India and the Millennium Development Goals: Progress and Challenges

R. Ramakumar

NCCR North-South Dialogue, no. 38

2011

dialogue

The present study was carried out at the following partner institution of the NCCR North-South:

Tata Institute of Social Sciences (TISS)
P.O. Box 8313
Deonar
Mumbai 400 088
India

Swiss National Science Foundation

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

The NCCR North-South (Research Partnerships for Mitigating Syndromes of Global Change) is one of 27 National Centres of Competence in Research established by the Swiss National Science Foundation (SNSF). It is implemented by the SNSF and co-funded by the Swiss Agency for Development and Cooperation (SDC), and the participating institutions in Switzerland. The NCCR North-South carries out disciplinary, interdisciplinary and transdisciplinary research on issues relating to sustainable development in developing and transition countries as well as in Switzerland.

http://www.north-south.unibe.ch

India and the Millennium Development Goals: Progress and Challenges

R. Ramakumar

NCCR North-South Dialogue, no. 38

2011

Citation
Ramakumar R. 2011. *India and the Millennium Development Goals: Progress and Challenges.* NCCR North-South Dialogue 38 (Working Paper, Special Research Project 4 – Beyond the MDGs). Bern and Zurich, Switzerland: NCCR North-South.

A Working Paper for the Research Project on:
"Poverty-oriented development policy beyond the Millennium Development Goals," coordinated by Urs Geiser and Didier Péclard

Series editor
Anne B. Zimmermann, NCCR North-South, Management Centre

Editing
Martin Steinmann, Urs Geiser

Cover photo
Impressions from India. (Photos by Urs Geiser)

Distribution
The PDF version of this paper can be downloaded from:
http://www.north-south.unibe.ch under "Publications"

Contents

Figures

Tables

1 Introduction

The Millennium Development Goals (MDGs) are a set of time-bound and numerically quantifiable measures of human development proposed by the United Nations Millennium Summit in the year 2000, and pursued by almost 189 national governments across the world. These goals are expected to be attained by the year 2015. There are eight Millennium development goals, which aim to eradicate extreme poverty and hunger (Goal 1); achieve universal primary education (Goal 2); promote gender equality and empower women (Goal 3); reduce child mortality (Goal 4); improve maternal health (Goal 5); combat HIV/AIDS, Malaria and TB (Goal 6); ensure environmental sustainability (Goal 7); develop global partnership for development (Goal 8). In this note, I look at the performance and debates surrounding MDG's Goal 1 associated with eradicating extreme poverty and hunger in India.[1]

The Millennium Development Goals recommend phased and time-bound improvement in social and human development indicators through quantitative targets. Subsequently, MDG-1 sets targets to be fulfilled by the year 2015 (Table 1).

Table 1: MDG-1 Targets and Indicators

Target 1.A:	To halve, between 1990 and 2015, the proportion of people whose income is less than $1.25 per day
	Indicator 1: Poverty Headcount Ratio (HCR)
	Indicator 2: Poverty Gap Ratio (PGR)
	Indicator 3: Share of Poorest Quintile in National Consumption
Target 1.B:	Full and productive employment and decent work for all, including women and young people
	Indicator 4: Growth rate of GDP per person employed
	Indicator 5: Employment-to-population ratio
	Indicator 6: Proportion of employed people living below $1 (PPP) per day
	Indicator 7: Proportion of own-account and contributing family workers in total employment
Target 1.C:	To halve, between 1990 and 2015, the proportion of people who suffer from hunger
	Indicator 8: Prevalence of underweight children under three years of age
	Indicator 9: Proportion of population below minimum level of dietary energy consumption

The Government of India (GoI) has been publishing annual country reports as required by the MDG programme. Before the year 2009, these annual reports also contained a brief survey of relevant public schemes and programmes in the country. However, the

1 I would like to thank Urs Geiser and Bernd Steimann for their encouraging comments on an earlier draft, and Awanish Kumar for able research assistance. All the errors are, of course, mine alone.

most recent report has done away with the practice, and focussed completely on quantitative assessments and forecasts in terms of meeting targets under each MDG. In sum, three major divergences could be identified between the requirements under Goal 1 set by the UN and the indicators used by the GoI in its country reports.

First, GoI does not monitor improvements under Target 1.B at all. It must be noted that Target 1.B has been set in the year 2005 and was incorporated in the revised framework of MDG indicators approved by the UN. However, Indian government has not adopted the revised framework owing to 'strategic and technical reasons' (GoI, 2009). The MDG framework used in India is based on the 2003 UNDP guidelines on "Concepts, Rationale and Methodology of MDG indicators," thus recognising 12 indicators for statistical monitoring by the government.

Secondly, the annual reports of the GoI also do not take into account Indicator 9 (Target 1.C) related to the population living below minimum nutritional requirement while the International Labour Organization (ILO), in one of its recent publications, points out that,

> *Target 1.C is among the worst performing of all MDG targets. High food prices and the economic crisis have increased hunger globally. Out of 103 developing countries, only eleven have reached the target and only 45 are on track.* (ILO 2010)

Thirdly, the GoI estimates rely completely on the national poverty line definitions, which are way below the international standards for poverty measurement. Midway through the MDG period, i.e. during August 2008, the World Bank released new estimates of 'extreme poverty' using the threshold of $ 1.25 per day (PPP) for the year 2005. The estimates of poverty going by these estimates were significantly higher than estimated according to the earlier method. In this paper, I have primarily used the methodology used officially by the GoI in measuring income poverty.

To sum up, the official data on MDG achievements monitor four indicators under Goal 1, including indicators 1, 2, 3 and 8 in Table 1.

2 Target 1A: Poverty

2.1 Indicator 1: Poverty Headcount Ratio

Poverty, of course, is a multi-dimensional concept. However, official statistics in India on poverty have always referred, arguably narrowly, to only income poverty. In an income-poverty approach to estimating poverty, a poverty line is used to classify the population into two categories: those above and below it. The poverty line is fixed in a number of ways. In India, official sources use a calorie-based procedure to fix the poverty line as the minimum level of income that would enable a person to purchase a food basket, which is equivalent to a per capita calorie content of 2,400 in rural areas and 2,100 in urban areas (GoI, 1993). As secondary data on household incomes are not available, the proxy variable used is consumption expenditure collected by the National Sample Survey Organisation (NSSO) in its quinquennial rounds.

It may be useful to begin with the structure of income poverty in India. Both historically and in the contemporary period, levels of poverty have been higher in the rural areas than in urban areas. The largest number of the income-poor population lives in rural areas. Within rural areas, income-poverty is highest among the labouring population in the agricultural and non-agricultural sector. The largest share of the income-poor working population in rural areas is employed in the informal sector in low-skilled and poorly paid tasks and enters into non-permanent casual labour contracts. Among different social groups, income poverty levels are highest for the scheduled caste and scheduled tribe population. Also, income poverty levels are higher for female-headed households than male-headed households. In the urban areas, while the income-poor population is engaged in low-skilled and poorly paid tasks on casual contracts, the social composition of the income-poor is much more varied and heterogeneous. The above features of poverty are as true in the contemporary period as at the time of India's independence.

National trends in levels of income poverty

As per the targets set for Goal 1, India is to halve the proportion of people living below $ 1 per day between 1990 and 2015. However, as mentioned, the Indian government uses a different criterion – a norm for consumption expenditure – to estimate the poverty line. In this paper, I have used the poverty line set by the Indian government to judge progress in achieving Goal 1. Further, I have used the estimates of consumption expenditure based on the Uniform Reference Period (URP) method to ensure comparability between 1993–94 and 2004–05.

In this paper, I have used a simple index that determines the required rate of progress (RRP) and the actual rate of progress (ARP) in selected indicators in order to judge the extent of progress achieved. These two indicators may be defined as follows.

$$ARP = \left\{ \frac{(X_{t1} - X_{t0}) / X_{t0}}{(t_1 - t_0)} \right\}$$

where,

t_0 is the base year 1990 (or the closest year to 1990);
t_1 is the latest year for which data is available;
X_{t1} and X_{t0} are the values of variables for the latest year and base year.

$$RRP = \alpha' / (t_{mdg} - t_0)$$

where,

α' is the target i.e., 0.5;
t_{mdg} is the year at which the target is to be achieved;
t_0 is the base year

Between 1993–94 and 2015–16, India is supposed to reduce its Head Count Ratio (HCR) at a required annual rate of 2.27 (the RRP). However, between 1993–94 and 2004–05, the ARP was estimated to be only 2. In other words, India's record in reducing HCR, going by the URP estimates of the NSSO, is off-track (see Figure 1).

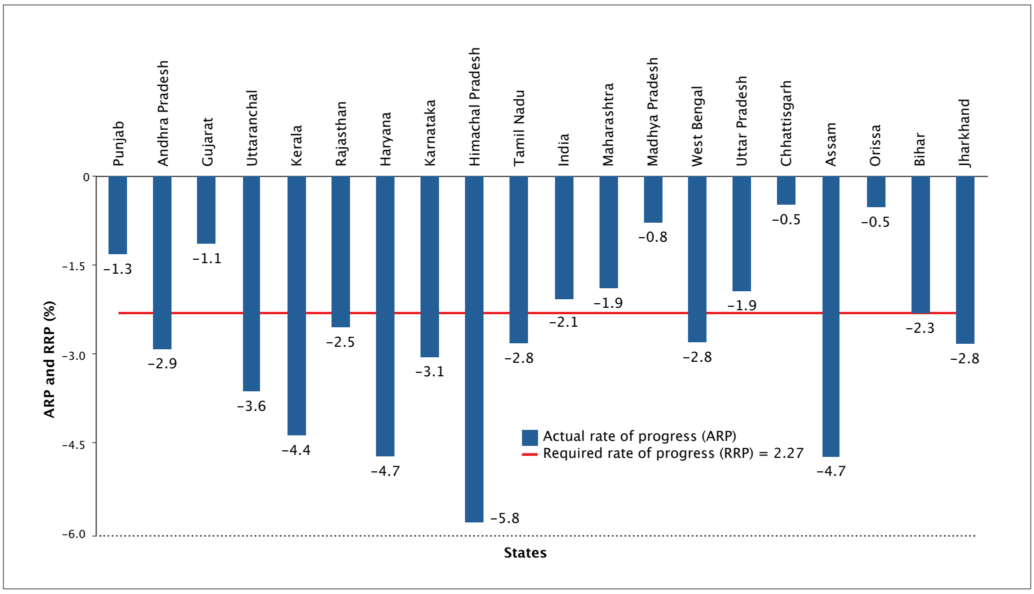


Figure 1: Actual rate of progress and required rate of progress in halving poverty headcount ratio, India, 1993-94 to 2004-05, in per cent. (Source: Computed from NSS surveys. Note: States are arranged in the ascending order of HCRs, as in the base year of 1993–94)

Data on levels of income-poverty available from the early 1950s do not show any distinct trend in change between the 1950s and the mid-1970s (Table 2). It was only after 1975-76 that levels of income poverty began to show a declining trend (Sen, 1996). Between the mid-1970s and the late-1980s, the levels of poverty in both rural and urban areas declined at a rapid rate. For instance, between 1983 and 1987–88, rural poverty levels fell at an annual rate of 1.7 per cent, while urban poverty fell at an annual rate of 1.1 per cent (Table 3). This phase of rapid decline in income poverty gave way to a new phase of slow decline in poverty levels from the early-1990s onwards that lasted till the last year for which data are available viz., 2004–05. As Table 3 shows, between 1993–94 and 2004–05, rural poverty fell by just 0.77 per cent per annum. Further evidence for the slow poverty decline in the 1990s is in Figure 2, which superimposes the actual changes in rural poverty in the 1990s over the trend line of rural poverty decline in the 1980s. Had rural poverty fallen at the same rate as in the 1980s, the head count ratio in 2004–05 would have been 19.8 per cent instead of the actual ratio of 28.7 per cent.[2]

Table 2: Head count ratios of income-poverty in India, rural and urban, NSSO, URP, 1950–51 to 2003–04, in per cent

Period of survey	Head count ratios (in per cent)	
	Rural	Urban
1951	47.4	35.5
1955	51.8	43.9
1960–61	45.4	44.7
1965–66	57.6	52.9
1970–71	54.8	44.5
1973–74	55.7	48.0
1977–78	50.6	40.5
1983	45.3	35.7
1987–88	39.6	35.7
1993–94	37.2	32.6
2004–05	28.7	25.9

Source: Ozler, Datt and Ravallion (1996); Himanshu (2007).
Note: Data from 1977–78 in this table are exclusively from the large sample quinquennial survey rounds of NSSO. Official data for 1999–2000 are not comparable with other estimates due to certain changes in the methods of data collection. Hence, data for 1999–2000 are not presented here.

Table 3: Annual percentage changes in the head count ratio and poverty gap ratio in India, rural and urban, 1983 to 2004–05, in per cent per annum

Period	Rural	Urban
	Annual change in head count ratio (per cent)	
1983 to 1993–94	-0.88	-1.05
1993–94 to 2004–05	-0.77	-0.61
1983 to 1987–88	-1.66	-1.09
1987–88 to 2004–05	-0.61	-0.75
1983 to 2004–05	-0.83	-0.82
	Annual change in poverty gap ratio (per cent)	
1983 to 1993–94	-0.37	-0.32
1993–94 to 2004–05	-0.25	-0.17
1983 to 1987–88	-0.68	-0.26
1987–88 to 2004–05	-0.21	-0.24
1983 to 2004–05	-0.31	-0.24

Source: Himanshu (2007).

2 Data used to construct Figure 1 are taken from both large sample and small sample surveys of NSSO.

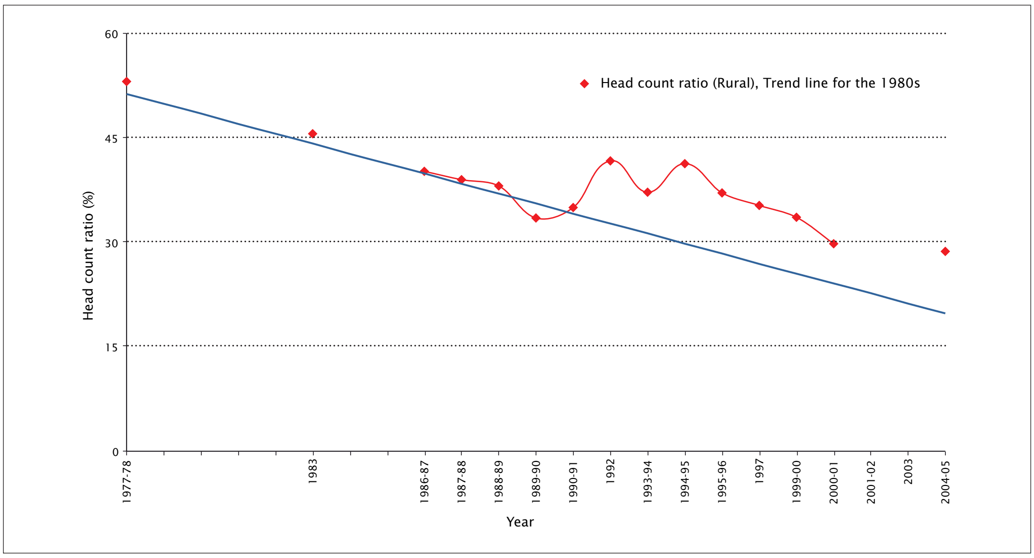


Figure 2: Changes in the levels of rural poverty in India, 1977-78 to 2004-05, in per cent

State-level trends in income poverty

Geographically, the spread of the income-poor population in India has its specific features. Taking rural and urban areas together, about 59 per cent of the income-poor population in 2004–05 resided in four States: Uttar Pradesh, Bihar, Madhya Pradesh and Maharashtra. If I take only rural areas, 62 per cent of the income-poor population resided in the above four States in 2004–05.

The rate of decline in rural poverty between 1993–94 and 2004–05 differed widely across States. In Figure 1, I have arranged the Indian States in the ascending order of the HCR in 1993–94, the base year. With a given RRP of 2.27, only 11 out of 19 States recorded an ARP higher than the RRP. Out of the 11 States, 8 States had an HCR lower than the national average in 1993–94. In other words, majority of the States that recorded higher-than-RRP in HCR were States that already had a lower-than-average HCR in 1993–94. On the other hand, most States that had higher-than-average HCR in 1993–94 were also some of the most populous States of India. These are also States that have been historically backward in terms of many social and developmental indicators. Thus, the inequality across States in terms of HCR appears to have risen between 1993–94 and 2004–05.

