Chapter II

Temporal Changes in Rural and Urban Poverty

Rural

We begin our analysis by looking at the trends in poverty over time, starting from 1983 and then looking at two subsequent points in time, namely 1993/94 and 2004/05. We examine the level of poverty at the aggregate, by economic classification of the population, as well as by the social breakup within them, at all India level, over time. Here we compare the poverty levels (Head count ratio) over the three time periods of 1983, 1993/94 and 2004/05 covering about a twenty-year period. The 1983 - 1993/94 period, is seen as the pre-reform period, while the 1993/94-2004/05 coincides with the ongoing reform period. One the other hand the 1983-2004/05 period examines the overall change, over a period of forty years. Here we examine the first hypothesis, where we conjecture that poverty has fallen over time at different rates for different economic, social and socio-economic classifications of households.

The changes in the poverty levels, are examined in terms of (a) absolute net changes in the percentage of poor and (b) the annual rate of changes during the same period. To estimate the rate of change we have worked the Annual Compound rate of poverty percentages at the aggregate and the disaggregated level. The formulation used is as follows.

\[
\text{Annual Compound Growth Rate} = \frac{\text{Log}(V_I / V_0)}{T} \text{ Antilog} - 1
\]

Where,

\[V_I = \text{Value at the present time period.}\]
\[V_0 = \text{Value at the initial time period.}\]
\[T = \text{Number of years between the two time periods.}\]

2.1 Poverty levels: changes over time – All India aggregate

Rural poverty levels, have fallen over the years from 46% in the early 80’s, to 37% points in the early 90s and then to 28% in the early 20’s. The fall in poverty percentage points has been around 10% points between the 80’s - 90’s and 90’s - 20’s, period, for rural areas. Thus during the pre-reform and reform periods, we see near equal reductions in poverty percentage points for rural areas.

Table 2.1.1 Changes in Poverty – Average Annual Rates (Rural)

<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>All</td>
<td>-1.94</td>
<td>-2.46</td>
<td>-2.20</td>
</tr>
</tbody>
</table>

If we look at the annual rate of change in poverty rates for rural areas, during the over all period (1983/2000), poverty has declined at a per annum rate of 2.20%. It is important to note that the rate of decline in rural poverty is lower in the first period, 1983/93 compared with the second period. The per annum decline in rural poverty has accelerated from 1.94% in pre-reform period (1983/93) to 2.46% in reform period (1993/2000).
2.2 Changes in Poverty: Across Social groups, aggregate

Next we look at the poverty levels across the three time periods, disaggregated across social groups. For the rural area, over the 1980/90 period, all the social groups registered a fall in poverty, with the ST registering the highest fall in poverty percent points of 12%, the SC registered 10% and the OTH, 8% point fall. In the second phase of the 1990/20’s, the pattern changes, with the SC, OTH and ST registering a fall of 11%, 8% and 4% points respectively. Thus the ST saw the lowest fall in poverty percent points. During the over all period, the SC have seen the highest fall (22% points), followed by the ST and the OTH at nearly the same level (about 17% points).

Figure – 2.2.i Poverty Incidence across Social Groups for the years 1983, 1993, 2004/05, R/U

![Figure - 2.2.i Poverty Incidence across Social Groups for the years 1983, 1993, 2004/05, R/U](image)

Table: 2.2.1 Changes in Poverty - Percentage difference (%), (Rural)

<table>
<thead>
<tr>
<th></th>
<th>Rural</th>
<th>Rural net change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1983</td>
<td>1993</td>
</tr>
<tr>
<td>ST</td>
<td>64.57</td>
<td>51.96</td>
</tr>
<tr>
<td>SC</td>
<td>58.73</td>
<td>48.32</td>
</tr>
<tr>
<td>Other</td>
<td>40.22</td>
<td>31.42</td>
</tr>
<tr>
<td>All</td>
<td>46.18</td>
<td>37.21</td>
</tr>
</tbody>
</table>

If we look at the annual compound rate of change, for the first period in the rural areas, we find the OTH show the highest rate of fall in incidence of poverty, (2.22%) followed by the ST (1.96%) and then closely followed by the SC (1.76%). In the
second phase the OTH maintain their high rate of decline with 2.92% per annum, but the SC do much better than the ST, with the latter showing hardly any decline. Consolidated results for the overall period, 1983/2000 indicates the OTH having seen the highest rates of decline (2.57%) followed by the SC (2.10%) and then the ST (1.37%). Interestingly what stands out is the near equal overall rates for the SC and the OTH.

Table: 2.2.2 Change in Poverty -Average Annual Rates, (Rural)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ST</td>
<td>-1.96</td>
<td>-0.79</td>
<td>-1.37</td>
</tr>
<tr>
<td>SC</td>
<td>-1.76</td>
<td>-2.45</td>
<td>-2.10</td>
</tr>
<tr>
<td>OTH</td>
<td>-2.22</td>
<td>-2.92</td>
<td>-2.57</td>
</tr>
<tr>
<td>ALL</td>
<td>-1.94</td>
<td>-2.46</td>
<td>-2.20</td>
</tr>
</tbody>
</table>

2.3. Changes in Poverty: Across Household types, aggregate

The share of household types across the countries population has seen some marginal changes over the last two decades. Majority of the population was and is still engaged in self employed activities, however over time there has been a marked shift from being self employed in agriculture (SEA) to being self employed in non-agriculture (SENA). Thus we seen that the share of those SEA has fallen by around 5% while that of those SENA, has risen by around 3%.

Table: 2.3.1 Distribution of households across Household Types (Rural)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SENA</td>
<td>12.21</td>
<td>12.19</td>
<td>15.62</td>
</tr>
<tr>
<td>SEA</td>
<td>40.86</td>
<td>36.69</td>
<td>35.51</td>
</tr>
<tr>
<td>AL</td>
<td>30.42</td>
<td>30.38</td>
<td>26.72</td>
</tr>
<tr>
<td>OL</td>
<td>6.15</td>
<td>7.79</td>
<td>10.70</td>
</tr>
<tr>
<td>OTH</td>
<td>10.36</td>
<td>9.40</td>
<td>11.35</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

For the house holds dependent on their manual labour too, one can see a change from agriculture to non-agriculture wage labour. This is seen as a near 4% fall in the share of households engaged in agriculture labour (AL) and a near equal 4% rise in the share for the other labour (OL). Though we can not say for sure, whether the fall in
the share of households from SEA and AL has necessarily moved into SENA and OL respectively. We can however say that on the whole there has been a marginal rise in the casualisation of labour towards the wage labour occupations and a move away from agriculture. We can see that this trend was more pronounced in the pre-reform period as compared to the reform period.

If we look at the distribution pattern within the three social groups, namely the ST, SC and the OTH, we notice that amongst the SC, the highest population shares are for the wage labourers (AL & OL), while for the OTH, the highest shares are seen for the self employed categories (SEA & SENA). The ST share equally between the self employed and the wage labour categories. From the eighties till date, across social groups too, there has been a shift from agriculture to non-agriculture. The ST owner cultivator (SEA) seems to have suffered and taken up non-agri casual labour (OL). The SC agricultural labour (AL) seems to have shifted to non-farm self employment (SENA) or other wage labour (OL). The OTH social group on the other hand have shifted from SEA and AL to SENA and OL. Thus across all three there has been a distant shift from agriculture to non-agriculture.

2.3.a Changes in Poverty – All India across Household Types, aggregate

We now look at the changes in the levels of poverty for household types in rural area across the three chosen time periods. In the rural area across the four household types, the fall in poverty levels has been higher in the pre-reform period and across more categories as compared to the reform period, except for the AL and OL category which have interestingly, seen higher fall in the second period. The highest percentage fall was registered by OTH in the first period of about 12% points followed closely by SENA at 11.8% points. Both these categories are non agriculture in nature. Lowest falls have been registered by the owner cultivators (SEA) and the manual labourers (AL, OL). In the second phase the picture completely reverses, with the two manual labour categories registering the highest percentage fall in poverty incidences, while the top two categories from the first phase showing the lowest fall.

During the overall period,(1983/2000) we see that the rate of fall, has ranged between 15% to 20%. The SENA leading with 20% followed by AL at 19.7%, OL at 18.1, SEA at 17% and OTH at 15%, in that order. Although the self employed in
Temporal Changes in Poverty

agriculture have seen the lowest poverty reduction, the inter-household type variations in poverty reduction are not significant.

Table: 2.3.a.1 Changes in Poverty for household types - in percentage points, (Rural)

<table>
<thead>
<tr>
<th>Rural</th>
<th>SENA</th>
<th>AL</th>
<th>OL</th>
<th>SEA</th>
<th>Other</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>44.07</td>
<td>66</td>
<td>48.47</td>
<td>38.87</td>
<td>29.5</td>
<td>46.7</td>
</tr>
<tr>
<td>1993-94</td>
<td>32.23</td>
<td>56.74</td>
<td>39.69</td>
<td>29.19</td>
<td>17.6</td>
<td>37.3</td>
</tr>
<tr>
<td>2004-05</td>
<td>23.44</td>
<td>46.35</td>
<td>30.4</td>
<td>21.52</td>
<td>14</td>
<td>28.29</td>
</tr>
<tr>
<td>diff 1st</td>
<td>11.8</td>
<td>9.3</td>
<td>8.8</td>
<td>9.7</td>
<td>11.9</td>
<td>9.4</td>
</tr>
<tr>
<td>diff 2nd</td>
<td>8.8</td>
<td>10.4</td>
<td>9.3</td>
<td>7.7</td>
<td>3.6</td>
<td>9.0</td>
</tr>
<tr>
<td>over all</td>
<td>20.6</td>
<td>19.7</td>
<td>18.1</td>
<td>17.4</td>
<td>15.5</td>
<td>18.4</td>
</tr>
</tbody>
</table>

Figure – 2.3.a.i Poverty Levels across Household Type for the years 1983, 1993, 2004/05, R/U

Looking at the rates of annual poverty reduction, we find that in the first phase, the self employed households in agriculture and non agriculture (SENA & SEA) and the OTH household saw the highest rates of poverty reductions, while the manual labour households saw the lowest. In the second phase these categories continue to do as well as before, with the addition of the OL doing better, as well. Except for the OTH, all other categories show higher rates of reduction in the second phase than in the first.
During the overall period, 1983/2000, the households engaged in other activities (OTH) show highest reductions in rural poverty, followed by SENA, SEA and OL. The AL category shows the lowest rates of reduction. Thus, as against an overall per annum decline by 2.20%, the head count ratio has declined at per annum rate of 3.34% for (OTH) followed by 2.83% for SENA, 2.65% for SEA, 2.10% for OL and only 1.59% for AL. This indicates that the households engaged in various kinds of salaried jobs, those engaged in self-employed economic activities as farmers and businesses in non-farm activities have experienced a faster reduction in rural poverty.

On the other hand, the wage earning households experienced relatively lower reduction in poverty as compared to those engaged in business in farm and non-farm activities and salaried jobs. There is another aspect to these findings, namely that the households with relatively low level of poverty in 1983, namely others, self-employed in agriculture and non-agriculture and those engaged in salaried jobs showed a better performance in reducing poverty as compared with the households depending mainly on wage labour (AL and OL) and whose poverty level is relatively higher. This is a negative aspect of poverty reduction in rural area. With special focus on high poverty prone wage labour households we would have expected much faster reduction in their level of poverty. The reasons for bad performance in poverty reduction during the 1980’s and 2000’s despite a targeted approach of poverty alleviation towards them needs to be examined.

Table: 2.3.a.2 Average Annual Rates For Poverty for the three periods, (Rural)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SENA</td>
<td>-2.80</td>
<td>-2.85</td>
<td>-2.83</td>
</tr>
<tr>
<td>AL</td>
<td>-1.36</td>
<td>-1.82</td>
<td>-1.59</td>
</tr>
<tr>
<td>OL</td>
<td>-1.80</td>
<td>-2.40</td>
<td>-2.10</td>
</tr>
<tr>
<td>SEA</td>
<td>-2.57</td>
<td>-2.73</td>
<td>-2.65</td>
</tr>
<tr>
<td>Other</td>
<td>-4.59</td>
<td>-2.08</td>
<td>-3.34</td>
</tr>
</tbody>
</table>

Thus we saw that there has been a shift away from agriculture based occupations and though poverty has fallen over time it has so at the lowest rates for agriculture.

2.3.b Changes in Poverty – across Household Types & Social Groups

We have seen that the poverty reduction in terms of percentage points and the rate of change, varied across the household types. Here we look at the performance of the
households by social groups. Does the pattern that we observed at overall level vary across social groups?

Here we begin by looking first at the two most vulnerable groups of agricultural labourers (AL) and other labourers (OL). Looking first closely within the AL category, we find that during the overall period 1983/2000, the SC and the OTH seem to have performed equally, experiencing about 21% points decline in poverty, as compared to 14% for the ST. So ST have performed badly in comparison with SC and OTH in poverty reduction during the overall period of 1983/2005.

In the first and the second period again SC and OTH are again seen to be doing similarly in poverty reduction (about 12% and 9% during first and second period respectively). In the case of ST, however, in the first phase, they performed better than both the SC and OTH with a 11% point reduction, however in the second phase, they experienced a reduction, of around 10% points, which is lower than the other two groups.

Moving on to the OL in rural area, the category, the OTH (social group) seem to have done slightly better than the rest, with about 20% point reduction, compared to about 17% point reduction for the SC and the ST, during the over all period, 1983/20005. The ST have fared better in the first phase, while the other two have done equally. In the second phase OTH have done the best, followed by the SC and the ST, at nearly the same level. For the SC and the OTH the reduction in the first phase is quite similar however in the second phase the reduction for the OTH exceeds that for the SC.

Taking both AL and OL in rural area, during the overall period 1983/2004, the SC and OTH households have done better in reduction of poverty as compared with ST farm and non farm wage labour households. The OTH households have done better in both periods. The ST have done better in the first period of 1983/93 but it seems, the poverty reduction rate has decelerated in the second period of 1993/2004. The edge that they enjoyed over SC and OTH in poverty reduction in the first period seems to have been lost in the second period of 1993/2004. It is necessary that we look into the factors for the lower performance of ST in the 1990's as compared to the 1980's.
From wage labour households we now move on to self employed households. For the self employed in agriculture (SEA) namely the cultivating households, we have seen earlier that at the aggregate, level poverty declined by 17% points during the over all period of 1983/2005. The decline in poverty among self employed in agriculture is relatively high for SC farmers (22%) followed by ST and OTH farmers.

