

# INDIA GROWTH STORY : DISBALANCING THE INEQUALITY & POVERTY

I have now travelled all over India. but alas! It was agony to me, my brothers, to see with my own eyes the terrible poverty and misery of the masses, and I could not restrain my tears.

Swami Vivekanand



**India Policy Foundation**  
भारत नीति प्रतिष्ठान



OCCASIONAL PAPER 6

# INDIA GROWTH STORY : DISBALANCING THE INEQUALITY & POVERTY

Dr. Rahul Singh



**India Policy Foundation**  
भारत नीति प्रतिष्ठान

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## **Executive Summary**

The primary difference between growth, inclusion and redistribution is qualitative in nature, apart from unidimensional income parameter. In India's case it is the matter of utmost priority to opt for redistribution unhesitatingly; considering lives of millions of people are on stake due to pervasive nature of absolute poverty and extreme inequality. Growth does not guarantee inclusion and inclusion does not necessarily translate into equity. India's standing in Human Development Index (HDI) has become a matter of global shame in the last decade.

More so, due to rapid economic growth in corresponding period, this growth had mostly fuelled inequality and bred crony capitalism and corruption. In recent times many claims and counterclaims have been made pertaining to number of poor people in India. It is tragedy of extreme kind where State has been perpetually indulging in reducing number of fringed people by calibrating poverty line rather sincerely empowering people. The 'density effect' can hide numbers but not reality. The income inequality, which is the most obvious kind of disparity, is also on rise. The top quintile of population has increased their share of income than bottom quintile in last decade.

The paradox of plenty and penury has become more stark in recent times in context of record food grain production and prevalent hunger. The Global Hunger Index (GHI) ranking of India is a sad commentary on its claim of emerging super power. This dreadful reality stares at face when almost half of its population under the age of five is malnourished and suffers micronutrient deficiency; worse than Sub-Saharan countries. At last, the question which bites hard is of forthrightness of intentions of ruling Government in the last decade; considering dismal records of human development at the same time, amidst dual scourge of inflation and corruption.





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## Growth, Inclusion and Redistribution:

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### QUESTION OF PRIORITY

**T**he paradox of growth could be aptly summarized in the statement Emilio Medicin, in 1971 as head of state of Brazil on being asked by a visiting dignitary about economic situation of the country, he replied “the economy is doing fine, but people are not”. The growth paradigm in India in last decade mirrors this intriguing paradox. Since India’s fast economic growth in the same period is often celebrated, for numerous good reasons, its limited impact on fringed section of society evokes concern. The disingenuousness behind the promises of ruling elite in last six decades seems to appear strikingly conspicuous, when ‘tryst with destiny’<sup>1</sup> bypassed millions of common citizens.

On the more serious note, as the earlier euphoria around rapid economic growth seems vanishing, with dismal Gross Domestic Product (GDP) growth rate in last couple of years; what remains in perpetual constancy is lamentation around inequality and poverty. So what is meant by inclusion, when it is sold out, every now and then, on any nook and corner of policy Bazaar? What is the centrality of the idea? How it is different in Indian case, where extreme exclusion and inequality are pervasive and runs deep?



Inclusiveness is not a mitigating act, as described by Ali and Jhuang<sup>2</sup>, but a way of engagement in the social production (growth) process and settlement of claims on the products on fair basis; “growth is inclusive when it allows all members of society to participate in and contribute to the growth process in equal basis regardless of their individual circumstances”. Ravallion and Chen<sup>3</sup> defined growth as pro-poor simply if it reduces poverty and inclusive growth, on the other hand, is defined as growth which is not associated with an increase in inequality.

Kanbur and Runiyar<sup>4</sup> made insightful distinction between growth, pro-poor growth, inclusive growth and inclusive development. Growth has much simplistic, tight and well accepted meaning related to increase in real per capita income, however pro-poor growth signifies reduction in income poverty. In continuation, inclusive growth signifies growth accompanied by lower income inequality in which income accrues disproportionately to those with lower income. So growth could well be pro-poor but not necessarily will be translated into poor, meaning poverty reduction will bring concomitant inequality. While inclusive development breaks the rigid parameter of income and adopts wider conception of human well being on various parameters like education, health and enhancement of choices, like Millennium Development Goals (MDGs).

As growth is unidimensional measure of performance, however pro-poor growth, inclusive growth and inclusive development are better and nuanced yardsticks to gauge authentic well being of masses. On extending definitional framework, when inclusive development indicators are sought, for validating claims of ruling parties, it boils down to economic growth with employment opportunities, social inclusion and social protection, as well as good governance and institutions, on which it is based.

The more specified inclusive growth indicators were enumerated as a set of 35 indicators by Asian Development Bank of (i) poverty and inequality (income and no income), (ii) economic growth and employment, (iii) key infrastructure endowments, (iv) access to education and health, (v) access to basic infrastructure utilities and services, (vi) gender equality and opportunity, (vii) social safety nets, and (viii) good governance and institutions<sup>5</sup>.

'Faster, More Inclusive, Sustainable Growth' is the title of volume one 12th 5-Year Plan, prepared by Planning Commission. The 11th Plan volume one titled "inclusive growth". The frequency with which the words like inclusive, equitable and sustainable are appearing in major policy documents, intentions to attain same is nowhere getting manifested in action and outcome.

Planning commission seems clueless about what it means by inclusion and sustainability and ways and means to integrate it into policy cycle<sup>6</sup>. The often opted policy approach to inclusion, till now, has been characterized by lack of clarity, confusion, uncertainty, ad-hocism, and no regard for sustainability. As equality is the universally acclaimed value and is generally affirmed as basic human right but the question is "equality of what" famously asked by Amartya Sen? The answer to question had to be significant for identifying and enacting policy variables and prescription for alleviating poverty and ensuring equality<sup>7</sup>.

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1 <http://www.svc.ac.in/files/TRYST%20WITH%20DESTINY.pdf>

2 Ali and Jhuang, Inclusive Growth towards Prosperous Asia, 2007

3 Ravallion, Martin & Chen, Shaohua, 2003. "Measuring pro-poor growth," Economics Letters, Elsevier, vol. 78(1), pages 93-99, January

4 Kanbur, Ravi and Rauniyar, "Conceptualizing Inclusive Development: With Application to Rural Infrastructure and Development Assistance", June 2009

5 "Framework of Economic Growth Indicators: Key Indicator for Asia and the Pacific", 2011, Asian Development Bank

6 Is Sustainability Truly Built into the 12th Plan? — Ashish Kothari, Kalpavriksha Environment Action Group

7 Dr. Amartya Sen rightly points out the diversity of characteristics possessed by human beings (e.g. age, gender, general abilities, inborn talents, proneness to disease, physical and mental capabilities) and external circumstances (such as ownership of assets, residential locations, social background and so on) so you cannot have equality for everything and policy space for remedial action has to be identified and acted upon

