need for a direct attack on the structural roots of poverty, which lie in insufficient access to productive assets, a deficiency of human resources (health, education etc.) and 'undemocratic access to political power'. With these concerns gravitating to the fore in policy-making spheres, terms like 'empowerment', 'inclusion' and 'ownership' come to acquire currency in the development vocabulary.[2]

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1 International Fund for Agricultural Development. IFAD. 2001. *Rural Poverty Report 2001: The Challenge of Ending Rural Poverty*. New York: Oxford University Press, pp. iii, 1.

2 Rehman Sobhan, 2001. 'Eradicating Rural Poverty: Moving from a Micro to a Macro Policy Agenda'. June 2001 lecture in the *Public Lecture Series on Rural Poverty Eradication*, organised by IFAD in collaboration with FAO and WFP, pp. 2, 4 of text of lecture available in the IFAD web-site www.ifad.org.

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The eighties and nineties, by comparison, were the decades of the free market mantra of the 'Washington Consensus' - a consensus between the IMF, the World Bank, and the US Treasury, on policies developing countries should pursue; market liberalisation, fiscal austerity (to curb inflationary pressures), and privatisation (of inefficient government enterprises, to make them function more efficiently) were its three pillars. Washington Consensus policies were originally designed for Latin American countries, where government enterprises contributed to huge deficits, inefficient private firms pushed up prices, and a lack of fiscal discipline had led to out-of-control inflation - but the policies tended to become 'ends in themselves' and led to consequences that were 'far from those intended'. In many countries, growth was stifled by extreme austerity, with the high interest rates of the Washington consensus acting as bottlenecks to capital formation and entrepreneurship. Privatisation too had its down side; it gave opportunities to 'rent seeking politicians' and created monopolies. It became evident also that disastrous consequences could result from the opening up of developing country markets 'dangerously vulnerable to competition from much stronger counterpart industries in other countries'; trade liberalisation was carried out before safety nets were set in place or domestic markets strengthened and jobs created, with the result that poor farmers in developing countries were unable to compete with subsidised imports from Europe and America. Countries like Japan and the US, by contrast, had selectively and wisely protected their industries until they were able to compete with imported goods.[3]

The assumption was that markets would arise to fit every need, but this was not borne out by the ground realities. Thus, alternatives to the US social security system did not work well, and the Federal National Mortgage Association *Fannie Mae* was created to ensure that mortgages were provided on a reasonable basis to low and middle income families. In Morocco, a government enterprise selling 7 day old chicks to village women wanting to rear chicken to supplement their livelihoods was closed down; '... it was told by the IMF that it should not be in the business of distributing chicks...', whereupon a private firm stepped in, but was not able to

3 Joseph E. Stiglitz. 2002. *Globalisation and Its Discontents*. London: Allen Lane. pp. 16-17, 53-54, 56-60.

guarantee chick survival due to the high mortality of chicks in the first two weeks of life. The villagers could not risk losses from high chick mortality and '... a nascent industry, poised to make a difference in the lives of these poor peasants, was shut down'. Marketing boards established by many African countries and dismantled under pressure from the IMF are another case in point. Poor peasants could not afford to buy trucks to transport their produce, and due the lack of well functioning banks, they could not borrow funds either. Eventually, a mafia emerged to monopolise what became a lucrative transport business. Many of these marketing boards had followed a policy by which produce was purchased at a uniform price through a network of marketing outlets so that farmers in remote areas would not have to incur the costs of transporting their goods for sale. One African country was forced by the IMF to abandon its uniform pricing policy before adequate road links were built up; this led to a precipitous drop of incomes in some of its poorest rural regions, causing much hardship.[4]

Pro-Poor Growth

Whereas the Washington Consensus policies advocated minimalist government, in East Asia, its prescriptions were flouted; protective barriers were dropped only gradually and phased out as new jobs were created, governments invested in education, ensured capital was available, designed education and investment policies to close the knowledge and technology gap, and promoted enterpreneurship. As is well known, widely shared growth and phenomenal poverty reduction occurred in the region.[5] It is not growth alone that is critical, but pro-poor policies such as land reform and better education for the poor, which can both stimulate growth and promote equality.[6] The productivity of international trade was at the root of the remarkable growth in South and South-East Asia; but a combination of State and market was the distinctive feature. This 'eastern' strategy of building 'human capital' at an early stage of development not only contributes to the quality of life (via the reduction of illiteracy, morbidity

