

# Rural Poverty and Its Alleviation in India

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*To understand the impact of economic growth on poverty, it is important to measure separately the impact of changes in average income and income inequality on poverty. This paper makes an attempt in this direction. It examines past trends in the distribution and growth of consumption and assesses their relative impact on the poor and the ultra poor, over time and across states. The paper addresses the following questions: How has the distribution of per capita consumption changed over time across the states, and to what extent it has nullified the beneficial impact of growth on poverty? How have the poor and the ultra poor fared in the wake of changes in consumption and its distribution? What have been the regional patterns and to what extent can these patterns be explained by our knowledge of the characteristics and public interventions in operation in different regions/states? The authors consider the potential indirect role of agriculture and manufacturing, as well as the contribution of direct anti-poverty programmes that have been in operation for over a decade now and the trends in social sector expenditures, and their outcomes.*

MUCH has been written about poverty in India over the last two decades. In the initial years considerable attention was devoted to the estimation of poverty. More recently, serious attempts have been made to analyse the facts explaining poverty across regions and over time. While controversy still prevails over both estimation and explanation, several insights have been gained, the foremost among them being the significant impact of a faster rate of growth of agricultural output per head on the incidence of poverty.

In this debate on poverty in India, the two issues that attracted much attention are: (a) whether or not economic growth contributed to a reduction in the incidence of poverty (i.e., the existence or otherwise of the so-called 'trickle-down' mechanism), and (b) whether or not economic growth has been accompanied by an increase in inequality of income or consumption. In the past, analysts have examined these issues by looking at the distribution of assets (land) or income or consumption in the high and slow-growing districts/states, often using single-year cross-section data. To understand the impact of economic growth on poverty, it is important to measure separately the impact of changes in average income (consumption) and income (consumption) inequality on poverty, over time. This paper makes an attempt in this direction in that it examines past trends in the distribution of growth of consumption and assesses its relative impact on the poor and the ultra poor, over time and across states of India.

Using the National Sample Survey data for fifteen major states of India for 1972-73, 1973-74, 1977-78 and 1983, the paper addresses the following questions.

How has the distribution of per capita consumption changed over time across the states, and to what extent has it nullified the beneficial impact of growth on poverty? How have the poor and ultra poor fared in the wake of changes in consumption and its distribution? What have been the regional patterns and to what degree have these patterns been explained considering our

knowledge of the structural characteristics of these states and the state-wise performance indicators of anti-poverty programmes?

This is followed by an analysis of India's poverty alleviation strategies: The potential indirect role of agriculture and manufacturing, as well as the contribution of direct poverty alleviation interventions are analysed, against the backdrop of the results pertaining to poverty and inequality.

In particular, we examine the extent to which the regional allocation of funds for direct poverty alleviation programmes is sensitive to the regional distribution of the poor and the ultra poor, and whether the recent evidence on the impact of these programmes is consistent with the observed patterns in poverty and inequality.

So far the debate on poverty has focused exclusively in terms of 'income' or 'expenditure' needed to command the critical minimum basket of goods. This concentration of attention on 'income' has resulted in the neglect of other influences—notably education and health—which expand and ensure the long-run capabilities of the population.

Concluding sections of this paper deal with the trends in social sector expenditures and their outcomes, and assesses the performance of different states in relation to their perceived needs. The last section ties together the main findings and draws some inferences for policy.

## I

### Methodology

To analyse poverty, we need to measure the economic welfare of each individual in the society. Although income is widely used to measure economic welfare, it has many serious drawbacks.<sup>1</sup> One major drawback of using income as a measure of economic welfare is that it may have substantial fluctuations which are averaged out in the long run. Therefore, it has been suggested that consumption is a better indicator of the actual economic position of a household

than its current income.

The National Sample Surveys provide a reasonably comparable time series data on the levels and distribution of household consumption expenditures. These data are available in grouped form, giving for each group: (a) the percentage distribution of an estimated number of persons, and (b) the average consumer expenditures in rupees per person. The monthly per capita expenditure levels are generally grouped into 12 to 14 expenditure classes. To estimate poverty from such data, one needs to employ some interpolation device. A commonly used procedure is to fit a density function to the entire consumption range and then compute poverty measures from the parameter of the fitted function. Most of the Indian studies have employed a two-parameter lognormal distribution [Minhas, Jain, Kansal and Saluja, 1987]. The difficulty with this approach is that the lognormal distribution tends to overcorrect the positive skewness of the income distribution and thus fits poorly to the actual data.

In the present paper we used a general interpolation device proposed by Kakwani [1980]. This method utilises, within each expenditure range, a separate, continuous differentiable function which exactly fits to the data points. The inequality and poverty measures are then computed by linking this function. We used a polynomial of the third degree to represent the Lorenz curve within each income class, except the first and the last open-ended classes. For the first and last expenditure ranges, a Pareto curve is used as a further refinement.

In this paper we have used per capita household expenditure as a measure of household economic welfare. Expenditure comprises all expenditures incurred by the household exclusively on domestic account including consumption out of home-grown produce or transfer receipts like gifts, loans, etc. The expenditure on household enterprises is excluded from consumer expenditure. Consumption out of home-grown produce is evaluated at ex-farm rates. Ideally, one should include the depreciated value of

consumer durables which are in stock in the household. Because of non-availability of information on stock values, the monetary value of consumer durables acquired during the reference period is included in the total expenditure. This may in some cases distort the results on income inequality.

When the index of household welfare is constructed, the next step involves the determination of the welfare of the individuals in the households. In this paper individual welfare was derived by assigning every individual in a household a welfare value equal to the per capita consumption for that household. The validity of this assumption is discussed in Kakwani [1986].

Once we have decided upon a suitable index of economic welfare for individuals, the next step is to find a threshold welfare level below which an individual is poor. In the present paper we have used two poverty lines. The Planning Commission [1979] has defined poverty threshold as the per capita monthly expenditure of Rs 49.09 in rural India at 1973-74 rural prices. Following the Planning Commission, we adopted a round figure of Rs 50 as our first poverty line. This poverty line corresponds roughly to the per capita daily requirement of 2,400 calories in rural areas. Our second poverty line is equal to the per capita consumption of households of less than 80 per cent of the Planning Commission's poverty threshold of Rs 50. We define the households whose per capita consumption is below Rs 40 per month as 'ultra-poor'; those whose physical personal maintenance is unstable [Lipton 1988]. The ultra-poor cut off point of Rs 40 corresponds closely to the poverty line used by Bardhan [1970] and Dandekar and Rath [1971], which is Rs 15 at 1960-61 prices (this line at 1973-74 rural prices is equivalent to the per capita expenditure of Rs 42.5).

To compare poverty across different time periods, one needs to adjust the distributions given in current prices for price changes over time. Minhas [1970] and Dandekar and Rath [1971] used the national income deflator, which has been criticised by Bardhan [1974]. This deflator does not reflect the prices which people actually pay for their consumption goods. We have followed Bardhan in using the Consumer Price Indices for Agricultural Labourers (CPIAL) prepared by the Labour Bureau. This index, constructed on the basis of the monthly retail prices of 75 consumer items collected from selected rural centres, uses the consumption pattern of rural agricultural households observed in 1956-57. A major objection that has been raised against this index is that the agricultural labour households constitute only about 30 per cent of the total rural population and the remaining 70 per cent of the rural households which constitute a large number of poor small farmers may have a quite different consumption pattern [Minhas et al 1987]. This objection is, of course, relevant but Bardhan [1974] has observed that the consumption patterns of agricultural labour households are not very

different from those of the other household groups in the rural areas.

Recently, Minhas et al [1987] have constructed a new price index which depicts the movement of consumer prices for the entire rural population. An attractive feature of this index is that it is based on the consumption patterns observed in more recent years than the CPIAL. This index is not available as yet for individual states.

Minhas et al [1987] have applied the index to compute the incidence of poverty in the entire rural and urban areas of India for 5 different periods ranging from 1970-71 to 1983. They performed the poverty computations on the All India expenditure distributions which are published by the NSS separately for rural and urban areas. These aggregate distributions are derived from the state distributions by means of population weighted averages. This procedure of obtaining the aggregate distributions is not satisfactory because of widely observed differences in price levels in different states. The

expenditures in current prices given for each state have to be adjusted for state-wise price differences before they can be aggregated. Since this procedure was not adopted in the Minhas et al study, their All India estimates of rural poverty are inaccurate notwithstanding the advance made on the construction of a new price index.

To obtain comparable poverty levels across different states, we need relative price levels in the rural areas of different states in a given year. Bhattacharya and Chatterjee [1974] worked out these state-wise price relatives for the year 1963-64, which also formed the basis for the Bardhan [1973] study. Using these price relatives and the CPIAL available at the state level we worked out the state-specific poverty lines at the current prices for the years 1972-73, 1973-74, 1977-78 and 1983.<sup>2</sup> The results are presented in Table 1.

It can be seen from Table 1 that the poverty line varies substantially across the states as well as over time. These differences are attributable entirely to the variations in

TABLE 1: STATE-SPECIFIC POVERTY LINES FOR DIFFERENT NSS ROUNDS

	Poor				Ultra Poor			
	1972-73	1973-74	1977-78	1983	1972-73	1973-74	1977-78	1983
Andhra Pradesh	37	44	54	76	30	35	43	14.5
Assam	42	50	61	99	33	40	48	79
Bihar	44	62	63	104	35	50	50	83
Gujarat	44	48	56	85	35	38	44	68
Haryana	42	51	62	92	34	40	49	73
Karnataka	40	50	56	90	32	40	45	72
Kerala	41	52	59	100	33	41	47	80
Madhya Pradesh	40	51	57	85	32	41	46	68
Maharashtra	46	52	60	91	36	41	48	72
Orissa	37	48	52	94	29	38	42	75
Punjab	42	51	62	92	34	40	49	73
Rajasthan	38	49	56	78	30	39	45	62
Tamil Nadu	37	47	59	99	30	37	47	79
Uttar Pradesh	40	51	57	87	32	41	45	70
West Bengal	46	59	68	112	37	47	54	89
All India	40	50	57	91	32	40	46	72

TABLE 2: INEQUALITY AND POVERTY: ALL INDIA RURAL\*

Indicators	1972-73	1973-74	1977-78	1983
Per capita real consumer expenditure at 1973-74 prices	53.0	51.8	56.7	61.7
<i>Theil's inequality</i>				
Within state inequality	14.2 (92)	12.3 (93)	15.1 (91)	13.8 (88)
Between state inequality	1.3 (8)	0.9 (7)	1.5 (9)	1.8 (12)
Total inequality	15.5 (100)	13.2 (100)	16.6 (100)	15.6 (100)
<i>Poor</i>				
Head-count ratio (per cent)	60.5	60.5	56.3	48.4
Number of poor (millions)	264.2	269.1	269.3	255.4
Poverty gap ratio	19.5	18.8	17.5	13.8
Watts measure	27.0	26.7	23.2	18.9
<i>Ultra-poor</i>				
Head-count ratio (per cent)	42.1	41.3	37.9	30.3
Number of poor (millions)	183.8	183.4	181.1	159.8
Poverty gap ratio	11.3	10.9	9.9	7.3
Watts measure	14.9	14.4	12.5	9.4

\* Figures in the bracket give the per cent contribution of within and between states inequality.



the prices. For instance, West Bengal has the highest poverty line for each of the 4 years; it means that West Bengal is the most expensive state to live. It also had the highest inflation rate particularly over the 1977-78 to 1983 period.

The incidence of rural poverty for each state was first computed using the state-specific poverty lines given in Table 1. The poverty for all India rural level was then derived from the rural poverty levels computed at the state levels. The trends in inequality and poverty at the all India rural level are discussed in the next section.

## II

### Trends in Inequality and Poverty: All India Rural

Having decided upon the poverty line, the next step is to compute a poverty index which would adequately measure the intensity of poverty. The head-count measure, which is defined as the proportion of individuals who have income below the poverty line, is widely used to analyse poverty. This is a crude poverty index because it does not take account of the income-gap among the poor. If the degree of misery suffered by an individual is proportional to the income shortfall of that individual from the poverty line, then the sum total of these shortfalls may be considered an adequate measure of poverty. Such a measure is called the poverty gap ratio and can be written as:

$$g = \int_0^z f(x) dx = H(z - \mu^*)/z \quad \dots (1)$$

where  $g(x) = \frac{(z-x)}{z}$ ,  $z$  being the poverty line,  $f(x)$  is the density function of income  $x$ ,  $H$  is the head-count ratio and  $\mu^*$  is the mean income of the poor.

The measure  $g$  will provide adequate information about the intensity of poverty if all the poor are assumed to have exactly the same income, which is less than the poverty line. In practice, the income among the poor is unequally distributed and, therefore,  $g$  cannot be an adequate measure of poverty. To make  $g$  sensitive to the income inequality among the poor Sen [1976] proposed a poverty measure which led to a large theoretical literature on the measurement of poverty.<sup>3</sup> The main difficulty with Sen's measure is that it is not additively decomposable. It is, therefore, awkward to compute its value for the all India rural population using the state level rural expenditure distributions. Moreover, the additively decomposable poverty measures are useful because they allow assessment of the effects of changes in sub-group poverty to total poverty.

In 1968, Watts proposed an additively decomposable poverty measure which can be obtained by substituting  $g(x) = (\log z - \log x)$  in equation 1:

$$W = \int_0^z (\log z - \log x) f(x) dx \quad (2)$$

Although this is not a well known measure, at the same time, it is simple to compute and has all the important attributes: it satisfies Sen's monotonicity and transfer axioms and also Kakwani's [1986] transfer-sensitivity axiom.

Watts' measure is also closely related to income inequality. If we substitute  $z = \mu$ ,  $\mu$  being the mean income of the entire population and evaluate the integral (equation 2) over the whole range of  $x$ , we obtain:

$$T = \int_0^{\infty} (\log \mu - \log x) f(x) dx \quad (3)$$

which is one of Theil's [1967] two well known inequality measures. An attractive feature of this measure is that it can be expressed as the sum of the between and within group inequalities.

In the present exercise we have used only the additively decomposable poverty and inequality measures. These measures have been employed to derive poverty and inequality in each of the 15 major states of India. The results obtained from individual states have then been aggregated to obtain the all India situation.<sup>4</sup>

Table 2 presents the empirical results on inequality and poverty measures aggregated over the rural areas of 15 major states. The conclusions emerging from this table are summarised below.

It is interesting that the average consumption per capita fell by 2.3 per cent in 1973-74 (a normal crop year) from the previous year, but rose impressively by 2.3 per cent per annum over the period 1973-74 to 1977-78 and modestly at 1.5 per cent over the period 1977-78 to 1983.

The total inequality in per capita consumption (measured by Theil's index) fell in 1973-74 modestly, rose dramatically by 1977-78 but fell again in 1983. Thus, in general, during the periods of high growth rates, the inequality has shown a tendency to increase.

The between state inequality contributed only eight per cent to the total inequality in

1972-73, which means that the within-state inequality is the major determinant of the inequality at the all India level. Therefore, policies aimed at redistribution of income and assets within the poorer states such as Bihar undoubtedly deserve greater emphasis. However, the share of between state inequality has grown monotonically from eight per cent to twelve per cent between 1972-73 and 1983. Although the within states inequality fell rapidly between 1977-78 and 1983, the between state inequality remained more or less at the same level. Thus, the regional disparities in average living standards have shown a tendency to increase over time.

As for poverty ratios, the ratio for ultra poor fell to a greater extent than for the poor. Between 1972-73 and 1973-74, there was no change in the head-count ratio for the poor but that for the ultra poor fell by about one per cent. It appears that a favourable crop benefits the ultra poor even if the overall poverty ratio may not fall. Over the period 1973-74 to 1977-78, poverty ratio

TABLE 4: RANKING OF STATES BY PER CAPITA REAL CONSUMPTION

	Poor			
	1972-73	1973-74	1977-78	1983
Andhra Pradesh	10	12	12	12
Assam	5	8	4	5
Bihar	3	3	2	1
Gujarat	12	11	11	10
Haryana	14	14	13	14
Karnataka	11	9	8	9
Kerala	8	10	10	11
Madhya Pradesh	7	4	6	6
Maharashtra	2	6	3	8
Orissa	4	2	5	3
Punjab	15	15	15	15
Rajasthan	13	13	14	13
Tamil Nadu	6	7	7	4
Uttar Pradesh	9	5	9	7
West Bengal	1	1	1	2

TABLE 3: TRENDS IN AVERAGE CONSUMPTION PER CAPITA (REAL) BY STATES, 1972-1983

States	Per Capita Consumption (at 1973-74 Prices)				Annual Growth Rates		
	1972-73	1973-74	1977-78	1983	1973-74	1977-78	1983
					Over 1972-73 Per Cent	Over 1973-74 Per Cent	Over 1977-83 Per Cent
Andhra Pradesh	53.8	58.3	65.1	75.9	8.4	2.8	2.8
Assam	50.2	52.0	49.2	57.4	3.6	-1.4	2.8
Bihar	46.8	45.2	45.9	45.3	-3.4	0.4	-0.2
Gujarat	58.8	56.8	63.3	72.6	-3.4	2.7	2.5
Haryana	83.5	71.8	75.1	83.0	-14.0	1.1	1.8
Karnataka	56.6	52.3	57.9	65.3	-7.4	2.6	2.2
Kerala	51.5	53.8	63.0	73.0	4.5	4.0	2.7
Madhya Pradesh	51.5	49.3	52.5	59.5	-4.3	1.6	2.3
Maharashtra	45.7	50.8	48.7	61.0	11.2	-1.0	4.2
Orissa	47.9	44.9	50.5	52.8	-6.3	3.0	0.8
Punjab	88.8	74.8	93.0	93.2	-15.8	5.6	0
Rajasthan	69.3	66.0	75.3	81.3	-4.8	3.4	1.4
Tamil Nadu	50.9	51.3	53.6	56.7	0.8	1.1	1.0
Uttar Pradesh	53.3	50.3	59.6	60.1	-5.6	4.3	0.2
West Bengal	42.0	40.6	43.6	46.9	-3.3	1.8	1.3
All India	53.0	51.8	56.7	61.7	-2.3	2.3	1.5

(head-count) for the poor fell at an annual rate of 1.8 per cent. A similar pattern is noticeable in the next period 1977-78 to 1983 when head-count ratio for the poor fell by 2.9 per cent, but by 4.4 per cent for the ultra poor.

The trends in poverty gap ratio and Watts measures are similar. In general, the reduction in poverty is more for the ultra poor than for the poor, and the magnitudes of reduction in poverty are higher for the period 1977-78 to 1983 than for the former period 1973-74 to 1977-78. This is an interesting result because 1973-74 to 1977-78 was a period of higher growth (2.7 per cent) with increasing inequality whereas the 1977-83 period was characterised by a somewhat lower per capita growth of consumption (1.7 per cent) but accompanied by a substantial decrease in inequality. The decrease in inequality was the major factor which led to a substantial reduction in poverty in the second period.

While no significant changes in the pattern of growth would be observed between the two periods, the second period (1977-78 to 1983) witnessed a spate of direct anti-

poverty interventions which were basically aimed at improving the income and consumption levels of the low-income households. If this strategy were working with reasonable efficiency, one would expect a reduction in consumption inequality in the second period compared to that in the former period (1973-74 to 1977-78). A significant reduction in inequality in the second period compared to that in the first period is quite noticeable from the empirical results presented in Table 2. An important question arises: whether the improvement in inequality can be attributed to the anti-poverty programmes which started around 1977-78. An attempt will be made to answer this question in the next section where we will analyse poverty trends at the state level.

### III State-wise Trends in Average Consumption Per Capita and Inequality

State-wise trends in average consumption per capita are shown in Table 3. Over the one year initial period (1973-74 over 1972-73),

average consumption fell in most states. The notable exceptions are Andhra Pradesh, Assam, Kerala, Maharashtra and Tamil Nadu. Over the period 1973-74 to 1977-78, all states except Assam have shown a positive trend. The positive trend continued in the following period as well as in all states except Bihar, Maharashtra, Rajasthan and Punjab.

It is interesting to note that the two richest states Haryana and Punjab suffered the largest decline in the per capita real consumption during the 1972-73 to 1973-74 period. But in the subsequent periods, both states maintained a positive growth in per capita consumption. The two poorest states, West Bengal and Bihar also suffered a substantial decline in per capita consumption in the first period but in the second and subsequent period, they managed to arrest further decline.

To see if the level of per capita consumption is related to the growth rate, we estimated the following regressions:

- 1 1972-73 to 1973-74:  
(GPCC) = 18.7 - 0.38 (PCC),  $R^2 = 0.47$   
(0.11)
- 2 1973-74 to 1977-78:  
(GPCC) = 1.9 + 0.07 (PCC),  $R^2 = 0.14$   
(0.05)
- 3 1973-74 to 1983:  
(GPCC) = 2.8 - 0.02 (PCC),  $R^2 = 0.04$   
(0.03)

where

PCC : Per capita consumption  
GPCC: Growth rate in per capita consumption

The above relations suggest that in the 1972-73 to 1973-74 period, the growth rate tended to be inversely correlated with the level of per capita 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.

Table 4 presents the ranking of states by per capita consumption. The results show that the states which have substantially improved their relative positions between 1972-73 and 1983 are Maharashtra and Kerala notwithstanding slower growth of agricultural output in both states. This is not surprising, in view of the past record of these states in poverty alleviation interventions (Maharashtra's Employment Guarantee Scheme, and Kerala's long-standing public distribution system). The states whose relative position has deteriorated during the same period are Uttar Pradesh, Bihar, Gujarat, Karnataka, and Tamil Nadu. The remaining states maintained more or less the same ranking during the periods considered.

Let us now turn to trends in inequality in per capita consumption. These are shown in Tables 5 and 6. Table 5 presents the levels of inequality and Table 6, the annual percentage change.

The results show a wide variation in inequality across states as well as over time. In 10 out of 15 states, the inequality declined

TABLE 5: STATEWISE PATTERNS IN INEQUALITY IN CONSUMPTION, 1972-73 TO 1983

	Gini Index				Theil's Measure			
	1972-73	1973-74	1977-78	1983	1972-73	1973-74	1977-78	1983
Andhra Pradesh	0.28	0.29	0.30	0.295	0.127	0.143	0.151	0.142
Assam	0.19	0.21	0.18	0.198	0.062	0.075	0.057	0.064
Bihar	0.29	0.28	0.26	0.260	0.141	0.128	0.112	0.109
Gujarat	0.31	0.24	0.29	0.260	0.127	0.094	0.136	0.105
Haryana	0.29	0.30	0.30	0.280	0.135	0.142	0.147	0.123
Karnataka	0.28	0.29	0.32	0.300	0.129	0.131	0.174	0.150
Kerala	0.31	0.32	0.36	0.330	0.163	0.167	0.212	0.189
Madhya Pradesh	0.31	0.29	0.34	0.300	0.159	0.137	0.188	0.143
Maharashtra	0.32	0.27	0.30	0.290	0.172	0.123	0.143	0.133
Orissa	0.32	0.27	0.31	0.270	0.162	0.117	0.153	0.119
Punjab	0.32	0.28	0.31	0.290	0.163	0.127	0.165	0.135
Rajasthan	0.32	0.28	0.33	0.340	0.170	0.131	0.184	0.196
Tamil Nadu	0.28	0.28	0.32	0.330	0.129	0.125	0.174	0.177
Uttar Pradesh	0.28	0.24	0.30	0.290	0.131	0.095	0.151	0.141
West Bengal	0.31	0.30	0.30	0.290	0.156	0.148	0.143	0.138

TABLE 6: ANNUAL PERCENTAGE CHANGE IN INEQUALITY

	Gini Index			Theil's Measure		
	1972-73	1973-74	1977-78	1972-73	1973-74	1977-78
	to 1973-74	to 1977-78	to 1983	to 1973-74	to 1977-78	to 1983
Andhra Pradesh	5.4	0.7	-0.4	12.6	1.3	-1.1
Assam	10.0	-3.1	1.3	21.0	-6.6	2.1
Bihar	-5.1	-1.6	-0.2	-9.2	-3.3	-0.5
Gujarat	-22.3	4.8	-2.2	-26.0	9.7	-4.6
Haryana	3.8	-0.3	-1.1	5.2	0.9	-3.2
Karnataka	2.9	3.2	-1.3	1.6	7.4	-2.7
Kerala	1.9	2.8	-1.3	2.5	6.1	-2.1
Madhya Pradesh	-6.1	3.5	-2.3	-13.8	8.2	-4.9
Maharashtra	-14.8	2.2	-0.5	-28.5	3.8	-1.3
Orissa	-15.5	3.4	-2.3	-27.8	6.9	-4.5
Punjab	-11.7	3.1	-1.6	-22.1	6.8	-3.6
Rajasthan	-12.1	3.8	0.7	-22.9	8.9	1.2
Tamil Nadu	1.1	4.1	0.2	-3.1	8.0	0.3
Uttar Pradesh	14.4	5.8	-0.6	-27.5	-0.9	-0.6
West Bengal	-2.9	-0.4	-0.5	-5.1	-0.9	-1.6
All India	—	—	—	-14.8	5.9	-1.1



during the 1972-73 to 1973-74 period. The decline was highest in Gujarat (22.3 per cent), followed by Orissa (15.5 per cent) and Maharashtra (14.8 per cent). Assam registered a substantial increase in inequality. This situation changed dramatically during the 1973-74 to 1977-78 period, during which 11 out of 15 states showed an increase in inequality.

After looking at NSS published data we noted that in Maharashtra and Rajasthan in 1977-78 there was a very large increase in expenditures on durables for the highest expenditure class. The expenditure levels were unacceptably high. Consumption figures with the NSS office confirmed that these were errors. We, therefore, adjusted the numbers to conform broadly to the temporal changes in the same states in the years immediately preceding and following 1977-78. The inequality estimates shown in Tables 5 and 6 reflect these adjustments. It is worth stressing, however, that since these unacceptably high values occurred only in the top expenditure range, they would have little effect on the poverty estimates.

It is quite evident that inequality increased substantially in most states between 1973-74 and 1977-78, but this situation again changed in the subsequent period. Inequality declined in 12 out of 15 states during this period. Assam, Rajasthan and Tamil Nadu were the only states which showed a slight increase in inequality.

As noted earlier, the widespread decline in inequality in the second period could be due to the major policy change that took place in the late 1970s related to the introduction of various anti-poverty programmes whose main objective was to raise the consumption levels of the poor. It is possible that this policy contributed towards an overall reduction in consumption inequality especially in the states with better rural administration.

The past research on poverty has shown that the movement in poverty is related to the movement in foodgrain production. Ahluwalia [1978] demonstrated a statistically significant inverse relationship between rural poverty and agricultural performance for India as a whole, suggesting that agricultural growth by itself tends to reduce the incidence of poverty. His analysis of the individual states, however, did not provide a conclusive evidence of this proposition. This issue clearly needs further investigation but a natural question that arises from it is whether the reduction in poverty is brought about by an increase in per capita consumption or reduction in the inequality of consumption, or some combination of the two. From the agricultural production point of view, 1983 was an excellent year. Foodgrain production increased from 129.4 million tonnes in 1982 to 152.4 million tonnes in 1983. The hypothesis which is yet to be tested is whether the bumper food production leads to a reduction in the inequality of per capita consumption. If this hypothesis is valid, then the widespread reduction in inequality between 1977-78 and 1983 could also be attributed

to the highly favourable foodgrain production in 1983.

Finally in this section we would like to investigate whether there is a significant relationship between growth rates in per capita consumption and percentage changes in the inequality of consumption. To do this, we estimated the following regressions.

1 1973-74 to 1977-78:

$$GGI = 0.38 + 0.82 (GPC), R^2 = 0.42 \quad (0.29)$$

2 1977-78 to 1983:

$$GGI = 0.86 + 0.03 (GPC), R^2 = 0.001 \quad (0.24)$$

where

GPC = Growth rate of per capita consumption

GGI = Growth rate of the Gini index

The relations suggest that the growth rate in consumption per capita is positively and significantly related to the growth rate in the Gini index. It means that the faster growth rate in consumption tends to introduce greater inequality.<sup>5</sup> The equation relating to the first time period (1973-74 to 1977-78) indicates the stronger impact of growth on in-

equality than that in the second period. It is interesting that the adverse impact of growth on inequality is to be observed only in the first period, but not in the second period. As argued above, although the factors that may have contributed to the virtual absence of this relationship in the second period are difficult to establish empirically, it is at the same time difficult to dismiss entirely the role of anti-poverty interventions introduced in this period.

## IV

### Regional Trends in Poverty

The regional trends in poverty for the poor and ultra poor are shown separately in Tables 7 and 8, respectively. Each of these tables presents results on both head-count and poverty-gap ratios. The numerical results of Watts' measure are presented in Table 1 of the Appendix.

For the 'poor', the annual change over the first two years 1972-73 and 1973-74 was negative for Andhra Pradesh, Assam, Gujarat, Kerala and Maharashtra; almost no

TABLE 7: TRENDS IN HEAD-COUNT RATIO AND POVERTY GAP RATIO FOR POOR BY STATES, 1972-73 TO 1983

	Head-Count Ratio				Poverty Gap			
	1972-73	1973-74	1977-78	1983	1972-73	1973-74	1977-78	1983
Andhra Pradesh	56.4	53.7	43.6	30.2	16.4	14.8	11.6	6.7
Assam	59.6	54.9	62.1	43.7	13.4	13.0	13.9	8.3
Bihar	67.3	70.6	69.0	70.2	23.5	24.1	22.6	23.0
Gujarat	53.8	48.5	44.0	28.5	15.2	11.7	11.9	5.3
Haryana	23.2	37.7	31.1	20.8	4.6	9.1	7.2	4.0
Karnataka	52.5	60.0	54.0	42.6	15.3	18.5	17.3	12.1
Kerala	63.6	60.9	51.7	39.6	21.1	20.4	16.8	9.9
Madhya Pradesh	64.7	64.9	64.0	51.3	21.3	21.4	21.4	14.2
Maharashtra	75.4	61.9	66.8	48.2	26.6	19.0	22.4	12.7
Orissa	68.5	69.5	63.7	56.2	24.8	24.4	21.1	16.7
Punjab	22.6	30.0	19.0	15.7	4.8	6.6	4.2	2.9
Rajasthan	40.9	40.9	34.1	31.7	11.4	10.3	9.4	8.3
Tamil Nadu	61.6	61.8	61.1	56.3	18.7	18.8	19.8	18.1
Uttar Pradesh	58.3	60.4	52.5	49.4	17.8	17.0	14.6	13.6
West Bengal	75.6	77.6	73.4	67.9	29.8	31.1	27.1	23.3
All India	60.5	60.5	56.3	48.4	19.5	18.8	17.5	13.8

TABLE 8: TRENDS IN HEAD-COUNT RATIO AND POVERTY GAP RATIO FOR POOR BY STATES, 1972-73 TO 1983

States	Head-Count Ratio				Poverty Gap			
	1972-73	1973-74	1977-78	1983	1972-73	1973-74	1977-78	1983
Andhra Pradesh	37.5	31.7	25.1	14.5	9.2	10.9	5.8	2.9
Assam	28.6	26.8	30.1	17.9	4.9	5.8	5.0	2.7
Bihar	49.5	52.4	48.7	50.3	14.4	15.0	13.1	13.4
Gujarat	34.2	25.1	25.2	11.1	7.6	5.0	5.7	1.8
Haryana	10.8	18.6	14.3	8.5	1.9	3.6	3.0	1.4
Karnataka	33.1	42.5	37.7	27.0	8.3	10.2	10.2	6.4
Kerala	46.3	42.1	35.9	22.2	12.8	11.8	9.8	4.6
Madhya Pradesh	47.5	48.2	47.4	31.6	12.5	12.7	13.1	7.2
Maharashtra	56.3	40.6	48.8	28.3	15.9	10.0	13.4	5.9
Orissa	50.8	52.6	46.1	35.7	15.0	14.5	12.9	9.4
Punjab	11.2	14.4	7.7	6.2	2.0	2.8	1.9	0.9
Rajasthan	24.9	22.8	20.3	18.0	5.6	4.8	5.0	4.1
Tamil Nadu	43.1	39.8	43.5	39.1	10.8	10.0	11.4	10.5
Uttar Pradesh	37.9	41.2	32.0	31.1	9.3	8.7	7.1	7.1
West Bengal	61.1	62.5	56.5	48.6	20.3	20.9	17.0	14.1
All India	42.1	41.3	37.9	30.3	11.3	10.9	9.9	7.3

change for Madhya Pradesh, Rajasthan and Tamil Nadu, and positive (poverty incidence decreased) in the states of Bihar, Haryana, Karnataka, Orissa, Punjab, Uttar Pradesh and West Bengal. It is interesting to observe that the two richest states, viz, Punjab and Haryana registered a substantial increase in poverty between the first two years.

During the (1973-74 to 1977-78) period the head-count ratio for the poor was reduced in 13 states; the 2 states where it increased are Assam (3.1 per cent) and Maharashtra (1.9 per cent). The head-count ratio for the ultra poor was reduced only in 11 states, Gujarat and Tamil Nadu were the 2 states where the head-count ratio for the poor decreased whereas that for the ultra poor increased.

Between 1977-78 and 83, poverty reduced in all states except in Bihar—where it increased slightly. Thus, the decline in poverty was more rapid and widespread during this period compared to that in the previous one. The same conclusion seems to emerge whatever poverty measure is used. Also, sustained and significant decline over the two periods could be noticed only for Andhra Pradesh, Haryana, Kerala, Orissa, Punjab and West Bengal.

Table 9 gives the ranking of states by head-count ratio for both poor and ultra poor.

TABLE 9: RANKING OF STATES BY HEAD-COUNT RATIO: POOR AND ULTRA POOR

	Poor			Ultra Poor				
	1972-73	1973-74	1977-78	1983	1972-73	1973-74	1977-78	1983
Andhra Pradesh	10	11	12	12	9	10	12	12
Assam	8	10	6	8	12	11	10	11
Bihar	4	2	2	1	4	3	3	1
Gujarat	11	12	13	13	10	12	11	14
Haryana	14	14	14	14	15	14	14	14
Karnataka	12	9	8	9	11	5	7	8
Kerala	6	7	10	10	6	6	8	9
Madhya Pradesh	5	4	4	5	5	4	4	5
Maharashtra	2	5	3	7	2	8	2	7
Orissa	3	3	5	4	3	2	5	4
Punjab	15	15	15	15	14	15	15	15
Rajasthan	13	13	13	11	13	13	13	10
Tamil Nadu	7	6	7	3	7	9	6	3
Uttar Pradesh	9	8	9	6	8	7	9	6
West Bengal	1	1	1	2	1	1	1	2

TABLE 10: GROWTH AND INEQUALITY EFFECTS ON HEAD-COUNT RATIO (POOR)

States	1973-74 to 1977-78			1977-78 to 1983		
	Growth	Inequality	Total	Growth	Inequality	Total
Andhra Pradesh	-5.2	0.1	-5.1	-6.3	-0.2	-6.5
Assam	2.5	0.6	3.1	-7.0	0.8	-6.2
Bihar	-0.4	-0.2	-0.6	0.3	0.0	0.3
Gujarat	-5.9	3.5	-2.4	-5.2	-2.4	-7.6
Haryana	-1.7	-3.0	-4.7	-4.5	-2.6	-7.1
Karnataka	-3.5	0.9	-2.6	-3.2	-1.0	-4.2
Kerala	-5.5	1.5	-4.0	-3.9	-0.8	-4.7
Madhya Pradesh	-1.7	1.4	-0.3	-2.8	-1.1	-3.9
Maharashtra	-10.8	12.0	-2.0	-5.6	-0.2	-5.8
Orissa	-2.8	0.6	-2.2	-1.2	-1.1	-2.3
Punjab	-16.2	-5.4	-10.8	-0.1	-3.3	-3.4
Rajasthan	-24.1	19.7	-4.4	-2.9	1.6	-1.3
Tamil Nadu	-1.4	1.1	-0.3	-1.3	-0.2	-1.5
Uttar Pradesh	-6.6	-3.2	-3.4	-0.2	-0.9	-1.1
West Bengal	-1.3	-0.1	-1.4	-1.2	-0.2	-1.4
All India	-4.2	2.4	-1.8	-2.2	-0.5	-2.7

The states have been ranked in the descending order of poverty. There has been a substantial change in the ranking. The states which have considerably improved their relative positions over the 1972-73 to 1983 period are Andhra Pradesh, Gujarat, Kerala and Maharashtra. It is interesting that these results corroborate well with the trends in nutritional status of the ultra poor [Subbarao, 1989], which showed an improvement in these 4 states during 1970-80. Again, while it is difficult to establish empirically the reasons for relatively improved performance in terms of reduction in poverty and malnutrition in these 4 states, it is worth mentioning that Andhra Pradesh and Gujarat's economic growth was impressive during this entire period, Maharashtra has had a significant intervention in the form of Employment Guarantee Scheme and Kerala had substantial social sector investments and an effective public distribution system. The relative positions of Bihar, Tamil Nadu and Uttar Pradesh have deteriorated—states which have had neither an impressive record of economic growth, nor substantial interventions providing effective social security. It is interesting to observe that the relative position of Assam is considerably higher on the basis of ultra-poverty than that on total

poverty. This discrepancy is mainly attributable to a very low degree of inequality in the predominantly tribal Assam which favours the ultra poor more than the poor.

Finally in this section we attempt to answer the question whether the rate of poverty reduction was greater or smaller in the poorer (richer) states. For this purpose we estimated the following regressions.

1973 to 1977-78:

$$GHP = -11.8 + 0.16HP, R^2 = 0.41 \quad (0.05)$$

$$GHUP = -7.2 + 0.12HUP, R^2 = 0.13 \quad (0.09)$$

1977-78 to 1983:

$$GHP = -6.4 + 0.05HP, R^2 = 0.10 \quad (0.04)$$

$$GHUP = -8.4 + 0.07HUP, R^2 = 0.07 \quad (0.08)$$

where

HP = Head-count ratio for the poor  
HUP = Head-count ratio for the ultra poor  
GHP = Growth rate of the head-count ratio (poor)  
GHUP = Growth rate of the head-count ratio (ultra poor)

The relationship between HP and GHP is significant at the five per cent level in the first period (1973-74 to 1977-78) but it becomes insignificant in the second period (1977-78 to 1983). It means that in the first period, the rate of reduction in poverty tended to be smaller in the poorer states. However, this relationship does not hold for the ultra poor. In the second period, the relationship between the growth in poverty and the level of poverty was found to be insignificant for both the poor and the ultra poor.

In the following section, we separately examine the effect of growth and inequality of consumption on poverty across the states, and analyse their changing roles in poverty reduction over time.

## V

### Impact of Economic Growth and Inequality on Poverty

Suppose  $\theta$  is a poverty index which will be a function of 3 factors: (1) poverty line income  $z$ , (2) the mean per capita consumption of the society,  $\mu$ , and, (3) consumption or income inequality. Inequality can be measured by a single inequality index (many of which are available in the literature), but more generally it should be represented by the parameters of the Lorenz curve. We assume that the poverty line  $z$  is fixed, then we can write

$$d\theta = \frac{\partial \theta}{\partial \mu} d\mu + \sum_{i=1}^k \frac{\partial \theta}{\partial m_i} dm_i \quad (4)$$

where  $m_1, m_2, \dots, m_k$  are the parameters of the Lorenz curve. This equation allows us to decompose the change in poverty into two components: (1) the impact of growth on poverty when the distribution of income does not change, and (2) the effect of income redistribution when the total income of the



society remains unchanged.

It is obvious that if the growth rate of consumption per capita is positive, the first component in equation 4 will always be negative. The second component can be both negative and positive. If there is any 'trickle-down' mechanism at work, we should expect the second component in equation 4 to be either zero or negative. It is worth mentioning that even if the inequality measured by the Gini index or some other measure has increased during the observation period, the second component in equation 4 can still be either zero or negative. In this section we will provide quantitative estimates of each of the two components of equation 4 which would enable us to assess the extent to which the 'trickle-down' mechanism is operating in each of the 15 states as well as at the India level.

It is perfectly legitimate to argue that high initial inequality levels may act as a constraint on economic growth. Our analysis does not answer this question of the effect of inequality of growth. In this paper, we are basically concerned with the ex post assessment of the impact of whatever growth has taken place on poverty reduction in different states. Notwithstanding the limitation of our inability to capture causality in its entirety, our analysis nevertheless strongly complements previous attempts [e.g., Ahluwalia 1978], which focused exclusively on regressing poverty on agricultural output per capita at the all India level.

We adopted the following procedure to compute the components of equation 4.

Let  $H_1$  and  $H_2$  be the head-count ratios for the first and the second periods, respectively; the percentage change in poverty between the two periods will be  $(H_2 - H_1)/H_1$ . To compute the growth effect on poverty, we assume that the Lorenz curve in the second period is the same as in the first period, but the mean consumption has changed. Suppose  $L_1(p)$  is the Lorenz curve in the first period and  $\mu_2$  the real mean consumption in the second period, then  $H_2^*$  given by

$$L_1(H_2^*) = \frac{Z}{\mu_2}$$

will be the head-count ratio in the second period under the assumption that the inequality in the distribution remained the same in the two periods. Thus, the growth effect on poverty will be given by  $H_2^*/H_1$ , which will be negative (positive) if  $\mu_2$  is greater (less) than  $\mu_1$  (the mean consumption in the first period). The effect of income redistribution on poverty will then be given by the difference between the total percentage change in poverty, viz,  $(H_2 - H_1)/H_1$ , and the growth effect, as measured by  $(H_2^* - H_1)/H_1$ . Given  $H_1$ ,  $H_2$  and  $H_2^*$ , one can compute the corresponding values of any poverty measure, which would in turn provide the estimates of the growth and the inequality effects for that poverty measure.

The numerical estimates of the growth and inequality effects on head-count ratio are presented in Tables 10 and 11 for the poor and the ultra poor, respectively. Table 12 shows the estimates of these effects on the

poverty gap ratio for the poor.

At the all India level total poverty declined at an annual rate of 1.8 per cent between 1973-74 and 1977-78. If the inequality as measured by the Lorenz curve had not changed between the two periods, the poverty would have declined at an annual rate of 4.2 per cent. Thus, the change in the relative distribution which occurred between 1973-74 and 1977-78 resulted in an increase in poverty at an annual rate of 2.4 per cent. A less than proportionate share of the benefits of high growth rates during this period trickled down to the poor.

In the period between 1977-78 and 1983, total poverty declined at an annual rate of 2.7 per cent. This faster decline in poverty occurred despite a slightly lower rate in the per capita consumption observed in this period. However, the impact of growth on poverty continues to be high at -2.2 per cent. The change in the distribution contributed to a modest reduction in poverty at an annual rate of 0.5 per cent. Although the growth rate was low in the second period, the poor benefited proportionally more than the non-poor. In the absence of direct attacks on poverty aimed at raising the consumption levels of the poor, one could have

concluded that the trickle down effects of growth were more dominant in the second period. However, in view of these interventions, the favourable effects of inequality-reduction on poverty in this period could be attributed at least partly to these direct attacks on poverty.

The inequality effect was positive in almost all the states (exceptions being Haryana, Bihar and West Bengal), during the first period (1973-74 to 1977-78). The reduction in poverty which took place in most states was due to the high growth rates which more than compensated the adverse effects of increasing inequalities in this period. The states, where change in inequality had a high and unfavourable effect on poverty were Gujarat, Maharashtra, Punjab, Rajasthan and to some extent, Uttar Pradesh. However, this situation changed in the second period. In almost all the states, the poor benefited proportionally more than the non-poor. The states in which the poor benefited proportionally more than the non-poor in the second period are Haryana, Gujarat, Maharashtra, Rajasthan and Punjab. The effects of growth and inequality on poverty reduction was generally low in the states with low consumption per capita.

TABLE 11: GROWTH AND INEQUALITY EFFECTS ON HEAD-COUNT RATIO (ULTRA POOR)

States	1973-74 to 1977-78			1977-78 to 1983		
	Growth	Inequality	Total	Growth	Inequality	Total
Andhra Pradesh	-7.7	-2.0	-5.7	-8.5	-1.0	-9.5
Assam	5.8	-2.9	2.9	-11.9	2.9	-9.0
Bihar	-0.7	-1.1	-1.8	0.4	0.2	-0.6
Gujarat	-8.6	-8.7	0.1	-7.1	-6.7	-13.8
Haryana	-3.8	-2.6	-6.4	-6.5	-2.5	-9.0
Karnataka	-5.5	2.5	-3.0	-5.0	-0.9	-5.9
Kerala	-8.4	4.5	-3.9	-5.9	-2.5	-8.4
Madhya Pradesh	-2.8	2.4	-0.4	-4.4	-2.7	-7.1
Maharashtra	-15.8	20.5	4.7	-8.5	-0.9	-9.4
Orissa	-5.1	1.9	-3.2	-1.7	-2.8	-4.5
Punjab	-29.3	14.8	-14.5	0.0	-3.9	-3.9
Rajasthan	-29.9	27.0	-2.9	-3.6	1.4	-2.2
Tamil Nadu	-2.3	4.5	2.2	-2.0	0.1	-1.9
Uttar Pradesh	-12.3	6.2	-6.1	-0.4	-0.1	-0.5
West Bengal	-2.4	-0.1	-2.5	-2.1	-0.6	-2.7
All India	-6.2	4.2	-2.1	-3.2	-0.8	-4.0

TABLE 12: GROWTH AND INEQUALITY EFFECTS ON POVERTY-GAP RATIO (POOR)

States	1973-74 to 1977-78			1977-78 to 1983		
	Growth	Inequality	Total	Growth	Inequality	Total
Andhra Pradesh	-7.4	1.5	-5.9	-8.1	-1.4	-9.5
Assam	4.3	-2.6	1.7	-10.6	1.7	-8.9
Bihar	-0.7	-0.9	-1.6	0.5	-0.2	0.3
Gujarat	-8.8	9.2	0.4	-7.0	-6.7	-13.7
Haryana	-3.5	-2.2	-5.7	-6.1	-4.0	-10.1
Karnataka	-5.9	4.2	-1.7	-4.9	-1.4	-6.3
Kerala	-8.3	3.6	-4.7	-5.9	-3.3	-9.2
Madhya Pradesh	-3.3	3.3	0	-4.7	-2.5	-7.2
Maharashtra	-15.7	19.9	4.2	-9.0	-0.8	-9.8
Orissa	-5.6	2.0	-3.6	-1.8	-2.4	-4.2
Punjab	-17.2	6.5	-10.7	-0.4	-6.1	-6.5
Rajasthan	-29.8	27.5	-2.3	3.8	1.6	-2.2
Tamil Nadu	-2.5	3.8	1.3	-2.1	0.5	-1.6
Uttar Pradesh	-11.8	8.1	-3.7	-0.4	-0.9	-1.3
West Bengal	-3.0	-0.4	-3.4	-2.4	-0.3	-2.7
All India	-6.1	4.3	-1.8	-1.7	-1.0	-2.7

## VI

### Responsiveness of Poverty to Growth and Inequality Changes

Even if growth is trickling down, because of initial high inequality levels, the effect of growth on poverty may be small. To see how growth affects poverty, we computed the poverty elasticities with respect to the mean per capita consumption when the effect of changes in inequality has been kept constant. These elasticities which will be referred to as growth elasticities have been derived by Kakwani [1989] for all the existing poverty indices. The elasticities for the three poverty measures used in the present paper are:

$$\begin{aligned} \text{Head-count ratio} &= -\frac{z f(z)}{H} \\ \text{Poverty-gap ratio} &= -\frac{\mu^*}{(z - \mu)^*} \\ \text{Watts' measure} &= -\frac{H}{W} \end{aligned}$$

where  $W$  represents Watts' measure,  $H$  is the head-count ratio, and  $\mu^*$  is the mean per capita consumption of the poor.

The measurement of the effect of inequality on poverty is a more difficult task because inequality in distribution can change in infinite ways. To get an idea of the size of this effect we make a simple assumption that the entire Lorenz curve shifts according to the following formula:

$$L^*(p) = L(p) - \lambda[p - L(p)] \quad (5)$$

which implies that when  $\lambda > 0$ , the Lorenz curve shifts downwards resulting in higher inequality. It can be shown that  $\lambda$  is equal to the proportional change in the Gini index. If  $\lambda = 0.01$ , it means that the Gini index is increased by 1 per cent. Thus, one can derive the elasticity of a poverty measure with respect to the Gini index using this procedure.<sup>6</sup> The elasticities for the 3 poverty measures used in the present study are:

$$\begin{aligned} \text{Head-count ratio} &= -\frac{(\mu - z)}{H} f(z) \\ \text{Poverty-gap ratio} &= -\frac{(\mu - \mu^*)}{(z - \mu)^*} \\ \text{Watts' measure} &= -\frac{H(\mu - h)}{W} \end{aligned}$$

where  $h$  is the harmonic mean of the income distribution of the poor only.

The inequality elasticities of the poverty-gap ratio and Watts measures will always be positive, i.e., the higher income inequality leads to greater poverty. For the head-count measure this result is not always true. If  $\mu < z$ , the head-count measure can decrease with an increase in inequality. This result casts down the usefulness of the head-count measure for analysing the impact of inequality on poverty.

Because the mean income and income inequality each affects poverty, an important question arises: What is the trade-off between mean income and income inequality? Put differently, we may ask, if the Gini index

of the income distribution increases by one per cent, what would be the percentage increase in the mean income for poverty not to increase at all? This can be answered with the concept of the marginal proportional rate of substitution (MPRS) between mean income and income inequality.<sup>7</sup> It is given by:

$$\text{MPRS} = \frac{\partial \mu G}{\partial G \mu} = -\frac{\text{inequality elasticity of poverty}}{\text{growth elasticity of poverty}}$$

which can be computed for each poverty measure.

Tables 10 and 11 present the growth and inequality elasticities for the poverty-gap ratio for the poor and ultra poor, respectively. The values of MPRS for the poverty-gap ratio are presented in Table 12. The conclusions emerging from these tables are summarised below.

Both growth and income elasticities have a general tendency to increase over time, the increase being slower in the poorer states. Thus, the poverty ratio is becoming more responsive to the changes in the mean income and income inequality. In the two poorest states, viz, Bihar and West Bengal, the elasticities have not changed much sug-

gesting fairly stable distributions.

The inequality elasticity has increased slightly faster than the growth elasticity in most states. This pattern is quite evident from the increasing values of the marginal proportionate rate of substitution (MPRS) presented in Table 15. This suggests that a

greater emphasis should be placed on the growth oriented policies which at least maintain the income share of the poor. But if the inequality deteriorates during the course of economic growth, poverty may increase even with a faster economic growth because of increasing inequality elasticity.

Since the values of MPRS are generally higher for the richer states, it would appear imperative to follow consumption redistribution policies even in the high growing states.

Both growth and inequality elasticities are considerably higher for the ultra poor than for the poor implying that increasing inequality will hurt the ultra poor more than the poor. Also, the positive change in growth rate will benefit the ultra poor more than the poor. Since the MPRS values are considerably higher for the ultra poor than for the poor, the inequality reducing policies (in comparison with the growth policies) will have to play a more important role if the

TABLE 13: GROWTH AND INEQUALITY ELASTICITY ON POVERTY-GAP (POOR)

States	Growth Elasticity			Inequality Elasticity		
	1973-74	1977-78	1983	1973-74	1977-78	1983
Andhra Pradesh	-2.6	-2.8	-3.5	1.6	2.1	3.3
Assam	-3.2	-3.5	-4.3	1.2	0.9	1.7
Bihar	-1.9	-2.1	-2.0	0.7	0.7	0.7
Gujarat	-3.1	-2.7	-4.4	1.6	1.9	3.4
Haryana	-3.1	-3.3	-4.2	2.8	3.1	4.4
Karnataka	-2.2	-2.1	-2.5	1.2	1.5	2.1
Kerala	-2.0	-2.1	-3.0	1.2	1.8	2.8
Madhya Pradesh	-2.0	-2.0	-2.6	1.0	1.1	1.7
Maharashtra	-2.3	2.0	-2.8	1.0	1.8	1.8
Orissa	-1.8	-2.0	-2.4	0.7	1.0	1.1
Punjab	-3.5	-3.5	-4.4	3.2	4.8	5.6
Rajasthan	-3.0	-2.6	-2.8	2.2	4.4	3.4
Tamil Nadu	-2.3	-2.1	-2.1	1.0	1.2	1.4
Uttar Pradesh	-2.6	-2.6	-2.6	1.0	1.7	1.8
West Bengal	-1.5	-1.7	-1.9	0.5	0.7	0.8
All India	-2.21	-2.22	-2.48			

TABLE 14: GROWTH AND INEQUALITY ELASTICITY ON POVERTY-GAP (ULTRA POOR)

States	Growth Elasticity			Inequality Elasticity		
	1973-74	1977-78	1983	1973-74	1977-78	1983
Andhra Pradesh	-1.9	-3.3	-4.0	2.3	3.7	5.5
Assam	-3.6	-5.0	-5.6	2.4	2.5	3.9
Bihar	-2.5	-2.7	-2.8	1.4	1.6	1.4
Gujarat	-4.0	-3.4	-5.2	3.2	3.7	5.9
Haryana	-4.2	-3.8	-5.1	5.2	5.2	7.5
Karnataka	-3.2	-2.7	-3.2	2.2	2.6	3.6
Kerala	-2.6	-2.7	-3.8	2.2	3.1	5.0
Madhya Pradesh	-2.8	-2.6	-3.4	1.9	2.1	3.1
Maharashtra	-3.1	-2.6	-3.8	2.1	3.2	3.6
Orissa	-2.6	-2.6	-2.8	1.5	1.9	2.2
Punjab	-4.1	-3.1	-5.9	5.6	6.4	10.2
Rajasthan	-3.8	-3.1	-3.4	4.0	6.4	5.6
Tamil Nadu	-3.0	-2.8	-2.7	2.1	2.3	2.6
Uttar Pradesh	-3.7	-3.5	-3.4	2.2	3.3	3.1
West Bengal	-2.0	-2.3	-2.4	1.0	1.3	1.7
All India	-2.80	-2.82	-3.15			



ultra poor are to be lifted out of their desperate situation.

The policies pursued by the government since the mid-1970s with the objective of raising the consumption levels of the poor and the ultra poor, therefore, appear to be basically sound responses to the observed effects of growth and inequality analysed in this part. In the following sections the effectiveness of these strategies are evaluated at the state level.

## VII

### Poverty Alleviation Policies

The government's strategy for reducing the incidence of poverty is based on a combination of accelerated overall growth and targeted direct anti-poverty interventions. In the long run, the outlook for poverty reduction depends on: (a) the supply of, and the demand for, labour, and (b) on the social policies that help raise the basic capabilities of people, especially education and health. These aspects are analysed below.

#### (A) POLICIES FOR LABOUR ABSORPTION

Given that the entrants to the labour force are unlikely to register a downward trend over the next three decades, the critical issues are: (i) to what extent can future growth in agriculture and outside agriculture absorb the growing labour force? and (ii) to what extent can direct interventions help in expanding self-employment and wage employment especially among the ultra poor?

#### (i) Agricultural Growth and Poverty

Reference was already made to the empirical evidence establishing the close link between agricultural growth and poverty reduction. Rao [1987] noted that the rate of reduction in poverty incidence was lowest in agriculturally lagging regions. Table 16 gives the distribution of states classified by the differences in the rates of agricultural growth and the degree of instability of growth. As many as 70 per cent of the nation's rural poor as well as ultra poor are located geographically in states with low or moderate rates of agricultural growth with medium or high instability. The regions experiencing

high or medium growth with low instability account for only 27 per cent of the poor and 25 per cent of the ultra poor.

Given the importance of agricultural progress in poverty reduction, the important questions are: What are the prospects of growth in the lagging regions? Would an accelerated growth in these regions lead to adequate labour absorption?

Recent evidence suggests a fall in aggregate employment elasticity of agriculture over the 1970s [Bhalla, 1987] but this is a composite estimate reflecting the experience of diverse regions and crops. Employment elasticities with respect to output continue

TABLE 15 MARGINAL PROPORTION RATE OF SUBSTITUTION BETWEEN GROWTH AND INEQUALITY POVERTY GAP RATIO

States	Poor			Ultra Poor		
	Growth	Inequality	Total	Growth	Inequality	Total
Andhra Pradesh	0.6	0.8	0.9	1.2	1.1	1.4
Assam	0.4	0.3	0.4	0.7	0.5	0.7
Bihar	0.4	0.3	0.4	0.6	0.6	0.5
Gujarat	0.5	0.7	0.8	0.8	1.1	1.1
Haryana	0.9	0.9	1.0	1.2	1.4	1.5
Karnataka	0.5	0.7	0.8	0.7	1.0	1.1
Kerala	0.6	0.9	0.9	0.8	1.1	1.3
Madhya Pradesh	0.5	0.6	0.7	0.7	0.8	0.9
Maharashtra	0.4	0.9	0.6	0.7	1.2	0.9
Orissa	0.4	0.5	0.5	0.6	0.7	0.8
Punjab	0.9	1.4	1.3	1.4	2.1	1.7
Rajasthan	0.7	1.7	1.2	1.1	2.2	1.6
Tamil Nadu	0.4	0.6	0.7	0.7	0.8	1.0
Uttar Pradesh	0.4	0.7	0.7	0.6	0.9	0.9
West Bengal	0.3	0.4	0.4	0.5	0.6	0.7

TABLE 16: DISTRIBUTION OF POOR ACCORDING TO LEVELS OF GROWTH AND INSTABILITY IN FOODGRAINS PRODUCTION

Category	States	Per Cent of New Sown Area with Rainfall			Per Cent in			Number of Agricultural Workers Per 100 Hectares of Net Sown Area, 1980-83
		High (1,150 mm and above)	Medium (750 mm to 1,150 mm)	Low (up to 750 mm)	Rural Population, 1983	Poverty Population, 1983	Ultra Poor	
1	2	3	4	5	6	7	8	9
I High growth and low instability	Punjab, Jammu and Kashmir	5.3	20.5	74.2	3.2	0.9	NA	85
II High growth and medium instability	Haryana, Uttar Pradesh	8.4	64.1	27.5	19.6	18.7	19.0	148
III High growth and high instability	Gujarat	7.3	25.0	67.7	4.5	2.0	2.73	83
IV Medium growth and low instability	Andhra Pradesh, Himachal Pradesh	1.0	66.0	33.0	8.7	4.5	3.9	145
V Medium growth and medium instability	Karnataka	9.4	24.3	66.3	5.1	4.4	4.6	95
VI Medium growth and high instability	Maharashtra, Orissa, Rajasthan	25.0	24.1	50.9	17.6	17.6	16.7	87
VII Low growth and low instability	Assam, Kerala	100.0	Nil	Nil	7.5	5.4	6.5	173
VIII Low growth and medium instability	Tamil Nadu, West Bengal	54.2	45.8	Nil	14.0	19.6	18.4	188
IX low growth and high instability	Bihar, Madhya Pradesh, All India	63.5	33.5	3.0	19.8	26.9	26.1	130
		30.7	35.8	33.5	100.0	100.0		120

Note: Growth rate refers to the foodgrains production growth rate for the period 1961-1985: High-above 3.0; Medium -2.0 to 3.0; Low-below 2.0. Instability refers to the standard deviation in the annual output growth rates of foodgrains for the period 1961-1985; High-above 20; Medium-15 to 20; Low-below 15.

Source: All columns except 8, C H H Rao, S K Ray, and K Subbarao [1988]; column 8 was computed in this paper.

to be higher in the low-wage eastern states for all crops than in the rest of India. Diffusion of agricultural technology to the low-wage regions is bound to result in greater labour absorption. This may be already happening in eastern Uttar Pradesh with the emergence of HYV rice as a major second crop, although one may have to wait for years for reliable empirical evidence.

Accelerating agricultural growth in the eastern region, a region where our results have shown the smallest reduction in poverty, calls for a significant reorientation of science and technology policies as well as institutional policies so as to help strengthen the small farm sector. In particular, science and technology policies have to focus on the development of high-yielding crop mixes that facilitate intercropping so that total output from a crop rotation is maximised. If the country is to take advantage of the reser-

voir of labour available in the small farm sector in this region, this sector needs to be strengthened both by technology and infrastructure policies that promote higher cropping intensities, and by institutional policies that enhance their resource base, especially consolidation of holdings, and credit and marketing reforms [C H H Rao, S K Ray, K Subbarao, 1989]. Progress on all these fronts has been far from satisfactory.

Rural non-farm activities—dairying, poultry, fisheries, forestry and agro-processing—have been a major source of poverty redress in India. These activities are now being encouraged through Integrated Rural Development which is discussed in later sections.

#### (ii) Non Agricultural Growth and Poverty

In the long run, agriculture's share in employment is bound to fall, so that growth

in manufacturing and service sector employment would be crucial in the coming decades. Past experience is very disappointing. Capital intensity in manufacturing was maintained by a policy environment that favoured existing workers and jobs. Labour demand elasticity with respect to the wage for the period 1973-74 to 1984-85 ranged between -0.7 and -0.8, implying a significant trade-off between real wages and industrial employment [Hanson and Sengupta, 1989]. There has been a rise in the real wage of organised labour in both public and private sectors in the 1980s contributing to slow growth of employment in manufacturing. Prospects for non-farm employment depend on (a) fiscal and other measures to stimulate light labour-intensive industry including export industry, and (b) public policy to stimulate service sector (including rural informal sector). As of now, there has been no specific policy framework that encourages labour-intensive manufacturing and service and informal sectors.

#### (iii) Direct Anti-Poverty Interventions

Since the mid-1970s, the central and the state governments have launched numerous direct anti-poverty interventions whose scale and variety is so vast that it is not possible to review them all in this paper. The important direct interventions launched with the initiative of the central government are: Integrated Rural Development Programme (IRDP), National Rural Employment Programme (NREP), and the Rural Landless Employment Guarantee Programme (RLEGP). There is also an important centrally-sponsored programme for combating child and maternal malnutrition, i.e. the Integrated Child Development Services (ICDS). At the state level, the notable programmes are: Maharashtra's Employment Guarantee Scheme (MEGS); public distribution systems in Kerala, Tamil Nadu, Gujarat, and Andhra Pradesh (Rs 2-a-kilo scheme); and Tamil Nadu Integrated Nutrition Project. With regard to each of these programmes, there have been many evaluations and much debate. In view of our finding that in the second period, despite slower growth in average consumption per capita, the poverty ratio fell largely due to a decline in inequality in most states, an overall assessment of anti-poverty programmes initiated during this period is necessary. Any such assessment of their overall impact, however, must begin with the recognition of the fact that India is experimenting in many directions to reduce poverty-induced human suffering.

IRDP has been in operation long enough to be realistically evaluated. Independent analysts recognise that this programme has channelled funds on a hitherto unprecedented scale for creating supplementary incomes from non-land assets among the relatively poor all over rural India. During the Sixth Plan period, assets worth some Rs 50 billion were created and distributed benefiting about 17 million families—by no means a small achievement. During 1987-88,

TABLE 17: MAJOR POVERTY ALLEVIATION PROGRAMMES, 1987-88

A Financial Expenditures		Rs Million
1 Credit-based self-employment programmes:		
a Integrated Rural Development Programme (IRDP)*		19,000
(Investment per beneficiary = Rs 4,471)		
2 Wage employment programmes:		
a National Rural Employment Programme (NREP)		7,850
b Rural Landless Employment Guarantee Programme (RLEGP)		6,480
c Maharashtra's Employment Guarantee Scheme (MEGS)		2,650
3 Area development programme		
a Drought Prone Area Programme		900
b Desert Development		500
c Watershed Development		2,400
		39,780
As per cent of GDP		1 per cent
As per cent of plan outlay		9 per cent
B Physical Achievements, 1987-88		
1 Credit-based self-employment programmes:		
a IRDP: Number of beneficiaries covered (million)		4.2
2 Wage employment programmes:		
a NREP: Mandays of employment generated (million)		370
b RLEGP: Mandays of employment generated (million)		100
c MEGS: Mandays of employment (million)		150

Source: Progress Reports of the 20 Point Programme. Ministry of Programme Evaluation.

TABLE 18: STATE-WISE DISTRIBUTION OF IRDP FUNDS AND POOR

States	Percentage Distribution of		
	IRDP Expenditure, 1988-89	Poor Population (1983)	Ultra Poor Population (1983)
Andhra Pradesh	8.6	5.01	3.9
Assam	1.7	3.24	2.1
Bihar	12.8	17.44	20.0
Gujarat	3.0	2.73	1.7
Haryana	1.6	0.86	0.6
Karnataka	4.5	4.56	4.6
Kerala	2.6	3.30	3.0
Madhya Pradesh	9.7	8.66	8.5
Maharashtra	8.0	7.95	7.5
Orissa	4.0	5.27	5.4
Punjab	1.6	0.77	0.5
Rajasthan	4.2	3.53	3.2
Tamil Nadu	7.2	7.32	8.2
Uttar Pradesh	21.3	18.23	18.3
West Bengal	9.0	11.12	12.7
All India	100	100	100



the fourth year of the Seventh Plan, another 4.2 million families were assisted with an investment of Rs 4,471 per family, or Rs 19 billion overall (see Table 17). So far, IRDP reached about 25 per cent of India's rural households.

State-wise shares of IRDP expenditures are compared with their shares in the population of the poor and the ultra poor in Table 18. On the basis of the incidence of either poor or ultra poor population, the eastern states of Assam, Bihar and West Bengal deserved higher allocations.

There are numerous evaluations of IRDP—both by government departments and private researchers. In the past, most assessments by the government have been favourable, but micro studies of IRDP have not been unequivocal in supporting the official claims. However, the divergence between macro indicators and micro performance seem to be narrowing in recent years. Also, 'success' or 'failure' depend on the criterion adopted for assessment. Thus, Subbarao [1985] argued that the most stringent criterion of "crossing the poverty line" is inappropriate for judging the full benefits of this programme, since households way below the poverty line (the ultra poor) may register incremental incomes and thus benefit from the programme, even if they are unable to cross the poverty-income threshold.<sup>8</sup> Pulley [1989] has shown that depending upon the criterion adopted, programme success rate varied (see Table 19). On the basis of the criterion of "investments remaining intact" (which suggests that households are deriving incremental incomes from the asset), the programme is doing reasonably well even in relatively low income states like Bihar. But on the basis of the rigorous criterion of "crossing the poverty line", the success rate was very low (see Table 19, columns 3-5). State-wise performance also suggests in interesting relationship, between "percentage of eligible beneficiaries", and the proportion crossing the poverty line. Barring in the hill states (Himachal Pradesh, Jammu and Kashmir), the higher the proportion of eligible beneficiaries (i.e. the lower the percentage of non-poor) with low initial level of incomes, the more difficult it is for them to cross the poverty income threshold; the proportion doing so is small.

One of the major criticisms of IRDP is that the programme is benefiting the households closer to the poverty line income threshold, and the ultra poor are unable to take advantage of the scheme. It is suggested that the poorest households may not be able to hold and manage assets. Recent evidence, however, effectively refutes this criticism. In fact, in an administratively weak and relatively poorer state like Uttar Pradesh, it has been found, based on panel data for 4 years, that the poorest households not only managed to hold on to assets, but also found to be deriving income from the assets on a *sustained basis* [C H H Rao and Rangaswamy; and Pulley]. The problem encountered by

these households was the continued reluctance of the institutional credit agencies to lend working capital on a regular basis even after the households have proven their credit-worthiness by promptly repaying the IRDP loans. In other words, IRDP enabled access to institutional credit for the poorest households as a *one-shot* injection, but failed to open a channel of line credit on a continuing basis for the neediest households notwithstanding their proven creditworthiness.

In brief, recent evidence suggests that the very order of investments in the IRDP is such that it might be able to give impetus

for the development of supportive infrastructure and raise the incomes of the poor at the margin, provided the choice of assets are properly dovetailed with the level and structure of demand in the region; the assets supplied were labour-intensive in character, and supporting marketing networks were simultaneously promoted. Wherever these conditions were satisfied, and the programme reached the lower half of the poverty groups, its impact on the hard-core poor was not insubstantial. However, for *sustained* income generation, it would be necessary to ensure continued access to institutional

TABLE 19: MEASURES OF SUCCESS OF IRDP

Major States	Per Cent Eligible* Beneficiaries	Per Cent Investments Intact**	Per Cent Intact and No Credit Overdue	Per Cent Eligible and Crossed Poverty Lines***
1	2	3	4	5
Andhra Pradesh	68	76	34	9
Arunachal Pradesh	73	61	38	4
Assam	27	70	6	10
Bihar	76	85	18	3
Gujarat	78	88	43	4
Haryana	71	46	15	0
Himachal Pradesh	87	85	45	29
Jammu and Kashmir	97	80	50	19
Karnataka	85	64	26	4
Kerala	89	74	19	5
Madhya Pradesh	81	73	27	6
Maharashtra	83	69	30	10
Orissa	83	68	19	7
Punjab	30	77	57	18
Rajasthan	72	48	15	9
Tamil Nadu	83	63	28	3
Uttar Pradesh	54	79	41	5
West Bengal	46	97	23	8
Average	70	73	29	7

Note: \* Proportion of beneficiaries with pre-IRDP income  $\leq$  4800.

\*\* Proportion of IRDP investments that remained fully operational after two years.

\*\*\* Proportion of beneficiaries with pre-IRDP income  $\leq$  4800 and post-IRDP income = 6400 after two years in current price terms.

Source: National Concurrent Evaluation of IRDP, Ministry of Rural Development, as quoted in Pulley (1989).

TABLE 20: NREP—STATE WISE DISTRIBUTION OF EMPLOYMENT

	Employment (Million Mandays)	Per Cent Women Employed	Percent Distribution of	
			Employment	Ultra Poor Population
Andhra Pradesh	34.0	41.8	9.0	3.9
Assam	2.7	Nil	0.7	2.1
Bihar	48.0	10.0	12.8	20.0
Gujarat	13.3	28.6	3.5	1.7
Haryana	2.5	Nil	0.7	0.6
Karnataka	21.7	13.4	5.8	4.6
Kerala	15.0	26.7	4.0	3.0
Madhya Pradesh	31.4	27.1	8.4	8.5
Maharashtra	25.9	26.2	6.9	7.5
Orissa	18.3	25.7	4.9	5.4
Punjab	2.9	Nil	0.8	0.5
Rajasthan	22.7	24.2	6.0	3.2
Tamil Nadu	44.2	44.1	11.8	8.2
Uttar Pradesh	81.3	3.1	21.6	18.3
West Bengal	11.8	3.0	3.1	12.7
All India	379.6	20.65	100.00	100.0

Source: Ministry of Programme Implementation Progress Reports.

credit for the very poor.

The overall assessment of the two employment programmes (NREP and RLEGP) is similar. Together these programmes provided, on average, about 450 million mandays of employment per annum. Here again, evaluations pointed out that: (a) the impact of the programmes on the total income of

poor households was insignificant because they met only about 9 per cent of the demand for work from the poor in rural areas; (b) the programmes could not create sufficiently useful, wage-intensive works at times and in places most needed; (c) the poor could not benefit from the assets created; (d) the assets created were of poor quality; and (e) wages actually paid were lower than budgeted owing to leakages and corruption. It must be stressed that some of these criticisms are misplaced. For example, the size of the programme (NREP) is not small, when compared to *incremental* employment generated in the rural areas. One recent estimate [Subbarao, 1987a] suggests that NREP provided nearly 40 per cent of the total *incremental* employment in rural India.

There is, however, no doubt that MEGS, a state-level programme, has a much better record, both in generating supplementary employment especially for women, and also

in terms of much better administered wage structure that reduced gender differences in wage rates. Nonetheless, recent moves to pay statutorily fixed minimum wages may destroy some of the merits of this scheme [Subbarao, 1987a] such as its self-targeting character.

Only two states—Andhra Pradesh and

Tamil Nadu—have been successful in attracting women in large numbers to NREP work sites (see Table 20). The state with a large proportion of the ultra poor—Uttar Pradesh—has a dismal record in the employment of women in NREP projects. However, the state-wise distribution of mandays of employment generated does appear to be in

TABLE 22: PER CAPITA PUBLIC EXPENDITURE (REVENUE)<sup>a</sup> ON HEALTH BY STATES

	Per Capita Expenditure at 1980-81 Prices		Rate of Growth	Life Expectancy		Infant Mortality	
	1976-77	1986-87		1976	1986	1976	1985
	Andhra Pradesh	18.1	30.4	5.3	47.9	53.1	122
Bihar	8.7	15.0	5.6	42.3	46.0	NA	105
Gujarat	20.2	39.6	7.0	50.2	52.4	146	98
Haryana	20.4	37.5	6.3	52.9	54.8	112	85
Karnataka	20.0	23.2	1.5	54.5	56.3	89	71
Kerala	24.8	29.3	1.7	61.7	65.5	56	32
Madhya Pradesh	17.6	18.3	0.4	46.9	49.0	138	122
Maharashtra	20.3	44.7	8.2	53.5	56.3	83	68
Orissa	15.7	32.2	7.4	44.0	49.1	127	130
Punjab	24.1	32.8	3.1	58.4	60.5	108	71
Rajasthan	21.4	32.8	4.4	49.3	51.9	142	108
Tamil Nadu	22.9	33.3	3.8	50.3 <sup>a</sup>	53.4	110	80
Uttar Pradesh	10.0	19.1	6.7	42.8	46.2	178	140
West Bengal	22.0	25.4	1.4	49.6	52.0	NA	77

Source: RBI Bulletins, Various Issues.

a. Includes expenditure on family welfare and water supply.

TABLE 21: REGIONAL PROFILE OF MALNUTRITION AMONG CHILDREN (PERCENTAGE OF SEVERELY MALNOURISHED CHILDREN (GRADES III AND IV) IN ICDS PROJECT AREAS DURING 1984-85<sup>a</sup>)

Sl No	State	District	Type of Project <sup>b</sup>	Per Cent Malnourished		Child Mortality Rate <sup>c</sup>		District Characteristics		
				0-3	3-6	0-2	0-5	SC+ST <sup>d</sup>	AVA POP <sup>e</sup>	IRR <sup>f</sup>
				(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Andhra Pradesh	Guntur	Rural	8.80	11.30	99	142.00	13.00	317.00	39.00
		Vizianagaram	Tribal	22.20	32.50	169	196.00	19.00	61.00	30.00
2	Karnataka	Dharwar	Rural	15.40	12.90	124	182.00	15.00	307.00	6.00
		Mysore	Rural	17.20	10.80	109	149.00	24.00	270.00	17.00
3	Tamil Nadu	Kanyakumari	Urban	5.70	4.60	70	80.00	5.00	161.00	52.00
		Salem	Urban	5.70	0.30	74	101.00	20.00	245.00	22.00
4	Kerala	Mallapuram	Rural	1.20	4.30	66	104.00	9.00	355.00	57.00
		Palghar	Rural	0.70	4.00	74	116.00	19.00	421.00	57.00
5	Madhya Pradesh	Jabalpur	Rural	34.40	16.90	220	265.00	29.00	152.00	5.00
		Dhar	Tribal	26.00	17.30	138	174.00	59.00	350.00	7.00
6	Uttar Pradesh	Pratapgarh	Rural	14.60	13.00	163	211.00	22.00	222.00	28.00
		Kheri	Rural	6.10	3.10	154	187.00	27.00	587.00	10.00
7	Rajasthan	Bharatpur	Rural	12.40	na	214	252.00	24.00	369.00	20.00
		Banswara	Tribal	14.20	0.70	170	169.00	25.00	235.00	7.00
8	Maharashtra	Yaystmal	Rural	22.30	25.10	177	227.00	26.00	264.00	2.00
		Nanded	Urban	12.00	10.20	87	107.00	21.00	289.00	3.00
9	Gujarat	Valsad	Tribal	4.60	3.30	91	96.00	57.00	192.00	13.00
		Baroda	Tribal	7.30	5.60	115	129.00	31.00	206.00	21.00
10	Orissa	Cuttack	Rural	3.20	2.80	196	204.00	21.00	271.00	32.00
11	West Bengal	Nadia	Rural	21.30	12.20	115	149.00	28.00	268.00	33.00
		Bankura	Tribal	6.50	8.20	77	89.00	40.00	427.00	33.00
12	Haryana	Hissar	Rural	6.70	4.20	120	146.00	22.00	901.00	64.00
		Bhiwani	Rural	5.50	0.70	114	129.00	18.00	558.00	20.00

Notes: a = The data in columns 1 and 2 are taken from ICDS Project-wise Progress Report for 1984-85, for those projects which were sanctioned during 1983-84. As such, these figures reflect the nutrition situation at/about the commencement of ICDS in these districts.

b = rural; T = tribal; U = urban.

c = District-wise child mortality rates for 1981 for the age groups less than 2 and less than 5 years were made available for the first time in the Occasional Paper 5, 1988, Office of Registrar-General, Ministry for Income Affairs.

d = Per cent SC/ST to total population.

e = Agricultural value-added.

f = Irrigation ratio.



conformity with the distribution of ultra poor. It would be interesting to see whether the state-wise distribution of mandays of employment generated is correlated with the distribution of the ultra poor. We estimated this correlation which was found to be 0.78 statistically significant. However, there are some outliers. For example in Bihar and West Bengal, employment generated was substantially lower than the share of the ultra poor.

Most evaluations of employment have expressed concern that states have opted for rural roads, primary school building construction, etc. in preference to directly productive activities such as soil conservation and watershed development. Recent work by Binswanger, et al [1989] points to the significant positive impact of rural infrastructure (markets and roads) on agricultural output. Therefore, there appears to be no strong argument for discouraging rural infrastructure building on grounds that they are "not directly productive". The most immediate concern ought to be ensuring quality of works and maintenance of infrastructure created.

Despite the deficiencies noted in employment programmes, these schemes appear to have certain desirable features, such as a certain amount of self-targeting (through relative unattractiveness of this employment) and that the guarantee schemes can in a sense substitute for a social security system, at least for those who are able to work. If attempts are made to remove the observed deficiencies and women are attracted to work sites as in MEGS, these programmes do have the potential to reach the bottom half of the population within the poverty group.

#### (B) NUTRITION, HEALTH, AND OTHER SOCIAL SECTOR INTERVENTIONS

The basic objective of direct nutrition interventions is to protect *specific vulnerable groups*, such as children and women, from malnutrition. Food, being the basic need, direct intervention to increase food security for the poor may have good pay-off in terms of human welfare. An important nationwide programme is Integrated Child Development Services (ICDS) launched in 1975, whose aim is to provide a package of services such as child protection and development with stress on both pre-natal services including immunisation, periodical health check up, and referral services. Growth monitoring and supplementary nutrition for 300 days of the year for all children are the other components of the scheme. About 6.5 million children below 6 years of age and 1.5 million women were covered under ICDS during 1985-86.

The survey data of the National Nutrition Monitoring Bureau (NNMB) do show steady but slow decrease in severe malnutrition during 1974-81 in 10 states [Subbarao, 1989]. There has been no NNMB survey since 1981. ICDS baseline data are useful in assessing the recent geographical patterns of malnutri-

tion. These are shown in Table 21. In order to test that reliability of the number of the percentage of severely malnourished children collected by ICDS authorities, we estimated the correlation between these and the child mortality rates for the corresponding 23 districts. A statistically significant positive correlation between the two series suggests that the ICDS baseline data can be relied upon for assessing geographical variations in malnutrition at a fairly disaggregated level.

What can we infer from these data? The percentage of children severely malnourished are indeed very high in *tribal* Andhra Pradesh, Bihar, Rajasthan and Madhya Pradesh and also in *rural* Karnataka, Madhya Pradesh, Uttar Pradesh, Maharashtra and West Bengal. Considering that these states account for a significant proportion of the nation's ultra poor, and bearing in mind the concentration of poverty among the scheduled castes and tribes, *poverty-induced* malnutrition continues to be rampant in pockets of India.

As with other interventions, evaluations of ICDS have pointed out many shortcomings [Subbarao, 1989]. Immunisation levels continued to be low and there was a drop from the first to the second dose in many cases, the regularity of feeding differed from centre to centre, and there was little community participation. The programme, like most other interventions, has been relatively more successful in reaching the poor and poorer groups, but not the poorest. There are significant inter-project variations in

impact (Heaver), with relatively poorer states/regions faring worse than others owing especially to the inability of poor states to put in their share of expenditure on nutrition supplements. Regions with low infrastructural levels also could not do well [Subbarao, 1989]. ICDS is very promising and could become a good complement to other poverty alleviation programmes provided children of the poorest groups are attracted to the scheme, if necessary, by appropriate incentives such as provision of clothes to children. However, India's experience suggests the need for great caution in exercising choice among competing alternative strategies for filling nutrition needs of the poor. For example, in Tamil Nadu, which has a long experience in nutrition management, a package of nutrition and health services to children of 6 to 36 months old is being delivered under the Tamil Nadu Integrated Nutrition Project. This project was able to elicit community participation to a far greater extent than ICDS. Important non-economic factors contributed to its success such as recruitment of nutrition workers from among the deprived communities in which malnutrition was most severe [Subbarao, 1989].

#### HEALTH

Access to primary health care has a direct effect on the well-being of the poor in rural India. There is ample empirical evidence to suggest that India is much behind other countries with comparable per capita incomes in South Asia with respect to social

TABLE 23: URBAN AND RURAL LITERACY RATES, BY AGE AND SEX, 1981

Location/Sex	Age Groups			
	10-15	15-35	35 and Over	All Ages
(a) Literacy rates				
Urban				
Male	82.6	81.5	69.4	65.8
Female	72.7	63.6	35.9	47.8
Both	78.1	73.1	54.3	57.4
Rural				
Male	62.8	56.1	38.0	40.8
Female	36.0	25.7	8.6	18.0
Both	50.2	41.5	23.2	29.7
Total				
Male	67.2	63.9	44.6	46.9
Female	44.4	35.3	14.4	24.8
Both	56.5	50.0	30.2	36.2
(b) Percentage rise, 1971-81				
Urban				
Male	1.8	4.1	7.6	7.5
Female	3.7	13.8	18.9	13.5
Both	2.9	7.3	10.1	9.5
Rural				
Male	14.0	15.0	21.8	20.7
Female	20.8	41.2	32.3	37.4
Both	16.7	24.3	19.6	25.3
Total				
Male	11.4	14.1	18.0	18.7
Female	17.5	35.2	33.3	32.6
Both	13.7	21.1	19.8	22.7

Source: Census of India, 1981, Paper 2 [1983], as quoted in R M Sundaram [1987].

TABLE 24: LITERACY RATES, 1981

Segment	Total Population	Scheduled Castes	Scheduled Tribes
Total	36.23	21.38	16.35
Male	46.89	31.12	24.52
Female	24.82	10.93	8.04
Rural	29.65	18.48	14.92
Male	40.79	27.91	22.94
Female	17.96	8.45	6.81
Urban	57.40	36.60	37.93
Male	65.83	47.54	47.60
Female	47.82	24.34	27.32

Source: Census of India, 1981, Primary census abstract.

indicators reflecting the status of health care. There are significant regional variations in public efforts (as revealed by expenditures) and outcomes (as shown by infant mortality, life expectancy, etc). These are shown in Table 22.

In absolute terms, per capita expenditures are very low in the three states with the highest concentration of poverty—Uttar Pradesh, Bihar and Madhya Pradesh. These are also the states with the lowest life expectancy and highest infant mortality rates. However, there appears to be no systematic relationship between health expenditures and outcomes. Even the rank relationship between the input and output variables is not high. This is largely because life expectancy and infant mortality are a function of relative priority accorded to primary health care, and numerous other factors such as protected water, female education, immunisation, etc. Detailed break-up of health expenditures is not available state-wise.

