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A Comprehensive Study of Poverty in South Asian Region

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ABSTRACT

Poverty has become one of the most debatable topics in development in recent years. South Asian countries have the highest incidence of poverty in comparison to other regions of the world. Its member status includes Afghanistan, Bangladesh, Bhutan, India, Nepal, Maldives, Pakistan and Sri Lanka. Objective of this paper is to discuss the poverty in south Asian regions by highlighting the causes, impacts and the strategies for its alleviation. The other objective of this paper is also to provide information about those causes, which all these countries share with each other historically, culturally, and socially. Incidence of poverty in the south Asian region has been reduced remarkably on the basis of International Purchasing Power Parity (PPP) of US\$ 1.25 per capita daily as well as national poverty lines (NPIs). It declined from 45% to 33.0 % of population in 1999-2010. It may go down to about 15% by 2020. This research is based on secondary data ranging from different government publications to extensive use of different websites.

Keywords: Poverty, South Asian Region, Alleviation Program.

1. INTRODUCTION

South Asia has always demonstrated high contradictory economic images. It is a region of immense wealth and high poverty and illiteracy. It has a very small segment of wealthy population and a large population of growing middle class. SouthAsia comprises of just 21% of the worlds population where as it hold the half of the poor world population. In 1997, the Pakistan-based Human Development Center called, subcontinent the poorest, the most uneducated, the most underfed, and the least gender-sensitive--indeed the most deprived--region of the world.

Poverty is a big issue in South Asia of high density of population and other resources. Moreover, the sub continent is facing slow economic growth due to faulty government policies their implementation and corruption.

Population of South Asian countries is increasing at a very rapid rate leading to remarkable pressure on available land and other resources. Bangladesh is on the top of the list. It is the second most densely populated country of the world after Singapore. It holds a density of population of 950 people per square kilometer of which more than 60% are farmers. The prominent industries are textiles and the processing of agricultural products.

In comparison with Bangladesh, which has 950 people living per square kilometer, India has 328 and on the other hand Pakistan has 168, which is huge in contrast to United States, which has just 30 people living in one square kilometer of which less than 10% are indulged in the occupation of agriculture.

2. LITERATURE REVIEW

Mahendra P. Lama (2010) defines poverty alleviation programs and activities in South Asian countries like as agreement for establishment of South Asian University, Poverty Eradication Programs, organization of people to people contact programs, South Asian Free Trade Agreement, etc. SAARC process started facing such criticism like poverty, economic growth, social progress, and mutual trust between countries, in the early 1990s.

M. Irfan (2000) analyses the poverty situation in South Asia using trend analyses during 1990s. During this decade, it may be noted that all the nations of the said region were executing some alternate of structural adjustment and stabilization program. It indicates that on the basis of \$1/day, poverty came down during 1990s in South Asia from 44 percent to 40 percent of the population.

Anil K Singh (2008), defines reality behind poverty and its causes in South Asian region. According to author, each nation needs to adopt its own prescription for reducing poverty, which is social development, good governance, gender, poverty, trade, etc.

Irum Shaheen (2013), defines the role, achievement, and development of SAARC in the world. These are substantial increase in corporation, economic and trade discussions, increase in external support, people to people contact, corporation on security and terrorism, focus on youth, poverty alleviation, etc. and evaluate the hurdles of SAARC.

3. INTRODUCTION TO SAARC

The South Asian Association for Regional Cooperation (SAARC) is the regional inter governmental organization and geopolitical union of nations in South Asia. SAARC includes countries like Sri Lanka, Bangladesh, Maldives, Pakistan, Nepal, Bhutan, India and Afghanistan. SAARC holds just 3% of the world's area where as it consists of 21% of the world's population and just 3.8% (US\$ 2.9 trillion) of the global economy, as on 2015.

As per the World Bank database, it is home to 2.86 billion people or 24% of the world's population (2015) but its combined GDP (2015) is only US\$ 2.85 trillion or 4% of world GDP at constant price or 9% in terms of purchasing power parity (PPP). It is also home to 570 million or 44% of world's poor, surviving on less than US\$ 1.25 a day.

In the world, South Asia is one of the most socio-economically backward regions, harassed by poverty, illiteracy, malnutrition, unemployment and other such issues. It is predominantly agriculture dependent and tradition bound.

Table 4.1
Glimpse of SAARC

<i>SAARC Countries</i>	<i>GDP at constant price of 2010 in US\$(billion) for 2015</i>	<i>PPP at current (2015) international \$ (billion)</i>	<i>Population billion (2015)</i>
Afghanistan	20.29	62.62	0.03
Bangladesh	156.63	537.66	0.16
Bhutan	2	6.49	0
India	2,367.21	7998.28	1.31
Maldives	2.93	5.23	0
Nepal	19.67	70.2	0.03
Pakistan	217.67	946.67	0.19
Sri Lanka	76.26	246.62	0.02
Total	2862.66	9873.75	1.74
World	4%	9%	24%
Percentage			

Source: World Bank Database

Poverty: According to World Bank Organization “Poverty is hunger. It is lack of shelter. Poverty is being unwell and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is being unemployed, it is fear for the future, living one day at a time.”