4 Ibid. pp. 54-55, 75-76.
5 Ibid. pp. 60, 91-92.
6 Ibid. pp. 79-82.

and increase of life expectancy), it broadens the access of the market and translates into widely shared growth. It shows also that health care and education can be guaranteed to all even at a low level of income, impacting phenomenally on the length and quality of life, as is borne out by the case of China, which had a very high life expectancy at birth even in the pre-reform period. The key lies in the low labour costs in a poor country, which can make labour intensive activities like basic education and medical care much cheaper. Post reform China cashed in on its human capital, which fueled its economic development, while in India, the overactivity of the 'licence raj' was compounded by the State's underactivity in terms of its 'continuing neglect of education and other social opportunities'.[7]

Poverty has many faces apart from low consumption, like malnutrition, illiteracy, low life expectancy, insecurity, powerlessness, and low self-esteem, which contribute to the 'poverty of capabilities'. It is multi dimensional, and the efforts to target it should be diverse, but critical aspects can be identified. In the road map set forth by the Rural Poverty Report 2001, food staples (cereals like wheat, rice and millet, maize, sorghum and millet, and tubers like yam and cassava), which provide most of the rural poor with work, income, consumption and calories, need to be recognised as crucial. Though an increasing proportion of the poor earn their living through livestock, cash crops and non farm activities, the production of food staples, which provide the extreme poor with 70-80% of their calorie intake, accounts for most of their income. In the seventies and most of the eighties, 'food staples yield rose sharply and poverty declined rapidly', while in the 1990s, 'food staple yield slowed down substantially, as did the rate of poverty decline'. The non-staples sector too is important, as it holds promise through production and exchange as a means of poverty alleviation, particularly in the context of liberalisation and widening markets. Markets, which 'now play an increasing role in the livelihood systems of the poor', can be a powerful ally in the fight against poverty; rural road networks and market information can protect producers from having to sell cheap in a glut and buy dear in the lean season. Also critical are land and water rights for the rural poor, as are human capital

7 Amartya Sen. 2000. *Beyond the Crisis: Developing Strategies in Asia*. New Delhi: Capital Publishing Company. (First published in 1999 by Institute of Southeast Asian Studies, Singapore) pp. 6-7, 13-16, 21-22.

and the capacity to work. So is technology access, which is limited by weak extension services, and deficient markets - input markets (credit, seeds, fertilisers) as well as output markets, which has been aggravated by the withdrawal of State initiatives, for example, of extension services, under liberalisation and structural adjustment programmes. The advance in biotechnology, which can improve productivity through drought or pest resistant crops etc., is another important factor. Finally, the role of institutions is important in poverty alleviation - micro-finance, village banks, etc. are important, as is the participation of the poor in local self-governance bodies, and, more generally, a wider institutional transformation for a fairer distribution of opportunities and benefits, to which end a key role for civil society is envisaged.[8]

A pro-poor policy coloring is evident also in the World Development Report 2000-2001; apart from low income and consumption, other factors like education, health, nutrition, powerlessness, voicelessness, social exclusion, and vulnerability to uncontrollable events like illness, disasters, bad weather, economic shocks etc. were identified as facets of poverty, which itself suggests policy prescriptions. Education leads to better health, which improves earning potential; safety nets allow the poor to participate in 'higher-risk, higher return activities'; and removing discrimination not only improves well-being but contributes to growth of incomes. The report advocates action along three broad lines - promotion of opportunity (by building assets); empowerment (political empowerment of the poor and the removal of social barriers based of gender, race, ethnicity etc); and safety nets to facilitate security (by reducing vulnerability to ill health, crop failures etc, and helping the poor cope with averse circumstances). World Bank President James D. Wolfensohn stresses action not only at local and national levels, but also, global actions in support of financial stability worldwide, the promotion of the spread of technology, provision of resources for public goods, especially in the fields of medicine and agricultural research, aid and debt relief, and a voice for the poor in global fora.[9]

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8 IFAD. 2001. *op cit*, pp. iv-vii, 2-4, 7-8, 11.

9 World Bank. 2001. *World Development Report, 2000-2001: Attacking Poverty.* New York: Oxford University Press, pp. v-vii, 3.

