

Growth, Poverty and Human Development in India

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Abstract

Poverty is a social construct, varies from society to society and from time to time. It has subjective and objective dimensions. Perception about one's own position of being poor or not poor is not invariably related to having certain material possessions. Such perception is not always metaphysical either. More often than not it is constructed in context with social situation in which one lives and interacts. Generally policy makers and planners evolve objective criteria to measure poverty at a given point of time. Such parameters are in context with socio-economic conditions, availability of resources and the goal that the society has set in to achieve at a given point of time. Today, developed countries have different criteria than underdeveloped countries to measure poverty. There is however consensus at a global level that anyone who does not have minimum required resources/income to meet basic needs – food, shelter and drinking water - for survival is poor. Without eradication of destitution from society 'human development' (HD) in whatever way one defines remains sham.

The concept of human development is complex and of multi dimensions. It is however certain that HD is much more than mere poverty eradication. It requires a situation where people can freely identify and select their choices. In this paper I confined to the concept of Human Development (HD) from the vantage point of policy makers and planners who believe in intervention of the state and civil society for better social order for development of all. The present concept of HD has gained currency with the efforts of the United Nations Development

Project (UNDP). Mahbub ul Haq, one of the architects of UNDP, spells out the concept in the following manner: “ The basic purpose of development is to enlarge people’s choices. In principle, these choices can be infinite and can change over time. People often value achievements that do not show up at all, or not immediately, in income or growth figures: greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms and a sense of participation in community activities. The objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives .

Scenario: Poverty and basic needs

Poverty

In all the South Asian countries poverty is measured by household income and buying capacity of essential commodities which enable the members to survive. In India, poor are identified as those who do not get minimum required calorie per day to keep body and soul together. Accordingly, the minimum calorie requirement is 2400 per capita per day in rural areas and 2100 per capita a day in urban area (Minhas et al. 1986, 1989; Bagchi and Roy Choudhury 1989). In order to get minimum food to meet the required calorie one needs to have, it is estimated, income of Rs. 328(\$ 8) and Rs.456 (\$11) per capita per month in rural and urban area respectively at 1999-2000 prices. That is, a family of five requires at least Rs. 1635 and Rs. 2280 income per month respectively. Those who have less income than this are considered the people living below poverty. This is much lower than international norm of one dollar a day per person. It should also be noted that all those who live above poverty line are not rich. There is a sizable stratum of the households – casual farm and non-farm laborers, artisans, small and marginal farmers, petty traders, hawkers etc. struggling very hard to live above poverty line. In adverse situation such as illness in family, accident or death and/or natural calamity like heavy rain, flood, cyclone etc. and/or non-availability of work their income sink to the level below the poverty line. According to an estimate based on empirical work in Rajasthan that nearly 6 per cent non-poor have become poor in the period of 25 years. All those who escape the line do not necessarily continue to remain non-poor for a long period. Statistically speaking, proportion of people living below poverty line has declined in all South Asian countries. In India it has gone down from around 54 per cent in the early 1950s to 33 per cent in 2000 and 25 per cent in 2004. It is 25 per cent in Sri Lanka and 34 per cent in Pakistan and Bangladesh in 2000. There is however no significant decline in the absolute number. In India around 300 million persons live below poverty line. It is argued by several economists and planners that downward trend in poverty is steep during the late 1990s after the following the path of structural adjustment programmers.

Education

Over the five decades literacy rate has gone up from 18.33 per cent in 1951 to 65 per cent in 2001. The rate in the female literacy has also been faster during the 1990s. It has reduced the difference in male-female literacy rate from 24.84 in 1991 to 21.7 in 2001. According to the Sixth All-India Education Survey 1999 71.18 per cent villages have primary schools. And 94 per cent of rural population has access to primary schools within a distance of one km. The enrolment ratio of children in the age group of 6-11 years has reached to 95 per cent. However enrolment does not necessarily retain students at least for five years. Dropout rate from class I to V has not significantly declined. It was 40-67 per cent in 2000-2001; and was 42.6 per cent in 1990-913. Moreover, infrastructure facilities- building, drinking water, blackboard, class room etc.- are not evenly available in all schools. According to a survey one fourth of the teachers in primary schools do not regularly attend the schools (World Bank 2004). In rural areas, sixty to seventy per cent of the children belonging to different classes sit in one dilapidated room and being taught many subjects simultaneously by a single teacher (Shiv Kumar 2003). Only less than 20 per cent of the households have satisfaction with the teachers and quality of facilities in the school (Paul et. al. 2004). Moreover, the gap in quality of education has widened between the disadvantaged and well off sections in the last four decades. Since the colonial days India has three types of schooling system. They are: government run schools, private schools for middle class and elite schools for the rich. Particularly in urban areas the numbers of schools of the later two categories at all levels have increased significantly. They are expensive and claim to provide 'better education' than the government managed schools. This is reflected in access to higher education and employment. A student educated in private schools has far more chances to get admission in higher education and better-paid employment than one studied in government schools. Overwhelming number of applicants for admission in management schools, technology faculties, medical colleges, top institutions in different fields, administrative services etc. have schooling in private institutions. Literacy and schooling was a source of upward mobility two decades before. It no longer helps the poor in improving their economic condition. Ironically, the system of education perpetuates inequality in society.

