

Table 3.11

Quintile-wise Share of Consumption (%) by Rural/Urban Areas in India

Quintiles	1987-88		1993-94		1999-2000	
	Rural	Urban	Rural	Urban	Rural	Urban
1 st	9.32	7.99	9.64	8.02	10.15	7.95
2 nd	13.18	11.53	13.47	11.87	13.98	11.74
3 rd	16.52	15.42	16.87	15.68	17.32	15.68
4 th	21.47	21.20	21.62	21.59	21.85	21.69
5 th	39.51	43.86	38.40	42.84	36.68	42.93
Ratio of top 20% to bottom 20%	4.24	5.49	3.98	5.34	3.61	5.40

Source: National Sample Survey Organisation (NSSO) data quoted by RPP 2005 India Country Team.

Poverty reduction performance varies across the Indian states. Poverty reduction has been most spectacular in the four Southern states, viz., Andhra Pradesh, Karnataka, Kerala and Tamil Nadu. Poverty reduction has not been up to the mark in the cases of Bihar, Orissa, Madhya Pradesh and Uttar Pradesh. It is, however, to be noted that the State level analysis of poverty does not reveal the true picture of rural poverty in India. Even in States, which have experienced significant reduction in poverty over the last 30 years, there are areas and regions, which are extremely poor. Maharashtra, which is considered one of the most developed States in the country, has pockets of extreme poverty in Vidharbha and Marathwada areas.

Though the incidence of rural poverty has marginally declined, it is getting increasingly concentrated in Central and Eastern parts of the country. The States of Bihar (including Jharkhand), Uttar Pradesh, Madhya Pradesh (including Chhattisgarh), West Bengal and Orissa accounted for 54.27 per cent of the rural poor in 1973-74. They accounted for 68.81 per cent of the rural poor in 1999-2000. Rural poverty has declined rapidly in Andhra Pradesh, Haryana, Gujarat, Punjab, Kerala, Rajasthan and Tamil Nadu. In a few States such as Madhya Pradesh, Bihar and Orissa, there was an increase in the total number of poor during 1993-94, 1999-2000 even though the HCR declined during the period.

People have been migrating from rural areas to the urban centers in search of employment. They are forced to reside in urban slums under inhuman conditions. Urban poverty has not received adequate attention in India. The share of the urban poor in total poor increased from 22 per cent 1993-94 per cent to 26 per cent in 1999-2000. The casual workers and self-employed in the urban areas constitute over 44 per cent of the total urban poor. They are engaged in informal, unorganized low paid activities. In most urban centers, they function in violation of outdated and archaic municipal laws, which prohibit these activities. Many have few linkages with the formal sector of the economy. They face higher transaction costs. A conscious effort needs to be made to tackle the incidence of poverty in urban areas.

Nutritional Poverty

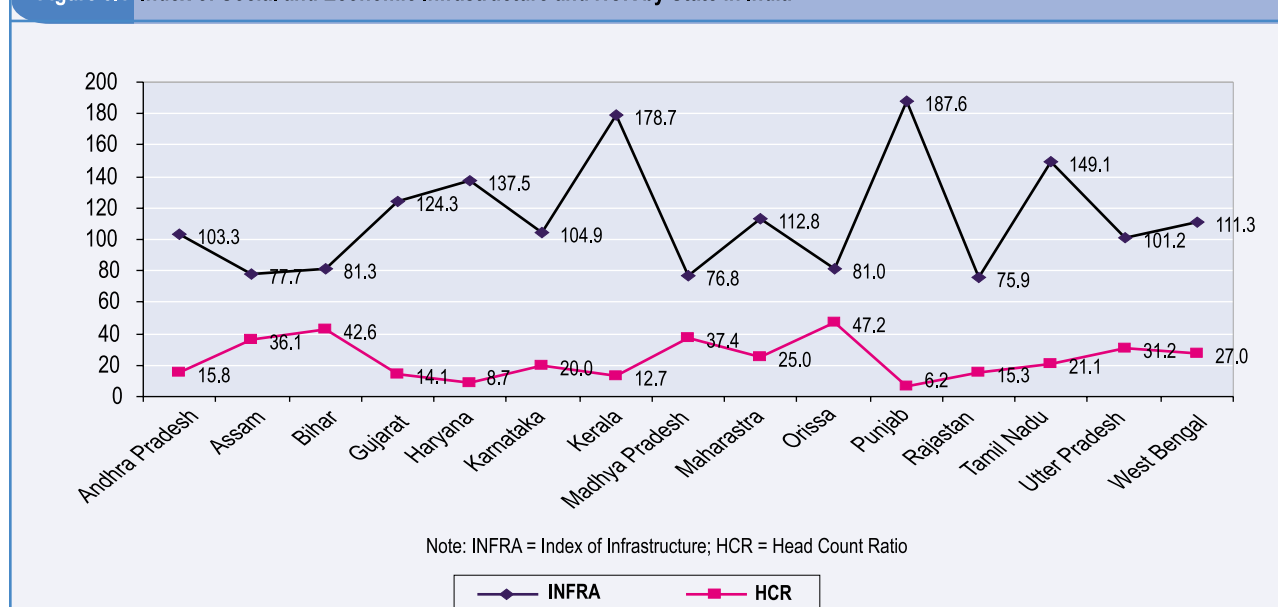
A disturbing development in the last 20 years in India has been the fact that, though the incidence of poverty has declined, the intake of calories across States has