Globalisation

If growth can be pro-poor, so can globalisation - ' the removal of barriers to free trade and the closer integration of national economies', which potentially can improve living standards for rich and poor alike; it was export-led growth in East Asia that improved the standards of living for millions of people.[10] Market access conceived as not just an engine of growth but also, as a poverty reduction strategy, when seen from the perspective of globalisation, translates into an emphasis on international trade. The ability of the poor to enter and compete in international markets is hence critical. One case study, which serves to illustrate the point, reports on the situation in village Mohadi, located 500 kilometers away from the city of Ahmedabad. The local embroidery-work and the tie-dyed products, traditionally produced by the village women, were in high demand, 'thanks to the international love affair with things Indian and the rediscovery by the growing middle class of its roots'. However, these goods were being sold at throw-away prices to the local traders; a piece of embroidery work that fetches 150 rupees in the international market and 60 rupees at government outlets could fetch only 20 rupees from the traders. In this context, SEWA (Self-Employed Women's Organisations) was organising the home-based women workers to gain direct access to international markets.[11]

Since three fourths of the world's poor living in rural areas are dependent on agriculture, it is agricultural trade that is crucial. The subsidies and protectionist barriers of the developed country markets however make liberalisation and globalisation seem 'less like a golden path to development than a poverty trap'. The case for freer markets is only part of the story, however. The challenge lies also in addressing issues pertaining to value added in raw material processing, quality and sanitary standards of international markets, poor rural markets and financial institutions, low level of technology, and lack of access of the poor to assets like land and water, all of which call for aid to foster capacity-building. Not only is the

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10 Joseph E. Stiglitz. *op cit.* pp. ix, 60,92.

11 World Bank. 2001. *op cit.* pg. 2, based on notes prepared by the author as an input to the CSD's consultations for the SAARC Social Charter: India Input, organised by the Council for Social Development, New Delhi. New Delhi: India International Centre, 20-21 November 2002.

volume of aid important, it must go where it will make a difference to the growth potential; aid complements trade by building up the competitiveness of the poor. In order to gain access to productive assets (markets, resources, technology), there is a need also for the poor to build self-help groups, cooperatives, and the like, otherwise '... they will not become significant actors in the market'. National governments have the responsibility to create pro-poor conditions, but the international community too has a role to play. 'International development partners must forge a new deal: to correct fundamental trade distortions that penalise developing countries; and to give more assistance to governments that are willing to provide public goods such as roads, potable water, schools, health services and judicial systems - and that are willing to transform these public goods into poor people's goods'. [12]

East Asian Crisis

International trade as a route to poverty alleviation can, of course, have its down side, as has been so graphically brought home by the 'East Asian Cirsis'. The East Asian countries already had a high savings rate, and there was no need for additional capital, but capital account liberalisation, meant to do away with the regulations to control short-term money flows, was nevertheless pushed, paving the way for currency speculation, which led to a decline in the value of domestic currency to the US dollar, and culminated in 'capital flight' as monies were whisked away abroad. As the crisis grew, GDP fell and unemployment soared. Ironically, while capital account convertibility was seen as *the* route to attracting foreign investments, it was a flawed gospel, as was brought home by the case of China, which dragged its feet 'prudentially forestalling full capital market liberalisation' but nonetheless received the largest foreign investment.[13] However the crisis is explained, there are lessons to be learnt. Economic history shows that ' ... no matter how robust things may look, they can -

12 This view of the poverty reducing potential of international trade is one of the basic policy elements articulated by a UN agency working to remove rural poverty - IFAD (International Fund for Agricultural Development), in its *Strategic Framework for 2002-2006.* (IFAD Update. 2002. Bulletin of the International Fund for Agricultural Development of the United Nations, April 2002. No. 11, pp. 4 -7, 10, 12.

