Drivers of Change:
Moving in and Out of Poverty in Rural India

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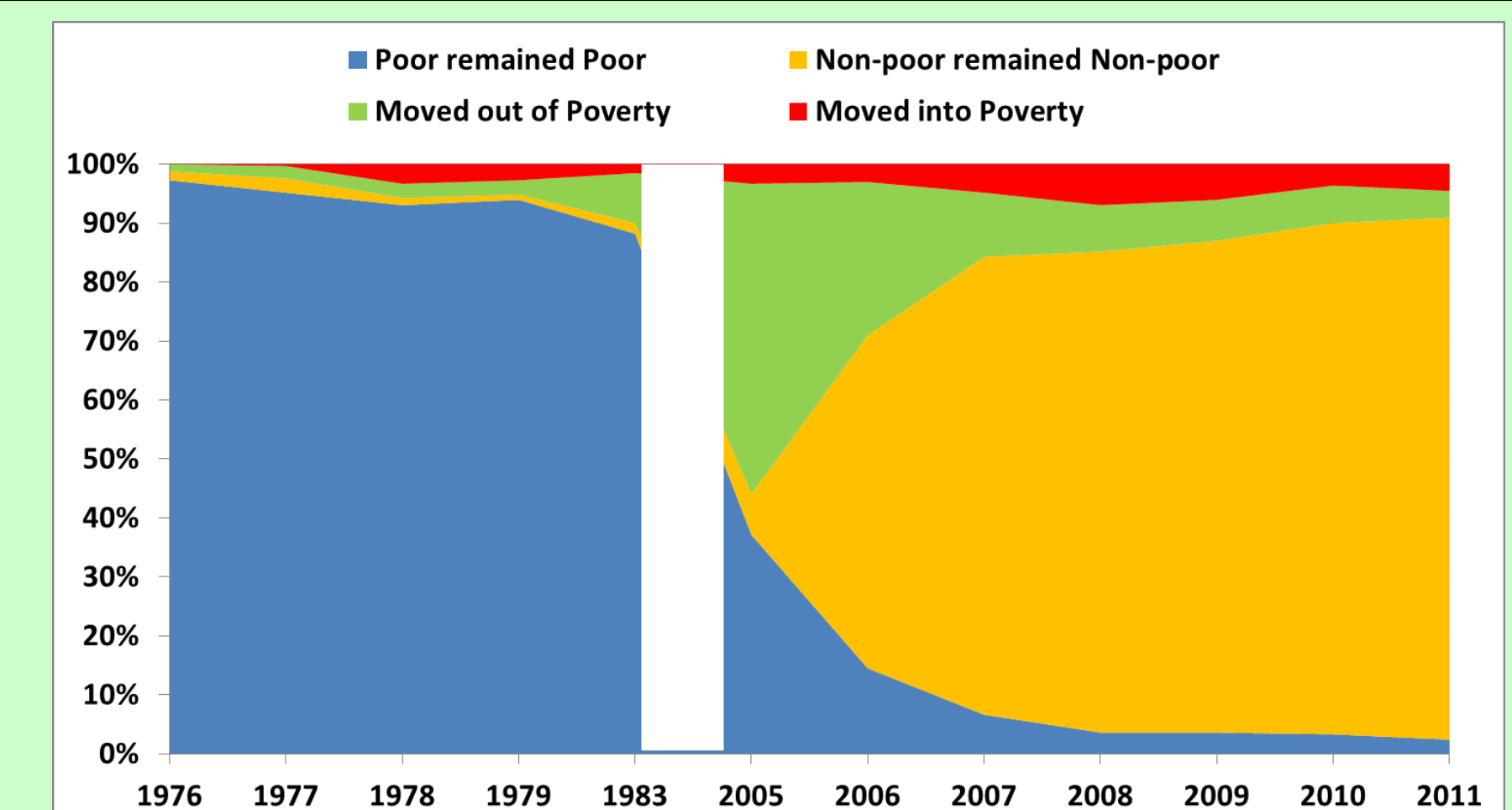