



EVOLVING PATTERNS OF RURAL POVERTY IN KERALA: EVIDENCE FROM CENSUS & NSS DATA

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Abstract: The trajectory of rural poverty in Kerala from 2001 to 2021 is examined in this study. The results show a sharp decline in multidimensional deprivation, especially in housing, sanitation, and access to clean cooking fuel, as well as a quick decline in income-based poverty. Rising rural earnings, remittance inflows, long term social development initiatives in welfare, health, and education, and structural changes in rural employment from agriculture to non-farm sectors have all contributed to these trends. The analysis shows that Kerala's long-term poverty reduction is driven by a combination of economic, social, and policy factors, offering insights for comprehensive rural development in comparable situations throughout India.

Index Terms - Rural Poverty, Multidimensional Poverty Index (MPI), National Sample Survey (NSS), National Family Health Survey (NFHS)

I. INTRODUCTION

Rural poverty remains a significant concern in development economics, particularly in developing countries where agriculture has traditionally been the primary source of livelihood and employment. In India, rural poverty has historically been associated with low agricultural productivity, landlessness, seasonal unemployment, and limited access to essential services. Consequently, poverty alleviation strategies have largely focused on income enhancement through agricultural growth and rural employment programmes. However, over the past few decades, structural transformations in the rural economy such as diversification of employment, expansion of non-farm activities, and increasing integration with urban markets have altered the nature and dynamics of rural poverty. These changes necessitate a re-examination of rural poverty not merely as an issue of low income, but as a multidimensional phenomenon shaped by broader economic and social processes.

Kerala occupies a unique position in the Indian developmental narrative regarding rural poverty. Unlike many states that rely on industrial growth or agricultural intensification to lift populations out of poverty, Kerala has achieved exceptionally low poverty levels through a sustained focus on human development. The foundation of this success lies in early social investments specifically in universal education, accessible healthcare, and comprehensive land reforms. These interventions, bolstered by a robust Public Distribution System (PDS), have ensured equitable social outcomes and high human development indicators. Consequently, recent estimates place Kerala's rural poverty at less than one percent, a sharp divergence from the national average that challenges traditional economic theories linking poverty reduction solely to primary sector productivity.

The dramatic decline in rural poverty has been accompanied by a profound structural transformation of the rural economy. As the agricultural sector has dwindled in its contribution to employment, there has been a significant migration of the workforce toward non-farm sectors such as construction, trade, and services. This shift is not merely an escape from farming but a transition into an "urban" economic model, where rural landscapes function as extensions of urban labour markets. In this semi-urbanized environment, rural households are no longer dependent on land for survival but are instead supported by diverse income streams, ranging from local service sector jobs to significant inflows of overseas remittances.

The phenomena of wage-led income growth are essential to this change. Kerala's rural salaries are almost twice as high as the national average due to a special combination of migration, labour scarcity, and effective collective bargaining. By guaranteeing that even informal labour pays a livable wage, this high wage floor acts as a structural barrier against extreme poverty. In the end, the Kerala story shows that social welfare and workforce diversification, not agricultural growth, may end rural poverty. The current pattern of rural life in the State is defined by this transition from a farm-dependent community to an economy driven by wages and remittances.

Although income-based measures indicate that rural poverty in Kerala has been almost completely eradicated, a more thorough examination shows that non-income vulnerabilities still exist. According to recent Multidimensional Poverty Index (MPI) data, certain rural population segments continue to lack basic facilities and infrastructure, including contemporary sanitation, clean cooking fuels, and high-quality housing. This indicates a fundamental change in the topography of rural poverty: localised, structural deprivations have replaced a general absence of a basic income. This development raises the possibility that conventional consumption-based evaluations are no longer adequate since they run the risk of hiding the specific struggles that marginalised groups in an otherwise wealthy state experience.

