CHAPTER 1
INTRODUCTION
CHAPTER-I
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1.1. POVERTY- ITS CONCEPT

Poverty is basically a welfare concept denoting insufficiency of economic resources to meet certain basic requirements of life. These basic needs are derived from the social welfare function of the society and are generally reflected in the accepted aims of social & economic policy. Hence, what constitutes a "desirable minimum" for one country may differ from that of another country. Further, not all aspects of standards of living are quantifiable; health, nutrition, housing, employment conditions and education are all considered as "components" of levels of living but their quantification is difficult and often arbitrary.

Three precepts are often used to define poverty.

These are

a. The amount of money required by a person to subsist.

b. The life below a minimum subsistence level and living standard prevalent at a given time in a given place.

c. The comparative state of well-being of a few and ill-being of the majority in the society.

Sometimes poverty is referred to 'deprivation', that is, deprivation from those minimal levels of food, health, housing, education, recreation etc. John Kenneth Galbraith, the noted American economist, in his book 'Economic development' has presented a number of causes of poverty. He was of the view that the people are poor because they prefer it that way. Second, some countries are naturally poor due to the geographical, climatic and natural conditions. Third, some of the countries are poor because they have been subjected to colonial domination and oppression for long. The original construction of Human Development Index (HDI) by the United Nations Development programme (UNDP) measures deprivation of a country in each of the three selected basic components in relation to other countries in a particular year. These three components are adult literacy rate, per capita income and life expectancy. The deprivation with regard to the three components for each country are indexed in a scale which ranges from the minimum value of zero in case of minimum deprivation, to the maximum value of one in case of maximum deprivation.
Poverty, deprivation and social exclusion are interlinked and dependent on a host of economic, social and cultural factors such as (a) low income (b) unemployment (c) lack of skills (d) ill health and lack of sanitation facilities (e) lack of education (f) lack of access to education, health and recreation, welfare facilities and public distribution system (g) social discrimination and (h) corruption.

Currently, about 24 percent of the World's population which lives in the richer North consumes an estimated 75 to 85% of the World's depleting resources. The greater number of poor people are in Asia, but in Africa half the population falls below an accepted poverty line (Human Development report, 1998). While poverty is most commonly measured by income, it is also a matter of consumption and is reflected in such indicators as nutrition, life expectancy, child mortality, literacy, illness and education.

The concept of equality or a just society forms the core of the Indian Constitution after independence. Eminent economist Amartya Sen commented that the biggest achievement is the maintenance of democracy and the biggest failure is social inequality.

India is the second most populous country in the World (1027.0 millions as on 01.03.2001) after China (1,277.6 million) and followed by U.S.A. (281.4 million) & Indonesia (212.1 million) respectively. India's population growth during the twentieth century can be chartered and classified into four distinct phases as follows:

Indian poverty is predominantly in the rural areas where more than three quarters of all poor people reside, although there is wide variation in poverty across different states. The poverty prevalence ratios by rural-urban location and on All-India basis are 56.16, 16.74 and 27.0 respectively as per NSS 55th round (July, 1999-2000), NSSO, April 2001. Rural poverty varied from 14 percent in Punjab to 63 percent in Orissa. Similarly urban poverty varied from 7 percent in Punjab to 34 percent in Orissa.

A comparable estimates from the NSS 55th round for 1999-2000 indicate the following.

a. The proportion of the population below the poverty line declined by about 10 percentage points (rural) and 5 percentage points (urban) between 1983 and 1993-94. Between the next six years from 1993-94 to 1999-2000, there is a further decline of about 10 percentage points (rural) and 7 percentage points (urban).
b. In the case of both rural males and females, in all the younger age groups, up to & including 25-29 age group, there is a broad downward drift in age specific work participation rates. The same holds true for urban males and females as well but only up to the 20-24 age group.

c. Taking into account the changes in industrial distribution of the work force over the entire period 1961-2000, there is a 16 percentage point decline in the share of the Agriculture, Forestry and Fishing sector for the total work force.

d. There is a significant rise in the share of production and related workers in the rural work force between 1994 and 2000. There is a decline in the absolute number of workers in the category, "Spinners, weavers, knitters, Dyers etc." from 7.1 million in 1994 to 5.8 million in 2000. The number of construction related workers in rural India also have increased from 3.9 million in 1994 to 6.3 million in 2000.

e. In respect of rural areas in six states (Assam, Karnataka, Madhya Pradesh, Orissa, Tamil Nadu and West Bengal) the poverty prevalence ratios in 1999-2000 are higher than in 1993-94 while in Maharashtra, there has been virtually no change in the poverty ratios between 1999-94 and 1999-2000.

The calorie norm of poverty has gained acceptability over the standard of living and balanced diet approaches. There are, however some limitations as it provides too narrow a definition of poverty. For instance, on the basis of NSS data of the 26th Round it was observed that there were some families that were not poor according to the expenditure norm criterion but were undernourished nevertheless.