Studies have shown that the reduction in levels of poverty across States depends crucially on the "initial conditions" in each State, particularly with respect to distribution of assets and educational and health indicators. For instance, the record of poverty reduction in States where there were radical programmes of asset redistribution, such as land reforms, has been notable. Examples in this regard are Kerala and West Bengal (Ramakumar, 2005; Mishra and Rawal, 2002). On the other hand, in States with a poor record of land reform and backward educational and health indicators, the record of poverty reduction has been very poor (Ravallion and Datt, 1995). Examples in this regard are Uttar Pradesh, Bihar and Madhya Pradesh, which have an extremely poor record of meeting the basic needs of people. John Harriss (1999) has made a case for correlating the performance of Indian States in poverty alleviation with the specific *political regimes* that exists in each State; he has noted that:

> *...there does seem to be a strong case for differentiating between the political systems of different States in terms of balance of caste/class power, and the nature of their party systems, and it may be expected that these differences can be shown to influence the policy process and the performance of the States...It seems likely that, in each of the more successful cases, the power of the locally dominant castes/classes has been challenged to a greater extent* (p. 3376).

In sum, the progress in achieving the targets of MDGs across Indian States may not simply be a function of "policy", but a deeply political question of how structures of hegemony are weakened and more democratic forms of governance structures are instituted.

Moving from poverty to vulnerability

An analysis of levels and changes in poverty, given the way it is officially estimated, can not be undertaken as separate from the methodology of fixing the poverty line itself. The present poverty lines used in India are based on the method suggested by the report of an official task force appointed in 1979. Based on the observed consumer behaviour in the NSSO survey of 1973–74, it was estimated by the task force that an expenditure of Rs 49.09 per capita per month was associated with a calorie intake of 2400 per capita per day in rural areas and Rs 56.64 per capita per month with a calorie intake of 2100 per day in urban areas. These poverty lines were updated for future years by simply accounting for the changes in consumer price indices. As such, the all-India poverty lines updated for 2004–05 were Rs 356.30 in rural areas and Rs 538.60 in urban areas, all per capita per month. An amount of Rs 356.30 per month per person amounted to just Rs 11.90 per day in rural areas, which is, at best, a destitute income.[3]

The poverty lines officially fixed in India are also way below the international standards. For instance, if I consider the norm of US $ 1 per day per person, the HCR (rural and urban together) was 49.4 per cent in 1993–94 and 41.6 per cent in 2004–05.

The perceived inadequacy of the poverty line to meaningfully reflect levels of poverty has motivated scholars to look for alternative ways of analysing the levels of deprivation. For instance, the government's National Commission for Enterprises in the Unorganised Sector (NCEUS) has undertaken an alternative analysis (NCEUS, 2007). The NCEUS has expanded upon the concept of "poverty" and introduced a new concept called "vulnerability"[4]. Vulnerability is a term that has been used as distinct from poverty. By vulnerable, the NCEUS specifically refers to those sections of people who are not "poor", but who risk becoming poor as a result of a shock to their livelihoods (one scholar has

3 The fact that about one-fourth of India's population did not incur even this level of expenditure is in itself a revealing point.

4 The concept of vulnerability, however, has not been officially adopted by the government.

posed it in a slightly different way: "the anguish of a mother who is not sure whether she can feed her children in the days ahead is no less real than the agony of a mother who in fact fails to do so."). Of course, one can ask, "are not the poor vulnerable?" Yes, but the difference here is that after the shock, the poor people risk becoming *poorer*, while the vulnerable people risk becoming the *newly poor*. This difference can reveal certain important trends, and may sometimes be very important in policy making. Further, any policy that reduces livelihood vulnerability in the society as a whole would, *ipso facto*, create enabling environments for the poor to climb out of poverty.

The levels of vulnerability in the livelihood systems of Indian people are deeply distressing. The NCEUS divided the population into groups based on their daily per capita consumption expenditure (DPCE). While individuals spending less than the poverty line were called "poor", those spending between the poverty line and twice its value were called "vulnerable".

- In 2004–05, the share of population that was classified as vulnerable formed 55 per cent of the population. Together, the poor and vulnerable formed a whopping 76.7 per cent of the population (Table 4).

- In 2004–05, while the DPCE in poor households was Rs 11, the corresponding figure in vulnerable households was Rs 18. Taken together, poor and vulnerable households had an average DPCE of Rs 16 (Table 4). In other words, the average DPCE of about 77 per cent of the population was a meagre Rs 16.

- If the share of poor and vulnerable in the total population was about 77 per cent, the share of poor and vulnerable among Dalits and Adivasis was higher at 87.8 per cent (Table 5). Among Muslims, the share of poor and vulnerable was 84.5 per cent. Among all unorganised workers, the share of poor and vulnerable was 78.7 per cent.

- If among regular wage workers, the share of poor and vulnerable was 66.7 per cent, the figure was higher at 90 per cent for casual workers.

The levels of consumption expenditure, as well as the shares of population in each expenditure group, bring out the extent of vulnerability that pervades Indian socio-economic life. This also shows the urgency that has to be accorded to policy efforts that would drastically reduce poverty and vulnerability in the coming years. Indeed, the NCEUS report has played a major role in redefining the contours of scholarly debate on poverty reduction in India in the 2000s.

Table 4: Distribution of population and average daily per capita consumption expenditure (DPCE) by poverty status, India, 2004–05, in per cent and Rs

Poverty status	Criterion	Percentage in population (%)	Average DPCE (Rs)
Extremely poor	MPCE <= 0.75PL	6.4	9
Poor	0.75PL <= MPCE <= 1PL	15.4	12
Marginal	1PL <= MPCE <= 1.25PL	19.0	15
Vulnerable	1.25PL <= MPCE <= 2PL	36.0	20
Middle income	2PL <= MPCE <= 4PL	19.3	37
High income	MPCE > 4PL	4.0	93
Extremely poor and poor	MPCE <= 1PL	21.8	11
Marginal and vulnerable	1PL < MPCE <= 2PL	55.0	18
Poor and vulnerable	0 < MPCE <= 2PL	76.7	16
Middle and high income	MPCE > 2PL	23.3	46
All		100.0	23

Source: NCEUS (2007).

Table 5: Distribution of population and average daily per capita consumption expenditure (DPCE) by poverty status, social identity and work status, India, 2004–05, in per cent and Rs

Poverty status	Percentage in population among (%)		
	Dalits/Adivasis	Muslims	Unorganised workers
Extremely poor	10.9	8.2	5.8
Poor	21.5	19.2	15.0
Marginal	22.4	22.3	19.6
Vulnerable	33.0	34.8	38.4
Middle income	11.1	13.3	18.7
High income	1.0	2.2	2.7
Extremely poor and poor	32.4	27.4	20.8
Marginal and vulnerable	55.4	57.1	57.9
Poor and vulnerable	87.8	84.5	78.7
Middle and high income	12.2	15.5	21.3
All	100.0	100.0	100.0

Source: NCEUS (2007).

2.2 Indicator 2: Poverty Gap Ratio

The poverty gap ratio provides information on the extent to which the poor fall short of the poverty line (see Deaton, 1997, p. 146). For example, a poverty gap ratio of 0.25 denotes that the total amount by which all the poor fall short of the poverty line is equal to 25 per cent of the poverty line multiplied by the population. Poverty gap ratio will rise if there is a transfer of income from the poor to the less poor.

Between 1993–94 and 2004–05, the poverty gap ratio in rural areas of India fell from 8.5 per cent to 5.7 per cent, while that in urban areas fell from 8.1 per cent to 6.1 per cent. In other words, the absolute amount by which all the poor in India fall short of the poverty line fell between 1993–94 and 2004–05. However, as in the case of HCR, the rate of decline in the poverty gap ratio declined between 1993–94 and 2004–05, as compared to between 1983 and 1993–94. In rural India, between 1983 and 1993–94, the poverty gap ratio fell by 0.37 percentage points annually; between 1993–94 and 2004–05, the ratio fell by only 0.25 percentage points annually (Table 3).

While the poverty gap ratio declined at the national level, it increased in a few States between 1993–94 and 2004–05. Himanshu (2007) notes that on poverty gap ratio,

> *...Chhattisgarh and Orissa do worse in rural areas in 2004–05 than in 1993–94. In both these States, poverty gap and squared poverty gap increased in 2004–05 compared to 1993–94. Similarly in urban areas, PG and SPG measures have increased in Orissa, Chhattisgarh and Haryana. For Chhattisgarh and Orissa, the more sensitive measures of poverty have worsened in both rural and urban areas* (p. 498).

2.3 Indicator 3: Share of Poorest Quintile in National Consumption

The share of the poorest quintile in national consumption would show the extent to which the poorest of the poor partake in the growth that takes place at the national level. While the overall poverty level and poverty gap ratio fell between 1993–94 and 2004–05, the share of the poorest quintile in national consumption actually fell in both rural and urban areas of India (Table 6). In other words, the growth in total consumption appears to have bypassed the poorest of the poor.

In Table 7, I look at this data from another perspective. Here, I try to look at the rate of growth in mean consumption expenditure for each consumption decile in rural and urban areas. It shows that the rate of growth of mean consumption in the higher consumption deciles was significantly higher than in the lower consumption deciles between 1993–94 and 2004–05. In rural areas, while the mean consumption grew at 4.13 per cent for the lowest consumption decile, the corresponding figure for the highest consumption decile was far higher at 14.08 per cent. Similarly, in urban areas, while the mean consumption grew at 11.17 per cent for the lowest consumption decile, the corresponding figure for the highest consumption decile was far higher at 33.11 per cent. In other words, there was a sharp rise in the inequality of consumption expenditure in both the rural and urban areas.

Table 6: Share of poorest quintile in national consumption, India, NSSO, rural and urban, 1993–94 and 2004–05, in per cent

Year	Share of poorest quintile in national consumption (%)	
	Rural	Urban
1993–94	9.6	8.0
2004–05	9.5	7.3

Source: MDG reports, India.

Table 7: Decile-wise mean consumption expenditures, at 1993–94 and 2004–05 prices, NSSO, India, in Rs and per cent

Consumption deciles	Mean consumption		Growth, 1993–94 to 2004–05 (%)
RURAL	**1993–94**	**2004–05**	
1	116.3	121.1	4.1
2	154.0	158.0	2.5
3	178.2	181.7	2.0
4	200.8	205.0	2.1
5	224.3	229.1	2.1
6	250.8	256.4	2.2
7	282.4	289.1	2.4
8	324.6	334.1	2.9
9	395.6	410.0	3.6
10	687.2	783.9	14.1
Total	281.4	296.8	5.5
URBAN			
1	151.5	171.7	11.2
2	212.4	234.4	10.4
3	252.2	283.0	12.2
4	291.8	332.0	13.8
5	334.9	388.4	16.0
6	383.9	455.6	18.7
7	448.7	538.7	20.1
8	541.5	651.5	20.3
9	691.7	845.8	22.3
10	1268.8	1688.9	33.1
Total	458.0	559.0	22.0

Source: Chandrasekhar (2010).

2.4 Factors associated with changes in poverty and consumption

Given that income poverty is concentrated among manual workers in the rural and urban areas, it is no surprise that changes in the agricultural economy, food prices and issues related to employment and wages have dominated the literature on determinants of poverty. However, there have been differing opinions on the relative strength of each of these factors in influencing changes in poverty. Also, the trends in poverty levels – that show sharply falling poverty levels in the 1980s and slowly falling poverty levels in the 1990s – have forced economists to look at how the above factors have behaved differently in these two decades so as to bring about the observed changes.

The period of rapidly falling poverty levels: the 1980s

Early research on poverty levels in India, particularly in the rural areas, had focused on the rate of growth in agriculture as an important determinant of poverty. Indeed, it is an obvious fact that if the rate of growth in agriculture is increasing, it will have a general favourable impact on levels of rural poverty in the growth regions. The period when rural poverty began to fall (i.e., after 1975–76) was also a period when farm yields rose consequent to the adoption of the green revolution strategy. Hence, some scholars argued that the decline in poverty during the 1980s was primarily due to increase in agricultural yields (Ravallion and Datt, 1996). However, studies like those by Ravallion and Datt had chosen to use *per hectare* agricultural production as the independent variable in their poverty equations. When Sen (1996) chose to use *per capita* agricultural production in the equation, the relationship was not found to be statistically significant. Such a different result was obtained because as a consequence of the green revolution strategy, most States had registered a rise in per hectare yields in the 1980s. However, agricultural production per capita had not risen significantly in most States. Sen (1996, p. 2469) argued that "there is a rather weak link across States between the rate of *agricultural growth per capita* and reductions in rural poverty".

The rapid decline of rural poverty in the 1980s, in fact, owed more to another significant change that was taking place in rural areas: the expansion of non-agricultural employment. This expansion of non-agricultural employment was not one driven by a rapid growth in agriculture; such a linkage was limited to the traditional green revolution areas. In fact, data show a sharp drop in labour absorption in agriculture in the 1980s (Sen, 1996). Outside traditional green revolution areas, the real impetus to non-agricultural employment came from an expansion in government expenditure. There was a significant expansion in employment opportunities in the government sector in the 1980s, a large part of which went to the rural applicants. Also, there was a significant flow of funds to the rural areas from the government through self-employment schemes like the Integrated Rural Development Programme (IRDP) and Training Rural Youth for Self-Employment (TRYSEM). Along with the expansion of non-agricultural employment, there was also a sharp increase in real agricultural wages in the 1980s. Both these factors had a significant impact on the overall levels of rural poverty, given that the largest number of poor belonged to the labouring sections of the rural society.

Along with non-farm employment and wages, the movement of relative prices of food also helps to explain, in large measure, the decline of poverty levels in the 1980s. Studies have found that the fall in the relative prices of cereals better explain the fall in poverty in the 1980s than changes in inflation rate (see Sen, 1996, 1998; Sen and Patnaik, 1997).

Largely, this direct relationship arises from the fact that the majority of the income-poor households in India are net buyers of food grains from the market.

The period of slowly falling poverty levels: the 1990s and 2000s

While the levels of income poverty did indeed fall in the 1990s up to 2004–05, this fall was at a much slower rate than in the 1980s. While employment growth was the main plank on which poverty had fallen after the mid-1970s, it had ceased to be so in the 1990s. The growth rate of overall employment generation, particularly non-agricultural employment, was lower in the 1990s than in the 1980s. Alongside, the shift of workers from agriculture to non-agricultural sectors slowed down in the 1990s (Sen, 2002).

An important reason for the slow growth of non-agricultural employment was the shrinkage of government expenditure in rural areas relative to GDP. The total rural development expenditure of the government that averaged at 3.8 per cent of GDP between 1985 and 1990 shrunk to 2.8 per cent in 1993–94 and 1.9 per cent in 2000–01 (U. Patnaik, 2006). If the total central outlay for rural wage employment was 0.4 per cent of GDP in 1995–96, it declined to 0.1 per cent of GDP in 2000–01 (Ghosh, 2005). Self-employment programmes of the government also shrunk; the number of rural households assisted through IRDP fell sharply in absolute terms in the 1990s (Ramachandran and Swaminathan, 2002). Importantly, these shrinkages took place in the context of an overall reduction in the flow of bank funds to rural areas in the 1990s. There was also an absolute fall in total public sector employment and a near stagnation in the growth of organized sector employment in the 1990s.

The total earnings of wage workers are dependent on both the number of days of employment as well as the daily wages obtained. In the 1990s, along with the slowing down of employment generation, there was also a slowdown in the growth of agricultural wages compared to the 1980s (Chavan and Bedamatta, 2006; Srivastava and Singh, 2006). Evidence from official data sources as well as village surveys point to a sharp fall in the labour absorption in agriculture in the 1990s, at a rate more rapid than in the 1980s. The resulting fall in the number of days of employment, combined with slowly rising wages, would have significantly shrunk the annual incomes of workers in agriculture. In the larger context of very poor growth of agricultural GDP, these factors appear to reasonably explain the slowdown of poverty reduction in the period after the economic reform programme began in 1991–92.

Rise in inequality and the slowdown of poverty decline

Levels of inequality are important determinants of the distribution of growth in an economy. It is quite possible that the levels of growth in an economy may rise over time, but yet these gains may not percolate to the poor due to widening levels of inequality. Estimates of income inequality in India are arrived at from the data on consumption expenditure of households collected in the quinquennial NSS rounds. The gini ratios of inequality in rural and urban areas, presented in Table 8, show certain very clear trends. Income inequality was generally declining in rural and urban areas between 1977–78 and 1993–94. However, there was a sharp increase in income inequality between 1993–94 and 2004–05.