gone down. Estimates by Meenakshi and Vishwanathan show that if the headcount ratio is computed on the basis of 2400 calories per day norm for rural areas, there was a perceptible increase in the headcount ratio. The HCR on the basis of calorie intake has gone up in almost all States. Inadequate of calorie intake and even nutritional deficiency are reflected in extremely poor indicators of nutrition, especially among women and children. National Family Health Survey II Indicators for 1997-98 indicate that over 53 per cent of women in India were anemic. The problems of stunting and low birth weight can be traced to low calorie and nutritional intake. Even in 1999-2000, 2.6 percent households in rural areas and 0.6 per cent of households in cities did not have enough food in some months of the year. One of the major targets, therefore, should be the elimination of hunger. Provision for balanced diets with special focus on nutritional status of women and the girl child also need to be made.

Linkage between Infrastructure and Poverty

The analysis of incidence of poverty across Indian States indicates that poverty is very closely linked to the absence of economic and social infrastructure. The Eleventh Finance Commission had constructed an index of infrastructure, which included economic, social and administrative infrastructure. Eight major sectors, under these three broad heads were covered. These were (i) agriculture (ii) banking (iii) electricity (iv) transport (v) communication (vi) education (vii) health and (viii) civil administration. If we juxtapose the index of infrastructure with incidence of poverty, we find that States with a high value for the infrastructure index have low incidence of poverty.

The top four States in terms of infrastructure also have some of the lowest incidences of poverty (Figure 3.1). Rajasthan is the only State, which has a low infrastructure index and has also a low incidence of poverty. This could be due to the peculiar nature of State's geography. Given the vastness of the State and its large desert areas, the physical infrastructure probably depresses the overall infrastructure index for the State. The Government of India, in recognition of the role played by infrastructure in poverty removal, has taken up a massive programme for construction of rural infrastructure under the Bharat Nirman Project, which seeks to provide basic infrastructure by 2008-09 to every rural habitation.

Figure 3.1 Index of Social and Economic Infrastructure and HCR by State in India


Sources: Infrastructure Index: Eleventh Finance Commission Report, India.
HCR: Planning Commission, India.

Best Practice 5 Educational Development in Himanchal Pradesh, India

Himanchal Pradesh (HP), for long considered one of the backward regions of North India, has done much better in the field of primary education in a short span of time compared to some of its more prosperous neighbours. The percentage of illiterates aged 10-14 in 1951 was as high as 81percent. This had declined sharply by 1971 to 35percent, and dipped to just 10percent by 1991. In 1991, 94percent of males and 86percent of females in this age-group were literate. According to 2001 census, the state's literacy rate stood at 77.13percent compared to 65.68percent for the country as a whole.

HP's success in literacy and education results from a combination of active State intervention, civic cooperation, high parental interest and decent teaching standards. The educational expansion has been achieved almost entirely by Government schools, with relatively little contribution from private schools. The fact that the State has an unfavourable settlement pattern with small villages scattered over larger areas - one-third of the rural population lives in villages with a population of 300 or less - makes the State's achievement even more creditable.

The State has placed sustained emphasis on developing rural infrastructure, especially roads and village schools, to reduce inter-regional disparities in educational levels. This has led to high investment in remote tribal districts like Kinnaur, Lahaul and Spiti, which have made fast catch-up with the rest of the State. The Government also offers many incentive schemes for socially and economically disadvantaged pupils in the State, including free textbooks upto class IV for the children of Scheduled Castes and Scheduled Tribes. When Operation Blackboard was launched nationwide in 1987 with the aim of ensuring that every primary school had a minimum quota of facilities and aids and the eradication of single-teacher schools, HP took the lead in implementing the goals. The proportion of such schools plummeted from 28percent in 1986 to less than 2percent in 1995. In teacher appointments, women are given priority in HP. In the schools surveyed by the PROBE team, 41percent of teachers in HP were female, compared to only 21percent in the other PROBE States. This is one important factor that has enabled HP women to send their children to school despite their heavy workload. The State has also implemented, with fair success, a solution to the problem of children being required as full-time labour during periods of peak agricultural activity by adjusting the school calendar and timings, district-wise, so as to avoid any serious clash with agricultural activity.

There is active parent-teacher cooperation and community interest in running village schools. The relatively homogeneous nature of village society in HP has fostered the idea that the local school is everyone's school.

Education

The literacy rate in India increased from 18 percent in 1951 to 61 percent in 2003. This achievement, though impressive, points to the fact that even at the beginning of the new millennium over one third of the country's population was still illiterate.

The overall literacy percentages indicated above do not reflect regional differences that characterise the Indian reality. The performance of the States in promoting literacy shows a varied pattern. In the southern part of the country, which has generally higher literacy rates, Andhra Pradesh continues to be below the national average. Table 3.15, however, suggests that despite its

low literacy rate, Andhra Pradesh has been able to record remarkable progress in poverty reduction. Kerala, on the other hand, has a literacy rate of over 90 per cent. The northeastern States and the smaller States like Himachal Pradesh have done commendable work in spreading literacy. In Himachal Pradesh the improvement in literacy has been a result of good government policies. In Bihar and Uttar Pradesh, where the bulk of the poor reside, performance has been unsatisfactory. In fact during 1991-2001, Rajasthan and Madhya Pradesh, have registered higher increases in the spread of literacy than the all-India average. The table below gives information on the regional dimensions of literacy in India.

