CHAPTER II

DESIGN OF STUDY AND METHODOLOGY
As noted in the preceding chapter, poverty is worldwide phenomenon. The bulk of World's poor (680 million or about 85 per cent of the people) live in rural areas. Rural poverty is widespread in developing countries, particularly in overpopulated countries like India, Bangladesh and Pakistan. Of the total rural poor, small farmers constitute over 50 per cent and landless labourers form about 25 per cent. Besides absolute poverty, which is indicated by the level of income, the value of assets, consumption expenditure and the level of debt, majority of the people in less developed countries are subject to relative poverty indicated by gross inequalities are subject to relative poverty indicated by gross inequalities among different sections of the population. The studies carried out at the international level by the World Bank, and the Food and Agricultural organisation of the United Nations have brought into the

fore the severity of the poverty, particularly rural poverty in the Third World Countries and highlighted the need for anti-poverty programmes.

In India, the question of defining the poverty line was first mooted by the Indian Labour Conference in 1957. Subsequently, a Working Group\(^4\) of the Planning Commission (1962), based on the balanced diet in terms of nutrition recommended by the Indian Council of Medical Research in 1959, prescribed in 1962 a nationally desirable minimum level of consumer expenditure to serve as the cut-off point.

After nine years, Dandekar and Rath (1970) took up the issue and defined the poverty line in terms of expenditure level at which households on an average seemed to have adequate energy intake.\(^5\) Sukhatme (1977), who contended that the norm of energy requirement used by the two economists was the average requirement of a healthy and active population and not the minimum below which a person should be considered undernourished. Then he suggested that the lower end of the range of the energy intakes of a standard healthy individual be used as the cut-off point for determining

\(^{4}\) The Working group comprised Prof. D. R. Godjil, Dr. B. N. Ganguli, Dr. P. S. Lokanathan, M. R. Masani, Asoka Mehta, Shriman Narayan, Pitamber Pant, Dr. V.K.R.V. Rao and Anna Sahab rebuddhe.

\(^{5}\) Dandekar, V. M. and Nilakant Rath, Poverty in India, Bombay, Indian School of Political Economy, 1970.
undernutrition and the poverty. The view has also been attacked by Nilakant Rath, Ojha, Gosh, Raj Krishna, Adiseshaiah, etc. It seems, they have all weighed for Dandekar and Rath’s view, i.e., consumption expenditure levels. Although these studies vary in methodologies and in other aspects, one point is common viz., the predominance of rural poverty.

As a result of these studies and their recommendations, the Government of India, like those in other developing countries, has initiated anti-poverty programmes like SFDA, DPAP, NREP, IRDP, Minimum Needs Programme etc., to alleviate poverty in general and rural poverty in particular. However, despite these programmes the magnitude and incidence of rural poverty, has been on the increase. This is primarily due to lack of understanding of the problem in a proper perspective, failure to identify the beneficiaries and leakages in the delivery systems.


8. Ibid.

9. Ibid.

10. Ibid.

11. Ibid.
REVIEW OF LITERATURE:

The problem of rural poverty, has been explored from time to time by different agencies at different levels - international, national and regional. In a study of rural poverty, a select review of literature at different levels throws light on the dimensions and dynamics of rural poverty. Hence an attempt is made to undertake this exercise in the following lines.

In a World Bank study, "Assault on World Poverty," Mc Namara, former World Bank President observes that growth is not equitably reaching the poor and the poor are not significantly contributing to growth. Development strategies, therefore need to be reshaped in order to help the poor to become more productive. The study suggests that agricultural credit and land reforms are key elements in helping the rural poor to become more productive. Unfortunately, the flow of credit to poorer sections has been inadequate due to lack of sufficient collateral and high administrative costs of small loans to them. However, these programmes are difficult to carry out due to their effect on the poverty base of the traditional elite in a developing society.