**Poverty in Orissa**

After fifty years of Independence and eight plan periods, Orissa still remains one of the poorest states of Indian Union. Orissa’s poverty can be traced back to the famine of 1866 which may be regarded as the epitome of the unsympathetic economic policy pursued by the East India Company’s Government in Orissa. After Orissa became a separate state in 1936, the first Congress Ministry headed by Late Biswanath Das in 1937 made sincere efforts to revive the native industries. The destruction of native industries, ruination of agriculture and decline of maritime trade led to the growth of extreme poverty among the people. While the growth of
assets of Orissa has increased by 47 percent, the liabilities have grown by 80 percent during five year period from 1993-94 to 1997-98 according to the latest report of the Comptroller and Auditor General of India for the year ended on 31st March, 1998. About 68 percent of the population in rural areas are concentrated in lower monthly per capita consumer expenditure (MPCE) classes of less than Rs.110 and Rs.110-215 as against 74 percent in urban areas under higher MPCE classes of Rs.215-385 and Rs.385 and above. (Economic Survey, Orissa, 2000).

The per capita income of Orissa as measured by net state domestic product (NSDP) per head of population, was about 20 percent lower than the All India per capita income in 1980. It remained as much as 43 percent below that of national average in 1996-97. This long term tendency for average standard of living in Orissa to diverge away from the All India level instead of catching up with the later is certainly the most worrisome feature of the process of economic growth during the last two decades. The Gini coefficient in per capita consumption expenditure distribution lies in the range 25-29 percent for rural Orissa in recent years while the corresponding range is 28-31 percent in whole of rural India (Panda, 1999).

1.2 NEED FOR STUDY

During World Bank study by Dreze and Srinivasan, 1996, India was divided into 61 agro-climatic regions based on a survey done in 1987-88. The highest incidence of poverty in 1987-88 was found in Orissa Southern signified by Head count of 77 and Gini coefficient of 0.251. In Orissa’s Southern agro-climatic region, more than three of every four rural inhabitants lived below the poverty line. Thus it was intended to make all empirical investigation of rural poverty in Gajapati district of Orissa situated at the Southern boundary of Orissa bordering Andhra Pradesh and to assess the impact of poverty amelioration programmes initiated by the Government over the years.

The poverty lines in Orissa had been estimated at Rs.92 and Rs.126 per capita per month for rural and urban sectors respectively in Panda et.al. (1990) on the basis of estimated relationship between Calorie and consumption expenditure for 1983 corresponding to per capital calorie norm of 2200. The poverty lines for 1993-94 were estimated to be Rs.180 for rural Orissa and Rs.276 for urban Orissa.

The estimates of poverty in Orissa for three social groups of population i.e. S.T., S.C. and other (Panda et.al. 1990) are as follows.
Poverty was highly concentrated among the ST and SC sections of the society in 1983. The percentage of poor was as high as 62-79% among the ST/SC group in rural and urban areas as against 51-55% for the entire population in 1983.

The incidence of poverty among ST group was nearly double that of non ST/SC group in 1983. It continues to be the same a decade later in 1993 indicating stagnancy in their relative position compared to other's category. The ST group accounts for 38% of the total number of poor while its share in population is only 25% in rural areas in 1993. It contributes disproportionately to the state's poverty in urban areas too, corresponding figures being 19% and 12%.

The poverty percentage of the SC group has fallen by about one-third during 1983-93.

It is well known that the Southern and Northern regions in Orissa are not as well developed as the coastal region. Since the tribal population is not spread evenly in all the regions of the state, a natural question arises as to whether regional disparity in poverty is due to uneven distribution of the tribal population across the regions. The published NSS data does not help to examine this question. The concentration of ST population in Southern and Northern regions is one of the factors responsible for the inter-regional disparity in poverty estimates in Orissa. The non-ST/SC group in the coastal region has considerably less poverty with Head Count Ratio (HCR) of 35% as against 56% for its counterparts in the other two regions (Panda et.al. 1990)

Hence, the present study relates to the dimension of rural poverty and deprivation in Orissa with particular reference to the Gajapati district of Orissa which is one of the poorest district in Southern Orissa and also attempts to analyse the tribal and non-tribal variation in the rural poverty and deprivation scenario in the district. The present study while making a review of the socio-economic, agricultural and demographic scenario of Orissa since independence, tries to pursue the following specific objectives.

1.3 OBJECTIVES OF THE STUDY
The objectives of the study are as follows.

1. To review the present socio-economic and demographic scenario of Orissa in comparison to other states in India.
2. To analyse the socio-economic and demographic situation in different districts of Orissa with special reference to the Gajapati district.

3. To review the levels of rural poverty in India/Orissa since independence.
   a. To identify and analyse the determinants of poverty and level of living in major states of India.
   b. To make an assessment of changes in the quality of life and economic well being of the households in the rural areas of Orissa.
   c. To study the variation in the distribution of income of rural households below poverty line among districts of Orissa.

