



THE WORLD BANK



WORKSHOP

Growth and Inclusion: Theoretical and Applied Perspectives

Section III Part 2

2 + 2 = 3: The Orwellian Record of Inclusive Growth in India

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2 + 2 = 3: The Orwellian Record of Inclusive Growth in India

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Popular perception of Inclusive Growth in India

- Indian experience – lends itself to myriad of explanations. One explanation is that this is the Rashomon effect . Reality is in the eyes of the beholder.
- This disregard for facts maybe peculiar to argumentative India. More likely, and what is presented here, is that discussions about Indian inequality and poverty are more along the lines of Orwell's 1984.
- Populist belief: Poverty has been declining too slowly to make any material difference; and too slow especially given the high growth experienced over the last thirty years.
- Beliefs have not changed at least since 1983 – despite India being almost four times richer, *in per capita terms*, in 2011.

2 + 2 = 3: Populist Wisdom on Inclusion in India

- Inequality increase – serious
- Poverty decline – not commensurate with growth
- Disadvantaged groups – not enough progress
- These conclusions, plus several others, all point to India's performance being severely below par. For a summary, see the article written by two of the leading experts, and proponents, of the view that Indian inclusive record is anything but inclusive. Dreze-Sen "Putting Growth in Its Place", *Outlook*, Nov 2011
- *"There is probably no other example in the history of world development of an economy growing so fast for so long with such limited results in terms of broad-based social progress". (Dreze-Sen)*

Some issues for debate, discussion and reality checks

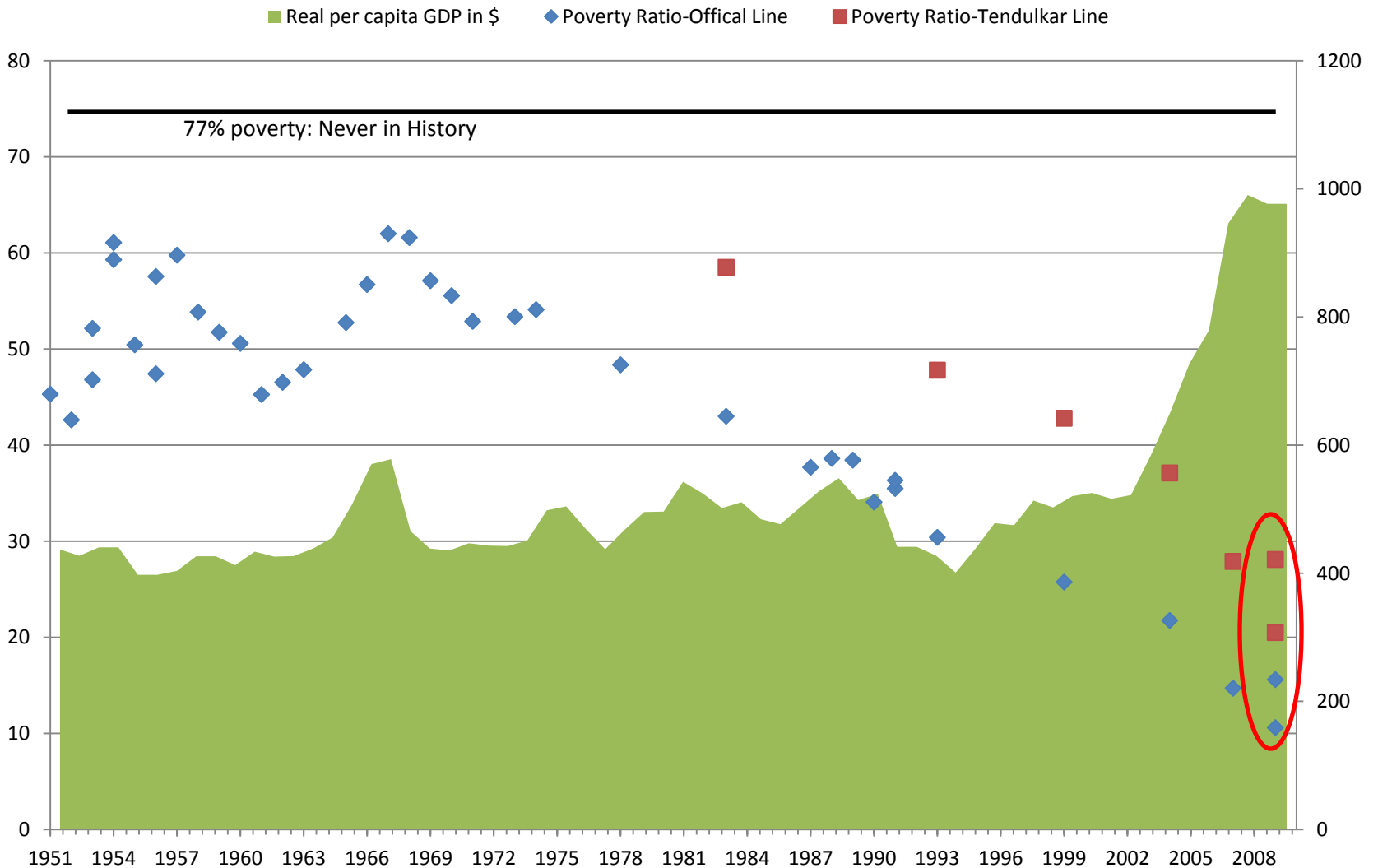
- Poverty Decline
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- Reality of Inequality
- 2+2 = 3 in Action- OECD Inequality, Global Hunger Index, UN MPI
- The Truth of Decline in Calorie Consumption
- Public Schemes: Fixes and Corruption

