



## INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS AND MANAGEMENT

### CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	LACK OF INFRASTRUCTURE AND VISION 2020 IN NIGERIA <i>OLOWE, OLUSEGUN</i>	1
2.	IMPACT OF SELECTED ISSUES ON WORK-FAMILY BALANCE: EMPIRICAL EVIDENCE FROM PRIVATE COMMERCIAL BANKS OF BANGLADESH <i>AYESHA TABASSUM, JASMINE JAIM &amp; TASNUVA RAHMAN</i>	5
3.	A STUDY ON TOTAL QUALITY MANAGEMENT & DEVELOPING A COMPREHENSIVE MODEL FOR QUALITY IN HIGHER EDUCATION <i>HARINI METHUKU &amp; HATIM R HUSSEIN</i>	9
4.	FISCAL POLICY AND ECONOMIC GROWTH IN PAKISTAN <i>ZEESHAN AHMED</i>	14
5.	A NON-PARAMETRIC APPROACH TO FINANCIAL INCLUSION ANALYSIS THROUGH POSTAL NETWORK IN INDIA <i>NITIN KUMAR</i>	19
6.	SECURITIZATION AND ITS RELATIONSHIP WITH REAL ESTATE GROWTH – AN ANALYSIS <i>VIVEK JOSHI</i>	25
7.	EXPLORING HRM PRACTICES IN SMEs <i>PUJA BHATT &amp; DR. S. CHINNAM REDDY</i>	32
8.	ELECTRICITY EXCHANGE IN INDIA: A STUDY OF INDIAN ENERGY EXCHANGE <i>DR. Y. M. DALVADI &amp; SUNIL S TRIVEDI</i>	42
9.	SMALL SCALE INDUSTRIAL UNITS: PAST AND PRESENT PROBLEMS AND PROSPECTS <i>DR. K. VETRIVEL &amp; DR. S. IYYAMPILLAI</i>	48
10.	'MEDICAL TOURISM' – THE NEW TREND OF REVENUE GENERATION: IMPACTS ON INDIAN ECONOMY AND THE GLOBAL MARKET RESPONSE <i>DR. S. P. RATH, DR. BISWAJIT DAS, HEMANT GOKHALE &amp; RUSHAD KAVINA</i>	61
11.	A STUDY ON DECIDING FACTORS OF WOMEN ENTREPRENEURSHIP IN VIRUDHUNAGAR DISTRICT <i>C. MANOHARAN &amp; DR. M. JEYAKUMARAN</i>	70
12.	EARNINGS ANNOUNCEMENTS: DO THEY LEAD TO EFFICIENCY? <i>SANTOSH KUMAR, TAVISHI &amp; DR. RAJU. G</i>	74
13.	CLIMATE CHANGE, ADAPTATION AND MITIGATION EFFORTS IN THE TRIBAL AREAS OF INDIA <i>DR. S. THIRUNAVUKKARASU</i>	78
14.	A STUDY ON THE DETERMINANTS OF EXPORT DEMAND OF INDIA AND KERALA <i>DR. L. ANITHA</i>	82
15.	INDIA'S FUTURE CONSUMPTION OF COAL RESOURCES & INDONESIA AS A POTENTIAL PROCUREMENT DESTINATION <i>DR. CH. VENKATAIAH &amp; SANTHOSH B. S.</i>	87
16.	AN EMPIRICAL INVESTIGATION OF THE TRADE-OFF AND PECKING ORDER HYPOTHESES ON INDIAN AUTOMOBILE FIRMS <i>DR. A. VIJAYAKUMAR</i>	94
17.	SHG - BANK LINKAGE – A HELPING HAND TO THE NEEDY POOR <i>DR. A. S. SHIRALASHETTI &amp; D. D. KULKARNI</i>	101
18.	ANALYSING SOCIO DEMOGRAPHIC EFFECT ON CONSUMER'S POST PURCHASE BEHAVIOUR: A STUDY ABOUT HOME APPALIANCES <i>DR. DHARMENDRA KUMAR</i>	105
19.	ETHICAL HUMAN RESOURCES WITH SUSTAINABLE RESPONSIBLE BUSINESS LEADING TO EMPLOYEE ENGAGEMENT <i>R. MANJU SHREE</i>	110
20.	JUDGING THE SHORT TERM SOLVENCY OF SELECTED INDIAN AUTOMOBILE SECTOR COMPANIES <i>BHAVIK M. PANCHASARA, KUMARGAURAV GHELA, SAGAR GHETIA &amp; ASHISH CHUDASAMA</i>	114
21.	INSOLVENCY RISK OF SELECTED INDIAN COMMERCIAL BANKS: A COMPARATIVE ANALYSIS <i>SANTI GOPAL MAJI, SOMA DEY &amp; ARVIND KR. JHA</i>	120
22.	SOCIAL RESPONSIBILITY OF ENTERPRISES IN A GLOBALISED INDIAN ECONOMY - AN ANALYSIS <i>DR. KUMUDHA RATHNA</i>	125
23.	CSR PRACTICES AND RATINGS IN INDIAN BANKING SECTOR <i>JAYASHREE PATIL-DAKE &amp; NEETA AURANGABADKAR-POLE</i>	129
24.	POVERTY, INEQUALITY AND INCLUSIVE GROWTH IN RURAL INDIA: AN ANALYSIS <i>DR. JAMIL AHMAD</i>	134
25.	EMPOWERMENT OF WOMEN THROUGH MICRO FINANCE IN THE UNION TERRITORY OF PUDUCHERRY <i>B. ELUMALAI &amp; P. MUTHUMURUGAN</i>	139
	REQUEST FOR FEEDBACK	143

