

Poverty-Hunger Divergence in India

DEEPANKAR BASU, DEBARSHI DAS

The usual explanations for the divergence between calorie intake and consumption expenditure in India ignore the enormous squeeze on food budgets arising from dispossession (leading to loss of access to common property resources), rising migration (involving a loss of access to non-market food items) and the forced turn to the private sector for social sector services that are more expensive than public sector provision. It is the resulting squeeze on food budgets that has led to calorie intake declining even as per capita consumption expenditure has risen.

The argument that economic reforms in India – a shorthand for the adoption of neo-liberal economic policies since the early 1990s – have been a success often relies on the downward trend of expenditure-based measures of poverty over the past two decades. In urban areas the head count ratio (HCR) poverty fell from 32% in 1993-94 to 21% in 2009-10. The fall in the poverty in rural India has been even more spectacular, where the HCR declined from 50% to 34% over the same period. According to the data released by the Planning Commission in mid-2012 the overall HCR has declined by another 8 percentage points to 22% in just two years. This major dent on the state of poverty has been celebrated in policy circles and the mainstream media in unabashedly positive terms.

This argument, hinging on poverty reduction, looks decidedly uncomfortable when confronted with another set of facts – the data on the prevalence of hunger (or under-nutrition) in India (under-nutrition is defined here narrowly as inadequate calorie intake). Applying commonly used benchmark calorie norms (2,400 and 2,100 kcal per person per day in rural and urban areas, respectively), we see an upending of the rosy picture of economic reforms portrayed by establishment-oriented thinkers. The proportion of undernourished persons in urban India, i.e., those consuming less than 2,100 kcal per day, was already high at 58% in 1993-94; it climbed to 70% in 2009-10. In rural areas, the increase was sharper, and from an already higher level – those consuming less than 2,400 kcal per day rose from 71% to an astounding 90% during the same period.

To highlight these startling facts, Figures 1 and 2 (p 23) provide time series plots of poverty and under-nutrition in rural and urban India, respectively, from 1983 to 2009-10. The most striking aspect

of both figures is the sharp divergence between poverty and under-nutrition that they highlight, especially for the period of the economic reforms. Even though these facts have not attracted much attention in the mainstream media, the divergence between hunger and poverty is not a new finding. It has been studied in the past by many Indian economists like Mehta (2004), Ray (2005), Patnaik (2007), Subramanian (2013), and others. What is important to reiterate is the simple and clear import of the divergence: it tells us in no uncertain terms that even as expenditure-based measures of poverty have declined in India, calorie-based measures of under-nutrition and hunger have gone up.

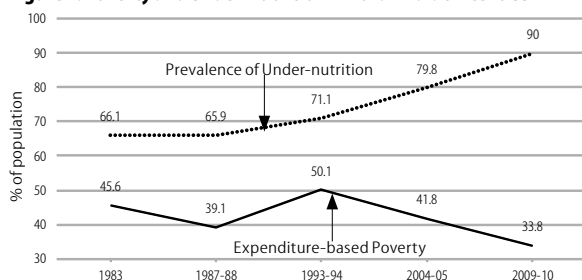
Choice or Structural Coercion?

The divergence between expenditure-based measures of poverty and calorie-based measures of nutrition raise serious questions about the Planning Commission's methodology for estimating the incidence of poverty in India. We will not pursue this issue here. Instead, we would like to offer a few comments on the puzzling phenomenon that underlies the divergence between poverty and hunger. Certainly, the decline in expenditure-based measures of poverty reflects growth in real per capita expenditures. Thus, the available evidence suggests that even as per capita real expenditure in the country has increased over time, per capita calorie intake has gone down. This surprising divergence in the trends of real per capita expenditure and per capita calorie intake, which underlies the divergence between poverty and hunger, has been termed the "calorie consumption puzzle" (CCP).

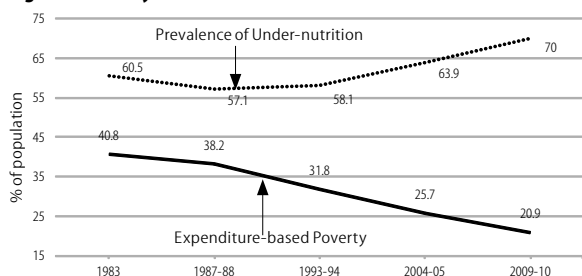
Two questions associated with the CCP, demand our attention. First, are people eating less food even when they can afford more? Second, are people eating less nutritious food, even when they can afford more nutritious food?