Assuming that the relative share of various segments of health expenditure remained unchanged (which is by and large the case in most states), life expectancy and infant mortality in 1986 may be expected to be a function of initial expenditure levels in 1976, and the rate of growth of expenditure over the period 1976-86. The estimated equations are as follows:

$$\begin{aligned} \text{Log (LE 1986)} &= 3.3 + \\ & 0.25^* \text{ Log (PEH 1976-77)} \\ & - 0.066^* \text{ Log (I+r)} \\ & (0.061) \quad (0.78) \quad R^2 = 0.63 \end{aligned}$$

$$\begin{aligned} \text{Log (IMR 1986)} &= 6.2 \\ & - 0.64^* \text{ Log (PEH 1976-77)} \\ & + 2.4 \text{ Log (I+r)} \\ & (0.3) \quad (3.8) \quad R^2 = 0.39 \end{aligned}$$

\* Statistically significant where

LE = Life expectancy.

PEH = Level of per capita expenditure on health (in different states).

IMR = Infant mortality rate.

The relationship between levels of expenditures on health and life expectancy is in the expected direction, although the rate of growth of expenditures is non-significant. The elasticity of life expectancy to expenditure was in the range 0.13-0.37. Infant mor-

talidity rate, however, is weakly related to expenditure and not at all to its growth rate. Clearly, policies such as immunisation and nutrition interventions are more relevant in this context than aggregate expenditures.

### (C) EDUCATION

In the field of education, there has undoubtedly been considerable progress in terms of the growth of institutions. Yet serious inequality in access to education persists by regions, social groups, and gender [Subbarao, 1987b]. Basic data showing these inequalities in access to education are given in Tables 23, 24 and 25. Even on the average, all-India literacy rate in 1981 stood at a low level of 36.2. Drop out rates are high and there is considerable wastage.

Despite a rise in government expenditure on education as a per cent of GDP, the quality, physical facilities, and geographical coverage of schools are poor especially in rural areas. Even though social returns for primary education are known to be higher, government spending is based in favour of higher education whose recipients are largely the rich and the elite. Cost recovery is poor at higher levels of education so that a substantial chunk of subsidy goes to the non-poor.

While the above remarks give the general status of education in India, there are significant regional variations as in other spheres of development. State-wise expenditures and literacy rates are shown in Table 22. Unlike in the case of health, literacy rates and educational expenditures are correlated:

$$\begin{aligned} \text{Literacy Rate} &= 1.352 + 0.82^* \text{ Ed Exp,} \\ & R^2 = 0.67 \end{aligned}$$

\* Significant at the 5 per cent level.

Since educational outcomes are related to expenditures, it would be interesting to examine whether states with unsatisfactory performance are spending adequately on education. In order to do this we first computed the ratio of expenditure to per capita income for each state. We then ordered the states in terms of the distance of each state from the best in India. A relationship between the two series was estimated in order to know whether states are spending adequately, in relation to their perceived needs. This equation of literacy on effort yielded no statistically significant relationship, clearly confirming the underfunding on education in many states.

By far the most challenging problem that

India is now facing in education is to ensure that girls and children of poverty groups (e.g. scheduled castes and tribes) are not merely enrolled but retained in school after enrolment. Given the resource crunch, a major question is one of reconciling affordability with cost recovery—a problem common to all social sectors. Charging the poor full cost will certainly put the services beyond the reach of the poor. On the other hand, fully subsidising the services would place such a burden on public budget as to affect growth programmes. At present, cross-subsidising between the more affluent and the poor seems to offer a promising way out. For example, Rs 6,243 million was spent on higher and professional education during 1976-77. If 50 per cent of the cost were recovered, there would have been a saving of Rs 3,121 million, which, if diverted to primary education (assuming no constraints on the demand side), could have provided primary education to about 20 million more children. If this were continued for five years (1976-81), the country would have had 100 million additional literates, or a literacy rate of 51.4 per cent instead of the realised 36.2 per cent in 1981.

### VIII

#### Concluding Remarks

An important conclusion of this study is that the beneficial effects of growth on the incidence of poverty can be nullified by adverse movements in the inequality of consumption. Indeed, whether analysed at the state-level or all-India level, this has been the case during 1973-77 when high growth in average consumption per capita was accompanied by a sharp rise in consumption inequality, thereby considerably reducing the total impact on the reduction of poverty incidence. To this extent, the *policy response* in the form of a series of anti-poverty interventions since the mid-1970s aimed at raising the income/consumption levels of the poor and the ultra poor was basically a sound policy response.

During the period 1977-83, average consumption grew slowly, but consumption inequality fell in many states, and the reduction in the incidence of poverty was greater in magnitude than in the earlier period of high growth. Our separate analysis for the 'poor' and 'ultra poor' suggests that the beneficial impact of a reduction in inequality is more pronounced for the ultra

TABLE 25: RETENTION RATES (CLASS I-V)

Period	For all Communities	For Scheduled Castes	For Scheduled Tribes	For Other Communities
1968-72	33.5	27.8	20.3	35.3
1969-73	35.0	28.8	21.3	36.9
1970-74	36.2	30.3	22.9	38.0
1971-75	36.8	31.4	22.3	38.6
1972-76	37.2	32.2	21.9	39.1
1973-77	36.9	33.5	20.5	38.8
1974-78	38.6	35.6	23.3	40.5

Source: Ministry of Education, New Delhi.



poor than for the poor; by the same token a worsening of inequality hurts the ultra poor proportionately more than the poor. While it is difficult to identify precisely the factors that may have contributed to the decline in inequality in many states during 1977-83, the role of direct interventions cannot be minimised.

An interesting temporal tendency worth noting is that the poverty ratio has become more responsive to the changes in mean income and income inequality in all states except Bihar and West Bengal. Moreover, the numerical magnitudes of the relevant elasticities are higher for the richer states. Also, both growth and inequality elasticities are higher for the ultra poor than for the poor. These results show that it would seem desirable to pursue inequality-reducing policies in both rich and poor states to compound the beneficial impact of growth especially on the ultra poor.

These results lend significant credibility to the consumption-equalising interventions initiated since the mid-1970s. There is no doubt that at present there is significant inter-state variation in the effectiveness of these interventions which in general need to be improved. However, the divergence in the performance of programmes such as IRDP between the macro and micro level has been narrowing, and our review of micro evidence suggests substantial benefits even in a poor state such as Uttar Pradesh. While this is consistent with our earlier finding of substantial reduction of consumption inequality in this period, programme effectiveness is clearly weak in the poorer states. Employment programmes contributed substantially to *incremental* employment/income growth, and their state-wise distribution by and large corresponded with the distribution of the ultra poor, although poorer states (Bihar and West Bengal) deserved greater efforts.

Finally, our analysis of social sector (including nutrition) investments and performance suggests under-investment when efforts are analysed in relation to perceived needs and the capacity of the states. On the whole, the general record on health, education and nutrition fronts is most unimpressive. One is left with the impression that the social policies which can raise the long-run capabilities of the people have generally been relegated to the background in Indian policy-making.

## Notes

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1 For a detailed discussion of this issue see Kakwani [1986].

2 Two consecutive years, 1972-73 and 1973-74, were selected with a purpose. As is well-known, 1972-73 was a bad crop year, and

1973-74 was a normal year. Food production in the first year was lower than in the second year by 8 per cent. We thought these two year data would provide a good opportunity for studying the short-run impact of crop output fluctuation on poverty and inequality across the states.

- 3 See for instance Kakwani [1980], Clark, Hemming and Ulph [1981], Foster, Greer and Thorbecke [1984] and Takayama [1979].
- 4 It is worth repeating that this procedure, unlike the procedures adopted by many previous researchers, appropriately takes account of the regional price variations while deriving poverty at the all-India level.
- 5 It is worth stressing that this finding contradicts the results based on cross-country comparisons by Fields.
- 6 Kakwani [1989] has provided the explicit expressions of this elasticity for all the additively decomposable poverty measures.
- 7 See Kakwani [1989].
- 8 To illustrate, consider a state which assisted households close to the poverty line and helped them all cross the line, with another state that selected households way below the poverty line (i.e. the ultra poor), and helped their incomes grow, but not sufficiently enough to cross the poverty line. Previous IRDP evaluations hailed the former state and condemned the latter, following the criterion of "crossing the poverty line". Gaiha's [1989] critique misses this important consideration in the assessment of programme effectiveness.

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# Integrating Poverty Alleviation Programmes with Development Strategies Indian Experience

C H Hanumantha Rao

*This paper examines the potential and prospects for integrating the major Poverty Alleviation Programmes (PAPs) in rural areas with overall development. The potential for such integration, it is suggested, is quite high, both by way of better choice of activities and more effective implementation of the activities chosen, the latter being far more important than the former. Devising appropriate institutional mechanisms for planning the activities under PAPs within the framework of area development planning and, more particularly, for their effective implementation constitutes the biggest challenge in the drive for eradication of rural poverty.*

THE question of integration of the poverty alleviation *objective* with the overall development strategy has to be distinguished from the issue of integrating PAPs with the overall development strategy. The former is concerned basically with questions like investment priorities (e.g., the relative importance to be given to the wage-goods sector, e.g., agriculture), choice of techniques (with implications for the magnitude of employment generation) and location of projects (in low wage or less developed areas versus developed areas), etc., so that the normal growth process leads to adequate employment and income generation for the poor in an environment of food security. In brief, this approach seeks to maximise the 'trickle down' or 'percolation' effects for the poor from the growth process consistent with economic efficiency. The latter approach, i.e., integration of PAPs with overall development strategy seeks to ensure that the existing or modified PAPs, as they operate, subserve the goals of overall development such as the sustained increase in GNP through the increase in the productivity of resources, augmenting the employment generating potential in the economic system, conservation of environment, technological upgradation, human development, etc.

These two approaches are not mutually contradictory but reinforce each other. In fact, the failure to integrate the poverty alleviation *objective* with the overall development strategy has necessitated the launching of specific PAPs under the strategy of 'direct attack' on poverty. The proliferation of PAPs, on the other hand, without adequate integration with the overall goals of development, has led to the inefficient use of the large chunk of resources allocated to PAPs on account of weak linkages with growth, low potential for sustained employment generation and insufficient impact on social development and protection of environment. This trend, if unchecked, can undermine the objectives of economic growth as well as poverty alleviation. The first issue, still a live one, is extremely important, but the present

paper is basically concerned with the latter issue of integrating the PAPs with the overall development strategies.

## 'DICHOTOMY' BETWEEN AGRICULTURAL GROWTH AND RURAL POVERTY ALLEVIATION

The link between agricultural development and poverty alleviation was clearly visible in the first few years of planning in India when land reform and irrigation development were given a pre-eminent place. With the introduction of new technology in the mid-60s, increasing yield per hectare of cropped area rather than increasing cropping intensity became the central concern and the locus of agricultural growth shifted to the developed regions and the prosperous farmers. Although there is some reversal of this trend in the 80s, the employment elasticity in agriculture for the country as a whole has declined significantly, the elasticity becoming negative in the traditional green revolution belt.

The failure of agricultural growth to make a sizeable dent on rural poverty has led policy-makers to focus attention on the strategy of 'direct attack' on poverty through PAPs. In this process, the tendency to view agricultural development programmes as different from those for poverty alleviation and vice versa has become quite pronounced. Those concerned with raising agricultural productivity are preoccupied exclusively with technologies and input combinations to raise yield per hectare and with the 'progressive farmers' and developed regions where the results are quick and substantial. They are not as much concerned with small farmers or with extending technologies and practices which increase employment in areas where poverty is widespread. On the other hand, in the pursuit of poverty alleviation programmes such as Integrated Rural Development Programme (IRDP) and Jawahar Rozgar Yojana (JRY), etc., one does not find adequate concern for undertaking activities like soil conservation, water harvesting,

drainage and construction of field channels which raise agricultural productivity. In fact, in the field one often finds each department considering the other as a rival competing for staff and other resources. This approach is detrimental to raising agricultural productivity as well as to alleviating rural poverty on a sustained basis.

## PAPs: OVERVIEW OF EXPERIENCE

Agriculture in India continues to be a decentralised activity where millions of individual farmers take decisions, in a free institutional setting, regarding investment, crops to be grown, input-mix to be used, and the amount of produce to be sold, etc., within the infrastructural and policy environment provided by the government. Because of this, the allocation of resources by the farmers has, by and large, been efficient even though the direct impact of this on poverty alleviation has not been significant. Indeed, there are certain negative effects on environment owing to the adverse externalities arising from this decision-making process, such as those associated with the extension of cultivation to the hill slopes and marginal lands.

In contrast to the decision-making process in agriculture, PAPs represent essentially top-down ventures heavily dependent on the bureaucracy. As a consequence, the felt needs of the people do not get sufficient attention and the activities chosen are very often ill-suited to the local resource endowments. In the absence of market institutions and owing to the infirmities in the working of the non-market institutions, like the government departments and representative local institutions, together with the extreme reluctance to involve NGOs in the designing and implementation of PAPs, a number of intermediaries are found to operate in a clandestine manner between the government and the beneficiaries. This has resulted in large leakages and inefficiencies in the implementation of PAPs.

Despite these inefficiencies, the contribu-



tion of PAPs to the observed reduction in rural poverty has been significant. In regions where agricultural growth is slow and poverty is widespread, the various PAPs account for more than half the incremental incomes of the rural poor in the recent period [Rao, Ray and Subbarao 1988].

Over a period of time, there has been a significant shift in the composition of self-employment activities under IRDP away from the primary sector activities such as animal husbandry towards secondary and tertiary sector activities where the capital-output ratios are generally lower and the leakages are much smaller. Moreover, contrary to the fears expressed regarding the economic viability of the poorer household enterprises [Rath 1985], the concurrent evaluation studies show that the lower income households have been able to achieve better results than upper income households, both in terms of lower capital-output ratios and smaller leakages [Rao and Rangaswamy 1988]. The performance of IRDP was found to be distinctly better in the infrastructurally developed regions where the awareness levels and bargaining power of the beneficiaries are also higher [Subbarao 1985].

However, the self-employment activities are weakly integrated with area development planning resulting in lack of flexibility both in the selection of activities suiting local resource endowments and in devising methods for implementation. Wage-employment programmes are also insufficiently integrated with plans for area development. The assets created are mostly of the type which do not have a potential for sustained increase in employment over a period of time. Further, the upper income groups in the rural areas seem to have been the major beneficiaries from the assets created, whereas the assets created exclusively for the benefit of the poor such as housing and irrigation for marginal farmers, etc, are relatively few [Hirway et al 1991].

#### POTENTIAL FOR INTEGRATION OF PAPs WITH OVERALL DEVELOPMENT STRATEGIES

The integration of PAPs with agricultural development can be made effective by strengthening the land-base for the poor, particularly women among them, through the effective implementation of the existing legislation on land reform. Since there is an active land market in the countryside where farmers having access to resources are able to augment their landholdings, it would be desirable to advance long-term loans on liberal terms to the landless poor for the purchase of land. The recent decision of the government of India to permit loans for purchase of land under IRDP is a step in the right direction.

The existing policy of containing population growth is not strictly a poverty alleviation programme but unless it is integrated with income generating programmes and social development for the poor, it would be

difficult to motivate them to limit the size of their families. The official policy has so far treated population growth essentially as exogenous to the developmental process. However, the experience over the plan period in different parts of the country has shown that the decline in fertility levels is very much influenced by the levels of social and economic development such as age at marriage of girls, infant mortality rate, literacy levels (particularly for females), and income levels, etc.

Given the appropriate land and population policies, there are three major potential areas for integration of PAPs with overall development strategy. They are: (i) stepping up existing wage-employment programmes in rural areas for capital construction in agriculture and for eco-development; (ii) stimulating the growth of household and small-scale rural industries by integrating them with the existing self-employment programmes like IRDP; and (iii) acceleration in the pace of social development in rural areas. The rest of this paper is devoted to the examination of various programmes in these three areas from the point of view of their integration with overall development.

#### WAGE-EMPLOYMENT PROGRAMMES

JRY, a major wage-employment programme, was launched in the last year of the Seventh Plan by merging the two ongoing wage-employment programmes, viz, National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP). JRY is expected to generate nearly 1,000 million mandays of employment per annum, the centre's contribution to the expenditure being 80 per cent and the states' share 20 per cent. Unlike the previous programmes which could not cover a large number of villages, the JRY is being implemented in all the villages in the country.

Central assistance to the states for JRY is distributed in proportion to the rural poor of each state to the total number of rural poor in the country. Out of this allocation for each state, 28 per cent is earmarked for various schemes at the state level (20 per cent earmarked for Million Well Scheme (MWS) for poor SC/ST farmers, 6 per cent for housing under the Indira Awaas Yojana (IAY) and 2 per cent as administrative costs). The remaining 72 per cent is allocated to districts on the basis of an index of backwardness with 20 per cent weightage for the proportion of agricultural labourers in total rural workers, 60 per cent weightage to the proportion of rural SC and ST population in relation to the total rural population and 20 per cent weightage to increase of agricultural productivity. Out of the district-level allocations, 20 per cent is retained at the district level and 80 per cent is allocated to the village panchayats by giving 60 per cent weightage to SC/ST population and 40 per cent to the total population of the village panchayat. There is no sectoral earmarking

of resources at the village panchayat level, except that 15 per cent of annual allocation must be spent on works directly beneficial to SCs/STs. Also, there is 30 per cent reservation for women in employment generated.

The above pattern of allocation does not appear to impose any major constraints on the integration of this wage-employment programme into overall development of the area. Funds are allocated broadly according to the social and economic backwardness of the area or roughly in proportion to the needs for infrastructure development, physical as well as social. Districts and gram panchayats are free to pool resources to take up works for the common benefit. However, the allocations are spread thinly as, according to a quick evaluation made by the Planning Commission, only about 15 days of wage-employment per person could be generated in 1990-91 [Government of India, 1992]. Thus the intensive development of the most backward areas or raising significantly the incomes of the poorest is not possible with this pattern of allocation. Besides, there is no provision for diverting even part of the outlays meant for self-employment programmes like IRDP towards wage-employment or vice-versa. This significantly limits the possibilities for integration of PAPs with overall development. This is because, according to the available studies, self-employment programmes like IRDP have usually proved to be more productive and better integrated with overall development in regions which are infrastructurally developed. On the other hand, less developed regions are in greater need of labour-intensive works for infrastructure development. Despite this limitation, it is important to recognise that even under the existing pattern of allocation, there is significant scope for integrating PAPs with overall development and this potential has not been fully exploited so far.

The Eighth Five-Year Plan recognises that "there is a need for integrating the various anti-poverty programmes with the sectoral programmes in a specified area so as to ensure a sustainable increase in employment and income of the rural poor and the infrastructural and environmental development of the area" [Eighth Five-Year Plan, Vol II, p 37]. It says further that "a high degree of convergence can be attempted in a few districts on a pilot basis by an integration of poverty alleviation programmes, the area development programmes and sectoral schemes" [ibid, p 38]. It is, therefore, proposed in the Eighth Plan to select one district per state for the implementation of the programme with an Integrated Rural Development Approach [ibid, p 38].

In the implementation of wage-employment programmes, priority is to be given to activities which improve the land resource base and the eco-system in rural areas such as water-harvesting, desilting of irrigation tanks, construction of field channels, drainage, and measures for soil conservation including afforestation. These are



best undertaken in the framework of watershed development in which mini or micro watersheds are taken up for systematic treatment by using technologies that are area-specific, cost-effective, ecologically sound and locally acceptable.

Wage-employment programmes are thus easily amenable to integration with programmes for area development such as the National Watershed Development Project for Rainfed Areas (NWDPA) which has been restructured to cover an area of about 3 million hectares in all the blocks of the country where less than 30 per cent of arable area is under assured irrigation, with 100 per cent central assistance costing over Rs 1,100 crore during the Eighth Plan. The programme seeks to ensure sustainable production of biomass and restoration of ecological balance through employment-oriented production systems like multiple cropping, agro-forestry, horticulture, etc. Besides this, a centrally-sponsored scheme to associate scheduled tribes and rural poor in afforestation of degraded forests is also being proposed, with tribal people being entitled to usufruct in full. The enormous potential for integrating the employment objective with eco-development is evident from the fact that the reclamation of about 40 million hectares of waste land for bio-mass production can generate over 50 million person-years of work.

According to the Eighth Plan, "priority should be given to soil and water conservation, waste land development and social forestry followed by rural roads and rural housing" [ibid, p 37]. However, "all-weather roads need to be given priority, particularly in tribal, hill and desert areas where inaccessibility to markets and to information and inputs is a severe bottleneck" [ibid, p 36]. "This would be better achieved by a greater integration of the existing special employment programmes with other sectoral development programmes, which in turn would generate larger and more sustainable employment" [ibid, p 36]. However, since all the employment demanded by the poor is not likely to be available locally in every region, some of the labour can be organised under a Land Army Corporation with its own technical staff. This can ensure efficient execution of works through training of workers and provision of amenities [Government of India 1991].

It is necessary to integrate the nutritional objective with employment generation goals. Even a rise in employment and wages need not necessarily result in improvement of nutritional levels of the poor if the prices of foodgrains rise simultaneously or they become inaccessible. In view of this, in the earlier wage-employment programmes it was stipulated that part of the wage payment had to be made in kind in terms of certain quantity of foodgrains. But under JRY this was made optional with the result that the off-take of foodgrains under this programme

came down drastically from 22 lakh tonnes in 1986-87 to only about 1.36 lakh tonnes in 1990-91. This reflects the reduced availability of foodgrains for the programme rather than the preferences of wage-labour. In view of this experience, there are serious moves now for restoring the earlier practice of paying part of the wages in terms of foodgrain.

It is clear from the findings of various evaluation studies that the real bottleneck in the way of integration of wage-employment programmes with overall development is not so much the wrong choice of activities as the ineffectiveness in implementation of the activities chosen. The choice of activities in the framework of area planning as contemplated by Eighth Plan may result in improved priorities and better sequencing of activities but the problem of the quality of execution would still remain. Unlike agriculture, where farmers operate basically within the framework of markets, the poverty alleviation programmes are to be implemented through non-market institutions, viz. government departments, elected institutions at the local level and voluntary or non-governmental organisations. The existing policy dispenses with the contractor system in the execution of wage-employment projects under the PAPs because of low generation of employment from the given investment levels, as the contractors' margins are high and the material-wage ratio tends to be high. Moreover, whereas the contractor system may be efficient in the execution of certain activities like construction of houses, school buildings and roads, it is ill-suited to undertaking activities like eco-development involving peoples' contribution and sequencing of various activities in an integrated framework, requiring sustained interest by the community in the supervision and monitoring of activities over a long period of time.

It is also wrong to assume that the mere involvement of local-level elected institutions in the planning and execution of programmes can ensure better choice of activities and more effective implementation. This is because, except in a few states in the country where land reforms have been successful and other structural changes have been significant, the elected institutions are usually dominated by the rural elite, despite reservation of seats for the weaker sections of society. The priorities of the rural elite are different from those of the rural poor. At best, the choice would be in favour of activities like school buildings and roads and community halls, the benefits from which may accrue to all the sections of rural population. At worst, the funds would simply be misappropriated by the elite in the name of 'works' undertaken for the poor. The involvement of NGOs can provide a check on this, but even in the best of circumstances the existing NGOs may not be able to cover more than one-fifth to one-

fourth of the areas.

Evolving appropriate institutional mechanism for implementation constitutes, therefore, the biggest challenge in the task of integrating PAPs with overall development. Considering the past experience, the improvement on this score is bound to be a time-consuming process. Implementation of socio-economic measures designed to bring about structural changes in rural society, improvement in literacy and awareness levels of the poor and progress towards group endeavour on the part of the poor themselves will determine the pace of success in the implementation of poverty alleviation programmes. The dilemma faced is, therefore, clear and unmistakable: PAPs are needed most under conditions of widespread poverty, prevalence of unorganised activities, illiteracy and ignorance. It is precisely these conditions which render planning and, more so, implementation of these programmes most difficult. These programmes can be better implemented as the income levels rise and the staying power of the poor improves and as their literacy and awareness levels rise.

#### SELF-EMPLOYMENT PROGRAMMES

Three major initiatives were taken by the government during the Sixth and Seventh Plans for self-employment of the rural poor. They are: Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self-Employment (TRYSEM) and Development of Women and Children in Rural Areas (DWCRA). Under the IRDP, 18 million poor households were assisted during the Seventh Plan period for acquisition of productive assets with a total investment of Rs 8,688 crore, including a subsidy of Rs 3,316 crore, the remaining being the institutional credit. The subsidy constituting one-third of investment is shared equally by the central and state governments. Of all the activities selected under IRDP, 44 per cent were in the primary sector, 18.5 per cent in the secondary sector and 37.5 per cent in the tertiary sector. The number of scheduled caste/scheduled tribe beneficiaries constituted 45 per cent of total number of beneficiaries. In the case of women, however, the achievement of around 19 per cent fell considerably short of the target of 30 per cent of total number of beneficiaries.

TRYSEM is designed to provide technical skills and to upgrade the traditional skills of rural youth belonging to families below the poverty line, so as to enable them to take up self-employment ventures under IRDP or wage employment. During the Seventh Plan about one million youth were so trained, of whom 47 per cent took up self-employment and 12 per cent wage employment, the remaining being unable to avail of either. On the other hand, a sizeable proportion of IRDP beneficiaries who needed training



could not receive it, those trained under TRYSEM constituting only 6 to 7 per cent of IRDP beneficiaries.

Under DWCRA which was in operation in 161 districts at the end of Seventh Plan, groups of women are granted assistance to take up viable economic activities with a one time grant of Rs 15,000 for each group to be used as a revolving fund. About 28,000 groups could be formed during the Seventh Plan with a membership of 4.6 lakh women.

It appears from the various evaluation studies as well as from our discussions with the field-level functionaries and peoples' representatives that the integration of self-employment programmes with overall development is even weaker than that of the wage-employment programmes. Consequently, not only that their contribution to overall development is meagre but income generation for the poor also fails very much short of expectations. For one thing, as mentioned earlier, the relative importance of self-employment and wage-employment programmes is almost invariant in different parts of the country despite the significant differences in infrastructural development of the regions. Consequently, in areas of poor infrastructure with insufficient linkages with input supplies and marketing of output, there are considerable inefficiencies and wastages in the operation of IRDP, while in the infrastructurally developed areas the existing potential for efficient and remunerative self-employment is not fully exploited. Again, as mentioned before, the bureaucratic processes, on which the government's self-employment programmes are heavily dependent, do not adequately ensure the selection of activities which are in consonance with the emerging demand. The access to technical and financial assistance and inputs is also far from adequate.

As in the case of wage-employment programmes, the weaknesses in the operation of self-employment programmes are proposed to be rectified during the Eighth Five-Year Plan by integrating them with area development planning which is to be attempted in a few districts on a pilot basis. According to the Eighth Plan, instead of focusing on the supply side, i e, on fulfilling targets in the case of IRDP, the matter should be viewed "from the demand side, i e, identifying activities which are appropriate, given the skills of the beneficiaries, the infrastructure and the linkages available. Wherever necessary skills are not of the required standard, this upgradation should be facilitated under TRYSEM" [ibid, p 37].

DWCRA has also suffered on account of selection of unviable activities and lack of investment. Therefore, during the Eighth Plan period, formation of thrift and credit societies is envisaged which will be entitled to receive matching contributions from the government. TRYSEM is also proposed to

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be better integrated with development by (a) assessing training needs in terms of activities which can either be started under IRDP or in fields where wage-employment opportunities are likely to increase; (b) improving the skill endowment of trainees; and (c) organising groups of persons in a particular productive venture and bringing them together for training. Besides training in skills, training in entrepreneurship (i.e. management, accounts, etc.) is also proposed to be covered for self-employment ventures by involving banks in the identification of trades and beneficiaries.

Within agriculture, the potential for self-employment has been increasing in non-crop activities like livestock production, dairying, fisheries and forestry, the demand for which is income-elastic. This calls for considerable investment in the improvement of the cattle population and grazing land as well as land reclamation and development of fisheries and forests. Recent trends in employment also indicate a significant rise in employment in the informal rural (non-agricultural) sector, comprising households and small-scale manufacturing, services and construction, etc, the demand for which is highly income-elastic. It is necessary to identify, at the micro level, such newly emerging enterprises and their requirements for training in skills, finance and marketing infrastructure, etc. The best way to integrate self-employment programmes with overall development is to reorient them towards these newly emerging fields.

Many of the livestock-based enterprises are not land-intensive and as such typically suit the marginal holdings and the landless. However, these activities, in general, require government support for resources, training in skills and marketing. Since the demand for these products is income-elastic, they are highly complementary to growth in general. The banks need to play a much greater role than at present, not only in providing credit directly to the poor but also in supporting pilot projects for identifying productive activities for the poor, providing extension services and carrying out evaluations, so that the experience available is used for selecting projects capable of being replicated. Since many of these activities are capital-intensive and skill-intensive, though not land-intensive, those who have access to resources and technical services may be quick to invest in such ventures and pre-empt the market for those products. It is, therefore, important to devise appropriate institutions for public investment as well as for the provision of various technical services on a preferential basis for the enterprises run by the poor.

To the extent possible, these self-employment activities should be organised on a group or co-operative basis so that the risks for the individuals are reduced and economies of scale inherent in some of these activities are fully realised while, at the same

time, group initiative and effort of the poor is promoted to check exploitation by middlemen. The general level of consciousness and educational level among the poor is much higher now than three decades ago when economists in India actively debated the subject of co-operatives for the poor. Besides, purely in the economic sense, the indivisibility-phenomenon is becoming increasingly important in many of the activities with modern practices or where technical services are important. Thus the group or co-operative endeavour can offer greater economic returns now than before, partly through better use of modern equipment and technical services but also because of better access to resources and knowledge, and the pressure that the members of the group can bring to bear on the seats of power.

#### MINIMUM NEEDS PROGRAMME AND MEASURES FOR SOCIAL DEVELOPMENT

Social or human development through the provision of minimum needs such as elementary education, adult education, primary health facilities, potable drinking water, public distribution of foodgrains, housing, etc, has a direct bearing on poverty alleviation both by improving the levels of living or quality of life of the rural poor and by generating employment for the rural youth in the provision of such services. Compulsory primary education will help, among other things, to eradicate child labour and thus ensure the physical and mental development of children. In general, social development by raising the skills and awareness of the rural poor, will enable them to bargain for better terms in the rural markets for wage labour, credit, land, etc, and will eventually result in slowing down population growth. Thus apart from reducing poverty, the measures for social development will prepare the rural poor for effective participation in the developmental process in future.

Upgrading the skills of the rural artisans through training will significantly contribute to overall development by overcoming shortages of skilled personnel. The skills to be upgraded should depend on the type of artisans in each area and local demand for them. The training programmes and duration will have to be flexible to suit local requirements. In view of the training requirements for agricultural labourers and rural artisans on a large scale, and the need to co-ordinate them and plan the requirements in a comprehensive manner, the National Commission on Rural Labour recommended that a district training institute be established in each district staffed by competent trainers [Government of India, 1991].

The integration of minimum needs programme and social development programmes with overall development does not pose

any major problems in respect of choice of activities or *inter se* priorities. Their contribution to development depends virtually on the quality of implementation of such programmes. For example, the literacy rate would be low despite high rate of enrolment of children because of high drop-outs. Similarly, despite a wide territorial coverage by primary health centres, the achievements in terms of decline in the infant mortality rate and birth rate have been low for want of adequate staff or medicines. Further, in the case of water supply, the quantity and quality of water supplied is relevant rather than the number of villages covered. In view of the above, the Eighth Plan proposes to shift the emphasis from mere targeting to achieving qualitative results.

#### CONCLUSION

An attempt has been made in this paper to examine the potential as well as the prospects for integrating the major PAPs in rural areas with overall development. The potential for such integration is quite high, both by way of better choice of activities and more effective implementation of the activities chosen, the latter being far more important than the former. Devising appropriate institutional mechanisms for planning the activities under PAPs within the framework of area development planning and, more particularly, for their effective implementation constitutes the biggest challenge in the drive for eradication of poverty in rural areas.

[A slightly revised version of the Keynote address at the Commonwealth Consultation on Rural Poverty Alleviation, Colombo, Sri Lanka, October 5-9, 1992.]

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# Public Intervention for Poverty Alleviation

## An Overview

V S Vyas  
Pradeep Bhargava

*Although there is a high degree of uniformity in the approach and content of poverty alleviation programmes (PAPs) in India, there is great variation across states in the outcome of these programmes. The reasons for this have been explored in a research project in which nine states were selected for in-depth study of poverty conditions and implementation of PAPs, the results of which are presented in this issue. The organisation and general findings of the project are summarised in this introductory paper.*

MUCH before poverty alleviation was put on the development agenda of the developing countries and multilateral and international aid agencies, leaders of the independence movement in India had accorded it the status of one of the primary national objectives. There are various reasons for India's commitment to poverty eradication. The most important among these is the nature of the national struggle which led to independence. The mainstream political movement in India was profoundly influenced by the Gandhian approach which emphasised the need to uplift the social and economic status of the poorest of the poor, or 'antyodaya'. Emphasis on an egalitarian social order was reflected in the policy documents which were produced by the Indian National Congress. Most notable among these was the report of the National Planning (Kumarappa) Committee. The committee was constituted at the instance of Jawaharlal Nehru.

Immediately after independence, in November 1947, the president of the Congress Party appointed the economic programme committee comprising some of the senior and most respected leaders of the party. This committee and its various sub-committees reiterated the national objective of economic justice. While stating the aims and objectives of the economic programme for independent India, the first recommendation of this committee was: "A quick and progressive rise in the standard of living of the people should be the primary consideration governing all economic activities and relevant administrative measures of the central and provincial governments. *The achievement of a national minimum standard in respect of all the essentials of physical and social well-being within a reasonable period must be pursued as the practical goal of all schemes for economic development*" [All India Congress Committee 1948:3; emphasis added].

The ideological commitment to poverty alleviation was supported by pragmatic considerations. Unlike several other countries which gained independence in

the 1940s and 1950s, the freedom struggle in India was by and large a mass movement. Large sections of the poor participated in the struggle for national independence with the hope that they would be given economic wherewithal once the country attained independence. The fact that the rich and the powerful sections, especially in the rural areas, sided with the British government made it easier for the nationalist forces to denounce the concentration of assets, particularly land, in a few hands.

The basic orientation of economic policy did not change after independence. In fact, it was further reinforced with the introduction of universal suffrage and a multi-party political system. Under these circumstances the slogan of poverty eradication, 'garbi hatao', was adopted by all political parties in one form or another. It was also possible to build a consensus on this objective, as on several others, as the core of the political system notwithstanding different party labels was characterised till the end of the 1960s by one or the other variant of democratic socialism. The Nehruvian approach to lifting the economy by its hootstraps by using science-based, capital-intensive industries as the lead sector, and public sector enterprises acquiring the 'commanding heights' in the industrial sector, had its adherents among a whole variety of groups and parties.

It is now well recognised that the translation of professed national goals into economic programmes and policies was fractured, deliberately or due to ineptitude, and that the objectives of economic and social justice remained largely unrealised. Before pointing out the failures and inadequacies of the poverty eradication programmes (PAP) pursued in India, we would like to emphasise the importance of the national agreement on the goal of poverty alleviation, since it is not a common feature among most of the developing countries; also, because such an agreement on the principle of poverty eradication blunted the edge of opposition to the measures for poverty alleviation. Such

measures as are discussed in the following paragraphs were, at least in the initial years of independence, aimed at far-reaching structural changes, e.g. land reforms. Yet none of these generated any active, overt opposition except by groups or parties at the periphery of the political system. The national consensus on poverty alleviation provided the *necessary* condition for launching various schemes and programmes aimed to achieve this objective. But the persistence of poverty during all these years suggests that the national consensus on objectives did not, and could not, provide *sufficient* conditions for poverty alleviation.

### APPROACHES TO POVERTY ALLEVIATION

Drawing from the experience of a large number of experiments in rural development involving local communities, the government of India soon after independence launched the Community Development Programme (CD) to rejuvenate economic and social life in the rural areas. The emphasis was on infrastructure building at the local level and investment in human resource development through the provision of education and health services. The programme was implemented in well-defined geographical areas, or blocks. During the pilot phase of the programme, in a number of CD blocks remarkable results were obtained. Once the programme was expanded to cover the whole country, the weaknesses of the socio-economic system – of the administrative structure geared to targetry, of the social structure dominated by caste hierarchies, of an economic system characterised by rent seeking tendencies – came to the surface. The programme was not supported by appropriate technological and institutional reforms. Its impact on poverty alleviation was not conspicuous in any part of the country. The inadequacies and failures of this initiative, as well as some of its achievements, have been widely commented upon by Indian as well as foreign scholars [Dey 1969; Dore and Mars 1981].

The frontal attack on poverty was pursued in three successive phases. In the first phase,



lasting from the beginning of the 1950s till the end of the 1960s, the major emphasis was on redistribution of land and improving the plight of poor tenants: on abolition of functionless intermediaries, on tenancy reforms culminating in the principle of 'land to the tiller', on imposing ceilings on large holdings, sequestering surplus land and redistributing it among the landless agricultural labourers and marginal farmers. Apart from the anti-zamindari legacy of the freedom movement, uprisings of the poor farmers and landless labourers (the most notable example of such uprising was the Telangana struggle) also spurred the move towards radical land reforms.

However, by the time these structural reforms were introduced in different states, usually after lengthy legislative and legal procedures, the wealthier sections of rural society had consolidated their position and a middle peasantry was making its presence felt. The latter did not align itself with the poor farmers but identified its interests with those of the rich peasantry. Unfortunately, the launching of redistributive measures coincided with a growing deficit in foodgrains. Soon after the government had to assign a higher priority to the "grow more food" campaign and more or less abandon far-reaching structural changes. The net result was that redistributive land reforms could make a dent only on very large holdings and that too in a few states. It could directly benefit very few marginal farmers or landless labourers. Similarly, tenancy reforms benefited mainly the middle size tenants. The position of the small tenants deteriorated in many areas where the land was resumed by the landowners on the plea of 'self-cultivation', thus reducing small tenants to the status of tenant-at-will.

A parallel and complementary movement to state-sponsored redistributive land reforms was started by the leading spokesman of Gandhian thought, Acharya Vinoba Bhave. This movement believed in 'change of heart' of those who owned large resources to induce them to share some of their assets, notionally one-fifth, with their poor brethren. This movement, the "bhoodan" movement, achieved remarkable success in its initial phase, but soon degenerated into "targetry" and got diverted from its original purpose. Lack of sufficient effort to support the beneficiaries of the "land-gift" further weakened its contribution to poverty alleviation.

By the late 1960s the second phase of PAP started with measures that promised to address directly and exclusively the poor in the rural areas. This target group oriented approach started with the programme for backward regions, graduated to the programme for the development of small and marginal farmers, landless labourers, etc., and finally culminated in the Integrated Rural Development Programme and National Rural Employment Programme. Serious

efforts for poverty alleviation were initiated only during this phase. The distinguishing feature of the poverty alleviation programme during this phase was the emphasis on creating employment opportunities and distributing renewable assets among the poor. This was in sharp contrast to the intentions in the earlier phase, i.e., redistributing existing, non-renewable, assets. Similarly, heavy emphasis was placed during this phase of PAP on transfer of income to the poor in indirect ways, e.g., through food subsidies and 'dual pricing' of essential commodities. Recourse was taken to soft, non-confrontationist measures.

An important implication of this approach was that efforts at poverty alleviation were not conditioned by the political labels of the ruling parties in different states. The success or failure of these efforts were independent of whether a state was ruled by a rightist, centrist or leftist party. If poverty alleviation efforts were to concentrate on the redistribution of non-renewable resources such as land, the political base of the ruling parties would have made a significant difference.

In the third - the latest - phase starting from the beginning of the 1990s, emphasis has shifted to measures aimed at accelerating economic growth and on creating an environment for ensuring a 'spread effect'. In keeping with Indian traditions, lip-service is continued to be paid to structural change, as much as to target-group oriented programmes, but the dominant thought is to create more wealth and to enable the poor to benefit from the secondary effects of growth which, it is presumed, will percolate down and reach the poor.

Although over time relative emphasis has shifted from structural interventions, to a target group oriented approach, to market oriented policies, all states have acted in all these phases, more or less, in unison. If one finds different achievements in terms of poverty alleviation in various states, it is not because the major thrust of the programmes were dissimilar or the strategies were unique. Such differences have to be explained in terms of the initial social and economic conditions, specific geographical and demographic features, the pace and composition of economic growth, the relative emphasis placed on different poverty alleviation programmes, and the processes of and competence in programme formulation and implementation.<sup>1</sup> The studies in this issue examine many of these, and quite a few other, aspects of the poverty alleviation efforts in different states in India.

## I Design of Study

There is a uniformity of approach and, to a large extent, of content, of poverty alleviation programmes in India. The

implementing agencies for these programmes are the states. The outcome of poverty alleviation efforts, as is well known, differs from state to state. The dent in poverty in different states of the country can be explained only in the socio-economic, political, geographical and demographic context of the states; states' capabilities to implement such programmes; and institutions that exist at the ground level to support the disadvantaged sections of society. These assumptions were to be tested in the present study, titled 'Public Interventions for Poverty Alleviation: Experience of Indian States'. For this project nine states were selected for in-depth study: Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Rajasthan and West Bengal.<sup>2</sup> The temptation to include more states had to be resisted because of the paucity of time and resources.

The selection of states was mainly, though not solely, governed by the availability of scholars who have conducted serious studies of poverty related questions in their respective states. But once the states were selected, certain important characteristics of each state could be identified and related to its poverty alleviation programmes. For example, the selection of Haryana facilitated the study of the poverty situation in a dynamic rural economy. As against this, Bihar could represent similar initiatives in a stagnating economy with weak rural institutions. West Bengal and Kerala, both governed by leftist political parties, could illustrate a concerted move towards structural change in the rural economy in one case, and the impact of investment in human resource development in the other. Karnataka is one of the few states where decentralised development was tried out without initial political mobilisation. In Andhra, the intriguing feature was a favourable impact of PAPs on the poverty situation in the context of a stagnant economy. Maharashtra provided a unique example of guaranteed employment, virtually on the doorstep, to anyone who offers him/her for a job. Gujarat qualified for such a study because of its vibrant grass roots organisations, the co-operatives and NGOs. Finally, Rajasthan's inclusion could illustrate the nature of transient poverty which arises because of sharp weather-induced fluctuations in agricultural production.

There are several states with other distinctive features which could have been included for such a study. However, the paucity of resources and in some cases lack of serious studies in the area of poverty alleviation, inhibited inclusion of more states. At the same time, the states selected present a cross-section which highlights some of the major determinants of the success or failure of poverty alleviation programmes. While the main focus of the study was on the policies and programmes at the state level, it was realised that the importance of macro-



economic policies as well as overarching political processes for poverty alleviation programmes at the state level should not be missed.

The group identified to conduct this study along with a few other scholars met for the first time in Udaipur in July 1989. In this meeting the objectives and methodology of the study were discussed in detail. It was also decided that the major output of the study will be the nine state-level case studies. A format for these case studies was agreed upon. To examine national policies as they influence state level PAPs, a paper on Political Processes and Poverty Alleviation (by Kuldeep Mathur) was added.

Principally, each case study was to include:

- (a) discussion of social, economic and geographical features of the state as these impinge on poverty alleviation efforts;
- (b) discussion of rate and composition of economic growth and its impact on poverty alleviation;
- (c) a critical review of national PAPs (IRDP, JRY, etc) in the state;
- (d) discussion of any major initiative taken by the state with the objective of poverty alleviation; and
- (e) suggestions for future directions to accelerate the pace of poverty alleviation in the state.

It was understood that the above format was only a suggestive one, and each case writer was free to amend it.

The same group with some alterations met in Jaipur in October 1991 and again in August 1992. In the latter meeting five of the nine case studies which were more or less in finished form were discussed in detail, and the outlines of four more studies were elaborated. It was also decided that the authors of those case studies which were more or less complete should take into account the comments made in this meeting before finalising their papers. The remaining four studies were also to be completed on the lines of the agreed format. It was further decided that one more meeting of the group will take place to take a final look at the case studies as well as to critique the overview paper. Unfortunately this meeting could not take place. But the remaining case studies were submitted to the chief co-ordinator of the project. Mainly on the basis of the case studies, but also using other relevant literature, the co-ordinator of the study, V S Vyas, in collaboration with Pradeep Bhargava, prepared the overview paper. The overview paper discusses:

- (i) the nature and extent of rural poverty and the trends in poverty alleviation in the country in general and in the selected states in particular;
- (ii) a critical examination of the general strategy as well as specific programmes for poverty alleviation; and

- (iii) a discussion of future directions on the basis of the above.

## II

### Extent and Nature of Poverty

There is no agreement among scholars on the extent of rural poverty in India. Estimates on the proportion of poor households among the total number of rural households for the year 1987-88, which is the last year for which country-wide reliable data from the National Sample Survey (NSS) are available, vary from 25 to 45 per cent. Some scholars have come to the conclusion that poor households constitute as little as 25 per cent of the total rural households [Dev et al 1992], while other scholars maintain that the proportion is as high as 45 per cent [Minhas et al 1991]. The official sources, i.e. the Planning Commission, place the rural poverty level at around 33 per cent of the rural population. An expert group appointed by the Planning Commission which included several distinguished economists placed the figure of rural poverty at around 39 per cent.<sup>1</sup> Even if some highly optimistic or highly pessimistic estimates are excluded, the figures on rural poverty given by different scholars vary significantly. Why should there be such a difference in the extent of poverty when the basic source of data used by all scholars is the same, i.e. various rounds of the NSS?

The starting point for estimating the number of households below the poverty line is a normative nutritional requirement per person per day at some base point. There is a debate on the minimum calorie requirement, and whether it should be the same for all parts of the country. Most acceptable figures are 2,400 calories per person per day in rural areas, and 2,200 calories per person per day in urban areas. The next step is to translate the nutrient requirement into monetary terms. The expenditure level of households which are able to spend the requisite amount to obtain the desired calories serves as the cut-off point, or the poverty line. To adjust the poverty line over a period of time, price variations have to be considered and an appropriate price deflator has to be selected. The problem arises in deciding upon such a deflator.

Thus, the following elements mainly affect the magnitude of the poverty ratio: (i) the nutrition norm (translated into monetary terms) in the base year; (ii) price deflator used to update the poverty line; and (iii) *pro rata* adjustment in the number of households in different expenditure classes to determine the number of households below and above the poverty line. Different assumptions and methods are used for these three purposes, which accounts for the different estimates provided by scholars.<sup>4</sup>

The assumptions made and methodology adopted by the expert (Lakdawala) group of

the Planning Commission appears to be the appropriate one. As mentioned above, the expert group has estimated the number of poor households in rural India at around 39 per cent of the total in 1987-88.

Over time a few noticeable changes have taken place in regard to the extent of rural poverty. First, in the last two decades there has been a continuous reduction in poverty. In 1973-74 the proportion of rural households below the poverty line was around 55 per cent (54.3 per cent to be exact). It went down to 52 per cent in 1977-78 and to 45 per cent in 1983, and now it is around 39 per cent. Thus, there has been a marked decline in the proportion of poor households in rural areas. Second, this decline is witnessed practically in every state of the country, although the magnitude of decline has differed. The important fact to be emphasised is that there has been a decline in poverty practically in every state.

Third, and it is important to note, even in the poorest states the pervasiveness of poverty has been reduced to a remarkable extent. For example, in 1977-78 in two states of our country, Orissa and Bihar, the proportion of rural households below the poverty line was 65 per cent and 75 per cent respectively. By 1987-88 there was not a single state which recorded such severe and pervasive poverty. On the other hand, in 1977-78 there was only one state, Punjab, which had less than 20 per cent of its rural households under the poverty line. By 1987-88 there were three states viz. Punjab, Haryana and Himachal Pradesh, where poverty was less than 20 per cent. More importantly, there are many more states which have made remarkable progress, from all-pervasive poverty to a rather manageable extent of poverty.

Fourth, there has been a noticeable improvement in the nutritional status of the poorest households as reflected in calorie intake. As mentioned earlier, the normative base for estimating poverty in our country is an intake of 2,400 calories per capita per day in the rural areas (plus an additional expenditure on other necessities), and 2,200 calories per capita in the urban areas (along with additional expenditure). Compared to these high norms of calorie intake, in a number of states the average per capita per day calories intake has come down. But inequality in food consumption has been reduced, and to that extent it can be reasonably assumed that malnutrition among the poorest deciles has come down to a considerable extent. These developments should be appreciated before asking the question why we could not do better.

Experience in poverty alleviation has varied in a significant manner among the states. We may divide the 18 year period from 1970-71 to 1987-88 into two sub-periods, the first between 1970-71 and



1977-78, and the second between 1977-78 and 1987-88; the first period may be called the pre-poverty alleviation programme period, and the second the post-poverty alleviation programme period. In the first period the target-group approach to poverty alleviation was absent. It was presumed that changes in agrarian structure and overall economic growth were the factors which would help poverty alleviation. As noted above, during the second period, roughly beginning from the late 1970s, the target-group oriented approach was accepted. Poverty alleviation programmes such as the Integrated Rural Development Programme (IRDP), National Rural Employment Programmes (NREP), etc, were emphasised. Although these programmes were started earlier, it was only from the late 1970s that these various schemes gathered momentum.

For the country as a whole, the poverty ratio declined in the first period by less than 3 per cent. The decline in the poverty ratio was slightly above 9 per cent in the second period. We have observed above that there had been a fall in the poverty ratio over the period of time. It has to be noted that the decline in the poverty ratio was precipitated during the second period when deliberate, targeted attempts were made to alleviate poverty. This outcome is of considerable significance.

The statewise picture of poverty reduction in the two periods is quite interesting. Decline in poverty was uniformly distributed between the first and the second period in Andhra Pradesh, Haryana and Tamil Nadu. West Bengal on the other hand observed a fall of nearly 15 per cent in the proportion of poor households in the rural areas in the second period, as against only 4 per cent decline during the first period. This was also the experience of Karnataka and Kerala. It is significant to observe that states such as Karnataka, Kerala and West Bengal have better records in the implementation of PAP.

What is observed at the state level does not necessarily hold true for all the regions of a state. There are sharp intra-state variations in the incidence of poverty as well as the extent of its decline over time. In most of the states there are 'high' as well as 'low' poverty regions. In Andhra Pradesh, for example, the backward regions have significantly higher incidences of poverty, and the ratio of poor households to total number of households is increasing. There is a growing concentration of poverty in the dry and poorly endowed regions of the state (Parthasarathy).<sup>3</sup> Similarly, in Maharashtra the inland eastern region has the highest incidence of poverty and the inland western region the lowest (Dev). In both Karnataka and Gujarat, the regional disparities in this respect are remarkable and the regional concentration of poor households is widening (Vyasalu, Hirway). Unfortunately, enough

data on poverty at the regional level are not available to allow for a meaningful analysis. The results of the 27th round of the National Sample Survey (NSS) (for the year 1983) were presented for various NSS regions. The base year poverty differences in these regions could be highlighted with the help of these data. The 14 agro-climatic regions of the country could be ranked in terms of level of poverty. These regions, however, cut across state boundaries and therefore are not very helpful in understanding intra-state differences. In any case, no such region specific estimates are available from the later rounds of NSS.

A few sporadic efforts are being made to understand the intra-state poverty situation by researchers. The Centre of Economic and Social Studies (CESS) has developed district and regional level poverty estimates for Andhra Pradesh for the years 1977-78 and 1987-88. The only other effort of this nature that we are aware of is the regional delineation of the poverty profile for Gujarat done at the Sardar Patel Institute, Ahmedabad. During the course of this study a similar attempt was made at the Institute of Development Studies, Jaipur to obtain poverty estimates for different regions of Rajasthan (Vidya Sagar). Apart from these few exercises, there are hardly any other systematic efforts to assess the poverty situation at the regional level. As noted above, poverty has declined over time in practically every state of the union, but the states are large units. What is happening within a state, i.e., in different regions, is not carefully analysed. This is one of the major gaps in our understanding of the poverty situation.

#### CHARACTERISTICS OF POOR HOUSEHOLDS

As is well known, it is largely the assetless among the rural households, e.g., agricultural labour households, who account for the most substantial block of poor households. According to the 38th round of the NSS at the all-India level, in 1983 agricultural labour households in the rural areas constituted 30.7 per cent of all rural households, but their share in the poor rural households was 42.0 per cent.<sup>4</sup> Nearly half of the rural poor in Andhra Pradesh, Bihar, Gujarat, Karnataka, and West Bengal are agricultural labour households. These households are landless or have very small land holdings. Self-employed agriculturists, mostly small and marginal farmers, form another major constituent of the poor households. As the case studies in this issue report, at the state level the difference in the incidence of poverty between agricultural labour households and those self-employed in agriculture is relatively small in Andhra Pradesh, Haryana and Rajasthan, while it is greater in West Bengal and Bihar. The relative importance of agricultural labour households versus marginal farmer households among the rural

poor reflects employment opportunities on the one hand, and land holding structures on the other, in the selected states.

Another distinguishing characteristic is the caste composition of the rural poor. The scheduled castes and tribes contribute disproportionately to the poor households in rural areas. For example, in Kerala they constitute 10 per cent of the total population but 23 per cent of all poor. In all the states, these groups (i.e., ST and SC) account for a disproportionately large share of the rural labour households, i.e., the households who do not own productive assets.

The lesson is clear that rural poverty is directly related to lack of access to productive assets. It is for this reason that poverty alleviation strategies ought to focus more on providing productive assets to the poor. After the earlier phase of reforms in agrarian structure we did not make any serious effort in that direction. The reasons for the relative neglect of redistributive land reforms will be briefly alluded to below. However, if we were to enlarge the definition of assets and include not only land but skills and capabilities and also physical stamina as the assets of the poor, the programme of asset redistribution takes on another more manageable dimension. In fact, the states that concentrated on asset generation for the poor, understood in wider terms, did much better than other states in terms of poverty alleviation. Before we narrate the experience in this regard, it is important to understand the role which economic growth *per se* plays in poverty alleviation.

### III

#### Economic Growth and Poverty Alleviation

Among various factors contributing to poverty alleviation, economic growth has always been recognised as an important one. A view is gaining ground in the country that the money spent on PAP can be better utilised as investment in developmental activities, and that the ensuing economic growth will be a better contributor to poverty alleviation. Assuming that all the money diverted from PAP will be fully and effectively used for development purposes, and that such investment will generate growth – two rather heroic assumptions – let us examine the role of economic growth in poverty alleviation.

The evidence from the experience of a large number of countries is that while the impact of economic growth on reduction in inequalities is mixed, its impact on poverty reduction is unambiguous (World Bank 1990). However the benefits of growth are observed to be accruing to different economic groups approximately in proportion to their initial incomes. Further, the composition of growth appears to be important in explaining its impact on poverty alleviation. It is



generally agreed that growth propelled by an increase in agricultural output has a more pronounced effect on poverty alleviation.

In recent years the positive relationship between growth in agricultural production and poverty alleviation seems to have weakened [Gaiha 1991]. Even then the positive impact of agricultural growth on the income of small farmers, and more particularly on the wage income of agricultural labourers, cannot be denied. The latter is important. In the face of inequality in the distribution of land-holdings, the positive impact of agricultural growth on poverty alleviation depends more on the capacity to generate employment. A fall in elasticity of employment with respect to agricultural production, as observed in many areas, explains the weakening of the relationship noted above.

In this context, growth in, the non-farm sector in rural areas assumes importance. This is clearly brought out in the study of poverty alleviation in Harayana (Bhalla). A significant reduction in rural poverty in Harayana in spite of a marked reduction in employment opportunities in agriculture could be explained by a remarkable increase in non-farm employment. The study of Andhra Pradesh has also brought out that poverty declined more rapidly in the districts adjoining Hyderabad city compared to those in the interior, mainly because of growth in non-farm employment on the periphery of this city (Parthasarathy).

Besides sectoral composition of growth, another factor which affects the 'trickle-down' of the benefits of growth to the poor is the availability of infrastructure, physical as well as institutional. Apart from the direct effect of the development of infrastructure on enabling a faster pace of trickle down, it also enhances the mobility of the poor, and with it the potential areas for employment opportunities.

A cross-section analysis of the 17 Indian states to explain fall in the ratio of poor households in rural areas between 1977-78 and 1987-88 [Vyas and Sagar 1993] suggests a significant and positive impact of the development of infrastructure and access to assets on the fall in the poverty ratio, while the impact of growth *per se* is, at best, weak. It is also observed that when there is a significant investment in human development (as reflected in an index of human development) and greater equality in the ownership of assets (as reflected in low concentration ratios) the 'trickle-down' effect of growth becomes more pronounced. In other words, growth is important but growth by itself will not ensure a 'spread effect'. The latter will be facilitated to the extent that there is (a) a developed infrastructure and (b) low concentration of assets, i.e., the poor also have access to productive assets. Once these two conditions are fulfilled, growth

will reach the poor. These findings have been corroborated by the case studies reported in this volume.

#### IV Strategic Intervention for Poverty Alleviation

As a general strategy for poverty alleviation, an emphasis on more equitable distribution of ownership and access to land, reforms in the credit delivery system to enable the poor command over productive resources; and a public distribution system (PDS) for foodgrains to contribute to improvement of nutritional standards of the poor by bringing down the real cost of foodgrains, have all played an important role in poverty alleviation in this country. These are all pro-poor measures. However, their less than satisfactory impact warrants a closer look at the efficacy of these programmes.

##### LAND REFORMS

The process of impoverishment of the rural masses in India is very well documented. There is a consensus on the role of colonialism, of the penetration of market forces and of the iniquitous social structure, on the widening and deepening of poverty in the countryside (Dasgupta). It is also commonly agreed that in the post-independence era, the pressure of population on land leading to sub-division and fragmentation of agricultural holdings, and lack of employment opportunities in the non-farm sectors worsening the plight of agricultural labourers, have further swelled the ranks of the poor. The emergence of a class of rentiers protected by the state and legitimised by the social system hastened this process. The bulk of the poor households in India are located in rural areas and among these, the vast majority are landless agricultural labourers and marginal farmers. More equitable access to land, therefore, would be an important poverty alleviation measure.

Land reforms as a programme for ushering in a just social order was an important item on the national agenda even before independence. The popular governments which took power in different states for a brief period in the late 1930s lost no time in legislating land reform measures. These reforms became more extensive and coherent after independence. An interesting aspect of land reforms in India is that although this is a state subject — only recently have some of the provisions of land reforms been brought under the concurrent list — the content as well as the timing of land legislation have been broadly similar in all states. Rather minor variations in the content or timing are easily explained due to special circumstances in the concerned state.

Land reform legislation broadly followed the following sequence throughout the country:

- abolition of functionless intermediaries;
- protection to tenants;
- imposition of a (rather liberal) ceiling on land holdings;
- ownership right to tenants;
- more stringent ceiling legislation.

There are a number of penetrating studies on the legislative content, implementation processes, and impact of land reforms on productivity and equity in different states in India. Some of the collaborators in this study (Dasgupta, Parthasarathy, Sharma) have documented the impact of land legislation on poverty alleviation in their respective states.

There are a few facts which need to be highlighted in the context of the present study. As a poverty alleviation measure, the main emphasis of land reforms until recently was on redistributive policies. The successive lowering of the ceiling on agricultural holdings (which was first introduced in the mid-1950s) in the early 1960s and again in the early 1970s was aimed at sequestering the surplus land and redistributing it among landless rural households or those who cultivated marginal holdings. Except for one or two states, e.g., West Bengal and Kerala this programme did not make any remarkable impact on poverty. For the country as a whole the picture that obtains suggests that the land declared surplus was much less than what was anticipated; land acquired was much less than the land declared surplus; land distributed among landless labourers and marginal farmers was much less than the land acquired; and land which could actually be cultivated was much less than the land acquired. Leakages at every step were glaring, and the reasons for this are also well known.

The concentration ratio of landholding did decline. In particular, the share of large holdings in total holdings went down in every state of the country. But these changes were mainly due to factors such as (a) demographic pressures leading to sub-divisions of holdings; (b) opportunities to increase agricultural output on medium size holdings by investment of capital rather than expansion of land; and (c) increase in risk in further expansion of holdings in the face of ceiling legislation. The lowering of concentration of land among the large land holders was not because of either effective implementation of land reforms by state bureaucracies, or the organisation of the intended beneficiaries. However, redistributive land reforms did contribute directly or indirectly to stopping the process of proletarianisation, in halting further expansion of large holdings, and in contributing to the emergence of a middle peasantry [Vyas 1986].



In regard to the impact of tenancy legislation, after the initial 'shuffle' in the countryside, when a large number of tenants were evicted from land by landowners on the plea of resuming land for self-cultivation, things have started settling down. Even when allowance is made for concealed tenancy, the area under tenancy has declined, but those tenants who could formalise their tenancy agreements could be assured of legislative protection against eviction and enhanced rents. After the initial unsettling phase, most of the states have had a better record in tenancy protection compared to their performance in implementation of ceiling legislation. West Bengal has the most creditable record in this respect. State legislation on 'Bargadars' and its effective implementation with popular support at the village level ensured that share-croppers could not be evicted from their land and were assured of continuation of tenancy and a fair share of the produce (Dasgupta). In a few other states it is becoming difficult to evict share-croppers due to popular and rural organisation of the small peasants and landless labourers. For example, in parts of Andhra Pradesh and Bihar several groups known by the generic name of 'Naxalites' are protecting the rights of tenants, at times by violent means. In these areas the state machinery is also becoming more conscious about the implementation of land reforms and the plugging of various loopholes.

A question is posed in different fora as to whether land reforms are at all relevant in the present circumstances. According to some scholars, the urgency for implementation of land reform measures has been enhanced because of the re-emergence of a class of rentiers among the large landholders in some parts of the country. This in a way is a reversal of what happened during the phase of the 'green revolution'. The latter was characterised by a convergence of management and ownership of land, even on medium and large holdings. In the present circumstances, the affluent landlords find it more profitable to invest in non-agricultural occupations and assume the role of rent seeking absentee landlords rather than that of capitalist farmer (Parthasarathy).

Effective implementation of existing land reform legislation is important for more than one reason. Apart from the disruptive social implication of non-implementation of land reform legislation, such failures are also depriving the poor of participation in the development process. Second, land reform which assists in defreezing the lease market will be in the interests of the poor. A properly functioning lease market enables the poor to acquire land for cultivation to supplement their meagre holdings, or facilitates search for a non-agricultural work opportunity without the risk of losing land. This type of land

legislation will be a logical extension of 'Operation Barga' type reforms.

With the preoccupation of policy-makers with privately owned agricultural holdings, sufficient attention was not paid to the common lands till very recently. The disappearance of the commons or their pre-emption by the rich and powerful of village society has blocked opportunities for income generation for the poor from the products of the commons, apart from doing irreparable ecological harm. The damage done in this respect is more severe for the poor, whose dependence on the products of the commons is proportionately larger. It is only recently that steps have been initiated to rejuvenate degraded village commons and protect the rights of village communities, especially the poor, in the use of the commons. NGOs more than state functionaries are spearheading such activities.

Also, the exclusive attention paid to land has meant that the equitable access of the poor to forests, fisheries and water resources has not been appreciated. Only in recent years some steps have been taken to provide the poor access to forests, particularly the tribals living in or around forests. But in this respect legislation is probably at a stage where land legislation was in the 1950s. In regard to equitable access to water, in spite of several ideas being floated, hardly any effort has been made at the state level. Some voluntary organisations such as 'pani panchayats' in Maharashtra, have taken the lead in this direction.

#### ACCESS TO CREDIT

Availability of credit to the poor on affordable terms can create the preconditions for access to productive resources. With this objective in view, far-reaching changes have been introduced in the credit delivery mechanism in this country. These include expansion of the network of rural branches of the commercial banks, mandatory lending to priority sectors, discriminatory interest rates in favour of the poor, and the like. The objective of access to easy credit has been thwarted to a large extent by lack of proper response from the financial institutions. The credit institutions see lending to the poor as a burden rather than a good and feasible investment. Their approach to credit supplies for the poor have been developed without a fuller understanding of the poor's needs and aspirations.

By definition, the rural poor have few assets, but in many instances they do have some skills. One of the major constraints they face in making productive use of their assets and skills is access to credit. There are several limitations at their end - illiteracy and lack of awareness and experience with formal credit institutions. For women it may be especially difficult to obtain credit: the types of work women engage in may not be

recognised as productive enough to be creditworthy, and on many occasions social disapproval and family pressures discourage them from economic activities outside the home.

The poor generally need small amounts of credit. The credit requirement at times is a series of small, short-term loans for working capital which may ensure, for example, the supply of raw materials to carry out small-scale activities. They invest in activities with a quick cash turn around. Activities revolve around frequent marketing such as petty trade, food preparation, handicrafts using local raw materials, or services with a local demand. Some of the poor who make it to the external market need a higher amount of credit.

The big financial institutions generally find the proposed business of the poor to be too small to justify their efforts. They may impose unreasonable service fees for smaller loans and first time borrowers. Processing and/or administration of loans may take too much time away from the poor. Collateral requirements may be too rigid and repayment schedules inappropriate for the types of business pursued by the poor.

An important innovation in credit delivery systems has been the establishment of regional rural banks (RRB). These institutions are designed primarily to meet the credit needs of the poor. They do make small loans, mainly to the beneficiaries of the Integrated Rural Development Programme (IRDP); these are of fixed amounts and generally lack flexibility. There is no service fee but the loan application moves through a number of channels, increasing the transaction costs of both the poor borrower and the bank. The borrower still spends a lot of time chasing his or her application. The collateral condition for the poor borrower in the IRDP has totally been done away with, and the interest rate is lower than the market rate, but the loans are linked to a direct subsidy by the government. This erodes the authority of the banks (Parthasarathy). Repayments have been subjected to external political interventions. These, together with motivational and organisational handicaps, have impaired the effectiveness of the RRBs. The regional rural banks are too happy to see an IRDP account closed when all repayments have been met. No attempt is made, rather no thought is given, to the needs of the IRDP beneficiary after the loan has been repaid.

The opportunities given by IRDP, as will be discussed below, favour activities that promote redistributive (as reflected in the subsidies) rather than productive activities, and restrict opportunities rather than expand them. They seldom induce investment in education that increases productivity (TRYSEM is an exception). The organisations that develop in this institutional milieu could become more 'efficient' over time -



activity efficient' in making the poor even  
the dependent, and hence unproductive.  
show basic institutional structure even  
allied to productive activity.  
progr above context, some of the  
28 pa that the credit delivery systems  
of soci  
23 pe are or expand the financial markets  
to was out distorting product or factor  
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expens ive a lending design that reaches  
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E minimise the cost of lending  
itions while keeping the interest  
The enough for the poor to ensure  
priori tion:  
From sign cost effective methods to scale  
basis e service delivery mechanism both  
sever tentially (among a larger number of  
up. St or in a larger geographical area)  
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1970) nities for the poor who have  
ment dy been successful in increasing  
schen (income);  
PRO incorporate schemes which finance  
in an capital formation so that the  
(PAP) ictive capacity and hence the  
ment h worthiness of the poor enhances;  
been t  
NR the above challenges and ensure  
ment, credit programmes are being cost  
some utive and are not dependent on  
Emple and subsidies.  
Rural words, what is needed is a strategy  
Progr sustained livelihood to the poor  
year ensures the sustainability of the  
The e situations. So far we have not been  
togeth olve such a strategy.  
they e this context that we should make  
the e efforts to learn from the successful  
shortc nts in this country and abroad.  
GOI programmes such as the Grameen  
Direct angladesh, the Action projects in  
GOM erican countries, and the BKK in  
the R have been successful in increasing  
evalu es of the poor while ensuring loan  
emp s. They have also been successful  
vce degrees in empowering the poor.  
1989 or plank of the strategy of such  
RI.EC programmes is to break the entry  
emplic for the severely disadvantaged  
Rojga who do not have the conventional  
two p sites to entitle them to the services  
imple al credit institutions. No economic  
punch al, no enhanced technological  
Progr ent, no literacy, no money  
gener ent experience and no social pull  
1990 ary to start a project. Small loans  
per ced, and once repaid, further loans  
Front oned. This is expected to initiate  
is to be process in which better know-how  
in Ma ped, skills are honed and the  
the n ce of the poor in themselves and in  
capita management system develops.  
A part who are marginalised in terms of  
? and controlling assets, now have

access to formal credit and are being paid  
for their labour. They are able to gain control  
over their own lives, and most important,  
are able to organise better lives for their  
children, an activity for which they alone  
are responsible in a poor family. The financial  
principles are based on a form of social  
collateral as against economic collateral. In  
the Grameen Bank, a lot of emphasis is given  
to group formation with well laid out  
procedures. Larger amounts of credit are  
advanced if a loan is repaid. This incentive,  
plus pressure from the peer group, strong  
and decentralised management systems, the  
collection of repayments in small amounts  
suitable to circumstances in which the poor  
earn and live, together result in net  
repayments to the tune of 90 to 95 per cent  
in all these schemes. Transaction costs are  
kept low by a minimum of pre-loan screening  
and paperwork as well as by technical  
assistance. The poor have been able to  
increase their incomes and also accumulate  
some capital.

The design of these credit programmes  
has been singularly successful in not  
distorting credit markets by lending at the  
market rate of interest. Besides, the  
programmes pay the poor in cash and exercise  
no control over what they buy. Any control  
over their buying would have decreased the  
value of commodity for the poor and set  
distortions in the product and factor markets.  
With a continuous flow of credit, the  
programmes have successfully intervened  
in the interlocked markets where the poor  
borrower was tied to the local moneylender  
to buy inputs at a higher price and sell his  
output at a lower than market price. In the  
process it is reported that as the households  
have improved their economic position, the  
demand for consumption loans has declined.<sup>7</sup>

The other major achievement of the  
successful programmes has been that the  
poor are able to 'voice' Co-operative  
behaviour has become possible with  
individuals' repeated interaction, which  
enables them to have a great deal of  
information about one another. The challenge  
in our country in the field of credit, as in  
other fields, is to devise co-operative  
solutions to problems without the  
intervention of a coercive state.

#### PUBLIC DISTRIBUTION SYSTEM

Poor households spend nearly 80 per cent  
of their income on food. Therefore an  
effective way of enhancing real income and  
ensuring food security to poor households  
is an assured delivery of adequate quantities  
of foodgrains and other essential  
commodities at favourable prices, i.e. prices  
which are lower than the market prices. In  
India this has been attempted through the  
public distribution system (PDS) since  
second world war. Public distribution of  
essential commodities gathered momentum

in recent years. Between 1971 and 1989, the  
quantity of foodgrains distributed through  
the PDS has increased four-and-a-half times.  
The ratio of release of foodgrains through  
PDS to total foodgrains production has  
remained around 10 to 13 per cent of an  
expanding output base. Its coverage has  
expanded regionally as well as in terms of  
number of households. Probably because of  
the public distribution system, inter-state  
inequality in per capita consumption of  
cereals has declined in the 1980s, in spite  
of the fact that inter-state inequality in  
production of cereals has increased.<sup>8</sup>

A number of studies on the functioning  
of PDS and accounts given by participants  
in the PAP project have revealed several  
weaknesses as well as strengths of this system.

Taking the country as a whole, the system  
cannot be faulted for discriminating against  
the rural areas, although its contribution to  
the satisfaction of the foodgrains  
requirements of poor households is not  
substantial. Less than 16 per cent of rice and  
wheat and, even worse, less than 5 per cent  
of the coarse cereals (the staple foodgrain  
of the poor) of the total quantities purchased  
by poor households, are obtained through  
PDS. The picture at the state level is very  
dissimilar. There are states such as Haryana  
where PDS was never designed as "an  
instrument for ameliorating the rigours of  
rural poverty" (Bhalla). For altogether  
different reasons, PDS in Bihar also touches  
the lives of the poor only marginally  
(Sharma). On the other hand, there are states  
like Andhra Pradesh, Gujarat, Kerala and  
Maharashtra where the PDS plays an  
important role in ensuring food security to  
rural households. Accessibility to the PDS  
by the poor in rural areas of these states was  
much better than in many northern and the  
eastern states.

A well administered PDS can make a  
significant contribution to the welfare of the  
common people. This is illustrated by the  
experience in Kerala, where the PDS covers  
approximately 95 per cent of the population;  
there is a pro-rural bias in terms of outlets;  
there is a pro-rural bias in prices of the  
commodities distributed through PDS; and  
PDS is the main source of purchases of the  
principal staple foodgrains by the poor.  
Nearly a quarter of the lowest fragile group  
purchased rice exclusively from PDS. The  
same is the case, by and large, for sugar and  
for standard clothes.<sup>9</sup>

However, the success of PDS in Kerala,  
as in Andhra Pradesh, is achieved at a huge  
and unsustainable, cost to the public  
exchequer. This is mainly because the states  
seek to cover a large population, deliver a  
large number of commodities, and keep  
stable prices for these commodities. There  
is confusion in the basic objective of the  
system. PDS could be used as an instrument  
for achieving any of the following objectives



or a combination of these: rationing of scarce commodities; stabilising prices of essential goods by augmenting supplies; providing effective competition to private trade through alternative outlets for distribution; and ensuring adequate supply of essential items to vulnerable sections of the population at reasonable prices. In our present circumstances it is only the last objective which can be effectively fulfilled by PDS, as other objectives either place severe strain on the bureaucracy which is the principal agency for administering PDS, or huge quantities of procurement or imports of foodgrains would be needed involving large sums of domestic or external resources. Due to these attempts to achieve various non-viable goals, the one achievable objective, i.e. ensuring adequate supplies of essential goods to the poor, is also jeopardised. Progressively the centre and the states are realising the scope and limitations of achieving food security through this policy instrument. In spite of this realisation, the coverage of the population under PDS remains unwieldy and the number of commodities included are large and not necessarily 'essential' from the point of view of poor households.

A serious objection to PDS has been voiced, that due to PDS prices of commodities in the open market would be higher than in a situation where PDS is not operating. As a consequence, the poor are the *net losers* if they have to take recourse to the market for the bulk of their purchases. The weighted average price for purchases from PDS and from the open market would be unfavourable to them. The implication of this finding is *not* to dispense with PDS, but to enable the poor to obtain all, or nearly all, of their requirements of essential commodities from PDS and to rely on the open market to the least extent for such commodities. A corollary to this strategy is to discourage universal coverage by the PDS.

The difficulty lies in targeting the right population. A number of PDS schemes meant exclusively for the poor - Andhra's Rs 2 a kg rice scheme is a classical example - founder because it has not been possible to target the benefits to the genuinely poor households. The non-poor also get included and coverage becomes too wide. This, coupled with a fixed supply price, make the draft on the state's resources unmanageable. The different methods of targeting (including the income criterion, the location of the household and the type of grains to be distributed) have not succeeded in achieving the objective. It seems that if PDS has to be used as a device to contribute to the food security of the poor, it may have to be linked with employment generating programmes - in other words, to make only workers on public employment schemes entitled to PDS. As a second best alternative, only (or mainly)

the staple cereals consumed by the poor need to be procured for and distributed through PDS outlets. It was shown in the case studies (Andhra, Kerala, Maharashtra) that the reliance of the poor on PDS for coarse cereals is marginal, whereas they could obtain a sizeable proportion of their supply of wheat and rice from PDS. The other handicap which the poor face *vis-a-vis* PDS, which prompts them to take recourse to private traders, is the lack of credit to make the purchases in bulk as are offered by PDS outlets. The traders are prepared to sell commodities in small quantities, and as frequently as the customer desires, and also to advance credit to their customers. The PDS will also have to simulate similar conditions. In particular, arrangements for consumption credit will go a long way in fulfilling the objective of PDS to assist poor households.

Evidence from a number of states suggests that even with the existing limitations, the availability of essential food items through PDS has ensured equity in access to foodgrains to a significant extent.

## V

### Targeted Programme for Poor

#### PROVIDING ASSETS AND SKILLS: IRDP AND TRYSEM

The poverty problem is one of too small a quantity of assets owned by the poor, too low a volume of demand as well as supplies while transacting in the factor and product markets, and too low a market price for their products and services due to high transaction costs, attendant risks and institutional factors. It is generally agreed that improving the access of the poor to assets and increasing the productivity of assets owned by them is a viable strategy for poverty alleviation. Redistribution of a major asset, land, has been discussed in the earlier section. The productivity of another major asset of the poor, namely, their labour, can be increased through investments in human capital including skill enhancement. We begin with an analysis of access to physical assets and enhancement of the productivity of these assets.

The survival base of a very large majority of the rural poor continues to be agriculture. They may own a small landholding and/or work on others' lands as agricultural labour. In areas like Haryana where an 'agriculture first' growth strategy has worked, even small farmers have gained in income and output terms. They have gained equally from public investments in infrastructure and easier access to factor and product markets (Bhalla). This may not be true for other areas, e.g. Andhra Pradesh, where a majority of the marginal farmers and agricultural labourers are outside the purview of state-sponsored

delivery systems (Parthasarathy). The less desired scenario is presented by the example of Gujarat where not only has agriculture been de-emphasised, but mismanagement of land and water resources has led to environmental degradation.

Schemes such as SFDA and DPAP have been designed to benefit both marginal farmers and landless labourers by strengthening their activities in sectors like agriculture, animal husbandry and other allied activities. Similarly, marginalised groups were the main beneficiaries of the Backward Area Development Programme which was also to contribute to protection of the environment and ecological regeneration. The experience of these programmes has been far from satisfactory (Hirway). It has been the general experience that the assets distributed among the poor sections would be put to better use if the infrastructure and market support is good. Otherwise the returns to these assets could not be assured.

Access to assets other than land - the distribution of which as we have seen is becoming difficult - could provide additional income to the poor. A very wide range of such assets can be listed. They may include livestock, raw material for arts and crafts for artisans, small implements or even a better means of transport (a bullock cart or bicycle). In some cases these assets may provide substantial income even to those households which primarily depend on land. The most important programme which is aimed at providing additional income to the poor by giving them productive assets of the type listed above is the Integrated Rural Development Programme (IRDP).

The case studies reveal that IRDP has been successful in very special circumstances; where the asset and employment base of the poor is less insecure. IRDP has done well mostly in developed and prosperous areas but its performance in backward and remote areas has been poor (Hirway). Even in the relatively prosperous areas, IRDP has benefited those of the poor who are near the poverty line. For the very poor the scenario is mixed. In Gujarat, for example those at the bottom have either not been reached by the programme or have not been able to use the assets made available to them productively (Hirway). However, in Andhra a good number of the very poor could retain the assets given to them under the programme and also show an appreciable increase in income, though not to the extent that would enable them to cross the poverty line (Parthasarathy). In Rajasthan, too, because of IRDP small and marginal farmers have done better than landless labourers (Sagar). The same is true in Karnataka where the programme has benefited the poor who have land, but not so much the landless poor (Vyasulu).



The strategy of IRDP has been questioned on the ground that it is isolated from the main growth process in terms of resource allocation, technology as well as sectoral development strategy. It is not planned along with other programmes of area or sectoral development, it is a household based programme, and the schemes are not integrated with the development needs or resource base of the area. The design of the schemes is also an important drawback as they generally reflect inadequate financial assistance for inadequately planned activities (Kannan). Besides, IRDP expects too much in terms of the entrepreneurial capacity of poor households (Hirway). The management of IRDP has come under severe criticism: poor co-ordination among the multiple agencies involved, and a major weakness in the areas of finance and credit, marketing, raw material supply, training, technical assistance and follow up. Other limitations are too much bureaucratisation and centralisation in planning and implementation of the programmes by the officials, who have limited faith in implementing the programmes; inefficiencies and corruption at all levels; and lack of participation by the people (Hirway).

A few suggestions emanating from the case studies for improving the programme are: a cash disbursement scheme which is expected to minimise leakages (Sharma); group approaches and integration of beneficiary development for reaching benefits to the poor (Parthasarathy); Gramen Bank type of credit disbursing agencies (Vyasulu); the selection of beneficiaries and implementation of poverty alleviation programmes with the involvement of local people, as in the Karnataka panchayati raj institutions; and setting up of marketing organisations to help micro-enterprises (Kannan). To sum up, when a large-scale transfer of assets to the poor is envisaged through programmes like the IRDP, the necessary backward and forward linkages have to be strengthened and risks to the households have to be minimised.

Another crucial aspect of asset distribution is the development of skills to use the assets productively. Capital investments in improvement of the skills can be a major step in poverty alleviation. Similarly, investments in the nutrition, education and health of the poor enhance their capacities for productive labour. One of the major programmes for skill development is TRYSEM. The objective of this programme is to provide youth with some skills so that they can be self-employed. None of the states reviewed by the authors of the case studies have reported success in TRYSEM, and the basic reason is the absence of linkages, especially with the demand system, i.e., a proper assessment of the opportunities where the skills could be gainfully used. TRYSEM

is neither linked with industrial policy nor with the rural industrialisation process. The trades in which skills are to be developed are identified on the basis of *ad hoc* considerations. Frequently the skills imparted are of low levels. Since the needs are not identified after any systematic review of demand, the training does not always help the poor to improve their levels of living. TRYSEM has failed to impart modern skills for employment in the non-farm sector. Instead of supporting the mainstream industrialisation process, it could at best support the informal residual sector (Hirway). Trysem is not well integrated with ongoing development programmes. To strengthen the programme, better linkages in consultation with the agricultural university, *krishi vigan* kendras and voluntary organisations are necessary. There is a need to link up the programme more closely with the growth of the area (Parthasarathy).

Some relevant questions can be raised: Is it possible for trained rural youth to sustain a self-employment enterprise in a severely competitive market with the poor technological base that TRYSEM provides? How does he manage his credit needs? Is he creditworthy? What will make him creditworthy - better technology, or better organisational support? Who will provide him with all this? The problems are more serious for the rural artisans. Some successful experiments in organising rural artisans in non-farm sector projects with technological and organisational support from voluntary agencies have been undertaken under the promotional schemes of NABARD.<sup>10</sup>

#### EMPLOYMENT GENERATION: EGS AND JAWAHAR ROZGAR YOJANA

Wage employment programmes are expected to provide relief to the unemployed poor and have an impact on aggregate unemployment as well as on the labour market. They are also expected to increase labour absorption capacity through investment in durable and income generating public assets. They may also provide social infrastructure such as school buildings. Such programmes can help in creating public goods and externalities, e.g. through social forestry. In this context some of the relevant issues are: the extent of employment generated and its impact on unemployment and poverty levels; the level of wages and its impact on the labour market; and the organisation of the programmes. The other set of issues pertain to the nature of assets created and whom they benefit.

Employment programmes were not perceived as major instruments of poverty alleviation until the beginning of the 1980s in most states of the country. They were expanded in the Sixth Plan period under the National Rural Employment Programme (NREP) and the Rural Landless Employment

Generating Programme (RLEGP). These programmes were modified combined into the Jawahar Rozgar Yojana (JRY) in 1989-90. In Maharashtra, through the enactment of the Maharashtra Employment Guarantee Act 1977 which has been brought into force in 1979, the government has given statutory support to the guarantee of employment, which has manifested in the Employment Guarantee Scheme (EGS).

The extent of employment generated through these programmes in most of the states is not enough to enable a sizeable number of poor households to cross poverty line. In 1988-89 in Gujarat, NREP and RLEGP together generated full employment for 2.2 per cent of the poor, which is equivalent to 100 days of employment for 5.9 per cent of the poor. The employment generation per beneficiary was around 30 days per annum. Thus the programme had made no significant impact on the incidence of unemployment in the state till 1988-89 as its size was too small compared to the needs. The average amount of wage income received through the programmes have not made much impact on the levels of living, savings or on assets of the families (Hirway).

Even the EGS scheme could eliminate approximately no more than 7 per cent of unemployment among landless wage labourers in one year, namely, 1987-88. The estimates on expenditure show that there should be almost a 20 times increase in the EGS expenditure if unemployment has to be removed through public works (Dev). Some micro studies indicate that the employment provision of person days per person in a year varies between 25 to 160 days. The share of income from EGS for those employed in the EGS has ranged between one-third and two-thirds. However this has only reduced the intensity of poverty rather than achieving success in terms of the number crossing the poverty line.