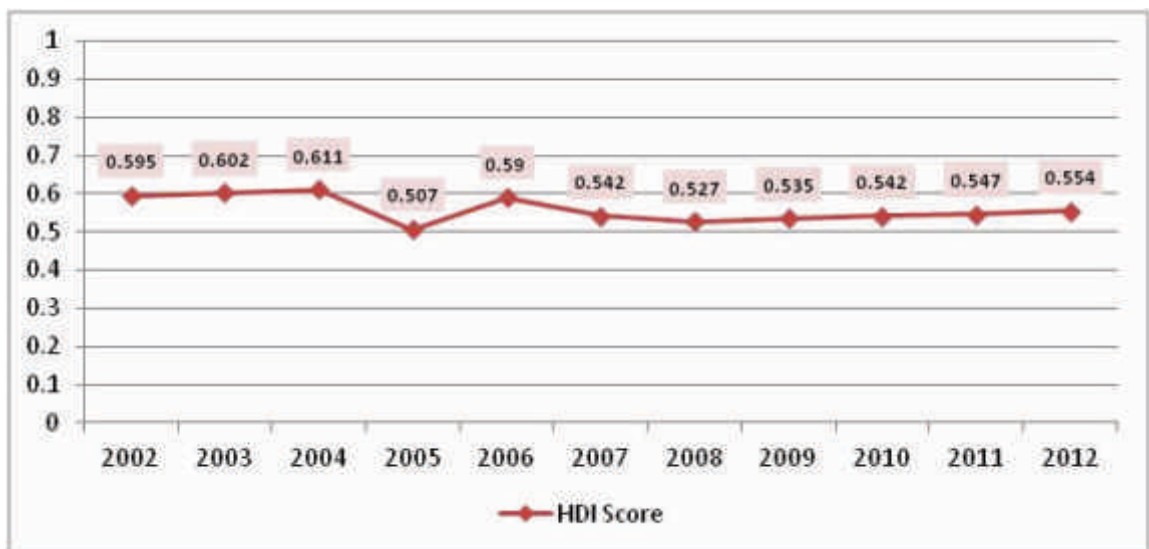
## II

## Manifestation of Malaise:

### POVERTY & INEQUALITY

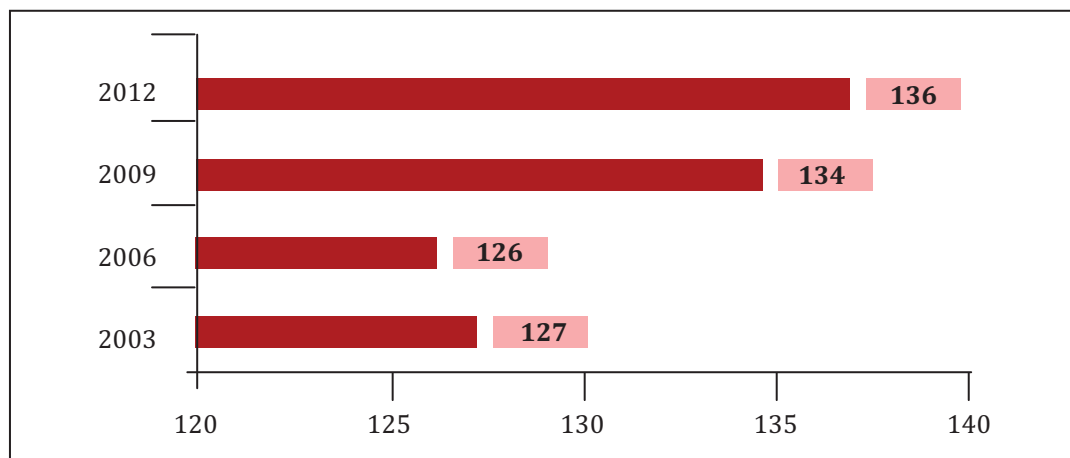
The correlation between economic growth and equitable development has been contested one. This is not to say that growth is irrelevant, rather it is prerequisite; but translating growth into a tool to enhance human capital of nation or enhancing human capabilities for all around development is much trickier than simply imagined. The famous trickle down approach, especially in the Indian context has had limited success. Disparity and inequality has increased and percolated deep across various economic groups. The post reform period saw accelerated pace of inequality between top and bottom quintile of population in terms of per capita income<sup>8</sup>. The broad based upliftment in social, economic and political sphere, which is the hallmark of democracy, cannot be judged singularly on GDP growth per se. (Figure 1)

Figure 1: Human Development Index Ranking: India<sup>9</sup>



The Human Development Index (HDI) is a composite index measuring average achievement in three basic dimensions of human development—long and healthy life, Knowledge and a decent standard of living. These are the three bare necessities prerequisite for any discourse on human development, which is all about conscious enlargement of choices, as explained by late Pakistani economist and also regarded as father of HDR, Mahbub-al-Haq and noble laureate Amartya Sen. As an alternative way to gauge the status of living standard, India has notoriously being walloping in the bottom of this index for a long period of time. The human development index released in 2013 ranks India 136 out of 187 countries. It serves to confront the challenges and boasted claims vis-à-vis shocking reality of India's sorry human development status. (Figure 2)

Figure 2: Human Development Index Ranking: India<sup>10</sup>

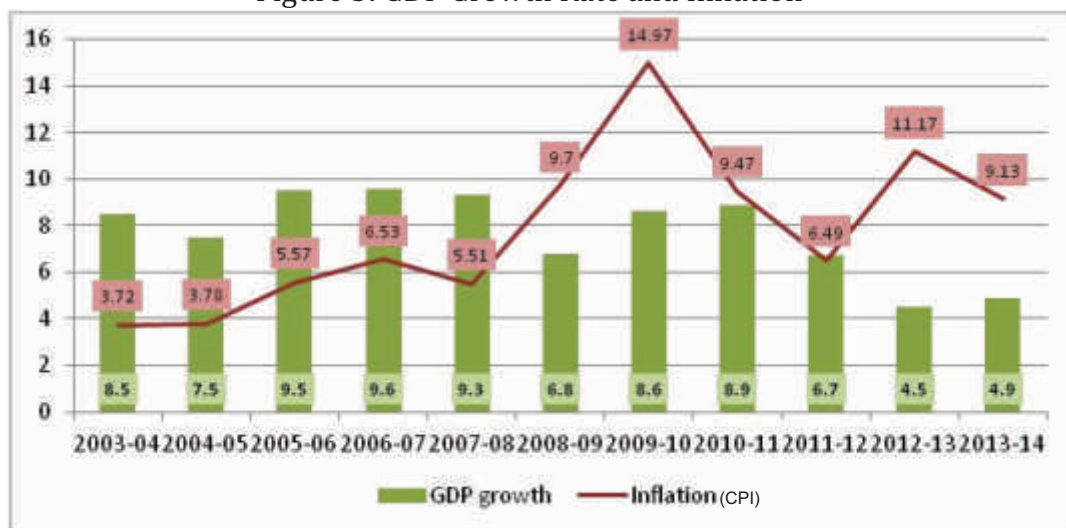


It is very obvious from graph that in the last decade the HDI score of India has been stagnated, if scrutinize more closely than it declined. It happened in the period which is touted as the golden decade as far as rapid economic growth is concerned. India consistently figured among bottom fifty nations in the comity of 180 plus nations. The HDR has deteriorated nine points in nine years from 2003 to 2012. When we see this pathetic human development record of India vis a vis growth pattern of GDP, it reinforces the belief in the grand failure of trickle-down effect and inequality brought by disproportionate distribution of wealth created during this type of growth.