Poverty Decline

Reality Check 1: MDG goals for poverty decline have been met

- Poverty decline has met the MDG goals for 2015 at least six years earlier
- For old poverty line, poverty ratio 30.4 in 1993/94 and 15.6 in 2009/10
- For new, 20 % higher Tendulkar poverty line, poverty ratio 47.8 in 1993/94 and 28.1 in 2009/10
- Not much discussed (why not?) is a parallel 2009/10 NSS survey – same number of households, same sampling frame, except different households covered – and food asked on a 7 day recall basis for many items rather than the traditional 30 day recall basis. The result – poverty a full 8 percentage points lower according to the Tendulkar poverty line.

Poverty Decline & GDP per capita growth



The circle refers to 2009/10 poverty estimates using Type-I & Type-II Consumption Expenditure Survey; poverty lower in Type-II survey.

Reality Check 2: The poverty decline is widespread

- All socio-economic groups have shared in the poverty decline
- Poverty decline the greatest for the poorest
- However, the Indian poverty line, some 20 percent higher than the official World Bank poverty line, is, according to Dreze-Sen too low
- *“In 2009-10, for instance, the official poverty line in Delhi was around Rs 30 per person per day. This is just about enough to buy one kilogram of rice and a one-way bus ticket that would take you three stops down the road”.*

Poverty Decline: Different Social Groups

Poverty Ratio: Tendulkar Line

| Social Groups/Years | 1983 | 1993/94 | 1999/00 | 2004/05 | 2007/08 | 2009/10-I | 2009/10-II |
|---------------------------|------|---------|---------|---------|---------|-----------|------------|
| SC | 72.7 | 63.7 | 57.2 | 51.1 | 40 | 38.9 | 27.8 |
| ST | 80.7 | 68.9 | 67.9 | 62.8 | 45.5 | 44.4 | 34.7 |
| Muslim | 64.8 | 55.6 | 49 | 42.3 | 29.2 | 31.9 | 22.9 |
| non (SC, ST, Muslim) | 51.9 | 39.8 | 34 | 29.3 | 20.4 | 20.9 | 15.1 |
| OBC | - | - | 44.9 | 37.5 | 28.4 | 28.2 | 21.3 |
| non (SC, ST, Muslim, OBC) | - | - | 22.4 | 19.9 | 9.8 | 11.4 | 7 |
| Total | 58.5 | 47.8 | 42.8 | 37.1 | 27.9 | 28.1 | 20.5 |

Data Source: NSS Consumer Expenditure Survey, various years; for 2009-10, there are 2 surveys-Type I which has reference period of 30 days for all food items and Type II which has 7 days reference period for some food items and 30 days for rest items. For all other survey years, reference period for all food items is 30 days.

Reality Check 3: Equality of poverty: Poverty Gap almost same for all groups

Poverty Gap: Percentage Distance from Tendulkar Line

| Social Groups/Years | 1983 | 1993/94 | 1999/00 | 2004/05 | 2007/08 | 2009/10-I | 2009/10-II |
|-------------------------|------|---------|---------|---------|---------|-----------|------------|
| SC | 34.9 | 27.5 | 25.0 | 23.3 | 21.2 | 21.7 | 19.1 |
| ST | 38.0 | 29.2 | 29.3 | 27.8 | 21.5 | 23.3 | 20.7 |
| Muslim | 31.0 | 26.0 | 23.1 | 22.4 | 19.4 | 20.4 | 18.2 |
| non SC, ST, Muslim | 28.7 | 23.7 | 21.7 | 20.3 | 18.1 | 19.0 | 17.5 |
| OBC | - | - | 23.0 | 20.9 | 18.6 | 19.7 | 18.2 |
| non SC, ST, Muslim, OBC | - | - | 19.2 | 19.5 | 16.0 | 17.4 | 16.3 |
| Total | 31.0 | 25.4 | 23.7 | 22.2 | 19.5 | 20.6 | 18.6 |

Why the will is not there when there is a way?