There are other instances which put the programme in a better light. For example, in Andhra the employment generation programme provided seven man days on an average per usually employed casual labourer in 1989-90. Assuming 45 days of unemployment per casual labourer, the employment under JRY in a particular year covered slightly more than 15 per cent of the unemployment. This should be considered a significant creation of employment (Parthasarathy). The person day unemployment rate based on NSS data declined considerably over time in Andhra. In this state, poverty reductions have continued despite a downward phase in the agriculture cycle. This is, presumably, due to the impact of rising expenditure on public intervention programmes of which employment programmes, contribute more than one-third (Parthasarathy).

In the above context, we are faced with



# The Lakshmi Vilas Bank Ltd.

Regd. & Admn. Office:  
KARUR - 639 006.

## EXCERPTS OF THE SPEECH DELIVERED BY SRI. G.V. RAO, CHAIRMAN, AT THE SHAREHOLDERS MEETING HELD ON 15TH SEPTEMBER, 1995 AT KARUR.

### DEAR SHAREHOLDERS,

I take pleasure in extending you all a warm welcome to this 68th Annual General Meeting.

I am extremely happy to address this august gathering fourth year in row, a notable event repeated after a gap of almost two decades. The Bank's Accounts for the year ended March 31, 1995, alongwith Directors' Report have already been circulated to you in advance.

### ECONOMIC SCENARIO

It is four years since the Narasimha Rao Government initiated economic reforms which were aimed at regenerating confidence on India, building the Foreign Exchange Reserves and stimulating private investments, both domestic and foreign. The liberalisation measures started yielding results from the second half of 1993-94. With a sustained revival in the industrial activity coupled with a high level of agricultural production for the seventh successive season, the gross domestic product in 1994-95 has risen by 5.6% compared to 4.3% in 1993-94 and the Inflation Rate was pegged down to 8.5%

The industrial sector witnessed remarkable recovery after the lull trend noticed in the year 1993-94. The liberalised licensing procedures and incentives have aided faster growth in exports in spite of keener demand for various goods in the domestic segment. The Balance of Payments position has been highly comfortable, with foreign exchange reserves rising to an all time high of 20 billion dollars, in spite of stoppage of fresh inflows by way of GDR issues.

With inflation getting well under control and favourable prices in the world market aiding exports, the rupee can be stable against all major currencies of the world. The liberalised corporate sector and the reforms carried out so far would provide the engine of growth and we should aim at double digit growth in GNP to address the remaining issues effectively.

### BANKING SCENARIO

By the year 2000, the people of the world will be drawn much closer. This will result from genuine revolution in telecommunication, transportation and expansion of international trade, cutting across the intercontinental contours.

This development paves way for change in the banking. The forces of change in the banking are globalisation, deregulation and technological change and innovation. These forces crumbled the edifice built over 2 decades by quality of service rendered than on the volume.

Banks are necessitated to adorn large capital consequent on the requirement of Prudential Norms.

With the emergence of new Banks in the private sector, the competition will be severe and at times may lead to adverse conditions. Banks will have to choose a strategic position in which they can build on their strength. The moot point will be accurate identification of the markets and understanding and anticipating the customers needs. The most promising key to success in the retail market in the years to come will be the strengthening of cost competitiveness.

In spite of the fact that the future Indian Banking to be indeed exciting, challenging and highly competitive, dynamic banking organisations with a visionary leadership will profit immensely in a situation of this kind.

### HIGHLIGHTS OF OUR BANK'S PERFORMANCE

Your bank has earned a Net Profit of Rs. 18.32 crores for the year 1994-95. The spurt in the profit strengthened the Reserves of the bank to reach as high as Rs. 41.33 crores.

The Deposits of your bank touched a all time high of Rs. 1037.27 crores in 1994-95 from Rs. 584.39 crores in 1993-94.

Your bank has shown sustained growth in Foreign

Exchange business turnover at 271.32 crores in comparison to Rs. 226.18 crores in 1993-94.

Your bank recorded a voluminous growth in Investments by reaching an aggregate of Rs. 417.18 crores in 1994-95 from Rs. 214.37 crores in 1993-94.

As a SEBI classified category I Merchant Banker, the Bank has made giant leap by mobilising Rs. 1246.85 crores encompassing 325 capital issues as compared to Rs 249.85 crores from 231 issues in the year before. Your bank plays a dominant role, ranking second amongst the private sector banks in India according to Prime Data Base by extending underwriting support for 199 capital issues covering an amount of Rs. 2415.12 lacs as against Rs. 1956.69 lacs for 192 capital issues in the year before.

The bank has opened 6 more branches viz. Meltur, Valasaravakkam, West Tambaram (Tamil Nadu), Chitradurga (Karnataka) and Gandhi Nagar, Anand (Gujarat).

To enlarge the acceptability base of our credit card, the bank has entered an arrangement with Visa International.

The bank's emphasis is to employ advanced technology to the mutual benefit of both customers and bank and in line with it, our on-going investments are being made to enable the bank to render speedier service and also to sharpen the Internal Control Mechanism.

In a Service Industry like ours, one of the raw materials is human resources. Appreciating its criticality, the bank is constantly training its staff at various levels in the bank's own Staff Training College as well as other outside Institutions such as NIBM, SIDTC.

### ACKNOWLEDGEMENT

I would like to thank the members and also the Bank's Staff and Executives for their dedicated service.

Note: This does not purport to be the proceedings of the Annual General Meeting of the Bank

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questions such as what should be the extent of the programmes? What is the rationale for extending these programmes? And how should the programmes be budgeted among different regions? These questions can be answered satisfactorily only in the context of the respective states. Some of the studies in this volume have attempted to throw light on the issues raised here.

One of the important measures taken by the state in favour of the disadvantaged sections is the institution and implementation of minimum wages. There has always been some controversy about the impact of minimum wages on the labour market. The consensus of opinion is around the view that where market imperfections are rampant and interlocking of markets not very uncommon, state intervention in terms of the declaration of minimum wages helps in rationalising market processes. However, the rationale of minimum wages in rural markets is challenged on another ground. If the objective is to extend employment to as large a section of the population as possible, the insistence on minimum wages may detract from this objective. On the other hand, if the state itself is not honouring its legislation, for whatever reasons, the creditability of such a legislation is seriously impaired.

This discussion is highly relevant in the context of the employment programmes sponsored by the states. The debate in Rajasthan was manifested in a strong movement launched by the workers on famine relief type activities in the state, some of these covered by the Jawahar Rozgar Yojana, to obtain minimum wages. In many instances government officials took the line that giving minimum wages to these workers would mean a trade-off between employment to a few or the provision of a 'safety net' for many.<sup>11</sup>

There is a similar controversy in Maharashtra. In the EGS, the wage rates have been kept more or less at the subsistence level. There is controversy regarding wage rates under the EGS. The dilemma is between paying the minimum wage rate or the market wages (which are above minimum wages). Some others argue that lower wages should be maintained in order to have wider coverage. In Andhra, minimum wages are operative in most regions for most operations because market wages are higher. There is need for identification of areas and seasons in which minimum wages are lower than market wages. Real wages are on the rise in Andhra. Similar trends as in Andhra are observed in some districts in Rajasthan. The contribution of NREP to the phenomenon of missing wages is complemented by the increase in agricultural growth rate in some areas, a shift to labour intensive crops in semi-arid regions and the spread of peasant movements, e.g. the naxalite movement in Telangana. There are instances where employment programmes have proved

ineffective in influencing agricultural wages. For example in Kerala the impact on the rural labour market in terms of raising the minimum wages, reducing cyclical fluctuations in employment and reducing the gap between men and women, is minimal (Kannan).

Another related problem is that of paying minimum wages to rural workers. In Gujarat the stipulated minimum wages were not paid in a majority of cases examined by the scholars. However the Gujarat government at its own initiative started special unemployment programmes known as 'Zero Unemployment District' in 1990-91 and 'Minimum Unemployment Scheme' in 1991-92, respectively. Some distinguishing features of these two programmes are that they are restricted to carefully selected areas and that the households are carefully selected and divided into two categories, i.e. those going in for self-employment and others for wage employment. These programmes have not been systematically evaluated so far. However it was found that the funds required for zero unemployment in the selected districts were far too large and the availability of such funds did not seem likely (Hirway).

The employment programmes are not meant only to transfer income to the poor. The objective is to create productive assets or to strengthen the production base. Quantitatively, the achievements in the generation of productive assets are too low to make much impact. The primary objective of employment generation gets neglected, in most states, as concentration is on assets that require more capital, such as construction projects like panchayat ghar, housing, etc. These works benefit the rich more than the poor. Works like soil conservation, minor irrigation, watershed development and afforestation, which create more employment presently and create opportunities for employment in the future as well have been neglected. Even in EGS, public pressure was for construction of roads. Only lately is the integration of EGS with schemes for optimum utilisation of water, sericulture plantations, and dug wells for small and marginal farmers, being envisaged. It was pointed out, for example in the case of Andhra Pradesh, that greater emphasis needs to be placed on development of irrigation and the efficiency of its use. In locating the programmes adequate weightage is not given to communities with poor water base and dependence on low employment intensive coarse cereals (Parthasarathy). On the other hand, projects for creating private assets, e.g. setting up dug wells for small and marginal farmers, proved to be more successful.

One of the major failings of both the self-help and the wage labour programme is a weak organisational base, including weak linkages between different programmes. Various studies point out the weaknesses such as inappropriateness of the choice of

projects, use of contractors, inappropriate timings, higher material costs, and unauthorised deductions by engineering staff. Generally, the implementing agencies take up ad hoc projects and get them executed at the minimum possible wages. Payments to labour are inordinately delayed, thus failing to provide immediate relief to the unemployed. The shift from NREP to JRY seems to have contributed to the involvement of elected representatives and widespread participation. The need for competent district planning as a backdrop for employment planning is yet to be fully met.

## VI

### Summing Up

The major programmatic thrusts for poverty alleviation were more or less common throughout our country. Strategies and programmes were initiated by the central government and were accepted by all the states. With a large degree of common measures undertaken to alleviate poverty, the studies in this issue attempt to examine why some states have been more successful in reaching this objective than others.

In a developing economy there are essentially four ways by which poverty can be alleviated. The first is the 'trickle down' or the 'spread effect' of growth. It is now well known that it is not the rate of growth but the composition of growth which determines the pace of the 'spread effect'. The pace is significantly affected by the existence of infrastructure which helps in the 'trickle-down' of the benefits of growth. But what is generally not appreciated is that in order to receive the impact of growth, poor households should have the capacity to respond to growth stimuli. Growth might have created the opportunities, but if people are not in a position to respond to these stimuli poverty alleviation cannot take place. What are those conditions which permit poor people to respond to these opportunities, thus, becomes an important question.

The second approach to poverty alleviation is to create income earning opportunities for the target group of the poor. The states which could create not only employment opportunities but also infrastructural facilities to sustain them had a better record in poverty alleviation. Equally important is access to assets, understood in the wider sense, to enable poor households to take advantages of these various programmes. Poverty alleviation measures like IRDP have made some impact in a few states. But if we examine the type of households that have been able to cross the poverty line, which is the objective of these schemes, we find that those households which are closer to the poverty line, presumably the households which had some assets to start with, have been able to reap the advantages of these programmes to a larger extent.



Third, a policy on relative prices can influence the economic well-being of the poor. The public distribution of foodgrains at lower than market prices, i.e. dual pricing of essential commodities, is the type of measure which illustrates such an approach. Finally, the economy of poor households can be favourably affected by direct income transfers. In the developing countries there are not many examples of direct income transfers to the poor. Usually such transfers take place indirectly, by 'dual pricing' for the essential products. Except in times of natural calamity, and then also to a small group of households, direct transfer of income to the poor is the exception rather than the rule.

It is not suggested that a country like India or the states within the country should opt for only one or the other type of measure for poverty alleviation. Practically in all states all these various approaches have been tried simultaneously. The first three approaches, namely, growth inducing measures, direct poverty alleviation programmes and indirect subsidisation, have been practised with varying degrees of importance attached to them. Why, then, has the outcome differed from one state to the other in such a significant manner? The significant lessons learned from the studies include:<sup>12</sup>

(1) Success in poverty alleviation efforts was not significantly affected in our country by the professed political ideology of the ruling parties in different states. Poverty alleviation has been adopted as a legitimate political objective, and the poor as an important constituency, by parties of every colour and composition. This was mainly because poverty alleviation efforts in our country comprised 'soft' measures, e.g. the distribution of renewable resources, subsidies, dual pricing, etc.

(2) Faster economic growth by itself does not guarantee a significant impact on poverty alleviation. At the same time slow economic growth is generally associated with low impact on poverty alleviation. Even with faster economic growth targets of poverty alleviation could be missed; with slow economic growth there is little chance of alleviating poverty.

(3) Practically all successful states, i.e. successful in better performance on poverty alleviation, have made sizeable investments in poverty alleviation programmes. This needs to be emphasised in the context of the recent economic reforms. One can easily find instances when funds earmarked for poverty alleviation programmes are not well spent, or the funds are not spent in a manner that ensures sustainable growth. But even with a poor record in programme implementation, generally the states which have invested heavily in programmes such as IRDP or Jawahar Rozgar Yojana, or in the earlier employment generation schemes, have distinctly better records. So long as

poverty alleviation continues as one of our important economic goals, irrespective of the tenets of structural adjustment, emphasis on investment in these programmes has to continue.

(4) Larger investment in infrastructure has helped the states in their quest for poverty alleviation even when the rate of growth in the state domestic product was low. This was mainly because better infrastructure facilitated the 'spread effect' of growth.

(5) Concentration of ownership of assets, which may reflect lack of access or inadequate access of the poor, is generally associated with a slower pace of poverty alleviation. But there are a significant number of exceptions. Based on available evidence, one can conclude that if the poor have access to assets – to be interpreted in broader terms, i.e. including skills and capabilities – there are better chances for poverty alleviation even with slower economic growth.

(6) In some cases, as in Kerala, high investment in human development could compensate for slower economic growth, and could even negate the effects a skewed distribution of physical assets.

(7) In some rare cases, such as in Gujarat, a state can make satisfactory progress in poverty alleviation in spite of several unfavourable factors, with more efficient implementation of PAP and involvement of grass roots organisations in programme formulation and implementation.

To conclude, the experience of several Indian states suggests that if the strategies for poverty alleviation are properly planned and implemented, even without spectacular economic growth or a major overhaul of the institutions and structures, the poverty ratios among rural households could be brought down to a tolerable limit.

#### Notes

- 1 For a different view see Kohli (1987), wherein the author emphasises the importance of the regime-in-power to explain the existence of political capacity to initiate effective poverty alleviation measures. He gives the example of West Bengal to prove his thesis. However, as the case studies in this volume will show, there are states such as Haryana or Himachal Pradesh where the political regimes could not be called radical and yet where, because of the factors we have enumerated above, the performance of PAP was better than that in West Bengal.
- 2 The case studies of the selected states were prepared by G Parthasarathy, Alakh Narain Sharma, Indira Hirway, Sheila Bhalla, Vinod Vyasulu, K P Kannan, Mahendra Dev, Vidya Sagar and Biplab Dasgupta.
- 3 All these estimates pertain to year 1987-88, the latest year for which detailed householdwise consumption data are available from NSS.
- 4 For a detailed discussion on various aspects of methodology for enumerating poor households in rural areas, see Planning Commission (1993).
- 5 The names in parentheses are those of the case study writers.

- 6 The estimate of poverty is as made by Mahendra Dev in his case study in this issue.
- 7 For a review of the Bangladesh experience, see the World Bank working paper by Islam et al (1994).
- 8 This finding is attributed to T N Krishnan as presented by him in an unpublished lecture delivered on the same subject.
- 9 This is not true for wheat and kerosene, for which middle fractiles depend more on PDS. This is because in the consumption pattern of the poor these items do not figure prominently, and the higher income groups take greater recourse to the open market to obtain these items.
- 10 In one such scheme known as the Artisan Guild, traditional artisans have been exposed to new technology with the help of a voluntary organisation to produce commodities of an identified and viable product line. For details see Bhargava (1994).
- 11 At the Institute of Development Studies, Jaipur, in a consultation exercise between NGOs, policy-makers and some academics, there was a consensus of opinion towards the end of the discussion that minimum wages be paid to famine relief workers. See Gianchandani (1991).
- 12 These findings were also reported in an earlier paper by Vyas and Sagar (1993).

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# Poverty Alleviation after Post-Liberalisation

## Study of a Tribal Block in Orissa.

(26)

Kishor C Samal

*Chronic poverty and hunger remain serious problems in spite of economic growth. There are many approaches to the problem of chronic poverty in developing countries. India has implemented various poverty alleviation programmes. A study of these programmes in a tribal block in the state of Orissa shows that empowerment through local democracy, land reform and education along with better credit delivery and growth of the rural non-farm sector are necessary to help the poorest of the poor.*

DEVELOPMENT at the aggregate level offers little relief to the poor. Growth is not enough to eliminate 'chronic' poverty and hunger. Public action is needed to eliminate starvation. For eliminating chronic hunger and poverty, two broad strategies – growth-mediated security and support-led security – have been followed which have the common feature of marshalling public action [Dreze and Sen 1989]. A combination of two the strategies is desirable. It is important to distinguish between 'transient' poverty due to natural calamities, etc. and 'chronic' poverty which implies starvation and malnutrition and even death [Ravallion 1992].

### I Three Approaches in Developing Countries

Though the reasons why people are hungry differ, there is no disagreement that poverty is the root cause of 'chronic' hunger. So, there are various approaches to attack poverty in developing countries all over the world [Bardhan 1996; Fishlow 1996]. After the publication of *World Development Report 1980* [World Bank 1980], attention turned away from dealing directly with income inequality to the task of reducing poverty, primarily on the logic of need for more direct concern with the poorest of the poor and the rural sector.

*'Basic needs' approach:* One approach to attack poverty is to give much more emphasis to various forms of massive public intervention in directly improving health, education and nutrition of poor. Initially, the basic needs approach played an important role to fight poverty and thereby hunger. This approach, underlined in *World Development Report 1980*, realised the importance of separating general increase in income not being spent on essential services and variation in the ability of households to spend wisely and effectively [Fishlow 1996; World Bank 1980].

*'Safety net' approach:* Another approach relies primarily on market-based growth. This is emphasised at present due to the process of structural adjustment and liberalisation. This approach, known as 'safety net' approach, is popular in some multilateral lending agencies like IMF/World Bank and donor countries. According to this approach,

growth is to be determined by market forces and then to take care of those who fall through the cracks of the market process with targeted public welfare programmes and the provision of infrastructure. In fact, various studies [e.g. Edwards 1995; Green 1995] recognise that poverty and inequality have actually worsened after the market reforms since the 1980s. So, there is a need of public intervention.

Besides 'safety net', other requirements of poverty alleviation, according to *World Development Report 1990* [World Bank 1990], are (i) labour-intensive growth in agriculture and (ii) emphasis on primary education and health. Education and health emphasised in the 'basic need' and 'safety net' approaches are again brought into focus in *Human Development Report 1997* [UNDP 1997] which distinguishes between 'income' poverty and 'human' poverty.

*Local authority and community approach:* The third approach neither depends on market forces nor state patronage. It relies more on local self-governing institutions and community involvement to improve the material conditions and autonomy of the poor. This is recently emphasised by Bardhan (1996) and stated explicitly in *Human Development Report 1993* [UNDP 1993]. This raises the issue of capability of the poor to organise their demands effectively and continuously. This approach of World Bank is based on the philosophy of self-help underlying Grameen Bank of Bangladesh, etc. and of effective decentralisation. Alternative view of this approach is based on Allied programme of democratisation and decentralisation in the post-war Japan (Jannuzi 1994) and the practice and working of panchayati raj institutions in West Bengal [Dasgupta 1995].

Thus, over the years, improving the lot of the poor has become an increasingly important aspect of the World Bank's activities. Poverty alleviation is now the central object of the Bank's lending. Every president since McNamara has said that poverty reduction is the Bank's chief objective. But the World Bank depends on and affects many other groups besides the poor – the international finance market, the taxpayers, the politicians of advanced countries, the governments of developing

countries, the contractors and consultants, the private banks, multinational corporations, its present and past employees and last but not the least the bureaucrats of the developing countries who work with it and who if they are lucky go to work for it [Caufield 1996]. Though World Bank was set up with a pledge to bring the third world into the First, the gap between the two worlds is wider than ever after 50 years. The income ratio of the US to developing world increased from 16:1 to 23:1 during the past 50 years [Caufield 1996]. Thus, the past half-century of development with the prescriptions of World Bank has not benefited the poorest people nor the poorest countries. More than a quarter of the developing countries' people still live in poverty as measured by human poverty index [UNDP 1997].

India is no exception to these trends. World Bank is involved in the poverty alleviation programmes in India particularly since 1980 through the loan from IMF/IBRD under the structural adjustment programme.

### II Poverty Alleviation Programmes

A permanent solution to 'chronic' poverty and hunger is different from the strategy directed towards 'transient' hunger. In post-independence India, the relief system has become more systematic and extensive to combat 'transient' hunger occurring due to drought, flood, cyclone and other natural disaster. There has been no major famine like the Bengal Famine of 1943 after independence due to factors like major political transformation, public pressure, increase in real resources earmarked for relief, government intervention in food trade, food management [Dreze 1990a; Dreze and Sen 1990]. Recreation of lost entitlement through wage-based employment opportunities along with unconditional relief have helped prevent transient hunger to a great extent in India.

Though large-scale famines have disappeared in post-independence India, there is persistence of mass poverty and 'chronic' hunger. Public action is also necessary to fight 'chronic' poverty and hunger. There has been attack on 'chronic' poverty in different phases in India [Vyas and Bhargava 1995]. In the first phase (1950s to 1960s), major emphasis was on redistribution of



non-renewable resources such as land reform. Then, from the late 1960s, target group-oriented approach was practised for creating employment opportunities and distributing renewable assets among the poor. In the third stage, starting from the early 1990s, emphasis was given on measures aimed at accelerating economic growth and creating an environment for ensuring a 'spread effect'. On this broad framework, practically in all the states, various methods have been implemented simultaneously. But the outcomes of the programmes are different across the states.

Huge amounts of money have been spent on various rural development programmes such as IRDP, JRY, IAY, MWS, EAS, GK, DWRA, TRYSEM, DPAP, DDP, RWSS, NSAP and others. But the major programmes have continued to suffer from deficiencies of incorrect identification of beneficiaries, the leakages of benefits and inflation of mandays of employment generated. The limits of India's anti-poverty programmes centre on two explanations [Ray 1997]. The first highlights bad implementation as the main cause of anti-poverty programmes not reaching the poor. The second explanation emphasises the absence of structural change in society. It is argued that the poor may not gain the fruits of development unless there is a radical change in the social structure.

### III

#### Poverty Alleviation in Orissa

Flood, cyclone in coastal belt and drought in the western part and consequent 'transient' hunger occur at regular intervals in Orissa. Though, severe flood may lead to 'transient' hunger for a short spell, sometimes, the people of coastal belt do not dislike its occurrence since it gives a chance to get relief without work and to earn through manipulation due to leakages from relief and construction work for repairing damage. The people in this belt are politically conscious and well organised and can put public pressure on the government for relief in spite of its leakages which are shared by politicians, bureaucrats and trader-contractors.

But this is not the case in the western part of Orissa particularly the undivided districts of Kalahandi, Bolangir and some parts of Sambalpur. The Kalahandi district in Orissa has attracted world attention due to its recurring droughts and consequent poverty, hunger, out-migration, outbreak of serious diseases and in some cases distress sale of children [EPW 1985; Mishra and Rao 1992; Pradhan 1993; Samal 1994]. Some programmes such as Drought Prone Area Programme (DPAP), Area Development Approach to Poverty (ADAPT) and others were launched to combat drought and consequent 'transient' hunger in the district. But these have not been sustained and drought recurred in 1993-94

in the district. However, there have been some changes in the situation during the last 10 years mainly owing to public pressure. The capacity of individuals to withstand drought at present is higher than what it was 10 years back.

In Orissa, various measures and programmes to eradicate 'chronic' poverty and hunger have also been implemented, (i) in agriculture through consolidation of holdings, supply of inputs, marketing of agricultural products and extension of irrigation, etc, (ii) in allied sector through plantation, dairy, poultry, piggery, horticulture, and vital infrastructure such as milk chilling plants and collection and marketing of milk and milk products; (iii) in rural non-farm sector through PMRY, DPAP, etc, (iv) in population control, through family planning programme and special benefit to green card holders; (v) in targeted programmes for poor through IRDP, TRYSEM, DWRA, JRY, IAY, EAS, OAP and others; (vi) in health sector through mobile health services, ICDS, etc; (vii) in education through mid-day meal scheme, residential high school in every ITDA block, TLC, DPEP and others, (viii) in infrastructure through provision of road communication to every village, water and electricity provision to SC/ST households at a concessional rates and (ix) various other measures in rural areas.

No doubt these measures have an impact in reducing the intensity of poverty in the state but the rate of reduction is, in fact, slower in Orissa compared to other states like Andhra Pradesh, Gujarat, West Bengal and Kerala. Thus, many programmes were launched in the state but unfortunately they have not shown any impressive result. It is sad to note that after 50 years of independence, Orissa endowed with vast natural resources, is still the second highest state in India in respect of poverty ratio (48.4 per cent as per the Lakdawala Committee Report). Some blocks in Orissa typify in many respects the limited success of various uncoordinated and unimaginative policy measures. People in these blocks have suffered due to peripheral location, constant neglect, multiple deprivation and exploitation through outside

traders, local feudal elements, power brokers and the state bureaucracy [Samal 1994]. There are also leakages in the implementation of the targeted programmes for the poor. Some of these phenomena are also prevalent in Laikera block of Jharsuguda district (formerly in the undivided Sambalpur district) where about 84 per cent of families are below the poverty line (as per the 1995-96 survey, Government of Orissa).

### IV

#### Tribal Block of Laikera

There is a need for extensive and comprehensive study of Laikera block to know whether different rural development measures undertaken by the government have reduced the extent and intensity of poverty in the block and to find alternative measures. The present study covers the tribal dominated Laikera block, a backward block in the western part of Orissa. Laikera, the block headquarters is located on the Jharsuguda-Bamara District Main Road, 26 kms away from the district headquarters Jharsuguda towards the north and 399 kms from the state capital Bhubaneswar. The block is divided into eight gram panachayats (GPs) consisting of 45 revenue villages. More than half of its total population is scheduled tribes and 18 per cent scheduled castes, higher than in the district and the state. As per the 1991 Census, 22, 206 persons or around 53.18 per cent of the total population of the block are workers. Around 38 per cent of them are cultivators and 28 per cent agricultural labourers. The net agricultural land in the block is 72.79 per cent in 1995-96 which is comparatively higher than the district and the state figures. However, the percentages of both net and gross irrigated areas (10.17 and 15.83 per cent respectively) are much lower than that in the state. The block is industrially backward as it has only four small-scale units employing 16 people with an invested capital of Rs 3.13 lakh.

There is also regional disparity within the block. Three GPs, viz, Pakelpada, Tileimal and Babuchipidih consisting 22 villages located in the northern part of the block are

TABLE: DISTRIBUTION OF SAMPLE BENEFICIARY HOUSEHOLDS ON THE BASIS OF INCOME

(Nos)

Annual Income Class (Rs) (1)	IRDP		MADA		DWCRA		MWS	
	Before (2)	After (3)	Before (4)	After (5)	Before (6)	After (7)	Before (8)	After (9)
Upto 3500	3	1	-	-	2	1	2	1
3500 - 6400	16	19	6	6	5	4	4	7
6400 - 8500	16	18	4	4	5	6	4	4
8500 - 11000	15	16	5	5	3	4	5	6
Above 11000	16	12	3	3	2	2	9	6
Total	66	66	18	18	17	17	24	24
	(9959)	(9228)	(8650)	(8668)	(7479)	(8487)	(9441)	(8822)

Notes: i) Figures in brackets show the average household annual income in Rs.

ii) Income is expressed at 1991-92 price.

iii) 'Before' means before assistance representing the year 1991-92.

iv) 'After' means after assistance representing 1995-96, the survey year.



relatively more backward. So, these panchayats are termed 'north region' and the others GPs (viz. Laikera, Kulemura, Sarangaloi, Bhatlaida, and Sahaspur) are designed 'south region'. Around 68 per cent of the total population of the north region are scheduled tribes compared to only around 42 per cent in the south region. The percentage of total families living below poverty line is comparatively higher at 86.32 in the former than at 82.54 in the latter. The north region is socio-economically backward compared to the south region. An additional programme called Modified Area Development Approach (MADA) has been implemented in the north region as it is declared the most backward tribal area.

## V Methodology

The study covers all the eight gram panchayats of the block covering 180 beneficiaries of different government sponsored development programmes. The technique of 'stratified simple random sampling' without replacement and 'purposive' sampling are used for the selection of villages. The technique of 'simple random sampling' without replacement is also followed for the selection of beneficiaries. The sample beneficiaries constitute around one-fourth of the total beneficiary population of different government programmes from 1991-92 to 1995-96. The total number of sample beneficiaries covered in the study are 66 from IRDP, 18 from MADA, 17 from DWCRA and 24 from MWS. The village wise beneficiaries of different programmes are selected on the proportionate basis. The study is based on both primary and secondary sources of data. Primary data are collected by canvassing structured questionnaires, one for the households, and the other for the villages. Reduction in the 'extent of poverty' is measured by finding out the percentage of beneficiaries crossing the poverty line after the assistance. Measurement of reduction in 'intensity of poverty' is made with the help of statistical tools like (i) average income, (ii) modal class of income distribution, and (iii) coefficient of variation.<sup>2</sup> The coefficient of variation is also used to measure the degree of inequality in income distribution among the beneficiaries after the assistance. The present paper deals with the major rural development programmes undertaken in Laikera block.

## VI Assessment of Existing Programmes

### 1 IRDP

The average annual income at constant price (at 1991-92 prices) of the sample household beneficiaries under IRDP has declined from around Rs 9,959 before the

assistance to Rs 9,228 after the assistance implying negative effect of the IRDP programmes<sup>3</sup> (Table). The extent of poverty and intensity of poverty have also increased as the average family income has not only remained below the poverty line but also declined by 7.34 per cent after the assistance under IRDP. Only around 6 per cent of sample beneficiaries have crossed the poverty line. The increased intensity of poverty is further observed in the block as the modal income class has shifted towards lower income bracket from Rs 6,400-8,500 to Rs 3,500-6,400 (Table).

### 2 MADA

Modified Area Development Approach (MADA) has been implemented in the block, particularly in north region since 1985 to achieve objectives similar to IRDP exclusively for the tribals. But neither have the physical targets been achieved nor have the available funds been fully utilised during 1991-92 to 1995-96. The average income of sample MADA beneficiaries has increased marginally from Rs 8,650 before the assistance to Rs 8,668 after assistance remains below the poverty line (Table). The income distribution after the assistance is against the poorest of the poor since there is increase in coefficient of variation of income. The extent of poverty has also not declined as none has crossed the poverty line. In case of MADA beneficiaries as a whole, our study shows no reduction in the intensity of poverty and (i) unchanged modal income class, (ii) marginal increase in average income from Rs 8,650 to Rs 8,668 (Table), and (iii) increase in coefficient of variation of income (from 42.37 to 43.32). The performance of MADA in generating employment is insignificant since change in average mandays employment (60 per cent) and fall in its coefficient of variation (from 54.76 to 54.34) after the assistance are negligible.

The selection of beneficiaries is made out of the identified scheduled tribe group from the target group identified for IRDP. But the very basis of identification is faulty. Around 45 per cent of sample MADA beneficiaries have been selected from above the cut-off point of Rs 8,500 and around 17 per cent from above the poverty line. It is found that in around 61 per cent cases, the assisted assets are not in running condition. The transaction cost of the credit is more than Rs 500 per MADA beneficiary for his loan. Though stipulated subsidy under MADA is 50 per cent, it is found that only around 35 per cent subsidy has been provided. As a whole, the impact of MADA on tribal is marginal and has not brought any visible change in their level of living since it has not taken the major local resources like MFP/NTFP with which tribals are well acquainted into consideration for their development.

### 3 DWCRA

Development of Women and Children in Rural Areas (DWCRA) has been implemented in Laikera block since 1985. Around 735 women of 45 target women groups benefited through this programme. There is no reduction in the extent of poverty of the sample beneficiaries though their average family income has increased by around 13 per cent. Moreover around two-thirds of the beneficiaries are still lying below the cut-off line of Rs 8,500. On the other hand, there is reduction in the intensity of poverty since the modal income class (Rs 6,400-Rs 8,500) remained unchanged and there is increase in average family income from Rs 7,479 to Rs 8,487 (Table). But the increase in coefficient of variation of income from 34.05 to 94.61 indicates the growing income disparity among the beneficiaries. In 42 per cent of cases, the beneficiaries have not continued activities assisted under DWCRA scheme, most of the others are not interested to continue them which might be due to factors such as (i) one type of activity (viz 'dhan kuchuni') assisted for all the beneficiaries, (ii) irregular availability of raw materials, (iii) low profit margin, and (iv) availability of more profitable alternative source of income like 'sal' leaf plate making. This raises the issue of employing people in the activities in which local resources can be utilised optimally and in which they are skilled or well acquainted instead of forcing them to carry on a new, unknown type of job.

### 4 JRY, MWS

The available funds have not been fully utilised under Jawahar Rozgar Yojana (JRY) and the percentage of its achievement is comparatively lower in Laikera block compared to that in the state. The study reveals that the mandays of employment per beneficiary household through JRY is only about 17 days constituting 6.51 per cent of the total employment from all sources which is far below the stipulated 100 days of employment per family. The relevance of Million Wells Scheme (MWS), a sub-scheme of JRY in dry area like Laikera block is well recognised. But neither are the available funds fully utilised nor the physical target achieved. Similarly neither the extent of poverty nor its intensity has declined after the assistance under MWS. Rather, around 13 per cent of sample MWS beneficiaries have come below the poverty line indicating the increase in extent of poverty. The decline in average income by around 6.55 per cent and backward shift of modal income class are also observed by our study (Table). But the average income of large landholding beneficiary class has increased significantly while that of both SC and ST beneficiaries has declined. The fall in average income of



the sample beneficiaries may be due to various factors such as (i) utilisation of wells primarily for drinking water and other non-irrigation uses and (ii) production of one agricultural crop (viz, chilli) by all the MWS beneficiaries and lack of adequate demand for it in the local market.

Thus all these rural development programmes in the block have failed to achieve their primary objectives, viz, alleviation of poverty. The study observes that the extent and intensity of poverty have not decreased. Increasing poverty is also reflected through the number of families living below poverty line which has increased from 80.73 per cent in 1992 to 83.82 per cent in 1995-96 in the block in spite of the implementation of various poverty alleviation programmes. Moreover, there is no visible difference between the level of living of the beneficiaries and that of the non-beneficiaries. The greatest lacuna of these programmes is that most of the beneficiaries think that the assistance is a form of relief and each and every problem should be solved by the government. We have identified some 'thrust' areas for the development of Laikera block such as two minor irrigation projects, vegetable/spice cultivation to cater to Sambalpur-Jharsuguda-Rourkela industrial belt, rural non-farm activities, particularly 'sal/siadi' leaf plate making, etc. However, the suggestions and measures for particular projects, etc, are short-term solutions. For a permanent solution to eradicate poverty, there is need of an alternative policy prescription not only for Laikera block but for all the blocks in the state of Orissa.

## VII The Alternative

Self-employment programmes along with other programmes relating to wage employment, infrastructure development and social security have an impact on economic activities in rural areas by pumping large amount of money into it. Self-employment programmes like IRDP, etc, are concerned with three vital aspects, viz, (i) type of activity, (ii) credit delivery, and (iii) skill. However, the impact is not impressive though the programmes have been implemented for a long period. The major considerations for policy-makers to alleviate poverty and eradicate hunger should be: What activities are to be undertaken? What will be the system of credit delivery? How the skill and productivity of the workers can be developed so that they can take new modern jobs.

Wage employment programmes should be treated as a temporary measure particularly during natural disasters. Fixation of minimum wage at optimal level by the government and its proper implementation by government agencies and organisation of poor seem to be more important than the wage employment

programmes for alleviation of poverty and eradication of chronic hunger. Self-employment schemes which will provide employment to wage/hired workers are likely to be better. But, in what activity is it to be encouraged and how will it be implemented? This brings the role of non-farm sector in rural areas into focus for solving the problems of poverty, hunger and unemployment.

### 1 Rural Non-Farm Sector (RNFS)

Since the agricultural sector in the rural areas is saturated, the growth of RNFS is for creation of sustainable employment. In fact, there has been growth of employment in RNFS in Orissa. The RNFS workers as a percentage of rural main workers grew from 12.1 per cent in 1961 to 14.9 per cent in 1971, 15.8 per cent in 1981 and to 17.5 per cent in 1991 [Samal 1997b, 1997c]. Employment in RNFS in the state grew at the rate of 2.8 per cent per annum during 1981-91 while the number of rural main workers grew by 1.7 per cent per annum.

Some scholars have advanced various hypotheses on the factors affecting the growth of RNFS such as inter-linkage hypothesis [Mellor 1976], residual sector hypothesis [Basant 1994], urbanisation hypothesis [Kundu 1991] and equity hypothesis [Samal 1997b]. The equity hypothesis postulates that the equal distribution of land and rural assets including water for irrigation and common property resources (CPR), instead of subsidisation of mechanisation of agriculture, and expansion of primary and secondary education rather than subsidisation of higher education may help the growth and expansion of RNFS activities through consumption-expenditure linkages by increasing rural income and bringing more even distribution of such income. From our study on RNFS in Orissa [Samal 1997b], we observe that even distribution of land, and RNFS activities are positively related. Our study further shows that districts with high literacy rate have comparatively larger percentage share of RNFS workers in rural main workers. Education and literacy help in increasing the productivity and skill of workers, which, in turn, stimulate the growth of modern informal RNFS with new technology. To alleviate rural poverty and unemployment, the growth of RNFS through diversion of workers from agriculture is desirable. It is possible by (i) effective land reform measures and (ii) spread of primary and secondary education.

### 2 Land Reform

Land distributed to poor through land reform may not be sufficient to make the beneficiary self-sufficient. However, the objective of land reform to curb land monopoly and indirectly stopping the process of proletarianisation can be fulfilled which will,

in consequence, have a socio-psychological impact on poor agriculturists [Dasgupta 1995]. This, as a result, may help them to remove psychological barriers for bargaining higher wages and for participation in local level institutions and organisations. The other beneficial by-products of land reforms are: (i) change in the local political structure in the village, (ii) more 'voice' to the poor inducing them to get involved in local self-governing institutions and in common management of local public goods [Bardhan 1995], (iii) more efficient functioning of local markets for farm products, credit, water, etc, when the leveling effects of land reforms improve competition and make it more difficult for the rural oligarchy to corner markets [Bardhan 1996] and (iv) shift from rentier to entrepreneurial agriculture [Parthasarathy 1995].

Redistribution of land and rural assets without decentralisation of power or local support system would produce even greater dependency, insecurity and instability. The land reform in post-war Japan was carried out in the context of Allied programme of democratisation and decentralisation which included strengthening local self-government and extensive system of independent local co-operatives to provide an effective financial and informational agricultural support system. Thus, land reform *per se* is less important than genuine democratic decentralisation [Jannuzi 1994]. To implement land reform, state intervention along with effective involvement of the intended beneficiaries over a long period of time is necessary which is possible through pressures generated by organisation of poor [Kannan 1995]. But many politicians and bureaucrats regard the political prospect for land reform as bleak and therefore drop it altogether from the agenda of poverty alleviation. Some aspects of land reform such as security of tenure by legalising tenancy through recognition of tenants by government authority through written record/purcha may be easier to implement than others [Bardhan 1996]. This is possible by continuous public intervention as well as movement by organisation of poor to force the government to implement it. Side by side, the decentralisation of power and empowerment of local level institutions and organisations like gram panchayats and independent co-operatives are a must to make it a success.

### 3 Education, Health and Skill Development

Educational attainment and literacy affect positively efficiency in resource allocation leading to higher income and more equitable distribution of such income. However, this equity effect depends on the level of schooling. Basic and primary education has the highest impact on distribution of income favourable to equity while equity impact of



expansion of post-graduation may actually be negative [Psacharopoulos 1988]. As mentioned earlier, primary and secondary education help the growth of RNFS not only through consumption-expenditure linkages by bringing about less uneven distribution of income in rural society but also by helping in skill formation and in improving labour productivity. However, malnutrition in early childhood hampers school performance. Better nourished children perform better in schools. Prolonged childhood malnutrition can impair mental development which occurs largely in the first two or three years of life. So, there is need to ensure that children and their mothers receive adequate amount of nutrients and balanced food and proper health care services. Therefore, expansion of school education and health care facilities for increasing the access of the poor to these services are very much essential for overall improvement of skill and productivity of workers.

#### 4 Credit Delivery

Increased access to land and rural assets through its even distribution and to education and health services cannot be fully utilised without access to formal credit system. Access to formal/institutional credit helps in poverty alleviation by enhancing the income of the poor, by reducing interest cost and reducing the dependence of the poor on informal credit agents [Parthasarathy 1995]. However, the formal credit sector in rural areas does not serve all the potential borrowers. The left-out borrowers are served by lenders in the informal credit sector. Rural credit sector has been at the centre of policy intervention in developing countries including India over the past 40 years. The role of institutional finance of the formal credit sector in the rural economy has been enhanced with the strategy of (i) expansion of institutional structure, (ii) directed lending and (iii) subsidised credit. Subsidised credit has been advanced mainly under poverty alleviation programmes. It is claimed that due to these steps, the relative share of the formal credit sector in total cash debt of the rural households increased from 7.1 per cent in 1951-52 to 61.2 per cent in 1981. But very negligible portion of cash debt of rural households living below poverty line is from formal financial institutions [Samal 1997a].

The past 40 years of experience of government intervention in rural credit market through rural financial institutions has failed to drive the traditional informal credit sector agents out of the market. The other important features of rural credit market are: (i) specialisation of formal financial institutions in areas where farmers have title to land, (ii) low outreach of formal rural financial institutions to people due to absence of collateral on account of improper land records to prove

title to land and (iii) greater accessibility to informal credit sector due to acceptance of moveable property like gold, silver, utensils, consumer durables, etc, as collateral [Besley 1994; Hoff and Stiglitz 1990; Samal 1997a; Samal and Rath 1997]. Rural financial institutions in India have many things to learn from the policies of informal credit sector lenders at least for advancing loan and enforcing repayment. They should learn from the working of successful rural financial institutions in Asia not only for advance and repayment of loans but also for mobilisation of household savings in rural areas [Samal 1997a; Yaron 1994]. The major policy alternative, as is observed from the working of successful RFI is that there is need of services of loan advances at the doorstep of small and marginal farmers and rural non-farm sector entrepreneurs. In this respect, co-ordination with self-help groups (in the form of independent co-operatives) is desirable.

In Orissa, it is observed from one of our studies [Samal 1997c] that the small and marginal farmers and small RNFS entrepreneurs need adequate and timely credit but not necessarily at a concessional rate of interest. They may even be ready to pay a higher than normal market rate of interest since they usually procure their loan at hefty rates of interest in the informal credit sector. But directed lending has focused on low interest rates and subsidies rather than availability and accessibility of credit. The main problem of credit delivery system is not the supply of credit at concessional rate or with subsidy (except, of course, at the time of harvest failure but access to credit and timely credit in adequate amount at reasonable rate of interest. Other important factors which may make lending policies successful are: (i) codification of property rights, (ii) development of complementary institutions like insurance market, and (iii) legalising tenancy through recognition of tenants by the government. A single rural financial institution in the country may be considered which will both mobilise savings and disburse loans in rural areas to check outflows.

#### 5 Local-Level Institutions

Poverty alleviation programmes usually develop from one of two approaches: technocratic or institutional. The technocratic approach rarely refers to non-government organisations (NGOs) while the institutional approach considers them essential for alleviating poverty in developing countries and as a substitute for inefficient governments in delivering services to the poor [Besley 1997].

With the encouragement of World Bank and donor countries, NGO activities are growing in the world. Major concerns of NGOs were health care and education in the 1950s and 1960s, empowerment in the 1970s

and gender and environment in the 1980s [Riddell and Robinson 1997]. The emphasis is on 'sustainable development' in the 1990s. But most of the projects of NGOs fail to reach the poorest of the poor and intervention by them is costly to implement. Moreover, most of the projects seldom continue after the withdrawal of NGOs from it. A realistic estimate of number of NGOs actively engaged in rural development in India would be in the range of 15,000-20,000. The amount of foreign funds coming into India for use by NGOs each year is around US\$ 520 million which is equivalent to approximately 20 per cent of official aid flows [Riddell and Robinson 1997]. Around a sum of Rs 600 million is provided by the government (through CAPART) and Rs 400 million by individual and corporate donations to NGOs in India. But managerial competence and technical expertise of the NGOs in India are often weak. In some cases, their role is dubious and they are more corrupt than government agencies. The NGOs lack continuity and they often work in isolation from and sometimes in opposition to one another. Many depend heavily on external funding agencies of foreign countries, for which, sometimes, some of them play the role of an institution of neo-colonialist forces in this era of liberalisation.

The NGOs are generally reluctant to divulge detailed accounts. NGOs are not accountable to the public for any project/activity undertaken by them while the government is responsible and accountable to the people through periodic elections. But undertaking project and spending on it without accountability is against the norms of a democratic society. Of course, when the government spends a significant portion of its budget on anti-poverty programmes, very little reaches the real poor because there is no organised pressure from the intended beneficiaries [Bardhan 1996]. Secondly, the programmes are administered by a distant, unco-ordinated and inefficient bureaucracy not accountable to the local poor. Finally, a disproportionate share of the benefits goes to resourceful, manipulative persons/beneficiaries with connections and to the large army of middlemen, contractors, officials and politicians. If the government at the top is not efficient, there is need of decentralisation of power with developmental functions of rural areas rested with local level institutions like gram panchayats.

Of course, there is fear that local level institutions are invariably dominated by vested interests who are not interested in and even hostile to progress which benefits mainly the poor and underprivileged [Raó 1994]. It is true that structural changes are essential conditions to ensure the rise of rural poor to a position of dominance in the local level institutions. This is possible, as mentioned



earlier, by effective land reform to destroy land monopoly and expansion of primary and secondary education to raise the consciousness of the rural mass. Land reform and spread of education will have a socio-psychological impact on the poor to participate democratically in the local-level institutions by checking local overlords to capture gram panchayats, co-operatives, etc. The local level institutions and organisations can function effectively, with regular election and earmarking major portion of development budget to be spent by them since they have intimate knowledge of local economy and society and are accountable to local people. This is what happened in some states in India [Dasgupta 1995; Vyasulu 1995].

### 6 Organisation of Rural Poor

However, an anti-poverty programme cannot be effective or sustained without active and vigilant participation by the poor demanding the benefits as part of their minimum social and economic rights [Bardhan 1996]. Of course, it is difficult to organise the poor who are weak and fragmented. But in two or three states of India, local level institutions of genuine local democracy have spread roots and groups of the rural poor have been mobilised to demand and get some benefits and subsidies flowing from the top. Organisation of poor and their well-planned movement can reduce the social and political control of rural lords. The power demonstrated by forceful movement by organisation of poor can even improve the indifferent, routine-work cultured, corrupt and inefficient bureaucracy and local government functionaries.

### VIII Conclusion

Local level institutions of genuine local democracy, effective and practicable land reform, expansion of primary and secondary education, proper system of credit delivery and steps for growth of rural non-farm sector, and organisation of rural poor are much essential to empower the rural poor and thus to alleviate poverty and to eradicate hunger.

### Notes

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- 1 The 'poverty line' has been defined in terms of annual income of a family consisting of five members on an average. The poverty line has been changing from plan to plan. It was Rs 3,500 per family in the Sixth Plan which increased to Rs 6,400 in the Seventh Plan and further to Rs 11,000 in the Eighth Plan. However, the income level of Rs 8,500 is taken as the cut-off point for identification of families for assistance under different programmes in the Eight Plan.
- 2 If the modal class of the income distribution

among the beneficiaries remains unchanged or shifts to the higher income brackets and/or, there is, in general, a movement of the beneficiaries from the lower to the higher income brackets, then it implies that there is a reduction in the intensity of poverty of the beneficiaries. An increase in the average income of the beneficiaries along with no change or a decrease in coefficient of variation implies a reduction in intensity of poverty of the beneficiaries having an income less than the average income of the beneficiaries as a whole (i.e. lower income group beneficiaries). An increase in coefficient of variation after assistance implies an increase inequality in income distribution among the beneficiaries.

- 3 'Before assistance' refers to the year 1991-92 and 'after assistance' refers to the year 1995-96.
- 4 In the background paper for the *World Development Report 1995*, RNFS is defined as the sector which includes all economic activities in rural areas except agriculture, livestock, fishing and hunting. For details about the concept of RNFS and its characteristics, see Samal (1997b). According to a study group of NABARD in Orissa, RNFS is defined as sector which comprises all non-agricultural activities: mining and quarrying, household and non-household manufacturing, processing, repairs, construction, trade, transport and other services in villages and rural towns with up to 20,000 population, undertaken by enterprises varying in size from household 'own-account enterprise' all the way to factories.

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## Chapter Four

POVERTY ERADICATION  
AND PARTICIPATION IN AFRICA\**Structural Issues Barring Participation of the Poor*

Sadig Rasheed

## I. Profile of Poverty

Poverty eradication is a major challenge worldwide. Yet, it is a particularly daunting one in Africa. While data on poverty in Africa is generally lacking and often fragmented, evidence available from diverse sources consistently underscores the acuteness of the poverty situation and its severity in the continent in relation to other parts of the world.

The World Bank estimated, in its 1990 *World Development Report* (WRD), that in 1985 there were 180 million people, or 47 per cent of the total population, in sub-Saharan Africa below the poverty line.<sup>1</sup> In its WRD 1992, the Bank revised these figures upward to 184 million, and 47.6 per cent, respectively.<sup>2</sup> The same Report estimated that both the number and proportion of the poor below the poverty

\*The views expressed in this paper are those of the author and should not be attributed to the UN Economic Commission for Africa.

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line increased to 216 million and 48.8 per cent, respectively, in 1993.<sup>3</sup>

UNDP's Human Development Report 1994 gives a higher estimate of 54 per cent for the proportion of people living in absolute poverty in sub-Saharan Africa in 1980-1990.<sup>4</sup> The data of the International Fund for Agricultural Development (IFAD) on rural poverty alone is even more grim. It estimates that 204 million out of 337 million, or 60 per cent, of the rural population lived, in 1988, below the poverty line.<sup>5</sup> Africa's rural population constituted 73 per cent of the total population in that year.

Disturbing as these figures are, the debilitating state of poverty in Africa can be properly perceived only when other manifestations of poverty — such as the pervasive hunger and famine; the rapidly rising number of refugees, displaced persons and destitutes, inadequate levels of access to health education and education services; high mortality rates; and high incidence of social and economic marginalization and exclusion — are adequately taken into account.

In spite of the efforts to improve social conditions over the years, these have remained alarmingly inadequate and have shown further deterioration on many fronts. The average life expectancy of 52 years is thirteen years lower than the world's average and is less by eleven years than the average for the developing countries as a whole. The percentages of the population having access to health services, safe water and sanitation are 59, 45, and 31 respectively; and the average calorie supply per capita is only 92 per cent of requirements. Access to education and training at all levels in Africa continues to be limited. Only one out of every three women, and two out of every three men, are literate, making the adult literacy rate of 51 per cent the lowest in all regions and lower by 18 per cent than the average rate for all the developing countries. Furthermore, gross enrolment in schools has fallen from 39 per cent in 1980 to 35 per cent in

1990 and the average annual rate of growth of enrolment has plummeted from 8 per cent during 1970-1980 to 2.8 per cent during 1980-1991. Critical as the general situation is, it is even worse for children and women. The mortality rates for infants (under 12 months) and children (under 5 years) are at 101 and 160 respectively, the highest of all the regions. The percentage of children who are underweight, wasted, and stunted are 31, 13, and 44 respectively.<sup>6</sup> Famine and hunger have become endemic in many parts of Africa. Drought, armed conflicts and civil strife have combined to swell the number of refugees and displaced persons to 20 million. The tragedy of Rwanda alone has inflated that figure by 4 million in 1994.

Some appreciable efforts have recently been made to develop poverty indices to measure the nature of poverty beyond the conventional headcount indicator. IFAD's Food Security Index (FSI); Integrated Poverty Index (IPI), Basic Needs Index (BNI) and Relative Welfare Index (RWI)<sup>7</sup> are useful composite indicators in further illustrating the many facets, extent, and depth of poverty in Africa.

Africa is a highly food insecure continent. Thirty-nine countries, out of a group of 49 African countries, constituting 79.6 per cent, rank as severely or moderately food insecure in accordance with IFAD's FSI.<sup>8</sup> Of a total of 37 countries worldwide that are classified by IFAD as "low food security countries", 21 are in sub-Saharan Africa.<sup>9</sup>

The extent of this food insecurity is further revealed through the disaggregation of the components of FSI. Between the periods 1965-1967 and 1986-1988, the food staples self-sufficiency ratio in sub-Saharan Africa fell from 98 per cent to 93 per cent, while the number of food deficit countries increased sharply from 28 to 41 for the same period.<sup>10</sup> Particularly serious is the fact that a large and growing number of countries have been unable to satisfy even the most rudimentary nutritional needs of their populations. 33 of Africa's 42 sub-Saharan countries have per capita energy supplies below the minimum requirements.<sup>11</sup>



In terms of relative poverty (as measured by the IPI),<sup>12</sup> 80 per cent of sub-Saharan African countries (36 in number) have "severe poverty" (i.e.  $IPI \geq 0.40$ ), while another six countries, or 13.3 per cent, have "moderate poverty" ( $0.40 > IPI \geq 0.20$ ). Only three countries are classified as having "relatively little poverty". "Severe poverty" is less pronounced in other regions amounting to 58 per cent in Asia, 44 per cent in Latin America and the Caribbean, and 15 per cent in the Near East and North Africa (see Table 1).

Table 1: Regional Profile of Integrated Poverty Status, 1988

Region	Number of Countries in:			
	Severe Poverty ( $IPI \geq 0.4$ )	Moderate Poverty ( $0.4 > IPI \geq 0.2$ )	Relative Little Poverty ( $IPI < 0.2$ )	Total
Asia	14	6	4	24
Sub-Saharan Africa	36	6	3	45
Near East and North Africa	2	3	8	13
Latin America and the Caribbean	14	11	7	32
Total	66	26	22	114
Least Developed Countries	35	7	—	42

Note: The integrated poverty status is determined on the basis of the percentage of the rural population below the poverty line, the income-gap ratio (difference in GNP per capita income of the country from the highest in the sample of 114 countries expressed as a percentage of the latter), the distribution of income below the poverty line as reflected in the life expectancy at birth, and the rate of growth of GNP per capita.

Source: Jazairy et al., *The State of World Poverty*, op. cit., p. 35, Appendix, Table 2A.

IFAD's BNI<sup>13</sup> is a composite indicator of education, health and safe water and sanitation. Measuring Africa's poverty through the use of this indicator clearly reveals the

continent's disadvantageous situation. Twenty-nine of the sub-Saharan countries (69 per cent) rank as "very needy" ( $BNI \leq 0.50$ ); 15, or 33.3 per cent, as "moderately needy" ( $0.75 \geq BNI > 0.50$ ); and only two countries rank as "relatively less needy".<sup>14</sup>

The RWI<sup>15</sup> is a combined measure of adjusted FSI, IPI and BNI. Of a list of 20 "Extremely vulnerable" countries ranked lowest in terms of RWI, 17, or 85 per cent, were African.<sup>16</sup>

The extent of impoverishment in Africa can be further revealed by the fact that out of 55 countries classified by UNDP's Human Development Index<sup>17</sup> as belonging to the "low human development" category, 41 countries, or 79 per cent, were African. Only 22 African countries belong to the "medium human development" category and none belonged to the category of "high human development" countries.<sup>18</sup>

The majority of the rural poor in Africa are smallholders (73 per cent), followed by the landless (11 per cent), the nomadic pastoralists (13 per cent) and small artisanal fishermen (3 per cent).<sup>19</sup> Poverty is most severe among African women. 31 per cent of rural households in Africa are headed by women compared with 9 per cent in Asia, 17 per cent in Latin America and the Caribbean and 17 per cent in the Near East and North Africa.<sup>20</sup> Of 564 million women below the poverty line worldwide, 129 million are in sub-Saharan Africa.<sup>21</sup>

While rural poverty is pervasive in Africa, urban poverty has increasingly become a major cause for concern as its rates of growth are quickly surpassing those of rural poverty. Across sub-Saharan Africa 23 per cent of the urban population has become poor.<sup>22</sup>

It is, thus, evident that poverty is extremely acute in Africa and also that its state is much more serious than implied by the mere reference to the headcount indicators.



The extent and intensity of human suffering and deprivation among the majority of African people can hardly be matched elsewhere.

## II. Poverty Eradication: What Prospects? And What Policy Implications?

Economic and development policies of the 1980s and early 1990s have not succeeded in either turning around the failing economies or reducing poverty in Africa. Indeed, they have not been sensitive enough or directly geared to addressing the latter cause. During the 1980s, the African economies barely grew at an average annual rate of 2 per cent, translating into a negative rate of growth of per capita incomes of 1.1 per cent annually. Economic performance during the first half of the 1990s was even more disappointing. During 1990-1994, the regional GDP grew at an average rate of 1.3 per cent, and per capita incomes fell by 1.8 per cent, per annum.<sup>23</sup>

The disappointing performance was accompanied by a persistent decline in the per capita rate of growth of agricultural production, low productivity, and an intensification of the unemployment problem. The food production per capita index fell to 96 in 1991, in relation to 100 in 1979-1981,<sup>24</sup> while the index of per capita agricultural production measured 98 also in 1991.<sup>25</sup> Indeed, Africa is the only continent in which per capita food and agricultural production have been declining during the past two decades. For the developing countries as a whole these indices were 118 and 113 respectively in 1991.<sup>26</sup>

Open unemployment is estimated to have risen from 7.7 per cent in 1978 to 22.8 per cent in 1990.<sup>27</sup> Productive employment grew at an average rate of 2.4 per cent per annum, while the labour force increased at a rate of 3.2 per cent in recent years.<sup>28</sup> The share of the labour force in formal sector wage employment is low and has also been decreasing

from a regional average of 10 per cent in 1980 to less than 8 per cent in 1990.<sup>29</sup> On the other hand, employment in the low productivity and low income informal sector increased rapidly during the 1980s and accounted for 25 per cent of the labour force in 1991,<sup>30</sup> suggesting not only an increasing informalization, but also a structural unemployment and underemployment problem. But employment opportunities in this sector are rapidly becoming saturated. Underemployment has been increasing rapidly and is estimated to currently affect about 100 million Africans.<sup>31</sup>

No wonder then that human conditions and the poverty situation have worsened during the past fifteen crisis-ridden years in Africa. During much of those same years, the economic policies practised by the majority of African countries were dominated by structural adjustment programmes (SAPs). An intense debate has been raging over the past decade over the impact of SAPs on poverty. While in the early 1980s not much reference has been made to the positive impact of SAPs on poverty, such a perceived or expected impact has been referred to with more and more assertiveness in the documents of the World Bank and also by some of its economists in recent years. As an example, Ishrat Husain asserts:

Because the majority of Africans — and the majority of Africa's poor — live in rural areas and are self-employed smallholders, adjustment programs that move the terms of trade in favor of the rural sector and focus on broad-based growth in agriculture offer the most immediate opportunity for alleviating poverty and promoting economic growth.<sup>32</sup>

He goes on to conclude:

The conventional wisdom that the poor in Africa have suffered under structural adjustment programs is not substantiated by the review of empirical evidence. As most of the poor live in rural areas, the shift in rural terms of trade has helped augment the incomes of the poor. Public

expenditures on social services have also not taken a major cut in most adjusting countries.<sup>33</sup>

Counter arguments and mounting evidence do, however, point to the contrary.<sup>34</sup> It was, for example, generally observed that:

IFAD's experience in countries undergoing structural adjustment programmes suggests that while the benefits of these programmes to production and income in the long term may be beyond question, in the short term they may have a negative impact upon the rural poor. Three areas are of particular concern: disorganization of input and output trading; deterioration of agricultural terms of trade and a decline in production support services. Taken together they can provide a major disincentive to farmers to improve their productivity in precisely the ways that structural adjustment programmes seek to promote.<sup>35</sup>

IFAD also concluded:

Such programmes, however, and the public expenditure cuts typically associated with them, can have adverse consequences for the smallholder sector and for poverty alleviation programmes.<sup>36</sup>

Devaluation, price increases and liberalization of internal trade and imports have often worsened the status of the poor. Jamal estimates that 30-40 per cent of the African farmers are quite likely to be "net purchasers" of food.<sup>37</sup> Higher producer prices for those and the category of the landless do not necessarily translate into higher incomes. Liberalization of agricultural marketing has often impacted negatively on poor producers in many countries.

IFAD observed in Congo that

Liberalization of food crops marketing, whereby price ceilings imposed by the marketing boards were abolished and private traders were allowed to compete freely, did not lead to the expected increase in production by small holders.

Credit ceilings under the structural adjustment programmes prevented existing financial institutions from satisfying farmers' and traders' increased demands for credit. Similarly, increased interest rates associated with the structural adjustment programmes disrupted small farmers' access to credit slowing down production increases and marketing activities.<sup>38</sup>

In many cases, import liberalization has also hurt domestic production, adversely affecting from pastoralists in West Africa to indigenous industries in many countries.

The economic crisis and the economic reform measures during the past decade-and-a-half have resulted in a deleterious combination of high inflation rates, higher consumer prices, salary freezes and retrenchment of public sector employees. These, in turn, have deepened and increased the incidence of urban poverty. Urban incomes have fallen so steeply and by more than rural incomes to the extent that many economists have concluded that the "rural bias is now well ensconced in Africa".<sup>39</sup> Indeed, Jamal and Weeks have maintained that the limits to falling wages and increasing prices have already been reached under SAPs without any realization of the expected beneficial impacts on the expansion of wage employment and output.<sup>40</sup>

Even though some studies have concluded that the level of health and education expenditure as a percentage of the GDP and per capita spending levels in these two areas have remained stagnant during the 1980s in adjusting countries,<sup>41</sup> there is a growing consensus that cuts in the proportions of public expenditure spent on health and education have occurred during the past 15 years in African countries—including adjusting countries—as a result of the economic crisis and policy reforms. Such cuts together with the imposition of user fees have curtailed access by the poor to those basic services and increased hardship among the poor tremendously. In this context, the following observations in a recent study by the Bank are instructive:



Overall cuts in spending have not been a central feature of adjustment programs in Sub-Saharan Africa, but it is still likely that there were spending cuts in social services that had previously benefited the poor to some degree. Poverty reduction was not an explicit central objective of early adjustment programs, and, until recently, little attention was given to the level and composition of social expenditures — a shortcoming that is being corrected...But there is little evidence that the composition of the spending has improved substantially in favour of the poor in any of the adjusting countries, though a few countries have started to make strong efforts in that direction.<sup>42</sup>

Both the Bank and the adjusting African countries do indeed acknowledge that SAPs have social costs, at least in the short run, and social safety nets have been introduced in an attempt to mitigate the adverse impact of these programmes on the poor. The limited resources of these funds and the manner in which they have been implemented have not enabled them to succeed in reducing poverty among the “newly poor” in any appreciable manner, let alone cause them to make a dent in the more stubborn widespread structural poverty. For example, the funding levels of the social safety nets were \$ 10 million in Zimbabwe, \$ 80 million in Ghana, and \$ 600 million in Egypt. Only 0.3 per cent of the population in Ghana and 0.5 per cent in Egypt were reached through these programmes. In Zimbabwe, less than 1 per cent of the retrenched workers have been reached by the training programmes that have in the first place been designed to assist them.<sup>43</sup>

A study by UNRISD concluded in this regard as follows:

Such programmes are not an answer either to social costs of adjustment, or to poverty in the context of adjustment and should not provide an excuse for not taking seriously the question of how to refine adjustment programmes to make them more sensitive to the needs of the vulnerable of the poor.<sup>44</sup>

The Bank itself acknowledges the limitations of safety nets and suggested that special social funds and social action programmes “should not be a substitute for more fundamental restructuring of social sector spending to increase efficiency and reduce poverty”.<sup>45</sup> It also concluded that “more attention needs to be given to the alleviation of the suffering of the poor during adjustment”.<sup>46</sup>

The very fact that poverty, both proportionally and in terms of numbers, has increased and deepened during the past decade in Africa — including in the intensively adjusting countries — is in itself a clear indication of the inadequacy of the development policies and approaches that have been adopted. If current trends continue and with a population growing at an average annual rate of 3.1 per cent and a fragile environment that is being rapidly overexploited and taxed, the poverty situation is apt to worsen considerably. Indeed, the World Bank projects — on the assumption that per capita income would grow by 0.3 per cent, which is not the case now, during 1990-2000 — that sub-Saharan Africa will be the only region in which both the proportion and the number of poor will increase. It estimates that the number of poor will reach 304 million, or 49.7 per cent of the population in the year 2000, and sub-Saharan Africa will then be home for one quarter of the world’s poor.<sup>47</sup>

Two central corollaries of the foregoing discussion are that first there can be no task more urgent or strategic in Africa than the eradication of poverty and achieving human-centred development, and second that these strategic objectives cannot be achieved on the basis of adjustment-based policies.

Economic reforms and adjustment are important and countries must adjust to changing economic circumstances. But adjustment and economic reforms cannot constitute the whole basis for development, nor should they substitute for it. Sustained accelerated economic growth is essential for a successful strategy of poverty eradication. However,

adjustment in Africa has not been able even to spur that kind of growth and is not likely to do so in future mainly due to the structural deficiencies in the African economy.<sup>48</sup>

Thus, poverty eradication and human-centred development need to become the ultimate objective and to form the very core of development strategies and policies; and the challenge here for the African countries is to adopt imaginative, comprehensive and integrated strategies of development and structural transformation of their economies in which human development concerns would predominate. Adjustment would thus be part of the broader developmental context, not a substitute for it. To achieve these interlinked objectives of human-centred development and structural transformation calls not only for major policy shifts and augmentation and redirection of resources for this purpose on the part of African countries at the national, sub-regional and regional levels, but also for similar actions by Africa's development partners, including bilateral donors, NGOs and the international financial institutions and development organizations.<sup>49</sup>

### III. Poverty and Participation: Agenda for Empowerment

For long, Africa's poor, who form the majority of the population, have suffered economic, political and social marginalization and exclusion. Such a lack of participation has not occurred merely as a byproduct of their poverty. It occurred mainly because of cumulative structural factors and, more significantly, as a direct result of deliberate policies of an overwhelming majority of successive repressive and unrepresentative regimes which did not encourage or facilitate economic participation, deepened economic inequalities and social disparities and stifled the practices, culture and institutions of democratic and pluralistic polity.

Effective economic, social and political participation is essentially an expression of effective economic and political

empowerment. In the absence of such empowerment, not only will it be next to impossible to respond effectively to the needs of the poor and improve their conditions, but it will also be futile to attempt and to revive the failing economies, to hope to accelerate growth and development on a sustained and sustainable basis, or to bring about the socio-political stability that is so very vital for achieving these tasks.

Much of the poverty in Africa is structural in nature. It is now generally agreed that among the main factors causing such poverty are the starkly uneven distribution of wealth, assets and incomes; the gender and ethnic bias blocking opportunities for economic participation; undue control by a ruling minority and allied interests over political power, governance institutions, production structures and economic policies; adoption of economic policies and investment and public expenditure patterns that are overly discriminatory against the poor and their interests; and application of discriminatory laws and bureaucratic procedures that are disadvantageous to the poor.

Without effective economic, social and political empowerment and participation on the part of the poor, these structural causes of poverty cannot be adequately addressed. Furthermore, without the effective involvement and participation of the poor in the design, implementation and monitoring of policies, programmes, and projects targeted to eradicate poverty one can hardly expect these efforts to bear fruit. Studies carried out all over the world documented the disappointing outcomes of policies and programmes aimed at the poor, precisely because of the failure to involve the beneficiaries and build on their initiatives in the first place.

In spite of the growing rhetoric and widely espoused awareness on the part of African governments and their international partners of the need to practise participatory development approaches, there is mounting evidence in support of the opposite. Even in the straightforward case of



social safety nets — which are intended to benefit the poor and cushion the negative impact of SAPs in a rather direct fashion, the poor are not consulted. There is a need to understand and to adapt the strategies that the poor themselves have devised for their survival.

A study in Ghana described participation in the programmes as “truncated”. The beneficiary communities have not been consulted on project selection, the project priorities were “set centrally”, and the beneficiaries merely contributed their labour inputs to the project.<sup>50</sup> A study by UNRISD has come to the conclusion that priorities, design and control of safety nets have mainly been determined by the state and the donors.<sup>51</sup>

Similarly, meaningful economic participation and empowerment of the poor and grassroots organizations hardly seem to have been the outcome of safety nets. In Egypt, NGOs sponsored by influential individuals received priority treatment in funding,<sup>52</sup> and in Ghana, one large NGO benefiting from the fund has been described as a “thinly disguised political organization”.<sup>53</sup> In Zimbabwe, less than 1 per cent of the retrenched workers have been able to get access to the training programmes designed to assist them; 26 per cent of the targeted urban poor benefited from food support programmes and only 10 per cent benefited from targeted educational support measures.<sup>54</sup> In Ghana, one study indicated that only 1 per cent of the distributed funds were earmarked for poor women, and no attempts were made to reach women or collect data on gender.<sup>55</sup>

These examples clearly reveal the extent of the difficulties involved in advancing the cause of participation without effective empowerment being put in practice. Economic, political and social empowerment are mutually reinforcing. A comprehensive agenda needs to be implemented if such empowerment is to be achieved to any successful degree.

Economic empowerment of the poor requires commitment on the part of the state to a democratic agenda of development. An agenda which is decidedly pro-poor and enabling of the masses. But such orientation is a function of the quality of governance, and the prospects of forging and implementing such an agenda for democratic development and empowerment would depend on the extent to which governance itself is democratic and truly representative of the make-up and interests of the broad masses. The existence and effective functioning of the institutions of democratic governance and organizations of civil society could facilitate the adoption of such a pro-poor development strategy and exert pressure for the economic empowerment of the poor.

Africa can boast of few traditions of democratic governance in the Western sense. Since 1989, a surge of political liberalization has altered the political landscape in Africa, to the extent that today the majority of African countries can be described as politically open or quasi-open societies undergoing different phases of a democratic transition. Yet, the quality of this political liberalization leaves much to be desired and is also fraught with possibilities of setbacks. Under such conditions, democracy will thrive and will be practised effectively to the extent that the masses and their organizations are permitted and are actually able to demand and exercise their democratic rights. Thus, CSOs and NGOs have a historic role to educate the poor about their democratic rights, convince them of the value and benefits of exercising these rights — particularly the linkage between political and economic gains — and assist them in practising these rights.<sup>56</sup>

This in itself is not an easy task: Both the fact that the poor tend to see little direct value in active political participation and the negative perception gained from the repression and hazards they have been subjected to in the past, as a result of attempts at political dissent, are two reasons that tend to make such a task more cumbersome. This is why the CSOs, NGOs and newly emerging political parties have a basic civic responsibility to build up true



democracy on the foundations of effective democratic participation from the grassroots level. While it is the responsibility of the state to create political space to allow for effective political participation, and regardless of how genuine the attitude of the State is in desiring to do so, political empowerment and participation can only emerge, in the final analysis, as a result of the struggle of the CSOs and the people at large for such fundamental rights.

As mentioned earlier, effective economic participation and empowerment of the African poor required deliberate efforts and interventions on the part of the State to create and enhance opportunities for such an objective. Broad macro-economic reform measures cannot, on their own, guarantee such participation and empowerment and may, indeed, undermine these objectives even further. For example, the experience of economic liberalization suggests that markets are exploitative of the poor. In order that the poor are enabled to participate economically through the market system, it is important that: (i) barriers to market entry for the poor are deliberately lowered; (ii) assistance is given to them, *inter alia*, to establish their own marketing channels and organizations which would provide them protection against exploitation by the rich and resourceful; and (iii) non-competitive practices by the private traders are encouraged. If this is not done, there is every likelihood that the market system itself would further deepen their poverty. Thus, the preconditions for effective economic participation by the poor are: cheaper credit; alternative financial institutions for the poor; enhancement of opportunities for access to assets with a view to improving their productive capacity; and provision of other infrastructural support services. Without direct intervention to give the poor this kind of edge it is highly unlikely that they could ever be economically empowered to participate effectively in the economic arena.

For example the fact that 73 per cent of the rural poor in sub-Saharan Africa are small holders dictates that priority should be given to this large category of poor not merely to

eradicate their poverty, but also to ensure that they will be able to contribute to economic growth in a significant manner. Similarly, special efforts and a comprehensive package of policies and programmes need to be implemented urgently to deal with poverty among women, which would empower them economically and enhance their opportunities for participation in civil society. Given the predominance of women among the poor, agricultural producers, in the informal sector and as heads of poor households, eradication of poverty among women and boosting production and productivity dictate that urgent and concerted actions be taken to address the economic and political empowerment among women.

The NGOs are seen as the natural allies of the poor in their struggle to achieve higher levels of economic participation and empowerment. Their assistance could be particularly vital in helping the poor to organize themselves economically into productive, marketing and credit associations and organizations and facilitate the smooth functioning of these entities. Equally important is the role they could play in demanding and taking actual advantage of moves aimed at the decentralization of decision-making. The poor are to be given opportunities to express themselves, and to have a say in the policies, programmes and projects that affect their lives. NGOs can also play an effective role as advocates on behalf of the poor to demand a pro-poor orientation in development strategies and policies, the protection of the economic rights of the poor, and the dismantling of legal and regulatory barriers to economic and political participation and empowerment. They could also act as "watch dogs" on behalf of the poor and monitor compliance of pro-poor policies.

Various experiences of successful participation and effective experiments of cooperation between NGOs and the poor to foster political and economic participation can be cited.<sup>57</sup> A number of international partners, including



organizations within the UN system, have also been supporting participatory approaches in Africa. Commendable as these initiatives are, they have, nevertheless, remained limited in scope. Furthermore, many African NGOs have increasingly become more involved in purely technocratic concerns and in the search for funds to the detriment of their perceived role as agents of change and advocates of empowerment of people.

Efforts at the national level to foster and strengthen capacities for political, social and economic participation and empowerment can be greatly strengthened through the support of UN Agencies, bilateral and multilateral agencies, and international NGOs. In spite of some change in aid policies, international assistance and the many adopted policy guidelines by international partners in recent years have neither increased poverty eradication, nor participation and empowerment of the poor. Investments in the poor, in participatory fostering activities, and in human development have remained meagre, accounting for about 7 per cent of ODA (Overseas Development Assistance). Moreover the overall macro-economic orientation of aid policies has not been sufficiently supportive of poverty alleviation and active participation of the poor in civic life.

### Notes

<sup>1</sup>See World Bank, *World Development Report* 1990. Oxford University Press, New York, 1991, table 2.1, p. 29. The poverty line for the poor is defined as \$ 370 per capita a year in 1985.

<sup>2</sup>See World Bank, *World Development Report* 1992. Oxford University Press, New York, 1993, table 1.1, p. 30.

<sup>3</sup>Ibid., table 1.1, p. 30.

<sup>4</sup>See UNDP, *Human Development Report* 1994, Oxford University Press, New York, 1994, table 18, pp. 164-165.

<sup>5</sup>See Jazairy, Alamagir and Panuccio, *The State of Rural World Poverty*, New York University Press, New York, 1992.

<sup>6</sup>See *ibid.*, table 11 of the annex.

<sup>7</sup>See Jazairy, Alamagir and Panuccio, *The State of Rural World Poverty*, *op. cit.*

<sup>8</sup>See IFAD, *The State of World Rural Poverty — A Profile of Africa*, table 1A, p. 62. The food security index (FSI) combines measures of calorie availability in relation to requirements, the growth of per capita energy supply, food production, food staples self-sufficiency and variability of food production and consumption. The FSI is measured as:

$$FSI = w_1 \{ [x_1 / (1+x_6)] (1+x_2) \} + w_2 \{ x_3 \{ x_4 / (1+x_5) \} \}$$

where

- $x_1$  represents per capita daily calorie supply as a percentage of requirements;
- $x_2$  the annual growth rate of per capita daily energy supply;
- $x_3$  the food production index;
- $x_4$  the self-sufficiency ratio;
- $x_5$  the production variability;
- $x_6$  the consumption variability; and
- $w_1$  the relative weights attached to the two factors to compensate for their unequal range of values.

<sup>9</sup>See Jazairy et al., *The State of World Rural Poverty*, *op. cit.*, table 3.1, p. 31.

<sup>10</sup>See *ibid.*, table 3.5, p. 33 and table 3.6, p. 34.

<sup>11</sup>See *ibid.*, Table 3.2, p. 32.

<sup>12</sup>The Integrated Poverty Index (IPI) is essentially an extension of the head count ratio and Sen's index of poverty. It combines the percentage of the population below the poverty line with the income gap ratio, the distribution of income among the poor and the annual rate of growth of

<sup>54</sup>Guy Mhone, "Social Dimension of Structural Adjustment and Stabilization in Zimbabwe: A Critical Review and Assessment" (mimeo), UNRISD, 1994, quoted in Jessica Vivian, *op. cit.*, p. 13.

<sup>55</sup>Ibid., p. 12.

<sup>56</sup>See Sadig Rasheed, "The Democratization Process and Popular Participation in Africa: Emerging Realities and the Challenges Ahead", in *Development and Change*, No. 1, 1995.

<sup>57</sup>See Sadig Rasheed, "The Challenge of Sustainable Development in Africa in the 1990s and Beyond", in *Eastern Africa Social Science Research Review*, Vol. 9, No. 2, June 1993.

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## Chapter Five

## POVERTY ERADICATION THROUGH PARTICIPATORY DEVELOPMENT

### *Lessons from South Asia*

Ponna Wignaraja

#### I. Evolution of a South Asian Perspective on Poverty Eradication

In the late 1940s and 1950s, amidst the process of decolonization in South Asia, a number of ideas caught the imagination of South Asian scholars and ruling elites. These included the "instant" creation of new nation states (with the illusion of transference of political power), the grand vision of progress through modernization and industrialization, and the notion of a single interdependent economic system (known as "One World"). Taken together, these ideas provided a paradigm that was to mould the destiny of the South Asian Region for the next half century.

The partial success of India's early planning and efforts at industrialization, the Green Revolution in Pakistan and later in India, the aid flows and foreign "expert" advice that accompanied it mesmerised all concerned and reinforced the belief that a rapid social transformation was under way with decolonization, and that the world economy would be managed for the betterment of all people.

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Whatever criticism there was of the process as it unfolded within South Asia, came mainly from a minority of conventional Marxist intellectuals who understood some of the dangers of incorporation of South Asia into the global capitalist framework. However, the conceptual limitations of their analytical framework did not permit them to either understand the complexity of the reality or to see many of the sharper contradictions that were to emerge subsequently. Mahatma Gandhi with his now famous dictum, "*the World has enough for everyone's needs, but not for anyone's greed*", provided an alternative vision for development. With his death soon after Indian Independence, neither the theoretical nor the practical implications of his vision for South Asia were fully worked out.

As the warning signals began to emerge in the 1970s (under the auspices of the United Nations Asian Development Institute — UNADI), a group of South Asian scholars, among others, attempted to understand the reality, question the "development" intervention that had taken place and began to systematically generalize from this new understanding. A somewhat broader framework of political economy was reflected in a trilogy of separate studies first undertaken by these scholars between 1974 and 1979. These early studies were published by the Dag Hammarskjöld Foundation in their Journal, *Development Dialogue* 1977:1, 1977:2 and 1979:2, and have now been republished in one book under the title *Towards a Theory of Rural Development*.<sup>1</sup>

The beginnings of this alternative approach did not rely on a *priori* theorizing or on borrowed thinking from Western social sciences. It was essentially based on the South Asian reality. The framework that emerged was rooted in a more 'scientific' approach to South Asian history and culture, unlike the conventional development paradigm which ignored the cultural and the historical context. The material basis for the generalizations on alternatives was provided by the negative impact of a quarter century of development on large numbers of people in South Asia, as well as by the first generation of positive experiments at the micro grass-roots

level. This approach demonstrated the possibilities of incorporating social justice and participation into a process of accumulation and economic growth which would involve and benefit the poor and the vulnerable in the all-round development of their lives. In particular, there was increasing evidence that such processes were sustainable at the micro-level. The development experiences of China's "socialism under non-classical conditions", and of South Korea's "capitalism under non-classical conditions" provided helpful insights in this exercise.<sup>2</sup>

With the global system itself in disarray and the structures and institutions of the South Asian nation states unable to cope with the twin crises of development and democracy, another intellectual effort was crystallized in the 1980s. A larger network of South Asian scholars (under the auspices of the *South Asian Perspectives Project* of the United Nations University) came together to try to understand the steady slide of these societies into anarchy and destabilization, despite the rhetoric of development, democracy, and regional cooperation. Breaking out of the conventional paradigms and transcending the cruder versions of Neo-classical and Marxist thinking, they took a deeper look at the emerging reality and articulated elements of an alternative within an inter-disciplinary framework. The aim of the exercise was not only to examine the available alternatives in terms of categories that were hitherto neglected, but also to focus on those alternatives which were sustainable in the present South Asian context.<sup>3</sup>

A part of this United Nations University network was also concerned with the Gender and Equity crisis — another facet of South Asia's growing economic, social and political problems. Here again there was an increasing body of positive evidence which indicated that poor women contributed significantly to economic and social development, particularly in the informal sector. There was also increasing evidence that they could overcome their double burden of

being women and poor, through better organization and using local resources and knowledge, and their own creativity. Moreover, where they had support from sensitive macro institutions, the small development actions initiated could operate also on a larger scale and be sustainable. A study entitled *Women, Poverty and Resources*<sup>4</sup> attempted to draw the lessons from these experiences for poverty alleviation among poor women and to refine the concepts and methodology of an alternative approach for South Asia.

Building on a number of development experiments at the micro-level, a new study was published entitled *Participatory Development: Learning from South Asia*,<sup>5</sup> providing a more systematic critique of the dominant development paradigm and mainstream economics. The study identified critical elements for an alternative methodology for reversing some of the harmful processes resulting from the prevailing paradigm. A number of people's movements and experiments in South Asia, which have matured in the 1980s, provided basis for a new approach advocated by the study.<sup>6</sup> These movements and experiments demonstrate the potential for damage limitation and reversing past processes, as well as suggest possibilities for initiating actions with the participation of the poor and vulnerable, particularly at the micro local level.

The five studies provide a culturally relevant point of departure for moving systematically towards poverty alleviation and sustainable development. The unambiguous message is that a more complex strategy than hitherto followed is required. This strategy would need to maintain the gains from attempts at open economy industrialization, with appropriate damage limitation on the poor resulting from the "structural adjustment" policies, and at the same time initiating a major process of social mobilization and accumulation from the grass-roots. This process of social mobilization would need to be supported by macro level strategic Pro-Poor planning and the harmonization of this strategic thrust with Open Economy.

## II. Some Lessons from Experience

Participatory action research experiments in South Asia have provided some critical lessons for eradicating the worst forms of poverty in South Asia. These are recounted below.

