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2.1 Introduction:

One-third of the world's poor live in India, and there are more poor people in India alone than in the whole of Sub-Saharan Africa. Over 70% of the population lives in rural areas. Agriculture and related activities in rural India contribute to 33% of the Gross Domestic Product, and is responsible for the employment of over 60% of the workforce. Hence, when one talks of socio-economic progress in India, what is mostly relevant is how the lives of the rural people have changed. Overall statistics such as the national GDP could mask the reality in the rural life.

One of the great success stories of India is the nation's achievement in food production. The Bengal famine of 1943 was responsible for the deaths of over 4 million people and catapulted the Green Revolution in 1967. New agricultural methods incorporating the use of genetically improved seeds, double cropping and expansion of farming land brought about national self-sufficiency in grain production. Constant innovations in farming techniques continue to increase unit output, but this remarkable success has not yet fully insulated the country from the impact of drought and declining water sources. Nor has the contribution of the rural sector to the nation's economic prosperity brought about the desired improvement in the lives of the 300 million poor who mostly live in the villages. That is a story the nation cannot hide.

The real story of rural India must be told with over 300 million characters who live in poverty with less than a dollar a day in income for a family of four, and whose social status in their communities is relegated to below the holy cow, the potent snake and the spirited monkey. It is a land where the elites of the villages - the upper class and the landlords - prey on the helpless, often in collusion with government officials who are supposed to help and protect them. It is a life where hope for a better future is as distant as the burning sun, and nothing that happens around them, including the so-called "IT revolution," brings about solace.

To deal with all these situations, considerable funds are being allocated by central and state governments, and bilateral and multilateral agencies are also making
their contribution, and yet, the intended beneficiaries have realised only marginal gains in the past fifty or so years. Even to a layman it is obvious that something is awfully wrong, and something different must be done if we are to expect the situation to improve in the next fifty years.

The hindrances faced by the poor in overcoming their deprivation are not limited to the lack of opportunity to gain a good education and to have a steady source of income. These people are the victims of what appears to be a permanent social and economic arrangement wherein the local elites—landowners, merchants, money lenders, officials—maintain a choke hold over the poor by consolidating more wealth and power through appropriation of additional land (either by purchase of through Govt. lease allocations), and by employing the poor at low wages, while enforcing "discipline" and silence through punitive measures. Urban interest also gain from market-based exploitation wherein rural products and services are kept at such low prices that without government subsidies, there is no profit to be gained.

Modern farming using precision agricultural tools is the key to increased output and profitability. Reliance on traditional methods by the small farmer is necessitated by a lack of adequate funds; hence the goal should be to teach new techniques and offer financial credits to implement them. Once again, private institutions can be appointed by the government and rewarded on the basis of crop output from those farms they oversee. It is important to ensure that the farmer receives all the subsidies and other incentives that he is entitled to, instead of the officials who administer them.

Special incentives should be provided for dry-land cultivation, and water management using drip irrigation, "fracturing" of wells, and water collection and storage. Use of solar and wind energy can be a good alternative to conventional power in most areas, as there is usually plenty of sun and wind during most of the year. Once again, lowering the cost of such technologies and long-term financial credit can pave the way for reducing the cost of farming. Vigorous competition among private companies in these product areas will assure the introduction of superior technologies and cost effective solutions.

Most small farmers lack access to non-local markets for their produce, mainly as a result of inadequate market information and transport costs. The government can
assist small farmers by helping them form cooperative marketing arrangements, and by offering daily price information. Further, seasonal fixed price purchase arrangements can be negotiated by the cooperatives with buyers and processing companies. The goal here should be to find ways to improve the collective bargaining power of small farmers, without direct involvement by government officials in the determination of prices.

Indian poverty is predominantly rural, where landless labourers and casual workers are the worst-off economic group. Scheduled Castes and Tribes, women and female-headed families, old people, and female children face more deprivation than others. The rural poor are primarily those with limited ownership of assets—including land. The vast majority of the rural poor in India are engaged in agriculture (including fishery and livestock), either as agricultural wage laborers or marginal farmers.

There are several important characteristics of the rural poor. First, almost 42% of the rural poor fall into the most economically disadvantaged group of agricultural labour. Furthermore, more than half of this group consists of Scheduled Castes and Scheduled Tribes (SCs and STs). Overall, SCs and STs constitute about 25% of the rural population but account for more than 42% of the poor. This imbalance has prompted a series of affirmative action interventions in favour of SCs and STs.

Poverty is an extremely complex phenomenon, which manifests itself in a range of overlapping and interwoven economic, political and social deprivations. These include lack of assets, low income levels, hunger, poor health, insecurity, physical and psychological hardship, social exclusion, degradation and discrimination, and political powerlessness and disarticulation. Interviews with the poor have suggested that the aspirations of the poor are in fact for survival, based on stable subsistence; security, based on assets and rights; and self-respect, based on independence and choice.

Therefore, policy instruments should be designed to address not only the low income and consumption aspect of poverty, but also the complex social dimensions. The range of affirmative action undertaken by government towards SCs and STs is one attempt to address some of these social dimensions. The Tenth Plan Approach Paper argues that the benefits of growth have trickled down only to a very limited extent. At least 60% of rural households and about 20% of urban households do not have a
power connection; only 60% of urban households have taps within their homes, even fewer have latrines inside the house.

Environmental degradation, which was not much of a concern until quite recently, has started to accelerate, particularly in urban areas. Deterioration in the urban environment increases in slum population, and in air, river and water pollution has vastly affected the quality of life of the urban poor. Land and forest degradation in the rural areas, and over-exploitation of groundwater has seriously threatened sustainability of food production, traditional irrigation systems and even availability of safe drinking water.

Within the household, women are significantly more disadvantaged than men. They have poorer literacy rates (nationally, 54% against 76% for men)\(^1\) and even less control over decision-making within the family and over family assets. Secondly, overall two out of three children are moderately or severely malnourished, and the nutritional status of children from poor families is alarming. In addition, multiple deprivations linked to poverty, gender and caste is a deeply rooted reality in the countryside, and any comprehensive effort to reduce poverty must confront that reality and its consequences. The realities are visible in the segregated hamlets where many of the lower castes live on the fringes of rural villages, often distant from community services - schools, health centers, public hand pumps, and shops that distribute subsidized grains-in principle meant to assist the poor.

