

Introduction to Crises, Vulnerability & Poverty in South Asia: Peoples' Struggles for Justice and Dignity

South Asia Alliance for
Poverty Eradication (SAAPE)

SOUTH ASIA HAS A RICH HISTORY which has contributed to the region's unique advancement over the ages. Many old civilisations of the world have their historical roots in South Asia. Thus, the land is endowed with rich and diverse cultures. The brave daughters and sons of this land have made historic contributions to the cause of humankind, including emancipation of people from slavery and various forms of injustices and exploitation. Likewise, abundant in natural resources, South Asia has a huge potential for progress and prosperity.

While the historical context and geographical endowment make for a promising start, South Asia faces many challenges. A vast majority of people in South Asia are persistently struggling for better livelihood. Out of the total population of the world, almost one quarter—about 1.6 billion people—live in South Asia, today. Noticeably, more than 40 per cent of the world's poor live in this region. Another distinguishing factor is the large variation in population size as well as the level and pace of socio-economic development across the region which is not similar to regional groupings in other parts of the world. As of 2011, in terms of population size; of a total of 1593 million people, India had the dominant share of around 75 per cent followed by Pakistan (11.1 per cent), Bangladesh (9 per cent), Afghanistan (1.7 per cent), Nepal (1.7 per cent), Bhutan (0.05 per cent) and the Maldives (0.02 per cent). With regard to gross domestic product (GDP) per capita measured in USD, the Maldives has the highest at USD 6405 followed by Sri Lanka at USD 2835, Bhutan at USD 2346, India at USD 1489, Pakistan

at USD 1189, Bangladesh at USD 743, Nepal at USD 619 and Afghanistan at USD 543, in 2011.¹ Out of the eight countries, four countries fall in the category of the UN-defined least developed countries (LDCs), of which three are landlocked. The share of distribution of GDP among the South Asian countries indicates that there is a lack of symmetrical distribution. For instance, in 2011, India's share was 81.4 per cent of the total GDP of USD 2271 billion compared to 9.3 per cent share of Pakistan and 4.9 per cent of Bangladesh. The effect of low level of GDP vis-à-vis GDP share is reflected in the cases of Afghanistan and Nepal, both standing at 0.8 per cent.

Growth, equity and HDI

The economic performance of countries in the South Asian region varies widely. Based on the relatively high growth performance of some South Asian countries, particularly India, South Asia as a whole is epitomised as a star performer or locomotive of the global economy compared to other parts of the world (UN, 2011). In reality, except for Sri Lanka, Bangladesh and the Maldives, the growth performance has either been low or has decelerated in recent years. In these three countries, growth rate has slightly improved from 6.1, 8.0 and 5.7 per cent between 2003 and 2007 to 6.7, 8.3 and 7.5 per cent during the period between 2007 and 2012, respectively.² Contrarily, a deceleration in growth rate has taken place in India in recent years from 9.6 per cent between 2003 and 2007 to 6.9 per cent between 2007 and 2012. During both periods, growth performance of Pakistan was quite low at 3.0 to 3.5 per cent. Another low growth performer is Nepal at 4.8 per cent during the period of 2003 to 2007 and 3.9 per cent between the period of 2007 and 2012. In Bhutan, the growth rate has reduced considerably from 11.8 per cent between 2003 and 2007 to 5.6 per cent between 2007 and 2012.³

The statistics mentioned above clearly reflect the heterogeneous growth rate in South Asia. The fluctuations noted also underline the lack of sustainability of growth per se. Given that people's lives are intertwined with the region's growth, it makes their involvement in both growth and

outcome processes critically important. Such participation is linked to the policy regime and accompanying structural and institutional set ups, both of which impact the development of productive forces, which in turn, determines social relations. It indicates that growth has to be accompanied by development which, *inter alia*, embodies equity and social justice; both principles being essential to the sustainability of growth itself. South Asia appears to be struggling on such fronts. A stark image of the region emerges from the analysis of the Human Development Index (HDI), the inequality adjusted HDI and the poverty by income and deprivation. These indicate that in addition to large variations among countries (which moves away from the rosy picture painted by the average growth trend of a few countries) the overall situation is quite alarming.

