

**GROWTH, DEVELOPMENT AND
POVERTY IN INDIA AND NEPAL**

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ABSTRACT

Economic growth and development in developing countries has been a much debated theme. Now the widespread belief is that higher economic growth rates in developing countries would lead to better economic welfare. This is especially so after the early 1990s. The developing economies like India has experienced a very consistent higher economic growth rates after 1991. This high economic growth resulted in reduction of poverty rates in a big way. This paper discusses the growth, development and poverty in India and Nepal. Firstly, we have discussed growth, development and poverty experience in the case of India. We have found that economy is growing at a faster rate of around 8% in India. Also, the acute poverty India faced during the early decades like 1960s, 1970s, and 1980s has been reduced and the poverty rate in India has come down to a miracle rate of below 20% in 2007. Next, we have compared the Indian scenario with that of Nepal. Both India and Nepal are immediate neighbours and they have to learn experience from both. In Nepal also the sluggish nature of economy during early periods has changed. The degree of openness measured as $\text{export} + \text{import} / \text{GDP}$ is more than 60% for the recent years in Nepal. The higher economic growth and higher trade openness has resulted in reduction of poverty rates very substantially in Nepal. Therefore, the study draws the inference that higher economic growth and better economic development result in eradication of poverty in India and Nepal.

GROWTH, DEVELOPMENT AND POVERTY IN INDIA AND NEPAL

I. INTRODUCTION

Economic growth and development is the key word in the developing countries especially for the recent decades. The economic growth at a faster rate is the main feature of this economic rationality. The economic liberalization initiated since early 1990s demanded a serious attention of economists all over the world. Now, there is a consensus among economists that higher economic growth leads to economic development and economic welfare. Most of the developing countries implemented protective economic policies in the initial decades of development. However, these protective policies did not result in better economic development and efficient resource allocation. During these periods the economic structure of these developing countries remained sluggish and adamant. Poverty was the main problem these countries experienced. In spite of serious efforts such as poverty alleviation programmes a major chunk of population lived in misery and agony. But, the important matter here is that there occurred a major change in the economic programmes and policies in the early 1990s. Many developing countries implemented liberal economic policies such as liberal trade, allowing more foreign direct investment, etc.... However, the efficacy of these economic reforms in raising economic growth rates remained suspicious in the early 1990s. But, a serious and sustained efforts of economic policy programmes finally resulted in fantastic economic performances. The gross domestic product grew at a higher rate and the trade regime became more and more opened. This higher economic growth rates and better economic development led to the reduction of poverty rates in a big way. For example, in India the gross domestic product grew around an annual rate of 8% since 1991. The degree of openness measured as $\text{export} + \text{import} / \text{GDP}$

increased to around 53% in India in 2007. Poverty rate has been reduced from a very high rate of 60% or 70% in the early decades of 1960s, 1970s and 1980s to a miracle rate of below 20% in 2007. In Nepal trade as percentage of GDP increased from 29.82% in 1990-1992 to 42.90% in 1996 – 1998. India's trade with Nepal also increased very heavily. India's export to Nepal increased at a annual rate of 52.28% in 2001 – 2002. And in 2002 – 2003 Indian export to Nepal increased at an annual rate of 63.37%. While India's import from Nepal grew at the annual rate of 39.53% in 2001 – 2002. Against this background this paper discusses the growth, development and poverty eradication in the case of India and Nepal. India and Nepal are the very neighbouring countries. This comparison will be useful to learn lessons of development experience between both countries. The paper is divided into four sections. The first section introduces growth, development and poverty matters. In the second section we discuss the growth, development and poverty eradication in the case of India. Then in the third section we discuss the growth, development and poverty issues for Nepal. And the fourth section provides conclusion.

II. GROWTH, DEVELOPMENT AND POVERTY IN INDIA

It was Dandekar and Rath who firstly measured poverty in the case of India. Dandekar and Rath measured poverty in terms of per capita consumption expenditure in India for the decades 1950s and 1960s. They found that poverty rates are higher for urban India compared to rural India. The specific reason identified for urban poverty was the heavy migration from rural areas to urban centres. The main cause of rural poverty was due to the preponderance of landless agricultural workers in the villages. On the basis of this study Dandekar and Rath suggested certain specific measures such as land reforms, minimum wages act, specific poverty eradication policies, etc.

