CHAPTER II

Review of Literature
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REVIEW OF LITERATURE

2.0. A review of all available most important related studies of the selected research topic is quite indispensable and essential to understand well the need, significance and use of the present study. Besides, a detailed review would also throw ample light on the base, conceptual underpinning, mode, the philosophies and ideas of the research topic selected at present. The review would highlight the significance, scope and a perfect perception and give a clear picture about the entire research format of the study to be carried out now. Further, a detailed review of the related studies made elsewhere would not only make the research method perfect and also would make this present study completely relevant, new, purposeful and useful in all respects.

As such, a genuine and relevant attempt is made in this chapter to make a thorough, detailed and needful review of related studies to bring out, make and highlight a ‘Scientific’ and most ‘Useful’ research study on the selected topic by the researcher, here. The detailed review is made, as follows:
2.1. Concept of Poverty

The concept of poverty is easy to understand but very difficult to define as evidenced in several attempts in the past. A review of the definition and concept of poverty by different authors are presented in this section. Stating that poverty is a complex phenomenon, not easy to be conceptualised, Johnson observed that poverty is said to exist when the resources of family or individuals are inadequate to provide a socially acceptable standard of living.

Gillen and Gillen define poverty as that condition in which a person either because of inadequate income or unwise expenditure does not maintain a standard of living high enough to provide for his physical and mental efficiency and to enable him and his natural dependent to function usefully according to the standard of society in which he is a member.

C.T. Kurien conceptualised poverty as deprivation, i.e., the socio-economic phenomenon whereby resources available to a society are utilized to satisfy the wants of a few, which the majority do not have even their basic needs met. Poverty is defined as a "Want of means". Webster's as "the state of one (a person) who lacks socially acceptable, minimum amount of money or material possessions". Food, clothing and shelter may be material possessions in this definition; but not unemployment, illiteracy or ill-health, however important these may be in explaining poverty. Poverty is also
considered as the condition of the families experiencing deprivation not only in nutrition but also in health, education, sanitation, clothing and purchasing power. Poverty can be defined as having insignificant income to provide what is now regarded as a minimum standard of living.

According to Malhotra\textsuperscript{4}, poverty is a state of deprivation. In absolute terms it reflected the inability of an individual to satisfy certain basic minimum needs for a sustained healthy and reasonably productive living. Another definition of poverty currently in vogue translates a calorie norm into monetary value and added expenditure on other non-food items generally consumed by the households in that income bracket which satisfies the minimum calorie intake. A serious lacuna in the definition is the total reliance on private income; while public services like elementary education, health, noon-meal and free clothes are available to the poor. In any case, income based poverty can only serve as the first approximation. If poverty is understood as a state of deprivation, it may be in either absolute or relative sense. World Development Report (1990) also define poverty as, “the inability to attain a minimum standard of living”. Poverty may be both sociological and economic phenomena. There may be the primary poverty or the secondary poverty.

Rowntree\textsuperscript{5} (1922) an economist in Britain, was the first to consider systematically the problems involved in defining poverty. His
approach was basically on absolute poverty and considered 'average nutritional requirement' in order to get the poverty line for a family of man, wife and three children assuming 17s 8d per week, made up of 12s 9d for food, 2s 3d for clothing, 1s 10d for fuel and 10d for household sundries. Rowntree's estimates on the cost of necessities other than food were based either on his own and on others opinions, or as in the case of clothing, on the actual expenditure on these among a small selection of poor families who spent the least. A family was considered to be living in poverty of its total earnings were insufficient to obtain the minimum necessaries for the maintenance to merely physical efficiency.

Martin Rein⁶ (1970) argued that three broad concepts of poverty can be identified. Poverty can be defined as subsistence, inequality and externality. Subsistence is concerned with the minimum provision needed to maintain health and working capacity ... inequality is concerned with the relative position of the income groups to each other ... The concept of poverty must be seen in the context of society as a whole... To understand the poor we must study the affluent... Externality is concerned with the social consequence of poverty for the rest of the society rather than in terms of the needs of the poor.
According to Dhingra\textsuperscript{7} poverty has been defined as that situation in which an individual fails to earn income sufficient to buy him bare means of subsistence.

\textbf{2.2. Causes of Poverty}

Guhan and Harris\textsuperscript{8} shows that poverty has long been recognized as an interlocking condition of assetlessness, unemployment, low wage and income, proneness to disease, illiteracy, economic vulnerability, social disadvantage and political powerlessness. It is also understood that dire poverty, absence of stability of employment, lack of assets, illiteracy, low caste, malnourishment, surplus of work and seekers were the main reasons for rural poverty.

Epstein and Jackson\textsuperscript{9} observed that mass poverty was the cause and consequence of low level of development, low resource base like land, capital, house and property. Mass poverty has been was not due to poor natural resources but was the consequence of absolute methods of production and social organization. A such cause of poverty in Orissa were political, economic and social ones.

Dr. A.V.S. Reddy and Dr. P. Purushotham\textsuperscript{10} analysed that during the last five decades substantial progress has been achieved in the development of science and technology. However, it has not led to commensurate improvement in the quality of life, of majority of rural
people. Conservation of water for irrigation and drinking, public health, sanitation, infrastructure, harvesting and processing of natural resources and artisan activities are some of the specific areas carrying out for immediate S & T intervention. There is a great need for reducing drudgery through improved technologies in most of the rural activities.

Poverty is not Static. It has a replicating effect. According to Dr. S.P. Gupta, an eminent sociologist, low occupation, insanitary shelter, bad health, low education, large family and powerlessness all combine to generate poverty. In rural areas an important cause of poverty is lack of land resources. A number of rural household have no land at all. They live entirely by the personal labour of their member. They constitute some of the poorest section of rural population.

According to Jasvir Singh the people of India fought for freedom to achieve the goals because they know that the poverty, illiteracy, disease, inequality in income, injustice and exploitation were all the results of British rule and nothing less than complete freedom could wipe out these ugly stains from the fare of Indian nation. The two factors account for this high incidence of poverty among rural labour households. First, there is a considerable degree of unemployment and underemployment among rural labourers. It has been established that incidence of unemployment is the highest
among casual labourers. Even during periods of employment, their weak bargaining power results in low wages being paid to them. The market forces are so strong that minimum wage legislation is observed more in breach than in compliance. Another major cause of rural poverty is the low asset base of the poor. It may be mentioned that a large proportion of the rural poor remain in poverty, not only because they have very few assets, but also because most of these assets are in the form of durable consumer goods, rather than such as assets, land, farm implements, livestock which increase their productivity capacity.

A study conducted by Dr. A.V.S.Reddy and Dr.P.Purushotham summarises that the main cause for poverty in India is attributed to our outdated, low yielding agriculture production per hectare of cereals in the country.