The HDI of 0.558 of South Asia is one of the lowest in regional comparisons (UNDP, 2013). When inequality is adjusted, it reduces by more than one third to 0.395 which reiterates the high inequality in South Asia. The issue of exclusion is clearly highlighted by the gender inequality index (GII) which is extremely high at 0.568. It is almost at par with the GII of Sub-Saharan Africa, which is 0.577.

The HDI is relatively high for Sri Lanka at 0.715 followed by the Maldives at 0.688, India at 0.554, Bhutan at 0.538, Pakistan at 0.515, Bangladesh at 0.515, Nepal at 0.463 and Afghanistan at 0.374. However, such ratios are reduced considerably when inequality is adjusted. These come down to 0.607 for Sri Lanka, 0.515 for the Maldives, 0.392 for India, 0.430 for Bhutan, 0.374 for Bangladesh, 0.356 for Pakistan and 0.301 for Nepal. Two types of ratios, for instance, show that inequality is high in Pakistan compared to Bangladesh (see *table 1.1 and 1.2*).

The Human Development Report of 2013 confirms that in most South Asian countries, the score in terms of the HDI is very low. Out of the 187 countries, Norway ranks first while Niger ranks last. Although Sri Lanka and the Maldives are comparatively better, South Asia as a region is still 'inhumane' in terms of access to income, health and education which is essential for decent living as per international standards (see *figure 1.1*).

Table 1.1
Population, economic growth rate, per capita income, HDI, inequality adjusted HDI, gender-based inequality and poverty in South Asia

Country	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka	South Asia
Population (in million), mid-2012	33.4	152.9	0.7	1259.7	0.3	26.6	180.4	21.2	1675.2
Share of population in South Asia (in %)	1.99	9.13	0.04	75.20	0.02	1.59	10.77	1.27	100.00
GDP (in USD), 2011	19.2	111.9	1.7	1848.0	2.1	18.9	210.2	59.2	2271.09
GDP share	0.8	4.9	0.1	81.4	0.1	0.8	9.3	2.6	100.0
Per capita GDP	543	743	2346	1489	6405	619	1189	2835	
PPP per capita GDP (USD)	1312	1416	5113	3296	5476	1115	2609	4772	3368
GDP growth rate, 2003-2007	8.4	6.1	11.8	9.6	5.7	4.8	3.5	8.0	
GDP growth rate, 2008-2012	5.7	6.7	5.6	6.9	7.5	3.9	3.0	8.3	
HDI	0.374	0.515	0.538	0.554	0.688	0.463	0.515	0.715	0.558
Inequality adjusted HDI		0.363		0.392	0.495	0.301	0.346	0.579	0.393
Gender-based inequality	0.707	0.550	0.495	0.617	0.320	0.558	0.573	0.419	0.601
% of people who are MPI poor		57.8	27.2	53.7	5.2	64.7	49.4	5.3	
Intensity of deprivation		50.4	43.9	52.7	35.6	54.0	53.4	38.7	
Population below poverty at PPP USD 1.25 a day, 2000-2009		49.6	26.2	42.6	1.5	55.1	22.6	7.0	
National poverty line 2000-2009	36.0	40.0	23.2	27.5		30.9	22.3	15.2	

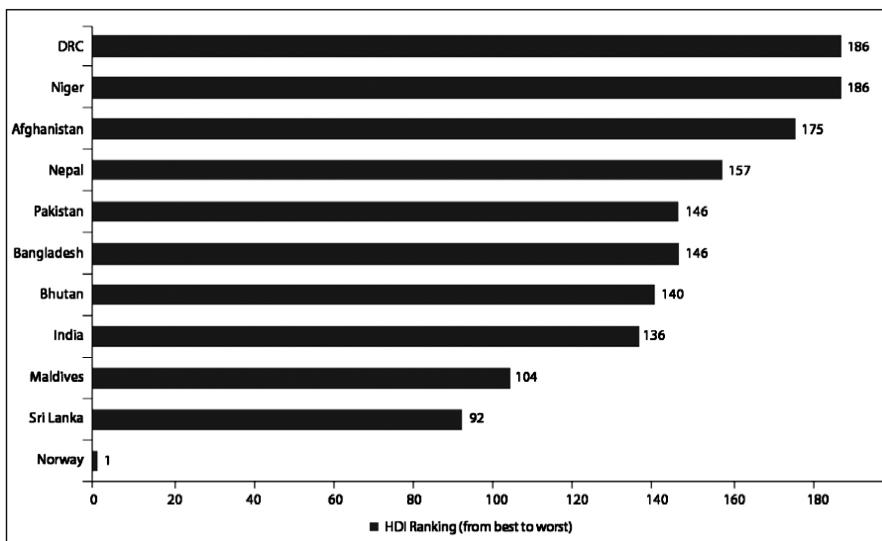
Source: UNDP (2013), World Bank online database & 2012 World Population Data Sheet

