

Citation: Mitra, S. K., Schottli, J., Pauli, M. (2015). *Politics and the Room to Manoeuvre: Democracy, Social Opportunity and Poverty in India*. In: Dulal, H. (ed.) *Poverty Reduction in a Changing Climate*, Chapter 2, Lexington Books. [ISBN 978-1-4985-1093-6](#)

Note: This is the accepted manuscript; before copy editing & formatting by the publisher.

Politics and the Room to Manoeuvre: Democracy, social opportunity and poverty in India

Subrata K. Mitra, Jivanta Schöttli, Markus Pauli¹

Abstract

Ownership is the essence of economic citizenship. Beyond actual possession, a sense of personal welfare and proprietorship, or at least the hope of achieving them, constitute a necessary and important complement to being stakeholders in a society. Together with efficacy and legitimacy, these are necessary attributes of political agency. In this chapter we examine the interplay between democracy, social opportunity and economic security, drawing upon survey data to explore popular perceptions of India's new economic policy. The article first situates itself within the context of new theoretical literature on the multi-dimensional nature of poverty and how to measure it, then identifies aggregate indicators of the performance of Indian states and the overall achievements and failings of India in terms of poverty alleviation. In the second half, the article identifies what seems to be the lack of a 'politics of poverty' in India and the various cultural, historical, political explanations that have been proffered for this apparent anomaly. Finally, the impact of democracy on poverty reduction is examined through the programmes that have been launched and which aim at creating a level-playing field, but which nevertheless have the potential to degenerate into highly populist measures.

Students of poverty measurement and alleviation find contemporary India puzzling. The economy thrives yet poverty persists. This sends mixed signals. As for the former, enthusiastic supporters of neo-liberal economic policies find in India a suitable context for the enthusiastic endorsement of liberalisation. On the other hand, persistent poverty – the dark under-belly of India’s thriving corporate sector – is exactly the cue that India’s radical Left needs to unleash a barrage of anti-colonial, anti-liberalisation and anti-capitalist policies. In this paper, we take a middle position between the radical rejection of India’s past, and its mechanical acceptance. Instead we argue that it is politics that provides the linkage between poverty, democracy and social policies.

In terms of absolute numbers, India, it is often pointed out has more poor people than any other country. This is true on every count, no matter the method of measurement applied. Furthermore, India’s high levels of poverty have persisted despite more than a half-century of policies and rhetoric promising to eradicate mass poverty. In his inaugural speech at Independence in 1947, Jawaharlal Nehru endorsed Mahatma Gandhi’s goal of removing “every tear from every eye.” For much of the period since Independence, government policy sought to reduce poverty by constraining the freedom of the private sector. Poor farmers were strongly encouraged to form cooperatives. The state intervened to dictate which sections of the industrial sector were to be reserved for small and micro or ‘cottage’ industries. While policies and debates since the 1950s have seen reversals and re-evaluations, committee reports² and institutional innovations, the question of how best to tackle and alleviate poverty remains to a large extent, elusive.

Furthermore, the issue of mass poverty brings to the fore the core challenge for India’s political economy, how to balance economic growth with redistribution. Scholarly opinion remains divided. Many critics of the Indian model of development consider the continued existence of mass poverty as evidence of the shortcomings of Indian democracy and its political economy of development. Others point in the direction of relative improvements in India’s infrastructure, GDP, rate of growth, improved trade figures as signs of progress. In theoretical and methodological terms, mass poverty raises issues of incredible complexity, pitting quantitative methods against the qualitative and problems of politics and public policy versus moral issues of poverty amidst increasing displays of prosperity and plenty. Some core questions that are going to be raised in this article include, how can poverty be measured? Is a cross-cultural, objective measure of poverty possible? Is poverty merely the lack of money or is it a ‘state of mind’? Is poverty necessarily culture and context-specific? Why does mass poverty co-exist with spectacular growth in India? Is liberalization ‘good’ for the poor? What has the government done, or is doing for poverty alleviation?

Conceptualizing and measuring poverty

What is poverty? A renowned glossary on poverty identifies twelve distinct definitions.³ Poverty as a material concept: (1) *Need* constituted by lack of material goods and services – such as basic human needs like save drinking water, food, shelter, sanitation, health, education or information.⁴ (2) *Patterns of deprivation* taking into account the combinations, seriousness and duration of deprivations. (3) *Limited command over resources* as every need is a need for something. Poverty as economic circumstances: (4) *Standard of living* measured as income or consumption. (5) *Inequality* as an intrinsic conceptual part of poverty when poverty is linked to a minimum standard of living tolerable in a society. (6) *Economic position* in society, abstracted as “class” and reflecting the inequality of a social structure. Poverty as social circumstances: (7) *Social class* attaching a socio-economic status to an economic position in society – e.g. “underclass” or in the Indian context “low castes” or “untouchables”. (8) *Dependency* mainly conceptualised in the relationship towards the state as following from being dependent on social benefits. (9) *Lack of basic security* leading to vulnerability to social risks. (10) *Lack of entitlement* as the underlying reason for lack of resources. (11) *Exclusion* from the “minimum acceptable way of life” due to limitations in material, social and cultural resources.⁵ (12) Poverty as moral judgement: pointing to the element of *unacceptable hardship* of poverty, implying that something ought to be done about it.

