CHAPTER I

INTRODUCTION

In the midst of growing prosperity increasing poverty is a paradox of modern development both in developed and developing countries. Gross National Product per capita in the Third World has grown more rapidly in the past two decades than even before. Yet, economic growth in developing countries has so often been coupled with increasing poverty and this could be attributed mainly to the inequality in the distribution of income and the present rates of economic growth have not been sufficient to raise the standard of living of all the population. The World Bank has estimated that close to one billion people are estimated to be living in absolute poverty, a preponderent majority of this live in rural areas, principally in South and East Asia, especially in India, China, Bangladesh and Indonesia.

Seven Asian Countries i.e., Bangladesh, India, Indonesia, Malasia, Pakistan, the Philippines, and Srilanka account for approximately 70 per cent of the rural population of the non-socialist developing world. Since, the average income of these seven countries is below that of the rest of the developing market economies; it is likely that their share of the poor is even greater and there are the worsening distribution of income and the declining real income of the rural poor.

Over the past 20 years the number of people in Asia living in poverty has been increasing. In the rural areas of the seven countries (mentioned earlier) nearly 150 million people were added to the ranks of those without the means to provide for the basic necessities of life. During the same period all but one of these countries experienced a growth in national income of around 2 per cent a year for every member of population. This is a pattern that holds true for most areas of the developing world.

Chart 1.1

The advance of poverty: percentage of the rural population living above and below the poverty line.
The chart 1.1 shows the extent of poverty still persisting in the rural areas of eight regions of South Asia. It demonstrates that poverty is not going away. On an average, 40 per cent of rural people live below the poverty line; that is they earn an income less than sufficient to supply their basic needs of food, health, water, housing and education. Behind these stark facts there is a mass of people condemned to hunger, malnutrition and ignorance. The chart also suggests something far worse. Not only is poverty refusing to go away, it may in some countries be on the increase. In seven of the eight cases shown in the chart the proportion of the population living below poverty line was higher in the 1970's than it was in the 1960's. In poor countries like Bangladesh the proportion reaches a frightening 78 per cent; even in the Punjab, where the Green Revolution has raised incomes dramatically, the percentage of the rural population living in poverty has risen the increase is not marginal one; it is not a case of a few more people being slightly less well off. Many people exist on incomes well below the so-called poverty line.
POVERTY IN INDIA

Poverty is a world wide legacy and is a multidimensional concept—physical, economic, social, political and cultural. Since poverty is a real, illusive, relative and absolute concept, it is not easy to define it in precise terms. It varies with the general standard of living in a society, which in turn varies over space and time. The Connotation of poverty in advanced Countries like United States and Japan is sure to be different from that in developing societies like Bangladesh and India.

Poverty in general connotes deficiency or insufficiency of acceptable material or physical needs of people. In an absolute sense, it can be denial of certain basic essential necessities of daily life like food, clothing and shelter and the European Community has rightly stated that, the poor shall be taken as to mean persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude from the minimum acceptable way of life in the member state in which they live.

The discussion of poverty among economists in India has tended to concentrate on absolute poverty. Accordingly, the needs have often been expressed in terms of a basket of food items satisfying certain desirable calorie requirements. The minimum income or consumption expenditure, which enables one to attain this basket, broadly defines absolute poverty, separating the poor from the rest of or non-poor. This minimum expenditure is termed as the poverty line. The poverty line is drawn in relation to what is considered to be the minimum nutritional requirement for physical assistance. However, in reality, there is difference of opinion on finding either the energy norms or the monetary equivalent of it, due to the regional, seasonal and demographic variations in India.