In the first phase, the ST show the highest reduction of 14% followed by the SC at 11% and the OTH at 9%. In the second phase however, the situation is reversed as, there seems to be a deceleration in the reduction in poverty of ST. In the second phase, it is 4% for the ST followed by the SC at 10% points and the OTH at 8% points. Thus the pre-reform period was most beneficial for the ST and the SC, while the second phase was better for the SC and OTH. Overall therefore, SC farmers have
consistently performed better in reduction of poverty over the two periods, while the ST did better in the first but relatively poor in second period. Compared with ST and SC, the performance of OTH has been on the lower side in both the periods.

For the self employed in non-farm (SENA) households, over the entire period 1983/2005, the poverty reduction in percentage term is more or less similar for SC, ST and OTH. The reduction in percentage point varies, being 19% for SC, 20% for ST and 21% for OTH. In the first phase also inter-social group differences in poverty reduction are minimal. During the first period of 1983/1993, the poverty reduction took place by about 12 % points for three social groups. During the second phase of 1993/2005, while the poverty has reduced by similar percentage points (by about 8% to 9%) for the ST and OTH, it worked out to be on lower side for the SC with a 6.3% points decline. The rate of reduction in the second phase of 1993/2005 for the SC is quite substantial, from a 13% points decline in first phase, to 6% points in second.

Thus we find that across all the household type categories, except for a major deceleration in the case of SC in the second phase, all social groups engaged in self employed activities, farm or non farm, seems to have performed more or less similarly in reduction of poverty in rural area.

Finally coming to the Other Households (OTH) we observed a varied pattern. The poverty reduction occurred by similar margins of about 14% points for ST and OTH (social group) over the entire period of 1983/2005. But it is much higher for SC (24% points). During the first period too, the SC maintained the lead with 19% point reduction in poverty, compared with 13% points for ST and 10.80% for OTH. In the second phase of 1993/2005 there is drastic deceleration in the rate of reduction in poverty for all social groups in percentage terms. The deceleration is particularly high for ST.

2.3.c Changes in Poverty - Household Types and Social Groups, Annual rates

We now see the changes in the poverty level of the five household types by social group looking at the per annum rate. We follow the same sequences, taking the wage labour household first, followed by self employed and in the end other household. Table: 2.3.1 presents the change in per annum terms.
In the earlier discussion we have seen that during the over all period, 1983/2000, the rural poverty for AL household, has declined at the per annum rate of 1.59%. (which is the lowest rate compared with other household). However there are significant inter-social group differences. From the table we see that during the over all period (1983/2000), the rate of decline in rural poverty amongst the agricultural wage labour household, is relatively high for OTH (- 1.92%) as compared with ST (-.97%) and SC (-1.71%). So the poverty of ST agricultural wage labour household has declined at the lowest rate during the twenty-year period between 1980's and the 1990's.

This deceleration in the reduction in the poverty of ST wage is mainly due to their bad performance during the second period, namely the 1990’s reform period (1993/2000.) For instance during the first period -1983/1993 - the OTH agricultural wage labour household performed better in reducing poverty as compared to ST and SC households, but ST did better than SC. In the second period, namely the 1990’s, while OTH and SC performance is more or less similar, as the per annum rate are fairly close to each other, the ST agricultural wage labour poverty reduction rate on the other hand, decelerated to a minimum of -0.44% per annum. So during the 1990’s, which coincides with the economic reform phase, the ST agricultural labour household has lost the advantage that they enjoyed over the SC and OTH household in 1980’s and thus suffered a set back in poverty reduction rate.

Coming to the non-farm wage labour households (OL), engaged in rural areas, the situation is more or less similar. We have seen earlier that during the over all period, 1983/2000, the non farm labour household (OL) performed better in reducing poverty,
than the agricultural labour households (AL), in so far as the poverty for the former declined at a per annum rate of -2.10%, while that for the latter by -1.59%.

Across social groups, however we see variation in the rate of reduction in poverty.

The OTH (social group) household showed better performance in reduction as compared to SC and ST households with per annum rates of 2.69%, 1.90% and 1.51% respectively, indicating highest reduction for the OTH and least for ST households. For each of these household however, as compared to AL households, the OL did better in reducing poverty.

What is important to note is that the OTH household did better in both periods namely 1980’s and 1990’s in reducing the poverty of non-farm labour households (OL), as their rate of decline is higher compared to SC and ST and in that order. In the second period, the performance of ST non-farm wage labour households (OL) has declined compared to the 1980’s. On the other hand the OTH and SC households showed an improvement in the reducing poverty in the 1990’s over the 1980’s.

We now discuss the performance of households engaged in self-employed activities, on farm (SEA) and off farm (SENA).

In the case self employed farmers we have seen that at the aggregate level the poverty has declined at per annum rate of 2.65% during the over all period, 1983/2000. Across the social groups the rate of declined has been higher for OTH households (-3.18%) compared with SC (-2.77%) and ST (-1.69%). Thus the performance in reducing poverty of ST self-employed farmer household was the least, followed by SC.

Similar pattern is observed in the case of self-employed non-farm households (SENA). The OTH households performed better in reducing poverty compared with SC and ST households. The poverty declined over the entire period, 19983/2005 at per annum rates of -3.35%, -2.17% and -2.09 % for OTH, SC and ST household respectively. Again the ST shows lowest poverty reductions as compared with SC and OTH, with the exception of SC for the second period showing lower performance than ST. The OTH perform better than SC, who in turn perform better than ST and this is also observed during first and second period.
Finally coming to the other households (OTH) for the over all period, the rate of decline has been relatively higher for the SC (-4.28%), followed by the OTH (-3.55%) and lastly the ST (-2.27). The performance of ST being lower in this case as well. The same pattern is observed during the second period, 1993/2000. The first period shows a pattern similar to the over all period, where the SC did better compared with OTH and ST.

To summarize the main feature of change in rural poverty, for various household types across social groups, we observe the following.

During the over all period, 1983/2000, the OTH, SENA, and SEA have done better in reducing poverty in term of per annum decline as compared with wage labour households i.e. AL and OL, engaged in farm and non farm activities. The AL performe the least in reducing their poverty.

Looking at these trends across the social group we found a particular pattern. The results shows that among the AL household who performed least in term of per annum reduction in rural poverty, the ST performed worse, followed by SC and OTH households. Same is the pattern in case of non-farm wage labour households (OL). This pattern of ST household performing least, followed by SC and OTH households, is also observed in the case of self employed households engaged in farm and non – farm economic activities (SEA and SENA). In case of other (OTH) activities ST continue to perform relatively worse compared to SC and OTH, although in this case SC perform better than OTH.

Looking more closely at the performance of ST in the 1980’s and the 1990’s, we found that with the exception of self employed in non agriculture (SENA), the rest of the household’s lowest performances (across SEA, AL, OL and OTH households) during the overall period is mainly due their bad record in poverty reduction in the second period, 1990’s, as against their performing equally well as the rest in the first period 1980’s. So the ST seems to have suffered more during the reform period of 1990’s, while the SC and OTH seems to have done reasonably well in reducing their poverty during the reform period.

2.4 Changes in Poverty: Across Land Holding classes, aggregate

We now look at the changes in incidence of poverty across land holding categories at the all India level for the rural region. The analysis of change in poverty levels across
Temporal Changes in Poverty

land categories is restricted over two points in time, namely that of 1993/94 and 2004/05, as no data on land ownership is available for the 1983 round. Instead data was collected on the total land possessed by households, which includes owned land plus land leased in, land leased out and common land used. Consequently this renders the land possessed variable unfit for comparison and for gauging the actual asset ownership of the household. Thus we focus our attention on the last two periods, that is 1993/94 and 2004/2005, which have land owned as a distinct variable.

We observed that the incidence of poverty declined at the per annum rate of 2.26%, which is equivalent to about 9% point decline in head count ratio. The table: 3.5.1 also shows that the percentage of poor has also declined across all land size categories between 1993/4 and 2004/5. However we see significant differences in the annual rate of change and net change in terms of percentage point reductions.

Looking at the annual rate of fall, we observed that poverty declined at higher per annum rate of 4.72% for the landless households, equivalent to about 17% points decline in poverty rate. Next come the three land size categories of medium, large, very large, all of which show similar rates of reduction ranging from 3.47% per annum to 3.83% per annum. The net decline in head count ratios for these three land size categories varies from 6.11% to 10.50% points. Poverty has declined at the lowest rates in the case of the marginal and small land holding categories, where per annum rate of poverty reduction are 2.33% and 2.39% respectively. The net decline in poverty rates are 10% and 9% respectively, for marginal and small land holding.

Table: 2.4.1 Change in Poverty by land ownership groups, Rural

<table>
<thead>
<tr>
<th>Rural</th>
<th>Landless</th>
<th>Marginal</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
<th>V. Large</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1993-94</td>
<td>42.5</td>
<td>43.95</td>
<td>36.85</td>
<td>32.59</td>
<td>27</td>
<td>18.64</td>
<td>37.21</td>
</tr>
<tr>
<td>2004-5</td>
<td>24.96</td>
<td>33.9</td>
<td>28.24</td>
<td>22.09</td>
<td>17.58</td>
<td>12.53</td>
<td>28.28</td>
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<tr>
<td>Diff 2nd</td>
<td>17.54</td>
<td>10.05</td>
<td>8.61</td>
<td>10.5</td>
<td>9.42</td>
<td>6.11</td>
<td>8.93</td>
</tr>
</tbody>
</table>

40
2.4.a. Changes in Poverty: Land holding classes and social groups

Does this pattern vary across social groups? We saw the landless group showing the highest decline in poverty. This decline disaggregated by social group however shows a varied pattern. The OTH household performed the best with 6.55% per annum decline in poverty followed by SC with 3.78% and ST household with the least with only 1.76% per annum decline. So the ST landless household perform the worst in reducing the poverty during 1983/2004.

What is interesting is that the same pattern is also observed in the case of the three land size categories of medium, large and very large, which show similar rates of reduction in rural poverty. The rate of reduction in case of these three land size categories has been the least for ST, followed by SC and OTH in that order. Finally we observed that the poverty has declined at lowest rates in the case of the marginal and small land holding categories at over all level. Here also the same pattern is observed. The marginal and small farmers belonging to ST have performed the worst in reducing poverty as compared with their counter parts from SC and OTH social groups. Like other land size categories, the social groups belonging to OTH categories have done the best in case of marginal and small land holding. Next come the SC house households.
Table: 2.4.a.1 Changes in Poverty – By land size holding and Social Group, (Rural)

<table>
<thead>
<tr>
<th></th>
<th>Landless</th>
<th>Marginal</th>
<th>small</th>
<th>Medium</th>
<th>Large</th>
<th>V. Large</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
</tr>
<tr>
<td>1993-94</td>
<td>52.53</td>
<td>49.23</td>
<td>36.43</td>
<td>56.49</td>
<td>50.78</td>
<td>39.24</td>
</tr>
<tr>
<td>2004-05</td>
<td>44</td>
<td>33.5</td>
<td>18.5</td>
<td>51</td>
<td>40.1</td>
<td>29</td>
</tr>
<tr>
<td>Diff net</td>
<td>8.5</td>
<td>15.7</td>
<td>18.0</td>
<td>5.5</td>
<td>10.7</td>
<td>10.3</td>
</tr>
<tr>
<td>Rate</td>
<td>-1.76</td>
<td>-3.78</td>
<td>-6.55</td>
<td>-1.02</td>
<td>-2.33</td>
<td>-2.98</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Temporal Changes in Poverty
2.5 Changes in Poverty: Across Education classes, aggregate

Next we move on to study the changes in the incidence of poverty for different educational groups at aggregate level and for social groups. Earlier we have seen that poverty incidences are highest for the illiterate category and they falls with the rise in the levels of education, indicating a negative relationship between the two.

Looking at the changes in the poverty in term of percentage points, during the first phase, 1983/93, there is a fall in the incidence of poverty for all the education categories. The fall in general is highest for the categories with lower literacy level and the percentage point fall, reduces steadily as we move from the illiterate to the graduate and above. In the second phase the reduction in poverty percentage points does not follow the same pattern as in the first phase. Highest reductions are observed for the illiterate and literate without any formal schooling of 8% and 9% points respectively while the rest showing similar reductions.

In the second phase the categories which show higher percent point reductions than in the first phase are interestingly the illiterate, literate without formal schooling, secondary and above and graduate and above, indicating higher reductions for either the illiterate or just about literate and the two high end education categories. Over the entire period, the illiterates and literate without formal schooling show the highest reductions.
Figure – 2.5.i Poverty Levels across Educational Classes for the year 1983, 1993/94 and 2004/05, Rural

Table: 2.5.1 Poverty Incidence across Education classes & changes overtime, (Rural)

<table>
<thead>
<tr>
<th>Rural</th>
<th>Illiterate</th>
<th>Lit.w.f.sch</th>
<th>Lit.bl.Prim</th>
<th>Primary</th>
<th>Middle</th>
<th>Sec &amp; Abv</th>
<th>Grad &amp; Abv</th>
<th>ALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>52.98</td>
<td>41.41</td>
<td>39.73</td>
<td>32.45</td>
<td>25.61</td>
<td>17.53</td>
<td>12.38</td>
<td>46.18</td>
</tr>
<tr>
<td>1993-94</td>
<td>45.27</td>
<td>33.85</td>
<td>34.1</td>
<td>26.49</td>
<td>21.32</td>
<td>14.77</td>
<td>9.37</td>
<td>37.21</td>
</tr>
<tr>
<td>2003-04</td>
<td>36.49</td>
<td>24.64</td>
<td>30.77</td>
<td>23.26</td>
<td>17.95</td>
<td>10.16</td>
<td>5.04</td>
<td>28.27</td>
</tr>
<tr>
<td>diff 1st</td>
<td>7.71</td>
<td>7.56</td>
<td>5.63</td>
<td>5.96</td>
<td>4.29</td>
<td>2.76</td>
<td>3.01</td>
<td>8.97</td>
</tr>
<tr>
<td>diff 2nd</td>
<td>8.78</td>
<td>9.21</td>
<td>3.33</td>
<td>3.23</td>
<td>3.37</td>
<td>4.61</td>
<td>4.33</td>
<td>8.94</td>
</tr>
<tr>
<td>over all</td>
<td>16.49</td>
<td>16.77</td>
<td>8.96</td>
<td>9.19</td>
<td>7.66</td>
<td>7.37</td>
<td>7.34</td>
<td>17.91</td>
</tr>
</tbody>
</table>

Table: 2.5.2 Annual Poverty rates for three time periods (1983/94, 1994/05, 1983/05), (Rural)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>-1.42</td>
<td>-1.94</td>
<td>-1.68</td>
</tr>
<tr>
<td>Literate without formal schooling</td>
<td>-1.82</td>
<td>-2.85</td>
<td>-2.33</td>
</tr>
<tr>
<td>Literate below primary</td>
<td>-1.38</td>
<td>-0.93</td>
<td>-1.15</td>
</tr>
<tr>
<td>Primary</td>
<td>-1.83</td>
<td>-1.18</td>
<td>-1.50</td>
</tr>
<tr>
<td>Middle</td>
<td>-1.65</td>
<td>-1.55</td>
<td>-1.60</td>
</tr>
<tr>
<td>Secondary &amp; above</td>
<td>-1.55</td>
<td>-3.34</td>
<td>-2.45</td>
</tr>
<tr>
<td>Graduate &amp; above</td>
<td>-5.09</td>
<td>-5.48</td>
<td>-5.28</td>
</tr>
</tbody>
</table>

Table: 2.5.2 gives the change in term of per annum rate in rural poverty by education level. The per annum rates of reduction in incidence of poverty, during the first period are seen to be similar across all education categories and varies in a narrow range of 1.38% for literate below primary, to a maximum of 1.83% for primary level. The only
exception is for those educated till graduation and above, who show the highest rates of reduction, of 5% per annum. In the second phase in addition to the graduates, those educated till secondary and above and interestingly those who are literate without formal schooling show an increase in the rate of reduction, in comparison to the other education categories.