State	1991			2001		
	Male	Female	Total	Male	Female	Total
Andhra Pradesh	55.13	32.72	44.09	70.85	51.17	61.11
Bihar	52.49	22.89	38.48	60.32	33.57	47.53
Kerala	93.62	86.13	89.81	94.20	87.86	90.92
Rajasthan	54.99	20.44	38.55	76.46	44.34	61.03
Madhya Pradesh	58.42	28.85	44.20	76.50	50.35	64.08
Orissa	63.09	34.68	49.09	79.95	50.97	63.61
Tamil Nadu	73.75	51.33	62.66	82.33	64.55	73.47
Uttar Pradesh	55.73	25.31	41.06	70.23	42.97	57.36
All India	64.13	39.29	52.21	76.64	54.16	65.38

Source: Educational Statistics of India, 2001.

3.4 The Maldives

In terms of the international poverty line (the proportion of population below US\$ 1 per day), poverty in the Maldives decreased from 3 percent in 1997 to 1 percent in 2004 (Table 3.15). The Vulnerability and Poverty Assessment (VPA) 1998 used three different poverty lines: a low poverty line (Rufiyaa 7.5), a medium poverty line (Rufiyaa 10.0), and a high poverty line (Rufiyaa 15.0). The table reveals that country has achieved a notable decline in poverty during the period 1997-2004. The decline in the incidence and the depth of poverty has occurred not only at the urban and national levels, but also at the rural level.

Several factors, including relatively high levels of per capita gross national income (US\$ 2,510 in 2004 and PPP\$ 4,083 in 1998), a high standard of human development, universal primary education, a high level of adult literacy rate (98.9 percent in 2004), an economy mainly based on services and industrial sectors and a minimal role for agriculture in the economy, and better health conditions may have contributed to the low level of income poverty in the Maldives.

Index	Level	Poverty Line	Percent	
			1997	2004
Head Count Poverty Ratio (Incidence of poverty)	National	Rf 7.5	13	3
		Rf 10	23	8
		Rf 15	44	21
	Rural	Rf 7.5	16	5
		Rf 10	28	11
		Rf 15	52	28
	Urban	Rf 7.5	5	0
		Rf 10	8	0
		Rf 15	19	3
Poverty Gap Index (Depth of poverty)	National	Rf 7.5	4	1
		Rf 10	7	2
		Rf 15	16	6
	Rural	Rf 7.5	5	1
		Rf 10	9	3
		Rf 15	19	8
	Urban	Rf 7.5	1	0
		Rf 10	2	0
		Rf 15	6	1

Source: Maldives RPP 2005 Country Team, Vulnerability and Poverty Surveys, 1997 and 2004.

There are 199 inhabited islands, and the geographic distances between islands, the wide dispersal of the population, and the small populations of some islands make it extremely costly to provide basic economic and social infrastructure services everywhere. In the aftermath of the December 2004 *tsunami*, a distinction was made between “safer” islands and less safe ones. Moreover, special problems of saltwater intrusion during the *tsunami*, and faecal contamination of drinking water sources has focussed attention on the urgency of infrastructural investment in the areas of desalination and waste water management.

Physical and regional development policies now include population and development *consolidation*, and providing incentives for population relocation to islands where access to basic infrastructure services can be more readily provided.

3.5 Nepal

Poverty in terms of both the international poverty line of \$1 a day and the national poverty line has been decreasing in the country. Between the two Nepal Living Standards Surveys of 1995/96 and 2003/04, the proportion of the population living below national poverty line decreased by 11 percentage points (from 42 percent in 1995/96 to 31 percent in 2003/04). However, the decline of poverty was not the same among various areas and communities.

Table 3.16 shows that population below poverty in urban areas fell from 21.6 percent in 1995/96 to 9.6 percent in 2003/04. However, in the same period, rural poverty

declined from 43.3 percent to 34.6 percent. If one compares the poverty of Kathmandu with the prevalence of poverty among the rural population in 2003/04, the picture is serious. The condition of the people of rural West Hill and Terai is much worse than that of the rest of the country. These regions, especially the Mid-and-Far Western regions, need extra efforts to bring them up to the national mainstream.

Best Practice 6 Poverty Alleviation Fund, Nepal

The Poverty Alleviation Fund, established by the Government in Nepal in 2003, is a pilot initiative created to bring increased opportunities for income generation and access to basic services and infrastructure to poor communities in rural areas. The Fund’s objective is to support Nepal in implementing a new, targeted instrument for reaching poor and excluded communities. It aims to improve access to income-generation projects and community infrastructure for the groups that have tended to be excluded by reasons of gender, ethnicity and caste, as well as for the poorest groups in rural communities. It supports Income generation projects targeted to the poorest and excluded groups through micro-irrigation, micro-enterprises, crafts, land productivity, animal husbandry, and others. It supports small scale village and community infrastructure including engineered trails, footbridges, schools, clinics and other “public goods” and can be managed by community groups or Village Development Committee (VDCs). It also supports innovations and special programs and capacity building activities, such as, mobilization of community groups, with particular attention to the needs of marginalized groups and assists in building the capacity of local bodies and targeted groups.