Ever since the beginning of the planning era, the removal of poverty and raising the level of living of the masses, has been, in one form or other, one of the main objectives of the India's successive Five Year Plans. It was, however, in the Fifth Plan (1978-83), when the word "poverty" was for the first time specifically introduced and "Removal of poverty and attainment of economic self reliance" was enunciated as one of the two basic objectives of the plan.
India's poverty eradication strategy has two major plans: growth and redistribution. The Sixth Five Year Plan postulated that a distributionally neutral growth alone would reduce poverty by 37.66 million and redistributive IRDP by another 64.12 million. The working a distributionally neutral growth concept was considered unrealistic and evaluation studies of IRDP, which in practice is an anti-poverty programme have pointed out its dismal performance. In term of coverage the poorest have been covered the least, non-beneficiary target groups took away sizable share of benefits. Economically backward regions both in eastern and central region of the country, have relative


Rath, Nilkantha "Cabribihatao: Can IRD Do it" Economic and Political Weekly, Vol. XX, No.6, Feb 9, 1985

Sundaram K. and Tendulkar S.D., "Poverty in the Mid-Term Appraisal" Economic and Political Weekly, Vol. XVIII, Nos. 45 & 46, Nov. 1983. Income increments under IRDP per household was arrived at Rs. 998 in 1980-81 and Rs.1687 in 1981-82, and these were found inadequate to meet the expenditure gaps if the beneficiaries drawn from the bottom 30 per cent of the rural poor.

Rath, Nilakantha, op.cit p. 241; "at least 15 per cent of the identified beneficiaries as poor and helped under IRDP did not really belong to the category of the poor.
share of people below poverty is as high as 57.32 and 64.42 per cent of the total poor in 1977-78 and 1983-84 respectively.

With respect to performance of the programme in achieving targets a few of the findings deserve consideration, eventhough there are differences in the findings. Firstly, the poorest have performed the worst. After retabulation of the date from the study of Programme Evaluation Organisa­tions (PEO) it was found that out of the total 868 identified beneficiary sampling units only 178 were from the poorest households, i.e., having an income upto Rs.1500 and among them only 8 per cent crossed the poverty line, while 20 to 99 per cent of those households which crossed poverty line (ie from Rs. 1,500 to Rs. 2,500 in the case of the poorest and from Rs. 2,500 to Rs. 3,500 in the case of the poor) were found to have atleast temporarily crossed the

Rath, Nilakantha, op. cit;
poverty line. But mere crossing the poverty line does not guarantee its sustainability. In relatively developed regions these schemes have performed better. With regard to NREP it was found that it did well in terms of achieving the fixed targets – both physical and financial compared to other IRDP variants and also as compared to that of other selected core economic sectors. Similarly another study on NREP in Gujarat observed that eventhough the schemes performance was rated high in practice, it only could meet 3 per cent of the requirements.

Yet another noteworthy fact is that evaluation studies of IRDP by individual authors and organisation give different rate of success. Rath gives an estimate of 31.80 per cent or 14.50 million households as lifted above poverty at all India level. The National Bank for Agriculture and Rural Development.


10 Ibid, 1834.
11 Paul Samuel, op. cit. p. 762
Development (NABARD) study puts it at 20 per cent and PEO Study at 49 per cent (unadjusted for price changes). In terms of an income mobility criterion it was also shown that the lowest income groups have the least income mobility compared to higher income beneficiaries.

Apart from the above, one should take note of the finding that the number of poor persons in rural India was growing at the rate of 5 million during 1957-73 and there was no observable trend in the poverty ratio. These aspects would raise doubts regarding the effectiveness of remedying the dynamic nature of poverty through redistribution of

NABARD, "Study of Implementation of Integrated Rural Development Programme" (Mimeo), Bombay 1984, see also, Rath, N. op. cit. p. 242.

Subbarao. K. op. cit. p. 1832.

"... an annual addition of 5.17 million rural poor people to the Sixth Five Year Plan figure of 399 million poor would mean 472 million poor at the end of the century, this would be double of the population of the country at the time of independence" p. 1977.
rural assets and it claimed conceptual; superiority.\textsuperscript{17}

Planning and implementation of these scheme have no systematic co-ordination and integration. These schemes are highly centralised, targets are prescribed without considering local needs and funds are sanctioned towards the end of stipulated periods.\textsuperscript{18} There are regional imbalances in the distribution of funds and its accrual.\textsuperscript{19} The village level worker in this scheme is overburdened\textsuperscript{20} and also is weak

\textsuperscript{17} Dantwala. M.L. op. cit., He is of the view that asset distribution has superior conceptual content as it gives scope for the poor to follow-up the activities in their own right.