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## POVERTY, INEQUALITY AND INCLUSIVE GROWTH IN RURAL INDIA: AN ANALYSIS

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### ABSTRACT

*The approach paper to the Eleventh Plan stresses the importance of more inclusive economic growth. Inclusive Growth focuses on economic growth which is a necessary and crucial condition for poverty reduction. Further, the strategy for inclusive growth is to provide access to basic facilities such as health, education, clean drinking water etc. to the common people. In the short run these essential services impact directly on welfare, in the long run they determine economic opportunity for the future. But recent trend tells the different story that the high growth rate is unable to reduce the poverty and inequality in India. Increasing inequality in tandem with high growth rate has been a point of growing concern in Indian economy. This paper examine that inclusive growth emphasizes creation of an equal access to opportunities; and that unequal opportunities arises from social exclusion associated with faulty approach and politically motivated policies. Poverty alleviation programmes become have been ineffective and growth generated inequalities in the rural India. This will enable rural India to address the agenda of eradicating extreme poverty particularly in rural areas, and at the same time discuss the development challenges brought about by rising inequalities.*

### KEYWORDS

Inclusive Growth, Inequality, Poverty, Unemployment.

### INTRODUCTION

The relationship between poverty, income inequality and economic growth has received much attention in the economic literature. Inclusive Growth is directly related to the reduction in poverty and income inequality. The main Elements of Inclusive Growth are Poverty reduction and increase in quantity and quality of employment, agricultural development, social sector development, reduction in regional disparities and protecting the environment. The term Inclusive Growth defined in the Eleventh Plan as 'growth process which yields broad based benefits and ensures equality of opportunity for all', it stands for 'equitable development' or 'growth with social justice', which have always been the watch words of development planning in India. In contrast, in the relative definition, growth is "pro-poor" if and only if the incomes of poor people grow faster than those of the population as a whole, i.e., inequality declines. However, while absolute pro-poor growth can be the result of direct income redistribution schemes, for growth to be inclusive, productivity must be improved and new employment opportunities created. In short, inclusive growth is about raising the pace of growth and enlarging the size of the economy, while leveling the playing field for investment and increasing productive employment opportunities.

The common argument is that with the increase in the growth of the economy to 8-9 per cent, ultimately all will benefit. So don't worry about the poor. But the hard reality is that the high growth rate is unable to reduce the poverty and inequality in India. Increasing inequality in tandem with high growth rate has been a point of growing concern in Indian economy. Though perfect equality is probably unattainable, inequality become a problem when a differences in income across section of societies or became self propelling. As far as India's economic growth is concerned it has started growing at the fast rate of 7 per cent per annum, the rich are reaping the benefits of development. The poor are disillusioned since the benefit does not percolate to raise their stander of living (Dutta, & Sundram, 2009).

But due to faulty approaches and often politically motivated policies, growth has generated inequalities; Poverty, in rural areas. Poverty alleviations programmes have been ineffective for want of proper implementation. It is difficult to say how much poverty alleviation and how much due to growth itself (Hasim, S.R.2007). If economic growth is not shared throughout society then development has failed (Joseph.E.Stilgitz).

In the light of above discussion, this paper examines how much the growth process is able to effect on poverty and inequality in the country. We then provide the sufficient Review of literature to support the present study. The subsequent section describes the Growth, inequality and poverty in Indian states. The final section discusses the findings and gives the suggestion for the proper implementation of the poverty alleviations programmes in the country to distribute the fruit of the development among the rural people of the country.

### METHODOLOGY

In the present theme, the study is conducted in the following stages. First, an attempt is made to document briefly the approaches and strategies adopted by the government in the field of rural development. Second, to analyses with a brief survey of literature on importance of economic growth, poverty reduction and inequalities in rural India. Third, to access the impact of inclusive growth on poverty and unemployment reduction in urban and rural India.