Laudawala in his empirical study on growth, employment and poverty observed that in many poor regions of the country unemployment rates were comparatively low and further in many parts of the country low standard of living of landless labourers were associated with fairly low unemployment rates. He pointed out that poverty and unemployment, instead of being positively correlated in that, poor regions have low unemployment rates.
2.3. Extent of Poverty

The World Bank in its report of 1978\textsuperscript{15} had estimated that around 800 millions of people constituting over 40 per cent of the population of the developing countries lived in absolute poverty or relative poverty. About 600 million people were estimated to suffer from absolute poverty in rural areas of the developing world and about three fourths of them lived in rural areas of Asia alone in 1977. Relative poverty reflects extreme differences in levels of living between the top and bottom strata of the society. A majority of the rural poor live in three Asian Countries namely India, Pakistan and Bangladesh. They accounted for 83 million households with 410 million persons in the category of small farmers and landless labourers. The term is relative since what is regarded as poverty today would have been considered to be a state of modest comfort a century ago. If the real income of a country is small, that country will be poor, and a higher standard of living for its people can be achieved only by an increase in the total volume of production. Individuals may be poor because of the unequal distribution of the national income or on account of the character of their work (seasonal unemployment; casual labour), their own character (unwilling to do more than a minimum amount of work, personal misfortune) sickness or, a fall in the value of money during an inflationary period.
Dr. P.K. Barathan\textsuperscript{16} considered Rs. 15 at 1960-61 prices to the National minimum as it was a conservative approximation to the minimum standard fixed by the planning commission study.

Mishra\textsuperscript{17} studied the structure and extent of poverty. He found that structure had great influence on poverty level among the rural poor. This was mainly due to the nature of land holding and socio-cultural obstacles. He had suggested that various measures like planning for improving agricultural growth rate, industrial development and social facilities. He stressed the important of planning from below and that democratic decentralized planning with strong political will be necessary for poverty removal.

2.4. Types of Poverty

According to Bhushan\textsuperscript{18}, poverty in India is different from that prevailing in advanced and other developing countries. The fact is that there are two types of poverty in India i.e., i) Absolute Poverty and ii) Relative Poverty. Absolute Poverty means, poorest of the poor, who are struggling for survival and live at marginal subsistence level, having no access to most of the essential goods of life due to the various factors like cultural constraints, low productivity, absence of employment and additional income opportunities. The second category of the poor (i.e., relative poverty) means that the people are poor because they lack adequate purchasing power to meet the basic needs of their life: their quality of life is sub-standard or below the level of
living standard. Calorie intake norms and minimum income required for meeting the basic needs of an ideal household/family and escalation in the cost of living (i.e., inflation) should be taken into account for drawing poverty lines. For instance, if the poor reduces their food consumption and spend more on other goods like clothing and black and white T.V. on hire purchase, it does not mean that they are better off and above the poverty line.

Bhushan further recommended for two separate poverty lines, one for the poorest of the poor and another for poor which are necessary for making realistic assessment of the extent and magnitude of poverty by chalking out short term and long term measures for eradication of poverty in India.

The absolute poverty is referred to a minimum level of living and those below that level are poor, such as expenditure below one-dollar-a day. This concept is used to compare the extent of poverty across different countries. Often this term is used to denote extreme poverty. Thus absolute poverty is described as income levels below which minimum level of nutrition, shelter and personal amenities cannot be maintained.

Mongia felt that rapid economic growth has failed to eliminate or even to reduce the absolute poverty, which is a great problem for the Third World countries. He asserted "we are taught to
take care of our GNP as this will take care of poverty. Let us reverse
this and say—take care of poverty as this will take care of the GNP". The world, poverty in the absolute sense referred to a condition of
acute physical want, starvation, malnutrition, disease, want of
clothing, shelter, education and almost total lack of medical care. But,
some economists dismiss the distinction between relative and
absolute poverty as merely unreal and prefers simply to define poverty
as a general form of relative deprivation which is the effect of the mal-
distribution of resources.

To Bhatty\textsuperscript{21}, relative poverty arises as a consequence of an
unequal distribution of income irrespective of what the income level or
corresponding state of deprivation of the people at the bottom of the
income scale might be.

Quoting Rawntree and Hannumappa\textsuperscript{22} points out a
distinction between ‘Primary Poverty’ and ‘Secondary Poverty’. To him,
primary poverty represents the minimum sum with which physical
efficiency could be maintained. This conceptualisation leads one to the
nutritional aspect. The secondary poverty is the degeneration of moral
caracter due to diversion of necessities to sustain life and health top
other types of spending.

The incidence of rural poverty is higher than that of urban
poverty, in spite of the fact that the rural poverty declined faster than
urban poverty. Every third person in India lived in the condition of absolute poverty and the average poor persons standard of living fell about 25 per cent short of the poverty line. Three out of every four persons lived in rural areas.

Ganguly\textsuperscript{23} observed that export surplus as a drain was responsible for steady growth of poverty in Orissa. This may not be a sufficient condition for the growth of poverty, as he described that the cause of poverty in India was not only internal but also external.

Ahulwalia\textsuperscript{24} defined absolute poverty as the below subsistence condition reflected mainly in inadequacy of food in take and the consequent under nourishment on a mass scale and has suggested that needs which are unmet, can be defined satisfactorily only in relative terms to the society in which they are found. However, he does not accept the distinction between 'absolute' and 'relative' poverty or between 'basic' and cultural needs, because he argues that the 'needs which are believed to be basic or absolute can be shown to be relative'.

Bhatty\textsuperscript{25} (1974) explained that both absolute and relative poverty are closely aligned to inequality in income distribution. 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-end of
the income scale might be. Absolute poverty, on the other hand, express a collective view as deprivation in its somewhat physical manifestation. The fact that the sense of deprivation among the poor may also depend on have wide gap between their income and the income of those who are not poor, it is not a consideration relevant to the notion of absolute poverty, though it is very much to the notion of relative poverty.

2.5. Poverty Line

The concept of poverty line was first posed at the Indian Labour Conference in 1957 subsequently, in July 1962. The Planning Commission set up a distinguished working group which after considering the recommendations regarding balanced diet made by the national advisory committee of Indian Council of Medical Research (ICMR) in 1985, advocated a national minimum expenditure for every household of five persons at Rs.10 per month or Rs. 20 per month in terms of 1960-61 calorie in take as well as to allow for a modest expenditure on items other than food. The working group suggested that the urban areas the minimum would have to be raised to Rs.1.25 per month per household or Rs.25 per capita per month and the corresponding figures the rural areas at Rs. 18.90 per capita per month.