As economic growth sans equity was not enough, the scourge of high inflation hit the lower strata of society very hard. The price rise of common commodity has had

debilitating effect on the consumption basket of common people. In the most cases they had to compromise with their nutritional security as relentless price rise of common commodities, like pulses, milk, egg and meat has increased the cost of living and impacted adversely on mass deprivation and poverty<sup>11</sup>. (Figure 3)

Figure 3: GDP Growth Rate and Inflation<sup>12</sup>



And now with the slowdown in economy and concomitant job market volatility (in terms of job creation and stability of tenure) and stagnant wage rate has put the life and livelihood of millions of people in peril. As half of India's \$1.85-trillion economy is informal, with 55%, only sub-Saharan Africa has a larger unorganised economy than India's and as much as 84% of the non-farm workforce in India is informal<sup>13</sup>.

8 Majumdar, Rajshi, "Growth and Development: The Indian Experience" 2005

9 Human Development Reports, 2002 to 2012, accessible at <http://hdr.undp.org/en/countries/profiles/IND>

10 Ibid

11 <http://www.thehindu.com/opinion/Readers-Editor/battling-food-inflation-state-people-and-media/article106619.ece>

12 Central Statistical Organisation(CSO) Estimates

<http://www.inflation.eu/inflation-rates/india/historic-inflation/cpi-inflation-india-2013.aspx>

<http://www.livemint.com/Politics/p1HXxTk6vMf3A4a3oZ1p00/India-slightly-lowers-FY14-growth-forecast-to-49.html>

13 [http://articles.economictimes.indiatimes.com/2013-10-25/news/43395491\\_1\\_neelkanth-mishra-india-fall-informal-economy](http://articles.economictimes.indiatimes.com/2013-10-25/news/43395491_1_neelkanth-mishra-india-fall-informal-economy)



## The Curious Case of Declining poverty:

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### AN ART OF ARTIFICIAL CALIBRATION

**W**hile replying to Supreme Court query in the first affidavit dated 10th May 2011, whether planning commission imposed a uniform cap of 37.2% of population as eligible beneficiary; planning commission responded by saying a cap is needed for non universal benefit system. Later SC expressed certain reservations based on computation on 2004-05 prices and passed directive “may revise the norms of per capita account looking to the price index of May 2011 or any subsequent dates<sup>14</sup>.” In pursuance of direction of SC, Planning commission in its second affidavit to the Supreme Court on 20th September put the poverty line at Rs 965 per capita per month (Rs 32 per day) for urban areas and Rs 781 per capita per month (Rs 26 per capita per day) in rural areas by taking the price levels of June 2011<sup>15</sup>.

When taken in perspective in terms of family budget, the pertinent question is appropriateness of Rs. 4, 824 per family per month in urban areas and Rs. 3,905 in rural areas? It could be seen in a wider perspective of resulting in an exercise of exclusion of families otherwise deserving social assistance. This meager and lower threshold level of poverty line in light of spiraling food inflation is a poor commentary on level of sensitivity and concern in the higher policy echelon. It also reflects poorly on how ponderous institution like planning commission had become out of sync with ground reality. This issue also highlighted the blatant ignorance and apathetic attitude displayed by certain section of political class like Raj Babbar and Rasheed Masood made insensitive remarks about cost of food.

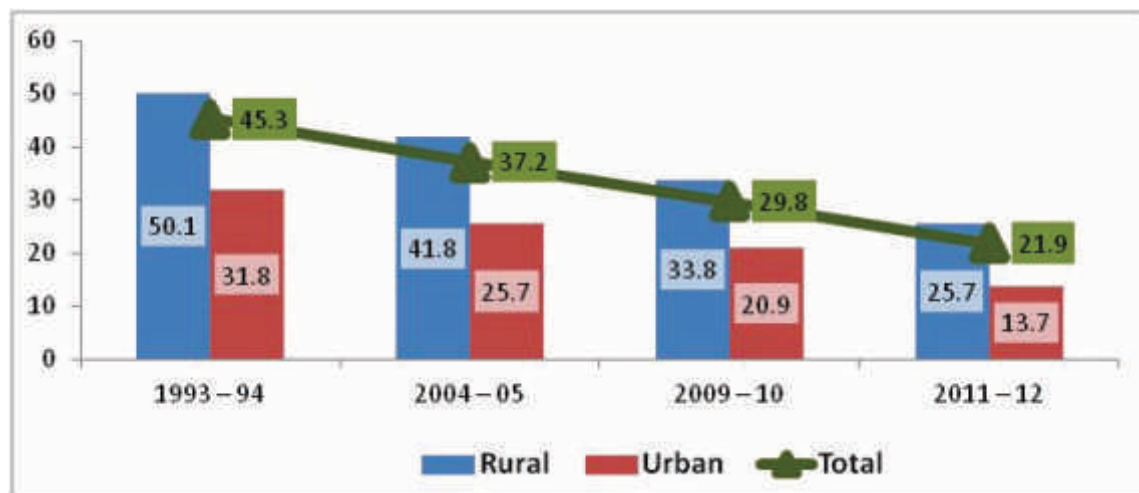
“Even today in Mumbai city, I can have a full meal at Rs. 12. No no, not vada paav (snack). So much of rice, daal saambhar and with that some vegetables are also mixed,” Mr Babbar said. After Raj Babbar said a hearty meal in Mumbai can be bought for Rs. 12, another Congressman, Rasheed Masood, has said Rs. 5 in Delhi is sufficient for the same”. “You can eat a meal in Delhi in Rs. 5, I don't know about Mumbai. You can get a meal for Rs. 5 near Jama Masjid,” Mr Masood said<sup>16</sup>.

The comments by two prominent congress leaders culminated into widespread public outcry and condemnation poured in from all corners. This was not all enough when Farooq Abdullah jumped the apathy bandwagon and said “The question is that you can fill your stomach by spending Re 1 and cannot fill it even with Rs. 100. The question is what you want to eat. We want the country to progress. These things are necessary to take a country forward <sup>17</sup>.”

The next twist in the saga of belittling gravity of issue like absolute poverty came from Planning Commission again. In July 2013, the data released by PC claimed that the percentage of the population living below the poverty line in India decreased to 22% in 2011-12 from 37% in 2004-05. Traditionally poverty in India is measured as the head-count ratio of the population living below the official ‘poverty line’, which is calculated using the methodology recommended by the Expert Group on Methodology for Estimation of Poverty appointed by the Planning Commission for arriving at the threshold consumption level of both food and non-food items. By this methodology Poverty figures in India are obtained every five years as Consumer Expenditure Survey (CES) is conducted by National Sample Survey Organization (NSSO). The Committee calculated poverty levels for the year 2004- 05. Poverty levels for subsequent years were calculated on the basis of the same methodology, after adjusting for the difference in prices due to inflation. (Figure 4)

So has poverty waned as rapidly as claimed by Planning Commission, or has it been an act of fine window dressing? Have 138 million people moved out of poverty during 2004-05 as claimed by Planning Commission?

Figure 4: National poverty estimates (% below poverty line) (1993 – 2012)<sup>18</sup>



Dr. Amartya Sen and Dr. Jean Dreze in their book 'An Uncertain Glory: India and its Contradictions' demystifies the shrinking below poverty line population by attributing it to "density effect: the fact that many people are just a little below the poverty line, so that the small increase in per capita expenditure is enough to lift them above poverty line. And then density effect in turn reflects that the official poverty line abysmally low". In fact, counting poor people in India has always been an exercise which often culminates into high decibel controversy. The discourse revolves more around poverty line than focusing on poor. In between, unanimity and consensus on 'who are below poverty line' usually remains conspicuous by its absence.