Poverty has several faces, which changes on the basis of place and time, and has been described in several ways. Poverty is the circumstance, which everyone wants to quit. Therefore, poverty is a situation which is similar to both poor and wealthy where everyone has sufficient to feed themselves, have enough education to get employed, earn money and fulfill their basic necessities like food, clothing and shelter.

Poverty in South Asian Region: Poverty has become one of the most debated topics in development in recent years. South Asian countries have the highest incidence of poverty. All these countries share with each other historically, culturally, and socially. Incidence of poverty in the South Asian region has been reduced remarkably on the basis of international Purchasing Power Parity (PPP) as well as national poverty lines (NPIs). It declined from 45% to 33.0 % of population in 1999-2010. It is expected to go down to about 15% by 2020.

Table 4.2
Share of South Asian Population living on less than 2005 PPP \$1.25% a day: Trends in SAARC

<i>Year</i>	<i>Population%</i>
1990	53.80%
1993	51.70%
1996	48.60%
1999	45.10%
2002	44.30%
2005	39.40%
2008	36.00%
2010	31.00%

Source: World Bank Povcalnet.

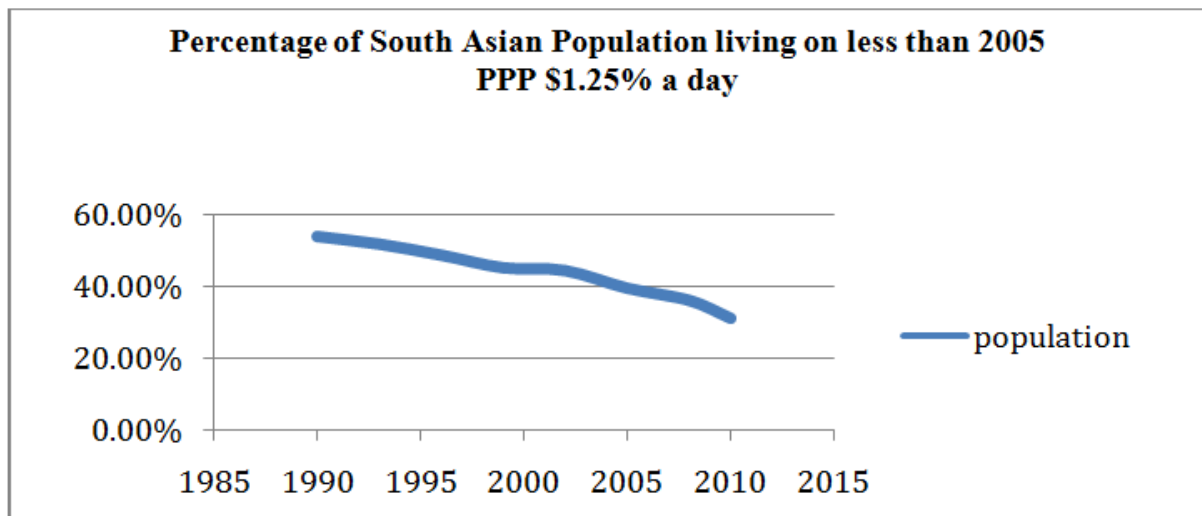


Figure 4.1

This table shows that population living on less than 2005 PPP \$1.25 a day has decreasing because of development in economy in SAARC region. Growth rate of GDP has an increasing trend in South Asia from 4.5% in 2000 to 8.1% in 2008. Accordingly, poverty condition has also improved in the SAARC region.

National Poverty Line in South Asian Region: National Poverty Lines (NPLs) in South Asian region followed different approaches, such as the Cost of Basic Needs (CBN), and Multidimensional Poverty Indices (MPI). CBN includes foods and non-foods to make a provision of calories, proteins, health, education, fuels, housing, and other basic necessities. Most of the countries have been following the expenditure approach (for calculation gross domestic product) to CBN, so that they can afford a minimum basket of goods and services for an active and healthy living and development.

The largest estimates of NPIs in South Asian region shows that NPIs vary from USD 0.6 in India to USD 1.2 in Afghanistan on expenditure basis and the poverty line at US\$ 1.7 in Maldives is actually based on the relative income approach.

