

## “AN EMPIRICAL STUDY OF POVERTY IN GUJARAT”

JIGNESH MACWAN, SURAJ PATEL, RACHANA KUMARI BANSAL & Y. C. ZALA

Senior Research Fellow (SRF) Department of Agricultural Economics B. A. College of  
Agriculture Anand Agricultural University Anand (Gujarat)

### ABSTRACT

Poverty is a complex and multidimensional social phenomenon as bulk of the poor people's home is India. According to FAO, 15% of the population of developing countries is poor. At India level, 29.5% population (363 million) is below poverty line, out of which 72% is in rural areas and 28% is in urban areas. The monthly per capita expenditure was below in the states like- Bihar, Chattisgarh, Jharkhand, Madhya Pradesh, Orissa, Tripura, Uttar Pradesh and West Bengal in both urban and rural areas from Indian poverty line (972 Rs in rural areas and 1407 Rs in urban areas). Result states that In India, poverty is more prevalent in rural areas (30.9%) than urban areas (26.4%). The persons below poverty line has decreased from 38.2% and 36.4% in the year 2009-10 to 29.5% and 27.4% in the year 2011-12 respectively, in India and Gujarat. Over a period of 8 years, poverty is also declining by 6.32% and 4.91% respectively in Gujarat and India as Government programmes for the poverty alleviation is marked effective. In Gujarat, 27.4% of people are below poverty line and placed in middle category of Human Development Index (HDI). Poverty line is declining in all western states like- Rajasthan, Maharashtra and Gujarat but only at a modest pace. It is therefore imperative that better implementation of the existing programmes and new initiatives for enhancement of skills and trainings by the government should receive priority in poverty reduction as it is the major millennium development goals in India.

**KEYWORDS:** Human Development Index (HDI), Millennium Development Goals, Poverty Line, Poverty Eradication

### INTRODUCTION

Poverty in India has received considerable attention in policy formulation and discussion. Poverty is the inability to meet basic needs, including food, shelter, clothing, water and sanitation, education and healthcare. It is a complex and multidimensional social phenomenon in the world. The United Nations Food and Agriculture Organization (FAO) estimates that nearly 870 million people of the 7.1 billion people in the world, or one in eight, were suffering from chronic poverty in 2010-12. Almost all the poor people, 852 million live in developing countries, representing 15 per cent of the population of developing countries (FAO, 2012).

Poverty is generally of two types Absolute and Relative poverty. When people can not obtain adequate resources (in terms of calories and nutrients) to support a minimum level of physical health which commonly includes food, water, sanitation, clothing, shelter, healthcare and education is refers as absolute poverty. Relative poverty is defined as economic inequality in the location or society in which people live. It means people do not enjoy a certain level of living standards (Prabhavathi and Naveena, 2014).

Poverty is neither a new nor it suddenly appeared but there has been much awareness of the problem within and outside the country (Ahluwalia, 1974). Poor and poverty are historical in nature and their concern appears to be as old as

human history in India (Joshi, 1997). The most recent Rangrajan expert group report (2014) indicates, India is home to more than 363 million poor (260.5 million (72%) of them lives in rural areas and 102.5 million (28%) lives in urban areas). The proportion of the population below the poverty line is 29.5 per cent in India, 30.9% in rural areas and 26.4% in urban areas (Rangrajan, 2014). In the Human Development Index (HDI), India has been ranked 134<sup>th</sup> out of 187 nations with HDI value of 0.586 (UNDP, 2014). Despite high rates of economic growth that exceeded expectations and led to India being placed in the category of 'lower middle income countries', and Indian government has been deeply concerned with widespread poverty and implemented several antipoverty schemes in the past. However, poverty is seen as the most important feature of development challenges in India.

Poverty in India is more of rural phenomenon and the bulk of India's poor live in rural areas. Rural poverty in India is multidimensional and challenging government policies. India chronic poverty report pointed out that, in rural India, incidence of high chronic poverty is due to population growth, natural resource base degradation, lack of access to employment, high rural literacy rate, dependence in rain fed agriculture and low access to productive assets. Despite government emphasis and donor support to the rural area in India, rural poverty is still a critical challenge in socio-economic development efforts (Anonymous, 2011).

