I

INTRODUCTION

1.1 Prelude

Economists have long been interested in the relationship between the distribution of income and rate of economic growth. Two propositions have tended to dominate the literature. The first, associated with the name of Simon Kuznets, asserts that the degree of inequality varies systematically with the level of income per head, initially increasing as incomes rise and then, beyond some point, decreasing with further increases in income per head (Kuznets, 1955). The second proposition, often associated with Arthur Okun, asserts that there is a ‘great trade-off’ between equality and efficiently and hence policy interventions intended to reduce inequality have a high cost in terms of lower average income (Okun, 1975). Taken together, the two propositions have been used to argue against public policies intended to create a less unequal society, since the Kuznets indicates that in the long run policy interventions are unnecessary and the Okun proposition indicates in the short run they are harmful.

The problem of a rural economy in a developing country like India or a region is how to overcome poverty and stagnation and ensure sustained growth. Some of the planning activities which are undertaken for the purpose are in the nature of efforts to develop the physical resources, the infrastructure of the economy and facilities for the supply of material inputs that are directly connected with production. There are also activities which aim at developing human resources by education and training. Further still, there are activities seeking to establish and appropriate institutional framework for collective action and more equitable distribution of income. In this way, the development debate appears to be, at last, coasting towards a consensus; developing nation must not focus their energies on the growth rates of their GDP, NNP, GNP etc. but should instead try to achieve ‘human development’ or ‘comprehensive development’. A remarkable feature of these new goals is that everyone seems to be supporting them, although few know what the terms mean. This is in some sense understandable. First, the terms ‘human’ and ‘comprehensive’ are so enticing that no one can proclaim being against them without sounding absurd and boorish. And given
that the aim of these new objectives is to go beyond narrow economic objectives to larger social and political goals, some vagueness in the target is inevitable. Attempts to give this sharper focus, as in the United Nations Development Programme’s construction of the Human Development Index, have inevitably been criticized for arbitrariness.

Rural development is defined as a process of improving living standards of the masses of the low income population residing in rural areas and making the process of their development self-sustaining (Lele, 1975). India has given varying degrees of attention and priority to rural development since independent. Moreover, the motivations and objectives of public policies have varied over time and among states owing to a complex combination of political, economic and social factors as well as opportunities for development provided by foreign assistance and global economic trends. Nevertheless, there have been some uniformity in the rural development policies of India because of the similarities in their social and cultural milieu and a shared legacy of their colonial past which included institutions of governance and an agrarian structure suited to the needs of the colonial rulers. The objectives of rural development followed and implemented by the various governments have also been influenced by the overall plans for development and the performance of the economy in its global setting during this period. In particular, they have been conditioned by the international economic environment, especially for foreign assistance. Although rural development has been a priority area for external donors its importance has increased in the second half of the last 50 years as concerns about food security, the population explosion, environment and climatic changes, as well as poverty, equality and social justice have come to be increasingly perceived as being in the purview of global, rather than national policy agenda. Rural development stood at the cross-cutting path of these concerns. However, the multiplicity of the objectives which rural development was expected to achieve often deprived it of a central focus and often contributed to its failure. India has in recent years tried to achieve some combination of the above stated objectives, whose importance has differed both over time and among states.
It is fact that the share of agriculture in the aggregate economy has declined rapidly during the planned development in India; it assumes a pivotal role in the rural economy. The NSS quinquennial surveys on employment show a decline in the share of agriculture and an increase in the share of non-agricultural sector in aggregate employment. Such a structural shift though expected in a developing economy, has been slower in the Indian economy. This process is even slower in the rural economy. Nevertheless in rural India the growth rate of employment in the non-agricultural sector has been far short of the increase in the rural workforce. As a consequence, the incidence of rural employment on the basis of current daily status (CDS) is as high as 7 per cent in the year 1999-00. There is no evidence to suggest improvement in the quality of rural employment, which is generally associated with the structural changes of employment. In this context employment in agriculture remains important. The recent NSS quinquennial survey on employment shows that the number of agricultural workers has almost stagnated. Agricultural income during the ‘90s has however grown at an impressive rate. Does this suggest job-less growth in agriculture as well? The association between employment and income in agriculture needs to be investigated, considering a general perception that agriculture is a labour intensive proposition. There are studies reporting deceleration in the productivity growth in agriculture during 90s. Real wages in agriculture however, maintained an increasing trend. Increase of real wages in agriculture in the context of growth in agricultural income and the stagnation of agricultural employment is important. In this situation the kind of relationship that exists between employment, labour productivity and wages in agriculture also needs to be investigated.

