

## **Chapter II**

### **Review of Literature**

#### **2.1: Introduction**

This chapter attempts to review important studies on poverty. These help us understand the problem of poverty and solutions of eradicating poverty completely from the world by 2020. Our main concern in this investigation is to enter into the detailed discussion on the problems of poverty in a backward district of the state of West Bengal and find out the concrete solutions to the problem. For this purpose, we have reviewed in this chapter the existing literature on poverty.

#### **2.2: The Review**

The problems of minimum needs along with the concept of poverty line came into focus in the Indian Labour Conference in 1957. The Nutrition Advisory Committee of the Indian Council of Medical Research (1958) pleaded for the minimum consumer expenditure at Rs. 20/- per person per month at 1960-61 prices to provide a minimum nutritional diet other than food in terms of calorie intakes. This excludes expenditure on two important items, e.g., health and education which were supposed to be provided by the state. The study group also suggested fixing Rs. 25/- per person per month for the urban areas. The explanation offered for this was that the cost of living in the urban areas was much more than in the rural areas.

Professor V.M. Dandekar and N. Rath (1970) estimated that 25.5 million people were below the poverty line in 1967-68. Their estimation was based on the NSS data on consumer expenditure. They defined the minimum level as

Rs.15/- for the rural population and Rs. 22.5/- for the urban areas at 1960-61 prices.

The quantitative index of poverty was formulated by the Task Force on Projection of Minimum Needs and Effective Consumption Demand set up by the Planning Commission in 1977 defines poverty line as the mid-point of the monthly per capita income expenditure in terms of 2400 calories food intake per person per day in rural areas and 2100 calories in urban areas. Many economists were working many other studies on the extent of poverty. Notable among them were B.S. Minnas, P.K. Bardhan, M.S. Ahluwalia and S.P. Gupta. B.S. Minnas estimated poverty line based on the NSS and Working Class Consumer Price Index Number data. He found that in 1968-69, 55 per cent of the rural population and 41 per cent of the urban population were under the poverty line. He also estimated that there had been a steady decline of the people living below the poverty line from 65 per cent in 1960-61 to 50.6 per cent in 1967-68. He took Rs. 17/- as the per capita consumption expenditure as poverty line in rural areas in which he used gross national product (GNP) deflator to explain the extent of poverty. P.K. Bardhan (1970) criticised the use of GNP deflator by Minnas. This included both the agricultural and industrial goods and since the expenditure on the manufacturers represents much smaller proportion of the budget of the rural poor than the national average, it might understate the rise in prices paid by them. Bardhan's study shows that the proportion of rural poor increased from 38 per cent in 1960-61 to 54 per cent in 1968-69. Another estimate by P.D. Ojha (1970) shows that rural poverty was 51.8 per cent in 1966-67 and it was only 7.6 per cent in the urban areas at 1960-61 prices. In all, 44 per cent of the total

population was below the minimum level of subsistence in 1967-68.

Ahluwalia's study (1977) estimated that in 1956-57 the rural poverty was 54.1 per cent which came down to 38.9 per cent in 1960-61. It took Rs. 15 as the poverty line at 1960-61 prices. Ahluwalia estimated that in 1973-74 about 46.1 per cent of the total rural population was under poverty. Thus the study covered a period of 16 years from 1957-58 to 1973-74.

The sixth five-year plan (1980-85) has laid down stress on alleviating poverty and accordingly the Planning Commission in India tried to evolve a poverty management techniques as well as identifying the really poor as a target group. Accordingly, a number of programmes such as integrated rural development programme (IRDP), NREP and MNP were adopted to solve the problems of poverty and unemployment. The estimate of poverty during this period was made on the basis of 38<sup>th</sup> round NSS data (1983).

has declined quite substantially in some states (e.g., in Kerala from 25.8 to 9.4 per cent, in Haryana from 28.0 to 8.3 per cent, in Himachal Pradesh from 30.3 to 7.9 per cent, in Bihar from 58.2 to 44.3 per cent), but there are some states (e.g., in Madhya Pradesh from 40.8 to 37.1 per cent, in Orissa from 49.7 to 48.0 per cent, in Punjab from 12.0 to 6.4 per cent), this decline is not too fast.