As in the entire country, poverty trends in Gujarat state have shown a rapid downturn. Though, in Gujarat totally more than 168.8 lakhs people are unable to meet monthly per capita consumption expenditure of Rs 1102.83 in rural areas and Rs 1507.06 in urban areas. Thus, total 27.4% of people are under poverty line or they are not able to spend minimum amount expenditure to satisfy and deemed as poor in 2011-12 (Rangarajan, 2014). Gujarat has been ranked 11<sup>th</sup> out of 23 in the Human Development Index (HDI) with value of 0.527 (UNDP, 2014). This study identifies different following objectives:

- To analyze the state wise specific poverty lines in rural and urban areas for the year of 2011-12.
- To analyze the poverty across western states.
- To analyze the trends in incidence of poverty in Gujarat and India level.

## Methodology

The present study is entirely based on secondary data, and it had been collected from different sources *i.e.*, Annual reports, journals, books, handbooks (Anonymous, 2005) and internet sources.

In this study we had used data of two committee *i.e.* Tendulkar committee and Rangrajan committee. In Tendulkar method, they had used minimum consumption expenditure on the basis of Mixed Recall Period earlier it was based on Uniform Recall Period (Lakdawala committee). While Rangrajan committee had used consumption expenditure on the basis of Modified Mixed Recall Period. In the Uniform Recall Period (URP), the consumption expenditure data were collected using 30-day recall period for all the items. In the Mixed Recall Period (MRP), the consumption expenditure data were collected using 365-day recall period for five non-food items and 30-day recall period for remaining items. While in the Modified Mixed Recall Period (MMRP), the consumer expenditure data was gathered from the households using the recall period of: (a) 365-days for clothing, footwear, education, institutional medical care, and durable goods, (b) 7-days for edible oil, egg, fish and meat, vegetables, fruits, spices, beverages, refreshments, processed food, pan, tobacco and intoxicants, and (c) 30-days for the remaining food items, fuel and light, miscellaneous goods and services including non-

institutional medical; rents and taxes.

**Poverty line:** It is the income or consumption expenditure level that is considered to represent the minimum desirable level of living in a society for all its citizens. This minimum level may be defined in absolute or relative terms. The absolute poverty line is often defined as the threshold income that just meets food expenditure corresponding to minimum energy (calorie) need of an average person and makes a small allowance for non-food expenditure.

## RESULTS AND DISCUSSIONS

The concept of poverty line has been derived from the definition of poverty. The Planning Commission is the nodal agency in the Government of India for estimation of poverty. It estimates the incidence of poverty at the national and state level separately in rural and urban areas. The incidence of poverty is measured by the poverty ratio, which is the ratio of number of poor to the total population expressed as percentage. It is also known as head-count ratio. The poverty ratio is measured from an exogenously determined poverty line quantified in terms of per capita consumption expenditure over a month and the class distribution of persons obtained from the large sample survey of consumer expenditure data of the National Sample Survey Office (NSSO).

For the year 2009-10, Rangrajan committee has defined the poverty line as Rs 801 per capita per month in rural areas and Rs 1198 per capita per month in urban areas. The person living below poverty line was 38.2 % in 2009-10.

### State Wise Specific Poverty Lines in Rural and Urban Areas for the Year of 2011-12

The following table depicts the state wise specific poverty lines for the year of 2011-12. The India poverty line corresponds to the all India poverty ratio and it was 972 Rs per month per capita in rural areas and 1407 Rs per month per capita in urban areas during the year 2011-12. The monthly per capita amongst urban people was highest Rs 1797.69 in Andaman & Nicobar Islands followed by Mizoram (Rs 1703.93) and Nagaland (Rs 1615.78) and the monthly per capita amongst rural people was highest mostly in the city Delhi (Rs 1492.46) or in UTs like- Lakshadweep (Rs 1327.77), Andaman & Nicobar Islands (Rs 1314.98), Chandigarh (Rs 1303.17) etc. The monthly per capita expenditure was below in the states like- Bihar, Chattisgarh, Jharkhand, Madhya Pradesh, Orissa, Tripura, Uttar Pradesh and West Bengal in both urban and rural areas from Indian poverty line. Therefore, in these states the Government at the ground level should take some innovative measures to improve the standard of living in terms of requirement.