Another study made by Dandekar and Rath revealed that an annual average per capita expenditure of Rs. 14.20 per month
at 1960-61 prices for rural areas and Rs. 22.50 for urban would sufficient to meet the calorie intake of 2250 per capita per day. They started 616 grams of food grains in rural areas and 490 grams in the urban areas per day per person to divide on the cut-offline of poverty. The found but nearly 40 per cent of the rural population lived below the poverty line in 1960-61. Indian poverty and inequalities of income with levels of living in society adopted a calorie norm of 2,250 per capita per day of an average Indian. Further, he preferred to use a nutritional norm corresponding to 518 grams of food grains per person per day in the rural areas and 432 grams per person per day for the urban areas. He found that the proportion of these below the poverty line in rural areas increased for nearly 52 per cent to 70 per cent between 1960-61 and 1967-68.

The Seventh Finance Commission made an attempt to find a more inclusive concept of poverty line. The national sample survey data covered only household consumption that 277 million persons lived below the argumented poverty line constitute 52 per cent of this 225 million persons in the rural areas and 52 million persons in the urban areas lived below the poverty line. Poverty can also best be understood when the complexity of poverty status is viewed within the six broad dimensions: a) income, b) social mobility and education, c) access to basic services, d) assets or wealth, e) political power and f) status and satisfaction.
Patnaik estimated that in 2001, 43.01 per cent of the people are living below the poverty line out of them, 45.25 per cent are living in rural areas and 34.58 per cent in urban areas. This incidence of poverty is customarily severe in rural areas than that of urban areas.

2.6. Income Pattern

Somu Giriappa conducted a study on Income, Saving and Investment Pattern in rural India on behalf of the Directorate of Economics and Statistics, Ministry of Agriculture, Government of India. This study was based on several reports on the same subject of Agro Economic Research Centres conducted during 1969-72. This study covered all the states of India. The concept of deprivation, being a sociologist, is much broader than the one represented by the source on the per capita income or expenditure scale. He argues that possession by individuals and families of relatively low resources does not automatically mean that they are in poverty; but only if they are unable to have the types of diets, participate in activities (e.g. festivals and fairs in the case of India) and have the living conditions and amenities which are customary in that society.

The pattern of income distribution, consumption expenditure and investment of farmers in Jalapur village of Parbhani district was examined by Galgalikar. The study revealed that crop production accounted for about 80 per cent of the gross income. The
contribution of livestock or other subsidiary industries was very meagre. In small sized holdings, wages formed substantial portion of gross income and exceeded net income from crop production seemed to decrease with the size of holding. Though investment in farming in the smallest size group was minimum, no definite pattern of investment according to the size group could be identified. The low income and middle income groups had to resort to borrowings to meet their consumption expenditure. The higher income group incurred proportionately less expenditure on food items. The middle income group spent proportionately more on social ceremonies. The bulk of co-operative finance was availed by the high income group and savings were observed to meagre.

According to Dr. Kirit S. Paukh and R. Radhakrishnan agricultural growth had played an important role in poverty reduction through regional disparities in productivity growth still exist due to unfavourable agro economical conditions in some regions. Since, the majority of the poor live in rural areas, agriculture would continue to play a dominant role in reducing poverty. Being one of the populous countries, India faces a major challenge in terms of meeting its food security needs by increasing agricultural productivity and generating adequate purchasing power among the rural poor.
2.7. Per capita Expenditure

Vaidyanathan\textsuperscript{33} using Rs. 21.44 as average per capita consumption per month at 1960-61 prices, finds that about 15.65 per cent were living in poverty. This would give a total number of about 56 million which can be taken as some sort of a minimum estimate of poverty. According to him inequality in the distribution of both nominal and real consumption declined between 1957-58 and 1967-68, though the reduction is inequalities in terms of real consumption was less than that in consumption valued at current prices.

Minhas\textsuperscript{34} on the basis of NSS data revealed that if one regards the level of per capita annual consumption expenditure of Rs.270 as the bare minimum then 50.6 per cent of the population lived below poverty line in 1867-68. This study on poverty and population, poverty and malnutrition are inter related. Greater the extent of poverty greater the degree of malnutrition among the people. Poverty is both relative and absolute concept which various from country to country and region to region. It is revealed that malnutrition is largely among households who are not only poor but suffer from other social disadvantages and discriminations.

Bhalla and Chandha\textsuperscript{35} worked out the percentage of cultivating households living below the poverty line in Punjab. The study is based on the primary data collected randomly during the reference year July 1974 to June 1975. Taking data on a single year
they worked out the poverty line on the basis of per capital expenditure instead of per capita income. The study revealed that about one third of the marginal farmers and about one fourth of small farmers were living below the poverty line.

2.8 Index of Poverty

Sudip Kumar Mohaptra\textsuperscript{36} explains that poverty in terms of a minimum daily dictary requirements of an individual has been accepted by the planning commission and many other researchers as the norm for the measurement of poverty in India, presents the strategies adopted and policies pursued by the Government to remove poverty and a critical analysis is attempted to pin-point the missing links the probable areas of negligence that would otherwise have had a substantial impact on the incidence of poverty. He also points out a strong Public Distribution System supplemented by wage employment programmes has to be the fundamental approach to poverty alleviation.

Another study on the incidence of rural poverty in India made by Bardhan\textsuperscript{37} suggests the use of agricultural labour price index as a more suitable deflector. His argument is that the national income deflator curves both the agricultural and manufactured commodities and as such it is very likely to under state. He also considered Rs.15 per month as the desirable minimum expenditure for the villages and be concluded that the proportion of the rural poor has went up from
38 per cent in 1960-61 to 48 per cent in 1964-65, 53 per cent in 1967-68 and to 54 per cent in 1968-69.

A.K. Sen\(^3\) (1976) suggested an alternative measure and emphasized that the head count ratio of poverty did not reflect intensity of poverty as it did not indicate the level of poverty of an individual below the poverty line. He therefore advocated that a desirable level of poverty should be satisfying the following conditions.

1. A fall in income of an individual below the poverty line should reflect in increased in the index of poverty; and

2. The poverty index should be sensitive to the income distribution amongst the poor. He used a weighting system (rank order weights and developed a measure of poverty which is closely to the Gini's measure).

Thus, Sen proposed an improved measure of poverty based on an axiomatic approach employing an ordinal welfare concept.

On the basic, Sen develops his P measure of poverty as

\[
P = \frac{2}{(q+1) \sum_{i=1}^{n} z} \sum_{z}^{q} \frac{q}{z} (z - y) (q + 1 - i)
\]
Where \( P \) is the measure of poverty in the population size, \( y \) the income of the people, \( 1 \)-the individual arranged in ascending order of magnitude, \( q \) the number of people at or below the poverty line, acceptable level of income of the poverty level.