Thamarajakshi(1989) has tried to find the implications of the structural changes which have taken place in the Indian economy for employment generation. He has also examined the labour absorption potential in agriculture sector. He has calculated the employment elasticities and found that the elasticity has declined in agriculture and allied sectors from 0.81 to 0.55. It has trebled in mining and manufacturing and doubled in other sectors. Despite the decline in employment elasticities, the author has found, the agriculture continued to be the dominant

sector of labour absorption in absolute as well as relative terms. Out of total employment created of the order of 287.4 millions in the Indian economy in 1983, agriculture absorbed 196.7 millions. It was about 68 percent of the workforce.

Sundaram and Tendulkar(2003) in their study has made an analysis of changes in fifteen major states of India across four distinct dimensions of headcount ratio, size of the poor population, depth and severity for the rural, the urban and the total population. The data, they analyzed, show that the poverty situation worsened over the six-year period starting from 1993-94 to 1999-2000 in Assam, Madhya Pradesh, and Orissa. In other twelve states it improved in terms of the absolute size of the poor population.

Krishna, Kapila, Porwal and Singh (2003) studied twenty villages of Vadodara and Panchmahals districts in Gujarat. The study showed that every little progress had been noticed on the overall of the economy and progress of the population over the last 25 years. 59 percent of the households in this area were poor 25 years ago and the members in the 57 percent households remain poor today. The gigantic growth in the economy of Gujarat has failed to improve economic conditions of the poor people living there. Only 9.2 percent households in all the 20 villages are able to escape from poverty. Another 7.3 percent households have become poor at the same time. It thus appears that only two percent people have come out successful in eradicating the poverty in the last twenty years. The paper has made this estimation of poverty on the basis of caste, such as sc, st, obc, muslim and general category people. The analysis shows that sc, st and obc category people remain poorer compared to other category people. The economic

conditions of a significant percentage of population under these categories have improved ;but at the same time also a significant percentage of them have become poorer during the last 25 years.

Sundaram(2001) has reviewed the employment and poverty in 1990s on the basis of results from NSS 55<sup>th</sup> Round(Employment-Unemployment Survey,1999-2000).He basically offers a detailed industrial distribution of the workforce based on the additional tables provided by the NSS 55 the Round. The paper examined the evidence on average daily wage earnings from the NSS quinquennial Employment-Unemployment Surveys for 1983,1993-94,1999-2000.The author also examined the evidence from the Employment-Unemployment Survey, on the issue of changes in the incidence of poverty on the basis the size-distribution of per capita consumption emerging from the canvassing of an abridged consumer expenditure schedule from the sample households surveyed in the 55<sup>th</sup> Round Employment-Unemployment Survey. The author has found the results on unemployment as follows.1.An increase in the current daily status unemployment rate in three of the four population segments, with urban women as the sole exception. The increase in the daily status unemployment rate has been the steepest for rural males. It was 29 percent. This was in fact an increase due to a change in the status composition of the workforce and a conversion of the underemployment of the erstwhile self-employed into open unemployment of the casual labourers.2.The has been a reduction in the unemployment rates on the usual principal status for the educated in almost all the four population segments.3.There has been an increase in the self-perceived underemployment captured by a reduction in the proportion of usual status workers who had not sought additional work over the 1990s.The author also makes an estimate the



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proportion of population in house-holds below the poverty line, by gender, age, and rural-urban location, at the all-India level, for 1993-94 and 1999-2000 based on the distribution of population by per capita consumer expenditure size-classes derived from the Employment-Unemployment Surveys for 1993-94 and 1999-2000. At the all-India level, the results of 55<sup>th</sup> Round show that there is a decline in the proportion of population in households that lie below the poverty line. The same holds true, in terms of the proportion of households below the poverty line, for all the households distinguished by reference to their principal means of livelihood.