**Table 1: State Wise Specific Poverty Lines for the Year of 2011-12 (Rs Per Capita, Per Month)**

Sr. No.	States/Uts	Poverty Line	
		Rural	Urban
1	Andhra Pradesh	1031.74	1370.84
2	Arunachal Pradesh	1151.01	1482.94
3	Assam	1006.66	1420.12
4	Bihar	971.28	1229.30
5	Chhattisgarh	911.80	1229.72
6	Delhi	1492.46	1538.09
7	Goa	1200.60	1470.07
8	Gujarat	1102.83	1507.06
9	Haryana	1127.82	1528.31
10	Himachal Pradesh	1066.60	1411.59
11	Jammu & Kashmir	1044.48	1403.25
12	Jharkhand	904.02	1272.06
13	Karnataka	975.43	1373.28

14	Kerala	1054.03	1353.68
15	Madhya Pradesh	941.70	1340.28
16	Maharashtra	1078.34	1560.38
17	Manipur	1185.19	1561.77
18	Meghalaya	1110.67	1524.37
19	Mizoram	1231.03	1703.93
20	Nagaland	1229.83	1615.78
21	Orissa	876.42	1205.37
22	Punjab	1127.48	1479.27
23	Rajasthan	1035.97	1406.15
24	Sikkim	1126.25	1542.67
25	Tamil Nadu	1081.94	1380.36
26	Tripura	935.52	1376.55
27	Uttar Pradesh	889.82	1329.55
28	Uttarakhand	1014.95	1408.12
29	West Bengal	934.10	1372.68
30	Puducherry	1130.10	1382.31
31	Andaman & Nicobar Islands#	1314.98	1797.69
32	Chandigarh#	1303.17	1481.21
33	Dadra & Nagar Haveli#	1008.39	1540.81
34	Daman & Diu#	1200.60	1434.93
35	Lakshadweep#	1327.77	1458.69
<b>India</b>		<b>972</b>	<b>1407</b>

Note: Computed as per Rangrajan Method

Source: Rangrajan Report, 2014

# Poverty line of Tamil Nadu is used for Andaman & Nicobar Islands, urban poverty line of Punjab is used for both rural and urban areas of Chandigarh, poverty line of Maharashtra is used for Dadra & Nagar Haveli, poverty line of Gujarat is used for Daman & Diu and poverty line of Kerala is used for Lakshadweep.

**Table 2: Poverty across Western States (2011-12)**

Sr. No.	States/Uts	Rural		Urban		Total	
		% Age Of Persons	No. of Persons (Lakhs)	% Age of Persons	No. of Persons (Lakhs)	% Age of Persons	No. of Persons (Lakhs)
<b>2009-10</b>							
1	Goa	7.2	0.4	13.1	1.2	10.8	1.6
2	Gujarat	37.0	127.1	35.6	88.7	36.4	215.8
3	Maharashtra	27.6	168.1	30.3	150.8	28.8	318.8
4	Rajasthan	31.9	161.6	38.5	64.1	33.5	225.7
5	Dadra & Nagar Haveli	65.4	1.2	37.3	0.5	53.0	1.7
6	Daman & Diu	24.6	0.2	55.8	0.9	47.1	1.1
<b>India</b>		<b>39.6</b>	<b>3259.3</b>	<b>35.1</b>	<b>1286.9</b>	<b>38.2</b>	<b>4546.2</b>
<b>2011-12</b>							
1	Goa	1.4	0.1	9.1	0.8	6.3	0.9
2	Gujarat	31.4	109.8	22.2	58.9	27.4	168.8
3	Maharashtra	22.5	139.9	17.0	88.4	20.0	228.3
4	Rajasthan	21.4	112.0	22.5	39.5	21.7	151.5
5	Dadra & Nagar Haveli	55.2	1.0	15.3	0.3	35.6	1.3
6	Daman & Diu	0.0	0.0	17.6	0.4	13.7	0.4
<b>India</b>		<b>30.9</b>	<b>2605.2</b>	<b>26.4</b>	<b>1024.7</b>	<b>29.5</b>	<b>3629.9</b>