2.9. Poverty Syndrome

Dr. K. Alamar\(^{39} \) studied poverty in India. He explained the aspect of poverty. Low quality of life is an important aspect of poverty. The concept of poverty needs to incorporate many more factors. As noted by the Human Development Report 1997, “Some one enjoys good health and lives illiterate and thus cut off from learning, from communications and from interaction with others. Another may be literate and quite well educated but prone to premature death because of epidemiological characteristics or physical disposition. Yet a third way be excluded from participating in the important decision – making process affecting his life”.

R.C. Arrora\(^{40} \) explains that poverty has many different aspects and all area found in varying degrees in the rural area poverty in human terms mean little to eat and wear. The most obvious meaning of poverty is low income per capita with malnutrition, poor-heath, low literacy and primitive shelter. In economic terms, it signifies a propensity to consume rather than to save income and hence, it presents lower ratios of capital to labour. Inefficient and
unproductive agriculture is the dominant occupation of majority of the rural poor.

2.10. Agrarian Structure and Poverty

According to Minhas\textsuperscript{41} the National Sample Survey revealed that during the period between 1956-57 and 1967-68 the proportional of below the poverty line among the rural poor seemed to have fallen in the good harvest years but shot up in the bad harvest years. He concludes that there has been a decline in the proportion of people below the poverty line from 65.0 per cent in 1956-57 and 50.6 per cent in 1967-68. Further, they stated that a large bulk of the rural poor belong to

a) Agricultural labour households with land farming, 42 to 39 per cent of all agricultural labour households between 1956-57 and 1963-64 and

b) All small and land operators operating holding below 5 acres in size.

Sherjil\textsuperscript{42} investigated the role of agrarian structure in rural poverty. His study led to following findings:

i) Higher land concentration is associated with lower incidence of rural poverty.

ii) The extent of tenancy does not seem to influence the incidence of rural poverty.
 iii) Capitalist development in agriculture with the growth of large scale farms leads to low incidents of rural poverty.

2.11. Determinants of Poverty

Rohini Nayyar undertook a statistical exercise of finding the major determinants of inter state variations in rural poverty using the state level data for the years 1961-62, 1970-71 and 1977-78. The study pointed out that price of cereals, production in the agricultural sector and landlessness were the important variables accounting for inter state differences in rural poverty. In analysing the determinants of poverty three most critical factors, income, consumption and price, have been taken into account by many researchers (Mellor and Desai, 1986). However, there are many more factors which can be regarded as the determinants of rural poverty. One such factor is the sectoral terms of trade. The others are savings, investment and unemployment.

2.12. Poverty and Inequality

Bhatty presented a measure of absolute poverty in terms of per capita income and computed the incidence of poverty in different regions of Rural India and among different classes of the rural population. The author has used the Gini – coefficient as the measure of inequality. Prof. A.K. Sen’s measure of poverty has been used as the main basis for making all welfare evaluations. An empirical evidence reveals that the states of Gujarat, Tamil Nadu,
Madhya Pradesh and Rajasthan come under high level of poverty whereas the states of Uttar Pradesh, Kerala, Orissa, Maharashtra and Karnataka come under medium level of poverty; the states of Bihar, Punjab and Haryana are seen under low level of poverty.

Thimmaiah\textsuperscript{45} studied inequality and poverty both relatively and absolutely in the urban and rural areas of Karnataka for 1960-61 and 1970-71. He also studied the community, caste and social groups. He claimed that it was for the first time that such a study was based on data collected from a survey conducted by the institute of social and economic change. He used the Gini – coefficient and supplemented it by estimating the shares of docile groups of population to measure inequality of income and wealth in Karnataka. The author has pointed out that the extent of income inequality and poverty was greater in urban area inequality and poverty was greater in urban Karnataka than in rural Karnataka. It was also higher than the national (inequality) range.

2.13. Poverty, Illiteracy, Unemployment, Low Income, Malnutrition and Low Standard of Living

Panikar\textsuperscript{46} had examined employment income and food intake among the selected agricultural labour households in the district of Kuttanad which is an agriculturally prosperous area in the state of Kerala. He has conducted rounds of enquiries with the same households. These results revealed that the average intake of energy
in the same households worked out to only 66 per cent of the requisite minimum of 2200 calories per capita per day as per the first round to the enquiry and to 54 per cent as poor the second round of the enquiry. Since both were conducted in the same year of 1956-57, he should have eliminated the seasonal biases if any in the food intakes of agricultural labourers which he has not done. His analysis shows very acute poverty prevailing among agricultural labourers who live in an agriculturally prosperous district of Kuttanad. He concluded that the incidence of under-nutrition and mal-nutrition is a reflection of the very low level of income which in turn due to the inadequate employment opportunities. That such acute poverty and starvation should prevail in a region which has been the forefront of new agricultural technology is significant.

Jagpal Singh and Ravindra Kumar studied rural poverty related to village New Gwal Pahar of Gurgaon district of Haryana. They observed that most of agriculture lands in the villages were uneven and also without adequate water supply. According to this study the percentage of familiar lying below the poverty line was the highest (44 per cent) in the case where the consumption units and productive assets per working unit are the maximum. They suggested that the low consumption was due to low income and low income was because of less productive assets available with the poor families.
Subramanian examining poverty and inequality in Tamil Nadu revealed that the average expenditure of the poor below the poverty line in both areas (rural and urban) had been generally high i.e., 28.7 per cent in the rural areas and 29.7 per cent in the urban areas. He used head count ratio and measured the proportion of the population in poverty. He found that it had been consistently high in both the rural and the urban areas. He stated that the average head count ratio for eleven years series worked out to 47.15 per cent in the rural areas, and 49.89 per cent in the urban areas and 47-98 per cent for the state as a whole.

Badami Raghavesh and Nagabhushna conducted a study of poverty and inequality in the Chatprabha Left Bank Canal area in Karantaka. This study revealed that the extent of inequality and poverty persisting in the area were also a measure of the inequalities of income, consumption expenditure and land holding size. They using the Gini coefficient found that the two zones showed a marked difference though the degree of inequality was high in both zones A and B. They found inequality within the zone but no marked difference within zones as supported by the Gini coefficient. They stated that the poverty line at an inflated level stock at Rs.738 person per annum in 1975-76. They concluded that the incidence of poverty was 66 per cent in zone A (already irrigated zone) and 64 per cent in B (to be irrigated zone).
Singh\textsuperscript{50} in his study on agricultural instability and farm poverty in India revealed that the percentage of farm households which were poorest among the poor, declined from 63 per cent in 1970-71 to 60 per cent in 1985-86. However, the fact remained that, in absolute terms, the total number of farm household below the poverty line had increased by 9.3 million in about fifteen years. He argued that the food price policy mechanism, was an important diagnostic tool for poverty reduction. Subsidised food prices for the poor and higher support prices for agricultural produce, in turn will benefit both the rural and the urban poor.

