Indian government seeks to lower official poverty line to 50 cents per day

R.V. Singh, Colleen Redcliffe
19 October 2011

Montek Singh, the Deputy Chairman of India's Planning Commission, and Rural Development Minister Jairam Ramesh staged a press conference October 3 in order to justify government changes to the official poverty line.

The Congress Party-led government was seeking to distance itself from its own proposals, made last month, to revise downwards the benchmark for official poverty in India—proposals that ignited a political storm.

According to the Planning Commission's new proposal, those spending more than 32 Indian rupees (Rs) (the equivalent of 64 US cents or less than half a Euro) per day in urban areas and more than Rs 26 (52 cents) in rural areas per day should not be officially deemed poor.

Originally the Planning Commission had proposed an even lower poverty line: Rs 20 (40 cents) and Rs 15 (33 cents) in urban and rural areas respectively, but was forced to abandon it under pressure from India's Supreme Court.

The Right to Food Campaign (RFC), a conglomeration of NGOs, addressed an open letter to the Planning Commission, asking Ahluwalia to explain how the new poverty-line expenditure figure could be considered "adequate", and adding, "If it cannot be explained then the affidavit should be withdrawn or else you should resign."

The RFC open letter noted that the poverty line revision coincides with food inflation which is pushing poor households to the wall, even as up to 60 million tonnes of food grain is piled up in the Food Corporation of India's *godowns* (warehouses) "implying that the government itself is hoarding grains to increase food prices."

Anupama Datta, deputy head of the National Slum Dwellers Federation, told Agence France-Presse (AFP): "There is no way one person can feed and house himself on 32 rupees (64 cents) in a city for a day. This figure has no meaning for the common man."

New Delhi housemaid Ambeka Muthuswami was quoted by AFP as saying: "A kilogramme of rice costs 40 rupees (80 cents) which would last a family just one day."

Biraj Patnaik, adviser to an official commission on the right to food, said "when it comes to helping the poor, the government wants as few people as possible to get even the minimum benefits."

The government's proposed poverty line is so low that it was denounced even by the *Times of India*, a corporate daily that otherwise has trumpeted the pro-market polices of deregulation, privatization, corporate tax cuts, and dismantling of public services that all Indian governments have pursued for more than two decades. "According to the new criterion suggested by the planners," observed the *Times*, "if a family of four in Mumbai, Delhi, Bangalore or Chennai is spending anything more than Rs 3,860 ($77) per month on its members, it would not be considered poor. It's a definition that many would find ridiculously unrealistic. Not surprisingly, the new above the poverty line definition has already created outrage among activists, who feel it is just a ploy to artificially depress the number of poor in India."

The *Times* said that it broke down the overall monthly figure for urban areas and found that the Planning Commission "suggests that spending Rs 5.5 (11 cents) on cereals per day is good enough to keep people healthy. Similarly, a daily spend of Rs 1.02 (2 cents) on pulses, Rs 2.33 (5 cents) on milk and Rs 1.55 (3 cents) on edible oil should be enough to provide adequate nutrition and keep people above the poverty line without the need of subsidized rations from the government. It further suggests that just Rs 1.95 (4 cents) on vegetables a day would be adequate. A bit more, and one might end up outside the social security net."

The *Times* further noted that "to qualify for the BPL (Below Poverty Line) list and for subsidy under various government schemes" people should be spending less daily "than 44 *paise o*n fruits, 70 *paise* on sugar, 78 *paise* on salt and spices …" There are 100 *paise* in a rupee, so the 44 *paise* allotted for fruits is the equivalent of less than 1 US cent (0.88 cents).

Continuing in the same vein, the *Times* noted, "A person using more than Rs 3.75 (8 cents) per day on fuel to run the kitchen is doing well as per these figures. Forget about the fuel price hike and sky-rocketing rents, if anyone living in the city is spending over Rs 49.10 (98 cents) a month on rent and conveyance, he or she could miss out on the BPL tag."

Under the Planning Commission's proposed poverty lines, individuals would be expected to spend less than $2 per month on their education and health care.

At their October 3 press conference, Ahluwalia and Ramesh conceded that even their revised benchmark was "very low" and agreed that a proposed cap on the number of poor an individual state can register, irrespective of need, should be removed. But they reasserted the main thrust of government policy, the thrust that lies behind the Commission's attempt to "modernize" the definition of poverty: namely to lower the present poverty line and de-couple entitlement to food and other social programmes (such as subsidized fuel and fertilizer) from it.

The new criterion, which has already been approved by Prime Minister Manmohan Singh's office, was derived from the Tendulkar committee report (2009) which found that the number of the poor in India in 2004-05 had risen from 27.5 percent of the total population to 37.2 percent.

Previously, poverty was estimated by measuring minimum required calorie intake, but the Tendulkar committee widened this to include spending on food as well as education, health, fuel and clothing.

