

Prof Aasha Kapur Mehta
Indian Institute of Public Administration
aashakapurmehta@yahoo.com, aasha@holisticit.com
55351692/23702400 ext 240

PRESS RELEASE

Chronic Poverty: Emerging Policy Options and Issues

The Chronic Poverty Research Centre (India)-IIPA organised a two-day Seminar on **“Chronic Poverty: Emerging Policy Options and Issues”** on September 29-30 at IIPA. The Chronic Poverty Research Centre (India) is part of an international network of researchers and NGOs working to highlight the situation of the people who are finding it most difficult to escape from poverty, those who persist in poverty and those entering into poverty. The research centre in India is headquartered at the Indian Institute of Public Administration (IIPA), New Delhi, and is co-ordinated by Prof. Aasha Kapur Mehta. The CPRC network in India includes Prof. Shashanka Bhide at the National Council for Applied Economic Research, Prof. Anand Kumar at JNU and Prof Amita Shah at the Gujarat Institute of Development Research.

This seminar was designed to contribute to discussions regarding policies and programmes that can best respond to the needs and interests of India’s 100 million plus chronically poor; help interrupt chronic poverty; and prevent people sliding into it through loss of assets and failure to cope with shocks.

Inaugurating the programme, Dr. Ashok Lahiri, Chief Economic Advisor in the Ministry of Finance, observed that chronic poverty is associated with severe poverty. He stated that chronically poor constitute the poorest of the poor or those among the poor who were poor for a significant period of time. With growth and equitable distribution of benefits of such growth, Dr. Lahiri said that those who are marginally below the poverty line may escape poverty but those at the bottom of the rung are likely to continue below the poverty line. He therefore stressed the importance of shifting our focus to the ‘dynamics of poverty’ and the processes and factors that determine movement out of poverty or staying in it. The focus on the headcount measure has led to lack of attention to chronic poverty.

Quoting Prof. Amartya Sen, he stated that one of the serious deficiencies of the headcount ratio is that it is insensitive to the distribution of income amongst the poor. He observed that chronic poverty is strongly associated with hunger and vulnerability to starvation deaths. He stressed the need for targeted income support programmes to help the chronically poor to survive and particularly to absorb adverse shocks. He felt that Bharat Nirman is one of the most ambitious programmes for rural infrastructure in six areas of drinking water, rural electricity, telephone connectivity, irrigation, rural roads and rural housing. If implemented properly, he believed that Bharat Nirman will go a long way in solving the problem of chronic poverty.

Delegates at the conference welcomed these initiatives, but warned that the main problems would arise not from the policy, or even finding the money to finance these schemes. Instead, the big problem would be effective implementation.

Earlier, in his welcome address Dr. P.L. Sanjeev Reddy, Director of IIPA, expressed that poverty entails multiple deprivations therefore development should effectively address such debilitating deprivations. He observed that poverty is one of the perennial problems facing the government and its reduction in India is critical for attainment of national and international goals.

In his presidential address, Shri G.C.L. Joneja, former Secretary of Food and Chairman of IIPA's Standing Committee, expressed that poverty is a multi-dimensional problem and to effectively combat this problem we should formulate policies with utmost care to get the desired results. He felt that correct targeting is the essence of success in anti-poverty programmes.

The round table discussion centred around policy issues and what needs to be done in immediate future. Other sessions included presentations about: (i) Vulnerable groups and the ways in which governance arrangements help or hinder their prospects, with a particular case study of tribals in Orissa, (ii) The role of conflict in the context of chronic poverty, with reflections on inter-caste and class violence in rural Bihar, (iii) The problems of identifying the chronically poor – using India's unique 30 year rural panel data set, (iv) The need to take analysis beyond income measures, and the particular role of ill-health in generating and sustaining chronic poverty, and (v) The potential role of social protection in reducing not only vulnerability but also chronic poverty.

During the two-day meet of economists, social scientists, policy makers, and NGOs the problem of reorienting the developmental agenda to focus on employment generation, infra-structural improvements, literacy, and land reforms in a holistic manner was underlined repeatedly. Prof C.H.H. Rao, Chairman, CESS, pointed out constraints and limitations in implementation of minimum wages and highlighted the need for better mechanism for monitoring; going beyond the state machinery.

Prof. G.S. Bhalla, Professor Emeritus, JNU, reiterated the need to promote agricultural growth and enhancement of productivity of agricultural growth; this will have significant positive impact on non-farm employment, here the major growth in employment is occurring.