Kakwani and Subbarao\textsuperscript{51} made an attempt to study the impact of economic growth on poverty changes in the average income and income equality. They examined the past trends in the distribution of growth of consumption and assessed its relative impact on the poor and the ultra poor, over time and across states in India. They have also analysed the relationship between growth rate and the level of per capita consumption. They have suggested that in the 1972-73 to 1973-74 period, the growth rate tended to be inversely correlated with the level of per capital consumption or in other words the richer states tended to have a lower growth rate. In the subsequent periods, the relationship between the growth rate and the level of per capita consumption was not found to be statistically significant.
Satyapaul\textsuperscript{52} studied economic disparity and poverty of different types of households of Punjab. The study is based on household survey data relating to the socio-economic inquiry, survey for Punjab conducted by National Sample Survey Organization during its 25\textsuperscript{th} Round (July 1970–June 1971). The households included in this study were divided on the basis of different occupational categories. The incidence of hunger, malnutrition, poverty of different categories of households showed that, it was greater for wage earners and lesser for small cultivators and others.

Bremer\textsuperscript{53} in his study observes that the poor are simply those members of the society whose incomes fall below the standard minimum. The pattern of income distribution consumption expenditure and investment of farmers in New Gwal Pahari Village of Gurgon district in Haryana, was examined by Jag Pal Singh and Ravindra Kumar. They study revealed that the consumption in the rural areas is basically low because of low income; and the low income in the rural areas is basically because of non-availability of productive assets of permanent nature with the poor families. It is well studied that the majority of the poor came from agricultural labour households, while a large proportion of the remaining were small land owners with holdings of less than 5 acres.

Alamar\textsuperscript{54} studied poverty in India. He explained absolute poverty and relative poverty. During the Sixth Plan (1980-1985) on the
basis of task forcers recommendation estimated that 50.7 of the rural population were living below poverty line and for the country as a whole 48.4 per cent were living below the poverty line. The Planning Commission by using the methodology suggested by expert group estimated that 320 million of people of India lived below the poverty line in 1993-1994. This constitutes 35.97 per cent total population of the country. Alamar has suggested that small scale industries to be developed to absorb surplus labour power and raise the level of income.

Venkata Subramanian\textsuperscript{55} related education and poverty. According to him, Education enables the person to participate in the development process, it indicates the knowledge and the skills needed to improve the income earning potential and in turn the quality of life. Education thus helps to lay the foundation for the following pillars of poverty reduction. Empowerment, Human Development, Social Development and Good Governance.

Mahendar Dev and Ajit Ranade\textsuperscript{56} explained the approaches to identify the poor. Identifying the poor is important for the successes of targeted poverty alleviation programme. The approaches to identify the poor can be grouped under three broad categories.
1. Means testing or income Criterion
2. Indicator Targeting
3. Self Targeting

Means test ascertains where household income is below the cut off point. If it is possible to conduct a perfect means test targeting by income scores over other types. But means testing may not be perfect and may induce costly leakages and create adverse incentives.

Indicator targeting can in turn be divided into two types. The first one is similar to means testing and uses some characteristics of household to select beneficiaries. The second type of indicator targeting known as Geographical targeting uses the place of residence as poverty indicator.

Self – Targeting where a programme is ostensibly available to all but is designed to discourage the non poor from participating.

Minhas estimated the proportion of people living below poverty line in Rural India between 1956-1957 and 1967-1968. He found that the number of people below the poverty line between 1956-1957 and 1967-1968 has not changed much. The number seemed to have fallen in good harvest years but, shot up again bad years. However, there had been a steady decline in poverty. The fall in the
proportion of people below the poverty line was largely explained by the growth of average per capita consumption.

Pandey and Sodhi\textsuperscript{58} (1977) attempted to study the “Impact of poverty on Marginal Farmers and Agricultural Labourers Development Agency” on 140 beneficiaries and 141 non-beneficiaries households selected from Najafgarh and Nangoli blocks of rural Delhi. The study reported that household below the poverty line constituted hardly one third among the beneficiaries as against two-thirds among the non beneficiaries indicating thereby that the agency did promote the well-being of its beneficiaries.

Dhergill and Gurmail Singh\textsuperscript{59} in their study in Punjab found that over a period of three decades (1960-61 to 1990-91) not only the proportion but, even the absolute number of poor and ultra poor in rural areas has declined significantly. Furthermore, there was no significant break (Change) in the rates of decline in the number and proportion of poor and ultra poor as green revolution technology entered a more mature phase after the mid 1970’s. The number of proportion of poor and ultras poor continued to decline at the same steady rates during the mature phase of green revolution as in its initial phase. By early 1990’s the incidence of poverty in rural Punjab has fallen to a very low negligible level.
Madras Institute of Development Studies conducted a study in Tamil Nadu. It observed that head count ratio had been consistently high in both rural and urban areas. The average head count ratio of eleven year series worked out to 47.15 per cent rural Tamil Nadu, 49.89 per cent for the state as a whole. Again, there was seen no trend of a decline in the head count ratio overtime.


The issue of defining a minimum desirable standard of living for the country was first taken up the Indian Labour Conference in 1957. As an outcome of this, a distinguished working group was set up by the Planing Commission in July 1962 to determine a nationally desirable minimum level of consumption expenditure. It was decided that a per capita consumption of Rs.20 per month at 1960-1961 prices for a family of five constituted the bare minimum level of living in India. This excluded expenditure on health and education both of which were expected to be provided by the state according to the constitution and in the light of its commitments. The working group’s recommendation apart from being the first of its kind in the country, was also significant from another point of view. It made a clear distinction between private and public expenditure. This implied that certain variables governed the standard of living and the quality of life which could not be covered by private expenditure alone as they were directly related to public expenditure. Though the
working group defined the minimum desirable level of expenditure, the methodology for deriving the latter was not sufficiently spelt out in concrete terms.