### *Lesson #.1:*

The emerging contradictions and the need for seeking an alternative driving force to accumulation

Development intervention that took place when South Asian countries emerged from colonial rule ignored the fundamental fact that this region was a predominantly rural society. The chosen "development model" was both *indifferent* and *inimical* to rural development. That model had three major components: (a) central planning, control, and coordination as a top down process; (b) industrialization and expansion of the modern sector as a means of rapid economic growth; and (c) assistance from developed countries to bridge the savings, foreign exchange, and technological gaps. It was assumed that rural South Asia would be carried on the back of a modern urban industrial sector, until a new society was created. With the benefit of hindsight, it is now evident that the working of the model has not only failed in its own terms, but has also caused fundamental damage to the possibility of these new nations mobilizing their own resources to the fullest to sustain this process.

From the failure of the "model" of development to benefit the large numbers, comes the conclusion that the South Asian region was confronted by a social and historical framework in which the ideological driving forces of accumulation which worked in the economically advanced societies no longer offered a viable road to accumulation for South Asia. Therefore, the compulsion for seeking an alternative driving force for accumulation, even in its narrower conception, was mounting.



The new concept of development presented in the late 1970s was in terms of fundamental humanistic values: people-centred, rather than narrowly techno-economic. The core objective was the de-alienation of man vis-à-vis the material forces of production and society and a purposeful growth of human capacities.

It needs to be emphasised that the South Asian villages are not homogeneous economic and social entities. The contradictions at the village level distort purely technical thrusts planned and delivered bureaucratically from the top, without the involvement and participation of the poor and the marginalised. Such efforts have accentuated the polarization process. Any positive strategy and intervention under these circumstances must first separate the poor from the rich and work with the former to actualize cooperative values and initiate some unity and group actions according to the felt needs of the poor. Such a process does not, however, always get initiated spontaneously; an outside intervention may be required to catalyse it. As the process gathers momentum the people's knowledge system, which is an integral part of the culture, should come into play and new people's organizations, including village level savings funds, be set up to economically sustain the process.

Built into such a movement should be a continuous process of self-evaluation to facilitate timely corrective measures. Evaluation should become part of the internal dynamics of the process itself. The values or criteria used in the evaluation should not be narrowly *economic* or *quantifiable*. A number of values, however, may be perceived by the people as being of strategic importance. Even though much of economic benefits, attitudinal changes, and self management are *measurable* in a variety of ways, what is important is the raising of consciousness of the people and the enhancing of the political power of those who were hitherto marginalized. Initially, this may take the form of building countervailing power.

To test the approach and methodology, an action research programme was initiated jointly with the activists of the *Bhoomi Sena* — the Movement of the landless labour in Maharashtra in India — to create jointly, new knowledge about the social reality of poverty. This methodology of dialogical research went beyond conventional social science research and helped bring out the perceptions of people who are involved in the struggle for survival. People utilized the accumulated experience from their life and struggle while considering various options and providing rationale for their action, and building new institutions to tackle the problem of poverty. This experience contributed to the methodology of Participatory Action Research (PAR).

#### *Lesson #.2:*

The multifaceted crisis and the need for a more complex culturally relevant economic and social response

In the 1980s, a wider network of South Asian scholars began to systematically uncover the multifaceted crises that had emerged in South Asia, which were not only further marginalizing large numbers of people — both economically and politically — and creating a crisis of survival for them. The environment and the natural resource base were also being destroyed, thereby generating a reverse flow of resources from the region and creating violent unmanageable social conflicts leading towards societal collapse and anarchy. Politically, these consequences were compounded by the erosion of democracy and a growing militarization of the regimes.

The results of the development strategies can be summed up as follows:

- # in the four decades since independence national income has increased without significantly alleviating poverty and agricultural growth has increased food output without affecting the nutritional status of the poor;

- # foreign aid dependence is increasing, while there is a continued reverse flow of resources from South Asia to the rich industrialized countries; and
- # the development strategies pursued were not culturally relevant and did not constitute qualitatively acceptable growth.

In sum, as a result of the uncritical continuation of past development strategies, development (even in its own narrow economic terms) was being undermined. Poverty within these countries is reproducing itself and economic disparities are increasing. They are nowhere near "take off" stage to catch up with the rich countries. Therefore, an alternative approach should focus on *people* rather than on *growth*, and *participation* rather than highly *centralized planning*, as a starting point. This involves both new interdisciplinary theorising and new practice. It requires development of new institutions and use of the knowledge system. A refined methodology to reverse past processes through people's praxis, i.e. the action-reflection-action process, must be identified. The essence of this methodology is to have people participate as subjects in the development process. The people's knowledge system becomes a critical lever in reversing the poverty reproducing process and to bring about a change in their reality.

The crisis of state power in South Asia and the problems and prospects of regional cooperation are also of relevance. The crisis that was sparked by the acute inequities resulting from the development process also had an impact on the political process and democracy. Political power has increasingly become centralized. Significant sections of the peoples are denied participation. Minorities are tyrannized and political power is increasingly wielded by military bureaucratic oligarchies. The tendency towards growing militarization and fragmentation of states along ethnic, linguistic or religious lines creates internal conditions for

further external intervention. The crisis of the State thereby assumes an international dimension and inhibits bringing out the full potential of regional cooperation, which is necessary for reinforcing the path of sustainable development and democracy.

However, there are elements in the cultural traditions of South Asia which would constitute an ideological basis of a viable political alternative. It can be argued that there is a major contribution of the cultural dimension towards building democratic states in South Asia. The potential in the folk consciousness of Islam for containing ethnic conflict within the dialectic of unity in diversity is one example. Hindu ideology and the role of women in Hindu society is another example. Certain historical periods in which women asserted their rights for equality can be identified, along with the cultural roots of the complementarity between women and men in Hindu Society. The class character of militant groups in ethnic conflicts represents another cultural element to be taken into consideration.

There is a need for cooperation in South Asia. It can be argued, for example, that the inherent asymmetry of constituent states can be turned into a supportive factor in the promotion of development and democracy in the region. Such perceptions should guide future intellectual efforts, now that SAARC (South Asian Association for Regional Cooperation), the first manifestation of regional cooperation, has come to stay. If countries individually do not have the political will to systematically eradicate poverty, a collective approach under SAARC auspices is advisable.

### Lesson #.3:

The double burden of gender and equity—some innovative approaches

The South Asian Network of the United Nations University initiated a special study to understand the relationship between gender and equity issues. The study



looked at the question of the double burden women face within the dominant development paradigm. Over the past decade, women's movements in South Asia have helped to focus on the important role poor women play in development, without benefiting from the process.

The study was an attempt to look at the role of poor women in an alternative development strategy. It examined several experiments in South Asia where poor women had organized themselves primarily in informal sector activities for micro-level development actions and gone beyond survival to building new organizations and savings systems to sustainable development. In most cases, this change in their economic and social conditions was brought about through the methodology of participatory action, using local resources, and local knowledge. Where there was a sensitive support system involving a government agency, an NGO, a bank or a donor, these experiments were able to go to scale. The process identified was very different from the conventional process where poor women are seen as the objects of the process and merely receiving credit and other inputs "delivered" from outside in the name of "Women in Development" programmes. Both the development perspective and the methodology are further refined in these people-oriented development experiences under varying socio-political circumstances.

In South Asia, the eradication of the worst forms of poverty through organization of poor women and their empowerment has now gone beyond experimentation.

### III. From Lessons to Concepts and A More Rigorous Methodology of Participatory Development

The network of South Asian scholars and activists in a partnership have attempted to refine further the methodology for not only partially reversing past processes, but also initiating the transition to a new and more complex strategy of development through social mobilization and

participatory development. The studies carried out highlighted the multifaceted crisis that is already upon South Asia, albeit in varying degrees of intensity and inter-relatedness in different countries, making it imperative for these countries to adopt a different development pathway. Secondly, they provided a critique of the dominant development paradigm to show that neither in its own narrow ideological and socio-economic terms nor as a response to the wider crisis has it been sufficient. Thirdly, they articulated in an unambiguous manner elements in a strategy based on social mobilization and a rigorous participatory development process at the micro level, which can both limit some of the damage of past strategies, as well as go a long way towards eradicating the worst forms of poverty and de-humanization in South Asia. This process at the same time, once initiated at the micro-level, may provide a transition to a sustainable pattern of development. Finally, they helped refine some of the methodological and analytical tools which are indispensable for reinforcing these alternative processes already under way.

The above-mentioned studies did not pretend to substitute a fully articulated alternative theory of development for the conventional dominant theory that has influenced development thinking and action in the past forty years in South Asia. Rather, they propose a more complex approach to the problems on two fronts: one, to selectively maintain some of the gains from modernization and open economy industrialization through appropriate macro level damage limitation strategies; the other, to build co-operative and self-reliant village, local and regional economies as a parallel process. This is to be based on productive use of local resources — people, nature and knowledge — and keeping the local surplus in people's hands. A corollary was to keep the savings of the poor in their own control, through micro savings and credit institutions. The major thrust of these studies was on the latter aspect of the strategy,<sup>7</sup> and on how to reverse past processes beginning at the micro terrain. A

basic assumption here was that the poor are efficient and can contribute directly to growth, and have demonstrated the capacity to save, invest, create assets and repay loans. Therefore, participation of the poor and vulnerable will entail building new people's organizations.

To move to the new premises for a pattern of development where growth, human development, and equity need not be trade-offs, it is essential to attempt a critique of the dominant development paradigm. An examination of the fundamental concepts of the mainstream development paradigm shows that the very design of this paradigm precludes comprehension of the fundamental relationships between people, nature and growth. As such, it is incapable of formulating a sustainable relationship among them. The particular form of economic growth that is in operation in South Asia is not only perpetuating the poverty of the majority of people, but is also eroding the natural, human and financial resource base on which a new beginning could be made.

The new approach suggested by these studies regards those people who were impoverished and marginalized by current growth processes as prime movers of history in future. If the release of the creative energies of the people is a critical factor, the question then is, what is needed to initiate a process to enable them to use their full creativity and realize their true self-worth? Once this is done, the further task of building organizations to sustain and multiply the process could be left to the internal dynamics of the process itself. The essence of the process is *mobilization, conscientization, and organization* of the people, in that order. This process could proceed from being a countervailing factor to ensuring social justice and greater equality for all.

Research is being carried out on new social movements in South Asia that go beyond conventional trade unions and the old co-operative movement which have run out of steam or been distorted or co-opted. In any event, these old

institutions only addressed limited issues relating to people's lives. Likewise, illustrative case studies are available on new experiments, which show how people in this cultural milieu view their lives holistically and respond to real life situations by using local knowledge systems and resources. There is further experience of sensitised catalysts and animators as instruments to initiate or reinforce social praxis. From this experience, generalizations are made on how to re-focus the methodology of Praxis and PAR as an effective step in moving forward in social transition.

Fundamental to this new methodology is the epistemological proposition that the development of development theory and practice itself occurs in a dialectic relationship with each other and at each stage the lessons of practice will form the basis for further theory. For this reason, the formulation of the alternative theory must be rudimentary. As actions are taken through praxis, more explicit theorizing can follow. The nature of the alternative theory is that it develops not through *a priori* formulations, but through the comprehension of its application to practice at each stage of praxis.

#### IV. The Report of the Independent South Asian Commission on Poverty Alleviation

The independent South Asian Commission on Poverty Alleviation, set up by SAARC, further refined the perspectives on poverty eradication delineated above. There is sufficient evidence on the ground to support the view that neither the conventional neo-classical nor Marxist concepts of Western development were sustainable either in the North, or in the South. In the current discussions the word "structural" is used in two very different terms for the North and for the South. The North has yet to understand fully the predicament into which it has got into and the urgent need to bring about changes in its approach to its own development, patterns of excessive consumerism and wasteful use of global resources



and in the management of the Global System. Even the welfare state system which permitted the North to adopt capitalism to changing conditions is unravelling.

What does South Asia do in the meantime? Does it continue to embrace the fragmented concepts of economic and social development, the dichotomized sequence in redistribution with growth, the one-sided open economy and simplistic structural adjustment in the ideologically oriented financial sense (with or without a human face), and provide vast natural, financial and human resources to sustain an unsustainable and inequitable global order? As a corollary to the paradigm implicit in these inadequate strategic options, does it continue to make a plea to the North to transfer 1% of GDP to the South? Internally, should the South Asian countries try to tranquillize the poor and the marginalised with some subsidies and a few scattered pro-poor projects delivered through "top down" planning mechanisms? Should the South Asian intellectual community continue to support this unsustainable practice with a mishmash of theory and policy recommendations, which have little relevance to the nature and magnitude of the problem, the cultural values or the resource base?

The perspective which should inform the new premises for action should be unambiguously pro-poor and culturally relevant. It suggests action on two fronts: (a) the open-economy industrialization front; and (b) the poverty eradication front. These two parallel strategic thrusts, having longer and shorter term time frames, can be harmonized as the two processes evolve.

The elements that should inform the poverty eradication front are:

- Poverty can be eradicated in South Asia within a ten-year time frame, leaving only a residual number of poor who would need relief, social welfare programmes and safety nets. This residual category can be kept within

manageable limits and be carried by society until they, too, can become part of the mainstream of a sustainable development process, where growth, human development and equity are not trade-offs.

- This would involve a doubling of GDP per capita during this ten-year plan from the current US\$ 300 to US\$ 600 per capita (given a projected population growth rate of 1.8 per cent). This means a GDP growth rate of 9 per cent per annum for the region. This growth rate of 9 per cent is an ambitious target, but achievable. It can build upon the growth rate of 3.1 per cent in the 1980s, which was achieved under very adverse conditions. Each SAARC country can phase its indicative planning targets according to its own potential.
- Such an increase will have to be produced by a different pattern of development which requires an explicit political commitment of the leadership and the participation of the poor in development. Such political commitment would have to focus on the two conventional targets of growth policy: lowering the incremental capital-output ratio from 4:1 to 3:1 or less; and increasing the marginal saving rates from the current levels to 27 per cent or more. Such a large shift would also require the involvement and participation of the poor through their own institutions and mobilization of their own savings, as well as those of the non-poor. Lowering of the capital-output ratio would involve a growth strategy based on labour-intensive development, with high productivity and human development.

A key element of the strategy which accepted the premise that the poor are efficient, has to be to mobilize the

savings of the poor themselves as a first step. South Asian countries have little choice but to use labour, the factor in surplus. The investment activity of the poor is effected mainly not in the form of monetary instruments, but as asset creation by transforming labour into capital. Combined with social mobilization and proper organization, it can help unleash new forces leading to efficient asset creation. The "sharing and caring" characteristics of the poor in South Asia and the values of "simplicity and frugality" too can reinforce such an effort. Thus, in addition to the conventional accumulation process by the state and the private sector, there is the potential for a new accumulation process at the base of economy in the informal sector by the poor themselves.

Lastly, this process must include a net transfer of resources to the poor through pro-poor planning. Apart from increasing their savings and having access to capital, such a resource transfer can also take the form of improving the social and physical infrastructure for the poor, once again through their own participation. All this requires a major effort at pro-poor planning and social mobilization, leading to the release of the creative energies of the poor and the building of their organizations.

- Most of the poor in South Asia live in rural areas and depend directly or indirectly on agriculture; food security is an important component, not only of survival but also of the basic dignity and well-being of the poor. Thus, a foremost element of the development pattern and the pro-poor plan is to give a new priority to agriculture with emphasis on food production and a food security programme. The state needs to make an explicit political guarantee of the right of the poor to food security.
- The designing of a strategy for small-scale, labour-intensive industrialization for which South Asia has a comparative advantage, forms

another element. This strategy would absorb the unemployed and under-employed poor, including youth, into productive activities. Labour-intensive industrialization is a function of the product mix, technology choice, scale of activity, plant size and supporting institutions.

- An essential prerequisite of the poverty eradication strategy is human development, which guarantees the right of the poor to participate in decisions that affect their lives, the right to food as a basic human right, the right to work and the right to all information services. Literacy, primary education, health, shelter and protection of children have also been included in this list of priorities. Defining and promoting the role and status of women in society and ensuring the full participation of all strata and groups in development decision-making is necessary to make human development holistic. The ultimate objective of economic growth is to bring a higher level of human development within the reach of the poor and thus to expand the range of their choices. In this way, development itself is made more participatory and equitable, where growth and human development need not be trade-offs.
- Although, initially, such a pro-poor strategy and plan can be designed and implemented independently of the longer-term open-economy industrialization and the associated programme of structural adjustment. Eventually the two strands of the overall development pattern would have to be harmonized with each other. Since they have different time-frames, this harmonization could take place as the two processes unfold.



At the Dhaka SAARC Summit in 1993, the Heads of States, in an unprecedented decision, established the "ownership" of this culturally relevant strategic thrust for moving towards growth, sustainable human development, and greater equity in the South Asian Region.

The implementation of these strategies would require drawing on the many stocks of knowledge—traditional and modern—which was available to South Asian countries and gave greater technological choice. A great deal of research support, using innovative inter-disciplinary social science, giving modern scientific validation to traditional technology, action research methodologies, capacity building and the effective utilization of existing research results would be required, if the goals of growth, human development and poverty eradication are to be achieved within a reasonable time-frame. This more complex development response was also a prerequisite for stabilization of the multi-cultural and multi-ethnic societies which are becoming unmanageable, and for the consolidation of the democratic transformations which are underway in South Asia.

More specifically, the Action Plan of the SAARC Heads of States required that:

- Each SAARC country draw up a national Pro-Poor Plan in parallel with the Open Economy Strategy at the macro level and initiate a Social Mobilization process at the micro level, for eradication of the worst forms of poverty within a ten year period. This Pro-Poor Plan is based on the assumption that the poor are efficient and can contribute to growth. The greater part of the poor do not need to be passive recipients of relief, welfare or social safety nets.

As the parallel Open Economy and Poverty Eradication strategies evolve over different time horizons they have to be harmonized, to permit mutual reinforcement and to prevent further sharpening of the contradictions in society.

- The experience gained and progress achieved with Pro-Poor Planning and the micro level Social Mobilization that goes with it, should be shared among the SAARC countries in a process of experiential learning. Progress will be reviewed at subsequent SAARC Summits.
- A new dialogue should be opened with "donor" Organizations/ Governments, so that they could create an enabling international atmosphere that is supportive of this poverty eradication strategy in South Asia.

After the SAARC Summit decision, one major dialogue was organized with a group of donor organizations, catalyzed by United Nations University's South Asian Perspectives Project (UNU/SAPP) and under the auspices of the World Bank and the SAARC Secretariat, in October 1993. The Bank responded positively to the Commission's recommendations. The UNDP, ADB (Asian Development Bank), UNICEF, and IFAD (International Fund for Agricultural Development) also participated in the discussions giving their support to the findings and recommendations of the Commission.

In January 1995, a group of scholars, professionals and NGOs, as well as some Members of the Poverty Commission reviewed the official follow-up dialogues. They

drafted a "Call to Action" for more vigorous implementation of the historic Dhaka Summit "Consensus on Poverty Eradication by the Year 2002". They also endorsed the establishment of an Independent Policy Research Network for Poverty Eradication through pro-poor planning and social mobilization.

There is today a historic opportunity for SAARC to build on the Poverty Commission Report and the Heads of States decision and articulate a New Social Contract between the state and the poor in South Asia.

In South Asia, the complexity of the multifaceted crisis should not be underestimated. The magnitude of the poverty problem is too large to be taken care of merely by relief and social safety nets. Subsidies and social safety nets are an inadequate response and cannot be sustained over time. Thus, a **New Social Contract** has to be designed for South Asia, based on the recognition that the poor themselves are efficient and can contribute to growth. In any event, some of the old welfare state concepts and practices are being given up and the structural adjustment programmes are tending to sharpen the contradictions in South Asian societies, without providing an effective alternative in the short and medium term.

This New Social Contract and the New Development Paradigm that underlines it, seem to be a must for all poor countries. It applies equally to the problem of the poor in rich countries. South Asia has made the first steps towards achieving this fundamental objective.

## Notes

<sup>1</sup>de Silva, G.V.S., Wahidul Haque, Nirajan Mehta, Md Anisur Rahman, and Ponna Wignaraja, *Towards a Theory of Rural Development*, Progressive Publishers, Lahore, Pakistan, 1988.

<sup>2</sup>Wignaraja, Ponna, "Towards a Theory and Practice of Rural Development" in *Journal of the Society of International Development*, 1984:2, Rome, Italy.

<sup>3</sup>Wignaraja, Ponna and Akmal Hussain (eds.), *The Challenge in South Asia: Development, Democracy and Regional Cooperation*, Sage Publications, New Delhi, Newbury Park and London, 1989.

<sup>4</sup>Wignaraja, Ponna, *Women, Poverty and Resources*, Sage Publications, New Delhi, Newbury Park and London, 1989.

<sup>5</sup>Wignaraja, Ponna, Akmal Hussain, Harsh Sethi and Ganeshan Wignaraja, *Participatory Development: Learning from South Asia*, Oxford University Press, Karachi and Oxford, 1990.

<sup>6</sup>Wignaraja, Ponna (ed.), *New Social Movements in the South*, Zed Books, London and New Jersey, 1993.

<sup>7</sup>This study will not go into details of the former aspect. There is now a vast literature by the World Bank, from the U.N. System, International Commissions, by theorists on "Limits to Growth", New Economics and Alternative Development which identifies the elements of the Open Economy Strategy with Structural Adjustment, the causes of the problems and suggests how to limit the damage inflicted by the macro system as it works.



handicap-related unemployment and poverty, as well as at the redundancy payments associated with unemployment. Willmott is also looking at the qualifications of those who have most recently become unemployed. Nevertheless, what would be valuable is a systematic cross-national study of the relationship between such employment-related welfare benefits and the incidence of poverty.

10. In the case of Britain see, for example, A.H. Halsey *et al.*, *Origins and Destinations*, Oxford University Press, 1980.
11. These findings run counter to what the ATD movement appears to believe: namely that the extreme poor share a common history and a collective identity inter-generationally: analogous, in some respects, to that of the Gypsies, whose collective identity is also threatened by the dominant society.

It is disturbing to note Willmott's finding that existing income support policies in several of the major Member States are far from adequate in keeping larger families out of poverty, even where the head of the household is employed (Willmott, *Unemployment and Poverty*, October 1980, Chapter 6).

12. Various projects have attempted to assess the cost-effectiveness of the innovations they have undertaken.
13. Writing from within the liberal tradition, see C.B. Macpherson, *The Political Theory of Possessive Individualism*, Oxford University Press, 1962; and F. Hirsch, *op. cit.* From the neo-Marxist tradition see J. O'Connor, *The Fiscal Crisis of the State*, New York, St Martin's Press, 1973; and C. Offe, *Structural Problems of the Capitalist State*, in K. Beyme (ed.), *German Political Studies*, Volume I, pp. 31-57.

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7

## Combating Poverty

### STRATEGIES FOR SOCIAL WELFARE

A wealthy society which combats poverty is struggling with itself, to counter its own practices which leave some of its citizens poor, unhealthy, ill-educated ill-housed and unemployed. It is trying to achieve a redistribution of resources in favour of its weaker members and, more difficult, to secure that this redistribution is maintained, which must entail some redistribution of power as well as resources.

The European Programme of Pilot Schemes for the most part offers a set of community work strategies to achieve this goal. It can be argued that some of the very small projects were experiments in social case-work or group-work (e.g. the Camden Drop-In or the Copenhagen project), but few projects had more than an incidental concern with providing advice or therapy, for individuals.

To say that they are mainly community work projects is not in itself very helpful, however, for we lack a universally agreed definition of community work.<sup>1</sup> We can say that community work concerns working with groups to achieve wider changes in society, but so does politics and religion. Rather than search for an overarching definition, it is more useful to say that there are several different strategies of intervention in society in favour of its weaker members which go under the name of community works all of which are represented in the European Programme. In this chapter we try to identify these major strategies.

The purpose of the classification we have developed is not simply to divide up a long chapter, but to clarify some basic differences between projects, and to help explain their activities,

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assumptions and objectives. This is a classification of strategies rather than projects, for we recognise that strategies blend and change over time, and that different actors can operate different strategies in the same project. We hope that our classification will help understand these shifts and tensions.

### Three Traditions of Social Work

Before America's War on Poverty there were two main traditions in community work. One derived from the Charity Organization Society of mid-Victorian England and was greatly developed by the major voluntary bodies in North America, who became very sophisticated in organising joint fund-raising activities and operating integrated patterns of service delivery. The Social Service Councils which figure in the Irish Combat Poverty Programme are directly in this line of descent. With the growth of public social services, these skills in manipulating bureaucratic organizations became highly valued in the public sector. Thus in the European Programme we find COPEs in Paris assisting in the co-ordination of six agencies providing child care services, while in Padua the *comune* is redeploying its health and welfare services in new geographical, administrative and professional patterns.

Meanwhile, a parallel tradition had emerged. This can be traced back to the Settlement movement in late nineteenth-century Britain and America, although its major development came in the context of Western aid to the developing countries after the Second World War. Schemes for economic and social development in these countries ran up against a cultural gap between local people and outside experts. On the one side was a population more motivated to protecting its traditional pattern of life than to economic change and suspicious of outsiders whose main concern in the past had been to collect rents, taxes or loot. On the other side, the scientific experts often had little understanding of the land tenure systems and kinship patterns which made nonsense of their attempted innovations. The answer seemed to lie in participatory arrangements, allowing local people to determine their own priorities and getting them to co-operate with each other in their achievement. Thanks in part to the work of Oscar Lewis,<sup>2</sup> who popularised the theory of a universal cultural gap between poor

people and the rest of society, the technique was imported to America's cities for the War on Poverty.<sup>3</sup> The technique was already known in Europe, particularly through the work of the Dutch Ministry of Social Work.<sup>3</sup>

For many people, this second tradition became the only true form of community work, as evidenced by basic textbooks such as Murray G. Ross, *Community Organisation, Theory and Principles*.<sup>3</sup> The two traditions were sometimes differentiated as community organization (the Social Service Council tradition) and community development (the UN tradition).<sup>6</sup> The United Nations provided its own definition of community development in 1955:

Community Development can be tentatively defined as a process designed to create conditions of economic and social progress for the whole community, with its active participation and the fullest possible reliance on the community initiative.<sup>7</sup>

Several of the European Programme's projects conform closely to this model. The Irish rural projects, with their emphasis on economic structures, come closest to it, but it also fits urban projects in Edinburgh, London, Naples and elsewhere.

The Committee and staff of the Irish National Programme still seemed to see community work polarised between these two models in their internal disputes in the mid-1970s. A statement from the programme's second director to the management committee in 1976 vigorously asserts the primacy of the community development approach:

It would be very easy. . . to put into effect a programme of service orientated projects which would simply have the effect of alleviating poverty, e.g. projects improving residential facilities for vagrants, meals on wheels, etc . . . They would bring us no nearer to the eventual elimination of poverty. . . However, it does seem possible. . . to carry out projects which will, hopefully, bring us a little way towards a society where poverty will no longer exist. The projects can do this by beginning a process of social change.



The greatest scope for bringing about desired social change is through the promotion of *participation* within the local projects. In this way poor people will understand their situation better, will be better able to articulate their needs and will be better equipped to press for the satisfaction of their needs . . . Participation is not only a way towards achieving an end, but is an end in itself if one sees poverty as social exclusion.

However, when Jack Rothman came to elaborate his models of community organisation in 1968,<sup>8</sup> he identified three models. The first two were the traditions we have outlined above, which he christened 'social planning' and 'locality development'. The third, which he called 'social action', was born of the War on Poverty and its chief exponent was Saul Alinsky.<sup>9</sup> The UN style of community development had been aimed at securing collaboration between people and authority, smoothing out conflicts to make way for the march of progress. Alinsky and his conferees turned the concept of cultural difference on its head; cultural patterns of poor people could only behave differently and survive if they could break down the constraints imposed upon them by the wider social structure. His ideal of community work, put forward as early as 1946, is rather different to that of the UN:

A people's organization is a conflict group. This must be openly and fully recognized . . . A people's organization is a banding together of a multitude of men and women to fight for those rights which ensure a decent way of life . . . A war is not an intellectual debate and in a war against social evils there are no rules of fair play.

These three models were postulated over ten years ago, and do not cover all the strategies used in the European Programme of the mid-1970s. However, it is useful to consider the salient features of Rothman's three models put forward at the height of America's War on Poverty and at the time when anti-poverty schemes were beginning to appear in Europe.

*Social planning* is defined as 'task oriented', that is, committed to achieving certain specific results. The process whereby these

results are achieved is a subordinate consideration. Participation by the client group may be involved, if this is considered useful. Being 'task oriented', social planning projects are often happy to submit to 'scientific' evaluation.

The basic assumption of a social planning project is that there are a number of substantive problems to be solved. The basic strategy for change is together all available facts on which to work out rational solutions. Its tactics are fact-finding and analysis. This may involve conflict with groups opposed to change or it may be achieved by consensus.

In such a setting the practitioner is a recognized expert, experienced in manipulating formal systems, particularly inter-organisational groups. Normally the sponsors of the project are part of the established 'power structure', whether they are public or semi-public bodies or major non-government organizations. It is a system of reform from above. The 'boundaries' of the project are in one sense geographical, but they are also usually categorical, in that the clients are people with particular problems. These problems are often associated with poverty, but the poor as such are seldom an operational category. There is no assumption that their needs are in conflict with the rest of society or *vice versa*, as in other types of project. Rothman describes this as an 'idealist' approach, believing that the common good arises from the expert's exercise of judgement and conscience. The clients are basically viewed as 'customers', active in consuming services rather than in determining them.

The *locality development* strategy is, by contrast, 'process oriented'. The process of building co-operative relationships and community structures takes precedence over whatever substantive reforms are made or services delivered. The goal is to increase what Murray Ross termed 'community capacity'. For this reason there is a tendency to distrust evaluation directed at assessing 'results'.

The basic assumption is of a local community overshadowed by the wider society. The basic strategy for change is to help the community express its felt needs. The basic tactic is discussion and communication, with a search for consensus. The practitioner of this strategy does not push his now technical expertise, he is an expert

'enabler' or 'encourager' operating mainly through small groups. He sees the whole community as his client, including the local power structure. His employer is usually an agency from outside the locality. The project 'boundaries' are geographical rather than categorical, although there may be a particular attention to certain categories, such as women (but never men), young people, farmers, and so on. The practitioner normally sees conflict as damaging, stressing the compatibility of different interests. His approach is 'rationalist', seeing the common good as arising from discussion and agreement, with a faith in broadly based representative institutions. The clients are seen as participants with the practitioner in a common endeavour. Clearly they suffer from some form of inadequacy or they could do without the practitioner, but despite all the culture of poverty theories, the strategy rests on a conception of the client population possessing certain strengths and energies which need to be focussed and released. In his concern to address the whole community, the practitioner often rejects categorising the poor as a group or styling his activity an anti-poverty project.

The *social action* project may be task or process oriented. Its practitioners' view of society is of a hierarchy of privilege and power, in which certain groups or areas are deprived or ignored. The basic change strategy is to defeat the forces which oppress them; the tactic is organized conflict. The practitioner assumes an 'advocate' or 'activist' role, with recourse to mass organisation when necessary. Frequently sheer numbers are seen as the only resource of the oppressed. The power structure is the enemy. The project therefore needs an autonomous power base, ideally with the client group as the employer. The 'boundaries' of the project may be formally defined in geographical terms, but it is difficult to constrain it geographically for there will be a constant tendency to seek solidarity with fellow groups in other areas. There is usually no hesitation in categorising the poor or the working class (or the Fourth World) as a separate entity—the fear of stigma is replaced by a search for solidarity.

The assumption of inevitable conflict between interests leads to a 'realist' view in which there is no common good to be unveiled by the expert or arrived at by honest discussion between men of

goodwill. Rather, public policy reflects the balance of power in society at a particular moment. The client population is seen as a victim of the system, and one school of social action workers places great emphasis on living among them and sharing their standard of living. Rothman identifies 'social reform' as a variant of social action, with the difference that the practitioners do not operate from within the victim population.

### **A Pattern of Projects**

The Rothman analysis illuminates many aspects of the European Programme. For instance in Ireland we can see two social planning projects, the Social Welfare Allowances project and the Social Service Councils project. There are five rural projects which conform to the locality development model, and we can see at least two urban projects which adhere to the social action model. But the Irish National Committee at one time or another supported twenty-six projects, so where do the others fit in?

Rothman himself admits that projects may blend strategies. He could also add that the dominant strategy may change over time, and that different practitioners, sponsors and clients with a project may promote different strategies. Indeed this is the source of a constant state of tension in many projects. Furthermore projects may choose to present themselves to the world in different guises. The most notable example of this is that social action projects frequently do not have an autonomous power base, and are faced with seeking support, financial or other, from elements of the power structure they oppose. Hence the tendency to present themselves to these audiences as locality development projects with an emphasis on co-operation rather than conflict.

Yet even allowing for this, the Rothman classification as it stood in 1970 cannot encompass the European Programme. It may have been adequate six years after the War on Poverty was launched but experience in Europe and America since then is difficult fit into this framework.

There seem to be two major problems. One is that the Rothman models are all area-based, even though he insists on this only for the



locality development model. But in every case we have the image of the project leader's office decorated with a wall-map outlining the target area with a heavy red line. The experience of the 1970s however, has increasingly been one of community work with 'communities' that have no territorial base, such as single-parent families, the disabled and so on. This has been linked with a partial disillusionment with the possibilities of achieving social change on a local basis, as evidenced in particular by several of the reports of the Community Development Project teams in Britain in the mid-1970s.<sup>10</sup> Our increased awareness of poverty has also brought home to us that most poor people do not live concentrated in ghetto areas.

The second problem is that the contrast between social development and social action presented by Rothman seems too stark, even though he admits to the existence of 'hybrid models'. While many community workers are ready to accept that their clientele are victims of the social order, the 'war' that Alinsky speaks of is waged very much in the Clausewitz spirit of 'diplomacy by other means'.

Social action may indeed be a matter of fighting or bargaining for resources, but given that the power structure is seldom monolithic, that it has different segments with different interests, the possibilities for manoeuvre and coalition building may be considerable. The project often only exists because such a pluralist situation prevails, with some element in the power structure funding the project to achieve shifts in the balance of power which it favours.

This more diplomatic style of conflict has been identified by some commentators as a separate strategy. For instance, the Community Development Programme inter-project report in 1974<sup>12</sup> spoke of three strategies: consensus, pluralism and structural conflict (evidently social planning was not considered to be community work). These three reappeared in 1975 as the traditional, and radical strategies,<sup>13</sup> and in 1978 as the liberal democrat, libertarian and marxist strategies, with social planning coming back as the conservative strategy.<sup>14</sup> A paper presented to the conference of the Association of Community Workers in 1979 suggested that a further strategy may need to be defined, to embrace feminism in community work.<sup>15</sup>

We have preferred to attempt a slightly more sophisticated version of the Rothman analysis, first of all by allowing for each of his three models to apply to non-territorial communities. Rather than speak of 'locality development', we will call this 'area community development' and place alongside it 'sectional community development'. The word 'group' would sound more natural, but this would raise a confusion between group work (i.e. with small face-to-face groups) and community work. Sectional community development is based on the same collaborative principles, but it addresses itself to a non-territorial entity. The Gingerbread Clubs for single-parent families and the Women's Aid movement for battered women are examples of this so far as they are concerned with developing the potential of their members to co-operate for their mutual benefit. In both these organizations, these are some workers who would prefer a different orientation, but at the moment the community development strategy seems to be in ascendance.

'Social planning' remains a useful category for analysing the European Programme, and again we can distinguish, if not with fine precision, between those which deal with a complex of problems in a given locality and those which are addressed to the problems of particular groups which are considered to be similar in many localities. Obviously there is a spatial aspect to any plan and the plan for a special group will need to be carried out at particular locations, usually within the area of jurisdiction or of operations of the sponsoring agency.

The social action model we can elaborate to include the pluralist approach and the conflict approach as sub-categories. They are based on a common realist view of society, but the tactics are different, particularly in the readiness to form coalitions between the victim group and other groups in society. Again, social action can be area or sectional. To take the Irish Programme once again as an example, the North Centre City Community Action Project is an area-based project and the National Salmon and Inshore Fishermen's Association is a sectional group.

We prefer the term community action to social action, to try to minimise confusion with the French phrase *action sociale*, which

covers all interventions in the social field (hence the European Community's Social Action Programme), although we recognise that in French *action communautaire* often applies to what the Anglophones call community development.<sup>16</sup>

The rest of this chapter considers the European Programme according to the principal strategies employed. In this way we hope to be able to compare like with like and avoid the bewilderment which followed several of the cross-project contacts, as in this brief confrontation between an Irish community action project and an Italian social planning scheme:

One team member late went to Padua for eight days. She could see little basis for comparability. Padua was an experiment in Health Reorganization at the higher administrative level. Its aim appeared to be more effective and rational use of existing local government resources. Our aims concern the mobilising of the resources of the people, and obtaining more resources from the State for the area as well as the defence of existing services.<sup>17</sup>

## SOCIAL PLANNING

### Social Surveys

Data collection is an important part of most social planning exercises, which are usually based on a detailed quantitative assessment of pre-selected target problems. A survey itself is only part of a true social planning exercise; the next stage is to communicate the results to the right quarters and then to mobilise the appropriate agencies and resources to tackle the situation which the survey has 'revealed'.

The Areas of Special Social Need (ASSN) project in Belfast is a very good example of survey data being put to use in this way. The first part of the project included in the European Programme concerned only the survey into the distribution of needs and services in the city, conducted by officials of the Northern Ireland Department. The action did not, however, end with the publication of the results.

The department went on to convene a Belfast Areas of Need (BAN) Committee, with representatives of all the statutory services whose responsibilities seemed relevant to the problems uncovered by the research, from which flowed host of further actions, including another action in the European Programme.

In the Republic, the Irish National Programme included a major survey into the operation of the Social Welfare Allowances Scheme introduced by the government in 1977. This involved a study of recipients of the previous scheme and interviews with officials responsible for carrying out the old and the new systems. Unfortunately, the results had still not been published at the time of writing.

An effective follow-up to this work might well have been to convene a meeting with the Department of Social Welfare to consider the shortcomings of the present scheme and to organize the appropriate responses, e.g. training courses for Superintendent Welfare Officers or better information services. This now seems unlikely to occur.

A major voluntary organization, the Society of St Vincent de Paul, was assisted by the National Committee in conducting a survey both north and south of the border into the housing conditions and social relationships of old people living alone. This was expressly done as a basis for developing future actions by the Society. The survey was published in October 1980.

The ASSN-BAN project, embracing a wide range of problems in a given area, is a classic example of area social planning. In contrast, the SWA and the St Vincent de Paul projects present a nationwide approach focussed on very specific issues.

### Area Social Planning

By far the largest project in the European Programme was the area social planning exercise at Padua. This bold, imaginative and expensive project run by the local *comune* involved the reorganization of the entire health and social services of a city of 250,000 inhabitants. The objective was to achieve an integrated but decentralised pattern of services open to all citizens on a non-categorical basis, with an



emphasis on preventive care, aims which reappeared in different forms in all the other social planning projects in the European Programme. Like these others, Padua also had a strong bias against residential institutions and in favour of domiciliary care.

The inter-organizational linkages entailed by the project were manifold, including an extensive range of public services at city, provincial and national level and several voluntary social welfare organizations. Attempts to build in citizen participation through the neighbourhood councils were, however, largely unsuccessful. Although the project had participation as one of its aims, its failure to achieve this was regarded by the project workers and the authorities as of relatively minor importance, in comparison with its other achievements. This underlines the difference between social planning and the other strategies employed in the programme.

For all that the Padua project was all-embracing as regards the civic health and social services, it was very specific to its locality. The main impetus came from a reforming group of local councillors and senior officials who were only incidentally interested in setting up a model for the rest of Italy. They have indeed been happy to share their experiences, but Italy already has a variety of models for municipal reforms and it is unlikely that a standard pattern will emerge.

### Sectional Social Planning

The COPES project in the 14th Arrondissement of Paris, although more localised than the Padua project, was specifically intended as a model for the rest of the metropolis, as well as to inform government policy throughout France. COPES, the small research team which concluded the contract with the Commission, was only the consultant to the main experiment, the Secteur Unifié Enfance. For sometime, the government had been attempting to secure greater co-ordination between the various agencies involved with the protection of children without adequate parental care. Prior to the experiment in the 14th Arrondissement, these efforts had all been at the *departement* level. The COPES project experimented with a much more local level of coordination in a sector of Paris, as

well as trying to exploit the more integrated pattern of service to develop a system of preventive care. The COPES team showed little interest in general community involvement in the SUE, but devoted the bulk of its energies to educating the professional workers, child minders and foster parents who were to work for it. This education was designed to put across certain technical concepts, although it used discussion groups rather than formal lectures as its main technique.

Alongside this social planning work, however, COPES included a small venture in community development, helping a tenants' association to set up its own part-time creche and day nursery. Two different strategies were being employed in the same project, even if the second strategy was confined to a relatively minor sideline.

The project run by ARIM-PACT in central Brittany was a similar piece of multi-agency co-ordination to assist a particular problem group. The perceived problem here was that many elderly inhabitants of the thinly populated rural area were brought into residential care mainly because of inadequate housing. The answer proposed, based on two pieces of survey work, was to launch an integrated programme (*action programme*) of sheltered housing, house improvements, home help and home nursing services, a collective laundry service and a network of old people's clubs. The latter, once established, were drawn into the planning of the rest of the exercise. Participation was a success in this project, and it made a significant contribution to the achievement of the project's other goals (e.g. it publicised the projects' schemes, identified potential beneficiaries and persuaded reluctant householders to accept home helps and house improvements), but it was still not crucial to the general success of the project, which was judged by the amount of finance it mobilised and the number and quality of its house improvements and grouped dwellings.

We can also number the PACT project in Orange as a social planning project, a plan which unfortunately did not get much beyond the paper stage by 1980. This again was concerned with the housing problems of deprived groups.

Germany presents two interesting examples of social planning projects which eventually moved on to other strategies. The Stuttgart-Tübingen project began as a consultancy arrangement between a university research team and a group of six residential institutions for vagrants at different localities in the Baden-Württemberg region. The work initially involved the application of theories of social development in small autonomous groups to the internal organization of the institutions. From this the team became involved in organizing preventive care (basically, flats for homeless men) and then to community development with a group of town tramps. This was more central to the team's work than the day nursery was to COPES, but the project remained fundamentally a social planning exercise. The fact that the team developed a trenchant critique of the economic and social system which was creating the increasing number of vagrants does not invalidate this. All the social planning projects in the European Programme have set out strong criticism of those aspects of society they wish to change. Nor are they above criticising the socio-economic system at large, even though they depend upon powerful elements within it (e.g. ASSN squarely indicts unemployment as the main cause of social deprivation).

The Cologne project made a far more radical move, turning in its last years principally to the community action strategy. The project began with a small independent research agency acting as consultants to the municipality on the improvement of its social assistance services, exploring their adequacy through social surveys in two contrasting areas. A move to a further stage of social planning, the provision of advice centres, was short-lived. In its place the team became heavily involved with the local welfare rights group and went on to help establish other groups throughout the North Rhine-Westphalia region. This is an example of a project which went through two distinct phases, using community work strategies at opposite ends of our spectrum.

### COMMUNITY DEVELOPMENT

This is mainstream community work, once described by a senior government minister in Britain as a community pulling itself up by its own bootstraps. The phrase was used in relation to the Community

Development Project 1968-78, several of whose twelve components were later to develop a marked community action stance. The drift towards community action was apparent in several of the European Programme's community development projects, although use of this strategy was sometimes only peripheral and transitory. At times, co-operation just does not seem to work.

Since community development was the preferred strategy of the majority of the project of the European Programme, we cannot analyse each example in this section. Instead, we take some leading examples, looking in particular at the blending of strategies.

The five rural projects in western Ireland are the clearest examples in the European Programme of community development work of the traditional type, with its emphasis on economic co-operation and self-help, even though the National Committee baptised them the Community Action Research Project. Nonetheless, there was some recourse to community action, particularly with the dispute over fishing rights in Beara. This resulted in a specific community action project being launched with the National Salmon and Inshore Fishermen's Association.

Edinburgh was the home of two projects, one in name and fact a community development project and the other largely so. The Social and Community Development Project (later renamed the Urban Regeneration Programme—shortly before taking a rural component!) was run jointly by the regional and city councils. It was intended as a means by which the councils could relate to local communities as a whole, rather than as consumers of specific services, and work through community groups to resolve problems which the groups themselves identified. Since all the project workers were officials of the two councils, which were the dominant elements in the local power structure—being the major landlords as well as the political authority—they were not in a position to organize the people to contest the power structure. Their main purpose was to develop a constructive dialogue which could replace conflict. As one worker expressed it: 'We teach them to roll up their banners and sit down and talk'. But she went on to add, 'there are times when we have to



say that we can't do any more for them and if they want to carry the matter further they will have to fetch their banners out and march'.

The Craigmillar Festival Society, having an indigenous leadership, even if paid from local authority grants, had no such scruples. It was nonetheless primarily a community development project. This was very much the image put across on a one-hour programme produced by CFS and shown on national television in September 1980. CFS exploited whatever government aid was available, adding it to the voluntary efforts of local residents to improve the culture life, social services and economic well-being of its people. Hence an impressive array of old people's clubs, workshops, a family group home, a thrift shop, crafts centre, and so on. Despite this, CFS could not at times shirk pressure-group tactics. For instance, with the local authority as the major landlord, there are obvious conflicts of interest over repairs. Yet the fundamental reconcilability of interests is recognized in the CFS objective of shared government to which the Craigmillar Comprehensive Plan was offered as a contribution.

The Marolles project in Brussels had obvious similarities with Craigmillar, an affinity which the project workers themselves sensed (they made brief cultural exchanges). Most of Craigmillar's activities had a parallel in the Marolles—cultural activities, although with a more cosmopolitan tinge, social service work and small-scale economic enterprises. Yet the Belgian organization called itself the Marolles Action Committee and was born of a confrontation between the residents and the local authority over the redevelopment of their area. It started off with community action, which it never abandoned, and yet moved heavily into community development. There remained a strong sense in the project that their people were a victim group. Since a large proportion are immigrants, they are literally disenfranchised. Rothman would doubtless call this a project using hybrid strategies.

Having an organizational link between projects by no means entails common strategies, as the Irish Programme illustrates. The three Area Resource Centres in the UK were united in a common

technique: the provision of seed-money, organizing skills, technical advice and practical services to small local groups, but the strategy furthered by this technique varied according to the groups the centres encountered and which they chose to assist. The London ARC can perhaps be seen as the most developmental and the South Wales Poverty Action Committee as the most action-oriented.

The seven Family Day Centres were primarily community development enterprises, but they included the action-oriented ATD project. Two of the PACT projects were social planning exercises, but the third (Roubaix) was largely a community development project.

The Giugliano project near Naples is interesting for the contrast it presents with Padua. Both concerned a similar range of services, with a similar emphasis on decentralisation, integration, preventive work and community care. However, Giugliano took a developmental approach, working with the inhabitants to develop common priorities in health care. Participation was central to the project, which engaged in a variety of consciousness-raising activities through cultural events, work in schools, and so on.

The project also saw itself as a centre from which to spread a widening circle of community awareness and participation. For instance, its school social workers managed to move from individual counselling for 'problem' pupils to regular classroom teaching and organising field visits (e.g. to sweated labour workshops) and student projects (e.g. attitude surveys on equality between the sexes).

To end this section, it is worth citing one project among several where there were internal differences over the appropriate strategy. The Women's Aid movement in Britain has for sometime been divided between those members who prefer to concentrate on bringing women together to set up and run refuges for the victims of family violence and those who press for it to be involved in wider campaigns for justice between the sexes. The rift was reflected in the Women's Aid project in Dublin, where the two workers provided by the National Committee met with little success in their attempts to involve their fellow workers in wider concerns.

**COMMUNITY ACTION**

The essence of community action is a 'them and us' analysis of society as a contest for power, whether the 'them' and 'us' arises from a marxist class analysis, a feminist analysis, or any other analysis that opposes the interests of an under-privileged group against that of a power structure. As even the author of the Society of St Vincent de Paul survey of the elderly in Ireland observed:

We are living in an era when most groups who share common interests and needs have banded together in their quest for rights, self-protection or self-advancement. It has become a measure of the deprivation of any group that it has no organization or representatives to speak on its behalf. The old and alone have no organization and no one to speak for them. Largely forgotten in a society where it has become essential for any group to make itself heard before it can attain even its most just demands, they contrive to make the best of what they have got.<sup>11</sup>

Several projects in the European Programme have identified strongly with the struggles of a particular group for a better place in society. In most cases they have preferred a pluralist approach, mixing war and diplomacy. Some have been more ready than others to engage in direct conflict but it is difficult to rank who is the most or least likely to do so—the approach varies with time and place and between workers. The distinguishing feature is the identification with a victim group and the focus on its relationships with the rest of society, rather than its betterment through mutual aid or public planning. As the Cork City project team phrased it:

Our main objective is . . . to engage local people around certain key issues in an action research way, which leads them to increasing awareness of their rights and of the nature and operation of the social system and leads them to organization for change.

**Aid à Toute Détresse**

The ATD movement, which ran six projects in the European Programme (four in France, one in the Netherlands and one in the

UK) had the most elaborately articulated theory of a victim group, which it termed the Fourth World to symbolise its exclusion from the rest of affluent western society. The Fourth World is the sub-proletariat, the people who exist on the fringes of the labour market excluded from the main structures of economic, political and social life. While other projects tried to avoid 'stigmatising' the poor, ATD tried to teach its Fourth World a militant self-consciousness.

The Fourth World was 'discovered' in the bidonville of Noisy-le-Grand near Paris in the early 1950s. It was easy for workers and residents in the encampment to equate their situation with that in the other bidonvilles thrown up in the prolonged housing shortage in France in the 1950s and 1960s. ATD's theoreticians went beyond this to include in their concept of the Fourth World the groups from whom the bidonville residents were drawn and to postulate the existence of this 'layer' in all advanced industrial societies. While ATD's French projects still mainly deal with families living in housing complexes specially created for those who are unacceptable in any other accommodation, the Dutch project works with families in normal housing, as does the London project, although many of its clientèle were first known to ATD when they lived in temporary accommodation.

In one sense the Fourth World's leadership is indigenous, for the founder was a priest from a Fourth World background, but the personnel of the movement were drawn mainly from the middle classes, as were most of its 'allies' (a body of sympathisers who contributed voluntary help, subscribed to the movement's literature and attended Fourth World evenings). The movement was not, however, professionalised; not that it rejected professional expertise, but it did not offer a career structure with the usual professional rewards. Workers were expected to live among the Fourth World and share their standard of living. Some made this a lifetime commitment while others used it as an interlude in their outside careers. The movement always asserted the value of indigenous leadership, and put much energy into training a cadre of Fourth World militants, but the militants are still a long way from taking charge of the organization.



Much of the projects' activity can be described as consciousness raising. Indeed, almost all the activity of the London project came under this heading. It provided no direct services (except incidentally, in that its meetings were a social event for the participants) but devoted itself to organizing Fourth World evenings to discuss social, moral and economic issues.

The continental projects certainly did offer services. For instance, the pre-school programme in France was a well-organized service of high professional calibre. Yet the Fourth World evenings remained important and, in the minds of the workers at least, all the services were devoted to the end of liberating their users. For instance, the pre-schools not only set children on the path to better school achievement and hence literacy and greater effectiveness in society, but were a means of contacting the parents, a focus around which to organize them, and a base from which parents could venture into other fields, for instance, joining the nursery school parents association. The pre-school teachers were also a pressure group for making the nursery schools more responsive to Fourth World needs.

The outside observer cannot avoid sensing a contrast between the militant rhetoric of ATD's literature and its national and international rallies and the apparently non-contentious content of its services. The ATD pre-school programme draws heavily on the American Head Start experience (the author has sat in on classes in both programmes, which showed a marked similarity) which was the least controversial element in the War on Poverty. The Communist municipality in Reims, which saw ATD's ideology as a move to split the working class, was nevertheless able to support ATD financially for its 'social work'. It was a paradoxical revolutionary movement which found time to teach two-year olds to identify colours.

ATD's work at national level has already had some positive impact—*Le Quart Monde* is now a recognized term in France, and was used frequently at the Habitat et Vie Sociale conference in Paris in 1980. The HVS programme, which included four projects in the European Programme, is a large-scale government inspired social planning scheme with a strong community development component. That many conference participants were concerned to take the Quart Monde into account is a tribute to ATD's propaganda.

### **Other Action Projects**

More familiar types of protest-oriented community action groups could be found in North Dublin, Cork and South Wales. The NCCCAP project in north Dublin was the only project known to be involved in an infringement of the law. Several management committee members were fined for blocking a street during the rush hour and one was subsequently imprisoned for two days for refusing to undertake 'to keep the peace'. This was in connection with protests against the city corporations's redevelopment plan for the project area.

NCCCAP shared the distrust common to many social action groups for developmental activities such as playgroups, job creation schemes, advice centres or youth work, although it eventually undertook a number of pre-vocational training schemes for young people. The South Wales Poverty Action Committee (SWAPAC) was similarly disdainful of helping the poor 'administer their own poverty' and acting as the 'handmaiden of the state'. Its attitude to worker cooperatives vacillated, crystallising in feeling that they were mechanisms for the poor 'to exploit themselves', that is, they were just another way of organizing low-paid labour to keep the capitalist system moving. What SWAPAC found more promising was to organize pressure groups, build liaisons with the trade unions and undertake welfare rights work.

The fear of being subverted into a community development project is characteristic of many community action enterprises. The experience of the European Programme is, however, that activities rejected on strategic grounds by some community action projects were quite congenial to others. Pre-school work, for instance, does not inherently belong with any particular strategy for social change; it depends on how the activity is conducted and for what wider purpose. Almost any activity can be a learning activity for the community.

### **Welfare Rights**

This is a tactic, not a strategy, and can be used by projects of all orientations. Padua instituted advice units in its local centres, several family day centres in England gave rights advice, the first

director for the Irish Programme did not feel that welfare rights fitted in with community action programmes, and the Cologne team turned to rights groups when it entered its community action phase. Much of the problem that community activists have with rights work is that it involves specialist knowledge which is not the stock-in-trade of the usual community worker, nor is it readily available in the victim group—this is part of their victimisation. Community workers are also wary of work with individuals, which they feel is the social caseworker's province, though the Free Legal Aid Centre in Dublin and the Tribunal Representation Unit in Wolverhampton found it compatible with very community oriented projects. The Belfast Welfare Rights Project was ostensibly a social planning exercise with a precise pre-determined brief to collect data on the operation of the income maintenance system as a follow up to the ASSN-BAN project. It was to some degree also a cover for a community development project. The well-founded distrust of outsiders in the inner-city neighbourhoods of Belfast obliged the project to operate through local community groups, who used the information bureaux they were paid to set up as all-purpose community advice units. The arrangement worked to the satisfaction of all parties, although the local workers did not succeed in getting further funds to continue with their advice units.

In America this is sometimes called the 'Indians and blankets' approach—the American Indians wanted blankets and the missionaries to teach religion, so the result was a missionary trading post.

### **GROUP -WORK**

At least two of the project did not profess community work aims. They were interested in helping individuals with personal difficulties, not through social casework, but by means of group-work activities. The Copenhagen project was specifically directed at individuals who fall through the net' of the welfare state. It concentrated on nine men with chronic problems of unemployment and alcoholism, trying to re-establish them as adequately functioning citizens. Quite unexpectedly, the group evolved into an informal producers' co-operative, going on from refurbishing their own residential unit to conducting a city-wide business in renovating old doors and furniture,

rather like the small production units in some of the community development projects. The social work team also made a film of their work which was shown on national television, which led them to see their project as helping to change the image of down-and-outs in society. Even such small exercises in group therapy tended to move in a community work direction.

The Camden Drop-In was another therapeutic exercise with a small face-to-group. It was run by a social casework agency, the Family Service Unit, and most of the group's members also received traditional casework services. The group never got as far as setting up its own business, although it did cook its own meals.

Several other projects, for example the Liverpool Clubhouse and the Family Groups Unit (LVSC), mixed group-work and casework along with community work activities. On the whole, however, projects in the European Programme were less concerned to provide better therapy for inadequate individuals than to change systems.

### **CONCLUSIONS**

The number and diversity of activities in the European Programme, while a major headache to the evaluators, provide a fascinating picture of the range of strategies in contemporary community work. The simple dichotomy which some observers still see between service strategies and 'influential' strategies does not hold in this programme,<sup>19</sup> almost all of whose components provided services.

The European Programme does not demonstrate the value of one strategy above others. Rather, the experience suggests there is no one best way in community work. Large-scale planning through bureaucratic structures will remain essential for social progress in Europe for the foreseeable future. We are unlikely to return to an exclusively communal neighbourhood basis for our social and economic lives. At the same time, there is a need to bring economic and social service structures closer to the people, not just by decentralising the large organisations, but by enabling people to participate directly in those structures which govern their lives. This would go some way to relieving the powerlessness of the poor.



However, given that major decisions on the economy, the welfare system, and so on, will continue to be taken at city, national and international levels, there will always be a place for actions to secure that the interests of the poor are taken into account, if necessary by making life uncomfortable for the rest of us.

## Notes

1. Definitions of community work (or community organisation as it is termed in America) are legion. For instance, E.B. Harper and A. Dunham in *Community Organisation in Action: Basic Literature and Critical Comments*, (New York, Associated Press, 1959), listed 13 definitions of community organization and indicated that 50 to 100 definitions had been put forward in the previous 35 years. The expansion of community work in the 1960s and '70s has added enormously to this wealth of definitions.
2. O. Lewis, *Five Families: Mexican Case Studies in the Culture of Poverty*, New York, Basic Books, 1959. Lewis whose work was based on recent migrants to Mexico City and New York, always denied that he put forward the culture of poverty as a universal phenomenon, but it was widely interpreted as such.
3. E. James, *America Against Poverty*, Routledge and Kegan Paul, 1970.
4. G. Hendriks, *Community Organization*, Ministry for Social Work, The Hague, 1964. This is a collection of lectures given between 1959 and 1963, mainly to international audiences. It includes a paper given to an EEC seminar in 1960 proposing a programme of pilot schemes in community work.
5. M.G. Ross, *Community Organization, Theory and Principles*, Harper and Row, 1955.
6. This terminology is confusing as American schools of social work never abandoned the term community organisation as a general term for all types of community work.
7. United Nations, *Social Progress through Community Development*, New York, 1955.
8. J. Rothman, *Three Models of Community Organisation Practice*, National Conference on Social Welfare, 1968, reproduced in *Strategies of Community Organization*, edited by F.M. Cox, et al., Illinois, Peacock Publishers, 1970.

9. S. Alinsky, *Reveille for Radicals*, Chicago University Press, 1946. Alinsky's views, formulated as early as the 1930s, envisaged a form of trade union, or 'people's organization' to confront the power structure in every poor district.
10. The British Community Development Project (1968-78) is an example of an attempt to emulate the American locally based approach which was rejected after a few years by many of the programmes' own practitioners.
11. Community Development Project, *The National Community Development Project Inter-Project Report*, CDP Information and Intelligence Unit, 1974.
12. H. Rose, and J. Hanmer, 'Community Participation and Social Change' in D. Jones and M. Mayo (eds.) *Community Work Two*, Routledge and Kegan Paul, 1975.
13. J. Smith, 'Possibilities for a Socialist Community Work Practice' in *Towards a Definition of Community Work*, Association of Community Workers, 1978.
14. J. Hanmer, 'Theories and Ideologies in British Community Work', *Community Development Journal*, Vol. 14, No 3, 1979.  
  
See also three articles in *Community Development Journal*, Vol 15, No. 2, 1980: M. Loney, 'Community Action and Anti-Poverty Strategies; Some Transatlantic Comparisons'; J. Higgins, 'Unlearnt Lessons from America'; and P. Shanahan, 'Negotiating the Definition of Community Work in Rural Ireland: A Descriptive Analysis of Three Interventions'.
15. This fits in with the definition of Community Action accepted by the Boyle Committee in 1973 in its report on 'Current Issues in Community Work' which was the starting point for the Area Resource Centres project. The Committee quoted from a contemporary article in the *British Journal of Social Work* (R. Bryant, Vol. 2, No. 2, 1972):  
  
'Community action may denote a particular approach to organizing local groups and welfare publics; an approach in which the political importance or powerlessness of these groups is defined as a central problem and strategies are employed which seek to mobilise them for the representation and promotion of their collective interests.'
16. NCCCAP report to Irish National Committee, 1979.

17. E. Power, *Old and Alone in Irland*, Society of St Vincent de Paul, Dublin, 1980.
18. For instance, S. Hatch, *Outside the State*, Croom Helm, 1980; and H. Butcher *et al.*, *Community Groups in Action*, Routledge and Kegan Paul, 1980.

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## The Poverty Rediscovered

When Americans "Rediscovered" poverty in the early 1960s, social scientists were appalled to realize how little they knew about it. The economist Kenneth Boulding lamented that knowledge of poverty was "scanty". The sociologist Daniel Bell recalled, "when the poverty issue arose, nobody was really prepared, nobody had any data, nobody knew what to do."

Social scientists also bemoaned the paucity of serious studies that might assist welfare policy-makers. A sociologist complained later, "During the 1940s, the 1950s, and the first few years of the 1960s, the topic of poverty was virtually non-existent in the sociological literature." Two students of welfare concluded in 1963: "It is not known for certain how many [on relief] have the basic external and internal resources to become self-sufficient in a short time with just a little temporary aid, how many when provided with a number of external socio-cultural and economic resources can make a go of it, or how many, regardless of assistance, will find it difficult to move into the mainstream."

This imperfect understanding reflected a benign neglect of the scattered data on the subject during the 1940s and 1950s. If these years had been as prosperous as many contemporaries believed, this neglect would not have mattered much, but in the late 1950s, a host of social problems remained, with poverty affecting nearly 40 million people, or one-fifth of the population. The majority of these poor people received little help from a welfare system that was less generous and comprehensive than those of western Europe.

This benign neglect of poverty and welfare exposed the readiness of Americans, once prosperity returned in the 1940s, to



*Natality and Family Planning*, edited by John F. Marshall and Steven Polgar, Chapel Hill, N.C.: University of North Carolina Press, 1976, pp. 167-83 and Lucile F. Newman (ed.), *Women's Medicine: A Cross-Cultural Study of Indigenous Fertility Regulation*, New Brunswick: Rutgers University Press, 1985. The most useful recent literature includes Gisele Maynard-Tucker, 'Knowledge of Reproductive physiology and Modern contraceptive in Rural Peru', in *Studies in Family Planning*, Vol. 20, No. 4 (July/August 1989), pp. 215-24. Christa Wichterich, 'From the struggle against "Overpopulation" to the Industrialization of Human Production', in *Reproductive and Genetic Engineering*, Vol. I, No. 1 (1988) pp. 21-30, calls attention to the 'racist eugenic and patriarchal tradition' inherent in the perception of the 'population catastrophe'.

## Poverty

MAJID RAHNEMA

Destitution, or imposed poverty, no doubt hurts, degrades and drives people into desperation. In many places, hunger and misery cry out to heaven. Indeed, few development concepts find their proof in such a glaring reality. Yet poverty is also a myth, a construct and the invention of a particular civilization.

There may be as many poor and as many perceptions of poverty as there are human beings. The fantastic variety of cases entitling a person to be called poor in different cultures and languages is such that, all in all, everything and everyone under the sun could be labelled as poor, in one way or another. The list could include not only the weak, the hungry, the sick, the homeless, the landless, the crippled and the beggar; not only the mad, the prisoner, the enslaved, the fugitive, the exiled, the street vendor and the soldier; not only the ascetics and the saints, but also all the losers of the world, including the millionaire after the crash of the stock exchange, the fired executive and the artist who finds no buyer for his works.

### Many Perceptions, Countless Words

World languages compete with each other for the number of words referring to the stations and conditions associated with the different perceptions of poverty.

In Persian, for instance, there are more than 30 words for naming those who, for one reason or another, are perceived as poor. In most African languages, at least three to five words have been identified for poverty.<sup>1</sup> The Torah uses eight for the purpose.<sup>2</sup> In the Middle Ages, the Latin words covering the range of conditions embraced by the concept were well over forty.<sup>3</sup> To this impressive variety of

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words found at the national or dictionary level, many more should be added from the corresponding dialects, slang or colloquial expressions used at the vernacular level. A whole universe of insights into the murky depths of poverty is to be explored in the many thousands of related proverbs and sayings.<sup>4</sup> In most cases, it is extremely difficult for the outsider to grasp the full meanings and nuances of all those words and expressions, let alone to translate them into other languages.

For long, and in many cultures of the world, poor was not always the opposite of rich. Other considerations such as falling from one's station in life, being deprived of one's instruments of labour, the loss of one's status or the marks of one's profession (for a cleric, the loss of his books; for a noble, the loss of his horse or arms), lack of protection, exclusion from one's community, abandonment, infirmity, or public humiliation defined the poor. The Tswana people of South Africa recognized their poor by their reactions to the appearance of locusts. Whereas the rich were appalled lest the locusts ate the grass needed by their cattle, the poor who had no cattle rejoiced because they could themselves eat the locusts.<sup>5</sup>

In Europe, for ages, the pauper was opposed to the *potens* (the powerful), rather than the rich. In the 9th century, the pauper was considered a free man whose freedom was imperilled only by the *potentes*. In the texts of peace movements of the 11th century, the pauper had become the *inermis* who had to respect the force of the soldiers, the *miles*. The word, poor, could be applied to the owner of a little *alleu* (a tax-free property), a wandering merchant, and even to any non-fighter, including the unescorted wives of knights.<sup>6</sup> On the whole, the poor were quite respectable persons who had only lost, or stood in the danger of losing, their 'berth'.

In that same period in Europe, a whole new category of poor appeared on the social stage—the voluntary poor who chose to share the life of the destitute and the berthless. For these, living poorly was a sign of elevation rather than degradation.<sup>7</sup> Respect and admiration for the voluntary poor had, of course, always existed in Eastern traditions.<sup>8</sup>

It was only after the expansion of the mercantile economy, the processes of urbanization leading to massive pauperization and, indeed, the monetization of society that the poor were defined as lacking what the rich could have in terms of money and possessions.

A common denominator for most perceptions of poverty remains

the notion of 'lack' or 'deficiency'.<sup>9</sup> This notion reflects only the basic relativity of the concept, for a utopian 'complete man' would not be lacking anything. Besides, when poor is defined as lacking a number of things necessary to life, the questions could be asked: What is necessary and for whom? And who is qualified to define all that?<sup>10</sup> In smaller communities, where people are less strangers to one another and things are easier to compare, such questions are already difficult to answer. In a world of the mass media, the old familiar horizons and communally defined bases of comparison are all destroyed. Everyone may think of themselves as poor when it is the TV set in the mud hut which defines the necessities of life, often in terms of the wildest and fanciest consumers appearing on the screen.

In the same way, the ambiguity of the concept takes on new proportions as the old familiar horizons fade away. There was nothing ambiguous about the pauper who lived on what he earned from some humble trade in his village, notes Mollat.<sup>11</sup> 'His face was familiar, and despite his misfortune he remained, in his suffering, a member of the social group.' Ambiguity starts when one crosses the vernacular boundaries. Are these strangers rebels, vagabonds, disease carriers, really poor or genuinely ill? Are they saints or sinners? These questions not only deepen our ignorance about who the poor really are, but face us with serious cognitive problems as to what people are actually thinking.

#### Four Dimensions of Poverty

1. **The materialities:** The facts or materialities on which the various constructs of poverty are based are those 'things', the lack of which is perceived as poverty. These lacks, deficiencies, or deprivations are either of a non-material and existential kind, or of a material nature.

To the first category belong such factors as one's inability to meet one's end, lack of good fortune or self-confidence, not being respected or loved by others, being neglected or abandoned, etc. As to material factors, these could include discrimination, inequality, political or other forms of oppression and domination, absence of entitlements,<sup>12</sup> non-availability of the minimum of 'necessaries'<sup>13</sup> required for economic or biological survival, as defined by one's particular culture; also, all other forms of deprivation, destitution,



hunger, malnutrition, homelessness, ill health, and exclusion from educational possibilities, etc.

Although the materialities referred to are relative to various societies and cultural spaces, it could be argued that: 'There is an irreducible core of *absolute* deprivation in our idea of poverty, which translates reports of starvation, malnutrition and visible hardship into a diagnosis of poverty, without having to ascertain first the relative picture'.<sup>14</sup>

2. **The subject's own perception of his condition:** The materialities referred to are indeed essential to the understanding of poverty in its different perceptions. Yet none of them should be confused with the concept itself. It is only when one or a combination of these materialities is perceived by a subject as an expression of poverty, that they acquire the particular meaning attached to that word. And that perception is quite a personal and socio-cultural affair. It is, in fact, part and parcel of the subject's wider perception of the world and his place in it.

It has been noted that the poor—leaving aside voluntary mendicants—tend generally to attribute what they lack to conditions independent of their will and beyond their control—whether defined by metaphysical causes such as God's will, one's *karma* or *qismat*, or the unjust constitution of society. Their perception of the deprivations from which they suffer is also often aggravated by the feeling that they lack the necessary ability to overcome their condition.

The lack of particular material means is not, however, always perceived in negative terms. The case of the mendicants in medieval Europe, already referred to, is not the sole exception. For the Iranian sufis, the Indian sanyasin, and some contemporary schools of thought, such as the Gandhians, to be free from alienating material possessions is a blessing indeed, and an opportunity for reaching higher forms of riches. The Prophet of Islam has been widely quoted as saying: 'Al faqro faxri' [Poverty is my pride and glory].

It remains true, however, that the destitute and materially deprived generally perceive their predicament in negative terms.<sup>15</sup> Even when they attribute their condition to metaphysical or ontological reasons, they spare no effort in trying to put an end to their deprivations, if necessary through violence. Often, they tend to establish relations of dependency with more powerful persons, groups, faiths or ideologies, a relationship which gives them an inner feeling of security and, sometimes, of false strength.

3. **How the others view the poor:** The poor's perception of their predicament is inevitably affected by how others view them. The two perceptions are seldom identical.

Poverty is sometimes perceived as a virtue by others when it represents a free choice on the part of those subject to it. Otherwise, the poor are generally looked upon with feelings ranging from embarrassment to contempt and even violence. On another plane, while pauperism<sup>16</sup> was perceived as abnormal and calling for remedial action, poverty in vernacular and pre-industrialized societies was considered, by contrast, as a rather natural human predicament, if not an irremediable and unavoidable fact of life.

Different views of the poor have led to basically two types of reaction. The first represents a variety of forms of direct or indirect intervention, based on social, cultural or ethical reasons such as charity, assistance, education, confinement, repression, etc. The second is grounded on philosophies of non-intervention, either justified by the belief that nothing should be done for the poor for they somehow deserve their condition, or on the assumption that nothing can be done, for all forms of intervention ultimately produce negative results, or no change at all, in their lives.

4. **Spimes (socio-cultural space-times) affecting various perceptions of poverty:** While the above dimensions are mutually interactive in shaping the construct of poverty, they are all, in turn, affected by the space-times to which they belong. This explains why, in different communities and at different times, the same materialities are perceived differently, both by those referred to as poor and by society at large. To take an example, Helena Norberg-Hodge mentions how the notion of poverty hardly existed in Ladakh when she visited that country for the first time in 1975. 'Today,' she says, 'it has become part of the language.' When visiting an outlying village some eight years ago, Helena asked a young Ladakhi where were the poorest houses. 'We have no poor houses in our village,' was the proud reply. Recently, He ena saw the same Ladakhi talking to an American tourist and overheard him say, 'if only you could do something for us; we are so poor!'<sup>17</sup>

### The Global Construct

Global poverty is an entirely new and modern construct. The basic

materials which have gone into the construct are essentially the economization of life and the forcible integration of vernacular societies into the world economy.

In one of its first reports in 1948, the World Bank closely correlates the problem of global poverty with countries' gross national products. It postulates that countries with an average per capita income of less than \$100 are, by definition, poor and underdeveloped. It expresses the responsibility of the richer nations, the richest of them being the United States, to help the poor countries raise their living standards.

Thus, for the first time in history, entire nations and countries came to be considered (and consider themselves) as poor, on the grounds that their overall income is insignificant in comparison with those now dominating the world economy. Consequently, national income was introduced as a new global measure for expressing the various stages of economic development, the latter process being proposed as the final answer to poverty.

On another plane, the new construct no longer embraces the view that poverty is a multi-faceted human predicament. It considers it as a single pathological phenomenon of universal character, but particularly acute in pre-economized societies. Following a consensus reached amongst the world elites on the diagnosis of the disease (underdevelopment and lack of income,) as well as its cure (economic and technological development), armies of experts, politicians, planners, bureaucrats, socio-economists and even anthropologists started acting as pauperologists, seeking to refine the discourse and practices related to world poverty. The gist of the new approach was expressed in President Harry Truman's famous Point Four Declaration: The economic life [of the poor] is primitive and stagnant.... Their poverty is a handicap and a threat both to them and to more prosperous areas.' Greater production, development, assistance, and a wider and more vigorous application of science and technological knowledge are recognized as the answer and the 'key to prosperity and peace'.

The new construct has indeed had a long gestation. The industrial era accelerated the breakdown of vernacular societies. It led to 'the great transformation' which dramatically reversed the traditional relationship between society and economy and, for the first time in history, *disembedded* the latter from its socio-cultural roots, thus subjecting society to its own economic rules and dynamics, rather than

the other way around. 'Man, under the name of labour, nature under the name of land, were made available for sale,' notes Polanyi.<sup>18</sup> The ensuing economization of society brought about, first, the hegemony of national economies over vernacular activities, then, that of the world economy over all others. These drastic changes affected largely the ways in which the materialities underlying the various perceptions of poverty came to be reinterpreted and reconstructed.

Firstly, the advent of a world economy, with all its realities and accompanying myths (the existence of unlimited resources, technological miracles, endless consumer goods, induced needs, etc.) created a set of universal referents. To go back to a case previously mentioned, this is how the Ladakhis came to perceive themselves as poor, once development and other national and strategic considerations had led to the economization of Ladakh. Similarly, not only individuals and communities, but entire nations and continents were led to believe that they were poor, and in need of assistance, only because their per capita income was below a universally established minimum.

Secondly, while the traditional answers to poverty were, in the past, often based on the pluralistic, culturally established and holistic perceptions of each particular space, the new programmes of action represented a universalist, one-track, income-based, and totally cultural recipe for abstract 'patients'. The recipe was composed of a mix of technicalities and 'neutral' economic referents which only experts and planners could master and use with authority. The new technologized approach to poverty developed its own cognitive bases in such new fields of study and intervention as employment policy, production strategy and the measurement of poverty, etc. It certainly overshadowed the exploration of such deeper and more sensitive issues as the processes of political and cultural domination, the pervasive role of institutions, and the very nature of the industrial production system.

Thirdly, the new fetish of a healthy global economy destined to save all the world's poor, not only helped the pauperizing economic and political systems to reinforce and legitimize their positions, but it also led their victims to perceive their own situation in the same terms. Thus, the new proletarians and impoverished wage earners, particularly in urban areas, focused their actions and struggles on such limited objectives as employment, income raising and access to public services. And, to this end, they sought to protect themselves



through labour unions, sometimes totally disregarding the informal, and formal, community organizations which had traditionally helped the poor. Following the same patterns, even non-wage earning workers in rural areas came to think that earning cash or receiving economic assistance and public services were the most logical ways of alleviating their deprivations.

Finally, as more people were manipulated into sharing the new economic myth that poverty could now be finally conquered through increased productivity and the modern economy's 'trickle down' effects, the search for new modes of life and social organization based on simplicity, or on voluntary or moral forms of poverty, were devalued and discredited.<sup>19</sup>

Most traditional societies had resisted the view that all poverty reflected personal inadequacy. This view, that became characteristic of every capitalist society, especially in its Protestant versions, was now advanced as a major component of the new value system. Economic poverty was now to be perceived and acted upon, on a global level, as a shame and a scourge. The vast increases in wealth offered, or achieved, by modern societies fostering greed and profit-making, played a significant role in the sharp devaluation of moral poverty. Thus, the race enrichment became not only a desirable goal for the economy but also a morally justified end.

### The Construct in Action

#### Assumptions

To translate the construct into action, a particular discourse and set of programmes were initiated. Looking back at what actually occurred during the nearly 50-year-old history of the exercise, it seems to have rested on the following assumptions.

Firstly, the poor are assumed to be 'underdeveloped' and—momentarily at least—deprived of their capacity to define their own interests. It is up to those in a superior position of knowledge and power (governments, institutions, professionals, competent authorities) to assist them on their behalf. People's 'participation' is indeed welcomed whenever that could help the populations concerned to manifest their support for the professionally designed programmes.

Secondly, the discourse on global poverty recognized the fact that the perceptions of poverty differed according to cultures. Yet it

assumed that the perceptions in question all shared a common belief—that economic growth and prosperity was a *sine qua non* for coming out of poverty. Thus it posited economic development as the key to poverty eradication programmes, assuming further that the resolution of all non-economic or cultural problems of the poor could be tackled later.

The above assumptions served, in turn, to justify three basic tenets of interventionist practices. Firstly, that poverty was too global and sensitive a matter to be taken out of the hands of professionals and institutions trained and empowered for this purpose. Secondly, that the programmes in question had to be mapped, basically, in terms of economic resources and needs. Finally, that the agents mainly responsible for the design and execution of such strategies would, naturally, be the governments and other institutions officially in charge of both the identification of needs and the production of the required solutions. Eradication of global poverty was thus considered yet another reason for consolidating the present structures of governance, both at the international and national levels.

#### Operations

**Assessment of needs:** Poverty alleviation programmes claim to be based on an assessment of 'needs'. Yet, what planners, politicians and economists tend to consider as their needs, has little or nothing to do with what different categories of the poor perceive as their needs.

In the global context, needs are first identified in an abstract manner, on a regional or national basis. To take an example, for UNDP, a golden rule was set in the mid-'70s that 80 per cent of the organization's resources should automatically be allotted to the needs of LDCs (or Least Developed Countries), i.e. countries where the people's annual per capita income is lower than \$300. The rule has now been extended to some other countries which, at their explicit request, are recognized, literally, 'as if they were LDCs' and, hence, given the same 'privileges'. The fact which is totally disregarded by the bureaucracies concerned is that, according to their own statistics and criteria, a much larger number of persons considered to be poor actually live elsewhere. The needs of these individuals are treated differently only because they happen to be citizens of countries where per capita GNP is higher.

As for the assessment of specific needs, these are evaluated on

the basis of other sets of globally established economic criteria and systems of comparison. For Unesco, for instance, to have a percentage of illiterates above a certain figure, or a percentage of radios, books or newspapers below another, represents a set of needs calling for action. For WHO, the criteria of poverty are expressed in terms of the ratio of doctors, nurses, and health centres to the population. For FAO, the needs are evaluated in terms of per capita calorie or protein intake. In all these cases, needs are perceived as figures or combinations of elements disembedded from the particular mode of livelihood characteristic of each culturally defined vernacular space.

**The promotion of institutions and professional skills at the country level:** A major long-term component of all national and international programmes of poverty eradication has been what UN jargon likes to call 'institution building', the latter being generally coupled with the reinforcement of 'national capacities' and professional skills.

As in the case of needs assessment practices, this policy also represents a consensus reached amongst donors and recipients of economic and technical assistance. The policy is supposed to provide the governments concerned with the instruments necessary for them to design their plans of action and put an end to their structural dependence on foreign expertise. Strong ministries of planning and parastatal organizations were—at least until the 'roll-back' of the state that took place during 'structural adjustment' in the 1980s—presented as essential for assessing people's needs and responding to them. For the donors, the policy served not only to provide them with professionally respected counterparts, but also with institutions assumed to be in a better position to guarantee the protection of foreign economic and political investments, and in particular the further integration of these economies into the global one.

**Production of goods and services:** The production of economic goods and services is a major component of all poverty eradication programmes—economic growth being the general talisman.

**Sectoral reforms:** The need for more diversified and expanded services has led many of these programmes to reserve a leading place to sectoral reforms, particularly in such areas as unemployment, population control, co-operatives, and educational and health services.

**Redistributive policies:** For more progressive or democratic states, redistributive policies are considered to be the most effective

and dignified means of stopping the structural processes of pauperization generally triggered by the dynamics of economic development. In this context, Japan, India and China represent three very different countries where interesting results have been achieved through political and legislative measures.

**Assistance programmes:** These programmes are the last of the activities which are generally pursued in the context of present day poverty eradication campaigns. They are meant to come closer to the actual and pressing preoccupations of the deprived. Whatever their value in practice, welfare states consider assistance to the poor as an obligation on society and an act of solidarity. More conservative governments, together with economists, tend to question the relevance of assistance to the long-term interests of a modern state.

### Results

The actual impact of the above policies and programmes on the lives of the deprived are often very different from the planners' expectations. We shall try to explore them briefly, in the same order as above.

The needs which development and poverty-eradication programmes seek to identify and assess through their experts and planning institutions are basically the needs of a certain 'economy', a certain idea of poverty, and a particular category of consumers and tax payers whose rights and interests should be protected. They do not correspond to what the people at large need, confronted by the fact of having been cut off from their vernacular spaces. While these needs remain unmet, the very economic activities deployed in the name of the poor impute to them different needs of a more insatiable nature. On another plane, the problematization of the poor's needs in modern economic terms further contributes to the disintegration of vernacular spaces, thereby exposing the poor to situations of even more complete helplessness.

To sum up, the whole exercise of needs assessment is justified on the ground that it provides the planners with a 'scientific' basis for their anti-poverty planning. In practice, it is often an irrelevant exercise. The very idea that it should start with an allocation of funds on the basis of the economic development of the particular country where the poor live, rather than the location and condition of the poor themselves, is enough to indicate the bureaucratic and highly irrelevant nature of the exercise. After separating the poor person's



'needs' from him as an active and living human being, it reduces him to only an inadequate ingredient of economic growth.

The absurdity of the situation is increased by the fact that the whole task is entrusted to predatory governments which happen to be in power in the designated poorer countries. While the sovereignty of these governments is often a matter of pure fiction, the fact is that their power resides, on the one hand, in their capacity to 'milk' their own people and, on the other hand, in the assistance they receive from their richer foreign patrons. For these governments, poverty, like underdevelopment, is a catchword for legitimizing their claims for more centralized forms of control over their populations and, also, for more funds to implement their objectives. Foreign assistance, in particular, helps them to enrich themselves and strengthen their army, police, security and intelligence services. The latter operate to make the population pay for the services relating to their own exploitation and accept their forcible integration into the national and world economies, as well as the heavy burden of debts contracted for those very purposes.

On a different plane, the objectives of institution building and skill training create additional barriers between the vernacular world of the poor and the new economized world of their protectors/predators. Much more than serving the poor, the new institutions and their professionals help the rich to better organize themselves against their victims.

On the central issue of the production of economic goods and services, it is still difficult for many to agree that poverty is *not* a question of 'resources', in the sense given it by economists and planners. Yet it is a fact that, in most developing countries, neither the production of economic resources and commodities, nor the extension of social services have ultimately served the poor. More often than not, they have resulted in further diminishing their capacity to meet their real needs which they used to do in the context of their vernacular livelihood—which is a way of life under constant erosion by the forces of the modern economy.

In fact, there is no evidence that affluence has, anywhere, improved the poor's condition. Notwithstanding the fact that the so-called affluent societies are presently the ones posing the greatest threats to the very life of the planet, the reservoirs of plenty they produce create, at the same time, new islands of poverty. The United States, the richest country in the world, has to recognize that 30

million of its citizens live below the poverty line.<sup>20</sup> Similarly, in the richest city in Brazil, a country of the South whose development was once called miraculous, five out of its 15 million inhabitants 'live in extreme poverty, earning less than 65 dollars a month'<sup>21</sup>

In short, what the poor need is not the production of economic resources or services which ultimately benefit others or the generations to come. It is rather the recovery of their actual capacity to tap their own vernacular, locally available resources—which are totally different from what economists call resources.