Source: Rangrajan Committee report, 2014

Poverty across western parts of India is given in Table-2. In India, number of persons below poverty line has decreased from 4546.2 lakhs (38.2% of total persons) in 2009-10 to 3629.9 lakhs (29.5% of total persons) in the year 2011-12. The person below poverty line is decreased in both rural and urban areas from the year 2009-10 to 2011-12 but the pace of poverty reduction has been slow. Drastic reduction in poverty occurs in Daman & Diu from 47.1% in 2009-10 to 13.7% person below poverty line in 2011-12 and in Dadra & Nagar Haveli from 53% in 2009-10 to 35.6% person below poverty line in the year 2011-12. Poverty line is declining in all western states like- Rajasthan, Maharashtra and Gujarat but only at a modest pace.

In 2009-10, Poverty in Gujarat is third highest among the western states. Incidence of poverty based on the planning commission’s poverty line yields poverty ratio of 37.0% with 127.1 lakhs poor in rural areas and 35.6% with 88.7 lakhs poor in urban areas. Thus, total 215.8 lakhs people were below poverty line. If we see in the year 2011-12, Incidence of poverty based on the poverty line yields poverty ratio of 31.4% with 109.8 lakhs poor in rural areas and 22.2% with 58.9 lakhs poor in urban areas. Thus, total 168.8 lakhs people were below poverty line. Further, the table revealed that poverty incidence in Gujarat decreases from 36.4% in 2009-10 to 27.4 % in 2011-12. Therefore, on the basis of these estimates we can say that policy maker has become successful up to some extent to arrest out incidence of poverty in both absolute and percentage terms and it further require formulation of other useful policies to reduce poverty in Gujarat as well as at India level.

**Table 3: Trends In Incidence of Poverty: Gujarat and India**

Year	Rural		Urban		Total	
	% Of Poor	No. of Poor (In Million)	% Of Poor	No. of Poor (In Million)	% Of Poor	No. of Poor (In Million)
<b>GUJARAT</b>						
2004-05	39.1	13.0	20.1	4.2	31.8	17.2
2009-10	26.7 (37.0)	9.2	17.9 (35.6)	4.5	23.0 (36.4)	13.6
2011-12	21.5 (31.4)	7.5	10.1 (22.2)	2.7	16.6 (27.4)	10.2
<b>CGR (%)</b>		<b>-6.64</b>		<b>-5.37</b>		<b>-6.32</b>
<b>INDIA</b>						
2004-05	41.8	326.3	25.7	80.8	37.2	407.6
2009-10	33.8 (39.6)	278.2	20.9 (35.1)	76.5	29.8 (38.2)	354.7
2011-12	25.7 (30.9)	216.7	13.7 (26.4)	53.1	21.9 (29.5)	269.8
<b>CGR (%)</b>		<b>-5.07</b>		<b>-4.14</b>		<b>-4.91</b>

Source: Rangrajan Committee report, 2014

The above table-3 shows the trends in incidence of poverty in Gujarat and India during the period 2004-05 to 2011-12. Incidence of rural poverty is quite higher in Gujarat as well as in India as a whole for all the given years. In the year 2011-12, the headcount ratio according to Rangrajan poverty line, in Gujarat is 31.4 per cent in rural areas, 22.2 per cent in urban areas and 27.4 per cent for the state as a whole. The parallel figures for India are 30.9 per cent in rural, 26.4 per cent in urban and 29.5 per cent for the country as a whole.