Poverty is, however, multidimensional. Decisive in the acknowledgement of the multiple dimensions of poverty has been the human development approach spearheaded by the UNDP. Ever since the launching of the human development index in 1990 by Mahbub ul Haq and Amartya Sen, which aimed at putting health and education in addition to income at the centre of poverty conceptualisation, more dimensions of poverty have been acknowledged as essential. A milestone in the multidimensional conceptualisation of poverty has been Jean Drèze’s and Amartya Sen’s (1989) notion of poverty as a lack of entitlement, pointing out that a lack of essential resources echoes a lack of entitlements.⁶ Or in other words it is not the lack of food that produces famines but the inability of people to buy existing food, it is not the lack of housing that constitutes homelessness but the lack of access to housing. Developing this idea further, Sen’s capability approach defines development as the expansion of peoples’ individual freedoms and their overall capability to enjoy a life they have reason to value. One of the central contributions of the capability approach has been that it draws attention to the importance of agency and freedom of choice. Sen argues: “With adequate social opportunities, individuals can effectively shape their own destiny and help each other. They need not to be seen primarily as passive recipients of the benefits of cunning development programmes. There is indeed a strong

rationale for recognizing the positive role of free and sustainable agency – and even of constructive impatience.”⁷

This leads to the question of how poverty can be measured. The most pervasive international measures, the poverty lines set by the World Bank are \$1.25 and \$2 using 2005 purchasing-power parity (PPP). These poverty lines refer to an underlying definition of poverty as “the inability to attain a minimal standard of living”.⁸ Such an absolute measure of living standard, usually measured as income or consumption, defines a specific and, to a certain extent arbitrary, threshold under which one is regarded as being poor. It has to be distinguished from a relative standard of living in a society, which conveys inequality, and which is the common way to conceptualise and measure poverty in advanced economies (e.g. poverty line at 60% of average household income). The beauty of attaining a single, allegedly precise number of poor people brings with it a high price. First, it defines the standard of living narrowly in terms of income, not taking into account other central aspects like life expectancy or access and quality of health care and education. Second, non-monetary income and income transfers like free or subsidized public services do not feature due to data limitations. Third, the way income is adjusted for household size and type is rather arbitrary. Fourth, the differences in cost-of-living between different regions and social groups are not captured appropriately.⁹ Fifth, inequality within the household is usually not captured. To gain a more comprehensive and instructive understanding of poverty, it seems inevitable that there is a need to look into further dimensions beyond income or consumption.

An innovative measurement, the multidimensional poverty index (MPI) was recently launched in the 20th anniversary Human Development Report.¹⁰ The MPI assesses the “nature and intensity of poverty at the individual level”.¹¹ The MPI goes beyond a mere headcount of poor people and identifies the depth of poverty, meaning the intensity of deprivation across different dimensions of poverty. So far the MPI takes into account three dimensions: (1) health, measured as nutrition and child mortality; (2) education with the indicators being years of schooling and children enrolled and, (3) standard of living, comprising electricity, drinking water, sanitation, type of floor, cooking fuel and assets. However, Alkire and Santos suggest going further. “Missing dimensions”, such as quality of work, physical safety, empowerment, psychological well-being as well as the ability ‘to go about without shame’ could be integrated into the MPI.¹² One core feature of the MPI is that it enables the black box of “poverty” to be opened as findings can be analysed according to indicators (e.g. how much the indicators of sanitation or cooking fuel contribute to overall poverty), by groups of the population (e.g. in what dimensions groups like scheduled castes experience more or less deprivation, and to what intensity) and by regions (e.g.

which states or even regions within states are exposed to what kind and what intensity of poverty).

The following two tables serve to compare the status of poverty in India in relation to its regional neighbours (Bangladesh and Pakistan) as well as its international peers classified through the BRICS nomenclature. Table 6.1. shows the broad range of people classified as poor depending on which method of measurement is applied. In the case of India, Bangladesh and Pakistan, the percentage of people classified as poor under the MPI is situated in between the two poverty lines proposed by the World Bank (1,25\$ and 2\$ a day), ranging from 51% to 58%. For China and South Africa however, the MPI identifies less people as poor compared to both World Bank poverty lines, at the level of 13% for China and 3% for South Africa.

According to World Bank's US\$ 1.25 and US\$ 2 poverty lines as well as to the MPI proportion of poor (in other words the headcount H) the ranking regarding the percentage of people living in poverty is as follows: Bangladesh having the highest percentage of poor, followed by India and then Pakistan. This is not so when using the national poverty lines, as defined by the states themselves, according to which there are some percentage less poor people in India than in Pakistan. Looking at the MPI (last column in table 6.1.) one finds that India has the worst performance among the three South Asian states. This is due to the way the MPI is computed: it takes into account the average intensity of deprivation (A) and multiplies it with the proportion of poor (H).¹³ The average intensity of deprivation "reflects the proportion of dimensions in which households are, on average, deprived".¹⁴ The dimensions being health, education and standard of living with the (so far) 10 indicators, introduced above. On average, poor households in India are deprived across more dimensions than in Bangladesh, whereas Pakistan has an even slightly higher average intensity of deprivation than India (see second last column in table 6.1.). Due to this higher average intensity of deprivation in India (despite having some percentage less poor people than Bangladesh), India performs slightly less well than Bangladesh concerning the measurement by the MPI.

In Table 6.2. the three dimensions of education, health and living standards are showcased, comparing their indicators among the selected countries. This decomposition allows for a far more comprehensive policy advice since it highlights shortcomings in specific areas. For example, in the regional context of South Asia, Bangladesh outperforms India and Pakistan concerning the enrolment of children whereas Pakistan is far better in providing electricity to its citizens. Given the weights of the different indicators the biggest contributor to multidimensional poverty in India is the health sector with inadequate nutrition contributing disproportionately. Within the living standard dimension cooking

fuel and sanitation can be pinpointed as major contributors to multidimensional poverty in India.