4. To study the incidence and intensity of rural poverty among tribal and non-tribal households in the Gajapati district of Orissa.

5. To make an impact assessment of the poverty eradication programmes in the district of Gajapati in Orissa.

1.4 HYPOTHESIS

Based on the aforesaid objectives, answers have been sought on the following hypothesis.

1. The relative position of majority of states in India in terms of socio-economic development indicators have not changed significantly over the time periods.

2. The growth of per capita income in terms of State Domestic Product (SDP) of states differs widely as compared to the growth of per capita national income (in terms of NDP) over years.

3. The index of deprivation increases with the decrease in development of education.

4. The aspects of poverty such as quality of life, deprivation, inequality of consumption, gender disparity, child labour, migration, infant mortality etc. are strongly associated with the level of poverty in Orissa.

5. The tribal households are at a disadvantageous position in terms of the poverty head count ratio and income gap ratio as compared to non-tribal households.
6. Wide disparities in consumption expenditure and household income exist among tribal and non-tribal households in the sampled villages.

7. The various poverty eradication/amelioration programmes have no significant impact in reducing the number of poor households below poverty line.

1.5. SAMPLING DESIGN AND METHODS OF DATA COLLECTION

As the Gajapati district in Orissa has been selected for the case study, primary data were collected by conducting a household sample survey in four community development blocks of the district following a stratified two-stage sampling design. The community Development Blocks of the district were stratified as tribal and non-tribal Blocks. The distribution between a tribal and a non-tribal Block was made on the basis of the percentage of tribal population, that is, Blocks having the tribal population more than sixty percent of the total population were classified as tribal blocks. As such, out of seven Blocks in the district, Gumma, Mohana, Nuagada, Rayagada and R. Udayagiri were treated as tribal Blocks and Gosani and Kasinagar were treated as non-tribal blocks. From the five tribal Blocks two blocks namely Rayagada and Gumma were selected following simple random sampling without replacement and two non-tribal blocks were selected as such without sampling.

From each block selected, two villages were selected following simple random sampling for the purpose of analysis and complete enumeration of households was made in three villages.

The blockwise selected villages are as follows

<table>
<thead>
<tr>
<th>Selected name of Blocks</th>
<th>Selected name of villages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tribal: Rayagada (G₁)</td>
<td>Karadasingi, Badagam</td>
</tr>
<tr>
<td>Gumma (G₂)</td>
<td>Krushnachandrapur, Padmapur</td>
</tr>
<tr>
<td>Non-Tribal : Gosani, Paralakhemundi(G₃)</td>
<td>Deviti, Jajpur</td>
</tr>
<tr>
<td>Kashinagar(G₄)</td>
<td>Singipur, Siddhamadanga</td>
</tr>
</tbody>
</table>

DATA SOURCE

Based on the above sampling design, the data were collected from the households using structured schedules. The questions were related to information regarding the size of the households and characteristic of household members such as age, sex, marital status, education, economic activities, employment, migration, income and expenditure pattern, landed property etc.
The secondary data were collected from various published sources of the Central and State Government such as the Census of India volumes, statistical abstract, selected socio-economic statistics, per capita Net State Domestic Product of States, National Family Health Survey, Economic Survey etc. (Central Government Publications) and District Statistical Handbooks, Technical Report on EARAS, Census Report of Minor Irrigation works etc. (State Government Publications)

1.6 CHAPTERISATION

The thesis consists of nine chapters

CHAPTERS

1. Introduction
2. Review of literature on poverty
3. Methodological foundation
4. Profile of the study area.
5. Regional Dimensions of Development in India
6. Regional Dimensions of poverty
7. Measurement and analysis of rural poverty and deprivation in Gajapati district of Orissa
8. Poverty eradication programmes & rate of poverty eradication
9. Summary, conclusions and policy prescriptions

First chapter introduces the study, its significance and importance of the issue of poverty in India. Chapter two makes an attempt to review the existing theoretical and empirical studies made by various researchers and institutions. The third chapter is intended to lay down the methodological foundation of the various statistical measures adopted in analyzing different aspects of poverty and deprivation. Chapter four presents the profile of the study area (Gajapati district in Orissa).

Chapter five and six examine the regional dimensions of development and poverty in India with special reference to Orissa. Chapter seven is devoted to measurement and analysis of rural poverty in the Gajapati district of Orissa, taken as a case study. Eighth chapter highlights effects of various poverty eradication
programmes floated in Orissa over time periods. The final chapter draws some useful conclusions and provides broad guidelines to ameliorate poverty in the study region.

LIMITATIONS

The present work is concerned with studying dimensions of rural poverty and deprivation in the state of Orissa with particular reference to the Gajapati district. The poverty measures are based on income and consumption expenditures on different heads for both tribal and non-tribal households in sampled villages. Due to resource constraints, the Primary data were limited to only two villages selected from each of the four blocks in the sample. However, as the main emphasis was on the comparison among different communities, such a sample was thought to be reasonable for the purpose in order to arrive at a general conclusion close to reality.