The analysis used secondary data from variety of sources, including NSS data, Approach to the eleventh plan, Human Development Report, India in Figure 2009 National Nutrition Monitoring Bureau (NNMB) data, etc.

### REVIEW OF LITERATURE

**Angus Deaton and Jean Dreze, (2002)**, in his paper "Poverty and Inequality in India: A Re-Examination", presents a new set of integrated poverty and inequality estimates for India and Indian states for 1987-88, 1993-94 and 1999-2000. The poverty estimates are broadly consistent with independent evidence on per capita expenditure, state domestic product and real agricultural wages. They show that poverty decline in the 1990s preceded more or less in line with earlier trends. Regional disparities increased in the 1990s, with the southern and western regions doing much better than the northern and eastern regions. Economic inequality also increased within states, especially within urban areas, and between urban and rural areas. We briefly examine other development indicators, relating for instance to health and education. Most indicators have continued to improve in the nineties, but social progress has followed very diverse patterns, ranging from accelerated progress in some fields to slow down and even regression in others. We find no support for sweeping claims that the nineties have been a period of 'unprecedented improvement' or 'widespread impoverishment'.

**Andre Beteille, (2003)**, in his article, "Poverty and Inequality", discuss that the relationship between poverty and inequality is neither clear nor direct. Poverty and inequality are analytically distinct concepts. They vary independently of each other, and it is misleading beyond a point to treat the one as a marker of the other. The study of both poverty and inequality has been closely associated with an interest in economic and social change. But poverty and inequality do not change at the same pace, and they may even change in opposite directions. It is difficult to make any meaningful statement about the relationship between the two without specifying which conception of poverty and which aspect of inequality one has in mind.

**Bhanumurthy, N.R, and Mitra Arup, (2004)**, in his paper "Economic Growth, Poverty, and Inequality in Indian States in the Pre-reform and Reform Periods" assesses the impact of economic reforms on poverty incidence by decomposing the change in poverty ratio into growth/mean effect, inequality effect, and population shift effect for the rural and urban areas of 15 major states and at the all-India level. The growth/mean effect dominates in both periods over the

inequality effect and the population shift effect. The growth effect, which is beneficial for poverty reduction, seems to have gone up in the reform period. The adverse inequality effect also fell during the reform period. States with a greater beneficial growth effect in the reform period also show a fall in the magnitude of an adverse population shift effect in the urban areas, i.e., a relatively smaller increase in the incidence of urban poverty caused by rural urban migration.

**Ali Afzal, (2008)**, in his article, "Inequality in Developing Asia" argues that growing income and no income inequalities in developing Asia pose a clear and present danger to social cohesion, political stability, and therefore the sustainability of growth itself. The rapid creation of productive economic opportunities combined with significantly broadening access to these opportunities, particularly for the bypassed and marginalized, must be ensured. Progressively lifting the well-being of a greater share of the population will contribute toward harmony.

**Jha Raghendra, (2000)**, in his paper "Growth, Inequality and Poverty in India Spatial and Temporal Characteristics" examines the empirical relationship between economic inequality, poverty and economic growth in the Indian states. Using NSS data on consumption for the 13th to the 53rd Rounds, he computes the Gini coefficient, real mean consumption and the head count ratio for rural and urban sectors and average for 14 major Indian states. The rank concordance index across states does not usually show convergence. Nevertheless, there is (conditional) convergence (in terms of levels) in inequality and poverty measures across states. The coefficients of variation do not show any tendency to fall over time. What is particularly worrisome is that the coefficient of variation of the rural head count ratio seems to be rising over time, indicating greater dispersion in rural poverty across states.

**Sen Abhijit, and Himanshu, (2004)**, in his paper, "Poverty and Inequality in India", examine the 55th round (1999-2000) of the NSS used a different methodology from all previous rounds and arrived at lower poverty estimates. The consensus from earlier NSS rounds, that poverty reduction had been set back during the 1990s, was challenged by this data. This was bolstered by some 'adjustments', which although agreeing that the 55th round had overestimated poverty reduction, claimed that the number of poor had nonetheless fallen by 30-45 million. However, a detailed re-examination shows that these 'adjustments' were not correct. The poverty ratio fell at most by 3 percentage points between 1993-94 and 1999-2000, and it is likely that the number of poor increased over this period. The main lesson is that poverty estimates are very sensitive to both survey design and post-survey analysis.