Sectoral reforms in the various fields of unemployment, population, education, health, etc., seem also to have had little or no positive effect in reducing discriminatory trends. Here again, even when these reforms have achieved their objectives, they have proved to be of little relevance to the specific needs of the deprived. 'Good' schools have generally served to produce greater numbers of drop-outs belonging to poor families. Contrary to their vocation, health centres, and hospitals in particular, have seldom given hospitality to the poor. Employment policies have hardly succeeded in stopping the mass exodus of people from their communities to the slum areas of big cities.

In this long list of 'answers which are not', it could be argued that redistributive policies at least have achieved partial success in some important cases. The experiences of Japan, India and China might suggest, each in a different way, that political measures aimed at fostering the principles of justice and equity as integral dimensions of development policies, have reduced some of the impoverishing side-effects of economy. The fact remains, however, that the dynamics and goals of a 'resource' generating economy (principles of profit, productivity, capital accumulation, etc.) diverge, by definition, from socially defined objectives. As such, it is perhaps too early to conclude that such redistributive policies will be able to keep pace with the more powerful pauperizing trends of economy. In any case, they may only succeed in replacing traditional poverty with the forms of modernized poverty proper to all 'developed' countries. Finally, there is no evidence to indicate that the successful economization of life, in these countries, can ultimately prevent the destructive side-effects of the process on people's livelihood, including the destruction of their natural environment.

Assistance policies, finally, have failed in many ways. It is now

clear that all systems of aid ultimately serve to perpetuate processes of pauperization. As Georg Simmel has pointed out:

The goal of assistance is precisely to mitigate certain extreme manifestations of social differentiation, so that the social structure may continue to be based on this differentiation. If assistance were to be based on the interests of the poor, there would, in principle, be no limit whatsoever on the transmission of property in favour of the poor, a transmission that would lead to the equality of all.<sup>22</sup>

### A World Economy against Vernacular Villages

Using the striking image of 'one world' or the 'global village', the development discourse invites its 'target populations' to look at their predicament in a 'modern', 'realistic' and indeed comparative way. It asks them to consider that the world has changed, and to learn from the experience of those who have finally made it. If the poor would only understand what historically brought the people of the North to higher standards of living and greater political, economic and technological power, they, too, would no longer hesitate to take the main highway of development. This is presented as the only transcultural and universal road for all would-be travellers to reach their modern destination.

In reality, what is proposed serves only the interests of the highway designers and their management system. For as one enters into it, one becomes a prisoner of its rules and logic. Not only does one have to use a car to drive on it, not only are the road, the destination, and the exits predefined, but the person engaged on the highway is no longer a free and incomparable human being. He becomes only a passenger in a car with a more or less powerful engine whose speed and performance henceforth define for him his comparative position and power on the common road.

As to the notion of the global village, it uses a vernacular concept only to destroy it. For it aims precisely at wiping out the thousands of villages whose great diversity has actually made the world's singularity and richness. The proposed 'one world' seeks to substitute the thousands of real and living worlds with a single non-world, a totally acultural and amoral economic corporation whose only purpose is to serve the interests of its shareholders.

Certainly, the economic approach to life may well lead for a time to a massive or more efficient production of goods and commodities, that is, a development of things. Yet both the resources and the needs it creates inevitably lead to a situation of permanent scarcity where not only the poor and the destitute, but even the rich, have always less than they desire. Moreover, regardless of the level of wealth reached by a society, it is a fact that the poor are always the ones who suffer the most from the gap generated between their needs and the economically produced scarce resources. This is particularly so as the same economy increasingly imputes to them new needs of its own, ever more difficult to meet. Thus, it is becoming clearer to many that, however their needs may be defined, it is not only an illusion, but a contradiction in terms, to expect that economy could ever satisfy their needs.

Economy can indeed produce a lot of commodities and services to relieve a particular set of needs. But as it disvalues and often destroys a whole range of other human activities which, for the majority of people, continue to be vital for meeting their needs, the disabling effects of those relief operations are indeed highly negative in the long run. The overwhelming majority in the world still shape and satisfy their needs thanks to the network of human relationships they preserve within their vernacular spaces, and thanks to the many forms of solidarity, co-operation and reciprocity they develop within their communities. Their activities are generally concrete responses to concrete and immediate problems, enabling the people involved to produce both the changes and the things they need. The modern economy disvalues these activities and presses, or forces, people to abandon them. It seeks to reduce everyone into becoming the agent of an invisible national or world economy, geared only to producing things for whoever can pay for them. In other words, in the name of poverty alleviation, it only forces the poor to work for others rather than for themselves.

In vernacular societies, abundance is perceived as a state of nature, inviting all living species to draw on it for meeting their specific needs. These are, in turn, perceived as limited, insofar as they represent a mix of organic and socio-cultural 'necessaries' for life. To share such plentiful resources as air, water and land, arrangements are generally made, similar to the original commons in Europe, which make it possible for everyone to have access to them. The extent to which a community organizes itself for drawing on



nature's abundant resources and sharing them with its members defines the relative prosperity of that community.

Whenever the populations concerned are, for some natural or socio-political reason (drought, natural calamity, economic status, political or cultural oppression, etc.), prevented from drawing freely on those resources, they suffer from scarcity. Yet they continue to refine and diversify their activities. Their success in dealing with such situations is, however, more often than not, due to the non-economic aspects of these activities.

The modern economic construct of reality is based on a different, if not opposite, set of assumptions. It assumes that natural resources are scarce; that human needs, in particular those of *homo economicus* are unlimited; and finally, that a sound economy can make it possible for everyone ultimately to meet all their needs. This particular perception of reality tends to reduce human beings and their societies to their economic dimension alone. It strips the vernacular space of all its powerfully alive potentialities. It seeks to transform it into a mere economic machine, and one controlled and operated by others. In the same construct, human beings are perceived as simply one of the many resources required by economy for its own needs.

The insidious effects of the destruction of vernacular space are particularly dangerous at a time when many other alternatives need to be explored, taking into account both the incredible advance of certain autonomous and convivial technologies and the often very imaginative solutions that some grassroots movements are offering in terms of the regeneration of their people's life spaces.

### Signals from the Grassroots

The way planners, development actomaniacs and politicians living off global poverty alleviation campaigns are presenting their case, gives the uninformed public a distorted impression of how the world's impoverished are living their deprivations. Not only are these people presented as incapable of doing anything intelligent by themselves, but also as preventing the modern do-gooders from helping them. Were these preposterous misrepresentations really true, three-quarters of the world's population would already have perished.

In the last couple of decades, promising signals are being received

from the grassroots indicating their still amazing vitality—in many areas, in fact, where the outsider would normally expect total resignation or submission. Not only in Asia where imaginative movements have been consistently witnessed since the Gandhian revolution, or in Latin America where much has equally been happening,<sup>23</sup> but in Africa, too, interesting and original grassroots movements are now emerging. These movements vary greatly in their approaches to the regeneration of people's space and in their size. As a rule, they are localized and rather small in number. Yet the rapid growth of some, like the Chipko, or the Swadhyaya,<sup>24</sup> which already embrace several million people, indicate that even their size is growing in importance. Let me outline their significance and message.

**Indigenous responses:** For a couple of decades, the development discourse and its practices succeeded in manipulating and bullying their 'target populations'. Many of the present grassroots movements represent people's rejection of this. The victims now want their poverty or riches to be defined by themselves, and to deal with that, free from unwanted pressures.

Growing resistance to governments and their modernizing policies seems to have fostered the trend towards a return to roots. It is true that such trends have often been co-opted by a new breed of manipulators linked with fundamentalist or ethnic interests. Yet, as a whole, most grassroots movements are now aware of the dangers of sectarian ideologies. The lessons of the past, including the most recent coming from Eastern Europe, prompt them, more than ever, to rely on their own creative wisdom and cultures in responding to their reality.

**Surfing over the threats:** Another expression of this growing distance toward established ideologies is the rejection, by many a grassroots movement, of the old-established notions of power, including the much sought after objective of seizing power. Here, too, these movements have not only learned much from their own experiences, but from all the other revolutions. These have convinced them that violence only leads to superficial changes, to a transformation of the former victims into new victimizers, and often to new structural forms of violence. As the praxis of grassroots movements leads them to understand better the dynamics of violence and power, they seem continuously to discover new and more artful ways of looking at the world and themselves. As the common man realizes that the

needs of persons if they are liberated from greed. The Economic Age, like all its predecessors, is not an eternal state. The deep crises it is traversing in all its fields of activity and, above all, the threats it is now posing to the very existence of our planet, are already preparing for the coming of a new age. The flourishing of other, higher forms of convivial poverty may then appear as the last hope for creating different societies based on the joys of 'more being', rather than the obsession of 'more having'.

## References

1. John Iliffe, *The African Poor: A History*, Cambridge: Cambridge University Press, 1987.
2. *Encyclopaedia Judaica*, under 'Poverty'.
3. Michel Mollat, *The Poor in the Middle Ages*, New Haven: Yale University Press, 1978, p. 3. This study is a classic for the history of poverty in Europe. Besides the word 'pauper', Mollat has listed the following words: referring to impecuniosity and destitution in general (*egens, egenus, indigenus, inops, insufficiens, mendicus, miser*); shortage of food (*esuriens, famelicus*) or clothing (*nudus, pannosus*); physical defects such as blindness (*caecus*), lameness (*claudus*), arthritic deformity (*contractus*), infirmity in general (*infirmus*), leprosy (*leprosus*), injury (*vulneratus*), feebleness due to poor health or old age (*aegrotans, debilis, senex, valetudinarius*); mental deficiency (*idiotus, imbecillus, simplex*); temporary weakness affecting women during pregnancy and childbirth (*mulier ante et postum partum*); situations of adversity such as those involving the loss of one's parents (*orphanus*), husband (*vidua*), or liberty (*captivus*), and, finally, banishment and exile (*banus, exiliatus*).
4. Here are some samples of proverbs and sayings from Africa: For the Igbo, 'The rich man puts down his basket in the market, the poor man fears', 'The poor man gets a friend; the rich man takes him away', 'Those who have money are friends of each other.' For the Tswana, 'Where is no wealth, there is no poverty.' In Iliffe, op. cit., pp. 91, 78, 28, 85.
5. A letter from Hughes to Ellis, 13 March 1836, *Council for World Mission; Incoming Letters*, South Africa 15/1E/34, quoted by Iliffe, op. cit., p. 78.
6. Michel Mollat, *Etudes sur l'Histoire de la pauvreté*, publication de la Sorbonne, Série Etudes, Tome 8, Vol. 2, Paris: 1974, p. 15.
7. St Francis of Assisi considered that charity did not consist in 'leaning over' the poor, but in 'elevating oneself' to their level.
8. For the Iranian mystic A. Nasafi, the only shortcoming of poverty is apparent, while its virtues are all hidden. In the case of wealth, it is exactly the opposite. Hence, he exhorts upon the dervish: 'Poverty is a great blessing; wealth, a great pain. But the ignorant ignores this, escaping poverty and sticking to wealth. Our prophet... chose poverty, for he knew it and its effects, as he knew wealth and its effects.' Translated from A. Nasafi, *Le Livre de l'Homme parfait*, Paris: Fayard, 1984, p. 268.

9. The French Robert Dictionary defines the word as follows: 'Qui manque du nécessaire ou n'a que le strict nécessaire' (Lacking what is necessary or having only what is strictly necessary).

10. What is necessary to a peasant in a rural area is quite different from a city dweller. And while a Ladakh family in the Himalayas can still live lavishly on an average 'income' of much less than \$1,000 a year, an American family of the same size living in the US could hardly meet their needs with an yearly income of \$10,000, which represents the officially recognized 'poverty line'.

11. Michel Mollat, 1987, op. cit., p. 8.

12. The notion of 'entitlement relations' was coined by Amartya Sen, first in 1967, later elaborated in *Poverty and Famines*, Oxford: 1981.

13. For Adam Smith, the necessities were, interestingly enough, 'not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even the lowest order, to be without.' See *An Inquiry Into the Nature and Causes of the Wealth of Nations*, 1776, p. 351.

14. Amartya Sen, op. cit., p. 1714.

15. 'Savanna Muslims viewed poverty with much ambivalence. Their traditions stressed the values of wealth and generosity. At their best, traditions evoked the largesse of the rich and the hospitality of common people which many European travellers admired. At their worst, the same traditions bred contempt for poverty, both in others, expressed sometimes in mockery of the handicapped, and in oneself, for the shame of poverty could lead men (but apparently not women) to suicide. John Iliffe, op. cit.

16. Pauperism describes 'a category of people unable to maintain themselves at all, or to maintain themselves at the level conventionally regarded as minimal, without outside assistance...' 'Poverty', as a social phenomenon, implies only economic and social inequality, 'that is, a relation of inferiority, dependence, or exploitation. In other words, it implies the existence of a social stratum definable by, among other things, lack of wealth.' See E.J. Hobsbawm, op. cit., pp. 398, 399.

17. Peter Bunyard, 'Can Self-sufficient Communities survive the onslaught of Development?' *The Ecologist*, Vol. 14, 1984, p. 3.

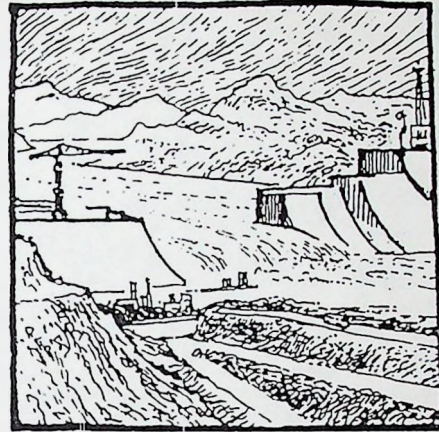
18. 'Traditionally, land and labor are not separated; labor forms part of life, land part of nature, life and nature form an articulate whole. Land is thus tied up with the organizations of kinship, neighbourhood, craft and creed—with tribe and temple, village, guild and church.' Polanyi, op. cit., p. 178.

19. In this tradition, Michel Mollat quotes a great teacher of the first millennium, the sixth century North African abbot, Julianus Pomerius, who believed that: 'once an individual ensured his own survival and the survival of his family, he had the duty to give whatever he owned beyond his own needs to the *debiles* and *infimi*, that is, to the poor.' See Mollat, op. cit., p. 23.

20. For Michael Harrington, already in 1963, the deprived in the US numbered nearly 50 million people. Some startling facts on the phenomenon of poverty amidst affluence in the US were recently reported in an article by Dolores King, a correspondent of the *Boston Globe*. 'Twenty years after a White House Conference was "to put an end to hunger in America itself for all time", as President Nixon phrased it, hunger is making a comeback in vengeance.' See 'Hunger's



On the Belly of the River  
Tribal Conflicts over  
Development in the Narmada Valley  
Anita Bariskar  
1995



2

## National Development, Poverty and the Environment

### I: DEVELOPMENT, POVERTY, ENVIRONMENT

In 1947, after years of bitter struggle, India finally became independent. In a voice charged with emotion, Jawaharlal Nehru proudly proclaimed to the nation that India had kept her 'tryst with destiny'. For the leaders of the nationalist movement as well as for the general populace, it must have been an exhilarating moment to stand on the threshold of a newly independent country and imagine all the possibilities for progress that lay ahead.

Now, forty-five years later, what have we achieved as a nation?

This chapter will discuss the choices made by the independent Indian state to develop the nation and improve the lives of its citizens. In the first part, I will examine the impact of development policies on the lives of the poor and on the environment, and the conflicts that have arisen as a consequence. In the second I analyse these conflicts using the theoretical approach of Ecological Marxism. This approach focuses on conflict over resources and gives primacy to popular grassroots struggles, the collective resistance of tribal communities, fisherfolk, labourers and peasants to processes which impoverish them and destroy their natural environment. I end by looking at the ways in which the lives of tribal people have been depicted in these theories as exemplars of an alternative paradigm of development based on harmony between nature and culture.

From its inception, the Indian state was confronted by two different visions of reconstruction: the Gandhian project of reviving the village economy as the basis of development, and the Nehruvian plan for prosperity through rapid industrialization. On 5 October 1945, Gandhi wrote a letter to Nehru in which he outlined his dream of free India:

I believe that, if India is to attain true freedom, and through India the world as well, then sooner or later we will have to live in villages — in huts, not in palaces. A few billion people can never live happily and peaceably in cities and palaces . . . My villages exist today in my imagination . . . The villager in this imagined village will not be apathetic . . . He will not lead his life like an animal in a squalid dark room. Men and women will live freely and be prepared to face the whole world. The village will not know cholera, plague or smallpox. No one will live indolently, nor luxuriously. After all this, I can think of many things which will have to be produced on a large scale. Maybe there will be railways, so also post and telegraph. What it will have and what it will not, I do not know. Nor do I care. If I can maintain the essence, the rest will mean free facility to come and settle. And if I leave the essence, I leave everything (Chandra 1987).

'God forbid that India should ever take to industrialism in the manner of the West', Gandhi observed. 'The economic imperialism of a single tiny island kingdom (England) is today keeping the world in chains. If an entire nation of 300 million took to similar economic exploitation, it would strip the world bare like locusts' (Gandhi 1951: 31). The appeal of the Mahatma

lay in his programme of revitalizing village communities and craft production by employing simple technologies to provide jobs and a decent livelihood to a predominantly rural population. The liberation that Gandhi promised was not merely an economic independence; it was, most profoundly, an assurance that the cultural traditions of the Indian peasantry would reign ascendant.<sup>1</sup>

Gadgil and Guha remark on the apparent paradox that the 'Gandhian era of Indian politics saw the juxtaposition of a peasant-based politics with the increasing influence of Indian capitalists over the Congress organization' (Gadgil and Guha 1992: 182). Despite the theoretical primacy of the peasant, it was the Indian industrial class that was able to use nationalism to wrest concessions from the British. The protective measures reluctantly imposed by the British on the post-World War I economy enabled Indian manufacturers to amass respectable fortunes and strengthen their political hold. The expansion of the Congress was financially assisted by Indian capitalists whose initial distrust of the party dissolved when they realized that Gandhi's politics consisted of an all-embracing effort to mobilize all sections of society in a common struggle. Gandhi's theory of the capitalist and the landlord as 'trustees' of national property was ambiguous enough to accommodate potentially divergent interests.

Despite the deification of Mahatma Gandhi in the pantheon of nationalism, his vision was eclipsed within the Congress party by the ideas of Nehru, Sardar Patel and others. Gandhi's vision struck no chords in the mind of Jawaharlal Nehru, who replied rather brusquely to Gandhi's letter of October 1945: 'It is many years since I read *Hind Swaraj* and I have only a vague picture in my mind. But even when I read it twenty or more years ago it seemed to me completely unreal . . . A village, normally speaking, is backward intellectually and culturally and no progress can be made from a backward environment' (Chandra 1987). Most Indian nationalists believed that India's reconstruction could only come about through an emulation of the West, 'intellectually through the infusion of modern science, and materially through

<sup>1</sup> Gandhi's 'message' was variously interpreted and acted upon, sometimes in ways unanticipated and unapproved of by the Congress. Amin (1988) discusses diverse religious and militantly political responses to Gandhi by the peasants of Gorakhpur.



the adoption of large-scale industrialization' (Gadgil and Guha 1992: 183). Through intensive industrialization and urbanization, fostered by a strong nation state, India could overcome the handicap of its colonial past to catch up with the West. The rapid strides taken by Germany under Bismarck, by Meiji Japan, and Stalinist Russia proved that this economic miracle was possible. Not surprisingly, this programme was enthusiastically supported by Indian capitalists, who foresaw that the Indian state's investment in essential infrastructure would encourage the flowering of private industry.

Gadgil and Guha describe the choices that were made at this crucial juncture by the Congress leadership. Its most important decision was the adoption of the 'industrialize or perish' model of economic development in the Second Five Year Plan. From the Second Plan onwards, the Indian government spent only 22 per cent of its total Plan budget on agriculture, even though 75 per cent of the population was engaged in agriculture. The greater share of Plan outlay consistently went to develop industries, which employed merely 11 per cent of the population (Kohli 1987: 73). This strategy indiscriminately applied 'modern' technologies, with little regard for their social or ecological consequences.

In theory there were, of course, many options available to the Indian state. The technologies adopted could be capital or labour intensive; they could be oriented towards satisfying the demand for luxury goods or fulfilling the basic needs of the masses; they could degrade the environment or be non-polluting; they could use energy intensively or sparingly; and they could use the country's endowment of natural resources in a sustainable fashion or liquidate them; and so on (Gadgil and Guha 1992: 184).

However, these choices were critically affected by three powerful interest groups: capitalist merchants and industrialists, the technical and administrative bureaucracy, and rich farmers. The shape of the Indian economy today is a direct consequence of the political choices made forty years ago.

#### Achievements after Independence

Forty-five years after independence, India is transformed in numerous ways. The scale of the Great Bengal Famine

of 1942 is now a distant memory. This is partly due to a tremendous increase in foodgrain production since the 1960s. India's dependency on food imports has shrunk to such an extent that today it imports less than two per cent of the food that it eats (UNDP 1993: 161). Virtual self-sufficiency in food production is matched by a diversified industrial base. Over the last ten years, our Gross National Product has been growing annually at the respectable rate of 5.4 per cent. The improvement in the quality of most lives is also reflected in health statistics: an average Indian, who in 1960 would have died at the age of forty-four, can today expect to live for almost sixty years (UNDP 1993: 143). In many urban centres, amenities like electricity, piped drinking water, public education, health care and transport can be taken for granted.

For some Indians, the post-independence years have also brought vast opportunities for enhanced consumption beyond the basics. The middle classes and above can afford or aspire to possess many more motorized vehicles, television sets, coolers, refrigerators and other durable goods. Glittering enclaves in cities like Delhi or Bombay boast shops and lifestyles that rival New York or Tokyo. Affluence unimagined in colonial times, except by a handful of princely rulers, is the happy lot of India's elite.

All this can be attributed to the early emphasis on industrial growth, both in manufacturing and in agriculture.<sup>2</sup> It was generally assumed that the benefits of industrial expansion, increased production, employment and income, would 'trickle down' through the economy to those at the very bottom. At the same time, there was some attempt to temper the differences in a grossly unequal society by undertaking a modicum of income redistribution. This was done through half-hearted land reforms, with the Congress walking the tightrope between populist appeal and the support of the landed classes. The zamindars, loyal to the former colonial powers and therefore expendable, were deprived of land above a prescribed ceiling, but the holdings of middle and rich peasants were left intact. The status of most of the landless poor remained unchanged.<sup>3</sup>

<sup>2</sup> The development of agriculture in India has been marked by the increasing use of industrially produced inputs such as fertilizers, pesticides and heavy machinery. The transformation of agricultural processes due to the application of capital-intensive technology may be called the industrialization of agriculture.

<sup>3</sup> For a detailed evaluation of land reforms in three Indian states and their



For the most part it was believed that industrialization and urbanization were essential strategies for national development; their benign character was not questioned even though these processes were marred by undesirable 'side-effects' such as increasing levels of urban congestion, and air, water and noise pollution. Pollution was not perceived as a priority in the early decades of industrialization. While planners shrugged their shoulders and said 'one cannot make an omelette without breaking eggs', economists simply called these problems 'externalities' and banished them outside the realm of the rational.

Nevertheless, environmental pollution, lamented from the very first days of black-belching smokestacks in the Industrial Revolution, has become an issue on the international agenda, a subject of treaties and negotiations. Global warming threatens to bring about wildly fluctuating climatic conditions and the gradual submersion of Bangladesh into the sea. Ozone depletion has already sharply increased rates of skin cancer and cataracts, especially in the southern hemisphere (Gore 1992: 85). These problems, together with the clouds of acid rain that drift in defiance of international borders, have driven home to the West that environmental concerns need to be universalized. The futures of North and South are inextricably linked.

Developing countries such as India have viewed the industrialized North's environmentalism with suspicion.<sup>4</sup> Prescriptions for controlling air pollution entail curbs on the use of chlorofluorocarbons (CFCs), a class of chemicals used in refrigeration, and reductions in the emission of acid rain-causing sulphur and nitrogen oxides by installing costly scrubbers and precipitators. Defenders of Indian industry claim that these measures are uneconomical; they have chosen to see the issue as a trade-off between imperative growth and expensive pollution control. Indian delegates at the 1992 Earth Summit in Rio de Janeiro reacted as if a concern about pollution was a neo-imperialist plot, designed to keep the South ever backward. In this view, since pollution is a necessary concomitant of industrial growth, the North's attempts to reduce

impact on poverty, see Kohli (1987).

<sup>4</sup> India has been justly indignant about the double standards employed by the West. The industrialized nations have chosen to preach to the South about reducing methane emissions caused by paddy cultivation and bovine digestion, while ignoring their greater culpability in the production of carbon dioxide.

emissions globally would deny the South the fruits of development. Environmentalism is perceived as a luxury that the South, with its pressing problems of hunger and deprivation, cannot afford. This attitude stretches back in time to the 1972 Stockholm Conference on Environment when the Indian prime minister, Indira Gandhi, proclaimed that 'poverty is the worst polluter'.

### The Persistence of Poverty

The optimistic assumption that increased welfare due to industrial growth would automatically percolate to the poor has not been borne out by experience. Both poverty and pollution continue to mar the Indian landscape. For the 423 million people below the poverty line, almost *half the nation*, development has been a distant phenomenon, watched from the wayside (UNDP 1993: 141). Even after forty-five years of independence, most of these people are trapped in a web of poverty and powerlessness, their faculties and talents buried under the crushing weight of everyday life. The profile of this deprivation has a numbing quality because of the sheer vastness of the problem: every year 3.84 million children die before they reach five years of age, killed by hunger and disease, another 73.1 million children under five are malnourished; 72.9 million children are not enrolled in schools; an even larger number do not go to school; 281 million adults, 61 per cent of them women, cannot read or write (UNDP 1992: 141). And India's boast of being self-sufficient in food is a cruel hoax for the hundreds of millions who habitually go hungry. While isolated reports of starvation deaths, those in Kalahandi and Palamau for instance, jolt the news-reading classes out of their complacency, the pervasiveness of poverty goes unnoticed most of the time.

Another hope belied is the expectation that economic growth would create jobs and income for the masses. While the South Asian economy has almost doubled in size between 1975 and 1990, employment has increased only by 37 per cent. This phenomenon has been called 'jobless growth' by the United Nations Development Programme (UNDP), which attributes it to the application of inappropriate capital-intensive technology. The UNDP *Human Development Report 1993* remarks that 'the prevalent technology reflects the existing pattern of income distribution — 20 per cent of the world's population has 83 per cent of



the world's income and, hence, five times the purchasing power of the poorer 80 per cent of humankind. Clearly, technology will cater to the preferences of the richer members of the international society' (UNDP 1993: 37).

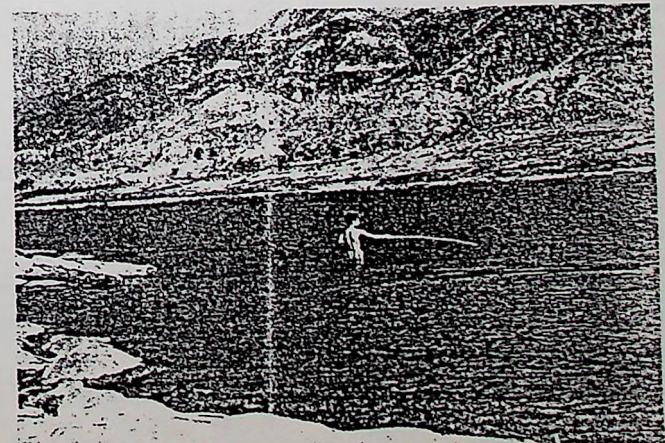
It is frequently argued that the benefits of economic growth have been neutralized by the high rates of growth of the Indian population. According to this view, poverty exists because of the pressure of ever-increasing numbers on a finite resource base. While population growth rates *are* a source of concern, they do not constitute a problem by themselves. Statistics of present food production and projections for the future show that India is more than capable of feeding its citizens adequately (UNDP 1993: 161). Yet the fact that this food does not reach the hungry points to another problem — social inequality. It is not so much population pressure that causes hunger but the *distribution* of food and the social and material resources needed to obtain it (Webster 1984: 102).<sup>5</sup>

The exacerbation of social inequality has been intrinsic to the process of development as experienced so far. Through centralized planning and execution, the Indian state retains control of the 'commanding heights' of the economy. Its projects and policies are largely devised by bureaucrats and engineers, usually in collaboration with big business and large farmers' lobbies, and with very little popular participation. The 'industrialize or perish' model has been combined with a tendency to be grandiose and build on a gigantic scale. The concentration of public resources in particular sectors, such as heavy industrial infrastructure and irrigated agriculture, has created projects such as the superthermal power complex in Singrauli and the Narmada Valley Project, which have a gargantuan appetite for public funds. One dam of the Narmada Project, Sardar Sarovar, will alone cost more than

<sup>5</sup> There is also an impressive body of evidence that shows that high rates of growth of population are a *consequence* of human deprivation, and that poverty alleviation directly affects population growth. In a study of West Bengal and Kerala, Moni Nag (1984) demonstrates that Kerala's success in population control is due to the state's investment in improving education and health care, especially for women. Kerala also ensures that food will be available and affordable to all its citizens through a public distribution system that covers 97 per cent of its population. While Kerala is much less industrialized than West Bengal, its people marry later and have fewer children.

the entire amount spent on irrigation by the government since Independence! Despite evidence to the contrary, the state still prefers to believe that showy, expensive projects are better investment than more modest, decentralized ones. For instance, in a distribution of resources that defies all logic, during 1951–85 the Indian government invested the greater part (64 per cent) of its total irrigation outlay of 23,180 crores on major and medium irrigation projects which have irrigated land at the cost of Rs 19,310 per hectare, even though minor irrigation projects provide water at a much more economical rate of Rs 4520 per hectare. Despite the greater outlay of 64 per cent, major and medium irrigation projects have irrigated only 30.5 million hectares of land, while minor projects have irrigated 37.4 million hectares! (Sachidanandan 1988: 80).

The skewed priorities of the government are also reflected in the pattern of investment in energy production. Only three per cent of India's energy needs are met by electricity, while biomass provides more than 50 per cent. Yet, in the Seventh Plan (1985–





1990), Rs 32,000 crores were allocated for the electricity sector, whereas the development of biomass resources received less than Rs 2000 crores (Dharmadhikary 1991: 15). Most of this power is supplied at highly subsidized rates to urban consumers and industries, and for agricultural pumping. Of course, the poor who depend primarily on biomass for their energy needs, receive no subsidy at all.

### Poverty and the Ecological Crisis

This pattern of development has fundamentally altered two crucial bases of production: land and water. Let us examine the condition of land.<sup>6</sup> In 1990, India had a land area of 328.7 million hectares (ha), 55.6 per cent of which was considered arable. 45.68 million ha or 25 per cent of arable land is irrigated. 22.4 per cent of India's land mass is designated as 'forest'. According to a pioneering study by B.B. Vohra, who was the first to estimate the extent of degradation of India's land, only 42 per cent of the area designated as 'forest' is actually under adequate tree or grass cover; the rest is more or less completely devoid of vegetation (Vohra 1980: 3). With satellite imaging, the government has been compelled to be more accurate in its estimates of deforestation. According to the National Remote Sensing Agency, forests covered 55.5 million ha (16.89 per cent of total land area) in 1972-5. During 1980-2, this area dropped to 46 million ha (14.1 per cent of total area). In the 1990s forests cover a scant 32.8 million ha or 10 per cent of the total land area. Whereas four million hectares of forest area was 'lost' between 1951-76, over the last fifteen years 22.7 million hectares of forest have been cut down (Gadgil and Guha 1992: 196; UNDP 1992: 173).

On the basis of information supplied by the ministry of agriculture, Vohra estimated that more than three-fourths of our agricultural land is degraded due to serious soil erosion, waterlogging and salinization (Vohra 1980: 4). Other sources estimate that 20 million ha or almost 11 per cent of our agricultural land is severely affected by salinization; another 7 million ha have had to be

<sup>6</sup> *The State of India's Environment 1984-85: The Second Citizens' Report* contains an excellent account of the status of India's water resources (CSE 1985: 27-48).

abandoned due to salt accumulation (Gore 1992: 111). The productivity of land is diminishing and its use in the future is uncertain. According to one estimate, India loses 6 billion tons of topsoil every year (Gore 1992: 120). While soil erosion is a result of deforestation, excessive grazing, and cultivation of hill slopes without terracing or bunding, waterlogging is usually caused by canal irrigation in poorly-drained soils. It takes nine hundred years to form one inch of topsoil; it may take only one monsoon or one badly-designed canal system to lay it waste forever.

Deforestation, together with the emphasis on building embankments and dams, has led to a steady increase in the incidence of floods in the fertile plains of north India. Annual flood damages increased nearly forty times from an average of Rs 60 crores per year in the 1950s to an incredible Rs 2307 crores a year during the 1980s. The area affected by floods shot up from an average 6.4 million ha a year in the fifties to 9 million ha a year in the eighties (CSE 1991: viii). Ironically, embankments and dams were constructed in order to control the damage caused by floods. Instead, they have prevented the nutrient-rich silt carried by rivers from being deposited in the soil, thereby depriving flood plains of a valuable source of fertilizer. The sediment now accumulates on the river bed, raising it so that the river in spate overflows its sides and devastates more land, lives and property.

None of these losses figure in our national income accounts. When we compute our Gross National Product or our rate of industrial growth, costs such as the loss of topsoil and wasted land are not included in the calculus of economic decision-making. Even though environmental 'depreciation' fundamentally affects the stream of value derived from nature in the future, even though the immediate effects of ecological destruction are real and crippling, these costs tend to remain invisible. In fact, paradoxically, environmental destruction appears on the credit side of the national ledger if it provides a one-time increase in production, even though that increase may destroy all possible future benefits, and may have disastrous 'side effects' in the present. For instance, deforestation will increase GNP through the sale of timber, but there is no enumeration of the losses incurred by cutting trees — the adverse ecological effects or the loss of other use values derived from a forest.

The affluent (usually urban) elite are mostly unmoved by the



irreparable loss of national resources. With their power to buy their way out of any crisis by cornering resources for themselves, they have been able to insulate themselves from ecological shock and have even enhanced their lifestyle. This class, which has precipitated land degradation by its extraordinary powers of ownership, control and consumption, even today tends to dismiss the environmental crunch as the gloomy prognosis of pessimists. But the ecological crisis is not some distant doomsday scenario, it is here today in the lives of the poor, experienced as worsening conditions of subsistence. The increasing difficulties that poor rural women and children face in gleaning fuelwood, finding fodder, and fetching water have been extensively documented (CSE 1985: 172-88). Less studied is the steady migration of dispossessed rural people, compelled by ecological degradation to leave the land. According to the UNDP, around 750 million of the world's poorest people live in rural areas. Of these, around 20 to 30 million move each year to towns and cities. And an increasing proportion of these migrants are 'environmental refugees' whose land is so eroded or exhausted that it can no longer support them (UNDP 1992: 58). As ecological destruction disproportionately affects the poor, the State of India's Environment Report began by clarifying the politics of the crisis by declaring that 'environmental degradation and social injustice are two sides of the same coin' (CSE 1982).

#### Ecological Crisis and the Model of Development

Why has the industrialization and urbanization model failed to improve the lives of the poor? Why has it systematically impoverished the natural resource base upon which they depend? These issues can be understood by examining the pattern of state intervention in the allocation of resources. As discussed above, the independent state has been primarily moved by the desire to safeguard and further its own interests and those of its allies: capitalists, merchants and industrialists, and rich farmers:

The influence of the capitalists was reflected in the massive state investments in industrial infrastructure — e.g. power, minerals and metals, and communications, all provided at highly subsidized rates — and in the virtually free access to crucial raw materials such as forests and water.

Large landowners, for their part, ensured that they had an adequate and cheap supply of water, power and fertilizer for commercial agriculture. Finally, the bureaucrat-politician nexus constructed an elaborate web of rules and regulation in order to maintain control over resource extraction and utilization. In this manner, the coalescence of economic interests and the seductive ideology of modernization worked to consolidate dominant social classes. This strategy willingly or unwillingly sacrificed the interests of the bulk of the rural population — landless labour, small and marginal farmers, artisans, nomads and various aboriginal communities — whose dependence on nature was a far more direct one (Gadgil and Guha 1992: 185).

The orientation of the government to look after its own is clearly visible in its policies. Gadgil and Guha (1992), in their excellent analysis of forest policies, show how forests are being mismanaged in order to maximize immediate profits for the state and industry, with complete disregard for the future. The traditional rights of rural communities who use the forests primarily for subsistence have been severely curtailed and reduced to grudgingly granted concessions. The inequalities in access to resources are exacerbated by strategies such as the differential pricing of forest produce: in Karnataka, while bamboo was supplied to paper mills at the cost of Rs 15 a tonne, it was sold to basket weavers and other small bamboo users in the market at Rs 1200 per tonne (CSE 1985: 368).

The tendency of the government to consolidate its power over resources is also shown in its support for large, centralized irrigation and energy projects. These have encouraged the profligate use of natural resources — for instance, in irrigated agriculture where farmers shift to remunerative, water-intensive crops such as sugarcane, uncaring of the ecological or social consequences. Canal irrigation is a highly subsidized system for providing water; while the costs are borne by the state, the benefits mainly go to landowners, further increasing social inequalities.<sup>7</sup> The provision of abundant water for the few through costly irrigation schemes results in induced scarcity for the many. In Maharashtra, people living in the catchment area of a large dam are prohibited by law

<sup>7</sup> The concept of equitable distribution of water rights among the landed as well as the landless is still not widely accepted in India, even though it has been applied successfully in places like Ralegan Sidhi, Maharashtra (Pangare and Pangare 1992) and Sukhomajri, Haryana (Chambers *et al.* 1989: 155-6).

from using more than 15 per cent of the total available water (Sharma 1990: 230-1). Not only is water directly diverted to the powerful, the opportunity cost of this investment is embodied in the number of small, decentralized schemes to provide protective irrigation to dryland farmers which never materialize because of lack of funds (Sengupta 1993). Considering that 75 per cent of India's arable land depends only on rainwater, the emphasis on irrigated agriculture has concentrated funds on a privileged minority.

Ironically, the bulk of development policies, justified in the 'national interest', actually *diminish* poor people's ability to control and gainfully use natural resources. Every 'national' project is presented as beneficial for the masses even though it requires some poor people to surrender their land or their livelihood. While the 'greater good of the nation' appears to be a laudable cause, it must appear suspicious to the rural poor who are consistently chosen, time and time again, to make all the sacrifices, while those more powerful reap the benefits. Suresh Sharma describes that when Prime Minister Jawaharlal Nehru reassured those displaced by Rihand dam in Singrauli in 1961:

People felt that their suffering would not be in vain. Their instinctive sense of nobility was stirred when Nehru spoke of the Nation and Development. They believed in his promise of a future of plenty to be shared by all. And they half accepted the trauma of displacement believing in the promise of irrigated fields and plentiful harvests. So often have the survivors of Rihand told us that they accepted their sufferings as sacrifice for the sake of the nation. But now, after thirty bitter years of being adrift, their livelihood even more precarious, they ask: "Are we the only ones chosen to make sacrifices for the nation?" (S. Sharma 1992: 78).

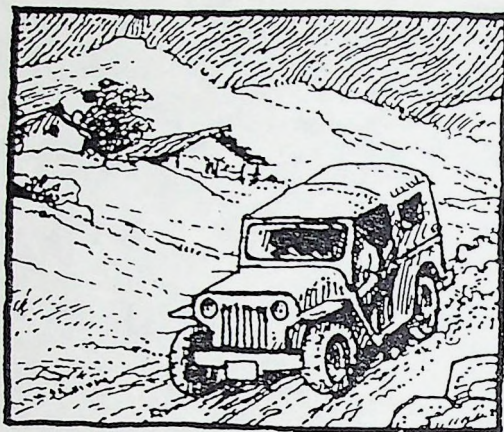
In the event, it is obvious that the 'national interest' is merely the interest of the state, industry and rich peasantry.

The model of development established since independence has fundamentally altered the way in which different social groups use and have access to natural resources. The changes wrought by the independent state have created conflicts over competing claims to the environment. These conflicts range from the incessant battle between the forest department and local communities, to the war raging between mechanized trawlers and traditional

fishing boats in India's coastal waters, to the controversy over the Dunkel Draft and rights to genetic resources. These claims are not merely for a greater share of the goods, but involve different ways of valuing and using nature — for profit or survival, or some combination of the two. They also involve different worldviews — one driven by the desire to dominate and exploit nature and humanity, the other moved by empathy and respect, sometimes reverence, for the two.

An attempt to understand these relationships between environment and development led to the creation of an Ecological Marxist ideology which marries a concern for conserving natural resources with the issue of social justice. As the *State of India's Environment Report 1982* argues, the future of the natural world is best assured in the hands of the poor and the exploited. Not only will such a transfer of power result in a more just world, it will lead to a husbanding of resources and their utilization for the common good. Efforts to bring about socially just and ecologically sound 'sustainable development' must be seen both as a response to, and a departure from, the shortcomings and contradictions in the present model of development.





## II. DEVELOPMENT, ENVIRONMENT AND TRIBAL RESISTANCE

NEW DELHI. 28 Jan. 1992. The Chief Minister of Gujarat, Mr Chimantbhai Patel, asserted that work on the Sardar Sarovar Project was proceeding apace. Mr Patel was in Delhi to receive the Independent Review team sent by the World Bank to evaluate the environmental and rehabilitation aspects of the Project. In a meeting with the press, Mr Patel said that any objective appraisal of the Project would show that it was scientifically planned to harness the river Narmada to permanently solve the water problems of Gujarat. The government of Gujarat had designed a truly enlightened rehabilitation package for dam-oustees. Opposition to the Project was limited to some misguided environmentalists. (Press Release: Government of Gujarat.)

I was in Anjanvara, a village of Bhilala tribals in the area to be submerged by the Sardar Sarovar dam. It was late in the evening and I was sitting outside the hut of the *pujara* (priest), watching him roll a *bidi*. We were talking about gods. The *pujara* said, 'People think of Narmada as bigger than all the gods, bigger than the earth. She can grant all that anyone desires.' 'Then why aren't you better off? Why doesn't she give you all that you want?' I asked. 'But we live in the belly of the river,' said the *pujara*. 'Sometimes she listens to us and sometimes she doesn't.'

## The Model of 'Development'

The attempt to achieve modern industrial growth has been based on two interrelated processes: one, the unchecked use of the earth's natural resources; and two, the transformation of people, often against their will, into a dispossessed working class. These processes were not new; they had their antecedents in India's history of colonial and precolonial extraction, and they continued after Independence, though they were legitimized in different ways. During the colonial period, modernization was part of the imperial mission of civilization and improvement of the natives — the white man's burden (R. Guha 1988). For the independent state, modernization was essential to the project of national development. As we saw in the first part of this chapter, the ideology of 'national development' has been used to legitimize exploitation.

The project of national 'development'<sup>8</sup> is not limited to the Indian state alone, but is embedded in contemporary global structures such as the arrangement of the world into nation states, and the expanding system of international capitalism. While concentrating on the relations between the Indian state and its subjects, we must remember that these relations and those of international political economy mutually shape each other. The model of development as modern industrial growth was derived from the historical trajectory of former colonial powers such as Britain, France and Germany — a model that newly independent states sought to emulate. The pursuit of growth necessitated large injections of capital into the national economy for developing industrial infrastructure — an investment that has often been financed by foreign funds. A typical instance of such state expenditure aimed at fostering economic growth is the Narmada Valley Project in western India. This is a gigantic scheme to harness the waters of the river Narmada for irrigation, power generation, and drinking. The Project has been partially funded by the World Bank, and partially by bilateral aid.

<sup>8</sup> I have placed development within quotation marks to signify that the positive connotation of the term is an ideological construct and should not be accepted uncritically. However, this is a clumsy device, so I shall not use it through the rest of the text, merely adjuring the reader to keep in mind that the quotes, though invisible, are present.

Ironically, such external borrowing for capital-intensive projects has served to increase indebtedness to the point that it has undermined the very objective of national development. The easy availability of credit for development in the 1960s and 1970s has, in the last decade, become a millstone around the neck of developing nations. Foreign creditors rescheduled debt repayment for borrower nations on the condition that they would undertake 'structural adjustment' — trade liberalization and reduced spending on public welfare. The austerity measures thus entailed have left the poor tightening their belts over their hungry bellies (George 1988). Being in the red has further shifted the orientation of national governments from meeting domestic needs to a preoccupation with debt servicing. In order to give creditors a guarantee of its ability to maintain the schedule of repayment (a condition for new loans), the state has to play an increasingly repressive role, keeping the working classes in line and preventing social unrest (Canak 1989). Thus, the state's indebtedness to foreign capital, incurred in order to develop, has today become a constraint, reducing the options available for autonomous growth.

In the name of development, national elites, through the institutions of the state and the market, and often in collaboration with foreign capital, have appropriated natural resources — land, minerals, forests and water — for conversion into commodities. The circulation of goods which this has brought forth has taken place primarily among the already affluent owners of capital and other elites. Elites, who have the desire and the power to profit and consume, have thereby impoverished the earth of its natural wealth and, through degradation and pollution, have rendered it unlivable for future generations. This has been called the second contradiction of capitalism — a contradiction between the ever-expanding circulation of capital which has no limits and a Nature which has many (O'Connor 1988).

The earth's impoverishment has meant that communities who depend on the natural base for sustenance have been deprived of their resources. This alienation cannot be adequately described in terms of the loss of a material livelihood alone; it is most profoundly a wider loss of cultural autonomy, knowledge and power. In the name of development, people have been pushed off the land; their forests and water have been taken over by the state and the market, so that they have been deprived of everything except their

labour power. Just as nature has increasingly become a commodity, so has human labour. This is the first contradiction of capitalism — that labour works with nature to produce value, only to have it appropriated by the owners of capital. This unequal relationship has been enforced by the authority of the state, based ultimately on its monopoly over violence (Tilly 1985). The coercive aspect of state power has been concealed behind the institutions of liberal democracy. Thus, in another ironic twist, human impoverishment has occurred even as people have participated in the political processes of democratic decision-making, apparently consenting to their own ecological, economic and political marginalization.

### Ecological Marxism

Such a theoretical understanding of development, as a process that exploits the labouring classes as well as nature, has come about fairly recently. Traditionally, Marxist analyses of social conflict have paid much more attention to the conflict between labour and capital, or the social relations of production, than to the exploitation of nature. The incorporation of the capital/nature contradiction into Marxism is the contribution of Ecological Marxists such as James O'Connor, Watts, and others, who have tried to bring ecological concerns into a Marxist analysis of political economy. This interpolation is not uncontroversial; some scholars have argued that 'red' and 'green' agenda cannot be mixed in this way. Marx himself was uncritical in his appreciation of capital-intensive technology and could not see the environmental havoc that industrialization entails. Therefore the attempts to find an authentically ecological outlook in Marx's philosophy of nature cannot be successful (Clark 1989).

The neglect of an ecological perspective in Marx's own work is not an oversight. Marx was conscious of the Malthusian argument that natural limits such as a slowly growing food supply would act as a brake on social betterment. But he concentrated on rebutting Malthusian ideology by adopting an essentially Ricardian view of *social* rather than *natural* limits to capitalism. That is, Marx chose to stress that the *social* relations of production need to be transformed to fully realize the fruits of technological development. Therefore, Marx's core concept of the labour



process underrepresents the significance of natural conditions which cannot be manipulated and overrepresents the role of human intentions and powers for transforming nature (Benton 1989: 64).

But at a deeper level, Marx implicitly supports environmentalism by opposing commodification — a process which divorces all products (fashioned by human labour working with nature) from their intrinsic worth, and reduces them to a common economic matrix. Marx's critique of capital depended fundamentally on his critique of commodity fetishism, which is an epistemological critique of economism and development, with their corollary of environmental destruction. In this more profound sense, Marx anticipated the class and nature problematic.

#### Resistance to Development: Party Politics *versus* Social Movements

The process of development has not been easy or straightforward; it has been continually contested by competing groups of elites, within and between nation states (Evans and Stephens 1988). More critically, the attempts of elites to exploit in the name of development have been challenged and collectively resisted by the very people that they have sought to marginalize. Popular protest has occurred at many different levels, and has had many different objectives — from retaining access to natural resources, to getting a fairer deal in the work process, to asserting cultural autonomy — but it has been ultimately unified by its attempt to decentralize power into the hands of the exploited majority so that they have more control over their lives.

In India, among the many struggles against national 'development', one has received increasing scholarly attention in the last fifteen years — resistance in the form of social movements. Even though social movements tend to be small and localized while trade unions and peasant parties have large followings, it is the former which have become the subject of scholarly treatment. This academic shift, similar to that which occurred in Europe, is due as much to the resurgence of this form of protest as to the intellectuals' own ideological disillusionment with electoral politics and mainstream socialist politics. Kothari argues that these movements are 'really to be seen as part of an attempt at

redefining politics at a time of massive attempts to narrow its range, different from electoral and legislative politics which has relegated large sections of the people outside the process of power' (Kothari 1988: 46).

In part, intellectuals seem to have surrendered their interest in state power as an arena of struggle because of the failure of progressive mass-based parties to form stable governments at the national level. Several reasons are offered for this: party politics is corrupt and compromised; it contains inherent tendencies towards centralization; in any case, new institutional spaces are opening up at the grassroots. By espousing the cause of new social movements, intellectuals have filled an analytical void created by their perception of the failure of bourgeois democracy.

#### New Social Movements in India and Europe

The surge of Indian scholarly interest in social movements parallels that which has occurred in western Europe at the same time, around Green movements — a number of closely related actions on the issues of nuclear disarmament, peace, feminism, and the environment<sup>9</sup>. Intellectuals discussing these movements make claims similar to those made by Indian scholars about their politics: 'the sphere of action of the Green movements is largely a space of non-institutional politics which is not provided for in the doctrines and practices of liberal democracy and the welfare state' (Offe 1985: 826). For their difference from mainstream politics, these movements have even been called 'antipolitics' (Berger 1979).

In the European context, Green movements are perceived to be a departure from the orthodox Marxist concerns about the centrality of work and class relations in defining the lines of social conflict. As Rudolf Bahro said, 'some comrades, whose way of thinking is fixated on a past era that cannot be brought back, speak staunchly of a still too low level of class struggle. You fail to see that the emperor has no clothes. The world-historical

<sup>9</sup> While all these issues have separate and noble lineages of struggle which long pre-date the Green movement, the new social movements claim to be new precisely because of the way in which they have woven these different strands of social action into one unified agenda.



mission of the proletariat was an illusion . . . ' (Bahro 1982: 57). He goes on to say that the emergence of the ecology movement signals that countless people who are not mobilized by specific economic class interests proclaim and organize their resistance in diverse ways (Bahro 1982: 107).

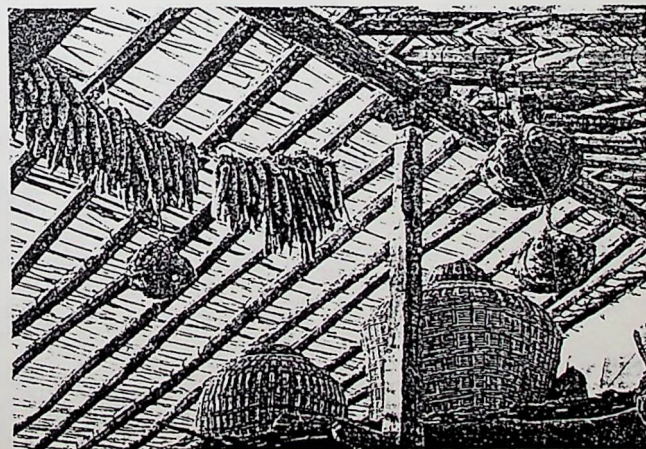
Intellectuals of Indian social movements share with their counterparts in the European Green movements a critical unease about party politics, a wariness that has been expressed in self-conscious deliberations about the relationship between parties and movements. Apart from this similarity, can these social movements be seen as 'new' or 'antipolitics' in the Indian case? Unlike Bahro's emphasis on the absence of concerns about class issues in the Green movements, social movements in India continue to centre on the conflict over production relations. While the European experience has been called a shift from 'red' to 'green' — that is, from Marxism to environmentalism, the Indian political process seems to be tinted in both hues. The struggle over nature, for example, has an inherent class dimension because nature also provides resources which are the bases of production.<sup>10</sup> Unlike Europe, where ecological crisis is perceived equally as a threat to biological survival in global terms, in India conflicts over nature tend to closely follow the battle lines between those who produce and those who own the means of production (Guha 1988: 2578).

However, in one respect, scholarly interest *has* moved away from the consideration of one set of productive resources to another which had earlier been peripheral to the concerns of political organizations. From an examination of conflict in the factory and the field, intellectuals have moved to study conflict around forests and rivers — a shift which is sometimes perceived to be a move towards a 'green' agenda of ecological sustainability. As may be apparent, the Indian exercise of defining what is 'environmental' and what is not, is somewhat arbitrary. Whereas conflict around agricultural land tenure and use, or around the workplace, is usually not treated as environmental, conflict around forests or water resources is deemed to be quintessentially

<sup>10</sup> Of course, as O'Connor points out, the meanings attributed to nature are not exhausted by its use as natural resource; ecological politics are about 'class issues even though they are *more* than class issues' (O'Connor 1988: 37; emphasis in original).

environmental. This distinction is hard to maintain because land management is also of critical ecological importance, and confrontations over forests are also about the ownership and control of the means of production. The unexamined presumption that conflict over forests and water is environmental and that over agricultural land is not, stems, I would speculate, from the class background of the scholars who make these classifications, and who tend to see forests and rivers as 'wilderness' (and therefore 'nature' and 'environment'), and not primarily as sources of livelihood. That is, an upper-class view of what is environmental prevails. For most rural communities, there seems to be a continuity in the way in which land, forest, water and other resources are regarded, primarily as sources of subsistence.

In the Indian context, the inseparability of, and continuity between, the 'red' and 'green' agenda is asserted by Ramachandra Guha, who observes that the material structure of society serves as the 'landscape of resistance' for people fighting against exploitation. While social relations and forces of production limit the forms a culture (and within it, resistance) may take, our analysis





has to include not only the economic landscape but also the natural setting in which the economy is embedded. For, while production relations sharply define the boundaries of political structures and cultural systems, they are in turn limited by the ecological characteristics — the biota, topography, and climate — of the society in which they are placed (Guha 1989a: 5–6). While Guha's notion — that ecological specificities limit and modify social relations — is an important corrective to theoretical approaches that ignore the environment, by itself this does not constitute a 'green' agenda. Environmentalism is not concerned simply with *nature* per se, it is concerned with the *sustainable use* of nature. It is generally thought that sustainability has been the attribute of economies organized for subsistence, as opposed to profit. The low-intensity use of nature to meet basic needs is ecologically sustainable, for it maintains the regenerative capacities of natural resources. Thus, the struggles of rural communities for retaining control over natural resources for subsistence can be interpreted as embodying a 'green' agenda of environmentalism.

#### The Ideological Dimensions of Social Movements

Ecological conflicts in India are continuing struggles over production and extraction. The history of forest conflicts, for instance, has been a long battle between the state which sought to incorporate the forest into a profit-economy, and local communities who fought to retain its place in their subsistence economy (Gadgil and Guha 1989). However, collective action over natural resources not only raises questions about ownership and control, it is also a claim about different *relationships* with nature. As E.P. Thompson said, 'Every contradiction is a conflict of values as well as a conflict of interest.' New social movements too are seen as formulating a far-reaching critique of the ideology of development, rejecting its claims that the ever-increasing exploitation of humans and nature constitutes progress, and reshaping people's ideas about what is socially good and desirable. Besides the contest between two versions of economics — the political economy of profit and the moral economy of need — this critique is believed to extend to a repudiation of the underlying cultural values that are privileged by the ideology of development — the ecological hubris of trying to attain mastery over nature, the economism that

ranks profit over all else, and the pursuit of technological expertise which dominates over other, more egalitarian and 'organic' ways of knowing the world. This harks back to European claims that Green movements are not sparked by '*problems of distribution*', but concern the *grammar of forms of life*' (Habermas 1981: 33; emphasis in original).

According to Ramachandra Guha, in India the environmental critique of the values of development builds upon three ideological streams (Guha 1988). The first, which he calls 'Crusading Gandhian', upholds the pre-capitalist and pre-colonial village community as an ideal of social and ecological harmony. It criticizes the domination of modernist philosophies such as rationalism and economism, and propagates an alternative philosophy which has roots in Indian tradition. The second stream, called 'Appropriate Technology', is influenced by socialist principles but reconciled to industrial society. It emphasizes the liberating potential of resource-conserving, labour-intensive technologies. The third stream, that of 'Ecological Marxism', holds that political and economic change must be prior to ecological concerns, and collective action aimed at systemic transformation must come first. This stream is philosophically at odds with Gandhian values because of its overall faith in the emancipatory potential of modern science and technology. While conceptually separate, these ideologies have been influential in modifying each other. The Gandhian critique of modern science has muted the celebration of technicism by the Marxists, while the Marxist analysis of exploitation has compelled the Gandhians to incorporate a more egalitarian perspective on social change. The result of this cross-fertilization is an environmentalism which builds upon the strengths of these different ideologies to construct a far-reaching critique of the values underlying ecologically destructive development.

Another stream of Indian environmentalism, although not a critique of development per se, is that of preservation. One of the earliest and most celebrated instances of preservation was Silent Valley in south India where the central government overrode the protests of the state government and local people and cancelled a proposed hydroelectric project in a pristine tropical rainforest (Herring 1991). Prompted by the international call to save biodiversity, and the urging of preservationist groups such as the

Bombay Natural History Society, the Indian government has made several 'wilderness' areas off-bounds to local users by designating them as national parks. While the creation of parks and wildlife sanctuaries has facilitated environmental conservation, this is preservation by fiat, for local people's rights have usually been overlooked and they have rarely been involved in management. This has also contained environmental action to a sphere of low overall impact for, through its other policies, the government has continued to pursue the environmentally destructive goal of industrial growth. Preservation has tended to be a token effort, creating islands of endangered wildlife which are perpetually encroached upon, resented by the people who live near them<sup>11</sup>.

#### Indigenous People as Embodiments of Resistance

Guha's categorization of the ideological bases underlying Indian environmentalism can be extended to include another stream, similar in its values to the Gandhian, but rooted in a different tradition: the belief that the cultural beliefs and practices of 'indigenous communities' constitute a critique of ecologically destructive development and provide an alternative vision of a sustainable human-nature relationship.<sup>12</sup> It is claimed that over centuries of living sustainably with nature, adivasis have acquired a deep knowledge and understanding of ecological processes so that they are ideal natural resource managers (Shiva and Bandyopadhyay 1990: 77). Thus, scholars of social movements say that 'rural women and indigenous people . . . still retain the *aranya sanskriti* [forest culture] which is based on the creative interdependence

<sup>11</sup> A classic case of a conflict between park officials and villagers occurred in November 1982 when people living around the Bharatpur bird sanctuary were barred from exercising their traditional rights to graze cattle inside the sanctuary. The subsequent clash resulted in police firing that killed one person (Prasad and Dhawan 1982).

<sup>12</sup> Like 'environment', 'indigenous' is hard to define. The term is problematic outside its original context of the Americas where, historically, there has been a sharper differentiation between 'natives' and European settlers. The use of 'tribe' as an alternative is also difficult because of the porosity of the boundary between 'caste' and 'tribe', both of which have existed side by side for centuries in India (see Chapter 4). I shall avoid controversy by using '*adivasi*' (literally 'original dwellers'), a widely accepted Indian term; Hardiman presents a persuasive case for this usage (Hardiman 1987b: 11-16).

between human evolution and the protection of forests (Parajuli 1991: 179). Vandana Shiva and J. Bandyopadhyay reiterate this theme when they speak of the cultural lessons of diversity and democratic pluralism learnt by Asian societies 'modelled on the forest'. They proceed to claim that

the forest as the source [of life] also means that forests and trees must be treated as sacred. The sacred is inviolable: its integrity cannot be violated. If Asian civilizations have survived over centuries it is because they learnt to be like the forest, sustaining both the forest and the culture through time . . . For these cultures, all life, both human and non-human, is in symbiosis. Human society is not predatory but in rhythm with the forest (Shiva and Bandyopadhyay 1990: 67, 77).

Overlooking the glib biological analogies here, informed as they are by functionalist notions of homeostatic social systems, this basic view that adivasis are sustainable managers has gained wide acceptance today among intellectuals writing about development and resistance. The practices of adivasis are said to exemplify 'the life-enhancing paradigm' (as opposed to the modern 'life-destroying paradigm') where '*renewability is the primary management objective*' (Shiva and Bandyopadhyay 1990: 74; emphasis in original). It is declared that

. . . all serious studies of natural resource use by indigenous peoples show that their traditional ways of life have been brilliantly conservationist . . . [T]heirs is an ecological wisdom that is intricately woven into the very fabric of their cultures; for the most part it is not an articulated, conscious 'body of knowledge' . . . [T]heir entire way of life expresses an ecological wisdom that enables them to take care of their forest environment (Taylor 1990: 184).

Thus, indigenous ways of knowing, which people are unable to articulate or even be conscious of, are expressed 'on their behalf' by intellectuals.

This view of the adivasis as ecologically noble savages is not unique to India; it is frequently voiced across the world among conservationists concerned about saving the forest. In Europe, the noble savage was first the idealized vision of Rousseau, Thomas Moore, and others, of the inhabitants of the New World. The belief that native Americans 'lived in close harmony with their local environment' was resurrected in this century among conservationists. Paralleling Shiva and Bandyopadhyay's



conceptualization, the modern world was seen as being divided into 'two systems, two different irreconcilable ways of life: the [Native American] world — collective, communal, human, respectful of nature, and wise — and the western world — greedy, destructive, individualist, and enemy of nature' (from a report to the International NGO Conference on Indigenous People and the Land 1981, quoted in Redford 1991: 46).

The belief that adivasis in forests everywhere are conservationist also recurs among north American Deep Ecologists, who see their philosophical principle of 'biocentrism' (as opposed to 'anthropocentrism') realized in eastern religious traditions and, at a more popular level, by 'primal' indigenous people in non-western settings who, through their material and spiritual practices, subordinate themselves to the integrity of the biotic universe they inhabit. The coupling of (ancient) eastern and (modern) ecological wisdom seemingly helps consolidate the claim that deep ecology is a philosophy of universal significance (Guha 1989b: 73–6). In India, the view that 'traditional' religious worldviews depict the innate ecological sensibilities of Indians is found in the writings of Vatsyayan (1992) and Banwari (1992), who interpret Vedic rituals and myths as embodiments of environmentalism.

According to this environmentalist view, in the knowledge and belief systems of the adivasis lie our hope for the future. The wisdom of 'indigenous' people is thought to have contemporary relevance, for it is believed to be inherently ecologically sound, as proved by their sustainable survival strategies (Redclift 1987: 153). This wisdom, then, forms the philosophical foundations of present-day social movements of people who resist and challenge the dominant ideology of development. 'In the third world today the alternatives [to development] are often there in the present, surrounding the islands of barricaded modernity' (Nandy 1987: 88). It is claimed that adivasis, who have been marginalized by development, can mount a thorough going critique of it and, through the example of their ecologically wise culture, present an alternative vision of sustainable, ecologically respectful living with nature. Such a cultural critique and alternative is not merely an abstraction; it is realized in the present through social movements. Thus, 'new social movements are . . . sites of creating and regenerating [the] subjugated knowledge . . . [of] indigenous people, women, and other marginalized groups . . .' (Parajuli 1991: 183).

The collective resistance of indigenous people is not a rearguard action — 'the dying wail of a class about to drop down the trapdoor of history' — but a potent challenge which strikes at the very heart of the process of development.

#### The Formulation of an Agenda for Research

I formulated my research hypothesis after being influenced by the preceding theories. I expected that adivasis acted politically in response to their experience of development — a process which has resulted in the alienation of their natural resource base and their subsequent cultural impoverishment. That is, they come together in a social movement to collectively resist the appropriation of their resources by state and market. The conflict between social movements and the state is not simply that of differing interests but, equally profoundly, that of differing values. As people not fully incorporated into the state and the market, adivasis can draw upon traditional values such as reverence for nature as the source of their cultural critique of development and the basis of their resistance. This resistance is not merely reactive; through it, adivasis construct a creative alternative to the dominant and destructive system of development, based on their tradition of living sustainably with nature.

The ongoing struggle of the adivasis in the Narmada valley in central India seemed to be a living example of the resistance of 'indigenous' cultural communities to development. The Indian government plans to dam the river Narmada, harnessing its water for irrigation and power generation. The reservoir of the dam will submerge an area of forested hills, displacing the adivasis who subsist upon this environment. Their fight against displacement appeared to be intrinsically an environmental movement, for did they not worship nature and use it sustainably? While the dam was both a part and a symbol of development, the movement against the dam seemed to embody cultural resistance and an alternative to development. This alternative extended to the very mode of political action in which adivasis engaged — decentralized, grassroots mobilization which challenged the authority of the state to act 'on behalf' of the people. The Narmada Bachao Andolan (Save Narmada Movement) represented the marginalized, uncorrupted 'alternative political culture' of the adivasis. I

intended to go to the Narmada valley and, by living with the adivasis, discover their relationship with nature, how it changed with their experience of development (which included the dam), and their struggle to create an ecologically sustainable and socially just alternative world.

On going to the Narmada valley, I discovered a somewhat different reality. I had earlier believed that the movement against the dam was the only way in which adivasis acted politically; I found that they were also organized into a Sangath (union) which fought for adivasi rights to land and the forest. Moreover, this did not exhaust adivasi politics; people participated with enthusiasm and great energy in waging and settling village-level feuds about honour. Fieldwork revealed that there were several different levels of politics, and that it was essential to incorporate all of them into the study in order to better appreciate adivasi life.

More disconcerting, though, was the rapid discovery that adivasi life was not at all what I had imagined it to be. My expectation that I would encounter a community which lived in harmony with nature, worshipping it and using its resources sustainably, turned out to be both true and false. Therefore my neat theoretical framework linking nature-culture relationships to political critique, action and change, crumbled into an untidy jumble of contradictions. The dissonance between my romantic notions of adivasis, based on scholarly writing on the subject, and the everyday lives of adivasis, led me to ask the questions that run through the subsequent pages: What is the adivasi relationship with nature today? What is their relationship with the state? How do people, whose struggles are the subject of theories of liberation and social change, perceive their own situation? How accurately does the environmentalist critique of development represent the lives of the people who are thought to be at the forefront of environmental movements? While these issues have been analyzed in relation to the Bhilalas of Alirajpur who live in the submergence area of Sardar Sarovar dam, they bear upon the lives and struggles of adivasis elsewhere, who share a past and a present of development and resistance.



# Economic Reforms, Nature and Poverty

M H Suryanarayana

*Recent studies show an increase in poverty in the wake of the 1991 economic reforms. Explanations for these findings range from insufficient reliability of the NSS data base to 'nature' or bad harvest and only indirectly to the reforms. This paper re-examines these hypotheses using the same data source combined with official macro estimates on net cereal availability, changes in cereal stocks, PDS allocations and offtakes of cereals.*

## I Introduction

FROM the comparative experience of many other developing economies, the orthodox economic reforms initiated since July 1991 have generated considerable apprehension about the likely adverse impact on the 'poor and vulnerable' sections, an effect called the social cost of adjustment. Given the country's low endurance capacity due to unemployment, poverty and deprivation, constant monitoring is called for to formulate policies so as to implement the reform programme with minimum social costs [Comia et al 1987a and 1987b; Stewart 1995; Taylor 1988 and Taylor 1993]. Preliminary findings based on the National Sample Survey (NSS) data on consumer expenditure show a pronounced increase in rural poverty and virtually no change in urban poverty [Gupta 1995; Tendulkar and Jain 1995].<sup>1</sup> Explanations for the observed changes in poverty range from 'insufficient' reliability of the NSS data to 'nature', that is, a bad (below normal) harvest. Commenting on the Planning Commission's finding in its draft mid-term appraisal of the Eighth Plan that poverty had increased from about 18 per cent in 1990-91 to 20-21 per cent in 1991-92 and 1992-93, Shankar Acharya, chief economic adviser of the ministry of finance, points out that these findings are based on 'thin' sample results which are "insufficiently reliable".<sup>2</sup> Contrasting the rural-urban variation, Tendulkar and Jain (T-J hereafter) attribute the increase in rural poverty largely to 'nature'. They further conclude that "economic reform-related decisions contributed indirectly rather than being the only or even the major cause of the sharp accentuation of rural poverty during the period under consideration" [T-J 1995:1376]. Gupta (1995) examines the social costs of the programme in some detail and concludes that the costs are high enough to demand corrective action.

This paper attempts to examine the estimated changes in poverty during the post-reform years and their empirical bases using the available NSS data for July 1990-June 1991 and January-December 1992. The study shows that the findings on diverse rural-urban changes in poverty could largely be the result of outdated price index for the rural areas. We verify the T-J hypothesis

on cereal price increases on the basis of estimates of increases in average prices of cereals in the rural and urban areas by states and all-India using unit values from the NSS. But cereals constitute only a major subset of the food basket and cereal prices alone cannot capture the aggregate price change. Therefore, we do not attempt to estimate poverty measures. Instead, we examine the T-J explanation by looking into changes in quantities of cereal consumption by different decile groups by rural/urban sector at the all-India level and by sectoral total populations at the state-level. This seems valid because cereals still account for about 60 per cent of the consumer budget of the poor. Since T-J's argument is essentially in terms of reduced availability and entitlement of cereals in the rural areas, our focus on cereal consumption seems appropriate. The paper also provides evidence by examining macro estimates of net per capita cereal availability and allocations for and offtake of cereals from the public distribution system (PDS) and their implications for poverty.

The paper is structured as follows. Section II summarises the T-J findings, hypotheses and explanation. Section III subjects the T-J method of estimation, hypotheses and explanation to some verification; subsection III.i examines the appropriateness of the price indices used by T-J and subsection III.ii measures the actual changes in cereal consumption and their implications. Section IV discusses some macro evidences.

## II Nature and Increase in Poverty

T-J estimate (1) the headcount ratio, (2) the poverty-gap index (a measure of depth of poverty) and (3) the FGT\* (a measure of severity of poverty) for both rural and urban all-India for 1970-71 to 1992. They use two alternative poverty lines, namely, (1) the official poverty line of monthly per capita total expenditure (MPCTE) of Rs 49.09 and Rs 56.64 (urban) at 1973-74 prices used by the Planning Commission and (2) an alternative lower poverty line of MPCTE of Rs 15 (rural) and Rs 18 (urban) at 1960-61 prices. They account for inflation by updating these poverty lines with the consumer price index for the middle range (CPIMR) of the rural and urban population worked out from detailed price

data. Such price indices are used only for the period 1970-71 to 1989-90. For the remaining years, the updating is done using price adjustment factors by applying the rate of growth in the consumer price index for agricultural labourers (CPIAL with 1960-61 as the base year) to rural CPIMR and the consumer price index for industrial workers (CPIIW with 1981-82 as the base year) to urban CPIMR.

All the poverty measures show consistently an increase in rural poverty and among these measures the poverty-gap index shows sharper and the FGT\* measure even sharper increases in rural poverty. T-J's estimates show virtually no change in urban poverty in 1991 and a marginal increase in 1992 (T-J 1995: Table 1, p 1374). T-J explain the accentuation in rural poverty in terms of a sharp reduction in the CPIAL-adjusted real average per capita total expenditure (APCTE) by 5.5 per cent in 1992 over 1990-91 and an increase in relative inequality as measured by the Gini coefficient. This is the all-India picture.

T-J results for states indicate that the rural areas in Andhra Pradesh, Assam, Bihar, Karnataka, Maharashtra and Rajasthan experienced "reasonably sharp reduction in real APCTE" and hence sharp increase in poverty in the post-reform period.<sup>3</sup>

T-J explain the increase in rural poverty in terms of a bad agricultural harvest and decline in food (mainly coarse cereals and pulses) output and the consequent reduction in employment and incomes. The problem got accentuated mainly by a steep hike in the open market prices of wheat and rice caused by (i) speculative stock holding by farmers and traders; (ii) the periodic increases in the procurement prices of rice and wheat to compensate the farmers for withdrawing subsidies on fertilisers; and (iii) the increases in the central issue prices for the PDS. The same factors might not have operated in the urban sector, for the urban consumers are relatively protected by the universal (untargeted) urban PDS.<sup>4</sup> Moreover, procurement for the urban PDS and the relatively stronger urban demands contributed to increases in rural food prices further, worsening the plight of the rural poor. Therefore, T-J do not consider the reforms to have directly contributed to increases in rural poverty. Even though there has been a squeeze on anti-poverty programmes as part of fiscal compression,



TABLE 1: ESTIMATES OF AVERAGE PRICES (UNIT VALUES) FOR SELECT CEREAL ITEMS FOR THE RURAL TOTAL POPULATION BY STATE

State	Rice		Wheat		Jowar		Bajra		Maize		Total Cereal	
	1990/91	1992	1990/91	1992	1990/91	1992	1990/91	1992	1990/91	1992	1990/91	1992
Andhra Pradesh	3.42	5.23	4.69	4.50	2.32	4.14	-	-	-	-	3.28	5.11
Assam	4.76	5.94	3.66	3.67	-	-	-	-	-	-	4.71	5.84
Bihar	4.65	6.08	3.76	4.68	-	-	-	-	2.70	4.00	4.18	5.45
Gujarat	4.55	5.95	3.10	4.59	2.85	4.80	2.79	4.09	2.18	3.50	3.24	4.57
Haryana	6.41	7.00	2.57	3.33	-	-	1.75	3.00	-	-	2.72	3.48
Karnataka	4.53	6.26	4.00	4.56	2.60	4.88	-	-	2.48	4.00	3.38	5.00
Kerala	4.54	5.81	4.32	5.44	-	-	-	-	-	-	4.52	5.78
Madhya Pradesh	4.16	5.26	2.88	4.32	1.79	3.78	1.39	2.00	2.04	3.57	3.09	4.59
Maharashtra	4.84	6.00	3.74	5.04	2.24	4.24	2.75	3.85	2.50	3.00	3.29	4.76
Orissa	4.01	4.99	4.00	5.22	2.00	0.00	1.00	0.00	0.00	0.00	3.97	4.92
Punjab	4.88	4.00	2.69	3.41	-	-	-	-	3.73	5.50	2.83	3.50
Rajasthan	5.50	6.00	2.73	3.95	2.45	3.00	2.54	3.93	2.37	3.88	2.71	3.97
Tamil Nadu	4.60	5.61	4.32	4.67	2.67	4.00	2.49	3.00	-	-	4.35	5.34
Uttar Pradesh	3.69	5.13	2.48	3.46	1.91	8.00	1.90	2.50	1.98	2.33	2.80	3.90
West Bengal	4.88	5.82	3.80	5.00	-	-	-	-	-	-	4.77	5.73
All-India	4.33	5.59	2.93	3.98	2.31	4.28	2.51	3.85	2.31	3.41	3.53	4.81

Source: Author's computations based on Gol (1993b and 1994).

TABLE 2: ESTIMATES OF AVERAGE PRICES (UNIT VALUES) FOR SELECT CEREAL ITEMS FOR THE URBAN TOTAL POPULATION BY STATE

State	Rice		Wheat		Jowar		Bajra		Maize		Total Cereals	
	1990/91	1992	1990/91	1992	1990/91	1992	1990/91	1992	1990/91	1992	1990/91	1992
Andhra Pradesh	4.26	6.13	4.59	5.74	2.64	4.50	-	-	-	-	4.21	6.04
Assam	5.15	6.84	4.57	6.58	-	-	-	-	-	-	5.08	6.81
Bihar	5.11	6.50	3.78	5.07	-	-	-	-	2.75	3.90	4.47	5.80
Gujarat	5.47	7.13	3.47	4.88	3.27	5.46	3.00	4.34	2.50	3.30	3.81	5.42
Haryana	6.01	6.34	3.10	4.01	-	-	2.00	2.29	-	-	3.34	4.17
Karnataka	5.14	6.84	4.58	6.10	2.89	5.33	2.50	0.00	N.A.	3.20	4.40	6.07
Kerala	4.67	5.72	4.22	5.99	-	-	-	-	-	-	4.61	5.75
Madhya Pradesh	4.92	6.30	3.43	4.64	2.49	4.14	2.33	5.00	2.20	5.00	3.86	5.20
Maharashtra	5.28	7.21	4.08	5.91	2.84	5.11	3.00	4.63	-	-	4.29	6.21
Orissa	4.25	5.61	3.89	5.29	-	-	-	-	-	-	4.15	5.51
Punjab	5.54	7.32	3.35	4.02	-	-	-	-	4.25	5.00	3.58	4.32
Rajasthan	6.55	8.74	3.23	4.32	2.00	2.50	2.63	4.31	2.25	3.92	3.29	4.50
Tamil Nadu	5.08	6.37	4.16	5.48	3.00	4.67	-	-	-	-	4.98	6.26
Uttar Pradesh	4.66	6.14	3.21	4.09	1.67	0.00	1.67	4.00	3.00	2.60	3.53	4.51
West Bengal	5.48	6.65	3.83	5.12	-	-	-	-	-	-	5.05	6.29
All-India	4.97	6.46	3.56	4.72	2.80	5.06	2.85	4.18	2.80	3.40	4.20	5.56

Source: Author's computations based on Gol (1993b and 1994).

TABLE 3: PERCENTAGE INCREASES IN AVERAGE PRICES OF SELECT CEREAL ITEMS IN 1992 OVER THAT IN 1990-91 BY STATEWISE RURAL AND URBAN SECTORS

State	Rice		Wheat		Jowar		Bajra		Maize		Total Cereals	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
Andhra Pradesh	52.67	43.91	(-)-4.10	25.17	78.28	70.69	-	-	-	-	55.74	43.44
Assam	24.96	32.88	0.15	44.15	-	-	-	-	-	-	24.00	34.00
Bihar	30.86	27.35	24.57	34.03	-	-	-	-	48.33	41.82	30.43	29.84
Gujarat	30.76	30.39	47.96	40.84	68.21	67.06	46.65	44.64	60.63	32.00	40.90	42.19
Haryana	9.19	5.46	29.48	29.07	-	-	71.43	14.63	-	-	27.90	24.86
Karnataka	38.28	33.05	13.89	33.16	87.94	84.79	-	-	60.98	-	48.14	37.95
Kerala	27.98	22.58	25.96	42.00	-	-	-	-	-	-	27.74	24.67
Madhya Pradesh	26.35	27.98	49.96	35.09	11.41	66.34	43.75	114.29	75.13	127.27	48.46	34.72
Maharashtra	24.03	36.48	34.85	44.92	89.64	80.01	39.68	54.44	20.00	-	44.74	44.96
Orissa	24.65	31.91	30.56	36.23	-	-	-	-	-	-	23.96	32.73
Punjab	(-)-18.00	32.06	26.58	20.17	-	-	-	-	47.32	17.65	23.50	20.69
Rajasthan	9.09	33.39	45.00	33.79	22.22	25.00	54.92	63.92	63.44	73.72	46.86	36.82
Tamil Nadu	22.04	25.36	8.07	31.62	50.00	55.56	-	-	-	-	22.85	25.70
Uttar Pradesh	38.88	31.65	39.41	27.39	-	-	31.58	140.00	18.11	(-)-13.33	39.38	27.55
West Bengal	19.27	21.31	31.48	33.71	-	-	-	-	-	-	20.22	24.49
All-India	29.25	29.90	35.98	32.74	85.13	80.80	53.51	46.54	47.60	21.43	36.30	32.44

Source: Based on Tables 3 and 4.



they absolve the government on the grounds that (i) the central programmes have never been on a scale required to prevent a sharp increase in rural poverty, (ii) these programmes are ineffective due to organisational and delivery problems, and (iii) they are not as effective as drought-relief works. They underline the decline in coarse cereals and pulses output as a cause of increase in rural poverty since many of the states which experienced sharper reductions in rural real APCTE are major producers and consumers of these crops. They corroborate their reasoning on rural price increases by highlighting the relative increases in the all-India CPIAL and CPIIW, on the basis of which their poverty calculations were also made.

### III

#### How Evident Is the Evidence?

##### CHANGES IN CEREAL PRICES IN RURAL AND URBAN AREAS

To begin with, the CPIAL is not an appropriate price index for updating the rural poverty lines as its weighting diagram is based on 1956-57 consumption pattern.<sup>5</sup> The consumption patterns have changed perceptibly over the past four decades. To illustrate, for the rural poorest two decile groups coarse cereal share in total cereal consumption has declined from about 60 per cent in 1957 to about 20 per cent in 1990-91 [Suryanarayana 1995a]. Since coarse cereal prices have risen very sharply due to fall in its output [Government of India (GoI) 1993a], it is quite possible that the CPIAL, with outdated and exaggerated weights for coarse cereals, overstates retail price increase in rural areas.<sup>6</sup> In fact, the *Economic Survey* for 1992-93 acknowledges this [GoI 1993a:75]. Coarse cereal consumption is lower in the urban sector and given that the CPIIW under consideration has an updated base and weighting diagrams,<sup>7</sup> the CPIIW may not be exaggerating price increases to the same extent as the CPIAL.<sup>8</sup> As GoI points out, the CPIAL shows a higher rise in prices because of wide swings in the prices of essential food items which have a higher weightage in the CPIAL than in the CPIIW [GoI 1993a:76]. This is, perhaps, a reason why T-J get sharper increases in rural than in urban poverty.<sup>9</sup>

Let us examine the actual changes in cereal prices in rural and urban areas. The estimates of cereal prices provided in Tables 1 and 2 are implicit in the sense that they are derived as unit values from the NSS estimates of cereal consumption in value and quantity terms. Such unit values are estimates of average price/costs of cereals. This is because the NSS estimates of values of expenditures are obtained by differential valuation of consumption depending upon

the source of purchase. For example, items obtained from home-grown stock are valued at farm harvest prices and those obtained from the market at retail prices.

As one would expect, the average cereal prices are higher in the urban than in the rural areas (Tables 1 and 2). The estimates of percentage increases in average cereal prices between 1990-91 and 1992 bring out the following salient features (Table 3):

(i) The differences in increases in average cereal prices between the rural and urban areas were marginal and not substantial as has been made out based on the CPIAL and the CPIIW [T-J 1995].

(ii) At the all-India level, the increase in prices was higher in the urban than in the rural areas only for rice. For other cereals and for the cereals basket as a whole, the increase was more in the rural than in the urban areas.

(iii) At the state-level, the increase in average prices of total cereals was higher in the urban than in the rural areas in the

major urbanised states of Gujarat, Maharashtra, Tamil Nadu and West Bengal and also in Assam and Orissa.

(iv) Most important, there were wide dispersions in price increases in both rural and urban areas across states. The extent of increase in average prices of total cereals varied between as low as 20.22 per cent in rural West Bengal to as high as 55.74 per cent in rural Andhra Pradesh. As regards the urban areas, the increases ranged from 20.69 per cent in Punjab to 44.96 per cent in Maharashtra. The average all-India increases in the prices of total cereals were 36.30 and 32.44 per cents for the rural and urban areas, respectively.