Impasse

Of course, it is beyond doubt that basic amenities have increased from decade to decade with varying speed. Poor have also more access to them than in the past. Yet only 40 per cent of the population has all the basic amenities. One fifth of the households still live in the state of 'abject' or 'moderate' state of deprivation such as drinking water, pucca (brick) house and literacy, not to speak of access to health services. Quality and satisfaction of these services are far from desirable level (Srinivasan and Mohanty 2004). With the present rate of growth one wonders how many more decades the country would require providing basic amenities with the satisfaction to the users?

In the midst of certain improvements there are also some disturbing reversals. As mentioned above IMR has been almost stagnated in the last decade. Nutrition level and calorie intake of the poor have declined. 12 million people suffer from Vitamin A deficiency. Wages of the farm and non-farm sector workers in different parts of the country have not increased corresponding to the rising prices. Hence their purchasing capacity has remained as low as in the 1980s. Despite a surplus of 65 million tones food grains, some 320 million people go to bed hungry every night. Recently starvation deaths in several states like Orissa, Madhya Pradesh and Rajasthan have been reported⁴. Inequality across the social/occupational groups has increased during the last decade (Dealton and Dreze 2002). Along with it discrimination based on gender and social status has also increased. There is a striking decline trend in female- male ratio among children, from 945 girls per 1000 boys (in the 0-6 age group) in 1991 to 927 girls per 1000 boys in 2001. This decline is not so much among the poor as it is among the middle class who has recently improved their economic condition. They are increasingly using sex-determination technology to terminate female birth. Domestic violence to women shows no sign of decline. The practice of dowry has increased in various social groups that never existed in the past. Similarly atrocities against the dalits, tribals and minorities have increased. During the 1990s there was an average every year of 22,942 and 4376 cases of atrocities (including murder, injury, rape, kidnapping, arson etc.) per year against Scheduled castes and Scheduled Tribes respectively. These figures exclude unreported cases. Similarly incidents of rioting and killing of the Muslims have also increased at the alarming rate in the last decade.

Growth and Social Insecurity

India's economic growth in terms of Gross National Product (GNP) has been on an average above 3 per cent per year since 1951. It has increased in the 1990s with an average above 5 per cent⁵. Several economists, policy makers and political leaders call that India is 'shining'. But like all south Asian countries and elsewhere, economic growth is not geared to generation of employment. To measure employment in the 'under developed' countries is ticklish as none can survive without some kind of work – be it collection of small pieces of wood, cow and buffalo dung, wild beetroots, leaves and grass from roadsides in rural areas, and refuse, rags and /or rotten leftover food from garbage in urban areas. Distress labor with negligible wages or other favor is also not uncommon for the poor. In statistical terms the growth of employment – principle and subsidiary work together- as measured by NSS shows declined trend from 2.06 per cent to 1.02 per cent between 1983-93 and 1993-2000. The downward trends is evident both in rural as well as urban area. At the end of 1998 there were 40 million people listed at Employment Exchanges. Nearly sixty per cent of the enrolled unemployed are educated. Though agriculture production has increased from 1961 to 2000, share of workers in agriculture, forestry and fishing have declined from 861 to 762 per 1000 workers in 1961 and 2000 respectively (Sundered 2001). Employment has increased in construction, manufacturing and service sectors. According to the 2001 census there are 406.05 million in workforce. Of which

28.11 million (6.38 per cent) are in organized sector; and 412.79 million (93 per cent) are in unorganized sector. With ‘flexibilisation’ labor policy under liberalization informal sector gets more and more importance in production process (World Bank 1995, Breman 1995). Over a period of the last two decades unorganized sector has generated more employment than the organized sector. In fact the proportion of the later in providing employment has declined from 7.24 per cent in 1991 to 6.38 in 1999. But significantly the share of organized sector in net domestic product has increased 36.7 per cent to 39.1 per cent; and it is in reverse order in the unorganized sector. This is however not because of the low or inefficient productivity of the unorganized workers. Two reasons contribute for such trend. One, the organized sector uses capital intensive and labor saving technology. Machines displace Labor. Second, several industries get many parts of their product through subcontracting the work to small scale unorganized sector. By following such tactics the corporate sectors avoid management of labor and also can save taxes under MODVAT (Modified value added tax)⁶ (Vijay 2004). Naomi Klein (2001) shows that products of the many big corporations of the world are produced by others, ‘in far away places’ with cheap labor. The formal sector is one that employs more than ten workers and registered under the factory Act. Under the act the industry is supposed to provide ‘social security’ to the workers. The provisions include weekly paid holiday, leave, medical care, pension/provident fund etc. Under the provisions Rules for hire and fire are stringent providing security of job to the workers. However all the workers in the organized sector do not get this benefit as many of the private manufacturing companies particularly of the small scale flout rules under one or another pretext? They employ many workers on temporary or on contract basis who do not get benefits of various provisions of the social security. More than ninety-two per cent of the units of SSI have not registered under Factories Act⁷. Social security in different forms is available only to less than five per cent of the labor force. Number of beneficiaries of the Employees State Insurance Scheme (ESIS) has not increased corresponding with the rise in number of factories in the 1990s. The government of India has not yet ratified the ILO Convention No. 102, which aimed at providing comprehensive social security to workers (Parch 2001). With liberalization, labor laws are increasingly relaxed in favor of the employers. Workers’ right to strike has been attacked⁸. It is now easier for the employers to ‘fire’ the workers at will. The companies having one thousand workers do not require government’s permission for laying anyone off. Many big companies have reduced their labor force. For example, Tata Engineering and Locomotive has reduced its staff by 10,000 (29 per cent) between 1996 and 2000. Similarly Mahindra and Mahindra, Bajaj Auto, and Associated Cement Companies to name a few have reduced the labor force by 30 per cent during the same period. On the other hand their productivity and profit have increased. Tata Steel, for an example, has reduced its labor force by 40 per cent and productivity has risen to 146 per cent (Spencer and Sanyal 2002).