Decomposition of changes in poverty into the source factors of growth and distribution have shown that while growth did contribute to the fall in poverty in the 1990s and 2000s, the worsening distribution of income had pulled back poverty reduction (Mahendra Dev and Ravi, 2007). According to Mahendra Dev and Ravi, if income distribution had remained at the level of 1980s, poverty level in 2004–05 would have been additionally lower by 3 percentage points in rural areas and 4 percentage points in urban areas.

Table 8: Gini ratios of income inequality for rural and urban areas of India, NSS quinquennial rounds, 1977–78 to 2004–05, in per cent

Year	Gini ratios (in per cent)	
	Rural	Urban
1977–78	30.9	34.7
1983	30.4	33.9
1987–88	29.9	34.9
1993–94	28.6	34.4
2004–05	31.0	38.5

Source: NSS reports, various issues.

3 Target 1B: Full and productive employment and decent work for all, including women and young people

3.1 Indicator 4: GDP per person employed

GDP per person employed is gross domestic product (GDP) divided by total employment in the economy. It is an indicator of labour productivity, which in turn, is an indicator of the international competitiveness of a labour market. A rise in labour productivity is considered good for a backward economy, in terms of a rise in efficiency. However, if a rise in labour productivity is not accompanied by employment generation in new areas or sectors, "jobless growth" would be the result. It would result in an imbalance of income distribution, as the beneficiaries of the rise in labour productivity would be the surplus earners, or those who benefit from profit incomes.

In India, after 1991, there was a sharp rise in GDP per person employed (see Figure 3). Measured in 1990 PPP $, the GDP per person employed rose from $ 2638 in 1980 to $ 3498 in 1991. However, between 1992 and 2008, the GDP per person employed rose from $ 3600 to $ 7445. In this regard, the annual report of India's Ministry of Labour for 2009–10 notes that:

> *India's labour productivity growth during 2005 was the second highest among the 17 APO member countries. The labour productivity growth during 1995 to 2005 in India has all along been better than the comparative position in respect of benchmark countries such as United States (excepting China), thus indicating the shift betterment of Indian economy through higher labour productivity in all these years of globalization* (p. 55).

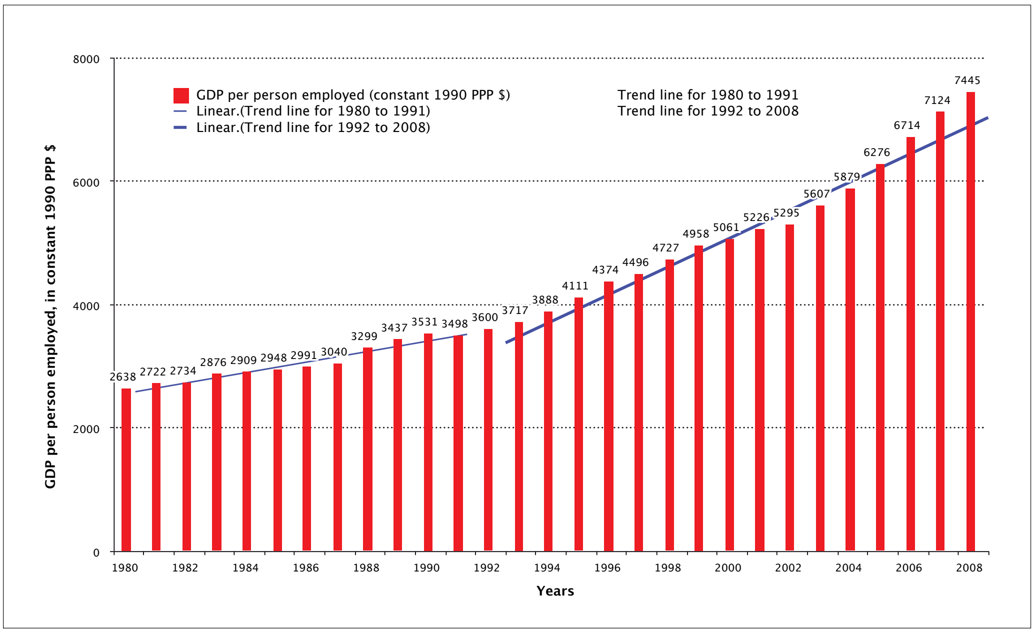


Figure 3: GDP per person employed, India, 1980 to 2008, in constant 1990 PPP $. (Source: UNDP reports.)

3.2 Indicator 5: Employment-to-population ratio

Trends in the size of the workforce, 1977–78 to 2004–05

The size of the workforce in India, measured as the work participation rate (WPR), gives an indication of the level of actual employment in an economy. In general, the WPRs have remained more or less stagnant over the period after 1977–78. From Table 9, where I have provided data based on the criterion of usual status (principal and subsidiary), a few broad conclusions emerge.[5] First, male WPRs do not differ much between the rural and urban areas. Secondly, in the rural areas, the female WPRs are significantly lower than the male WPRs; in 2004–05, the female WPR was 33 per cent, while the male WPR was 55 per cent. Thirdly, rural women record a higher WPR than urban women. What appears to come out clearly is the absence of any decisive upward shift in the quantum of employment generation relative to the population either in rural or urban areas of India over a period of about 25 years.

5 In India, the NSS employment surveys provide data on three different categories of workers based on their status – the usual status, the current weekly status and the current daily status. In the usual status concept, the reference period is one year. Those persons who worked at least during a part of the previous one year are defined as "employed". Those persons who did not work but were seeking or available for employment during the major part of the previous year are defined as "unemployed". Both the employed and the unemployed make up the labour force. Among the usual status workers, those who were working for the major part of the year are called usual principal status workers; those who were working for only a minor part of the year are called usual subsidiary status workers.

Table 9: Work participation rates in India, rural and urban, male and female, 1977–78 to 2004–05, in per cent

Year	Rural males	Rural females	Urban males	Urban female
1977–78	55.2	33.1	50.8	15.6
1983	54.7	34.0	51.2	15.1
1987–88	53.9	32.3	50.6	15.2
1993–94	55.3	32.8	52.1	15.5
1999–2000	53.1	29.9	51.8	13.9
2004–05	54.6	32.7	54.9	16.6

Source: NSS reports, various issues.

Note: All measures reported here are for usual status workers (principal and subsidiary).

An increase in WPR, of course, does not imply an increase in employment opportunities. Studies have shown that the decision to send more household members, particularly women, for outside work has predominantly been a forced choice for rural households in India, as incomes from previous source/s of income had fallen or had become inadequate to meet their costs of living (see Nagaraj, 1989). Nagaraj's study, which used data from the Census of India and the NSSO, had a number of important findings: rural female WPRs were highest among the poorest households. Rural female WPRs for Dalits and Adivasis were higher than the rural female WPRs for non-Dalit-Adivasi sections. Inter-State variations in rural female WPRs among Dalits and Adivasis were lower than for non-Dalit-Adivasi sections. The correlation coefficients between the extent of casualisation and rural female WPRs, and between the incidence of agricultural labourers and female WPRs, were also high. In other words, in those regions where the rural female WPRs were high, it was the processes of proletarianisation and pauperisation that drew women into the work force on a large scale.

Growth of employment and unemployment rates

While WPRs have remained stagnant, there was concurrently a fall in the rate of employment generation in India, particularly over the 1990s. First, if one takes two time periods – 1983 to 1993–94 and 1993–94 to 2004–05 – there was a fall in the growth rate of the number of people employed as per the usual status criterion (Unni and Raveendran, 2007). Taking rural and urban areas together, the rate of growth of number of workers fell from 2 per cent in the first period to 1.8 per cent in the second period (Table 10). Secondly, the fall in the growth of number of workers took place predominantly in the rural areas, where the growth rate fell from 1.7 per cent to 1.5 per cent between 1993–94 and 2004–05.

Table 10: Growth rate of number of workers and unemployment rates, India, rural and urban, by sex, in per cent

Category	Annual growth rate of number of workers (%)		Unemployment rate (%)				
	1983 to 1993–94	1993–94 to 2004–05	1983	1987–88	1993–94	1999–00	2004–05
Rural males	1.9	1.4	1.4	1.8	1.4	1.7	1.6
Rural females	1.4	1.6	0.7	2.4	0.9	1.0	1.8
Rural persons	1.7	1.5	1.1	2.0	1.2	1.4	1.7
Urban males	3.0	3.1	5.1	5.2	4.1	4.5	3.8
Urban females	3.4	3.1	4.9	6.2	6.1	5.7	6.9
Urban persons	3.1	3.1	5.0	5.3	4.5	4.6	4.5

Source: Unni and Raveendran (2007); NSS reports, various issues.

Alongside the fall in growth rate of the number of workers, there was an increase in the unemployment rates (*i.e.*, the share of non-workers in the labour force) in the 1990s and early-2000s. The period between 1987–88 and 1993–94 was a period of fall in the rates of unemployment in India, across regions and sex. However, after 1993–94, there was an increase in the rates of unemployment over every NSS round. This increase in unemployment was most pronounced in the rural areas, particularly among rural women. Studies that have looked at age-wise unemployment rates have also shown that unemployment rates had particularly increased in the 1990s in the age group of 15–29 years (Mathew, 2006).

There has been argument by Sundaram (2001a, 2001b) that the fall in the rate of growth of employment in India in the 1990s was primarily due to a larger proportion of students in the younger age groups than in the earlier decades. However, as Sen (2002, p. 409) has argued, increase in student-population ratio "does not explain the recent slowdown in employment". According to Sen, the increase in student-population ratios in the younger age groups in the 1990s was too small to be sufficient to explain the sharp rise in unemployment. Further, analysis of the employment trends by sex shows a more complicated picture; for women in the age group of 15 to 30, the share of population in educational institutions rose *alongside* a rise in WPRs. Sen noted that the unmistakable conclusion from official data in the 1990s is "increasing youth unemployment" (*ibid*.).

Post-independence evolution of employment policy

It has been argued that given the specificities of the growth strategy followed after independence, early Indian planners made no effort to formulate an independent employment-generation strategy (Ghose, 1999). It was assumed in the capital-intensive growth strategies in the second and third five year plans that higher levels of economic growth would, by itself, translate into higher levels of employment. India's workforce has historically been located in rural areas, was almost wholly employed in agriculture and poorly endowed in terms of human capital. Any effort to relocate this workforce from agriculture to industry and services had to be part of a larger policy of transforming the agricultural sector. However, a host of circumstances related to the political economy of policy making militated against the possibility of agricultural transformation. Agriculture grew very slowly even during the green revolution period, and left the hopes of a Lewis-type shift of labour force away from agriculture unfulfilled.

By the end of the third five year plan, it was clear that a new strategy of labour-intensive growth was necessary to generate more employment. It was also recognized that the problem of employment in rural India was one of *underemployment*, and not so much *open unemployment*. This was so particularly due to the predominance in the rural areas of self-employment activities – including agriculture – and production within small household enterprises. The fourth five year plan strategy, therefore, sought to search for solutions to the problem of underemployment in the agricultural sector itself by promoting labour-intensive agricultural development programmes. The fourth plan period also coincided with the period of green revolution in rural India. The plan document noted that "large scale capital intensive investments [would be] limited to projects where technological considerations and economy of scale do not permit adoption of labour-intensive techniques". Nevertheless, even by the early-1980s, the problem of unemployment situation remained acute. The agenda of land reform was abandoned by the government by the 1970s, and official policy moved towards introduction of special employment generation programmes. The sixth five year plan document noted that:

> *...employment opportunities have not been adequate in the recent past either for the educated manpower or for the overall population...Therefore, the employment policy during the Sixth Plan has to meet the two major goals of reducing under-employment for the majority of labour force and cutting down on long term unemployment. Though a lasting solution to these problems could be found only within the framework of a rapid and employment-oriented economic growth, suitable measures have also to be evolved in the short term in a coordinated way, particularly for the benefit of the weaker sections.*

Under the above strategy, a set of special programmes for promoting self-employment generation and casual wage employment were introduced.

- The Integrated Rural Development Programme (IRDP), a loan-cum-subsidy scheme to help rural poor purchase productive assets, was extended to the whole country.

- The National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP), which aimed at the provision of wage employment, were also extended to the whole country.

- A number of schemes to assist units in the village and small industries sector, such as in khadi, handloom, and handicraft, were introduced.

- Under the National Scheme of Training Rural Youth for Self-employment (TRYSEM), about 0.2 million youth were to be trained each year for self-employment.

- The Fish Farmers' Development Agencies (FFDA) were to train members of traditional fisherman families and other landless labour families in fisheries culture.

The introduction of special programmes for the generation of self-employment and wage employment was indeed the hallmark of employment policy in India through the 1980s. Significant public expenditure was kept aside for financing these programmes. Also, the public banking network was encouraged to lend to the beneficiaries of these programmes under the directed lending targets. To strengthen the gender component of the IRDP, a special scheme for Development of Women and Children in Rural Areas (DWCRA) was introduced. In 1989, the NREP and RLEGP were integrated into a new scheme called the Jawahar Rozgar Yojana (JRY), which was targeted at people living below the poverty line. Owing mainly to these employment generation programmes, there was limited improvement in the conditions of rural employment in the 1980s (see Table 10). There was also a slow, but decisive, shift in the share of workers employed from agriculture towards the non-agricultural sectors.

Shifts in employment strategy in the 1990s

However, with the change in economic policy in the 1990s, the policy emphasis on special employment generation programmes was weakened. Interestingly, the emphasis of policy in the 1990s shifted back to overall economic growth as the engine of employment generation. The slow growth of employment in the 1970s and 1980s was held to be the result of flawed economic policies marked by a discouragement to exports (thus, discouraging employment-intensive export industries) and encouragement to import substitution (thus, encouraging high-cost capital intensive production). It was argued that employment generation was slow because of the absence of liberalization of external trade and inflow of adequate amount of foreign investment (see Planning Commission, 2002; Debroy and Kaushik, 2005). External and internal liberalisation of the economy, thus, came to be officially accepted as the most effective policy to raise levels of employment. Further, the "rigidity" of labour laws was held to be an important constraint to more rapid employment generation. Labour flexibility was advocated as an important component of the policy of economic liberalisation. Demands were made to legalise the free hiring and firing of workers from all enterprises, eliminate laws that make contract workers eligible for more permanent rights of work after specified periods of time and dilute the minimum wage legislations (for a review, see Sharma, 2006; Sundar, 2005).

Given these shifts in official policy on employment, it may be interesting to examine the changes in the nature and pattern of employment in India, particularly rural India, between the 1980s and 1990s. What has been the record of employment in the period of new economic policies? Has the new economic policies been able to shift the economy to a new employment-intensive growth path? I have already examined broad trends in the nature and extent of unemployment in India after 1990s. Here, I only supplement the discussion with some additional information.

What was largely ignored in the argument for labour reforms after 1991 was the structure of the labour market in India, and how justified labour reforms were in that context.

It is often ignored that about 90 per cent of the workers in India are already employed in the informal sector, which is out of the purview of labour laws and where free hiring and firing is routine practice. It is only in the formal sector of employment, which constitutes about 10 per cent of the total employment, that laws restraining free hiring and firing of workers are applied. It is only among this section of formal workers that a minimal social security system has been instituted. As labour economists and unions have often pointed out, the focus of policy in the 1990s had to be on the expansion of job protection provisions and social security among new sections of workers in the informal sector. The concerns of the new policy, however, were focused elsewhere.

A significant feature of the 1990s was that whatever employment was generated was of a type that was uncertain, low-skilled and poorly paid. This conclusion emerges from disaggregating the usual status workers into those with principal and subsidiary employment and then analyzing growth patterns. Across India in the 1990s, unemployment rates by *usual status-principal* criterion increased at a higher rate than *usual status-principal and subsidiary* criterion (EPWRF, 2003). Data from the Census of India corroborate these trends; the number of *main workers* increased at 2.3 per cent between 1981 and 1991, but at 0.8 per cent between 1991 and 2001. On the other hand, the corresponding growth rates for *marginal workers* were 0.6 per cent and 9.9 per cent. NSS data also show a sharp rise in the share of workers who are employed on casual contracts, when compared to regular or salaried contracts. Such a growth pattern represents an increase in the share of jobs that are part-time and informal and a decrease in the share of jobs that are full-time and formal. It is widely documented that relative to formal sector workers, informal and part-time workers are poorly paid, enjoy lower security of employment, suffer from poorer conditions of work and gain less skills.