Such price increases must have implied untold miseries for the bulk of the poor participating in the food market, who spend more than half of their incomes on cereals. Food market participation rates vary across states and hence the extent of hardship of the population, the poor in particular, must have also varied similarly. Table 4 provides

TABLE 4: MARKET PARTICIPATION RATES (PER CENT) FOR RICE AND WHEAT FOR TOTAL POPULATION BY SECTOR AND BY STATE, 1986-87

State	Rice		Wheat	
	Rural	Urban	Rural	Urban
Andhra Pradesh	80.88	93.33	4.40	27.71
Assam	48.91	91.06	16.67	33.37
Bihar	57.99	85.72	48.05	74.78
Gujarat	66.48	64.20	30.84	49.25
Haryana	32.70	12.03	17.79	27.49
Karnataka	86.11	94.98	40.93	67.53
Kerala	94.97	97.17	26.62	37.00
Madhya Pradesh	38.56	72.79	28.27	63.16
Maharashtra	70.24	88.57	59.33	85.80
Orissa	60.32	89.28	4.89	38.73
Punjab	16.33	57.52	10.60	28.80
Rajasthan	39.53	55.49	36.43	53.06
Tamil Nadu	77.60	91.92	10.20	35.14
Uttar Pradesh	34.41	70.69	31.25	64.41
West Bengal	67.55	95.08	32.90	56.29
All India	57.19	82.35	30.20	57.73

Source: GoI (1990).

TABLE 5: PROPORTION (PER CENT) OF BOTTOM-40 PER CENT OF THE POPULATION PURCHASING FROM ONLY SOURCES OTHER THAN THE PDS, 1986-87

State	Rural		Urban	
	Rice	Wheat	Rice	Wheat
Andhra Pradesh	17.80	2.07	30.36	6.99
Assam	22.73	9.96	42.37	31.02
Bihar	55.53	43.04	83.90	63.75
Gujarat	20.03	13.69	33.94	34.96
Haryana	25.55	19.41	46.79	33.59
Karnataka	23.49	9.83	33.13	19.15
Kerala	5.61	0.15	7.92	0.55
Madhya Pradesh	2.96	23.55	50.73	59.69
Maharashtra	25.47	22.14	43.92	46.43
Orissa	57.13	2.05	79.26	17.85
Punjab	1.62	11.27	53.28	25.34
Rajasthan	29.70	24.97	51.68	57.41
Tamil Nadu	21.47	0.43	35.48	3.86
Uttar Pradesh	36.51	35.83	67.06	66.37
West Bengal	47.48	11.08	48.96	17.39
All India	33.75	20.54	47.45	33.87

Source: Author's computations based on GoI (1990).





## THE PARTNERSHIP PROGRAMME

The Shastri Indo-Canadian Institute invites applications under a programme of collaborative research expected to be funded by the Canadian International Development Agency.

### Alms

The programme is intended to facilitate the process of sustainable development through innovative research collaboration and to initiate or strengthen institutional links with some prospect of being sustained beyond the life of the programme.

### Areas

Research projects will be eligible for funding only if they fall within the following broad thematic areas:

- Development and the Environment
- Social and Economic Reform
- Private-sector Development

Since the Institute's mandate covers the disciplines of the humanities and the social sciences (including education, management and law), projects that fall properly within the disciplines of the natural sciences or engineering cannot be funded. This is not, however, intended to exclude either the participation of scientists and engineers in research teams or the investigation of the impact of science and technology on society.

### Eligibility

Applicants must be (i) Canadian or Indian universities or (ii) research centres or institutes affiliated with universities or (iii) independent research or policy institutes or (iv) teams of researchers affiliated with any of the above.

All researchers participating in the projects must be citizens or permanent residents of Canada or India. Established links with institutions or individuals in the other country are not a requirement.

### Categories

Projects must be clearly identified by the applicants as falling under one of two categories.

Category A is intended for substantial research proposals with strong research teams including faculty as well as graduate students that may be expected to make a significant contribution to policy formulation or have other significant development impacts. Successful projects in this category will typically be funded for a two-year period in the amount of \$100,000 or more. Category B is intended for projects with smaller teams and time-frames which might be funded in the range of \$50,000 for a period of up to one year. In both categories, preference will be given to new projects.

### Application Procedure

The selection process will have two stages. In the first stage, applicants (institutions or research teams in either Canada or India) must submit an application by 30 April 1996. Results will be announced no later than 30 June 1996 and successful applicants may be provided with modest seed funding to prepare for the second stage. In this stage, applicants (binational research teams) must submit a full-fledged proposal by 31 October 1996. Results will be announced by 31 March 1997.

All awards are subject to approval by the Government of India.

It is imperative that applicants follow the detailed guidelines and use the application forms available from the Institute in both stages.

Please note that the deadlines given here are for receipt (not date of post-mark) of complete applications at the addresses given below.

#### In Canada

Contact:

Executive Director, Shastri Indo-Canadian Institute, 1402 Education Tower, 2500 University Drive N.W.,  
Calgary, Alberta, T2N 1N4.

Tel: 403-220-7467, Fax: 403-289-0100, e-mail: [sici@acs.ucalgary.ca](mailto:sici@acs.ucalgary.ca)

#### In India

Contact:

Resident Director, Shastri Indo-Canadian Institute, 5 Bhai Vir Singh Marg, New Delhi - 110 001, India.

Tel: 11-374-6417, Fax: 11-374-6416, e-mail: [sjci@delnet.ren.nic.in](mailto:sjci@delnet.ren.nic.in)



available estimates of market participation rates for rice and wheat by rural and urban sectors across states. These are estimates of percentages of total population purchasing rice and wheat from any source, that is, from the PDS or from any other source or from both obtained from the 42nd round NSS on social consumption during July 1986-June 1987. Table 5 presents estimates of similar participation rates only in the open market (excluding the PDS) for the bottom 40 per cent of the population.<sup>10</sup> There is some positive association between food market participation rates and percentage price increases for both rice and wheat in the rural and urban sectors across states. Thus price increases have been higher in those states where the market dependence of the total as well as poor population is higher. This may have rendered the poor in these states much more vulnerable and miserable by reducing their economic access to food because of higher open market prices.

#### CHANGES IN CEREAL CONSUMPTION

To overcome the problem of dated price index and hence that of poverty estimation, we examine the actual cereal quantities consumed by the different decile groups of the population in both rural and urban India.<sup>11</sup> Since the T-J reasoning for an increase in rural poverty runs mainly in terms of a decline in availability and entitlement of

cereals in the rural areas, this method seems appropriate. In addition this approach allows us to verify the cause-effect mechanisms in terms of reduced agricultural and foodgrain output, hence reduced incomes and increased prices and their implications for poverty as emphasised by T-J. This is because both total expenditure and own price elasticities of demand for different food items being higher (in absolute magnitude) for the rural than for the urban population [Radhakrishna and Ravi 1992], one would expect larger reduction in cereal quantity consumption for the former than for the latter for any given increase in cereal prices and decrease in total income; all the more so if the price increases were higher in the rural sector as shown by the CPIAL in comparison with the CPIIW. Conversely, a given reduction in urban cereal consumption could be interpreted as indicating a proportionately larger reduction in entitlement and increase in urban poverty.<sup>12</sup>

Tables 6 and 7 provide estimates of quantities of cereal consumption, total as well as componentwise, by decile groups arranged in ascending order of consumption for rural and urban all-India.<sup>13</sup> They clearly show a decline in the cereal consumption of both the rural and urban populations. As one would expect, based on elasticity estimates, the percentage reduction in cereal consumption was more for the rural than

for the urban population. However, the pattern of decline across decile groups differs between the rural and urban sectors. The decline in total cereal consumption was largely caused by a decline in rice and coarse cereal consumption for three bottom decile groups and by a decline in wheat and coarse cereal consumption for the upper decile groups in rural India. In urban India, no such clear-cut pattern is discernible. However, a statewise analysis would provide further insights.

At the state level, the NSS organisation provides only estimates of sectoral (rural and urban) averages of MPCTE (total and by broad commodity groups) and cereal consumption (value and quantity). The statewise sectoral estimates of quantities of cereal consumption (Tables 8 and 9) suggest four types of experience (Table 10):

(i) Contrary to T-J explanation, cereal consumption increased in the rural areas of Karnataka, Maharashtra, Orissa and Punjab and decreased in their urban sectors, except urban Karnataka where there was a marginal increase.<sup>14</sup>

(ii) Cereal consumption declined in both the rural and urban sectors of Andhra Pradesh, Assam, Gujarat and West Bengal; but the percentage decline was more in the urban sectors;

(iii) Cereal consumption declined in both the rural and urban sectors of Haryana, Madhya Pradesh, Rajasthan and Tamil Nadu.

TABLE 6: CEREAL CONSUMPTION (KG) PER MONTH BY DECILE GROUPS OF POPULATION, ALL-INDIA RURAL

Decile Group	July, 1990-June, 1991				January-December, 1992				Percentage Change in 1992 Over That in 1990-91			
	Rice	Wheat	Others	Total	Rice	Wheat	Others	Total	Rice	Wheat	Others	Total
0-10	4.43	3.18	3.83	11.44	4.89	3.19	2.09	10.17	4.00	0.11	(-15.24)	(-11.13)
10-20	6.78	3.30	2.57	12.65	6.37	3.55	1.90	11.81	(-3.23)	1.96	(-5.33)	(-6.61)
20-30	7.23	3.38	2.48	13.09	6.86	3.64	1.94	12.44	(-2.82)	2.00	(-4.12)	(-4.95)
30-40	6.87	4.16	2.77	13.80	7.10	4.09	1.69	12.88	(-1.67)	(-0.50)	(-7.85)	(-6.68)
40-50	7.26	5.37	1.76	15.01	7.59	4.22	1.73	13.54	2.20	(-7.66)	(-6.86)	(-9.79)
50-60	7.63	4.76	2.04	14.43	7.82	4.41	1.81	14.04	1.32	(-2.39)	(-1.62)	(-2.69)
60-70	7.89	4.14	2.42	14.45	7.98	4.55	1.86	14.39	0.62	2.84	(-3.88)	(-0.42)
70-80	7.83	5.23	1.87	14.93	7.97	4.96	1.83	14.76	0.97	(-1.84)	(-20.25)	(-1.12)
80-90	6.60	6.90	1.91	15.41	7.86	5.54	1.83	15.22	8.18	(-8.85)	(-20.54)	(-1.21)
90-100	6.98	7.77	1.25	16.00	7.16	6.95	1.94	16.04	1.10	(-5.12)	4.27	0.26
0-100	6.95	4.82	2.29	14.06	7.16	4.51	1.86	13.53	1.49	(-2.20)	(-33.06)	(-3.77)

Source: Author's computations based on GoI (1993b and 1994).

TABLE 7: CEREAL CONSUMPTION (KG) PER MONTH BY DECILE GROUPS OF POPULATION, ALL-INDIA RURAL

Decile Group	July, 1990-June, 1991				January-December, 1992				Percentage Change in 1992 Over That in 1990-91			
	Rice	Wheat	Others	Total	Rice	Wheat	Others	Total	Rice	Wheat	Others	Total
0-10	4.48	3.23	1.48	9.19	4.47	4.11	0.82	9.40	(-0.09)	9.53	(-7.21)	2.24
10-20	5.25	4.28	1.04	10.57	5.48	4.05	0.86	10.38	2.14	(-2.18)	(-1.72)	(-1.75)
20-30	5.54	4.37	0.79	10.70	5.13	4.48	0.80	10.41	(-3.84)	1.00	0.13	(-2.71)
30-40	5.64	4.69	0.79	11.12	5.15	4.72	0.83	10.69	(-4.40)	0.25	0.32	(-3.83)
40-50	5.36	5.00	0.76	11.12	5.42	4.91	0.98	11.31	0.54	(-0.81)	1.98	(-1.71)
50-60	5.64	5.07	0.63	11.34	5.28	5.20	0.53	11.00	(-3.21)	1.13	(-0.89)	(-2.97)
60-70	5.66	5.07	0.65	11.38	5.32	5.14	0.48	10.94	(-2.98)	0.60	(-1.45)	(-3.83)
70-80	5.46	5.17	0.58	11.21	5.40	5.04	0.45	10.89	(-0.53)	(-1.16)	(-1.15)	(-2.84)
80-90	5.12	5.36	0.47	10.95	5.73	4.72	0.34	10.79	5.56	(-5.85)	(-1.14)	(-1.44)
90-100	5.06	5.47	0.32	10.85	5.23	5.44	0.31	10.98	-1.53	(-0.23)	(-0.14)	1.16
0-100	5.32	4.77	0.75	10.84	5.26	4.78	0.64	10.68	(-0.55)	0.09	(-1.01)	(-1.48)

Source: Author's computations based on GoI (1993b and 1994).



but the percentage decline was less in the urban areas. Yet, for reasons like rural-urban differences in consumer responses mentioned earlier, this evidence cannot be interpreted to indicate a faster increase in rural poverty than in urban poverty in these states;

(iv) Bihar, Kerala and Uttar Pradesh, by experiencing a decline in cereal consumption in the rural areas and an increase in the urban areas, provide a slightly different picture.

Thus, only Bihar, Kerala and Uttar Pradesh provide some support for the T-J hypothesis.<sup>15</sup> But the majority of the states suffered greater percentage reduction in cereal consumption in the urban than in the rural areas. And what stands out is the experience of the highly urbanised states of Gujarat, Maharashtra and West Bengal which suffered greater percentage reductions in the urban cereal consumption largely because of a decline in wheat consumption but whose output had really increased in 1990-91 and 1991-92.<sup>16</sup> Among these states, West Bengal is the state where the PDS is

highly urban-biased by all criteria [Dev and Suryanarayana 1991]; yet its urban population suffered larger percentage reductions in cereal consumption in comparison with the experience of the rural population. This is the average picture obtained for the sectorwise total populations. Given that total expenditure and price elasticities of demand are higher for the poorer expenditure groups than for the rich,<sup>17</sup> the reduction in cereal consumption of the poor in these states is most likely to be quite substantial, especially in the urban sector.

#### IV Macro Evidence

The results based on the NSS are further corroborated by the official estimates on per capita availability of cereals published in the *Economic Survey* of the ministry of finance (Table 11). Per capita availability of cereals declined from 468.5 grams in 1990-91 to 434.2 in 1991-92 and further to 427.4 in 1992-93. These estimates of availability are not adjusted for changes in

stocks with traders and producers. They are therefore some approximate estimates of private cereal consumption. But the decline in cereal consumption was not due to reduced total availability. Against the government allocation of 11.36 million tonnes of rice and 10.36 million tonnes of wheat, the corresponding offtake under the PDS was only 9.94 and 8.78 million tonnes in 1991-92. In 1992-93, the allocation (offtake) was 11.48 (9.36) and 9.24 (7.41) for rice and wheat, respectively. The offtake of total cereals from the PDS (including quantities released under the Food for Work programme) has been declining since 1991; from 20.8 million tonnes in 1991 (calendar year) to 18.8 million tonnes in 1992 and 16.4 million tonnes in 1993. In 1992-93, there was a net addition to government stocks to the extent of 10.3 million tonnes. Thus reduced cereal consumption in such a context only indicates a reduction in the purchasing power of the people, the poor in particular.

What about 1993-94 which is now declared as the year of poverty reduction? NSS data are not yet published. Official

TABLE 8: CEREAL CONSUMPTION (KG) PER MONTH, STATEWISE TOTAL RURAL POPULATION

	July, 1990-June, 1991				January-December, 1992				Percentage Change in 1992 Over That in 1990-91			
	Rice	Wheat	Other Cereals	Total Cereals	Rice	Wheat	Other Cereals	Total Cereals	Rice	Wheat	Other Cereals	Total Cereals
Andhra Pradesh	11.67	0.13	1.82	13.62	12.30	0.20	1.10	13.60	4.63	0.51	(-5)29	(-10)15
Assam	13.09	0.59	0.00	13.68	12.60	0.60	0.00	13.20	(-3)58	0.07	0.00	(-3)51
Bihar	9.22	6.13	1.10	16.45	8.70	5.70	0.60	15.00	(-3)16	(-2)61	(-3)04	(-8)81
Gujarat	2.59	4.12	5.04	11.75	2.10	3.90	5.10	11.10	(-4)17	(-1)87	0.51	(-5)53
Haryana	0.73	12.53	0.89	14.15	0.70	11.80	0.70	13.20	(-0)21	(-5)16	(-1)34	(-6)71
Karnataka	4.46	0.93	6.23	11.62	5.00	0.90	6.40	12.30	4.65	(-0)26	1.46	5.85
Kerala	9.83	0.90	0.00	10.73	9.10	0.90	0.00	10.00	(-6)80	0.00	0.00	(-6)80
Madhya Pradesh	5.40	5.95	3.87	15.22	6.10	6.30	1.90	14.30	4.60	2.30	(-1)294	(-6)04
Maharashtra	3.20	2.22	6.06	11.48	2.80	2.40	6.50	11.70	(-3)48	1.57	3.83	1.92
Orissa	15.01	0.49	0.48	15.98	15.50	0.90	0.70	17.10	3.07	2.57	1.38	7.01
Punjab	0.74	10.76	0.19	11.69	1.10	10.60	0.30	12.00	3.08	(-1)37	0.94	2.65
Rajasthan	0.24	10.45	5.06	15.75	0.20	10.70	4.00	14.90	(+0)25	1.59	(-6)73	(-5)40
Tamil Nadu	10.54	0.22	1.44	12.20	10.00	0.30	1.30	11.60	(-4)43	0.66	(-1)15	(-4)92
Uttar Pradesh	4.13	9.91	0.75	14.79	3.90	9.20	0.60	13.70	(-1)56	(-4)80	(-1)01	(-7)37
West Bengal	13.58	1.47	0.01	15.06	13.60	1.00	0.10	14.70	0.13	(-3)12	0.60	(-2)39
All India	6.95	4.82	2.29	14.06	7.16	4.51	1.86	13.50	1.49	(-2)20	(-3)06	(-3)77

Source: GoI (1993b and 1994).

TABLE 9: CEREAL CONSUMPTION (KG) PER MONTH, STATEWISE TOTAL URBAN POPULATION

Decile Group	July, 1990-June, 1991				January-December, 1992				Percentage Change in 1992 Over That in 1990-91			
	Rice	Wheat	Other Cereals	Total Cereals	Rice	Wheat	Other Cereals	Total Cereals	Rice	Wheat	Other Cereals	Total Cereals
Andhra Pradesh	10.30	0.92	0.48	11.70	10.26	0.89	0.42	11.57	(-0)34	(-0)26	(-0)51	(-1)11
Assam	10.72	1.36	0.00	12.08	10.19	1.34	0.00	11.53	(-4)39	(-0)17	0.00	(-4)55
Bihar	6.76	6.00	0.09	12.85	7.08	6.48	0.10	13.66	2.49	3.74	0.08	6.30
Gujarat	2.02	5.84	1.69	9.55	2.45	5.05	1.38	8.88	4.50	(-8)27	(-3)25	(-7)02
Haryana	0.85	9.07	0.19	10.11	0.97	8.52	0.41	9.90	1.19	(-5)44	2.18	(-2)08
Karnataka	6.04	1.55	2.81	10.40	5.92	1.81	2.71	10.44	(-1)15	2.50	(-0)96	0.38
Kerala	8.41	1.19	0.00	9.60	8.70	1.02	0.00	9.73	3.02	(-1)77	0.00	1.35
Madhya Pradesh	3.76	7.12	0.66	11.54	3.94	7.33	0.19	11.46	1.56	1.82	(-4)07	(-0)69
Maharashtra	3.36	4.77	1.66	9.79	3.29	4.52	1.61	9.42	(-0)72	(-2)55	(-0)51	(-3)78
Orissa	11.18	2.45	0.30	13.93	10.60	2.52	0.24	13.26	(-4)16	0.50	(-0)43	(-4)09
Punjab	0.92	8.06	0.08	9.06	0.78	8.02	0.05	8.85	(-1)55	(-0)44	(-0)33	(-2)32
Rajasthan	0.67	9.35	2.01	12.03	0.50	10.20	0.92	11.62	(-1)41	7.07	(-9)06	(-3)41
Tamil Nadu	9.21	0.81	0.12	10.14	8.96	0.84	0.18	9.98	(-2)47	0.30	0.59	(-1)58
Uttar Pradesh	2.56	8.47	0.11	11.14	2.44	8.82	0.16	11.42	(-1)08	3.14	0.45	2.51
West Bengal	8.70	3.08	0.00	11.78	8.61	2.69	0.00	11.30	(-0)76	(-3)31	0.00	(-4)07
All India	5.32	4.77	0.75	10.84	5.26	4.78	0.64	10.68	(-0)55	0.09	(-1)01	(-1)48

Source: GoI (1993b and 1994).



estimates show an increase in per capita cereal availability to 436.4 gram per day which is more than the estimated availability of 411.8 grams for 1987-88. This seems to lend some support to the government's claim that poverty has declined in 1993-94 over 1987-88. But per capita cereal availability in 1993-94 was still below the 1990-91 level. This is an average picture and reveals nothing about the distribution. Public stocks increased by 3.9 million tonnes. PDS offtake declined further by 2.3 million tonnes in the calendar year 1994. Offtake of rice and wheat was 8.88 and 5.86 million tonnes against the allocation of 12.41 and 9.56 million tonnes, respectively. This could be due to decreasing open market-PDS price differentials and hence reduced incentives to avail oneself of the PDS. But this should imply greater open market dependence of the poor and hence further reductions in cereal entitlement. Therefore, poverty must have worsened after July 1991.

### V Conclusion

To sum up, the present paper examines changes in poverty during the post-reform period and the empirical bases for some explanations. T-J find a definite increase in rural poverty and virtually no change in urban poverty. For them, this was largely because of a pronounced increase in prices and a decline in foodgrain availability in the rural areas in 1991-92. They attribute this to fall in agricultural (mainly coarse cereals and pulses) output rather than to the ongoing economic reforms as critics have done.

We argue that T-J's finding of pronounced increase in rural poverty could be due to the outdated deflator (CPIAL) used in rural

poverty estimation. Our estimates of average cereal price increases in rural and urban areas do not show such differences in rural and urban cereal price increases.

To overcome the price index and related poverty measurement problems, we examine the changes in physical quantities of cereal consumption for all-India and major states separately by rural and urban sectors. Such an approach seems valid since much of T-J's reasoning is in terms of decline in cereals output and entitlement. We use the same data source; therefore our findings too are tentative. Unlike T-J, we find that cereal consumption has declined in *both rural and urban all-India*, thus contesting their findings.

Changes in statewise sectoral average cereal consumption show a complex picture. Contrary to T-J reasoning, rural coarse cereal consumption has gone up in the predominantly growing and consuming states of Gujarat, Karnataka and Maharashtra. The percentage reduction in cereal consumption was more in the urban areas than in the rural in a majority of the states and, particularly, in the highly urbanised states of Gujarat, Maharashtra and West Bengal.

The results presented above, if valid, suggest an immediate, adverse impact of economic reforms on the poor by T-J's own reasoning. The macro evidence only corroborates the NSS results on worsening poverty and there is no reason to disbelieve it.

### Notes

[The author thanks R Nagaraj for his comments on an earlier version of this paper without holding him responsible for any errors.]

1 These findings are based on the NSS data on consumer expenditure for July 1990-June

1991, July-December 1991 and January-December 1992.

2 These remarks are made by Shankar Acharya in a letter to N R Ranganathan, Planning Commission member-secretary, [cited in Bhandari 1996:68].

3 T-J's state-level analysis is based on CPIAL adjusted APCTE and not on poverty estimates because of (i) the small size of the samples at the state level; and (ii) their earlier finding that a change in all poverty measures is primarily a function of changes in real APCTE.

4 Whether the PDS, as it operates today, is really urban-biased is a moot question. See Dev and Suryanarayana (1991) and Suryanarayana (1994 and 1995b).

5 The weighting diagram is from the average expenditure pattern of agricultural labour households obtained from the results of the Second All-India Agricultural Labour Enquiry conducted during 1956-57.

6 T-J are aware of the chances for bias due to such changes in the weighting diagram (see note 2, p 2376). But they do not seem to appreciate the extent of the likely bias and the distortions it may cause in the analysis.

7 The weighting diagram is from the family income and expenditure survey of workers conducted by the Labour Bureau during 1981-82.

8 GOI (1993a) points out that inflation rates based on CPIIW, CPIAL and consumer price index for urban non-manual employees (CPIUNME) are not strictly comparable as they differ with respect to their base year, structure and coverage [GOI 1993a:75].

9 There are other methodological problems also in using CPIAL and CPIIW for updating rural and urban poverty lines [see Minhas et al 1987].

10 The estimates of food market participation rates provided in Tables 5 and 6 refer to the year 1986-87. Further, they refer only to the proportion of the population depending on the market and do not include the extent of their dependence. This limitation should be kept in mind while interpreting the results.

11 There are many data constraints and methodological problems involved in estimating poverty measures, particularly the severity measure. These constraints are due to lack of (i) complete information on the degree of monetised consumption across expenditure groups by sectors (particularly rural) across states, (ii) data on farm and retail prices used by the NSS Organisation in valuing consumption from home-grown stock and market purchases, respectively, and (iii) appropriate fractile group specific deflators to account for the differential impact of inflation (when relative prices have changed) across income groups. Without proper correction for these factors, one could end up with misleading inferences [see Suryanarayana 1995a].

12 A decline in cereal quantities consumed cannot be treated as indicating worsening poverty if it is the result of changing consumption patterns associated with income increases. For instance, over the past two decades there have been perceptible changes in consumption patterns in India, with the rural and urban households preferring quality and variety to quantity in their consumption. As a result, total cereal quantities consumed declined marginally, but largely due to progressive substitution of superior but costlier rice and wheat for coarse cereals necessitated by a decline in per capita production of coarse cereals [see Suryanarayana 1995a]. In the present context, the spread of consumer culture along with

TABLE 10: A STATEWISE PROFILE OF CHANGES IN RURAL AND URBAN CEREAL CONSUMPTION

		Urban Cereal Consumption	
		Decrease	Increase
Rural cereal consumption	Decrease	Andhra Pradesh, Assam, Gujarat, Haryana, Madhya Pradesh, Rajasthan, Tamil Nadu, West Bengal	Bihar, Kerala, Uttar Pradesh
	Increase	Maharashtra, Orissa, Punjab	Karnataka

TABLE 11: AN OFFICIAL PROFILE OF THE FOOD ECONOMY

Year	Net Avail- Availability of Cereals Per Capita Per day (grams)	Foodgrain Allocation and Offtake under PDS (million tonnes)				Public Distribution (million tonnes)	Changes in Govt Stocks (million tonnes)
		Rice		Wheat			
		Allocation	Offtake	Allocation	Offtake		
1990-91	468.50	9.61	7.87	9.50	7.09	20.80	(-)4.4
1991-92*	434.20	11.36	9.94	10.36	8.78	18.80	(-)1.5
1992-93*	427.40	11.48	9.36	9.24	7.41	16.40	(+)10.3
1993-94*	436.40	12.41	8.88	9.56	5.86	14.10	(+)3.9

\* Provisional

Note: Total figures for public distribution relate to the calendar years; 1990-91 figures correspond to the calendar year 1991 and so on.

Source: GoI (1995).

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- 6, 1975, p. e.
4. Handbook of International Trade and Development Statistics supplement, 1973.
  5. Cintron and Levine, "Quiénes son los pobres en Puerto Rico?" *Problemas de Desigualdad Social en Puerto Rico*, International, 1972.
  6. Oscar Ornati, "What is Poverty, in Helen Ginsburg, ed., *Poverty Economics and Society* (New York: Little, Brown and Co., 1972).
  7. See *El Hambre, Problema Universal* or *La Geopolítica del Hambre*. Editoriales Pleyade Salar/Hachette, respectively.

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## Poverty and Social Security

### The Problem of Poverty

Poverty is perhaps the most fundamental social problem because the need to survive and therefore have the means to survive is universal. Absolute poverty means the condition in which it is not possible to obtain the basic necessities of life. In Britain today mass poverty of this kind does not exist although it is all too prevalent in many parts of the world. But relative poverty remains a major problem and there is increasing evidence that for some individuals and minority groups absolute poverty is still a real threat if not an actual torment. Relative poverty means basically that some people are poorer than others. This is almost bound to exist unless the whole basis of society and indeed of human nature were to be radically altered, and it is not necessarily a problem. The problem arises when the difference between the richest and the poorest becomes too great. What is meant by 'too great; in this context is very much open to argument, but a simple explanation would be that the gap between rich and poor is too great when the poor, while not actually starving or homeless, are nevertheless unable to enjoy many of the goods and services which others take for granted. This, then, depends on what is regarded as the normal standard of living for a particular society. If most people not only have enough to eat and somewhere to live but also have money for entertainments and travel, luxury goods and drinks and fashionable clothing then the minority who are merely subsisting are justly considered to be, in relative terms, in poverty. And poverty involves much more than lack of money, although that is still a fundamental aspect of it. People who live in slums and have to make use of inadequate, ill-equipped schools and overcrowded, obsolete hospitals are poor even if they have money in their pockets. People



whose physical, emotional and intellectual growth has been stunted by poor conditions have been deprived of opportunities for personal fulfilment which no subsequent material comfort can make amends for.

It is obvious that it is very hard to obtain a satisfactory definition of poverty. The concept of poverty is widely debated and is regarded as a problem that society ought to tackle, but is hard to obtain a consensus of opinion on what actually constitutes poverty in our present day society. Consequently it is difficult to find out the nature and extent of poverty although such findings should be the basis of an effective social policy to deal with the problem.

In attempting to define poverty various standards can be used. One of the simplest to grasp, although not necessarily simple to work out in detail, is the physiological standard. Roughly this means that a person is considered to be in poverty if he lacks the resources to obtain enough food, clothing, warmth and shelter to maintain a tolerable standard of physical health and efficiency. This standard is a reasonable scientific one in that such thing as nutritional requirements can be worked out precisely and data can be collected on the cost and availability of the necessary items, in order to produce figures of what income is required to maintain a person in physical efficiency. A physiological definition of poverty is one which permits relatively easy translation into cash terms. This makes it possible to carry out the measurement of poverty on a large scale. A poverty line is drawn, being the minimal amount of money needed to keep a person out of poverty, and the numbers of people who fall below this line can then be counted. This technique of measuring poverty was first used effectively in Britain around the turn of the century in the pioneering surveys conducted by Booth and Rowntree. At that time the information they obtained indicated that, by their rather stringent standards, over one quarter of the population was living in poverty.

Definitions of poverty in physiological terms can be relatively clear cut and enable precise quantitative assessment of the problem to be made, but they are hardly adequate for a society which has an average standard of living that is well above mere subsistence level. In any relatively affluent society it is necessary to define poverty by a

social standard, that is, to define what society considers is or is not a reasonable minimum standard of living. This standard is reflected in what society is prepared to provide to keep people in a minimal state of health and decency. It will depend on a variety of factors such as the wealth of the society, the average standard of living, the numbers in need, the sense of community and prevailing attitudes and ideologies. It is essentially less precise than a basic physical standard but rather more relevant in comparatively wealthy societies. To arrive at a social definition of poverty it is necessary to decide what aspects of a complex pattern of consumption should be regarded as essential. For example, is it essential to have food that is varied and palatable as well as nutritionally adequate? Is it necessary to have clothing that is clean, which means having spare clothing and money for laundry and dry cleaning facilities, or is it enough just to be warmly clothed? Is it necessary to watch television, catch a bus rather than walk, buy newspapers, use cosmetics, stand a round of drinks? At what point does society maintain that a person who lacks resources for these and other goods and services is in poverty? Clearly it is hard to give precise answer to such questions and equally clearly they must be asked. We cannot tackle the problem of poverty until we define it and we must try to do so by reference to the standards of living prevailing in society, by deciding what mode of living is or is not acceptable to society.

A further yardstick of poverty is a subjective one that is, those people are counted poor who *feel* poor. This personal standard will, of course, vary enormously between individuals according to their expectation and accustomed living patterns. It is not, therefore, much use in calculating a poverty line, but nevertheless the concept of felt poverty must not be ignored. Recent research has tended to concentrate on whole groups of people whose life styles are substantially poorer than those of the rest of society: the old and single-parent families are examples of groups with a high risk of poverty. Yet another approach is to look at geographical areas in which the concentration of poor conditions adds up to a definition of poverty or urban deprivation.

Other ways of defining poverty are possible: the above examples are intended primarily to indicate something of the complexity of the problem. The importance of acceptable definitions is that they allow

poverty to be measured and that is obviously a first step to understanding and dealing with the problem. The most common way of measuring poverty today is to use an income based 'poverty line' and ascertain the numbers below it. The level of income taken which is put on a sliding scale according to age, numbers of dependants, etc., is usually enough to raise people above the bare physical subsistence standard with some further allowance for what is vaguely deemed a socially acceptable standard of living. But very large variables in the cost of basic necessities, particularly housing, makes simple *per capita* income surveys of limited use in obtaining an accurate measure of the numbers in poverty. At the moment, definition and exact measurement of poverty are rarely attempted partly because of the practical difficulties involved and partly because of a widespread belief that the first is self-evident and the second would lead to few findings of any significance. But this is really to shirk a very important problem.

Another aspect of the poverty issue which is of tremendous importance is understanding something of the causes. This is perhaps a more feasible approach than that of obtaining precise measurements of extent, and investigations into why people are poor have yielded some pretty clear results. The first major cause of poverty is insufficient earnings either because wage levels are too low, or because families are too large in relation to earnings. Low wages can be the consequence of a general exploitation of labour or low productivity etc., or in the case of a particular individual they can be the consequence of a lack of skill and training which cause a person to take low-paid employment. The second major cause of poverty is loss or interruption of income due to temporary or permanent inability to work for such reason as sickness, unemployment, disablement, maternity or retirement. At any given time the pattern of poverty causation is likely to vary according to the prevailing social and economic condition. When the first surveys were conducted the major causes of poverty were found to be low wages and large families. Surveys in the 1930s indicated that unemployment was a major cause of poverty. Recent research has shown that in the 1960s and 1970s the main causes of poverty are old age, chronic sickness, large families and single-parent families, with low pay still an important factor of

poverty causation.

One concept which is useful in understanding poverty is that of the poverty cycle. That is, that people tend to experience poverty in childhood, rise above it when they grow up and starting earning, fall back into poverty when they marry and start a family, rise above it again when the family grows up and contributes to the household expenses and sink finally into poverty again when the family leaves and they enter retirement and old age. This concept is important in showing where help must be concentrated if poverty is to be tackled. It also indicates that many more people experience poverty than the proportion who are found to be poor at the actual time of a survey, and that they tend to experience it at particularly vulnerable points of their lives. A further important consideration about poverty is the distinction made between primary and secondary poverty. This was first drawn by Rowntree in his original survey, already mentioned, and at that time it could be seen quite clearly: primary poverty was a condition in which a person lacked the resources to maintain himself in physical efficiency, which was the stringent physiological definition of poverty being used. Secondary poverty existed if a person had the resources but used part of them on goods or services, wasteful or useful, which were not strictly contributing to the 'maintenance of physical efficiency', and thereby fell into poverty by that definition. Today, when more generous standards of poverty tend to be used, the distinction is less clear but is still valid. Even though a modern 'poverty line' would be higher than bare subsistence it would not be likely to include an allowance for such things as cigarettes or dry-cleaning charges. So a person who used up part of a very low income or allowance on such things would have to go short on food or fuel or fail to pay the rent, and this would constitute a form of secondary poverty. Indeed some people just manage their finances badly and spend money unwisely and therefore have to go short of essential even though they appear to have adequate resources. So the idea of secondary poverty is still relevant although, because it involves a good many value judgements about the way people spend their money and order their lives, it must be used with considerable caution.

Most attempts to find a working definition of poverty tend to be



focussed on the cash aspect of being poor. That is they involve measuring the cash resources an individual or family commands and relating the amounts obtained to a poverty line drawn in monetary terms. This is understandable because, as we have already noted, money is crucial in our society and this approach does facilitate the measurement of poverty. But increasing attention is being directed to other aspects of deprivation and attempts are being made to quantify housing standards and the level of amenities enjoyed by different groups of people. It is increasingly accepted that poverty of environment and education are strongly linked to poverty of monetary resources. A poor background still tends to mean poor prospects for most children a fact now acknowledged by current concern over the 'cycle of deprivation'.

Further aspects of deprivation which are now considered under the heading of poverty include such things as the relative lack of political power enjoyed by some groups of society, and the poverty of social relationships suffered by some people. But at the same time as the concept of poverty is being steadily broadened out from its earlier pre-occupation with cash, the study of this central element of poverty has itself become more penetrating. Measurement of income now tries to take account of all the ways an individual or family, over time, ensures command over the use of resources. This means that income must be seen to comprise not only current cash receipts from wages, salaries, dividends, interest, pensions, benefits and so forth, but also capital assets, occupational benefits and benefits in kind from social services, or from relatives and friends. Only by such a comprehensive approach to income can we begin to determine how far individuals or groups are in any meaningful sense richer or poorer than one another.

It can be seen that poverty remains difficult to define or measure but it is being discussed with increasing sophistication by social scientists. Leaving aside the problems of conceptualization for a moment it is worth remembering that for some people poverty is an experience that is too real to require any definition. Let us consider, very briefly and simply, the effects poverty has on those who experience it. Obviously a condition of absolute poverty can lead to

starvation and death, but what affect does living around the present poverty line have on the families and individuals who are dwelling in this situation? Clearly if a person has just enough to live on and no more he must be very careful in managing his income. The housewife must buy cheaply and make do and mend with such things as clothes and resist the temptation, or the demands of children, to spend money on luxuries or toys. The poor live in constant anxiety, worried that their precarious budget won't work out, that they will be overtaken by debt or eviction. They live in constant humiliation as they observe the cheerful affluence of those around them and have to get by with second-hand goods, with restricted opportunities for a show of generosity or hospitality, with the clamour of children who don't understand why they can't have the things which their friends enjoy. Frequently the poor suffer from malnutrition and even hunger, their actual life expectancy will be lower than average, their living conditions are likely to be squalid and overcrowded. The response to these ills is often deep despair, an erosion of self-respect, a deterioration of family relationships. In short, poverty means a good deal of physical and mental suffering for those who experience it, and it involves the risk of permanent damage to health and well-being and to a person's chances of personal development and happiness.

The effect of poverty on the community as a whole are no less striking and damaging than they are on individuals. Poverty leads to other social problems such as sickness, not necessarily as a direct cause but as an exacerbating factor. For example, the poor are unable to give their children the attention they require and the care they need and so the problems of the deprived and delinquent child are closely associated with poverty. Poverty leads to slums which are an eyesore and a health hazard. It breeds unrest and discontent and even violence where it is co-existent with great affluence and is a growing symptom of grave social injustice. Poverty means a waste of valuable human resources as it stunts the full physical, intellectual and emotional growth of those who suffer it, and that can only be a tragic loss for the whole society.

#### **Social Security: Different Approaches**

The social policy needed to deal with problems as complex as

poverty cover a wide front. It must aim to raise the level of real wages, improve general standards of health and education, maintain full employment raise productivity. It must also cope with the immediate financial needs of the individual and attempt to obtain a just distribution of such things as educational opportunity. That part of the policy which is concerned directly with maintaining income, primarily when people are unable to work, and thereby securing them against falling into poverty in the narrow but important sense of being short of money, is known as the social security system. It is with this aspect of the total response to the problem of poverty that the remainder of the chapter will primarily be involved. For the social security system, in addition to having a lengthy history, is undoubtedly one of the major social services in this country and it deserves considerable critical attention.

The most obvious way for society to deal with straightforward financial difficulties is to accept responsibility for meeting the need of any of its members who fall below a certain defined level. If a substantial section of the community lives at a bare subsistence level then the assistance offered by the community must itself be at a very low level and offered to the totally destitute. This is because it is generally accepted that state assistance cannot be so generous, relative to the prevailing living standards, that people are attracted to it from paid work. This is often referred to as the principle of 'less eligibility' because it was enunciated clearly in this country with the passing of the Poor Law Amendment Act of 1834 in the statement that the condition of recipient of relief 'shall not be made really or apparently so eligible as the situation of the independent labourer of the lowest class.\*' It is still considered basically unjust that a man should obtain more money by state assistance than by working for it. Fortunately once the community lives at a reasonably high standard of living then help for the poor can be offered at level beneath the general standard but somewhat above bare subsistence. So less eligibility in the nineteenth century meant the workhouse with its punitive regime and social stigma because it was impossible otherwise to offer relief below the lowest prevailing levels. Today, however, it simply means a definitely meagre existence, which contrasts sharply with the

\* Report of the 1832 Commission on the Poor Law.

standards of the rest of a fairly affluent consumer society and probably with the previous situation of the people whom misfortune forces on to assistance. This change reflects the changing interpretation of poverty from the notion of absolute destitution to that of substantial relative deprivation.

State assistance to relieve poverty has always tended to carry some stigma, as it is only available on test of need and the desire to maintain the principle of less eligibility means that it tends to acquire a reputation for the systematic degradation of its recipients. Moreover it is usually seen as 'charity' in the sense that the better off are taxed to help the poor. It can be the sole source of income for some people or it can be provided to bridge the gap between a person's resources and his needs. Assistance can be provided as cash, by regular allowances or occasional lump sums for use as the recipients determine; or as grants for specific purposes such as clothing, or in kind, as free school meals, for example; or as specific rebates or allowances, as in the rate rebate scheme. But all forms of assistance are selective, that is, they operate through some kind of means-test.

An alternative approach to income maintenance is that of state or national insurance. This is based on mutual aid, rather than 'charity' and has been generally regarded as a more acceptable basis for income maintenance than selective assistance as it aims to prevent people becoming destitute rather than to assist them once they are. The insurance idea, put quite simply, is that everybody who is working pays a small amount each week into a fund and then they can claim a weekly benefit in the event of their being unable to work because of sickness or unemployment or any other contingency against which the scheme ensures them. Eventually they can claim a retirement pension for which they will have, in a sense, saved during their working life. In an insurance scheme the contributors are protected against poverty but also against the humiliation of a means-test as their benefit is their due entitlement regardless of any resources they may have. Insurance means a pooling of risks and a horizontal redistribution of income from those who are well to those who are sick and from those who are working to those who are unemployed as compared to the vertical, rich to poor, redistribution of assistance



methods of poverty relief. It also involves a redistribution of income over the individual's life, saving in good times to help out in hard times. Poverty caused by loss or interruption of normal earnings can be prevented by method of social security. Investigations into the causes of poverty have shown that loss of income because on inability to work is a major problem. If the main risks of loss of income are determined then the population can be insured against them. These risks are usually, unemployment, sickness, disability and, for women, maternity and widowhood, Retirement is not in the same sense a risk, but it involves a loss of income and can be insured for likewise. If a basic minimum income is assured when a person suffers any of the contingencies which cause loss or interruption of earnings, there should not be any need to have recourse to assistance. Clearly this approach does not help those, such as the congenitally disabled, who never have an income to lose. Nor does it help those who deviate from average, anticipated life styles, such as the deserted wife. It is essentially an approach geared to the average needs of the normal working population as society interprets these at any given time.

A further method of tackling poverty and maintaining income is to pay, from general taxation, a universal benefit in respect of any of the known common cause of poverty, such as old age. In other words to pay a pension not just to those old people who lack resources as in the case of assistance schemes, nor just to those who have paid contribution to entitle themselves to it, but to everyone over a certain age. This method, sometimes referred to as a demogrant, avoids the stigma and disincentive of a means test and the complexity and restrictions of any insurance scheme but it is obviously a costly method. It can be applied to any category of persons such as the disabled or dependent children.

### **The British Social Security System**

The problem of income maintenance can be tackled by any one or any combination of the strategies briefly outlined above: assistance to those who prove their need; insurance against loss of income from a variety of causes; and universal payments to certain categories of persons likely to be in financial need. In present day Britain the social security system makes use of all three approaches and a variety

of methods. It has a National Insurance Scheme to cover the major risks of loss of interruption of earnings, including retirement; a universal Family Allowance Scheme to direct extra resources to those responsible for the maintenance of children, and a major assistance scheme, known as Supplementary Benefits, for those who are not covered adequately, or at all, by the insurance scheme. These schemes were set up more or less in their present form shortly after the Second World War. They followed recommendations contained in the Beveridge Report, *Social Insurance and Allied Services*, which was published in 1942, although their origin lie much further back in our social history. Basically they indicated that for most causes of interrupted earnings the working population would earn its own cover through insurance. For those outside of insurance a safety net of assistance would keep people at a basic subsistence level. There was some redistribution towards dependent children, but not a clear family policy, just a relatively modest allowance towards the costs of second and subsequent children.

Since these schemes were established there have been various additions and modifications. After numerous developments in the insurance scheme the Social Security Act of 1973 changed the system fairly radically but still further changes are about to be implemented. An attendance allowance for severely disabled people has been added and a variety of selective assistance measures have been introduced, most notably the Family Income Supplement and rent and rate rebates and allowances. Despite these changes there is still much anxiety about the present social security system and much discussion of alternatives and improvements, such as tax credits or payments to single-parent families. The next sections will describe the present system then look briefly at some of its problems and some proposals for change in the complex field.

*Central Administration:* The main income maintenance schemes are administered by the Department of Health and Social Security under the Secretary of State for Social Services. The DHSS was established in 1968, bringing together the previously separate Ministries of Health and Social Security. The Supplementary Benefit Scheme is administered by the DHSS but has a separate, appointed

body, the Supplementary Benefits Commission responsible for supplementary benefits policy. The staff, offices and administration of insurance and assistance are combined. The DHSS is also responsible for War Pensions. It has overall concern for all levels of administration and has a network of local and regional offices which try to ensure that this highly individual social service does not become too remote from the needs it exists to serve.

*National Insurance:* The central feature of the present social security system is the national insurance scheme. This was established in 1946 but has been substantially altered and developed over the years. The 1973 Social Security Act, as amended in 1974, replaced all previous legislation and established an earnings related basic insurance scheme which became operative in April 1975.

The idea of national insurance is to prevent people from falling into poverty when they are unable to earn. The contributions employees pay afford cover against sickness, including chronic invalidity, unemployment, disablement through accident or disease arising from work, and retirement. The scheme assumes that most men will marry and support a family, so their contributions cover for benefits for dependent wives and children and cover against their wives' risk of widowhood. Cover also includes orphans' allowances and lump-sum payments for maternity and on death. Married women have traditionally been treated as dependent on their husbands but working women who pay a full rate of insurance have their own rights to benefit including a maternity benefit when they interrupt employment to have a child. The scheme is financed partly by regular weekly contributions paid by employees and employers, and partly by the State through taxation. Contributions include a token payment towards the cost of the national health service and payment to the Redundancy Fund. Since national insurance is highly complicated and it has an alarming number of rules, classifications, categories and conditions, only a bare outline of its main provisions can be given here.

Contributions are in four classes related to four main categories of insured persons. Class 1 contributions are paid by the average worker who is in full-time contracted employment. This contribution

is earnings related and consists of a percentage of weekly earnings between £13 and £95. The primary contribution, paid by the employed earner, is 5 ¾ per cent of relevant earnings. The secondary contribution, paid by the employer is 8 ¾ per cent of relevant earnings. Class 2 contributions are flat rate payable by self-employed earners. These are currently £2.41 per week for a man and £2.20 for a women\*. Class 3 contributions are payable by the non-employed and are £2.10 per week. Class 4 contributions are payable in respect of profits or gains of a trade or profession and are 8 per cent between £1600 and £4900 per annum.

Contributions entitle people to a wide range of benefits but these mostly depend on contribution record and on class of contribution paid. Class 1 contributors are eligible for all benefits. Short-term benefits are unemployment and sickness benefit and maternity allowance. These have provision for earnings related supplements, where relevant, for up to six months and all benefits have increases payable in respect of adult or child dependents. Short-term benefits are currently payable at the rate of £12.90 per week for a single person (£9.20 for a married woman) plus £8.00 for an adult dependant, £4.05 for a first child and £2.55 for second or subsequent children. Unemployment and sickness benefit is not payable for the first three days off work. Unemployment benefit is payable for 312 days after which entitlement ceases and only begins again after the insured persons has been employed for at least thirteen weeks. Sickness benefit is payable for up to 168 days after which a person is entitled to invalidity benefit. Maternity allowance is payable to fully insured working women for eighteen weeks beginning the 11th week before the expected week of confinement. Maternity grant is a single payment, on the insurance of a woman or her husband, payable on the birth of a child. It is currently £25.

Retirement pensions, widows' benefits and invalidity benefits are paid at a higher rate of £15.30 per week for a single person or £24.50 for a married couple with £7.45 payable for the first child and £5.95 a week for second and subsequent children. Invalidity allowances

\* Contribution and benefit rates quoted here are as from November 1976. Up-to-date rates can be checked at local offices of the DHSS.



are paid in addition to benefits, depending on the age at onset of disability and these are continued in retirement. The rates vary from £3.20 where disability began before age thirty-five, to £1.00. Retirement pensions are payable to men over sixty-five and women over sixty. The weekly rate can be increased by deferring retirement. Those who retire but do part-time work will now be able to earn up to £35.00 per week before losing entitlement to their full pension. Those over the age of eighty are entitled to a small age addition to pension. All old people are now entitled to pensions, even if they were not insurance contributors, but the minority who were never covered have a smaller pension payable. Death grant is a fixed sum paid on the death of an insured person or close relative of an insured person. It is variable according to age and is currently £30 for an adult. Widows' benefits are payable to all widows for up to twenty-six weeks after the death of a husband and thereafter as widowed mothers' allowance, if the widow has dependent children, or widows' pension if she is older. Widows' benefits are not payable if the widow remarries or if she is cohabiting with a man as his wife. Guardian's allowances are payable in respect of orphaned children of insured persons. Attendance allowances are payable with no contribution conditions to a person who is so severely disabled, physically or mentally, that he requires frequent attention or supervision either by day or through the night. Claims for this allowance are decided by the Attendance Allowance Board. Current rates are £8.15 per week or £12.20 per week for more serious disability involving both day and night attendance.

Under the Industrial Injuries Scheme, Class I contributors can claim when they are injured at work or disabled by a prescribed industrial disease. Injury benefit is not dependent on the number of contributions paid and it applies even to those not paying earnings-related contributions. Injury benefit is payable at the rate of £15.65 a week for up to twenty-six weeks. Disablement benefit is a pension or gratuity for any disablement which remains when injury benefit stops. This varies according to the degree of disability, being £25.00 a week for a 100 per cent disablement, and it can be supplemented by extra benefits such as constant attendance allowance, or special hardship allowance, where necessary.

These are the main national insurance provisions but the exact detail of entitlement for different benefits and allowances is very complex. The scale of insurance is now considerable. Just over ten million people were national insurance beneficiaries in 1973. Over eight million of these were retirement pensioners or widows over sixty. The next single largest category was persons receiving sickness and invalidity benefit, which on average amounted to over a million. Taking a count on a single day in 1973, 197,000 persons were in receipt of unemployment benefit. The other categories such as widowed mothers and those in receipt of maternity allowances made up the total. The full cost of the national insurance scheme is now quite considerable. In 1973 it amounted to over £4000 million and the levels of benefit have substantially increased since then.

*Supplementary Benefits:* The Beveridge Plan for national insurance was a bold one particularly in its emphasis on universality, i.e. all persons contributing regardless of their income level, and one comprehensive risk coverage. It was overtaken by economic and social changes and to some extent it failed right from the start to provide the real social security it promised. Nevertheless it remains the basis of our present system. Yet however effective an insurance scheme is, it can never hope to cover everyone in society but only those who are able to be consistent contributors. Those who are too old when a scheme is introduced, those who outrun their entitlement to benefit or, like deserted wives, lose it, and those who cannot work must all look for help elsewhere. Some scheme of financial assistance is always necessary as a safety net to catch the variety of cases who cannot for an equal variety of reasons rely on insurance. In 1948 the National Assistance Act provided this safety net with the setting up of the National Assistance Board. This provided not only a safety net for those outside of insurance but increasingly an additional support to national insurance beneficiaries when they had no resources other than their pensions and allowances. For this reason the NAB changed its name in 1966 to the Supplementary Benefits Commission and responsibility for insurance and assistance was merged into social security.

The Supplementary Benefits Commission pays benefits as of right and without any contributions to people whose incomes, whether

from other benefits or private resources, are below a level of requirements laid down by Parliament. Anyone over sixteen who is not in full-time work is entitled to benefit if their resources are less than their requirements. In computing resources certain amounts of income from capital or disability pensions, for example, and up to £4 a week of earnings, can be disregarded. In computing requirements the scale rate is taken for a single householder or a couple, plus amounts for dependent children which vary according to age, plus the actual cost of rent and any discretionary payments towards special expenses such as diets. There are two scale rates, for short-term claimants and long-term claimants, the latter including all pensioners. The current rates are £12.70 for a single person and £20.65 for a couple on short-term benefit and £15.70 and £24.85 for long-term claimants. Payments for dependent children vary according to age ranging from £3.60 for a child under five to £6.50 for one between thirteen and fifteen years old. Payment of supplementary pensions and allowances is normally through order books at the post office and a combined retirement pension and supplementary benefit pension book can be obtained. For the unemployed payment is made at an employment exchange. People on supplementary benefit are entitled to exemption from certain other charges, those for prescriptions and schools meals, for example.

Supplementary benefits were paid to a total of 2675000 people in 1973. In addition to the regular weekly payments the SBC makes numerous single payments for exceptional needs. The majority of claimants, over 1.8 million, were old people most of whom were also retirement pensioners. Roughly 250000 claimants were unemployed and of these 10000 had their allowances reduced under the, now abandoned, wage stop. The sick and disabled accounted for 280000 claimants and women with dependent children 228000 claimants. The total cost of supplementary benefits in 1973 was £730 millions.

*Other social security measures:* Family allowances were first introduced in 1945. They are payable to all families with children in respect of the second or subsequent child under school leaving age or in full-time education or training under the age of nineteen. The current weekly rate is £1.50 per child. Family allowances are a

universal benefit payable to any family regardless of income level and financed out of general taxation. Their aim is to reduce the poverty in families which may be caused by the impossibility of stretching one wage to cover a variable number of dependants. They are of most importance to families of low-wage earners but have been paid universally as a general recognition of the importance of family responsibility at all income levels. A similar recognition is implicit in the tax system which makes allowances for dependent children but includes the first child who is still left out of the family allowance scheme (although plans have been announced to include all first children from 1977). Family allowance were paid to 4365000 families in 1973 at a cost of £359 million. This was only 6.3 per cent of the total social security budget so it can be seen that family allowances are afforded a low priority at present as a means of combating family poverty.

Partly as a result of the low rates of universal family allowances several families have fallen into poverty, i.e. below official supplementary benefit levels, while being supported by a wage earner. Since supplementary benefit cannot be paid to those in full-time work while an extension and substantial increase of family allowances was not politically acceptable, a further selective family benefit was introduced in 1971. The Family Income Supplement is payable to families whose normal gross weekly income is less than amounts prescribed by Parliament. The prescribed amounts are £39.00 per week for a family with one child plus £4.50 per week for each additional child. Anyone, including a single person, with at least one dependent child can claim if he or she is in full-time work. The amount payable is half the difference between the family's income and the prescribed income up to a maximum of £8.50 a week for families with one child and 50 p. per week for each additional child. Those who are entitled to FIS are automatically entitled to free schools meals, prescriptions, etc. Those who wish to claim must furnish evidence of their earnings and, if eligible, they receive books of weekly orders. In 1973, 106000 families received the supplement which cost £15 million. Take-up of FIS remains low despite extensive advertising. It is estimated that only 50 per cent of families who are eligible for some supplement actually claim it, partly because of the



claims procedure and partly because the amounts involved are often small.

A further task undertaken by the Department of Health and Social Security is the administration of war pensions. These are payable to persons disabled as a result of war service, including civilian casualties of the 1939-45 war, or service in the Armed Forces since 1945, and to the widows, parents and other dependants of those who have died as a result of such service. In addition to the cash pensions and allowances, the Ministry also provides a welfare service for war pensioners.

The main social security provision is through the DHSS, as outlined above, but mention must be made of the numerous benefits which are now available through the local authorities. The most important of these are rent and rate rebates and allowances. Rate rebates are available where an applicant, either owner-occupier or tenant, has an income of less than a certain amount. Tenants of council housing can claim rent rebates which are deducted at source and tenants of private lettings can apply for a rent allowance calculated according to means and family responsibility. Local authorities can also provide certain education benefits on test of need, such as free school meals and clothing allowances. People on low incomes can also obtain free legal advice and assistance and, if necessary, legal aid for court proceedings.

#### **Difficulties and Dilemmas in Social Security**

Social security is highly complicated and costly. Its primary aim is to eradicate poverty but, inevitable, in trying to establish some degree of social justice by redistribution of income it raises more difficult issues. The present system, as the previous sections have indicated, is widely criticized both in terms of its primary aim and of its wider implications. The criticisms are founded on facts as well as on convictions. The substance of the criticisms are first, that the present system has failed to keep some people out of primary poverty, and second, that where people are kept above the official poverty line they are kept at a mere subsistence level which is itself regarded in an affluent society as constituting poverty. The first

criticism is that the basic aim of a social security system is not being realized. The second is more concerned with issues of social justice than of primary poverty.

Allegations that some people were living in primary poverty, that is their resources were less than was allowed by the official poverty line (the standard-rate) allowance plus actual rent provided by the Supplementary Benefits Commission) were met with surprise by a nation accustomed to believing that want had been abolished. Research in 1965, however, revealed that some people, amongst old people, the chronic sick and members of large families, were actually living below the official basic minimum.\* The independent research findings were substantiated by two official enquiries.\*\* That on retirement pensioners revealed that of the six and a half million people currently claiming retirement pensions about 800000 were provisionally entitled to assistance but were not receiving it. Of these it was estimated that about 300000 would have absolutely no resources other than their retirement pensions and would therefore be living in extreme poverty. This survey did not calculate the numbers of people who were neither on assistance nor claiming pensions who might be in poverty, but it was likely that a similar number of non-pensioners might be in need also. These facts were very disturbing, confirming as they did the suspicions of many social workers and researchers who had noted individual examples of extreme hardship among the old. Action was taken in 1966 by the creation of a Ministry of Social Security and the renaming of assistance 'supplementary benefits'. These changes were accompanied by a determined campaign to advertise a person's entitlement to a reasonable living standard and encourage old people to claim their rights. These moves were implemented because the official survey had revealed that the two main reasons why people failed to claim assistance were ignorance

\* See Briar Abel-Smith and Peter Townsend, 'The Poor and the Poorest', *Occasional Papers in Social Administration* No. 17, 1965.

\*\* See *Financial and other Circumstances of Retirement Pensioners*, Ministry of Pensions and National Insurance (1966), and *Circumstances of Families* Ministry of Social Security (1967), for further details.

of their entitlement and pride which rejected assistance as charity.

The second survey was on families and it also produced disturbing results: that nearly half a million families, containing up to about one and a quarter million children, had resources amounting to less than the current supplementary benefit rates would have afforded. Families were living below the official poverty line because the fathers were in full-time work and could not be assisted, or because the father was on assistance but subject to the wage stop which reduced his allowance below his normal earnings. Others at risk included fatherless families and those on insurance benefits not claiming assistance. The basic reason why these families, whether in work or on assistance, were in poverty was the inadequacy of family allowances. These had fallen in value, relatively, and they failed to meet the additional costs of keeping a child. The answer to family poverty seemed at first glance simple: considerable increases in family allowances were needed. But as allowances are paid to all families the necessary increases would have proved very costly. As the country was trying to keep down the rising level of public expenditure this solution was therefore not acceptable and a variety of selective measures was introduced instead.

Since this 'rediscovery' of poverty in the 1960s, anxiety has increased not abated, because despite many additions and modifications to the social security system there is still evidence of disturbing levels of poverty in Britain. On the basis of the *Family Expenditure Survey*, at December 1972 it was estimated that there were still 980000 people over pensionable age not claiming a supplementary pension whose incomes were below the supplementary benefit level. There were also 800000 people under pensionable age living below supplementary benefit levels. Current estimates are of roughly two million people living below subsistence level. Meanwhile there is still concern that the level of subsistence itself is low in relation to average living standards. Although benefit rates have risen substantially they remain highly vulnerable to inflation which has been increasing alarmingly. Moreover the complexity of the social security system is such that many people probably fail to get their full welfare rights from it and in order to obtain even a part of the help available, a humiliating and bewildering succession of means tests must be

undergone. There can certainly be no room for complacency, therefore, in contemplating the present income maintenance scene.

The two major problems remain those of family poverty and the financing of retirement, although others, such as inadequate provision for the disabled, continue to cause concern. The discovery of family poverty led to the foundation of the Child Poverty Action Group in 1965. CPAG has now acted as a pressure group in this field for ten years exposing the plight of families, encouraging a welfare rights approach and putting forward proposals to improve the situation. Basically the relatively low level of family allowances and their non-coverage of the first child remains at the heart of the problem. CPAG has long campaigned for an effective family policy based on family allowances and this approach is supported by much informed opinion. But the trend since 1965 has been towards greater selectivity in social security so assistance has been relied on, together with means-tested benefits such as FIS, rather than an improved universal service. This approach claims to concentrate help on those who need it, but there is evidence both that it fails to do this, because of low take up of means-tested benefits, and that it can only do so at the cost of the humiliation of clients. Although supplementary benefits can be claimed as a right there is still a strong odour of reluctant charity about many local social security offices' treatment of claimants. The use of discretion in making extra payments has led to underpayment of many clients and the wage stop and the cohabitation rule, whereby a woman loses benefit if living with a man as his wife, have been applied too rigorously and unfairly. This is partly the consequence of the SBC having to carry an immense burden of work in supplementary insurance benefits. Working under constant pressure is not conducive to the provision of a truly humane and flexible service. Unpleasantness to supplementary benefit claimants is also the consequence of unfavourable public opinion which is ever fearful of its funds being misused by welfare scroungers. The low take up of many means-tested benefits is frequently the direct result of unpleasant practices designed to put people off rather than to encourage them to apply. The fact that more benefits can be obtained when clients are supported in their claims by welfare rights workers indicates that clients on their own are too humiliated or confused to persist in applications.



Much of this depressing picture is the consequence of reliance on a variety of selective means-tested services rather than universal services. This reliance continues for the present but various proposals have been made to improve the situation in the future. The most important of these are: proposals for tax credits, a child benefit scheme and provision for single-parent families. In 1972 the government published a discussion paper, *Proposals for a Tax-Credit System*. This proposed a form of income maintenance which would operate through the tax system. Tax allowances would be replaced by tax credits which could be set against tax assessed at a standard rate of 30 per cent. If the tax assessed exceeded the credit due a tax would be payable of the amount of the excess. If the tax liability was less than the tax credit no tax would be payable and instead an additional payment would be made. This would replace both child tax-allowances, which primarily help the higher paid, and family allowances and would supersede FIS. The scheme would cover all in work and all insurance beneficiaries so it would help the elderly pensioner as well as the low paid family but not those on supplementary benefits.

There was much discussion of the tax credit system but a change in government led to the proposals being dropped. The tax credit idea was essentially selective, since it would have resulted in payments being made only to low-income families although it was hoped that by using the tax system the selectivity would be rendered easy and non-humiliating. In August 1975 a Child Benefit Act was passed providing for the extension of renamed family allowances to the first child in single-parent families from 1976 and subsequently to all first children. This does not appear to herald the radical development in child-endowment policy which was hoped for although it does at least extend the scope of a universal scheme for benefits. But evidence that in a European context Britain lacks an adequate family policy might influence the politicians to move more positively in this direction in the future.

The particular needs of one-parent families were studied by a committee from 1969 to 1974. The committee's conclusions, known

\* Report of the Committee on One-Parent Families, Cmnd 5629, 1974.

as the *Finer Report*<sup>\*</sup>, were an impressive account of the problems faced by one-parent families and included numerous recommendations for an improvement in their relatively disadvantaged position in society. Amongst the practical recommendations the most important one was for the introduction of a new non-contributory benefit, the Guaranteed Maintenance Allowance. The GMA would involve a fairly substantial payment to single parents, plus an allowance for each child, according to means. GMA would be enough to remove single-parent families from reliance on supplementary benefits and give single parents a clear option to work or not. This specific proposal was not accepted by the government but some help for one-parent families was promised. The announcement in 1975 of the payment of family allowance to the first child in single-parent families from 1976, a year ahead of the promised extension of the scheme to all first children, was a small gesture of positive discrimination towards this group as was the 1975 increase in single parents' tax allowances. It remains to be seen whether any more substantial measures will be introduced.

The failure to develop an effective family policy in Britain has resulted both in a serious problem of poverty among families and in a confusing proliferation of measures to help the poorest families. While it is clearly necessary that the poorest are helped it would appear that special programmes to help *only* poor families or certain groups of families do not work well. Policies to support *all* families, financially and in other areas of social provision, are more likely to be successful and acceptable and it is hoped such policies will be developed soon.

The other major social security problem concerns the aged. The immediate problem is that of today's pensioners and their risk of poverty. The changeover from assistance to supplementary benefit was a response to the official discovery of the plight of old people who would not claim their rights. But far too many old people are still not prepared to claim supplementary pensions. Higher rates of pension have been introduced and benefits are now to be uprated each year in line with increases in the cost of living. But assistance rates remain higher than insurance rates so substantial numbers of old people will continue to need supplementary pensions and more effort needs to be made to ensure a high take up.

The higher social security benefit rates introduced from April 1975 were a welcome improvement but they still left the beneficiary financially well below the average worker. To avoid this severe drop in income especially in retirement, efforts have been made to develop a wage related rather than flat-rate insurance system. The first modification of the original system was the introduction of graduated pension in 1959. These were grafted onto the basic scheme and allowed contributors to opt out of payment if they were covered by a suitable occupational pension scheme. The wage related idea was extended in 1966 to contributions and benefits for sickness, unemployment and other short-term benefits. Today the idea of wage related insurance is generally accepted and changes in the system are accordingly being implemented but in a rather confusing fashion. Alternative schemes for earnings related pensions were produced by successive governments. In 1971 the Conservative Government's White Paper, *Strategy for Pensions*<sup>\*</sup>, was produced. This recommended a basic flat-rate state pension financed by graduated contributions and then either a suitable earnings related occupational pension or a 'state reserve' pension. There was much criticism of the state reserve scheme on the grounds that it would afford very inferior cover for the lower wage earners and that it would be out of line with European experience. The proposals became law by the Social Security Act of 1973 but before they became operative a change of government took place. The Labour Government put an amending Act through Parliament in 1974 which meant that the basic scheme proposed in the 1973 Act (as described in the earlier section), became effective from 1975, but the state reserve scheme was scrapped. A White Paper, *Better Pensions*, was produced in 1974<sup>\*\*</sup> and a Pensions Bill went before Parliament in the spring of 1975 to become effective by 1977-78. The new scheme for *Better Pensions* is based on the existing basic insurance scheme and the aim is to provide adequate wage related cover in retirement, widowhood or chronic ill-health. Contributions will be wholly *earnings related* and the scheme will,

\* Cmnd 4755. *Strategy for Pensions: The Future Development of State and Occupational Provisions.*

\*\* Cmnd 5713. *Better Pensions. Fully Protected Against Inflation. Proposals for a New Pensions Scheme.*

like its predecessor, operate in partnership with occupational pension schemes. One important innovation is that the new scheme will apply equally to men and women contributors. Women will no longer be dependent on men for their pensions, reflecting the much greater of women in work in recent years. In future married women will pay full contributions for long-term benefits but may contract out of short-term benefits. Those who are in suitable occupational pension schemes can contract out of part of the state cover and will pay, therefore, a reduced contribution. For the majority, pensions will be based on the earnings on which contributions have been paid in the individual's best twenty years. The weekly pension will be a base-level pension and a quarter of earnings between the base level and a ceiling of seven times that amount. No one will get less than the base level pensions whatever their contributions and all pensions include this element so the scheme is particularly advantageous to those on low incomes. The scheme will mature in twenty years and all pensions will be guaranteed against inflation because past earnings will be revalued in line with the average earnings of the year of retirement. After retirement the base level element of the pension will be maintained in its relationship with current earning levels while the remainder will be protected against price increases.

These proposals are complex but they should ensure that both men and women, either by state cover alone or by state insurance plus occupational cover, will have earnings related pensions, fully guaranteed against inflation, which will afford security in retirement or widowhood or chronic invalidity. Security means an end to dependence on supplementary benefits and an end to a catastrophic drop in income after retirement. This has long been an aim of social policy and it is hoped that the proposed system will be implemented and will prove effective for many years ahead.

It can be seen that we have a bewildering range of social security provisions and these are still muddled and ineffective in respect of families and under process of radical revision in respect of the long term dependency of old age and invalidity. There is less talk nowadays of abandoning insurance or relying on comprehensive negative income tax solutions to the problems of income maintenance.



It is now generally accepted that there is no simple solution to the problems of poverty and no easy replacement for our complex, apparently contradictory, social security system. Any change is difficult because of the vested interests of long-established schemes, the range and diversity of the needs it is trying to meet, and the confusion which abounds over its real aims. Inevitably when we examine the income maintenance field our primary concern with absolute poverty moves on into an attempt to tackle relative deprivation and ends up trying to decide what is meant by social justice. We are increasingly aware that the state's social security system should not be viewed in isolation from fiscal and occupational welfare measures or, indeed, from the general distribution of rewards in our society; that lack of cash resources is only one aspect of poverty and our reforming policy must embrace the concomitant evils of bad housing or lack of education; that the machinery of social security reflects attitudes and values prevailing in society and can be used to achieve considerable redistribution of income or to underline a callous or patronizing rejection of dependent groups. In attempting to overhaul the social security system, we must look, therefore, not only at strategies but at aims. This brings us back, remorselessly, to the initial question of what we mean by poverty. In searching for a definition we must, quite properly, raise even more fundamental questions about the whole structure and values of our society even as we simultaneously struggle to comprehend the economic, administrative, and straightforwardly human implications of tedious social security techniques.

## 4

### The Poor

Settlement house workers, muckraking journalists, and social reformers sang a monotonous dirge about poverty in the half century before the Great Depression of the 1930s. That dirge repeated a powerful and recurrent theme—that poor people suffered mainly from weaknesses in the economy, not from moral flaws. A few examples from this litany suffice:

*Low Wages, New City, 1890:* There were nine in the family: husband, wife, an aged grandmother, and six children; honest, hardworking Germans, scrupulously neat, but poor. All nine lived in two rooms, one about ten feet square that served as parlor, bed-room, and eating room, the other a small hall-room made into a kitchen. The rent was seven dollars and a half a month, more than a week's wages for the husband and father, who was the only bread-winner in the family. That day the mother had thrown herself out of the window, and was carried up from the street dead. She was "discouraged," said some of the other women of the tenement.

*Women's Work, 1890:* Here is the case of a woman employed in the manufacturing department of a Broadway house. It stands for a hundred like her own. She averages three dollars a week. Pays \$1.50 for her room; for breakfast she has a cup of coffee; lunch she cannot afford. One meal a day is her allowance. This woman is young, she is pretty. She has "the world before her." Is it anything less than a miracle if she is found guilty of nothing worse than the "early and improvident marriage" against which moralists exclaim as one of the prolific causes of the distress of the poor? Almost any door might seem to offer welcome escape from such slavery as this.

"Sweating" in Tenements, 1905: The workers, poor, helpless, ignorant foreigners, work on in dirt, often in filth unspeakable, in the presence of all contagious and other diseases, and in apartments in which the sun enters only at noon or never at all. In such an apartment I attended a woman ill with tuberculosis, finishing trousers. . . . Three years of life in this apartment killed the woman. . . . As soon as a little child can be of the least possible help, it must add to the family income by taking in a share of the toil. . . . The other day a girl of 8 years was dismissed from the diphtheria hospital after a severe attack of the disease. Almost immediately she was working at women's collars, although scarcely able to walk across the room.

*Slack, Seasonal Work Pittsburgh, 1920s:* Mr. Contillo is one of nine children. His whole family came to America in 1907. Mrs. Contillo was also born in Italy, coming here in 1911. In the sixteen years of their married life, the Contillos have had seven children. . . . Mr. Contillo has always been a laborer, working for whatever company advertised for workers. A year and a half is the longest time that he has ever worked for any one company, but his periods between jobs were rarely more than a week. . . . This past winter, 1928-29, he has had no steady work for five months, and only ten days of special work.

The greater disaster resulting from Mr. Contillo's unemployment has been its effect on his point of view. Before this last winter he was cheerful, fond of the children, content with Mrs. Contillo's management of the house and very neighbourly. The two factors, unemployment and his neighbourliness, have proved his undoing. . . . He has become a steady drinker, though before he was never drunk except on holidays. . . . Mrs. Contillo says that half the time she sits by the fire drunk; occasionally he is violent toward the children and frequently threatens to kill the boarders.

*Racial Discrimination, 1920s:* William Lovejoy, a carpenter of Cleveland, is a Negro. The Negro is harder hit in dull times than the white, although differently. During the course of a year he will have had more jobs but also more unemployment

than the average white worker. . . . Lovejoy finished grammar school and the first year of high school in Georgia. His wife, too, had a fairly good education at a girls' school. Her mother had been a school-teacher. Lovejoy's father and older brothers had been carpenters, and he had learned his trade from them. He was forced to join the carpenters' union in 1923. Then, because union wages were as high for coloured workers as for others, his white employers dropped him from the payroll and hired white help instead. For the past seven years he has depended on odd jobs of any kind. . . .

During spells of unemployment they have lived on next to nothing, so the children [they had nine] have been much undernourished. . . . Often the whole family went hungry, particularly the father and mother. . . . Somehow they have managed to exist without calling upon agencies for help. . . . Through every vicissitude, it has been the family aim to keep the children in school at all costs. . . .

*Depressed Areas, 1920s:* Says that trade shift out you. You are Nicholas Poulos of Boston. In the nineteen years since you came from Greece, you have worked in shoe factories there. But the shoe industry has increasingly left New England. In your early days you had no work for one month, part time for three months, and full time the rest of the year. Now you work full time for one month, and part time for five, and for the remaining six you do not work at all. Since even for full time you never received more than \$25 a week, on which your wife Helen and your three children have had to live, it is thanks to Helen's extraordinary thrift that you made any savings at all. What has the decentralization of the shoe industry done to you?

This is what happened to the Nicholas Poulos family. First they lost two insurance policies. Rent fell in arrears, so the mother, Helen, found work in a laundry. During the weeks in which Mr. Poulos also had work, her weekly earnings of \$12 enabled the family to pay back some of the money they owed to their friends.



But Mrs. Poulos worked beyond her strength. In spite of her utmost efforts at management, her children had to be neglected. The youngest was reported by the school as being undernourished and had to be fed at the School Diet Kitchen. She resented her husband's idleness, said he did not try to find work. He became inert and fatalistic. They quarreled and were under constant domestic strain.

The social workers who wrote these reports did not sympathize with all the poor. Some of the needy, they believed, were "paupers," improvident people dependent on relief. Other poor people, they thought, belonged to the "dangerous classes." The experts of that rapidly urbanizing age were easily disgusted by crowding and dirt, often obsessed with the need for open spaces, playgrounds, and cleanliness. The social workers habitually used a "case study" method that focussed on the problems of individual families and unintentionally blurred the underlying environmental forces they wished to expose. Readers of their case studies might pity poor families without appreciating fully the broad base of poverty in late nineteenth- and early twentieth-century America.

But social workers of 1900 should not be judged by the different standards of public policy since the 1930s, for few other Americans paid any attention to the poor at that time. Moreover, the case studies, however monotonous, inevitably exposed the major causes of poverty, including personal problems such as illness, disability, drink, old age, and death of a bread-winner. This was "case" poverty, a curse in any society. But poverty, social workers recognized, also afflicted millions among the young and able-bodied. These people suffered from a range of social and economic problems: technological disruption, economic recessions, business failures, and depressed areas. The basic causes of poverty were not personal weakness but two deeper problems: an economy insufficiently abundant to provide subsistence for all the able-bodied, and a social order that inequitably distributed what wealth there was. In these fundamental ways poverty was then and continued to be a structural, not a moral, matter.

Fortunately for historians, a few writers prior to 1930 did something more than tug at the emotions of readers. Two snapshots

of poverty—one around 1900, the other of the late 1920s—reveal the major points about poverty in those times: first, that it rested on a frighteningly broad base around 1900, and second, that it declined slowly but appreciably during the next thirty years of economic progress.

The earlier snapshot was taken by Robert Hunter. The son of a Terre Haute, Indiana, carriage manufacturer, Hunter was an impressionable nineteen-year-old when the depression of 1893 threw millions out of work. After graduating from Indiana University in 1896, he moved to Chicago, where he lived at Jane Addam's Hull House settlement as a social worker. He travelled to Europe, where he met important socialists and radical leaders. Hunter read the contemporary published studies of poverty and lower-class life: Jacob Riis's *How the Other Half Lives* (1890), Amos Warner's *American Charities* (1894), Charles Booth's multivolume monument, *Life and Labour of the People in London* (1889-1903), and B. Seebohm Rowntree's influential study of York, England, *Poverty: A Study of Town Life* (1901). Drawing upon these and other books, Hunter published in 1904 *Poverty*, a classic of the literature.

In his book Hunter admitted that "the extent of poverty in the United States (was) absolutely unknown." He nonetheless snapped a picture of destitution that, although flawed in important respects, exposed its structural foundation. He estimated that 10 million Americans—12 per cent of the population of 82 million—were poor in 1904. Most of this poverty, he wrote, was in northern industrial areas, where about 6.6 million people, or 20 per cent of the population, were poor. The incidence of poverty in the South, he guessed wrongly, was about half as great. He showed that 20 per cent of the people of Boston were in distress in 1903, that 19 per cent of New York State's population was needy in 1897, and that 14 per cent of Manhattan's families were evicted from their homes in 1903. Citing Riis, he observed that one-tenth of New York City's dead received a pauper's burial between 1885 and 1890, and that only about 4 million of the 10 million poor in America received any public relief.

Hunter, who turned to socialism at the time he wrote the book, was well aware that income was badly distributed. He knew that

poverty "as a relative concept and that drawing an absolute "poverty line" was arbitrary; moving the line up or down a little greatly changed the number defined as poor. Still, like all the pioneering writers on the subject, Hunter used an absolute definition of poverty, which he set as \$460 a year for an average-sized family (five people) in northern industrial areas, and \$300 for such a family in the rural South. Families with lower incomes were "not able to *obtain those necessaries which will permit them to maintain a state of physical efficiency*" and were "underfed, underclothed and poorly housed." To live at the poverty line, Hunter explained, was to adopt the "same standard that a man would demand for his horses or slaves."

This absolute definition, based on estimated by social workers and nutritionists of people's elementary needs, employed the same reasoning used by Booth, who found 30.7 per cent of London in poverty between 1887 and 1892, and Rowntrees, who discovered that 27.8 per cent of York's population was poor in the relatively prosperous year of that poverty in the United States was probably less prevalent than in England.

Even those people slightly above Hunter's poverty line struggled every day to stay afloat. Urban families with three children and earning to \$500-\$800 in 1900 typically owned little furniture and no real estate. They rented two-or three-room flats without hot or even running water and without indoor flush toilets. They subsisted on bread and potatoes. Illness or loss of a job quickly wiped out whatever savings the provident were able to amass. There was no unemployment insurance, little public welfare, virtually no old-age pensions. If all else failed, most poor persons could turn only to local politicians and charities or take refuge overnight at the police station. Seeking charity was a time-consuming, frustrating, and stigmatizing experience.

In identifying the needy, Hunter and other writers distinguished between the poor, victims of the economic system, and paupers, who had long been labeled as "undeserving," who had "lost all self-respect, who rarely, if ever, work, who are aimless and drifting, who like drink, who have no thought for their children, and who live more or less contentedly on aims." How many of the indigent fit this unflattering description was not clear. Warner's authoritative book

on charity, published in 1894, concluded that 25 per cent of poverty stemmed from what he called personal misconduct. Edward Devine, a leading New York charity worker, was probably closer to the mark in holding that 12 per cent of a sample of 5,000 relief cases (the most dependent among the poor) in 1907-1908 were improvident. Such experts, believing that paupers dragged down the "deserving" poor, wasted little sympathy on them. Warner recommended the "permanent isolation of the essentially unfit." Booth wanted them to be "gradually harried out of existence." The improvident, he thought, should be placed in work camps and removed from the labour market. Even Hunter was cold. "It would be unwise," he concluded, "to legislate out of existence, even were it possible to do so, that poverty which penalizes the voluntarily idle and vicious. . . The poor who are always with us, are, it seems to in poverty of their own making."

Much more numerous than the paupers were the unfortunate dependents who fell into poverty through no fault of their own, such as the disabled, the chronically ill, the aged, and women with dependent children. Devine found that 12 per cent of poor households were headed by a man temporarily disabled or mentally ill, 30 per cent by widows or permanently disabled men, and 6 per cent by old people. Two-thirds of the individuals in his sample were either women or children under fourteen. Devine's figures pointed to an enduring truth about modern American poverty. Then and later, dependency was a major source of destitution.

Hunter's focus was more on the problems of low wages and unemployment, which he regarded as the curse of industrialization. His was in fact a classic structural analysis of poverty as it affected able-bodied working people. Using the census of 1900, he estimated that 6.4 million workers, or 22 per cent of the labour force, were unemployed at sometime during that year. He guessed that about 2.5 million of these people—mostly unskilled—were jobless for four to six months, and 780,000 for seven to twelve months. None of these workers received unemployment insurance, which almost no one in America endorsed at the time.

Other writers reported a similar focus on the relationship among industrialization, underemployment and poverty. Rowntree blamed



low wages for 52 per cent of York's poverty; Devine figured that 69 per cent of his heads of households in 1907-1908 were employable but out of work; and Booth thought three-fifths of London's poor were jobless. Booth and others refused to draw from such data the Marxian tenet that industrialization spawned a vast "reserve army" of unemployed workers. But Hunter was more bold:

Much of our poverty is directly due to a whole series of economic disorders which seem actually to make waste of human life necessary. And in so far as poverty is a result of such deeply seated and fundamental economic disorders, due either to the method by which industry is organized or the present ownership of the means and materials of production, it will, in all probability, find a solution only through struggles between the workers and the capitalists.

This, then, was Hunter's snapshot of poverty in 1900: 20 per cent poor in northern industrial areas, 10 per cent in the South a little malingering and pauperism, much dependency; serious unemployment; industrialization threatening further to impoverish the nation.

Hunter's portrait was incomplete. It did not provide a historical or comparative dimension to the problem of poverty. In his zeal to focus on industrialization in his time, he did not discuss the truly terrible poverty that had existed in preindustrial Europe. Probably one-half the population of England before 1720 suffered from poverty and constant under-employment. Under-nourished, living in unsanitary conditions, these people suffered from tuberculosis, gastric ulcers, influenza, smallpox, dysentery, and in the seventeenth century, bubonic plague. In London, a refuge for the land-starved poor, about 60 per cent of the boys in the mid-seventeenth century died before the age of sixteen. To make life tolerable, the English turned heavily to drink. Alcohol, indeed, was "an essential narcotic which anaesthetized men against the strains of contemporary life.

Life in seventeenth and eighteenth-century France was no better. In the late seventeenth century thousands of land-poor peasants poured out of hill villages into the plains of Languedoc, where, too weak to walk farther, they died of starvation. Widespread malnutrition in the area around Beauvais in the 1690s caused infertility among the women

and killed whole families that were too weak to resist disease. These rural folk subsisted almost entirely on cereals; they suffered from typhoid, typhus, enteric fevers, scarlet fever, pneumonia. Desperate, they commonly abandoned children, and some practiced infanticide. In their frenzy, they banded together and raided neighbouring villages. On the eve of the French Revolution in 1789, one-third to one-half the population was destitute.

America was spared such conditions. Though never a wholly egalitarian society, it did not at first develop sharply defined social classes or mass rural poverty. But from the start many American farmers lived on the margin, in circumstances that appalled contemporaries who took the trouble to find them. In 1800 Michael Gaffney, a wealthy resident of Charleston, South Carolina, visited the back-country near Spartanburge. He wrote:

The country for about one hundred and fifty miles from Charleston is extremely low and unhealthy. The people looked yellow, poor and sickly. Some of them lived the most miserably we ever saw any poor people live. . . Their dress is generally a hunting shirt and some trousers of coarse cotton yarn. . . The women of this country live the poorest lives of any people in the world. It is directly opposite to Charleston; here they must do everything from cooking to plowing and after that they have no more life in them than India squaws.