Table 3.16 Nepal Poverty Measurement by Geographic Region

Particulars	Poverty Headcount Rate			Distribution of Population		
	1995/96	2003/04	Change in %	1995/96	2003/04	Change in %
Urban	21.6	9.6	-56	6.9	15.0	117
Rural	43.7	34.6	-20	93.1	85.0	-9
NLSS Regions						
Kathmandu	4.3	3.3	-23	2.6	5.4	110
Other urban	31.6	13.0	-59	4.4	9.7	121
Rural West Hill	55.0	37.4	-32	24.8	19.4	-22
Rural East Hill	36.1	42.9	+19	22.4	21.1	-6
Rural West Terai	46.1	38.1	-17	16.7	15.3	-8
Rural East Terai	37.2	24.9	-33	29.1	29.1	00
Total	41.8	30.8	-26	100	100	00

Source: Poverty Trends in Nepal (1995/96 and 2003/04), 2005. CBS, NPC, His Majesty's Government of Nepal

The Kathmandu region, which is predominantly an urban area, has a very low level of poverty (3.3 percent in 2003/04). This is mainly because of the fact that the region is historically the seat of the government, a rich area supported by tax-payers money, fertile land, and industry, trade, tourism and other service activities. The region has less than five percent of the country's population, but receives a very large proportion of the national budget.

Poverty is also lower in the district headquarters and urban areas of the districts, outside Kathmandu region. These areas receive money mainly from trade, services and industrial activities. The sharp decline in poverty rates in these areas in recent years may also have been due to remittances from abroad. Many families receiving remittances migrate to urban areas for security reasons. Thus, a large proportion of the remittance gets invested in urban areas.

Unlike the general belief, poverty apparently seems to be not affected by gender disparities; rather the opposite seems to be true when poverty levels of male and female-headed households are taken into account. Table 3.17 shows that in a situation where poverty declined from 42 percent in 1995/96 to 31 percent in 2003/04 in general, poverty declined from 42 percent to 24 percent in the same period among female-headed households. Hence, poverty reduced by 43 percent among female-headed households as compared to 26 percent reduction on the whole. Moreover, the female-headed households increased by 69 percent during 1995/96 and 2003/04. This is probably because men had gone for foreign employment. Remittances from these workers are the main factor behind relatively lower poverty levels among female-headed households.

Table 3.17 Nepal Poverty Measurement by the Gender of the Head of Household

Particulars	Poverty Headcount Rate (%)			Distribution of Population (%)		
	1995/96	2003/04	Change in %	1995/96	2003/04	Change in %
Female-headed	41.6	23.8	-43	8.5	14.4	68.8
Male 25- years	40.5	32.5	-20	5.1	3.3	-34.5
Male 26-45 years old	43.8	32.5	-26	39.6	35.9	-9.3
Male 46+ years	40.2	31.6	-21	46.7	46.4	-0.8

Source: Poverty Trends in Nepal (1995/96 and 2003/04), 2005. CBS, NPC, HMG, Nepal.

Table 3.18 depicts the level of poverty among various economic sectors. Among different occupational groups, wage earners in agriculture are among the poorest, where 53.8 percent were below the national poverty line in 2003/04 – only a slight decline from their 1995/96 levels (55.9

percent). Those self-employed in agriculture were better off than agricultural wage earners but had the highest poverty level among the self employed. Those self-employed in manufacturing (mostly cottage industries) were also not doing well. Almost one-third of them were poor.

Table 3.18 Nepal 1995/96 and 2003/04, Poverty Measurement by Type of Employment of Household Head

Particulars	Poverty Headcount Rate (%)			Distribution of Poor (%)		
	1995/96	2003/04	Change in %	1995/96	2003/04	Change in %
Self Employed in:						
Agriculture	43.1	32.9	-24	60.7	66.9	10
Manufacturing	41.4	31.2	-25	3.4	4.5	32
Trade	32.2	11.1	-66	4.3	1.6	-62
Services	25.3	14.4	-43	1.0	1.5	53
Wage earner in:						
Agriculture	55.9	53.8	-4	15.7	10.9	-31
Professional	8.3	2.1	-74	0.4	0.2	-53
Other	39.7	28.8	-28	10.6	10.0	-6
Unemployed	9.5	2.9	-69	0.1	0.0	-68
Non-active	30.5	26.9	-12	3.9	4.4	14

Source: Poverty Trends in Nepal (1995/96 and 2003/04), 2005. CBS, NPC, HMG, Nepal.

From another point of view, poverty in Nepal is mainly the result of lack of education and training. Table 3.19 shows that, in 2003/04, 42 percent of the heads of

households were illiterate and poor, whereas only 1.6 percent of the household heads with schooling of 11 years or above were poor.