The over all period thus captures the change, over a twenty year period, between 1983/2004. It is very clear from the table that three categories, namely literate without formal schooling, secondary and above and graduate and above, experienced higher reductions in the incidence of poverty than the rest. The poverty declined at a maximum rate of 5.28% per annum, followed by 2.45% for secondary and above and literate without formal schooling. The last category (that is literate without formal schooling) surprisingly doing relatively better than other categories like illiterate, literate below primary, primary and middle. It appears that those literate without formal schooling are acquiring skill and experience through other manners which help them to get access to jobs of one form or the other.

2.5.a Changes in Poverty: All India across Education classes and social groups

We now see the changes in the poverty level by educational categories for social groups, looking at the per annum rates. We have observed that during the over all period 1983/2000, three categories, namely literate without formal schooling, secondary and above and graduate and above, experienced higher reductions in poverty level than the rest namely illiterate, literate below primary, primary and middle. We now look in to their pattern across social groups.

It is observed that in the case of literate without formal schooling, the OTH and SC have performed better than ST households. The poverty for this education category has declined by a per annum rate of 1.54%, 2.30% and 2.79% for the ST, SC and OTH respectively. In the case of the other two educational categories, namely secondary and above and graduate and above, which also showed a relatively higher decline in rural poverty at over all level, the performance of three social groups vary. The secondary and above shows the same pattern, namely ST experiencing relatively low decline in poverty as compared with SC and OTH. In the case of graduate and above, however the situation is reversed. The ST indicate a much higher decline in poverty, all most by 7.14% per annum, compared with 3.69% for SC and 4.82% for
Temporal Changes in Poverty

OTH. The OTH however do better than the SC. Thus the SC seems to be lagging behind in reducing their poverty, as much as the ST and OTH social group did.

For the rest of the educational categories, namely the illiterate, literate below primary and middle, which have experienced lower decline in poverty, the ST perform poorly as compared with SC and OTH. The latter two categories seems to have done better in reducing poverty for the illiterate, below primary, primary and middle educational groups.

We now see the changes for the two periods. For the first period the pattern varies across the three educational groups, namely literate without formal schooling, secondary and above and graduate and above which have experienced relatively higher decline in poverty. During the first period for the education category literature without formal schooling the SC showed a much higher decline in poverty (3.64%) compared with the ST and OTH, for the latter two, poverty declined at identical per annum rates (about 1.63%). In the case of secondary and above we did not find much inter-social group variations in rate of reduction in their poverty levels. In the case of graduate and above, however the ST did exceptionally well indicating 7.66% decline in rural poverty, followed by SC (3.11%) and OTH (2.89%).

In the second period 1993/2000, for literate without formal schooling and secondary and above, the OTH shows a relatively higher decline in poverty, followed by SC and ST. In the case of graduate and above, however the SC and OTH did much better, (with about 7% per annum decline) compared with ST.

In the case of other three education categories namely illiterate, literate below primary, primary and middle, which have showed relatively less decline in poverty during the over all period; indicate a different pattern for the three social groups. During the first period, 1983/93 a mix trend is visible. During the second period 1993/2000 the ST did not performed as well as the other two social groups, in reducing poverty for illiterate, literate below primary, primary and middle. For all these groups the OTH social groups did better, closely followed by the SC. Thus it appeared that the low performance of ST in reducing poverty in the second period at over all level is linked with lower performance of illiterate, literate below primary, primary and middle education groups.
Figure -2.5.a.1 Poverty Levels Across Education classes & Social Groups
Temporal Changes in Poverty

Table: 2.5.a.1 Poverty Incidences across Education and Social groups and changes in incidence over time, (Rural)

<table>
<thead>
<tr>
<th>Rural</th>
<th>Illiterate</th>
<th>lit.for.sch</th>
<th>Lit.blw.Prim</th>
<th>Primary</th>
<th>Middle</th>
<th>Sec &amp; Abv</th>
<th>Grad &amp; Abv</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
<td>ST</td>
</tr>
<tr>
<td>1983</td>
<td>69.0</td>
<td>62.2</td>
<td>47.1</td>
<td>50.7</td>
<td>56.1</td>
<td>36.8</td>
<td>53.9</td>
</tr>
<tr>
<td>1993-94</td>
<td>57.9</td>
<td>53.8</td>
<td>39.2</td>
<td>43.0</td>
<td>38.7</td>
<td>31.2</td>
<td>45.3</td>
</tr>
<tr>
<td>2003-04</td>
<td>55.2</td>
<td>43.0</td>
<td>30.1</td>
<td>36.6</td>
<td>34.4</td>
<td>20.3</td>
<td>47.7</td>
</tr>
<tr>
<td></td>
<td>diff 1st</td>
<td>11.0</td>
<td>8.4</td>
<td>7.7</td>
<td>17.4</td>
<td>5.7</td>
<td>8.6</td>
</tr>
<tr>
<td></td>
<td>diff 2nd</td>
<td>2.7</td>
<td>10.9</td>
<td>9.1</td>
<td>6.5</td>
<td>4.3</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td>Over all</td>
<td>13.8</td>
<td>19.2</td>
<td>17.0</td>
<td>14.2</td>
<td>21.7</td>
<td>6.2</td>
</tr>
</tbody>
</table>

Table: 2.5.a.2 Average Annual Poverty rates for three time periods, across Education & Social classes, aggregate, (Rural)

<table>
<thead>
<tr>
<th>Rural</th>
<th>Illiterate</th>
<th>lit.for.sch</th>
<th>Lit.blw.Prim</th>
<th>Primary</th>
<th>Middle</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
<td>ST</td>
<td>SC</td>
</tr>
<tr>
<td></td>
<td>OTH</td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
<td>ST</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>ST</td>
<td>SC</td>
</tr>
<tr>
<td></td>
<td>OTH</td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
<td>ST</td>
</tr>
<tr>
<td>1983</td>
<td>69</td>
<td>62.2</td>
<td>47.1</td>
<td>50.7</td>
<td>56.1</td>
</tr>
<tr>
<td>1993-94</td>
<td>57.9</td>
<td>53.8</td>
<td>39.2</td>
<td>43.0</td>
<td>38.7</td>
</tr>
<tr>
<td>2003-04</td>
<td>55.2</td>
<td>43.0</td>
<td>30.1</td>
<td>36.6</td>
<td>34.4</td>
</tr>
<tr>
<td></td>
<td>period I</td>
<td>-1.74</td>
<td>-1.44</td>
<td>-1.82</td>
<td>-1.63</td>
</tr>
<tr>
<td></td>
<td>period II</td>
<td>-0.48</td>
<td>-2.22</td>
<td>-2.61</td>
<td>-1.6</td>
</tr>
<tr>
<td></td>
<td>Overall</td>
<td>-1.06</td>
<td>-1.74</td>
<td>-2.11</td>
<td>-1.54</td>
</tr>
</tbody>
</table>

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### Table: 2.6.1 Population distribution across Industry of occupation, (Rural)

<table>
<thead>
<tr>
<th>Industry of Occupation</th>
<th>38th</th>
<th>50th</th>
<th>61st</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, hunting &amp; forestry</td>
<td>77.30</td>
<td>73.82</td>
<td>62.88</td>
<td>-14.43</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6.69</td>
<td>6.58</td>
<td>7.34</td>
<td>0.65</td>
</tr>
<tr>
<td>Construction</td>
<td>2.11</td>
<td>3.04</td>
<td>6.43</td>
<td>4.31</td>
</tr>
<tr>
<td>Whole sale, retail &amp; repair</td>
<td>4.23</td>
<td>5.18</td>
<td>6.23</td>
<td>1.99</td>
</tr>
<tr>
<td>Transport, storage &amp; communication</td>
<td>1.69</td>
<td>2.09</td>
<td>3.39</td>
<td>1.70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>92.02</td>
<td>90.71</td>
<td>86.26</td>
<td></td>
</tr>
</tbody>
</table>
2.6.a Changes in Poverty – Industry of Occupation, Aggregate (Rural)

| Table: 2.6.a.1 Incidence of Poverty across Industrial categories, (Rural) |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|
|                                 | Incidence | Poverty % fall | CAGR     |         |         |         |         |
|                                 | 38th | 50th | 60th | period I | period II | Overall | period I | period II | Overall |
| Agri, hunting & forestry       | 45.78 | 40.17 | 31.17 | -5.61 | -9.00 | -14.61 | -1.30 | -2.50 | -1.81 |
| Fishing                        | 30   | 24.22 | 24.07 | -5.78 | -0.15 | -5.93 | -2.12 | -0.06 | -1.04 |
| Mining & quarrying             | 37.82 | 36.38 | 21.94 | -1.44 | -14.44 | -15.88 | -0.39 | -4.93 | -2.56 |
| Manufacturing                  | 38.82 | 34.03 | 25.37 | -4.79 | -8.66 | -13.45 | -1.31 | -2.89 | -2.01 |
| Electricity, gas & water       | 17.59 | 13.01 | 5.91  | -4.58 | -7.1  | -11.68 | -2.97 | -7.59 | -5.06 |
| Construction                   | 44.96 | 39.95 | 32.69 | -5.01 | -7.26 | -12.27 | -1.17 | -1.99 | -1.51 |
| Whole sale, retail & repair    | 34.94 | 26.77 | 19.92 | -8.17 | -6.85 | -15.02 | -2.63 | -2.91 | -2.64 |
| Hotels & restaurants           | 33.03 | 28.51 | 17.88 | -4.52 | -10.63 | -15.15 | -1.46 | -4.56 | -2.88 |
| Transport, storage & communication | 34.00 | 29.73 | 20.04 | -4.27 | -9.69 | -13.96 | -1.33 | -3.87 | -2.49 |
| Financial intermediation       | 15.44 | 4.94  | 2.13  | -10.5 | -2.81 | -13.31 | -10.77 | -8.07 | -9.00 |
| Real estate, renting & business | 27.35 | 7.02  | 2.99  | -20.33 | -4.03 | -24.36 | -12.72 | -8.18 | -10.00 |
| Public admin, defence & social activities | 23.13 | 11.85 | 7.37  | -11.28 | -4.48 | -15.76 | -6.47 | -4.64 | -5.30 |
| Education                      | 12.02 | 9.87  | 7.02  | -2.15 | -2.85 | -5.00  | -1.95 | -3.35 | -2.53 |
| Health & Social work           | 27.47 | 9.13  | 11.65 | -18.34 | 2.52 | -15.82 | -10.43 | 2.47  | -4.00 |
| Community, social & personal activities | 53.35 | 33.8  | 29.77 | -19.6 | -4.03 | -23.58 | -4.46 | -1.26 | -2.74 |
| Pvt. Households with employees | 00.00 | 00.00 | 31.82 | 00.00 | 31.82 | 31.82 | - | - | - |
| Extra territorial orgs.        | 66.26 | 100   | 00.00 | 33.74 | -100 | -66.26 | 4.20 | - | - |

Here we examine the poverty incidences and the changes in them, over time, across industry of occupation, in rural regions. The industrial groups which employ nearly 90% of the rural population, across the three time periods are agriculture, manufacturing, whole sale, retail and repair and transportation, storage and communication. Ranking them according to the level of poverty incidence, we find agriculture topping the list followed, by construction, manufacturing, transportation, storage and communication and at the lowest whole sale, retail and repair.

If we look at the fall in the incidences of poverty over time, we can see that during the pre-reform period, 1983-1993/94 poverty fell the highest in the wholesale industry in term of poverty percentage points, followed by agriculture and construction at the
same level of reduction and manufacturing and transport at similar level at the end. During the second phase of the reform period the patterns change and we observe agriculture and transportation followed by manufacturing, construction and lastly wholesale. Interestingly all these five major industrial group, except wholesale, display higher poverty point reductions in the second period than those in the first. For the over all period, the trends seen for the two periods above, average out and the overall poverty reductions ranged between 14% and 12%, the highest being for agriculture and lowest for construction.

If we look at the annual rate of poverty decline across the five major industries over time, we notice that the reduction rate was higher in the second period of reforms as compared to the pre reform period. Over the entire period we seen that rate of decline is around 2% per annum for all except agriculture and construction who show a rate of around 1%.