Some researchers like Angus Deaton and Jean Drèze (2009) have tentatively answered the first question by suggesting that the falling calorie intake reflects declining calorie needs of the population. Calorie needs have declined, they think, because of occupational diversification of

Deepankar Basu (dbasu@econs.umass.edu) is with the Department of Economics, University of Massachusetts, Amherst; Debarshi Das (debarshidas@iitg.ac.in) is with the Department of Humanities and Social Sciences, Indian Institute of Technology, Guwahati.

Figure 1: Poverty and Under-nutrition in Rural India since 1983

Sources: Deaton and Drèze (2009); GOI (2009), and website of the Planning Commission of India: http://planningcommission.nic.in/news/press_pov1903.pdf

Figure 2: Poverty and Under-nutrition in Urban India since 1983

Sources: Deaton and Drèze (2009); GOI (2009), and website of the Planning Commission of India: http://planningcommission.nic.in/news/press_pov1903.pdf

the workforce (the main element being a movement away from agriculture), mechanisation of agricultural work, improvement in the epidemiological environment, declining fertility and adoption of household-level labour-saving technologies.

To address the second question, some economists like Abhijit Banerjee and Esther Duflo (2011) have suggested that people are choosing more expensive and possibly tastier food over bland, nutritious food. “When very poor people get a chance to spend a little more on food, they don’t put everything into getting more calories. Instead, they buy better-tasting, *more expensive* calories” (p 23). In an op-ed in the Bengali daily, *Ananda Bazaar Patrika*, Banerjee (2012) made the same point once again.

We remain sceptical of both arguments. Typically in countries across the world, as per capita income rises, the economy witnesses occupational diversification (with a large shift of the workforce from agriculture to industry and services), the epidemiological environment improves (so that the incidence of gastrointestinal diseases decline), fertility rates fall, and more durables are used within households. But, at the same time, people in such economies tend to consume more calories, not less. If in India they are voluntarily choosing to remain undernourished, it

such as education, healthcare, transportation, fuel and lighting. The share of monthly expenditure devoted to these items has increased at such a pace that it has absorbed all the increase in real income over the past three decades. This has led to a “food budget squeeze”, which has meant relatively stagnant real food expenditure over the last two decades. Several factors have led to or compounded the effects of the food budget squeeze.

Influencing Factors

First, primitive accumulation of capital has led to increasing displacement and dispossession of farmers, destruction of rural livelihoods and loss of access to common property resources like forests, ponds, grazing lands and rivers. Along with the growth of landlessness, shrinking access to common property resources have led to sharp declines in access to non-market sources of food.

Second, the structure of occupation has been undergoing rapid change. Rural working people are migrating in large number to urban centres or other rural areas in search of work. Most of such migration is temporary and seasonal in character, and involves travelling relatively large distances. This large circulation of labour will have

would indeed be a marked exception to a pattern observed in most countries of the world. At the very least, the claim of voluntary choice deserves critical scrutiny.

One of us has co-authored a study that attempts to do precisely this (Basu and Basole 2012). The study offers an alternative explanation of the CCP, highlighting the element of structural coercion that is at play. The findings of our study suggest that rather than being a matter of choice, the poor have been increasingly forced to spend more on non-food essential items

substantial impacts on the expenditure patterns of households. For instance, an increasingly footloose labour force means that a large section of the working poor have to bear higher costs of transportation, maintain communication with the sites of work (much of which is seasonal in character), and are deprived of traditional non-market sources of food when away from home.

Third, and possibly most important, shrinking social expenditure by the government is rendering the urban and rural poor dependent on market prices of non-food essential items, which are typically high. Contrary to what is commonly believed by pro-reform economists and commentators, economic reforms initiated in the mid-1980s (and accelerated since the early 1990s) did not increase efficiency, and reduce the relative price of essential services like healthcare, education, transportation. In fact, the price of food relative to miscellaneous components – education, healthcare, conveyance, and consumer services – of the consumer price index for agricultural labourers (CPIAL) has slightly declined between 1983 and 2010. Being forced to procure these non-food essential services from the private sector has contributed to what we have termed the food budget squeeze.