The urban poor are characterized by extremely poor living conditions in slums, on public lands, or often on the road itself. They are generally first generation migrants with no security of jobs or housing, and are subject to police and municipal brutalities. They are in occupations where health and safety provisions either do not exist or are widely flouted, such as hawking or rickshaw pulling (or under contractors who are violating labour and factory laws), and therefore become dehumanised and criminalised by the very processes of survival. What remains to be implemented is more social control over housing space, a ban on certain types of industrial activity in metropolitan towns, and rigorous implementation of labour laws in favour of migrant populations.
As rural people are pushed to the city because of abject rural poverty and unemployment, any effort to deal with urban poverty in isolation is likely to be unsustainable, as it would bring new migrants in search of jobs and better life. In other words, it is far more expensive to create an urban unskilled but non-polluting job with human dignity and basic conditions of living than it is in the rural areas.

A study of poverty of India is of great importance today even though so many measures have been taken by various governments and International Organizations to alleviate the global poverty be mass poverty exists in vast areas of Asia, Africa, and Latin American countries. Even the developed countries also have some pockets of mass poverty. However the problem is acute in the developing countries. The problem of poverty has its origin in the feudalistic relations of production. Poverty is a moral challenge to all responsible persons—educationalist, politicians, planners and social workers alike. The poverty of Indian masses, particularly of those dependent on agriculture is proverbial, its removal is the cardinal goal of the programme for national socio-economic reconstruction. Poverty is a complex event in its content and scope.

The Indian economy was under the British rule for a period of nearly 200 years. It has a long story of systematic exploitation. Thus, in 1947 when India won freedom we inherited a crippled economy and a peasantry steeped in poverty.

In India, this poverty is treated as an absolute phenomenon where significant section of the society is deprived of minimum requirements of cereals, pulses, milk, vegetables, clothing, calorie intake and continues a bare subsistence level.

2.2 Study on Poverty: An Indian Scenario:

Studies on poverty in India began with the pioneering work of Dadabhai Naoroji in the later part of the 19th century. Naoroji had traced out the mass poverty to the British colonial rule which drained out systematically economic amounts of wealth through unequal trade interest and dividend salaries and pensions In 1930's and 40s. Indian scholars, Prof. Radha Kamal Mukharaji, Gyanchand and Wadia and Marchant had drawn attention to the massive and object poverty of the Indian people. However they did not attempt at any scientific measurement of poverty and its extent in the country. Their studies were not directly related to poverty as such but to problems like food.
and population or economic and public policies. Perhaps, The first specific and scientific attempt to identify the poor and to measure the extent of poverty was made by an expert committee constituted by the Government of India in July 1962. It has put the nationally desirable minimum level of consumer expenditure at Rs. 20 per capita per month according to 1960-61 price. The concept of poverty line was first mooted in this country by the Indian labour conference in 1957, Govt. of India set up a distinguished working group in 1962 which appears to be taken into account the recommendation of the Nutrition Advisory Committee of the Indian Council of Medical Research in 1958, and came to the view that in order to provide the minimum nutritional diet in terms of calorie intake and to allow for a modest degree of items other than food the national minimum per capita consumption expenditure should not be less than Rs. 20/- per month at 1960-61 prices. The group suggested that for urban areas, the minimum should be raised to Rs. 20/- per capita and the corresponding figure for rural areas would be Rs. 18.90/-.

The joint Expert Group of the FAO/WHO has recommended in 1971 a minimum of 2223 calories per capita per day for the people in Asia and far East. Mines had done in 1970 assuming that price in rural areas are lower than those in the urban areas used a norm of about Rs.17/-per capita per month as the minimum expenditure level for the rural areas. In 1970 Bardhan considered Rs. 15/- per capita per month as the minimum at 1960-61 prices.

R. C. Dutt analyzed the poverty of Indian society in 1950. According to Dutt, the Empire (British) gave the people of India peace but not prosperity, that the manufacturers lost their industries, that the cultivators were ground down by a heavy and variable taxation which precluded and saving, that the revenues of the country were to a large extent diverted to England, and that recurring and desolating famines swept away millions of population. Marx also analysed the poverty of India, He criticized, the direct exploitation of that country (India) by the colossal fortune extorted and transmitted to England.

In 1971, Dandekar and Rath introduced the calories concept explicitly they considered the energy requirement of 2250 calories as the basic need per day per person According to them this minimum level of consumption would require an
expenditure of Rs.20/- per head per month for rural areas and Rs. 22.50/- for urban areas according to 1960-61 prices. Dantwala, 5 1973 stated that there cannot be a single universal norm of poverty. By the official U.S. standards for 1970, a family of 4 members was poor if its income was less than $ 3944 a year.

After reviewing all the earlier studies on poverty the seventh plan tried to have a fresh look at the problem by using 32nd round (NSS data) on consumer expenditure (1977-78) and also consumer expenditure distribution of 38th round (NSS provisional) 1983-84 which estimated the population below the poverty line in 1984-85 at 33.9 (222.2 million persons) percent in rural area and 27.3 (50.5 million persons) percent in urban. Taking India as a whole 36.9 % (272.7 Million persons) of the total population was living below the poverty line. The seventh plan document projected to bring down the population below the poverty line from 272.7 million in 1984-85 to 211 million in 1989-90. It further stated to bring down the rural poverty in particular from 40 % in 1984–85 to around 28 per cent by 1990 and to reduce this percentage further to 10 by 1995. 6

2.3 Concept of Poverty:

"A study of poverty of the nations has a greater relevance today even after so many measures have been taken by various governments and International organisations to eradicate the global poverty because mass poverty exists in vast areas of Asia, Africa and Latin American countries. Even the developed countries have some pockets of mass poverty. However, the problem is acute in the developing countries. The poverty has its origin in the feudalistic relations of production. The collective degradation of hundreds of millions of human beings with such mass poverty is a shocking commentary on the whole texture of human existence as well as the true content of apparent human values in the third world, or perhaps in the world as a whole." 7