Pradeep Kumar Panda (2003), in his study has established linkages between poverty and young women's employment in the context of Kerala. This study attempts to explore the interlinkages between marital status, economic conditions and the employment of the women in Kerala. It is true that women's position in Kerala is relatively better. This is historically The Analysis provides strong proved (Agarwal, 1994a, 1994b). This mainly is due to the practice of matrilineal system. This allows inheritance rights among women and provides natal family support for daughters before and after marriage. Not only have this women in Kerala had access to education from long back. The data for this study have been collected from young women in Thiruvananthapuram district comprising 500 houses on 630 single and currently married women. The data collected show that single and married women have a comparatively higher rate of employment than the married women, that is, 42 percent against 27 percent. The data also show that there exists a U-shaped pattern of relationship between women's current employment status and class status. It is noticed that at the both ends of the class

spectrum, more proportion of women are employed in the paid labour force. The logit models have been applied and these show that there are important differences by marital status in the effects of women's employment among the four groups of explanatory variables. The analysis provides strong confirmation for the importance of marital status when considering young women's employment in Kerala. In case of single women, poverty increases the likelihood of paid work without significant effect at the upper end of the class spectrum. The author has suggested for the adoption of employment-supportive policies by the state for improving women's economic positions.

Bardhan(1973)examined the incidence of poverty in rural India during 1960 and for this purpose he analysed the NSS data for 1967-68 and 1968-69.In his paper ,Professor Bardhan mentioned the effect of two consecutive droughts Indian farmers witnessed in 1965-66 and 1966-67 on the rural population. He found some discrepancy in official data and the NSS data regarding the estimate of rural per capita consumption in 1967-68 (deflated by the national income deflator with 1961-62 as base).The NSS estimate of rural per capita consumption in 1967-68 was below the corresponding NSS estimate for 1960-61.The official estimatefor 1967-68, the author noted,was about 4 percent above that for 1960-61.The author stated that this might not be sufficient to claim that the official data were superior to that of the data provided by the NSS.In this paper the author noted that for further progress in measurement of the extent of rural poverty in India it would be appropriate to depend on a more intensive and systematic study of the differences in the total consumption estimates provided by the two separate sources,that is,the official source and the NSS source,

construction of more appropriate consumer price indices for the bottom fractile groups of the population and the specification of more satisfactory minimum diets taking account of regional and demographic variations in the population.

Gebert(1989),in her paper, presented data, conducting survey in twenty villages in two blocks of central Tamil Nadu during 1985 and 1986.It was found that once the milk society president had a society in operation, he had an important effect on the beneficiaries of the IRDP to increase the chances of making more profit. There were twelve operating milk societies in one of the two blocks in 1985.The other block had a large number of private vendors in charge of loans from the programme's earlier years. It was found that there existed factional rivalry in the village. This highlighted the way in which the village leaders tended to use political connections as it suited them to further their own ends in the village.In this study the author considered the loan broking milk society presidents as important figures in IRDP's implementation. The milk brokers were the important actors both in the process of allocating IRDP's resources and in determining its impact. It was observed in this study that the smaller the difference in socio-economic status between the president and the beneficiaries, the better chance the latter had to challenge authority of the former.

Human Development Report 2000(UNDP, Oxford University Press,2000) emphasizes that economic growth is a means to human well-being and to the expansion of human freedoms. This is a means; but the ends are realizing human rights and furthering human development through implementing pro-poor growth strategies. The Human Development Report 2000 states that and we also admit that poor people depend largely on public provisioning, natural environmental resources and employment for their livelihoods. But very few of them are



informed about the government policies and economic programmes. Not only this very few of them can express their personal views on the targeted for their development. In this context, the UNDP's Poverty Report 2000 mentions, 'holding governments accountable is a bottom-line requirement for good governance'. This thus requires that every citizen should be properly informed about the policy initiatives undertaken by the government targeting the poor people.

Chatterjee (1998), in his paper reviewed some of the existing studies on the incidence of poverty in West Bengal. The review period was two decades, i.e. 1970s and 1980s. The author found that the level and the rate of growth of per capita state domestic product (SDP) of the state of West Bengal consistently lagged behind the per capita GDP for India measuring at 1980-81 prices. The trend growth rate of SDP during 1970-71 to 1988-89 was 3.24 percent which was low if compared with India's GDP during the same period of time. The GDP for the country as a whole was 4.17 during the same period of time. The percentage deviation of per capita SDP of West Bengal from the per capita GDP for India consistently widened during 1970s and 1980s. This indicated a relative deceleration in West Bengal's standard of living vis-à-vis the all India average. The relative growth performance in the industries in West Bengal had been slow compared to India since 1970s. It became worsened since 1980s. The author analysed the implications of all-India or inter-state poverty studies on the poverty scenario in the state of West Bengal. The aggregative state level scenario as portrayed by these studies had been contrasted with the grass roots level picture of rural poverty as it had been brought out by some of the case studies based on household surveys. The author tried to establish the implication of all the studies for formulation of anti-poverty policies in West Bengal.