Fourth, probably driven by emulation of the expenditure patterns of the rich (facilitated by the advertising campaigns of large corporations on television, radio and newspapers) and easing of supply constraints of diverse food items like vegetables, fruits, milk, etc, the poor have also displayed some diversification of their food expenditure. Thus, some substitution of expensive (meat, eggs, milk,

EPW Index

An author-title index for EPW has been prepared for the years from 1968 to 2012. The PDFs of the Index have been uploaded, year-wise, on the EPW website. Visitors can download the Index for all the years from the site. (The Index for a few years is yet to be prepared and will be uploaded when ready.)

EPW would like to acknowledge the help of the staff of the library of the Indira Gandhi Institute for Development Research, Mumbai, in preparing the index under a project supported by the RD Tata Trust.

fish, etc) for cheaper calories (cereals) have also taken place.

Hence, a combination of stagnant real expenditures on food (arising from the food budget squeeze), loss of access to non-market sources of food and diversification of food expenditure seems to have led – with the effect of the food budget squeeze being the strongest – to a fall in calorie intake. It is important to note that even though some diversification of food budgets has occurred (as Banerjee and Duflo assert), this factor has much lower power in explaining the CCP than the food budget squeeze. In fact, while diversification is never statistically significant, the food budget squeeze remains significant in all model specifications, in the regression results reported in Basu and Basole (2012). In essence, this alternative line of explanation of the CCP suggests that growth in real expenditures (and underlying income) has not been large enough to support both increased expenditures on non-food essentials and sustain adequate nutrition.

We conclude with a final point about food diversification. Suppose for the sake

of argument we assume that the poor are choosing tasty, less nutritious food over the calorific ones (as Abhijit Banerjee and Esther Duflo assert). If that is indeed the case, what should be the optimal policy response? Experience from across the world suggests that people often make wrong choices due to lack of information or an inability to engage in long-run planning. A little nudge towards the correct direction can be effective in such cases.

When the public distribution system (PDS) is absent or out of reach, people have to rely for nutritious food on the market, where prices for such food items are typically high. Thus, people end up opting for tastier, but less nutritious food, which may be similarly priced. The result is calorie deprivation. In such a scenario, a way out is to make nutritious food available through the PDS at a price that is much lower than the less calorific, tasty food, so that the price difference between the two becomes an incentive to stick to nutritious food. But, to ensure that this mechanism is effective, we need to move towards a robust, universal PDS,

and not the limited one as visualised in the National Food Security Act.

REFERENCES

Banerjee, A (2012): “Du Takay Chaal Dilei Apushti Kombe Na, Garib Manusher Jonyo Aar Ektu Jatno Niye Bhabte Hobe”, *Ananda Bazaar Patrika*, 4 January.

Banerjee, A and E Duflo (2011): *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* (Public Affairs: New York).

Basu, D and A Basole (2012): “The Calorie Consumption Puzzle in India: An Empirical Investigation”, Working Paper 285, Political Economy Research Institute, University of Massachusetts, Amherst, viewed on 17 December 2013, http://www.peri.umass.edu/fileadmin/pdf/working_papers/working_papers_251-300/WP285.pdf

Deaton, A and J Drèze (2009): “Food and Nutrition in India: Facts and Interpretations”, *Economic & Political Weekly*, 44(7).

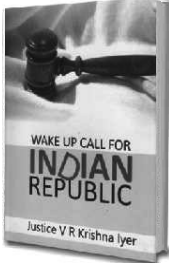
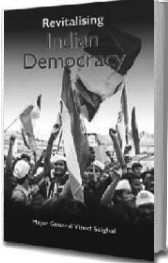
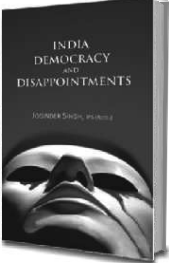

GOI (2009): *Nutritional Intake in India. NSS 66th Round July 2009 – June 2010*, National Sample Survey Office, Ministry of Statistics and Programme Implementation, Government of India.