Mass poverty is a situation where a large percentage of population suffers from a chronic shortage of food and other basic needs like clothing, housing, medical, and educational facilities and hence are victims of ill-health, disease, sheer animal hunger, reduced longevity and ignorance which is an obvious phenomenon in any third world country. The concentration of mass poverty in the developing countries and of economic affluence in the developed countries has, however, conic into existence only during the last two centuries or so. In ancient times the developed countries had
no civilization comparable to that of the Indus Valley, Nile Valley, Yangtse Valley or to the Maya and Inca Civilizations of the South. But the industrial revolution transformed the techno-economic infrastructure of Europe and it paved for the acceleration of economic development, which was not spread to the developing countries for the first time in the history. After that, industrial nations even completed what is called the second industrial revolution and entered into the threshold of third stage. On the other hand the developing countries are labouring in the first phase of the kind of industrial revolution. This major divergence in the level of techno-economic progress in the two hemispheres is generally regarded as the prime cause for the economic advancement of developed nations and the relative economic backwardness of developing countries, of which mass poverty is the predominant characteristic. It should be noted here in this connection that the contemporary developed countries also experienced mass poverty in the earlier stages of their modern economic development. England started experiencing the problem of large scale poverty in the Tudor period which was further intensified by the growing unemployment in the first phase of the industrial revolution during the seventeenth and eighteenth centuries. The rest of the Western Europe also experienced the same. In the U.S.A., several million African slaves, Red Indians paid the price of modern economic development, although virtually unlimited land and natural resources were available for the purpose. Even in Japan mass poverty not only existed during the Tokugawa era but even after the Meiji restoration. But mass poverty in these countries was progressively eradicated through rapid economic development relatively over a long period of time in the capitalistic countries than the Soviet Union.

The concept of poverty can be seen in the context of the society as a whole, including both poor and non-poor. Two basic approaches to the concept of poverty were found in economic literature, namely, absolute poverty and relative poverty.

The concept of absolute poverty is based on absolute norms for living (measured in terms of consumption expenditure) laid down according to specified minimum standard and all such individuals or groups whose consumption expenditure is found to be below this standard are classified as poor. This concept is directly related to the minimum level of consumption. In most of Indian studies on poverty, the focus has been mainly on measuring the number of people living in absolute poverty as this problem looms large in
vast parts of the country and affects the majority of the population. Most of the Indian studies on poverty have used caloric norms of food intake as the basis for identifying the poverty line. Accordingly, estimates of the population living in poverty during sixties and seventies were made at different points of time. There have been differences in methodology in estimating the rural and urban poverty. Hence, the poverty estimates of different scholars differ widely. But there seems a general consensus that the absolute number of poor has certainly increased over the years.

Under the relative concept of poverty, a family (or an individual) is deemed to be poor if its level of income or consumption expenditure falls below a predetermined level. Then the income distribution of the population in different fractile groups is estimated and a comparison is made between the level of living of people in the bottom layer and the top layers of the population to assess the relative standard of poverty. The concept of relative poverty has received little attention.

The concept of relative poverty is more suitable for developed countries while the absolute concept is relevant or the developing countries where objective poverty abounds.

In addition, the concept of poverty has two connotations, namely, individualized poverty and collective poverty. Different connotations of these terms have been discussed in this study. The concept of individualized poverty is concerned with those poor individuals who are not able to incur even the minimum expenditure on most essential items viz., food, clothing and housing.

Poverty is a product of social system also. As such, this can also be eliminated by the government by suitably increasing expenditure under social welfare heads in its budget such as on education, health etc., and also by discouraging expenditure on various social customs on marriages, deaths, births and other religious ceremonies. Both these situations have been covered in this study while discussing collective poverty.

There is an element of relativity in the concept of poverty. This relativity has two aspects: One relates to the question 'who are the poor?' The other relates to the question 'how poor are the poor?' The first question can be answered only in relation to the general standard of living. The second type of relativity concerns the index of poverty rather than the poverty line. The index of poverty usually depends upon the
average income of the community as a whole. This is because of the fact that the magnitude of poverty may depend not only on the lake of resources in an absolute sense, but also on the relative disparities between the poor and the rich. Therefore, collective poverty is a result of social system and can be eliminated by changing the social system which created it.

Broadly, to basic issues are involved in the measurement of poverty. These relate to (i) identification, and aggregation. There are two standard measure of poverty i.e. head count and gap in economic position of individuals and groups (termed as ‘poverty gap’)- The head count approach entails the following three steps: computation of a poverty line, (ii) defining in a specific way, the number of poor; and expressing the ratio of persons below the poverty line, to the total number of people in a particular society. This measure has been extensively used by majority of economists of India.

Poverty gap measure is defined as the ratio of the average income below the poverty line. In this approach the aggregate shortfall of income of all the poor from the specified poverty line is calculated.

Poverty in India is neither a new phenomenon nor has it suddenly appeared, but there has been much awareness of the problem within and outside the country. The gradual realization that a large percentage of population in developing countries has been bypassed by economic growth led to the awareness that growth by itself is not a reliable indicator of improvements in economic well-being. It is now realized that maximisation of gross national product per capita is too narrow an objective, and aims related to the reduction in poverty also need to be emphasised, such as improving employment opportunities and fulfilling basic needs.

But, like social welfare, even the concept of socially acceptable standard of living must come out of individual minds. Secondly, in one of his most perceptive statements, Marx expressed the view that "Justice can never rise superior. To the economic condition of the time."8

A person can be called poor when his income is significantly less than the average income of the population. An improved measure of relative poverty has been
suggested by Victor Fuchs. By his definition those with incomes less than half of the national median are poor.

There is nothing sacred about Fuchs' point. We can define relative poverty as one-third or one-fourth of the median income. One is likely to be influenced by the 'absolute needs of a family' and the degree of inequality which one can tolerate. There will always be people with less than the average income of the population. From the perspective, poverty persists as long as inequality does. Even in a poor country, poverty can be eliminated only in a statistical sense simply by achieving equality of incomes.