Table 3.19 Nepal Poverty Measurement by Level of Education of the Head of Households

Education Levels or School Years	Poverty Headcount Rate (%)			Distribution of Population (%)		
	1995/96	2003/04	Change in %	1995/96	2003/04	Change in %
Illiterate	50.9	42	-18	59.8	52.1	-13
5 or less years	35.7	28.2	-21	17.7	18.4	4
6-7	28.5	23.3	-18	9.8	10.7	9
8-10	19.8	8.4	-58	9.6	14.5	52
11+	11.4	1.6	-86	3.2	4.3	35

Source: Poverty Trends in Nepal (1995/96 and 2003/04), 2005. CBS, NPC, HM Govt., Nepal.

Age-old discriminatory practices against certain groups (such as, the so-called untouchables or dalits) and disadvantaged ethnic communities have left them vulnerable to poverty. Results of the NLSS II show that the level of poverty is higher among dalits, hill-ethnic

groups and religious minorities (Muslims) (Table 3.20). As such, the strategy of targeted programmes of the PRSP is very appropriate. Without targeted interventions these groups may remain outside the development mainstream.

Table 3.20 Nepal Poverty Measurement by Castes and Ethnicity of Households

Particulars	Poverty Headcount Rate (%)			Distribution of Population (%)		
	1995/96	2003/04	Change in %	1995/96	2003/04	Change in %
Caste and ethnicity of household head						
Upper caste (hill-terai)	34.1	18.4	-46	32.7	26.3	-20
Yadavs (middle)	28.7	21.3	-26	4.2	2.8	-33
Dalits (hill-terai)	57.8	45.5	-21	7.7	7.4	-4
Newar	19.3	14	-28	5.5	7.5	36
Hill Janajati	48.7	44	-10	16.9	19.5	15
Tharu (Terai janajati)	53.4	35.4	-34	8.2	8.1	-1
Muslims	43.7	41.3	-6	5.4	6.5	20
Others	46.1	31.3	-32	19.4	21.9	13

Source: Poverty Trends in Nepal (1995/96 and 2003/04), 2005. CBS, NPC, HMG., Nepal

Disaggregated Analysis of Inequality

The above analysis shows that poverty in Nepal is not declining uniformly in all areas and among all communities. The economic and development efforts have gone in favour of the so-called upper castes and those who were better off. In absolute terms also, the percentage of population below poverty line of dalits (45.5 percent) and that of Newar community (14 percent) shows a difference of 31.5 percentage points.

Gini coefficients in Nepal rose from 34.2 percent in 1995/96 to 41.4 percent in 2003/04. This implies that inequality

is on the rise in Nepal. In 2003/04, the Gini coefficient was higher in urban areas than in rural areas.

HDIs at the Disaggregated Level

The comparison of HDIs of various regions with the national HDI shows that there is a noticeable disparity among different regions of the country.

An insight into the HDI rank of various regions of Nepal shows that districts in the mid- and far-western hill/mountain regions need special and urgent interventions (Table 3.21). The Nepal Human Development Report

2004 (NHDR 2004) also shows that regions with lower income levels generally have low HDIs. However, some individual districts present glaring examples where levels of income do not go hand in hand with the overall well-being of the people. For instance, Rasuwa district in the central mountain region which ranks 62nd out of 75 districts, in terms of HDI with per-capita

income US\$1802 (PPP value) is close to district of Bhaktapur in the central hill region which is second in HDI ranking with per-capita income of PPP \$1862. Regional data and information on human development suggest that the country should not introduce blanket policies and programmes on the basis of the aggregate HDI.

Elevation zone	Per Capita GDP in US\$ (PPP)			Human Development Index (HDI)		
	1996	1999	2001	1996	1999	2001
Nepal	1186	1237	1310	0.325	0.466	0.471
Urban	2455	2133	2224	0.518	0.616	0.581
Rural	1093	1094	1162	0.306	0.446	0.452
Eastern Region	1148	1073	1202	0.339	0.484	0.493
Mountain	1033	1003	1276	0.342	0.424	0.477
Hill	892	1012	1057	0.368	0.513	0.500
Tarai	1326	1109	1266	0.378	0.488	0.491
Central Region	1442	1713	1597	0.339	0.493	0.490
Mountain	1099	1023	1157	0.269	0.437	0.425
Hill	1871	2059	2083	0.441	0.510	0.547
Tarai	1185	1502	1222	0.310	0.462	0.451
Western Region	1082	1022	1254	0.350	0.479	0.491
Mountain	1075	731	2505	0.313	0.414	0.488
Hill	1235	858	1198	0.351	0.487	0.489
Tarai	867	1276	1277	0.349	0.435	0.494
Mid-Western Region	933	861	988	0.276	0.402	0.402
Mountain	770	731	940	0.241	0.322	0.347
Hill	961	741	879	0.311	0.433	0.417
Tarai	943	1040	1130	0.307	0.458	0.440
Far-Western Region	916	899	1079	0.286	0.385	0.404
Mountain	648	629	939	0.261	0.286	0.355
Hill	909	744	945	0.26	0.393	0.403
Tarai	1061	1144	1244	0.327	0.425	0.450

Source: Nepal Human Development Report 1998, 2001 and 2004.

Note: Per capita GDP figures are given in US\$ PPP (purchasing power parity) as it is a more stable measure.

3.6 Pakistan

Poverty is predominantly found in rural areas. The Table 3.22 shows the incidence, depth and severity of poverty

at the national level and the headcount ratio by rural and urban location.