- NPLs is different in seven out of eight member states, It is because to the differences in the cost of living and exchange rates, There are also variations in allowances for foods and non-foods across the countries.
- NPLs in SAARC are also based on the kilocalories per day; this is the nutrition-based anchor of poverty lines in South Asia. It is 2098 kilocalories per capita daily. It leads to fulfillment of other nutrients, such as proteins, minerals and vitamins and trace elements. The simple average of the share of expenditure on food in South Asia turns out to be 59%, ranging between Nepal's 71.6% and Maldives 37.7%.
- The largest share of food items belongs to the rural people, household families, and those who are engaged in agriculture.
- Non-foods like health, education, housing, clothing, mobility etc. is small (41% of poverty line). It is lower in Nepal (28.4%) and in Bhutan (32.3%). On the other hand countries like India, Pakistan, and Maldives have put a higher importance on non-food items that belongs to poverty.

Table 3
Population living below the National Poverty Line:

<i>Afghanistan</i>	42%(2007)
Bangladesh	31.5%(2010)
Bhutan	12.04%(2012)
India	21.9%(2011)
Maldives	15%
Nepal	25.2%(2011)
Pakistan	12.4%(2008)
Sri-Lanka	6.5%(2012)

Source: Compiled by author from different sources

Poverty lines in South Asian Countries:

- 1. Afghanistan:** In Afghanistan, National Poverty Line was based on attaining 2,100 calories per person a day and on meeting some basic non-foods needs. The Afghanistan National Development Strategy (ANDS) 2008-13 and the NRVA said that the CBN poverty line represents the level of per capita consumption in terms of both food and non-food consumption. Food consumption includes bread, cereal, meat, fish, dairy products, and vegetables. Non-food consumption includes energy, education, transportation, and clothing but it does not include the health expenditure. In Afghanistan more than half of the population belongs to poverty.
- 2. Bangladesh :** Bangladesh uses the Cost of Basic Needs (CBN) for estimating the poverty. This method is based on the two poverty lines.
 - *Lower poverty line:* It is related to the extreme poor households whose total expenditure on food and non-food combined are equal to or less than food poverty line.
 - *Upper poverty line:* It is estimated by adding together the food and non-food poverty lines.CBN includes food poverty line, is anchored to the nutritional requirement of 2,122 kilocalories per capita day. Non-food poverty line estimates cost of consuming non-food items by the households close to the food poverty line. Poverty line in Bangladesh turns out to be Taka, 1,553.3 per capita monthly for 2010.
- 3. Bhutan:** Bhutan has stressed subsistence poverty and self-image of poverty without the poverty HCR, gaps, and stiffness. In the Bhutan Living Standard Survey (BLSS) 2012, the Food Poverty Line refers to food bundle providing an average subsistence diet of 2,124 kilocalories capita per day. The food bundle includes cereals and pulses, dairy products and eggs, meat, fruits, vegetables, spices, seasoning, and pastes and beverages (NBS/ World Bank 2013). This is very important for rural and household families. On the other hand non-food allowances estimated as the per capita monthly non-food consumption of households whose food expenditure was near the food poverty line. Poverty line in Bhutan is the sum of food and non-food poverty line as Ngultrum 1,704.84 per person per month at 2012 prices.

5. **India:** Poverty line in India is defined on the basis of consumption of goods and services. According to the Tendulkar report (2011), the same poverty line for rural and urban population is the same. The Tendulkar committee gave an itemized list of expenditures of those belonging to poverty line for rural and urban areas. It shows that poverty line is defined as per capita private expenditure for rural as Rs. 446.68 per month and for urban as Rs. 578.8 per month in 2004-05. The same is being followed in 2011 also.
6. **Maldives:** Maldives has applied the theory of Poverty Dominance to define poverty. The Household Income and Expenditure Survey (HIES) report (2009/10) has set a new poverty line for Maldives. It shows that relative poverty line at Rs. 44 and the median of Atoll per person per day and half the Atoll median at Rs. 22 per person per day.
7. **Nepal:** According to the Recommended Dietary Allowances (RDAs) by age-gender group for late 1980s in Nepal, the requirement of food energy is 2,220 kilocalories daily at the minimum for the age and sex of an average Nepalese household in 2010-2011. Accordingly, National Poverty Line in Nepal is NR 52.8 capita a day in the prices of 2010-11. Magnitudes of domain-specific poverty lines vary from 83% to 213% of NPL in rural-western Tarai to urban-Kathmandu valley respectively depending on prices.
8. **Pakistan:** The Pakistan Planning Commission in 2001 declared an official poverty line on the basis of 2,350 calories per adult equivalent per day (adult equivalent intake of 2,150 calories in urban areas and 2,450 calories in rural areas) or a NPL of Rs. 673.54 capita per month in 1998-99 prices.
9. **Sri Lanka:** The Sri Lankan official poverty line is fixed at a nutritional intake of 2,030 kilocalories capita per day. It is stimulated that the minimum requirements of proteins, micronutrients, etc. will be met if calorie requirements are met (based on the Medical Research Institute of Sri Lanka, 1989). According to the Department of Census and Statistics (DCS) 2002 estimated that, the official poverty line was SL Rs. 1,423 for food and non-food consumption expenditure per person per month.