An important component of secure formal jobs in India is organized sector employment. In the 1990s and early-2000s, the growth rate of organized sector employment fell compared to the earlier decades. The annual growth rate of total organized sector employment fell from 1.2 per cent between 1983 and 1993–94 to 0.5 per cent between 1993–94 and 1999–00 (Mathew, 2006). The most important reason for this fall in organized sector employment was an *absolute fall* in the number of workers in the public sector; in the public sector, the number of workers grew at a negative annual rate of -0.03 per cent between 1993–94 and 1999–00 (ibid.). Also, the growth rate of employment in the organized manufacturing sector was only 0.9 per cent per annum between 1993–94 and 1999–00 (Ghosh, 2004). In the public sector, there was a significant "downsizing" of the workforce in the 1990s, as part of the fiscal consolidation programme of the government.

The fall in employment opportunities in India in the 1990s, particularly in the rural areas, had much to do with the sharp decline in the employment elasticity in agriculture. NSS data show that the number of usual status workers employed in agriculture in rural areas grew at just 0.2 per cent between 1993–94 and 1999–00, compared to 2.2 per cent between 1987–88 and 1993–94 (Sen, 2002). Data for 14 major States from the Cost of Cultivation Surveys show that the annual rate of growth of total labour use in agriculture fell from 0.3 per cent between 1983–84 and 1990–91 to 0.1 per cent between 1990–91 and 1999–00 (*ibid*.). Consequently, the employment elasticity in agriculture fell from

0.5 between 1983 and 1993–94 to 0.01 between 1993–94 and 1999–00 (Ghosh, 2004). Data between 1999–00 and 2004–05 shows an increase in employment elasticity in agriculture, but that may be a spurious result arising out of a very low rate of growth of agricultural GDP rather than an actual increase in per hectare labour absorption.

Sector-wise distribution of employment

In the Indian economy, the nature of economic growth has historically not been one that led to a shift of the work force decisively out of agriculture. A high share of workers employed in agriculture has been one of the distinguishing features of the Indian economy from 1947 till 2004–05 (Krishnamurthy, 1974; Byres, 1981; Sen, 1998, 2002). Even in 1999–2000, industry absorbed only about 18 per cent of all the workers (Table 11). However, the contribution of agriculture to the GDP declined at a rapid pace in the same period. Between 1977–78 and 2004–05, the share of agriculture in GDP fell from 40 per cent to 20 per cent.

Among the non-agricultural sectors, the sectors that have shown a long-term, though small, tendency of absorption of labour are "construction", "trade, hotels and restaurants" and "transport, storage and communication" (Table 11). This shift relates broadly to changes in the degree of state intervention in the rural economy, changes in labour absorption in agriculture and the need for rural households to supplement their incomes. With declining opportunities of employment in agriculture, rural households have always been forced to look for casual employment in sectors outside agriculture. However, lack of adequate non-agricultural employment had historically weighed against this tendency. An expansion in rural demand and non-agricultural employment in the 1980s was a turning point, when workers began to move out of agriculture in some decisive manner.

In the 1980s, there was a significant increase in employment opportunities in the non-agricultural sector due to many reasons. First, significant government expenditure flowed into rural areas due to the expansion in state-funded rural development programmes, particularly public works programmes and self-employment schemes like the IRDP. In spite of the poor success of these schemes to target the poor as well as systemic leakages, they had a major influence in stepping up rural demand in the 1980s. In a review, Guhan (1986, p. 32) argued that IRDP "channeled funds on a hitherto unprecedented scale for creating supplementary incomes amongst the relatively poor in rural areas all over India". Credit flow to rural areas also significantly increased in the 1980s, which contributed to a growth in small-scale self-employment ventures in the non-agricultural sector.

Secondly, the government played a more direct role in the expansion of employment. NSS data show that among all people who gained government employment in the 1980s, about 60 per cent were from the rural areas (Sen, 1998). Also, of all the incremental employment in rural areas between 1977–78 and 1987–88, about one-fifth was government jobs (Chandrasekhar and Ghosh, 2002). Indeed, much of the government jobs went to the better-off sections in the rural areas. But the fact that a number of rural workers moved into non-agricultural sectors led to a situation where more number of people from poorer households became able to obtain agricultural employment, which in turn created many new types of rural services and industry (*ibid*.).

Table 11: Percentage distribution of the usually employed persons (principal and subsidiary) by broad industry classification, NSS, 1983, 1993–94 and 2004–05, in per cent

Broad industry	Year	Rural males	Rural females	Urban males	Urban females
Agriculture	1983	77.5	87.5	10.3	31.0
	1993–94	74.1	86.2	9.0	24.7
	2004–05	66.5	83.3	6.1	18.1
Mining and quarrying	1983	0.6	0.3	1.2	0.6
	1993–94	0.7	0.4	1.3	0.6
	2004–05	0.6	0.3	0.9	0.2
Manufacturing	1983	7.0	6.4	26.8	26.7
	1993–94	7.0	7.0	23.5	24.1
	2004–05	7.9	8.4	23.5	28.2
Electricity, gas and water	1983	0.2	–	1.1	0.2
	1993–94	0.3	–	1.2	0.3
	2004–05	0.2	–	0.8	0.2
Construction	1983	2.2	0.7	5.1	3.1
	1993–94	3.2	0.9	7.0	4.1
	2004–05	6.8	1.5	9.3	3.8
Trade, hotels and restaurants	1983	4.4	1.9	20.3	9.5
	1993–94	5.5	2.1	21.9	10.0
	2004–05	8.3	2.5	28.0	12.2
Transport, storage and communication	1983	1.7	0.1	9.9	1.7
	1993–94	2.2	0.1	9.7	1.5
	2004–05	3.8	0.2	10.7	1.2
Other services	1983	6.1	2.8	24.8	26.6
	1993–94	7.0	3.4	26.4	35.0
	2004–05	5.9	3.9	20.8	35.9

Source: NSS reports, various issues.

Thirdly, rural infrastructure, particularly transport, expanded in the same period resulting in a reduction in transport costs for workers. The growth in rural infrastructure contributed to an increase in the number of rural workers who were ready to travel to their places of work in urban and semi-urban areas. Much of the new employment created outside government in the 1980s was under casual contracts rather than regular or salaried contracts. According to the NSS data, the share of casual labour days spent on non-agricultural activities increased from 17.7 per cent in 1977–78 to 22.3 per cent in 1987–88 (*ibid*.).

While the shift of workers from agriculture to non-agricultural sectors in the 1980s held much promise for a structural change in the workforce composition in India, experience over the 1990s have belied such expectations. The share of workers employed in agriculture increased very slowly in the 1990s, and the increase was slower for rural female workers than rural male workers. The reversal of the overall policy direction of the 1980s in the 1990s has been held to be an important reason for the slower movement of workers out of agriculture. As we have seen, there was an absolute fall in the total public sector employment in the 1990s as a result of the downsizing policy of the government. In the organized sector, employment generation stagnated in the 1990s. There was a sharp fall in the government expenditure in rural development programmes; with respect to the IRDP. If the number of households assisted in 1982–83 were to be indexed at 100, the number of households assisted in 1987–88 was 123 and the number of households assisted in 1998–99 was just 37 (Ramachandran and Swaminathan, 2001). The number of person-days of wage employment created through public employment schemes fell from 874 million in 1990–91 to 523 million in 2001–02 (*ibid*.).

All the above policies, combined with an almost zero elasticity of employment in agriculture, led to a rise in the rates of unemployment as well as the forced acceptance by rural workers of casual and poorly paid non-agricultural labour contracts. The increase in WPRs in rural areas in the 1990s is, in major part, a reflection of such distress-induced diversification of livelihoods by households.

The National Rural Employment Guarantee Scheme (NREGS)

The last year for which data is available on employment in India is 2004–05, and the results of the 2009–10 survey of the NSSO are not yet available. From the early-2000s onwards, Left political parties and a large number of social movements were struggling for the creation of productive employment in rural areas. After the coming to power in 2004 of a new government, supported by the Left parties, a National Rural Employment Guarantee Scheme (NREGS) was initiated in 2006.[6] The impact of this scheme would be clear only after an analysis of the 2009–10 employment survey of the NSSO.

The NREGS guarantees the provision of a minimum of 100 days of employment a year to willing adult members of all rural households. Mostly, employment is provided in public works schemes of the government upon the payment of a stipulated wage. The scheme, by definition, is self-selecting. The costs are shared between the central and state governments, with the central government taking up majority of the expenditure.

Official data show the provision of 4.37 crore person-days of employment provided to rural households in 2010–11. About 49 per cent of the workers were women, 22 per cent of the workers were Dalits and 17 per cent of the workers were Adivasis. Available studies and information on the scheme note significant improvements in the lives of the rural population, wherever the implementation has been successful. Indeed, success in implementation has been varied, with some States, and some regions within some States, being showcased as model cases. No State was able to provide 100 days of employment on an average in 2010–11; the average number of days of work received by a household was 54. Across States, the range of the average number of days of work provided ranged between 76 and 22. The mid-term review of the 11th plan by the Planning Commission noted for 2008–09 that in 15 States, the average number of days of work per household was below the national average and only 14 per cent of the households in the country completed 100 days of work (Planning Commission, 2010).

6 It is important to state here that the introduction of the NREGS was not directly linked to meeting the MDG targets.

Independent researchers have also concluded, overall, the scheme has resulted in important positive changes in India's rural labour market. According to Dreze and Khera (2009), wherever the scheme is functional, "…wages are rising, migration is slowing down, productive assets are being created and the power equations are changing too".

Other scholars, however, caution against overly depending on the NREGS while addressing the imperfections in India's rural labour market. According to Athreya (2009):

> *While intervention in NREGS would be one important arena for struggle in the course of fighting against the negative impacts of the economic crisis and neo-liberal policies on rural labour, the issue of unemployment as such is of course a much larger issue. Unemployment is being constantly reproduced by the logic of capitalist growth, and in the case of rural India, it is also rooted in the high degree of concentration of land ownership in most parts of the country and the associated pre-capitalist relations. In a strategic perspective, the emphasis would have to be on comprehensive land reforms* (p. 57).

4 Target 1C: To halve, between 1990 and 2015, the proportion of people who suffer from hunger

4.1 Indicator 8: Prevalence of underweight children under three years of age

Data on malnourishment of the Indian population are primarily available from the three rounds of the National Family Health Survey (NFHS). These surveys were conducted in 1992–93, 1998–99 and 2005–06. The NFHS provides information on three measures of malnutrition for children under three years of age: stunting (deficit in height-for-age), wasting (deficit in weight-for-height) and underweight (deficit in weight-for-age). Of these three indicators, data on proportion of children stunted and wasted are available only from 1998–99. Data on proportion of children underweight are available from all three surveys (see Shivakumar, 2007).

In 1998–99, about 50 per cent of children in rural areas and about 38 per cent of children in urban areas were underweight (see Table 12). While these ratios did fall between 1998–99 and 2005–06, the fall was moderate; over this 6-year period, the share of underweight children fell only by one per cent in rural areas and two per cent in urban areas. On the other hand, the share of children wasted increased in both rural and urban India between 1998–99 and 2005–06.

Table 12: Share of children under three years of age who are stunted, wasted and underweight, rural and urban, India, NFHS, 1992–93 to 2005–06, in per cent

Region	Rural/Urban	1992–93	1998–99	2005–06
Share of children under three years of age who are:				
Stunted	Rural	-	49	41
	Urban	-	36	31
Wasted	Rural	-	16	20
	Urban	-	13	17
Underweight	Rural	52	50	49
	Urban		38	36

Source: NFHS, various issues.

As in the case of HCR, I have used a simple index that determines the required rate of progress (RRP) and the actual rate of progress (ARP) across States in order to judge the extent of progress achieved between 1992–93 and 2005–06. In Figure 5, I have arranged States in the ascending order of the share of underweight children in 1992–93. Kerala had the lowest share of underweight children and (undivided) Bihar had the highest share of underweight children in 1992–93. The RRP for India was 2.17 per year. However, as seen from Figure 5, only one State in India – Punjab – recorded a fall in share of underweight children at a rate higher than 2.17, while another State – Tamil Nadu – was almost at the target with a RRP of 2.10. Three States recorded negative progress; even Kerala recorded a negative rate of progress between 1992–93 and 2005–06, though the fall was only moderate. In India as a whole, the ARP was just 0.8 per year, far lower than the RRP of 2.17.

4.2 Indicator 9: Proportion of population below minimum level of dietary energy consumption

The data on the proportion of population that consumes below the minimum level of dietary consumption has been a matter of contestation in India. In India, as mentioned earlier, poverty ratios are determined on the basis of a biological approach; a calorie-based procedure is used to fix the poverty line as the minimum level of income that would enable a person to purchase a food basket, which is equivalent to a per capita calorie content of 2,400 in rural areas and 2,100 in urban areas. This minimum level of income was first derived based on 1973–74 prices, and then updated mechanically using consumer price indices. However, as the consumption basket of 1973–74 ceased to be applicable for later years and due to the deficiencies of the price indices used, the updated minimum levels of income also progressively ceased to accurately reflect minimum dietary energy consumptions. As a result, the levels of poverty derived on the basis of a direct approach (percentage of people consuming below 2400 and 2100 calories) and an indirect approach (percentage of people with consumption expenditure adequate to buy 2400 and 2100 calories) began to diverge.

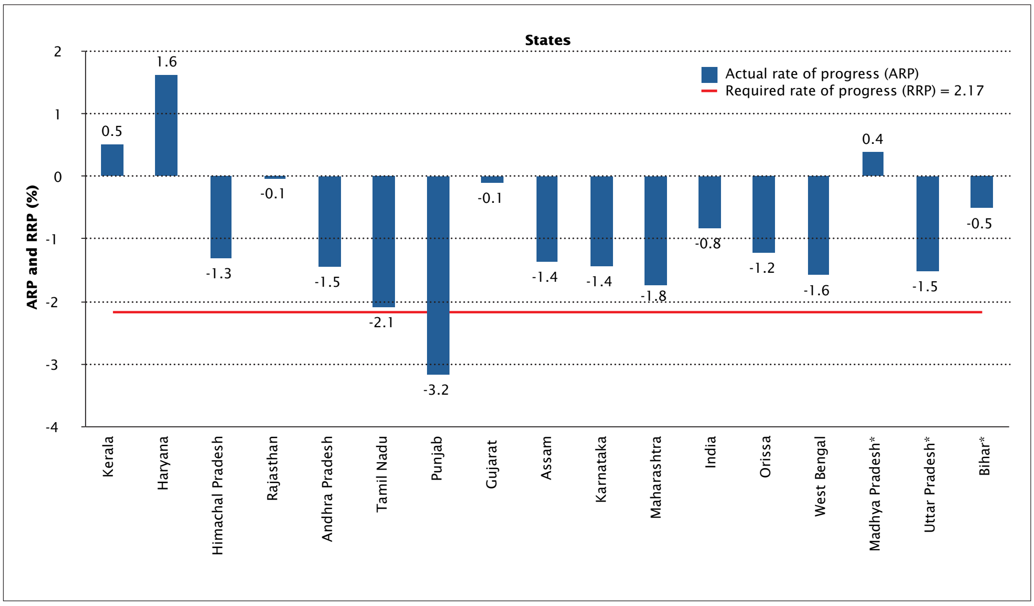


Figure 4: Actual rate of progress and required rate of progress in reducing the share of underweight (Source: Computed from NSS surveys. Note: *refers to undivided States. These States were divided into more than one State after 1992–93. States are arranged in the ascending order of share of underweight children as in the base year of 1992–93.)

If we use NSS data on the actual dietary intake, the share of population that consumed less than 2400 calories in rural areas and less than 2100 calories in urban areas were significantly higher than official poverty estimates (see Table 13). In 2004–05, if we take rural India, a staggering 87 per cent of the population consumed less than 2400 calories per day. The share for 2004–05 was 12 percentage points higher than the corresponding share for 1993–94. Even if we reduce the minimum intake to 2200 calories or 2100 calories, the share of people below the specified nutrition level stood at between 60 and 70 per cent in 2004–05. Here again, the share of malnourished persons increased between 1993–94 and 2004–05. Finally, even if we further reduce the minimum intake to 1800 calories, the share of malnourished persons increased between 1993–94 and 2004–05.

