HIDDEN DIMENSIONS OF EQUITY AND POVERTY REDUCTION:
THE TASKS AHEAD
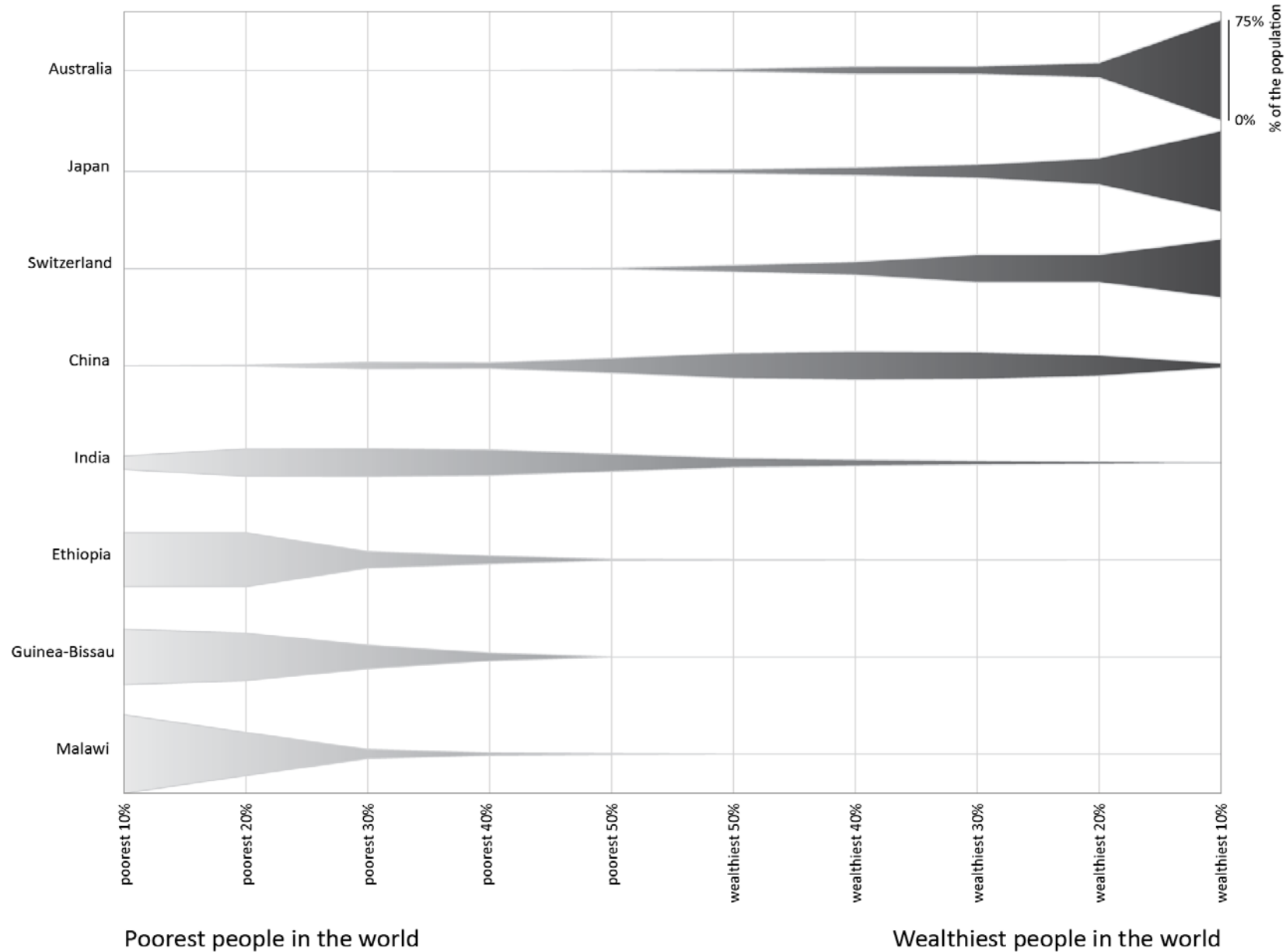
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Figure 1.1: How wealthy or poor are the people of different countries?