These conditions had nothing to do with industrialization, which did not affect the United States at that time. Rather there was poverty wherever Americans attempted to farm poor land or competed unsuccessfully with larger operators in the commercial market. Unable to make a living, many rural people began flocking to cities as early as the mid-eighteenth century, where they were joined by immigrants from abroad. Even then, urban poverty was pressing. In 1772, 25 per cent of the free men in Philadelphia were poor or near poor. By 1815 New York City gave public aid to 19,000 people, one-fifth of its population. Some historians have gone so far as to claim—on admittedly sketchy evidence—that as many as one-fifth of whites and virtually all blacks lived in poverty during the late eighteenth century.

Like Hunter, other urban-oriented writers such as Riis also slighted the problem of agricultural poverty. But it was unfortunate that they did not talk about the problems of rural areas in general and of the South in particular, for both prior to Hunter's time and for decades thereafter the South showed by far the highest incidence of poverty in the nation. Hard times after 1860 perpetuated a deeply depressed lower class of share-croppers and tenant farmers, who suffered heavily from hookworm, pellagra, and malnutrition. Thousands were driven to eating clay from the chinks in their rough-hewn cabins. Oppressed, they straggled into mill villages, where conditions were frightful: average wages in the 1890s of \$3 for a seventy-hour work week—\$150 per year. But because whole families could earn a little, they were able to live better than they had in the backcountry.

The flight of poor southern farmers from the land was but a part of the vast urban migration in western industrialized countries in the nineteenth and twentieth centuries. And from the standpoint of income, they usually bettered their economic condition. In the United States and Great Britain the real wages of factory workers improved in the late nineteenth century. So did diets and health standards; people who had once lived on bread and potatoes began to enjoy a more varied diet. Though cities sometimes were the sinkholes of concentrated human misery perceived by nostalgic writers like Riis, they were also places that promoted economic progress. Neither in 1900 nor at any time since has the connection between urbanization and poverty been so simple as Hunter suggested.

Hunter might also have been a little more precise in labeling industrializations as the villain. It was true, of course, that industrial fluctuations caused widespread unemployment, but it did not necessarily follow that workers in non-industrial urban occupations were better off. Both before and after heavy industrialization, casual labour, low wage work, and under-employment in commerce, transportation, and retail trade contributed mightily to poverty in the United States and elsewhere. In failing to give due emphasis to these aspects of poverty, Hunter and his contemporaries reflected the almost mesmerizing effect of industrialization on people raised in that more rural generation.

Because Hunter set his poverty line so low (\$460 a year for a family of five), he was conservative in his estimate of the extent of poverty. John Ryan, a leading advocate of a "living wage," thought that \$600 (\$800 in some places) was the minimum necessary for a family with three children. Under this definition, millions whom Hunter did not count as poor slipped under the line. Using a line of \$700 for a family with three children, more than 40 per cent of wage earners and clerical workers were living in poverty at the time.

Employing estimates such as Ryan's, it is possible to set the total poverty population of America at between 30 and 50 million—three to five times Hunter's estimate. This is not to say that Hunter was ill-informed—he used what data he had carefully—but to suggest that all absolute definitions of poverty depend on the standards employed. Hunter's were conservative, even for his own time. Given the wide base of America's income pyramid since 1880, there are inevitably as many (more) near-poor as there are those who fit official definitions.

It is worth remembering also the modest expectations of people in that era. One scholar who has estimated the cost of living over time has suggested that Hunter's standard of \$460 was equivalent in real earning power to around \$ 3,000 in 1977. Yet in that year the Social Security Administration set a poverty line more than twice as high, or \$ 5,981 for an urban family of four. The 1977 definition reveals what all students of poverty have recognized: definitions of poverty have grown steadily more generous over time. If one applied the standards of 1977 (or even of 1937) to Hunter's time, only a very small percentage of Americans would be defined as living above the poverty line.

The snapshot approach, as Hunter also realized, finally fails to distinguish the short-term from the long-term poor, and therefore tends to underestimate the poverty problem. Were the 12 per cent who were poor in 1904 the same individuals who had been poor in 1903 and were to be in 1905? How many of the unemployed in 1900 had been out of work in 1899 or might lose their jobs in 1901? Neither Hunter nor anyone else knew the answer to these questions. But 20 million or so "non-poor" Americans had family incomes of



only \$ 100 to \$ 300 more per year than Hunter's poverty populations. Any misfortune—illness, loss of a job—could throw them under the line. So could hardships common in the life cycles of heads of families, in the years when they had to support children too young to work, and later in their forties and fifties, when they were turned out of their jobs without pension. The number of individuals therefore who experienced poverty at various times in their lives was vastly higher than Hunter's 10 million, higher than any snapshot could ever reveal. This problem of marginality indeed, was rarely to receive in America the attention it deserved.

Impression about the dimensions of poverty over time makes it impossible to answer the still broader question: how was poverty in 1900 different from poverty since that time? Some writers in the 1960s, such as Michael Harrington, gave the impression that most poverty at the turn of the century was rooted in essentially economic weaknesses that were great at that stage of capitalism. The "new" poor of the 1960s, by contrast, were according to Harrington, deprived minorities who were immune to the country's economic progress. Abandoned and hopeless, they wallowed in a "culture" of poverty. As another writer proclaimed, "Hunter's enigma was acute and cyclical; that of the sixties seems chronic and structural."

Other writers reject this "bad new days" view. They stress that the poor in 1900, especially blacks, had been mired for generations in poverty and lived in quite different culture from the middle class. In the North workers in company towns and immigrants in urban ghettos were more cut off from middle-class ways of life and aspirations than were poor Americans in the age of mass media and mass education after 1950. Isolated, indeed trapped, the poor of 1900 knew not what they missed and therefore subsisted in a barren world. One scholar, employing this "bad old days" approach, concluded that the poor in late-nineteenth-century America had "different values" and formed a kind of "sub-culture." "Poor people were not merely rich people with less money, ability, and opportunity. In many ways they were in different societies altogether."

The absence of longitudinal studies of poor people makes it very difficult to assess either perspective on poverty over time.

Inferring from subsequent development, however, it appears that the bad-old-days argument is statistically accurate in an economic sense: the percentage of Americans defined as poor by consistent standards was as high the late nineteenth century as it ever had been or was to be. Hunter, in short, was right in pointing to the high incidence of poverty in 1900, though wrong in implying that industrialization was inevitably and progressively impoverishing. Using some contemporary definitions of poverty (which have risen over time), it is roughly accurate to say that 40 per cent of Americans were poor in 1900, 33-40 per cent in the Great Depression, 25 per cent in the mid-1950s, and 6-15 per cent between 1970 and 1980. If one applies the stringent standards of 1900 to later periods' improvement is still more dramatic.

Those who employ the bad-old-days perspective to talk about a culture of poverty in late-nineteenth-century America seem at first to have a plausible case. Well before then observers had perceived lower-class sub-cultures that reveled in cockfights, taverns, and fairs and believed in witches and fortune-telling. Other observers, especially after the wave of immigration in the 1840s and 1850s trembled before the specter of the dangerous classes and of "wild Irish slums." Hunter, like most reformers at the turn of the century, loathed some of the lowest classes, who existed in a "culture bed for criminals, paupers, vagrants, and for such diseases as inebriety, insanity and imbecility." Ignore this cancer, he said and "the dependency of the adults infects the children, and the foulest of our social miseries is thus perpetuated from generation to generation."

Allowing for the special colour of Hunter's medical metaphor and remembering that he meant to describe a small minority of those in need, it is obvious that he perceived a real problem. The "dregs" (the lazy and apathetic) and "skidders" (alcoholics, drug addicts) tended to congregate in the poorest sections of the cities, and to reinforce a lower class that lived without hope. They suffered not only from personal weaknesses but also from low income and exploitation of all sorts: by juvenile gangs, the underworld, grasping landlords, and corrupt police. Writers like Riis, though nostalgic for the simpler life of the countryside, did not much exaggerate the squalor, and disorder of their lives.

But this approach distorts reality. It is doubtful that the "culture bed for criminals, paupers, and vagrants" represented more than about 5 per cent of the poverty population in 1900. Many other poor people—landless workers, new immigrants—lived in close physical proximity to the hopeless 5 per cent without becoming "infected" with the disease of pauperism. They developed a network of self-help activities, including unions, churches, mutual aid societies, building and loan association, and urban political connections. They depended especially on kin and ethnic ties. These people never expected to get much help from social workers, let alone the government. They worked long hours at manual labour; they sent their children into the factories, mines, and mills; their wives took in boarders. They earned to rise, and many of them did. One careful study of social mobility concluded that between 30 and 40 per cent of the sons of blue-collar workers in American cities attained middle-class occupational status between 1880 and 1930. Blacks, the poorest Americans, moved to cities after 1914, showing that they shared many of the economic aspiration of non-poor Americans. They clung to their own cultural traditions, but they neither inherited nor passed on a "culture of poverty."

The image of a culture of poverty nonetheless persists. If 40 per cent of the sons of blue-collar people moved out of manual occupations, what about the remaining 60 per cent? Some—perhaps a sixth—became skilled workers. But how many of the rest passed on to their children a more-or-less permanent poverty, as opposed to low occupational status? Probably not many, but that is a guess inferred mainly from statistic on occupational distribution over time and on poverty in the 1960s and 1970s. More puzzling, what was the role of cultural inheritance? Were particular groups, such as Jews, especially well equipped to escape poverty while others were not? Writers at the time did not much explore this question, and some (including Riis) tossed about what latter generations recognized as crude and damning stereo-types of ethnic groups. Historians still cannot confidently single out the role of cultural inheritance in the transmission of economic poverty across the generations.

Talk of an intergenerational culture of poverty, however intriguing, obscures the highlight of any snapshot of 1900: the

economy at that time was not abundant enough to prevent a uniquely high percentage of Americans of all ethnic backgrounds from falling into poverty. From this economic perspective, an emphasis on the familial or cultural attributes of the poor is highly misleading, and nostalgia about the good old days is nonsense.

In the 1920s optimistic businessmen and social scientists thought the United States had entered a "new era." As Herbert Hoover said in 1928, "We shall soon, with the help of God, be in sight of the day when poverty will be banished in the nation."

So assured and statistically minded a social engineer as Hoover could not have been altogether wrong. And he was not. The national income, in constant 1913 dollars, increased from \$ 24 billion in 1900 to \$37 billion in 1929. Income *per capita*, in the same 1913, dollars, rose from \$320 to \$473 in the same period. After a sharp depression in 1921, *per capita* income rose every year until 1929. Though students of the question haggle over statistics, it is fair to conclude that real *per capita* income was one and a half times as great in 1929 as in 1900.

Improved standards of living accompanied these gains. However, one measured such standards—diet, size and quality of housing, number of home appliances—most Americans were better off in the 1920s than they had ever been. Even a working-class family could afford to buy a Model T Ford, which cost less than \$300 in the late 1920s. Most dramatic were improvements in health, reflected in statistics on longevity. Life expectancy at birth was 47.3 years in 1900, 59.7 in 1930. The aging of the population during these and later years was one of several demographic development (migration from poor rural areas to this cities was another, and family breakup was a third) that dramatically affected poverty and public policy in modern America. Aging increased the extent of dependency, promoted organized movements for pensions, and led ultimately to sustenance of a social security system that by 1980 represented a staggering expense.

But statics on health or housing do not measure poverty. Indeed few writers attempted such measuring in the years between Hunter's



findings and the Great Depression. Although social scientists in the intervening decades sponsored numerous studies of the cost of living and charted the amounts spent by various income groups on food, clothing, and shelter, they did not attempt very sophisticated overviews of poverty *per se*. Like Hoover, they assumed that economic progress would drive poverty away.

In 1934 the Brookings Institution came close to remedying that neglect when it published its volume, *America's Capacity to Consume*.

As the title suggested, the book focussed on income maldistribution, not on poverty, and offered a case for the expansion of purchasing power. Its premise, that experts could direct economic growth, exposed its faith in social engineering. Nonetheless, the book described a structurally deep economic want that had been hidden in the optimistic years before 1930.

The Brookings authors used a family poverty line (without calling it that) of \$2,000. This was higher in real purchasing power than Hunter's \$ 460 (it corresponded to about \$700-\$800, dollars) and higher than other contemporary estimates (which ran as low as \$1,200). But the line of \$2,000 was not overly generous, for it was "sufficient to supply only basic necessities." The authors estimated that 16 million American families, about 60 per cent of the total, involving at least 70 million people, received less than that amount in 1930.

Words like "poverty" and "destitution" appeared rarely in this and other studies, but it took no great imagination to see what such figures meant. The Brookings authors noted that a family of five had to earn \$3,000—an amount amassed by only 25 per cent of America's 21.6 million non-farm families to pay for an "adequate diet at moderate cost." The 7.5 million non-farm families (30 million people) earning less than \$1,500 could afford to spend only \$350 to \$500 a year on food—enough for "diets for emergency use" or "adequate diets at minimum cost," respectively.

The Brookings study depicted rural poverty more clearly than Hunter had. The average income of the nation's 5.8 million farm families, it showed, was only \$1,240. Moreover, the authors estimated that 54 per cent of farm families, about 17 million people, earned less

than \$1,000 a year. These were the poorest of America's poor. Within fifteen years these people, many of them black, began a mass migration to cities that dramatically urbanized poverty and provoked anguished talk of a "welfare crisis" in the United States.

Given the depressed condition of agriculture, it was not surprising that the South showed the lowest income levels. The Brookings study observed that *per capita* income ranged from a high of \$1,107 in New York, New Jersey, and Pennsylvania, to a low of \$344 in Kentucky, Tennessee, Alabama, and Mississippi. In twelve states, all in the South, the *per capita* income of the farm population was below \$200. These data suggested that one long-range answer to America's poverty could be large shifts of population out of the rural areas of the South and the plains and into the cities and suburbs. In any event the statistics gave little comfort to those who yearned for decentralization of the population and restoration of the small family farm.

What then, of Hunter's worries about the insecurity and dependency that accompanied industrialization? It was testimony to the optimism of the New Era that few unemployment statistics were collected before the Great Depression: those that did exist offered both good and bad news. The good was downward movement over time in unemployment rates. Where Hunter had found 22 per cent of the non-agricultural work force out of a job at sometime in 1900, subsequent studies suggested that the average between 1910 and 1929 was closer to 8-10 per cent, three to five million people, in manufacturing, transportation, building trades and mining. Also, industrial workers in the 1920s apparently moved less often than they had in 1900 and held jobs for longer period of time. This trend reflected not only the relative prosperity of the period, but also the conscious effort of business leaders to cut back on job turnover and of unions to write seniority rules into contracts. Hunter and other socialists of the time had underestimated the ability of capitalists to mold a productive, geographically more stable, though by no means docile work force.

Statistics on employment for some of the best years were especially heartening. In 1929, for instance, there were 47 million

people in the work force, 19, million more than the 28 million in 1900, and the economy was able to employ all but 1.6 million of them. For that good year, the census showed 3.2 per cent of the labour force as unemployed. The apparently limitless capacity of the economy to absorb an ever-larger number of workers understandably impressed contemporaries and led to illusions about the abolition of want.

The bad news exposed persistent social and economic problems. One appeared in impressionistic surveys of hobos, of whom an estimated 300,000 to 500,000 a year—not always the same individuals in each year—passed through Chicago alone in the early 1920s. These were not floating industrial workers so much as a “hard-living” bunch of drifters displaced from the countryside. Black, moreover, remained so deprived and isolated as to be virtually invisible to reformers. The Brookings study did not mention race. George Schuyler, a prominent black intellectual, explained later, “The reason why the Depression didn’t have the impact on the Negro that it had on the whites was that the Negroes had been in the Depression all the time.”

The deepest problem remained the insecurity stemming from low wages and unstable jobs. Large-scale movements of industries, such as the shift of textiles from New England to the Piedmont, desolated whole regions. Mining and agriculture were depressed occupations throughout the 1920s. Frequent, unheralded downturns in the business cycle, in 1907-1908, 1913, 1914 and 1921-1922, ravaged a work force that was still without unemployment insurance. In the worst of these downturns, in 1921-1922, estimates of unemployment among manufacturing workers began at a conservative 14 per cent. A careful study of Philadelphia in the supposedly prosperous month of April 1929 revealed that 77,000 (16 per cent) of the city’s 481,000 families were suffering from unemployment. Of these, 50 per cent were out of work for three months, 28 per cent for six months or more, and 12 per cent for at least a year.

The human dimensions of this structural poverty are best captured by novelists or by the case studies of social workers. In the main, however, improvements in living conditions between 1900 and

1929 did not much affect the poor. The rural poor still crowded into ramshackle, drafty structures without hot or running water, indoor plumbing, or electricity. They had only the most rudimentary social services, including education. The urban poor lived better, but still inhabited run-down, ill-furnished, crowded flats and tenements. These poor—as opposed to regularly employed skilled workers—did not own real estate or amass savings. Poor Americans, abandoned in the hinterland or penned in urban enclaves, had little sense of common cause. They were insecure, and their lives were sore afraid.

What they thought about their existence can scarcely be generalized, for the poor have never been an undifferentiated mass. Hard-living hobos, migrant farm labourers, and floating industrial workers resembled one another superficially in that they all moved about. But they had different backgrounds and different aspirations. Immigrants, many of whom remained poor, seemed to some outsiders a homogeneous mass. But their distinctive cultural heritages affected family organization, work habits and goals. Moreover, in the 1920s the sons and daughters of immigrants looked at a world brighter than that of their fathers and mothers in 1900—and much brighter than that of the blacks penned in the ghettos or stranded in the backcountry of the South. And how could anyone generalize easily about the values of “the poor”? Those of a fourteen-year-old-boy, classified as a dependent in a poverty-stricken family, could hardly be equated with those of a sixty-year-old widow or a fifty-five-year-old man who had lost his job or a thirty-year-old mother of three small children whose father had deserted. Yet all were likely to be poor. The great diversity of American poverty undermines any glib generalizations about lower class values in 1929.

Still, millions of poor Americans seemed to share certain attitudes. Whether in 1900 or 1929, most did not perceive of themselves as proletarians. Despite their trials, they still nourished some hopes of success, however incremental, for themselves or their children. Nor were most of them apathetic, docile members of a culture of poverty. Many preserved meaning and dignity in their lives and promoted order in their communities. Far from living for the moment, those who could worked long and hard. When abused, they were ready to strike or stage demonstrations.



It may be that poor adults in 1930 shared more middle-class aspirations of economic success than they had in 1900—that a mainstream value system was developing. A smaller percentage of the whites were foreign-born; a smaller percentage of blacks had grown up in slavery. Improved communications by 1930 made many of the needy a little less isolated than they had been and more aware of what they were missing. Above all, economic growth was real, and it inevitably led some of the poor to share in the improved standards of living. Social scientists and social workers thought the poor needed more, and they constructed slightly more generous budgets (in real dollars) for poor families in the 1920s than they had in the 1890s. The liberalization of such budgets over time, like the raising of the poverty line, reflected the experts' awareness that poor people themselves expected a little more in 1929 than they had thirty and fifty years before.

But everyday life taught the poor to expect only marginal gains at best. Although they aspired to a better life, few thought they had a right to a minimum standard of living—or even to charity. Before 1930 the notion rarely crossed their minds that government would offer much help. As one poor person later observed, "Always going to be more poor folks than them that ain't poor, and I guess always will be. I ain't saying that's the government's fault. It's just down right truth, that's all." Above all, the poor were to deprived and scattered to organize or to develop political power. Social workers propagandizing for better welfare in the 1920s therefore found little organized support for their cause from the poor, who coped as best they could on their own. Until pressure groups of or for the poor arose, there was little else the destitute could do.

## 5

### War on Poverty

The rising expectations of Americans in the 1960s virtually ensured that the rediscovery of poverty would have political repercussions. The liberal, activist presidential administrations of John F. Kennedy and Lyndon B. Johnson, who became personally engaged in the subject of poverty, gave it a new visibility. The combination of rising expectations and political involvement sparked significant developments, including an unanticipated consequence: the arousal of the poor themselves. The most immediate programmatic result, however, was the war on poverty of 1964. Like many social welfare proposals of the era, it aimed primarily at the age-old goal of preventing poverty, but it diminished destitution only marginally. By the time the war on poverty lost its political glamor, its limitations had intensified the country's doubts about the ability of experts to diagnose, much less cure, the ills of the poor.

When Kennedy reached the White House in 1961, he had already studied questions of social welfare. In 1958-1959 he had supported a range of programmes for the poor—Medicare, federal aid to education, manpower training, and extension of public assistance. During his campaign for the presidency, he had been shaken by the misery he witnessed first hand in West Virginia. In August of that year, speaking on the twenty-fifth anniversary of the passage of Social Security, he praised the law for undertaking a "war on poverty." His inaugural address five months later referred three times to poverty. "If the free society cannot help the many who are poor," he said, "it cannot save the few who are rich."

Before 1963 Kennedy and his top advisers were concerned mainly about sustaining economic growth and relieving

## Poverty Figures and the People of India

Jaya Mehta



Text books in statistics often warn students, "There are lies, damn lies and statistics." If an illustration was required, the official statistics on poverty given in the *Economic Survey* 1995-96 would quite fit the bill. The *Economic Survey* tells us that not only has the proportion of population below the poverty line declined from 25.49% to 18.96%, even the absolute number of poor has come down from 201.41 million to 168.57 million in 1993-94 as compared to the pre reform year of 87-88. This reduction is supposed to have taken place both in the rural and the urban sector.

The poverty figures misrepresent reality on both counts: the magnitude of poverty estimates as well as the trends during the post-reform era. The official claim that even the poor in the country have benefited during the reform period is completely vacuous. As we shall see, the figures are created in defiance of all logic and reasoning, ignoring even the recommendations of official experts.

### Definition of Poverty Line

The official poverty estimates are obtained from the NSS consumer expenditure surveys conducted quinquennially and now also annually with a smaller sample size. The latest survey made available to the Planning Commission is for the year 1993-94.

The poverty line is defined as monthly per capita expenditure of that expenditure group whose expenditure on food enables the household to fulfil minimum calorie requirements. The calorie requirements are fixed at 2400 K cal. per capita per day for rural areas and 2100 K cal. per capita per day for urban areas. The "Task Force on Projection of Minimum Needs and Effective Consumption" (1979) fixed the poverty lines for the year 1973-74 at Rs. 49.09 and Rs. 56.60 per capita per month for rural and urban areas

respectively. The proportion of poor (poverty ratio) for the year 73-74 was 54.1% for rural areas, 41.2% for urban areas and 51.5% for combined rural and urban areas.

The poverty lines for the subsequent years are obtained by updating the 73-74 figures by National Income private consumption deflator to account for the price rise. The poverty lines for the year 93-94 are Rs.229 and Rs.264 per capita per month for rural and urban areas respectively.

However, Rs.229 and Rs.264 in 93-94, no longer correspond to the expenditure norms corresponding to 2400 K cal. and 2100 K cal. as incorporated in the definition of poverty line. This is because the consumption basket of all expenditure groups in rural as well urban areas have changed over the years. In particular, the expenditure has shifted in favour of non-food items and within food items in favour of non-cereal food. In all likelihood, there is a shift towards non-food and non-cereal items because social and physical infrastructure has so changed as to require this shift. Moreover, the relative prices of these items have increased more than proportionately. For instance, the conditions of housing and transport in urban areas have deteriorated forcing people to live away from their places of work and to spend on transport. Similarly, the rural labour force has to migrate away from their villages in order to get work. Loss of commons have also made non-expenditure items into expenditure items.

Another possible reason for this shift is greater exposure to and availability of non-cereal food and non-food items, and the poorer strata, by choice, have incorporated these items as necessary items of their daily lives. To the extent there exists a behavioural component in the definition of poverty line (the actual expenditure of the concerned expenditure group on non-food items and relative



consumption for cereal and non-cereal food), the people by changing their consumption behaviour have pushed the poverty line upwards.

Even if the poverty line is to be defined only as minimum per capita expenditure that enables intake of certain amount of calories, the poverty line in 1996 should be fixed afresh and not determined by simply upgrading the 1973-74 poverty line according to the price index.

NSS reports for 77-78 and 83-84 give per diem calorie consumption for different expenditure groups. If one directly fixes poverty lines from calorie consumption data for 83-84, they turn out to be much higher than the ones obtained by upgrading the 73-74 poverty lines. The difference in poverty lines with 73-74 base and 83-84 base is noteworthy.

It is clear from the table that the poverty lines computed by the Planning Commission do not conform to the official definition. The discrepancy is too large to be ignored, and the poverty estimates

upwards just does not admit any explanation. It is a deliberate attempt on part of the government to give unjustifiably low estimates and claim success where it does not exist.

It so happens that the NSS aggregate private consumption figures are less than the aggregate private consumption determined independently in the National Accounts System (NAS). The Planning Commission follows the practice of adjusting the NSS data upwards for all expenditure groups on a pro-rata basis, so that the aggregate matches with the NAS figures. If the NAS figure is 10 percent higher than the aggregate NSS figure, then every expenditure group's reported consumption expenditure is increased by 10 percent.

"The Expert Group on Estimation of Proportion and Number of Poor" appointed by the Planning Commission opined that this uniform adjustment is absurd. The discrepancy in NSS and NAS figures varies across commodity groups. For instance, in the case of cereals - the main consumption items

of the poor, the NSS figures are, in fact, higher than the NAS figures. NAS figures, on the other hand, are higher for commodity groups mostly belonging to the consumption basket of the better off sections. If the NSS data is to be adjusted, the process would be complex and would require comprehensive data analysis. It is, therefore, best to leave the NSS data unadjusted.

The Expert Group also recommended that in order to obtain more realistic state-wise estimates, poverty lines

should be computed for individual states according to state level price indices.

The Expert Group submitted its report in 1993. The Planning Commission chose to reject both the recommendations. It continues to adjust the NSS data and now openly acknowledges the exercise. In the meanwhile, the gap between NSS and NAS data is widening at an increasing rate. In 1978-79, the difference between the NAS and NSS estimate was 5 percent, in 1993-94 it has increased to 39

Table 1: Poverty lines for rural and urban areas with different base years (in Rs. per capita per month)

	Rural		Urban	
	Base 73-74	Base 83-84	Base 73-74	Base 83-84
73-74	49.09		56.64	
83-84	101.70	122.61	117.35	138.53
86-87	122.26	147.39	141.07	166.53
93-94	228.91	275.96	264.12	311.80

Source: M.Phil dissertation of Shri Sunil Khatri, IIPA (1996)

thus obtained definitely underestimate the extent of poverty.

### Statistical Manipulation of NSS Data and Decline in Poverty Figures

While not computing the poverty line afresh in 20 years can be explained away as part of the general inertia of the government, especially in matters concerning the underprivileged, the official methodology of adjusting the NSS data



percent. Whatever may be happening to poor people's expenditure levels in real life, in government's records they are being pulled up (statistically) higher and higher. No wonder the number and proportion of poor are declining.

The Expert Group's report and the NSS data are fortunately accessible to all and individual researchers have given alternative estimates for the relevant period. In particular, the Expert Group itself gave poverty estimates for the years 1987-88. The poverty ratio was 39.1% for rural, 40.1% for urban and 39.3% for the country. These figures are significantly higher than the official figures.

For the post reform years, estimates are given by Suresh Tendulkar and L.R. Jain (*Economic & Political Weekly*, 10th June 1995) S.P. Gupta (*mimeo*, 1994) and Abhijit Sen and C.P. Chandrashekhar (*Business Line*, 23 Jan. 1996). Abhijit Sen and C. P. Chandrashekhar have given detailed state wise rural poverty estimates from 1973-74 to 1993-94. According to all three, poverty ratio in the post reform period is in the range of 40 percent and nowhere near the

official claim of 19 percent. Now the IMF has also disowned the government statistics. In the recent IMF staff paper, the poverty ratio for the year 1988-89 is given as 35%, which matches with S.P.Gupta's estimates. Table -2 gives the official estimates of poverty and Table - 3, the alternative estimates.

### Misleading Reference Period

The *Economic Survey* 1995-96 gives the poverty figures for 1987-88 and 1993-94 (one

Table 3: Percentage of Population below Poverty Line

	87-88	88-89	89-90	90-91	July-Dec. 1991	Jan.-Dec. 1992	1993-94
Rural	39.1	39.2	33.7	35.0	40.0	41.72	37.52
Urban	40.1	38.4	36.0	37.0	37.6	37.74	
Combined	39.3	39.0	34.3	35.5	39.4	40.69	

Source: 1) S.P. Gupta: "Recent Economic Reforms and their impact on the Poor and Vulnerable Sections of Society", *mimeo*, 1994.  
2) Abhijit Sen and C.P. Chandrashekhar, *Business Line*, 23rd January 1996.

pre reform year and one post reform year) in order to support the claim that poverty has declined in the post reform years. These reference points are clearly misleading.

Table 2 : Number and Percentage of Population below the Poverty line All India (nos. in million)

	1987 (Revised)	1993-94 (Preliminary)
<b>Rural</b>		
Number of Poor	168.30	141.05
% age of Poor	28.37	21.68
<b>Urban</b>		
Number of poor	33.11	27.52
% age of poor	16.82	11.65
<b>Combined</b>		
Number of poor	201.41	168.57
% age of poor	25.49	18.96

Source: *Economic Survey* 1995-96

The NSS surveys are also available for the year 1988-89, 1989-90, 1990-91, July-Dec. 1991 and Jan.-Dec. 1992. And the trend of poverty figures in these intervening years must necessarily be noted. 1987-88 happened to be a drought year, when poverty figures were naturally much higher than in other years. In fact, from 1987-88 to 1990-91, the year before the reform, poverty ratio declined from 39.3% to 35.5%. In the post reform era, the poverty estimates rose considerably (Table 3). The poverty ratio in 1992 became 40.69%. In 1993-94 poverty declined and the rural poverty ratio is slightly lower than that for 1987-88 (37.52% as compared to 39.18%). But, contrary to the government's claim, Abhijit Sen and C.P. Chandrashekhar find



that in absolute numbers, the rural poverty figures are higher in 1993-94 (244.87 million) than in 1987-88 (229.83 million).

The government conveniently refuses to respond to the poverty figures in the intervening years by insisting that sample size for these annual surveys is too small and that estimates based on these thin samples are not admissible. Abhijit Sen and C.P. Chandrashekar have pointed out that, so long as samples are drawn in a proper random fashion from a population, the sample estimates are unbiased estimates of the population parameters irrespective of the size of the sample. The only disadvantage is that estimates derived from smaller samples have a larger variance. They have shown that even after taking the larger variance into account, it can be established quite unambiguously that poverty increased in the immediate post reform period.

The declining trend of poverty existed only in the pre-reform period, not in the post-reform period. After an initial rise, the dip in 1993-94 is most likely a local phenomenon and not indicative of a trend as such. The poverty ratio may start rising again from 1994-95. In fact, available subsidiary evidence does indicate such a possibility.

The percentage of the population belonging to the poverty group depends to a very large extent on food prices, or more precisely, the Consumer Price Index for Agricultural Labour (CPI-AL) in rural areas. The agricultural wages or the incomes of others belonging to the poverty group are normally not linked to the price index. Therefore, when the price index goes up, corresponding real incomes decline and larger and larger number of households fall into the poverty group.

In the immediate post-reform period, i.e., from Aug. 91 till Aug. 92, the CPI-AL increased at a rate of 20 percent or more. The incomes of poor people in rural areas could not keep pace with this inflation rate. The agricultural wages declined in real terms and the rural poverty ratio increased from 35.0 percent in 1990-91 to 41.72 percent in 1992.

From Jan. 1993, the increase in CPI-AL was almost halted and it registered a negative growth from April 1993 till Aug. 1993. Throughout 1993, the CPI-

AL increased only moderately and it is this reversal of trend in CPI-AL, which is mainly responsible for the decline in poverty figures for the year 1993-94. However, throughout 1994-95 and 1995-96, the CPI-AL has increased at a rate of 10 percent or more and we may expect the poverty ratio to start increasing once again.

This temporary break in the rising CPI-AL and the slight decline in poverty ratio in 1993-94 can also be explained in terms political economy of Structural Adjustment Programme (SAP). SAP is geared towards concentrating the surplus with a small elite, which can facilitate its transfer from the domestic economy to the metropolitan centre. Therefore, various policies are geared towards transferring the surplus from all sections of the population to the top elite.

At the very start of the post reform period, food prices were raised by increasing the procurement and PDS prices. The unprecedented rise in CPI-AL facilitated extraction of surplus from the bottom most strata. This process had to be eventually halted. First of all because there was not so much surplus available with the poorest people. Further, electoral compulsions ensured that every State Government and then the Central Government talked of the "have nots" and gave them marginal concessions.

### People of India Beyond the Poverty Figures

It is very unfortunate that the debate on poverty has been centred around the controversy over the poverty line and the corresponding head count ratio. As a result, very little attention is paid to the relative deprivation among different sections within the 40 percent poverty group population. At the same time deprivation and marginalization of different sections above the poverty line seems to be no one's concern.

### How Poor are the Poor

Prof. Amartya Sen pointed out long ago that the head count ratio is a most inadequate



measure of poverty. It is possible to visualise a situation where income is transferred from the lowest strata to those at the threshold. The head count poverty ratio will improve, but such a transfer cannot be condoned in any civilised society. It is, therefore, necessary to take into account how far off various sections are from the poverty line and take cognisance of relatively greater or less deprivation. For the post reform period, Suresh Tendulkar and L R Jain (*Economic & Political Weekly*, 10th June 1995) have computed measures related to the income gap and the severity of poverty. They find that worsening of rural poverty in 1991 and 1992 is much higher when we consider severity measure as compared to head count ratio. In other words within the poverty group population, the decline in per capita expenditure for the lowest strata was relatively higher.

These findings will not surprise anyone. Apart from the fact that CPI-AL increased exorbitantly, the employment opportunities in the rural sector, especially those created by the Government declined in the initial years. Person-days of employment generated under Jawahar Rozgar Yojna declined from 874.6 million in 1990-91 to 809.2 million in 1991-92 and further to 782.1 million in 1992-93. Especially tribals and some others have lost their traditional means of livelihood and are unable to find any alternate. Starvation deaths are reported from Dhulia and Ratnagiri districts in Maharashtra and Kalahandi in Orissa even in 1994-95.

#### Poverty among others

The poverty line is fixed at such a low level that crossing the poverty line by no means ensures dignified living conditions for a household. If right to life is to be interpreted as right to a dignified life, then 90 percent or more of the households would be classified as being deprived of this right.

The NSS classifies households spending Rs. 385 per capita per month as the highest expenditure group for rural areas. This amounts to less than Rs 2,000 as monthly expenditure for a household of five. According to the 48th round, i.e., NSS data

for the year 1992, only 11.4 percent of population belongs to this highest expenditure group. Incidentally, the per capita per month Net National Income for 1992-93, which in itself is extremely low by international standards is Rs. 521. This is much higher than the cut off point for the highest expenditure group. Hence, 90 percent of the rural population live at monthly expenditure levels far below the national per capita income. Similarly, in urban areas, 79 percent of the population live below this level.

The figures for the head count poverty ratio do not say anything for these 50 percent, who are not classified as poor. If one makes the assumption that poverty figures are reflecting the general trickle-down effect, then perhaps one can say that improvement in poverty ratio represents general prosperity for all and its worsening represents declining incomes for all. Such an assumption is absurd. In the Structural Adjustment Programme, the rate of surplus extraction from different sections would naturally vary. The decline in poverty ratio in 1993-94 or the fact that surplus extraction from the poorest strata was temporarily halted, does not imply that this was the case for the rest 50 percent also.

A brief overview of the impact of New Economic Policy on urban and rural sectors suggests that there is an unambiguous dichotomising of the Indian economy, not along rural-urban divide but between a modern, prosperous sector and the rest (impoverished sector) both in agriculture as well as industry. And transfer of surplus from latter to the former is continuing unabated.

#### Urban Divide: the Modern Sector and the Subsistence Sector

Industrial restructuring that took place during the 1980s entailed the pruning of organised work force. Reforms in the 1990s, particularly in the public sector, have further reinforced this trend. According to the Annual Survey of Industry census of all registered units employing 100 or more labour, the employment in 1993-94 increased only by 1 percent. Moreover employment in public sector units has shrunk by 0.88 percent during 1990-95.



The organised work force or potential organised work force is being pushed into informal sector in two specific ways:

(1) The traditional manufacturing units, which still employ the bulk of the organised labour like textile, sugar processing, etc., are perpetually sick and are increasingly resorting to closures, lock-outs and modernisation. The work force retrenched thus, is unable to find alternative employment and is forced to join the informal sector at a low subsistence level. National Textile Corporation has at the moment 42 ailing units (acquired by the government to bail out industrialists) with 65,000 workers facing a bleak future. Unable to find alternative employment and unable to face starvation for themselves and their families, 22 workers from Jiyajee Rao Cotton Mill Gwalior committed suicide in 1995.

(2) The other case is that of modern viable units which want to reduce the number of permanent workers and dependence on trade union cooperation. These units are resorting to down-sizing, multi-site location and greater automation. Casualisation is increased by farming out activities to contract labour and ancillaries. Otis, for instance, first made its permanent employees redundant and then subcontracted maintenance jobs to these very ex-employees. Tefco (Eveready) reduced its permanent workforce from 3,000 to less than 900 and subcontracted significant work outside. Bajaj Auto earned international recognition for its performance, increased production to 33 percent over its installed capacity and at the same time reduced its workforce by 25-30 percent. The workforce, casualised in this manner, sometimes continues to maintain its linkages with the modern sector.

Thus, apart from those in managerial cadre or in highly paid professional jobs, the rest of the organised workforce is constantly threatened with job insecurity. However, there is a difference between those working in modern viable units and those in traditional sick ones. The workers in the modern sector work with high productivity norms and are also reasonably well paid, notwithstanding the job insecurity. The workers in textile units or coal

mines work on stagnant wages. In 1994, the real wages of textile workers in almost all major centres were 90 percent of their 1990 level. Further, once retrenched, they hardly retain any linkages with the organised sector.

Similarly, the urban informal sector, which is bursting at its seams, is not an amorphous lot. Apart from those who are involved in petty trade or other activities ensuring a "quick buck", there are informal enterprises with forward linkages to the modern sector. These constitute the dynamic part of the informal sector. Although the organised sector has substantially increased informalisation of jobs, this workforce is still only a small part of the informal sector. The larger constituent comprises of informal enterprises, providing goods and services for the low income consumer market. This sub-economy, which operates with low income consumers and low income producers, has weak linkages with the modern sector, and has very little possibility of benefiting from its growth and dynamism. Unfortunately, a part of this sub-economy is trapped into backward linkages with the modern sector. It absorbs the discarded material of the modern sector like scrap metal or plastic containers in the name of recycling. The import of hazardous waste from the developed world to the developing world has become an issue for worldwide protest.

Surplus transfer from the subsistence and low income sector to the modern sector has been accompanied by continuous rise in the administered prices of essential commodities and withdrawal of subsidy from health, education and transport services.

### Integration of the Rural Economy into the World market

The division of society into a minuscule, small sector, which gains from the New Economic Policy, and the rest, which loses, can be discerned in the emerging rural scenario as well. Like the Newly Industrialised Countries (NICs), a few developing countries in the International Markets are emerging as Newly Agricultural Countries (NACS) and India is one of them.



The NACS are supposed to export cut flowers, fruits and other exotic agricultural products to the developed countries and, in turn, import of food grains. International marketing under the New Economic Policy thus requires a shift in the land use pattern in favour of horticulture and floriculture and other cash crops. Since the ownership pattern of land directly influences its use, a change in the ownership pattern is an essential prerequisite for changing the use pattern. Withdrawal of various input subsidies by the government, removal of land ceiling and entry of corporate sector in agriculture are moves towards facilitating this change.

A small study in Meerut district and sale of land confirms the hypothesis of changing land-ownership patterns (*Indian Journal of Agricultural Economics* July-Sept. 1995). After the land market operations, the number of marginal farmers and medium farmers have gone down and that of small farmers and large farmers have gone up. The

marginal farmers have joined the class of landless labourers and a number of medium farmers have sold off part of their land and joined the category of small farmers. Agrarian production is thus tending to crystallise in two distinct groups - one of small farms just viable to fulfil the family subsistence and the other of large farms, where corporate sector can find space, where commercial farming can be undertaken, where heavy capital investment is possible and where surplus can be concentrated and integration with the metropolitan centre can be realised.

In short, Modern India, which is emerging in the 1990s as a powerful elephant, awakened at last, does not even distantly represent the people of India. Poverty figures may decline or increase marginally, but the people at large are getting distinctly disintegrated from the modern globalised India through a deliberate process.

#### Prosperous India of 1995!

- Deaths due to starvation of tribal children near Amravati district in Maharashtra is said to number around 500. The official figure initially was 239. Later when a high level meeting was to be held to discuss the issue, the figure was brought down to 135. Such high incidence of death is attributed to two factors : i) the region is inaccessible and help cannot reach in time and ii) underaged and undernourished mothers give birth to low weight children with slim survival chances. A girl of sixteen was found to be a mother of five children.
- In the tribal village Khadki of Dhule district in Maharashtra 13 children died of chronic malnutrition. In Akruni, Akkalkuwa and Dhadgaon endemic hunger and malnourishment claimed the lives of 20 children. Every third child exhibits chronic symptoms of malnutrition. In their weakened state, they fall easy prey to infectious diseases. An outbreak of measles claimed many lives.
- In 1995, with poor rains in Maharashtra more than 10,000 villages and an equal number of hamlets struggled for drinking water. The same regions, districts and villages face acute drinking water shortage every time. Do we only blame the monsoons?
- Hunger deaths once again recurred in poverty stricken Koraput district with 36 adivasis dying within a span of 20 days. Koraput district is in the neighbourhood of (in)famous Kalahandi. Total failure of PDS and no employment forced tribals to survive on mango kernel juice and tamarind seeds crushed into a pulp.
- Poverty and hunger in Kalahandi was brought into the limelight several years ago. Despite crores of rupees spent on relief and development in this rice surplus region, people still survive on Halkanda. Halkanda must be swallowed without contact with the tongue, since its bitterness induces vomiting.



### Hotels Revel in the Luxury of High Profits

For the Indian hotel industry the going could not have been better. The joy-ride which began last year appears to be continuing if the first half results are any indication. High occupancy rates, increased tariff rates and growing margins have set the platform for a better performance in the second half of the current financial year.

The financial year 1995 saw sales in the industry rise by 37 per cent and a growth of 22.87 per cent in the net profit of the industry. The first half of the current year appears to be even better, going by results of the major players in the hotel industry.

Indian Hotels company Limited, the largest hotel chain in India with 4,500 rooms in 40 properties, registered a 119 per cent rise in net profit and a 103 percent rise in operating profit in the first half of the current year over the corresponding period in the previous year. Similarly, East India Hotels, with 25500 rooms in 14 hotels, registered a 46.9 percent rise in sales in the first half. The net profit of the company increased by a whopping 92.4 percent during the same period.

Liberalization and the growth in business travellers apart, the slide in the forex value of rupee has given a further boost to the Indian hotel industry. The massive depreciation in the value of the rupee in the last six months have substantially boosted the profit margins of the hotel industry. The recent hike in the room rents of the five star hotels in the country by 25 percent have also added to the profits of the companies. The hotel prices in the country are now comparable with prices world-wide.

Asian Hotels Ltd. (AHL) for instance earns 70 percent of its income from foreign exchange. "The sharp devaluation has boosted the bottom line. The deference will show on our balance sheet", claims Sushil Gupta of AHL. Gupta runs the Grand Hyatt at New Delhi.

Hotel Leelaventure registered a 100 per cent rise in its net profit in the first half. Other hotel chains have also seen the boom boosting their profit margins. ITC Hotels Limited, which has 14 properties and 2500 rooms, registered a 89.5 percent rise in the sales and the net profit of the company rose by 54.3 per cent in the first half of the current year. Oriental Hotels saw a 380 per cent jump in profits from Rs. 1.3 crore to Rs 6.24 crore during the same period. Bharat Hotels witnessed a rise of 49.9 percent in its net profit in the first half - clearly, economic liberalisation has had an impact. "The international business traveller is increasingly stalking the Indian markets for opportunities and this has sent hotel occupancy rates to high levels" says Gupta.

Earlier, the hotel industry used to go through seasonal booms keeping time with the tourist season.

But with the avalanche of business travellers, the situation is different today. Hotels are booked right through summer. A large number of Industries are reeling under the double blow of liquidity crunch and forex crisis. But the hotel industry is booming.

Thriving Hotels at a Glance (figs. in Rs.crore)

	Total sales Sept. 95	Net profits Sept.95	Total sales Sept.94	Net profits Sept.94	% increase in profit
East India Hotels Ltd.	164.92	39.90	112.26	20.73	92.47
Oriental Hotels Ltd.	28.50	6.24	21.10	1.30	380.00
Indian Hotels Ltd.	—	44.30	156.06	20.20	119.31
Oberoi Associated Hotels Ltd	8.83	2.11	6.37	0.99	113.13
Sterling Holiday Resorts(1) Ltd.	48.97	10.37	19.60	6.38	62.54
Hotel Leelaventure	—	16.20	35.91	8.06	100.99
Bharat Hotels Ltd.	29.95	14.77	25.21	9.98	48.00
ITC Hotels Ltd.	50.94	4.23	26.88	2.74	54.38
IGGI Resort Intl. Ltd.	16.12	4.65	4.82	2.48	87.50
Palace Heights Hotels Ltd.	5.06	1.06	4.08	0.86	23.26
Cavelong Beach Hotel (India)Ltd	5.12	0.53	3.41	0.36	47.22
Savera Hotels Ltd	5.64	1.75	4.34	0.87	101.15

Courtesy Vineet Narang in the *Financial Express*, 2.2.96.

## SOCIAL SECTORS

Growth with social justice and alleviation of poverty have been primary objectives of Indian planning since its inception in 1951. Several anti-poverty measures also have been in operation for decades focussing on the poor as the target groups. These include programmes for the welfare of weaker sections, women and children, and a number of special employment programmes for self and wage employment in rural and urban areas.

2. The government has relied mainly on three approaches for reduction of poverty and unemployment: the first entails pursuit of higher economic growth which will improve the levels of living of all groups of people in the society including the poor; the second involves direct anti-poverty and employment programmes; and the third has stressed high priority to government expenditure on social sectors. The reforms underway since the economic crisis of 1991 have sought to strengthen these approaches.

**TABLE 10.1**  
**Central Government Expenditure (Plan and Non-Plan) on Social Services (Rs. Crore)**

Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98 (RE)	1998-99 (BE)
<b>1. Social Services</b>	<b>5380</b>	<b>5892</b>	<b>6397</b>	<b>8150</b>	<b>9223</b>	<b>11631</b>	<b>13659</b>	<b>16520</b>	<b>21159</b>
a. Education, Art & Culture and Youth Affairs	1686	1755	1878	2378	2799	3630	3988	5134	6535
b. Health and Family Welfare	1273	1382	1722	2148	2413	2542	2751	3369	4366
c. Water supply, Sanitation, Housing and Urban Development	828	934	788	1262	1351	1756	2957	3449	4495
d. Information and Broadcasting	436	417	371	392	479	596	593	896	923
e. Welfare of SC / ST and other Backward classes	348	419	488	564	744	800	833	728	1101
f. Labour, Employment and Labour Welfare	289	357	347	526	440	507	587	651	831
g. Social Welfare & Nutrition	520	628	803	880	997	1800	1950	2293	2908
<b>2. Rural Development</b>	<b>2678</b>	<b>2283</b>	<b>3211</b>	<b>4680</b>	<b>5803</b>	<b>6609</b>	<b>5081</b>	<b>5321</b>	<b>5890</b>
<b>3. Basic Minimum Services (BMS)* including Slum development</b>							<b>2466</b>	<b>2873</b>	<b>3760</b>
<b>4. Social Services, Rural Development and Basic Minimum Services (1+2+3)</b>	<b>8058</b>	<b>8175</b>	<b>9608</b>	<b>12830</b>	<b>15026</b>	<b>18240</b>	<b>21206</b>	<b>24714</b>	<b>30809</b>
<b>5. Total Central Government Expenditure as % of GDP at current market prices</b>	<b>18.1</b>	<b>16.6</b>	<b>16.0</b>	<b>16.2</b>	<b>15.5</b>	<b>14.6</b>	<b>14.3</b>	<b>15.0</b>	<b>15.1</b>
<b>6. Social Services, Rural Development and Basic Minimum Services as % of Total Expenditure</b>	<b>7.7</b>	<b>7.3</b>	<b>7.8</b>	<b>9.0</b>	<b>9.3</b>	<b>10.2</b>	<b>10.5</b>	<b>10.5</b>	<b>11.5</b>
<b>7. Social Services, Rural Development and Basic Minimum Services as % of GDP at current market prices<sup>§</sup></b>	<b>1.4</b>	<b>1.2</b>	<b>1.3</b>	<b>1.5</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>

Note : Figures for the years 1990-91 to 1996-97 are actuals.

\* : Came into operation from 1996-97.

§ : The ratios to GDP are based on new series of National Account Statistics with 1993-94 as base year released by the Central Statistical Organisation (CSO) on February 3, 1999. For the purpose of comparability, GDP at current market prices for the years 1990-91, 1991-92 and 1992-93 have been interpolated by using an average link factor of 1.0878 obtained from the overlapping years viz. 1993-94, 1994-95, 1995-96 and 1996-97 for which both the old series and new series for the GDP at current market prices are available.

Source : Budget Papers.

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**TABLE 10.2**  
**Central Plan Outlay for Major Schemes of Social Sectors and Rural Development**

Ministry/Department/Scheme	(Rs. crore)									
	1990-91		1995-96		1996-97		1997-98		1998-99	
	(BE)	(RE)	(BE)	(RE)	(BE)	(RE)	(BE)	(RE)	(BE)	
1 EDUCATION	865	837	1825	2504	3388	2574	4095	3350	4245	
of which										
a) Elementary Education	265	224	651	1443	2264	1567	2542	2265	2779	
b) Adult Education	96	131	234	170	225	112	127	81	94	
2 HEALTH INCLUDING I. S. M. & H.	275	255	670	649	815	818	955	918	1195	
3 FAMILY WELFARE	675	785	1581	1506	1535	1547	1829	1829	2489	
4 WOMEN AND CHILD DEVELOPMENT	330	313	730	821	847	847	900	1026	1226	
of which										
Integrated Child Development Services	268	255	588	669	682	682	734	600	603	
5 WELFARE	364	366	890	890	890	890	1389	804	1539	
6 RURAL DEVELOPMENT AND RURAL EMPLOYMENT & POVERTY ALLEVIATION	3130	2975	7700	8248	8632	7775	9001	8290	9811	
of which										
a) Jawahar Rozgar Yojana (JRY).	2100	2001	3862	2955	1865	1655	2078	1953	2095	
b) Employment Assurance Scheme (EAS)*			1570	1816	1970	1840	1970	1905	1990	
c) National Social Assistance Programme+				550	932	550	700	490	700	
d) Integrated Rural Development Programme including Rural Artisans	377	356	656@	656	656	646	611	552	800	
e) Rural Water Supply and Sanitation	443	421	1170	1170	1170	1155	1402	1402	1727	
f) Indra Awas Yojana ++				492	1194	1194	1190	1144	1600	
g) Million Wells Scheme ++				211	448	388	448	373	450	
7 OTHER PROGRAMMES										
a) Nehru Rozgar Yojana (NRY).	120	110	71	68	71	50	80	31		
b) Scheme for Self Employment for Educated Unemployed Youth (SEEUY).S	57	53								
c) Prime Minister's Rozgar Yojana (PMRY).			145	145	145	115	145	95	110	
d) Swarna Jayanti Shahari Rojgar Yojana (SJSRY)@@								103	189	
(A) Total Central Plan outlay on Major Schemes on Social Sectors (1 to 7)	5816	5694	13612	14831	16323	14616	18394	16446	20804	
(B) Total Plan Expenditure	30466	29956	48500	48684	54685	54894	62852	60630	72002	
(C) A as percentage of Total Plan Expenditure	19.1	19.0	28.1	30.5	29.8	26.6	29.3	27.1	28.9	
(D) A as Percentage of GDP at current market prices\$	1.0	1.0	1.1	1.2	1.2	1.0	1.2	1.1	1.2	

\* Came into operation on October 2, 1993.  
 + The scheme was announced on 15th August 1995, Rs. 550 Crore was provided at RE stage.  
 @ BE (Rs 640 crore) was revised upward within total BE for the Deptt. of Rural Development.  
 ++ The Indra Awas Yojana (IAY) and the Million Wells Scheme (MWS) were earlier the sub schemes of JRY. From 1.1.1996 they have become separate schemes.  
 S Integrated with PMRY.  
 @@ Is a rationalised version of the erstwhile schemes of Urban Basic Services, NRY and PM's integrated Urban Poverty Eradication Programme.  
 \$\$ : The ratios to GDP are based on new series of National Account Statistics with 1993-94 as base year released by the Central Statistical Organisation (CSO) on February 3, 1999. For the purpose of comparability, GDP at current market prices for 1990-91 has been interpolated by using an average link factor of 1.0878 obtained from the overlapping years viz. 1993-94, 1994-95, 1995-96 and 1996-97 for which both the old series and new series for the GDP at current market prices are available.

Source : Budget Papers.

mainly on three aspects: poverty and the level of higher education; the levels of the social services; and the reforms of 1991 have been successful.

(Rs. Crore)	
1997-98 (RE)	1998-99 (BE)
16520	21159
5134	6535
3369	4366
3449	4495
896	923
728	1101
651	831
2293	2908
5321	5890
2873	3760
24714	30809
15.0	15.1
10.5	11.5
1.6	1.7

Central Statistical Organisation, New Delhi. The years 1990-91, 1991-92, 1992-93, 1993-94, 1994-95, 1995-96, 1996-97, 1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 2025-26, 2026-27, 2027-28, 2028-29, 2029-30, 2030-31, 2031-32, 2032-33, 2033-34, 2034-35, 2035-36, 2036-37, 2037-38, 2038-39, 2039-40, 2040-41, 2041-42, 2042-43, 2043-44, 2044-45, 2045-46, 2046-47, 2047-48, 2048-49, 2049-50, 2050-51, 2051-52, 2052-53, 2053-54, 2054-55, 2055-56, 2056-57, 2057-58, 2058-59, 2059-60, 2060-61, 2061-62, 2062-63, 2063-64, 2064-65, 2065-66, 2066-67, 2067-68, 2068-69, 2069-70, 2070-71, 2071-72, 2072-73, 2073-74, 2074-75, 2075-76, 2076-77, 2077-78, 2078-79, 2079-80, 2080-81, 2081-82, 2082-83, 2083-84, 2084-85, 2085-86, 2086-87, 2087-88, 2088-89, 2089-90, 2090-91, 2091-92, 2092-93, 2093-94, 2094-95, 2095-96, 2096-97, 2097-98, 2098-99, 2099-00, 2100-01, 2101-02, 2102-03, 2103-04, 2104-05, 2105-06, 2106-07, 2107-08, 2108-09, 2109-10, 2110-11, 2111-12, 2112-13, 2113-14, 2114-15, 2115-16, 2116-17, 2117-18, 2118-19, 2119-20, 2120-21, 2121-22, 2122-23, 2123-24, 2124-25, 2125-26, 2126-27, 2127-28, 2128-29, 2129-30, 2130-31, 2131-32, 2132-33, 2133-34, 2134-35, 2135-36, 2136-37, 2137-38, 2138-39, 2139-40, 2140-41, 2141-42, 2142-43, 2143-44, 2144-45, 2145-46, 2146-47, 2147-48, 2148-49, 2149-50, 2150-51, 2151-52, 2152-53, 2153-54, 2154-55, 2155-56, 2156-57, 2157-58, 2158-59, 2159-60, 2160-61, 2161-62, 2162-63, 2163-64, 2164-65, 2165-66, 2166-67, 2167-68, 2168-69, 2169-70, 2170-71, 2171-72, 2172-73, 2173-74, 2174-75, 2175-76, 2176-77, 2177-78, 2178-79, 2179-80, 2180-81, 2181-82, 2182-83, 2183-84, 2184-85, 2185-86, 2186-87, 2187-88, 2188-89, 2189-90, 2190-91, 2191-92, 2192-93, 2193-94, 2194-95, 2195-96, 2196-97, 2197-98, 2198-99, 2199-00, 2200-01, 2201-02, 2202-03, 2203-04, 2204-05, 2205-06, 2206-07, 2207-08, 2208-09, 2209-10, 2210-11, 2211-12, 2212-13, 2213-14, 2214-15, 2215-16, 2216-17, 2217-18, 2218-19, 2219-20, 2220-21, 2221-22, 2222-23, 2223-24, 2224-25, 2225-26, 2226-27, 2227-28, 2228-29, 2229-30, 2230-31, 2231-32, 2232-33, 2233-34, 2234-35, 2235-36, 2236-37, 2237-38, 2238-39, 2239-40, 2240-41, 2241-42, 2242-43, 2243-44, 2244-45, 2245-46, 2246-47, 2247-48, 2248-49, 2249-50, 2250-51, 2251-52, 2252-53, 2253-54, 2254-55, 2255-56, 2256-57, 2257-58, 2258-59, 2259-60, 2260-61, 2261-62, 2262-63, 2263-64, 2264-65, 2265-66, 2266-67, 2267-68, 2268-69, 2269-70, 2270-71, 2271-72, 2272-73, 2273-74, 2274-75, 2275-76, 2276-77, 2277-78, 2278-79, 2279-80, 2280-81, 2281-82, 2282-83, 2283-84, 2284-85, 2285-86, 2286-87, 2287-88, 2288-89, 2289-90, 2290-91, 2291-92, 2292-93, 2293-94, 2294-95, 2295-96, 2296-97, 2297-98, 2298-99, 2299-00, 2300-01, 2301-02, 2302-03, 2303-04, 2304-05, 2305-06, 2306-07, 2307-08, 2308-09, 2309-10, 2310-11, 2311-12, 2312-13, 2313-14, 2314-15, 2315-16, 2316-17, 2317-18, 2318-19, 2319-20, 2320-21, 2321-22, 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3. The Central government expenditure on social sectors (comprising education, health & family welfare, water supply, sanitation, housing, social welfare, nutrition, rural employment and minimum basic services) as a ratio to total expenditure increased from 7.7 per cent in 1990-91 to 10.5 per cent in 1997-98 (RE) and further to 11.5 per cent in 1998-99 (BE). As a ratio to the GDP at current market prices, the central government expenditure on social services increased from 1.4 per cent in 1990-91 to 1.6 per cent in 1997-98 (RE) and further to 1.7 per cent in 1998-99 (BE) (Table 10.1).

4. The Central plan outlay on major schemes on Social Sectors as a percentage to the GDP at current market prices increased from 1.0 per cent in 1990-91 to 1.2 per cent in 1998-99(BE) (Table 10.2). The central outlay for Welfare of Weaker Sections increased by 91.4 per cent in 1998-99(BE) over 1997-98(RE), Family Welfare by 36.1 per cent, Health by 30.2 per cent and Education by 26.7 per cent.

5. Increased availability of health care and family welfare services have resulted in reduction of all India death rate, birth rate and infant mortality rate. The crude death rate declined from 14.9 per thousand in 1971 to 9.8 in 1991 and further to 8.9 in 1997. Similarly, the infant mortality rate per thousand declined from 129 in 1971 to 80 in 1991 and further to 71 in 1997. The birth rate per thousand also declined from 36.9 in 1971 to 29.5 in 1991 and further to 27.2 in 1997 (Table 10.3). These tentative trends consistent with the view that rapid

Year	Life expectancy at birth (years)	Literacy rate (per cent)	Birth rate	Death rate		Infant mortality rate
				(per thousand)		
1951	32.1	18.3	39.9	27.4	146	
1961	41.3	28.3	41.7	22.8	146	
1971	45.6	34.5	36.9	14.9	129	
1981	50.4	43.6	33.9	12.5	110	
1991	59.4	52.2	29.5	9.8	80	
1996	62.4	NA	27.5	9.0	72	
1997	NA	62*	27.2	8.9	71	

Source : Registrar General and Census Commissioner of India.  
\* As per NSSO.

economic growth has brought about an improvement in living standards of people in general.

6. However, there are wide inter-state variations in indicators of human development. For instance, in Kerala the life expectancy at birth at 72 years and overall literacy at 90 are significantly higher than those in states like Bihar, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh where concerted efforts are required to improve overall quality of life. In fact the indicators of human development in Kerala are comparable with several Asian developing countries like China, Malaysia, Indonesia, Thailand and Sri Lanka which have made significant progress in human development over the years (Table 10.4).

Country	Life Expectancy at birth (Years)	Infant Mortality rate (Per thousand births)	Adult Literacy rate (Per cent)
	1995	1996	1995
India	62.4	72	52
Kerala State (India)	72.0	13	90
China	69.2	38	82
Indonesia	64.0	47	84
Korea, Republic	71.7	6	98
Malaysia	71.4	11	84
Philippines	67.4	32	95
Thailand	69.5	31	94

Source: UNDP - Human Development Report, 1998.  
For India, estimates are from Registrar General & Census Commissioner of India & relate to the year 1996 (P).

7. Average labour, which agricultural in the crisis July to Jun increased in 95 (Table 10 trends across conditions agriculture

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Bihar
Gujarat
Karnataka
Kerala
Madhya Pr.
Maharashtra
Orissa
Punjab
Rajasthan
Tamil Nadu
Uttar Prade
West Beng
All India
(P) : Provi
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(ii)
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Source: M



7. Average real wages for unskilled agricultural labour, which reflect the economic conditions of agricultural labourers, declined by 6.2 per cent in the crisis year of 1991-92 (agriculture year July to June) for the country as a whole, but increased in subsequent years except in 1994-95 (Table 10.5). However, there were no uniform trends across the states implying that local conditions exert significant influence on agriculture wages.

### Poverty

8. Together with the overall economic growth, the anti-poverty and employment generation programmes have helped in reducing the incidence of poverty over the long run. The poverty ratio declined from 56.4 per cent in 1973-74 to 37.3 in 1993-94 in rural areas and from 49.0 per cent in 1973-74 to 32.4 per cent in 1993-94 in urban areas. For the country as a whole, the poverty ratio declined from 54.9 per

**TABLE 10.5**  
Annual Percentage Change in Real Wages for Unskilled Agricultural Labour for Selected States

State	Percentage Change for agricultural year (July to June) over previous year							
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97(P)	1997-98(P)	
Andhra Pradesh	(-) 11.40	(+) 1.57	(+) 8.60	(+) 2.71	(-) 1.73	(+) 1.51	(+) 1.40	
Assam	(-) 8.73	(+) 0.58	(-) 6.58	(-) 1.67	(+) 2.68	(+) 2.95	(+) 0.93	
Bihar	(-) 4.39	(-) 5.00	(+) 5.98	(+) 1.69	(-) 2.30	(-) 2.79	(-) 0.79	
Gujarat	(-) 4.31	(+) 7.92	(+) 2.86	(+) 1.27	(+) 2.92	(+) 5.08	(+) 14.52	
Karnataka	(-) 13.25	(-) 14.39	(+) 41.31	(-) 15.60	(-) 8.61	(+) 21.48	(+) 15.22	
Kerala	(+) 4.07	(+) 9.74	(-) 2.84	(+) 5.24	(+) 13.20	(+) 14.60	(+) 15.34	
Madhya Pradesh	(-) 3.89	(+) 12.57	(-) 3.53	(+) 4.93	(+) 1.24	(+) 1.31	(+) 0.96	
Maharashtra	(-) 14.79	(+) 0.66	(+) 25.58	(-) 0.68	(-) 7.89	(-) 7.98	(+) 31.73	
Orissa	(-) 3.89	(+) 11.03	(-) 0.14	(-) 3.52	(+) 0.55	(-) 0.27	(+) 2.56	
Punjab	(+) 3.65	(+) 4.25	(+) 1.51	(-) 1.17	(-) 6.50	(-) 0.42	(-) 3.35	
Rajasthan	(+) 6.12	(-) 3.56	(-) 7.66	(+) 1.05	(+) 10.33	(+) 17.81	(+) 3.78	
Tamil Nadu	(-) 4.85	(+) 13.29	(+) 11.60	(+) 1.03	(+) 3.63	(+) 28.05	(-) 16.67	
Uttar Pradesh	(+) 1.02	(+) 7.56	(-) 6.77	(-) 2.31	(+) 14.78	(-) 6.37	(+) 18.29	
West Bengal	(-) 6.25	(+) 24.39	(-) 6.50	(-) 5.29	(-) 0.28	(+) 10.21	(-) 5.16	
All India	(-) 6.19	(+) 5.21	(+) 5.61	(-) 0.39	(+) 0.72	(+) 4.67	(+) 4.88	

(P) : Provisional.

Notes : (i) Data on state average wage rates for unskilled agricultural labour in current prices are taken from Ministry of Agriculture. The same have been converted into real wages by deflating with the State level Consumer Price Index Numbers for Agricultural Labourers (CPIAL) with 1960-61 as base. (CPIAL has been sourced from Labour Bureau, Shimla). Having estimated real wages for agricultural year percentage change over previous year has been worked out.

(ii) New series of CPIAL with base 1986-87 = 100 were released w.e.f. Nov., 1995. To maintain continuity of old series of CPIAL, the new series have been converted by using the linking factor of each State and then, the average for each State has been worked out on the basis of converted series.

(iii) The real wages for unskilled agricultural labour for each State have been weighted by total agricultural labourers of the State for working out all India average. The weighted average real wages for all India are based on 14 States as reported above. Having estimated weighted average real wages for all India, percentage change over previous year has been worked out.

Source: Ministries of Agriculture and Labour.

cent in 1973-74 to 36 per cent in 1993-94 (Table 10.6). Large Sample surveys on common expenditure on the basis of which poverty ratios are estimated are not available in subsequent years.

9. Although reduction of the overall poverty ratio in India from 55 per cent to 36 per cent during a period of two decades is significant, India's performance in poverty reduction has been weak as compared with some of the East Asian countries. It may be observed from Table 10.7 that the success of some of the East Asian countries (like China and Indonesia) lies in faster economic growth. In general, the faster

the rate of overall growth, the faster is the rate of poverty reduction. It is, therefore, reasonable to expect that a sustained and long lasting solution to the problem of poverty depends on creation of opportunities for broad based economic development and higher growth.

### Employment

10. It may be observed from Table 10.8 that the average annual growth rate of overall employment (in both organised and unorganised sectors) declined continuously from 2.75 per cent in the period 1972-1978 to 1.77 per cent in 1983-1988, but increased to 2.37 per cent in 1987-

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**TABLE 10.6**  
Number and Percentage of Population Below Poverty Line  
(Number in million and poverty ratio in percentage)

Year	Rural sector		Urban sector		Combined All India	
	Number (million)	Poverty ratio	Number (million)	Poverty ratio	Number (million)	Poverty ratio
1973-74	261	56.4	60	49.0	321	54.9
1977-78	264	53.1	65	45.2	329	51.3
1983	252	45.7	71	40.8	323	44.5
1987-88	232	39.1	75	38.2	307	38.9
1993-94	244	37.3	76	32.4	320	36.0

Source: Planning Commission.

**TABLE 10.7**  
Poverty incidence and growth rates in India and selected Asian countries  
(in per cent)

Country	Poverty ratio 1975	Poverty ratio 1995	Annual Reduction in 1975-95 Percentage point	Average GDP growth 1970-1980	Average GDP Growth 1980-1995
India	54.9	36.0	0.9	3.2	5.6
China	59.5	22.2	1.9	5.0	11.1
Indonesia	64.3	11.4	2.6	7.8	6.6
Korea	23.0	5.0	0.9	9.0	8.7
Malaysia	17.4	4.3	0.7	7.8	6.4
Philippines	35.7	25.5	0.5	6.2	1.4
Thailand	8.1	0.9	0.4	7.2	7.9

Source : For India, Planning Commission; for others World Bank Report on Social Consequences of the East Asian Financial Crisis, September, 1998.

Note : For India, poverty ratios refer to the years 1973 and 1993 respectively and GDP growth rates are based on old series with base 1980-81.

Period	G
1972-73 to 1977-78	
1977-78 to 1983	
1983 to 1987-88	
1987-88 to 1993-94	

Source: PI

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1994. However, the growth rate of organised sector employment maintained its declining trend even during the period from 1987-88 to 1993-94. There was a significant improvement in the growth rate of organised employment in the private sector from 0.43 per cent in 1983-1988 to 1.18 per cent in 1987-1994. For the first time the growth rate of employment in the organised private sector exceeded the employment growth rate in the public sector.

**TABLE 10.8**  
Growth of Employment (per cent)

Period	Growth rate of overall employment	Growth rate of employment in the organised sector		
		Public	Private	Total
1972-73 to 1977-78	2.75			2.45
1977-78 to 1983	2.36	2.99	1.41	2.48
1983 to 1987-88	1.77	2.17	0.43	1.38
1987-88 to 1993-94	2.37	1.00	1.18	1.05

Source: Planning Commission.

11. Table 10.9 presents the annual growth rates of employment in the organised public and private sector during 1991 to 1996. It can be observed from the table that the private sector contributed predominantly to the increase in the organised sector employment in the reform period since 1991 except in the year 1993. The government has decided to set up the Second National Commission on Labour with a view to provide protection to millions of workers. The main focus of the Commission would be to suggest rationalisation of the existing labour laws in the organised sector and also to suggest an umbrella legislation for ensuring a minimum level of protection to the workers in the unorganised sector.

#### Poverty Alleviation and Employment Generation Programmes

12. India's anti-poverty strategy comprises of a wide range of poverty alleviation and employment generation programmes, many of which have been in operation for several years and have been strengthened to generate more employment, create productive assets, impart technical and entrepreneurial skills and raise the

**TABLE 10.9**  
Growth rates of Employment in organised sector (per cent)

Year	Public sector	Private sector	Total organised
1991	1.52	1.24	1.44
1992	0.80	2.21	1.21
1993	0.60	0.06	0.44
1994	0.62	1.01	0.73
1995	0.11	1.63	0.55
1996	(-)0.19	5.62	1.51
1997	0.67	2.04	1.09

Source: Planning Commission.

income level of the poor. Under these schemes, both wage employment and self-employment are provided to the people below the poverty line. In 1998-99, government proposed to unify the various poverty alleviation and employment generation programmes under two broad categories of Self Employment Schemes and Wage Employment Schemes. Funding and organisational patterns will also be rationalised to achieve maximum beneficial impact of these programmes. The budgetary (plan) support on Rural Development and Rural Employment & Poverty Alleviation has been enhanced to Rs.9811 crore in 1998-99(BE) from Rs.8290 crore in 1997-98(RE).

13. The salient features of some of the major employment and anti-poverty programmes are given below:

(a) *Integrated Rural Development Programme (IRDP)* and its allied programmes of Training Rural Youth for Self-Employment (TRYSEM) and Development of Women and Children in Rural Areas (DW CRA) are major self-employment programmes for poverty alleviation. The basic objective of IRDP is to enable identified rural poor families to augment their incomes and cross the poverty line through acquisition of credit based productive assets. Assistance is given in the form of subsidy by the government and term credit by the financial institutions for income generating activities.

This is a centrally sponsored scheme funded on 50:50 basis by the Centre and the states. It is stipulated that at least 50 per cent of the

assisted families should belong to Scheduled Caste and Scheduled Tribe categories. It is also required that at least 40 per cent of those assisted should be women under this programme. About 535 lakh families have been covered up to November 1998 since 1980-81 under the programme out of which coverage of SC/ST families had been 45 per cent. The level of per family investment is currently more than Rs.17441 compared to Rs.1642 during 1980-81. A sum of Rs.800 crore (including Rs. 60 crore for Rural Artisans) has been provided in 1998-99 (BE), an increase of about 45 per cent over 1997-98 (RE).

(b) *The Training of Rural Youth for Self-employment (TRYSEM)* is to train rural youth from the target group of families in skills so as to enable them to take up self/wage employment. It has been laid down that the coverage of youth from SC and ST communities should be at least 50 per cent of the rural youth trained. Out of the total beneficiaries, at least 40 per cent should be women.

(c) *The Programme of Development of Women and Children in Rural Areas (DWCRA)* aims to improve the socio-economic status of the poor women in the rural areas through creation of group of women for income generating activities on a self-sustaining basis. Up to November, 1998, 1.97 lakh women were benefited during 1998-99. A sum of Rs.100 crore has been provided in 1998-99 (BE).

● *Jawahar Rozgar Yojana (JRY)* is a wage employment programme with its main objective of generation of employment in the lean agriculture season to the unemployed and under-employed rural people both men and women living below the poverty line. The significant aspect of the scheme is that it is implemented by the Panchayats at the village, block and district levels in the ratio of 70:15:15 respectively. An amount of Rs.2095 crore has been allocated during 1998-99 (BE) for JRY. Against a target of 396.66 million man-days during 1998-99, a total of 190.28 million man-days were generated up to November 1998 with an expenditure of Rs.1244 crore.

(e) *The Employment Assurance Scheme (EAS)* has been universalised so as to make it applicable to all the rural blocks of the country. It aims at providing 100 days of unskilled manual work up to two members of a family in the age group of 18 to 60 years normally residing in

villages in the lean agriculture season, on demand, within the blocks covered under EAS. A sum of Rs.1990 crore has been provided during 1998-99 (BE). During 1998-99, a total of 237.61 million man-days have been generated under the scheme with an expenditure of Rs.1572 crore up to November 1998.

(f) *The Million Wells Scheme (MWS)* which was earlier a sub-scheme of JRY, is funded by the Centre and states in the ratio of 80:20. The objective of the MWS is to provide open irrigation wells free of cost to poor, small and marginal farmers belonging to SCs/STs and freed bonded labour. A sum of Rs.450 crore has been provided in 1998-99 (BE). Up to November 1998, a sum of Rs. 225.90 crore has been incurred during 1998-99 and 49821 wells were constructed.

(g) *The National Social Assistance Programme (NSAP)* recognises the responsibility of the Central and state governments for providing social assistance to poor house-holds in case of maternity, old age and death of bread earner. NSAP is a centrally sponsored programme with 100 per cent central funding to the States/UTs that provides benefits under its three components viz., (i) National Old Age Pension Scheme (NOAPS); (ii) National Family Benefit Scheme (NFBS); and (iii) National Maternity Benefit Scheme (NMBS). On the basis of suggestions made by the Central Advisory Committee on NSAP, the Government has since approved changes relating to enhancement in the rate of benefits for NFBS and NMBS. A sum of Rs.700 crore has been provided for the above three components of NSAP in 1998-99 (BE).

(h) *The Swarna Jayanti Shahari Rozgar Yojana (SJSRY)* which came into operation from 1.12.1997, sub-summing the earlier urban poverty alleviation programmes viz., Nehru Rozgar Yojana (NRY), Urban Basic Services Programme (UBSP) and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUEP). The scheme aims to provide gainful employment to the urban unemployed or underemployed poor by encouraging the setting up of self-employment ventures or provision of wage employment. It is being funded on a 75:25 basis between Centre and the states. It comprises two special schemes i.e. The Urban Self-Employment Programme (USEP) and the Urban Wage Employment Programme (UWEP). The scheme gives a special impetus to empowering and uplifting the poor women and launches a special programme,

namely, Dev in urban ar poor women are eligible cost. During crore was SJSRY. A provided in crore has 30.11.1998

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namely, Development of Women and Children in urban areas under which groups of urban poor women setting up self-employment ventures are eligible for subsidy up to 50% of the project cost. During the year 1997-98, a sum of Rs.98.63 crore was released to States and UTs under SJSRY. A sum of Rs.189 crore has been provided in 1998-99 (BE) out of which Rs.64.59 crore has been released to twelve states till 30.11.1998.

(i) *Prime Minister's Rozgar Yojana (PMRY)* for providing self-employment to educated unemployed youth had been designed to provide employment to more than a million persons by

setting up of seven lakh micro enterprises in Eighth Plan. During the Eighth Plan, loan in 7.70 lakh cases were sanctioned and 5.76 lakh cases disbursed. The scheme is being continued in the Ninth Plan. Since inception of the scheme up to the programme year 1997-98, over 7.52 lakh cases have been disbursed. During 1998-99, 57527 cases have been sanctioned loans and 27533 cases disbursed by the end of October, 1998. A sum of Rs.110 crore has been provided in 1998-99 (BE).

The achievements of the special anti-poverty programmes are indicated in Table 10.10.

**TABLE 10.10**  
**Performance of Special Employment and Poverty Alleviation Programmes**

Programmes	(In lakh)					
	1996-97		1997-98(P)		1998-99(P) (upto Nov. 98)	
	Target	Achievement	Target	Achievement	Target	Achievement
<b>A. Programmes in Rural Areas</b>						
1. JRY- Mandays of employment generated	4141.4	4006.3	3864.9	3883.7	3966.6	1902.8
2. EAS - Mandays of employment generated	*	4030.0	*	4717.7	*	2376.1
3. IRDP- Families assisted	*	19.2	*	17.1	*	7.7
4. TRYSEM- Youths Trained	2.9	3.6	3.0	2.5	2.9	0.8
5. DWCRA- (a) Groups formed	0.3	0.4	0.3	0.4	0.6	0.2
(b) Membership	-	5.8	-	4.6	-	2.0
6. IAY-House Constructed	11.2	8.0	7.2	7.7	9.9	3.6
7. MWS- Wells Constructed	-	1.1	-	1.0	-	0.5
8. ARWSP- Habitation/villages	1.0	1.0	1.0	1.2	1.1	0.5
9. CRSP-Sanitary latrine	8.3	12.2	18.8	11.6	16.0	5.6
10. NSAP —						
(a) NOAPS- Beneficiaries	53.7	46.6	48.7	40.3	48.8	40.2
(b) NFBS- Beneficiaries	4.6	1.6	2.7	1.8	2.1	1.4
(c) NMBS- Beneficiaries	46.0	14.0	25.7	15.4	17.8	6.6
<b>B. Programmes in Urban Areas</b>						
1. NRY-(a) Families assisted	1.2	0.6	**			
(b) Mandays of employment generated	135.8	44.6				
(c) Persons trained	1.2	0.4				
<b>C. Other Programmes</b>						
1. PMRY -(a)Micro-enterprises @	2.2	2.2	2.2	1.8	2.2	0.3#
(b)Employment generated \$	4.4	3.2	4.4	2.6	4.4	0.4#
2.. SJSRY \$\$						
of which						
(i) USEP —						
(a) Beneficiaries					*	0.2##
(b) Persons trained					*	0.2##
(ii) UWEP- Mandays of employment generated					*	12.9##
<p>P Provisional. * Targets are not fixed. \$ Estimated @ 1.5 per case disbursed for the concerned programme years. ** Merged with SJSRY. @ Cases disbursed. \$\$ Came into operation from Dec., 97. # Up to Oct.98 ## As per report ending Dec., 98</p>						
Source: Ministry of Rural Areas & Employment and other concerned Departments.						

### Literacy and Education

14. Building on educational priorities set out in the National Policy on Education, 1986 as modified in 1992 and its Programme of Action, the National Agenda for Governance (NAG) has education amongst its highest priorities. The following educational agenda has been specifically identified:—

- Education for All – Free and compulsory primary education up to 5<sup>th</sup> standard and total eradication of illiteracy.

- Education of prioritised groups – girls, SCs/STs and Backward classes and educationally backward minorities.

- Access and quality – equal access and opportunity for all up to school stage and improvement of quality at all levels.

- Financing of education – increase in government and non-government spending on education, and bringing this up to 6 per cent GDP level.

In addition, the item on harnessing of youth power makes a specific mention of its involvement in the total eradication of illiteracy. The items dealing with Constitutional and Legal Reforms, and Information Technology have important implications for educational planning and management in particular.

15. In pursuance of the emphasis embodied in the National Policy on Education and reiterated in the NAG, several schemes have been launched by way of central intervention, primarily for meeting the needs of the educationally disadvantaged and for strengthening the social infrastructure in the sector. The important schemes by way of illustration are Operation Black Board (OB), Non-Formal Education (NFE), Teacher Education (TE), National Programme of Nutritional Support to Primary Education (NPNSPE) (Mid-day Meal Scheme), District Primary Education Programme (DPEP), Total Literacy Campaign (TLC), Community Polytechnics (CP), Shiksha Karmi Project (SKP), Area Intensive Programme for Educationally Backward Minorities (AIPEBM) and Integrated Education for Disabled Children, etc. Several resource institutions have either been strengthened/established to achieve the objectives of the NPE.

16. As per the report given by the National Sample Survey Organisation (NSSO), the overall

National figure for literacy has gone up from 52.2 per cent in 1991 to 62 per cent in 1997. The male literacy has gone up from 64.1 per cent to 73 per cent and the female literacy from 39.3 per cent to 50 per cent during the same period. The literacy percentage has also gone up substantially in some of the educationally backward states. Since independence, India has tripled its literacy (female literacy increased by five times).

17. The Gross Enrolment Ratio (GER) in the primary stage (classes I-V) increased from 42.6 per cent in 1950-51 to 89.7 per cent in 1997-98 and in the upper primary stage (classes VI-VIII) from 12.7 per cent to 58.5 per cent over the same period. The percentage of girls' enrolment to total enrolment has increased from 28.1 in 1950-51 to 43.6 in 1997-98 in the primary stage and increased from 16.1 to 40.1 over the same period in the upper primary stage.

18. The dropout rate of girls is much higher than that of boys at both the stages. The enrolment of SCs and STs has increased considerably at the primary stage. The share of enrolment of SCs has increased from 17.1 per cent in 1986 to 19.6 in 1993 at primary stage and from 14.7 to 15.6 over the same period at upper primary stage. Similarly, the share of enrolment of STs has increased from 7.8 per cent in 1986 to 9.1 per cent in 1993 at primary stage and from 5.1 per cent to 5.9 per cent over the same period at upper primary stage. Moreover, substantial increase in the share of girls' enrolment belonging to these communities has also taken place.

19. In order to improve the internal efficiency and minimum level of learning, at the school level, the Central government has taken three important initiatives since 1993, namely, Area Intensive Programme for Educationally Backward Minorities (AIPEBM), District Primary Education Programme (DPEP) and National Programme of Nutritional Support to Primary Education (NPNSPE) (Mid-Day Meal Scheme).

20. The government proposes to formulate and implement plans to gradually increase the governmental and non-governmental spending on education up to 6 per cent of GDP. Planning Commission has set up an Expert Committee to assess the current status of expenditure on education, both in public and private sector. The central plan allocation on education has been enhanced from Rs.3350 crore in 1997-98 (RE) to Rs.4245 crore in 1998-99 (BE). In order to

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initiate plan to implement the provisions of National Agenda for Governance, the current year's budget (plan and non-plan) provides for nearly 50 per cent increase i.e. from Rs.4716 crore in 1997-98(RE) to Rs.7047 crore in 1998-99(BE).

### Population and Family Welfare

21. An enhanced outlay of Rs.2489 crore has been provided for various programmes of Family Welfare in 1998-99 (BE) as compared to Rs.1829 crore in 1997-98 (RE) registering an increase of 36 per cent. Through various on-going family welfare programmes, government has been able to achieve a decline in fertility rate from 4.5 in 1981 to 3.5 in 1995. The crude birth rate (CBR) declined from 33.9 per thousand population in 1981 to 27.2 in 1997. The crude death rate (CDR) also declined from 12.5 to 8.9 per thousand population over the same period. As a result, the natural rate of growth of population further declined to 1.83 per cent in 1997 compared to 1.85 in 1996. The Eighth Plan target of CBR of 26 has been achieved by major states, except the States of Assam, Bihar, Haryana, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh.