- Relatively costless to remove poverty in India
- According to Tendulkar poverty line , today it will cost less than 0.43 percent of GDP or around Rs. 40,000 crores to move every man, woman and child above the poverty line.
- In 1983, this perfect targeting poverty decline would have entailed an expenditure at close to 8 percent of GDP. In real terms, expenditure needed to remove all poverty is less than 40 percent of that required in 1983.

Cost of Poverty Removal is very small

With perfect targeting only 0.4% of GDP needed for Zero Absolute Poverty (Tendulkar Line)

Cost of poverty removal in India, 1983 - 2011/12

| | 1983/84 | 1993/94 | 2004/5 | 2007/8 | 2009/10 | 2011/12 |
|--|---------|---------|--------|--------|---------|---------|
| Population (in mil) | 723 | 892 | 1089 | 1138 | 1190 | 1200 |
| Percentage poor (Tendulkar line) | 58.5 | 47.8 | 37.1 | 27.9 | 28 | 19 |
| Poor Population (in mil) | 423 | 426 | 404 | 318 | 327 | 228 |
| Poverty line (Rs. Per month) | 114 | 271 | 488 | 591 | 727 | 886 |
| Percent poor gap | 29.8 | 24.1 | 21.5 | 18.5 | 20.3 | 16 |
| Cost of removal of poverty with perfect targeting (000 cr) | 17 | 33 | 51 | 42 | 57 | 39 |
| Nominal GDP (000 cr) | 221 | 866 | 3130 | 4700 | 6039 | 8974 |
| Perfect targeting (% of GDP) | 7.80 | 3.86 | 1.63 | 0.89 | 0.90 | 0.43 |

Notes: All data for 2011 are estimates

Inclusion via Education

Inclusion via Education

- Education Inequality in terms of Gini for number of years in education has declined sharply, from 0.71 in 1983 to 0.49 in 2009/10 – a very large reduction in inequality
- Progress of youth education (age8-24) has also been spectacular. Youth literacy has increased from 60 % in 1983 to 91% in 2009/10. Female/Male ratio for years of education and literacy is also more than 90% in 2009/10.
- For different dis-privileged social groups, average years of schooling has increased from 2.5 years in 1983 to 6 years in 2009/10.

Sharp Decline in Education Inequality

Education Inequality (Gini) in India - 1983-2009

| Year | India | Rural | Urban | Female | Male |
|------------------|-------|-------|-------|--------|-------|
| 1983 | 0.71 | 0.76 | 0.56 | 0.79 | 0.63 |
| 1993/94 | 0.66 | 0.69 | 0.53 | 0.73 | 0.59 |
| 2004/05 | 0.58 | 0.62 | 0.47 | 0.64 | 0.52 |
| 2007/08 | 0.52 | 0.54 | 0.42 | 0.58 | 0.46 |
| 2009/10 | 0.49 | 0.52 | 0.41 | 0.55 | 0.43 |
| % change 1983/09 | -31 | -31.6 | -26.8 | -30.4 | -31.7 |

Source: NSSO employment-unemployment data, different years

Education – Girl Catch-up

Progress of Youth Education in India, 1983 - 2009/10

| State | Years of Education (ages 8-24) | | | | Literacy (% of population of age 8-24) | | | |
|----------------------|--------------------------------|------------|------------|-------------|--|-----------|-----------|-------------|
| | 1983 | 2009 | % change | Female/Male | 1983 | 2009 | % change | Female/Male |
| Andhra Pradesh | 3 | 7.1 | 136 | 90 | 51 | 91 | 78 | 94 |
| Bihar | 2.6 | 5.1 | 96 | 78 | 43 | 80 | 86 | 85 |
| HP | 4.7 | 7.8 | 66 | 104 | 78 | 99 | 27 | 99 |
| Madhya Pradesh | 2.9 | 6.2 | 114 | 89 | 52 | 89 | 71 | 91 |
| Maharashtra | 4.6 | 7.8 | 69 | 97 | 73 | 97 | 33 | 98 |
| Orissa | 3 | 6.7 | 123 | 93 | 54 | 92 | 70 | 94 |
| Rajasthan | 2.6 | 6.1 | 135 | 78 | 45 | 97 | 115 | 86 |
| Tamil Nadu | 4.4 | 8.1 | 84 | 101 | 73 | 99 | 36 | 99 |
| Uttar Pradesh | 3.1 | 6 | 93 | 92 | 51 | 87 | 70 | 91 |
| West Bengal | 3.7 | 6.3 | 70 | 97 | 63 | 93 | 48 | 97 |
| All India | 3.6 | 6.7 | 86 | 93 | 60 | 91 | 52 | 94 |
| Bimaru states | 2.9 | 5.9 | 103 | 87 | 49 | 87 | 78 | 90 |
| Small states | 5.1 | 7.4 | 45 | 98 | 77 | 98 | 27 | 98 |
| North East | 4.5 | 7 | 55 | 100 | 78 | 99 | 15 | 99 |