Poorest people in the world   Wealthiest people in the world

- Wide range of lifestyles and aspirations

- Policy stretch

- Compressed development

KEY EQUITY OBJECTIVE:

How to take more people from the left side to the right side
(of the streamgraph)

THREE CRITICAL (BUT MOSTLY HIDDEN) TASKS

- **VULNERABILITY**: falling <u>into</u> poverty

- **SOCIAL MOBILITY**: very low (among the lowest)

- **POVERTY IN URBAN CONTEXTS**: increasing, but poorly understood

THE FIRST TASK: VULNERABILITY

Poverty Flows (% of all households)

LOCATION	Escaped Poverty (A)	Became Poor (B)	*Net change (A minus B)*
Rajasthan (6,376 households, 1975-2002)	11%	8%	3%
Gujarat (5,817 households, 1976-2003)	9%	6%	3%
Andhra Pradesh (5,536 households, 1976-2003)	14%	12%	2%
Orissa (800 households)	11%	12%	-1%
All-India (3,139 households, 1970-82)	23%	13%	10%
All-India (3,239 households, 1981-99)	18%	20%	-2%
All-India (13,593 households, 1993-2005)	18%	22%	-4%

MAJOR REASONS FOR DESCENT

- **Illnesses, accidents, and high health care costs**

  (3-5% of the population, every year)