**Thamarajakshi, R. (2003)**, in his article, "Growth and Poverty in India in the 1990s" discussion recently on the data base for poverty measurement in India, doubts have been raised whether the household expenditure survey data generated by the 50-year old National Sample Survey system currently being used for poverty measurement fully reflects the growth in consumer expenditure and captures the extent of change in the poverty ratio. And when the results of the quinquennial survey for 1999-2000 were released, the change in its survey design threw up yet another controversy about the validity of its results. These two issues have been discussed at length and we shall outline briefly the salient aspects of the discussion and move on to the more substantive question whether conditions of rapid growth and decline in poverty obtained in the 1990s.

**Ninan, K. N. (1994)**, "Poverty and Income Distribution in India" analyzes the global poverty and income distribution pattern, and also causal factors behind rural poverty in India both at the national and state levels... Adopting an alternate model and categorization of the time period of analysis into two phases which is empirically and theoretically justified the paper observes that contrary to the findings of other researchers, not only are there distinct time trends in the incidence of rural poverty in India, but also while these trends were positive and significant. These observations are valid for both all-India and across states, using alternate measures of poverty, i.e., the head count ratio and Sen's poverty index. The paper then attempts both a time series and cross-section analysis of the causal factors behind rural poverty in India, especially probing into the role of agricultural growth, inflation, access to subsidised food through the public distribution system, population pressure on environmental resources, rural consumption levels and inequality, and infrastructure development on the incidence of rural poverty for all-India and across states.

By reviewing the literature it has been observed that economic inequality increased within states, between urban and rural areas. It has been also observed that most of the social indicators have continued to improve in the nineties, but slow down in the latter period.

## GROWTH, POVERTY AND INEQUALITY

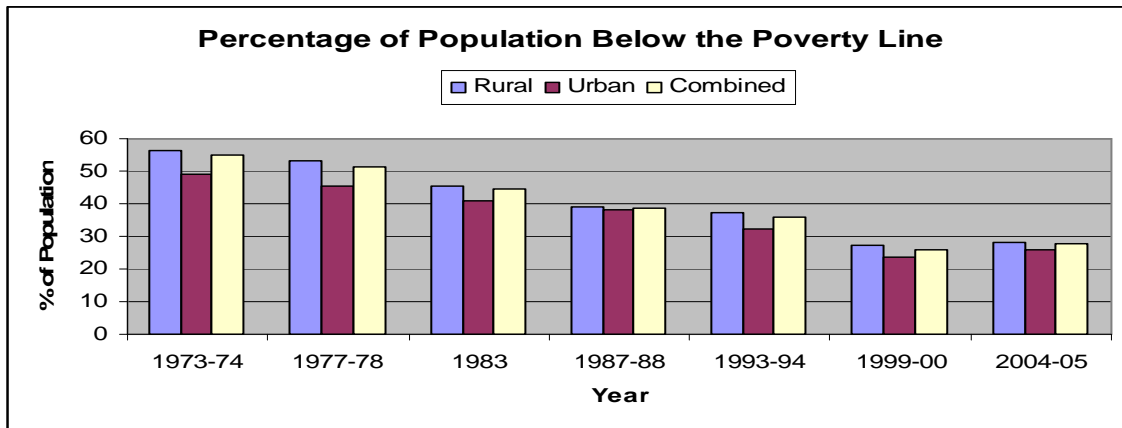
The relationship between income growth and poverty reduction is examined as follows. Poverty remains a serious problem for the country as a whole. On normative grounds, poverty can be declared unacceptable as it violates human dignity and basic human rights. Therefore, the need of its eradication or mitigation has become morally more salient and has sparked a global justice movement (Raimo Väyrynen 2005). The percentage of poor has, of course declined from 55 in 1973 to 27.5 per cent in 2004-05 (Fig.-1); it is still a high level of poverty for an economy experiencing high growth rate. As for absolute numbers, there were 321 million poor in 1973-74, 320 million in 1993-94 and 302 million poor in 2004-05. Some of the more detailed features of this level of poverty make it even more a matter of serious concern. The National Sample Survey Organization (NSSO) constructed three income groups - bottom, middle and top; for these groups the per capita expenditure on cereal, non-cereal and total calorie intake for the years 1970 to 1989, 1990 to 1998, to 2000 was estimated. For the bottom income group, particularly resided in rural areas, expenditure on cereals has fallen from 0.10 per cent per annum to -1.38; it is worse for non-cereals where the expenditure has decreased from 2.81 per cent per annum to 0.96 per cent per annum. The figures of different levels of poverty in the above study are useful: Between 1993-94 and 1999-2000, the proportion of extremely poor fell from 2.0 to 0.8, very poor from 11.7 to 8.2; moderately poor from 22.1 to 18.3 and the 'poor' as defined by below poverty line from 36.8 to 26.5. Predictably, the percentage of poor in rural areas is highest amongst the agricultural labor, followed by the self-employed. According to National Nutrition Monitoring Bureau (NNMB) data, 37.4 per cent of adult females and 39.4 per cent of males suffer from chronic energy deficiency. NSS data on poverty and alternate estimates by other scholars concluded that poverty reduction was less than 3 per cent between 1993-94 (50th NSS) and 1999-2000 (55th NSS). Under nutrition is particularly serious in rural areas, in the lower wealth quintiles, among scheduled tribes and scheduled castes, and among those without education. Almost half the children under age five are stunted, or too short for their age, which indicates that they have been undernourished for some time. 20 per cent are wasted, or too thin for their height, which may result from inadequate recent food intake or a recent illness. 43 per cent are underweight, which takes into account both chronic and acute under nutrition. More than half the children under age five are underweight in Madhya Pradesh, Jharkhand and Bihar.