Applying the MPI raises several interesting insights. First, the huge variation in multidimensional poverty between the Indian states, ranges from 16% being poor in Kerala, 32% in Tamil Nadu, 58% in West Bengal to 81% in Bihar (see Table 6.3.). Second, decomposition along social classes confirms the common impression that marginalised social groups are disproportionately affected by poverty. For example, 81.4% of Scheduled Tribes, 65.8% of Scheduled Castes and 58.3% of Other Backward Classes in India are classified as poor by the MPI.¹⁵ A special feature of the MPI is that it highlights the fact that poverty needs to be examined both in terms of its spread as well as its depth. As seen in Table 6.3. the average intensity of poverty, in other words the seriousness of deprivation along the different dimensions, tends to rise in those states with a greater proportion of people living in poverty.

Table 6.1. Comparison of Poverty Lines & MPI – BRICS plus Pakistan and Bangladesh

	Comparative Poverty Measures				Poverty Depth	Index
	US\$ 1.25 a day	US\$ 2 a day	National Poverty Line	MPI – Pro- portion of Poor (H) ^{a)}	MPI – Aver- age Intensity (A)	MPI (= H x A)
India ^{b)}	42 %	76 %	29 %	55 %	53.5 %	0.296
Bangladesh ^{c)}	50 %	81 %	40 %	58 %	50.4 %	0.291
Pakistan	23 %	60 %	33 %	51 %	54.0 %	0.275
China ^{d)}	16 %	36 %	3 %	13 %	44.9 %	0.056
Brazil	5 %	13 %	22 %	9 %	46.0 %	0.039
South Africa	26 %	43 %	22 %	3 %	46.7 %	0.014
Russia	2 %	2 %	20 %	1 %	38.9 %	0.005

a) Values have been rounded.

b) Survey Data for India: DHS 2005.

c) Survey Data for Bangladesh and Pakistan: DHS 2007.

d) Survey Data for China, Brazil, South Africa and Russia: WHS 2003.

Source: Oxford Poverty and Human Development Initiative (OPHI), Country Briefing – India, Bangladesh, Pakistan, China, Brazil South Africa, Russia, 2010 & Human Development Report, 2010.

Table 6.2. MPI Deprivation for each Sector – BRICS plus Pakistan and Bangladesh

States	Education ^{a)}		Health ^{a)}		Living Standard ^{a)}					
	Schooling	Enrolment (Children)	Mortality (Children)	Nutrition	Electricity	Sanitation	Drinking Water	Floor	Cooking Fuel	Assets
India	18 %	25 %	23 %	39 %	29 %	49 %	12 %	40 %	52 %	38 %
Bangladesh	24 %	9 %	24 %	37 %	39 %	48 %	2 %	54 %	57 %	45 %
Pakistan	19 %	34 %	30 %	N/A	9 %	33 %	8 %	36 %	42 %	26 %
China	11 %	0 %	0 %	3 %	0 %	8 %	3 %	3 %	9 %	2 %
Brazil	8 %	0 %	0 %	1 %	0 %	4 %	2 %	2 %	7 %	0 %
South Africa	3 %	0 %	0 %	1 %	0 %	2 %	1 %	1 %	2 %	1 %
Russia	1 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	1 %

a) Values have been rounded.

Source: Oxford Poverty and Human Development Initiative (OPHI), *Country Briefing – India, Bangladesh, Pakistan, China, Brazil South Africa, Russia*, 2010.

Table 6.3. Decomposition of Multidimensional Poverty across Indian States

MPI Rank	States	Population (millions) 2007	Number of MPI Poor (millions)	Proportion of Poor (H)	Average Intensity (A)	MPI (HxA)
1	Kerala	35.0	5.6	15.9 %	40.9 %	0.065
2	Goa	1.6	0.4	21.7 %	43.4 %	0.094
3	Punjab	27.1	7.1	26.2 %	46.0 %	0.120
4	Himachal Pradesh	6.7	2.1	31.0 %	42.3 %	0.131
5	Tamil Nadu	68.0	22.0	32.4 %	43.6 %	0.141
6	Uttaranchal	9.6	3.9	40.3 %	46.9 %	0.189
7	Maharashtra	108.7	43.6	40.1 %	48.1 %	0.193
8	Haryana	24.1	10.0	41.6 %	47.9 %	0.199
9	Gujarat	57.3	23.8	41.5 %	49.2 %	0.205
10	Jammu & Kashmir	12.2	5.4	43.8 %	47.7 %	0.209
11	Andhra Pradesh	83.9	37.5	44.7 %	47.1 %	0.211
12	Karnataka	58.6	27.0	46.1 %	48.3 %	0.223
13	Eastern Ind. States	44.2	25.5	57.6 %	52.5 %	0.303
14	West Bengal	89.5	52.2	58.3 %	54.3 %	0.317
15	Orissa	40.7	26.0	64.0 %	54.0 %	0.345
16	Rajasthan	65.4	41.9	64.2 %	54.7 %	0.351
17	Uttar Pradesh	192.6	134.7	69.9 %	55.2 %	0.386
18	Chhattisgarh	23.9	17.2	71.9 %	53.9 %	0.387
19	Madhya Pradesh	70.0	48.6	69.5 %	56.0 %	0.389
20	Jharkhand	30.5	23.5	77.0 %	60.2 %	0.463
21	Bihar	95.0	77.3	81.4 %	61.3 %	0.499
	India	1,164.7	645.0	55.4 %	53.5 %	0.296

Source: Based on Oxford Poverty and Human Development Initiative (OPHI), *Country Briefing India*, 2010.