Poverty Measures	1990-91	1992-93	1993-94	1996-97	1998-99	2000-01	2004-05
Headcount Ratio (%)	26.1	26.8	28.7	29.8	30.6	34.4	23.9
Urban	26.6	28.3	26.9	22.6	20.9	22.7	14.9
Rural	25.2	24.6	25.4	33.1	34.7	39.3	28.1
Poverty Gap Index (%)		4.15	5.08	4.13	6.45	7.0	4.8
Squared Poverty Gap Index (%)		1.06	1.41	1.06	2.01	2.1	1.5

Source: Planning Commission, Government of Pakistan

Analysis of empirical evidence has shown that: in Pakistan the rural poor are highly vulnerable to droughts; that poverty incidence varies across rural-urban areas and provinces; that education is an important variable for reducing poverty; poor communities have relatively inadequate access to public health services; and that paid workers have a lower incidence of poverty compared to self-employed workers.

A vast majority of the poor are employed in the informal sector. A combination of low wages and risks that are inherent in informal sector employment worsens the prospect of moving out of poverty. If informal sector employment is partly due to lack of formal sector jobs then sustained growth can be expected to induce more employment in the formal sector. This will have the effect of reducing the reliance on the informal sector on the one hand, and will also likely result in higher wages in the formal and informal sector alike.

Sector	Extremely Poor	Chronically Poor	Transitory Poor	Transitory Vulnerable	Transitory Non-Poor	Non-Poor	Total
Agriculture, Livestock, Forestry, Fishing	46.63	58.20	53.80	51.45	44.41	28.99	47.48
Mining & Quarrying, Manufacturing	13.87	11.26	10.79	10.86	11.78	12.63	11.46
Electricity, Gas, Water	0.39	0.23	0.34	0.73	0.76	1.23	0.66
Construction	11.42	8.64	9.38	6.09	4.84	2.99	6.39
Wholesale, Retail, Restaurants & Hotels	14.58	6.72	9.18	10.45	13.24	17.69	11.63
Transport, Storage, & Communications	3.54	4.18	4.42	4.87	5.76	6.08	5.10
Financing, Insurance, Real Estate, Business Services	0.26	0.0	0.15	0.17	0.56	2.34	0.56
Community, Social, and Personal Services	9.31	10.53	11.69	15.18	18.42	27.95	16.50
Activities not Adequately Defined	0.0	24.0	24.0	20.0	24.0	0.09	0.21
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: CRPRID, 2003

Agriculture (including livestock, forestry and fishing) provides employment to almost half of the poor (including extremely poor, chronically poor and transitory poor) (Table 3.23). However, due to the seasonal nature of the employment and distorted wage structure, such employments are just not enough to pull them out of poverty. Table 3.23 also indicates the concentration of poor people as compared to the shares of labor force working in those sectors. Electricity, gas and water, and Community, social and personal services sectors have less concentration of the poor as their shares in total labor force are more than that in the total

number of poor people. From this perspective, construction, agriculture, mining and quarrying can be taken as more vulnerable sectors with higher shares in poor people as compared to that in the total labor force working.

Poor people living below the poverty line consider employment as their only means of coming out of poverty. They have tried their level best to come out of poverty trap by increasing the number of people employed per household so as to maintain/increase their household income (Table 3.24).

Poverty Sub Group	PIHS 1998-99			PIHS 2000-01			PSLM 2004-05		
	Average No. of Employed	Employed Children	Employed Adults	Average No. of Employed	Employed Children	Employed Adults	Average No. of Employed	Employed Children	Employed Adults
Extremely Poor	3.01	0.44	2.57	3.13	0.45	2.68	2.94	0.09	2.85
Chronically Poor	2.64	0.30	2.34	3.10	0.28	2.83	2.45	0.18	2.27
Transitorily Poor	2.31	0.21	2.11	2.75	0.20	2.55	2.31	0.15	2.16
Transitory Vulnerable	2.23	0.17	2.06	2.58	0.16	2.41	2.35	0.17	2.19
Transitory Non-Poor	1.91	0.08	1.83	2.27	0.10	2.17	2.21	0.12	2.09
Non-Poor	1.46	0.03	1.44	1.77	0.04	1.73	1.80	0.03	1.77

Source: PIHS 1998-99, PIHS 2000-01 and PSLM 2004-05 quoted by RPP 2005 Pakistan Country Team.

Inequality

Income of the richest 20 percent of households has remained around six times that of the poorest 20 percent households during the past twenty years (Table 3.25). The Gini index of inequality, which remained at around 0.41 during 1990-91 and 2001-02, indicates a high degree income inequality. This is further reflected in the rising trend in poverty despite growth in per capita incomes.

Human Development

The human development indicators for Pakistan are still low despite significant progress in recent years and show marked urban-rural and state-wise variations (Table 3.26).

Year	Household Gini Coefficient	Percentage Share of Income			Ratio of Highest 20% to Lowest 20%
		Lowest 20%	Middle 60%	Highest 20%	
1990-91	0.407	5.7	45.0	49.3	8.6
1996-97	0.400	7.0	43.6	49.4	7.1
1998-99	0.410	6.2	44.1	49.7	8.0
2001-02	0.410	7.0	45.4	47.6	6.8

Source: Economic Survey 2001-02.