Though inequality and poverty are not unrelated, neither concept subsumes the other. A transfer of incomes from the top 20 per cent to next 20 per cent range may reduce inequality but not poverty. A general decline income may keep the measure of inequality unchanged, but may lead to a sharp increase in poverty in terms of starvation and malnutrition.

We should not underestimate role of inequality in the prevalence of poverty. Though poverty and inequality are not conceptually equivalent, inequality can figure prominently in the analysis of poverty.

It is common knowledge that incomes are not distributed equally, and some people have less while others have more. The problem we confront is to determine how much 'less' distinguishes a person as being poor. The most important task is to identify a level of income that distinguishes those who are poor from others.

For an economist, the main concern is not calories and proteins but costs and prices. Poverty is measured not in terms of a list of necessary goods and services but instead in terms of the purchasing power required to obtain them. The necessary conversion requires that we price all the goods and services in our list, then sum them to determine the total amount of money required. This total is our gauge of poverty when given in terms of income for a particular base year. The poverty line can be updated by making necessary adjustments for changes in prices over a period of time.

The above measure has one inherent advantage in that it allows some trade-off between different components of the list of necessary goods and services. Individual
adjustments are possible if poverty is expressed in terms of money income rather than in terms of goods and services.

It also seems to be in accordance with a common sense notion of poverty and appears to be capable of value-free determination. Once a biological definition is abandoned, no absolute measurement of poverty is possible. Though the absolute needs of a family is not a static concept, specifying a norm for levels of living especially in a poor country like India, where some absolute minimum is still the major concern, is an easy procedure. 19 Economists are interested in the absolute definitions of poverty which also provide basis for government policy.

In the case of our country, right from Pitambar Pant,\textsuperscript{10} economists and policy-makers always assumed that it is impossible to bring radical changes in the distribution of incomes, given the property relations, and hence concentrated on estimating the number of absolutely poor, by defining a poverty line and on suggesting measures which enable the poor to cross the poverty line. Bardhan\textsuperscript{11} pointed out that this approach is in conformity with the Rawls' criterion of justice and the 'maximine rule' whereby the social objective is to maximize the welfare of worst-off individual.

The choice of a relevant price deflator is one of the problems in poverty exercises when one works out estimates of poverty over time or poverty at a given point of time, basing on the poverty line given for a base year. The problem can be solved by formulating fractile price indices for different fractile classes or occupational price indices for different occupational groups.

At the conceptual level, poverty can be the result of a person's condition or a person's character; the former is the economic concept of poverty and the latter refers to the culture of poverty. In the words of Harold Watts, "the economic concept is defined in terms of the external circumstances that condition a person's behaviour, especially the behaviour he displays in economic transactions: buying consumption items, selling productive resources, securing professional advice, etc. The cultural concept focusses on the internal attitudes and behaviour patterns that a person brings to any particular set of circumstances."\textsuperscript{12}
As a practical matter, it is difficult to establish a sociological or psychological poverty line. The sociological or other non-economic aspects of poverty may facilitate our analysis of poverty, but they add little to its measurement. We must rely on economic and strictly observable criteria in defining and measuring poverty.

The best single indicator of purchasing power and economic well-being of a person is his income over a period of time. Income is not the sole determinant of the well-being of a household, the other important determinant being assets. This is based on the assumption that the welfare of a household depends not only on its current income but also on the services it receives from its assets. To quote Oscar Lewis, "Income itself is not an entirely adequate measure because it does not tell us how people actually live. It might be interesting and useful to study the material possessions of poverty-stricken people as a concrete expression of the lives they lead..." For purposes of aggregation and comparison we must depend on the value of assets possessed by households.

It is widely accepted that poor households suffer also from asset poverty. But data on income poverty of the poor at different levels of aggregation is more frequently available than the data on asset poverty. An attempt was made by the Reserve Bank of India to study the profile of the rural poor in terms of an asset poverty line basing on the data available from AIRDIS (1971-72). The households in the three lowest asset groups—upto Rs. 500, Rs. 500-1000 & Rs. 1000-2500—were taken to represent the rural poor. But the AIRDIS does not provide estimates of rural households according to income ranges as data required for this purpose were not collected.

Economists are more concerned with analysis of poverty than with measurement per se. The causes of poverty are a subject of controversy. A wide array of factors, ranging from those which locate poverty in the character of the individual to those which associate mass poverty with the structure of the economy, are supposed to cause poverty for certain families or groups of people.

In the economic literature pertaining to the Indian agrarian structure, serious concern has been expressed about the swelling ranks of agricultural labour. "And yet, not much serious work has been done to explain the genesis of this class and its appearance on the rural scene." According to one theory, the establishment of British rule was responsible
for the emergence of a distinct class of agricultural labourers. According to the second theory, the genesis of agriculture was responsible for poverty.

The lack of data on the numbers of agricultural labourers in India before the era of the all-India censuses has led to the belief that this class was small in size on the eve of the British rule. It was mainly based on the belief that before the British seized power the typical Indian village was composed, in the main, of small peasants tilling their own land. The agrarian society in pre-nineteenth century India consisted of largely self-sufficient village communities in which the cultivators and artisans had lived together for centuries on the basis of traditional arrangements regulating the exchange of the cultivators' products and the artisan's services. Each farmer carried on the cultivation of his farm with the assistance of his own family.

In a society founded on the integrated unity of agriculture and handicrafts, there was little room for the existence of an independent and distinct class of landless agricultural labourers whose main source of livelihood was on the land of others for which they received compensation in kind or cash. In this economic set-up, the community as a whole could maintain a certain standard of living without compelling its members to seek employment elsewhere.

The policies of the colonial state free import of cheap manufactures heavy revenue burden and its rigid collection in cash, application of the laws of distraint of property and imprisonment of defaulting debtors led to a massive displacement of artisans on the one hand and pauperization of large sections of the indebted poorer peasantry into landlessness on the other. This both lowered the land-man ratio steadily and raised the share of agricultural labour in the rural work-force. The monetisation of the economy, stagnation of agricultural products and pressure of population on land accelerated the process.