This trajectory's distinctiveness becomes even more apparent when compared to the rest of India. Although rural poverty has been declining worldwide, the rate and depth of the fall in Kerala have far exceeded national statistics. Rural poverty is a major issue in parts of India, with a substantial reliance on low-productivity agriculture and precarious informal work. Kerala's success, on the other hand, is the result of state-specific factors, most notably long-term social welfare policies, a highly regulated labour market with high pay floors, and a robust economy powered by migration and remittances.

Moving beyond simple income indicators, the Kerala experience demonstrates that the last stages of poverty elimination necessitate tackling individual "pockets" of multidimensional deprivation rather than overall economic suffering. The dichotomy between Kerala's "urban" success and the country's reliance on primary-sector workers provides important lessons for rural development policies. It implies that once a state has reached a high-income floor, the policy focus should move to equitable infrastructure distribution and focused social interventions to address the persisting vulnerabilities that income alone cannot address.

In light of this, the current study uses secondary data from the Census of India, National Sample Survey (NSS), Periodic Labour Force Survey (PLFS), and NFHS-based MPI estimates to analyse the shifting patterns of rural poverty in Kerala between 2001 and 2021. The study intends to examine how the characteristics, causes, and expressions of rural poverty have changed over time rather than concentrating only on poverty alleviation. The paper aims to provide a thorough knowledge of rural poverty transformation in Kerala while placing it within the larger national context by connecting trends in poverty headcount ratios with changes in employment structure, pay dynamics, and multidimensional deprivation.

For this study secondary data has been collected. From the website of KSE the monthly stock prices for the sample firms are obtained from Jan 2010 to Dec 2014. And from the website of SBP the data for the macroeconomic variables are collected for the period of five years. The time series monthly data is collected on stock prices for sample firms and relative macroeconomic variables for the period of 5 years. The data collection period is ranging from January 2010 to Dec 2014. Monthly prices of KSE -100 Index are taken from yahoo finance.

Review of Literature

Kerala's shift from conventional agriculture-led growth models to a "wage-led" and "remittance-driven" rural economy is frequently highlighted in the literature. According to K.P. Kannan (2021), the "Kerala Model" has changed from emphasizing basic income to advancing human capabilities. Early social investments in health and education produced a labour force that successfully moved from low-productivity farming to high-wage non-farm sectors. The work of S. Irudaya Rajan (2020) complements this by showing how international migration and the ensuing remittance inflows have not only decreased absolute poverty but also significantly changed rural spending patterns, thereby "urbanizing" the rural way of life. Additionally, Zachariah, Mathew, and Rajan (2001) demonstrate that this migration serves as a safety net, giving rural households a degree of economic resilience.

The transition from widespread income poverty to localized multidimensional deprivation is also highlighted by recent research. Kerala has the lowest rural headcount ratio in India, yet certain "pockets" of vulnerability still exist among marginalized groups like the Scheduled Tribes and fisher communities, according to NITI Aayog (2023) studies. Sabina Alkire et al. (2021) note that when absolute income poverty vanishes, the "pattern" of poverty in Kerala shifts from "food insecurity" to "infrastructure gaps," with deprivations now concentrated on clean fuel and housing quality.

Significance of the Study

This study goes beyond standard, income-centric measurements to reflect the developing terrain of deprivation in rural Kerala. Although official numbers show a significant decrease in poverty headcount ratios, these figures frequently disguise ongoing non-income vulnerabilities, particularly those related to housing quality, sanitation access, energy reliability, and the precarious nature of informal employment. The study presents a nuanced analysis of contemporary poverty by utilising a multidimensional framework and linking it to structural transformations in labour patterns and pay dynamics. This method is critical for finding localised "pockets" of deprivation that remain concealed inside a high-wage economy, ensuring that policy interventions address the nuanced vulnerabilities that exist even after absolute income poverty has been substantially eliminated.