It its study, the Food and Agricultural Orga-
nisation reviews rural poverty in developing countries
and the means of poverty alleviation. The study is con-
cerned with absolute poverty in rural areas and one of the
origins of this poverty must lie in inadequate access to
land and other factors leading to insufficient production.
By projecting World Agricultural perspectives and policy
issues upto the year 2000 A.D. with particular attention
to developing countries the study found that over the
next two decades the developing countries could double
their food and agricultural production, but it observed
that improved food production must go hand in hand with a
more equitable distribution of this larger output. The
study concludes that a sustained effort is needed on many
fronts. Rural poverty is the study observed that a highly
complex problem. Limited access to land due to unequal
distribution of land or population pressure is undoubtedly a
major contributory cause of insufficient production but
the inherent quality of the land and quantity of labour
and capital are also the determinants of the level of farm
output. Case studies prepared for A. T. 2000 ( FAO 1981 -
Agriculture towards 2000 ) show that the incidence of
poverty in rural areas in highest among landless labour
and small holder households.

13. Food and Agriculture Organisation, The State of Food
and Agriculture, 1981, World Review - Rural poverty
in Developing Countries and Means of Poverty Alle-
viation., Rome, 1982, p,82
The Study further observed that mere economic growth in general or agricultural growth in particular will not suffice to solve the problem of rural poverty. The alleviation of poverty within an acceptable time scale requires a political commitment to the reshaping of the pattern of national economic growth and a new distribution of its benefits.

In its World Development Report 1980, the World Bank explored the absolute poverty that affects a total of about 780 million people throughout the world.

The World Development Report reassesses the development prospects in many underdeveloped countries, potential for improved performance in agriculture and rural poverty alleviation in those countries.

It is also observed that all countries where agricultural development has been strong, economic growth had advanced at a rapid rate. As a result, in many middle-income countries the worst kinds of absolute rural poverty have largely disappeared, although stark differences in standard of living persist.

In India, poverty is not a recent phenomenon. The debate on Indian poverty during eighteenth century vividly brought out the socio-economic conditions of that time and the effect of British rule on aggravating poverty among people in the country. Dadabhai Naoroji in his paper, "The wants and Means of India," has given 40 shillings (Rs.20) per capita as 'high catimate of the gross production of India'. In another paper "Poverty of India" also his estimate stood at 40 Shillings (Rs.20) for the country as a whole. This he arrived at after taking into account the value of production in agriculture, manufacturing in industry, coals and mines, profits of foreign commerce etc. However, his estimates omitted the contribution of railways to national income, to profits of trade, to salaries and pensions, to non-agricultural wages and all other sources from which a man who does not grow food himself may obtain the means of purchasing it. Further


18. Ibid., pp.2-3.

19. Ibid., p.3
he estimated it by taking into consideration the average prices of only few crops. As a result, Dadabhai's estimates led to underestimation of the values of production per capita in India.

Rao (1938)\textsuperscript{20} in his essay on the National Income of India, with a different methodology, has accepted Dadabhai's figure, revising it by just 15 per cent as Rs.23.4 for 1867-68. For 1948-49, Mukherjee (1969)\textsuperscript{21} using his price index series, inflated the Dadabhai's estimate as Rs.142 at 1948-49 prices.

In his study, "Economic History of India in the Victorian age", Dutt (1950)\textsuperscript{22} emphasized that the inequity of land tenure system and the heavy taxation on backward agriculture during British rule have contributed to the reinforcement of poverty in India in general and rural poverty in particular.


A Study Group\textsuperscript{23} of the Government of India (1962) recommended the nationally desirable minimum level of consumer expenditure of Rs. 20 per capita per month at 1960-'61 prices. Subsequently, the recommended figure was criticised on the ground that it was an underestimation as it excludes the expenditure on health and education assuming that they are provided free of cost by the state according to constitution. Further, there was no distinction between rural and urban areas.