Country Best Practices in Poverty Alleviation:

1. **Afghanistan:** Afghanistan has four major best practices for poverty alleviation that is followed by:
 - Microfinance program
 - National skill development program
 - National solidarity program
 - On-farm water management
 - These all are very important and effective programs in the country.
2. **Bangladesh:** Bangladesh has proposed several best practices related to poverty alleviation:
 - Participation of the poor in growth activities
 - Use of microfinance
 - International migration and remittances
 - Social protection program

3. **Bhutan** : Bhutan reported the following best practices in poverty alleviation:
 - Micro-initiative fund
 - Targeted poverty intervention through rural economy advancement program
 - Comprehensive community development initiatives
4. **India** : India has followed four best practices for poverty alleviation:
 - Role of Self-Help group
 - Rural self-employment training institutes
 - Model village development through local self good governance
 - Self – sustained sanitation program
5. **Maldives** : Poverty alleviation best practices followed by Maldives based on the small-scale program with small inputs generated large impacts subsequently:
 - Hydroponic agriculture project initiated by Women Entrepreneurs Council in the island Burini.
 - Chili project in Veymandoo supported by NGOs
 - Virgin Coconut Oil project supported by the Ministry of Fishery and Agriculture
6. **Nepal** : Nepal presented three best practices in poverty alleviation followed by:
 - Women-led Enterprise: Electricity from Gas-fire plant in Jagarnathpur VDC, parsra
 - Commercial Vegetable Production from Marketing, Dhading
 - Community-led Enterprise: Bhada Home Stay, Kailali District
7. **Pakistan**: Pakistan's best practices in poverty alleviation focus on four sectors:
 - Family Planning
 - Benazir Income Support Program
 - Rahim Yar Khan Model
 - People's Primary Healthcare Initiative
8. **Sri-Lanka**: Sri-Lanka suggested four best practices for poverty alleviation followed by:
 - Samurdhi Safety Net Program
 - The Provision of Mid-Day Meal
 - DiviNeguma or Livelihood uplifting Program
 - Gama Neguma or Village uplifting Program

4. CONCLUSION

There are many facts about of poverty in South Asia, which are based on demography, economic growth, incidence of poverty and its relation with economic growth, geographic region and rural-urban locality etc. Population in South Asia has decreased from 1.77% to 1.28% during 2000-2012 and it is a favorable development for reducing poverty because of demographic dividend, i.e. the ratio of working age population is favorable.

1. Economic growth rate in South Asia has been high and it is increasing day by day. It increasing from 5.7% to 6.6% annually on a tri-annual average. But it has been widely fluctuating because of that it shows a negative impact on various income classes.
2. Incidence of poverty has been reduced in South Asia on the basic of purchasing power parity (PPP) of US\$1.25 per capita daily as per as national poverty lines (NPLs). Percentage of population has also declined from 45.1 to 33.0 in 1999-2010 and it may go down to about 15% by 2020.
3. Poverty alleviation and economic growth both are inter related to each other. Reduction in the incidence of poverty due to the GDP growth rates during 2000-12. Its mostly reduction was the highest for Nepal, followed by Maldives and Pakistan, but it was very low for India and Bangladesh.
4. Poverty is different in rural to urban areas. Population growth rates in urban areas are higher than rural areas because of migration and expansion of infrastructure. Because of the higher population in urban areas it has implications on poverty alleviation activities. The annual population growth rate was 0.73% in rural South Asia and 2.52% in urban South Asia.

5. RECOMMENDATIONS AND SUGGESTIONS

Taking appropriate methods to escalate the income of the bottom section of society can decrease inequality in income distribution. Agriculture is the key source of employment for South Asia's primarily rural society. The governments of these countries must spend in the infrastructure needed to ripen the agricultural sector and craft a proper climate for promising private sector participation. Constructing local bodies for collective accomplishments and market expansion for less developed regions can do this. Evolving viable ways to obtain crops, cattle, fish and forest products are indispensable to diminish the burden on females and children. Well-being and education are fundamental for economic growth. Governments must pinpoint that public outlay on well-being and education can diminish disparity and accelerate openings for the poor by making facilities available. Preserving the poorer fragments of society by giving them admission to schools and hospitals can escalate equality. Finally, South Asia can endeavor to work jointly towards accomplishing greater heights of advancement by consolidating intra-regional links through trade.

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