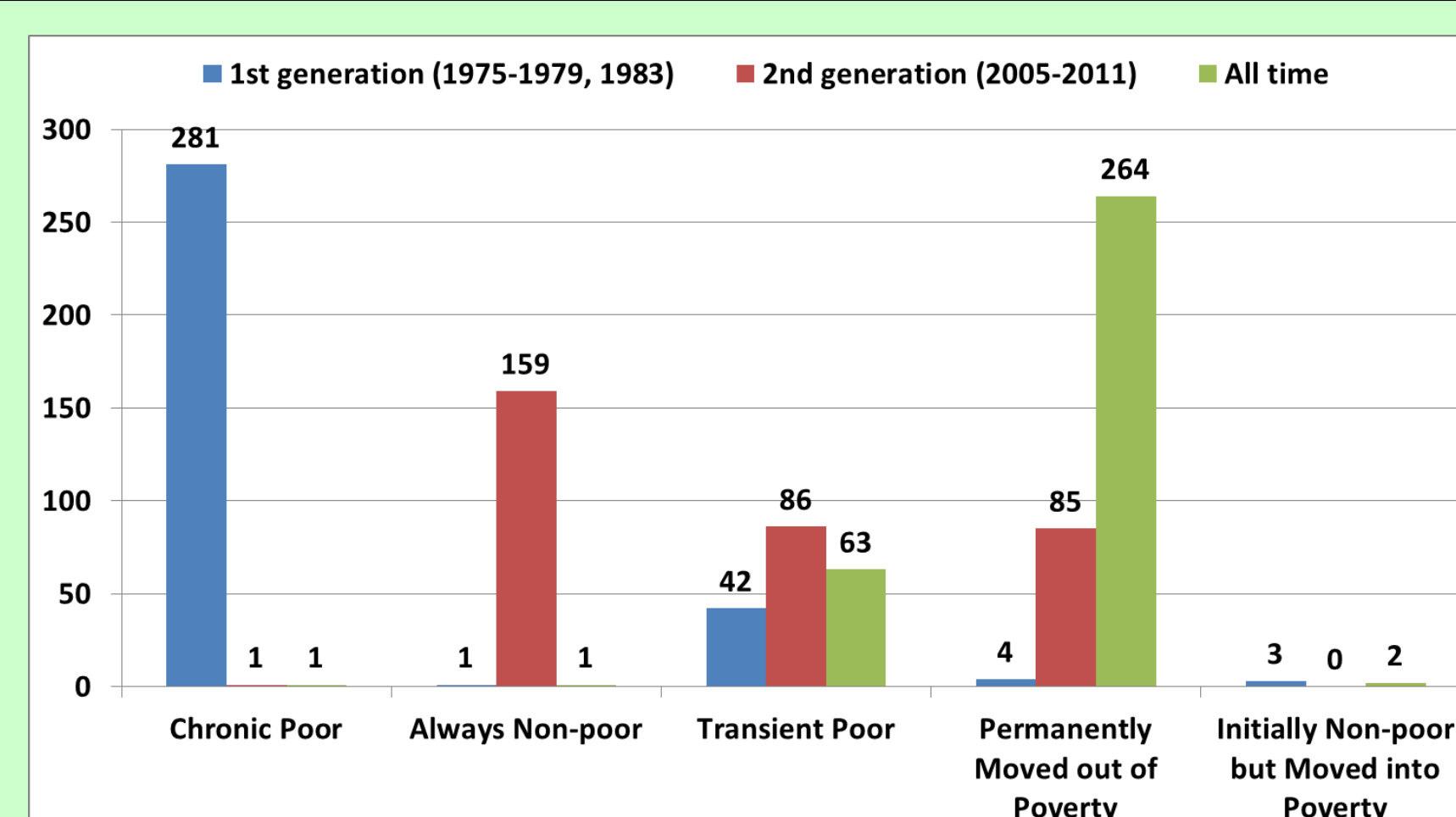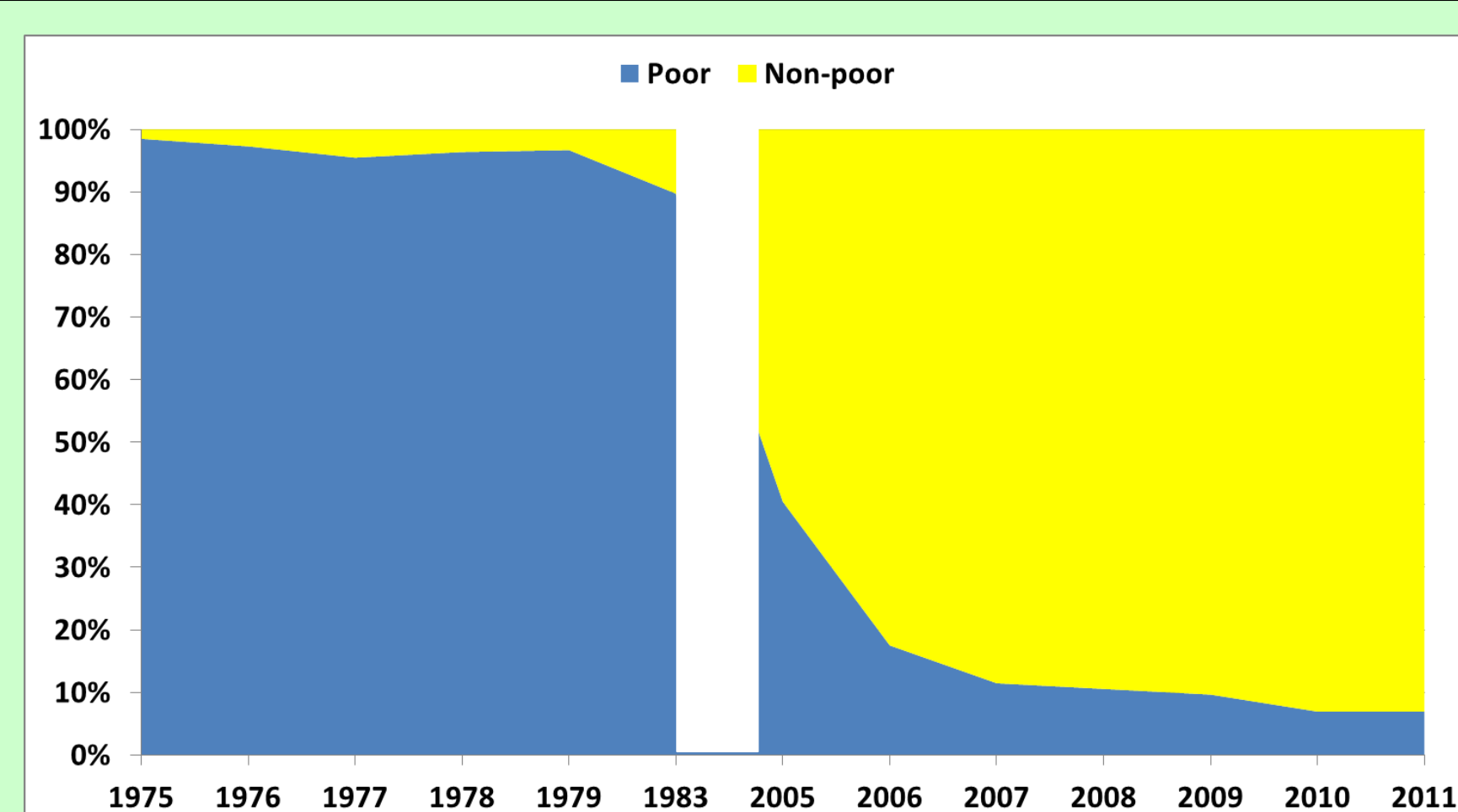**Keywords: poverty, chronic poverty, semi-arid tropics, India**

Introduction
How much of the poverty that we observe at any one date is persistent and how much is transient, reflecting variability in individual incomes over time?