Table 1.2
Infant mortality rate, under-five mortality rate, life expectancy at birth, access to improved water source and improved sanitation in South Asia, 2001-2011

Variables	Year	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Infant mortality rate (IMR)	2001	92.7	59.2	62.6	62.4	35.7	59.3	74.3	15.8
	2007	80.5	44.6	49.2	52.9	16.0	46.1	65	12.4
	2011	72.7	36.7	42.0	47.2	9.2	39.0	59.2	10.5
Under-five mortality rate (U5MR)	2001	132.8	80.0	85.2	85.0	45.3	78.9	93	18.4
	2007	113.4	57.4	64.3	70.0	19.3	58.4	80	14.4
	2011	101.1	46.0	53.7	61.3	10.7	48	72	12.2
Life expectancy at birth	2001	45.6	65.2	62.2	62.0	71.3	62.3	63.4	71.8
	2007	47.2	67.7	65.8	64.1	75.4	67.0	64.5	74.3
	2011	68.9	67.3	65.5	76.9	68.7			
Percentage of population access to improved water source	2000	21.0	79.0	91.0	81.0	91.0	83.0	88.0	80.0
	2005	41.0	80.0	91.0	85.0	90.0	86.0	89.0	86.0
	2008	48.0	80.0	92.0	88.0	91.0	88.0	90.0	90.0
Percentage of population access to improved sanitation	2000	32.0	44.0	62.0	25.0	81.0	23.0	37.0	82.0
	2005	35.0	50.0	64.0	28.0	92.0	28.0	41.0	88.0
	2008	37.0	53.0	65.0	31.0	98.0	31.0	45.0	91.0

Source: UNDP and UNESCAP, online database

Figure 1.1
HDI ranking of South Asian countries



National income poverty estimates of individual South Asian countries show that poverty is around 32 per cent in Bangladesh followed by India (29.8 per cent), Nepal (25.2 per cent)⁴ and Pakistan (22.3 per cent). Sri Lanka has the lowest rate at 8.3 per cent. The purchasing power parity (PPP) based poverty estimate with USD 1.25 per day pushes up poverty considerably. For instance, the poverty rate for Bangladesh goes up to 43.3 per cent followed by 32.7 per cent for India, 24.8 per cent for Nepal and 21 per cent for Pakistan.

In traditionally exclusionary societies, deprivation-led poverty estimates reflect the ground reality more vividly.⁵ The latest multi-dimensional poverty estimates show that poverty continues to be very high in most South Asian countries. In terms of percentage, it is estimated at 57.8, 53.7, 49.4 and 44.2 per cent for Bangladesh, India, Pakistan and Nepal, respectively. The Maldives and Sri Lanka have low poverty levels at 5.2 and 5.3 per cent, respectively. The same measurements also depict the grave intensity of

deprivation in Pakistan, India, Bangladesh and Nepal, hovering around 50 per cent. Likewise, the poverty intensity is high in Bhutan at 43.9 per cent (UNDP, 2013). Hence, these figures adequately depict that as a result of wealth accumulation in a few hands,⁶ a majority of the South Asian population is suffering from destitution, deprivation and misery.

Problems of low economic growth and HDI

As per the discussion above, it is now understood that the region's economic growth has been inadequate and the HDI performance continues to be unsatisfactory. However, these problems are not novel and are rooted in both historical and contemporary factors. Historically, the structural and systemic problems of patriarchy, feudalism, class hierarchy, religion, caste, race, geographic location and ethnic-based discrimination or exclusion, have persisted. Many countries freed from colonisation or autocratic regimes continued with the old state-and-subject system of ruling, despite adopting either parliamentary or presidential forms of governance. No noticeable difference in democratic governance under federal or unitary system is found.