Bardhan and Mukherjee (2003) examined in their paper (Report of a project on land

reforms and decentralization in West Bengal funded by Mac Arthur Foundation and the Guggenheim Foundation, 2003). The poverty eradicating effort of West Bengal panchayats, comprising implementation of land reforms and pro-poor targeting of credit, agricultural minikits, employment generating programmes and fiscal grants. Four panchayat administrations and 89 villages were included in this survey. The survey results found very high level efforts of the poverty alleviating programmes in the state of West Bengal and at the same time there existed significant variations both across and within villages over time. The sample of 89 villages spread through 15 districts of West Bengal. The survey excluded Kolkata and Darjeeling. The data collected and presented in tables indicated that by mid-1980s all the villages were under the IRDP programme. The data also showed that the average level of targeting to the intended beneficiaries was quite high. Also it was noticed that there was a bias in the inter-village allocation of IRDP loan operating against landless and SC/ST households. Biases were also noticed in the inter-village allocation. In the case of minikit distribution, variation was found. It was observed how intra and inter-village targeting varied with village characteristics. The political biases were more prominent in the allocation of resources across villages rather than within villages.

Ray (2008) criticized the then Left Front Government for its inability to control and minimize the level of unemployment, poverty and hunger in the state of West Bengal. The author blamed the government of West Bengal because the government failed to take up effective measures to combat hunger and poverty in West Bengal. To fight against poverty, the state government identified 4,612 villages as 'backward' and these villages were mostly located in the districts of Purulia, Uttar Dinajpur, Maldah, Dakshin Dinajpur and West Midnapore. The selection of village, the author noted, was arbitrary. One of the criteria for selecting the villages was that the village should have female literacy rate below 30 percent. The other feature in selecting a backward village was that marginal workers and non-

workers would constitute more than 60 percent of the village population. The author reviewed a survey conducted by the Government of West Bengal in 2007. This survey was conducted in the state-designated 'backward villages' by the panchayats and rural development department. The survey came to the conclusion that about 20 percent of the people in those selected villages received only 'one meal' a day. The NSSO survey 61<sup>st</sup> round, assessed at around 9 percent of the total population. The panchayati raj institutions are being run in West Bengal, the author noted, in a most democratic way and they are implementing various anti-poverty programmes. The major expectation from the democratic panchayati raj institutions is that every individual within the respective gram panchayat must be totally free from hunger and mal-nutrition. But the reality is completely opposite, the author noted.

Income inequality, food insecurity and poverty prevail in India as well as different states of India. Karmakar and Sarkar (2004) made an extensive study based on rural West Bengal. This study shows that there remains an inequality in terms of share of income and population in case of agricultural and non-agricultural income among different income sub-groups. The study was conducted in Birbhum district of the state of West Bengal. Primary data were collected by personal interview with the help of pre-tested household schedule following a multistage stratified random sampling technique. The households thus selected had been based on different categories of landholdings. The categories of landholdings are marginal, small, medium, large and landless. The headcount ratio has been employed to measure the proportion of poor in a village.

The proportion of poor (Po) has been calculated as follows.

$$Po = \frac{NP}{N}$$

Where Po	=	Proportion of poor
Np	=	Total number of poor
N	=	Total Population or Sample

The authors measured the poverty gap/food insecurity gap to identify the severity of poverty/ food insecurity. Data analysis shows that marginal farmers constitute 31.33 percent of the total population but the inequality in the share of population and income is only 26.01 percent in which only 1.36 percent comes from agriculture and the rest i.e. 21.68 percent comes from non-agriculture. Small (9.0 percent) and medium (2.67 percent) firms enjoy 9.9 percent and 10.32 percent share respectively. The size-class inequality in the share of population and household income has been shown in the following table-2.1.

