

Poverty Profile and its Co-relates in Madhya Pradesh

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Abstract

In almost all underdeveloped countries where per capital income is very low, income inequality has resulted in a number of evils, of which poverty is certainly the most serious one. The financial allotment for poverty eradicating policies is ever increasing in every successive five year plans especially from sixth five-year plan. "Garibi Hatao" was the basic objective of this plan period. The NSO in 55th report states that 47 percent rural population in M.P. spends only Rs. 12 a day. As against this, 43 percent urban population spends Rs. 19 per day. Though Poverty in Madhya Pradesh is declining as par with India, but the rate of decline of poverty in Madhya Pradesh is less than India.

Keywords: Poverty, Planning Commission, NSSO, SC, ST, HDI

Introduction

The financial allotment for poverty eradicating policies is ever increasing in every successive five year plans especially from sixth five-year plan. "Garibi Hatao" was the basic objective of this plan period. The National Sample Survey Organization (NSSO) in its 55th report based on the 61st survey round conducted between July 2004 and June 2005. As against this 43 Percent urban population spends Rs. 19 per day. Research has found that Madhya Pradesh is one of the economically poor regions in the country¹. Being one of the prosperous states in natural resources, is now suffering from 37.43 percent of poverty, which is far above national level. Another disadvantage is that Madhya Pradesh is been counted in BIMARU states. The official poverty estimates prepared by the planning commission for 1999-00 show that nearly 74 percent of the rural poor live in just six states; viz, Orissa, Bihar, Assam, Madhya Pradesh, West Bengal and Uttar Pradesh. It may rank twelve in Human Development Index but it ranks third poorest among 15 economically low category states in the year 1999-2000, the first being Orissa with 47.15 percent followed by Bihar with 42.60 percent. Around 60 percent of the total population of Madhya Pradesh resides in rural areas, 77 percent people are dependent on agricultural and allied activities for livelihood, 15 percent contributing to service sector and only 8 percent in industries. The 77 percent people are raising only 38 percent gross State domestic product.

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The report found that 47 percent of the rural population of Madhya Pradesh spends only rupees 12 per day. As against this, 43 percent urban population spends Rs. 19 per day. The Government of the country has decided that the minimum of Rs. 365 per month (Rs. 13 per day) is necessary to live in the country in present circumstances.

During the past five years the incidence of poverty in the state (including Chhattisgarh) has declined from 42.52 percent in 1993-94 to 37.43 in 1999-2000 as against 26.10 percent for the country as a whole. The incidence of poverty in rural areas is substantially lower than in urban areas. In 1999-2000 the percentage of population living below poverty line in rural areas was 37.06 as against only 38.44 for urban areas. (Table 1)

Table 1:- Number and percentae of population below poverty line in Madhya Pradesh and India

NSS Round	Madhya Pradesh						India					
	Rural		Urban		Combined		Rural		Urban		Combined	
	No. of persons (lakhs)	% of persons BPL	No. of persons (Lakhs)	% of persons BPL	No. of persons (lakhs)	% of persons BPL	No. of persons (lakhs)	% of persons BPL	No. of persons (lakhs)	% of persons BPL	No. of persons (lakhs)	% of persons BPL
1973-74	231.21	61.04	45.09	57.65	376.30	61.78	261290	56.44	600.46	49.01	311336	54.88
1977-78	242.7	61.6	43.1	46.9	285.8	58.9	2531.0	51.2	537.0	45.24	30680	51.32
1983-84	215.48	48.90	62.49	53.06	277.97	49.78	251957	45.65	709.40	40.79	322897	44.48
1987-88	194.0	41.5	30.9	21.3	224.9	46.7	1959.8	39.09	417.0	38.20	23768	38.86
1993-94	216.19	40.64	82.33	48.38	298.52	42.52	244031	37.27	76337	32.36	3203.68	35.97
1999-00	173.2	37.06	81.22	38.44	298.54	37.43	193243	27.09	670.07	23.62	2602.50	26.10
2004-05	n.a	38.17	n.a	34.44	n.a	37.21	n.a	29.18	n.a	26.02	n.a	28.27

Source:- Planning commission estimates based on NSS rounds

Poverty in Madhya Pradesh is declining as par with India, but the rate of decline of poverty in Madhya Pradesh is less than India. There are several factors contributing to decline in poverty ratio. Increase in agricultural production, literacy rate, employment ratio etc are the factors affecting poverty. After 1991, new economic reforms gave a boost to Indian economy including the economy of the states. But this is another matter that how much rural people have been benefited from these reforms. These reforms are only successful for organized sector because bulk of employment opportunities has been created only for organized sector. Majority of the Indian labor, which belongs to unorganized sector, didn't have anything from it. Madhya Pradesh also has the highest Infant Mortality Rate and Death rate in the country. These indicators are much worse for the SC and ST population in comparison to other sections. This together constitutes as 36 percent of the population.