\textsuperscript{19} Rao, Hanumantha, op. cit. p. 12.

\textsuperscript{20} Tendulkar S.D., "Poverty in India", Indian Express, 14th March 1985. "There is considerable mismatch across states between incidence of poverty and coverage of beneficiaries in Punjab with a 0.5 per cent share in the set of poor households and a three per cent share in financial flows, the number of beneficiaries exceeds the number of poor households. Then, a village level worker, on an average has to identify, assist and monitor the progress of 120 'new beneficiary units every year".


link in its working. Duplication of agencies and schemes has resulted in considerable amount of multiple counting of number of households lifted above poverty, since proper co-
ordination between aiding agencies is not present.

POPULATION BELOW POVERTY LINE

The attention of the government has been focussed on eradication of poverty since 1960-61 when the National Sample Survey estimated 138 million persons in rural areas and 29 million of persons in urban areas living below the poverty line. In percentage terms, 38 per cent of rural population and 40 per cent of urban population lived below the poverty line in 1960-61. By 1989-90, the corresponding ratios of rural and urban areas had dwindled to 28 and 19.

However, the number of people living below the poverty line increased from 167 millions in 1960-61 to 211 millions in 1989-90 despite the falling ratios. Thus the falling ratios did not denote any absolute decrease in poverty.


Table - 1.1

The percentage of population below the poverty line
1984-85 and 1989-90

<table>
<thead>
<tr>
<th></th>
<th>1984-85</th>
<th>1989-90</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>39.90</td>
<td>28.20</td>
</tr>
<tr>
<td>Urban</td>
<td>27.30</td>
<td>19.30</td>
</tr>
<tr>
<td>All India</td>
<td>36.90</td>
<td>25.80</td>
</tr>
</tbody>
</table>

Source: Seventh Five Year Plan 1985-90

Again, state-wise distribution of people living below the poverty line in rural and urban areas is compared in Table 1.2.
Table 1.2
Population below poverty line: (State-wise)

(1977-78) and (1983-84)