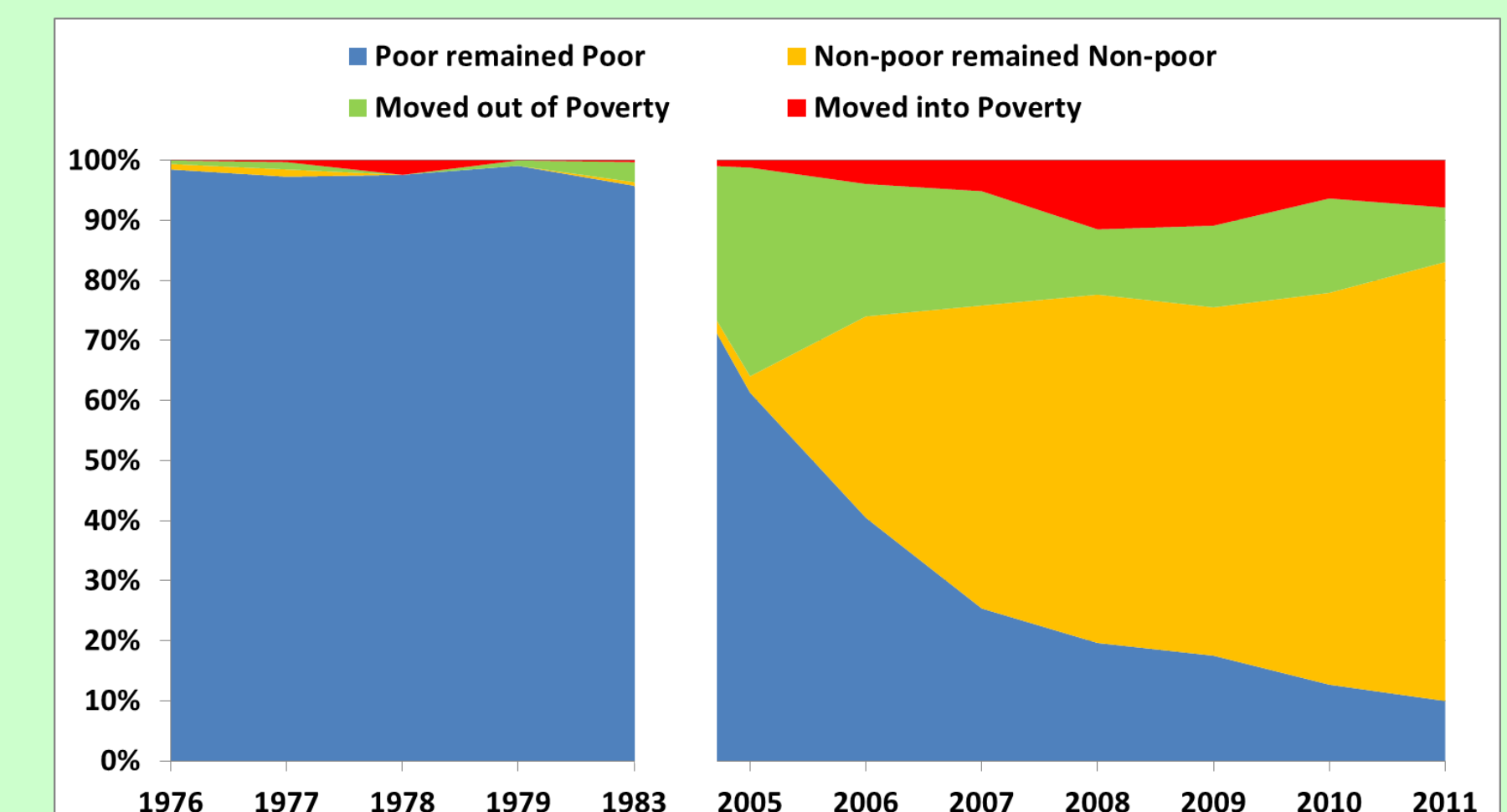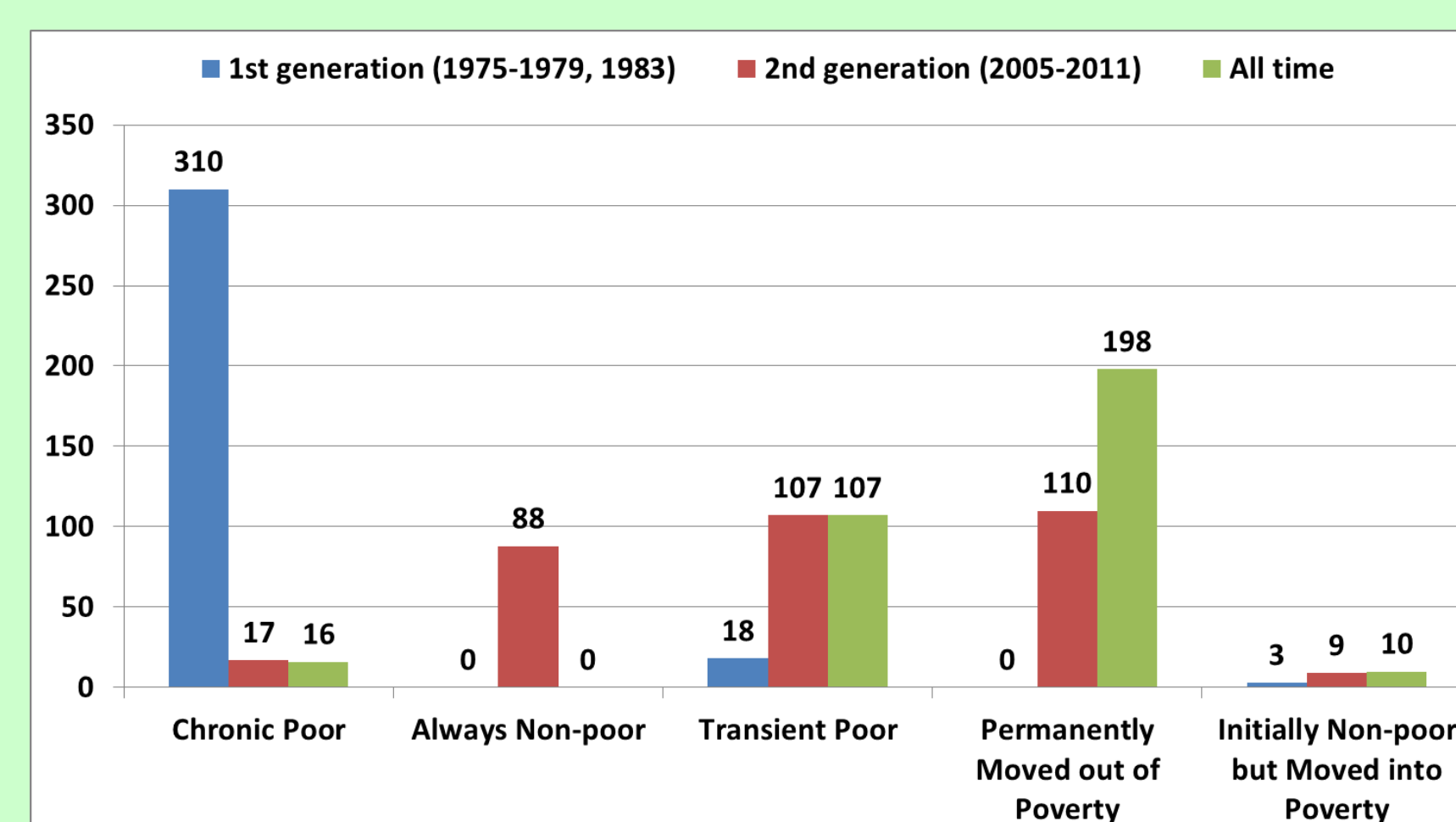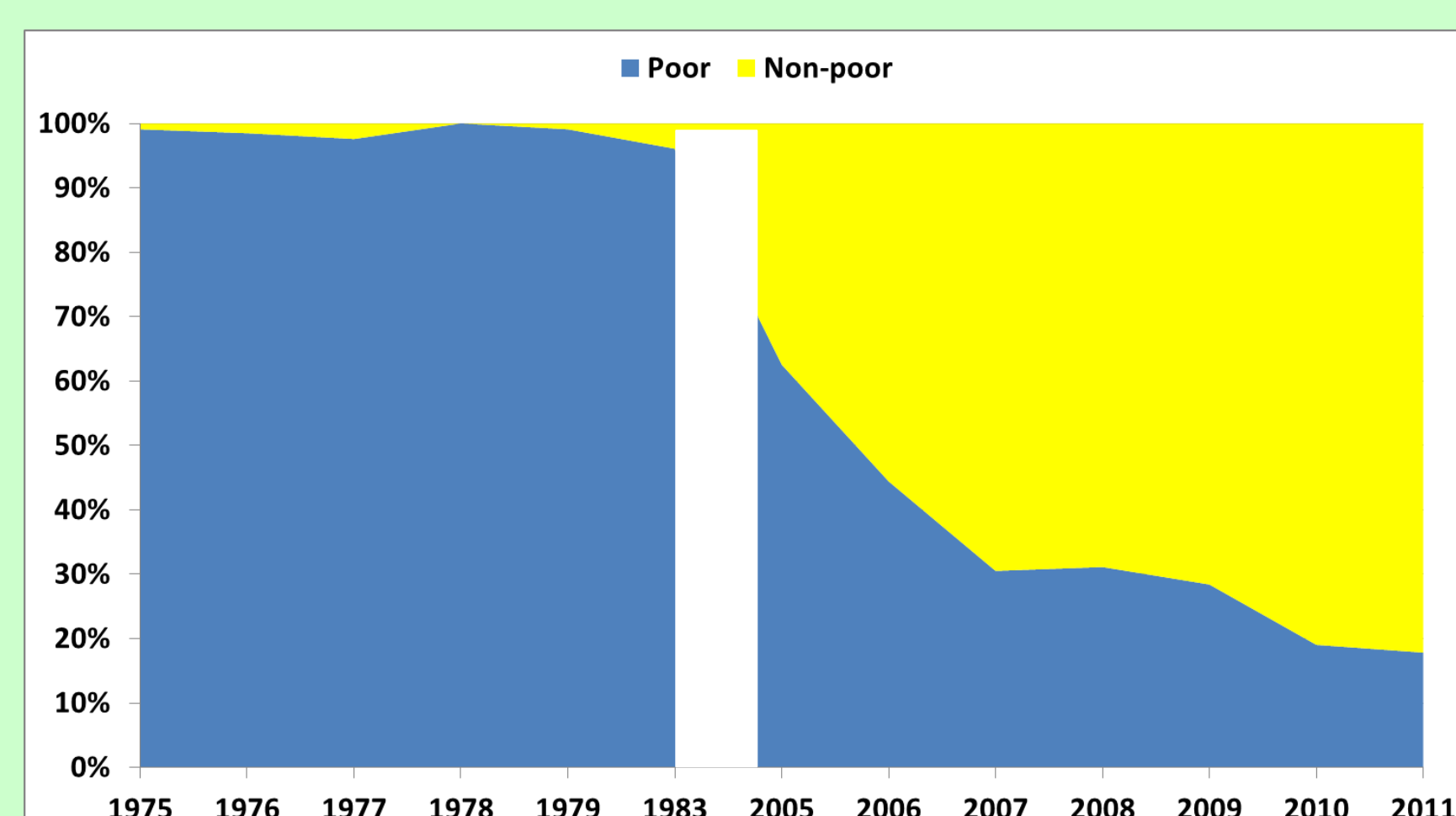
Data and Methodology
- Data: longitudinal household panel data from ICRISAT's Village Level Studies (VLS) villages, located in Andhra Pradesh and Maharashtra states of India.
- Poverty dynamics studies using panel data generally consider only those households having data for all the study years (For example, Balagtas et al. 2012). In this process split households are omitted, which has serious limitation for understanding the poverty dynamics.
- To overcome this, per capita income and other variables data for all households present in the latest years were generated using dynasty level information for 331 households for 1975-1979, 1983, and 2005 to 2011.
- For each year, sample households are grouped into poor and non-poor category using both lower and upper poverty line.
- Lower Poverty Line: $1.25 PPP per day per person; Upper Poverty Line: $2.00 PPP per day per person
- Poverty Categories of the Households: (1) Chronic Poor, (2) Always Non-poor, (3) Transitory Poor, (4) Moved Out of Poverty, and (5) Initially Non-poor but Moved into Poverty.