It is a fact that poverty was the main problem that India faced after independence. Even during the decades of 1970s and 1980s poverty rates remained very high in India. More than 60% or 70% of the total population lived in poverty in India. After independence Government of India took various sincere efforts to alleviate the poverty. The entire planning mechanisms geared towards eradication of poverty. All the Five Year plans again and again emphasized the reduction of high poverty rates in India. Growth with equity had been the main philosophy of Indian planning. The Nehruvian socialist idea found its edifice of attaining economic development with equitable distribution of economic resources. After independence Government of India implemented specific poverty eradication programmes such as Integrated Rural Development Programme (IRDP), Rural Labour Generation Programme (RLGP), Jawahar Rojgar Yojana (JRY), etc. But even due to these very concerted efforts the poverty rates remained very high. Most of these poverty eradication programmes proved futile. During the late 1980's the total poverty in India remained more than 50%. This means that more than half of the total population did not enjoy the benefits of economic planning and programmes. This is an important issue one has to subject to serious thinking.

But the fact is that after the early 1990s India witnessed very serious reforms. The emphasis of economic logic changed from growth with equity to high economic growth rate agenda. India implemented economic reforms in 1991 against the background of balance of payment crisis. India's foreign exchange reserve was sufficient only for few months imports. By this period, India has accepted the principle that higher economic growth rates will lead to poverty eradication and economic welfare. Thus Indian economic principle clearly changed from the growth with equity to filtering down growth theory. The clear economic principle of globalization and liberalization will result in high economic growth. Higher economic growth rates will lead to better economic development. And this

economic development will result in reduction of poverty rates. The economic liberalization programmes initiated since 1991 emphasized the thrust area of building rural infrastructure. The economic reforms programmes focused rural electricity, rural transportation, developed irrigation, rural education, rural medical facilities, etc, etc. The objective here is to connect well Indian villages to city centres. The public distribution system also has been revamped.

The poverty statistics after early 1990s clearly reveal the declining poverty rated in India. The table 1 gives the economic growth rates in India after 1951. It is crystal clear that India has attained higher economic growth rates after 1991. More over, these higher economic rates are very consistent for long years after 1991. The over all economy grew around 8% per year after 1991. In the table 1 we give annual growth rate of gross national product in per cent. Also we give annual average growth rates for various five year plans.

The table 2 gives state – wise number and percentage of population below poverty line in India for various years of 1973 – 74, 1977 – 78, 1983,1987 – 88, 1993 – 94 and 1999-2000. In India in 1973 – 74 the total poverty rate was 55%. In 1977-78, it was 52%. Even in 1983 the total number of persons remained poor was 33 crores, ie 45%. In 1987 – 88, there were 31 crores of people below poverty line, ie 39%. However, after the early 1990s the poverty rates started declining significantly. In 1993 – 94 there were only 36% of poverty. In 1999 – 2000 poverty in India reduced to low levels, ie 26%. In 2007, the poverty in India has come down to a miracle rate of below 20%. However, the criticism is that in some states like Arunachal Pradesh, Assam, Bihar, Meghalaya, etc poverty rate is still significantly high. Table 3 also supports the declining scenario of Indian poverty. This table gives the state – wise number and percentage of population below

TABLE – 1
ANNUAL GROWTH OF GROSS NATIONAL PRODUCT AND
NET NATIONAL PRODUCT IN INDIA

(Per cent)

