Chapter 1

INTRODUCTION

1.1 Poverty Studies and Issues

Since the early 1960s and more sharply in the 1970s, there has been a widespread debate among economists in India on the question of poverty. Several inter-related issues have come into focus. Firstly, the attempt has been to evolve a concept of poverty that lends itself to the quantitative estimation of the number of the "poor". Second, estimates have been made of their numbers at various points of time and in different states of India, so as to be able to make comparisons and to seek explanations for changes over time and for regional differences. Third, the attempt has been to identify the poor with occupational and social categories to which they belong, so that some insight could be gained as to "who are the poor?" Fourth, there has been a concern with the relationship between poverty and associated issues such as inequality, unemployment and basic minimum needs like health and education. Finally, economists have offered their diagnosis of poverty and arising from it, the kind of solutions that would seem relevant with given nature and magnitude of the problem.

The poor are those who live below what is called poverty line which is defined in terms of per capita household expenditure. Though per capita income would be a better indicator of poverty, the data for the same are difficult to obtain and are not available on a regular basis at the national level. In the Indian planning literature, the poverty line is determined by the concept of expenditure considered necessary for a minimum level of living or minimum needs. In money terms, Rs.20 per month per person at prices prevailing in 1961-62 has been considered as necessary minimum. This has been the basis of making estimates at current prices using the relevant price indices.

The poverty line is also drawn in relation to what is considered to be a minimum (nutritional) requirement for physical subsistence. Different authorities, such as Food and Agriculture Organization, the Indian Council of Medical Research and the Second Pay Commission for Central Government employees (1957-59), have suggested different yardsticks for minimum nutritional requirements. These have varied between 2100 to 2400 calories per person per day. The usual procedure adopted is to translate these requirements into a specific food basket such as cereals, pulses, sugar, milk, vegetables, oils etc., Rural or urban retail prices, as the case may be, are then estimated for each item from the data available in the consumer expenditure surveys of the National

Sample Surveys and the value of food basket is worked out. The next step is to arrive at a figure representing a level of per capita expenditure that would be such that the expenditure on the minimum normative diet could be accommodated within it. This again is estimated from the National Sample Survey reports, which gives average expenditure levels on food and non-food items.

In 1962, a distinguished Working Group set up by the Government of India recommended that the minimum per capita consumption level i.e., the poverty line could be taken as Rs.20 per month in rural India and Rs.25 per month in urban areas in 1960-61 prices.

Adopting a nutritional norm of 2250 calories per day, Dandekar and Rath[1] estimated the level of consumer expenditure that secures an adequate diet at Rs.15 per capita per month in rural areas and at Rs.22.50 per capita per month in urban areas in 1960-61 prices.

Even within a range of available technical yardsticks, judgements are inevitably involved on where the line should be drawn. And, where it is actually drawn, could make a great deal of difference to the estimates of the number of the poor whose consumption falls below the chosen limit. Moreover, the validity of using 'average' norms that do not allow for inter-personal variability of nutritional requirements and for

adaptive mechanisms operating over time have been questioned, notably by Sukhatme.[2] He suggests that if the average requirement of a person is μ with variance σ^2, then $\mu - 2\sigma$ may be taken as critical limit to estimate the incidence of under-nutrition. Thus Sukhatme would place the critical minimum at much lower level.

In the construction of poverty line, there is another point which relates to the procedure in regard to the allowance made for non-food consumption. Since the poor have a low level of overall consumption, and spend a very high proportion of it on food, the level of private consumption allowed for non-food items, is generally taken at 25 to 30 % of the total expenditure, but it is not based on rigorous analysis. Furthermore, the poverty line which relates to private consumption expenditure does not, by definition, include any estimates for social outlays that have to supplement private expenditures on such basic needs as education, health, and water supply.