In, view of the increasing population and absence of alternative employment opportunities outside agriculture, more and more people in absolute numbers are seeking employment in agriculture, though percentage employed in agriculture remained more or less constant. The increase in the proportion of agricultural labourers and decrease in that of cultivators is one of the most striking aspects of change in the Indian economy between 1961 and 1971. They are the gross indicators of the quiet process of proletarianization, impoverishment and growing skewness in the landholdings in rural areas. As Vyas
observed, "the extent of impoverishment is reflected in the increase in the marginal holdings, as well as an increase in agricultural labourers."\(^{15}\)

The land distribution still continues to be highly skewed 3 per cent of large holdings accounting for 26.5 per cent of the total operated area and nearly 55 per cent of marginal holdings accounting for only 10.7 per cent of the operated area. Nearly 3/4 of the operational holdings account for less than 1/4 of the operated area. Between 1970-71 and 1976-77, the marginal holdings increased by 24.99 per cent as against 15.64 per cent for all size groups. On the other hand, the pattern of distribution in terms of concentration ratio did not undergo much change which remained virtually constant at 0.64 during the same period.\(^{16}\)

Poverty can be defined as a social phenomenon in which a section of the society is unable to fulfill even its basic necessities of life. C.T. Kurien\(^{17}\) defined poverty as the socio-economic phenomenon whereby the resources available to a society are used to satisfy the wants of the few while many do not have even their basic needs met. Poverty is generally manifested in terms of low incomes, inadequate housing, poor health, limited or no education, high infant mortality, low life and work expectancy, and in most cases a general sense of despondency and despair.

Poverty as a concept is closely related to inequality and may also be identified with unemployment. Given the average income level, higher level of inequality will tend to be associated with a higher level of poverty. Poverty has always had several, not entirely separable meanings and is always defined according to the conventions of the society in which it occurs. In the economic sense it is defined as a state wherein an individual cannot satisfy his minimum needs for healthy living in a given social environment. Many social scientists tend to treat poverty essentially as deprivation, but it has multi-dimensional character. Thus it can be economic, cultural, social or psychological poverty. Martin Rein\(^{18}\) has defined poverty on the basis of subsistence, inequality and externality concepts. Subsistence is concerned with the minimum provision needed to maintain health and working capacity. Inequality is concerned with relative position of income groups to each other, since the concept of poverty has to be seen in the context of society as a whole. Lastly, externality is concerned with
the social consequences of poverty for the rest of the society rather than in terms of the needs of the poor.

There are, however, two major problems involved in defining the concept of poverty. The first relates to the problem of identifying the 'poor' and the second is the problem of measurement. Rowntree was the first in Britain to consider in detail the problems involved in defining poverty, and clearly saw his approach was being based on absolute line. A family was considered to be living in poverty if its total earnings were 'insufficient' to obtain the minimum necessaries for the maintenance of merely physical efficiency.' In the United States, Orshansky has given a similar definition of poverty to that of Rowntree's on the basis of the 'estimates' of minimum food expenditure.

Poverty in India is neither a new phenomenon nor has it suddenly appeared, but there has been much awareness of the problem within and outside the country. The gradual realization that a large percentage of population in developing countries has been bypassed by economic growth led to the awareness that growth by itself is not a reliable indicator of improvements in economic well-being. It is now realized that maximisation of gross national product per capita is too narrow an objective, and aims related to the reduction in poverty also need to be emphasized, such as improving employment opportunities and fulfilling basic needs.

It might be said that Rowntree's description is a gross exaggeration of how the poor live. One might have come across a poor person who is drunk or seeing a movie. But it is not the result of being 'non-poor'. The poor also have conventional needs and are not immune to 'demonstration effect' resulting from inequality between groups of people. The poor very often spend some of their money on non-food items, although the need is for more food. Poverty operates as a constraint on a person's choice set. In the words of Oscar Lewis, "We come closer to describing what poverty is when we define it as the inability to satisfy one's material wants or needs."

The inequality approach is known as relative approach to defining poverty. Poverty is related to inequality. The high degree of inequality in the context of low national level of per capita income clearly shows the reality of massive poverty. The inequality approach has some policy implications because. the inability to produce goods required for mass consumption may not be entirely the result of lack of resources. At
the macro-level, it is very difficult to say whether poverty is the result of lack of resources or skewed distribution of ownership of resources resulting in production which will conform more to the demand of the rich.

A person can be called poor when his income is significantly less than the average income of the population. An improved measure of relative poverty has been suggested by Victor Fuchs.23 By his definition those with incomes less than half of the national median are poor.

Miller and Roby24 observe that instead of measuring poverty lines with pseudo-scientific accuracy, one has to look at the nature and size of the differences between bottom 20 or 10 per cent and the rest of the society. Secondly, this relative poverty line moves upward with the growth in average national income, allowing for improvements in living standards. At the policy level, policies designed to transfer incomes from the rich to the poor can make a substantial dent on poverty. There is nothing sacred about Fuchs'25 point. We can define relative poverty as one-third or one-fourth of the median income. One is likely to be influenced by the 'absolute needs of a family' and the degree of inequality which one can tolerate. There will always be people with less than the average income of the population. From the perspective, poverty persists as long as inequality does. Even in a poor country, poverty can be eliminated only in a statistical sense simply by achieving equality of incomes.

Though inequality and poverty are not unrelated, neither concept subsumes the other. A transfer of incomes from the top 20 per cent to next 20 per cent range may reduce inequality but not poverty. A general decline income may keep the measure of inequality unchanged, but may lead to a sharp increase in poverty in terms of starvation and malnutrition.

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It is common knowledge that incomes are not distributed equally, and some people have less while others have more. The problem we confront is to determine how much
'less' distinguishes a person as being poor. The most important task is to identify a level of income that distinguishes those who are poor from others.