Poverty Trends (using Lower Poverty Line 1.25 $ PPP per Day per Person): 1975-2011

Poverty Trends (using Upper Poverty Line 2.00 $ PPP per Day per Person): 1975-2011

Characteristics of the Households Moving In and Out of Poverty in SAT India (1.25 $ PPP)

Particulars	1975 to 1977					2009 to 2011				
	Chronic poor	Always Non-poor	Transitory Poor	Moved Out of Poverty	Initially Non-poor but Moved into Poverty	Chronic poor	Always Non-poor	Transitory Poor	Moved Out of Poverty	Initially Non-poor but Moved into Poverty
Resource Endowments and Human Capital										
Own Total Area (Acres)	9.00	42.80	8.23	10.06	12.33	2.00	19.00	4.40	5.41	3.00
Own Dry Area (Acres)	8.40	42.80	7.52	8.95	12.33	2.00	1.50	2.45	2.45	2.00
Own Irrigable Area (Acres)	0.60	0.00	0.71	1.11	0.00	0.00	17.50	1.95	2.96	1.00
Cash Crops Area (Acres)	2.47	20.80	2.27	3.11	6.35	0.00	14.66	1.51	3.01	0.00
Food Crops Area (Acres)	6.80	27.67	7.79	9.30	10.15	0.00	5.99	1.72	2.66	0.00
MV Adoption Rate (%)	3.03	14.64	11.23	12.52	3.92	NA	99.70	89.98	88.93	NA
Dependency ratio	0.13	0.44	0.60	0.61	0.62	0.78	0.07	0.40	0.40	0.53
Age of HH Head (years)	57.67	51.00	45.51	45.58	36.00	30.00	52.00	52.57	48.26	70.00
Years of Education of HH Head	0.00	5.00	2.11	2.03	4.50	0.00	14.00	4.25	4.98	3.00
Asset Ownership and Liabilities										
Land (US$)	936	9495	1390	2102	1873	5824	106577	14037	21018	4581
Livestock (US$)	825	1543	231	308	261	0	1886	499	783	46
Building (US$)	654	1346	402	620	258	1740	10477	2405	3878	2220
Farm Equipment (US$)	18	334	103	161	56	10	2792	329	715	11
Consumer Durables (US$)	275	1118	158	244	213	1416	8722	1014	2444	262
Stock Inventory (US$)	22	1241	83	114	144	80	546	133	217	23
Savings (US$)	10	1008	43	58	193	156	3736	416	743	284
Borrowings (US$)	172	467	195	245	279	270	5270	725	1310	215
Household Income and Expenditure										
Household Total Income (US$)	186	2333	453	576	1048	448	9044	1598	3741	233
Share of Farm Income (%)	67.49	96.94	46.35	11.71	56.12	28.38	90.35	56.49	54.10	73.95
Share of Non-Farm Income (%)	32.51	3.06	53.65	88.29	43.88	71.62	9.65	43.51	45.90	26.05
Household Total Expenditure (US$)	122	1168	295	321	444	557	6256	1263	1883	703
Share of Food Expenditure (%)	75.26	24.81	60.68	57.78	49.39	60.27	37.12	55.74	50.05	52.20
Share of Non-Food Expenditure (%)	24.74	75.19	39.32	42.22	50.61	39.73	62.88	44.26	49.95	47.80

Poverty Dynamics
- Poverty level declined rapidly in the 2000s. Chronic poverty has almost disappeared among sample households in the recent years.
- Impact of droughts and other shocks to the household income stability reduced substantially in the 2000s than in the 1970s and 1980s.
- Diversification of income sources, expansion of non-farm activities and employment guarantee schemes contributed towards reduction of income vulnerability, and thereby, reduced poverty.
- *Multiple Pathways for Moving out of Poverty*
  - Intensification of agriculture through adoption of modern varieties (MVs), changes in cropping pattern
  - Diversification of agriculture (cultivation of high value crops, non-crop farming activities, integration of crop-livestock) and engagement in non-farm activities
  - Migration (seasonal and temporary) and commuting to nearby and faraway places for increased employment and earning
  - Access to market emerged through better connectivity and road infrastructure have benefitted farmers in SAT India
  - Social safety net programs such as employment guarantee schemes (MGNREGA) and subsidized food distribution under PDS contributed positively

Conclusion
Households who moved out of poverty had higher level of adoption of modern technologies, able to benefit from expansion of supplementary irrigation and achieved more years of schooling. On the other hand, the initially non-poor household who moved into poverty trap were didn't take advantage of modern technologies and educational facilities.