Mass poverty, growth versus redistribution: The dilemma of development in Post-Colonial States revisited¹⁶

A number of early books on the subject of India's potential for political and economic development were pessimistic about the ability to maintain democratic institutions while enabling mass mobilization and delivering governance and development. Barrington Moore for instance was highly negative about the Indian model, attributing poor performance to a dysfunctional 'trickle-down, felt-needs' model. Democracy in Moore's eyes simply complicated the matter. In his words, 'Only one line of policy that seems to offer real hope, which, to repeat, implies no prediction that it will be the one adopted. In any case, a strong element of coercion remains necessary if a change is to be made. Barring some technical miracle that will enable every Indian peasant to grow abundant food in a glass of water or a bowl of sand, labor will have to be applied much more effectively, technical advances introduced, and means found to get food to the dwellers in the cities. Either masked coercion on a massive scale, as in the capitalist model including even Japan, or more direct coercion approaching the socialist model will remain necessary. The tragic fact of the matter is that the poor bear the heaviest costs of modernization under both socialist and capitalist auspices (emphasis added).¹⁷

Similar sentiments have been expressed by Dandekar and Rath in *Poverty in India* (1971) who, at the peak of the period of the populist counterattack, suggested that poverty alleviation needed higher taxation and employment generation through public works. The same moral imperative seems to have been at work in the concepts of entitlement made famous by Amartya Sen. Going against widespread scholarship on the link between economic growth and poverty, Sen and Drèze pinpointed the low levels of social indicators in India as the pre-eminent determinant of the country's poor performance in the past, advocating that the state needs to contribute to a people-centred economic development aimed at the expansion of human capabilities.¹⁸

Examining and contrasting development across Indian states, Atul Kohli has pointed out that while rates of economic growth might predict where poverty is likely to come down, the same unit of economic growth has drastically different effects from state to state. Hence, one unit of growth in Kerala or West Bengal has been four times more 'efficient' in reducing levels of poverty than for examples in Bihar or Madhya Pradesh. Rather than examine aspects like irrigation infrastructure, enhanced farm yields, access to credit which Kohli regards as proximate determinants, he points to the form of social and political power as an

answer. As a hypothesis therefore, Kohli has proposed that poverty comes down the fastest in those states where effective governmental power has been founded upon a broad political base, where the hold of upper classes have been minimised, middle and lower classes have successfully organised and used these resources to reach the power. Democracy may indeed have enabled the Indian state to be a more responsive state but even coupled with higher growth rates, during the 1990s and 2000s, has not led to dramatic reductions in poverty. This leads Kohli to propose that the fault lies in “the state’s limited institutional capacities and faulty policies at the central, state and local levels”.¹⁹

Kaushik Basu has countered this position by arguing that bureaucracy and governmental overactivity have in fact fettered the Indian economy.²⁰ Basu goes as far as to say that bureaucratic control emanates from the particular nature of India’s democracy which is ‘a system of overlapping rights’ where every one has the right to decide on every matter as opposed to a system of ‘partitioned rights’ where everyone has a domain over which she or he has the full right to decide. As a result, Indian-type democracy allows for conditions where many can exercise veto power, impairing policy design, flexibility and critically, implementation.

As a country where most of the population lives in villages and depends on agricultural for their livelihood, one of the greatest challenges to the Indian state has been agrarian modernization. In fact, it is estimated that more than three fourths of India’s poor live in its villages. Here again, extensive critiques have been mounted against Indian policy makers and their failure to allocate enough attention, funds and resources to this sector, mesmerized as they were by projects of steel plant and dam-construction in the 1950s, establishing the country’s ‘temples of modernity’ as Jawaharlal Nehru once famously put it. Agrarian modernization it can be argued requires a deep paradigm shift involving both a structural and cultural change.

The perception of the ‘poor’ in Indian culture and history: poverty as karma?

Poverty in India is a socially meaningful concept although it lacks powerful political articulation. One explanation for this puzzle draws upon the power of religion and the construction of the self in India. Max Weber for instance shows how the overall hegemony of the upper castes and their values provides a hegemonic structure where the caste system functions as a transmission belt, siphoning off economic creativity and political resentment into investments in spirituality, intended only to reinforce the power and dominance of the Hindu social structure.²¹ Furthermore, in his 1904 *Protestant Ethic and the Spirit of Capital-*

ism, Weber was certain that Asia was doomed to centuries of economic stagnation because of the entrenched structural and ideational incompatibilities between all the great philosophies of the East (Hinduism, Buddhism and Confucianism) with the requirements of modern economic rationality. This therefore could be used as an explanation for why the poor have never been a national political force in India. Both the Naxalites in 1960s Bengal and the 'Garibi Hatao' (Remove Poverty) rhetoric of Indira Gandhi failed to take-off as a nation-wide mass movement.

However, Weber's privileging of culture as the determinant of human action, and his privileging of the Calvinist ethos as giving rise to a distinctive behaviour that was both rationalized and puritan, has met with a wide range of criticism. Not least, is the charge that Weber's model of causality is unable to explain why and how cultural attitudes change or persist over time as underlying conditions alter. Furthermore, it has been proposed that such an interpretation is misleading as it assumes a highly compartmentalized approach to behaviour, assuming that the actor chooses his/her actions one at a time and is able to assess the rationality of each move. Instead it is argued that action is embedded within wider strategies or 'assemblages' of action and that 'culture' is to be seen not as an endogenous but rather an independent variable. Hence, the focus and emphasis shift away from the end goals that a culture may or may not prioritize to the context that has produced a certain 'cultural tool-kit'.

Contextualising the debate: how did India's poor get into the political radar screen?