The use of the average requirement for a healthy active life of the 'reference' individual as the cut-off point for defining under nutrition implies that the requirements of all individuals within each of the several age and/or sex groups are identical and equal to the requirement of the reference individual. It also implies that there is no inter-individual variation. But it is observed that there are significant variations in calorie intake related to physical features, climatic conditions and work habits. In fact, even for a specific group in a specific region, nutritional requirements are difficult to define precisely. Sukhatme\textsuperscript{26} thinks that when 'average requirement' is used as 'minimum requirement' for estimating the incidence of poverty, the dimensions of malnutrition and poverty are exaggerated in many studies.

For non-food items the minimum requirements are not easy to specify. The problem is solved arbitrarily by assuming that a specified proportion of income will be spent on food. Nutritional norms may give us only the minimum food component of the poverty standard.

After 60 years of independence, the concept of poverty as understood by the planners is once again sought to be changed. Till some years ago it was defined in terms of one’s income the poverty line being fixed at of Rs. 40/- per month subsequently it was changed to the intake of 2400 calories per day in the rural and 2100 calories in the urban areas.

Defining the poverty line has become a controversial issue among the economist and social scientists, not only in India but in almost all the developing and developed countries also. In developing countries the research on poverty concerned with the incidence of poverty. This provides information on the number of poor at any given time, their extent of their income short fall, and their socio-economic characteristic but we lack the data of the flow of individuals (or families) in to or out of poverty such a data will be useful to the planners to have an insight into the poverty and unemployment position and to frame future policies accordingly.
Harry Johnson considered poverty as a state when the resources of families or individuals are inadequate to provide a socially acceptable standard of living. For Schultz, “Poverty is a complex socio-economic state that characterizes particular families in a particular society. There can be no doubt that a part of any meaningful concept of poverty is socially determined because it depend, in substantial part, upon our class and family structure.”

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960-61</td>
<td>141</td>
<td>32</td>
<td>173</td>
</tr>
<tr>
<td>1961-62</td>
<td>142</td>
<td>32</td>
<td>171</td>
</tr>
<tr>
<td>1963-64</td>
<td>171</td>
<td>37</td>
<td>208</td>
</tr>
<tr>
<td>1964-65</td>
<td>184</td>
<td>432</td>
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</tr>
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<td>1965-66</td>
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<td>1966-67</td>
<td>231</td>
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<tr>
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<td>1969-70</td>
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<td>1970-71</td>
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<td>1971-72</td>
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</tr>
<tr>
<td>1974-75</td>
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</tr>
<tr>
<td>1983</td>
<td>183</td>
<td>62</td>
<td>245</td>
</tr>
</tbody>
</table>

Rowntree’s description of poverty is valid even today. A poverty family, “must never spend a penny on railway fare or omnibus. They must never go into country unless they walk. They must never purchase a half penny newspaper or spend a penny to buy a ticket for a popular concert. They must write no letters to absent children for they cannot afford to pay the postage nothing must be bought but that which is absolutely necessary for the maintenance of physical health and what is bought must be of the plainest and most economical description.” Descriptions by literary writers are often more revealing and perceptive.

Conceptually, the notion of poverty is a complex phenomenon in its content and scope. It is both widespread and intensive, and intrinsically related to socio-cultural, socio-political and socio-economic factors which indicate the contemporary ideologies and policies followed by a society. As such, there is no absolute meaning attached to the word poverty: nor is there a generally satisfactory definition and concept of poverty for adoption by researchers and policy makers. However, as a broad concept level, most people agree that poverty means an inadequate level of consumption of individuals and groups. In other words, poverty is basically a matter of having sufficient food, clothing and shelter.

Poverty as a concept has been defined by several authors in different ways. Martin Rein observed that poverty may be regarded as subsistence, inequality or externality. Subsistence is concerned with the minimum provision needed to maintain health and working capacity. Its terms of reference are the capacity to survive and to maintain physical efficiency. Inequality is concerned with the relative position of income groups. Thus, study of the poor depends on an understanding of the level of living of the rich. Direct relationship between the two is essential to the concept of inequality. Externality is concerned with the social consequences of poverty for the rest of the society rather than with the needs of the poor. Therefore, the ‘poverty line’ has to serve ‘as the index of the disutility to the community of the persistence of poverty.’

2.3.1 Definition:

A definition of poverty in terms of subsistence level has had wide acceptance as it seems to be in accordance with common sense which describes poverty as lack of the income needed to acquire the minimum necessities of life.
Rowntree was the first investigator to attempt a rigorous definition of poverty in subsistence terms. In his classic study of poverty in the city of New York, he writes “My primary poverty line represented the minimum sum on which physical efficiency could be maintained. It was a standard of bare subsistence rather than living.”

J. Murray stated, “The wants to be considered here are the recognised biological necessities Food and drink little will be said about housing.”

Orshansky has noted, “There is no generally acceptable standard of adequacy for essentials of living except food.”

In economics majority of analysts of poverty identify poor as those who are not able to maintain a defined level of consumption or income applicable in these instances.

The term “Poverty” refers to “the state or condition of having little or no money, goods, or means of support.” (Random, 1969) or “to a condition of being in want of something that is needed, desired or generally recognized as having value.” (Valentine, 1968 : 12)

2.3.2 The Biological or Subsistence Approach

The biological approach to poverty has come under intense fire recently. The underlying assumption behind a nutritional norm is that people by and large choose their diet in an optimum fashion. There are infinite number of ways in which a person can consume the requisite number of calories. Calories is only one of the two important characteristics of food, the other characteristic being 'tastes'. Tastes provide psychological satisfaction while calories satisfy biological needs. With rising levels of income, even among the poor, food tastes or preferences will be substituted for calories.

In the biological approach, the definitional bundle of economic goods and services mainly consist of the minimum calorie intake essential to human existence. It has been customary to define minimum needs in terms of food consumption or more specifically calorie or nutritional requirements. There exists a consensus that a 'reference man' in India requires about 2250 calories per capita per day.
In the biological approach the definitional bundle of economic goods and services mainly consist of the minimum calorie intake essential to human existence. It has been customary to define minimum needs in terms of good consumption or more specifically calorie or nutritional requirements.