**TABLE-1: PERCENTAGE OF POPULATION BELOW POVERTY LINE (RURAL+URBAN)**

States	1973-74	1977-78	1983	1987-88	1993-94	2004-05
Orissa	66.18	70.07	65.29	55.58	48.56	46.40
Bihar	61.91	61.55	62.22	52.13	54.93	41.40
Madhya Pradesh	61.78	61.78	49.78	43.07	42.52	38.30
Uttar Pradesh	57.04	49.05	47.07	41.46	40.85	32.80
Maharashtra	53.24	55.88	43.44	40.41	36.86	30.70
Karnataka	54.87	48.78	38.24	37.53	33.16	25.00
West Bengal	63.43	60.52	54.85	44.72	35.66	24.70
Tamil Nadu	54.93	54.79	51.66	43.39	35.03	22.50
Rajasthan	46.14	27.42	34.46	35.15	27.21	22.10
Gujarat	48.15	41.23	32.79	31.54	24.21	16.80
Andhra Pradesh	48.86	39.31	28.91	25.86	22.19	15.80
Kerala	59.79	52.22	40.42	31.79	25.43	15.00
Haryana	35.36	29.55	21.37	16.64	25.05	14.00
Punjab	28.16	19.27	16.18	13.20	11.77	8.40
<b>All-India (avg.)</b>	<b>54.88</b>	<b>51.32</b>	<b>44.48</b>	<b>38.86</b>	<b>35.97</b>	<b>27.50</b>

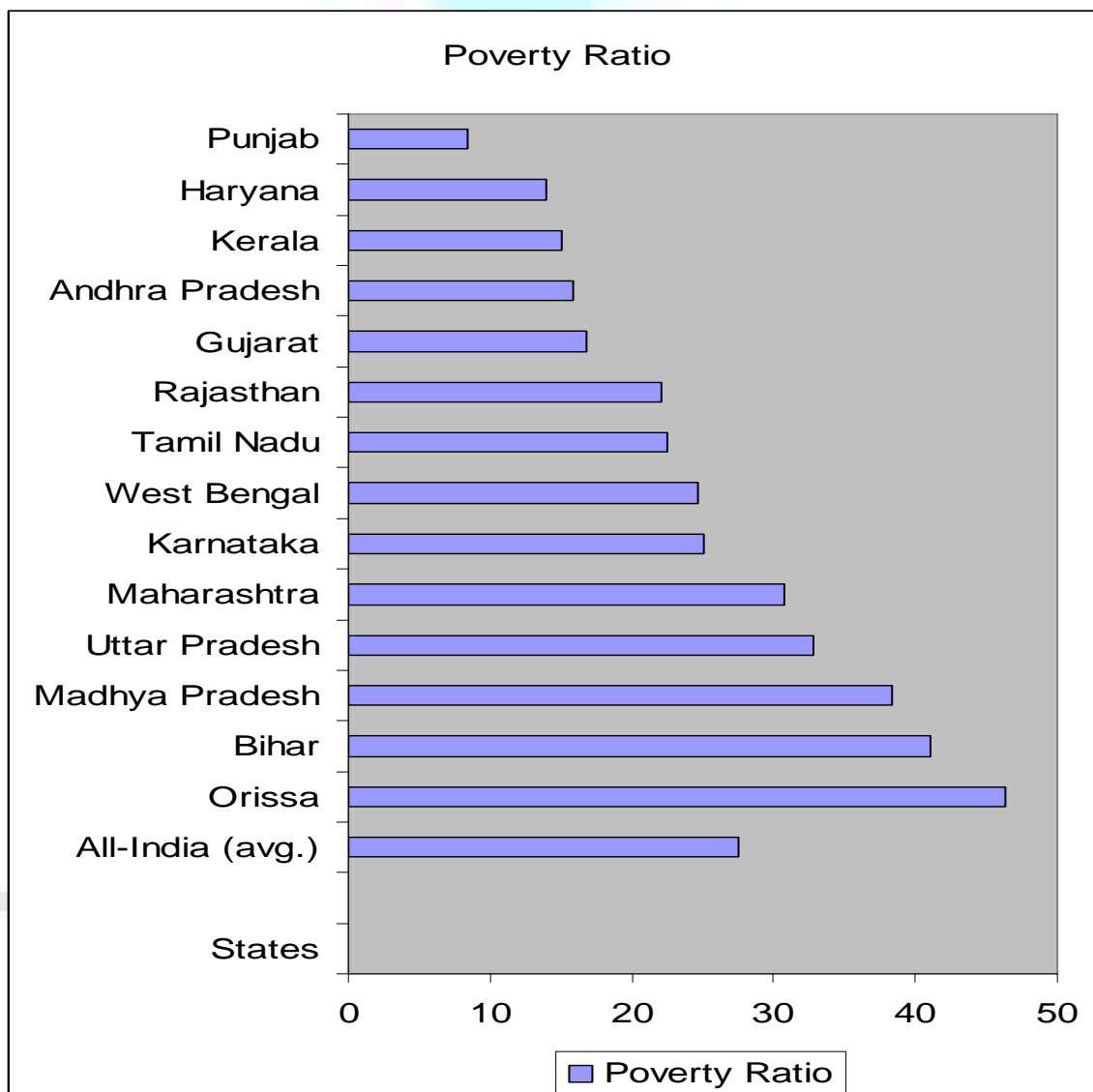
Source: Planning Commission, Government of India.