Notes: Bimaru states refers to the aggregate of the poor states - Bihar, Madhya Pradesh, Rajasthan and UP.
Literacy is defined as greater than or equal to two years of education

Education – the Poor Catch-up

Youth Educational Attainment, 1983 - 2009/10

| Social category | Average years of schooling | | | | | Relative female/male education (in %) | | | | |
|-------------------|----------------------------|------------|------------|------------|------------|---------------------------------------|-------------|-------------|-------------|-------------|
| | 1983 | 1993/ | 2004/ | 2007/08 | 2009/10 | 1983 | 1993/94 | 2004/05 | 2007/08 | 2009/10 |
| | | 94 | 05 | | | | 94 | | | |
| Dis-privileged | 2.5 | 3.4 | 5.4 | 5.5 | 6.0 | 51.9 | 64.7 | 82.8 | 88.1 | 90.3 |
| - SC | 2.5 | 3.4 | 5.5 | 5.7 | 6.1 | 46.5 | 60.4 | 80.8 | 88.3 | 89 |
| - ST | 2 | 3 | 4.9 | 5.3 | 5.8 | 43.6 | 57.5 | 79 | 80.8 | 84.1 |
| - SCST | 2.3 | 3.3 | 5.3 | 5.6 | 6.0 | 45.4 | 59.4 | 80.2 | 86 | 88.9 |
| - Muslims | 2.9 | 3.7 | 5.4 | 5.4 | 5.9 | 64.4 | 75.8 | 88.9 | 92.2 | 91.8 |
| Privileged | 4.3 | 5.2 | 6.9 | 6.8 | 7.2 | 66.8 | 77.2 | 87.6 | 92.7 | 94.6 |
| All groups | 3.6 | 4.5 | 6.3 | 6.3 | 6.7 | 62.8 | 73.4 | 85.8 | 90.8 | 92.7 |

Notes: Youth defined as those between 8 and 24 years.

Wage & Consumption Growth Story

Growth in Real Wages

- Real wages in urban areas has increased significantly, growth in real wages in post reform post 1993/94 period being 3-4% per annum. Female wage growth is more than male wage growth in both age groups: 15-24 and 25-59. Indeed, in the *urban* 15-24 age group, female/male wage ratio in 2009/10 *was more than 100* compared to only 71 in 1983.

Real Wages: Levels and Growth

Real Wages in Urban Areas

| | 15-24 | | | | 25-59 | | | |
|------------------|-------|--------|--------|-------------|-------|--------|-------|-------------|
| | Total | Female | Male | Female/Male | Total | Female | Male | Female/Male |
| 1983 | 45.5 | 34.2 | 48.0 | 0.71 | 88.9 | 53.6 | 95.9 | 0.56 |
| 1993/94 | 46.3 | 40.4 | 47.8 | 0.85 | 102.8 | 69.8 | 110.2 | 0.63 |
| 1999/00 | 55.4 | 49.7 | 56.7 | 0.88 | 139.2 | 105.3 | 146.5 | 0.72 |
| 2004/05 | 55.8 | 53.5 | 56.3 | 0.95 | 142.7 | 102.9 | 152.8 | 0.67 |
| 2009/10 | 80.2 | 82.1 | 79.8 | 1.03 | 172.3 | 135.3 | 180.6 | 0.75 |
| Growth * 1983-93 | 0.17% | 1.59% | -0.04% | | 1.38% | 2.52% | 1.32% | |
| Growth * 1993-09 | 3.4% | 4.4% | 3.2% | | 3.2% | 4.1% | 3.1% | |

Notes*: Growth is Annual Log growth rates. The deflator used in the calculation of real wages is 2004/05 rural price index.

Real Wages: Levels and Growth

Real Wages in Rural Areas

| | 15-24 | | | | 25-59 | | | |
|-----------------|-------|--------|------|-------------|-------|--------|------|-------------|
| | Total | Female | Male | Female/Male | Total | Female | Male | Female/Male |
| 1983 | 31.4 | 21.6 | 36.0 | 0.60 | 38.6 | 22.5 | 45.7 | 0.49 |
| 1993/94 | 36.9 | 28.6 | 40.7 | 0.70 | 50 | 30.7 | 58.8 | 0.52 |
| 1999/00 | 44.2 | 32.8 | 48.9 | 0.67 | 64.3 | 40.7 | 75.1 | 0.54 |
| 2004/05 | 48.8 | 35.6 | 53.4 | 0.67 | 70.6 | 43.1 | 82.9 | 0.52 |
| 2009/10 | 62.4 | 48.6 | 66.5 | 0.73 | 83.7 | 57 | 94.2 | 0.61 |
| Growth* 1983-93 | 1.5% | 2.7% | 1.2% | | 2.5% | 3.0% | 2.4% | |
| Growth *1993-09 | 3.3% | 3.3% | 3.1% | | 3.2% | 3.9% | 2.9% | |

Notes*: Growth is Annual Log growth rates. The deflator used in the calculation of real wages is 2004/05 rural price index.