2.15 The Balanced Diet Norm

The minimum balance diet\(^{62}\) is defined as one through which all the nutritive requirements of the body are met by consuming an "optimal" level and mix of food items at the cheapest cost. The expenditure level which satisfies the norm of balanced diet is then taken as the cut-off point for demarcating the poor from the non-poor. Total consumption expenditure corresponding to the minimum diet at 1960-61 prices was estimated to be Rs.22.73 by Sukhatme (1965) Rs.28.6 by FAO (1973) for S.E. Asia and Rs. 11.61 by Bardhan (1972). The large variation in the above estimate was on account of differences in the data base, the coverage and the weightage given to individual commodities in the consumption basket. Since there are variations in the relative availability and price of food items, coupled with the possibility of substitution among individual food items, it is difficult to define a fixed minimum balanced diet for the country as a whole. At the micro level, however, balanced diet could be defined more approximately on the basis of Linear Programming models. Moreover, the balanced diet norm, though suitable for defining nutritional requirements would fail to capture other "Components" of living which are essential for defining a minimum living standard.
2.16 The Calorie Norm

Dandekar and Rath\textsuperscript{63} (1971) were among the first to use energy requirement as a criterion for defining poverty. Poverty line was defined as that expenditure level where the households could, on an average, meet the requirement of 2250 calories per capita per day. The specified level of caloric requirement was assumed to be the same for rural and urban areas. To determine the level of expenditure corresponding to this caloric norm, Dandekar and Rath used the distribution of households by per capita monthly consumer expenditure from the 16\textsuperscript{th} Round of the National Sample Survey (NSS) relating to 1960-61 and suggested that in this year an annual per capital consumer expenditure of Rs. 170.8 (or Rs. 14.2 per capita per month) was essential for a diet adequate at least in respect of calories. This level of expenditure was subsequently revised to Rs.180 per annum or Rs. 15 per month.

In 1977 a task force\textsuperscript{64} was set up the planning commission to estimate minimum needs. Based on the age – sex – occupational characteristics of the population the task force arrived at a calorie norm of 2435 calories for rural areas and 2095 calories for urban areas (subsequently rounded off to 2400 calories and 2100 calories respectively). Using appropriate conversion factors, the calories content of consumption basket corresponding to various per capita expenditure classes was worked out. Inverse linear interpolation method was applied to the data on average per capita
monthly expenditure and the associated caloric consumption of food items in the class. The poverty line worked out corresponded to an average per capita monthly expenditure level of Rs. 49.09 and Rs. 56.44 in rural and urban areas respectively at 1973-74 prices. These figures were inclusive of non-food expenditure on clothing, housing, fuel, etc. Norms for which were not estimated separately. Hence, the poverty line was partly normative and partly behaviouristic.

2.17. Acceptability of Various Approaches

The calories norm of poverty\textsuperscript{65} has gained wider acceptability over the standard of living and balanced diet approaches. The reasons for this can be as found in the following

1) Energy requirement is the most basic need of man.

2) Calories are believed to be the binding constraint on the Indian diet.

3) Caloric requirement lends itself more easily to measurement / quantification compared to the standard of living or the balanced diet norm and

4) There is direct link between deficiency of calories and hunger which is a physically felt need requiring immediate satisfaction unlike deficiency of protein or other nutrients which manifest themselves in chronic
diseases, ill-health and general physical debility, the causes of which are not immediately evident and identifiable by the individual.

2.18. Living Conditions Norm and Caloric Intake Norm

Rao (1981) observed that poverty should be identified with deficiency in the total level of living which includes not only energy requirements but also balanced diet needed for health, and the other components of basic needs essential for human existence at a tolerable level. A similar idea was put forth in the report of the committee of experts on the International Definition and Measurement of Standard of Levels as early as 1954 in which separate fields, such as health, nutrition, housing, employment conditions and education were considered “Components” of levels of living and specific statistical measures of “indicators” were proposed for these components. For example, caloric consumption was proposed as a measure of one aspect of nutrition and literacy rate as measure of one aspect of education. No single comprehensive measure of level of living was found acceptable.

According to Gopalan the calorie norm of poverty assumes that calories are the most basic need of livelihood and also the binding constraint in the Indian diet. Hence, if calorie requirements are met other basic requirements of life are automatically taken care of. This assumption has been challenged by
nutritionists who have pointed out that there is no correlation between adequate in take of calories and adequate intake of other nutrients. It has been found that even though a household may consume sufficient calories, it may still be deficient in the intake of other nutrients crucial to health. This poor calorie intake norm and poor living condition norm have very great impact on the high degree of poverty among the peasants.

Data from country-wide surveys by the National Nutrition Monitoring Bureau (NNMB) show that even on the basis of lowered yardsticks for assessment of malnutrition, less than 15 per cent children below five years of age could be considered to be in a normal state of nutrition; the rest could be suffering from varying degrees of malnutrition and under nutrition. The normal institute of Nutrition Hyderabad, have also shown that 63 per cent of India’s children below three years suffer from iron deficiency and anaemia. According to conservative estimates nearly 30,000 children turn blind every because of Kerota – Malacia caused by vitamin A deficiency. Gopalan (1995) has also observed that with sharply declining per capita availability of pulses/legumes along with sharply rising prices, these commodities, which are the principal source of protein in the Indian diet, have gone beyond the reach of the poor. The ICMR (1990) surveys show that there is no significant improvement in the incidence of low birth weight deliveries. In addition iron – deficiency anaemia continues
to be widely spread contributing significantly towards impairment of functional efficiency and resistance to disease (Gopalan, 1993).

The expert Group on Estimate of Proportion and Number of Poor (1993) set up by the Planning Commission under the Chairmanship of D.T. Lakdawala had also explored alternative approaches to measure poverty. It was of the opinion that poverty is a multi-dimensional phenomenon and hunger is undoubtedly the most crucial of its components. For the first time the 38th Round of the NSS household consumption survey for 1983 had collected data on:

1) Number of persons getting two square meals a day, all year round.

2) Number of persons who were not getting two square meals a day for one month of the year and

3) Number of persons who were not getting two square meals a day even for one month of the year. The ratio of the seasonally hungry (category ii) and the chronically hungry (category iii) to the total population of the country constituted the "hunger ratio". Data shows that the incidence of hunger is less than the incidence of poverty. Also, the problem of hunger is more serious in the rural areas and is even more concentrated than poverty in
certain regions of the country. Though the hunger criterion is not free from subjectivity, suffers from definitional problems regarding what constitutes a "square meal" and is subject to response bias, it nevertheless identifies the core poverty group which needs immediate attention.