<table>
<thead>
<tr>
<th>States</th>
<th>Rural</th>
<th>Rural</th>
<th>Urban</th>
<th>Urban</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>45.4</td>
<td>38.7</td>
<td>37.2</td>
<td>29.5</td>
<td>43.6</td>
<td>36.4</td>
</tr>
<tr>
<td>Assam</td>
<td>48.5</td>
<td>23.8</td>
<td>36.5</td>
<td>21.6</td>
<td>47.3</td>
<td>23.5</td>
</tr>
<tr>
<td>Bihar</td>
<td>57.8</td>
<td>51.4</td>
<td>44.8</td>
<td>37.0</td>
<td>56.3</td>
<td>49.5</td>
</tr>
<tr>
<td>Gujarat</td>
<td>43.1</td>
<td>27.6</td>
<td>29.8</td>
<td>17.3</td>
<td>38.9</td>
<td>24.3</td>
</tr>
<tr>
<td>Haryana</td>
<td>23.2</td>
<td>15.2</td>
<td>32.5</td>
<td>16.9</td>
<td>25.2</td>
<td>15.6</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>27.8</td>
<td>14.0</td>
<td>17.2</td>
<td>8.0</td>
<td>27.0</td>
<td>13.5</td>
</tr>
<tr>
<td>J &amp; K</td>
<td>31.7</td>
<td>16.4</td>
<td>40.5</td>
<td>15.8</td>
<td>18.4</td>
<td>16.3</td>
</tr>
<tr>
<td>Karnataka</td>
<td>53.2</td>
<td>38.5</td>
<td>44.6</td>
<td>29.2</td>
<td>50.8</td>
<td>35.0</td>
</tr>
<tr>
<td>Kerala</td>
<td>47.4</td>
<td>26.1</td>
<td>53.2</td>
<td>30.1</td>
<td>48.4</td>
<td>26.8</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>61.6</td>
<td>50.3</td>
<td>46.9</td>
<td>31.1</td>
<td>58.9</td>
<td>46.2</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>60.4</td>
<td>41.5</td>
<td>41.4</td>
<td>23.3</td>
<td>50.6</td>
<td>34.9</td>
</tr>
<tr>
<td>Orissa</td>
<td>67.9</td>
<td>44.8</td>
<td>41.8</td>
<td>29.3</td>
<td>65.1</td>
<td>42.8</td>
</tr>
<tr>
<td>Punjab</td>
<td>13.1</td>
<td>10.9</td>
<td>25.6</td>
<td>21.0</td>
<td>16.4</td>
<td>13.8</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>33.5</td>
<td>36.6</td>
<td>33.9</td>
<td>26.1</td>
<td>33.6</td>
<td>34.3</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>56.3</td>
<td>44.1</td>
<td>45.3</td>
<td>30.9</td>
<td>52.8</td>
<td>39.6</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>49.8</td>
<td>46.5</td>
<td>49.2</td>
<td>40.3</td>
<td>49.7</td>
<td>45.3</td>
</tr>
<tr>
<td>West Bengal</td>
<td>58.3</td>
<td>43.8</td>
<td>34.5</td>
<td>26.5</td>
<td>52.2</td>
<td>39.2</td>
</tr>
<tr>
<td>All India</td>
<td>51.2</td>
<td>40.4</td>
<td>38.2</td>
<td>28.1</td>
<td>48.3</td>
<td>37.4</td>
</tr>
</tbody>
</table>
It is revealed that the poverty ratios had declined in 1983-84 as compared to 1977-78 in almost all the states except Nagaland, Sikkim and all union territories and Rajasthan. In this period there was a fall in absolute numbers of the poor from 307 million in 1977-78 to 273 millions in 1984-85.

Even though the Planning Commission has aimed at reducing the poverty ratio to 25 per cent at the end of the century, the absolute number of poor will remain as high as 250 millions.

POVERTY IN TAMILNADU

That India is a poor country is well known; but that Tamilnadu is among the poorer states in the Union Territory may not be so well known. The State of Tamilnadu in south-east India is the seventh most populated state in India (1991, 5.7 Crores) and this forms 6.7 per cent of the total population of the country. Though Tamilnadu ranks as one of the surplus states in food grains, industrially

advanced, educationally in the forefront and socially progres­sive it is among the poorer states in the Indian Union. Despite its resources, poverty has always been widespread in Tamil­nadu. During the past 20 years, Tamilnadu has experi­enced two periods of growth. In the 1950's government investment vastly increased the extent of public irrigation facilities. The decade saw a tremendous increase in food production, real incomes rose as did real per head consump­tion. While chronic inequality in landholding continued to ensure that there was always a large body of agricultural labourers who managed less well than others, there was a steady decline in the extent of rural poverty.

The second phase of growth was characterised by the selective application of the Green Revolution. Again food production rose sharply, but only for rice (plus some cash crops). New production facilities were "privatised", excluding many poorer farmers and were disproportionately utilised by large farmers. During this period all indicators of poverty—per head consumption, diet and basic needs poverty lines—registered an alarming growth in its extent. The poverty was not just borderline: there was a bulging of poverty in the intermediate group of those in acute poverty.
With this growth in poverty came increasing inequality. Throughout this period more than 60 per cent of rural households owned less than 1 acre of land. Most could not take advantage of the new schemes, while others, like the "dry" millet farmer were ignored—they were "marginalised". Over all 56 per cent of all operational holdings in 1971 yielded an income barely sufficient to provide even a minimum level of living for cultivator families. A similar fate faced many village artisans, as modernised production made redundant their traditional crafts—rice milling, jewellery and spinning. Over 85 per cent of artisan families were probably below the poverty line by the early 1970's.