Real Consumption Levels

Real Per Capita Consumption, per capita per month, 2004-5 rural prices

| Social Groups/Years | 1983 | 1993/94 | 1999/00 | 2004/05 | 2007/08 | 2009/10-I | 2009/10-II |
|---------------------------|------|---------|---------|---------|---------|-----------|------------|
| SC | 392 | 438 | 477 | 516 | 575 | 586 | 657 |
| ST | 352 | 417 | 425 | 456 | 547 | 576 | 631 |
| Muslim | 439 | 487 | 546 | 574 | 630 | 634 | 697 |
| non (SC, ST, Muslim) | 535 | 601 | 664 | 727 | 822 | 843 | 912 |
| OBC | - | - | 558 | 611 | 681 | 697 | 760 |
| non (SC, ST, Muslim, OBC) | - | - | 782 | 871 | 1033 | 1057 | 1137 |
| Total | 489 | 547 | 596 | 653 | 726 | 743 | 811 |

Data Source: NSS Consumer Expenditure Survey, various years; for 2009-10, there are 2 surveys-Type I which has reference period of 30 days for all food items and Type II which has 7 days reference period for some food items and 30 days for rest items. For all other survey years, reference period for all food items is 30 days.

Consumption Growth: Near equal for all groups

Growth in Real per capita consumption (% per year)

| | <u>1983-93</u> | <u>1993-09 I</u> | <u>1993-09 II</u> | <u>1983-09 I</u> | <u>1983-09 II</u> |
|---------------------|----------------|------------------|-------------------|------------------|-------------------|
| SC | 1.1 | 1.8 | 2.5 | 1.5 | 1.9 |
| ST | 1.6 | 2.0 | 2.6 | 1.9 | 2.2 |
| Muslim | 1.0 | 1.6 | 2.2 | 1.4 | 1.7 |
| non (SC, ST,Muslim) | 1.1 | 2.1 | 2.6 | 1.7 | 2.0 |
| Total | 1.1 | 1.9 | 2.5 | 1.6 | 1.9 |

Data Source: NSS Consumer Expenditure Survey, various years; for 2009-10, there are 2 surveys-Type I which has reference period of 30 days for all food items and Type II which has 7 days reference period for some food items and 30 days for the rest. For all other survey years, reference period for all food items is 30 days.

Reality of Inequality

Gini Inequality in India – Still constant after all these years

Consumption Inequality

- Gini has moved in a narrow range between 0.30 and 0.33 since the start of the high growth process in 1983.
- Nominal Gini has moved in a wider range – 0.30 to 0.36

Income Inequality

- Nearly half of the workforce in India is self-employed, so complete income distribution data are not available
- On the basis of the population for which income data are present, per capita real income distribution has stayed in the narrow range of Gini 0.48 and 0.53 with 1983 at 0.52 and 2009/10 at 0.51
- Estimating income for the self-employed on the basis of their human capital, the adjusted income Gini has a value of 0.41 in 1983 and 0.42 in 2009/10