It should also be recognised that even though food remains the most basic need of man, there are certain other important requirements which should be reflected in a broader criterion for measuring poverty. For instance, public expenditure on provision of housing, medical facilities, education, unemployment benefits, etc., is extremely relevant for determining living standard and deprivation. In fact, the Physical Quality of Life Index (PQLI) devised by Morris (1979) and more recently the Human Development Index of UNDP seeks to measure aspects of living standards which are generally linked to levels and pattern of social welfare spending by the state and indicate the well being of the nation as reflected in the health standards, the literacy rate, mortality rate, life expectation etc. However, given the difficulty in devising an 'absolute' scale for measurement of these variables, we shall, for the purposes of this study, consider only private expenditure income levels as a suitable indicator of poverty.
The official estimates of poverty are computed by the Planning Commission on the basis of poverty line estimated by the Task Force on Projection of Minimum Needs and Effective Consumer Demand (1979) and updated at regular intervals by the CSO price deflator of private consumption expenditure. Estimates of poverty by the planning commission show that the poverty ratio has been fluctuating over time without any trend. However, since 1977-78 there has been a decline in poverty from 2531 lakh persons (51.2 per cent of rural population) to 1959.7 lakh persons (33.4 per cent) in 1987-88. The latest estimates for the 50th Round of the NSS for 1993-94 show that the declining trend in rural poverty during the eighties continued during the nineties with a reduction in rural poverty ratio to 21.6 per cent comprising 1413 lakh population.

The Expert Group Report (1993) on estimation of poverty, appointed by the Planning Commission also confirmed the decline in poverty ratio during the eighties though the extent of this decline was lower than the official estimates. Studies by Minhas, et al (1987 and 1991), Kakwani and Subbarao (1990) and Ravallion and Datt (1991) using different methodologies for estimating poverty also arrive at the same conclusion as above. It is relevant at this stage to examine the reasons for divergences in poverty estimates made on the basis of the Head Count Ratio. First there is the question of the definition of the poverty line used to differentiate the poor from the non-poor. Estimates of poverty are expected to vary directly with the
The Expert Group Report (1993) on Estimation of Proportion and Number of Poor recommended that for updating the poverty line to the current prices in a given year, state specific consumer price indices should be used. For this purpose the consumption pattern of the 20-30 per cent of the population around the poverty line in 1973-74 should constitute the state specific weighting diagram. This diagram should be sued in the construction of state specific price index over the years using the desegregated commodity indices from the consumer price index for agricultural labourers for rural areas.

2.19. Rural Poverty and agricultural Growth

Narain\textsuperscript{73} (1976) found that the factors which contributed to growth in agricultural productivity have not remained the same but have varied with time. Increase in agricultural production upto mid-sixties was mainly on account of expansion of area under cultivation: the yield of crops as well as the cropping pattern remained almost stagnant during this period. More recently Ray (1992) has estimated that during 1951-65, 49 per cent of growth in output was due to expansion in cropped area. 45 per cent on account of improvement in
yield and 6 per cent due to changes in cropping pattern. In contrast, between 1971-85, 70 per cent growth in agriculture was due to improvement in yield. 16 per cent due to changes in cropping pattern and 14 per cent due to expansion in cropped area. The impact of growth on poverty is expected to have altered with changes in sources of agricultural growth.

As revealed by farm management studies in the 1960's, the average productivity of smaller farms was higher than those of large farms. The main agent of agricultural growth was increase in area under cultivation. The small and marginal farmers with their relative abundance of labour power were in a more advantageous situation to bring additional land under cultivation. Hence it is to be expected that marginal farmers and agricultural labourers were the main beneficiaries of agricultural growth which was based on expansion of net sown area.

Cultivators form an important occupational group in rural areas. According to the 1991 population census 110.6 million workers constituting 38.8 per cent of the total work force were self-employed in agriculture. Of these a significant number, especially those having small and marginal holdings are poor.
2.20 Small Size of Land Holdings and Incidence of Poverty

There is strong evidence of a high correlation between rural poverty on the one hand and size of operational holdings on the other. Parikh, et. al., (1992) have estimated that the incidence poverty was 45.45 per cent for agricultural labourers not possessing any land compared to 24.08 per cent for households employed in agricultural operations possessing land. Mahendra Dev, et al.,74 (1991) also found on the basis of NSS data of 1987 – 88 that the incidence of poverty was as high as 43.42 per cent for those having upto to 0.1 hectare of land. 25.75 per cent for those having 0.1 to 0.4 hectares, 23.563 per cent for those having 0.41 to 1 hectare compared with 9.57 per cent for those having land holdings of 8 hectares and above.

The small size of land holding and the low level of income resulting from it also acts as a constraint on capital investments there by restricting argumentation of productive capacity of land through irrigation and use of other inputs. There are examples of negative bias in accessibility to credit both in terms of quantum and cost of borrowings for smaller farmers. Smaller farmers have meagre assets to offer as collateral and are generally considered as bad investment (low return and high risk patrons) by banks. There is also evidence that smaller farmers bear a higher cost of borrowing because of their greater dependence on private creditors.
In a study by Bhalla\textsuperscript{75} (1976) it was estimated that the rate of interest averaged over institutional and private sources was 16 per cent for holding size of 0-5 acres compared to 9 per cent for holding size of 15 acres and above. Low level and higher cost of borrowing is expected to reduce net incomes of the debtors and also curtail capital investment on land.

With growing population pressure, limits to expansion of cultivate area and slow growth of employment opportunities outside agriculture, the per capita availability of land registered a notable decline. For a study of size of land holdings and its distribution two sources of data have been used, viz, the NSS surveys on land holdings and the Agriculture Census, the NSS conducted the first survey in 1954-55 (8\textsuperscript{th} Round). Subsequently, there were three more surveys in 1960-62 (16\textsuperscript{th} and 17\textsuperscript{th} Rounds), 1971-72 (26\textsuperscript{th} Round) and 1982 (37\textsuperscript{th} Round). As against this there have been four agricultural Census in 1970-71, 1976-77 and in 1980-81 and 1985-86. Though the concept and definitions are to some extent similar, the coverage and methodology of the two sources are quite different.

2.21. Tenancy Structure

Micro level studies have given rise to different conclusions. Bell\textsuperscript{76} (1977) drawing a sample of 60 farms in the Kosi district of Bihar came to the conclusion that productivity of owned land was higher than leased in land.
Chakravarthy (1972) analysing a bigger sample of 900 farms from the states of West Bengal, Andhra Pradesh and Punjab came to the conclusion that there are differences between owners and tenants when one considers the classes of pure owners and pure tenants and also when one restricts the comparison of small cultivators. When one considers the class of cultivators who combine some amount of leased in land with some amount of owned land they do not seem to distinguish between their owned land and leased in land in the matter of intensity of cultivation.