13 Stiglitz. op cit. pp. 65-67, 94-95, 97, 99.

and sometimes will - go wrong'. When they do, it is the poor and vulnerable who suffer, hence the need to see social safety nets as integral to development. This is a very different issue from endemic poverty; notwithstanding South Korea's record of 'growth with equity', it had not safety nets in place when the crisis hit. It is here that democracy can play a crucial role; its 'protective umbrella ... is strongly missed exactly when it is most needed'.[14]

The proactive role of the governments of the East Asian region, which were far removed from the minimalist prescriptions of the Washington Consensus, was later acknowledged by the World Bank itself in its study *The East Asia Miracle*.[15] By the turn of the century, the Bank had done a *volte face*. A decade ago, guided by the Washington Consensus, it envisaged a commitment to 'growth-sustaining policy reform' as the route to poverty reduction; in the WDR of 2000, the Bank accepted that policy reform alone was not enough to eradicate or alleviate poverty, and that that there was a need to address its roots in structural factors like inequality, empowerment, and access to assets and markets.[16] The 'trickle down economics' of the Washington Consensus, by which the benefits of growth are thought to eventually trickle down as opportunities to the poor, was in fact 'never much more than just a belief, an article of faith'; in Latin America, where the Washington Consensus policies were set in place, not only was growth not accompanied by a reduction of inequality or poverty, poverty actually increased in some cases, as is 'evidenced by the slums that dot the landscape'. Growth can reduce poverty also by 'trickle down plus' policies - trickle down plus investments in health, education etc., but in practice, stringent structural adjustment programmes necessitated cutbacks in public spending. [17]

Poverty, Growth & Public Spending

A review of some of the basic features of the Indian experience of poverty helps bring out the relationship between poverty, growth, public spending,

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14 Amartya Sen. 2000. *op cit.* pp. 29-40.

15 Joseph E. Stiglitz. *op cit.* p. 91.

16 Rehman Sobhan. 2001. *op cit.* pg. 4.

17 Joseph E. Stiglitz. 2002. *Globalization and its Discontents*. London: Allen Lane, pp. 78-80.

and 'human capital'. In the sixties, there was a recogniton of the limitations of the 'trickle down effect', and of the need for poverty eradication by addressing its principal causes, namely, lack of assets and non-availability of employment. This was the context of the country's poverty alleviation programmes. These, advocated not only on ethical grounds, but also for harnessing the energies of the poor, extended to initiatives such as the Minimum Needs Programme and Drought Prone Areas programme, and also, wage employment and the SFDA (Small Farmers Development Agency).[18] Especially in rural areas, the government's poverty alleviation and employment programmes comprised one of the key factors contributing to improvements in food security. Another key factor was the agricultural prices policy, which sought to ensure a fair return to producers and at the same time, keep in check the real prices of foodgrains so as to protect the poor, whose consumption expenditure was heavily weighted in favour of food items. The third contributory factor to food security is the Public Distribution System, notwithstanding its limitations.[19]

The poverty impacts of the government's poverty-related initiatives, and also, of other factors, have been broadly assessed at the macro level in relation to three poverty indices - the Head Count Ratio (HCR) (a measure of the incidence of poverty, i.e., the percentage of population below the poverty line), the Poverty Gap Index (PGI), an indicator of the mean 'depth' of poverty below the poverty line, and the Squared Poverty Gap Index (SPGI), which indicates inequality among the poor. Post independence, from 1950-51 - 1973-74, no long-term trend was discernable for any of these indicators. Thereafter, a decline set in, which continued at a slower pace from 1986-87 to 1989-90. Post-economic reforms, the picture is not clear-cut, but there are indications of a deterioration in rural poverty in the first 18 months of the reform period, and a subsequent reversal of that trend in 1993-94, though in most States, post-reform (1993-94) rural poverty ratios were significantly higher than the immediate pre-

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18 K.C. Alexander. 1995. 'Adequacy and Effectiveness of Poverty Alleviation Programmes in India', in Muchkund Dubey ed. *Indian Society Today - Challenges of Equality, Integration and Empowerment*. New Delhi : Har Anand Publications. pp. 55-74.

