CHAPTER - III

A SURVEY OF RELEVANT ISSUES IN LITERATURE

Poverty in India is not a new thing; starvation deaths were joined up with famines in past. An overall retardation of the concerned socio-economic levels in the affected areas also ensued. Descriptive accounts of poverty are chronicled in the reports of various Famine Commission and many other sources they provide historical accounts. Analysis of causes leading to such deprivation have also been presented in a number of studies. Noteworthy among them are Gadgil, R.C. Dutt, Thomas Metcalf, Dadabhoy Naorojee, S. J. Patel, K.M. Panniker, A. I. Levkovsky, Ambiraj, Angus Maddison and others.

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1. British Imperialism followed a deliberate policy of exploiting India. Their Trade, Industry and Agricultural policies were very shrewdly aimed at such a goal.

2. The neglect of Agriculture superimposed on the policy of suppressing Industrial Development in India created a vacuum of economic activities. This, when indigenous industries were destroyed by a conscious State policy, left no other activity for the population. In such uni-dimensional situation famines became extremely harsh.

During the small span of American civil war, Indian Agriculture did exhibit a turn towards commercialisation. This was felt mainly in the form of substitution of area under food crops by area under cotton. Cultivation of cotton also continued in post civil war period mainly due to a conscious policy of transporting cotton from hinterlands to ports. Bombay was an important port and railways, connecting western and central Indian cotton growing areas served as an important convenience. However, the argument that commercialisation...

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reduced food availability and hence famines were accentuated does not hold good as, in this set-up trade could be entrusted to take care of such shortages; more so, when transport facility had increased. It is well known that Indian agriculture is subsistence farming and inroads made by commercialisation remain ineffectively limited. A look at the following table will impress a point that output of foodgrains has fluctuated around a stagnant level.

<table>
<thead>
<tr>
<th>Year</th>
<th>Output of Foodgrains (in m.tons)</th>
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</thead>
<tbody>
<tr>
<td>1900-01</td>
<td>67.0</td>
</tr>
<tr>
<td>1910-11</td>
<td>80.4</td>
</tr>
<tr>
<td>1920-21</td>
<td>79.9</td>
</tr>
<tr>
<td>1930-31</td>
<td>70.0</td>
</tr>
<tr>
<td>1940-41</td>
<td>63.7</td>
</tr>
<tr>
<td>1947-48</td>
<td>66.0</td>
</tr>
</tbody>
</table>

3. A conscious policy of robbing the country was also followed, along with a policy of siphoning off as much of resources as possible.

4. The Britishers won India and made her pay for it. Since the country was to be won from innumerable

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and warring kings wars were a common feature. In order to collect resources for the wars revenue was constantly escalated. In absence of other activities economy was forced to pay this from agriculture alone.

5. The British rulers believed in functional and utilitarian virtues. For them a complete division of Indian society was a very desired situation because of administrative convenience. As such they divided the country on the basis of caste, religion, economic classes and regions. This led to erosion of social solidarity and kinship.

All these resulted in debasement of the society. A reserve army of landless labourers, low and unstable agricultural productivity and minimum industrialisation were the outcomes of such imperial policies.

In light of these arguments it is obvious that during the British rule an antithesis of development had set in for very large segments of society. When one thinks of this as a process some important issues of study emerge. One of these issues is that of famines and its impact on rural households.

In this case, some earlier studies have focussed more on history of famines. Such documents provide a useful base for the understanding of various phenomena of famines. Bhatia, Loveaday, Shrivastava, Ghosh and reports of Famine Inquiry Commissions throw a good deal of
light on such issues. District Gazetteers have also maintained accounts of details though mainly of qualitative interest.

The strands of historical perspective developed in the literature could be briefly outlined as follows:

1. India was plundered for over a century by Imperial rule. Princely states also did not lag behind. Though this rule brought in modernistic means of transport and communication, the people paid a very heavy price for all these.

2. British policy in terms of famines underwent changes with the passage of time. Initial belief of the State was in free trade. Non-intervention was observed with religious intensity. This was later on severely criticised as it led to enormous starvation deaths.

3. In the later part of the 19th century, in particular, following an attempted revolution of 1857 Government jerked out of its sloth. Famine commissions appointed from time to time analysed the causes of famines and suggested appropriate remedies.