2.6.b Changes in Poverty – Industry of Occupation and Social group (Rural)

Having examined the poverty levels and changes in terms of percentage point and annual rates of reduction, we move on to examine the pattern for individuals, belonging to various social groups, within these industrial groups. At a first glance we can see that across all industrial categories and for almost all periods, the ST show the highest poverty incidences followed by the SC and lastly the OTH. The exception here being the SC showing higher incidences than the ST, for Transport industry during the first and the second period and during all the periods in the public administration, defence category. The OTH also show higher incidences than ST but lower than the SC in the Transport for the first and public administration in the third period. Also poverty incidences have fallen for all social groups across all the five industrial groups. The exception here is for the ST in the manufacturing industry, who have seen a constant incidence at 51% over all the three periods.
Table: 2.6.b.1 Incidence of Poverty across Industrial categories and Social Groups and Changes over time in Incidence and Rate, (Rural)

<table>
<thead>
<tr>
<th>Rural</th>
<th>Agri, hunting &amp; forestry</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Whole sale, retail &amp; repair</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ST</td>
<td>SC</td>
<td>Other</td>
<td>ST</td>
</tr>
<tr>
<td>38th</td>
<td>61.6</td>
<td>58.22</td>
<td>39.25</td>
<td>51.42</td>
</tr>
<tr>
<td>50th</td>
<td>54.23</td>
<td>52.86</td>
<td>33.66</td>
<td>51.61</td>
</tr>
<tr>
<td>61st</td>
<td>50.98</td>
<td>40.78</td>
<td>24.58</td>
<td>51.6</td>
</tr>
<tr>
<td></td>
<td>-3.25</td>
<td>-12.0</td>
<td>-9.08</td>
<td>-0.01</td>
</tr>
<tr>
<td>Overall</td>
<td>-10.6</td>
<td>-17.4</td>
<td>-14.6</td>
<td>0.18</td>
</tr>
<tr>
<td></td>
<td>-1.27</td>
<td>-0.96</td>
<td>-1.52</td>
<td>0.04</td>
</tr>
<tr>
<td></td>
<td>-0.62</td>
<td>-2.56</td>
<td>-3.09</td>
<td>0.00</td>
</tr>
<tr>
<td>Overall</td>
<td>-0.90</td>
<td>-1.68</td>
<td>-2.20</td>
<td>0.02</td>
</tr>
</tbody>
</table>
If we look at the rate of poverty decline across social groups for all the industrial groups, we notice than for the overall period, 1983-2004/05, the rate of decline has been highest for the OTH, followed by the SC and the lowest for the ST. The exception here being, construction industry, where all the three social groups show nearly identical rates and the whole sale industry, where the OTH and the ST both share the highest rates. Therefore we find that the community with the lowest poverty incidences have seen the highest rates of poverty decline over time, while those with the highest incidences have seen the lowest rates.

2.7 Changes in Poverty: Across Type of Occupation, aggregate

Table: 2.7.1 Poverty Incidences across Occupational Categories, (Rural)

<table>
<thead>
<tr>
<th></th>
<th>White Collar workers</th>
<th>Blue Collar corkers</th>
<th>Farmers, Fishermen, Hunters etc</th>
<th>Production &amp; Transport related workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>18.44</td>
<td>35.13</td>
<td>45.88</td>
<td>39.99</td>
</tr>
<tr>
<td>1997-98</td>
<td>20.15</td>
<td>21.06</td>
<td>36.72</td>
<td>30.17</td>
</tr>
<tr>
<td>2004-05</td>
<td>17.89</td>
<td>15.40</td>
<td>27.18</td>
<td>23.52</td>
</tr>
<tr>
<td>Percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>diff 1</td>
<td>1.70</td>
<td>-14.07</td>
<td>-9.16</td>
<td>-9.81</td>
</tr>
<tr>
<td>diff 2</td>
<td>-2.25</td>
<td>-5.67</td>
<td>-9.54</td>
<td>-6.65</td>
</tr>
<tr>
<td>diff Tot</td>
<td>-0.55</td>
<td>-19.74</td>
<td>-18.70</td>
<td>-16.47</td>
</tr>
<tr>
<td>CGAR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>period I</td>
<td>0.89</td>
<td>-4.99</td>
<td>-2.20</td>
<td>-2.78</td>
</tr>
<tr>
<td>period II</td>
<td>-1.18</td>
<td>-3.09</td>
<td>-2.96</td>
<td>-2.46</td>
</tr>
<tr>
<td>Overall period</td>
<td>-0.14</td>
<td>-3.85</td>
<td>-2.46</td>
<td>-2.50</td>
</tr>
</tbody>
</table>

Here we examine the incidence of poverty and changes in it over time, for normatively constructed occupational categories. Using the National Classification of
Temporal Changes in Poverty

Occupation (1968) we have clubbed various household type categories into four broad categories. These are as follows.

1. **White Collar workers**: Professional technical and related workers, administrative, executive and managerial workers.

2. **Blue Collar workers**: Clerical and related workers, sales and service workers.

3. **Farmers, fishermen, hunter**, loggers and related workers.

4. **Production and related workers**, transport equipment operators and laborers.

We begin here by examining the different class of occupations and household poverty levels at the aggregate level. We then look at how this varies across social groups. We begin by examining the fall in poverty over time across occupational groups. We find that the pre-reform period benefited the middle classes the most, more than the high or the low income groups. In this period the blue collar workers experienced the highest fall in poverty percentage points of 14% while the labourers and Farmers saw a fall of 9% points each. The White collar workers experienced the lowest fall of about 1% In the second period the reduction continued by the same level for the Farmers but was lesser for the Blue collar and the Labourers. In contrast the white collar workers saw a higher reduction in the second phase as compared to the first. Interestingly the farmer, fishermen saw equal reduction of 9% in both the periods.

In terms of rate of poverty reduction we see that the blue collar workers saw the highest rates of reduction in the first and the second periods, while the farmers and the labourers show nearly the same reduction rates across both the phases. Lowest rates of reduction are seen for the white collar workers.

2.7.a Changes in Poverty – Type of Occupation and social groups (Rural)

Moving on to look at the same affect across social groups, the first thing to notice is that across all the three time periods highest poverty incidences are seen for the farmers, followed by the labourers, the blue collar and lastly the white collar workers. On a closer look at each of the occupation categories, we notice that the incidence is highest either for the ST or the SC and lowest for the OTH. In the first phase, the SC have experienced the highest poverty percentage point reductions across all occupation groups except for the farmers, where ST show the same.
Table: 2.7.a.1 Poverty Incidences across Occupational Categories and Social Groups, (Rural)

<table>
<thead>
<tr>
<th></th>
<th>White Collar workers</th>
<th>Blue Collar workers</th>
<th>Farmers, Fishermen, Hunters etc</th>
<th>Production &amp; Transport related workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SC</td>
<td>ST</td>
<td>OTH</td>
<td>SC</td>
</tr>
<tr>
<td>1983</td>
<td>73.94</td>
<td>16.20</td>
<td>17.31</td>
<td>72.25</td>
</tr>
<tr>
<td>1993-94</td>
<td>26.06</td>
<td>28.96</td>
<td>18.29</td>
<td>27.75</td>
</tr>
<tr>
<td>2004-05</td>
<td>8.03</td>
<td>5.53</td>
<td>7.75</td>
<td>2.61</td>
</tr>
</tbody>
</table>

Percent

<table>
<thead>
<tr>
<th></th>
<th>diff 1</th>
<th>diff 2</th>
<th>diff Tot</th>
<th>CGAR period I</th>
<th>CGAR period II</th>
<th>CGAR Overall period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-47.89</td>
<td>-44.50</td>
<td>-13.79</td>
<td>-9.90</td>
<td>-11.11</td>
<td>-10.03</td>
</tr>
<tr>
<td></td>
<td>0.98</td>
<td>-13.91</td>
<td>-8.86</td>
<td>0.55</td>
<td>-8.23</td>
<td>-3.09</td>
</tr>
<tr>
<td></td>
<td>-13.79</td>
<td>-38.01</td>
<td>-25.04</td>
<td>-5.32</td>
<td>-8.62</td>
<td>-8.23</td>
</tr>
<tr>
<td></td>
<td>-4.91</td>
<td>-12.69</td>
<td>-8.86</td>
<td>-0.98</td>
<td>5.07</td>
<td>10.03</td>
</tr>
<tr>
<td></td>
<td>-12.24</td>
<td>-25.77</td>
<td>-11.25</td>
<td>-2.25</td>
<td>3.32</td>
<td>-6.48</td>
</tr>
<tr>
<td></td>
<td>-13.79</td>
<td>-38.01</td>
<td>-25.04</td>
<td>-2.53</td>
<td>8.39</td>
<td>-6.43</td>
</tr>
<tr>
<td></td>
<td>-4.91</td>
<td>-12.69</td>
<td>-8.86</td>
<td>-6.48</td>
<td>-8.04</td>
<td>-4.41</td>
</tr>
<tr>
<td></td>
<td>-12.24</td>
<td>-25.77</td>
<td>-11.25</td>
<td>-2.25</td>
<td>-4.41</td>
<td>-3.77</td>
</tr>
<tr>
<td></td>
<td>-13.79</td>
<td>-38.01</td>
<td>-25.04</td>
<td>-2.53</td>
<td>-4.41</td>
<td>-3.77</td>
</tr>
</tbody>
</table>

In the second phase too the SC show the highest reductions in poverty percentage point. Thus overall too it is the SC who seems to have done better than the rest. In terms of rate of poverty reduction too, in the first period, the SC experience the highest rates of reduction across all occupations except the farmers category, where we saw the ST show the highest poverty incidences, and therefore higher rates of reduction. The same trend is seen in the second period for the SC, with the exception for the white collar workers, where ST show higher rate of poverty reduction. Thus overall the SC show higher reduction rates across all occupation categories.

**Changes in Urban Poverty**

After having studied the changes in the poverty at aggregate level and at disaggregate level by social groups and by economic and educational categories for rural areas, we now study the same across the urban regions of the country. The economic categories included here are household type, level of education and industry of occupation. Land holding categories are not included as land ownership turn out to be not a primary variable in determining urban incomes.

**2.8 Changes in Poverty – Aggregate**

Urban India saw in the first period of the 80's a fall of around 10% point. In the second period, this fall was marginally higher being near around 12% points.
However despite this apparent difference in the level of fall in poverty percentage points in the two periods, the rate of annual poverty decline is nearly the same in both, hovering around the 2% mark and being higher in period two than period one by a mere 0.37%.

### Table: 2.8.1 All India Poverty Incidence, & changes in incidence & rate overtime, (Urban)

<table>
<thead>
<tr>
<th>Urban Poverty Incidence</th>
<th>Urban net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>1993</td>
</tr>
<tr>
<td>ALL</td>
<td>43.2</td>
</tr>
</tbody>
</table>

### 2.9 Changes in Poverty: Across Social groups, aggregate

Moving on to the fall in poverty incidences over time, we observe that in the first period the ST show the highest fall in percentage points (13.2%) followed by the OTH (9.8%). In the second period, however the SC lead with the highest fall (11.6%), while the ST and the OTH register nearly similar falls. Overall the ST show the highest fall, with the SC and the OTH showing near identical declines in poverty percentage points. Comparing these with the annual rates of decline in poverty across social groups for the three time periods, we observe the following. Thought the ST experienced the highest fall in poverty levels in the first period followed by the OTH, the rates of decline for the two are nearly the same. In the second period where the OTH show higher fall and the remaining two show slightly lower yet identical decline rates, all the groups register nearly the same rates of decline. For the overall period what this translates into is, similar rates of decline for the ST and the OTH of around 2% but lowest average rates of around 1% for the SC.

### Table: 2.9.1 Poverty Incidence and net changes, (Urban)

<table>
<thead>
<tr>
<th>Urban</th>
<th>Urban net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>1993</td>
</tr>
<tr>
<td>ST</td>
<td>55.7</td>
</tr>
<tr>
<td>SC</td>
<td>57.4</td>
</tr>
<tr>
<td>Other</td>
<td>40.5</td>
</tr>
<tr>
<td>All</td>
<td>43.2</td>
</tr>
</tbody>
</table>
Table: 2.9.2 Average annual rates of poverty Across Social Groups over time, Urban decline, over time, (Urban)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ST</td>
<td>-2.42</td>
<td>-2.03</td>
<td>-2.23</td>
</tr>
<tr>
<td>SC</td>
<td>-1</td>
<td>-2.3</td>
<td>-1.65</td>
</tr>
<tr>
<td>Other</td>
<td>-2.48</td>
<td>-2.76</td>
<td>-2.62</td>
</tr>
<tr>
<td>All</td>
<td>-2.16</td>
<td>-2.53</td>
<td>-2.35</td>
</tr>
</tbody>
</table>

2.10 Changes in Poverty: Across Household types, aggregate

Here we begin by look at the pattern of population shares across household types in urban areas. For the year 1983, we had only two classification of households, namely the self employed (S.E) and the others (OTH), thus our temporal comparison across all the relevant categories can commence only from 1993/94. We find that population share of the S.E has risen by 4% while at the same time the share of R.W/S.E and C.L has declined by around 2% each.

Tale: 2.10.1 Population Distribution across House hold Type, (Urban)

<table>
<thead>
<tr>
<th></th>
<th>1983</th>
<th>1993</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.E</td>
<td>38.32</td>
<td>33.11</td>
<td>37.57</td>
</tr>
<tr>
<td>R.W/S.E</td>
<td>N.A</td>
<td>42.62</td>
<td>40.85</td>
</tr>
<tr>
<td>C.L</td>
<td>N.A</td>
<td>13.11</td>
<td>11.62</td>
</tr>
<tr>
<td>OTH</td>
<td>61.68</td>
<td>9.46</td>
<td>9.84</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

A similar trend is also seen for the social groups, particularly the SC and the OTH. While the OTH experienced a rise in share only for the S.E, the SC also saw a rise in the share of the R.W/S.E. This could indicate the benefits accruing from job reservations in the public sector. The ST however has experienced a 3% rise in their casualisation and a fall in the share of R.W/S.E. This could indicate that their level and kind of education or skill is not up to date with the general requirements, causing a shift from regular jobs in both public and private towards casualisation.
2.10.a Changes in Poverty – Aggregate, across household types

We now look at the poverty levels across the urban household type categories, at the aggregate level. For urban area the NSS generally collects the data for four household types, namely self-employed, regular salaried and wage earner, casual labour and other. However for the first period (1983, NSS 38th round) the two categories of regular salary/wage earner (R.S/W.E) and casual labour (CL) were not part of the then household type variable and are therefore missing from the current analysis. Thus the comparison for these two specific categories over time, can only begin from the next period i.e. 1993/94 (NSS, 50th) onwards.