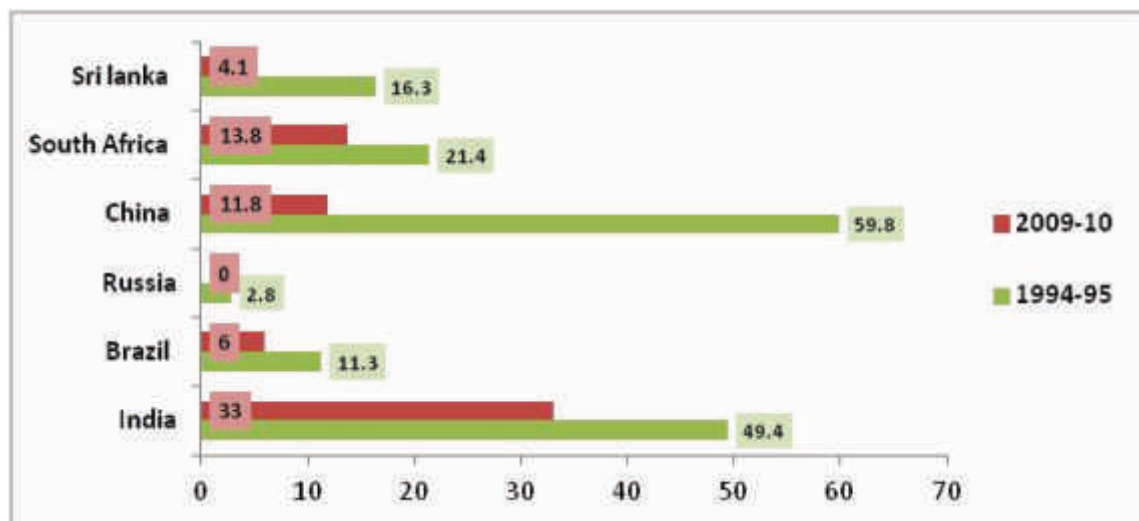
The Arjun Sengupta committee, which was constituted by Ministry of Micro, Small and Medium Enterprise (MSME) for recommending support solutions to problems confronting unorganized sector has quantified the number of unorganized or informal workers - as those who do not have employment security, work security and social security - to 92% of total workforce. And based on an empirical measurement, the high congruence between this segment of the workforce and 77 percent of the population with a per capita daily consumption of up to Rs. 20 (in 2004-05) who are called "poor and vulnerable".



The number of persons belonging to this group increased from 811 million in 1999-00 to 836 million in 2004-05. The report scathingly remarked on the condition of informal worker in growing economy “Such buoyancy in the economy did lead to a sense of euphoria by the turn of the last century. However, a majority of the people, who did not have even Rs. 20 a day for consumption, were not touched by this euphoria. About 79 per cent of the informal or unorganized workers belonged to this group without any legal protection of their jobs or working conditions or social security, living in abject poverty and excluded from all the glory of a shining India”<sup>19</sup>.

Dr. N.C. Saxena Committee was set up by the Ministry of Rural Development to advise it on the suitable methodology for BPL Census and not for estimation of poverty. However, in the Report submitted by the Expert Group on 21st August 2009, it was mentioned that the percentage of people entitled to BPL status should be revised upwards to at least 50%<sup>20</sup>. On this estimate N. C Saxena added “This is a step away from the narrow definition of poverty we have been using, where the line is really what I call a ‘kutta-billi’ line; only cats and dogs can survive on it”.<sup>21</sup>

Figure 5: Poverty Headcount Ratio at \$1.25 a Day (PPP) (% of population)<sup>22</sup>



The basic question which comes to mind that why does India not subscribe to internationally accepted \$1.25 per day per person as threshold income for determining the below poverty line population? Rather it depends more on data chicanery and empty oratory to present itself as world emerging superpower. The real concern lies- despite keeping low benchmark (Rs 32 for Urban and Rs 26 for Rural per person per day) - 269.7 million people still live below it.

How are these people supposed to live? This terrifying but hidden nature of mass poverty, the questions on dignity of life of these folks, the debate on appalling living conditions in which they endure, the tale of precariousness of daily survival and multiple deprivations suffered, rarely get noticed in the corridors of policy palaces and media towers.

When seen in international perspective, in the last 15 years or so India has fared poorly when compare to another members of BRICS (Brazil, Russia, India, China and South Africa) in pulling out people out of absolute poverty net. It is obvious from the table that while China managed to reduce number of people who earn less than \$1.25 a day from staggering 59.8% (1995 )to 11.8% (2009), India despite shouting ‘Garibi Hatao’<sup>23</sup> from rooftop in 70s failed miserably to ensure social justice to its citizen. In south Asia, Sri Lanka despite being torn up due to civil war fared much better than India.

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14 [http://planningcommission.nic.in/aboutus/speech/spemsa/pr\\_dch0309.pdf](http://planningcommission.nic.in/aboutus/speech/spemsa/pr_dch0309.pdf)

15 <http://www.downtoearth.org.in/content/planning-commission-sc-rs-26-person-day-adequate-poverty-line>

16 <http://archive.indianexpress.com/news/after-raj-babbar-row-another-congressman-says-can-have-meal-in-delhi-for-less-than-rs-5/1146682/>

17 <http://ibnlive.in.com/news/re-1-enough-to-fill-your-stomach-it-depends-on-what-you-eat-says-farooq/409486-37-64.html>

18 Press Note on Poverty Estimates, 2011 – 12, Planning Commission

19 Report of the Expert Group to Review the Methodology for Estimation of Poverty (2009) Planning Commission

20 “ Report of the Expert Group to Advise the Ministry of Rural Development on the Methodology for conducting Below Poverty Line Census for 11th Five Year Plan, August 2009”, Chairman N C Saxena

21 <http://www.thehindu.com/news/national/beyond-the-debate-govt-accepts-65-indians-are-poor/article4948698.ece>

22 The World Bank (<http://data.worldbank.org/indicator/SI.POV.DDAY/countries?page=3>)

23 [https://www.google.co.in/search?q=garibi+hatao&ie=utf-8&oe=utf-8&aq=t&rls=org.mozilla:en-US:official&client=firefox-a&channel=sb&gfe\\_rd=cr&ei=b8EFU8jvEazW8gf374CIDQ](https://www.google.co.in/search?q=garibi+hatao&ie=utf-8&oe=utf-8&aq=t&rls=org.mozilla:en-US:official&client=firefox-a&channel=sb&gfe_rd=cr&ei=b8EFU8jvEazW8gf374CIDQ)

## IV

## Islands of Prosperity

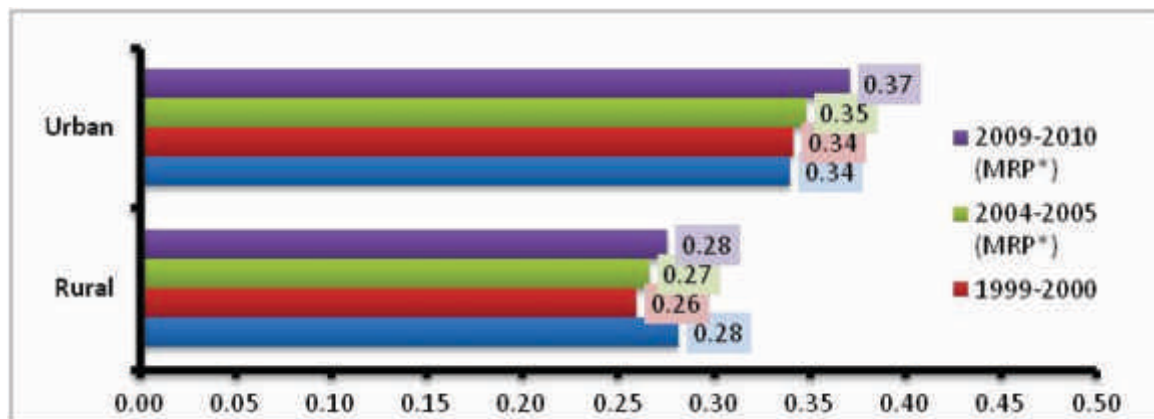
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Famous economist Simon Kuznets (1955) initiated the idea that the inequality characterizing income distribution exhibits a non monotonic trend along the process of economic development: it appears to widen during a society's transition from a pre industrial to an industrial system, it remains stable for a while and narrows as more mature stages of growth are reached.<sup>24</sup> Thus income distribution along a country's development path became known as the Kuznets Curve an inverted U shape relationship between income per capita and personal income inequality; needless to emphasize the inapplicability of this model in India's case, where income inequality became glaringly obscene with economic growth.