Even though there is substantial decline in the poverty ratio, the number of persons below poverty line is far above the round in the state. Almost 3 million people in Madhya Pradesh were living below poverty line in 1999-2000. The share of Madhya Pradesh in total population according to 2001 census is 7.91 percent, but the share of total poor in Madhya Pradesh is 11.47 percent. This shows that Madhya Pradesh is having 3 percent extra poverty struck people than its population. The data makes us believe of the compassionate condition of the state.

Regional variations in poverty

A lot of variations are observed across various regions of the state. Malwa region has relatively low incidence of poverty as compared to Vindya and Central regions, while southwestern region shows the highest incidence of poverty (Table 2). Though situated in one state considerable variations are found among the poverty ratios. Malwa region has now become international hub for various markets of the world has low incidence of poverty. On the other side is southwestern region where people are badly trapped in the vicious circle of poverty. Secondly, tribal people who are until now leading very backward life mostly inhabit these areas. About

half of the population in southwester region in Madhya Pradesh lives in economic poverty and over a third of poor are chronic poor². Not a single tribal family has been lifted from below poverty line in the past five years, says CAG (controller and Auditor General of India report for the financial year ending March 31] 2005). As per the 2001 census, tribal population constitutes 20.3 percent of the states 6 crore population. Out of the total tribal population of 1.22 crores, 1.14 crore tribal are villagers, while 8 lakhs live in urban areas. The report also stated that 82-78 lakhs tribals in the state were illiterate.

Poverty rates are substantially higher among ST (57.16%), it is significantly higher as compared to SC (41.21%). The non-backward communities perform better Head Count Ratio (12.78%) in M.P. as compared to India (14.98%). This proves the severe inequality among social groups. Much of the poor in rural M.P. suffer from severe and long durational poverty as compared to transient poverty (Roy et al; 2007). Squared Poverty gap (SPG) is significantly higher in Madhya Pradesh (2.33) as compared to India (1.55)³.

Table 2:- Deprivation at the regional level

Regions	Rural		Urban	
	HCR Round 50 1993-94	HCR Round 55 1999-00	HCR Round 50 1993-94	HCR Round 55 1999-00
Chatis- garh	38.8	36.5	13.5	9.5
Vindya	32.3	30.4	15.1	18.6
Central	45.7	22.2	25.3	10.0
Malwa	23.8	17.3	15.3	7.9
Southern	42.5	47.6	22.6	20.1
Western	64.9	47.8	30.5	20.8
Northern	15.2	16.1	15.2	15.8
All M.P.	36.6	31.5	18.5	13.3

Source:- Deaton and Dreze; 2002

The above table presents adjusted poverty headcount ratio for the regions using the data from the 55th Round of the Indian National Sample survey. Decline in poverty ratios can be observed clearly from the table. All the regions except southern region in rural sector have experienced poverty reduction between 1993-94 and 1999-00. However, due to uneven poverty reduction across various regions and social groups, the poor are concentrated in economically and socially less developed regions. Rural poverty is severest of the proportion of those who were very poor was largest in southwestern Madhya Pradesh. 42.24 percent were very poor and 68.2 percent contributed to poor. Very poor are those with income less than three fourth of the poverty line. The southwest region has the second highest proportion of the rural population in poverty and severe poverty in India (68%) and has the fifth highest level of urban poverty⁴.

Poverty at the district level

Similar to regions vast sum of variations can be observed among the poverty ratios of different districts. This raises many questions in mind that why in some districts poverty is high and why poverty is low in other districts. We know that some districts consist of comparatively more socially and economically backward people, therefore government has to deal the problem separately for these people. The real picture is far below than what is shown by planning commission. Government is trying its best to minimize the data of poverty, not qualitatively but quantitatively. The format of the BPL survey has been finalized in a manner that less people are included in the list. The unworthy families are getting included than the families that are expected.