In his famous study of poverty in York Sebhon Rowntree in 1901 defined families as being in ‘primary poverty’ if their ‘total earning are insufficient to obtain the minimum necessities for the maintenance of merely physical efficiency. It is not surprising that biological consideration related to the requirements of survival or work efficiency have been often used in defining the poverty line starvation, clearly, is the most telling aspect of poverty.

The biological approach has come under rather intense fire recently. There are indeed several problems with its use. First, there are significant variations related to physical features, climatic conditions and work habits. In fact, even for a specific group in a specific region, nutritional requirements are difficult to define precisely. People have been known to survive with incredibly little nutrition and there seems to be a cumulative improvement of life expectation as the dietary limits are raised. In fact physical opulence seems to go on increasing with nutrition over a wide range. Americans, Europeans and Japanese have been growing measurably in stature as their diets have countrified to improve. There is difficulty in drawing a line somewhere, and the so-called minimum nutritional requirements have an inherent arbitrariness that goes well beyond variations between groups and regions.

Second, the translation of minimum ‘nutritional’ requirements into minimum food requirements depends on the choice of commodities. While it may be easy to solve the programming exercise of a ‘diet problem’ choosing a minimum cost diet for meeting specified nutritional requirements from food items sold at specified costs, the relevance of such a minimum cost diet is not clear. Typically, it turns out to be very low cost indeed but monumentally boring and people’s food habits are not, in fact, determined by such a cost minimization exercise. The actual incomes at which specified nutritional requirements are met will depends greatly on the consumption habits of the people in question.
Third, for non-food items such minimum requirements are not easy to specify, and the problem is usually solved by assuming that a specified proportion of total income will be spent on food with this assumption, the minimum food cost can be used to derive minimum income requirements. But the proportion spent on food varies not merely with habits and culture, but also with relative prices and availability of goods and services. It is not surprising that the assumptions made often turn out to be contradicted by actual experience. For example Lord Beverage’s estimate of subsistence requirement of income during the Second World War proved to be far from correct, since the British were spending a much lower proportion of their income on food than was assumed.

In view of these problems one may well agree with Martin Reins\textsuperscript{35} (1971) assertion that almost every procedure in the subsistence level definition of poverty can be reasonably challenged. But the question that does remain is this: after we have challenged every one of the procedures used under the biological approach, what do we do then? Do we simply ignore that approach, or do we examine whether something remains in it to be salvaged? One I would argue that there does remain something.

First, while the concept of nutritional requirements is a rather loose one, there is no particular reason to suppose that the concept of poverty must itself be clear cut and sharp. In fact, a certain amount of vagueness is implicit in both the concepts and the really interesting question is the extent to which the areas of vagueness of the two notions, as commonly interpreted tend to coincide. The issue, thus, is not whether nutritional standards are vague, but whether the vagueness is of the required kind.

Second, to check whether someone is getting a specified bundle of nutrition, one need not necessarily go through the procedure of examining whether that person has the income level that would generate that bundle. One can simply examine whether the person is in fact, meeting that nutritional requirement or not. Even in poor countries, direct nutritional information of this type can be extensively analysed, and the identification exercise under the nutritional approach need not go through the intermediary of income at all.
Third, even when we do go through the intermediary of income the translation of a set of nutritional norms into a ‘poverty line’ income may be substantially simplified by the wide prevalence of particular pattern of consumption behaviour in the community in question. Proximity of actual habits and behaviour makes it possible to derive income levels at which the nutritional norms will be ‘typically’ met.

Finally, while it can hardly be denied that malnutrition captures only one aspect of our idea of poverty, it is an important aspect, and one that is particularly important for many developing countries. It seems clear that malnutrition must have a central place in the conception of poverty. How exactly this place is to be specified remains to be explored but the recent tendency to dismiss the whole approach seems to be a robust example of misplaced sophistication.

2.3.3 The Inequality approach:

The idea that the concept of poverty is essentially one of inequality has some immediate plausibility. After all transfers from the rich to the poor can make a substantial dent on poverty in most societies. Even the poverty line to be used for identifying the poor has to be drawn with respect to contemporary standards in the community in question so that poverty may look very like inequality between the poorest group and the rest of the community. The inequality approach is known as relative approach to defining poverty. Poverty is related to inequality. The high degree of inequality in the context of low national level of per capita income clearly shows the reality of massive poverty.

The inequality approach has some policy implications because the inability to produce goods required for mass consumption may not be entirely the result of lack of resources. At the macro level, it is very difficult to say whether poverty is the result of lack of resources or skewed distribution of ownership of resources resulting in production which will conform more to the demand of the rich.

A person can be called poor when his income is significantly less than the average income of the population. An improved measure of relative poverty has been suggested by Victor Fuchs. By his definition those with incomes less than half of the national median are poor.
Miller and Robby\textsuperscript{36} observe that instead of measuring poverty lines with pseudo-scientific accuracy, one has to look at the nature and size of the differences between bottom 20 or 10 per cent and the rest of the society. Secondly, this relative poverty line moves upward with the growth in average national income allowing for improvements in living standards. At the policy level, policies designed to transfer incomes from the rich to the poor can make a substantial dent on poverty.

There is clearly quite a bit to be said in favour of this approach. But one can argue that inequality is fundamentally a different issue from poverty. To try to analyze poverty as an issue of inequality or the other way round would do little justice to either. Inequality and poverty are not of course unrelated. But, neither concept subsumes the other. A transfer of income from a person in the top income group to one in the middle income range must ‘ceteris-paribus’ reduce inequality, but it may leave the perception of poverty quite unaffected.

It is, of course quite a different matter recognize that inequality and poverty are ‘associated’ with each other and to note that a different distribution system may cure poverty even without an expression of the country’s productive capabilities. Recognizing the distinct nurture of poverty as a concept permits one to treat it as a matter of interest and involvement in itself. The role of inequality in the prevalence of poverty can then figure in the analysis of poverty without making the two conceptually equivalent.

We should not underestimate role of inequality in the prevalence of poverty. Though poverty and inequality are not conceptually equivalent inequality can figure prominently in the analysis of poverty.