The measurement of inequality in India is not done through income but on consumption expenditure as computed by the National Sample Survey Organization (NSSO). Wage inequality has driven more general income inequality; India has increasingly become unequal over the last two decades—India's Gini coefficient, the official measure of income inequality, has gone from 0.32 to 0.38, with 0 being the ideal score and 1 being worst.<sup>25</sup>

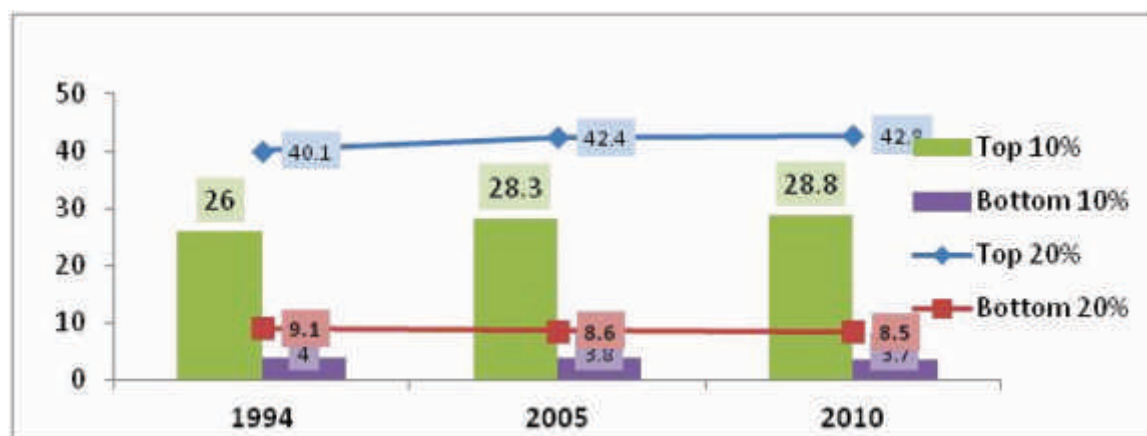
And the most worrisome trend emerging recently has been increase in inequality in rural areas - the coefficient rose to 0.280 in 2011-12 from 0.267 in 2004-05 and to an all-time high of 0.37 from 0.35 in urban areas - it was 1993-94 when Gini coefficient touched 0.28- as it has risen for the first time since 1977-78, when there was a rise in the coefficient from 0.27 in 1973-74 to 0.34 in 1977-78.<sup>26</sup> (Figure 6)

Figure 6:  
Gini Coefficient of Distribution of Consumption: 1993-94 to 2009-10 <sup>27</sup>



It is evident from the graph that in last decade and half, instead of decreasing, the inequality has embedded firmly and increased. The bottom 10% of people's share of income decreased from 4% in 1994 to 3.7% in 2010 while top 10% of people has seen rise in the income simultaneously. (Figure7)

Figure 7: Percentage share of income <sup>28</sup>



The disappointing trend is testified by bottom 20% and top 20% people's share of wealth. This nullifies the models of top down approach of wealth distribution and authenticates glaring income disparity.

The careful analysis of mean per capita monthly consumption expenditure data from NSSO quinquennial surveys of household consumption over thirty year, disaggregated across deciles allows us to get a glimpse into the inequality of such consumptions. The share of the poorest 20% population in terms of the monthly per capita consumption expenditure in total consumption (i.e consumption accounted for by the poorest one fifth of the population) in the rural areas declined from 9.6% in 1993-94 to 9.5% in 2004-05 based on (Uniform Reference Period – URP method) and NSS 2009-10 (Modified Reference period – MRP method) reported a slightly increased level i.e. 9.8%. In the urban areas the share of the poorest 20% population, declined from 8% in 1993-94 to 7.3% in 2004-05 and to 7.1% in 2009-10.

This decrease in the share of consumption expenditure for the poorest quintile is indicative of growing inequities, particularly in the urban areas. It can be concluded that average consumption of bottom 20% of urban India has stagnated or increased only marginally in the period of boom economy between 1993-94 to 2009-10, while the consumption of the top decile increased by 30% in the same time. While in rural India this gap remained same. It is a sharp contrast to urban area where the gap in income and consumption between richest and poorest decile steeped sharply.<sup>30</sup>

**Table 1:**

Share of poorest quintile in national consumption<sup>29</sup>

	1993-94 (URP)	2004-05 (URP)	2009-10 (MRP)
<b>Rural</b>	9.6	9.5	9.8
<b>Urban</b>	8	7.3	7.1

The level of disproportionate wealth distribution can be fathomed out from a recently released WEALTH-X report on Ultra High Net worth (UHNW) individuals (those having net asset \$30 million. It presents genuine commentary on income inequality of India. As number of UNHW stand 7,850 in India with combined wealth of \$935 billion (half of India's GDP), and number of people with more than \$1 billion stand 103, holding \$180 billion. The regional distribution of this wealth is also skewed with 50% UHNW individuals are based in the metros of Mumbai and Delhi, and more than 90% in top 10 cities.

Highlighting massive urban rural divide as far as wealth distribution is concerned.<sup>31</sup> Christine Lagarde, Managing Director of International Monetary Fund (IMF) remarked that “the net worth of Indian billionaire community has soared 12 fold in 15 years-enough to eliminate absolute poverty twice over in the country, where income inequality is also on the rise”.<sup>32</sup>

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- 24 Kuznets (1955) formulates his proposition using available data from the industrialization period for the United States, England and Germany  
<http://www.wiwi.uni-frankfurt.de/~elsas/On%20Growth%20and%20Income%20distribution-final%20version.pdf>
  - 25 SAARC development Goals, India Country Report, August 2013, p 38
  - 26 [http://www.business-standard.com/article/economy-policy/rich-poor-gap-widens-in-india-113081000072\\_1.html](http://www.business-standard.com/article/economy-policy/rich-poor-gap-widens-in-india-113081000072_1.html)
  - 27 \*MRP - Mixed Reference Period  
[Source : Estimates of Planning Commission; NSSO 61st Round 2004-05, 66th Round 2009-10]  
<http://planningcommission.nic.in/data/datatable/ S no 49>  
Note: Gini coefficient is calculated assuming that all individuals within each state have gross income equal to per capita GSDP.
  - 28 The World Bank accessible at (<http://data.worldbank.org/indicator/SI.POV.DDAY/countries?page=3>)
  - 29 NSS report 538: Level and Pattern of Consumer Expenditure, Alternatively accessible at Millennium Development Goals, India Country Report 2014, Social, Statistics Division, Ministry of Statistics and Programme Implementation, Government of India
  - 30 <http://www.thehindubusinessline.com/opinion/columns/c-p-chandrasekhar/consumption-inequality-in-india/article3569657.ece>
  - 31 WEALTH-X : Connecting you to Wealth  
<http://www.wealthx.com/wealthxubswealthreport/>
  - 32 <http://www.deccanchronicle.com/140204/news-businesstech/article/income-inequality-rise-countries-india-imf>