Chatterjee and Others (1963)\textsuperscript{24} in their paper "A Preliminary Study on the Dietary Levels of Households in Rural India" found that about 53 per cent of the rural population fall below the norm of 2400 calories per capita per day. He uses NSS consumption data which does not take into account the non-food expenditure. Thus they have underestimated the extent of rural poverty in India.

In his study, "Size and Areal Distribution of level of living in India" Mukherjee (1969)\textsuperscript{25} with a different methodology, and considering the country's population as a whole (without any bifurcation of rural and urban) has arrived at the conclusion that in terms of the

\begin{itemize}
\item \textsuperscript{23} Study Group., Op.cit.
\item \textsuperscript{24} Chatterjee, G.S., D.Sarkar and Paul, "A Preliminary Study on the Dietary Levels of Households in Rural India" Working paper (Memo), Indian Statistical Institute, 1963.
\item \textsuperscript{25} Mukherjee, M., "Size and Areal Distribution of the level of living in India", \textit{Sankhya} Series B, 31, Parts 3 and 4, 1969, pp.459-478.
\end{itemize}
density of the poor Orissa, Kerala, Bihar, Mysore and Andhra Pradesh are poorest states in 1962-'64. But he did not consider the price variation, type, nature and intensity of activities, cropping pattern and climatic factors in different regions of the country. Moreover he used uniform measure for all the regions to measure poverty.

Minhas (1970) slightly modified the Study Group's figure as Rs.200 per capita per annum relating to rural areas on the ground that urban cost of living tends to be somewhat higher at 1960-'61 prices. Using the norm, he found that between 1956-'57 and 1967-'68, the rural poor declined by 19 million though the number of poor tend to rise in bad harvest years. Minhas was also subject to criticism on the ground that he committed the same mistake as the Study Group by not taking into consideration the expenditure on clothing, fuel, light, health, education, etc.

Ojha (1970), adopting a different methodology, estimated the poor both in rural and urban areas for two


different years. Using calorie norm of 2250 per capita per day for an average Indian he worked out the minimum required food consumption as 518 grams for rural areas and 432 grams for urban areas. According to his estimates 51.8 per cent of rural population and 7.6 per cent of urban people fell below poverty line. For the year 1967-'68 he concluded that 70 per cent of the rural population were below the minimum level of food grains consumption. Ojha has also excluded the expenditure on health, education and housing.

Bardhan (1970) used minimum level of income (i.e. Rs.15 per capita for rural and Rs.21 for capita for urban areas) as norm and examined the trend of rural poverty over the years 1960-'61 to 1968-'69. Bardhan estimated that of the total population 38 per cent in rural areas and 44 per cent in urban areas during the year 1960-'61 at the same year prices fell below poverty line. During 1968-'69 at 1960-'61 prices Bardhan estimated that 54 per cent of the rural population and 41 per cent of the urban population fell below poverty line. Bardhan found that the rural poor have increased at a staggering rate (i.e. by 95 million) between 1960-'61 and 1968-'69.

Dandekar and Rath (1971), assuming a daily average energy requirement of 2250 calories for each person, which is equivalent to a little over 2800 calories per adult per day, estimated the level of consumer expenditure at Rs. 15 per capita per month in rural areas and Rs. 22.5 per capita per month in urban areas at 1960-'61 prices. Accordingly, they found that in 1960-'61 about 33.12 per cent of the rural population and 48.64 per cent of the urban population would have been living below the level of poverty. The methodology followed in estimating the minimum calorie requirement and expenditure levels was questioned by many economists.

Vyas (1972) observed that the proportion of rural poor fell from 45 per cent in 1954-'55 to 38 per cent in 1960-'61, though there was no agricultural growth and no sectoral changes.


Vidyanathan (1974)\textsuperscript{31} in his paper "Some Aspects of Inequality in Living Standards in Rural India", by using Rs. 21.44 as average per capita consumption per month at 1960-'61 prices, found that about 15.65 per cent were living in poverty. With regard to trend, based on KSS data, he observed that rural poverty has gone up from 59.5 per cent in 1960-'61 to 67.9 per cent in 1967-'68.