Mehta, J (2004): “Poverty in India”, *Alternative Economic Survey 2003-04*, viewed on 17 December 2013, <http://www.saunalahti.fi/otamile/povindia.htm>

Patnaik, U (2007): “Neoliberalism and Rural Poverty in India”, *Economic & Political Weekly*, 42(30).

Ray, R (2005): “Changes in Food Consumption and the Implication for Food Security and Under-nourishment: India in the 1990s”, *Development and Change*, 38(2): 321-43.

Subramanian, S (2013): *The Poverty Line*, Oxford India Short Introductions (Oxford University Press: New Delhi).

<h2 style="margin: 0;">WAKE UP CALL FOR INDIAN REPUBLIC</h2> <p style="margin: 0;">Justice VR Krishna Iyer Former Minister of Kerala, Justice (Retd.) Supreme Court of India</p> <p style="margin: 0;">Justice Iyer's book deals in subjects like • United We Stand, Divided We Fall • Supremacy of Judiciary Fleeting • New Methodology of Selecting Higher Court Judges • Veil of Secrecy over Judiciary Mars Fundamentals • Supreme Court can not Grab Constitution • Judges are not Comrades-in-Arms • Human Judge: An Unceasing Stardom in any System, • A Crucial Arbitration Case • Election Commission: Matter of National, Public Debate • Governor: The Only Constitutional, Ceremonial Head of a State • Bureaucratic Instrument—A Splendour or Syndrome • Lawyers turn Law Breakers • Obita Dictas in 15th Lok Sabha Election Petition, etc.</p>  <p style="margin: 0;">ISBN no.: 9788121210454 Pages: 220 Price: Rs. 540</p>	<h2 style="margin: 0;">REVITALISING INDIAN DEMOCRACY</h2> <p style="margin: 0;">Maj. Gen. (Retd.) Vinod Saighal Director General, Military Training (Former)</p> <p style="margin: 0;">The book deals in subjects like • Model for Restoration of Good Government • India—Vision and Reality: 1. Re-appraising the Idea of India, 2. Internal Threat to India's Democracy is Looming Larger with Each Passing Day • Faltering Governance: 1. Turning a Blind Eye 2. Fundamentals of Good Governance 3. MRGG Questionnaire for Political Parties Contesting the Lok Sabha Elections 4. Revitalising Democracy 5. Outline of a Model President's Rule • Elections and the Political Class • Judiciary: The Saving Grace • Fountainhead of Corruption • Black Money • Burning Issues • Jan Lok Pal Debate • Delhi Citizens Commission etc.</p>  <p style="margin: 0;">ISBN no.: 9788121211505 Pages: 267 Price: Rs. 590</p>	<h2 style="margin: 0;">INDIA DEMOCRACY AND DISAPPOINTMENTS</h2> <p style="margin: 0;">Joginder Singh, IPS (Retd.) Former Director, CBI</p> <p style="margin: 0;">As the author retired from India's apex investigation organisation, his book deals in • Corruption: A Criminal Defiance on Nation • Corruption: The Fire Ground Under Every Step, Indian Politics and Democratic Fallout • Crime: The Challenges Overgrown • Terrorism: Extended Cult of Corruption • Terrorism: Instances and Measures • Security: A Government's Denial • Police: Internal Security Weakened and Perplexed • Jails and Indian Position • Bureaucracy: Demagogues at Second Line • Travesty of Justice • Woman: The Better Half of Society • Policies: Mending on the Rags • India and the Others • Hinduism and Threats etc.</p>  <p style="margin: 0;">ISBN no.: 9788121210409 Pages: 534 Price: Rs. 900</p>	
<p style="margin: 0;">WELCOME ESTEEMED AUTHORS</p>  <p style="margin: 0;">GYAN BOOKS PVT. LTD.</p>	<p style="margin: 0;">GYAN KUNJ 23, MAIN ANSARI ROAD, DARYA GANJ, NEW DELHI-110002 E-mail: books@gyanbooks.com gyanbook@vsnl.com Phones: 23282060, 23261060, Fax : 91-11-23285914</p>		<p style="margin: 0;">Website: www.gyanbooks.com</p>