## Hungry People, Dying Farmers and Rotting Grains

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**T**he heart wrenching Indian story of privation, hunger, and under nutrition is notorious across all the continents. The tale of silent suffering is real and even more distasteful if observed from close quarters. India had witnessed innumerable famines in last 200 years; few were unparalleled in magnitude and scale of human sufferings, like famine of Bengal in 1943 in which unspeakable human tragedy unfolded and swept away 6-7 million people.<sup>33</sup> In recent times, the famines stopped passing by, but loss of life and vitality in form of extreme hunger is widespread and recurring. In most of the cases it even passes unnoticed and untraced of public gaze and media scrutiny. Till 1970s most of the hunger deaths were the outcome of chronic scarcity of foodgrains, but Green Revolution helped us to wipe out the blot of being leveled grain importing country. In subsequent years, foodgrain production increased almost four-fold from about 50 million at Independence to more than 198 million metric ton in 1996-97<sup>34</sup> to 263.20 million metric ton in 2012-13.<sup>35</sup> Despite registering record production India continued to languish far behind in emerging countries with the rank of 63 out of 78 countries in Global Hunger Index (GHI) rankings.<sup>36</sup> The GHI was designed by International Food Policy Research Institute (IFPRI), which measures and track hunger globally uses three major indicators viz. undernourishment, child underweight, and Child mortality.<sup>37</sup>

It is a sad commentary but India performs deplorable on all the indicators. It says that 19 countries still have level of hunger that is still alarming; from Asia, India is the only country. India and Timor Leste have both more than 40% of children under 5 are underweight with high prevalence of hunger.<sup>38</sup>

According to UNICEF, India fares worst than sub-Saharan country in malnutrition, one in every three malnourished children in the world lives in India and 47% are underweight and at least 16% are wasted. It is needless to add that many of these children are severely malnourished. It is scientifically proven that malnourishment impinges cognitive, physical, social and emotional growth of children and by UNICEF estimation about 50 percent of all childhood deaths in India are attributed to malnutrition.

On the top of that, there are 74 per cent of children under the age of three and 90 per cent of adolescent girls and than 50 per cent of women are anemic in India, Anaemia - which has a debilitating effect on growth and development of children, also puts innocent children's life in peril.<sup>39</sup>

This extremely worrying and disturbing trend on malnutrition was also highlighted by "The Hunger and Malnutrition (HUNGaMA)" report by the Naandi Foundation in 2011.

The report had found that as many as 42 per cent of under-fives are severely or moderately underweight and that 59 per cent of them suffer from moderate to severe stunting, meaning their height is much lower than the median height-for-age of the reference population. It also found that of all the stunted children, about half are severely stunted and about half of all children are underweight or stunted by the time they are two years.<sup>40</sup> Unfortunately this report was released by PM which dubbed malnutrition as national shame but serious commitment on this front still has to see light of day.

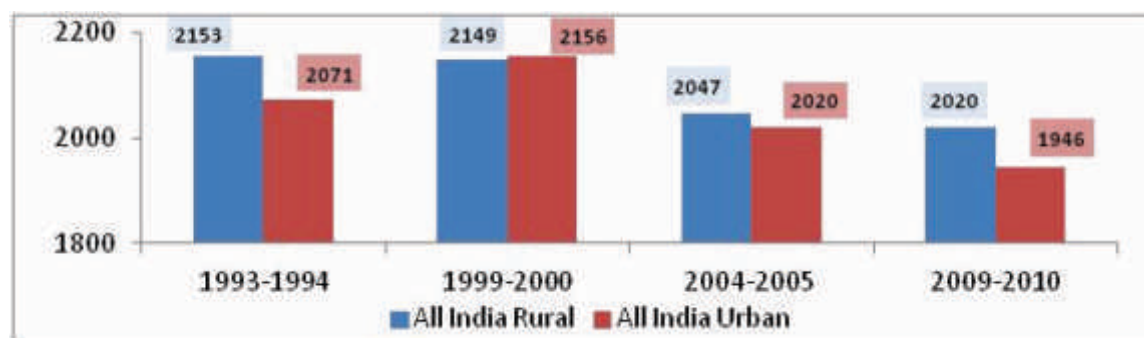
Table 2: India's Position in Different Indicators of GHI<sup>41</sup>

	Proportion of undernourished in the population (%)	Prevalence of undernourishment in children under 5 years (%)	Under 5 mortality rate
1990-92	26.9	59.5	11.4
1994-96	25.2	45.9	10.1
1999-01	21.3	44.4	8.8
2004-06	20.9	43.5	7.5
2010-12	17.5	40.2	6.1



So, what explains the criminal paradox of plenty and penury, surely it is not the availability but distributional challenge associated with food management, is where our country as whole is failing, despite very effective Public Distribution System models working in states like Chattisgarh; which showed remarkable promise by reducing leakages to zero<sup>42</sup> and delivering near universal supply at very low price by implementing slew of structural and legal reform coupled with serious focus on governance.<sup>43</sup>

Figure 8: Trend in estimated Per Capita Calorie Intake <sup>44</sup>



The sad reality of nutritional intake in India is revealed by NSSO surveys on Nutrition, in both urban and rural areas, declining trend has been observed in the estimated and per capita calorie intake per day during and there was nearly 6% decline in 2009-10 in both rural and urban areas compared to 1993-94. Further, the declining trend in per capita calorie intake per day during 2004-05 to 2009-10 was reported both in rural and urban Areas however the trend of decline was more in urban.

It's all a question of priority as food has never been on top of national agenda list. While the production soared, government turned blind eye to storage and distribution issues. Massive procurement with imprudent planning only worsened the situation in which foodgrains rotted in open while million slept starved.

In an RTI reply, it came to light that at least 17,546 tonnes of foodgrains was damaged between 2009-10 and July 2012 in Food Corporation of India (FCI) godowns.<sup>45</sup> In the past few years, the United Progressive Alliance has made massive investment in building 2.5 lakh panchayat ghars these structures have been provided with a

computer link-up and are also being dotted with solar power. Isn't it strange that while the government has the resources to build panchayat ghars, it has no money to construct warehouses across the country meanwhile, since 2004-05, UPA has doled out Rs 32 lakh-crore by way of tax exemptions to corporate and business houses. This category is dubbed as 'revenue foregone' in budget document which stood Rs 5.73 lakh crore in 2013-14.<sup>46</sup>

The poverty and debt within farming community of India has one harrowing tale to share. The country has witnessed over a quarter of a million farmers' suicides between 1995 and 2010. The National Crime Records Bureau's (NCRB) latest report on 'Accidental Deaths & Suicides in India' places the number of farmer's suicide for 2010 at 15,964.