Table 3:- Districts classified according to HCR

Very high (above 50%)		High (40% to 50%)		Moderate (20% to 40%)		Low (below 20%)	
District	%	District	%	District	%	District	%
Badwani	62.80	Balaghat	45.30	Bhind	21.50	Datia	17.50
Betul	65.60	Dindori	43.60	Chattarpur	24.90	Guna	18.10
Damoh	55.30	Jabalpur	42.20	Bhopal	36.50	Ratlam	19.10
Khargone	75.60	Katni	42.20	Chindwar	31.20	Shivpuri	16.10
Mandla	53.70	Khandwa	50.00	Dewas	26.50		
Sagar	51.70			Dhar	21.80		
Sidhi	87.50			Gwalior	24.20		
				Harda	39.70		
				Hoshang- abad	39.70		
				Hoshang- abad	39.70		
				Indore	32.80		
				Jhabua	31.20		
				Mandsaur	23.90		
				Morena	20.50		
				Narsinghpur	22.80		
				Neemuch	23.90		
				Panna	23.80		
				Raisen	34.10		
				Raigarh	28.70		
				Rewa	29.40		
				Satna	28.80		
				Sehore	34.00		
				Seoni	36.80		
				Shahdol	33.40		
				Shajapur	21.30		
				Sheopur	20.50		
				Tikamgarh	21.30		
				Ujjain	20.10		
				Umaria	33.40		
				Vidisha	34.30		

Source:- Madhya Pradesh Human Development Report 2007

The Table itself explains its significance that majority of the districts fall in moderately poor regions. 7 out of 45 districts in a whole have very high incidence of poverty, followed by 29 districts having moderate poverty incidence. Poverty ratio ranges from a least amount of 16.10 percent to highest 87.50 percent in Sidhi. The districts of southwestern regions including Badwani, Khandwa and Kharone have very high incidence. Whereas districts of Malwa region fall in moderate poverty. Damoh and Shahdol districts were found most deprived on the basis of a set of variables including illiteracy, infant mortality, low levels of agricultural productivity and poor infrastructure⁵.

**Table 4:- Most deprived districts of Madhya Pradesh
(HDI value < 3.00)**

S.No.	Name of district	HDI value	S.No.	Name of district	HDI value
1	Sagar	.297	12	Raisen	.263
2	Datia	.296	13	Westnimar	.262
3	Shajapur	.294	14	Rewa	.261
4	Sehore	.287	15	Guna	.257
5	Ratlam	.287	16	Chattarpur	.252
6	Eastnimar	.283	17	Tikamgarh	.250
7	Jhabua	.271	18	Rajgarh	.248
8	Satna	.270	19	Panna	.248
9	Betul	.268	20	Shahdol	.240
10	Sidhi	.265	21	Damoh	.229
11	Shivpuri	.264			

Source:- Mehta et. al, 2004

It may be noted that Damoh is having one of the lowest value in HDI. In fact all the above-mentioned districts have very low HDI value. This shows deprivation in the form of literacy rate, infant mortality rate and per capita income, which were taken as variables to construct HDI values.

Correlates of poverty

The government of Madhya Pradesh has prepared estimates of human development index for the districts of the state for the years 1995, 1998, 2002

and 2007. With the help of HDR 2007 determinants of poverty has been analyzed by captivating 24 variables. The analysis reveals that poverty levels are associated with social identity, source of livelihood, accumulation of assets, level of education etc. The determinants of poverty may be different regarding rural and urban poverty. Rural people basically depend on agricultural and allied activities or primary sector for livelihood; therefore deprivation from this sector will increase rural poverty. The common determinants for urban and rural poverty are literacy rate, infrastructure development, access to market, political freedom, wages and salaries, etc.