In other words, the status of malnourishment in India, measured directly in terms of calorie intake, was at an acute state in 2004–05. Further, data show that the extent of malnourishment has increased between 1993–94 and 2004–05. Going by the MDG goal of halving the share of hungry people between 1990 and 2015, India stood at an extremely serious position in 2004–05.

Table 13: Proportion of population below minimum level of dietary energy consumption, alternative estimates, India, rural, 1993–94 and 2004–05, in per cent and calories

Item	Levels of calorie intake per day			
	2400	2200	2100	1800
Required monthly per capita expenditure (MPCE) in 2004–5 to access nutrition level (Rs)	800	575	515	342
Share of persons below the specified nutrition level, 1993–94	74.5	58.5	49.5	20.0
Share of persons below the specified nutrition level, 2004–05	87.0	69.5	60.5	25.0
Increase in share of persons, 1993–94 to 2004–05 (%)	12.5	11.0	11.0	5.0

Source: Patnaik (2010).

5 The Policy Approach to Achieving MDG Targets

5.1 MDG targets vs GoI targets

In India, the MDG declaration roughly coincided with the beginning of the Tenth Five Year Plan (2002–2007). The period of the Eleventh Five Year Plan is between 2007 and 2012. One of the features of public policy in India with respect to MDG-1 has been that the internal targets fixed by the Planning Commission were always higher than the MDG targets. Answering a question on whether India has been "steadfast" in its commitment to the MDGs, Montek Singh Ahluwalia, the Deputy Chairman of the Planning Commission, noted:

> *I do not know what you mean by being steadfast in [our] commitment to the MDGs. I mean, we are committed to our goals. MDG is a UN terminology. If you want to describe our goals as MDGs, that is a different issue. But I am making this distinction because in our programme, we acknowledge the importance of MDGs. But we do not call this a commitment because of the MDGs. This has been part of our planning process for years.*[7]

For instance, while Goal 1 of the MDGs aim at halving poverty by 2015, the 10th plan aimed at reducing poverty ratio to 21 per cent by 2007 (when the 10th plan would end) and then to 11 per cent by 2012 (when the 11th plan would end).

As a result, special policy initiatives to exclusively meet MDG goals are rare to find in policy documents. Yet, one could draw certain links between broad policy and outcomes, with special reference to MDGs. I shall, here, perform that task under three broad themes, which are by no means exhaustive. However, these three themes are representative in terms of capturing the links between policy changes and Goal 1 outcomes. They are:

1) The question of land reform;
2) The question of food security; and
3) The question of public expenditure.

These broad heads are important due to a few reasons. First, studies on social security in developing countries have emphasised that land reforms constitute the most important and effective social security strategy for the rural poor (see Guhan, 1994; Osmani, 1991). According to Borras and McKinley (2006), "land reform could contribute decisively to reaching MDG-1 and, indirectly, to the attainment of other MDGs" (see also Langford, 2010).[8]

7 See http://www.youtube.com/watch?v=4mueLRQ8cy4

8 http://www.sarpn.org.za/documents/d0002206/IPC_Land-reform_Nov2006.pdf

Secondly, studies have shown that there are direct links between ensuring food security and reducing poverty and hunger. Ensuring food security contributes significantly to the decline of poverty, hunger and malnourishment.

Thirdly, studies have shown that the level of public expenditure on the social sectors is significantly associated with improvements in human development (Baldacci et al, 2004). The fiscal stance of the government is important with respect to the provision of social services to people on the one hand, as well as to counteract the unequalising tendencies of the market.

I shall, in what follows, examine each of the heads separately.

5.2 Theme 1: The record of land reforms in India

The nature and character of India's post-independence agricultural development are closely linked to its experiences with colonialism. As Daniel Thorner remarked, the British left behind in India "perhaps the world's most refractory land problem" (1962, p. 57). Big landlordism was the dominant feature of agrarian relations. All the land systems of British India, though diverse in their features, were united in their outcomes: sub-division and extreme fragmentation of operated land, sub-infeudation of holdings, insecurity of tenures, rack-renting, illegal cesses and usury. The land problem was central to Thorner's famous use of the term "built-in depressor" to capture the "complex of legal, economic and social relations" under colonialism (Thorner, 1962, p. 57).

After independence, the necessary condition for the growth of the agrarian economy was a radical transformation of land relations. As the first five year plan noted, "the pattern of economic and social organisation will depend upon the manner in which the land problem is resolved" (GoI, 1951). However, notwithstanding the rhetorical emphasis on resolving the land question, agricultural policy after independence never really considered the reform of property rights in land as a means of eliminating structural inequalities in the economy and expanding the home market (Rao, 1994).

Land reforms in India have been a major failure. The number of households that received land over this 60-year period was just 5.4 million. Between 1947 and 2007, only 4.89 million acres of land was redistributed (Mishra, 2007). The total extent of land redistributed accounts for less than 2 per cent of the total operated area. The total extent of land over which tenants are conferred ownership rights accounts for less than 4 per cent of the total area operated. Except in three States, the area redistributed in each State is less than 1 per cent of the area operated (Ramachandran and Ramakumar, 2000). Ramachandran (2007) notes that "working with a ceiling of 25 acres a household, no less than 63 million acres of land would have been available in the mid-1950s and early-1960s for distribution among landless and land-poor farmer households." However, only 4.89 million acres of land have been distributed till 2006–07. In other words, the task of land reforms, in all its complexities, remains central to the agrarian agenda of India.

Reversal of land reform laws in the 1990s and 2000s

While there was an urgent need to complete land reforms, economic policies in India in the 1990s and 2000s have taken a completely different trajectory. Under the policies of economic reform, there has been a clear rejection, and reversal, of state-led land reform. Under the new policy framework on agriculture, crop diversification has become a desirable policy goal; India is to shift its cropping pattern from less-remunerative food grains to high-value and export-oriented crops. Such a change in the cropping pattern is to be achieved by promoting economies of scale in agriculture, allowing free leasing in and leasing out of land, boosting agro-processing and facilitating the development of private post-harvest and marketing infrastructure in rural areas. The new organisation of production demands possession of large tracts of land with private firms, which is constrained by the ceilings on land possession in the land reform laws. New policies after 1991 have aimed at removing the ceiling limits by amending these laws, so as to allow private firms to cultivate unlimited areas of land (see Ramachandran and Ramakumar, 2001; Athreya, 2003). In recent statements, India's Prime Minister Manmohan Singh has noted that:

> *Agrarian India must be transformed into a modern, viable economy...However, it has to be appreciated that the scope for a successful classical land reform involving large-scale redistribution of land is very limited* (Singh, 2001; 2004).

In the decade after 1991, there has been an increase in the inequality of distribution of land owned. Data from the NSSO show that the gini co-efficient for the distribution of ownership holdings increased from 0.71 in 1992 to 0.74 in 2003.

In a country with a terrible track record on land reforms, lifting of land ceilings has also reduced the extent of ceiling-surplus land, while substantial number of households is still landless. It is also expected to encourage absentee farming by large farmers and corporations (Ramachandran and Ramakumar, 2001). In a persuasive work, Hirashima (2000) has argued that raising land ceilings would "accelerate land concentration" in rural India. Landlessness is expected to increase when high land prices and imperfect credit markets would push landless and marginal farmers out of the free land market. To quote him:

> *If the land leased out from small and marginal farmers to progressive farmers or landlords, whose objective of renting in land is to take advantage of economies of scale, then it would be difficult to terminate such a contract when land has already become an integrated part of scale farming. The land would remain leased out, or ultimately sold out* (Hirashima, 2000, p. 3884; cited in Ramachandran and Ramakumar, 2001).

Land concentration in India has historically been linked to caste-based exploitation. The ownership of land has formed the material basis for the persistence of caste-based exploitation. In other words, the end to caste discrimination requires the weakening of the material basis of landlord- and upper caste-hegemony. With the reversal of land reform, Dalits and Adivasis – the groups historically deprived of land ownership – have been forced into a state of increased landlessness, and caste discrimination against them has remained unalleviated. In a recent national level report on the status of Indian Dalits, titled Hidden Apartheid, the continued discrimination of Dalits in India on social and economic grounds is vividly highlighted. The report says,

> *The right to own property is systematically denied to Dalits. Landlessness—encompassing a lack of access to land, inability to own land, and forced evictions—constitutes a crucial element in the subordination of Dalits. When Dalits do acquire land, elements of the right to own property—including the right to access and enjoy it—are routinely infringed. Land reform legislation is neither implemented nor properly enforced. Dalits' efforts to secure land have been met with state violence or retaliation by private actors in the form of violence or economic sanctions* (Centre for Human Rights and Global Justice, 2007).

In sum, the agenda of land reform is supremely important if India is to meaningfully address issues of poverty and hunger, which, in turn, would contribute to the achievement of the MDG goals. However, in most mainstream documents related to MDGs, the agenda of land reforms is conspicuous by its absence. While "agricultural growth" does find mention in most documents on MDGs, the fact that land reforms are a necessary condition for attaining higher levels of agricultural growth is ignored.

Probably, this explains why some writers have commented that "aspirational targets like the MDGs are, in any case, far less important than the actual social struggles underway across the world for basic needs and democracy" (Bond, 2006, p. 339).

5.3 Theme 2: Challenges to food security in India

The Public Distribution System (PDS) as a welfare instrument

The Pubic Distribution System (PDS) is a nation-wide system of subsidised food provision to the people of India. The PDS was established in the 1960s with the aim of (a) maintaining stability in the prices of essential commodities across regions; (b) ensuring food entitlements to all sections at reasonable and affordable prices; and (c) keeping a check on private trade, hoarding and black-marketing. The period of the 1960s also marked the beginning of the green revolution in Indian agriculture. While the green revolution contributed significantly to the attainment of national food self-sufficiency, these gains were regionally biased in their spread. As a result, the achievement of local food security in the food-deficit regions, and the growing urban regions, came to depend significantly on external supplies from the food-surplus regions.

It was clear from historical experience that the market could not be a substitute for concerted state action in the procurement and distribution of food grains. National food policy, thus, became critical for food security in the deficit regions. Beginning from the Fourth Five Year Plan period, the government institutionalised the policy of procuring food grain from farmers based on a procurement price, and distributing them at subsidised prices to various parts of the country. There were two objectives to this new strategy: equitable regional distribution of food grains at reasonable prices and provision of a fair price to the farmers. The universal PDS was introduced in 1965 as the most important vehicle for the distribution of procured grains in the deficit regions.

In the period after 1965, the performance of the state as an intervening agent in the food economy was mixed. On the one hand, green revolution had led to a massive regional concentration of food grain production. On the other hand, the regional concentration of food grain production had the potential to exacerbate regional disparities in food grain consumption. However, studies have shown that the presence of universal PDS acted as a check against such an exacerbation of regional disparities in food grain consumption. According to Krishnaji and Krishnan (1998),

> *There has been a continuous increase in the inter-state co-efficient of variation in the per capita output of food grains from the mid-1960s; it rose from about 40 per cent in 1966 to 84 per cent in 1988–89...As regards the consumption of food grains, per capita cereal consumption has more-or-less remained constant during this period. The widening disparity in production does not seem to have affected the levels of consumption in different parts of the country. The co-efficient of variation in per capita cereal consumption has even marginally declined in the 1970s and 1980s and the disparity in consumption is only half as much as the disparity in production. There is no doubt that the public distribution system has played an important role in keeping the inter-regional inequalities in consumption within bounds* (p. 129).

The only major source of information on the use of PDS before the 1990s is for 1986–87, when the National Sample Survey organisation (NSSO) conducted its 42nd round sample survey on the utilisation of PDS. Two conclusions can be drawn from the 1986–87 survey (see Isaac and Ramakumar, 2009). First, a substantial share of the total quantity of different food items purchased by India's population was from the PDS. In other words, subsidised purchases from the PDS acted as an important supplement to other sources of purchase of food items. The share of purchase from the PDS in the total quantity purchased was higher in urban areas compared to rural areas. The fact that, with all its infirmities, the PDS played a role in keeping in check regional disparities in food grain consumption showed its potential as an instrument of welfare.

Secondly, however, what was also clear was that the PDS was not serving the vast majority of the country's population even in 1986–87. The performance of the PDS, indicated by the extent of off take of food grain, varied considerably across States. Southern states like Kerala, Andhra Pradesh and Tamil Nadu ranked the highest in respect of per capita off take, while the northern states like Bihar, Madhya Pradesh, Orissa and Rajasthan ranked the lowest. The share of rural households who reported no purchase from PDS in 1986–87 was about 98 per cent in States like Uttar Pradesh, Bihar and Orissa. At the same time, about 87 per cent of rural households in Kerala purchased food grain from the PDS.

Hence, the challenge in the 1990s was to considerably expand the reach of PDS to regions and sections not covered. However, official policy in the 1990s took the PDS to a completely different trajectory.

The neo-liberal turn to Targeted PDS

Targeting is the most important instrument used under the policy of structural adjustment in the provision of social security assistance. Targeting reduces the burden that the state has to bear with respect to social assistance by narrowing down the "eligible" proportion of the population to a minimum (Mkandawire, 2005; Fischer, 2009).

After the introduction of neo-liberal economic policies after 1991, primacy was accorded to the logic of fiscal prudence, which entailed drastic reductions in subsidies, such as on food. Thus, in 1997, the government decided to abolish the universal character of PDS and convert it into a "targeted" scheme. Following the introduction of the Targeted PDS (TPDS), the population was classified into Above Poverty Line (APL) and Below Poverty Line (BPL) categories. Only those households classified as BPL were eligible for subsidised purchase of commodities from the ration shops. In the first phase, the APL households were eligible to purchase commodities from ration shops, but had to pay the full "economic cost" of the handling of commodities.

There are, of course, two immediate issues here. First, there are major problems associated with having a classification of households based on a survey in one year, and then following that classification for many years. The reason is that incomes of rural households, especially rural labour households, fluctuate considerably. A household may be non-poor in the year of survey, but may become poor in another year due to insecurities in the labour market. Also, the poverty lines that are used are incomes at a near-destitution level. A household that earns an income just above the destitution poverty line cannot be judged as not requiring social security assistance (Swaminathan, 2000).

Secondly, the fundamental critique of the concept of targeting has centred on the higher weight that neo-liberal reforms give to errors of inclusion compared to errors of exclusion. In other words, the increase in "efficiency" realised by excluding all the ineligible persons was given more emphasis compared to the inclusion of all the eligible persons. The errors of inclusion have only financial implications, but errors of exclusion have social costs, which have to be weighed higher (Cornia and Stewart, 1990). As Amartya Sen has argued,

> *...the elementary case for targeting has to be qualified by taking adequate note of the various costs of targeting, including informational manipulation, incentive distortion, disutility and stigma, administrative and invasive losses, and problems of political sustainability. These diverse considerations, which can reinforce each other, limit the scope for no-nonsense targeting, tempting as it is...To treat poverty not just as low income but also as capability handicap makes the exercise of poverty removal both more cogent and, in some important ways, also less subject to targeting distortions* (Sen, 1995, p. 22).

The experience after 1997 has shown that the fears of massive exclusion of the needy from the PDS were to be truly realised in practise. A widespread complaint from many parts of rural India after the introduction of TPDS has been the existence of a major mismatch between households classified as BPL by the government and their actual standard of living. As noted in report in 2002 of the "High Level Committee on Long Term Food Grain Policy" (chaired by Abhijit Sen), "the narrow targeting of the PDS based on absolute income-poverty is likely to have excluded a large part of the nutritionally vulnerable population from the PDS."

In 2004–05, the NSSO conducted another round of survey on the functioning of the PDS. The results from the 2004–05 survey are instructive in the discussion on errors of exclusion. The survey showed that less than 30 per cent of the Indian rural population was classified as BPL in 2004–05, and thus eligible for the TPDS. The remaining 70 per cent of the rural population was 'de facto APL' and hence not covered under TPDS. Further, in traditionally poorer states like Bihar and Rajasthan, the share of households with BPL cards was less than 20 per cent.

Let us now consider agricultural labourers, who form the most marginalised section of the Indian society. Only 48 per cent of the agricultural labourers in rural India possessed either BPL or Antyodaya card in 2004–05. In states like Bihar, the share of agricultural labour households that possessed either BPL or Antyodaya card was less than 30 per cent.

Thus, while the TPDS was ostensibly aimed at reducing the errors of wrong inclusion, it invariably enhanced the errors of wrong exclusion with the attendant social costs.