From a comparative and policy standpoint, this work is highly relevant. Kerala's experience of rapid rural poverty reduction, when examined in contrast with national trends, offers valuable insights into the role of labour diversification, expansion of non-farm employment, social development interventions, and remittance-supported rural economies. The study adds to the larger conversation on inclusive growth and rural transformation by methodically examining Kerala's rural poverty trajectory in comparison to the all-India picture. In order to achieve more equitable and long-lasting poverty reduction achievements, the findings highlight the necessity of changing rural development methods from a narrow focus on income support to a more holistic approach that targets residual and multidimensional deprivations.

Statement of the Problem

While income-based indicators show that rural poverty in Kerala has significantly decreased, there are still considerable uncertainties about the permanence and changing form of disadvantage in rural areas. A large portion of the material now in publication focusses on quantitative poverty reduction, frequently ignoring structural shifts in rural employment, the increasing reliance on non-farm activities, and the rise of non-income deprivations. Concerns regarding the suitability of conventional poverty indicators in capturing the lived realities of rural inhabitants are raised by the near-elimination of income poverty. A crucial research gap that this study aims to fill is the lack of thorough empirical analyses that connect poverty trends with labour market dynamics, wage movements, and multidimensional deprivation within a comparative Kerala-India context.

Objectives

1. To study Kerala's rural poverty patterns in relation to India
2. To evaluate how multidimensional poverty indicators have changed over time among rural population in Kerala.
3. To investigate structural shift in Kerala's rural employment

Data Source and Methodology

The study examines shifting trends in rural poverty in Kerala between 2001 and 2021 using a descriptive and analytical research design based solely on secondary data. Data are drawn from the Census of India, National Sample Survey (NSS) rounds, Periodic Labour Force Survey (PLFS), NFHS-5, and NITI Aayog's Multidimensional Poverty Index (MPI) reports. These resources offer data on rural job structure, salary trends, multidimensional deprivation indices, and headcount ratios for poverty. Kerala's rural poverty trends are evaluated in relation to the all-India context using a comparative methodology.

Using key indicators like rural poverty headcount ratios, the sectoral makeup of rural employment, average rural wages, and a few Multidimensional Poverty Index (MPI) indicators like access to cooking fuel, housing, sanitation, education, and nutrition, the analysis uses trend and comparative techniques. Long-term patterns in rural poverty and employment are examined using descriptive statistical techniques like percentage analysis and inter-period comparisons. The study aims to understand how structural changes in rural employment and growing wage levels have affected the changing form of rural poverty in Kerala by combining income-based metrics with multidimensional variables.

Period of the Study

The study's two-decade duration (2001–2021) allows for an analysis of long-term shifts in rural poverty trends. PLFS and NFHS/MPI data are utilised to record recent trends, while Census and NSS data offer benchmark estimate for the early and mid-periods.

Findings and Discussion

Table 1: Trends in Rural Poverty Headcount Ratio (HCR)

Period (Data Source)	Rural Kerala (%)	Urban Kerala (%)	Total Kerala (%)	National Rural Average (%)
2004–05 (NSS 61st Round)	20.20	18.40	19.70	41.80
2011–12 (NSS 68th Round)	9.10	5.00	7.10	25.70
2019–21 (NFHS-5 / NITI MPI)	0.71	0.42	0.55	32.75*

As the table shows, rural poverty in Kerala has significantly declined over the past 20 years. Kerala's rural poverty headcount ratio (HCR) was only 0.71% in the NFHS-5/NITI Aayog MPI statistics by 2019–21, compared to 20.2% in the NSS 61st round (2004–05) and 9.1% in the NSS 68th round (2011–12). In comparison to the national rural average of 41.8% in 2004–05 and 32.75% in 2019–21, Kerala's overall poverty rate dropped to 0.55%. Urban poverty declined significantly as well. When compared to national trends, this indicates that Kerala has virtually eliminated income poverty, particularly in rural areas.