The procedure of monetising the nutritional norm by using "all-India" pattern of consumption of food item and valuing them at "all-India" prices has also come for criticism. Through a linear programming module, Indira Rajaraman[3] constructed a least-cost balanced diet for Punjab with a value of Rs.16.36 at 1960-61 prices. The need for such a regional approach for constructing poverty line arises not only because

of price variations in a common bundle of goods, but also because, the composition of the appropriate food basket itself differs from region to region. Those views are endorsed by Rudra[4] who finds that the entire procedure of estimating the numbers below a "poverty line" is invalid, if it were to be based on one single dietary pattern valued at one set of national price averages. The regional factors can make a great deal of difference to the level of the poverty line. This is illustrated in the contribution of Panikar.[5] Using the revised recommendations of the Indian Council of Medical Research regarding minimum needs of various nutrients under Indian climatic conditions, he arrived at a minimum cost diet, modified it in the direction of greater palatability, and added on the non-food component by value to arrive at a figure for the minimum level of living for Kerala. With this, he showed that the requisite calorie intake can be met in Kerala with the half of the cost of cut-off line estimated by Dandekar and Rath[6] based on "all-India pattern."

The primary data base which is used for making poverty estimates also deserves scrutiny. In recent years, the main source of data has been the National Sample Survey, especially the "Tables on Consumer Expenditure", on which Dandekar and Rath[7], Minhas,[8], Ojha[9] and others have relied. Despite its general indispensability as the only data base available for

studying the levels and changes in consumer expenditure at the rural-urban and regional levels, NSS data deserves scrutiny for its reliability as an indicator of consumption trends. Instances of discrepancy between estimates of consumption based on expenditure surveys of NSS and those based on production data have been observed. Another aspect relates to the regional variation in consumption patterns. Certain items of consumption which may not be significant at national level may turnout to be very significant in a region. Also the extent of socially financed consumption (non-food) would be different in different regions. Dandekar and Rath believe that NSS tends to underestimate consumption expenditure, especially that of the rich. The representativeness of the NSS samples is also questioned. However, in the absence of reliable alternative, dependency on NSS data has become inevitable.

For the purpose of studying changes in the number of those under the poverty line in different states over time, the use of appropriate price indices or deflators becomes a necessity. Different choices have been made. Dandekar and Rath[11] and Minhas[12] have used the National Income deflator. Bardhan[13] and Ahluwalia[14] have used the Consumer Price Index for Agricultural Labourers. Kurien[15] has resorted to the Rural Price Index of Tamil Nadu. As might be expected different

deflators have yielded different conclusions as to the extent and even as to the direction of changes in numbers of the poor in different time periods in different states. Thus Minhas[16] and Bardhan[17] come to opposite conclusions on trends during 1960-61 to 1967-68. Poverty has consistently declined according to the former, while according to the latter, it has increased sharply. Ahluwalia[18] finds no consistent trend in poverty incidence in the period between 1957 to 1974 and this he attributes to variation in prices of same commodities, not only across regions and over-time, but for different expenditure classes as well.

Sen[19] has pointed out that a head count measure of poverty is unsatisfactory, because it pays no attention whatsoever to the extent of the income shortfall of those who lie below the poverty line. In order to take care of this inadequacy, Sen suggests a new measure of poverty which is concerned not only with the number of people below the poverty line but also with the amount by which the incomes of the poor fall short of the specified poverty level. Similarly, based on Da Costa's[20] classification, Kurien[21] has used the weighted average consumption level of those under the poverty line and classified the poor as persons of extreme poverty, acute poverty and borderline poverty.

Mass poverty exists because the mass of the people do not

and under certain kinds of institutional pattern, cannot contribute to productive activity and hence have become a drain on the economy by existing as consumption agents to the extent that they consume. The nature of poverty can therefore, be more properly understood by identifying the poor. Two different sets of questions must be answered at the outset. Who are the poor? Where are they to be found? One approach is the identification of the poor in terms of occupational structures and a second method is the identification of the poor in terms of geographical location. Dandekar and Rath[21] observe that the rural poverty is largely accounted for by the agricultural labour households. Nevertheless, they do not account for more than half the poor. The remaining poor are presumably small cultivators. The urban poor are only an overflow of the rural poor into the urban areas. Fundamentally they belong to the same class as the rural poor.