With nearly 60 per cent of land owned by the top 10 per cent of households, the main impact of poverty was inevitably among marginal farmer and landless labouring families; their numbers expanded by increasing landlessness and the decline of rural industries. In 1961, 51 per cent of agricultural workers were small and marginal cultivators and 22 per cent agricultural labourers. By 1971, the figures were 40 and 38 per cent respectively. This could be attributed to (i) urban employment failed to grow and (ii) the new

I.L.O: op. cit., p. 32
agricultural strategy did not significantly expand the employment created in the late 1950's. More people looking for wage employment meant that the number of days worked on average by agricultural labourers continue to decline. With the real wage rate fluctuating widely 87 per cent of agricultural labouring families were receiving an income in 1971 insufficient to supply their basic needs.

Mass poverty exists among the farming communities in general and particularly among the marginal farmer and landless agricultural labourers. This could be attributed to (i) the mass of the people do not have and under certain kinds of institutional patterns can not contribute to productive activity. It is a reflection of the total malfunctioning of the economic order, closely related to production process, the manner in which resources are owned and utilised to policy measures. Further, it is also noticed that in Tamilnadu during the past ten years the choice of products and of techniques has been dictated by the wants of a few rather than the needs of the many. The system, therefore, can not provide for the elementary needs of those who have no resources at their command with which to influence
its working in their favour. The consequence is their increasing impoverishment.

WHO ARE THE POOR?

Everywhere it is the agricultural labourers, the landless and the near landless who form the core of rural poverty in Asia. Rural Society is highly differentiated. An apparently simple agrarian economy is in fact, a complex structure of rich landowners, peasants, there are artisans, traders and plantation workers. Poverty strikes unevenly among these groups and the process of economic growth has accentuated the difference in living standards between them. Inevitably, it has been the weakest sectors of the rural society that have suffered most severely from declining standards of living and worsening poverty.

The majority of rural families in poverty are not purchasers of fund. Those with the lowest incomes get too few calories to sustain healthy lives; they tend to be without assets (in particular, without land) illiterate and with insufficient access to productive employment. Many of them live either an extremely small farms or on larger tracts that do not lend themselves to farming because of
climatic or soil conditions. Moreover poor families have few income earners relative to the number to be supported. This is why the solution to undernutrition is to increase employment and income rather than the food supply itself. The poor play a minor role in village life; they have little opportunity to participate meaningfully in society's institutions and equally little power to influence the course of their own lives.

Further, location wise, rural poor may be divided into four major groups viz., i) poor cultivators eking out a subsistence living from rainfed soil or dry lands; (ii) rural poor on irrigated land-old developed areas which have to support a high population density (iii) poor in unirrigated densely populated areas; (iv) vulnerable sections of population whose participation in productive activity is limited. The last group of poverty may remain even after the first three could be eliminated in the course of economic development.

Yet another important feature of rural poverty is its

planted, the poor have increasing difficulty in finding paid work, and they run down their food supplies. This is also the time that diseases are at their peak because of weather conditions. Undernutrition increases the susceptibility of the poor to illness, which in turn makes it difficult for them to get the limited work that is available. Survival may sometimes depend on borrowing, which can lead to an inescapable burden of indebtedness.

The most striking feature of the flow of rural people income is its seasonal character. Seasonality is especially marked in areas with monsoon, rainfall or with only one crop a year and it leads to variation in cropping pattern, production, income etc. The farming community has to save from each harvest to survive until the next and virtually all producers save. Managing these savings is the largest financial challenge facing farmers. In more traditional agricultural societies, savings are frequently held in non-financial forms such as livestock and stores of grain. Or some of the resources may be provided by merchants or money lenders who extend credit to farmers short of cash or staple

foods prior to the harvest.

Thus the causative factors for rural poverty run from climate conditions, irrigational facilities, over population with high dependency coupled with scarcity of supporting resources and institutional sociological factors.

It is against this background, the present study is carved out to study the poverty levels among the marginal farmers and landless agricultural labourers operating under irrigated and un-irrigated locations at grassroot level with main focus on location and season based poverty.