FIG. 1: PERCENTAGE OF POPULATION BELOW THE POVERTY LINE



Source: Planning Commission, Government of India.

FIG. 2



Source: Planning Commission Government of India.

The above fig. 2 clearly reflects that poverty over the year has got more concentrated in a fewer states. Five states with high poverty ratio 1993-94 were Orissa (49%), Bihar (55% including Jharkhand), Madhya Pradesh (43%) and Uttar Pradesh (41% including Uttarakhand). Rural poverty ratio in these states were even higher. These are also the states which experience the slowest rate of reduction in poverty over the period 1987-88 to 2004-05, with the exception of Punjab, Haryana, Kerala which had already reduced poverty ratio to quite low level i.e. Punjab(8%), Haryana(14%), and Kerala(15%) in the year 2004-05 as against all India poverty ratio of 27 percent.

From poverty, we now turn to inequality. Moreover, the politics of inequality has more nuances than the politics of poverty. When poverty is addressed as a political issue, the focus is primarily on the poor, their vulnerability and suffering, while in the debates and actions on inequality have to focus also on the rich and the outcomes in the redistribution of economic resources. Inequality is a bad thing, not in itself but because of its adverse consequences. Inequality is the



dispersion of a distribution in terms of income, consumption or some other welfare indicator or attribute of a population. Accordingly, spatial inequality refers to uneven distribution of income or other variables across spatial location (World Bank 1999; Kanbur *et al* 2003).

**TABLE-2: ECONOMIC GROWTH, INEQUALITY AND POVERTY HEADCOUNT RATIO DURING 1983-2005**

	1983	1993-94	2004-05
Per Capita GDP	10,253	13,608	22,120
Gini Coefficient of Inequalities % ( in 1999-00 prices)	0.30	0.29	0.31
Poverty Headcount Ratio%	46.5	37.2	27.5
	1983/1993-94	1993/94-2004/2005	
Annual Growth Rate of Per capita GDP (%)	2.83	4.42	
Annual Change in Gini	- 0.002	0.002	
Annual Percentage Point Change in Poverty Headcount Ratio	- 0.89	- 0.77	

Source: Ministry of Finance 2008, Himansu (2007)

The above table reflects that the proportions of people below the poverty line- called the "head count ratio" and calculate on the basis of consumption expenditure data from large scale households survey calculated by National Sample Survey Organization (NSSO), has fallen from 46.50 in 1983 to 37.2 per cent in 1993-94 and further 27.5 in 2004-05. What worried about is that the pace of poverty reduction has not accelerated significantly, despite a noticeable rise in the economic growth of India. The annual average growth rate of real GDP per capita increased from 2.83 during 1983/1993-94 to 4.42 during 1993/94-2004/05, while the average annual reduction in the poverty headcount ratio, expressed in terms of percentage point, has fallen 0.89 in the former period to 0.77 in the latter period. The above also reflects the that the Gini coefficient of income inequality fall between 1983 and 1993-94 but rose back to it pervious level around 0.3 by 2004-05.