Growth and Human Development

It is true that economic growth has to some extent contributed in reduction of destitution. Over the last five decades more and more poor people, in comparison to the past, have gained some access to certain public services such as food, education, modern health services and ‘safe’ drinking water. IMR and longevity have improved. Statistically speaking HD index of all the south Asian countries have improved. In the case of India it has moved 0.174 points, from 0.416 in 1975 to 0.590 in 2001. Sri Lanka, which is already very high in the scale, has gained only 121 points. Bangladesh and Pakistan have also improved their position. But all of them are far behind to catch up with the developed countries. With the present rate of growth and other things remain constant; India would require at least next sixty years attaining high position in HD index. Assumption is that growth and HD are not only related but they have linear direction. But the fact remains that many of the Scandinavian countries attained the present level of HD just not by economic growth. Sri Lanka and Kerala, the state within India in also have better HD than high growth regions.

The purpose of economic growth in capitalist mode of production is enhancement of profit. It provides incentive to Capital for the investment and growth. For that markets have to be expanded and also invented. Hence, such growth is geared not only to cater existing needs of the people but it also has to manufacture needs as well as greed. Consumerism is promoted. It breeds sense of envy among those who cannot possess what the others have; as one advertisement puts “owner’s pride is neighbor’s envy.” In the process relative deprivation and poverty perpetuate. The champions of such model of development glorify and legitimize inequality. The former British Prime Minister Margaret Thatcher advocated, “ It is our job to glory in inequality, and see that talents and abilities are given vent and expression for the benefit of us all (Quoted by Thomas 2000: 14)”. Incentive for entrepreneurship is of course necessary for the growth of wealth and society provided they are used for social goods. More important question is : what should be a ratio of inequality? In India an agricultural laborers or casual labor gets on an average Rs. 6,000 a year, not to speak of the a laborers in a draught prone area who gets barely Rs. 3000. Whereas, the top chief executive officers of the corporations on an average get sixty hundred thousand; not to speak of the topmost who get above ninety hundred thousand rupees plus many perks. In India and elsewhere the gap between poor and rich has glaringly widened in the last three decades.

Conclusion

Economic growth is important but not panacea for HD. There is no significant relationship between level of growth and decline in poverty. At the most the relationship is weak and does not take into considerations the households who were not poor become poor in the high growth regions (Krishna et al. 2003). More important, there is no relationship at all between market driven growth and level of HD. Some of the Scandinavian countries stand higher in HD than the

USA and UK, though their economic growth is not higher than the later. So is the case with within India The present market driven economic growth does not facilitate “good and safe working conditions, freedom to choose jobs and livelihoods, freedom of movement and speech, liberation from oppression, violence and exploitation, security from persecution and arbitrary arrest, a satisfying family life, the assertion of cultural and religious values, adequate leisure time and satisfying forms of its use, a sense of purpose in life and work, the opportunity to join and actively participate in the activities of civil society and a sense of belonging to a community (Streeten 1999).” The present nature of growth is jobless and does not provide social and economic security to the majority of the workers. In fact it generates more and more insecurity and inequality. It legitimizes social Darwinism. Excessive market oriented growth is as dangerous and disastrous as the excessive statist. The market has rightly been considered, “from Marx to Schumpeter, as an ‘anarchic’, ‘subversive’, ‘revolutionizing’. And disorganizing pattern of social arrangements. At best, the market’s contribution to the creation of social order is strictly contingent upon its being firmly embedded in constraints, restrictions, regulations, limitations, status rights, and informal social norms imposed upon it from the outside, by either the state or the community (Offer 2000: 89).” Role of the state in social management and even distribution of benefits generated from growth is very important in facilitating HD. It is high time for the state and civil society together to tame market. Various actors of Civil society – local, national and global – such as social movements, NGOs, social science research, media require to play positive role in pressuring and monitoring the state and the market for common good. This needs to be a global political agenda, not only for south Asia, for all those who strive for alternative social order which is just and humane.

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