We have seen in the earlier analysis that the highest poverty levels, as expected are shown by the CL category followed by the S.E and lastly the OTH. As expected the regular salaried and wage earners show the lowest levels owing to stable and assured incomes.

During 1993/2004 the percentage point change is highest for SE and OTH households, about 21% points and 24% respectively. On the other hand, the reductions in poverty levels have been more or less similar for the CL and R.S/W.E categories, at around 7%. The per annum rate of change indicates that poverty has declined at a relatively higher rate among the OTH households (-4.71), followed by regular salaried/wage earner (3.29%), and self employed (2.76%). The casual labour’s poverty has declined at lowest per annum rate that is 1.12% only. It may be noted that the incidence of poverty among the urban casual labour is the highest compared with other household categories and it is this group which suffered from slow decline in poverty.

Table: 2.10.a.1 Poverty incidence & changes in it over time across Household Type, (Urban)

<table>
<thead>
<tr>
<th>URBAN</th>
<th>S.E</th>
<th>R.S/W.E</th>
<th>C.L</th>
<th>OTH</th>
<th>ALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>49.42</td>
<td>0</td>
<td>0</td>
<td>40.27</td>
<td>43.8</td>
</tr>
<tr>
<td>1993-94</td>
<td>37.69</td>
<td>22.07</td>
<td>64.58</td>
<td>27.39</td>
<td>34</td>
</tr>
<tr>
<td>2004-05</td>
<td>27.7</td>
<td>15.28</td>
<td>57.04</td>
<td>16.11</td>
<td>25.6</td>
</tr>
<tr>
<td>diff 1st</td>
<td>11.73</td>
<td>0</td>
<td>0</td>
<td>12.88</td>
<td>9.82</td>
</tr>
<tr>
<td>diff 2nd</td>
<td>9.99</td>
<td>6.79</td>
<td>7.54</td>
<td>11.28</td>
<td>8.39</td>
</tr>
<tr>
<td>over all</td>
<td>21.72</td>
<td>6.79</td>
<td>7.54</td>
<td>24.16</td>
<td>18.2</td>
</tr>
</tbody>
</table>

58
Table: 2.10.a.2 Average Annual Rates For Poverty for the three periods, (Urban)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SE</td>
<td>-2.43</td>
<td>-2.76</td>
<td>-2.60</td>
</tr>
<tr>
<td>RW/SE</td>
<td>NA</td>
<td>-3.29</td>
<td>NA</td>
</tr>
<tr>
<td>CL</td>
<td>NA</td>
<td>-1.12</td>
<td>NA</td>
</tr>
<tr>
<td>Other</td>
<td>-3.44</td>
<td>-4.71</td>
<td>-4.08</td>
</tr>
</tbody>
</table>

Figure – 2.10.a.i Poverty levels (1983, 1993/94, 2004/05)

2.10.b Changes in Poverty: - Household Types & Social Groups

After having seen the changes in urban poverty by household type, we look at the changes in poverty of various household by social group and capture the variations if any. As mentioned above the changes are studied only for the period 1993/2004 for which the data are available for all the four household type categories. At over all level we observed in the last section that in term of per annum change the poverty has declined at relatively higher rate among the OTH household followed by regular salaried/wage earner (RW/SE) and the self employed (SE). The casual labour faced the slowest decline in urban poverty. We look at the pattern for the social groups namely ST, SC and OTH during 1993/2004.

Table: 2.10.b.2 shows that the ST have done much better in reducing poverty for both regular salaried /wage earner (RS/WE) and OTH household type categories. The
Temporal Changes in Poverty

poverty for regular salaried/wage earner and OTH household belonging to ST has reduced at per annum rate of 7.24% and 5.81% respectively. This is higher compared to 4.27% and 3.89% respectively for the same groups belonging to SC and 3.50% and 5.28% respectively for the same households belonging to other OTH social group.

In the case of the two other household types, namely the self employed (SE) and casual labour (CL), the pattern is just the opposite. In the case of self employed households the OTH social group did better than SC and ST, although the ST are marginally ahead of SC households in reducing their poverty. In the case of casual labour (CL) the ST lagged much behind in reducing their poverty. Thus in urban areas, if ST is lagging behind in reducing the poverty, it is mainly due to the slow progress of the casual labour household.

**Figure – 2.10.b.i Poverty levels (1983, 1993/94, 2004/05)**
### Table: 2.10.b.1 Poverty incidences across Household type & Social Groups & changes in incidence, (Urban)

<table>
<thead>
<tr>
<th></th>
<th>SE</th>
<th>RS/WE</th>
<th>CL</th>
<th>OTH</th>
<th>ALL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
<td>ST</td>
<td>SC</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>58.49</td>
<td>67.09</td>
<td>47.36</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1993-94</td>
<td>55.37</td>
<td>57.9</td>
<td>35.08</td>
<td>28.77</td>
<td>36</td>
</tr>
<tr>
<td>2004-05</td>
<td>42.03</td>
<td>46</td>
<td>25.01</td>
<td>13.57</td>
<td>23.28</td>
</tr>
<tr>
<td>diff 1st</td>
<td>3.1</td>
<td>9.2</td>
<td>12.3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>diff 2nd</td>
<td>13.3</td>
<td>11.9</td>
<td>10.1</td>
<td>15.2</td>
<td>12.7</td>
</tr>
<tr>
<td>overall</td>
<td>16.5</td>
<td>21.1</td>
<td>22.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table: 2.10.b.2 Poverty Levels: Annual average rates of change – All India across Household Types, (Urban)

<table>
<thead>
<tr>
<th></th>
<th>SE</th>
<th>RS/WE</th>
<th>CL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>58.49</td>
<td>67.09</td>
<td>47.36</td>
</tr>
<tr>
<td>1993-94</td>
<td>55.37</td>
<td>57.9</td>
<td>35.08</td>
</tr>
<tr>
<td>2004-05</td>
<td>42.03</td>
<td>46</td>
<td>25.01</td>
</tr>
<tr>
<td>period I</td>
<td>-0.55</td>
<td>-1.46</td>
<td>-2.96</td>
</tr>
<tr>
<td>period II</td>
<td>-2.72</td>
<td>-2.27</td>
<td>-3.33</td>
</tr>
<tr>
<td>Overall period</td>
<td>-1.56</td>
<td>-1.78</td>
<td>-2.99</td>
</tr>
</tbody>
</table>
2.11 Changes in Poverty: Across Education classes, aggregate

In this section we look at the changes in the level of poverty for educational classes, both at aggregate level and by social groups.

We have seen earlier that in rural areas across all the three time periods, the incidence of poverty is seen to be the highest for the illiterate and falls progressively as the level of education rises. This fall in incidence is observed to be sharp when moving from illiterate to literate without formal schooling. Thereafter we observe a gradual fall in incidence till the primary level and again a sharp fall at the middle level. Incidences then fall drastically at the secondary and the graduate and above level.

Poverty levels in urban areas have fallen over the two phases for all the education categories. Categories for which this fall in poverty percentage points is the highest are literate without formal schooling, illiterate, literate below primary, primary and middle in that order of decreasing magnitude. Across all education categories reductions in poverty have been higher in the first pre reform period as compared to the reform period, except for the illiterates, who have seen a higher reduction in the second phase.

During the over all period, 1983/2000 the rates of reduction are highest for those educated till Graduation & above and then for those educated till secondary & above across all the three periods. The per annum rate works out to be 5.41% and 2.78 % respectively for graduation & above and educated till secondary & above.

For the remaining educational categories they have been more or less the same. The per annum rates vary between 1.18% in the case of illiterate category to 1.93 % for middle category. This indicate that the education category such as graduate and above and secondary and above where the level of poverty is relatively low, have shown better record of poverty reduction as compared with rest which suffered from higher incidence of poverty. We would normally have expected the latter to perform better as, the incidence of poverty in their case is higher.
Figure – 2.11.i Incidence of Poverty across Education classes, Urban

Table: 2.11.1 Poverty Incidence across Education classes, and changes in Incidence over time, (Urban)

<table>
<thead>
<tr>
<th>Urban</th>
<th>Illiterate</th>
<th>Lit.w.f.sch</th>
<th>Lit.bl.Prim</th>
<th>Primary</th>
<th>Middle</th>
<th>Sec &amp; Abv</th>
<th>Grad &amp; Abv</th>
<th>ALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>57</td>
<td>46.3</td>
<td>46.1</td>
<td>40.4</td>
<td>33</td>
<td>19.4</td>
<td>9.7</td>
<td>43.2</td>
</tr>
<tr>
<td>1993-94</td>
<td>52</td>
<td>33.5</td>
<td>38.5</td>
<td>33.4</td>
<td>27</td>
<td>13.8</td>
<td>4.9</td>
<td>34</td>
</tr>
<tr>
<td>2003-04</td>
<td>44</td>
<td>31.8</td>
<td>34</td>
<td>28.8</td>
<td>21</td>
<td>10.5</td>
<td>3.2</td>
<td>25.6</td>
</tr>
<tr>
<td>diff 1st</td>
<td>5.2</td>
<td>12.8</td>
<td>7.56</td>
<td>6.97</td>
<td>6.2</td>
<td>5.6</td>
<td>4.8</td>
<td>9.22</td>
</tr>
<tr>
<td>diff 2nd</td>
<td>8</td>
<td>1.71</td>
<td>4.56</td>
<td>4.58</td>
<td>5.2</td>
<td>3.39</td>
<td>1.7</td>
<td>8.38</td>
</tr>
<tr>
<td>over all</td>
<td>13</td>
<td>14.5</td>
<td>12.1</td>
<td>11.6</td>
<td>11</td>
<td>8.99</td>
<td>6.5</td>
<td>17.6</td>
</tr>
</tbody>
</table>

Table: 2.11.2 Average Annual Rates For Poverty for the three periods

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>-0.86</td>
<td>-1.51</td>
<td>-1.18</td>
</tr>
<tr>
<td>Literate without formal schooling</td>
<td>-2.89</td>
<td>-0.48</td>
<td>-1.69</td>
</tr>
<tr>
<td>Literate below primary</td>
<td>-1.62</td>
<td>-1.14</td>
<td>-1.38</td>
</tr>
<tr>
<td>Primary</td>
<td>-1.71</td>
<td>-1.33</td>
<td>-1.52</td>
</tr>
<tr>
<td>Middle</td>
<td>-1.89</td>
<td>-1.97</td>
<td>-1.93</td>
</tr>
<tr>
<td>Secondary &amp; above</td>
<td>-3.04</td>
<td>-2.52</td>
<td>-2.78</td>
</tr>
<tr>
<td>Graduate &amp; above</td>
<td>-7.02</td>
<td>-3.77</td>
<td>-5.41</td>
</tr>
</tbody>
</table>
2.11.a Changes in poverty - Education classes and social groups

We have observed above that the education categories such as graduate and above and secondary and above, where the level of poverty is relatively low, have performed better in reducing poverty as compared with rest of the education categories, which also suffered from higher incidence of poverty. We look at this pattern at the social group level.

Looking at the two category of Graduate and above and Secondary and above, during the over all period 1983/2004, the ST showed a higher per annum decline in the poverty rate, followed by the OTH and the SC. The ST also showed a better performance in reducing poverty in the case of illiterate, literate below primary, primary and middle. (the only exception is literate without formal schooling). Thus with the exception of literate without formal schooling, for most of the education categories the ST perform better than the remaining two social groups, followed generally by the OTH and then the SC in the end. The SC generally seems to be lagging behind the ST and OTH in reducing poverty in the urban setting. (Table: 2.11.a.1:)

Figure – 2.11.a.i Poverty Incidences across Education Classes, Urban

![Poverty Levels across Education classes (1983,1993/94,2004/05)](chart)


- 1983-84
- 1993-94
- 2003-04

Education classes & Social Groups

- Grad & Abv
- Sec & Abv
- Middle
- Primary
- lit.blw.prm
- lit.w.f.sch
- illiterate

[Image of a chart showing poverty levels across education classes and social groups from 1983, 1993/94, and 2003/04, with bars for each category and year, indicating trends and comparisons.]

64
<table>
<thead>
<tr>
<th></th>
<th>Illiterate</th>
<th>lit.w.f.sch</th>
<th>lit.blw.prm</th>
<th>Primary</th>
<th>Middle</th>
<th>Sec &amp; Abv</th>
<th>Grad &amp; Abv</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
<td>ST</td>
</tr>
<tr>
<td>1983</td>
<td>67.2</td>
<td>63.4</td>
<td>55.4</td>
<td>57.1</td>
<td>58.1</td>
<td>44.0</td>
<td>55.7</td>
</tr>
<tr>
<td>1993-94</td>
<td>59.3</td>
<td>61.5</td>
<td>49.2</td>
<td>27.6</td>
<td>44.4</td>
<td>31.9</td>
<td>45.8</td>
</tr>
<tr>
<td>2003-04</td>
<td>56.8</td>
<td>54.0</td>
<td>40.7</td>
<td>50.5</td>
<td>46.1</td>
<td>28.5</td>
<td>37.6</td>
</tr>
<tr>
<td>Poverty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>period I</td>
<td>-7.9</td>
<td>-1.9</td>
<td>-6.2</td>
<td>-29.5</td>
<td>-13.7</td>
<td>-12.1</td>
<td>-9.9</td>
</tr>
<tr>
<td>period II</td>
<td>-2.5</td>
<td>-7.5</td>
<td>-8.5</td>
<td>22.9</td>
<td>1.7</td>
<td>-3.4</td>
<td>-8.2</td>
</tr>
<tr>
<td>Overall</td>
<td>-10.4</td>
<td>-9.4</td>
<td>-14.7</td>
<td>-6.6</td>
<td>-12.0</td>
<td>-15.5</td>
<td>-18.1</td>
</tr>
<tr>
<td>CAGR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>period I</td>
<td>-1.2</td>
<td>-0.3</td>
<td>-1.2</td>
<td>-7.0</td>
<td>-2.7</td>
<td>-3.2</td>
<td>-1.9</td>
</tr>
<tr>
<td>period II</td>
<td>-0.4</td>
<td>-1.3</td>
<td>-1.9</td>
<td>6.2</td>
<td>0.4</td>
<td>-1.1</td>
<td>-2.0</td>
</tr>
<tr>
<td>Overall</td>
<td>-0.8</td>
<td>-0.8</td>
<td>-1.5</td>
<td>-0.6</td>
<td>-1.1</td>
<td>-2.0</td>
<td>-1.9</td>
</tr>
</tbody>
</table>
2.12 Changes in Poverty: Across Industrial Groups, aggregate

Observing the share of the population, across industrial groups over time, we notice that the starkest changes are seen for urban agriculture, which saw a 7% fall and Manufacturing and Public Administration which saw a 4% fall in shares. Construction and Whole sale, retail and repair on the other hand saw 3% and 1% rise respectively.