Poverty Sub Group	Adult Literacy (10 yrs. & above)		Infant Mortality Rate (per 1000 live births)		% of Population to Having Access Drinking Water		Primary Gross Enrolment Rate(%)	
	2000-01	2005	2000-01	2005	2000-01	2005	2000-01	2005
Region								
Pakistan	48	53	82	76.6	86	84	72	86
Urban	68	71	65		94	95	91	104
Rural	38	44	88		80	76	66	79
Punjab	49	55	-		96	97	76	95
Sindh	51	56	-		81	87	63	75
NWFP	40	45	-		58	65	77	80
Balochistan	36	37	-		37	48	62	67
Male	60	65	84	77.1(2003)	-	-	83	94
Female	34	40	81	77(2003)	-	-	61	77

Source: RPP 2005 Pakistan Country Team; PIHS 2001.

Human development indicators at the disaggregated level shows that in the recent past, Pakistan has made significant progress in increasing female life expectancy as well as in improving female literacy levels, and primary and secondary school completion rates. Yet, large gender-gaps remain, e.g. the adult literacy rate for women is 40 percent as compared to 65 percent for males. The gender gaps are particularly large in rural areas. The same is true for completion of primary or higher schooling. Women's participation in paid employment is limited. They currently account for one-fifth of the paid non-agriculture labour force. However, in the case of life expectancy at birth, the gaps have diminished in the recent years. These statistics reveal

that concerted efforts must be made to address the constraints faced by women to access education and employment opportunities.

3.7 Sri Lanka

Poverty incidence in 1995/96 can be discounted, due to the distortion caused by severe drought, which would have impacted particularly on the incomes in the rural sector. This analysis therefore takes the data for 1990/91 and 2002 as indicating the trend in absolute poverty in Sri Lanka. At the national level, the incidence of poverty declined from 26.1 percent in 1990/91 to 22.7 percent in 2002 (Table 3.27).

Table 3.27 Population below Poverty Line in Sri Lanka by Location of Residence (%)			
Location	1990/91	1995/96	2002
Poverty Line (Rs)	475	833	1423
Percent of Population below Poverty line (National)	26.1	28.8	22.7
Percent of Poor by Sector			
Urban	16.3	14.0	7.9
Rural	29.4	30.9	24.7
Estate	20.5	38.4	30.0
Percent of Poor by Province			
Western	15.6	13.0	9.2
Central	25.8	31.3	20.8
Southern	24.7	27.0	23.6
North Western	21.6	23.6	22.3
North Central	20.4	20.4	18.1
Uva	27.0	40.2	31.8
Sabaragamuwa	26.8	36.1	28.9

Note: Data not available for the Northeast Province and its 8 Districts

Source: Department of Census & Statistics, Colombo.

In urban areas there was a decline in the incidence as well as numbers in poverty. This may have been partly due to a change in the definition of urban areas in 1994, which reclassified Town Council areas as Pradeshiya Sabha areas and moved them into the rural sector.

Despite the large increase in poverty incidence in estate areas, the number in poverty remained at 0.2 million in both years, suggesting that there was a substantial decline in the estate population during this period; estates are defined as landholdings of more than 20 acres with more than 10 resident labour, so that the break up of large holdings could have moved some of the resident labour on smallholdings into the rural sector. Rural areas, in fact, show a decline in incidence, although the number in poverty increased from 3 to 3.4 million.

Regional disparities in poverty incidence are wide, with 7 out of 25 districts having between 30-37 per cent of their populations in poverty in 2002.

Although less than a quarter of the population in Sri Lanka are below the national poverty line, more than half the population is not meeting their minimum calorie consumption needs (Table 3.29). This suggests that (income) poverty is not the only factor governing food intake. Lack of knowledge, alcoholism, etc. also plays a part. In this context, a marked reduction between 1973 and 2000 in the percentage of children suffering from stunting, wasting and underweight, with improvements taking place in urban, rural and estate areas is noteworthy. The percentage of children born with low birth weight (an indicator of maternal malnutrition) has also reduced from 18.7 to 16.7.

Table 3.28 Average Monthly Income, Median Income and Gini Coefficient for Household Income by Sector, Province and District, Sri Lanka 2004

Sector, Province and District	Average monthly income		Median household income (Rs.)	Percentage of income received by poorest 40% of households to total income	Gini coefficient
	Per household (Rs.)	Per person (Rs.)			
Sri Lanka	12803	3056	8482	13.9	0.47
Sector					
Urban	22420	4997	14061	13.4	0.48
Rural	11712	2835	8091	14.6	0.45
Estate	7303	1663	6250	19.6	0.34
Province					
Western	17732	4187	12000	14.6	0.46
Central	11175	2623	7475	14.4	0.46
Southern	11229	2598	7888	15.7	0.43
North Western	10918	2717	7386	14.9	0.45
North Central	9926	2437	7429	16.2	0.42
Uva	10388	2528	6680	13.8	0.50
Sabaragamuwa	8439	2036	6217	15.5	0.43

Source: Department of Census & Statistics, Colombo.

Table 3.29 Proportion of Population below minimum level of Dietary Energy Consumption, Sri Lanka 1990/91, 2002.