A historical explanation for what can be described as the 'absence of the politics of poverty' is provided by Barrington Moore. He formulates an answer with reference to the historic roles of British rule, Gandhi and the Congress party. The departure of the British deprived the Congress of their legitimate basis for a 'unite to oppose' strategy and the democratic empowerment of the socially marginal groups made the demand for both growth and redistribution all the more articulate as regular, competitive and largely fair elections became a normal part of politics. Interestingly, even the Karachi Resolution of 1931, considered to be the first major statement of the Indian National Congress on social and economic policy, and the pet project of Jawaharlal Nehru, contains no explicit reference to the problem of endemic poverty. Furthermore, though the more radical presidents of the INC prior to independence, such as Nehru in Faizpur and Subhas Chandra Bose in Haripura made references to poverty in their presidential addresses, little emerged in the form of resolutions or policy agendas. As a result, although by the mid-1950s there was a seeming consensus on the direction towards a 'socialistic pattern of society'²², little agreement had

been reached on the methods and mechanisms of targeting and alleviating poverty, leaving the field open to wild swings between the rhetoric of the left and right as represented within the catch-all umbrella of the Congress. The following brief sketch of development discussions and policies within India captures the oscillations.

Table 6.4. Development discussions and policies in India

Period	Environment surrounding policy discussion.	Policy decisions / directions
1947 – 51	Policy debate within Congress party and in the Constituent Assembly → ‘Socialistic Pattern of Society’.	Nehru’s mixed economy emerges victorious over Gandhian ideas about Community Development.
1952 – 63	Planning emerges as the primary tool of government policy formulation and implementation. Political control over resources, import-substitution, public sector, industry as leading sectors: ‘the commanding heights of the economy’.	Public Distribution System as a mechanism for providing price support to producers and providing food subsidy for consumers.
1963 – 69	The policy debate is revived, and institutional reforms re-emerge.	Green Revolution and indications of a shift towards the right.
1969 – 73	The populist comeback and counterattack.	Land Reforms, Price Policy Reforms, Nationalization of Commercial Banks and Administrative reforms.
1974 – 84	Surreptitious and incremental liberalization.	Direct action privileged: launching of <i>Integrated Rural Development Program</i> .
1985 – 91	Half – hearted liberalization or ‘liberalisation by stealth’.	Innovations such as induction of elected village <i>panchayats</i> in financing, planning & implementation functions & the creation of Self-Help Groups as recipients of micro-loans.
1991 – 2004	Towards ‘non-reversible’ liberalization.	New paradigm of ‘growth taking care of distribution’.

2005 –	The ‘India Shining’ reality check.	National Rural Employment Guarantee Act.
--------	------------------------------------	--

By the mid-1950s, Jawaharlal Nehru’s model, the ‘socialistic pattern of society’ had gained precedence. The Socialist goal was to be attained through measures such as land reform. However, this early momentum soon met its roadblock in the form of rural landlords who were important kingmakers in local party politics.²³ As a result, it has been documented by various scholars that land reform remained mostly as rhetoric, making little headway in terms of actual implementation. It has also been pointed out that there was simply a dearth of land available for distribution to the landless.²⁴ India’s Five-Year Plans directed public funds towards private enterprise, infrastructure building, not employment generation. Egalitarian measures such as land reform eventually gave way to more populist and direct measures of poverty alleviation that at the same time did not involve confronting the landed elite. This was done through government subsidies, preferential credit in the form of programmes such as the Small Farmers’ Development Agency (SFDA) programme (1971-79), the Integrated Rural Development Programme (IRDP) (1979-99), the Swarnjayanti Gram Swarozgar Yojana (SGSY) (1999).

Nehru’s model of import substitution, industrialization, modernization of agriculture, planning, was a model based on the ‘felt needs, trickle-down theory’. During the first three five-year plans over the years, 1951 – 1966, the prime emphasis was placed on the need to achieve higher growth rates in the belief that capital accumulation and enhanced savings/ investment would create a ‘trickle-down’ effect of growth. However, the plans were over-ambitious, misguided and quickly ran into bottlenecks, particularly during the third plan when inflation, war with Pakistan, drought created massive dissatisfaction. By the late 1960s the land situation had become polarized. Bullock capitalists on the one side and radicalized peasantry on the other, were both contributing to an environment of hostility and resentment, that many thought would be ripe for a Maoist revolution. The split in the Communist Party of India, giving birth to the Communist Party of India (Marxist), rise of Naxalite violence and political instability in many Indian States, indicated deep, inherent problems within the Indian model of development although the much-heralded revolution did not materialise.

What followed the radical sixties was a spate of reformist legislation, nationalization and some conspicuous programmes for instance, the Twenty Point Programme, land to the landless, homestead land, target group programmes - measures that were introduced by Prime Minister Indira Gandhi during the eighteenth month of the Emergency. Many of these social-democratic policies were put on hold when the Janata party came to power after the end of Emer-

gency and the fall of Indira Gandhi. However, the general tendency towards direct action programmes continues for instance through the Integrated Rural Development Programme (IRDP) which aimed at providing assets to the asset-less (small and marginal farmers, agricultural labourers, rural artisans) through income-generating activities. During the 1980s this scheme was extended to cover schedule castes and tribes, women and rural artisan. Various structural problems plagued the IRDP. For instance, unskilled landless labourers were offered credit to develop entrepreneurship without being provided the experience to manage and enterprise as a result of which banks were disinterested in providing credits to the poor. Recognising the failings of the IRDP, the government launched Swarnjayanti Gram Swarozgar Yojana (SGSY) in 1999 that aimed at creating 'self-help groups' rather than focusing on individuals in the bid to develop micro-enterprises. The strengths of such an approach included the linking with existing banking institutions, providing banks also with the opportunity to penetrate into rural areas.