Countries like Pakistan have had to confront military regime, time and again. Nepal, where the erstwhile autocracy was followed by a decade-long violent conflict, is now undergoing a prolonged political transition. The Constituent Assembly (CA) elected in 2008 was dissolved in 2012, as it failed to draft a constitution even after four years of the constitution-making tenure. Although a fundamental change in the system is being pursued, one that focuses on socio-economic transformation and inclusion in political and social system, the prolonged transition accompanied by confrontation at the political level, is creating uncertainty in the institutionalisation of a progressive agenda. Bhutan is a young, evolving democracy while in the Maldives, bolstered by the forced resignation of the elected President, a conspiracy to weaken democracy is underway.

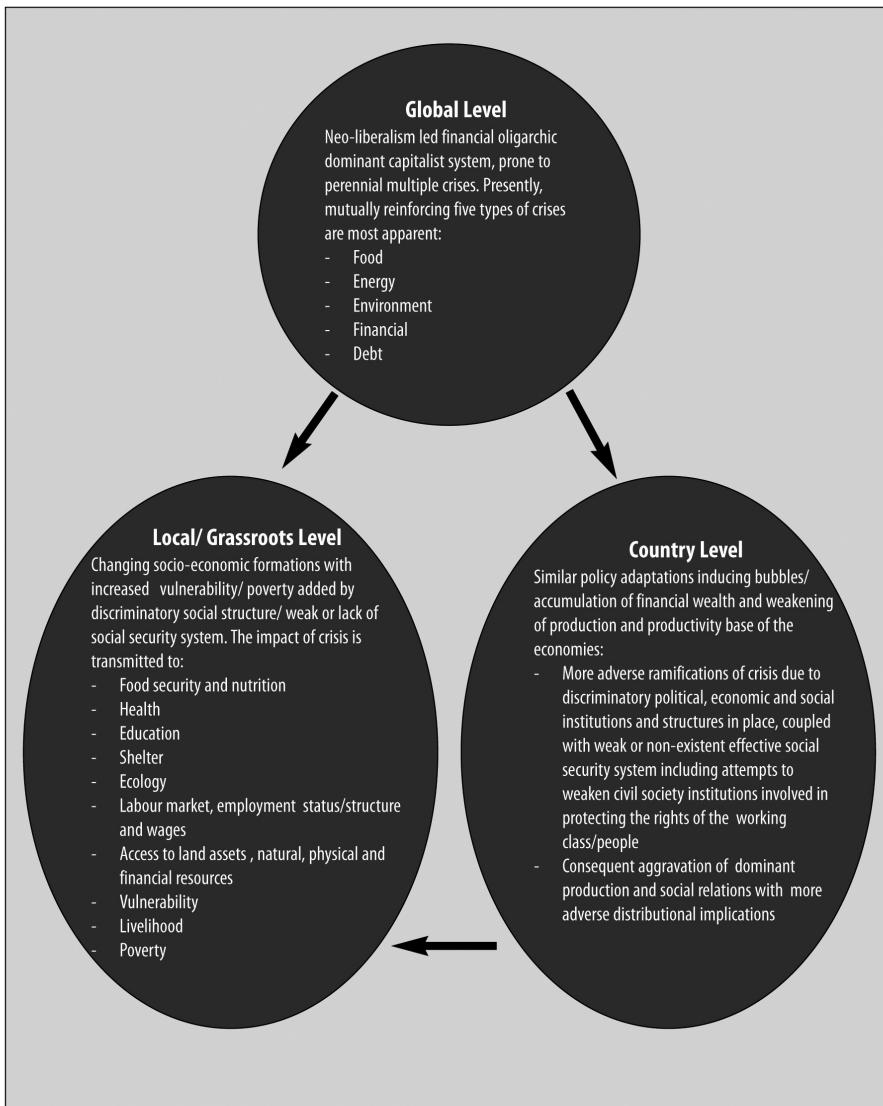
Such developments indicate that people are deprived of political, civil and economic rights, and a true 'participatory democracy' is yet to be

institutionalised in South Asian countries. A political system, limiting democracy to inducement of the electorate during periodic elections, as a tool for legitimising the bourgeois rule, continues. Democratic institutions strengthened by an in-built system to consolidate the rule of law, transparency and accountability, are conspicuous by their absence. The democratic rights of people are yet to be introduced and institutionalised at the grassroots. The judicial system also lacks the ability to ensure equality, rule of law and compliance to human rights. In most parts of South Asia, minority communities feel increasingly unprotected. Excess in abuse of authority and violation of minority rights are commonplace. Conflicts in different forms and manifestations—mainly rooted in denial, discrimination, exclusion, deprivation and marginalization—are frequent. These conflicts are deeply rooted in widespread poverty and in the traditional interwoven mechanism of exclusion and fundamentalism in different forms and magnitude. Characterised by such tendencies, anti-people economic policies are considered to perpetuate insecurity and vulnerability, with pervasive impacts on people's livelihood and consequent impoverishment.