## RURAL DEVELOPMENT

Rural development in India has evidenced several changes over the years in its emphasis, approaches, strategies and programmes with a view to improving the socio-economic conditions of the people: in providing good infrastructural facilities, support services and employment opportunities. The five year plans give more emphasis to reduce the poverty and increase employment opportunity in the country. The special emphasis is given in the fifth plan to remove the poverty in the country and after that number of poverty alleviations programme and employment guarantee scheme have been initiated in the country such as IRDP, NREP, RLEGP, TRYSEM, DWCRA, NREGA etc. are the few programmes for poverty reduction and rural enlistment. But poverty alleviations programmes have been ineffective in the past due to proper implementation.

No doubt economic growth is important for poverty alleviation, but recent studies indicates that rapid growth creates complexities i.e. mass movement of people from rural area to urban areas, further strain the access the basic services like health, education, housing and water, which affect the poor more adversely than the others, also need to be adequately address. In spite of the advances made, there still remains much to be done to bring prosperity in the lives of the people in the rural areas, thus ending the so-called divide between Bharat and India.

**TABLE-3: INCIDENCE OF POVERTY, MALNUTRITION, LITERACY RATE, GDSP RANK AND INFANT MORTALITY RATE IN MAJOR STATES OF INDIA.**

States	Rank by GDSP	HDI Rank	Literacy Rate(2001)	Infant Mortality (2003)	Malnutrition Under 3 Year Under-Weight Children (%) (2005-06)	Poverty Ratio Rural+ Urban
Bihar	14	15	47.5	60	58.4	41.0
Orissa	10	11	63.3	83	44.0	46.4
Uttar Pradesh	15	13	57.4	76	47.3	32.8
Madhya Pradesh	11	12	64.1	82	60.3	38.3
Rajasthan	9	9	61.00	75	44.0	22.1
West Bengal	7	8	69.2	46	43.5	24.7
Andhra Pradesh	8	10	61.1	59	36.5	15.8
Karnataka	4	7	67.00	52	41.4	25.0
Tamil Nadu	2	3	73.5	43	33.0	22.5
Haryana	12	5	68.6	59	41.9	14.0
Gujarat	5	6	70.00	57	47.4	16.8
Punjab	16	2	69.9	49	27.0	8.4
Maharashtra	1	4	77.3	42	39.7	30.7
Kerala	3	1	79.9	11	28.8	15.0
<b>All-India (avg.)</b>			<b>65.4</b>		<b>45.9</b>	<b>27.5</b>

Source: United Nation Development Report, 2009.Planning commission Government of India, and Economic Survey 2007-08.

In the above table an attempt is made to assess the food security status and the relative position of states poverty, malnutrition, Literacy rate, Gross State Domestic product, HDI ranks and infant mortality rates estimated from NSS data for 2004-05 in terms of households having inadequate food, is seen to be only affecting a small percentage of households at all-India level at 1.9 per cent (Table-3). It also is concentrated in states like West Bengal, Orissa and Bihar though again in small dimension. The Eleventh Five Year Plan has observed that PDS seems to have failed in making food grain available to the poor as is evident from falling levels of cereal consumption over the last two decades. While poverty rates have declined significantly, malnutrition has remained stubbornly high (xi th five year plan).

Malnutrition, as measured by underweight children below 3 years, constituting 45.9 per cent in children under 3 years of age as per the National Family Health Survey 2005-06 (NFHS 3) has still remained much higher. It has also not significantly declined from its level of 47 per cent in 1998-99 (NFHS 2). Malnutrition reflects an imbalance of both macro and micro level. It may be observed that malnutrition cannot entirely be explained by poverty though it is an important determinant (Table-2). Even Punjab with poverty ratio of only 8.4 per cent has 27 per cent children below 3 years as underweight. Andhra Pradesh, Gujarat and Haryana are some other examples of high malnutrition among children with lower levels of poverty. Hence, there is need to focus on the malnutrition issue in our policies and programmes. While the ability to access such food items depends on household income and is addressed through programmes like NREGS, there are other factors which are equally important but are ignored. Due to unavailability of adequate food, infant Mortality rate is also high again in these states. Orissa, Madhya Pradesh, Rajasthan Uttar Pradesh and Bihar had the highest Infant Mortality ratio in the year 2003.These are also the states that have the experience low economic growth and have been exceptionally inefficient in implementing poverty alleviation programmes.