Year	Gross national product at factor cost		Net national product at factor cost		Per capita net national product	
	At current prices	At 1993-94 prices	At current prices	At 1993-94 prices	At current Prices	At 1993-94 prices
1	2	3	4	5	6	7
1951-52	5.7	2.5	5.4	2.4	3.6	0.7
1952-53	-1.3	2.9	-1.7	2.8	-3.5	0.9
1953-54	9.0	6.1	9.1	6.3	7.1	4.3
1954-55	-6.2	4.2	-6.9	4.1	-8.6	2.2
1955-56	1.8	2.7	1.5	2.5	-0.3	0.7
1956-57	19.3	5.7	19.7	5.6	17.4	3.5
1957-58	2.2	-1.3	1.9	-1.7	-0.1	-3.7
1958-59	11.8	7.5	11.5	7.7	9.1	5.4
1959-60	4.9	2.0	4.6	1.8	2.7	-0.1
1960-61	9.4	7.0	9.3	7.0	7.2	5.1
1961-62	5.4	3.0	5.0	2.7	2.6	0.4
1962-63	6.9	2.0	6.7	1.7	4.4	-0.5
1963-64	14.3	5.1	14.5	5.0	12.0	2.7
1964-65	16.8	7.5	17.0	7.4	14.6	5.2
1965-66	4.7	-3.7	4.1	-4.6	1.8	-6.8
1966-67	13.7	1.0	13.3	0.5	11.0	-1.5
1967-68	17.6	8.0	17.9	8.3	15.4	5.9
1968-69	5.5	2.7	5.3	2.5	2.8	0.1
1969-70	10.0	6.5	9.9	6.7	7.7	4.5
1970-71	6.4	5.1	6.1	5.1	3.7	2.8
1971-72	6.4	0.9	6.1	0.6	3.6	-1.7
1972-73	10.0	-0.3	9.8	-0.8	7.3	-3.1
1973-74	22.6	4.8	23.1	4.8	20.4	2.5
1974-75	17.9	1.5	17.1	1.2	14.5	-1.0
1975-76	6.3	9.1	5.5	9.5	3.0	7.0
1976-77	7.5	1.3	7.6	0.9	5.3	-1.2
1977-78	14.2	7.5	14.7	7.7	12.2	5.3
1978-79	7.6	5.6	7.0	5.6	4.7	3.3
1979-80	9.4	-5.0	8.3	-6.0	5.7	8.3
1980-81	19.7	7.3	19.9	7.5	17.2	5.1
1981-82	16.5	5.8	16.2	5.8	14.0	3.8
1982-83	11.0	2.7	10.4	2.3	7.9	0.0
1983-84	17.0	7.5	17.4	7.6	15.0	5.4
1984-85	11.9	4.2	11.6	4.0	9.2	1.7
1985-86	12.1	4.5	11.4	4.3	9.0	2.1
1986-87	11.4	4.1	11.1	3.9	8.8	1.8
1987-88	13.4	3.6	13.5	3.4	11.1	1.2
1988-89	19.3	10.1	19.6	10.6	17.1	8.3
1989-90	15.6	6.7	15.4	6.8	13.0	4.6
1990-91	16.5	5.5	16.7	5.4	14.3	3.3
1991-92	15.0	1.1	14.3	0.5	12.0	-1.5
1992-93	14.3	5.1	14.1	5.0	12.0	3.1

(P.T.O)

1993-94	16.3	5.9	16.8	5.8	14.2	3.4
1994-95	17.5	7.2	17.5	7.1	15.2	4.9
1995-96	17.2	7.5	16.9	7.3	14.6	5.2
1996-97	16.1	8.2	16.1	8.2	13.9	6.1
1997-98	11.9	4.9	12.0	4.6	9.9	2.6
1998-99	15.0	6.4	15.5	6.5	13.3	4.4
1999.00	10.3	6.2	10.5	6.3	8.5	4.4

New Series base year 1999 – 2000

	At Current Prices	At 99-2000 Prices	At Current Prices	At 99-2000 Prices	At Current Price	At 99-2000 Prices
2000-01	7.3	4.0	7.2	4.0	5.3	2.1
2001-02	8.9	5.9	8.9	6.2	6.9	4.2
2002-03	7.8	3.9	7.9	3.9	6.2	2.2
2003-04 (P)	12.8	8.6	13.2	9.0	11.3	7.2
2004-05 (Q)	11.9	7.6	11.6	7.8	9.8	6.1