In principal, prosperity can extend to all, and greater income over time can accrue to all. In many states in India per capita income grew at the astonishing rate; while in some states declined (Basu, 2005). These anomalies raise a host of new questions concerning development and distribution. What policies should the developing countries like India follow? How are these development activities reaching down to the agrarian system? Sen (1983, 1985, 1999) in a series of influential publications has contributed to the broadening of the goals of development. He has argued the need to move away from the commodity fetishism of the earlier approaches
and toward the evaluation of development and progress in terms of functioning and capability. It is possible that resources and the administrative machinery are too inadequate to achieve rapid or sharp changes. It is fact that some changes have been taking place especially in the eve of liberalization. The New Economic Policy (NEP) followed by the country as also the West Bengal Government’s proposal for an alternative economic policy are the vital issues that may lead to change in level of living of rural population. Now the question arises that what is the quality of these changes? It is also important to examine that what are their pace and pattern? Similarly, it is also pertinent to know that what is the process and what further possibilities are indicated by the process of actual change? Land and land relations accompanied by availability of food are obviously the foremost requirements followed by such essentials such as education, housing, availability of adequate light and potable water, sanitation and health care and possession of some necessary consumer durables. It is fact that in spite of growth in some sectors, the incidence of poverty both under head–count ratio and ‘Sen Index’ has been found to be alarming in India. That even today, in this unbelievably rich world, large numbers of children have to work 12 to 14 hours a day to enable their families to barely survive; that in many areas more than 100 babies die in the first year of their lives for each 1000 live births; and more than half of the population does not have access to electricity or safe drinking water and all these show a massive failure not only in scientific achievements but also in social and political instructions (Basu, 2005). The deprivation of a significant section of the society of minimum basic needs in the face of a luxurious life for the elite classes makes poverty more glaring over the years. Ojha (1970) in an estimate concluded that compared to 1960-61, the nutritional deficiency in rural areas widened considerably in 1967-68. Dandekar and Rath (1971) showed that the total number of persons living below the poverty line has increased from 177 million in 1960-61 to 216 million in 1968-69. Similarly in another estimates made by Minhas et al. (1991) on the basis of NSS data revealed that during the period 1956-57 and 1967-68, the proportion below the poverty line among the rural poor seems to have fallen in good harvest years but shot up again in bad harvest years. Bardhan’s study (1973) brought out the conclusion that the percentage of rural people below the poverty line has gone
up from 38 per cent in 1960-61 to 54 per cent in 1968-69. Ahluwalia (1977) concluded that the Indian experiences over the past two decades cannot be characterized as showing increasing trend in the incidence of poverty in India as a whole. In general, the time series shows a pattern of fluctuation with the incidence of poverty falling in periods of good agricultural performance and rising in periods of poor performance. The Seventh Finance Commission revealed that 225 million persons in the rural areas lived below the augmented poverty line in 1970-71. The World Bank in an estimate (1989) revealed that the number of rural poor in India was about 237 million in 1970 and it rose to 252 million in 1983 and was around the same in 1988. Datt \textit{et al.} (1990) have developed the concept of poverty gap along with the poverty line. Since all NSS data on consumption expenditure are in current local prices the study has used rural interstate price relatives for 1973-74 constructed by Bhattacharya updated to 1983 using consumer price index for agricultural labourers as the rural price deflator. According to this study, 43.9 per cent of the population was below the poverty line, out of which 40 per cent of the urban population and 45 per cent of the rural population was reckoned as poor in 1983. All India evidence reveals that the incidence of rural poverty is inversely related to agricultural performance measured in terms of agricultural NDP per rural person. In other words, rising agricultural productivity per person tends to reduce incidence of poverty. There is also some evidence of ‘trickle - down’ associated with growth. State level evidence further indicates that the trickle down processes have not reached all the way down to the very poor (Ahluwalia, 1977). He argues that for such groups, poverty alleviation will require special programmes of assistance and support and not merely a general improvement in productivity. During the recent period apart from carrying out of several anti-poverty programmes sponsored by the Central Government, the rural areas had witnessed a series of successful implementation of land reform programme and creation of an active rural power base through setting up of Panchayeti Raj System (PRS) in West Bengal.