TABLE-4: POVERTY AND UNEMPLOYMENT AMONG URBAN AND RURAL AREAS AND RURAL URBAN DISPARITIES IN AVERAGE MONTHLY PER CAPITA EXPENDITURE  
(As percent total Population and Labour force)

Year	TABLE-POVERTY AND INEQUALITY ACROSS RURAL AND URBAN AREAS						
	Poverty Ratio (in %)		Gini index Per capita Consumption		Rural-Urban Disparity in Average Monthly Per Capita Expenditure	Unemployment	
	Rural	Urban	Rural	Urban		Rural	Urban
1973-74	56.4	49.0	28.7	31.9	1.334	-	-
1977-78	53.1	45.2	29.5	23.7	1.396	7.7	10.3
1983-84	45.7	40.8	30.0	34.1	1.458	7.9	9.5
1987-88	39.1	38.2	29.4	34.5	1.585	5.3	9.4
1993-94	37.3	32.4	28.5	34.4	1.628	5.6	7.4
2004-05	28.3	25.7	30.5	37.6	1.882	3.5	6.75

Source: India in Figure 2009, Central Statistical Organization, Ministry of statistics and programme Implementation, New Delhi and Per capita expenditure at current prices calculated by author.

Table- 4 provides information about population below the poverty line and youth unemployment rate and Gini index per capita consumption in rural and urban areas. The table reveals that unemployment rate traditionally higher in urban areas than in rural areas. As against an unemployment rate of 10.3 in 1987-88 in urban areas, the rural unemployment rate was 7.7 (CDS basis). There was a significant fall in the rural unemployment rate in 1987-88 to 5.3 percent, but the urban unemployment rate was of the order of 9.4 percent, significantly higher. After 1993-9, the period of liberalization rural unemployment rate again increase to 7.2 percent while urban unemployment also marginally increased to 7.7 percent during 1993-94 to 1999-2000. In the period 2004-05 the unemployment rate is continue to very slightly to 3.5 percent in rural areas whereas urban unemployment was declined merely 1 percent to 6.75 percent. Higher level of unemployment in the urban areas could be explain by a large proportion of organized sector unemployment which force people to either remain employed or unemployed. But the increased in unemployment rate in rural areas may be due to the neglect of rural areas in the post reform period.

Although the rural poverty has declined continuously, income inequality increased from 1973-74 to 1983-84, declined from 1983-84 to 1993-94 and increased afterwards from 1993-94 to 2004-05. On the other hand, although urban poverty has been declining continuously, urban inequality has been rising in an uninterrupted manner. Poverty reduction in urban areas has been slightly faster than that in rural areas.

## CONCLUSION

This paper assesses the impact of economic growth on poverty and inequality in the states of India. The two time periods are from 1983 to 1993-94 and from 1993-94 to 2004-05, described as earlier and later periods, respectively. The India's economic growth rate in the last one decade has been 7 to 8% per annum. However, the latter period witnessed increase in disparities across regions and social groups and between rural and urban areas. Inequality become wider at the all-India level. However, in the rural areas of a large number of states have shows inequality, even in the urban areas of the states and at the all India level the adverse inequality effect increase considerably in the later period.

There is a need to have a broad based and inclusive growth to benefit all sections of the society. We have discussed challenges in most important elements of inclusive growth: agriculture, poverty and employment, social sector and, regional disparities. Improving decentralization and governance are also part of inclusive growth. It is more challenging for the state to achieve this inclusive growth than getting 7 to 8 per cent growth in GSDP. In other words, there is no trade-off between equity and growth.

Growth may be good for its poor, but due to the relative decline of agriculture and the high and growing importance of services, inequality is likely to increase. We find that final demand growth for community, social, and personal services raises inequality between and within household. Our findings clearly stress that employment creation will not be enough to secure equitable growth. Furthermore, during the decades of nineties and after that the rate of economic growth has gone up significantly. But this growth has not generated enough employment and livelihood opportunities for the poor.

We suggest following measures for enhancing inclusive growth in India.

First, agriculture development should be given priority for more inclusive growth. Stepping up agricultural growth is essential for raising the growth rate in GSDP and for reducing poverty. Second, it has been recognized that better governance is very important for inclusive development. This is important for better implementation of sectoral policies and poverty alleviation programmes. Social mobilization, community participation and decentralized approach are needed. Third, equality of opportunities is also important. Even if we do not follow equitable distribution of assets, every one should get equal opportunity for better education and health. Fourth, inclusive growth is important for raising growth and development. If we reduce rural-urban and regional disparities, growth will increase. If we define equity in terms of empowerment and increase in the participation of the poor, there is no trade-off between inclusive growth and economic growth.

Lastly, investment in infrastructure sector is also important for inclusive growth Therefore, there is a need to develop industry in order to improve employment. Jumping to services is not the solution.

To therefore, we can conclude that economic growth particularly pro-poor growth in terms of concentrating on agriculture and employment are important in order to reduce poverty. However, economic growth alone will not be sufficient to lift some people above the poverty line.

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