Estimation v/s Identification

Apart from the errors of wrong exclusion, the TPDS had yet another strange operational feature. As mentioned, under TPDS, the population was divided into BPL and APL households with different allocations and prices. The problem here was on how to classify the population into BPL and APL. There was no system to ensure that the estimation and identification of BPL households go hand-in-hand. Hence, a totally unscientific and arbitrary method was followed by the central government, which further complicated the inherent contradictions of TPDS (see Ramakumar, 2010).

The total quantity of commodities supplied by the centre to each State was fixed by the centre using a particular criterion. The Government of India used estimates from the quinquennial sample surveys of the NSS to arrive at the proportion of poor households in each State. The quantity of commodities supplied to the States was fixed as per the allocations for this estimated proportion of poor households only. The States, thus, had to design separate census surveys in order to identify who these poor households were. However, the census surveys conducted by the States, on many occasions, threw up shares of poor households that were higher than what the NSSO's sample surveys showed.

Given that the total number of poor households was pre-determined by the centre, costs of providing subsidised food grains to the excess number of poor households had to be met by the concerned State governments. The crisis in State finances did not provide any room for the States to incur such additional expenditures. The excess number of poor households was classified as APL and kept outside the ambit of the TPDS. The TPDS was, thus, transformed into a Procrustean bed by neo-liberal reforms.

The weakening of the PDS in India has indeed been symbolic of the breakdown of the public support systems for the poor in India after 1991. Its impacts go beyond the estimates of income-poverty that I discussed, with major implications on food security, nutrition and conditions of health of the poor people. It is clear that any efficient PDS has to be universal in character, as the inherent deficiencies in the methods of targeting result in enormous social costs. However, the Indian government has consistently shied away from reinstituting the universal PDS, basing itself primarily on fiscal arguments. The Indian government's actions are not surprising; it only reflects a general tendency across developing countries in the era of neo-liberalism. According to Mkandawire (2005):

> *The story of both the political and administrative difficulties of targeting is repeated so many times that one wonders why it is still insisted upon. Indeed, from the literature, it is clear that where poverty is rampant and institutions are weak, what may be wrong is not the lack of appropriate data, but targeting per se. It is definitely the case that in many countries, the shredding that the state apparatus has suffered, leaves it singularly incapable of targeting in the social sector...The need to create institutions appropriate for "targeting" has, in many cases, undermined the capacity to provide universal services. This, in turn, has been used to argue for even more targeting* (p. 16).

Probably, it is the frustration with the strident refusal of governments in developing countries to institute genuine universal systems of social provision that has led scholars to argue against MDGs itself. According to Fischer (2009),

> *... the emphasis in the MDGs on absolute measures and the implicit bias towards targeting quite possibly undermine poverty reduction in many contexts...Hence,...MDGs should be replaced by a re-politicisation of the mainstream development agenda, together with a genuine revival of emphasis on universalistic modes of social policy as viable policy options for dealing simultaneously with poverty and inequality* (p. 1).

5.4 Theme 3: The importance of public expenditure

The centrality of the role of the government in fulfilling the basic needs of people has been well argued in the literature. The phenomenon of "market failures" has come to be recognized almost universally. In developing countries, given the incompleteness, and often absence, of markets in a large number of spheres and the pervasiveness of information asymmetry, the role of the government becomes even more crucial (Stiglitz, 1996).

One of the important indicators of government involvement in the economy is the nature of its expenditure policy. Studies have shown that the level of public expenditure on the social sectors is significantly associated with improvements in human development. In a recent study on MDG goals using panel data from 120 developing countries between

1975 and 2000, Baldacci et al (2004) argued that public spending in education and health had “a positive and significant direct impact on the accumulation of education and health capital” (p. 28). They argued that “an increase in education spending of 1 percentage point of GDP is associated with 3 more years of schooling on average…Similarly, an increase in health spending of 1 percentage point of GDP is associated with an increase of 0.6 percentage points in the under-5 child survival rate…” (ibid.).

Given the importance of public spending for human development indicators, the recent policy emphases on fiscal adjustment has led to concerns that levels of pro-poor spending may be cut. An important concern raised by many development economists during the implementation of economic reforms in India was that the fiscal adjustment strategy may adversely affect the social sector expenditures. It was argued that the single-minded emphasis on reducing budget deficits may result in the relative reduction of expenditures in the ‘soft” sectors.

Overall, the fears of expenditure decline raised by scholars were largely real (Ramakumar, 2008). A long run outcome of the fiscal policy in India was the inability of the state to adequately raise tax collections towards meeting expenditure requirements. India historically has had one of the lowest tax-GDP ratios in the world. In the 1980s, the expenditure by the government in India had increased significantly, as a share of the GDP, in a large number of anti-poverty programmes and employment-creating activities. As these higher levels of expenditures were financed out of borrowings, and not out of tax revenues, the debt-GDP ratio of the government rose sharply.

A fiscal crisis followed, which led to a fiscal adjustment policy from 1992 onwards. The fiscal crisis was most severe for the central government. The fiscal crisis of the Centre adversely affected the transfer of statutory funds to the States; the transfers from the Centre to the States declined in the 1990s. In addition, the deregulation of interest rates after 1991 led to a sharp rise in the interest rates that States had to pay for loans, which led to a sharp rise in the debt burden of States. In sum, the finances of the States also entered into a period of crisis by the early-1990s (see Isaac and Ramakumar, 2006).

The response of the central government to the fiscal crisis has been to go in for strict fiscal control measures, including a legally set ceiling on budget deficits through fiscal responsibility legislations. In 2000, the Fiscal Responsibility and Budgetary Management (FRBM) Bill was introduced in the Parliament. The FRBM Act was passed by Parliament in 2003. In this version of the Act, the Government had to reduce the revenue deficit to zero by 2005–06. In July 2004, the Act was amended to postpone the year of elimination of revenue deficit to 2008–09. Thus, from the early 2000s, fiscal compression became a legally binding policy for the government.

Ramakumar (2008) has shown that levels of public expenditure of the central government declined sharply in the 1990s and 2000s, as compared to the 1980s. While there was some increase in the share of social sector expenditures and human priority expenditures as a share of the total expenditure, three important qualifications may be in order. First, real per capita expenditure on human priority areas actually slowed down in the 1990s and 2000s relative to the 1980s. Secondly, on the ground, moderate absolute increases in expenditure by the centre have mattered little because most of the expenditure in the social sector is through the State governments. In India, about 85 per cent of all the expenditure in the social services is met by the State governments.

The falling expenditure of the Centre in the social sector from the early 1990s was a direct result of the policy of fiscal compression and the FRBM Act. Within the framework set by shrinking total expenditure in the 1990s and 2000s, there was a slowdown in the flow of funds to human priority areas relative to the size of the economy.

For the State governments, total expenditures as a share of the GDP rose in the 1990s and early-2000s, but this rise was primarily to finance non-developmental expenditures like interest payments (Ramakumar, 2008). Within total expenditure, the share that went into developmental expenditure declined in the 1990s and 2000s. Developmental expenditure as a share of the GDP also fell in the same period. In the case of social sector expenditures and human priority expenditures by States (the sphere where majority of the social sector expenditures take place), there were unambiguous falls relative to GDP and total expenditure. Within specific sub-sectors like education and health too, this relative decline in expenditure was visible.

The fall in expenditures in the social sector by the state governments were due to the nature of interventions made by the Centre in their fiscal spheres. From the late-1990s onwards, the Centre began to persuade the States to pass State-level fiscal responsibility legislations. In addition, for the first time, the constitutionally mandated Finance Commissions started the process of linking resource transfers from the Centre to fiscal consolidation by States. State governments were, thus, forced to cut expenditures in the social sectors.

In sum, there was no increase in the level of public expenditure on the social sectors in India in the 1990s and 2000s. Given the links between public expenditure and human development indicators, the hesitation of the Indian government to substantially step up social sector investments has pulled back its achievements in the MDG front.

Globally too, IMF- and World Bank-led fiscal adjustment programmes have been noted to have slowed down the achievement of MDG targets. According to Roy and Heuty (2009), the Bank-IMF approach to fiscal policy suffers from "three serious shortcomings" rendering it unsuitable for achieving MDG targets.

> *First, the narrow focus on growth and stability ignores the positive impact of public investment on competitiveness and the quality of growth. Second, the use of overall fiscal balance and public debt as the main empirical indicators of "sound" fiscal policy limits the scope for a public investment-led strategy to achieve the MDGs. Third, there is reliance on conditionality-based programmes...This approach implicitly considers public investment as an endogenous variable bound by strict fiscal deficit targets rather than a catalytic force for economic and human development. This is incompatible with an enabling medium-term development framework, such as that required to achieve the MDGs* (p. 75).[9]

9 Rathin Roy and Antoine Heuty (2009), Fiscal Space: Policy Options for Financing Human Development.

6 Public Debates in India Around MDG Indicators

There have been many layers of public debates in India over the progress India has achieved under the different indicators mentioned in the MDGs. These debates have taken place (a) within the political society and the civil society; and (b) with reference to the MDGs and without reference to it.

Within the political society, progressive political formations, including the Left parties, have consistently raised demands and led struggles related to the alleviation of poverty and the improvement of human development indicators. Indeed, in States where the Left parties are politically powerful (such as Kerala, Tripura and West Bengal), they have managed to put in place alternative policies that have addressed the question of human development more seriously than in other States (for a case study from the State of Kerala, see Ramachandran, 1996; for a case study from the State of West Bengal, see Mishra and Rawal, 2001; for a case study of the state of Tripura, see UNDP, 2007). The Left parties have also been in the forefront of struggles against neo-liberal policies of the Indian state and have highlighted the adverse impact of these policies on the efforts to reduce poverty and deprivation.

The civil society in India has also been locked in a debate with the Indian state over social policy much before MDGs were adopted in the year 2000. The declaration of MDGs, however, has added a new dimension in these debates.

In April 2001, the struggle to improve the abysmal (and falling) nutritional standards of a large population in India witnessed a turning point with a Public Interest Litigation (PIL) filed in the Supreme Court. The writ petition focused on the "right to food" as contained in the fundamental "right to life" enshrined in Article 21 of the Constitution of India. Since then, many civil society groups have been in the forefront of the struggle for universal food and livelihood policy in the country. The Supreme Court also appointed a commission on ensuring "right to food". The commission has members from civil society and works in tandem with the non-state actors at the national and State levels.

As discussed earlier, the core of the restructured social policy in the post-liberalisation period lies in the estimation and identification of poor people and efficient targeting of benefits. This aspect of policy has been highlighted by the Right to Food (RtF) Campaign, an umbrella organisation of various groups working on right to food and work across India (see RtF 2010).

The academic debates on poverty lines in India have been captured in public mobilisations by the RTF Campaign[10]. The "Kaun Banega BPL" (Who Shall Become a BPL?) campaign was aimed at exposing the inane nature of the APL-BPL divide in larger public policy structure in India.[11] The mass levels of exclusion from non-universal, restrict-

10 RTF: Right to Food

11 The interesting poster can be accessed from http://www.righttofoodindia.org/data/spot_the_bpl_english.pdf.

ed and often targeted coverage of government schemes like Integrated Child Development Services (ICDS), PDS, Mid Day Meal (MDM) scheme and NREGS has been a basis for mobilisations in the form of "public hearings" at many places in India. These public hearings are, generally, preceded by studies of public schemes with local participation and support. The RtF Campaign has also been demanding "universal" PDS and better support for pregnant women, children below six years of age, elderly population and other marginalised groups from the State (see RtF 2011). Apart from this, the RtF Campaign also argues for structural changes in terms of progressive agricultural policies, state support to farmers and limited foreign involvement in food and agriculture.

The RtF Campaign and other movements emphasise the "rights perspective" on development. In this perspective, the State must ensure protection and enhancement of certain fundamental rights of individuals which are crucial for human and social development. There are several groups with significant mass support in different parts of India, most importantly, the Right to Information (RTI) Campaign (closely aligned with the RtF), which works in the area of strengthening local delivery of public schemes through improved access to information. In one of her speeches, Aruna Roy (senior RTI campaigner) points out that it would be impossible to achieve MDGs without access to information. In fact, according to her, information is the first step towards public action for MDGs[12].

There are other civil society groups and NGOs that tread a different path as far as their demands on public/social policy is concerned. These groups highlight "governance failure" as the central reason for persisting poverty and regional disparity in India. In these formulations, demands of "transparency" and "accountability" from the government occupy crucial importance. Agencies like Oxfam India and Accountability Initiative have pointed out that Indian case requires focus on 'implementation' because there are already plenty of laws and safeguards under the Constitution[13]. In the words of Minar Pimple, regional director, Asia and Pacific, UN Millennium Campaign,

> *What India has not been able to make big dent is to create the clean delivery system – to combat slippages, leakages, corruption and to build huge amount of capacity that is required in specially those states which are much behind in MDGs target* (see Nandan 2010).

In addition, organisations like the Centre for Budget and Governance Accountability (CBGA) conduct public exercises in training and advocacy around government budgets (see CBGA 2010). A coalition of civil society groups and NGOs called *Wada Na Todo Abhiyan* (WNTA; Keep Your Promises Campaign) is supported by the United Nations Millennium Campaign[14]. The WNTA has members from civil society groups working

12 See, http://www.right2info-mdgs.org/our-money-our-accounts-aruna-roy-conference-opening-key-speech/

13 See, for instance, http://www.oxfamindia.org/blog/nisha-agrawal/bridge-implementation-gaps-achieve-mdgs; http://www.accountabilityindia.in/accountabilityblog/1430-transparency-and-access-information-key-realising-mdgs

14 See the official websites of UN Millennium Campaign and Wada Na Todo Abhiyan at www.endpoverty2015.org and http://www.wadanatodo.net/

"towards building governance accountability to poverty and social exclusion, with an emphasis on the right to education, livelihood and health". The WNTA, during the 2009 elections, prepared an All India People's Manifesto for campaigning with political parties. It has also released a citizen's report on MDGs in 2007 and, more recently, published a response to the *India Country Report 2010* in collaboration with the UN Millennium Campaign.

The Citizen's Report on MDGs was a compilation of responses of various groups towards meeting MDGs in India. Apart from presenting the diverse cases of major states in India, the report also has three separate chapters on MDG vis-à-vis Tribes, Muslims and Dalits. In a case study of the nomadic tribes of Andhra Pradesh, the report highlights the historic exclusion of these tribes based on caste-linked occupation, low human development indicators, high unemployment, low participation in government programmes, and social discrimination.

A related report by NACDOR (2007) focuses on Dalits and achievements under MDGs. The report points out that an overwhelming proportion of Indian poor are SCs and STs. The Dalit community has been kept away from landholding and education for a long time giving rise to lower rates of literacy and access to other assets. In this context, the report appreciated the role of MDGs but tends to criticise the lack of a "rights perspective" so that historically marginalised communities gain access to adequate material basis for development. The role of the state is also a concern in this report; it states that unless the historical factors outlined above are explicitly acknowledged, the prospects of achieving MDGs by 2015 remains bleak.

A similar stand is articulated by the status report of Muslims (see TPMS 2008), where the high levels of education, employment and economic backwardness among Muslims is highlighted. The report not only presents data on social and human development indicators in a comparative perspective, but also emphasises "the systemic exclusion and under-representation of Muslims in government jobs and politics" (p. 24). The poverty levels among Muslims are higher in urban areas (higher than SCs and STs at many places) and even rural poverty among them is very high compared to Hindu-OBCs (other backward classes).

Another important voice in the civil society has been the feminist and women's groups. It is a known fact that the persistent nature of poor maternal and child health in India results from high levels of gender discrimination. In fact, the "South Asian Paradox" of high growth and low human development is a reflection of this reality (also see Dreze and Sen 2002). The feminist and women's groups have been arguing that achieving MDGs by 2015 would be difficult without improving gender relations in rural and urban India. Most of the women workers work in the informal sector in India often at lowest wages and no social security (WNTA 2010). Alongside, all social and human development indicators could also be analysed through a gendered lens with the girl child performing worse than others, at times, even before her birth.

In sum, the debate on MDGs in India has incorporated many pressing class, caste, gender and regional perspectives on development (WNTA 2010).

7 Concluding Notes

As I have discussed in this paper, India appears to be off-track in terms of most indicators captured in MDG-1. The failure of the Indian state to meet MDG targets is not just a technical failure; it represents a historic failure of the state to raise the living standards of people and expand their socioeconomic freedoms.

