



## POVERTY AND INEQUALITY IN SOUTH WEST BENGAL: AN OVERVIEW

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### ABSTRACT

*Removal of social deprivation and discrimination that restrict capabilities of, and deny opportunities for, participating in normal economic and social activities has been a major thrust area of the successive governments in Bengal. Naturally, issues related to distributional aspects, particularly inequalities in parameters of development have come to the fore and Poverty & Inequality are issues that cannot be skirted while preparing an objective account of a region. This paper looks at Poverty & Inequality in South West Bengal, a large part of which is dominated by historically marginalised groups like Scheduled Tribes and Castes. It is observed that compared to the state average, poverty is more severe in South West Bengal – our study region, with sharp inequality across different strata. Material poverty in terms of land, housing, and household amenities is a serious problem too. This has had its impact on the socio-political scenario and several parts of the region have reported insurgent activities in recent times. The signs are strong and clear – unless socioeconomic disparities and poverty are dealt with on war-footing more unrest will follow, reaping apart the fabric of the social order and democratic process in the region. A broad based and inclusive development strategy with special provisions for the lagging social groups is urgently needed.*

### Background

Human Development aims at well being of the citizen en masse, with a strong egalitarian flavour built into the concept. Consequently, removal of social deprivation and discrimination that restrict capabilities of, and deny opportunities for, participating in normal economic and social activities becomes a major thrust area of human development programme. This has been reflected in recent times in the preparation of Human Development Reports as well and emphasis is now on ‘outcomes of development’, not only in terms of higher per capita income, but simultaneously, on how to share the benefits of such growth among more people. Naturally, issues related to distributional aspects, particularly inequalities in parameters of human development have come to the fore and Human Poverty and Inequalities are issues that cannot be skirted while discussing the socio-economic profile of a region.

### How To Measure?

While Poverty has many dimensions, and can be thought of as not merely material deprivation and a low standard of life, but also deprivation in relation to health indicators, education and culture, one particular dimension that has been thought of as the most crucial one is the (in)ability to access a minimum nutrition level expressed in terms of a norm of daily energy intake in calories, required for working health. This index is generally converted to a corresponding expenditure level and people having expenditure level lower than this critical level are thought to be ‘absolutely poor’. This Head Count Ratio is the

most widely accepted measure of Poverty and has been used herein.

It is sometimes argued that number of poor persons alone does not reveal the true picture and one should look at the intensity of poverty or depth of poverty also. To address this issue measures like Poverty gap Ratio (PGR) and Income Gap Ratio (IGR) have been proposed in economic literature. Here too, we have included IGR as an indicator of poverty in the region.

Apart from absolute poverty, relative poverty or degree of inequality is also a fundamental issue involving development literature since growth at the expense of a worsening distribution ultimately becomes unsustainable and creates social tensions. Inequalities in opportunities have a direct bearing on not only what people 'are' but also what people 'can be', that is, on human capabilities and conditions of future generations. In an unequal society children inherit disadvantages and therefore inequalities not only spills over to the next generation but are reinforced, violating the basic principles of human development. Hence measurement of Inequalities also becomes an important part of our research and in this section we have focussed on inequalities in living conditions – measured by Gini Coefficients of Expenditure level and Land holding.

### **Poverty Situation In South West Bengal**

#### **i) Extent of Poverty**

Poverty has generally been measured in India using the concept of Poverty Line and estimating the proportion of people having monthly expenditure below such levels. It is thus linked with Monthly Per-capita Consumption Expenditure (MPCE), State and Sector-specific Poverty lines, and regular updating of the latter as prices change. National Poverty estimates are obtained from the periodical NSSO Surveys on Consumption Expenditure in India and according to the latest large sample survey (66th Round – 2009-10), MPCE of West Bengal was ` 791 for rural areas and ` 1624 for urban areas. Corresponding national averages were ` 901 and ` 1733 respectively. This indicates relatively poorer income/ consumption situation in the state compared to the country as a whole, especially in the rural areas. This is not at all surprising in the backdrop of the precarious employment and livelihood situation.

In India, the Planning Commission, in cooperation with the National Sample Survey Office, determines the poverty lines and poverty HCRs from time to time, the latest being for the year 2009-10. The revised state-specific poverty line for Bengal was ` 445.38 for rural areas and ` 572.51 for the urban areas for the year 2004-05 (GOI, 2009). Applying these criteria, the HCR for Bengal came out to be 38.2 per cent in Rural areas and 24.4 per cent in Urban areas, compared to 41.8 and 25.7 percentages at the national level for the year 2004-05 (Table 1). If we update this to the 2009-10 data and use the Poverty Line as notified by the Planning Commission recently, incidence of poverty in Bengal comes out to be 44.6 per cent in the rural areas and 28.5 in the urban areas, compared to 39.9 and 25.4 percentages for All India. Thus poverty in West Bengal seems to have been marginally lower than the national average in 2004-05, but has climbed since then to be significantly higher than the national average in 2009-10. The situation is much worse in the rural areas,

again a clear sign of the crumbling rural economy in recent times. Low farm productivity, high population density, absence of alternative remunerative opportunities in non-farm sector, and high rural-urban migration are major factors behind such a sorry state of affairs over the last half-decade.