Byatty (1974)\textsuperscript{32} estimated the poverty levels for different categories at different income levels for 1968-'69 by using the techniques of Sen's poverty index and head count ratio. He observed that incidence of poverty was maximum among agricultural labourers' category (89.56 per cent) followed by non-agricultural workers (78.77 per cent) and cultivators (70.28 per cent).

Planning Commission (1977-'78)\textsuperscript{33} in its draft plan estimated that 48 per cent of rural population and 41 per cent of the urban population in India fall below poverty line.


\textsuperscript{33} Government of India, Draft Five Year Plan (1978-88), New Delhi Planning Commission, 1978, p.3
In a meticulous study, Ahluwalia (1978)\textsuperscript{34}, using the norm of the per capita consumer expenditure of Rs. 15 per month at 1960-'61 prices for both country as a whole and for different states examined the trends in the incidence of rural poverty for about two decades from 1956-'57 to 1973-'74. He adopted as well as traditional and concluded that the time trend is insignificant but the series shows that the incidence of poverty fluctuates in response to variations in real agricultural output per head. He found that there is an inverse relationship between rural poverty and agricultural performance for the country as a whole. The same trend was also noticed in several individual states. There was also evidence that there are processes at work which tend to increase the incidence of poverty independently of variations in agricultural output per head.

More recently, Tendulkar and Sundaram (1985)\textsuperscript{35} in their study "Growth Trickle Down Effects and Poverty" have concluded that the percentage of population below poverty line has fluctuated without any trend towards increase or decrease both for the rural and the urban population. The

\begin{itemize}
  \item \textsuperscript{34} Ahluwalia Montek, S., "Rural Poverty and Agricultural performance in India", \textit{The Journal of Development Studies}, April, 1978, pp.289-292.
  \item \textsuperscript{35} Tendulkar Suresh and K. Sundaram (1985) \textit{Op.cit.}
\end{itemize}
absolute population of the poor has, however, been rising at an annual average rate of 3.5 million in case of rural areas and 1.45 million in respect of urban areas. Further, they found that there was no relation between growth rate and poverty.

Panikar (1972)\(^{36}\) in his study of Kerala did not give any figure with regard to poverty in Kerala. He examined the reliability of minimum consumer expenditure norm of Dandekar and Rath under Kerala's conditions. His basic conclusions are that by ignoring regional factors, they reached wrong conclusions about the cost of nutritionally adequate diet in Kerala. By using national minimum norm Dandekar and Rath have overestimated the number of the poor in Kerala. It is found that the diet for Kerala to attain minimum norm at 1970-'71 prices would cost Rs.28.30 per head per month and the total per capita consumption expenditure corresponding to this diet would be Rs.37.80.

In a study of Karnataka, Thimmaiah (1983)\(^{37}\)

\(^{36}\) Panikar, P.G.K., "Economics of Nutrition", Economic and Political Weekly, Annual Number, February, 1972, pp.413-430.

using primary data collected by the Institute for Social and Economic Change concluded that poverty is inversely associated with the level of development of the districts. He found that rural poverty is confined to agricultural labourers, marginal and small farmers only.

In its Report (1981-'82) the Bureau of Economics and Statistics found that 44.6 per cent of rural population in Andhra Pradesh fall below poverty line (Rs.61.30 average monthly per capita expenditure has been used as the cut-off point. Further it is found that the highest percentage of families below this poverty line was found in Chittoor district (61.3 per cent) while this percentage was lowest (28.6 per cent) in East Godavari district.

In his presidential address at a National Seminar on "Growth, Stability and Equity with in the Agrarian Sector of Andhra Pradesh" Parthasarathy (1985) held that poverty ratios in Andhra Pradesh are sensitive to growth performance in agriculture although it is not significantly true in the case of bottom classes. Further, growth bene-


fits much more the top cultivators' group rather than the bottom cultivators' group in the state.