19 V.S. Vyas. 1995. 'The New Economic Reforms and Imperative for Social Development', in Muchkund Dubey ed. *Indian Society Today - Challenges of Equality, Integration and Empowerment*. New Delhi : Har Anand Publications, pp. 36-54. p. 42-44.

reform ones. The three phases were underpinned by a common underlying theme - variations in the magnitude of public spending. The phase of declining poverty (1970-73 to 1989) - one of an explosion of public expenditure, which set the stage for the 'boom' that went 'bust' and paved the way for the reforms of 1991 - was accompanied by a steep decline in the incidence and severity of poverty, especially in rural areas, notwithstanding the sharp drop in labour absorption in the agricultural sector. The major driving force, it is argued, was the rapid growth of non-agricultural employment, which accounted for 70% of the rural work-force increase between 1977-78 and 1989-90. One of its characteristics was a 'distress factor' marked by casual work in sectors like construction, mining, and small-scale manufacturing. Here the agency of the State was important; 22.3% of the total casual labour days spent on non-agricultural activities in 1987-88 were in public works programmes. Much of the government's wage employment is casual and sensitive to expenditure cuts, and this, it is argued, was at the root of the poverty increases in the immediate post reform period, which was marked by declines in government spending on rural development (including rural employment and anti-poverty programmes), and fertiliser subsidy, cuts in government spending on public infrastructure and energy, smaller transfers to States (which had been forced to cut down on their social expenditures such as those on education, health and sanitation), lesser spread and rising prices of PDS foodgrains, and reduced availability of credit, especially for small borrowers. [20]

There are, however, differences of opinion about whether the immediate post reform poverty increases were related to reform measures; other factors implicated include poor foodgrain production due to less rainfall, and the increase in procurement prices of foodgrains.[21] The rise in post-reform poverty is itself a contested view; evidence from NSS data on post-reform trends in poverty (up to the 54th round, i.e., January-June 1998) has been questioned on the ground that NSS data, which 'has severely colored by the perception of analysts and the lay public alike of

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20 Abhijit Sen. 1996. 'Economic Reforms, Employment and Poverty - Trends and Options'. *Economic & Political Weekly*. XXXI (35, 36 & 37): 2459-2477. pp. 2459-2462, 2465-2467.

21 S. Mahendra Dev. 2000. 'Economic Reforms, Poverty, Income Distribution and Employment'. *Economic & Political Weekly*. XXXV (10): 823-835. p. 830.

the effects of economic policies carried out over the past decade', are likely to be faulty due to biases that 'seem to have crept into NSS data collection in the 1990s, specially in the richer States'. Data from the NCAER's Market Information Survey of Households (MISH), found to be more consistent with other secondary sources of data, showed significant poverty decline with growth in the 1990s.[22] Moreover, the most recent NSS data showed a sharp drop in the Head Count Ratio over 1993-94. The results have been questioned on the grounds that the expenditure data on which the estimates were based are not comparable due to differences in the recall period at the two points of time, but with this adjusted for, the HCR still declined - though only by 7% instead of the 10.2 percentage points reported in the government's Economic Survey. Other data sources too attest to a continued decline in poverty, post reforms, when poverty is conceptualised not as shortage of consumption, but in terms of a broad range of indicators like health, high fertility (which, studies show, has adverse consequences for mothers and surviving children), literacy and education, employment, and food and nutrition. There was acceleration of progress in terms of education and fertility, but the data on the remaining parameters do not permit an unambiguous statement on whether poverty decline slowed or accelerated, though it continued to fall.[23]

Let us now take a look at the effects of aggregate economic growth, redistibution policies and social capital. Data from 1951-55 to 1991-92, aggregated into 8 periods, revealed striking patterns. One was that economic growth was accompanied by a reduction of rural poverty with respect to the HCR, PG and SPG. The effect was stronger in the case of PG and SPG as compared to the HCR, which shows that ' ... the impacts of growth and contraction in India were not confined to those near the poverty line, but reached deeper...'. Pro-poor redistribution too helped reduce poverty in the country, and played an important role in reducing its depth and severity, but its effects were felt only in the 1960s, before the onset of sustained poverty decline - though without public redistribution in

22 Deepak Lal, Rakesh Mohan & I. Natarajan. 2001. 'Economic Reforms and Poverty Alleviation - A Tale of Two Surveys'. *Economic & Political Weekly*. XXXVI (12): 1017-1028. pp. 1017, 1026-1027.