Inequality: Gini Coefficients

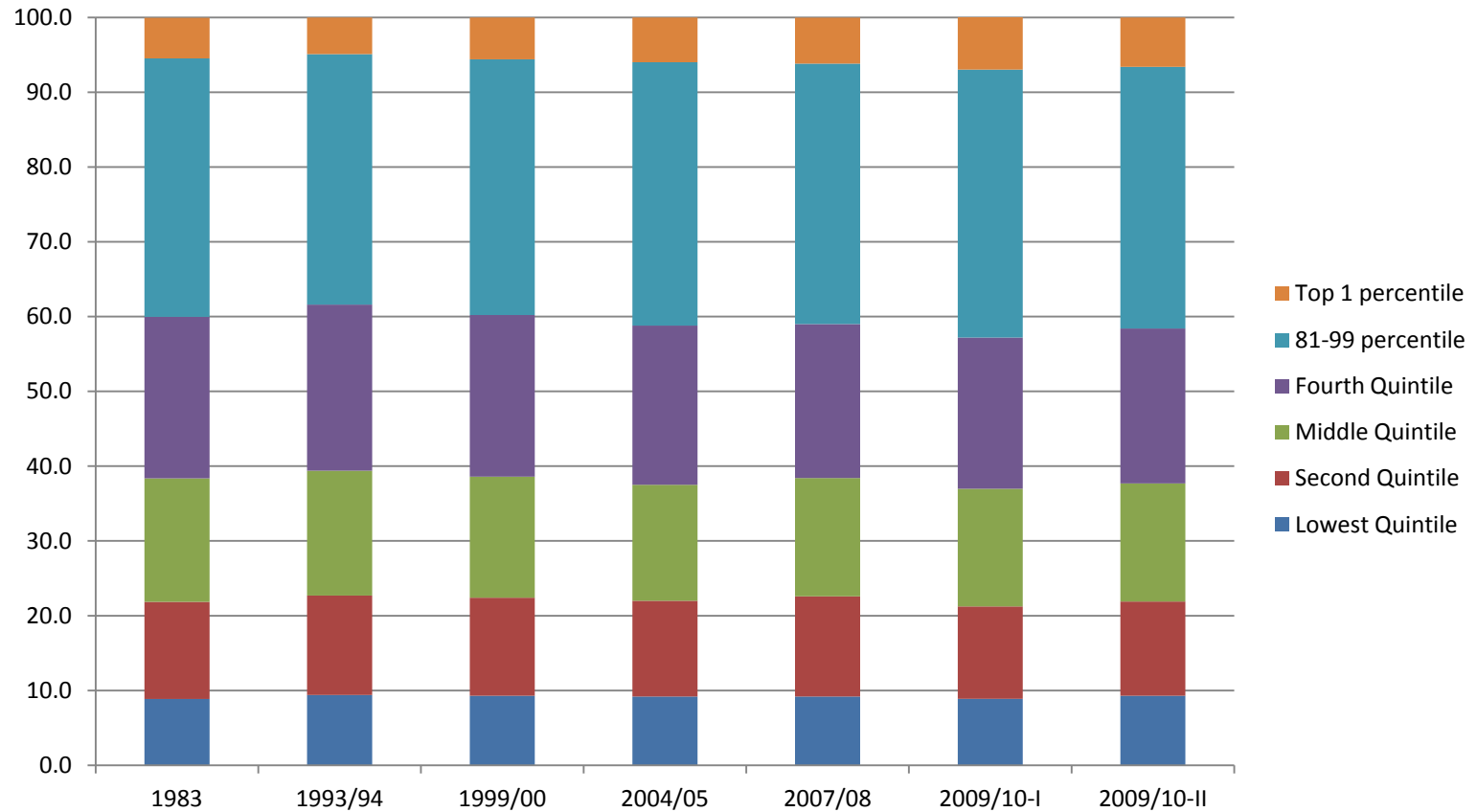
Gini Coefficients

| Consumption | 1983 | 1993/94 | 1999/00 | 2004/05 | 2007/08 | 2009/10-I | 2009/10-II |
|-------------------------------------|------|---------|---------|---------|---------|-----------|------------|
| Per Capita Nominal Consumption | 0.30 | 0.30 | 0.32 | 0.35 | 0.35 | 0.36 | 0.35 |
| Per Capita Real Consumption | 0.30 | 0.28 | 0.30 | 0.31 | 0.31 | 0.33 | 0.32 |
| Income | 1983 | 1993/94 | 1999/00 | 2004/05 | 2007/08 | 2009/10 | |
| Per Capita Nominal Income | 0.52 | 0.50 | 0.54 | 0.55 | 0.55 | 0.54 | |
| Per Capita Real Income | 0.52 | 0.48 | 0.52 | 0.53 | 0.52 | 0.51 | |
| Per Capita Nominal Adjusted* Income | 0.41 | 0.42 | 0.45 | 0.49 | 0.40 | 0.45 | |
| Per Capita Real Adjusted* Income | 0.41 | 0.40 | 0.44 | 0.46 | 0.39 | 0.42 | |

Notes - Income was adjusted accounting for self-employed persons earnings calculated by assuming basic wage rate same as wage workers and then adjusting for education and experience.*

Reality Check 4: Not much change in consumption inequality

Share of Real Consumption



Rural/urban inequality in India – Also constant for 30 years

- Sen-Himanshu use the ratio of per capita urban to rural income as an indicator of inequality in India.
- This ratio has markedly increased from 1.49 in 1983 to 1.95 in 2009/10 - a thirty percent increase, a magnitude comparable to inequality increase in China, etc.
- However, using deflators identical to those used to calculate poverty, one obtains the result that the real urban/rural consumption ratio has barely moved since 1983.
- This confirms the robust finding that inequality has stayed constant in India.

Urban Vs Rural Consumption : No Trend

Consumption Inequality: Urban/Rural

| | 1983 | 1993/94 | 1999/00 | 2004/05 | 2007/08 | 2009/10-I | 2009/10-II |
|--|------|---------|---------|---------|---------|-----------|------------|
| Per Capita Nominal Consumption: Urban/Rural | 1.49 | 1.62 | 1.76 | 1.91 | 1.90 | 1.95 | 1.88 |
| Per Capita Real Consumption: Urban/Rural | 1.44 | 1.39 | 1.47 | 1.48 | 1.48 | 1.53 | 1.48 |