**Table-2.1: Size-class inequality in the share of population and income**

Category	Share in population (%)	Agriculture Income	Share in income (%)	
			Non-agriculture income	Total income
Marginal	31.33	1.36	24.68	26.04
Small	9.00	1.69	8.21	9.90
Medium	2.67	2.57	7.75	10.32
Landless	57.00	-	53.74	53.74
Overall	100.00	5.62	94.38	100.00

*Source: Karmakar and Sarker, 2014*

The monthly per capita income and expenditure, as the author explained, on food by the medium farmers is highest in absolute terms and lowest in percentage terms. Mean income is largest in marginal farmers followed by small and landless households. These are shown in table 2.2.

**Table-2.2: size-class income and food expenditure inequality**

Size-Class	Income	Mean (Rs) Food expenditure	Medium (Rs)		Food expediting (%) of monthly income
			Income	Food Expenditure	
Marginal	533.08	408.80	339.17	377.13	76.69
Small	580.45	429.14	335.07	404.42	73.93
Medium	1988.36	936.01	1839.03	964.13	47.07
Landless	644.95	352.63	522.92	341.20	54.68
Overall	639.91	381.85	462.50	350.88	59.67

*Source: Karmaker and Sarkar, 2014*

The study concludes that the severity of poverty and food insecurity may not depend on the house holding size itself. It may depend on other factors and this again requires further detailed study.

Dev and Ranade (1998) in their interlinked between the abnormal rise in food prices and that of rural poverty. In their paper they also tried to find out the reasons for which a group of poor people were mostly hurt by rising relative price of food. The authors examined the distributional impact of relative price of food. They pointed out that due to adverse distributional effect of relative price of food poor were hurt more than the non-poor. It was also found that a majority of rural population was hurt by a rise in relative price of food. The poverty was intensified, as the authors noted, with the rise in food prices. The persons in rural areas below poverty line and below calorie norm been presented in table -2.3 below.

**Table-2.3: Persons in rural areas below poverty line and below calorie norm, 1983, 1987-88 and 1993-94**

	1983	1987-88	1993-94
Below official poverty line	45.7	39.1	37.3
Below the calorie norm (2440Kcal)	66.6	65.8	70.0
Gap between the two norms	21.1	26.7	32.7

**Source:** Government of India (1993) and Draft 9<sup>th</sup> Five Year plan

The authors here also discussed the issue of rising food price and the benefit the rural poor derived. In this context, they examined the link between terms of trade and investment in agriculture and theories that link wages to food prices. During pre-reform agriculture witnessed adverse terms of trade because so much protection to industry, overvalued exchange rate and rigid controls on export and so on. During post liberalizing period due to increasing by favorable terms of trade for agriculture private investment was attracted in more amount into agriculture. This would lead to growth in output and demand for rural labour which again would lend to reduction in rural poverty in India.

Maheshwari (2002) found that rural poverty rose sharply in 1992. She investigated whether the rise in poverty was due to bad weather conditions or due to new economic reforms. In this paper the author evaluated the relative impact of weather – related factors, fiscal contraction and food grain prices on rural poverty. It was found that the impact of adverse weather conditions was the main reason for the decline in food grain production. Due to deficiency in rainfall and the consequent decline in food grain product in 1991-92, Bihar, Gujarat, Madhya Pradesh, Maharashtra, Rajasthan, Andra Pradesh and Haryana came out as rainfall deficient states. But it was noticed that poverty in Haryana did not decline. In West Bengal and Punjab also foodgrain production did not decline in 1991-92. The impact of liberalization, the author explained, was captured mainly through the changes in per

capita government expenditure. In 1993-92, the author analysed for most of the states food grain production increased compared with 1991-92. But in Kerala, Orissa and Rajasthan there was a decline in food grain production of around 12 percent. The price rise, as noticed, was not only due to bad weather conditions but also due to changes in structural adjustment-related government policy.