### 2.22 Productivity of Small and Marginal Farmers

There is some evidence of a negative relationship between farm size and productivity which received much attention from India economists during the sixties and the seventies. The inverse relationship between farm size and productivity is explained by “intensity based” factors and “quality based” factors. Among the quality based explanations are the higher fertility of smaller farms [Khusro (1968), Sen (1962), Rao (1966) and Bhagwati and Chakravarthy (1969)], higher managerial efficiency of small farmers [Rao (1966)], disincentives of tenancy, absentee landlordism, etc. [Khusro (1968), Rao (1966) and Bhagwati and Chakravarthy (1969)]. Among the intensity based explanations for higher productivity on smaller farms are higher availability of cheap family labour [Sen (1962)], higher intensity of irrigation [Bharadwaj (1974) and Rao
(1966), favourable cropping pattern [Bharadwaj (1974)] and higher preference for leisure by big farmers [Rao (1966)].

Since levels of productivity are crucial to determination of farm incomes, an attempt will be made here to estimate productivity by size of land holding with the aim of finding out the impact of agricultural growth on income of farmers of different size categories. The methodology adopted for estimation purposes is at best simplistic and crude. However, it expected to highlight some of the important factors governing output per hectare and differences there in across size of holdings and over time. Gross value of farm produce or productivity per hectare has been defined as:

\[ P_j = \sum_{i=1}^{8} \sum_{j=1}^{5} [a_{ij}, y_{ij}] * [V_i], \]

When \( P_j \) is the gross value of production on \( j \)th size of land holdings, \( a_{ij} \) is the gross cropped area devoted to \( i \)-th crop of \( j \)th holding, \( y_{ij} \) is the weighted yield of \( i \)-th crop on \( j \)th holding and \( V_i \) is the value (price) of \( i \)th crop per tonne.

It is commonly believed that major differences in productivity across size of land holdings are on account of yield
differences. One of the major factors which has contributed to
to changes in yield of crops is availability of irrigation facilities use of
HYV and essential inputs such as fertilizers is to a large extent
correlated with irrigation. As noted by Hayami, et.al., (1976), "Without
an adequate water supply, the yield potential of fertilizer – responsive
HYVs is not realized the therefore, it is not profitable to apply more
fertilizer. Moreover, the risk of crop failure under rainfed conditions
discourages cash expenditures for fertilizers and chemicals. In this
sense irrigation represents a precondition for the introduction of the
new seed fertilizer technology" we have, therefore, assumed that
differences in the yield of crops across holding size are mainly on
account of irrigation. Using data on yield of irrigated and un-irrigated
crops published by the Ministry of Agriculture, average yield of a crop
has been defined as

\[ Y_{ij} = [Y_i * W_j]^* + [Y_i * W_j] \]

Where \( Y_{ij} \) is the weighted average yield of the i-th crop on
j-th holding. \( Y_i^* \) and \( Y_i \) are the irrigated and un-irrigated yields
respectively of i-th crop and \( W^* \) and \( W \) are the productions of irrigated
and un-irrigated area respectively to total area on j-th holding.

It is hypothesized that \( P = f(i, y, v, c) \) where \( P \) is the
productivity in Rs. Per hectare, \( i \) is the intensity of cultivation
measured as the ratio of gross cropped area to net sown area, \( Y \) is the
yield of individual crops expressed in Kgs. Per hectare, \( V \) is the value
of produce in terms of Rs. Per quintal, and C is the cropping pattern. Each of these factors will be examined in order to determine what are the productively levels by size of land holdings and changes therein overtime.

The main source of data for examining the relationship between farm size and productivity at the All India level for this study is the Agricultural Census of India supplemented by NSS data. The former available at four points of time (i.e., 1970-71, 1976-77, 1980-81 and 1985-86) and does not cover the period of sixties. In order to extend the analysis to the Pre-Green Revolution period. NSS data of the 17th Round pertaining to 1961-62 has been used.

Ray78 (1985) elaborating on the importance of irrigation in influencing cropping intensity notes, "As water from natural and / or man-made sources is made available, in a controllable form to cover more months of a year, choice of cropping pattern and production opportunities will expand... Adequate water supply round the year is a precondition for intensification of land use". Furthermore, replenishment of soil nutrients through increased use of fertilizers was also instrumental in quick rotation of crops and shortening of the lean season between crops thereby further raising cropping intensity. However, given differing cropping patterns and relative factor endowments, there are expected to be sizeable variations in cropping intensity across size of land holdings.
It is generally true that small farmers cultivate their lands more intensely i.e., leave less land fallow, apply more of labour and material inputs per hectare, have a greater proportion of irrigated land, go in for a multiplicity of crops, and choose among crops those that given them a higher yield. Need for survival under adverse conditions of rising population pressure and diminishing per capita availability of land is a major motivating force which drives small farmers to more and more intensive effort. A poor peasant depending on a small piece of land and not having any alternative sources of employment and income tries to produce the maximum output on his hand.

He may even ignore any marginal productivity considerations as far as his own labour is concerned for which he is unlikely to have any alternative means of employment. During 1985-86, cropping intensity on marginal farms was 1.43 compared to 1.13 on large farms recording a differential of 26 per cent.

Data on cost of cultivation by size of land holding which was being published up to the early 1970's by the Directorate of Economics and Statistics. Ministry of Agriculture and irrigation, under the comprehensive scheme for studying the cost of cultivation of principal crops has been discontinued since then. The cost per hectare and the cost per quintal computed by size of holdings were available for cost A2 and cost C for a limited number of years only.
Though the results vary from state to state and from crop to crop, there is evidence of a higher net income generation in the “middle size” holdings during the early seventies. As observed in one of the studies\textsuperscript{79} ... the cost of cultivation per hectare generally tends to decline with an increase in farm size. Yield per hectare also tends to decline with an increase in farm size after the size-class of holdings having two hectares and more but less than three hectares of operated area. It is in this size class of holdings (2 to 3 hectares) that yield per hectare is the highest and cost of production per quintal nearly the lowest. Income per hectare, both over the total cost of cultivation (cost c) and the cash and kind expenses (cost A2) is also the highest for this size-class of holdings”.

On the basis of the above observation it appears that holdings below 2 hectares are not very efficient and have a higher cost of cultivation. However, the situation could have changed during the eighties with marginal and small farms registering among the highest increase in yield with increased levels of irrigation and fertilizer consumption at subsidized rates. This is likely to have reduced the cost of cultivation per quintal leading to higher gains in net income of these two categories compared to larger farmers. However, in the absence of data on cost of cultivation by size of land holdings, we shall base the subsequent analysis on poverty tends among farmers on computations of gross rather than net incomes.
From the above elaborate review on poverty and Misery and its various studies made elsewhere clearly bring out the urgent need, scope, significance and use of the present research study. The detailed critical review made here clearly brings to the limelight the fact that the present research study on 'Poverty Among the Small Farmers in Srivaikukntam Taluk' has a very great vital 'Research Problem' and as such this review chapter bas been very essential. This detailed review thus certainly establishes a strong foundation and scientific touch to the entire present research study.
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