Frequent and deepening multiple crises in the capitalist countries have augmented the abovementioned phenomenon and made it more alarming. A quick look at the circles in figure 1.2, explaining the channels through which multiple crises are impinging on the economies and people of the poor countries provides a clearer picture of the scenario.

As is evident from figure 1.2, along with the neo-liberal dominant global capitalist system intensifying multiple crises in the form of food, energy, environmental, financial and debt, the vulnerability of economies as well as people of developing countries including South Asia is bound to aggravate. At the country level, the speculation-led bubble is bound to contribute to the accumulation of imaginary wealth and capital, but at the cost of fast erosion in the production and productive base of economies. Amidst this, there are also attempts to weaken the civil society movements leading to the aggravation of dominant production and social relations with further adverse income distribution implications. Consequently, the

Figure 1.2
Transmission mechanisms through which multiple crises increase vulnerability and poverty



vulnerability of the people at the grassroots is accentuating further amidst multiple crises, transmitting severe adverse impacts on food security and nutrition, health, education, shelter, labour market and employment structure, access to land assets and natural, physical and financial resources, but above all, livelihoods and poverty.

Crisis in capitalism and harsh anti-working class conspiracies

Currently, we witness a scenario of over-accumulation of capital which has ensued from the anarchy of production. It manifests itself through an excess of saleable production. Such over accumulation accrues, not due to absence of enough people who have needs or desires of consumption, but because of the concentration of wealth prevents an increasingly large proportion of the population from being able to buy the merchandise. However, instead of it being a question of a standard overproduction of goods, the expansion of the credit system makes it possible for capital to accumulate in money capital which can take forms that are increasingly abstract, unreal, and ‘fictitious’. As such, the system has only been possible so far by excessive consumerism through increasing indebtedness, accelerated depletion of resources, increasing income inequalities and social exclusion and unrest which are no longer sustainable (Cairó-i-Céspedes & Grem -Universidad de, 2010).

The unique phenomenon of capitalism is the employment of various means to intensify exploitation and ensure profit; the latter being a prerequisite to the system’s survival. The conversion of industrial monopoly capitalism into financial capitalism today, is a vivid example. Put precisely, there are at least four different dimensions of the present systemic crisis: economic and financial crisis, human underdevelopment crisis, ecological crisis and socio-political and institutional crisis leading to human deprivation, increasing ecological depletion and rising conflict and social discontent. Thus, despite globalisation having integrated semi-capitalist, non-capitalist or pre-capitalist countries into the global markets, it has dismally failed to mitigate the crises (even temporarily) caused by growing

wealth and concentration of capital in the hands of a few, amidst stagnating purchasing power of the masses. Evidence suggests that, in order to avoid or minimise multiple crises or their intensification, fictitious capital of trillions of US dollars must be eliminated. However, given the present dominant financial oligarchic system, wherein the ruling class and elites of both advanced capitalist and developing countries function in proximity (the latter working as their surrogates); such a possibility is nearly impossible. Instead, along with the intensification of anti-working class policies, new or other alternative means are being explored and imposed globally to tackle the deepening crisis.

The financialisation-led bubbles encouraged by, among other factors, loose monetary policy in the US had created a technology-stock bubble in the late 1990s. This collapsed in 2000 and 2001, leading to the recession. Again, with the collapse of the information technology-led bubbles, following a phenomenal rise in the stock and property market arbitrarily, attempts were made to counter the long recession by cutting prime rate to a 45 year low of one per cent in June 2003. This was accompanied by an excessive reliance on deficit budget which contributed to fuel trade deficit leading to another bubble that originated from the housing and real estate sector in the US. Ultimately, these bubbles exploded in 2008 leading to the financial crisis with a high contagion effect, generating recession throughout the world. Although trillions of US dollars in bail-outs and fiscal stimulus packages helped overcome the financial meltdown temporarily, reliance on excessive deficit finance is now augmenting the debt crisis and threatening recession in capitalist countries. It is further combined with forceful imposition of anti-working class policies and other neo-liberal policies which make third world countries poorer.