2.3.4 Relative and absolute approach:

There are two another broad concepts of poverty: relative poverty and absolute poverty. While relative poverty is measured in terms inequality in the distribution of income, absolute poverty is reckoned in terms of some kind of notion of subsistence considered appropriate to circumstance in the country concerned. The relative poverty prevails even in affluent societies like USA resultantly the relative differences in income distribution is an unavoidable circumstance in any society. The concept of absolute poverty attempts to explain the extent of deprivation of resources in system
to one section of the population against the other. This may be explained in terms of
disparities in the level of living prevailing in a society. However, Townsend does not
accept the distinction between absolute and relative poverty or between basic and
culture needs, because he argues that the needs which are believed to be basic or
absolute can be shown to be relative. He, therefore, suggests that poverty must be
regarded as general form of relative deprivation, which is the effect of the mal-
distribution of the resources and that section of the population whose resources are so
depressed from the mean as to be deprived of enjoying the benefits and participating
in the activities which are customary in that society can be said to be in poverty.

A view of Bhatty,\textsuperscript{37} both absolute and relative poverty are closely aligned to
inequality in income distribution, the relative poverty arises entirely as a consequence
of an unequal distribution of income irrespective of what the income level or the
corresponding state of deprivation of the people at the bottom and of the income scale
might be. Absolute poverty on the other hand expresses a collective view as
deprivation in its physical manifestation.

\textbf{CRITERIA:} (On the basis of relative approach)

\section*{2.4 Components of Rural and Urban Poverty :}

At the outset it has been mentioned that the poverty and inequality are complex.
phenomena; they cannot be captured fully by any single measure. Differently put,
poverty has a multivariate nature for which a single variate approach is inadequate.
Hence we felt that a set of measures is necessary to define and analyse poverty. So it
is decided to explore poverty with the help of a vector of components. As will be
evident in the analysis in sequel, some of these components are quantifiable while
others can be treated qualitatively only.

The components that constitute the vector of poverty have been chosen in term of
unsatisfaction and deprivation. In all we have culled nine components of poverty.: (I)
Occupation and unemployment; (ii) Income and asset; (iii) Food; (iv) Shelter (v)
Health; (vi) Education; (vii) Demographic features (viii) Values, interests and
activities; and (ix) Power and politics. (see diagram) let us discuss in brief the specific
contents of each of the components that constitute the vector of poverty, which this study aims to explore are:

(1) Occupation:

(i) Occupation: To find out the kind of occupation the poor are engaged in and its tenure; reasons for choosing the way of entry to this occupation, occupational mobility; and the level of satisfaction with the work.

(ii) Unemployment: To ascertain the extent of unemployment among educated and uneducated members and number of earners in the poor family.

(2) Income and Assets:

(i) Income: To find out the income of the poor from all sources together with the flow of income in terms of constancy and irregularity as well as reasons assigned by them for their inadequate income.
(ii) **Land Holding**: To ascertain the ownership of land and pattern of its distribution.

(iii) **Livestock**: To know about animals kept or raised by the poor, reasons for up-keeping them, and monthly gains and expenses.

(iv) **Capital accumulation**: To learn the poor’s savings and the sources through which they save.

(v) **Indebtedness**: To find out the extent of the poor’s indebtedness, purposes for which they raise loans, and mode of repayment.

(3) **Food Consumption**:

To find out types and quantity of food they consume; reasons for the kind of food they consume, and expenditure involved on the food consumption.

(4) **Health**:

(i) **Treatment**: To learn the poor’s pattern of treatment including the kind of hospitals and medicines.

(ii) **Preventive measure**: To know the preventive measures adopted by the poor to arrest the spread of diseases.

(iii) **Sanitation**: To understand the sanitary conditions of their houses and localities.

(iv) **Visits and medical officials**: To find out whether the localities where poor live are visited by the medical officials.

(5) **Shelter**:

(i) **Ownership of house and its nature**: To ascertain the kind of house the poor own with special reference to the availability of rooms, the purpose for which rooms are used, and the number of persons live in them.
(ii) **Basic civic amenities**: To know the provisions for windows and doors, drinking water, lavatory, and light facilities in the poor’s houses.

(iii) **Material Possession**: To find out various household items in terms of furniture, means of entertainment, vehicles and utensils.

(6) **Education**:

(i) **Level of education**: To find out the level of education of the respondents together with reasons for not getting further education, as well as the level and type of schooling of their children.

(ii) **Women’s education**: To ascertain the poor’s views towards women’s education.

(7) **Demographic Features**:

(i) **The nature of the family**: To find out nature of the poor’s family in terms of its size and their preferences for a specific type of family and attitude towards joint family; and the kind of familial relationship.

(ii) **Marital status**: To understand the marital status of the respondents and their attitudes towards marriage.

(iii) **Divorce and widow remarriage**: To find out the frequency of, and reasons for, divorce; agencies which affect divorce; and permissibility and practice of widow remarriage.

(iv) **Migration**: To find out the place of origin; frequency of, and reasons for, migration; family members who migrated along with them; place of shelter just after immigration; nature of their stay in the city and reasons for choosing this city; and frequency of visit to the native place.

8. **Values, Interests and Activities**:

(i) **Religiosity**: To find out the religiosity among the poor in terms of ritualistic, intellectual belief and good work dimensions.
(ii) **Class-prejudice:** To find out the poor’s attitude towards the non-poor in terms of education, behaviour, intelligence and other facilities.

(iii) **Modern Orientations:** To find out modern orientation of the poor in terms of their readiness to accept innovations and adaptation of scientific views in their life.

9. **Power and Politics**

(i) **Political affiliation:** to find out the affiliation of the poor with political parties and their mode of political participation.

(ii) **Organizational participation:** To find out the poor’s organizational participation in terms of labour union, and other associations, as well as their interest in national political affairs.

(iii) **Perception of government:** To understand the poors perception of a good government.

(iv) **Perception of leader:** To learn about poor’s perception of qualities of a leader and criteria for electing a leader of their choice.
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