- Marriages, dowries, and funeral feasts

- Crop failures

- High-interest private debts

LARGE LOCAL VARIATION

Two villages in Andhra Pradesh (1976-2003)

VILLAGE	Percentage of Households who				Reduction in the stock of poverty (percent)
	Remained Poor	Escaped Poverty	Became Poor	Remained Non-poor	
Sultanpurthanda	23.6	**49.4**	3.4	23.6	46.1
Bhojathanda	55.6	1.0	**40.4**	3.0	-39.4

...Poverty and its reasons vary locally

SECOND TASK: SOCIAL MOBILITY

HIGHEST POSITIONS ACHIEVED
Ten years (1995-2005), 105 villages, three states

POSITION	NUMBER
Accountant	3
Computer operator	7
Constable	**26**
Clerk typist	12
Civil Engineer	2
Doctor	2
Driver	8
Lineman (electricity)	8
Messenger (peon)	9
Panchayat secretary	6
Records keeper (*patwari*)	11
Sub-inspector (police)	6
Schoolteacher	**67**
Soldier (*jawaan*)	**41**
Software Engineer	2

Source: Krishna (2010)

COUNTERPART RESULT

ENTRANTS TO ENGINEERING COLLEGES, BUSINESS SCHOOLS, AND CIVIL SERVICES

< 10% educated in rural schools   *(comp. 55%)*
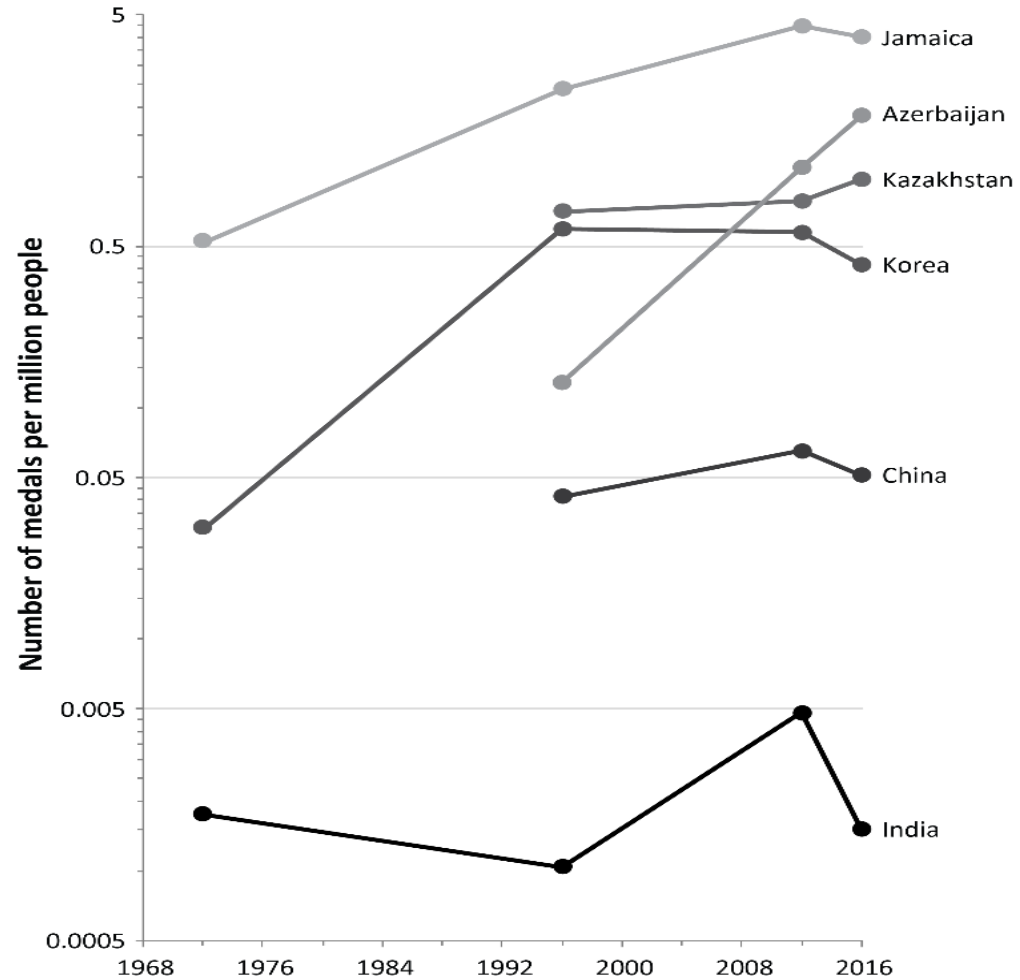
   > 80% from English-medium schools   *(comp. 15%)*