23 R.H. Cassen. 'Well-Being in the 1990s : Towards a Balance Sheet'. *Economic & Political Weekly*. XXXVII (27): 2789-2794.

the seventies and eighties, it is possible that distribution would have got worse. Tertiary sector growth (trade, services, transport) reduced poverty the most, and the primary sector (agriculture) too had an impact, but growth in the secondary (manufacturing) sector since the fifties, fueled by capital intensive industrialisation, brought little gains to the poor, 'who depended heavily on the demand for relatively unskilled labour.[24]

By what mechanisms the growth process help reduce poverty? In rural areas, higher yields pushed up wages, 'presumably through effects on labour demand, such as due to mulitple cropping', but apart from induced wage effects, poverty was reduced through employment generation and own-farm productivity. The poor have gained from growth, conversely, they have been hurt by contraction and suffered due to inflation.[25] In another study, analysis of State-level data for 1970-93 for rural India through a simultaneous equation model showed that improvements in agricultural productivity contributed to reducing poverty directly by increasing income, and indirectly by pushing up wages and also, by a lowering of agricultural prices - though in the short run, the poor, who are usually net buyers of foodgrains, suffered from higher foodgrain prices. Other factors at work were higher levels of education and better road networks, which helped reduce poverty by improving wages and increasing non-farm employment.[26]

Government expenditures helped reduce rural poverty, not only through its direct poverty alleviation programmes, but also, indirectly, by stimulating productivity and growth. Analysis of the impacts of incremental increases in government spending showed that expenditures on roads and R & D (Research & Development) had the highest impacts on growth and poverty. Next in the hierarchy of growth-poverty impact is the incremental spending on education, which reduced poverty mostly via non-farm employment

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24 Martin Ravallion and Gaurav Datt. 1996. 'India's Chekered History in Fight against Poverty: Are there Lessons for the Future?' *Economic & Political Weekly*. XXXI (35,36&37): 2479-2485. p 2481-2483.

25 Ibid. pp. 2482-2483.

26 Shenggen Fan, Peter Hazell & S.K. Thorat. 2000. 'Impact of Public Expenditure on Poverty in Rural India'. *Economic & Political Weeky*. XXXV (40): 3581-3588. pp. 3581,3585, 3586-3587.

and higher wages. R & D had a higher *growth* impact than roads and education, but the poverty reducing impact was smaller, hence there is a need to target R & D more specifically on the needs of the poor. Spending on rural development and soil and water conservation, used in many regions mainly to alleviate poverty, especially in the drought years, helped reduce poverty but had no statistically significant productivity impacts; it needs to be investigated as to whether the design of these interventions can be improved.[27] Progress in reducing poverty has been marked also by strong inter-State contrasts. In the non-farm sector, one study showed, social factors were critical; while the elasticity of poverty to farm yield growth has been similar across States with dissimilar initial conditions, the elasticity of non farm output varies across States, with the highest elasticity in Kerala, reflecting the effects of initial conditions, notably literacy. The lesson to be learnt is that illiteracy carries a high price tag, and there is a need for a greater investment in the country's human capital. [28]

Rights Based Approach

Growth, public spending and pro-poor policies can alleviate poverty, but the challenge can be seen also as a matter of fundamental structural transformation. To transform the poor into agents of development rather than its incidental beneficiaries, what is needed is a paradigm shift in policy-making; '... the eradication of poverty, notwithstanding its prioritisation in the global development discourses, still remains a subsidiary concern of development policy where the focus of poverty policy remains to relieve or alleviate poverty'. [29] From this point of view, the question may be asked as to whether and the extent to which pro-poor policies can be articulated in terms of rights of the poor. One illustrative success story from the grassroots pertains to the exclusion of the poor from inland fisheries resources by local elites, and also, environmental degradation brought on by short term, three-year leases that were not conducive to sustainable development (since the lessees had no incentive to conserve

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27 Ibid. 3587-3588.

28 Martin Ravallion. 2000. 'What is Needed for a More Pro-Poor Growth Process in India. *Economic & Political Weekly*. XXXV (13): 1089-1093. pp. 1090-1092.

29 Rehman Sobhan, *op cit*. pg. 3.

resources). IFAD, BRAC (Bangladesh Rural Advancement Committee), and the Danish International Development Assistance collaborated in the Oxbow Lakes Small Scale Fishermen Project from October 1989 to December 1997 to obtain long term fishing leases for poor fishermen and introduce group-based lake management by fishermen from all communities, who were helped to ensure equitable benefit-sharing arrangements and encouraged to take up social welfare activities for the community as a whole. The initiative helped shape Bangladesh's National Fisheries Policy 1998, which suspends short term leasing in place of leasing for at least 7-10 years, and gives preference to poor fishermen in government owned water bodies. Another project, in Nepal, aimed to give poor landless people access to secure forest rights, and its success too influenced government policy.[30]