The cumulative figure of 16-year total from 1995 to 2012, when the NCRB started recording farm suicide data, stands 2,56,913. It is one of the most deplorable records of suicides of this kind in modern human history. As many as 1,35,756 farmers killed themselves in the 2003-10 period. For 1995-2002, the total was 1,21,157. On average, this means the number of farmers killing themselves each year between 2003 and 2010 is 1,825 higher than the numbers that took their lives in the earlier period.<sup>47</sup>

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33 Dreze, J. and Sen, A. (1989), "Hunger and Public Action" (Clarendon, Oxford)

34 <http://pib.nic.in/feature/feyr98/fe0798/PIBF2107983.html>

35 <http://www.thehindu.com/news/national/at-26320-million-tonnes-this-year-foodgrain-production-touches-a-record-high/article5691292.ece>

36 Global Hunger Index Report, 2013

37 <http://www.ifpri.org/ghi/2013/concept-global-hunger-index>

38 Global Hunger Index Report, 2013, p.16

39 [http://www.unicef.org/india/children\\_2356.htm](http://www.unicef.org/india/children_2356.htm)

40 HUNGAMA survey 2011 Report, Accessible at <http://hungamaforchange.org/>

41 2013 Global Hunger Index, Appendix B, data Underlying the Calculation of the 1990/95, 2000/ 05, and 2013 GHI Scores p 51

42 <http://www.livemint.com/Opinion/TTLqU0Cg2iF4hYtJSHtMRI/PDS-a-story-of-changing-states.html>

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## VI

## Unconscientious Intentions

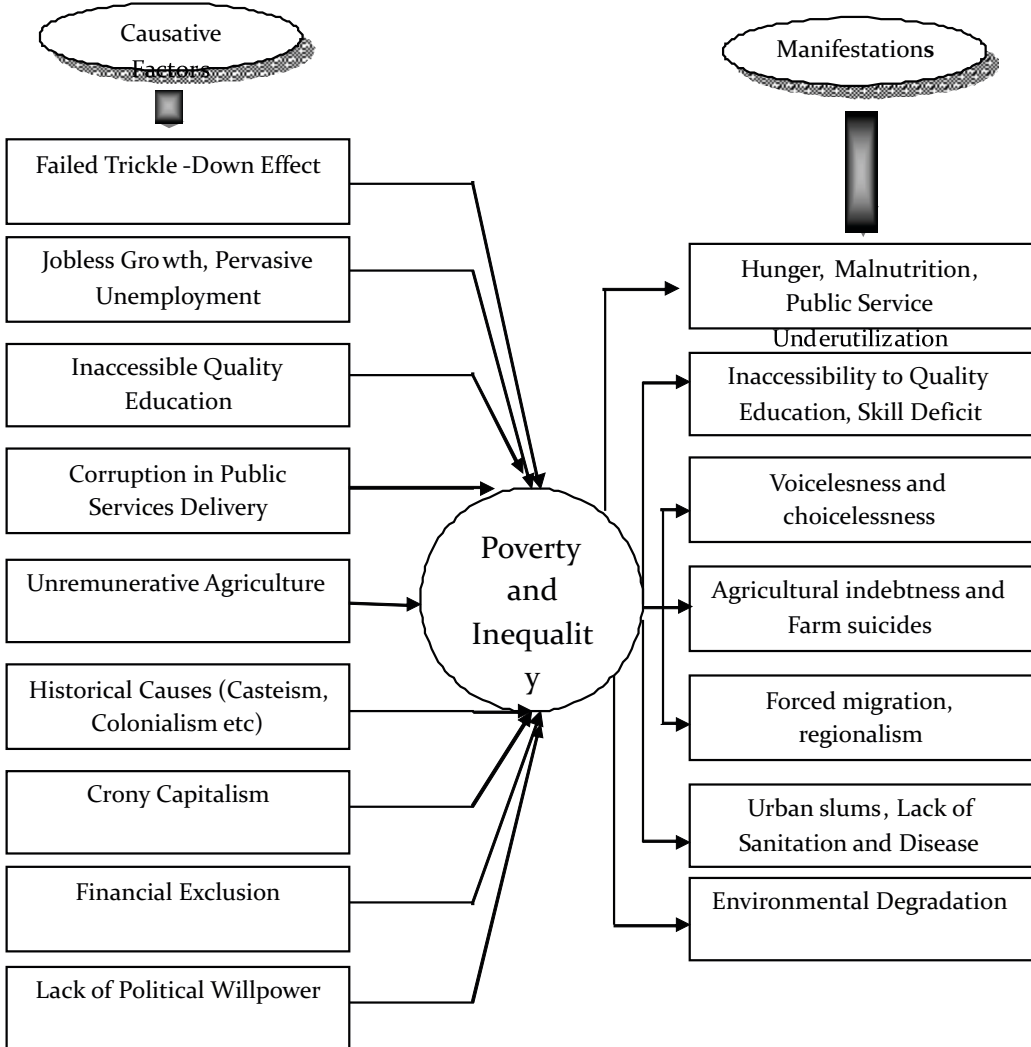
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*“A gift consists not in what is done or given, but in the intention of the giver or doer”<sup>48</sup>*

It is not that the malaise of poverty and inequality are incurable here. But what intrigues most that why in the last 10 years, when growth momentum was on its peak, Government relied more on grandiose talk and innumerable ineffective schemes than systematic approach. The evils of crony capitalism and corruption with potent mix of policy indecisiveness in many sectors hampered growth to the hilt. The spate of scams ranging from spectrum to coal has undermined the credibility and questioned intention in public policy makers. The democracy in definition survived, but its practice, which is its essence, remained lost throughout last decade.

The institution of Central Bureau of Investigation (CBI) has gradually degenerated into arm twisting tool for political expediency than being federal investigative agency. In May 2013, the Supreme Court openly questioned the credibility of CBI probe into the coal scam and in turn scathingly indicted CBI by calling it a "caged parrot speaking in its master's voice" and "It's a sordid saga that there are many masters and one parrot".<sup>49</sup> The apex court also remarked that "The heart of the report was changed on suggestions of Government officials".<sup>50</sup>

## Causative Factors and Manifestations of Poverty and Inequality



It raises serious questions on the independence of CBI and obnoxious level of political interference into probe of such serious scam. It also reflects the distressing reality on how an institution of national importance could be tamed to show subservience to its political masters.

Another sign of deceptive intention was reflected in the manner in which Lokpal issue was handled, even Narayan Murthy expressed his sadness in one interview over handling of this issue by PM and Sonia Gandhi.<sup>51</sup> Even whole country poured in one the street protesting over brazen corruption of UPA Government. In CNN-IBN State of the Nation Survey, conducted by Centre for the Study of Developing Societies (CSDS), which explicitly portrayed the mood of nation, confirmed that corruption has become more pervasive and big factor with the aam aadmi, both in urban and rural areas, but more so among the educated classes.

A decisive 60 percent of those surveyed felt that the UPA was running a “Very corrupt” or “Somewhat corrupt” Government, with urban respondents showing an even higher percentage of disgust at 66 percent. That’s two out of three people. As many as 71 % college educated people agreed with above statement.<sup>52</sup>

The India cannot turn a blind eye to the corruption that keeps people poor. Corruption and poverty unfortunately go hand-in-hand, threatening the lives of too many people. It aggravates more when people are forced to bribe to get essential services like health and water the toll can be horrifying. The effects of corruption are personal and they are devastating.