Further, technocratic governments were installed in some peripheral Euro Zone countries, in violation of their constitutional provisions, in order to impose strong anti-working class austerity policies. In many capitalist countries today, including the US, policies pursued ensure high profits for big corporate houses, banks and financial institutions. On the other hand, high unemployment and stagnation are being ignored,

threatening livelihoods of the majority. As an offshoot, the policy of quantitative easing by printing billions of dollars every month, has been adopted since October 2012 by the US, which is also violative of its obligations as a country with international currency. Such a move is aimed at depreciating the dollar vis-a-vis currencies of developing countries. At the same time, it is also aimed at appreciating property prices in these countries by means of massive capital flows to these countries amidst low or zero interest rate in the US. The policy of quantitative easing has been replicated by other capitalist countries with adverse impact on the economies of developing countries and livelihood of people.

Alongside, land grabbing, capturing of mining and other natural resources of poor countries; market encroachment by Transnational Corporations (TNCs) (backed by their governments and of poor countries) is also intensifying. Direct military intervention and aggression in disguise has increased massively, more so, in oil-rich countries. It is to be noted that profit is being grabbed through illegal means by exploiting the weak governance and accountability system, which has further augmented crony capitalism in developing countries. But along with exposition and defaming of ruling establishments as a result of promoting crony capitalism, diversion from the real issues are being created, albeit with the backing of international monopoly capitalists. As such, more and more anti-working class policies are being intensified through further deregulation in administered prices. Similarly, these countries are pressurised to follow the policies of free entry of capital, goods and services of international monopoly capitalists in general and of TNCs, in particular.

Peoples' resistance for change

Amidst such crises, the responsibility to alter exploitative discourse and safeguard the rights of the oppressed, lies upon the people and social movements, including women's rights groups, peasants' rights groups, groups devoted to the rights of fisher folks, indigenous peoples, *Dalits*, minorities, trade unions and other progressive forces fighting for social justice and societal change.

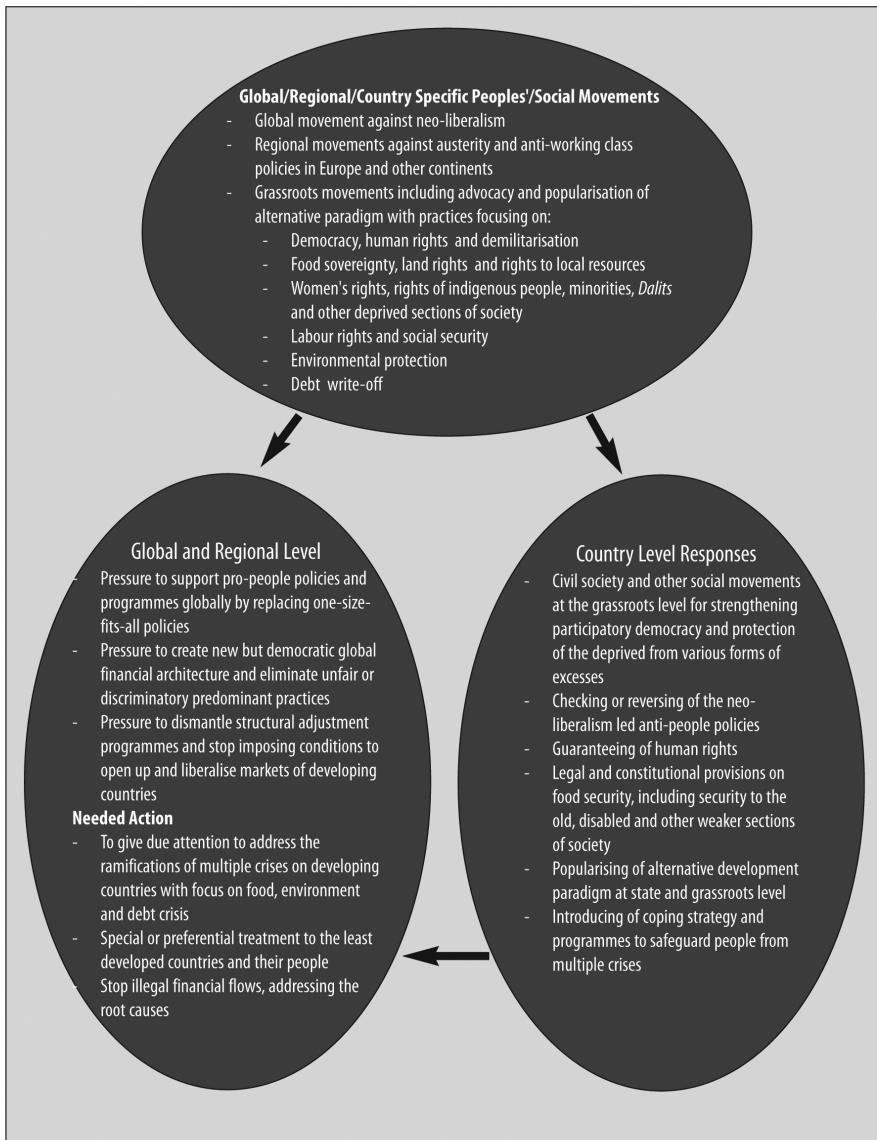
With the aggravation in exploitation of people across the globe amidst multiple crises under the dominant capitalist system, peoples' movements have intensified at different levels. This movement has been directed against neo-liberalism, which has manifested to the extent of revolt and uprising of the people in various parts of the globe. Today, the movement of the working class against austerities has heightened in Europe. In parallel, alternative development paradigms, which focus on genuine democracy, human rights and demilitarisation, food sovereignty, land rights and rights to local resources, women's rights, rights of the indigenous people, *Dalits*, labour rights and social security, environmental protection and debt write off, among others are also becoming popular.