Wage employment programmes have aimed at providing rural poor with a livelihood during a lean agricultural season as well during drought and floods. Continuing into the post-1991 reform era, these programmes have been revised and re-launched. For instance, a new emphasis has been placed on the need to create economic assets and infrastructure for villages with the idea that the creation of employment will follow as a by-product. The Public Distribution System (PDS) has been modified as a result of which it adopts a much more targeted approach, identifying households below the poverty line and providing them with subsidised food grains. A number of problems have dogged the PDS including costing challenges, wastage, pilferage and diversion to the open market that occurs at different stages from procurement to distribution.

Purchasing power of rural people was a major hurdle to poverty alleviation programmes such as the PDS where people were simply unable to purchase the grains even at subsidised prices. In response to this, the government's National Rural Employment Guarantee Act, enacted by legislation on August 25, 2005 sought to ameliorate the problem of purchasing power by providing a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household. As the various programmes briefly outlined above, have demonstrated the government has faced a whole host of structural and technical problems. What has however, emerged centre stage also in terms of government-formulated programmes is a focus on the political and social dimensions of poverty. Hence the attention given to Panchayati Raj Institutions (PRI) and the function they can play in financing, planning and implementation of poverty-alleviation schemes. Moving away from the emphasis on income or entrepreneurship is the understanding that economic, social and political aspects of poverty alleviation are interlinked to one another. Hence economic upliftment

alone cannot alleviate poverty but must also be connected to social and political empowerment.

Democracy, Social Opportunity and Economic Security in India.

Does democracy give rise to both social opportunity and economic security? How successful has the Indian state been in reconciling the twin goals of removing mass poverty, extending economic democracy and at the same time maintaining democratic and political competition?

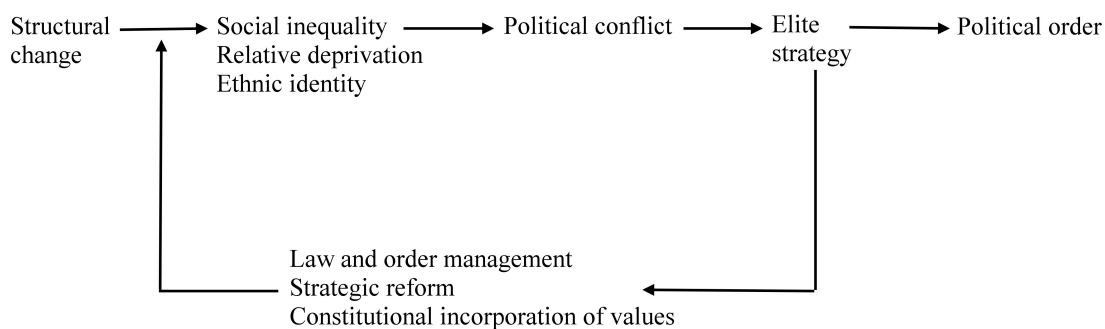
The record remains a highly disputed area of discussion. Even writers like Rajni Kothari and Morris-Jones, originally convinced that the flexibility of India's political institutions would deliver, seem less sure in later works. Scholars like Atul Kohli have used regime as a variable to identify minor gains in egalitarianism.²⁵ Hence, an interventionist state, backed up by a leftist coalition has been seen as undertaking effective anti-poverty mechanisms. Alternative interpretations include the Rudolphs who highlight the role of demand groups and state-dominated pluralism. Mitra, on the other hand focuses on two-track strategies where popular protest is as much part of 'normal' politics in India as is participation.²⁶ The state, in fact manages to draw upon protests as a means through which it can legitimise its authority by creating new institutions, responding to local demands and recruiting protestors into the political arena. Mitra has depicted this dynamic in the form of a new-institutional model that focuses on elite strategies in the form of institutional reforms, law and order management or constitutional adjustments (see below for the neo-institutional model).²⁷

Conclusion: The neo-institutional model

The poor have neither disappeared nor formed themselves into a political party or movement, but they continue to exist as a demand group whose presence is a brake on rapid and radical liberalization. However, as the flow diagram below demonstrates, India has found a mechanism of coping. Critical room to manoeuvre is provided through the constitution and the self-reinforcing dynamic of a system based on political accountability makes it necessary for elites to engage in purposeful social intervention. As a result, institutional reforms and policy change can in fact add to stability rather than undermine it. Hence, the response of decision-making elites to challenges take the form of law and order

management, strategic reform and redistributive policies and constitutional change which are likely to affect the perception of local actors.

Figure 6.1. A dynamic neo-institutional model of governance based on elite strategies



Source: Mitra, Subrata K., *The Puzzle of India's Governance: Culture, Context and Comparative Theory*, London: Routledge, 2006.

Nevertheless, Ashutosh Varshney laments the fact that poor democracies do not seem to have an inherent advantage in their being democracies to tackle poverty²⁸ and offers an important and useful explanation for why this is so. Distinguishing between class and ethnicity, where class is essentially an economic category, but ethnicity is defined in terms of ascriptive identities, Varshney argues that the ethnic politics of subaltern groups are not normally framed in terms of poverty. In a multi-ethnic democracy, Varshney posits that political mobilization tends to happen along ethnic fault lines rather than economic or class issues. Hence, if the poor belong to very different groups, defined by caste, language, race, religion, then the likelihood of collective action converging solely around an agenda of poverty-removal is unlikely. This, combined with the fact that democracies tend to favour direct and more popular methods of poverty removal, has led to the country's sustained disappointing results. Furthermore, while agreeing with Sen that democracy cuts down the worst excesses of poverty such as famines, Varshney has pointed out that it creates clienteles around interventionist-direct action policies.²⁹