2 + 2 = 3 in Full Force

OECD report on inequality in India: Impossible to reproduce

- OECD inequality “fact” 1: Gini for per capita consumption increases by 19 percent between 1993/94 and 2007/8 (from 0.32 to 0.38)
- NSS fact: Real inequality increases from 0.28 to 0.31 .
- OECD inequality “fact” 2: Rate of growth of consumption of the poorest, the bottom 20 %, was only 1 % between 1993/94 and 2007/8. For the top 20 %, the rate of growth increased from 2 to 2.8 %.
- NSS fact: Above numbers impossible to reproduce. Further, for the bottom 20 percent, consumption increases at a faster pace (2 % per year) than the rate of growth of consumption of the top 20 percent rich (1.8 % per year).
- OECD inequality “fact” 3: The ratio of *earnings* of the top of the 9th decile to top of the 1st decile is stated by OECD to have doubled from 6.1 in 1993/94 to 12.1 in 2007/8.
- NSS fact: Instead of a doubling, there is a marginal decline in the ratio!
- Further, mathematically, the ratio $D9/D1$ should be $(D9/D5)*(D5/D1)$ which is manifestly not the case in the OECD report.

Inequality: OECD Vs NSS

Inequality: Gini Coefficients

| | 1993/94 | | 2007/08 | |
|--------------------------------|---------|-------|---------|-------|
| | NSS | OECD* | NSS | OECD* |
| Per Capita Nominal Consumption | 0.30 | 0.32 | 0.35 | 0.38 |
| Per Capita Real Consumption | 0.28 | | 0.31 | |

Notes- * OECD report does not specify whether their Gini estimate is for real or nominal per capita consumption

Consumption Growth: OECD vs NSS

Real Household Consumption: Annual log Growth by quintile

| | 1990s * | | 2000s * | |
|------------|---------|------|---------|------|
| | NSS | OECD | NSS | OECD |
| Bottom 20% | 1.8 | 1.0 | 2.1 | 1.0 |
| Middle 20% | 1.6 | 1.1 | 1.7 | 1.3 |
| Top 20% | 1.8 | 2.0 | 1.8 | 2.8 |

*Notes- * Period 1990s refer to 1993/94-1999/00 & 2000s refer to 1999/00-2007/08 as reported in OECD report*

Earnings Ratio: OECD vs NSS

Distribution: Weekly Earnings for age group 15-59

| | 1993/94 | | 2007/08 | |
|-------|---------|------|---------|------|
| | NSS | OECD | NSS | OECD |
| D9/D1 | 12.1 | 6.1 | 11.1 | 12.3 |
| D9/D5 | 4.2 | 3.5 | 4.3 | 4.6 |
| D5/D1 | 2.9 | 0.6* | 2.6 | 0.4* |

* OECD calculation is mathematically impossible

Notes: Dn refers to upper bound value of earnings of the nth decile

Global Hunger Index & India

- NAC member N C Saxena “fact”: India’s rank is 78 out of 81 countries; this result is obtained by taking the trend from 1996 to 2009. *“What is worse, India is one of the three unfortunate countries where the hunger index in the period 1996-2011 has gone up from 22.9 to 23.7”*
- Interestingly, IFPRI reports the data for the following years: 1990, 1996, 2001 and 2009. Hence, the improvement can be documented for the longer period 1990 to 2009. Further, 1990 as the base year has the advantage that it was a pre-reform year.
- IFPRI fact: For the period 1990-2009, India’s rank is 56 out of 95 developing countries in terms of improvement in hunger index ahead of Chile, Korea, Argentina, South Africa, Botswana, Turkey and others.

Global Hunger Index & India

Rank in Improvement in Hunger Index & Its components: 1990-2009

| | Hunger Index | Child Mortality | Malnourished | Child Underweight |
|---------------|--------------|-----------------|--------------|-------------------|
| Peru | 1 | 3 | 18 | 1 |
| China | 5 | 17 | 18 | 9 |
| Bangladesh | 27 | 10 | 46 | 46 |
| Brazil | 30 | 12 | 17 | 11 |
| Nepal | 46 | 8 | 51 | 67 |
| India | 56 | 45 | 80 | 53 |
| Pakistan | 59 | 65 | 79 | 51 |
| Saudi Arabia | 65 | 29 | 15 | 21 |
| Turkey | 66 | 2 | 73 | 7 |
| Kenya | 70 | 83 | 68 | 70 |
| South Africa | 71 | 91 | 57 | 78 |
| Botswana | 80 | 89 | 87 | 33 |
| Argentina | 85 | 31 | 95 | 44 |
| Chile | 85 | 16 | 5 | 25 |
| Cote d'Ivoire | 90 | 76 | 66 | 93 |
| Korea | 93 | 70 | 94 | 75 |

Notes: The rank is out of total 95 developing countries and pertains to (log) improvement in the hunger index and its components with 1 as the most improved and 95 as the least improved

UN MultiDimensional Poverty Index(MPI) & India:

- UN in its 2010 Human Development report has reported MPI for different countries measuring 10 dimensions of deprivation. We try to compare the education deprivation given in the UN report with that revealed by the NSS data .
- The UN chooses to construct the education component of its index on the basis of *very* questionable methodology. For child enrollment (16.7 percent of the *total* index) the calculation is as follows: if even one child of school going age is not attending school, the index for the entire household is zero. A more reasonable method is to compute the index components on the basis of percentages e.g. if there are three children of school going age, and one is not attending school, the index value should be two thirds of 16.7 or 11.13 , not zero!
- This makes a large difference to the results; instead of 25 percent overall deprivation according to the MPI, it is only 10 percent. But this correct method of computation does not yield the much cited UN “result” that eight states in India are more deprived than the poor countries in sub-Saharan Africa.
- Further, we cannot reproduce the UN result even with UN assumptions – instead of 25 percent education poor, we obtain 14.4 percent.

UN-Multidimensional Poverty Index & NSS

Education Parameters

| | NSS-EU Surveys | | | | UN |
|---|----------------|---------|---------|---------|---------|
| | 1983 | 1993/94 | 2004/05 | 2009/10 | 2005/06 |
| % population with any school age child not attending school | 38 | 37.5 | 14.4 | 8.6 | 25 |
| % school age children not attending school | 39.7 | 28.5 | 10 | 5.5 | |
| % population: no household member has completed five years of schooling | 39.4 | 31.7 | 16.2 | 13.8 | 18 |

Truth about Decline in Calorie Consumption

Calorie Consumption Sharply Declining?

- From the NSS survey data, the average calorie consumption per capita has steadily declined. Total decline – 6.8 % between 1999/00 and 2009/10.
- But comparison of 7 day recall data between 1999/00 and 2009/10 results in only a 1.6 percent decline in per capita calorie consumption.
- Also, that calorie consumption is close to 7% *higher* if 7 day recall is used instead of 30 day recall (for food).

Calorie Consumption per capita per day

Calorie Consumption per capita per day (Kcal): 30 days

| | 1983 | 1993/94 | 1999/00 | 2004/05 | 2009/10-I | 1983-09 | 1999-09 |
|-------|------|---------|---------|---------|-----------|---------|---------|
| Rural | 2221 | 2153 | 2149 | 2047 | 2016 | -9.2% | -6.2% |
| Urban | 2089 | 2071 | 2156 | 2020 | 1982 | -5.1% | -8.1% |
| Total | 2190 | 2131 | 2151 | 2039 | 2005 | -8.4% | -6.8% |

Notes: Data for all the years except for 2009/10 Type 1 has been taken from MOSPI report "Nutritional Intake in India, 2004-05"; for year 2009/10, author's own calculation; All the calorie consumption data in this table pertains to reference period of 30 days for all food items

Calorie Consumption per capita per day(Kcal): mixed reference period

| | 1999/00 | 2009/10-II | 1999-09 |
|-------|---------|------------|---------|
| Rural | 2171 | 2146 | -1.2% |
| Urban | 2196 | 2138 | -2.6% |
| Total | 2178 | 2144 | -1.6% |

Notes: for year 2009/10, there is Type 2 schedule which has mixed reference period of 7 days for some food items and 30 days for the rest ; Survey 1999/00 captures the consumption for both 7 day & 30 day reference period for all food items; Comparable data from the two surveys were used to construct estimates.

Public Schemes: Fixes & Corruption

Public Schemes

- Dreze-Sen – *“Social policies, for their part, remain quite restrictive (despite some significant, hard-won initiatives such as the National Rural Employment Guarantee Act), and are increasingly steered towards quick fixes such as conditional cash transfers”.*
- But traditional fixes may entail a much higher cost. Examples abound. For example, in the PDS scheme for foodgrains, corruption leakage in 2009/10 was 49 percent. This was an improvement over the more than two thirds (68 %) corruption leakage in 2004/5.

Public Schemes

Public Distribution System (PDS): Govt of India vs National Sample Surveys (NSS)

| | Unit | <u>2004-05</u> | <u>2009-10</u> |
|---|------------|----------------|----------------|
| Distribution of Food via PDS Ration Shops | Mn Tons | 41.5 | 48.9 |
| PDS Food Received by the population, NSS | Mn Tons | 13.2 | 25.3 |
| % Leakage of Food via PDS ration shops | | 68.2% | 48.3% |
| Food Subsidy provided by Govt | Rs. crores | 24479 | 59621 |
| Food Subsidy received by population, NSS | Rs. crores | 8474 | 38875 |
| Leakage of Funds from PDS | Rs. crores | 16005 | 20746 |

Notes- NSS subsidy has been calculated by using NSS PDS price and NSS market price differential and multiplying it by NSS PDS consumption. The govt figures are from RBI handbook & public finance statistics from MoF.

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