< 10% from asset-poor households (bicycle/radio)

   > 90% of fathers with college <u>and</u> mothers with high school education   *(comp. 4-7%)*

> 80 % of fathers: government officials, executives, or businessmen

    ➢ HIGH DEGREE OF EXCLUSION FROM OPPORTUNITY

Krishna (forthcoming). Also: Bardhan (2010); Clark (2014); World Bank (2013)

LOW INDIVIDUAL ACHIEVEMENTS → LOW AGGREGATE OUTCOME

Figure 5.1: India is consistently underrepresented among Olympic medalists

SAME STORY
- Patent applications
- Research papers published
- New businesses registered

WHY DO SO MANY INDIVIDUALS ACHIEVE SO LITTLE?

3 Main Factors

- Quality of education

- Information, guidance, motivation

- Role models

VICIOUS CYCLE

PROMISING SMALL-SCALE EFFORTS: Prerana, Vidyaposhak, Super 30, Dream a Dream, Make a Difference, Aspiring Minds, Bharat Calling, Mentor Together, Lead Trust,...*others*

THIRD TASK: URBAN POVERTY

- **GROWING FAST**

- **POORLY UNDERSTOOD**

  o SLUMS: superficial knowledge

  o SHORT-TERM ECONOMIC MIGRANTS: one-third (?) of all city residents

  o CONTEXTS OF RAPID CHANGE – in both directions

TYPE 1A: DECLARED - REHABILITATED

Ragigudda- JP NAGAR

TYPE 1B: DECLARED - NOT DEVELOPED

Muniyappa Cement Compound

TYPE 2A: DECLARED - PRIVATE LAND - NOT DEVELOPED

New Binnamangala
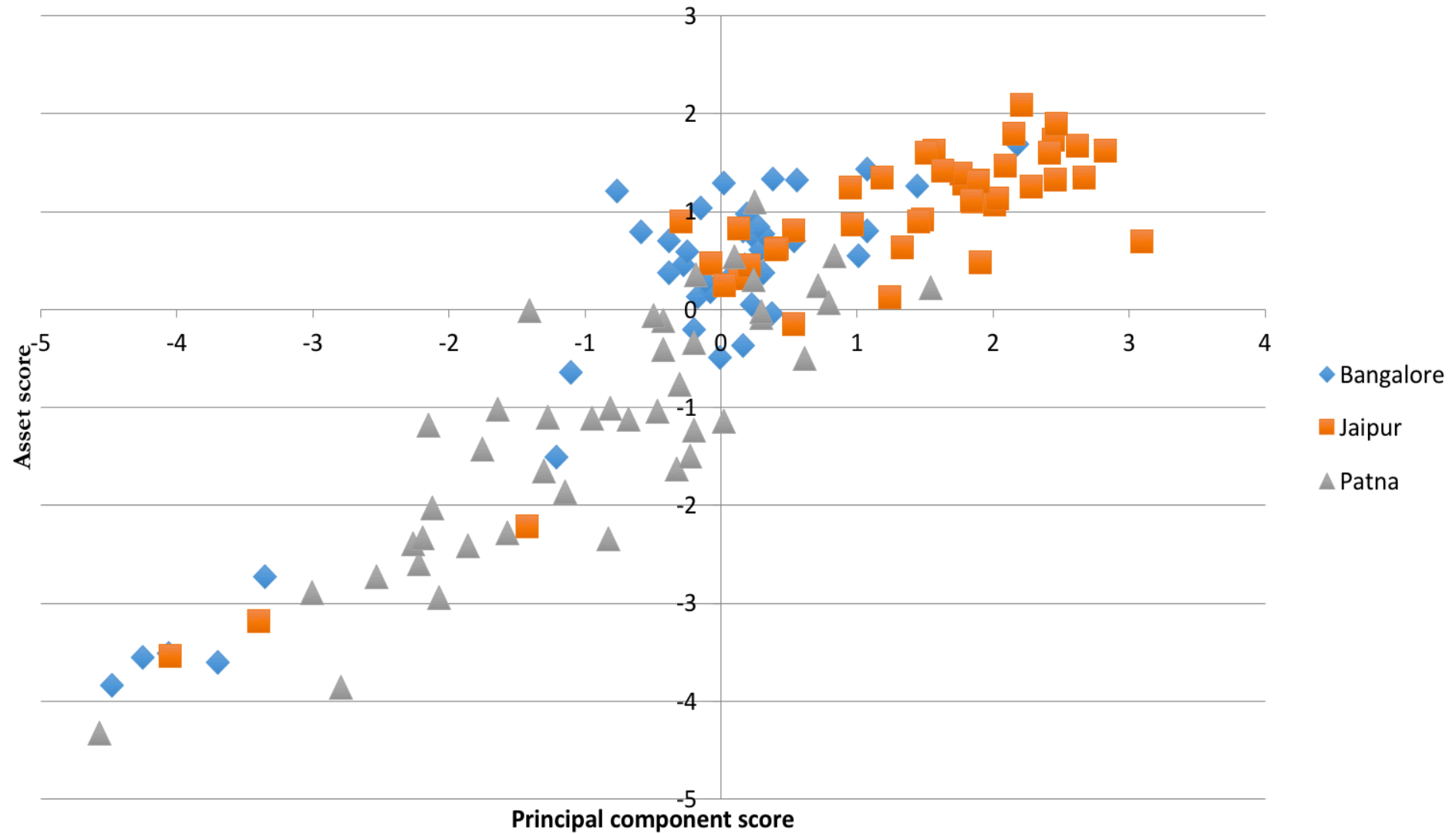
TYPE 2B: DECLARED - NOT DEVELOPED (LITIGATION)

Hombegowda

Ashrayanagar

TYPE 4: NEW MIGRANT (BLUE POLYGON)