This substantial decrease is due to multiple factors. First, household incomes have increased due to structural changes in the rural economy, such as a decline in agricultural employment and an increase in nonfarm and service-sector employment. Second, household purchasing power has expanded due to Kerala's high rural earnings, which are mainly funded by remittances from migrants. Third, long-standing social development initiatives have reduced vulnerability while increasing human capital. Examples of these initiatives include widespread literacy, health care, land reforms, and effective public distribution systems. The character of rural poverty in Kerala has changed from widespread income deprivation to residual and multidimensional deprivation as a result of these economic and social factors working together.

Table 2: Multidimensional Poverty Index (MPI): Rural Deprivation

Deprivation (Rural)	Indicator	% of Population Deprived (2015-16)	% of Population Deprived (2019-21)
Nutrition		1.1%	0.6%
Years of Schooling		0.4%	0.2%
Cooking Fuel		16.4%	4.8%
Sanitation		1.8%	0.1%
Housing		3.2%	1.5%

Sources: NITI Aayog, NFHS-4 & NFHS-5 Kerala State Reports.

Key multidimensional deprivation indicators in rural Kerala are highlighted in the table, which demonstrates a notable decline in non-income poverty throughout that time. In 2015–16, nutritional and educational deprivations were already quite low, at 1.1% and 0.4%, respectively. By 2019–21, they had further decreased to 0.6% and 0.2%. Reductions in housing deprivation (from 3.2% to 1.5%) and sanitary deprivation (from 1.8% to 0.1%) also demonstrate improvements in living conditions. The most significant shift was in the availability of clean cooking fuel, which dropped sharply from 16.4% to 4.8%, highlighting the success of legislative initiatives meant to increase rural households' access to energy.

Government welfare programs, such as the Pradhan Mantri Ujjwala Yojana (PMUY), the Life Mission housing plan, and sanitation initiatives that increased access to basic facilities, are responsible for these gains. While public health and nutrition initiatives like ICDS decreased malnutrition, high literacy and universal education promoted improved educational achievements. Growing rural revenues from non-farm jobs and remittances also increased household purchasing power, allowing for expenditures in energy, housing, and sanitation. When taken as a whole, these elements have significantly reduced multidimensional deprivation in rural Kerala.

Table 3: Rural Employment Trends in Kerala

Year	Rural Agriculture Employment (%)	Rural Non-Farm Employment (%)	Avg. Rural Daily Wage (Male)
2001 (Census)	35.4%	64.6%	₹160
2011 (Census)	28.5%	71.5%	₹450
2021 (PLFS/Est.)	22.1%	77.9%	₹800+

Sources: Census, Periodic Labour Force Survey

The table shows how Kerala's rural labour has changed fundamentally during the last 20 years. In 2001, male rural workers earned an average daily income of ₹160, with 35.4% working in agriculture and 64.6% in non-farm occupations. In 2011, nonfarm employment had increased to 71.5%, while agricultural employment had decreased to 28.5%. The average rural wage increased significantly to ₹450. In 2021, PLFS predicts that non-farm employment will reach 77.9%, with average male daily wages over ₹800. However, agricultural employment will continue to decline to 22.1%.

This change has been influenced by a number of reasons. Rural households are now more likely to work in construction, services, and informal non-farm jobs due to the declining profitability of small-scale agriculture and fragmented landholdings. Household incomes have increased because to rising rural wages, labour scarcity, government initiatives like MGNREGA, and remittances. Rural labourers now have more access to

higher-paying non-agricultural jobs thanks to high literacy and education levels. Together, these elements have reduced reliance on agriculture and changed employment patterns.

Conclusion

A detailed examination of rural poverty in Kerala between 2001 and 2021 reveals notable changes in both the type and extent of deprivation. While income poverty has significantly decreased, multidimensional indicators show declines in housing, sanitation, and energy-related deprivations. Long-standing social development initiatives in the areas of welfare, health, and education, as well as structural shifts in rural employment, rising wages, and remittance inflows, are responsible for this progress. Kerala's example shows that sustained poverty reduction depends not just on income growth but also on inclusive policies, human capital development, and workforce diversification. These lessons are crucial for comprehensive rural development initiatives in India.

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