First, beginning from the assumption that poverty is primarily a structural issue, India's failure of implement land reforms on any substantial scale or degree has historically undermined its efforts to create any dent on poverty and unemployment. The absence of land reform slowed down the growth of agricultural surplus; it also slowed down the mass expansion of literacy and school education, allowed the material basis of caste discrimination to persist and weakened the democratic content of local self-governments. In the period of economic "reforms" after 1991, land reform has been officially discarded. The need for land reform did not just take a backseat; the effort was to reverse the implementation of land reform altogether. Land ceiling laws in many States have been repealed to make way for large agribusiness-oriented cultivation units. Such policies are likely to accelerate the loss of land by small peasants and further worsen inequalities in the distribution of land.

Secondly, official policy on employment and poverty in India had entered a new phase from the mid-1970s. The earlier emphasis on measures like land reform, which was aimed at radical asset redistribution, took a backseat. The emphasis shifted to specific poverty alleviation programmes. These programmes were largely in the form of self-employment schemes, often with a loan-cum-subsidy component. While these programmes had a number of limitations, they helped to increase the flow of government funds to rural areas with multiplier effects in the rural economy. As a result, the availability of non-agricultural employment in rural India rose after the late-1970s. Combined with a rise in real wages in agriculture in the same period, these policies contributed to a decline of poverty in rural areas. Thus, official policy on employment and poverty after the mid-1970s had as its focus the promotional role of the state, even while it ignored more fundamental measures like land reform.

The promotional role of the state came to be questioned by the proponents of economic reform after 1991. It was argued that the direct role of the state in efforts to raise policies of employment have to be curtailed; instead, the state should focus only on facilitating economic growth, which would generate more jobs and reduce poverty. Facilitation of economic growth would require more private investment, which in turn would require removal of obstacles to the increased flow of capital. Thus, restrictions on foreign investment and protection levels for small-scale industries were removed through the 1990s. Further, reform of labour laws that would usher in labour flexibility was put forward as a necessary measure to increase employment generation. As a result, the important employment generation programmes of the 1980s, such as the IRDP, were slowly phased out. A downsizing policy was followed in the government sector also.

Data for the period after 1990–91 show very clear trends of an increase in unemployment rates, as well as slowdowns in employment growth and poverty reduction compared to the 1980s. Alongside, levels of economic inequality have also grown in rural and urban areas.

Thirdly, the breakdown of public support structures for the poor has been a major reason for the slowdown in employment growth and poverty reduction after the 1990s. The 1990s and 2000s have been marked by the complete breakdown of the PDS and a sharp fall in public expenditure on social sectors. Both these changes were policy-induced, derived from the dominant neo-liberal orthodoxy. A sharp escalation of food insecurity and livelihood risks has been noted in the literature. Even the wave of the global economic crisis, which has rekindled discussions on social protection across the world, appears to have passed India by.

It is in this context that we need to revisit the critiques of the MDG approach to reducing poverty and deprivation. The primary critique of MDGs has been that it tends to replace narrowly defined target attainments in the place of more fundamental processes of progressive social change (see Mkandawire, 2005; Bond, 2006; Fischer, 2009). As Fischer (2009) puts it:

> *...it is important to recall three main criticisms of the MDGs; that they do not pay attention to employment or inequality, and that they depoliticise development debates. Of these three, de-politicisation underlies the weakness of the MDGs with respect to employment and inequality...De-politicisation...often serves to hide underlying agendas. Moreover, the emphasis in the MDGs on absolute measures and the implicit bias towards targeting predisposes the MDG agenda to be co-opted by a particular orthodox policy paradigm* (p. 5).

Clearly, the Indian experience lends credence to these critiques. The overriding emphasis on labour reforms, the lack of interest in land reforms, the huge concessions that the Indian state bestows on corporate houses, the sharp cutdown in public expenditure in social sectors and the insistence to target social provisions are all indicative of the politically rightward turn that Indian policy has taken. Conceptually, all these measures are justified on the basis of the dominant neo-liberal economic theories.

As in the case of many other countries, the Indian experience with MDGs reaffirms the importance of progressive politics in driving social change. A withdrawal of politics, in favour of managerial target attainments, has significantly weakened the possibilities of India meeting its fundamental socioeconomic challenges anytime soon. May be, the lack of resonance that MDG goals have in the circles of policy making is a blessing in disguise for India.

References

Athreya, Venkatesh (2003), "Redistributive Land Reforms in India: Some Reflections in the Current Context", Paper Presented in the All-India Conference on *Agriculture and Rural Society in Contemporary India*, Barddhaman, December 17–20.

Athreya, Venkatesh (2009), "The Economic Crisis and Rural Livelihoods", Paper presented at the National Conference on *Global Financial Crisis and the Indian Peasantry*, organised by the All India Kisan Sabha, Wayanad, January 31st and February 1st.

Baldacci, E., Clements, B., Gupta, S and Cui., Q. (2004), "Social Spending, Human Capital, and Growth in Developing Countries: Implications for Achieving the MDGs", IMF Working Paper No. WP/04/217, International Monetary Fund.

Bond, Patrick (2006), "Global Governance Campaigning and MDGs: From Top-down to Bottom-up Anti-poverty Work", *Third World Quarterly*, 27 (2), pp. 339–354.

Borras, Saturnino and Terry McKinley (2006), "The Unresolved Land Reform Debate: Beyond the State-Led and Market-Led Models", IPC Policy Brief No. 2, International Poverty Centre, UNDP, Brasilia.

Byres, Terence J. (1981), "The New Technology, Class Formation and Class Action in the Indian Countryside", *Journal of Peasant Studies*, 8 (4), July, pp. 405–54.

Centre for Budget and Governance Accountability (CBGA) (2010), "Transparency in State Budgets in India: Scope and Methodology of the Study", New Delhi, February.

Centre for Human Rights and Global Justice (2007), *Hidden Apartheid*, NYU School of Law and Human Rights Watch, New Delhi.

Chandrasekhar, C. P. and Ghosh, Jayati (2002), *The Market that Failed: A Decade of Neo-liberal Economic Reforms in India*, Leftword Books, New Delhi.

Chavan, Pallavi and Bedamatta, Rajshree (2006), "Trends in Agricultural Wages in India: 1964–65 to 1999–00", *Economic and Political Weekly*, September 23.

Cornia, G. A. and F. Stewart (1993), "Two Errors of Targeting", *Journal of International Development*, 5 (5), pp. 459–90.

Deaton, Angus (1997), *The Analysis of Household Surveys: A Microeconomic Approach to Development Policy*, Johns Hopkins University Press, Baltimore and London.

Debroy, Bibek and Kaushik, P. D. (eds.) (2005), *Reforming the Labour Market*, Academic Foundation, New Delhi.

Dreze, Jean and Khera, Reetika (2009), "The Battle for Employment Guarantee", *Frontline*, 26 (1), 3rd January.

Dreze, Jean and Sen, Amartya (2002), *India: Development and Participation*, Oxford University Press, New Delhi.

Economic and Political Weekly Research Foundation (EPWRF) (2003), "Employment and Unemployment Scenario in India", Special Statistics, 24 May, p. 2003.

Fischer, Andrew (2009), "Towards Genuine Universalism within Contemporary Development Policy", Research Paper prepared for High Level Policy Forum on *After 2015: Promoting Pro-poor Policy after the MDGs*, Residence Palace, Brussels, Belgium, 23rd June.

Ghose, Ajit K. (1999), "Current Issues of Employment Policy in India", *Economic and Political Weekly*, September 4, 34 (36), pp. 2592–2608.

Ghosh, Jayati (2004), "Macroeconomic Reforms and a Labour Policy Framework for India", Employment Strategy Papers, International Labour office, Geneva.

Ghosh, Jayati (2005), "Trade Liberalisation in Agriculture: An Examination of Impact and Policy Strategies with Special Reference to India", Background Paper for the *Human Development Report 2005*, UNDP.

Government of India (1951), *The First Five Year Plan*, New Delhi.

Government of India (GoI) (1993), *Report of the Expert Group on Estimation of Proportion and Number of Poor*, Perspective Planning Division, Planning Commission, New Delhi.

Government of India (GoI) (2009), *Millennium Development Goals - India, Country Report: Mid-Term Statistical Appraisal*, Central Statistical Organization, Ministry of Statistics and Programme Implementation, New Delhi.

Government of India (GoI), (2010), Annual Report of Ministry of Labour: 2009–10, New Delhi.

Guhan, S (1986), "Rural Poverty Alleviation in India: Policy, Performance and Possibilities", Reprinted in Subramanian, S. (ed.), *India's Development Experience: Selected Writings of S. Guhan*, Oxford University Press, New Delhi, 2001, pp. 15–46.

Harriss, John (1999), "Comparing Political Regimes Across Indian States", *Economic and Political Weekly*, 48, pp. 3367–3377.

Himanshu (2005), "Recent Trends in Poverty and Inequality: Some Preliminary Results", *Economic and Political Weekly*, February 10, pp. 497–508.

Hirashima, S. (2000), "Issues in Agricultural Reforms: Public Investment and Agricultural Reforms", *Economic and Political Weekly*, October 28, pp. 3879–3884.

International Labour Organisation (ILO) (2010), *Newsletter: Millennium Development Goal 1*, No. 16, June.

Isaac, T. M. Thomas and Ramakumar, R. (2006), "Why do the States not spend? An Exploration of the Phenomenon of Cash Surpluses and the FRBM Legislation", *Economic and Political Weekly*, 41 (48), December 2.

Isaac, T. M. Thomas and Ramakumar, R. (2009), "Expanding Welfare Entitlements in the Neo-Liberal Era: The Case of Food Security in Kerala" *Indian Journal of Human Development*, 4 (1).

Krishnaji, N and Krishnan, T. N (1998), "Terms of Trade and Demand Patterns," in Nayyar, Deepak (ed.), *Economics as Ideology and Experience*, Frank Cass, London.

Krishnamurthy, J. (1974), "Changes in the Indian Work Force", *Economic and Political Weekly*, 19 (50), December 15.

Langford, Malcolm (2010), "A Poverty of Rights: Six Ways to Fix the MDGs", *IDS Bulletin*, 41 (1), January.

Mahendra Dev, S. and Ravi, C. (2007), "Poverty and Inequality: All-India and States, 1983–2005", *Economic and Political Weekly*, February 10, pp. 509–521.

Mathew, E. T. (2006), *Employment and unemployment in India: Emerging Tendencies during the Post-Reform Period*, Sage Publications, New Delhi.

Mishra, Surjya Kanta and Rawal, Vikas (2002), "Agrarian Relations in Contemporary West Bengal and Tasks for the Left", in Ramachandran, V. K. and Swaminathan, Madhura (eds.), *Agrarian Studies: Essays on Agrarian Relations in Less-Developed Countries*, Tulika Books, New Delhi, pp. 329–355.

Mishra, Surjyo Kanta (2007), "On Agrarian Transition in West Bengal", *The Marxist*, 23 (2), pp. 1–22.

Mkandawire, Thandika (2005), "Targeting and Universalism in Developing Countries", Department of Economic and Social Affairs (DESA) Forum on *Integrating Economic and Social Policies to achieve the United Nations Development Agenda*, New York, 14–15 March.

Nagaraj, K. (1989), "Female Workers in Rural Tamil Nadu – A Preliminary Study" Jose, A. V. (ed.), *Limited Options: Women Workers in Rural India*, ILO-ARTEP, New Delhi, pp. 108–202.

Nandan, Thritesh (2010), "MDG summit opens, India's report has little to cheer about", *Governance Now*, available at: http://www.governancenow.com/news/regular-story/mdg-summit-opens-india-s-report-has-little-cheer-about.

National Conference of Dalit Organisations (NACDOR) (2007), *Millennium Development Goals and Dalits – A Status Report*, New Delhi, June.

NCEUS (2007), *Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector*, National Commission for Enterprises in the Unorganised Sector, Government of India, New Delhi; available at http://www.nceus.gov.in.

Osmani, S. R. (1991), "Social Security in South Asia", in Ahmad, Ehtisham, Dreze, Jean, Hills, John and Sen, Amartya (1991) (eds.), *Social Security in Developing Countries*, WIDER Studies in Development Economics, Clarendon Press, Oxford, pp. 305–355.

Ozler, B., Datt, Gaurav and Ravallion, Martin (1996), "A Database on Poverty and Growth in India", World Bank, Washington, January.

Patnaik, Utsa (2006), "Poverty and Neo-Liberalism in India", Revised Version of Rao Bahadur Kale Lecture, Gokhale Institute of Politics and Economics, Pune, 3 February.

Patnaik, Utsa (2010), "On Some Fatal Fallacies", *Economic and Political Weekly*, 45 (47), November 20.

Planning Commission (2002), *Report of the Special Group on Targeting Ten Million Employment Opportunities per Year*, Chairman: Montek Singh Ahluwalia, New Delhi.

Planning Commission (2010), *Mid-Term Appraisal of the Eleventh Five Year Plan*, New Delhi.

Ramachandran, V. K. (1996), "On Kerala's Development Achievements", in Jean Dreze and Amartya Sen (eds.), *Indian Development: Selected Regional Perspectives*, Oxford University Press, New Delhi, pp. 205–356.

Ramachandran, V. K. (2007), "Agrarian Relations: The Lynchpin", *The Hindu*, August 15.

Ramachandran, V. K. and Ramakumar, R. (2000), "Agrarian Reforms and Rural Development Policies in India: A Note", Paper presented at the International Conference on *Agrarian Reform and Rural Development*, Department of Agrarian Reform, Government of the Philippines and the Philippines Development Academy, Tagaytay City, December 5 to 8.

Ramachandran, V. K. and Swaminathan, Madhura (2002), "Prospects for Rural Employment in Contemporary India", Paper presented at the seminar on *Changing Social Formations in Contemporary India*, School of Social Sciences, Jawaharlal Nehru University, New Delhi, April 24 to 26.

Ramachandran, V. K. and Swaminathan, Madhura (2002), "Prospects for Rural Employment in Contemporary India", Paper presented at the seminar on *Changing Social Formations in Contemporary India*, School of Social Sciences, Jawaharlal Nehru University, New Delhi, April 24 to 26.

Ramakumar, R (2008), "Levels and Composition of Public Social and Economic Expenditures in India, 1950–51 to 2005–06", *Social Scientist*, 36 (9/10), 2008, pp. 48–94.

Ramakumar, R (2010), "Food insecurities", *Frontline*, 27 (15), July 30.

Ramakumar, R. (2005), "Public Action, Agrarian Change and the Standard of Living of Agricultural Workers: A Study of a Village in Kerala", *Journal of Agrarian Change*, 6 (3), July, pp. 306–345.

Rao, J. Mohan (1994), "Agricultural Development under State Planning", in T.J. Byres (eds.), *State, Planning and Liberalisation in India*, Oxford University Press, New Delhi.

Ravallion, Martin and Datt, Gaurav (1995), "India's Checkered history in Fight Against Poverty: Are There Lessons for the Future?", *Economic and Political Weekly*, Special Number, September, pp. 2479–2485.

Right to Food Campaign (RtF) (2010), "Statement of Right to Food Campaign on estimating and Identifying Poverty in India", 26th March, available at http://www.righttofoodindia.org/data/rtfc_position%20on_estimating_and_identifying_poverty_in_india.pdf.

Right to Food Campaign (RtF) (2011), "Press Note in response to the Rangarajan Committee Report on the National Food Security Bill", January, available at http://www.righttofoodindia.org/data/press_note_in_response_to_the_rangarajan_committee_report_on_the_national_food_security_bill_january_2011.pdf.

Roy, Rathin and Heuty, Antoine (eds.) (2009), *Fiscal Space: Policy Options for Financing Human Development*, Earthscan Publications, London.

Sen, Abhijit (1996), "Economic Reforms, Employment and Poverty", *Economic and Political Weekly*, Special Number, September, pp. 2459–2477.

Sen, Abhijit (1998), "Rural Labour Markets and Poverty", in Radhakrishna, R. and Sharma, Alakh N. (eds.), *Empowering Rural Labour in India: Market, State and Mobilisation*, Institute of Human Development, New Delhi.

Sen, Abhijit (2002), "Agriculture, Employment and Poverty: Recent Trends in Rural India", in Ramachandran, V. K. and Swaminathan, Madhura (eds.), *Agrarian Studies: Essays on Agrarian Relations in Less-Developed Countries*, Tulika Books, New Delhi, pp. 392–444.

Sen, Abhijit and Patnaik, Utsa (1997), "Poverty in India", Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi.