Over the course of 8 years (2004-05 to 2011-12), total number of poor declined from 17.2 million to 10.2 million

and 403.7 million to 269.8 million in case of Gujarat and India respectively. During the period of 8 years (2004-05 to 2011-12), the percentage of urban poor is declined up to 50% in Gujarat and India and the reduction in poverty at rural level is quite slow. The growth rate over the 8 years in Gujarat and India is negative. Poverty is declining in rural areas by 6.64% and 5.07%, in urban areas 5.37% and 4.14% and in overall 6.32% and 4.91% respectively in Gujarat and India level. The same trends of poverty in Orissa were obtained by Panda and Sahu (2011).

This shows that government programmes for the poverty alleviation is marked effective. But there is also requirement of better implementation of the existing programmes so the problem of poverty from the state as well in India also can be eradicated as poverty eradication is one of the major objectives of the millennium development goals in India.

## CONCLUSIONS

Poverty is a complex and multidimensional social phenomenon as bulk of the poor people's home is India. At India level, the monthly per capita expenditure was below in the states like- Bihar, Chattisgarh, Jharkhand, Madhya Pradesh, Orissa, Tripura, Uttar Pradesh and West Bengal in both urban and rural areas from Indian poverty line (972 Rs in rural areas and 1407 Rs in urban areas). Result states that poverty is more prevalent in rural area (30.9%) than urban areas (26.4%) at India level. The persons below poverty line has decreased from 38.2% and 36.4% in the year 2009-10 to 29.5% and 27.4% in the year 2011-12 in India and Gujarat. Over a period of 8 years, poverty is also declining by 6.32% and 4.91% respectively in Gujarat and India. In Gujarat, 27.4% of people are below poverty line and placed in middle category of Human Development Index (HDI). Gujarat has initiated many poverty alleviation programmes like Antodaya, Swarna Jayanti Shahari Rozgar Yojana (SJSRY), Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self Employment (TRYSEM), National Rural Employment Programme (NREP) etc. in both rural and urban areas. These all programmes have resulted in a marked decline in the number of poor both in rural and urban but there is also requirement to do betterment of rural people. Therefore, to sustain the existing growth in the reduction of poverty, better implementation of different schemes is necessary. By providing better input for the agriculture, new initiation in industries and proper training for enhancement of skill will be considered as effective strategies.

## REFERENCES

1. Anonymous (2005) Handbook on poverty statistics: concepts, methods and policy use, *Statistics Division, United Nations*. [Unstats.un.org/unsd/methods/poverty/pdf](http://unstats.un.org/unsd/methods/poverty/pdf).
2. Anonymous (2011) India chronic poverty report, *Chronic Poverty Research Centre, Indian Institute of Public Administrative*, India.
3. Ahluwalia, M. S. (1974) Inequality: Some dimensions of the problem in Chenery, H. B. *et al. (ed.) - Redistribution with Growth, Oxford University Press*, London.
4. FAO (2012) The State of Food Insecurity in the World, *Food and Agriculture Organization of the United Nations*, Rome, Italy.
5. Joshi, P. D. (1997) Conceptualization, measurement and dimensional aspects of poverty in India, Presented at Seminar on Poverty Statistics, *National Sample Survey Organization*, New Delhi, India.
6. Panda R. K. and Sahu A. (2011) Trends and dimensions of rural poverty in Orissa, *Orissa Review*, Sept-Oct. 2011.

7. Prabhavati, P. O. and Naveena, N. (2014) An analysis of poverty in Karnataka: A study, *IOSR Journal of Humanities and social science*, 19(3), pp-27-31.
8. Rangarajan (2014) Report of the expert group to review the methodology for measurement of poverty, *Government of India, Planning Commission*, New Delhi, India.
9. Tendulkar (2009) Report of the expert group to review the methodology for measurement of poverty, *Government of India, Planning Commission*, New Delhi, India.
10. UNDP (2014) India factsheet Economic and Human Development Indicators, *New York: Oxford University Press*.  
<http://www.undp.org.in>.