ANNUAL AVERAGE GROWTH RATES

FIRST PLAN (1951–56)	1.8	3.7	1.5	3.6	-0.3	1.8
SECOND PLAN (1956-61)	9.5	4.2	9.4	4.1	7.3	2.0
THIRD PLAN (1961-66)	9.6	2.8	9.5	2.5	7.1	0.2
THREE ANNUAL PLANS (1966-69)	12.2	3.9	12.2	3.8	9.8	1.5
FOURTH PLAN (1969-74)	11.1	3.4	11.0	3.3	8.5	1.0
FIFTH PLAN (1974-79)	10.7	5.0	10.4	5.0	7.9	2.7
ANNUAL PLAN (1979-80)	9.4	-5.0	8.3	-6.0	5.7	-8.3
SIXTHE PLAN (1980-85)	15.2	5.5	15.1	5.4	12.7	3.2
SEVENTH PLAN (1985-90)	14.4	5.8	14.2	5.8	11.8	3.6
TWO ANNUAL PLANS (1990-92)	15.7	3.3	15.5	3.0	13.2	0.9
EIGHT PLAN (1992-97)	16.3	6.8	16.3	6.7	14.0	4.6
NINTH PLAN (1997-2002)	10.7	5.5	10.8	5.5	8.8	3.5

P : Provisional Estimates

Q : Quick Estimates

Note : Growth rates from 2001-01 based on New series with base year 1999-2000.

TABLE – 2

**State-wise Number and Percentage of Population Below Poverty Line in India
(1973-74, 1977-78, 1983, 1987-88, 1993-94 & 1999-000)**

States/UTs	(In Lakh)		1973-74		1977-78		1983	
	No. of Persons	%	No. of Persons	%	No. of Persons	%	No. of Persons	%
	Andhra Pradesh	225.69	48.86	197.54	39.31	164.58	28.91	
Arunachal Pradesh	2.66	51.93	3.36	58.32	2.82	40.88		
Assam	81.83	51.21	103.38	57.15	77.69	40.77		
Bihar	370.57	61.91	401.82	61.55	462.05	62.22		
Goa	4.16	44.26	3.88	37.23	2.23	18.9		
Gujarat	138.42	48.15	130.88	41.23	117.92	32.79		
Haryana	38.32	35.36	35.48	29.85	29.6	21.37		
Himachal Pradesh	9.73	26.39	13.04	32.45	7.41	16.4		
Jammu and Kashmir	20.48	40.83	21.72	38.97	15.6	24.24		
Karnataka	170.67	54.47	168.17	48.78	149.81	38.24		
Kerala	135.52	58.79	127.22	52.22	106.77	40.42		
Madhya Pradesh	276.3	61.78	302.87	61.78	277.97	49.78		
Maharashtra	287.42	53.24	329.91	55.88	290.89	43.44		
Manipur	5.86	49.96	7.06	53.72	5.65	37.02		
Meghalaya	5.52	50.2	6.79	55.19	5.62	38.81		
Mizoram	1.82	50.32	3.31	54.38	1.96	36		
Nagaland	2.9	50.81	3.74	56.04	3.5	39.25		
Orissa	154.47	66.18	170.32	70.07	181.31	65.28		
Punjab	40.49	28.15	30.23	19.27	28.64	16.18		
Rajasthan	128.51	46.14	116.88	37.42	126.83	34.46		
Sikkim	1.19	50.86	1.54	55.89	1.35	39.71		
Tamil Nadu	239.52	54.94	255.47	54.79	260.07	51.66		
Tripura	8.54	51	10.61	56.88	8.95	40.03		
Uttar Pradesh	535.73	57.07	504.37	49.05	556.74	47.07		
West Bengal	299.3	63.43	310.57	60.52	318.69	54.85		
Andaman and Nicobar	0.74	55.56	0.91	55.42	1.11	52.13		
Chandigarh	0.84	27.94	1.03	27.32	1.19	23.79		
Dadra and Nagar Have	0.38	46.55	0.49	37.2	0.18	15.67		
Delhi	22.84	49.61	18.16	33.23	18.39	26.22		
Daman and Diu	-	-	-	-	-	-		
Lakshadweep	0.21	59.68	0.2	52.79	0.19	42.36		
Pondicherry	2.74	53.82	3	53.25	3.26	50.05		
India	3213.37	54.88	3288.95	51.32	3228.97	44.48		