<table>
<thead>
<tr>
<th>Industry of occupation</th>
<th>38th</th>
<th>50th</th>
<th>61st</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Hunting, Forestry</td>
<td>13.00</td>
<td>15.95</td>
<td>5.26</td>
<td>-7.74</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>24.87</td>
<td>20.46</td>
<td>20.21</td>
<td>-4.66</td>
</tr>
<tr>
<td>Construction</td>
<td>4.27</td>
<td>6.03</td>
<td>8.20</td>
<td>3.93</td>
</tr>
<tr>
<td>WRT &amp; Repair</td>
<td>18.41</td>
<td>17.04</td>
<td>19.69</td>
<td>1.28</td>
</tr>
<tr>
<td>Pub. Ad &amp; Defence, Social Sec</td>
<td>11.54</td>
<td>10.23</td>
<td>7.06</td>
<td>-4.47</td>
</tr>
<tr>
<td>Education</td>
<td>3.53</td>
<td>3.57</td>
<td>3.83</td>
<td>0.30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>75.62</td>
<td>73.29</td>
<td>64.25</td>
<td></td>
</tr>
</tbody>
</table>

We see a shift away from Agriculture and Manufacturing towards Construction and Wholesale, retail & repair. This seems to fit well with the fact that both Agriculture and Manufacturing sectors have not performed as well in the liberalization period.

2.12.a Changes in poverty – Across Industrial Groups, aggregate

We now examine fall in poverty and the rate of reduction across industry of occupation. We focus on the industries which are the top employers across the urban landscape. These are Agriculture, Manufacturing, Construction, Wholesale, retail & repair, Transport, storage & communication and lastly Public administration, defence & Social activities. Highest reductions in poverty percentage points over the entire period are seen for Whole sale, retail & repair (14%), Public Administration (13%) and Manufacturing (12%), while the lowest for construction, agriculture and transportation. In terms of rate of decline over the entire period, we find that highest rates are seen for Public administration (3.75%), Whole sale (2.14%) and manufacturing (1.92%). Apart from Wholesale, retail & repair and Public administration we don’t see a consonance between the shifts in industrial occupational patterns and the rate of poverty decline.
<table>
<thead>
<tr>
<th>Industry</th>
<th>Poverty % fall</th>
<th>CAGR</th>
<th>Overall period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>38th</td>
<td>50th</td>
<td>60th</td>
</tr>
<tr>
<td>Agri, hunting &amp; forestry</td>
<td>42.26</td>
<td>47.11</td>
<td>42.83</td>
</tr>
<tr>
<td>Fishing</td>
<td>65.8</td>
<td>39.76</td>
<td>17.25</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>24.7</td>
<td>29.49</td>
<td>18.29</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>36.76</td>
<td>31.38</td>
<td>24.49</td>
</tr>
<tr>
<td>Electricity, gas &amp; water</td>
<td>23.23</td>
<td>17.21</td>
<td>7.73</td>
</tr>
<tr>
<td>Construction</td>
<td>47.3</td>
<td>51.66</td>
<td>47.69</td>
</tr>
<tr>
<td>Hotels &amp; restaurants</td>
<td>42.47</td>
<td>47.01</td>
<td>31.93</td>
</tr>
<tr>
<td>Transport, storage &amp; communication</td>
<td>34.79</td>
<td>36.6</td>
<td>28.63</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>9.71</td>
<td>7.98</td>
<td>3.68</td>
</tr>
<tr>
<td>Real estate, renting &amp; business</td>
<td>22.43</td>
<td>17.21</td>
<td>8.23</td>
</tr>
<tr>
<td>Education</td>
<td>17.58</td>
<td>14.68</td>
<td>9.31</td>
</tr>
<tr>
<td>Health &amp; Social work</td>
<td>25.91</td>
<td>18.71</td>
<td>9.95</td>
</tr>
<tr>
<td>Community, social &amp; personal activities</td>
<td>50.93</td>
<td>45.7</td>
<td>37.74</td>
</tr>
<tr>
<td>Pvt. Households with employees</td>
<td>0</td>
<td>0</td>
<td>38.77</td>
</tr>
<tr>
<td>Extra territorial orgs.</td>
<td>52.5</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Thus overall we can see that those engaged in the public sector or those who are either traders of manufacturers have over time done well. Whereas those engaged in low-end services and working as labourers have fared the worst.

2.12.b Changes in poverty – Across Industrial Groups and social groups

If we look at the industrial categories closely across social groups, the first thing we notice is that for most industrial groups the poverty incidences are highest for the SC and then followed by the ST. The only exceptions where the incidences are higher for the ST are for agriculture in the first period and manufacturing in both the periods. If we look at the fall in the incidence of poverty we find, in the first period, that incidences rose for the SC in the agriculture and construction industry. In the second period too the incidences rose for the ST in the agriculture and construction. Over the entire time period we find that the incidences have mostly fallen for all major industries and social groups except that they have risen for the ST and SC in the agriculture sector. For the OTH social group, the incidences have fallen over the entire period. Incidences have also risen for the ST in the construction industry for the overall period. Looking at the rate of poverty decline over time, we therefore find the rates being positive where incidences have risen. Thus we can see that in the pre-reform period rates of decline were positive for the SC and the OTH. They are seen to be also positive for the ST and the SC for the overall period.
### Table: 2.12.b.1 Incidence of Poverty across Industrial categories and Social Groups, (Urban)

<table>
<thead>
<tr>
<th>Urban</th>
<th>Agri, hunting &amp; forestry</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Whole sale, retail &amp; repair</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ST</td>
<td>SC</td>
<td>OTH</td>
<td>ST</td>
</tr>
<tr>
<td>38th</td>
<td>61.58</td>
<td>57.00</td>
<td>38.65</td>
<td>47.89</td>
</tr>
<tr>
<td>50th</td>
<td>46.05</td>
<td>63.70</td>
<td>42.78</td>
<td>45.03</td>
</tr>
<tr>
<td>61st</td>
<td>67.69</td>
<td>63.12</td>
<td>37.81</td>
<td>28.18</td>
</tr>
<tr>
<td>Poverty % fall</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>period I</td>
<td>-15.53</td>
<td>6.70</td>
<td>4.13</td>
<td>-2.86</td>
</tr>
<tr>
<td>period II</td>
<td>21.64</td>
<td>-0.58</td>
<td>-4.97</td>
<td>-16.85</td>
</tr>
<tr>
<td>Overall period</td>
<td>6.11</td>
<td>6.12</td>
<td>-0.84</td>
<td>-19.71</td>
</tr>
<tr>
<td>CAGR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>period I</td>
<td>-2.86</td>
<td>1.12</td>
<td>1.02</td>
<td>-0.61</td>
</tr>
<tr>
<td>period II</td>
<td>3.93</td>
<td>-0.09</td>
<td>-1.23</td>
<td>-4.58</td>
</tr>
<tr>
<td>Overall period</td>
<td>0.45</td>
<td>0.49</td>
<td>-0.10</td>
<td>-2.49</td>
</tr>
</tbody>
</table>
Table: 2.12.b.2 Incidence of Poverty across Industrial categories and Social Groups (Urban) - continued

<table>
<thead>
<tr>
<th>Urban</th>
<th>Transport, Storage &amp; Communication</th>
<th>Public Admin, Defence &amp; Social Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ST</td>
<td>SC</td>
</tr>
<tr>
<td>38th</td>
<td>47.09</td>
<td>49.60</td>
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<tr>
<td>50th</td>
<td>43.20</td>
<td>49.34</td>
</tr>
<tr>
<td>61st</td>
<td>39.35</td>
<td>44.61</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Poverty % fall</th>
<th>period I</th>
<th>period II</th>
<th>Overall period</th>
</tr>
</thead>
<tbody>
<tr>
<td>ST</td>
<td>-3.89</td>
<td>-3.85</td>
<td>-7.74</td>
</tr>
<tr>
<td>SC</td>
<td>-0.26</td>
<td>-4.73</td>
<td>-4.99</td>
</tr>
<tr>
<td>OTH</td>
<td>-0.37</td>
<td>-7.05</td>
<td>-7.42</td>
</tr>
<tr>
<td></td>
<td>-3.83</td>
<td>-12.09</td>
<td>-15.92</td>
</tr>
<tr>
<td></td>
<td>-13.38</td>
<td>-6.52</td>
<td>-19.90</td>
</tr>
<tr>
<td></td>
<td>-0.86</td>
<td>-1.00</td>
<td>-0.50</td>
</tr>
<tr>
<td></td>
<td>-0.05</td>
<td>-2.53</td>
<td>-1.27</td>
</tr>
<tr>
<td></td>
<td>-0.12</td>
<td>-9.92</td>
<td>-5.70</td>
</tr>
<tr>
<td></td>
<td>-1.85</td>
<td>-2.57</td>
<td>-3.03</td>
</tr>
<tr>
<td></td>
<td>-3.78</td>
<td>-2.46</td>
<td>-4.81</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAGR</th>
<th>period I</th>
<th>period II</th>
<th>Overall period</th>
</tr>
</thead>
<tbody>
<tr>
<td>ST</td>
<td>-0.86</td>
<td>-0.93</td>
<td>-0.85</td>
</tr>
<tr>
<td>SC</td>
<td>-0.05</td>
<td>-1.00</td>
<td>-0.50</td>
</tr>
<tr>
<td>OTH</td>
<td>-0.12</td>
<td>-2.53</td>
<td>-1.27</td>
</tr>
</tbody>
</table>

2.13 Changes in Poverty: Across Type of Occupation, aggregate, Rural

Occupation type pattern given below gives us the rural trends over time. In period one the Farmers, fishermen etc suffered highest poverty rates followed by the Labourers, the blue collars and lastly the white collars. This trend continues in period two and three, with the Farmers showing the highest incidences followed by the labourers. Interestingly, incidences for the Blue collar worker have gone from being higher than, to being nearly equal to and finally being lower than the White collar workers.

Table 2.13.1 Poverty Incidences across Occupational Categories - Rural

<table>
<thead>
<tr>
<th></th>
<th>White Collar workers</th>
<th>Blue Collar workers</th>
<th>Farmers, Fishermen, Hunters etc</th>
<th>Production &amp; Transport related workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-84</td>
<td>18.44</td>
<td>35.13</td>
<td>45.88</td>
<td>39.99</td>
</tr>
<tr>
<td>1997-98</td>
<td>20.15</td>
<td>21.06</td>
<td>36.72</td>
<td>30.17</td>
</tr>
<tr>
<td>2004-05</td>
<td>17.89</td>
<td>15.40</td>
<td>27.18</td>
<td>23.52</td>
</tr>
<tr>
<td>Percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>diff 1</td>
<td>1.70</td>
<td>-14.07</td>
<td>-9.16</td>
<td>-9.81</td>
</tr>
<tr>
<td>diff 2</td>
<td>-2.25</td>
<td>-5.67</td>
<td>-9.54</td>
<td>-6.65</td>
</tr>
<tr>
<td>diff Tot</td>
<td>-0.55</td>
<td>-19.74</td>
<td>-18.70</td>
<td>-16.47</td>
</tr>
<tr>
<td>CGAR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>period I</td>
<td>0.89</td>
<td>-4.99</td>
<td>-2.20</td>
<td>-2.78</td>
</tr>
<tr>
<td>period II</td>
<td>-1.18</td>
<td>-3.09</td>
<td>-2.96</td>
<td>-2.46</td>
</tr>
<tr>
<td>Overall period</td>
<td>-0.14</td>
<td>-3.85</td>
<td>-2.46</td>
<td>-2.50</td>
</tr>
</tbody>
</table>
Highest rates of decline are seen for the Blue collar workers for all three periods. Overall it's the Blue collar workers who show the highest rates of decline followed by the Farmers and the Labourers both at the same rates and lastly the white collar workers.

2.13.a Changes in Poverty – Type of Occupation, Social groups - Rural

The first thing to notice (Table 2.13.a.1) is that poverty incidences have fallen drastically across all occupation types over the three periods. The only occupation type where this fall has been the lowest and poverty incidences have actually risen across all social groups if that of the farmers, fishermen and hunters etc. In the first two periods incidences for the SC and the ST were the highest and also very high compared to the OTH. However by the third period these differences have reduced quite substantially. In fact amongst the Blue collar workers, incidences are the highest for the OTH in the last period. Highest rates of reduction are seen in the second period, which is during the reform phase, across all, except the Farmers category.

Table 2.13.a.1 Poverty Incidences across Occupational Categories and Social Groups - Rural

<table>
<thead>
<tr>
<th></th>
<th>White Collar workers</th>
<th>Blue Collar workers</th>
<th>Farmers, Fishermen, Hunters etc</th>
<th>Production &amp; Transport related workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SC</td>
<td>ST</td>
<td>OTH</td>
<td>SC</td>
</tr>
<tr>
<td>1983-84</td>
<td>73.9</td>
<td>16.2</td>
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Percent

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CGAR

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<td></td>
<td>-3.0</td>
<td>-4.8</td>
<td>-3.7</td>
</tr>
</tbody>
</table>
2.13.b Changes in Poverty: Across Type of Occupation, aggregate, Urban

Moving on to the occupation type characteristic of household, in urban areas, we find that the highest incidences are seen for the farmers, fishermen and hunters, followed by the labourers involved in production and transportation etc, the blue collar workers and lastly the white collar workers for all the three time periods. In urban regions the farmers etc constitute a very small part of the labour force; we therefore concentrate on the remaining three occupational categories.