The sociologists view caste as a cause for poverty. In the poor countries as there was interchange of the terminology between caste and class, poor as a stratum hailing from backward economic groups by virtue of their occupation and access to means of production, mostly come from socially depressed segments such as scheduled castes and backward communities.

Poverty is conceived as a multi-dimensional phenomenon; to neglect the complexity of this factor and their inter-

relationships would be an underestimation of the nature of poverty. Poverty is closely related to inequality and may also be identified with unemployment. In India, poverty and unemployment overlap in large measure with the poor and employed being much more numerous than the totally unemployed. Therefore, most of the studies made by the economists and particularly the research sponsored by the International Labour Organization and World Bank have made an attempt to underline the links between poverty, unemployment and inequality for showing the need for attaining social and distributive justice. Dandekar and Rath[22] estimated that out of the 40 per cent of rural poor, the bulk, i.e., 30 per cent are poor because they are unemployed. Thus they presume a strong association between poverty and unemployment. Amartya Sen[23] objects to this procedure of measuring unemployment by low income norms. To him, identifying unemployment with poverty seems to impoverish both notions. Raj Krishna[24] in his four fold measurement of unemployment pleads for the seperate presentation of estimates of poor and unemployed. Whereas Lakdawala[25] observes that in the agriculturally low productivity regions of the country, unemployment rates are comparatively low which coexist with low standards of living. On the contrary Ranjit Sau[26] locates negative association between them and therefore remarks that growth, unemployment and elimination of poverty rather than falling in a neat line, are opposed to

one another. Pravin Visaria[27] also observes a clear and steady inverse relation between monthly per capita consumption expenditure deciles and incidence of unemployment. J.N.Sinha[28] does not find a unique relationship between poverty and unemployment, as they measure different phenomena in diverse socio-economic contexts. These conclusions are drawn from analyses based on NSS data. In regional and survey-based studies by Parthasarathy[29] (et al.) and Sarveswara Rao[30] of two agriculturally advanced districts of Andhra Pradesh i.e., the West Godavari and the East Godawari districts respectively, the former finds no significant association between poverty and employment and the latter remarks that the equation between more employment and less poverty does not seem to hold good. S.M. Hashim[31] in his study of Chhota-udepur taluka of Vadodara District in Gujarat observes that the relationship between poverty and unemployment do not turn out to be as expected.

Though these few studies made an attempt to probe into the nature of association between poverty and unemployment, still, the strength of the association is a subject of considerable debate and has remained as an unsettled question in the realm of development literature.

The question is : Is there an association between poverty and unemployment? Some believe that there is no such association.

Their reasoning is that the poor in India are too poor to remain unemployed. This view has been challenged. It has been claimed that there is a clear association between poverty and unemployment, as they are twins and they go together and cannot be separated. The question really is : in which region and for what class of people poverty could be identified with unemployment, and which are the areas and categories in respect of which poverty has other implications? These issues cannot be tackled unless the questions are probed at a disaggregative level and in an institutional perspective of a village economy. Although much empirical work has been done at the macro level, the effort to investigate empirically the interrelation between poverty, unemployment and migration at micro level is relatively less and particularly with reference to Tamil Nadu has been practically nil. It is in this context that a systematic analysis of poverty, unemployment and migration becomes very relevant. Hence the present study is an attempt to contribute to the understanding of the nexus between poverty, unemployment and migration at village level in Tamil Nadu.

1.2 The Present Study

Unlike earlier studies, which highlighted the magnitude of poverty and its direction of change over time, the present study is attempted with the following objectives :

i) To estimate the dimensions and determinants of poverty at village level for different socio-economic groups.

ii) To examine the nature and causes of un/under-employment in rural areas for different classes of people.

iii) To identify the factors which induce migration and the resulting pattern of migration that emerge from backward rural regions.

iv) To investigate the nature and intensity of relationship between poverty, unemployment and migration.