Sundaram (2001) discussed the issue of employment and poverty in India in 1990s and also in this connection, he discussed the NSS 55<sup>th</sup> round Employment – Unemployment Survey, 1999-2000. The author in this paper gave a thorough description of industrial distribution of the workforce as well as an occupation distribution of the workforce based on the additional table from the NSS 55<sup>th</sup> Round Employment – Unemployment Survey. It was found that in all population segments the crude worker population ratios for 1999-2000 were lower. The decline in work population ratios were not offset by any significant rise in the ratio of unemployed in the population, so that crude labour force ratios would also show a decline between 1993-94 and 1999-2000 in all the population segments. The decline in worker-population ratios reflected a rise in the student – population ratio. In all the four population segments a decline over time, in the WPRs in the open-ended age-group '60 and above', the author found, was to be expected with the rising of the older (65 years and above) population. This was true for both the urban and rural females. For both rural males and females there was an unusual increase in WPR, in the 60 and above age-group between 1987-88 and 1993-94. This exaggerated the decline in WPRs in this open-ended age-group between 1993-94 and 1999-2000. In the case of rural women the decline in WPRs in the age-group of 25 and above was due to decline in WPRs on the subsidiary status. As regards unemployment status, only in the case of urban women the unemployment rate among them was not increasing. But in other three categories of population there was an increase in the current daily status of unemployment rate. The increase in the daily status unemployment

rate for rural males had been steepest. It was 29 percent. This was due to a change in the status composition of the workforce and a conversion of the unemployment of the underemployment of the erstwhile self-employed into open unemployment of the casual labourers. The author presented in table 2.4 below the estimates of the proportion of population in households below the poverty line by gender, age and rural-urban location, at all India level, for 1993-94 and 1999-2000.

**Table-2.4: Proportion of Population in BPL Households by Gender, Age and Rural – Urban Location: All India (1993-94 to 1999-2000)**

Households	1993-94			1999-2000		
	Children (0-14)	Adults (15 +)	All Ages	Children (0-14)	Adults (15 +)	All Ages
Rural Males	45.43	34.45	38.66	42.31	31.17	35.55
Rural Females	46.85	36.08	39.96	45.64	32.63	37.34
Rural Persons	46.10	35.09	39.36	43.89	31.90	36.35
Urban Males	37.44	25.09	29.14	36.42	23.57	27.68
Urban Females	39.69	27.69	31.69	39.41	25.53	29.83
Urban Persons	38.51	26.33	30.37	37.84	24.51	28.76
Male	43.62	31.95	36.26	40.98	29.07	33.52
Female	45.22	33.96	37.94	44.25	30.76	35.47
Persons	44.37	32.96	37.13	42.54	29.90	34.42

Source: 1993-94: Results of Employment Situation in India, 5<sup>th</sup> Quinquennial Survey, NSS 50<sup>th</sup> Round (July 1993 June 1994). Sarvekshana, Vol.20. No.1 July- September 1996

1999-2000: Results of Employment – Unemployment in India, 1999-2000, NSS 55<sup>th</sup> Round July 1999 June 2000.

Poverty Lines (Rs. Per Capita Per Month) during 1993-94 was as follows: Rural: 211.30,

Urban: 274.88 and during 1999-2000 it was: Rural: 325.46 ,Urban: 451.19.



The author after analyzing NSS data found that at the all-India level the prevalence of Poverty in India had declined over 1990s; but that was not uniform across all the major states. In the major 15 states, poverty had declined between 1993 - 94 and 1999-2000 both in rural and the urban areas but in other seven states poverty ratios had either remained unchanged or had increased over the 1990s.

Rajasekhar and Satapathy (2006) in their paper made an assessment of a major anti-poverty programme for women in India. They made a detailed study on the SGSY and its role to reduce poverty among the rural women through the provision of self-employment activities among them, particularly among the poor women in self help groups. They also found that in every case the fund released for this purpose was less than the actual allocation made.

The progress in the formation of SGSY groups from 1999-2003 was analysed in detail and also the gradation of groups, which is an important component of this scheme, was given. This was important because it gives us a developmental status of the group. The authors also analysed the progress in the number of swarojgaris by purpose for which loan was utilized during 2003-04 was also analysed. The authors found a steady growth of the self- help groups among the rural women including disadvantaged group. The total number of such groups was 3 lakh in the first year of its formation and by 2003-04 there were 48.48 lakh SGSY groups in the country as a whole. Many loopholes, in the programme , were identified also by the authors.