Radhakrishna and Sudhakar Reddy (1986)\textsuperscript{40} in their paper on "Class composition, Poverty and Agricultural Development", using Rs.50 per capita expenditure per month as poverty line, concluded that rural poverty is concentrated among the agricultural labourers in almost all the districts and cultivators and self-employed in backward districts. Although agricultural development benefits all classes, it widens disparities which suggest the search for suitable measures for equitable distribution.

Perraju Sarma (1987)\textsuperscript{41} examined the dimensions of rural poverty with reference to agricultural labourers in Andhra Pradesh. The intergenerational decline in occupational status and access to land have been the important factors explaining poverty among agricultural labourers. But there is no association between income, poverty and generational change.

\textsuperscript{40} Radhakrishna, R. and Sudhakar Reddy, S. (1986) "Class Composition Poverty and Agricultural Development" Published in the volumes of Andhra Pradesh Economic Association fourth annual conference held at the centre for Economic and Social Studies, Hyderabad during 11-12, January.

In his paper "Poverty in Andhra Pradesh" Sudhakar Reddy (1989) concluded that though there is a declining trend in the incidence of poverty in seventies and eighties the people below poverty line in the year 1986-'87 were still higher (41.85 per cent) in rural Andhra Pradesh.

**NEED FOR THE PRESENT STUDY:**

Most of the studies reviewed so far have examined the problem of poverty at a macro-level. India is a vast country with different agro-climatic regions and different socio-economic conditions. Hence the need for conducting a micro-level study to get a correct picture of the region-specific problems. The present micro-level study is conducted in Chennekothapalli Mandal in Anantapur District of Rayalaseema region in the State of Andhra Pradesh.

42. Sudhakar Reddy, S., Poverty in Andhra Pradesh, Centre for Economic and Social Studies, Hyderabad, 1989.
MAJOR OBJECTIVES:

1. To study the socio-economic profile of the respondents of both IRDP and non-IRDP villages.

2. to assess the extent of poverty in terms of the levels of income, expenditure, debt, assets and employment of sample households both in IRDP and non-IRDP villages, and

3. to study the impact of IRDP and the trends of poverty among the sample households of both IRDP and non-IRDP villages.

HYPOTHESES:

Keeping in view the above objectives, the following hypotheses have been tested.

1. The magnitude of poverty in terms of the levels of assets, income, expenditure, debt and employment both in IRDP and non-IRDP villages and also among beneficiaries and non-beneficiaries within IRDP villages is not significant.

2. There is no significant difference between different categories of households in IRDP and non-IRDP villages and also between beneficiaries and non-beneficiaries in the IRDP village in respect of income, expenditure, debt, assets in employment.
SAMPLE DESIGN:

Multy-stage stratified random sampling procedure was made use of for the selection of the ultimate units of the study. Of the sixty four revenue Mandals of the Anantapur District, Chennekothapalli Mandal was purposively selected because of the familiarity and proximity of the researcher. Lists of villages in the Mandal were prepared. On the basis of the implementation of the Integrated Rural Development Programme (IRD P), the villages were classified into IRDP and non-IRDP villages. Two villages i.e. one IRDP village viz. Nyamaddala and one non-IRDP village, viz. Venkata tam Palli from the Chennekothapalli Mandal were selected using random sampling procedure.

Lists of households were prepared in each selected village and the households were stratified on the basis of occupation as cultivators, agricultural labourers, rural artisans and salaried job/petty traders. In IRDP villages, the households in each occupational category were grouped into beneficiary and non-beneficiary households. Ten percent of the households in each category were selected as ultimate units of the study. The households selected for non-IRDP village form the 'control group' segment for making comparison between IRDP and non-IRDP villages. Within
IRDP village, non-beneficiaries serve as 'control group' to facilitate comparison between beneficiaries and non-beneficiaries and to study the impact of IRDP.