Despite these facts that there has been a decline in the incidence of poverty over the past two decades, large number of people continues to live below the poverty line in rural areas in West Bengal. In the area of basic minimum services, different
Five Year Plans have placed greater emphasis on primary health care, primary education and provision of safe drinking water and shelter. Social sector planning, therefore ensures that appropriate policies and programmes should be formulated and adequate investment should be provided by the State so that poor and vulnerable segments of the society can access essential facilities based on their needs.

Since the beginning, a number of social sector programmes have been implemented in the State of West Bengal for upliftment of rural people with the objective of provision of income, employment, health, sanitation, education etc. Resources have been pumped into the State to ensure multi-faceted social development. But the impact of all these programmes in terms of improving the quality of life is yet to be felt. The State of West Bengal has implemented a good number of poverty alleviation programmes. But the development process has not percolated down to the poorest sections of the society.

Social development is inseparable from the cultural, economic and political fronts. It cannot be pursued as a sectoral initiative in which social development is linked towards the wellbeing of all and for healthy and productive life. The social sector programmes increasingly recognize the responses to changing circumstances and the desire to achieve sustainable development. The social sector programmes are designed to have positive socio-economic impact on the beneficiary households besides fulfilling their minimum needs through infrastructural support.

The socio-economic impact is reflected through the level of living expressed in terms of quality of life (QOL). The socio-economic dimensions of rural poverty at the micro level are reflected through the level of living expressed in terms of quality of life indicators. These indicators measure both the extremely poor on the basis of hunger criteria and poor on the basis of lack of accessibility to well-being, opportunity and services needs. The lower the value of QOL, the lower is the incidence of illiteracy, hunger, lack of access to health services, safe drinking water, sanitation etc. leading to low poverty ratio. Higher the value of QOL, the greater is the incidence of deprivation in food, literacy, access to health services, safe drinking water, sanitation and hence more number of poor.
Average days remained hungry or hunger criterion is the worst form of deprivation caused by people having neither the land to produce food nor the capacity to purchase it. The other factors like per capita income, illiteracy and expenditure on food are again related to hunger dimensions of poverty. The largest sub group among the hunger consists of small farmers and landless rural workers. They typically spend the bulk of their income on food. A rise in the prices of food and/or a fall in their incomes affect their food security. The second group among the chronically hungry people is the unemployed. People may work when employment opportunities exist, but their incomes are not sufficient to satisfy their families’ dietary requirements. Frequent illness further limits their employment capacity. The third sub group is the ill, the aged, the crippled and the orphaned, which are less able to earn enough money to support them. People in the first group can take part in the economic development process. The second group, the unemployed, remains at the fringe of the economic development. The third group is marked by chronic under-nutrition, poor health, in sanitary drinking water. In fact, large families increase their vulnerability to infectious diseases and reduce their capacity to work and performance. Villages that have not given priority to programmes of illiteracy, ill health and elimination of hunger and arrest of malnutrition, have made little progress towards the goal of reducing poverty even though they have increased their rate of development. Achieving food production targets alone will not result in assuring food for all people unless those in need have the access to food supplies.

Hungry days, per capita income, literacy, and expenditure on food are the critical factors in explaining the poverty level in rural areas. Poverty is linked to periodic hunger which is common in the lean period i.e. before harvesting when food is in short supply which leads to rise in prices. Periodic hunger is mainly because of low per capita income and low expenditure on food and both are again related to unemployment. It is general feature that rate of unemployment is happened to be high because of illiteracy and lack of skill and low entrepreneurial quality. Low expenditure on food is due to lack of income and inadequate knowledge about nutrition. Early marriage and closely spaced pregnancies further undermine their health. Low expenditure on food hardly shows any visible sign of malnutrition. Long
before malnutrition becomes visible, it amplifies the worst consequence of illness which decreases the capacity to work and causes adverse to lead a healthy life. Low expenditure on food results in inadequacy of essential nutrients which includes carbohydrates, proteins, vitamins and minerals. The deficiency is not restricted to nutritional deficiency or protein energy. The balance diet comprises of other essential nutrients like iron, iodine, vitamin-A etc. which basically serve as protective food. Iron deficiency is the dominant cause of anaemia prevalent among women. Poorly nourished mothers give birth to under-weight babies malnourished in the womb itself. The child carry the effects of malnutrition to adulthood and if female, on to the next generation.