**Table 1: Average Consumption Level and Poverty Rates in South West Bengal - 2009**

District / Region	MPCE (Rs)			Poverty Rates (Head Count Ratio)					
				New Poverty Line			One Dollar a Day		
	Rural	Urban	Aggregate	Rural	Urban	Aggregate	Rural	Urban	Total
Bankura	722	1271	860	60.0	44.6	50.8	96.9	70.2	85.2
Bardhaman	813	1534	919	33.2	31.8	31.8	94.5	52.8	75.0
Birbhum	709	975	724	52.4	52.0	49.1	97.7	89.9	96.8
Hooghly	849	1340	1022	35.1	30.9	31.5	94.1	64.6	81.5
Purulia	685	1490	742	58.5	28.1	47.6	96.0	50.0	79.3
W Midnapur	811	1695	909	46.9	19.6	34.8	94.8	36.1	71.8
SWB	800	1515	920	45.6	31.2	38.1	96.0	61.0	82.3
West Bengal	791	1624	996	44.6	28.5	37.3	95.4	60.3	81.4
All India				41.8	25.7	37.2			

*Source: Authors' Calculations based on NSSO (2011).*

Notes: New Poverty Line as per Tendulkar Committee Report submitted to Planning Commission for 2009-10; MPCE is Monthly Per Capita Expenditure at current prices; Poverty Rates are as percentage of Total Population.

A more stringent norm of defining poverty line as 1 USD per person per day is sometimes used by UNDP in its HDRs. Using this norm further raises the poverty estimates for West Bengal – 95.4 per cent for rural areas, 60.3 per cent for urban areas, and 89.8 per cent in aggregate.

Compared to the state average, poverty is more severe in South West Bengal – our study region. About 46 per cent of the rural people and 31 per cent of the urban people of the region are below poverty line. Using the UNDP norm of 1 Dollar a day, poverty estimates shoots up to 82 per cent in aggregate. It is also worth noting that while rural poverty is higher in SWB compared to the state average, consumption level is also higher, hinting at wider inequality in our study region compared to the state as a whole.

However, these figures do not reveal the true picture as substantial regional disparity exists in poverty estimates across the districts. Hooghly and Bardhaman are in a relatively better position, with poverty rates (HCR) lower than state and national average. At the other extreme, poverty is most severe in Bankura where more than half of the population are estimated to be poor according to the updated poverty lines. Poverty is also high, close to 50 per cent, in Purulia and Birbhum. Almost the whole of rural population in Birbhum,

Bankura, and Purulia reels under poverty according to the UNDP norm of 1USD per day.

It thus appears that incidence of income poverty, as conventionally measured by HCR, is a major problem in South West Bengal with three districts having close to half of the population living below the official poverty line. Incidence of poverty is higher in rural areas compared to urban areas at the aggregate, though in Bardhaman, Birbhum, and Hooghly urban poverty rates are close to the rural ones. Ordinarily, urban poverty would be higher than or close to rural poverty when there is significant rural-urban migration of unemployed persons in search of jobs who end up as petty unorganised sector workers in the fringe of the urban socioeconomic circle. It appears that in our study region people are forced to move to local urban centres in search of livelihood, however meagre that may be. This is resulting in shift of rural poor to urban areas and hence the situation of high urban poverty.

## ii) Severity of Poverty

It has already been mentioned earlier that the HCR is not a complete measure of poverty as it only counts the number of poor persons without going into the measurement of the severity or depth of poverty. To supplement the HCR, we have also calculated the Income Gap Ratio for our study region, as well as for the state and the country.

**Table 2: Depth of Poverty in South West Bengal**

District / Region	Income Gap Ratio		
	Rural	Urban	Total
Bankura	22.4	18.3	21.8
Bardhaman	19.6	24.9	21.8
Birbhum	28.2	33.4	29.2
Hooghly	22.1	21.1	21.7
Purulia	33.8	37.0	34.1
W Midnapur	23.6	19.1	23.2
SWB	26.1	23.1	25.4
West Bengal	25.4	25.2	25.3

*Source: Authors' Calculations based on NSSO (2011).*

Notes: Income Gap Ratio based on New Poverty Line.

To recollect, IGR indicates the shortfall in income of the poor people from the poverty line relative to the poverty line itself. A higher IGR indicates greater average shortfall and hence a more severe poverty situation. It is observed that IGR in West Bengal was close to 25 per cent in 2009-10 (Table 2). Situation was marginally worse in rural SWB, and somewhat better in urban SWB. Among the districts, severity of poverty is higher than state/regional average only in Purulia and Birbhum and lower elsewhere. It therefore appears that though the number of poor persons (relative to total population) is higher than national and state average in our study region, they are nearer to the poverty line than elsewhere. Particularly, in Bankura, though the HCR is quite high, IGR is low indicating

that income of the poor people are not far below the official poverty line. It is this small gap from the poverty line in the region that keeps the social unrest simmering just below the surface rather than bursting out in the open, except in Purulia and Birbhum where wide spread and intense poverty foments the recent unlawful activities.