As seen from the above theoretical, empirical and methodological overview, every measurement of poverty in India has its specific politics behind it. The intent of the paper has been to argue that poverty-alleviation is a policy issue that inevitably involves a politics-policy nexus. Extending the statistical data from the World Bank and other international agencies for cross-cultural comparison need to take into account the value premises (liberal, institutionalism, democratic legitimacy as based on entitlement) on which the data are based. Sen for example, while emphasizing quantitative measures, leaves open the scope for subjective attributes such as legitimacy. In fact, from survey research³⁰ one comes up with inexplicable evidence of a sense of qualified optimism, even among the poor. This would be explained by the neo-institutional model in Figure 1 that refers to the fact that perception is a key variable in the dynamic model. Such a finding, it is argued is not mere evidence of the efficacy of democratic rhetoric and confirmation of the low expectations, karma-bound, fatalistic Indians? Rather, it is posited that there is something seriously wrong with the left-leaning, structural-reformist approaches to poverty research that pervades the field, especially when it comes to the case of India. These perspectives tend to overlook the flexibility and resilience of structures like the Indian constitution that are capable of bringing about changes in the rules of the game and of creating new policy arenas.

The macro co-existence of poverty and plenty in a country like India, which has had its share of mass movements, can only be explained by disaggregating India. Different regions have had hugely different success rates in targeting and tackling poverty. However, yet another avenue that needs further exploration is whether liberalization and globalization can lead to poverty reduction. The state of Bihar may in fact be showing the way, for recent election results revealed voting patterns based on the government's performance and output rather than caste acting as the prominent deciding factor. Furthermore, as a result of, or in conjunction with, this political revival, are impressive economic growth rates that promise to change the reputation of Bihar being one of the infamous BIM-ARU states. The case of Bihar therefore may indeed herald a new dynamic, a 'race to the top' perhaps, as states within the federal union compete for foreign and domestic investment and the hope of attracting both wealth and skilled labour.

Notes

1. Subrata K. Mitra is Professor of Political Science, South Asia Institute, Heidelberg University. Markus Pauli is Doctoral Fellow, Graduate Program in Transcultural Studies, Cluster of Excellence, Heidelberg University and Jivanta Schöttli is Lecturer in Comparative and International Politics, South Asia Institute, Heidelberg University.
2. The latest being the Tendulkar Committee which was set up in 2009 to look into the methodology of measuring poverty.
3. Spicker Paul, Sonia Alvarez Leguizamón, and David Gordon, eds., *Poverty: An International Glossary* (2nd ed.: Zed Books Ltd, 2007), 230-240.
4. United Nations Department of Economic and Social Affairs, *Copenhagen Declaration on Social Development 1995* (URL: http://www.un.org/esa/socdev/wssd/copenhagen_declaration.html, last visited February 28th, 2011), 57.
5. European Economic Community, *On specific community action to combat poverty* (85/8/EEC, Official Journal of the EEC, 2/24, 1985).
6. Drèze, Jean and Amartya Sen, *Hunger and Public Action* (Oxford: Clarendon Press; New York: Oxford University Press, 1989)
7. Sen, Amartya, *Development as Freedom* (Oxford: Oxford University Press, 1999), 11.
8. World Bank, *World Development Report 1990* (Oxford, New York [etc.]: Oxford University Press, 1990), 26.
9. Spicker (et al.), *Poverty: An International Glossary*, 61.
10. UNDP, *Human Development Report 2010* (New York: UNDP 2010).
11. Alkire, Sabina and Maria Emma Santos, *Multidimensional Poverty Index* (Oxford Poverty and Human Development Initiative, July 2010).
12. See also the homepage of the Oxford Poverty and Human Development Initiative (OPHI), URL: <http://www.ophi.org.uk/research/missing-dimensions>, last visited February 28th 2011.
13. Concerning the methodology see: Alkire, Sabina and Maria Emma Santos, *Acute Multidimensional Poverty: A New Index for Developing Countries* (OPHI Working Paper 38) as well as UNDP, *Human Development Report 2010*.
14. Alkire and Santos, *Multidimensional Poverty Index*, July 2010.
15. Oxford Poverty and Human Development Initiative (OPHI), *Country Briefing: 2010 for India*.
16. The social origins of India's post- independence state and the redistributive efforts of this state have been well studied. See for example: Frankel (2005), Chibber (2003), Nayar (1989), Kohli (1987). Bardhan (1984), and Herring (1983).
17. Moore, Barrington, *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (Boston: Beacon Pr., 1966), 410.
18. Jean Drèze and Amartya Sen, *India: Economic Development and Social Opportunity* (Oxford University Press, 1995).
19. Kohli, A. Chung-in Moon, Georg Sørensen, *States, Markets, and Just Growth: Development in the Twenty-first Century* (United Nations University Press, 2003).