Since this is a study of interrelation between poverty, unemployment and migration, the villages in India provide excellent opportunity as a base for an indepth study, due to their smallness of size and homogeneity in production and consumption functions, despite their diversity in class, caste and asset distribution. Hence we have chosen, for our study, two interior villages of Sivaganga taluk of Ramanathapuram district, a drought prone region in Tamil Nadu. Sivaganga taluk is found to be one of the most backward revenue region of the district and found to be at the bottom of the scale with lowest rank in terms of percentage composite index. Tables 1.1 and 1.2 indicate the relative position of the taluk by different indicators of development such as: density of population, urbanization, literacy, non-agricultural workers, social backwardness, area cultivated, irrigation,

Table 1.1

Socio-Economic Indicators for Taluks of Ramanathapuram District - 1971

Name of Taluk	Population per sq.km.	% age of urban population	% age of literate population	% age of non-agricultural workers	% age of S.C. population	% age of Area under cultivation	% age of net area irrigated	% age of villages with schools	% age of electrified villages	No. of post-offices per 100 sq.km.
1	2	3	4	5	6	7	8	9	10	11
1. Tirupathur	228	13	35	19	13	44	71	90	82	5.5
2. Karaikudi IST	279	52	47	54	10	34	47	96	56	3.8
3. Sivaganga	158	14	36	21	14	56	48	76	36	3.2
4. Rama-madurai IST	210	20	35	21	19	49	74	85	48	3.8
5. Devakottai IST	196	32	42	51	19	59	63	62	25	3.5
6. Thiruvad-nai	175	7	35	21	16	55	47	81	24	4.7
7. Ilayangudi IST	218	22	39	20	17	74	34	84	49	3.5
8. Paramakudi	240	26	36	33	22	70	32	89	51	4.5
9. Ramanathapuram	283	35	40	56	13	61	14	92	51	4.4
10. Kamuthi IST	167	12	41	24	15	79	14	96	35	4.0
11. Mudukulathur	146	5	32	26	19	78	16	89	54	3.6
12. Tiruchuli IST	140	0	34	11	17	61	29	54	8	2.2
13. Aruppukottai	219	28	43	38	11	68	18	65	54	4.1
14. Virudunagar IST	302	35	47	44	15	80	13	87	91	4.7
15. Sathur	296	32	46	56	16	66	14	90	92	5.2
16. Srivilliputhur	293	27	38	40	22	52	39	82	96	2.7
17. Rajapalayam IST	447	50	42	47	20	54	46	40	95	3.0
District	227	26	40	37	16	61	33	77	51	4.0

Note: IST - Independent Sub-taluk.

Source: Census of India 1971, District Census Handbook - Ramanathapuram: Series 19- Tamil Nadu, Part XII, A&B, Vols.I-II.

Table 1.2

Socio-Economic Indicators Expressed as Indices with the District Average as the base - Ramanathapuram District.

Name of taluk	Population per sq.km.	Urbanisation	Literacy	Non-Agricultural workers	Social backwardness	Net area cultivated	Irrigation	Rural electrification	Schools	Post offices	Composite Index	Rank
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Tirupathur	100	50	86	51	81	72	215	161	117	138	107	7
2. Karaikudi IST	123	200	118	146	63	56	142	110	127	95	118	3
3. Sivaganga	70	54	90	57	88	92	69	71	99	80	77	16
4. Manamadurai IST	93	77	83	57	119	80	224	94	110	95	104	10
5. Devakottai IST	86	123	105	138	119	97	191	49	81	88	103	6
6. Thiruvadnai	77	27	88	57	100	90	142	47	105	118	85	13
7. Ilayangudi IST	96	85	93	54	106	121	103	96	109	88	96	11
8. Paramakudi	106	108	90	89	138	115	97	100	116	113	107	7
9. Ramnathapuram	125	135	100	151	81	100	42	100	119	110	106	9
10. Kamuthi IST	74	46	103	65	94	130	42	69	127	100	85	13
11. Mudukulathur	64	19	80	70	113	120	55	106	116	90	84	15
12. Tiruchuli IST	62	0	85	30	106	100	88	16	70	55	61	17
13. Aruppukottai	96	108	108	105	69	111	55	106	82	103	94	12
14. Virudunagar IST	133	135	118	119	94	131	39	175	113	118	118	3
15. Sathur	126	123	115	151	100	108	42	180	117	130	119	2
16. Srivilliputhur	131	104	95	100	138	85	118	192	106	68	115	5
17. Rajapalayam IST	197	192	105	127	125	89	139	186	52	75	129	1
District	100	100	100	100	100	100	100	100	100	100	100	

Note: IST - Independent Sub-Taluk.