### **Inequality In South West Bengal**

We have already noted that apart from absolute poverty, relative poverty or inequality is also an important issue to be examined. Inequality has been examined in terms of conventional Income/Consumption Inequality. We have used both the Gini Coefficients and relative shares of the Top and Bottom 20 per cent of the population to measure the extent of inequality (Table 3).

**Table 3: Inequality in Living Standard in South West Bengal (MPCE)**

District	Bankura	Bardhaman	Birbhum	Hooghly	Purulia	W Mid	SWB	State
<b>Rural</b>								
Share of Bottom 20%	7.0	10.0	8.0	6.0	7.0	7.0	8.0	<b>8.0</b>
Share of Top 20%	51.0	43.0	43.0	46.0	46.0	47.0	45.0	<b>46.0</b>
T20B20 ratio	7.3	4.3	5.4	7.7	6.6	6.7	5.6	<b>5.8</b>
Gini Coefficient	0.421	0.317	0.347	0.387	0.391	0.369	0.350	<b>0.360</b>
Theil Index								
<b>Urban</b>								
Share of Bottom 20%	4.0	11.0	6.0	10.0	7.0	14.0	9.0	<b>11.0</b>
Share of Top 20%	46.0	41.0	45.0	45.0	46.0	36.0	43.0	<b>44.0</b>
T20B20 ratio	11.5	3.7	7.5	4.5	6.6	2.6	4.8	<b>4.0</b>
Gini Coefficient	0.413	0.239	0.361	0.306	0.371	0.210	0.290	<b>0.290</b>
Theil Index								
<b>Aggregate</b>								
Share of Bottom 20%	9.4	9.5	10.3	9.7	10.4	9.8	6.0	<b>9.2</b>
Share of Top 20%	36.4	35.9	32.2	39.1	33.2	35.4	46.2	<b>40.0</b>
T20B20 ratio	3.9	3.8	3.1	4.0	3.2	3.6	7.7	<b>4.3</b>
Gini Coefficient	0.250	0.248	0.184	0.269	0.174	0.244	0.260	<b>0.300</b>
Theil Index	0.021	0.020	0.016	0.025	0.024	0.017	0.018	<b>0.021</b>

*Source: Authors' Calculations based on NSSO (2011).*

The most common measure of inequality is that in PCI or MPCE – reflecting inequality in living standard and well-being. It is observed that the top 20 per cent of people in West Bengal have around 40 per cent share in the MPCE while the share of the poorest 20 per cent is only around 9 per cent. The situation is worse in rural West Bengal where the share of the top quintile is higher and that of the bottom quintile is lower. This has resulted in substantial inequality – the Gini Coefficients obtained are 0.36 for rural areas and 0.29 for urban areas respectively in the region at the aggregate. Inequality is relatively higher in Bankura, Purulia, and Hooghly for both rural and urban segments, in rural Paschim

Medinipur and in urban Birbhum.

The extent of inequality would be more vivid if we look at the relative shares of the richest 20 per cent and the poorest 20 per cent of the population. It emerges that on an average, the MPCE of the top 20 per cent people is five times of that of the bottom 20 per cent of population – the ratio being still higher in rural areas. The disparity is alarmingly high in urban Bankura where the top group earn more than eleven times that of the bottom group! Disparity is higher than the regional average also in Purulia, rural Bankura, rural Hooghly, rural Paschim Medinipur, and urban Birbhum.

#### **V. Poverty–Inequality–Well-Being: Pooled Observation**

If we combine the Poverty and Inequality pictures as obtained in terms of MPCE, certain interesting results crop up. It is observed that compared to State average, SWB have higher poverty but lower inequality. Within the region, different districts however have different characteristics. At one extreme we have Bardhaman, urban Hooghly, and urban Paschim Medinipur where both poverty and inequality are lower than state/regional average. At the other end lie Bankura, Birbhum, and Purulia where both poverty and inequality are higher than the regional average. In rural Hooghly and rural Paschim Medinipur inequality is higher than average but poverty is lower.

#### **ENDNOTE**

It is quite evident that poverty and inequality is a major problem in the region. Apart from Bardhaman – the district with sizeable presence of both an extensive agricultural sector and a thriving industrial sector – all the other districts are prey to this malady. In areas with moderate average living standard inequality is high, in places inequality is low because people are equally poor, whereas in other areas the average is low along with a striking disparity between the rich and the poor. This has had its impact on the socio-political scenario and several parts of the region have reported insurgent activities in recent times. The signs are strong and clear – unless socioeconomic disparities and poverty are dealt with on war-footing more unrest will follow, reaping apart the fabric of the social order and democratic process in the region. A broad based and inclusive development strategy with special provisions for the lagging social groups is urgently needed.

#### **Reference**

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