Table 5:- Correlates of poverty across districts in Madhya Pradesh

S.No.	Variables	Value of coefficient of correlation at district level (N=45)
1	ST Population Significance level	.407** (.006)
2	SC Population Significance level	-.461** (.001)
3.	Per Capita Food Production in kg.) Significance level	-.424** (.004)
4	Literacy Rate Significance level	-.167 (.272)
5	% Of Agricultural Labor Significance level	.358* (.016)
6	% Of GIA to GCA Significance level	-.319* (.032)
7	Yield of Food Grain (kg/ hc) Significance level	-.462** (.001)
8	Middle School Per Lakh Population Significance level	-.321* (.031)
9	Human Development Index Significance Level	-.080 (.602)
10	Urbanisation Significance level	-.115 (.452)

Figures in the brackets is significance level

*** 1 % level of significance

** 5 % level of significance

* 10 % level of significance

Table.5 presents the results of a correlation exercise at the district level using secondary data. The results indicate significant association of most of the variables except human development index. The variables having significant association with poverty ratio include demographic, social and economic indicators such as percentage of ST population is positively associated with poverty. This argument can be further supported by presenting a fact: firstly, the rate of urbanization among STs is only 6.4 percent i.e. about 94 percent STs live in rural areas. The people in rural areas are more prone to be poor as compared to urban areas, because of deprivation and back of infrastructure development. Secondly, according to census 2001, the literacy rate among STs is only 41.2 percent. This rate is one of the minimum among all social groups. Other variables like percentage of SC population, per capita food production, yield of food grains are negatively associated at 5 percent level of significance. It is important to note that yield of food grain turns out to be significant variable influencing poverty reduction at district level.

Tribal populace has significant positive association with rural poverty. The districts where tribal population is relatively large are also districts with high incidence of poverty. Another fact that comes out after analysis is that literacy and urbanization are not playing an important role in reducing poverty. It can be summarized that poverty increases with the increase in the percentage of ST populace and agricultural laborers. On the other hand, poverty reduces with the increase in per capita food production, increase in yield of food grains, expansion of net irrigated area and percentage increase in SC populace.

Human development Index and Poverty

According to United Nations Development Programme (UNDP), human development is defined as "The process of enlarging people's range of choices. The most critical of these wide-ranging choices are to live a long and healthy life, to be educated and to have access to resources needed for a good standard of living. Additional choices include political freedom, guaranteed human rights and personal self-respect". (UNDP; 1980).

The human development index is the simple unweighted average of the index of economic attainment, index of educational attainment and the index of longevity. An analysis of the three aspects of the human development indices- Longevity, educational attainment and economic attainment across the districts suggests that poor economic condition of the people in the districts of the state is particularly

due to poor index of economic attainment. In terms of the index of educational attainment as well as in terms of the index of longevity, the various districts of the state appear to be in a relatively better condition than in terms of the index of economic attainment.

Comparing head count ratio with human development index it is observable that in the districts like Datia, Shivpuri, Una here the poverty ratio is less than 20 percent and there human development index is also not as much. On the other side few districts like Indore, Bhopal, Raisen are having poverty ratios above 30 percent and at the same time they are also having maximum HDI. This assures that poverty and HDI are not significantly correlated. But if human development indices are analysed, it is exposed that income alone is playing a vital role in raising the value of HDI. Example Satna district, though it is having high indices of education (.732) and health (.414) but still its value of HDI (.483) is small because of stumpy income indices. The other district Indore is having highest value (.694) among all 45 Districts because of high-income indices (.526). There are six Districts in the state where the index of education is more than .800, while there are only three Districts where this index is less than .500. Similarly, there are seven Districts in the state where the index of longevity is more than .600. By contrast, the index of income is least .133 in Jabua to not more than .500. There is only one District Raisen where this index is .632 here as in nine Districts, the index is less than .300. Due to low-income index the overall HDI of the Districts have gone down. Poor human activity is a reflection of poor human development. The pace of improvements in human development has been relatively slow during the 1990s as compared to 1980s. There is a wide gap in the levels of human development across the districts of the state and this gap persisted over time. Among the three components of HDI the situation found to be better in education and worst in health. In other words, it can be summarized that income is the main performer intended for influencing poverty. Poverty is observed to be low in those Districts where index of income is high and it is high in those Districts where indices of income are low.

Conclusion

On one side we are involving ourselves in the process of globalization & technological advancement and on the other side we are ignoring 1/4th of the India's valuable human resource. Until & unless these people are uplifted the country cannot progress. Still the data support scheduled caste and scheduled tribe people

as the main co-relates of poverty. Thus the need of time is to address poverty in its depth, Only then the state can help the country to develop, because the country is made by its people and if people are well-built enough they can lift the nation up.

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