<table>
<thead>
<tr>
<th>Year</th>
<th>White Collar workers</th>
<th>Blue Collar workers</th>
<th>Farmers, Fishermen, Hunters etc</th>
<th>Production &amp; Transport related workers</th>
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</thead>
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<tr>
<td>1983</td>
<td>17.38</td>
<td>33.51</td>
<td>55.00</td>
<td>41.67</td>
</tr>
<tr>
<td>1997-98</td>
<td>13.77</td>
<td>23.09</td>
<td>52.02</td>
<td>32.84</td>
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<tr>
<td>2004-05</td>
<td>7.93</td>
<td>17.22</td>
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<td>29.46</td>
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</table>

<table>
<thead>
<tr>
<th>Period</th>
<th>White Collar workers</th>
<th>Blue Collar workers</th>
<th>Farmers, Fishermen, Hunters etc</th>
<th>Production &amp; Transport related workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>diff 1</td>
<td>-3.61</td>
<td>-10.43</td>
<td>-2.97</td>
<td>-8.83</td>
</tr>
<tr>
<td>diff 2</td>
<td>-5.84</td>
<td>-5.87</td>
<td>-13.80</td>
<td>-3.38</td>
</tr>
<tr>
<td>diff Tot</td>
<td>-9.45</td>
<td>-16.30</td>
<td>-16.78</td>
<td>-12.21</td>
</tr>
</tbody>
</table>

If we look at the fall in poverty incidences for the two periods we notice, that the pre-reform period saw the highest reductions for the blue collar workers, closely followed by the labourers. In the second phase of reforms, reductions of both the white and blue collar workers were the same at 5% points, followed by the workers at 3%. Over the entire time period therefore the highest fall has been seen by the blue collar workers of 16%, followed by the labourers of 12% and lastly the white collar of 9%. Thus the blue collar workers have done the best, in term of their relative levels of poverty.

If we look at the rate of poverty reduction over the three time periods we find that, the pre-reform period saw a 3% reduction rate for the blue collars that the white collar and the labourers, the latter both with a 2% reduction rate. The second period of reforms saw the highest reduction rates for the white collar workers at 5%, followed by the blue collar at 3% and the lowest for the labourers.
2.13.c Changes in Poverty – Type of Occupation, Social groups (Urban)

Looking at the social break up of poverty (Table: 2.13.c.1) across occupational types we notice that for most groups, incidences are seen to be the highest for the SC followed by the ST and lowest for the OTH. The only exceptions, are where the ST show higher incidences, for the labourers in period one and white collar in period three. If we look at the fall in poverty incidences in the first period, we notice that the SC show the highest falls for the white and the blue collar occupation, while the ST for the remaining two. In the second period the SC show higher reductions across all groups, however for the labourers the OTH show the highest reductions. Over the entire period therefore the SC show the highest reduction for the white and blue collar jobs, the OTH for the farmers etc and the ST and the OTH for the labourers groups.
Table: 2.13.c.1 Poverty Incidences across Occupational Categories and social groups and changes in incidence and rates, (Urban)

<table>
<thead>
<tr>
<th></th>
<th>White Collar workers</th>
<th>Blue Collar workers</th>
<th>Farmers, Fishermen, Hunters</th>
<th>Production &amp; Transport related workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SC</td>
<td>ST</td>
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<td>SC</td>
</tr>
<tr>
<td>1983</td>
<td>36.92</td>
<td>21.06</td>
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<td>1993-94</td>
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<tr>
<td>2004-05</td>
<td>16.26</td>
<td>18.63</td>
<td>6.73</td>
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<td><strong>Percent</strong></td>
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<td>diff 1</td>
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</tr>
<tr>
<td>period I</td>
<td>-1.84</td>
<td>-1.96</td>
<td>-2.78</td>
<td>-3.21</td>
</tr>
<tr>
<td>period II</td>
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<td>-5.76</td>
<td>-3.28</td>
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<tr>
<td>Overall period</td>
<td>-3.83</td>
<td>-0.58</td>
<td>-4.08</td>
<td>-3.09</td>
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</tbody>
</table>
If we look now at the rates of reduction in the pre-reform period, they are the highest for the OTH amongst the white collar jobs and the labourers. Amongst the blue collar, both the SC and the OTH experienced similar reduction rates. While for the farmers the ST saw the highest reductions. During the reform period, we see amongst the white and blue collar workers the highest reductions for the SC. Amongst the farmers the highest rates are seen for the OTH as opposed to the ST in the first phase. Amongst the labourers the OTH continue to show higher rates. Over the entire period the SC have shown the highest reduction rates for the white and blue collar jobs, while the OT have for the farmers and labourers, followed closely by the ST.

2.14. Summary of the Results and their significance

In the preceding discussion we have examined the changes in the incidence of rural and urban poverty during the overall period, 1983 – 2004/05 and also for the pre-reform and reform periods, of 1983-1993/94 and 1993/94-2004/05 respectively. We studied the changes in aggregate poverty in rural and urban areas and by social groups, namely the SC, ST and the Other (OTH). We also examined the changes for household type, land holding categories, industry of occupation, occupation types and education groups. The changes in each of these are studied separately and also across social groups. We have studied the changes by estimating the annual change rates and also looking at the percentage point change. The changes have been studied for over all period, 1983/2004 and separately for two sub periods. However in case of few categories, namely land holding classes and urban household type, due lack of data for the first period, namely 1983, the discussion is confined to second reform period. We provide the summary of the results in this section and indicate the implications and significance of the results. Here we therefore observe that our hypothesis finds acceptance.

Summery: Changes in Rural poverty

a) Changes in Aggregate poverty

Poverty levels in India have fallen substantially over time. Rural India has witnessed a fall from a high of 46% in 1983, to 37% in 1993/94 and finally to 28% by 2004/05 at the aggregate level. Urban poverty too fell from 43% to 33% and finally settled at 25% over the same period. We can see that poverty fell in both the rural and urban
areas in the pre-reform period (1983-1993/94) and in the rural areas during the reform period (1993/94-2004/05) by near around 10%. The fall however was slightly higher at 12% during the reform period in urban areas. Over this entire period, (1983-1993/93) poverty fell at a per annum rate of 2.20% in rural areas and at a slightly higher rates of 2.35% in urban areas. Thus urban areas seem to have performed slightly better during the reform period.

b) Changes in poverty of Social groups

This pattern of poverty reduction and its rates of reduction at the aggregate level, however starts to show significant variations, when we examine these trends, for disaggregated population groups, categorised by their social, economic and socio-economic characteristics. Beginning with the social groups in rural areas, we find that during the pre-reform period, the ST experienced the highest poverty reductions. Thereafter the SC show the second highest reductions. This is to be expected, as the ST suffered from the highest incidences, followed closely by the SC in the post independence era. During the reform period however, it is the SC who take the lead and register the highest fall, while the ST perform the worst and show the lowest reductions. These two distinct trends, in the two periods, then average out to the SC managing the highest fall over the entire period (1983-2004/05) followed by the ST and then the OTH. Despite the ST and the SC performing well in the first and the second phases respectively, if we observe the rate of poverty decline over the entire period, we find that it is the OTH who show the highest rates of poverty decline. They also show highest decline rates during the pre-reform and reform periods. This pattern is also seen in the urban areas. With a targeted focus on the ST and SC we would have expected a faster decline in their case, so that the objective of reducing the poverty gap between them and OTH would have been partially achieved. However despite the targeted attempt by the government and incidences among these two poverty prone social groups, namely ST and SC, having reduced, it has not declined at a rate, such that it minimizes, if not all together wipes out the gap between them and the OTH, which in fact is the goal of government policy. The reasons behind these trends needs to be examined further, in terms of special constrains faced by these social groups, so as to strengthen governments targeted policies, in this respect.
While the ST and the SC show the highest falls in poverty incidences in the pre-reform and the reform periods, the rates of decline are seen to be the highest for the OTH, over these two periods, as well as over the entire period. So poverty has fallen at the slowest rate for those with the highest poverty incidence, and at the highest rate for those with the lowest poverty incidences.

c) Changes in Poverty across Household Type.

We also tried to see as to who experienced poverty reduction, given their household background. In the rural areas the households include those who have access to income earning assets like land for the self employed in agriculture and capital for the non farm business (self employed in non farm activities) and those without any assets and hence depending on the wage labour working on farm and non farm economic activities in rural area.

Looking at per annum changes in poverty during the over all period 1983/2000, the households engaged in other activities (OTH) show highest reductions in rural poverty, followed by the SENA, SEA, OL and in the end come the AL, with lowest decline rates. Thus as against an overall per annum decline of 2.20%, the head count ratio declined at a per annum rate of 3.34% for other household (OTH), followed by 2.83% for SENA, 2.65% for SEA, 2.10% for other labourer and only by 1.59% for AL. Thus household engaged in various kinds of salaried jobs, self employed economic activities as farmers and business in non- farm activities have experienced faster reductions in rural poverty as compared with the wage earning households. The wage labour households, particularly the agricultural labour have lagged behind in reducing their poverty. There is another aspect to these findings. The household with relatively low level of poverty in 1983, namely others (OTH), self employed in agriculture and non-agriculture and those engaged in salaried jobs, performed better in reducing poverty, as compared with the households depending mainly on wage labour, whose poverty levels were relatively higher. This is a negative aspect of poverty reduction in rural area. With special focus on high poverty prone wage labour households we would have expected much faster reduction in their level of poverty. The reasons for bad performance in poverty reduction during the 1980’s and 2000’s despite a targeted approach of poverty alleviation towards them needs to be examined closely and factored in future implementations of the same.
A similar pattern is observed in the first period 1983-1993/94, the self employed households in agriculture and non agriculture and the OTH household saw the highest rates of poverty reductions, compared with the wage labour households. In the second phase these categories continue to do as well as before, with the addition of the OL doing as well. The rate of poverty decline too shows the highest rates for the OTH, the SENA and the SEA categories, while the lowest for the AL and the OL for all three periods. One could probably attribute the better performance of the OL in the reform period owing to a growth in construction activities; however a detailed occupational analysis could shed more light on the true reason for their improved performance in the reform phase.

d) Changes in Poverty across Household Types and Social Groups

We have seen that during the overall period 1983/2004, the poverty reduction has occurred at a faster rate in case of the self-employed as compared with wage labour households. Does this pattern also hold true for the various social groups like SC, ST and Others?

We first look at the agricultural wage labour households (AL). During the over all period the poverty of agricultural labour households declined at the per annum rate of 1.59% (which is the lowest rate among all household type categories). However it declined at a high per annum rate for OTH (-1.92%) as compared with SC (-1.71%) and the ST (-0.97%) agricultural wage labour household. So the poverty of ST agricultural wage labour households has declined at the lowest rate during the twenty year period between 1980’s and the 1990’s.

This deceleration in the reduction in the poverty of ST wage is mainly due to their bad performance during the second period, namely the 1990’s (1993/94-2004/05.) In this period, while the OTH and the SC performed more or less in a similar way, the ST agricultural wage labours reduction rate on the other hand, decelerated at a minimum of -0.44% per annum. So during the 1990’s, the ST agricultural labour household has lost the advantage that they enjoyed over the SC and OTH household in 1980’s.

In the case of non farm wage labour households (OL) in rural areas, the situation is more or less similar. During the over all period, 1983/2000 the non farm labour household performed better in reducing the poverty than the agricultural labour
households (AL), in so far as the poverty for them declined at a per annum rate of 2.10% as against that of agricultural wage labour by 1.59%. Like agricultural labour, the OTH (social group) households performed better in reduction amongst the non-farm wage labour households as compared to ST and SC households. The poverty of OL household has reduced at a per annum rate of 2.69%, 1.90% and 1.51% for OTH, SC and ST household in that order respectively, indicating highest reduction for OTH and least for ST households. For each of this household however, as compared to agricultural labour households, the non-farm wage a labour households did better in reducing poverty.

What is important to note is that the OTH household (social group) did better in both periods namely 1980’s and 1990’s in reducing the poverty amongst OL households. In the second period, namely 1990’s the performance of ST OL households has decelerated compared to the 1980’s. On the other hand the OTH and SC households showed an improvement in the reducing poverty in the 1990’s over the 1980’s.

In the case of self employed farmers (SEA), we have seen that at the aggregate level, poverty had declined at per annum rate of 2.65% during the over all period, 1983/2000. Across the social groups however, the rate of declined has been higher for OTH households (3.18%) compared with SC (2.77%) and the ST (1.69%). Thus the performance in reducing poverty of ST self-employed household was the least, followed by that of the SC.

A similar pattern is observed in the case of self-employed in non-farm households (SENA). The OTH households performed better in reducing poverty compared with SC and ST households. The poverty rate declined at per annum rate of 3.35%, 2.17% and 2.09% for OTH, SC and ST household respectively. Again the ST self employed business households shows lower performance in reducing poverty as compared with SC and OTH. With the exception of SC for second period, (where this social group shows lower performance than ST) the pattern, namely of OTH performing better than SC and they in turn performing better that ST, is also observed during the first and the second period.

Finally coming to the other households (OTH) during the over all period, the rate of decline has been relatively higher for the SC, followed by OTH (social group) and ST,
the poverty of rural household has declined at per annum rate of 4.28%, 3.55% and 2.27% respectively. The performance of ST has been lower in the case of other household as well.

To put in brief the results shows that among the agricultural households, who performed least in term of per annum reduction in rural poverty, the ST performed the worst, followed by the SC and OTH households. Same is the pattern in case of non farm wage labour households. This sequence of ST household performing least, followed by SC and OTH households is also observed in the case of self employed households engaged in farm (SEA) and non-farm (SENA) economic activities. In case of other activities also the ST continue to perform relatively worse compared to SC and OTH, although in this case SC perform better than OTH.

Looking at the performance of ST for 1980’s and the 1990’s, we found that with the exception of self employed in non-agriculture, the rest of the household types worst performance (namely across SEA, AL, OL and OTH households) during the overall period, is mainly due their bad record in poverty reduction in the second period, the 1990’s, as they perform equally well in the first period 1980’s. So the ST seems to have suffered more during the reform period of 1990’s, as compared with the SC and OTH.

e) Poverty Changes By Land holding Classes and Social groups

The analysis of change in poverty levels across land categories is restricted over two points in time, namely that of 1993/94 and 2004/05, as no data on land ownership is available for the 1983 round. The percentage of poor has declined across all land size categories between 1993/4 and 2004/5. The poverty reductions are seen to be the highest for the landless, marginal, medium and large land owners. The incidence of poverty declined at higher per annum rate of 4.72% for the landless household followed by medium, large and very large, all of the three show similar rates of reduction ranging from 3.47% per annum to 3.83% per annum. The landless would have diversified their income earning options while the large and very large have benefited from the size of their land. Poverty has declined at lowest rates in the case of the marginal and small land holding categories, where per annum rate of poverty reduction are 2.33% and 2.39% respectively. Thus marginal and small holding lagged
behind in reducing their poverty level. The restrictive size of the land and the high risk associated with effective utilization are the key factors here.