4. Development of famine codes, which had a paramount concern for law and order situation, also led to systematic and somewhat timely diagnosis and action. It showed, for example, which of the various departments of the Government were to be alerted once the early signals of imminent crisis were revealed.

5. Short term policy of coping up with the crisis was developed which created employment for unskilled labour on large scale. Such works were located within a radius of 5 kms. from villages. It was not possible for the adhoc administration to find out any asset building work in small local areas for recurrent famines. Thus they were undertaken only to keep people busy so that law and order was maintained. Even though famine relief works used to be started no care was taken to create region-based irrigation system to provide future calamities.

During earlier era, for example the Moghuls recruited soldiers for their armies, fortified their positions or even constructed palaces. Some rulers imposed special tax (in terms of grain on the farmers in the famine affected areas who had been enjoying irrigation protection) and such collection was used to feed the destitutes. It was also observed that the local rulers opened 'Annakshetra' (i.e. free kitchens) for free meals. A scheme of entrusting the poor and destitutes in affected areas to rich people was also reported.
6. Though small and local works were preferred as relief works, sometimes works involving employment of large number of population were also undertaken. These were mainly for construction of railways.

7. Payment for such works was on piece basis; lead and lift rates with types of soil were worked out. Adjustment for price rise was also introduced in later days of management of crisis.

8. Government also considered issues like physical ability of labourers and other segments of affected population. There was gratuitous relief for old and infirm and also for widows and orthodox muslim women. Among labourers, who came for employment, a special category of weak labourers was to be identified and paid higher wages. Idea was that once they recoup their energy it will be possible for them to earn enough from the set tasks of work.

9. The literature, however, notes many examples when these proviso were not observed which led to intensification of calamity. Either the crisis was not diagnosed in time or the purse was held too tightly by the Government. This resulted in large scale deaths and immiseration.

10. The worst part of the British rule in context of famines is their total neglect of long term protective measures. Famines were taken essentially, to mean a short
term crisis of failure of crops. Since India is a vast country, the development of transport system was to take care of demand-supply imbalance. This was either entrusted to market, (initially, when roads or railways and communication network was not developed); or a direct intervention was considered worthy of state approach. Though, Col. Smith realised the issue correctly in 1860-61 the follow up action in all direction was lacking. A few of such actions may be briefly noted:

a) In 1860s an issue regarding choice of State action was debated. Whether the government should consciously take up irrigation projects which could have insulated the country from famines or should it develop railways which was to serve strategic purpose (post 1857) and 'open up' the country to English mercantile interests? The later choice defeated the long term interest of the country, viz. development of agriculture and stability in crop output.

b) The land tenure policy of the British did not have much of an Indian base. Zamindari model suited the convenience of feudal government. India had a pre-capitalist feudal base. Till Cornwallis, Zamindari was to be auctioned. Such zamindars bled the farmers white. Nothing was done to stop this. No systematic information on feudalistic and exploitative character of indigenous rulers is available so as to discern any judgement in
this regard. However, a few points may be considered while comparing roles of British and pre-British rulers in this light.

(a) Moghuls like the British did enter into large scale war operations which called for high level of revenue demands.

(b) Yet, an important difference between the two was in the fact that the British adopted a 'Drain' policy which was conspicuously absent in the Moghuls.

However, the point here is in regard to the land policy which the British used as a powerful tool of exploitation.

In Jagirdari or Ryotwari systems also land alienation, insecurity of tenure, arbitrary increase in rent etc. were common features. All this led to stagnation and decay in agriculture whenever famines occurred, in absence of a long term policy in this regard, it took a heavy toll of human lives.

c) The Government was clearly on the side of capitalists, landed aristocracy and petit bourgeois. They did not curb the 'loan sharks' till 1887. On the contrary, the money lenders enjoyed the protection from government. Following the 'Deccan Riots' after 1887 some lip service was offered by way of passing regulations like 'Dam Dupat' etc. Though a cooperative credit system was initiated in 1905, till 1953-54 only 3 percent of rural credit came from this source. Absence of a properly organised credit facility, erodes the purchasing power
and buffer assets of the rural population. It will be seen in the course of this thesis how central the issue of credit is in context of famines and poverty.