Sen, Amartya (1995), “The Political Economy of Targeting”, in Van De Walle, D. and K. Nead, (eds.), *Public Spending and the Poor: Theory and Evidence*, World Bank and Johns Hopkins Press, Baltimore.

Sharma, Alakh N. (2006), “Flexibility, Employment and Labour Market Reforms in India”, *Economic and Political Weekly*, May 27, pp. 2078–2085.

Shivakumar, A. K. (2007), “Why Are Levels of Child Malnutrition Not Improving?”, *Economic and Political Weekly*, April 14th, pp. 1337–1345.

Singh, Manmohan (2004), “India: The Next Decade”, Speech at The Indira Gandhi Conference, New Delhi, November 19, available at http://pmindia.nic.in/speech/content4print.asp?id=47.

Srivastava, Ravi and Singh, Richa (2006), “Real Wages during the 1990s: A Re-Estimation”, *Economic and Political Weekly*, September 23, pp. 4053–4062.

Stiglitz, J. E. (1996), “The Role of Government in Economic Development”, Keynote Address at the Annual World Bank Conference on Development Economics, reprinted in Bagchi, Amaresh (ed.), *Readings in Public Finance*, Oxford University Press, New Delhi.

Sundar, Shyam K. R. (2005), “Labour Flexibility Debate in India: A Comprehensive Review and Some Suggestions”, *Economic and Political Weekly*, May 28-June 4, pp, 2274–2285.

Sundaram, K. (2001a), “Employment-Unemployment Situation in the Nineties: Some Results from NSS 55th Round Survey”, *Economic and Political Weekly*, 36 (11), 17 March, pp. 931–40.

Sundaram, K. (2001b), “Employment and Poverty in 1990s: Further Results from NSS 55th Round Employment-Unemployment Survey, 1999–2000”, *Economic and Political Weekly*, 11 August, pp. 3039–3049.

Swaminathan, Madhura (2000), *Weakening Welfare: The Public Distribution of Food in India*, LeftWord Books, New Delhi.

Tehreek-E-Pasmanda Muslim Samaj (TPMS) (2008), *Millennium Development Goals and Muslims*, New Delhi.

Thorner, Daniel (1962), “Emergence of an Indian Economy: 1760–1960”, in Thorner, Daniel and Thorner, Alice (eds.), *Land and Labour in India*, Asia Publishing House, Bombay.

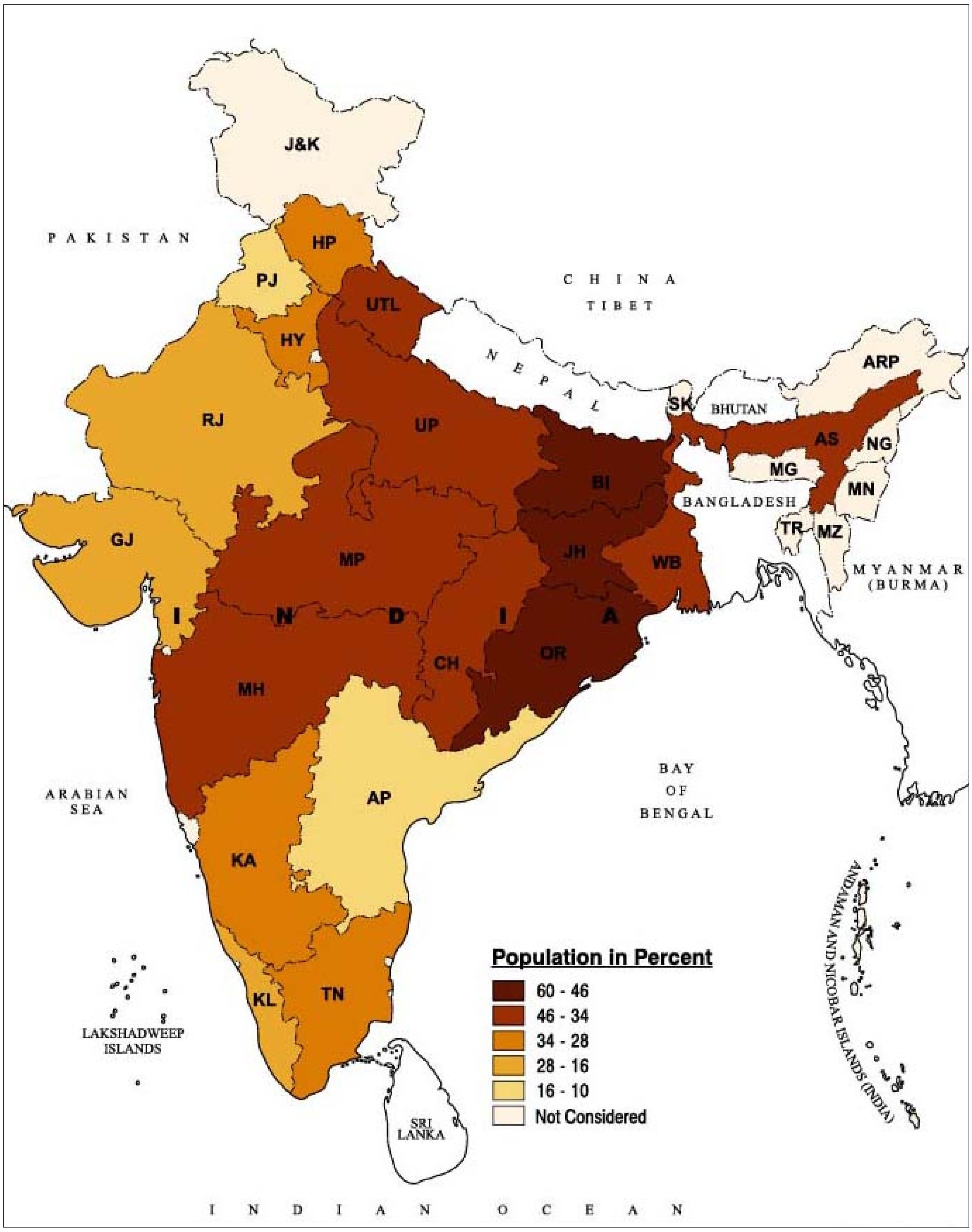
UNDP (2007), *Tripura Human Development Report*, New Delhi.

Unni, Jeemol and Raveendran, G. (2007), “Growth of Employment (1993–94 to 2004–05): Illusion of Inclusiveness”, *Economic and Political Weekly*, 20 January, pp. 196–199.

Wada Na Todo Abhiyan (WNTA) (2010), *Millennium Development Goals in India, 2010 – A Civil Society Report*, New Delhi, September.

Annex

Annex 1: Percentage of population below poverty line in rural India



Source: World Food Programme, M S Swaminathan Research Foundation (2001):
Food Insecurity Atlas of Rural India. http://www.mssrf.org

Working Paper Series, SRP 4 "MDGs"

The present study is part of the Working Paper Series for the Special Research Project on "Poverty-oriented development policy beyond the Millennium Development Goals".

With 2015 fast approaching, a sense of disenchantment is growing in some circles as many working towards the high-profile Millennium Development Goals realise how far out of reach they remain. Disillusionment is already giving way to critical reflection, however, and the contours of a new critical discourse on global poverty and development are beginning to emerge. Many have begun questioning implicit norms and assumptions that underpin the MDGs. Critics see the first goal in particular – "to reduce by half the proportion of people living on less than a dollar a day" – as subtly re-enforcing a mainstream view of poverty couched in ideals of global capitalism and market growth.

An NCCR North-South working group is examining the emerging critical debates, which are likely to shape development policy and interventions for years to come. The working group is seeking to generate an overview of the debates within a range of specific countries, i.e. India, Nepal, Pakistan, Ethiopia, Ivory Coast, Costa Rica, Bolivia, and Switzerland. The overviews will define core dimensions that characterise these debates, and critically assess them in light of NCCR North-South research findings. This will help formulate recommendations for a post-2015 development agenda based on differentiated experiences and understandings – globally and locally – of poverty, poverty alleviation, and well-being. Please follow the project at http://www. north-south.unibe.ch/content.php/page/id/320

The present Working Paper by R. Ramakumar provides the working group with an overview of related debates in India. Responsibility for its content rests with the author.

Zurich / Bern, November 2011, Urs Geiser and Didier Péclard, Project Coordinators

Contact
Author: rr@tiss.edu

Project Coordinators: urs.geiser@geo.uzh.ch, didier.peclard@swisspeace.ch

About the Author

R. Ramakumar is an economist, with specific interests in issues related to agrarian relations and rural development in India. He did his PhD in Economics at the Indian Statistical Institute, Kolkata. Earlier he was a faculty member at the Centre for Development Studies in Trivandrum. Presently, he is Associate Professor with the School of Social Sciences at the Tata Institute of Social Sciences, Mumbai.

E-mail: rr@tiss.edu

NCCR North-South Dialogues Series

1 *Human and Animal Health in Nomadic Pastoralist Communities of Chad: Zoonoses, Morbidity and Health Services.* Esther Schelling. 2002[1], rev. 2007[2]
2 *Understanding Institutions and Their Links to Resource Management from a New Institutionalism Perspective.* Tobias Haller. 2002[1], rev. 2007[2]
3 *Dialogue Workshop Methodology: Adapting the Interactive Problem-Solving Method to an Environmental Conflict.* Simon A. Mason. 2003[1], rev. 2007[2]
4 *The Globalisation Discourse.* Norman Backhaus. 2003[1], rev. 2007[2]
5 *Reforming Agriculture in a Globalising World – The Road Ahead for Kerala.* K.N. Nair, Vineetha Menon. 2004[1], rev. 2007[2]
6 *Simen Mountains Study 2004.* Eva Ludi. 2005[1], rev. 2007[2]
7 *"Should I Buy a Cow or a TV?" Reflections on the Conceptual Framework of the NCCR North-South.* Christine Bichsel, Silvia Hostettler, Balz Strasser. 2005[1], rev. 2007[2]
8 *An Overview of Different Vulnerability Approaches and Definitions.* Martin Cassel-Gintz. 2006[1], rev. 2007[2]
9 *Forestry in the Princely State of Swat and Kalam (North-West Pakistan).* Sultan-i-Rome. 2005[1], rev. 2007[2]
10 *Livelihood Strategies in North-West Pakistan.* Bernd Steimann. 2005[1], rev. 2007[2]
11 *The Critical Issue of Land Ownership: Violent Conflict, Somali Region of Ethiopia.* Ayele Gebre-Mariam. 2005[1], rev. 2007[2]
12 *Marginality: Concepts and Their Limitations.* Ghana S. Gurung, Michael Kollmair. 2005[1], rev. 2007[2]
13 *Political Ecology in Development Research.* Jon Schubert. 2005[1], rev. 2007[2]
14 *Ethiopia and the Nile: The Dilemma of National and Regional Hydro-politics.* Yacob Arsano. 2005[1], rev. 2007[2]
15 *Social Networks and Migration: Far West Nepalese Labour Migrants in Delhi.* Susan Thieme. 2006[1], rev. 2007[2]
16 *Conducting Field Research in Contexts of Violent Conflict.* Nathalie Gasser. 2006[1], rev. 2007[2]
17 *Bridging Research and Development: Capitalisation on Experience with Partnership Actions for Mitigating Syndromes.* Peter Messerli, Annika Salmi, Karl Herweg, Franziska Pfister, Thomas Breu. 2007
18 *Governmental Complexity in the Swiss Alps: Planning Structures Relevant to a World Natural Heritage Site.* Jöri Hoppler, Astrid Wallner, Urs Wiesmann. 2008
19 *PhD Reader: PhD Theses within the Framework of the Swiss National Centre of Competence in Research (NCCR) North-South.* NCCR North-South. 2008
20 *People and "Territories": Urban Sociology Meets the Livelihood Approach in the South.* Luca Pattaroni, Vincent Kaufmann, Yves Pedrazzini, Jean-Claude Bolay, Adriana Rabinovich. 2008
21 *International Conference on Research for Development (ICRD 2008): Pre-conference Proceedings.* University of Bern, Switzerland, 2–4 July 2008. NCCR North-South. 2008
22 *People's Choice First: A 4-Country Comparative Validation of the HCES Planning Approach for Environmental Sanitation.* Christoph Lüthi, Antoine Morel, Petra Kohler, Elizabeth Tilley. 2009
23 *Making Research Relevant to Policy-makers, Development Actors, and Local Communities: NCCR North-South Report on Effectiveness of Research for Development.* Claudia Michel, Eva Maria Heim, Karl Herweg, Anne B. Zimmermann, Thomas Breu. 2010
24 *State of Statistical Data on Migration and Selected Development Indicators.* Nadia Schoch. 2010
25 *Changing Development Discourses over 40 Years of Swiss–Bolivian Development Cooperation.* Andrea Weder, Claudia Zingerli. 2010
26 *The Effect of Global Coffee Price Changes on Rural Livelihoods and Natural Resource Management in Ethiopia: A Case Study from Jimma Area.* Aklilu Amsalu, Eva Ludi. 2010
27 *An Analysis of the Coffee Value Chain in the Kilimanjaro Region, Tanzania.* David Gongwe Mhando, Gimbage Mbeyale. 2010
28 *The Political Economy of Coffee in Kenya: A Case Study of Rumukia and Mathira North Cooperative Societies in the Mount Kenya Area.* Wanjiku Chiuri. 2011
29 *Does it Work in Practice? Fostering Knowledge Exchange for Sustainable Development: Second NCCR North-South Report on Effectiveness.* Eva Maria Heim, Claudia Michel, Annika Salmi, Thomas Breu. 2011

30 *Millennium Development Goal 1 (Poverty Reduction) and the Swiss Debate on Development Assistance.* Bernd Steimann. 2011

31 *The Millennium Development Goals and the Global (Northern) Poverty Debate: A Short Review of Global (Northern) Debates on the MDGs.* Bernd Steimann. 2011

32 *Contested Rural Development in Nepal.* Manandhar Prabin. 2011[1], rev. 2011[1]

33 *La Résilience sociale multi-strates : une nouvelle approche de recherche pour l'adaptation au changement global.* Brigit Obrist, Constanze Pfeiffer, Robert Henley. 2011

34 *Kilimanjaro and Oromia Coffee Value Chain Case Studies: Producer Benefits from Fair Trade and Free Market Channels.* Christopher Coles. 2011

35 *Miles to Go Before We Sleep: Poverty and the Millennium Development Goals in Nepal.* Sagar Sharma. 2011

36 *Contemporary Political and Socioeconomic Processes in Bolivia.* Gonzalo Rojas Ortuste, Christian Lunstedt Tapia. 2011

37 *Glossary of Terms in Water Supply and Sanitation (in Vietnamese).* Nguyen Viet Hung, Hoang Van Minh, Vuong Tuan Anh, Tran Thi Tuyet Hanh, Vu Van Tu, Pham Duc Phuc, Nguyen Hong Nhung, Nguyen Thi Bich Thao. 2011

38 *India and the Millennium Development Goals: Progress and Challenges.* R. Ramakumar, 2011.

This paper argues that India has been off-track in terms of most indicators captured in MDG-1. The failure of the Indian state to meet MDG targets is not just a technical failure; it represents a historic failure of the state to raise the living standards of people and expand their socioeconomic freedoms.

First, beginning from the assumption that poverty is primarily a structural issue, India's failure to implement land reforms on any substantial scale or degree has historically undermined its efforts to create any dent on poverty and unemployment. Second, official policy on employment and poverty in India entered a new phase from the mid-1970s. After the mid-1970s, it focused on the promotional role of the state, even while it ignored more fundamental measures such as land reform. Such a promotional role of the state came to be questioned by the proponents of economic reform after 1991. Data for the period after 1990–1991 show very clear trends of an increase in unemployment rates, as well as slowdowns in employment growth and poverty reduction compared to the 1980s. At the same time, levels of economic inequality have also grown in rural and urban areas. Third, the breakdown of public support structures for the poor has been a major reason for the slowdown in employment growth and poverty reduction after the 1990s. The 1990s and 2000s have been marked by the complete breakdown of the public distribution system and a fall in the share of public expenditure on social sectors. There has been a sharp escalation of food insecurity and livelihood risks.

As in the case of many other countries, the Indian experience with MDGs reaffirms the importance of progressive politics in driving social change. A withdrawal of politics, in favour of managerial target attainments, has significantly weakened the possibilities of India meeting its fundamental socioeconomic challenges in the near future.

NCCR north south

The NCCR North-South Dialogue Series presents reflections on research topics of concern to programme members throughout the world.

dialogue