The above identified factors form a vicious circle of poverty starting from illiteracy-unemployment-low per capita income-low expenditure on food- hunger-ill health hunger, which are correlated to poverty and social development. Both state and central governments have been implementing several programmes for eradication of poverty. While the objectives of these programmes may be commendable, they are based on a belief that spending of money is in itself a necessary and sufficient condition for poverty alleviation. This belief under-plays the role of non-monetary policies which have direct impact on the lives of the people.

Besides the delivery machinery, often the policies themselves are in defective and need to be amended if these are to be beneficial to the poor. The anti-poor bias in many sectors stems from the belief that economic development and reduction of poverty require two different strategies. It is believed that whereas the former set of policies have to be geared to increase the production and need not take into account the interests of the poor, the latter is the responsibility of the Ministry of Rural Development which has no control over the anti-poor policies followed by other Ministries and which are justified in the name of economic development. How existing policies of other departments impact on the poor hardly analysed by the rural development departments of central and state governments. Analysis of poverty at micro level identified the key indicators both causal and consequence or process oriented. The causal indicators are per capita income and employment days while the
consequence indicators are hungry days, expenditure on food, illiteracy etc. The
causal indicator like income is related to income perspective of poverty which is the
root cause of poverty in the rural areas. The consequence of low per capita income and
unemployment leads to low expenditure on food and hungry days and in the process
turns into ill-health and illiteracy. This concept of deprivation goes beyond the sense
of meagre income and includes the basic needs package like food, health, education
and sanitation which in turn is known as basic services perspective. The consequences
indicators unlike income and employment are reflected not in the inputs but as the end
products of the basic services. The Quality of life perspective starts with per capita
income, employment days, food security, health, literacy, sanitation etc. which
encompasses both income and basic services perspective are the basis for micro
perspective. If hunger is the worst consequences of poverty, and malnutrition is the
worst consequence of hunger, then the fight against poverty is first and foremost a
fight against nutritional risks. Escaping out of poverty within the family and checking
its movement from one family to another and one generation to another generation
requires an integrated policy and programme package both at macro and micro level.

It is fact that to examine the changes which are happening in rural areas in
West Bengal are very important because the majority of the population live in rural
areas. Similarly, the state which has the considerable percentages of rural population
is in the island of poverty even after implementation of different rural developmental
programmes since independence but the achievement is not so praiseworthy.
However, latest statistics show that agricultural growth and rural income has largely
been unaffected by the economic slowdown, despite the fact that the contribution of
agriculture to total rural income has actually come down. In view of these overall
findings, the present study has been undertaken to make an economic analysis of rural
change in Birbhum district of West Bengal.

1.2 Objective of the Study

The specific objectives of the present study are
1. to examine the changes in the level of living, employment, income; etc. in the rural economy;
2. to assess the present status of inequality in terms of income and food security in rural areas;
3. to estimate the poverty gap along with the poverty line;
4. to identify what further possibilities are indicated by the process of actual changes; and
5. to suggest policy measures based on the findings of the study.

1.3 Scheme of the Chapters

The study has been divided into seven chapters. The first chapter introduces the study which spells out background, objectives and limitations of the study. The second chapter displays the review of literature. The third chapter is related to the theoretical orientation. The fourth chapter deals with the research methodology. The characteristic features of the study area and the sample households are presented in fifth chapter. The sixth chapter presents results and discussion of the study and the seventh chapter portrays summary and conclusions along with appropriate policy measures based on the findings of the study.

1.4 Limitations

The work suffers from limitation of number of parameters selected and in the outline of objectives drawn. However, the parameters selected are the core to study the economics of rural change and any analysis of the economics of rural change without these parameters tends to remain incomplete. The selected indicators are easily comprehensible and are basic to judge the economics of rural change.

The study has been area specific as it relates to three block of a specific district. But the selection was made after due consideration of the related factors and is expected to deliver results which is representative in character and devoid of systematic bias. The field level investigations based on individual respondents’
opinion which may not be exclusively unbiased might be reflected in the results as well as findings. It is fact that the study is area specific but due to its demonstration of the various issues and aspects of problem, these might have wider application and the results could be extended to other similar areas. The time and resource constraints played their usual role in conducting the study.