SOURCE OF DATA:

Both primary and secondary data have been used in the present study for analysis, drawing inference a arriving at conclusions. Secondary sources include the publications of Government of India, such as, Five Year Plan documents, National Sample Survey Reports, Census Reports, Statistical Abstracts etc., the publications of the Government of Andhra Pradesh, such as, Statistical Abstracts of Andhra Pradesh, Season and Crop Reports, Data Andhra Pradesh, State Plan Reports etc. the publications of the World Bank, and the Food and Agriculture Organisation of the United Nations and periodicals like Indian Journal of Agricultural Economics, Economic and Political Weekly, Journal of Development Studies and other Economic journals. The present study is primarily based on the field data collected by the researcher by way of survey. The schedules prepared for the study were canvased through personal interviews during the year 1991.

TOOLS OF ANALYSIS:

Simple statistical tools like average and percentages
were made use of for the analysis of the data.

SCOPE AND LIMITATIONS:

The present study is confined to a Mandal in Anantapur District of Andhra Pradesh and it is location-specific, and as such, the conclusions arrived at in this study may not have direct relevance to other areas of the country due to differences in agro-climatic and socio-economic conditions.

The data for the study were collected through personal interview method. As the households do not maintain records, they had to recollect the information from memory, and as such the data collected could only be an approximation to actual facts.

CONCEPTS USED:

POVERTY:

It is a situation where in any person who for whatever reason was unable to provide himself and his dependents with a decent standard of living.

ABSOLUTE POVERTY:

Absolute Poverty is defined by income levels below which even minimum standards of nutrition, shelter
and personal amenities cannot be maintained.

**RELATIVE POVERTY** :

Relative Poverty is a state in which extreme inequalities in the distribution of assets, income and levels of living exist.

**POVERTY LINE** :

The Planning Commission in its Seventh Plan (1985-'90) document, defined poverty line in terms of 1984-'85 prices as per capita monthly expenditure of Rs. 107 for rural areas and Rs. 122 for urban areas and an annual income of Rs. 6,400 per household in rural areas and Rs. 7,300 per household in urban areas. This definition has been adopted in the present study.

**LANDLESS LABOURERS** :

Those who do not own any land and derive over 50 per cent of their income by way of rendering their labour for farm activities, are defined as landless labourers in the present study.

**RURAL ARTISANS** :

Rural Artisans are defined as those who derive major part of their income (over 50 per cent) from their
vocational skills.

CULTIVATORS:

Cultivators are those who own and derive their major income from cultivation.

INCOME GROUPS:

For the purpose of the present study the households are stratified into four income groups. While doing this the total income of the household (both farm and non-farm income) has been taken into account. The six groups according to income size are as follows.

i) Those whose income is upto Rs.4,000.

ii) Those whose income is between Rs.4,001 and Rs.5,000.

iii) Those whose income is between Rs.5,001 and Rs.6,000.

iv) Those whose income is over Rs.6,000.

CHAPTERISATION SCHEME:

The plan of the thesis is as follows:

First Chapter provides the background and theoretical basis for the study. It deals with the meaning
of poverty, the concepts of absolute and relative poverty, estimates of poverty, the extent, dimensions, incidence and trends of rural poverty and anti-poverty programmes in India.

The Second Chapter reviews the select literature on rural poverty and presents the design and methodology of the study. It is concerned with the problem, objectives, hypothesis, source of data, sample design of the study.

Chapter Three deals with the agro-economic profile of the study area - Anantapur District and the sample villages.

Chapter Four examines the socio-economic profile of the respondents of the two sample villages under the study.

Chapter Five examines the income, expenditure, debt, assets and employment pattern of sample households and lands of rural poverty as prevailing in the two sample villages (i.e. IRDP and non-IRDP villages).

Chapter Six, summarises the findings and presents the conclusions in the light of the study.