20. Kaushik Basu, *The Impact of Structural Adjustment on Social Sector Expenditure: Evidence from Indian States*. In: Rao, C. H. Hanumantha and Linnemann, Hans (eds.) *Economic Reforms and Poverty Alleviation in India* (New Delhi: Sage Publications, 1996).
21. See Max Weber, *The Religion of India: the Sociology of Hinduism and Buddhism* (New York, Free Press, 1958).
22. Passed within the Congress party on August 14/15, 1957 as part of the Avadi Resolution.
23. For a detailed discussion of Jawaharlal Nehru's early policy choices and the long-run impact on India's political development, please see Schöttli, Jivanta, *Vision and Strategy in Indian Politics: Jawaharlal Nehru's Policy Choices and the Designing of Political Institutions* (London: Routledge, 2011 forthcoming).
24. V. M. Dandekar and Nilakantha Rath, *Poverty in India* (Poona: Indian School of Political Economy, 1971).
25. Kohli, Atul, *The State and Poverty in India: The Politics of Reform* (Cambridge: Cambridge University Press, 1987).
26. Mitra, Subrata K., *Power, Protest, and Participation: Local Elites and the Politics of Development in India* (New York: Routledge, 1992).
27. Mitra, Subrata K., *The Puzzle of India's Governance: Culture, Context and Comparative Theory* (London: Routledge, 2005).
28. Varshney, Ashutosh, *Democracy, Development, and the Countryside: Urban-Rural Struggles in India* (Cambridge: Cambridge University Press, 1995).
29. Varshney, Ashutosh, *Why Haven't Poor Democracies Eliminated Poverty?* In: Varshney, A. (ed.) *India and the Politics of Developing Countries: Essays in Memory of Myron Weiner* (New Delhi: Sage, 2004).
30. Mitra, Subrata K. and Singh, V.B., *When Rebels Become Stakeholders. Democracy, Agency and Social Change in India* (New Delhi: Sage, 2009), 155-156.

Bibliography

- Alkire, Sabina and Maria Emma Santos. *Acute Multidimensional Poverty: A New Index for Developing Countries*. Oxford Poverty and Human Development Initiative, Working Paper 38, 2010.
- Alkire, Sabina and Maria Emma Santos. *Multidimensional Poverty Index*. Oxford Poverty and Human Development Initiative, July 2010.
- Bardhan, Pranab Kumar. *The Political Economy of Development in India*. Oxford: Blackwell, 1984.
- Basu, Kaushik. *The Impact of Structural Adjustment on Social Sector Expenditure: Evidence from Indian States*. In: Rao, C. H. Hanumantha and Linnemann, Hans (eds.) *Economic Reforms and Poverty Alleviation in India*. New Delhi: Sage Publications, 1996.
- Chibber, Vivek. *Locked in place: State-building and late Industrialization in India*. Princeton: Princeton University Press, 2003.
- Dandekar, V.M. and Nilakantha Rath. *Poverty in India*. Poona: Indian School of Political Economy, 1971.
- Drèze, Jean and Amartya Sen. *India: Economic Development and Social Opportunity*. Oxford: Oxford University Press, 1995.
- Drèze, Jean and Amartya Sen. *Hunger and Public Action*. Oxford: Clarendon Press; New York: Oxford University Press, 1989.
- European Economic Community. *On Specific Community Action to Combat Poverty*, In: 85/8/EEC, Official Journal of the EEC, 2/24, 1985.
- Frankel, Francine R. *India's Political Economy, 1947 - 2004: The Gradual Revolution*. 2nd ed., New Delhi: Oxford University Press, 2005.
- Kohli, Atul, Chung-in Moon and Georg Sørensen. *States, Markets, and Just Growth: Development in the Twenty-first Century*. New York: United Nations University Press, 2003.
- Kohli, Atul. *The State and Poverty in India: The Politics of Reform*. Cambridge: Cambridge University Press, 1987.
- Herring, Ronald J. *Land to the Tiller: The Political Economy of Agrarian Reform in South Asia*. New Haven: Yale University Press, 1983.
- Mitra, Subrata K. and Singh, V.B. *When Rebels Become Stakeholders. Democracy, Agency and Social Change in India*, New Delhi: Sage, 2009.
- Mitra, Subrata K. *The Puzzle of India's Governance: Culture, Context and Comparative Theory*. London: Routledge, 2005.
- Mitra, Subrata K. *Power, Protest, and Participation: Local Elites and the Politics of Development in India*. New York: Routledge, 1992.
- Moore, Barrington. *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*. Boston: Beacon Pr., 1966.
- Nayar, Baldev Raj. *India's Mixed Economy: The Role of Ideology and Interest in its Development*. Bombay: Popular Prakashan, 1989.

- Oxford Poverty and Human Development Initiative (OPHI). *The Missing Dimensions of Poverty Data*. URL: <http://www.ophi.org.uk/research/missing-dimensions>, last visited February 28th, 2011.
- Schöttli, Jivanta. *Vision and Strategy in Indian Politics: Jawaharlal Nehru's Policy Choices and the Designing of Political Institutions*. London: Routledge, 2011 (forthcoming).
- Sen, Amartya. *Development as Freedom*. Oxford: Oxford University Press, 1999.
- Spicker, Paul, Sonia Alvarez Leguizamón, and David Gordon (eds.) *Poverty: An International Glossary*. 2nd ed., New York: Zed Books, 2007.
- United Nations Department of Economic and Social Affairs. *Copenhagen Declaration on Social Development 1995*. URL: http://www.un.org/esa/socdev/wssd/copenhagen_declaration.html, last visited February 28th, 2011.
- United Nations Development Programme. *Human Development Report 2010. The Real Wealth of Nations*. New York: UNDP, 2010.
- Varshney, Ashutosh. *Why Haven't Poor Democracies Eliminated Poverty?* In: Varshney, A. (ed.) *India and the Politics of Developing Countries: Essays in Memory of Myron Weiner*. New Delhi: Sage, 2004.
- Varshney, Ashutosh. *Democracy, Development, and the Countryside: Urban-Rural Struggles in India*. Cambridge: Cambridge University Press, 1995.
- Weber, Max. *The Religion of India: The Sociology of Hinduism and Buddhism*. New York: Free Press, 1958.
- World Bank. *World Development Report 1990*. Oxford, New York [etc.]: Oxford University Press, 1990.