This brief review of historical aspect of the literature suggests that famines were basically treated from the law and order angle without any consideration for long term policy and perspective. Even short term remedy was inapt.

Some other recent studies also throw light on the problem of recent 'scarcities' from an angle of an Administrator. Subrahmaniam and Suresh Singh's studies have tried to collect and analyse information of a scarcity situation from angles of employment, nutrition, income, debt and farm business.

Works by Nadkarni and Borkar, Balkrishna, Jaiwal and Kolte, Samrani, Sevak and Shukla may be referred here.

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These studies are region specific; regions covered include states of Andhra, Bihar, Gujarat, Karnataka, Maharashtra, Madhya Pradesh, and Tamil Nadu. Though some of them aim at a compilation of detailed data on issues pertinent to drought some have also tried to analyse them in light of received theory. Studies which basically aim at compiling information have gathered information about socio-economic variable of Drought Prone Areas. As such, they provide information on Agriculture, employment, income, indebtedness, consumption etc. Study by Nadkarni dwelves on differentiating agriculture in Drought Prone Areas. He also brings out a support in favour of argument of retreat of agriculture.

In 1979 study, Shukla presents a picture of a few households surveyed during acute drought. It was argued in that study that about 20 per cent of households on relief works were at precarious level of existence during drought. Their condition during non-drought year was only relatively better. Main arguments developed in that report could be briefly stated as follows:

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Nadkarni, M. V., and R. S. Despande, 'Under-Utilization of Land - Climatic or Institutional Factors?'

(1) Rains policy (policy of closure of relief works) affects the normal wage rates of agricultural labour in an adverse way. This happens because the works are undertaken to provide relief and not for better wage incomes. As the relief works are abruptly closed in the beginning of next kharif season, the opportunity cost being equal to relief wages they are adopted by private farmers for that kharif season. Thus earnings of such labourers during normal season are also impaired.

(2) It was found that average value of assets of the sample households, at per capita level was Rs.235 (approx.) in worst affected areas and Rs.338 (approx.) in least affected areas. In terms of man-days of employment on relief works this works out to 130 and 188 days respectively. Thus a person requiring relief employment can support himself for an approximate period of 3 to 6 months by using up all such exchange entitlements. Per acre debt burden, in case of worst and least affected areas worked out to Rs.101 and Rs.346 respectively. For a farmer in worst affected areas, owning 1 hectare of land, value of assets and debt worked out just enough for him to cross over to the next kharif season. In least affected areas the situation was better.

(3) Asset ownership in worst and least affected areas showed difference in terms of concentration ratio. In least affected areas this was higher, Gini concentration ratio being 0.55, compared to least affected areas where it was 0.48.
In that study, levels of living of relief labourers was also analysed and some possible reasons for these levels were looked into. These would be discussed in greater detail while discussing the issue of poverty.

It is important that examination of poverty in perspective of famines in some dynamic situation may be undertaken. For example a complete monitoring of households involved and affected can give a good insight into the process of pauperisation if such a process exists. Such an attempt, with a policy frame, can help in identifying the issues leading to the process of pauperisation. Recently, attempts are made to look into the famine scenarios within such a framework. Alamgir, Jodha, Sen and Morris, could be cited in this context.

Issues which emerge in this context could be stated as follows:

(1) Famines are generally taken to mean food shortages. Bruce Curry for example traces down this


phenomenon to consumption of non preserved food items. There would not be anything uncommon in people adjusting to very low tastes in face of serious calamity. The contrary of this that as income rises better quality food is consumed is also well taken.

The main criticism of this argument is that the food availability at a region level does not decline. Sen argues on the basis of the case studies that per capita food availability does not decline during famines. However, his study raises a few questions.

(a) If food availability has not declined and large scale deaths have taken place in all famines why do the prices of foodgrains rise?

(b) Though at a region level, 'food may always be forthcoming if it could be paid for', the real question is one of weather uncertainty and assimilation of such shock by the poor households.

In case of last point made above, Jodha has tried to monitor the situation of households repeatedly exposed to famines. He observed from the case study of

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8/ According to news paper reports during, current scarcity (1983) tribals in some areas were reported consuming tubers which are generally avoided during normal times. But the reported areas where such consumption is 'observed' viz. Dangs, is not affected.