In the case of social groups, across the three land size categories of medium, large, very large, (which as mentioned above showed similar rates of reduction in rural poverty) the ST showed the worst performance, followed by SC and OTH in that order. The marginal and small farmers belonging to ST also performed worse in reducing poverty as compared with the SC and OTH social groups. Similar to the mentioned land categories, the social groups belonging to OTH categories have done better in case of marginal and small size land holding, followed by the SC household.

These results raise some questions begging an explanation. Why have the ST cultivating household or land owner not done as well as the SC or OTH household, in reducing poverty during 1993/2004? Also the SC farmers have not performed as well as the farmers from the OTH social group have. It may be noted that compared with the SC, the percentage of land owning households is relatively high among the ST households, due to their reasonable access to agricultural land. And yet as we have seen before the level of poverty among the self employed ST farmers is relatively higher and the poverty reduction is also lower. Although there could be many reasons for high poverty and slow decline in poverty but the high poverty rates of ST farmers seems to be closely connected with low productivity, land quality and low earning from tribal forms of agricultural practices. In turn the high poverty of ST agricultural labour households and slow reduction in their poverty is also probably linked with low productivity of tribal agriculture. These are some of the issues which need to be addressed to explain the high incidence of poverty among the tribal's and slower decline in their poverty. The high poverty among the SC marginal and small farmers and lower decline in their poverty during the period under study (that is 1994/2004), compared with farmers belonging to OTH social groups also needs explanation. The constrains faced by the ST and SC farmers in accessing production inputs and credit from the markets and in marketing the farm out put possibly need a closer look as well.
f) Changes in poverty across Education classes and Social groups

We have seen that poverty incidence is generally the highest for the illiterates and falls with the rise in the levels of education, indicating a negative relationship between the two.

For the over all period 1983/2004, the literate without formal schooling, secondary and above and graduate and above categories, experienced higher reductions in their poverty incidence, as compared to the rest. The poverty declined at a maximum rate of 5.28% per annum, followed by 2.45% for secondary and above and literate without formal schooling respectively. The last category (that is literate without formal schooling) is seen to be surprisingly doing relatively better than other categories, like the illiterate, literate below primary, primary and middle. It appears that those who are literate without formal schooling are acquiring skills and experience through non formal channels which help them to get access to jobs of one type or the other. An identical trend is also observed during the first period.

All education categories indicate similar reductions in poverty, as the per annum rate of change varies in a narrow range of 1.3% to a maximum of 1.8% for primary level. Those educated till graduation and above, show the highest rates of reduction, of 5% per annum during the first phase. In the second phase in addition to the graduates, those educated till secondary and above and interestingly also those who are literate without formal schooling show an increase in the rate of reduction, over the previous period. In their case, rate of decline is generally higher as compared with the other education categories as well.

So in general the education categories comprising of graduate and above and secondary and above and also those literate without schooling did reasonably well in reducing poverty as compared with the rest of the educational categories. So there is a close link between the level of education and level of rural poverty, as well as the rate of change in rural poverty. The results also imply that education does help in reducing poverty but to only those who possess secondary and above levels of education. Also possession of any occupational skill, even with lower levels of educations helps to improve the access to jobs and income. This indicates that to reduce poverty through education we need to either promote, education beyond secondary level, i.e higher
education and/or the possession of vocational skills with low levels of education. The education attainment up to middle and without skill may not help to enhance the chances of employment and poverty reduction as much. Thus children need to be retained into schools till they attain higher education or if they are dropping out early then the must attain some form of vocational training.

We also need to recognize the variation in this pattern across the social groups as some social groups did better than others. We observed that during the over all period 1983/2000, three categories, namely literate without formal schooling, secondary and above and graduate and above, experienced higher reductions in poverty level than the rest namely illiterate, literate below primary, primary and middle.

In the case of literate without formal schooling, the OTH and SC have performed better than ST households. The poverty for this education category has declined by a per annum rate of 1.54%, 2.30% and 2.79% for the ST, SC and OTH respectively.

In the case of other two educational categories, namely secondary and above and graduate and above, the performance of three social groups varies. The secondary and above shows the same pattern, namely the ST experiencing relatively low decline in poverty as compared with SC and OTH. In the case of graduate and above, however the situation is reversed. The ST indicate a much higher decline in poverty, all most by 7.14% per annum, compared with 4.82% for OTH and 3.69% for SC. The OTH did better than the SC. Thus SC seems to be lagging behind in reducing the poverty. Thus it appears that the ST and SC with secondary and above but less than graduate level of education, faced some difficulties in getting access to employment than their counterpart from non-SC/ST background.

For the rest of the educational categories, namely illiterate, literate below primary, middle, the ST performed the worst, as compared to the SC and the OTH groups.

**g) Changes in poverty across Industry of Occupation and Social groups**

Across the five major industrial groups, except wholesale, we find higher poverty point reductions in the second period than those in the first. For the over all period, the trends seen for the two periods above, averaged out and the overall poverty reductions ranged between 14% and 12%, the highest being for the highest being for whole sale, agriculture and transport industry and lowest for construction.
If we look at the annual rate of poverty decline across the five major industries over time, we notice that the reduction rate was higher in the reform period as compared to the pre reform period. Over the entire period we seen that rate of decline is around 2% per annum for all except agriculture and construction who show a rate of around 1%.

Changes in Poverty – Type of Occupation and Social groups

Looking at the occupation classes, in terms of rate of poverty reduction we see that the blue collar workers saw the highest rates of reduction in the first and the second periods, while the farmers and the labourers show the same reduction rates across both the phases. Lowest rates of reduction are seen for the white collar workers.

In terms of rate of poverty reduction, in the first period, the SC experience the highest rates across all groups, except the farmers category, where we saw the ST show the highest poverty incidences, and therefore higher rates of reduction. The same trend is seen in the second period for the SC, with the exception for the white collar workers, where ST show higher rate of poverty reduction. Thus overall the SC show higher reduction rates across all occupation categories.

Changes in Urban Poverty

We now summarized the results on the pattern of change in urban poverty. At the aggregate level and at the disaggregate level by social groups and by economic and educational categories.

a) Changes in Urban poverty – Aggregate across Social Groups and household types

During the over all period 1983/2000, urban poverty has declined at a per annum rate of 2.35%. It fell from a high of 43% in 1983 to 33% in 1993/94 and to 25% in 2004/05. This is equivalent to a net decline of 17.64 percentage points for the period. The rate of decline in first period (2.16%) and second period (2.53%) is more or less similar, so is the fall in poverty percentage point terms.

However among the social groups, for the OTH, poverty reduced at a higher rate, followed by the ST and SC. The poverty level has declined at a per annum rate of 2.62%, 2.23% and 1.65% for the OTH, ST and SC respectively over the entire period.
During the pre-reform and the post-reform periods too the OTH show highest decline rates. Thus the SC particularly seems to be lagging behind in reducing their urban poverty. It is therefore necessary to study as to why the urban SC are not performing as well as the ST and OTH groups.

In the case of household types, a comparison is possible only for the second period, namely 1993/2004, due to the absence of the regular wages and salary earners and the casual labour categories for the first time period, namely 1983.

The poverty has declined at relatively higher rate among the OTH household type (4.7%), followed by regular salaried/wage earner (3.29%) and the self employed (2.76%). The casual labour’s poverty has declined at the lowest per annum rate, that is 1.12% only. It may be noted that the incidence of poverty among the urban casual labour is the highest. It is disappointing to see that casual labours who are most vulnerable to poverty, have not performed as well as the self-employed and regular salaried / wage earner. It may be noted that the casual labour constitute about one third of the urban households and constitute the core of poor and therefore it is necessary to look into the reasons for the slow decline in their poverty.

The results related to changes in poverty by household types and social groups throws lights on the issue.

During the second period 1993/2000, the ST have done much better in reducing poverty for both regular salaried /wage earner (R.W/S.E) and OTH household type, the per annum rate of poverty reduction being 7.24% and 5.81%. This is higher compared to 4.27% and 3.89% respectively for the same groups belonging to SC and 3.50% and 5.28% respectively for the same groups belonging to other OTH households.

In the case of self employed and casual labour, the pattern is just the opposite. Amongst the self employed households the OTH social group did much better than the SC and ST who lagged much behind in reducing their poverty. It is therefore necessary to identify the constrains faced by the SC and ST, in the light of the fact that these two household type groups constitute majority of the urban households among the SC and ST. The poverty alleviation of these two marginalized social
Temporal Changes in Poverty

groups will critically depend on as to how we address the problems of the self-
employed and casual labour.

b) Changes in poverty – Across Education classes

We get some insight into the problem of urban poverty by looking at the changes in poverty of various educational categories. The reasons for high level of and slow decline in the poverty of self employed and casual labour belonging to SC and ST that we have seen above are probably closely linked with their education and skill level. We have seen earlier that in urban areas, the incidence of poverty is relatively high among the illiterate, literate below primary, primary and middle. With lower level of education and skill, these classes fall back on the petty self employed economic activities and casual labour for livelihood.

During 1993/2004, the groups with lower educational levels (namely illiterate, literate below primary, primary and middle) have experienced lower decline in poverty. The per annum rate varies between 1.18% in the case of illiterate category to 1.93 % for middle category. On the other hand the poverty level of those with Graduation & above and secondary & above has reduced at relatively higher rate, the per annum rate being 5.41% and 2.78 %, respectively.

This indicates that the education category such as graduate and above and secondary and above, where the level of poverty is relatively low, have shown better record of poverty reduction as compared with rest which suffered from higher incidence of poverty.

The results relating to the changes in poverty level of educational categories for social groups throws more lights on this aspect.

Looking at the two categories of Graduate and above and secondary and above, the ST showed a higher per annum decline in the poverty rate, followed by OTH and SC. The ST also showed a better performance in reducing poverty in the case of the illiterates, literate below primary, and primary and middle (the only exception is literate without formal schooling). Thus the ST performed better than the rest. The OTH generally comes next and the SC in the end. The SC generally seems to be lagging behind the ST and OTH in reducing poverty in urban setting.
Moreover we see that the incidences are seen to be the highest for the ST or the SC for all the three periods. On the whole the ST show higher incidences in the rural areas while the SC in the urban areas. Also, variations are seen across different economic categorizations of households, in terms of either the ST or the SC showing the highest rates. This proves our second hypothesis.

c) Changes in poverty – Across Industry of Occupation

Highest reductions in poverty percentage points over the entire period are seen for Whole sale, retail & repair (14%), Public Administration (13%) and Manufacturing (12%), while the lowest for construction, agriculture and transportation. In terms of rate of decline over the entire period, we find that highest rates are seen for Public administration (3.75%), Whole sale (2.14%) and manufacturing (1.92%).

Across the major industries, the rates of poverty reduction are seen to be the highest for the OTH social group, followed by either the ST or the SC, the only exception being the Manufacturing and the Public administration and defence where the ST show the highest reductions followed by the SC. The SC show the lowest reduction rates across all industries.

d) Changes in poverty – Across Occupation Types.

Across occupation types over the entire period we find that the rate of reduction is seen to be the highest for the White collar workers closely followed by the blue collar workers. Thereafter the fishermen, farmers etc show the highest rates of reduction also closely followed by the labourers.

Looking across social groups and occupation types, we find that amongst the white and blue collar workers the SC have shown the highest rates of reduction, while amongst the fishermen and the labourers the OTH have shown the highest rates of reduction.

Summarizing over all

Summarizing the broad trends for the economic classifications, the categories which have experienced significant rates of reductions in their poverty incidences over the entire period (1983-2004/05) in rural areas are, the Self Employed in Non-Agriculture, Self Employed in Agriculture, Other Labourers and Other household
Temporal Changes in Poverty

type, the Landless, Medium, Large and Very Large land owners, those Literate without Formal Schooling, the Secondary and Above and Graduate and Above educated, those employed in the Manufacturing, Whole Sale & Retail and Transport industry, the Blue Collar workers, the Labourers and the Farmers. Over the two periods we notice that during the pre-reform period only those with Graduate & Above levels of education and Blue Collar workers registered significant rates of poverty reduction, while during the reform period those Literate without Formal Schooling and those educated till Secondary & Above, those in Agriculture and Manufacturing Industry also showed significant reduction rates. *Thus in rural areas, those engaged in private enterprise employing some land or capital or possessing skill and/or higher education, have done well in augmenting their incomes.*

Moving on to the urban regions the economic categories which registered significant rates of poverty reductions are the households engaged in ‘Other’ activities, Regular Wage/Salary Earners, those educated till Secondary and Above and Graduate and Above, those employed in Public Administration or the Wholesale industry or working as White and Blue collar worker. Over the two periods we find that those Literate without Formal Schooling, till Secondary and/or Graduate and Above educated, those in Agriculture and Public Administration, Blue Collar workers and Labourers saw higher reduction during the pre-reform period, where as during the reform period the Other household type, those in Manufacturing, Whole sale and Transportation, White Collar workers, Farmers, fishermen & hunters performed much better. *In urban areas, those who managed to acquire regular paying jobs either in public or private sector and with high degree of skill and education have therefore performed quite well with respect to poverty reduction.*

Looking at socio-economic categories, we observe, of the sixteen sub-economic categories in rural areas, for fourteen of them, the ‘other’ social group (OTH) shows the highest rates of decline followed by the SC and lastly the ST. Only in the case of those with Graduate & above level of education and those working in the Whole Sale industry, do the ST follow after the OTH and lastly the SC. The two exceptions seen to this broad trend are the Blue collar workers and the Labourer class, amongst whom the SC show the highest rates of decline followed by the ST and then the OTH. *Thus in rural regions the OTH seem have done well across the board, followed by the SC in terms of rates of poverty reduction.*
If we look at performance across social groups in urban areas, we observe that the pattern seen across the rural regions is not repeated here. Out of the nine subcategories, only across five do we observe the OTH social group leading, in terms of rates of poverty reductions. These are the Self employed, those employed in Public administration and Wholesale industry and working as White and Blue collar workers. Interestingly the ST show the highest reduction rates for those educated till Secondary or Graduate & above and those earning Regular salaries or wages or working in ‘other’ urban occupations. Thus along with the OTH social group, the ST seem to have done well in urban areas as well.

1 Population distribution of ST across Household Types, Rural

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