At the global and regional level, pressure is being mounted to support pro-people policies and programmes by replacing one-size-fits-all policies. Such movements are advocating for the need to create a new but democratic global financial architecture, eliminating unfair or discriminatory predominant practices, dismantling structural adjustment programmes, stopping imposition of conditions to open up and liberalise markets of developing countries, among others. The generation and intensification of pressure on the need of concrete actions to insulate the developing countries from the severe adverse effect of multiple crises, is also part and parcel of peoples' movements at the global, regional, country and grassroots levels. Figure 1.3 shows how such movements are becoming instrumental in achieving these goals.

Experience shows that alliance-building and networking of civil society initiatives and other social groups involved in social movements of the South and North have succeeded in not only defeating many anti-people moves by multilateral institutions and other capitalist countries but has also provided alternative solutions to livelihood and empowerment. The global movement of 99 per cent against 1 per cent, the Arab Spring, the massive workers' movements in European countries, the resurgence of the Left in Latin America and intensification of pro-people movements in South Asia and other parts of the world are clear examples in this regard.

Figure 1.3

Peoples' grassroots movement geared to change economic discourse at global, regional, national and grassroots levels



Notes

(The article was originally published as the introduction to the book, Crises, Vulnerability & Poverty in South Asia: Peoples' Struggles for Justice and Dignity (2013) by South Asia Alliance for Poverty Eradication, Kathmandu: Sthapit Printing Press, 2–12. It is being reprinted here as is, including the images. The report can also be found online at <http://www.saape.org/index.php/news-room/news/5-saape-s-south-asia-poverty-report-2013-launched>.—Editor)

¹ Source: World Bank online database

² Ibid.

³ Ibid.

⁴ See (CBS 2012).

⁵ However, there are still many shortcomings in this method of estimating the rate of poverty, such as the use of arbitrary weights for various deprivation linked indicators; the exclusion of a number of critical variables like land assets, food security, shelter, productive employment and inequality; the problem of homogeneity in unit of measurement; bold assumptions on treating the extent and reliability of service availability under consideration, no room for shock type effect and the like. These factors would additionally yield a superior measure of poverty than taking the consumption or income approach of estimating poverty while linking it with deprivation.

⁶ Today some of the richest persons are from South Asia as a result of the fast accumulation process, leading to a tiny section of the population becoming billionaires and hence, an unprecedented rise in the gap between the haves and the have-nots.