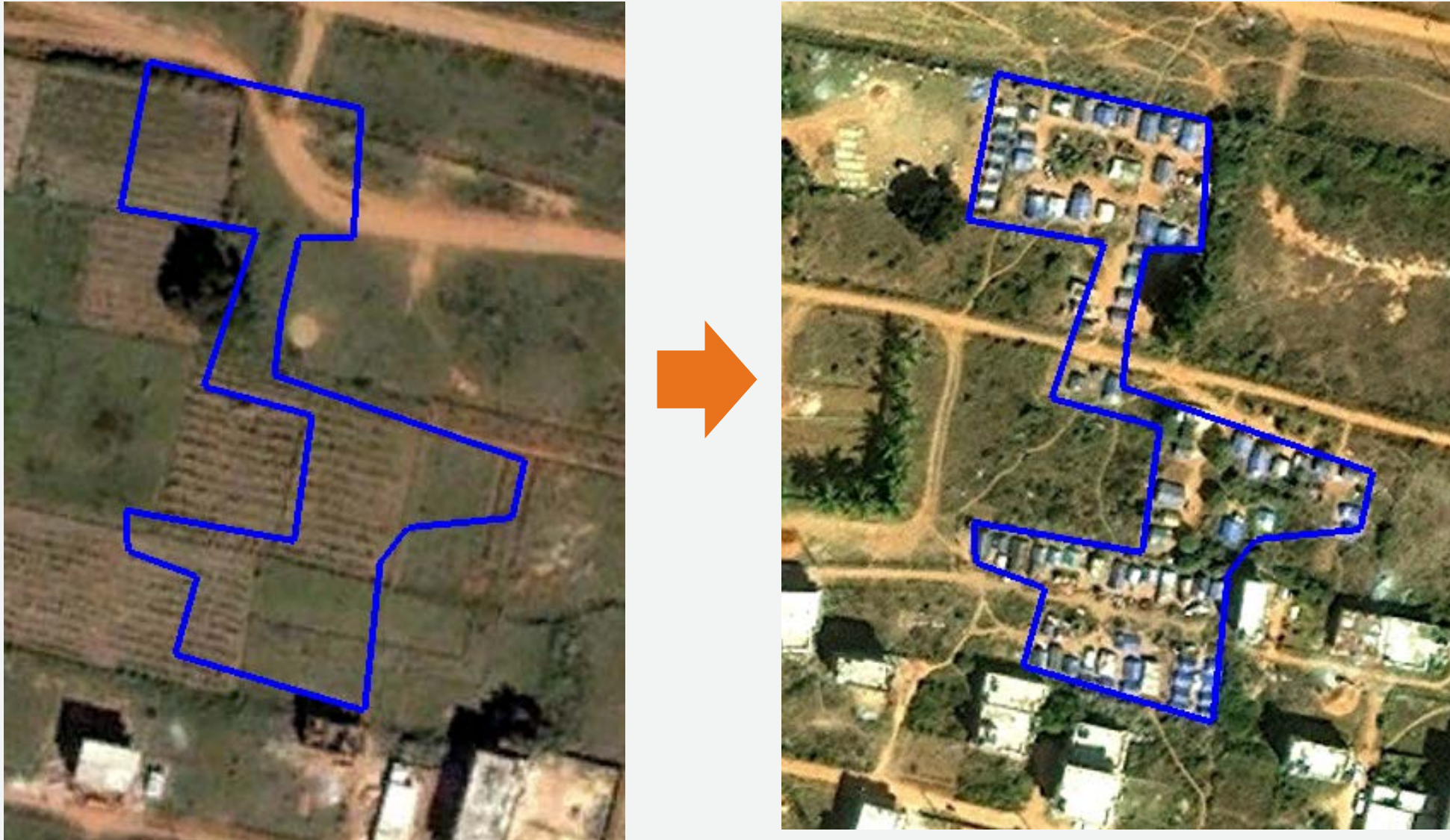Kachakaranahalli

TYPES OF SLUMS: continuum of well-being

Quadrant II - **Atturu** (2005 – 2010)

2009
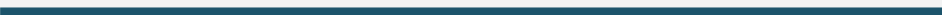
2013

RAPID CHANGE (3)

GD Mara 2003   2006   2013

OTHER TAKEAWAYS (URBAN POVERTY)

- Faint correlation with official status (notification)

- Few indications of secular improvement (thresholds)

- Low social mobility (other thresholds)
    - four generations, but almost no engineering or medical students

EQUITY AND POVERTY REDUCTION IN THE FUTURE

1. **BETTER METHODS, BETTER DATA**

2. **VULNERABILITY:** *Health care + local threats/opportunities*

3. **UPWARD MOBILITY:** *Career information + role models*

4. **URBAN POVERTY:** *new frontier (methods: satellite images)*

- STORIES and PHOTO-ESSAYS: www.urbanindiastories.com
- ARTICLES and PAPERS: sites.duke.edu/krishna

THE BIG PICTURE

Record of high national growth, with:

1. Enduring poverty

> 60 percent below $2/day

> 75 percent: poor, near-poor, or vulnerable

2. High vulnerability

3-5% fall into poverty

3. Low social mobility

Small global middle class:

Cars:	< 4%
Credit cards:	< 4%
Internet at home	< 3%
Travel abroad	< 2%
Stocks and bonds	< 2%

RAPID CHANGE 1

Srinivasa Colony 2008

Srinivasa Colony 2009