Prof. David Hulme from the University of Manchester told the meeting that 'India's decision to proceed with a national Employment Guarantee Scheme (EGS) is an ambitious move that is being closely monitored by other countries and by international agencies such as the UN and World Bank. They want to see whether such a bold scheme can break through the interlocking economic and social processes that keep poor people poor. They also want to know whether such programmes are 'affordable'. A lot of very poor people outside of India could benefit from this unique Indian experiment - if it can be made to work '.

Dr Deepa Narayan of the World Bank argued, 'India is not poor in anti-poverty programmes, but it is poor in their implementation'. Many of the delegates agreed that

implementation has been the main problem in government plans to reduce poverty for many years. To overcome implementation difficulties with the NREGP and other schemes Professor K N Kabra argued for ‘...the mandatory disclosure of data about programme take up at the local level’. The names and details of all recipients should be made publicly available so that people can ensure that the programme is being run honestly. Other delegates believed that moves to decentralize implementation to the Panchayat Raj would help in reducing levels of corruption and raise levels of performance.

Based on the study of a district in HP and another in Jharkhand, Prof. Dolly Arora highlighted the need to address the administrative and practical dimensions of governance. In the absence of panchayat institutions in the district in Jharkhand and the missing key functionaries, it is just not possible to expect any outcomes from the huge outlays, which are provided for the backward districts. Only 14 per cent of the positions of Jansevakas are filled and 86 per cent are vacant. This has given strength to the middlemen who siphon off a large part of Government funds.

Prof. Shashanka Bhide and Prof. Aasha Kapur Mehta drew attention to the fact that analysis of panel data that track the same households over three decades shows that the reduction in rural chronic poverty over the almost thirty years between 1970 and 1998 had been less than expected, given the rate of overall poverty reduction during that period. This suggested that the barriers to chronic poverty reduction are significant, and may need to be addressed through specific measures.

Prof S K Thorat, Director, Indian Institute of Dalit Studies confirmed the severe problems that people who are scheduled castes and tribes, still face in getting access to government services so that they can overcome their poverty. His work shows very clearly that it is the scheduled tribes who now experience the highest levels of poverty and deprivation.

A particular issue that arose at the conference was of the chronic poverty in Southern Orissa. Prof Amita Shah of the Gujarat Institute of Development Studies said that ‘In some areas more than 90% of households are below the poverty line and food insecurity is very high. Hardly any government services or infrastructure reach such areas’. She presented an alternative perspective for development of Orissa to enable the integration of forest resources and forest dwellers into the mainstream strategy of growth. She argued for a fund for forest dwellers to compensate them for conserving nationally significant forests.

Prof. Sakti Padhi explored the possibility of reducing tribal poverty by highlighting the role of mining sector and higher wages, better infrastructure and better implementation of JFM in northern and southern Orissa.

Chairing the session on chronic poverty in Bihar, in which papers were presented by Prof. Anand Kumar, JNU and Shri N.R. Mohanty, journalist, Shri Bhishma Narayan Singh, parliamentarian and formerly Governor of seven states, said that Zamindari has been abolished by law, but the mental make up has not changed. Resurgence requires agriculture-focused reforms, provision of essential services basic to human beings and social reforms. Most of the speakers stressed on the need to find agriculture and agro-industry-oriented and village-centric initiatives for employment generation. It was

suggested that i) water management, ii) land reforms, iii) educational reforms and iv) good governance are essential needs for poverty alleviation.

Dr Andrew Shepherd from the Overseas Development Institute in London said, 'India has made tremendous progress with poverty reduction in recent years but the poorest people in the country have seen little or no benefit from accelerated economic growth. What are needed are effective social protection programmes allied to pro-poor economic growth. That is growth that promotes agricultural productivity in lagging areas and increases the demand for rural labour both on and off the farm'.

Prof Aasha Kapur Mehta said that the situation in the context of health is disquieting. Mortality and morbidity rates are unacceptably high – despite the fact that we can successfully and significantly reduce their incidence. Financial allocations to the health sector are very inadequate. Based on field work in the context of HIV/AIDS, Prof Aasha Kapur Mehta said that ill-health related shocks exacerbate the distress of those who are poor and drive the non-poor below the poverty line. A variety of minor and major interventions can make a major difference in preventing the non-poor from entering into poverty or in terms of reducing the suffering of those who are already below the poverty line. The health sector needs urgent attention and significant priority allocation of resources as no individual should fail to secure adequate medical care because of inability to pay for it.