Area	Male (%)*		Female (%)*	
	1990/91	2002	1990/91	2002
National	50.8	51.1	51.8	52.2
Sector				
Urban	56.3	58.4	62.4	58.6
Rural	51.3	51.7	48.7	52.1
Estate	30.0	28.6	39.7	31.4
Province				
Western	53.6	54.2	57.1	56.2
Central	49.6	45.1	47.8	44.2
Southern	57.0	54.5	54.7	53.4
North Western	43.9	52.6	41.7	55.9
North Central	49.0	42.3	42.6	43.4
Uva	47.2	47.1	51.2	43.6
Sabaragamuwa	48.8	52.2	54.5	53.3

Source: Department of Census & Statistics, Colombo.

Note: * Sex of head of household; Data not available for the Northeast Province and its 8 Districts.

In Sri Lanka, the incidence of poverty in 2002 was slightly lower in households where the principal income earner is female (excluding the Northeast Province) (Table 3.30).

Table 3.30 Poverty by Gender of Principal Income Earner in Sri Lanka, 2002.

Sex of principal income earner	Poverty Incidence	
	(%)	No. of Poor Households ('000)
Male	19.7	632
Female	17.1	143

Note: Excluding Northern and Eastern Provinces

Source: Household Income and Expenditure Survey 2002, Department of Census & Statistics, Colombo.

Poverty is increasing among families whose household heads have "no schooling" or only a primary education, particularly in rural areas (Table 3.31). The incidence of poverty has declined for all educational levels in the urban areas.

Table 3.31 Incidence of Poverty by Highest Educational Attainment of the Head of Household: Sri Lanka 1990/91, 2002

Highest educational attainment of the head of the household	1990/91			2002		
	Urban	Rural	Total	Urban	Rural	Total
No schooling	31.1	34.9	31.9	25.9	41.2	39.1
Up to Grade 5	21.0	30.2	27.6	15.6	31.6	29.6
Grade 6 – 9	11.6	20.8	18.4	6.5	19.1	17.7
G.C.E. (O.L.) and above	2.1	7.5	5.6	0.9	5.3	4.4

Source: Household Income and Expenditure Survey 2002, Department of Census & Statistics, Colombo.

Note: Data exclude Northern and Eastern Provinces

3.8 Main Findings and Recommendations

In some of the SAARC countries, analysis of temporal changes in poverty in is somewhat constrained by lack of availability of consistent data. Changes in the methodology of measuring poverty used in different Household Surveys and Poverty Monitoring Surveys yield poverty figures, which are not strictly comparable.

The incidence of poverty in the SAARC countries varies by regions/ states/ districts/ Atols/ geographical locations. Thus, policies and programmes should be designed and implemented to reduce the interregional variations in poverty.

Poverty is higher in rural areas compared to urban areas, with the exception of Bangladesh. The poor in the rural areas generally depend on subsistence agriculture and agricultural wages. They are either landless or have small landholdings. Illiteracy is high among the poor. Unskilled labour is their main asset. Poverty in the rural areas falls when the size of landholdings of the household increases. It also falls when non-agricultural employment increases in the rural areas, leading to increase in real wage rates for unskilled labour.

Non-agricultural employment in rural areas could be created through the development of small scale infrastructure, such as, rural roads, rural electrification, expansion of irrigation facilities, building of schools and health posts, watershed management, drinking water and sanitation programmes. Poverty could be reduced through the development of agricultural processing industries in the rural areas, access to micro-finance and basic life skills to the poor. The experience of South Asia shows that the development of the non-agricultural sector in rural areas is crucial for poverty reduction. Therefore, such programmes should be expanded to all the rural areas of the region keeping the rural-urban linkages in mind.

Urban poverty is increasingly becoming a problem in countries like Bangladesh, India and Pakistan. The urban poor are generally unskilled casual workers, with high

levels of illiteracy and low levels of skills. Most of them live in shantytowns in unhygienic living conditions. Development of Small and Medium Enterprises (SMEs), creation of jobs for the unskilled through urban infrastructure development, access to micro-finance and skills training to the urban poor, and improvement of roads, housing, sewerage, sanitation and drinking water facilities in the shanty towns may greatly help reduce poverty.

The incidence of poverty is closely related to the pace and pattern of economic growth, employment and income generating activities and the distribution of income associated with such growth. Besides, remittances from abroad form an important source of income for poor families in some countries of South Asia.

A majority of the poor people in South Asia do not have improved housing with safe drinking water and sanitation facilities. The poor exhibit a higher level of infant, child and maternal mortality. Health and education are more or less free in the Maldives and Sri Lanka. However, it is not so in other countries of South Asia. Thus, outreach of public health programmes in these countries must be expanded.

In India and Nepal, many of the poor are from low caste families and from tribal groups and disadvantaged communities. The poor are also found in the remote areas of Bhutan, India, Nepal and Pakistan, and in the resource-poor areas of Bangladesh. There is a need to mainstream the tribal groups, low caste people, and other disadvantaged groups in the development process.

In Bangladesh, Nepal and Sri Lanka, female headed households are less poor than male headed households, apparently because these are largely the households of male out-migrants who send remittances home. This measure of relative poverty among female and male headed households fails to capture the characteristic features of gender-related economic disparities such as lack of control over, or access to productive physical assets, credit (other than micro-credit), and income earning opportunities.