Corruption leaves children without mothers, families without healthcare, people without food, the elderly without security, and businesses without capital.<sup>53</sup> Transparency International has established through their research that less corruption means less maternal mortality, better literacy among young people and better access to sanitation.

There is no gainsaying that the wedge between shining India and suffering India will keep growing unless strong systemic reforms are initiated for promoting sustainable and inclusive growth not very similar to what has been done since 1991. There could not have been better summation of all what has been written above that “societies

cannot have both, perfect equality and perfect efficiency and must choose how much of one is to sacrifice for other.”<sup>54</sup>

Another crucial intervention which must be resorted to without any delay is to dismantle existing poverty line and fix minimum threshold income which should not be sustenance based. Rather it should be kind of empowerment line. In a recent report by McKinsey Global Institute,<sup>55</sup> released in February 2014, a new Empowerment Line has been proposed which takes a more holistic measure of Income deprivation.

The Empowerment Line considers minimum economic cost of household which is required to fulfill eight basic needs: food, energy, housing, drinking water, sanitation, healthcare, education and social security. It calculates the level of consumption required to meet these needs in India, assuming availability of infrastructure and access point at efficient cost. This line provides for a new national vision for standard of living for all citizens. It is worth mentioning that the minimum standards of consumption are 1.5 times higher than those mentioned in official poverty line.

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48 Seneca, Moral Essays, Volume III: de Beneficiis

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55 From Poverty to Empowerment: India's Imperative to Jobs, Growth, and Effective Basic Services, February 2014, McKinsey Global Institute

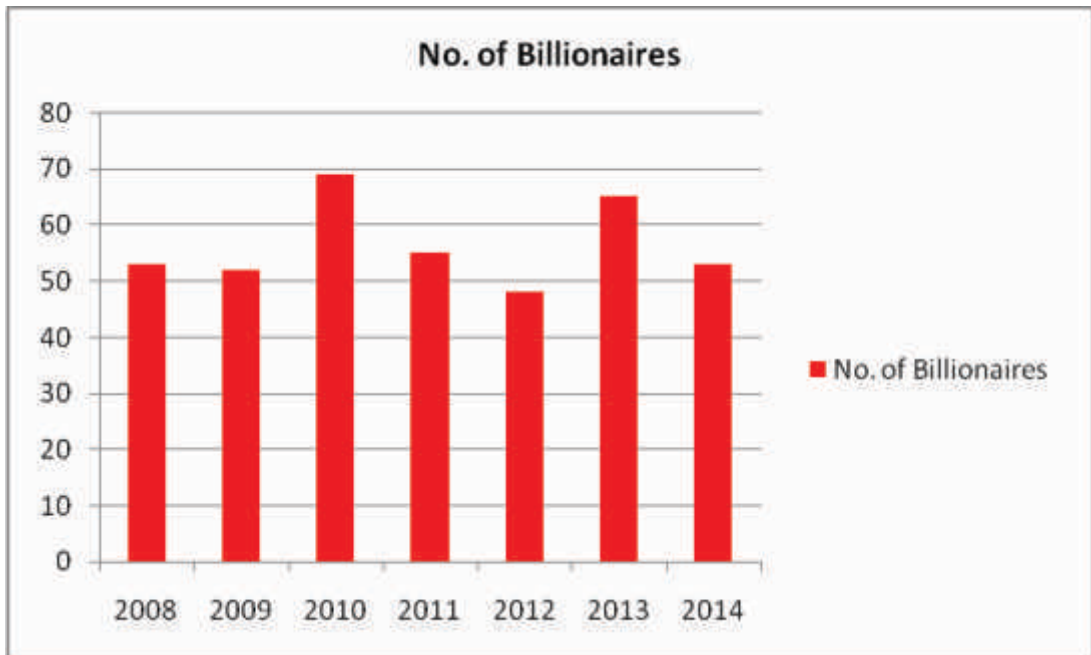
## List of Indians who are Billionaires

INDIA		
GDP: \$1.9 Tln		
Population: 1.2 Bln		
Total Net Worth: \$191.5 Bln		
World Rank	Name	Net Worth
40.	Mukesh Ambani	\$18.6 bln
52.	Lakshmi Mittal	\$16.7 bln
61	Azim Premji	\$15.3 bln
82.	Dilip Shanghvi	\$12.8 bln
102.	Shiv Nadar	\$11.1 bln
191.	Kumar Birla	\$7.0 bln
244.	Sunil Mittal & family	\$5.7 bln
281.	Anil Ambani	\$5.0 bln
281.	Micky Jagtani	\$5.0 bln
295	Savatri Jindal & family	\$4.9 bln
295.	Cyrus Poonawalla	\$4.9 bln
295.	Shashi and Ravi Ruia	\$4.9 bln
396.	Uday Kotak	\$3.8 bln
446.	Adi Godrej & family	\$3.5 bln
446.	Jamshyed Godrej & family	\$3.5 bln
506.	Desh Bandhu Gupta	\$3.2 bln
551.	Kushal Pal Singh	\$3.0 bln
580.	Anil Agarwal	\$2.9 bln
609.	Gautam Adani	\$2.8 bln
731.	Brijmohan Lall Munjal	\$2.4 bln
731.	Pankaj Patel	\$2.4 bln
764.	Indu Jain	\$2.3 bln
796.	Kalanithi Maran	\$2.2 bln
828.	Malvinder & Shivinder Singh	\$2.1 bln
931.	Subhash Chandra	\$1.9 bln
931.	Chandru Raheja	\$1.9 bln
973.	Rahul Bajaj	\$1.85 bln
973.	Ajay Kalsi	\$1.85 bln
988.	Rashid Naoroji	\$1.80 bln
988.	Ravi Pillai	\$1.80 bln

World Rank	Name	Net Worth
988.	Sunny Varkey	\$ 1.80 bln
988.	MA Yusuf Ali	\$ 1.80 bln
1046.	NR Narayan Murthy	\$ 1.70 bln
1092.	Venugopal Dhoot	\$ 1.60 bln
1092.	Mangal Prabhat Lodha	\$ 1.60 bln
1143.	Benu Gopal Bangur	\$ 1.55 bln
1154.	Murali Divi	\$ 1.50 bln
1154.	Senapathy Gopalkrishnan	\$ 1.50 bln
1154.	Ravi Japuria	\$ 1.50 bln
1203.	Ajay Parimal	\$ 1.45 bln
1210.	Nandan Nilekani & Family	\$ 1.40 bln
1210.	Ranjan Pal	\$ 1.40 bln
1284.	Baba Kalyani	\$ 1.30 bln
1356.	Ashwin Dani	\$ 1.25 bln
1372.	Rakesh Jhunjhunwala	\$ 1.20 bln
1372.	Nirav Modi	\$ 1.20 bln
1372.	Mofatraj Munot	\$ 1.20 bln
1442.	Brij Bhushan Singh	\$ 1.15 bln
1465.	Yusuf Hamied	\$ 1.10 bln
1465.	Lachhman Das Mittal	\$ 1.10 bln
1540.	K Dinesh & family	\$ 1.05 bln
1540.	Vikram Lal	\$ 1.05 bln
1565.	Harinderpal Banga	\$ 1.00 bln
1565.	TS Kalyanaraman	\$ 1.00 bln
1565.	BR Shetty	\$ 1.00 bln
1565.	Jitendra Virwani	\$ 1.00 bln

Source : Forbes India, April 4, 2014 Issue





Source : Forbes India, April 4, 2014 Issue

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