1987-88		1993-94		1999-2000	
No.of Persons	%	No.of Persons	%	No.of Persons	%
160.43	25.86	153.97	22.19	119.01	15.77
2.83	36.22	3.73	39.35	3.98	33.47
75.75	36.21	96.36	40.86	94.55	36.09
420.93	52.13	493.35	54.96	425.64	42.6
2.96	24.52	1.91	14.92	0.7	4.4
122.36	31.54	105.1	24.21	67.89	14.07
25.37	16.64	43.88	25.05	17.34	8.74
7.52	15.45	15.88	28.44	5.12	7.63
16.95	23.82	20.92	25.17	3.46	3.48
158.61	37.53	156.4	33.16	104.4	20.04
88.48	31.79	76.41	25.43	41.4	12.72
264.3	43.07	298.52	42.52	298.54	37.43
296.27	40.41	305.22	36.86	227.9	25.02
5.29	31.35	6.80	33.76	7.19	28.54
5.48	33.92	7.38	37.92	8.23	33.87
1.7	27.52	1.94	25.66	1.85	19.47
3.66	34.43	5.05	37.92	5.49	32.67
165.93	55.58	160.6	48.56	169.09	47.15
25.17	13.2	25.11	11.77	14.49	6.16
142.9	35.15	128.5	27.41	81.83	15.28
1.36	36.06	1.81	41.43	2.05	36.55
231.07	43.39	202.1	35.03	130.48	21.12
8.84	35.23	11.79	39.01	529.89	34.44
536.53	41.46	604.4	40.85	213.49	31.15
283.61	44.72	254.56	35.66	0.82	27.02
1.09	43.88	1.06	34.47	0.51	20.99
0.84	14.67	0.8	11.35	0.33	5.75
0.79	67.11	0.77	50.84	0.06	17.14
10.25	12.41	15.51	14.69	11.49	8.23
-	-	0.18	15.8	0.06	4.44
0.17	34.95	0.14	25.04	0.11	15.6
3.05	41.46	3.31	37.4	2.41	21.67
3070.49	38.86	3203.68	35.97	2602.5	26.1

**Source : Economy Survey of Delhi 2001 – 02, Department of Planning,
Govt. of NCT of Delhi.**

Year : Period of fiscal year in India is April to March, e.g. Year shown as 1990 -91 relates to April 1990 to March 1991.

Units: (a) 1 Lakh (or Lac) = 100000

(b) 1 Crore (or Cr.) = 10000000

TABLE – 3

State-wise Number and Percentage of Population Below Poverty Line (1990 – 2000)

States/UTs	Rural		Urban	
	No. of Persons (Lakh)	% of Persons	Poverty Line (Rs)	No. of Persons (Lakh)
Andhra Pradesh	58.13	11.05	262.94	60.88
Arunachal Pradesh	3.8	40.04	365.43	0.18
Assam	92.17	40.04	365.43	2.38
Bihar	376.51	44.3	333.07	49.13
Goa	0.11	1.35	318.63	0.59
Gujarat	39.8	13.17	318.94	28.09
Haryana	11.94	8.27	362.81	5.39
Himachal Pradesh	4.84	7.94	367.45	0.29
Jammu & Kashmir	2.97	3.97	367.45	0.29
Karnataka	59.91	17.38	309.59	44.49
Kerala	20.97	9.38	374.79	20.07
Madhya Pradesh	217.32	37.06	311.34	81.22
Maharashtra	125.12	23.72	318.63	102.87
Manipur	6.53	40.04	365.43	0.66
Meghalaya	7.89	40.04	365.43	0.34
Mizoram	1.4	40.04	365.43	0.45
Nagaland	5.21	40.04	365.43	0.28
Orissa	143.69	48.01	323.92	25.4
Punjab	10.2	6.35	362.68	4.29
Rajasthan	55.06	13.74	344.03	26.78
Sikkim	2	40.04	365.43	0.04
Tamil Nadu	80.51	20.55	307.64	49.97
Tripura	12.53	40.04	365.43	0.49
Uttar Pradesh	412.01	31.22	336.88	117.88
West Bengal	180.11	31.85	350.17	33.38
Andaman & Nicobar Island	0.58	20.55	307.64	0.24
Chandighrah	0.06	5.75	388.15	0.45
Dadra & Nagar Haveli	0.3	17.57	318.63	0.03
Daman & Diu	0.01	1.35	318.63	0.05
Delhi	0.07	0.4	362.68	11.42
Lakshadweep	0.03	9.38	374.79	0.08
Pondicherry	0.64	20.55	307.64	1.77
India	1932.43	27.09	327.56	670.07

(P.T.O.)