The Tendulkar committee report is, however, far from the most accurate or most damning recent calculation of poverty in India. The N.C. Saxena Committee report (2009) calculated that a full 50 percent of Indians were living below the poverty line, and demonstrated that there was a steady decline in the calorie intake—especially cereal consumption—among the poor between 1972-73 and 1999-2000. An Oxford University study from 2010, for its part, concluded that 55 percent of India's population or 645 million people are living in poverty.

Using data from earlier in the decade, a 2009 report by the National Commission for Enterprises in Unorganised Sector (NCEUS) under the late Dr Arjun Sengupta found that the portion of India's population that subsists on per capita consumption of less than Rs 20 a day had risen to a staggering 836 million individuals—77 percent of the total population.

The World Bank, which in India as elsewhere has pressed for the implementation of "market-reform", nonetheless estimates poverty in India—those living on less than $1.25 a day—at 41 percent.

It should be noted that dire as these findings are, virtually all the data for these reports is from a period (roughly 1993 to 2005) touted by the government, corporate media, and Indian and international investors as characterized by rapid economic growth and "India's rise". The effects of the current global economic crisis and its immediate consequences, such as rising unemployment and speculation in food leading to huge price increases in basic staples, has not been factored in.

In an comment in the *Hindu* newspaper, entitled 'How little can a person live on?', Professor Utsa Patnaik, formerly of Jawaharlal Nehru University's Centre for Economic Studies and Planning, pointed out that the Indian government's new benchmark was actually a definition not of poverty but of destitution.

"The Planning Commission's laughable estimates of the 'poverty line'," wrote Patnaik, have "exposed how unrealistic 'poverty lines' are. Some television channels assumed that the figures covered food costs alone and showed how they could not meet minimal nutrition needs at today's prices. These paltry sums, however, are supposed to cover not only food but all non-food essentials, including clothing and footwear, cooking fuel, lighting, transport, education, medical costs and house rent. The total is divided into Rs.18 (36 cents) and Rs.14 (28 cents) for food and non-food items in towns, and into Rs.16 (29 cents) and Rs.10 (20 cents) in the rural areas, and includes the value of food that farmers produce and consume themselves.

"Even a child knows that working health cannot be maintained, nor necessities obtained, by spending so little. Amazingly, however, 450 million Indians subsist below these levels. One cannot say that they 'live' in any true sense: their energy and protein intake is far below normal, they are underweight, stunted, subject to a high sickness load but without the means to obtain adequate food or medical treatment."

Prof. Patnaik says that "per head energy and protein intake has been falling for the last two decades as the majority of the population is unable to afford enough food." Explaining what this has meant in human terms, she points out that the original "poverty line" based on a 1979 National Sample Survey report on consumption, had allowed a person to obtain 2,400 kilocalories of energy a day in the rural areas and 2,100 kilocalories a day in the urban areas.

But in the ensuing decades, even this fundamental modicum of existence for the vast majority of Indians, in the countryside as well as the cities, has been gradually stripped away, until as Patnaik says: "Today at the current official poverty lines of Rs.26 (52 cents) and Rs.32 (64 cents) for the rural and urban areas respectively, the minimal cost of living is even more seriously understated: the consumer can access even less food. State poverty lines vary, and in a number of States the energy intake the official poverty line can command is below 1,500 [kilo]calories a day."

She concludes: "The claim that poverty has declined is not true because the method of indexation that is actually used has not kept constant the nutritional standard against which poverty is measured, but has lowered it continuously."

According to Patnaik, if a more realistic nutritional standard was used and proper provision made for life's emergencies and life cycles, the data collected by the 2009-10 National Sample Survey, would compel at least 75 percent of India's population to be classified as living in poverty.

Whatever income cut-off is used, contemporary India is breathtaking in its social inequalities. A third of all the world's poor reside within its borders. Poverty in eight Indian states—Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, and West Bengal—exceeds that of the 26 poorest African countries.

At the other pole of Indian society, there are currently 55 dollar-billionaires—roughly 4.5 percent of the global total of only 1,210 such individuals—with a combined wealth of $246.5 billion. Indian's billionaires club has increased by 10 percent since last year, amidst an unprecedented economic crisis.

As in all countries, the Indian bourgeoisie intends to foist the burden of the economic crisis onto the backs of those in society that are least able to pay and are least to blame for the crisis in the first place. The hundreds of millions of workers and rural labourers that have lived through increasing hardships to power the rise of the Indian economy over the past two decades are to be made to pay for its failure. The crisis of the global capitalist economy is also to be taken out of the living conditions of the tens of millions that had joined the ranks of India's much-heralded middle class. Meanwhile an infinitesimal layer of multi-millionaires and billionaires—the real beneficiaries of the full integration of India into the world capitalist market in the early 1990s—sits atop the apex of an impoverished society of over one billion people.