Let us also take a look at the question of a rights-based approach from the perspective of the Indian State. In India's Constitutional framework, Fundamental Rights (civil and political), by which 'an individual is guaranteed against coercive or arbitrary State action', were envisaged to be justicable, whereas the Directive Principles of State Policy, 'which essentially consist of what the contemporary discourse views as preeminent rights to development, such as rights to food, shelter, health, basic education etc.', were subject to the State's economic wherewithal. Fundamental Rights (FR) and Directive Principles (DP) 'between them cover almost the entire ground laid out by the Universal Declaration of Human Rights'. This, coupled with the country's pledges in internal fora, has meant that economic and social rights *are* acknowledged to be critical. Not only that, developments in the legal sphere have moved towards making them justicable. Thus, article 21 of the Fundamental Rights has been interpreted by the SC (Supreme Court) in terms of 'the right to live with human dignity and all that goes along with it, the bare necessities of life such as adequate nutrition, clothing and shelter over the head'. The various SC interpretations of Article 21 has extended its scope to make justicable the right to livelihood, shelter, primary education, basic health, sanitation etc. The Court itself has played a proactive role in addressing the discrimination faced by vulnerable groups. On the subject of enforcement mechanisms, a

30 IFAD Update. 2002. *op cit*. pp. 10-11.

recent SC pronouncement on the right to food states that when people are unable to feed themselves, the State is obliged to make provisions. It was suggested, in this context, that nutritional programmes be converted into legal entitlements, norms for transparency in government functioning be established, and State governments be directed to provide cooked mid-day meals in primary schools in six months. Making the rights to development justicable is only half the battle, however; the more difficult task, in the 'long and arduous struggle ahead', 'is to ensure vibrant social and political processes committed to the realisation of these rights'.[31] There is a lack of political will in the country, hence the key issue is one of enforcing the accountability of the government; the political leadership needs to be pressurised to implement a Social Charter of rights to food, work, health, shelter, education, information and credit, to which end, there is a need for social mobilisation through a comprehensive campaign to disseminate information on development-related rights, with civil society geared to play a watchdog role.[32] Certainly, such an approach is feasible for a low-income country, where low labour costs make investments in labour-intensive sectors like education and health relatively cheap, as the case of China shows.[33]

Urban Poverty

It has been estimated that three fourths of the poor live in rural areas worldwide, but indications are that close to half will be living in urban areas by 2025.[34] Thus, burgeoning urban poverty is poised to come dramatically into prominence in the twenty-first century. In India, this may have its roots in official efforts to focus on rural poverty. As per the estimates of the Planning Commission's Expert Group on Estimation of

31 Pravin Jha. 2002. 'Country Input for the SAARC Social Charter - A Concept Note'. Discussion paper for the Council for Social Development's Consultation on SAARC Social Charter: India Input, New Delhi: India International Centre, 20-21 November 2002. (This passage draws on a summary and comments on Jha's paper prepared by the author as an input to the SAARC consultations).

32 K.R. Venugopal. 2002. 'A Social Charter for India'. Discussion paper for CSD consultation on SAARC Social Charter: India Input, 20-21 November 2002. New Delhi: India International Centre Annexe.

33 Amartya Sen. 2000. *op cit*. pp. 13-14.

34 IFAD. 2001. *op cit*. pg. 1.

Proportions and Number of Poor, rural poverty declined by 29 percentage points, from 56.4% in 37.3% between 1973-74 and 1993-94, while urban poverty declined by only 17 percentage points, from 49% to 32.4% in the same period.[35] The faster rate of decline of rural poverty, the Lakdawala Committee Report suggests, may be due to a greater thrust of governmental poverty alleviation programmes in rural areas; according to estimates of the National Institute of Urban Affairs, while the ratio of urban to rural poverty is 1:3.5, the ratio of funding is 1: 35.[36] Despite this, while poverty data for 1973/74-1995-97 show a stalling of rural poverty decline (which seems largely due to a lack of growth in the rural sector), this was not the case in the urban sector, where moderate growth appears to have led to a decline in urban poverty. [37]