Combined

% of Persons	Poverty Line (Rs)	No. of Persons (Lakh)	% of Persons
26.63	457.4	119.01	15.77
7.47	343.99	3.98	33.47
7.47	343.99	94.55	36.09
32.91	379.78	425.64	4.4
7.52	539.71	0.7	42.6
15.59	474.41	67.89	14.07
9.99	420.2	17.34	8.74
4.63	420.2	5.12	7.63
1.98	420.2	3.46	3.48
25.25	511.44	104.4	20.04
20.27	477.06	41.04	12.72
38.44	481.65	298.54	37.43
26.81	539.71	227.99	25.02
7.47	343.99	7.19	28.54
7.47	343.99	8.23	33.87
7.47	343.99	1.85	19.47
7.47	343.99	5.49	32.67
42.83	473.12	169.02	47.15
5.75	388.15	14.49	6.16
19.85	465.92	81.83	15.28
7.47	343.99	2.05	36.55
22.11	475.6	130.48	21.12
7.47	343.99	13.02	34.44
30.89	416.29	529.89	31.15
14.86	409.22	213.49	27.02
22.11	475.6	0.82	20.99
5.75	388.15	0.51	5.75
13.52	539.71	0.33	17.14
7.52	539.71	0.06	4.44
9.42	505.45	11.49	8.23
20.27	477.06	0.11	15.6
22.11	475.6	2.41	21.67
23.62	454.11	2602.5	26.1

- Note :
1. Poverty Ratio of Assam is used for Sikkim, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland and Tripura.
 2. Poverty Ratio of Tamil Nadu is used for Pondichery and Andaman & Nicobar Islands
 3. Poverty Ratio of Kerala is used for Lakshadweep
 4. Poverty Ratio of Goa is used for Dadra & Nagar Haveli, Daman and Diu.
 5. Urban Poverty Ratio of Punjab is used for both rural and urban poverty of Chandigarh.
 6. Poverty Line of Maharashtra and expenditure distribution of Dadra & Nagar Haveli is used to estimate poverty ratio of Dadra & Nagar Haveli; Poverty Ratio of Himachel Pradesh is used for Jammu & Kashmir.
 7. Urban Poverty Ratio of Rajasthan may be treated as tentative.
 8. Poverty line is in Rupees per capita per month; 1 Lakh is equivalent to 100000.

Source : National Human Development Report 2001, Planning Commission, Govt. of India.

poverty line in 1999 – 2000 across rural and urban division. In rural India the percentage of persons who are poor are 27% and urban India the same is 24%.

III. GROWTH, DEVELOPMENT AND POVERTY IN NEPAL

Now let us contrast and compare the Indian scenario of growth, development and poverty with our neighbouring country namely, Nepal. This comparison is useful because of the geographical location of Nepal. Because Nepal is the immediate neighbour of India. Overall the economic scenario of Nepal is the same as that of India. The growth and development experience of Nepalese economy is similar to that of India. Nepal also followed protective economic policy till 1991. The economy of Nepal also grows at a faster rate during 1990s and early 2000s. Table 4 gives the size of the economy of Nepal. Nepal has the population of 23 million in 1999. Population density is 164 per square kilometer.

The trade as percentage of GDP was 13.0% in 1970 and it increased to 53.0% in 1999. Table 5 also explains key macro economic indicators of Nepal in comparison with that of India. The average annual percentage growth of gross domestic product, export value, import value and gross capital formation all are more or less similar in India and in Nepal. The data are given for two time period, i.e., 1980 – 90, and 1990 – 99. This table clearly tells us that before 1991 Nepal and India witnessed lower GDP growth, lower trade openness and lower economic development. But after 1991 all the growth and development variables such as GDP, trade openness, etc witnessed very high growth.

