

## Asset Linked Poverty Evaluation in India

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*Assets serve as a buffer to reduce vulnerabilities towards becoming poorer. In India it is seen that the asset holding class is skewed across States and asset inequality is also high in most of the States. The study tries to find out how asset poverty is linked with income poverty. It also finds out the path way of the households to move out of poverty. It suggests that the increase in literacy rate is important amongst those workers who are dependent on the agricultural sector for their livelihood. It decreases poverty and ultimately they will be able to move away from agriculture and get job opportunity in the manufacturing sector. The main policy implication of the paper is that human capital formation is a prerequisite for poverty alleviation.*

### I Introduction

Over the last decade India has had one of the fastest growing economies with considerable decline in the overall poverty. However, poverty varies significantly across the different States. It is an important not only because more than one-fourth of the world's poor live in India (Deaton 2002), but also because they triggered debate on the relationship between poverty, inequality and economic growth. The concept of poverty is complex. In many developing countries, poverty is associated with certain characteristics including low education, unstable employment, low job status, low and unstable income, poor housing conditions, large families, absence of savings, constant struggle for survival and absence of material possessions. However, most studies in developing countries follow the conventional view of poverty with focus on insufficient income for securing basic goods and services (Adeyeye 2000). The main reason for selecting income as one of the indicators of poverty is that it gives capability to the people to reach a certain standard of living. Moreover, information on income is easily available and we can calculate the number of people whose standard of living is below the pre-determined level of income. However, this does not tell us about who the poor are, why they are poor and whether their situation will improve in the long-run. Now-a-days many authors recognize that poverty is a complex phenomenon that cannot be reduced to the sole monetary dimension. This leads to the need for a multi-dimensional approach that consists of extending the

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