The need of the hour in tackling urban poverty, as stated by the Working Group on Urban Poverty of the National Commission on Urbanisation (1988), is the task of '... adequately feeding, housing, and employing a large and rapidly growing number of under-nourished, semi-literate, semi-skilled, underemployed and impoverished city dwellers who are living on pavements, in poorly serviced chawls, in unhygienic slums, in illegal squatters and other forms of degraded and inadequate settlements and who are struggling to make a living from low paying and unstable occupations, in a reasonable time span ...'[38] Persistent rural to urban migration, the Seventh Plan (1985-90) noted, had led to rapid growth of urban slums and overcrowding in the unskilled and low paying jobs of the informal sector. To address the problem, there was a need for a major thrust on employment generation and skill formation.[39] Two points may be made here. A focus on the reduction of rural poverty can stem the tide of job-seeking urbanward migration, and so help mitigate the pressures on urban infrastructure. Second, the policy climate in India for tackling

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35 Sabir Ali. 2000. 'Urban Poverty: An Introduction'. *Social Change* 30 (1 & 2): 1-7. pg. 2.

36 Susan Loughhead and Onkar Mittal. 2000. 'Urban Poverty and Vulnerability in India: A Social Policy Perspective'. *Social Change*. 30 (1 & 2): 33-54. p. 34.

37 Gaurav Datt. 1999. 'Has Poverty Declined Since Economic Reforms? Statistical Data Analysis'. *Economic & Political Weekly*. XXXIV (50): 3516-3518.

38 Sabir Ali. 2000. *op cit*. pg. 1.

39 Ibid.

urban poverty is in tune with the pro-pro growth paradigm that has emerged into prominence at the global level. This, in fact, is part of a broader policy shift in India on issues pertaining to poverty. From the Fifth Plan onwards, there had been a change in emphasis on poverty alleviation, from a welfare and service based approach to expansion of employment opportunities and improving the productivity of low-productivity jobs.[40] Community participation in the management of urban services in the policy sphere also augurs well for the active involvement of the poor in issues that are of vital concern to them.

Vision for 21st Century [41]

The Millennium Summit, at which the member States of the UN pledged to reduce 'extreme consumption poverty' by half by the year 2025 was based on the understanding that the 'sheer scale of mass poverty - over 1200 million absolutely poor human beings condemned to short lives stunted by malnutrition, ill health and illiteracy - is no longer acceptable from either a moral or a realpolitik standpoint'. It was the first time in history that a commitment of this kind was made.[42] There are indications also that broader perceptions of poverty have begun to enjoy wide currency. In the Rural Development Report 2001 and the World Development Report 2000/2001, poverty is conceived in a very wide sense, not only in terms of extreme deprivation, but also in terms of its other facets like vulnerability and powerlessness, with the means of attacking poverty conceived as mechanisms to free the poor from their fetters and allow them to participate more fully in the development process. The strands come together in the tapestry of a Nobel laureate's vision, epitomised in the title of his book Development as Freedom; different types of freedoms are seen to reinforce each other, for instance, social opportunities (health and education) facilitate economic participation, which can generate abundance, and political

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40 National Institute of Urban Affairs. 1998. *India's Urban Sector Profile*. New Delhi: NIUA, cited in Sabir Ali 2000 op cit. pg. 2.

41 This passage draws on notes prepared by the author as an input to the CSD's consultations for the SAARC Social Charter: India Input, organised by the Council for Social Development, New Delhi. New Delhi: India International Centre, 20-21 November 2002.

42 IFAD. 2001. *op cit.* p. iii.

freedom (free speech and elections) contributes to economic freedom. Not only is freedom a desirable end in itself, it also fosters economic growth.[43]

Summing Up

The attack on poverty, as we have seen, can come from various sources; growth can stimulate employment and wage increases, poverty can be alleviated by government programmes and policies, and human-capital formation (literacy etc.), by facilitating 'pro-poor growth', can be a highly effective antidote to poverty. Poverty nonetheless continues to loom large. In the 21st Century, though, the global policy climate has changed drastically to prioritise poverty concerns, with the World Bank itself speaking the language of participatory development and people-centred growth. The challenge is to see that the rhetoric translates into ground reality and to ensure capacity building for the rural and urban poor so that they are comprehensively drawn into the development process on a more equitable and secure footing. ●

43 Amartya Sen. 2000. *Development as Freedom*. New York: Oxford University Press.