Here in the case of Nepal also, the poverty rate was very high in 1950, 1960s, 1970 s and 1980s. Due to the paucity of data we have not reproduced the poverty statistics in Nepal for the early decades. The table 6 gives poverty in Nepal

TABLE 4 : SIZE OF THE ECONOMY OF NEPAL, 1999

Population	- 23 Millions
Population Density	- 164 Per Square K.M.
Gross National Income	- 5.2 \$ Billion
Rank	- 108
Gross National Income per capita	- 220 \$
Rank	- 195
Gross Domestic Product % growth	- 3.9
G.D.P. (Average Annual Percentage Growth (1965 – 1999))	- 3.7
Trade as percentage of G.D.P. (1970)	- 13.0
Trade as percentage of G.D.P. (1999)	- 53.0

Source : World Development Indicators, World Bank, 2001

TABLE 5 :
KEY MACRO ECONOMIC INDICATORS OF INDIA & NEPAL, 1980 – 1999

	Average Annual % Growth	
	1980 – 90	1990-99
Gross Domestic Product		
India	5.8	6.0
Nepal	4.6	4.9
Export Value		
India	7.3	10.4
Nepal	8.1	8.2
Import Value		
India	4.3	10.3
Nepal	6.9	11.5
Gross Capital Formation		
India	6.5	6.5
Nepal	6.0	7.2

Source : Same as the Table – 4

TABLE 6 : PROVERTY IN NEPAL**Natioal Proverty Line****Population below the Proverty Line**

Survey Year	Rural%	Urban%	National %
1995 – 96	44.0	23.0	42.0

International poverty Line

Survey Year	Population below \$ 1 a day	Population gap at \$ 1 a day %	Population below \$ 2 a day
1995	37.7	9.7	82.5

Source : Same as Table 5

in 1995 – 1996. In 1995 – 96 in Nepal the rural people below poverty line was 44.0%.

The urban rate is 23%. And the national rate is 42%. This table also gives International poverty line for Nepal in 1995. Population below \$ 1 a day is 37.7% and poverty gap at \$ 1 a day is 9.7%.

The table 7 show that the social characteristics such as adult illiteracy, youth illiteracy rate, access to an improved sanitation etc, have very significantly improved from 1990 to 1999. For example, in Nepal percentage of population access to an improved water source increased from 66 to 81. Similarly in Nepal the percentage of people access to improved sanitation increased from 21 in 1990 to 27 in 1999. The table 8 gives other social variables such as children in the age group of 10 –14 in the labour force, school enrolment rates, etc. These all variables clearly show that compared to earlier decades like 1980, the welfare of the people have improved in Nepal very significantly in 1999.

IV. CONCLUSION

The above discussion has clearly explained the growth and development experience of India and its neighbouring country, Nepal. In the early decades of 1950s, 1960s, 1970s and 1980s the economic growth in India and Nepal was not very impressive. Also, this low economic growth resulted in very high poverty rates in both countries. But, the entire scenario changed especially after early 1990s. The economic growth rates showed very high rates especially after early 1990s. And these high economic growth rates were consistent. These better economic performances resulted in reduction of poverty rates in a big way. The poverty rates in India is 2007 is below 20%. In Nepal also the poverty rates are

TABLE 7 : SOCIAL CHARACTERISTICS OF INDIA AND NEPAL, 1990 – 1999

		1990	1999
Adult Illiterary Rate			
(% ages 15 and above)			
Male			
	India	38	32
	Nepal	53	42
Female			
	India	64	56
	Nepal	86	77
Youth Illiteracy Rate			
(% ages 15 -24)			
Male			
	India	27	21
	Nepal	34	25
Female			
	India	46	36
	Nepal	73	59
Access to an Improved Water Source			
(% of Population)			
	India	78	88
	Nepal	66	81
Access to Improved Sanitation Facilities			
(% of Population)			
	India	21	31
	Nepa	21	27

TABLE 8 : SOCIAL VARIABLES OF INDIA AND NEPAL, 1980 – 99

		1980	1999
Children 10-14 in the Labour force (% of age Group)	India	21	13
	Nepal	56	43
Gross Enrollment ratio (Primary)	India	83	100
	Nepal	86	113
Gross Enrollment ratio (Secondary)	India	30	49
	Nepal	22	42
Life Expectancy at birth (years)	India	54	63
	Nepal	48	58
Infant Mortality Rate(Per 1000 live births)	India	115	71
	Nepal	132	75
Under Five mortality rate (Per 1000)	India	177	90
	Nepal	180	109

Source : Same as for Table 7

low. Therefore, from the above discussion we can draw the inference that high economic growth and better economic development lead to high reduction of poverty rates in India and in Nepal. In other words, the lower economic growth and poor economic development result in increase of poverty situation.

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