9/ Sen, Ibid.

10/ N.S. Jodha, Ibid.
families, studied during 1939-40 to 1963-64 in Rajasthan, that a gradual pauperisation had set in. When famines in particular were accompanied by other disequilibrating shocks like deaths of earning males, funeral and other social expenses, exploitation and treachery, the families became poor. The process of pauperisation is observed in three respects:

(a) Average per family ownership of land declined (from 30.4 acres to 4.8 acres).

(b) Average number of cattle owned declined (from 12 to 2) and average number of goats owned increased (from nil to 11).

(c) Average number of household members working as casual and attached labour increased (from nil to 6 and 3 in two cases).

Jodha also observes that prices of Bullocks, Camels, Cows, Sheep, Goat, etc. decreased during severe drought and rose sharply the next normal year. On the other hand prices of Bajra, (grain and stalks) Jowar (stalk), Ghee and milk rose during drought. Such price changes affected farmers in respect of distress sale of assets (like animals) and compelled them to sell more also.

These market position in commodity and farm asset coupled with institutionally exploitative structure of credit market led to pauperisation.
Jodha, however, has not linked up such behaviour patterns with broader generalisation. A question could be raised about such process in context of market phenomenon. For example a pair of bullocks was priced Rs.875 in 1962-63. It slumped to Rs.431 in 1963-64 and rose to Rs.988 next year. What explains this phenomenon? Is it because of the mortality rate? Does the rise in the fodder affect price changes? However, the process of pauperising is remained to be established as a sustained process.

It is obvious that any such attempt calls for sustained monitoring of information of large number of households in various rainfall regions. There is an absence of such time series information. An attempt at considering this issue from cross-section data is presented here.

An estimate of relationship between rainfall uncertainty and asset holdings for small cultivators and wage earners' class was estimated. This exercise is based on NSS data pertaining to five NSS regions. Since agriculture in Gujarat is mainly rainfed, rainfall in a cross-section setting is taken to influence asset holding which is a part of exchange entitlements.


12/ These data pertained to 1970-71 which was a normal year. Small cultivators owned upto 10 acres.
The estimating equation used was $Y = a + bX$, where $Y$ is asset holding for small cultivators and wage earners and $X$ is standard deviation of rainfall.

The results are as follows:

1) Small cultivators:
   
   $Y = 13.61 + 0.079X$  
   $(R^2 = 0.672)$  
   $(0.032)$

2) Wage Earners
   
   $Y = 66.19 - 0.045X$  
   $(R^2 = 0.780)$  
   $(0.014)$

(Figures in brackets are standard errors)

Both these equations show that the relationship is well established. In case of small farmers, rainfall shows a positive relationship with asset holding. In case of wage earners it has an inverse relationship. The coefficient, however, is not significant.

This limited exercise does not establish that rainfall influences asset holding in a negative way. However, since this is only cross section information and NSS data pertain to asset holdings of these classes for one year it could be argued that this relationship has a limited utility.

Converting people into continuously falling levels of poverty is different from expression of poverty during a calamity. In an intense drought situation which may be fairly widespread too; agricultural output, cropping intensity and employment fall, leading to loss of purchasing power in a short run. Arguments by Morris...
follow this line. In order to establish the point of
fall in purchasing power leading to short term
poverty of 'at risk' population poverty could be counted
and calculated from yearly NSS data. Shah's paper
establishes that during the years of acute droughts
poverty both by head count method as well as by Sen's
index shows a sudden upswing. He finds it to increase
from 52 percent to 54 percent and 62 percent between
Similarly Sen's measure also rises upto 0.415 in 1966-67
which generally obtains around 0.35.

Thus it could be established that drought shocks
that 'at risk' population into poverty. It is also highly
likely that it leads to immigration but whether this
process is a self sustaining one or not. However in
Chapter VIII more discussion in this light will be
undertaken.

13/ Shah N.C. Temporal Estimates of Incidence of
Poverty in Rural Gujarat (Mimco). Sardar Patel
Institute of Economic & Social Research,
Ahmadabad.