Source: Table 1.1

rural electrification and number of schools and post-offices.

The selection of the two villages for our study was done as per the following procedure. As per the 1971 Census,[32] the number of villages in Sivaganga taluk was 126. We grouped the villages into four categories according to size :

i) 15 small villages having a population of less than 500,

ii) 46 medium size villages with a population between 501 and 1000,

iii) 45 big villages having a population from 1001 to 2000, and

iv) 18 very big villages with a population of more than 2000.

Due to resource and time constraint, on purposive sampling basis, we chose two medium sized villages free from urban influences. They were : (1) Silondagudi and (2) Siriyur of Kalayarkovil Panchayat Union. By virtue of their location, infra-structure facilities, and other allied characteristics, these two villages are quite representative of the rural set-up in Tamil Nadu.

1.3 Data base and concepts

The study is based on data obtained through a household survey yielding information on population, land holdings, migration, occupation, employment status, number of days worked and consumption expenditure on different items in quantitative as well as monetary units.

The first round of the survey was conducted in May 1981. As this period happened to coincide with severe drought in the region, the second round of the survey was carried out in February, 1982, after a good spell of favourable monsoon. All the households in the two villages available at the time of survey were canvassed with a detailed questionnaire.* Only those households who got reported in both the surveys were taken up for analysis. Thus 77 households from the first village and 72 households from the second village (in all 149 households) form the basis of this study. The reference year for the study is 1981-82.

To overcome recall biases, different reference periods were used for reliability and corroboration. For consumption expenditure on food, the reference period was one week prior to the date of survey. For employment particulars, current status in the preceding week and the usual status in the past one year were considered. Migration details were collected for the last one year.

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* The questionnaire is reproduced as Appendix I.

For the sake of consistency and convenience, certain terms are used throughout this study to convey a specified meaning.

The selected sample villages, Silandagudi and Siriyur are herein-after indicated as first and second village respectively. (in the order of survey conducted.).

The households of the survey villages are classified into six economic classes based on their primary occupation and the size of land holding, with the adjustment ratio of 2:1 between dry and wet lands. Cultivators with less than 1 hectare of land are termed as marginal farmers. Small farmers will be in the category of 1-2 hectares of ownership. Those who are with more than 2 hectares are medium farmers. Those who report that their primary occupation is wage paid agricultural operations are reckoned as agricultural labourers despite their tiny holdings. The village craftsmen are termed as artisans. The residue with non-specific job categories are clubbed under 'others'.

Since the number of caste groups present in these two villages were not many, it is preferable to club them into certain categories by their proportionality to village population, such as dominant, secondary, tertiary and scheduled caste groups. This classification does not necessarily indicate that the rank ordering of the castes reflect their social

status elsewhere. The dominant caste group need not be a socially forward community.

Besides these terms, other concepts such as poverty, unemployment and migration are defined in the appropriate chapters.

1.4 Chapter scheme

Chapter II describes the relative socio-economic and demographic characteristics of the selected villages in their setting.

Chapter III defines poverty and enumerates the different types of poverty. It explains the technique for the derivation of poverty line and discusses about the methodology for measurement of poverty. It depicts the dimensions of poverty incidence and also identifies the factors that cause poverty.

Chapter IV examines the distinction between different facets of unemployment. It presents the nature and type of unemployment prevailing in the rural economy. It estimates the incidence of unemployment by alternative criteria and locates the determinants of unemployment for different socio-economic groups.

Chapter V identifies migration arising from rural areas, by distance and destination. It also enumerates the push and pull factors which induce migration.

Chapter VI explores whether poverty is due to unemployment. It also attempts to find link between unemployment and migration. Further it empirically examines the pattern and strength of interrelationship between poverty, unemployment and migration.

Summary of findings and conclusions of the study are presented in Chapter VII.

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