22. The Reproductive and Child Health (RCH) programme has been introduced during the Ninth Plan. Under the RCH Programme, several new

schemes for improving quality and coverage of services are under implementation. The replacement of the system of setting contraceptive targets from above by decentralised planning based on community needs assessment has been well received in all parts of the country.

23. The Pulse Polio Immunisation has been continued for the fourth year during 1998-99 with the objective of eradicating polio. Two supplemental doses of oral polio vaccine were administered on 6.12.1998 and on 17.1.1999.

### Medical and Health Care

24. Central sector emphasis continues to be on control and eradication of communicable and non-communicable diseases like Malaria, Tuberculosis, Leprosy, AIDS, Blindness, Cancer, etc. and various programmes to this effect are being implemented with the World Bank assistance. Measures for upgradation of central and state levels organisations for drug quality control and food safety and strengthening of medical store organisations are also being undertaken. It may be observed from Table 10.11 that there had been marked expansion in infrastructure for health services since 1951.

25. An enhanced outlay of Rs.1195 crore including Rs. 50 crore for Indian System of

TABLE 10.11  
Expansion of Health Services

Item	(In numbers)						
	1951	1961	1971	1981	1992	1996	1997
1. Medical Colleges **	28*	60	98	111	146	165	165
2. Hospitals **	2694	3094	3862	6804	13692	15097#	NA
3. Dispensaries **	6515	9406	12180	16751	27403	28225#	NA
4. Community Health Centres @	0	0	0	217	2186	2572	2628
5. Primary Health Centres @	725	2565	5112	5740	20701	21917	22446
6. Sub-centres @	-	-	28489	51405	131370	134931	136379
7. Hospital beds(all types)**	117178	230000	348655	569495	834650	870161#	NA
8. Doctors **	61840	83756	151129	268712	395851	375291(P)	484401(P)
9. Dentists **	3290	3582	5512	8648	11300	23953#	NA
10. Nurses **	16550	35584	80620	154280	385410	565696	NA
NA	Not available						
*	Pertains to 1950						
**	As on December 31						
@	As on March 31						
#	As on 31.12.95						
P	Provisional						
Source : Ministry of Health and Family Welfare.							

Medicine and Homeopathy has been provided in 1998-99 (BE) as compared to Rs.918 crore in 1997-98 (RE). The Department of Indian System of Medicine and Homeopathy (ISM&H) has identified thrust areas namely improving the standards of education and strengthening the educational institutions, standardisation of drugs and quality control, enhancing the availability of raw material, information, education and communication, etc. Specialty clinics of Unani, Ayurveda and Homeopathy have been set up in major allopathic hospitals like the Ram Manohar Lohia Hospital and Safdarjung Hospital respectively.

### Development of Women and Children

26. The strategy of women's development comprises social and economic empowerment of women through attitudinal change towards girl child, and education, training, employment, support services and emphasis on women's rights and law. Similarly, for the child, various schemes to raise nutritional and early childhood care and pre-school educational status have been implemented. A provision of Rs.1226 crore has been provided in 1998-99 (BE) as against Rs.1026 crore in 1997-98 (RE), for implementation of various welfare schemes for women and children.

27. Under the scheme of Balika Samridhi Yojana launched on October 2, 1997 with a specific objective to encourage the enrolment and retention of girl child in the schools, the mother of a girl child born on or after August 15, 1997 in a family, below the poverty line in rural and urban areas is given a grant of Rs.500 besides a scholarship for education of the girl child when she attends school. 12 lakh girl children were benefited during 1997-98. A sum of Rs.60 crore has been provided in 1998-99 (BE) under the scheme.

28. The scheme for school drop-out adolescent in the age group of 11-18 year is being implemented in 507 blocks of ICDS projects. So far four lakh adolescent girls have been benefited. Six projects under Support to Training and Employment Programme (STEP) were sanctioned to benefit 53325 women during 1997-98. A sum of Rs.16 crore has been provided during 1998-99 (BE).

29. Under Indira Mahila Yojana (IMY) for empowerment of women, 28000 small

homogeneous women's groups were formed up to 1997-98. A sum of Rs.10 crore has been provided in 1998-99 (BE). The scheme of Mahila Samridhi Yojana (MSY) to inculcate habit of saving among rural women is being revised and merged into IMY to have an integrated package of 5 components including formation of viable women's group.

30. Under the scheme of Employment and Income Generating Training-cum-Production centres, partially funded by Norwegian Agency for International Development and Cooperation (NORAD), 178 projects were sanctioned to benefit 36095 women in 1997-98. A budgetary provision of Rs.18 crore has been provided in 1998-99 (BE) under this programme.

31. The Rashtriya Mahila Kosh (RMK) set up for meeting the credit needs of the poor women has sanctioned loan to 250312 women during 1997-98. Under the scheme of Short Stay Home for Women and Girls, there are 361 short homes running in the various parts of the country to benefit 10830 women. Since inception, 811 working women hostels have been sanctioned to benefit 56974 women for single, divorced, married and widowed women who migrate to towns and cities in need of employment.

32. For the welfare and development of the children, the Integrated Child Development Services (ICDS) scheme aims to provide an integral package of services of health check-up, immunisation, supplementary nutrition, referral services, pre-school education, nutrition and health education to children, pregnant women and nursing mothers. The scheme which started in 1975-76 on an experimental basis in 33 projects has been extended to 5614 centrally sponsored ICDS projects of which 4200 projects are now operational. The programme benefited 3.81 million expectant and nursing mothers and 21.0 million children under six years of age. A sum of Rs.603 crore has been provided in 1998-99 (BE). Apart from ICDS the other programme for child development are day-care centers for children below five years belonging to weaker sections of the society, Balwadi Nutrition Programme, Early Childhood Education and National Institute of Public Cooperation and Child Development.

### Welfare of Weaker Sections

33. The National Scheme for Liberalization and Rehabilitation of Scavengers aims to provide

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alternate dignified and viable occupation to each scavenger and his/her dependents. The scheme which was modified w.e.f. 1.4.1996, inter-alia, includes TRYSEM norms for training, release of central assistance direct to Scheduled Caste Development Corporation and adoption of cluster approach in the training and rehabilitation programme. The National Safai Karamchari Finance and Development Corporation set up in January 1997 provides loans for higher education to students from safai karamchari community besides providing assistance in self-employment ventures and technical and entrepreneurial skills.

34. The National Commission for Minorities, reconstituted w.e.f. 26.11.1996 to focus on effective implementation of 15 point programme for the welfare of minorities, has constituted a High Powered Study Committee for socio-economic conditions of minorities in India. The Central Government has raised equity share towards National Minorities Development and Finance Corporation from 25 per cent to 60 per cent.

35. The welfare of STs and SCs is being closely monitored by the state governments through the Special Component Plan (SCP) and Tribal Sub-Plan (TSP) with the support of special central assistance provided by the Central government. The consolidated achievements during the Eighth Plan (1992-97) had been 51.53 lakh ST families against the target of 49.78 lakh families. The target for 1997-98 was fixed as 10.97 lakh ST families out of which 9.86 lakh ST families were assisted. A target of 11.01 lakh families has been fixed for 1998-99 out of which 4.13 lakh ST families have been assisted up to 30.11.1998. On going schemes like pre-matric and post-matric scholarship and providing hostel facilities to SC boys and girls continued to be operative in 1998-99.

36. In addition to various schemes for the development and growth of welfare of disabled persons, a national centre for drug abuse prevention has been established. A sum of Rs.1539 crore has been provided in central sector plan during 1998-99 (BE) for various schemes of welfare of weaker sections of the society including minorities, persons with disabilities and others covered under Social defence.

## Housing

37. The Central government provide policy guidelines for housing programmes for various target groups and supplements the efforts of the state governments by implementing certain central sector/centrally sponsored schemes mainly for the benefit of urban poor.

38. A new National Housing and Habitat Policy 1998 has been formulated which was approved and laid before the Parliament on 29.7.1998. The objectives of the policy are to facilitate construction of 20 lakh dwelling units each year with emphasis on the poor. Out of 20 lakh additional houses, 7 lakh houses would be constructed in urban areas and 13 lakh in rural areas. HUDCO is expected to meet more than 55 per cent of the target i.e. 4 lakh units and the balance 3 lakh units per year will be met by other housing financial institutions recognised by the National Housing Bank, corporate sector and cooperatives.

39. A scheme of Night Shelter and Sanitation Facilities for the urban footpath dwellers is being implemented as a centrally sponsored scheme in the metropolitan and other major urban centres. 61 schemes benefiting more than 40000 footpath dwellers have been sanctioned by HUDCO as on 31.10.1998 in various parts of the country since April 1991. A sum of Rs.1600 crore has been provided as central outlay in 1998-99 (BE) for rural housing with a target to construct 923908 houses under the Indira Awas Yojana (IAY) in the current year. The existing housing programme of the IAY for construction of new houses free of cost for the target group below the poverty line comprising SCs/STs, freed bonded labourers and also non-SC/ST families will continue. In addition, a new component for upgradation of kutcha and unserviceable houses will be introduced.

40. The Government has promulgated an ordinance to repeal the Urban Land (Ceiling and Regulation), Act 1976 (ULCRA). It will be implemented in all Union territories and two states of Haryana and Punjab. This was aimed at speedy growth in sectors like housing and transport, land assembly, development and disposal of excess land would be facilitated. The Delhi Rent Act, 1995 was enacted for overcoming the shortcomings in the existing Rent Act but after taking into consideration various representations, the government decided to amend the Act to make it more acceptable and

encourage improvement in housing sector. Accordingly, the Delhi Rent (Amendment Bill) was introduced in the Rajya Sabha on 28.7.1998. The proposed Bill has again been referred to the Parliamentary Standing Committee on Urban and Rural Affairs.

### Water Supply and Sanitation

41. Due to rapid urbanisation and industrialisation, the challenge of providing basic amenities is mounting. Accelerated Urban Water Supply Programme (AUWSP) is aimed to provide safe and adequate drinking water supply facilities to the entire population of towns having population less than 20,000 (as per 1991 Census) in the country. As on 13.11.1998, water supply schemes had been approved for 286 towns in various states, which account for 13.3 per cent of the total number of towns having a population up to 20,000. Table 10.12 gives percentage coverage of population with drinking water and sanitation facilities in urban and rural areas. The Central budgetary provision has been enhanced to Rs.1727 crore in 1998-99 (BE) from Rs.1402 crore in 1997-98 (RE) for Rural Water Supply and Sanitation.

TABLE 10.12				
Population Covered with Drinking Water and Sanitation Facilities				
(Percentage coverage as on March 31)				
Item/Area	1985	1990	1995	1997 (Estimated)
<b>Drinking Water Supply</b>				
Rural	56.3	73.9	82.80	86.74
Urban	72.9	83.8	84.33#	90.62@
<b>Sanitation Facilities</b>				
Rural	0.7	2.4	3.59	6.37*
Urban	28.4	45.9	49.91#	49.32@
#	As on 31.3.1993			
*	With Government initiative under CRSP, MNP, JRY and IAY			
@	Tentative figure.			
Source :	Ministries of Rural Areas & Employment and Urban Affairs and Employment			

### Outlook

42. Human development remains at the core of our planning and on-going economic reforms. If the people are educated, skilled and more healthy, they can contribute more to economic development as well as benefit from it. Sustained efforts are necessary not only to improve the quality of services but also to reduce inter-regional and inter-sectoral disparities in human development. Along-with augmenting public efforts by increasing utilisation of Panchayati Raj initiative in local planning, monitoring and making use of available local and community resources, it is necessary to create an enabling environment for more private sector support and participation by the Non-Governmental Organisations (NGOs) in health care and education. The feasibility of rationalising user charges in the field of health, higher education, sanitation, water supply and other services for the people above poverty line on the basis of actual supply costs or at least actual operational costs needs to be pursued.

43. Employment generation and anti-poverty programmes have proliferated over the years. Each scheme is well intentioned but their multiplicity has led to needless duplication, high overhead costs, confusion at field levels and insufficient benefits to the people. Sustained efforts are necessary to unify these programmes under broad categories of Self Employment Schemes and Wage Employment Schemes for better management, evaluation and monitoring. Available resources need to be better targeted and effective safety nets designed for protection of weaker and vulnerable sections of the society who might be adversely affected in the process of economic development.

44. We need to reformulate an anti-poverty strategy that is fiscally sustainable and more finely targeted to those who truly cannot benefit from the opportunities offered by growth and economic reforms. Safety nets may focus on those who either cannot participate in the growth process (such as for reasons of extreme deprivation or vulnerability combined with poverty) or face continuing exposure to risks uncertainties of economic forces. Effective safety nets that insure rural poor against the income fluctuations, such as public works programmes need to be strengthened.



## GENERAL REVIEW

### Review of Developments

#### Macroeconomic Overview

Economic developments in India in 1998-99 have to be viewed against the backdrop of an exceptionally turbulent and unfavourable international economic environment. The year saw significant declines in the GDP of a number of East Asian Countries (over 15 per cent in Indonesia and 5-7 per cent in S. Korea and Thailand), continuing recession in Japan, severe financial crisis in Russia, unusual volatility in capital and forex markets of industrial countries, continuing drought in capital flows to developing countries and a sharp devaluation in Brazil in January 1999 as a result of capital flight triggered by continuation of unsustainable fiscal weakness. The extension of the East Asian crisis to countries in other continents ensured slowdown of world growth to less than 2 per cent in 1998 with little prospect of recovery in 1999. World trade growth also decelerated sharply, commodity prices fell and deflation affected much of the world economy. India was not wholly immune to these unfavourable developments.

2. The new, 1993-94 based GDP series recently released by the Central Statistical Organisation (CSO) shows that GDP growth decelerated significantly in 1997-98 to 5.0 per cent from 7.8 per cent in 1996-97 (Table 1.2a). The deterioration in growth was perhaps even worse, if one takes into account the fact that fully one percentage point of growth is attributed to the 20 per cent increase in real value added in the 'public administration and defence' sub-sector arising chiefly from pay increases to government servants. The economy recovered to an estimated

growth of 5.8 per cent in 1998-99. The recovery, from the cyclical downturn that started towards the end of 1996-97, would have been firmer but for the East Asian crisis and its effect on world import demand and on international capital markets. Domestic uncertainty arising from non-economic factors also played a role in slowing recovery. Inflation rose sharply during 1998-99, because of an exceptional spurt in prices of a handful of agricultural commodities. The pressure from this source has, however, begun to abate during the last quarter of 1998-99. The inflation rate which peaked at 8.8 per cent in late September dropped steeply from December to below 5 per cent in January. Average inflation for the whole of 1998-99 will, however, be higher than the 4.8 per cent registered in 1997-98.

3. The deceleration in the growth of India's exports (in US dollars) continued for the third year in succession and growth was negative for the first nine months of the year. Imports, on a BOP basis, have decelerated even more sharply, largely because of a decline in the prices of oil and other commodities, but also because of a slow down of non-DGCI&S imports. The current account deficit consequently fell from 1.6 per cent of GDP in 1997-98 to a projected 1.4 per cent of GDP in 1998-99.\* Total net capital inflows in 1998-99 are expected to be lower than in 1997-98 as a result of a deceleration in the private inflows. The decline in foreign direct investment (FDI) and commercial borrowing and outflow of portfolio investment by Foreign Institutional Investors (FIIs) had been only partly off set by the inflow under Resurgent India Bonds (RIBs). Despite these trends, foreign currency reserves (exclusive of gold and SDRs) continued to

\* All ratios to GDP are noticeably lower using the new GDP series because the new series estimates GDP levels about 9 per cent higher on average than the old series for years for which both series are available.

TABLE 1.1  
Key Indicators

	1995-96	1996-97	1997-98	1998-99	1995-96	1996-97	1997-98	1998-99
	Absolute Values				Per cent change over previous period			
Gross national product (Rs.thousand crore)								
At current prices	1089.8	1272.2 P	1413.2 Q	NA	17.1	16.7 P	11.1 Q	NA
At 1993-94 prices	913.8	988.3 P	1038.7 Q	1099.7 A	7.8	8.1 P	5.1 Q	5.9 A
Gross domestic product (Rs.thousand crore)								
At current prices	1103.2	1285.3 P	1426.7 Q	NA	16.9	16.5 P	11.0 Q	NA
At 1993-94 prices	926.4	999.0 P	1049.2 Q	1110.0 A	7.6	7.8 P	5.0 Q	5.8 A
Agricultural production(1)								
Foodgrains production (million tonnes)	180.4	199.4	192.4	195.3 P	-5.8	10.5	-3.5	1.5 P
Industrial production(2)								
Electricity generated (Billion, KWH)	379.9	394.5	420.6	329.4 #	8.4	3.8	6.6	6.6 #
Wholesale price index(3)								
Consumer price index for industrial workers(4)	319.0	351.0	380.0	429.0 @	8.9	10.0	8.3	15.3 @
Money supply (M3) (Rs.thousand crore)								
Imports at current prices (Rs. crore)	122678	138920	151553	132447 #	36.4	13.2	9.0	23.2 #
(US \$ million)	36678	39133	40779	31583 #	28.0	6.7	4.2	7.1 #
Exports at current prices								
(Rs. crore)	106353	118817	126286	101850 #	28.6	11.7	6.3	11.7 #
(US \$ million)	31797	33470	33980	24287 #	20.7	5.3	1.5	-2.9 #
Foreign currency assets (7)								
(Rs. crore)	58446	80368	102507	116515(8)	-11.5	37.5	27.5	13.7(8)
(US \$ million)	17044	22367	25975	27429(8)	-18.1	31.2	16.1	5.6(8)
Exchange rate (Rs/US \$) (10)								
	33.45	35.50	37.16	41.99(9)	-6.1	-5.8	-4.5	-11.5(9)

Note : Gross national product and Gross domestic product figures are at factor cost (new series with base 1993-94).

Q-Quick estimates; A-Advance estimates; P-Provisional; NA: Not available

- Index of agricultural production (of 46 crops, including plantations) with base triennium ending 1981-82=100.
- Index of Industrial Production 1993-94=100.
- Index with base 1981-82=100, at the end of fiscal year.
- Index with base 1982=100, at the end of fiscal year.
- Outstanding as on January 15, 1999 for 1998-99 and end of financial year for previous years.
- April 1, 1998 to January 15, 1999.
- Outstanding at the end of fiscal year.
- At the end of January, 1999.
- April-January, 1998-99.
- Per cent change indicates the rate of appreciation/depreciation (-) of the Rupee vis-à-vis the US dollar.

\* As on 30.1.1999 (Provisional).

@ Dec. 1998.

# April-December, 1998.



# **Not Quite, Not Enough: Financial Allocation and the Distribution of Resources in the Health Sector**

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Binayak Sen**

Bangladesh Institute of Development Studies (BIDS)

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# Not Quite, Not Enough: Financial Allocation and the Distribution of Resources in the Health Sector

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## I. Introduction

### *I.1 Setting the Agenda*

It would be misleading to give the impression that it is only direct health care provision that can promote sustained progress in health improvement. Yet, the factor that most directly related to health status and remain of prime importance in determining the health outcomes in a population is the practical effectiveness of the health care system. The World Bank (1993) reports that about one-third effect of economic growth on life expectancy comes through the poverty reduction and remaining two thirds comes from increased public spending on health.

In Bangladesh although considerable progress has been made so far in making provision for health care services to the people, field level information indicates that a meager 12 percent of the total health care used by rural people is delivered by the government health care facilities. The 88 percent is supplied by the private sector dominated by untrained or quack practitioners. More ominously, in the total health care share of the government sector has declined substantially over the past decade from 20 percent in 1984 to 12 percent in 1995 having adverse effect on the use of quality health care by the rural people with such effect being greatest on the poor, women, and the children. However, the situation could have been more intolerable had there been no government facilities in place (Begum 1996).

While supply-side limitation to provide required services may be responsible for this poor and deteriorating performance of the public sector in meeting health care needs of the people, also there are indications that these services lack adequate demand. The problems, vary between tiers of the service provision. The district hospitals generally are overcrowded with capacity unequal to demand. But facilities at lower levels are characterised by underutilization and this is mainly due to lack of people's confidence in the Upazila Health Complexes (UHC) owing to poor quality of care provided by them, inadequate supply of drugs and other necessary prerequisites for treatment, unhealthy and unprofessional attitudes and practices of the health care providers, poor managerial practices, unwillingness of doctors to serve in the rural areas giving rise to frequent absence of them in the health centres, etc. (GOB 1990; Begum 1988). A BRAC (1990) study has observed that doctors deployed in the countryside, unsupported in



isolated position are dangerously inexperienced and are of little real use.

Evidently, correction of this situation requires more resources and it hardly requires any mention that a poor country like Bangladesh will find it extremely difficult to devote the amount of resources that would be required to achieve results significantly better than that currently exists in the health sector. According to recent studies (Kawaine 1995; 1996) the massive efforts made to combat the problems of health sector including the \$ 640 million Fourth Population and Health Project is sufficient neither to meet future needs nor planned services.

This being the situation in most developing countries, a primary concern in all these countries including Bangladesh has been mobilization of resources for health sector. While increase in public sector expenditure is a way to improve access of the people to the health care services, it is not the only way to do so. Another alternative to do so or increase the sectoral efficiency is to ensure that the resources made available to it are put to the best possible use so that the best possible health results can be achieved. In other words, even without the increased public spending, efficiency of the sector in improving the health status of the people can be increased substantially through prudent intra-sectoral allocation and better management of the resources available. Thus, while the total health expenditure is important, the nature of expenditure too counts, and it counts sometimes even more in giving the poor and the needy an access to health care services (Rahman and Ali 1996).

## ***1.2 Objectives and Scope***

The present exercise seeks to examine the macro allocation of resources and resource flows to the health sector in Bangladesh (including intra-sectoral distribution of resources). This will facilitate our understanding of the nature of current resource use as well as help identify the potential opportunities for improving sectoral impact on health status. The paper also intends to examine the incidence of benefit of public expenditure on health that accrues to people of different economic strata with a focus on rural area.

The first part of the exercise viz., the review of financing health sector and the health sector spending will be carried out using macro level fiscal information as provided by the Ministry of Finance and the Annual Development Plan (ADP) documents published by the Ministry of Planning. It does not require any mention that data from these sources, at least in published form, are not readily available at suitable levels of disaggregation, restricting the scope of

analysis at desirable length. We, therefore, tried to dig some unpublished background data pertaining to Annual Development Plan (ADP) for examining the intrasectoral allocation issues. The first part is presented in Sections II. The second part indicating the incidence of benefit of public health expenditure is analysed using combined information collected from macro budgetary data and 62-village surveys carried out under the Analysis of Poverty Trends (APT) project of BIDS and is presented in Section III. Summary and concluding observations of the study are provided in Section IV.

## **II. Macro Review of Public Health Spending**

### **II.I Allocation of Resources to Health**

Allocation of resources to health can be judged from various angles. The indicator may be expressed as percentage of Gross Domestic Product (GDP), as proportion of total public spending measured in relation to revenue (current) and development (capital) expenditures; it is also useful to quantify it in terms of real per capita spending.

Data on the first indicator viz., on total health expenses including private, public, and NGO expenses are not available. This is primarily due to non-availability of the information on private or household expenses on health constituting major part of the total expenses. Yet, as an World Bank (1993) estimate indicates including public, household, and NGO expenses Bangladesh in 1990 has spent about 3.2 percent of the Gross Domestic Product(GDP) on health. The share has not changed much thereafter. The estimate available from the Bangladesh Bureau of Statistics (BBS) indicates similar figure for the same for 1994/1995 (Rabbani et.al., 1997, BBS, 1997). Thus, despite being poor as far as the Bangladesh's potential ability to devote more resources to health is concerned there seems some scope for it. According to World Bank (1993, Table-A8) report, India with real per capita income not much different from Bangladesh spent 6 per cent of the GDP to health in 1990, Nepal spent 4.5 percent, Sri-Lanka 3.7 percent, and China 3.5 percent.

However, although the household expenses on health is not known, public sector expenses for the same is known for recent years. Table I presents the percent of GDP spent on health in different years since 1980/81. As shown by the figures the share of publicly funded health in



the total GDP has been all along less than 1 percent. Throughout 1980s till 1991/92 the share was indeed around 0.6 percent with some year to year fluctuation. It then made a visible jump to a figure of nearly 0.8 percent in 1992/93, increasing further to 0.86 percent in 1993-94. The figure was same 0.86 percent in 1994/95.

As expected the expenditure on health (Table 2) is also very low in Bangladesh in per-capita terms. Indeed, as an estimate indicates (World Bank, 1993) as regards modern drugs, Bangladesh spends less per head of population than almost any other country. The per capita public spending on health in current price in 1994-95 is estimated to be only Tk.85 and was about Tk 14 in 1980-81. Thus, this has increased nearly by 6 times during the last 15 years. In constant price the situation is however, much less impressive. The real increase has been only in the order of two times. A detailed scrutiny of the trend reveals that in early years of 1980s viz., upto 1983, there has been no real increase in per capita public health expenses. In all these years it has been Tk. 22 (in 1984/85 constant price). It then rose to Tk. 24 in 1983/84 and, with some irregularity in trend, rose to Tk. 29 in 1991/92. In 1992/93 it made a big jump to Tk. 38 increasing further to Tk. 43 in 1993/94 and to Tk. 45 in 1994/95. Hence, as these figures too indicate, health sector expenses received a relatively increased attention in 1992-94 period. As other studies too noted, social sector as a whole received higher attention for resource allocation during that period (Sen 1996).

**Table 1**  
**Public Sector Spending as Percent of GDP**

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Year	% of GDP
1980-81	0.56
1981-82	0.58
1982-83	0.57
1983-84	0.59
1984-85	0.63
1985-86	0.56
1986-87	0.56
1987-88	0.61
1988-89	0.58
1989-90	0.59
1990-91	0.62
1991-92	0.60
1992-93	0.77
1993-94	0.86
1994-95	0.86

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Source: Various Statistical Year Books.



Table 2

**Estimated Per Capita Public Spending on Health (Actual)  
(Including Revenue and Development Expenditure)**

(in Tk.)

Period	At current price	At constant price (1984/85 = 100)
1980 - 81	14.4	22.0
1981 - 82	16.3	22.5
1982 - 83	17.7	22.5
1983 - 84	22.0	24.5
1984 - 85	26.3	26.3
1985 - 86	25.5	23.2
1986 - 87	30.0	24.6
1987 - 88	35.2	26.8
1988 - 89	36.2	25.6
1989 - 90	40.4	27.3
1990 - 91	47.6	29.3
1991 - 92	49.2	29.1
1992 - 93	64.2	37.9
1993 - 94	76.3	43.1
1994 - 95	84.7	45.3

Source: Estimated from Expenditure figures quoted in Chowdhury and Sen and Population Figures in BBS Statistical Yearbook.

In Bangladesh the institutional delivery of health care services<sup>1</sup> almost solely lies in the hands of the government. Organised private sector plays a negligible role for this, and that too is limited to few large metropolis only. Hence, the public sector expenses on health is the major determinant of the growth of the health care facilities as well as quality of health care services in the country.

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<sup>1</sup> health care delivery institutions refer to formally organized/managed health care centres, clinics, hospitals etc.. The (private) chamber of individual doctors has not been considered as institution.

As shown in Table 3, whatever expenditure is made by the government in a year taking revenue and development expenditures together, roughly 3 to 4 percent of it is spent on health. During the first half of the eighties the public expenditure on health showed an upward tendency. During 1980/81 the health sector share in the total expenditure figure was 3.4 percent. This rose to 5.5 percent in 1984-85. After 1985 viz. during the later half of the eighties the share declined again, and much less than 4 percent expenditure was made on health during 1985/86 to 1990/91. This may be the initial expenditure-reduction effects of structural adjustment that was carried out in those years. In early 90s, the expenditure on health increased again albeit only to reach a figure of 4 percent. The share of health sector in revenue expenditure is noticeably more than that in development expenditure. During 1980s and early 90s health sector's share in revenue expenditure varied between 5 to 7 percent. The corresponding figure in development expenditure varied between less than 1 to 3 percent.

An over time comparison indicates that both revenue and development expenditures on health increased during the first half of the 1980s, the figure for the former reaching a level of 7 percent, and for latter the about 3 percent in 1984/85. Both the shares declined in the second half of the 1980s, but the drop was more marked in case of development expenditure (from just 3 per cent in 1982/83 to 1 per cent in 1989/90, the figure was less than 1 percent during 1986-88). It is striking that the share of health sector in development expenditure has been kept at a very low (1 per cent) level through out the later half of the eighties -- a period roughly coinciding with the initial years of structural adjustment<sup>2</sup>. The situation improved somewhat during the early years of 1990s, a period coinciding again with ESAF<sup>3</sup>. During 1990/91 to 1992/93, for instance, public health expenditures in both revenue and development budgets increased. However, the overall level on both counts still remained below the level achieved during 1983/84-1984/85.

Note that the somewhat encouraging trend observed for development expenditure during the brief spell of 1991-93 could not be sustained subsequently. By 1993/94, the matched figure dropped substantially to 1.3 per cent. This has happened primarily due to the fact that the government has withdrawn substantially from the health development expenditure in those years although project aid for the same increased (Table 5).

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<sup>2</sup> Note that the SAF--Structural Arrangement Facility supported by the World Bank and IMF spanned roughly between the period 1987 and 1990.



In short, despite some signs of improvement and recovery during particular spells, the record of the entire decade preceding 1993/94 (the last year for which data are available) was dismally poor in terms of sectoral allocations for health, and this cut both revenue and development expenditure; the trend of decline was more pronounced in case of development (Table 3).

The public health expenses in absolute amount underscore some of these features more clearly (Table 4). In 1984/85 constant price, the health expenses increased during 1980-85 period. It was Tk.197 crore in 1980/81 and Tk.256 crore in 1984/85. It then declined substantially during 1985-87, increased again in 1987/88 and declined in 1988/89. Since 1989/90 it had been making a monotonic increase, the progress being quite pronounced during the 1991/92 to 1993/94 period. The pace of progress, however, has evidently slowed down by 1994/95. It seems that the quantum increase in revenue expenses recorded in 1992/93 was largely an outcome of rescaling of the national pay scale in that year.

Interestingly, the two categories of expenditure – revenue and development did not moved in the same direction. The revenue expenses on health seem to be the privileged category: it increased steadily in real terms during 1980-95 (with the exception of 1988/89). The increase was spectacular during 1992-94, with some decline in 1994/95. In contrast, development expenses on health (in 1984/85 constant price) had experienced a decline throughout the 1980s till 1991/92 (Table 4). Note that even in current prices, the development expenses showed no clear trend during that period. The situation changed for better in this respect as real development expenditures for health increased in the subsequent period starting from 1992/93 by a considerable margin.

The distribution of the health sector expenditures into revenue and development expenditures reveals that during 1975-83 the weight of these two types were almost equal in the total public expenditure. Subsequent to that, the situation changed dramatically: from 1983/84 revenue expenditure started outgrowing its "development" counterpart. This tendency persists till 1992/93 when the share of revenue expenses had been 74 percent and that of development 26 percent. This is probably due to the fact that increased development activities with a lag put pressure on revenue expenditure as well, since recurrent costs of the facilities created thus is to be borne under the revenue head by the Government. Since 1992/93 the share of revenue expenditure in total public health expenditures showed a declining trend and as of 1994/95

it stood at 62 percent with development expenditure being 38 percent (Table 5). Thus, although both revenue and development expenditures during 1992-95 period made an upsurge, the increase in latter was relatively more. Indeed, as noted before the revenue expenses on health in 1994/95 declined in real term but increased substantially in case of development expenditure (Table 4).

As mentioned before, GOB represents the major provider of resources in the health sector. While it is responsible for the entire revenue expenditure, it supplies the substantial part of the development expenditure too. Assuming that the actual development expenses from government and external sources have been proportional to the allocation made under this heads, as the estimates indicate, during the entire period of 1980-82, when the development expenditure had been around 45 percent of the total expenditure, about three-fourth of it was borne by the Government. Thus, in total 89 percent of the expenses on health during that period originated from the Government. The remaining 11 percent was in the form of project aid (PA) originating from the sources outside Government. During 1982/83 to 1991/92 which roughly includes the period of Structural Adjustment about 66-74 percent of the total expenses was in the form of revenue expenditure which has been the responsibility of the Government. In addition, it supplied about half or little more of the development expenses making the government share in the total expenses again about 89 percent, with 11 percent being from external sources. Only since 1992/93 the external sources started making greater contribution to total expenses on health. It was about 16 percent in 1992/93, 19 percent in 1993/94, and about 25 percent in 1994/95. Thus, during the period of entire 1980's till 1991/92 the project aid played a minimal role and major supplier for public health expenditure has been domestic sources.



**Table 3****Public Expenditure on Health (Actual)**

Year	% of Expenditure made on health		
	Total	Revenue	Development
1980-81	3.4	6.1	1.9
1981-82	3.7	5.7	2.4
1982-83	3.8	4.9	3.0
1983-84	4.3	7.0	2.6
1984-85	5.5	7.1	2.7
1985-86	3.8	5.2	2.3
1986-87	3.6	6.3	.9
1987-88	3.8	6.4	.8
1988-89	3.4	5.2	1.0
1989-90	3.4	5.4	1.0
1990-91	3.6	5.5	1.1
1991-92	4.0	5.6	1.9
1992-93	4.6	6.4	2.2
1993-94	4.0	6.7	1.3

Source: Chowdhury and Sen (1997).

Table 4

Public Expenses as Health in current and Constant price (1984/85 = 100)  
(Tk. in crore)

Period	Total Expenses		Revenue Exp.		Development Exp.	
	Current price	Constant price	Current price	Constant price	Current price	Constant price
1980-81	129.22	197.0	68.07	103.8	61.15	93.2
1981-82	149.25	205.8	80.03	110.4	69.22	95.5
1982-83	167.07	212.8	93.18	118.7	73.89	94.1
1983-84	209.65	233.2	138.84	154.4	70.81	78.8
1984-85	256.43	256.4	163.42	163.4	93.01	93.0
1985-86	260.96	237.6	182.85	166.5	78.11	71.1
1986-87	304.11	249.5	227.95	187.0	76.16	62.5
1987-88	364.22	277.6	275.92	210.3	88.30	67.3
1988-89	382.04	270.3	295.58	209.1	86.46	61.2
1989-90	434.86	293.3	332.37	224.2	102.49	69.1
1990-91	521.95	321.8	368.02	226.97	153.93	94.9
1991-92	549.29	325.0	405.56	240.0	143.73	85.0
1992-93	730.39	431.6	515.24	304.5	215.15	127.1
1993-94	887.38	500.9	603.40	340.6	283.98	160.3
1994-95	1005.21	537.9	628.38	336.2	376.83	201.6

Source: Current Price is taken from Ministry of Finance; Grants and Appropriation (different volumes) and factors for adjusting the current price for constant price are taken from the Bangladesh Bureau of Statistics.



**Table 5**

**Distribution of Total Expenditure on Health into Revenue and Development Expenditure and the Share of Government and Project Aid (PA) in the Development Allocation**

Year	Distribution of total Expenditure		Distn. of Development Allocations into	
	Revenue	Development	GOB	P.A.
1975-76	49.0	51.0	-	-
1976-77	50.3	49.7	-	-
1977-78	49.5	50.5	-	-
1978-79	55.4	44.6	-	-
1979-80	54.9	45.1	-	-
1980-81	53.0	47.0	.76	.24
1981-82	54.0	46.0	.76	.24
1982-83	56.0	44.0	.67	.33
1983-84	66.0	34.0	.67	.33
1984-85	64.0	36.0	.46	.54
1985-86	70.0	30.0	.43	.54
1986-87	75.0	25.0	.70	.30
1987-88	76.0	24.0	.56	.44
1988-89	77.0	23.0	.53	.47
1989-90	76.0	24.0	.38	.62
1990-91	70.0	30.0	.47	.53
1991-92	74.0	26.0	.56	.44
1992-93	70.0	30.0	.47	.53
1993-94	68.0	32.0	.41	.59
1994-95	62.0	38.0	.37	.63

Note: Distribution of expenditure during 1975/76-1979/80 is based on allocation and for remaining years it is based on actual expenditure.

## II.2 Nature of Health Expenditure

As noted before, increase in public expenditure is but only one way to ensure better access to public health care. A careful expenditure strategy needs to be devised to harness the better results.

The economic-cum-functional classification of the health expenditure reveals that during 1975/76 to 1984/85 nearly 60 percent of the total health expenditure was "current" in nature, i.e., refers to consumption expenditure involving expenses on wages, salaries, commodities and services (Table 6). The remaining 40 percent was for acquisition of fixed capital assets. In the second half of 1980s when structural adjustment was underway and development expenditure declined substantially, as high as three-fourth of public health expenditures fell under the "current" category, and only one-fourth was in the nature of capital spending. There has been again some change in the composition during the first half of the nineties (corresponding to ESAF, spanning 1990-1994) with the share of capital expenditure rising to one-third of the total public health spending.

Thus, historically, the major part of the health expenses has been to meet the operating cost of the sector and a smaller part devoted to creating the new capacities and/or acquiring the capital assets, having much bearing on the quality of health care services.

Table 6

### Economic-cum-Functional classification of the Health Expenditure

Period	Current Expenditure	Capital Expenditure
1975/76 to 1979/80	57.3	42.7
1980/81 to 1984/85	57.0	43.0
1986/87 to 1989/90	74.4	25.6
1990/91 to 1993/94	63.8	36.2

Source: BBS, Statistical Yearbooks (various years)



### *II.2.1 Distribution of Revenue Expenditure*

A component-wise break-up of health revenue expenditure further clarifies the point just made (Table 7). In the revenue expenditure, expenses on pay and allowances of the health personnel and establishment represent the largest item; the share of this item increased consistently over the years since 1975. During 1975-80 the relative share of this item viz., expenditure accountable for "pay and allowances" claimed about 50 percent of total revenue expenditure. While it rose slightly to 54 percent in the early eighties, the matched figure jumped to as high as 65 per cent during 1986-90 period and remained at that level over the first half of the nineties.

Another area showing continuous expansion in share in the revenue budget is the civil works meant for repair and maintenance. Its increase particularly from 1.2 percent during 1986-90 to 5 percent during 1990-95 is remarkable. In sharp contrast, the relative share of expenditure on medical and surgical requisite (MSR) including drug/medicines, and, other expenses referring to expenses on gas, water, electricity, transport, tax, telephone etc. including diet for the in-house patients has declined. The MSR expenditure during 1980-85 was about 23 percent of the total revenue expenditures but it got reduced to 16 percent in 1990-95, indicating a decline by a margin of one-third. Similarly, the share of "other" expenses was 21 percent during 1980-85 but it reduced to half of that in early 1990s. Hence, over the years, material support and logistics for health care having much implication for the quality and efficacy of care got increasingly marginalized. This is consistent with the field level complaints that one can hear about the deteriorating quality of health care in the public sector<sup>4</sup>.

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<sup>4</sup> In recent years, successive news reports came out in the press that described the deteriorating conditions of curative health care in a large number of district and thana level hospitals (see, for instance, special reports on hospitals in the major Bengali daily *Bhorer Kagoz* in 1997).

Table 7

## Component-wise Break-up of Health Revenue Expenditure

Components	1975/76 to 1979/80	1980/81 to 1984/85	1986/87 to 1989/90	1990/91 to 1994/95
Pay and Allowances	50.0	53.8	64.9	65.8
Medical & Surgical Requisite (MSR)	20.4	23.0	17.3	16.5
Other Expenses (including diet)	27.3	21.0	14.0	10.4
Grants	1.8	1.5	1.6	2.0
Civil work	-	.8	1.2	5.3

Source: Ministry of Finance: Grants and Appropriation.

Indeed, these items having some vital importance for the quality of health care have received least (and declining) attention in all the facilities dispensing health care to the people. The revenue expenses made by Thana, District, and Medical College Hospitals too have indicated this feature (Table 8). In all these outlets of health care delivery, the relative expenses on water, gas, vehicle, electricity, etc. including diet for in-house patients declined substantially while expenses on salary and allowances (particularly those for establishment) increased over the past decade.<sup>5</sup>

On the whole, what can be safely concluded is that resources relevant to some of the important dimensions of quality of health care services experienced a decline over the past decade in all the major health care facilities in the country. In contrast, the component of salary and allowance of health personnel has claimed an ever increasing share of the current spending<sup>6</sup>

<sup>5</sup> Note that MSR expenses in these facilities are allocated separately from the overall MSR allocation made at the national level. The principle of allocation of this fund is discussed later.

<sup>6</sup> One may argue that some increase in the salary and allowance of the health personnel was necessary to provide incentives. However, we are here talking of a situation whereby



Table 8

**Component-wise Break-up of Revenue Expenditure of Thana  
and District Level Health Care Facilities  
and Medical College Hospitals**

Components	Thana Health Complex	
	1986/87 to 1989/90	1990/91 to 1994/95
Salary of the officer	9.6	9.2
Salary of the staff	40.3	44.2
Allowances	40.0	38.9
Other Expenses	10.1	7.7
All	100.0	100.0
	District Hospitals & Dispensaries	
Salary of the officer	13.8	14.6
Salary of the staff	28.3	31.8
Allowances	32.3	32.7
Other Expenses	25.6	20.9
All	100.0	100.0
	Medical College Hospital	
Salary of the officer	10.9	9.9
Salary of the staff	23.4	26.9
Allowances	30.4	36.9
Other Expenses	29.2	26.2
All	100.0	100.0

Source: Ministry of Finance, Grants and appropriations

### *II.2.2 Nature of Development Expenditure*

The information provided in this subsection is not based on *actual* expenditure but on allocation made in the *revised* Annual Development Plan (RADP) of the Ministry of Planning.<sup>7</sup> The picture based on RADP data, as generated below, may thus understate the severity of the problem.

the issue of appropriate mix of wage and non-wage components of current spending was ignored altogether. The mix disproportionately changed in favour of paying salaries rather than providing access to medicines and/or lab-tests which cannot but have an adverse impact on the quality of health care. This explains why in many primary health facilities one finds an acute shortage of medical supplies.

<sup>7</sup> Actual estimates of development expenditures at desired level of disaggregation are notoriously difficult to obtain from the existing sources.

A component-wise break-down of the health project costs of the 1994/95 RADP shows the construction component to be the single most important item, claiming the largest share of development projects (Table 9). About 33 percent of the development budget is spent directly on construction and civil work, while another 3 percent is spent to procure and develop land for the construction purpose. Hence, construction related expenses represent about 36 percent of the total development expenditure. Another 20 percent is spent in salary and allowances, training, consultancy, tax/duty, and research and evaluation purpose. An equal amount is represented by the category of 'miscellaneous fund' which primarily meets the expenses relating to cost overruns. Set against these, cost of procuring equipment, vehicle, furniture, ambulance and the likes, would amount to only 14 percent. The matched figure for the drugs/vaccine supply is even less (11 percent). Thus, in total at most a quarter of the total project costs of the health sector is spent on items which influences greatly the quality of health care.

Further break-down of development project costs into various components by different levels of health care indicates a sharp difference among them (Table 10). Construction accounts for only about one-fourth of the total project costs under primary health care, followed closely by that earmarked for drugs and vaccines supply (19%). Understandably, all preventive care being under development budget, a large part of the cost incurred for drugs and vaccines supply under the primary health care project would represent vaccine cost and the cost for other preventive medicines. This is not the case with respect to secondary and tertiary health care. The share of construction in total project costs represents 60 and 47 per cent, respectively, for them. In contrast, drugs and vaccines supply account for a meager 1-2 per cent (Table 10). In tertiary health care project, equipment, furniture, vehicle, ambulance and similar items constitute a major part of the total cost (34%).



**Table 9**

**Major Component-wise Break-up of Projects Costs of  
the Health Sector Included in 1994/95 RADP**

Component	% of total costs
Pay & Allowances	7.0
Construction/Civil work	33.20
Land/Land development	2.81
Equipment/furniture etc.	13.78
Training	4.03
Consultancy	1.84
Drug/Vaccine Supply	11.0
CDVAT	5.18
Research & Evaluation	1.06
Miscellaneous	20.10
Total	100.00

Source: Project Documents of the Planning Commission.

**Table 10**  
**Major Component-wise Break-up of Project Costs included in 1994/95**  
**RADP under Different Programs of the Health Sector**

Component	Programs		
	Primary health	Secondary health	Tertiary health
Pay & allowances	5.0	1.5	2.8
Civil work/constr.	23.8	47.1	39.7
Land/Land dev.	1.3	13.2	7.6
Equipment etc.	6.7	16.8	33.6
Training	3.4	-	.3
Consultancy	2.7	-	-
Drug/vaccine	19.1	2.1	.9
CDVAT	2.7	13.1	11.1
Research/Evaluation	1.4	-	-
Misc.		-	

Source: Project Documents of the Planning Commission

### II.3 Resource Distribution into Different Levels of Health Care

Considering thana health complexes and union dispensaries providing primary health care services to the (rural) people as primary level of health care, district level hospitals and dispensaries providing curative care and referral services as secondary<sup>8</sup> one, and specialized hospitals and institutions as the tertiary facilities, one can derive the distribution of revenue expenditure into these different levels of health care. The results are presented in Table 11.

<sup>8</sup> This classification is, however, not perfect, as all these facilities provide primary health care as well.



Table 11

**Revenue and Development Expenditures by Levels of  
Health Programmes**

Expenditure/ period	Levels of Health Care/Programmes		
	Primary	Secondary	Tertiary
<u>Revenue Exp</u>			
1975/76-1979/80	22.1	n.a	n.a
1980/81-1984/85	28.4	n.a	n.a
1986/87-1989/90	45.3	5.6	16.3
1990/91-1994/95	40.6	5.5	15.4
Development Allocation (revised)			
1980/81-1984/85			
	54.6	12.2	7.0
1985/86-1989/90	60.6	17.8	5.7
1990/91-1994/95	51.0	11.0	6.8

Source: estimated from itemwise breakdowns given in Ministry of Finance; Grants and Appropriation (Non-development), and programmes of the health sector given in ~~Revised~~ Annual Development Plan.

In commensurate with the national objective of health sector to place greatest emphasis on primary health care to make health care services affordable and accessible to all, the revenue expenditure focused mostly on primary health care. Encouragingly, it not only has drawn more resources but its share over the years has increased substantially. During 1975-80 about 22 percent of the revenue expenditure was on primary health care, in 1986-90 this rose to 45 percent. In the years after 1990, the share has declined by 5 percentage points but yet remained above 40 percent of the total. The continual expansion of primary health care facilities in the rural area is responsible for this. The revenue expenditure on secondary health is about 5-6 per cent of the total expenses while expenses on tertiary health care represent about 15-16 per cent. Thus, the expenditure on secondary level of health care facilities which

have the additional responsibility of providing referral services is least of all. However, the allocation in favor of primary health care is even more pronounced in the development budget. During first half of the eighties, about 55 per cent of the ADP allocation is made for the projects meant for primary health care. The share rose by another 5 percentage point during the second half of the eighties. In the first half of the nineties, it fell down substantially although remained more than 50 per cent (51%). Thus, taking both revenue and development expenditures, primary health care stands out as the greatest beneficiary.

An emerging feature of the health expenditure in recent years is that the expenses on health care delivery networks viz., primary, secondary, and tertiary health care facilities in general declined. Service delivery in general is getting lesser priority than before in the overall expenditure design.

#### **II.4 Distributive Principle for Medical & Surgical Requisite (MSR) and Diet Allocation**

As regards the provision of food or the diet of the patient in the hospital, currently Tk.30 per patient per day is allowed. Given the price level in the country, this allocation for financing three meals a day for each patient is clearly inadequate. Hence, although it is being often alleged that the pilferage, leakage, wastage, and misuse of food are responsible for poor quality and insufficient quantity of diet supplied in the hospitals, the basic allocation indeed has remained at a level which is deficient and irrelevant to the need to begin with.

Again, this allocation for patient's food is done irrespective of the location and the nature of the hospital viz., it is same for a patient in Upazila hospitals, in Dhaka Medical College Hospital located in the capital city and in Cardio-Vascular Disease Hospital. Thus, for urban-rural price discrimination as well as for special food requirement for the patients in specialized hospitals, the allocation may prove further insufficient in the urban and tertiary level health care facilities.<sup>9</sup>

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<sup>9</sup> This explains why one observes the wide practice of "bringing food from outside" to meet the patient's food need which is done privately in violation of the stipulated hospital practices.



It may be worth mentioning that the allocation for medical and surgical requisite (MSR) is done on the basis of the number of beds available in a health care facility and takes no account of the out-patients load. Hence, all the Thana Health Complexes which are mandated to have 31 bed hospitals get the same MSR allocation, even though they may differ in bed utilization rate as well as in the number of out-patients receiving health care. Thus, the current allocation principle may not be the appropriate one to rely upon in deciding what proportion of MSR is to be allocated to individual health facility operating at a given level.

When one considers the allocation of MSR funds across different levels, the following picture emerges. All medical colleges and specialized hospitals get at the rate of Tk. 20,000 per bed per year; the district level hospitals get at the rate of Tk. 18,000 per bed per year, while the corresponding figure for the THCs is Tk. 10,500 per bed per year. The allocation for other facilities (such as ward level urban dispensaries, school based clinics, etc) is made on a "per institution" basis. The urban dispensaries get at the rate of Tk. 70,000 each per year, school health clinics too get at the above rate. The Union Health and Family Welfare Centres gets at the rate of Tk. 40,000 each per year. The Central Medical Store gets a thumb allocation of 20 percent of the total fund for buying equipment, machinery and other capital goods.

Based on the allocative principle as described above, a rough estimate of the distribution of MSR allocation can be made. This is done for the fiscal year 1997-98 (Table 10). Note that precise estimates cannot be done as the bed number in different health care facilities is not known. For what it is worth, the table shows that the district hospitals, medical college hospitals, and the specialized hospitals taken together claim the largest share of the MSR fund. This is not unexpected since majority hospital beds in the country fall under these. Together they consume about two-third of the annual MSR allocation. On the other hand, THCs and UHFWCs which take care of the primary health care in the rural areas get only 17 percent of the MSR fund. The situation with respect to urban dispensaries (operating at municipality ward level) and school health clinics is even worse in this (and, perhaps, in every other) respect: the matched share being less than 1 per cent.

An idea about the inadequacy of the MSR fund allocated to different Thana Health Complexes may be obtained from an indirect estimate. At the rate of Tk. 10,500 per patient per year, a THC with 31 bed hospital gets Tk. 3,25,500 on this account. If one assumes 100 per cent bed utilization rate in a THC, then per (indoor) patient per day MSR allocation would be around Tk. 29. It rises to Tk. 38 if utilization of bed is in the order of 75 per cent (which is,

perhaps, a more realistic bottom line in the current situation). To remind it again, this estimate has not considered outdoor patients who are far more greater in number and make claim on the same MSR fund as the in-patients.

The emerging message is disturbing and it underlines that actual per patient allocation is meager by any standard. There is a genuine shortage of supply over and above the problems of pilferage, leakage, and misuse of the medical and surgical requisites at the local as well as higher level. It is being observed that the supply of medicine available in thana level hospitals is actually able to meet only one-third of the demand for it (Rahman and Ali, 1996).

**Table 12**

**Distribution of MSR Funds into Different type of Facilities**

Type of Facilities	% of total
THC (400)	11.8
UHFWC (1367)	5.0
Central Medical Store	20.0
Urban Dispensaries	.2
School Health Clinic	.2
District level, Med. College. & Specialized hospitals	62.8

Note: estimated from 1996-97 MSR allocation and number of facilities as existed in 1996

**II.5 Distribution of Resources to preventive Care**

In order to improve the health status of the people particularly in developing countries where infectious and parasitic diseases dominate the morbidity scenario, preventive health care possesses an especial importance. Such care provided through appropriate community level interventions can reduce to a large degree the prevalence/incidence of these diseases in a population and this is cost-effective as well than the management of these maladies through



the curative services. The preventive care thus constitutes a definite element of primary health care as envisaged in the Alma-Ata conference.

In Bangladesh prior to 1980s, mainstream activities in this regard has been the control of epidemic diseases; such as, malaria, small pox, etc. From 1980s, with the control of these diseases, focus has shifted to the control of childhood diseases through EPI, diarrhoeal diseases prevention, education programmes on nutrition, health, hygiene, etc., with recent area of addition being AIDS prevention.

Table 13 presents the ADP allocations to preventive care and the revenue expenses made for this purpose over the last two decades. Prior to 1980, the control programmes of epidemic disease used to claim about 8 percent of the total revenue expenses of the health sector. But after the effective control of malaria and small pox through parallel health programmes (which were under the revenue budget) was abandoned in the 1980s, the revenue expenses on this count dropped sharply. It was less than 3 percent during first half of 1980's, and about 2 percent in 1985-90, with expenses being really negligible in 1990-95 (0.14%). During 1980's and early 1990's, the expenses under this head is made only for quarantine services installed in different entry points of the country such as in the air ports, border check posts, etc..

Since 1980, the preventive health programmes became primarily the affairs of development programmes for health. The proportion ADP fund allocated to this has been about 13 percent in 1980-85 and 25 percent in 1990-95, thus increased nearly by two times over the last 15 years.

This increasing emphasis on preventive health care while is an encouraging trend, yet, the fact remains that taking the total revenue expenses and development allocations together, health sector as of 1990-95 devoted no more than 8 percent of the resources to preventive care. Considering the fact that still three-fourth morbidity burden of the country originate from infectious and parasitic diseases which can be effectively prevented through appropriate interventions, the resource allocation between preventive and curative care indicates a relative negligence for the prevention of diseases in the country.

Table 13

Percent of Revenue Expenses and ADP Allocations  
made to Preventive Care

Period	% Revenue Expenses	% ADP Allocations (revised)
1975/76 - 1979/80	7.9	n.a
1980/81 - 1984/85	2.7	13.4
1985/86 - 1989/90	2.2	23.3
1990/91 - 1994/95	.14	25.3

Source: Ministry of Finance; Grants and Appropriation (non-development) and Revised ADP of the Planning Commission

## II.6 Allocation of Resources to Non-allopathy Medicines

Although at policy-making level non-allopathy branches of medicines such as, Homeopathy, Unani, Ayurvedi, etc. were given importance to improve the health care system of the country particularly in the rural area (see Five Year Plan Documents) they are yet to find adequate place and recognition in the health sector. Over the last two decades these medicines have even remained unable to acquire the status of a line item for resource distribution in the health sector (Table 14). Some resources from budget are made available to them from the head "Grants in Aid", and during the last 2 decades resources thus made available to them never reached even 1 percent figure. The ADPs of the country too, incorporate no noteworthy programmes for the development of non-allopathy medicines. Hence, for all practical purposes, they have remained a marginal sector and incorporation of them in the mainstream health care delivery has remained an unrealized and unattended goal.



**Table 14**

**Percent of Revenue Expenses made for  
Non-allopathy Medicines**

Period	% expenses
1975/76 - 1979/80	0.1
1980/81 - 1984/85	0.6
1985/86 - 1989/90	0.9
1990/91 - 1994/95	0.6*

\* it has not included expenses during 1994/95

## **II.7 Other Features of Health Expenses**

Delivery of effective and adequate health care services in Bangladesh is handicapped not only by severe shortage of resources but by the shortages of trained health personnel and support services. As of 1995 there were 15 doctors and 12 nurses for 100,000 population indicating that Bangladesh while suffers in general, from non-availability trained personnel, has quite extraordinary dearth of trained nurses.

However, the revenue expenses made for "medical colleges" and other training schools and institutions which produce trained manpower in the country reveals that the expenses on them (medical colleges, not on medical college hospitals) over the last two decades have declined substantially (Table 15). It was about 7 percent in 1975-80, declined to 3.3 percent during 1985-90 and remained stable thereafter. It is noteworthy that this decline has occurred in spite of increase in the number of medical colleges. In 1975 there was only 8 medical colleges, 9 in 1985, and rose to 13 in 1995. While one of the reasons for this decline in expenses on medical colleges may be the expansion of health sector, particularly in the area of primary health care, yet the fact remains manpower development during this expansion has not received needed attention. In other words, this has not kept pace with the expansion made in the health sector.

The development allocation is also reflective of this situation. The ADP allocations made for the programmes for production and training of different categories of health manpower was 18 percent during 1980-85. But, subsequently, in second half of 1980's it declined to 8 percent. The situation improved somewhat in the early 1990's but remained still less than the level of early 1980's. The ADP allocation during 1990-95 was 12 percent for manpower development.

As regards manpower development, an important thing to note is that in the health manpower development personnel other than doctors have received very little attention. During the last decade, only about 1 percent of the revenue expenses was earmarked for them.

As has already been noted, the share of medical and surgical requisites (MSR) with direct bearing on the quality of health care in revenue expenses has been very inadequate. The ADP allocation for the purpose too is not encouraging. The investments or the programmes relating to production, procurement, supply of drugs, biologicals, and other necessary supplies constituting support services represented only 5.5 percent of the total ADP allocation to health during 1980-85 period. It increased slightly to 7 percent during the second half of 1980's, and to 9.5 percent during early 1990's (Table 16). Thus, although there has been an increasing trend in ADP allocations for support services over the last two decades, the relative share of it in ADP has been less than satisfactory. However, one point to take note in this connection is that increasing allocation for support services in the subsequent ADPs may be the resultant effect of enhanced emphasis on preventive care which almost entirely is the responsibility of development programmes. The curative services may benefit relatively less from this increased allocation to support services.



**Table 15****Expenses/Allocation for Medical Colleges and  
other Training Schools/Institutions**

Period	Revenue Expenses		Development Allocation*
	Medical college	Other Tr. schools	
1975/76 - 1979/80	6.9	n.a	n.a
1980/81 - 1984/85	4.6	n.a	18.8
1985/86 - 1989/90	3.3	1.2	8.3
1990/91 - 1994/95	3.3	1.2	12.1

\* to manpower Development

Source: Ministry of Finance; Grants and Appropriation and Revised ADP Planning Commission. of te

**Table 16****ADP Allocations for Support Services**

Period	% allocation
1980/81 - 1984/85	5.5
1985/86 - 1989/90	7.2
1990/91 - 1994/95	9.5

Source: Revised ADP of the Planning Commission

### III Distributional Implications of Public Health Spending

#### III.I Who Benefits from Public Health Spending: A Static Benefit Incidence Analysis

Whether, and to what extent, social expenditures have been able to reach the poor still remains an unresolved question. The average allocation figures say nothing about the rural trend, not to mention the more important issue as to what happened to the access of the rural poor to such services. This section throws some light on this issue.<sup>10</sup>

##### III.I.I Measurement Issues

The key objective of the analysis is to evaluate the extent to which public expenditures on health benefit poorer groups in *rural* Bangladesh.<sup>11</sup> The assessment is based on an "benefit incidence analysis" of health expenditures in 1994.<sup>12</sup> However, a comprehensive review of the benefit incidence requires that the analysis should consider the simultaneous determination of the entire tax and expenditure system, employing the government aggregate subsidy to health as one of the parameters of the system. Such data are not available to support the analysis. Hence, the focus is made on the redistributive impact of government expenditures in a partial equilibrium framework. The purpose of the analysis is to see how the "gross" benefits from government spending (such as health) are distributed across the various income (expenditure) groups. The analysis will help to address the issue of re-orientation of public spending.<sup>13</sup>

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<sup>10</sup> The discussion presented in this section draws heavily on Chowdhury and Sen (1997).

<sup>11</sup> The exclusion of urban focus is due to the lack of representative survey data capturing the household "use" of public educational and health facilities in urban areas.

<sup>12</sup> Several studies have applied this analysis earlier in other country contexts. See, Van de Walle et al (1994), Hammer et al (1992), Seldon and Wasylenko (1992), Dayton and Demery (1994), Hausmann and Rigobon (1993).

<sup>13</sup> The analysis requires information on utilization of public services by different groups of beneficiaries suitably classified by per capita income (expenditure). Such information are often not available from conventional household surveys, and hence, some special purpose surveys (such as a hospital beneficiaries survey) are usually required. Given the scope, the study will mainly use whatever information available from the



To measure the direct income benefit from public health programs, two types of data are needed. The most difficult part is to get fiscal information by required level of disaggregation. Gross allocations on health facilities in *rural* areas have been estimated from the macro budgetary data. Only revenue expenditures have been considered for the estimation of health subsidies. These are "higher bound" estimates of subsidy benefits since no allowance is made for cost recovery. Besides, rural/ urban breakdown of public health budget does not exist, at least in readily available form. The calculation of public health expenditures in rural areas takes into consideration some budgetary items which are not earmarked for exclusive rural use. Altogether, five items have been considered for public health expenditure analysis as applied to rural areas: hospital and dispensaries, mental hospital, epidemic control, health center, and upazilla (thana) hospital. The inclusion of some of the non-rural health facilities such as district hospitals is valid on the ground that many of the rural patients (suffering particularly from major illnesses) also make use of such facility, as indicated by the household surveys.

Information on household "use" of public health services is measured from the unpublished primary survey data such as those collected by the poverty monitoring project of BIDS (using the recent 1994 round of survey of 62 villages). Here the relevant indicator at the household level is the number of annual visits of household members to government health facility. The survey-based figure of average annual visits per rural person has been used to approximate the total visits to government health facility by rural population, as recorded in 1994. Combining this information with macro budgetary data, one can estimate the "gross" subsidy per (rural) visit to government health facility.<sup>14</sup> Once the estimate of subsidy per health visit is known, one can calculate the total amount of benefits accruing to various income decile groups using survey information on the utilization of public health facility by each group.

There are at least two ways of assessing the redistributive effect of public health spending in the short term. The first consists of evaluating the distribution of spending (i.e., how much of the total public expenditure is received by each income decile). The second consists of determining what proportion of each decile's income is represented by public spending on

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existing household surveys on the use of public services.

<sup>14</sup> This is estimated to be taka 211 in 1994.

health. The progressivity or regressivity of government social expenditures can be analyzed from both perspectives. The two criteria may not necessarily yield the same result. For instance, it is possible that the bottom two deciles receive less than 20 per cent of the total spending on health. However, this transfer can represent, in terms of its income, a larger share than the share received by the most affluent decile. We have considered both perspectives in forming opinion about the effectiveness of public health spending in terms of its impact on equity.

### *III.1.2 Results*

The above observations broadly characterize the distribution of benefits from public health expenditures as well. We shall only focus on the additional moments revealed in the incidence analysis as applied to rural public health.

*First*, as per the current pattern of utilization of public health facility in rural areas, the highest benefit is received by the fifth income decile (having 17.8 per cent of total transfers). Households located at the top income decile receive slightly higher amount of benefits compared with the poorest income decile (13.6 vs 12.8 per cent). However, the emerging pattern is generally pro-poor (Table 17). The 62-village survey of BIDS conducted in 1994 showed the proportion of rural population living in poverty to be in the order of 52 percent (Rahman et al, 1996). Accordingly, the share of rural poor in the total stream of benefits from public health spending would be about 57 per cent which is much higher than the matched figure observed for income distribution (i.e., 22 per cent).



Table 17

**Rural Income Distribution and the Distribution of the Benefits  
from Government Expenditures on Rural Health: 1994**

(Annual figure in taka)

Per capita income decile	Percent of income	Percent of benefits from public spending on rural health
1	1.94	12.88
2	3.25	8.86
3	4.11	12.22
4	5.64	3.67
5	6.05	17.84
6	6.91	8.13
7	9.50	8.62
8	12.63	6.87
9	17.38	7.27
10	32.59	13.64
Total	100	100

Note: Public spending on health considered here includes only current expenditures.

*Second*, the importance of public health access is particularly revealing for the poorest income decile. The latter account for only 2 per cent of rural (private) income, but has 13 per cent of total health benefits. *Third*, a comparison of the relative proportion of public and private health expenditures indicates that benefits through public health still cover only a small part of the health care demand (Table 18). This is true even for those who are virtually cut off from the qualified private health care facility such as those provided by the trained doctors and private health clinics.<sup>15</sup> The public component varies from 8 to 36 per cent of private

<sup>15</sup> The choice for the most of the rural poor is between public health care and traditional (including untrained) practitioners, while the option for the rich ranges from inpatient facility in public health centers to having the ability to access the service of qualified private doctors. On the issue

health expenses for different groups of the rural poor (deciles 1-5). This also show the potential benefits associated with effective expansion of public health programs in rural areas. The extreme poor households currently allocate 7-10 per cent of their income to cover private health expenses which is a sizable burden by any reckoning.<sup>16</sup> If this burden can be relieved through greater targeting and provision of public health care, this would have substantial poverty alleviating effect.

*Fourth*, certain progressivity is discernible in the distribution of rural public health care. Benefit from the latter source, as proportion of per capita income, is found highest for the poorest (2.9 per cent) which declines almost secularly to 0.2 per cent in case of the top two deciles.

The above results derived under the static benefit incidence analysis as applied to health sector are based on the assumption that unit costs for obtaining public health services are the same for the various income levels. This is hardly satisfactory, given the often high transaction costs involved in getting access to public health care, costs which are likely to be higher for the poor than the non-poor. Besides, one should also take into account the quality differential in the service provided by public health bodies to different socio-economic status (SES) groups, including the difference between poor and non-poor groups. The latter may be measured in terms of waiting time, adequate attention of doctors, differential access to inpatient and outpatient facility, access to medical tests, etc. The results relating to certain progressivity in the distribution of benefits from public health spending in rural areas thus needs to be calibrated by taking these transaction costs and quality factors into consideration. The results from the survey conducted on the beneficiaries of rural health centres under the present study amply demonstrate the relevance of these left-out factors. To these we shall now turn.

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of general health access in rural areas, see Begum (1996).

<sup>16</sup> This is just one aspect of the income erosion, The other, more critical, aspect of it lies in the acute vulnerability of the poor households to sudden and unanticipated health related shocks, leading to the loss of income and employment, and increased indebtedness. Health related shock represents important determinant of the downward mobility along the poverty spiral. On this, see Sen (1996).



Table 18

Public and Private Health Expenditure Incidence by Per Capita  
Income Decile in Rural Bangladesh: 1994

(Annual figure in taka)

Decile	Per Capita	Per Capita	Per Capita	(2) as %	(3) as %	(3) as %
	income	private health expenditure	public health expenditure	of (1)	of (1)	of (2)
	(1)	(2)	(3)	(4)	(5)	(6)
1	1693.58	173.50	48.71	10.2	2.9	28.0
2	2911.38	202.19	33.51	6.9	1.2	16.6
3	3678.96	208.29	46.20	5.7	1.3	22.2
4	4457.10	170.80	13.87	3.8	0.3	8.1
5	5361.35	187.40	67.46	3.5	1.3	36.0
6	6352.07	205.56	30.75	3.2	0.5	15.0
7	7930.18	194.14	32.59	2.4	0.4	16.8
8	9986.57	251.23	25.97	2.5	0.3	10.3
9	14291.59	297.74	27.50	2.1	0.2	9.2
10	26915.58	626.57	51.66	2.3	0.2	8.2
All	8317.66	251.11	37.82	3.0	0.5	15.1

Source: Calculated from Macro Budgetary and Primary APT Data

Note: Public health spending includes only current expenditures

#### IV Summary and Concluding Observations

The present analysis of the financial allocation and distribution of resources in the health sector including an assessment of incidence of benefit of public health expenditure that accrues to rural people of different strata led to several important observations.

As observed, the proportion of GDP spent on health is relatively low in the country. Taking public and private expenses together this is little over 3 percent of the GDP while former is not even 1 percent of it. The per capita spending on health too is very small. It is only about US\$ 2 per annum. However, following the practices of other developing countries such as Nepal, India, and China, Bangladesh inspite of having low income base can devote more resources to health.

Taking revenue and development expenditure together, roughly 3 to 4 percent of the government expenditure is spent on health. During the period of structural adjustment in the second half of 1980's this share got reduced further, with adverse effect being more pronounced on the development allocation. The ADP allocation to health during those years reached a negligible 1 percent or a figure lower than that. Hence, alike many other developing countries, the economic adjustment programs of Bangladesh too have rendered an adverse effect on health particularly on the development expenditure of this sector.

Historically, the major part of the health expenses is spent to meet the operating cost of the sector. Only a smaller part is devoted to creat new capacities and/or acquiring capital assets. More importantly, over the last 20 years the operating costs in terms of salaries and allowances of the officers and staff has been increasing pushing the other expenses down. The most affected heads in the process are: (a) medical and surgical requisites (MSR), and (b) expenses on other items most of which fall under the logistic support including diet for the in-house patients. All outlets of health care delivery, such as, Thana Health Complex (THC), District Hospitals and Dispensaries, and Medical College Hospitals have undergone these changes in expenditure pattern. Analysis of the development budget too indicated that they are the minor items of expenditure. Only about one tenth of the ADP budget is allocated for drugs and vaccine procurement while another 14 percent for purchasing ambulance, vehicle, furniture, equipments etc.. The major item of expenditure in ADP is construction and related matters to it.

Indeed, an emerging feature of the recent public health expenditure is that the delivery of health care services in general, including primary, secondary,



and tertiary levels of care, have been getting lesser priority. The share of expenses on them in the nineties has declined.

In commensurate with the national objectives, primary health care is getting priority for resource distribution. The secondary health care is relatively neglected for this. But for smooth functioning of the referral system which is the linch-pin of the primary health care approach, secondary health care requires balanced development.

Preventive health care has remained another neglected area in the health sector. Presently, it is taken care of entirely by the development budget and no more than 8 percent of the total public health expenses is spent on this. Given the country's disease pattern of mortality and morbidity dominated by infectious and parasitic diseases, prevention of diseases presumably deserves more attention. Yet, a caveat is that a perceptible transition in disease pattern in the country may not take place till poverty is alleviated substantially. Many of the diseases people suffer from originate primarily from impoverished and unhygienic life and living of the poor people viz., they are intricately interrelated with poverty.

Manpower development also has not received appropriate attention it deserves. Revenue expenses on medical colleges and other training institutions/schools including development allocation for projects designed for the development of manpower has declined substantially over the last two decades. Particularly neglected in this regard has been the development of auxiliary manpower referring to lower level health personnels other than MBBS doctors. Only about 1 percent of the revenue expenses is earmarked for them. Hence, it is not by chance that the country has extra-ordinary dearth of nurses or the quacks/untrained practitioners dominate the rural private health care. Thus, development of health manpower in the country while should keep pace with the expansion of the sector, it should give adequate attention to the development of all categories of manpower too required for a sound public health delivery system. While doing so it should also address the need of the private sector as well. It is being estimated that even if existing public health facilities function in full capacity, government health care facilities can not satisfy more than one-fourth of the health care needs of the rural people. Thus, meeting health care needs of the rural people will continue to depend much on the private sector and supply of trained manpower is precondition for efficient functioning of this sector.

The non-allopathy medicine for all practical purposes is yet a marginal sector. They are still not a proper line item for claiming resource from the health budget and receive fund from the 'grants in aid'. Since, substantial number of people use them and they also can be employed to meet health care

needs of the people it is desirable that they are recognized and brought under the mainstream health care package.

However, as the public health expenditure pattern of the country indicates, the largest chunk of it is spent on the curative health care based on allopathy medicine and most of these expenses are again spent to meet the operating costs only. Acquisition of assets, building new capacities, support services, drugs and medicine supply, manpower development have been experiencing not only relative neglect but getting increasingly marginalized too in drawing resources which possess much importance for the quality of care.

Another issue viz., the current allocative principle of the government for distributing national MSR (medical and surgical requisite) budget for facilitating the supply of medicine and other requisites for surgical activities also requires reconsideration. At present, it is distributed to different outlets on the basis of number of beds available and pays no attention to the bed utilization, size of the population or the volume of outdoor patients it serves. Hence, current principle ignores a significant part of the reality which determine greatly the ultimate supply of medicine to the patients. However, that the issue of medicine supply requires an urgent attention is evident also in a per capita estimate of MSR budget. It is being observed that even if we allow for 100 percent honesty, the per person MSR allocation for indoor patients with 1996-97 budget stands at around Tk.29 only in a 31 bed Thana Hospital (assuming 100 percent utilization). As noted above, this allocation in reality is even lower as outdoor patients claim on this budget. The present allocation for medicine therefore, is an allocation for allocation sake only.

The current allocative principle for the diet as well requires reconsideration. At present, per patient per day allocation for food is Tk.30 only and this is uniformly fixed for all hospitals across the locations and types. It thus, has considered neither the rural-urban price discrimination nor special food requirement for patients in the specialized hospital. However, a proper diet policy for the hospitals while requires an upward revision of the current absolute amount, requires also accomodation of at least, special food requirement of the patients.

Finally, it is to note that the public health expenditure in the country is pro-poor viz. the poor derive more benefits from this expenditure than the richer section does. Hence, an increased expenditure on health in the country is desirable on two counts. While its pro-poor nature will help the alleviation of poverty, it will help the process of economic development also through the health status of people.



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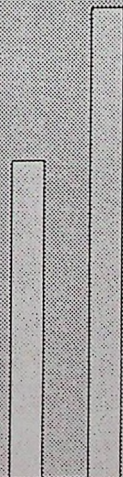
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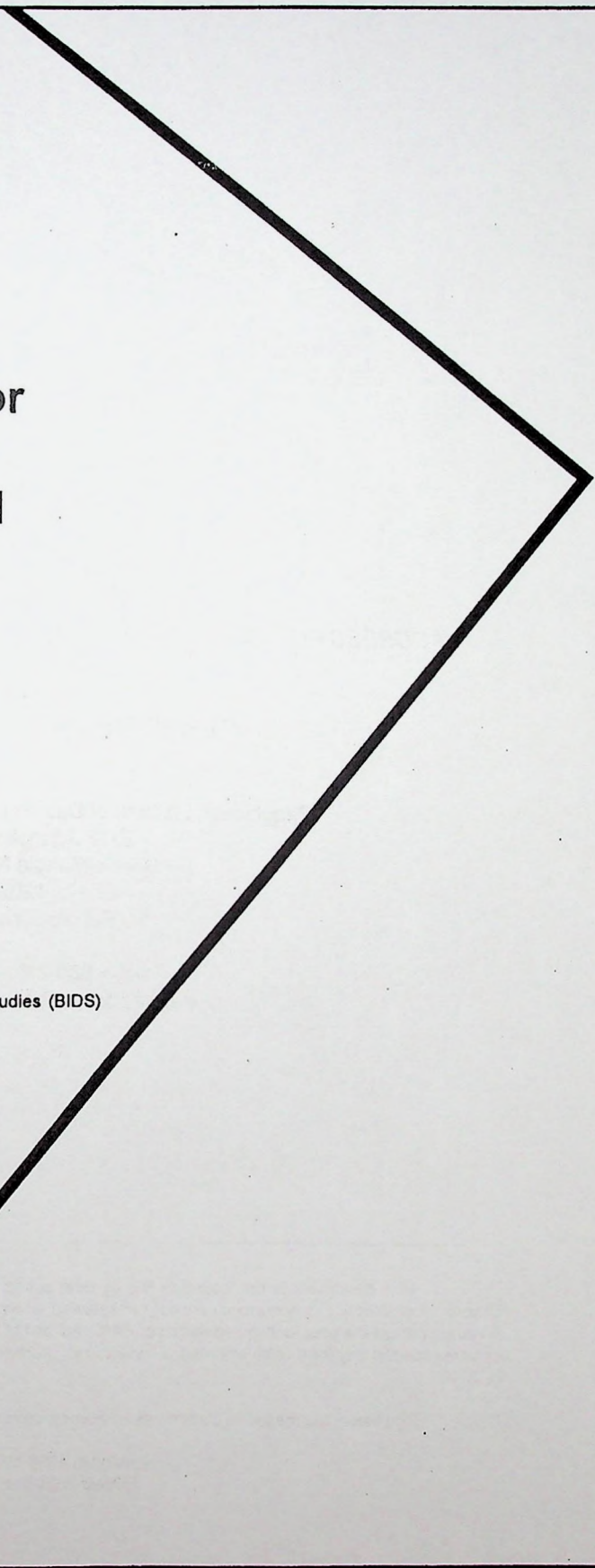
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**Methodology for  
identifying the  
poorest at local  
level**

by

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## I. Do the poorest warrant specific analytical and *policy* focus?

Why should the poorest specially matter, as distinct from the concerns about the state of poverty in general? Should the poorest be helped out first or should the poor still get priority as a "second-best" choice? Are the extreme poor capable of responding to the policy interventions, be they in the area of growth promotion, micro-credit or public health? These are some of the questions that provide the rationale for undertaking a study on methodology for identifying the poorest.

### *Early poverty thinking on some images of the poorest*

The poor are not homogeneous. A sharp division exists among the poor, by age, sex, ethnicity, region, occupation, shelter, land, education, health, even clothing. The gap between the poor and the poorest has long been a source of policy concern. As early as 1840, Antoine Buret, the French economist, wrote about the need for constructing the "tableau of poverty" along with the physiocratic "table of wealth". Firmin Marbeau, who wrote one of the earlier treatises on pauperism in nineteenth century France, was particularly concerned about the state of the poorest, by saying that "in a well-governed State, poverty must not degenerate into indigence. It is in the interests of the rich as much as of the poor that this should be so" (Procacci 1991).

Writing about the livelihood conditions in Faridpur in 1910 Bangladesh, J. C. Jack noted that the population seems to be divided into four categories: in comfort, below comfort (but above hardship), above indigence and indigence.<sup>1</sup> While the first category roughly corresponds to the contemporary equivalent of "non-poor" (those staying above the poverty line, or what Jack termed as line of "Physical want"), that proportion stood at 49 per cent in 1910. The other three categories capture successive gradations of poverty: the matched proportions being 28, 18, and 5 per cent, respectively.<sup>2</sup> Jack was keen to observe that these distinctions are robust to various socio-economic criteria and not derived under income/expenditure-based measures alone. His methodological position, stated over 80 years ago, is worth quoting in full because of contemporary relevance:

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<sup>1</sup> J. C. Jack's study was the first of the kind on the well-being and poverty in India under Raj, based on income and expenditure survey data. The study was finished a week before his untimely death in 1915 during the first world war. It provided insights into a number of areas. Here we discuss the aspects relevant to the present discussion only.

<sup>2</sup> The average income per head (in 1910) was calculated at rupees 60 for those "in comfort", rupees 43 for those "below comfort", rupees 34 for those "above want", and rupees 27 for those "in want".

"For easy comprehension ... four classes were adopted, representing varying material conditions between comfort and actual want, to one of which each family was allocated. The classification was not made upon figures of income or expenditure, but always upon an inspection of the family and the family circumstances in its own homestead. Only such families as were well-housed, well-fed, well-clothed according to the evidence of the eye were permitted to be classified as living in comfort. By such a safeguard it was intended that the method of enquiry should be thoroughly practical, avoiding anything academic or mechanical, but ensuring accuracy by concomitant statistical investigation (Jack 1916)."

The gap between the poorest and the rest is often difficult to quantify in the income dimension, given the very nature of existence of the former, often as socially excluded beyond the pale of routine social exchange. As J. C. Jack noted, while in the average the statistical "figures of income probably represent correctly the facts", the income of the indigent families is "often so precarious and so largely made up of charity as to be impossible of exact calculation". Here qualitative impressions, or imagery, may be more useful.

The imagery of poverty, as reflected in the literature, is often instructive in deepening understanding of poverty. Images help to cross-check statistics. Such imagery can be of help in forming an idea about who the poorest are. To quote one such depiction by Somerset Maugham:

"It was the peasant, terribly emaciated, with nothing to cover his nakedness but a rag round his middle the colour of the sun-backed earth he tilled, the peasant shivering in the cold of dawn, sweating in the heat of noon, working still as the sun set red over the parched fields, the starveling peasant toiling without cease in the north, in the south, in the east, in the west, toiling all over the vastness of India, toiling as he had toiled from father to son back for three thousand years when the Aryans had first descended upon the country, toiling for a scant subsistence, his only hope to keep body and soul together."

Several aspects stand out from the above passage: chronic starvation and hunger, severe deprivation (even in terms of minimum clothing), drudgery, barely persisting at or below subsistence level, poverty carried over successive generations. We shall examine some of these aspects later, as part of discussion on "poor-identifying indicators".

Jack's study noted considerable differentiation among the poor. Some of the latter displayed "poverty only in the quality of their houses and their clothes", while for others it was a clear case



of undernourishment.<sup>3</sup> Added to this was the heterogeneity in occupation, with "weaver working desperately for a subsistence in a declining market, the anxious fisherman with a precarious catch" and "petty trader with his uncertain profits" and "the rude unskilled labourer earning when in work far more than his simple needs require". It follows that occupation deserves special attention in the subsequent examination of indicators. Another aspect that stands out is the emphasis of Jack's study on the gender dimension to poverty and vulnerability:

"With few exceptions, those families which will be found in chronic need in any Eastern Bengal village will on enquiry prove to be either widows left with a family of young children or old people who are past work and who have no relatives to support them".

In short, many of the currently in vogue concepts of poverty (some of which will be discussed in the paper) can be traced back to earlier thinking on poverty in Bengal and can be of help to develop relevant indicators for poverty monitoring and policy choices.

#### *Differentiation statistics*

Poverty trends show little change over the 80 years since J. C. Jack wrote his book. According to his estimates, 51 per cent of the rural population in Eastern Bengal (Faridpur) lived in absolute poverty in 1910; the matched figure for 1994 obtained from the 62-village survey of BIDS is estimated to be 52 per cent. The lowest two categories in Jack's classification correspond to the category of extreme poverty ("above indigence" and "indigence") and represented 22.3 per cent of rural population in 1910. In 1994, the matched figure was 22.5 per cent. Despite the difficulties in making comparisons over such a long period, the extent of similarity in poverty situation is striking.<sup>4</sup>

The existence of extreme poverty (defined in the dimension of income/ expenditure) can be verified through three major measurement approaches: using information on calorie consumption (so-called direct method), using data on income/ expenditure (so-called indirect

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<sup>3</sup> Jack could easily see the difference between income-poverty and other dimensions of poverty, a point came to be recognised in the poverty literature only in the recent period.

<sup>4</sup> In contemporary definition, "extreme poverty" cut-off mark corresponds to per capita daily intake of 1805 calories, while that for "moderate poverty" relates to the intake level of 2112 calories (unless otherwise mentioned this is the definition followed throughout the paper). Both the types form sub-groups of absolute poverty. Note that J. C. Jack's classification is also based on certain implicit minimum consumption norms, as we read: "The Famine Commission, in considering the daily subsistence, took three-quarters of a ser (1 and 1/2 lb) per head of husked rice as the amount required to keep a family of a cultivating classes physically fit". But, Jack was more sensitive to asset and other non-income dimensions in ascertaining the level of poverty in a household than many of the researchers doing poverty studies today.

method), and directly asking households to self-classify themselves into poor/ non-poor categories (so-called qualitative method). These approaches often give contradictory trends (across time or space) and opinions vary as to which one to be used.<sup>5</sup> Here we are mainly interested to note that all three approaches point to the large magnitude of extreme poverty.

The unpublished data for the most recent HES (1995/96) allow to construct poverty estimates by the *direct calorie intake* method. Following this approach, one may identify several layers among the poor. BBS, for instance, considers two extreme poverty lines: one corresponds to 1805 calories per day per person (i.e., about 85 per cent of the absolute poverty line of 2122 calories per day per person); the other line corresponds to 1600 calories per day per person (i.e., about 75 per cent of the absolute poverty line). Despite the arbitrariness involved in ascertaining the two extreme poverty lines, it relays an alarming message.

The proportion of population failing to meet the 1805 calorie norm in rural area is as high as 24 per cent; the matched figure for urban area is still higher (27 per cent). Even if one takes 1600 calories per day person as the cut-off mark for severest poverty, the proportion of rural population living below that line would be 14 per cent (15 per cent for urban area). The weight of extreme deprivation in the aggregate poverty is alarmingly high. Thus, as a proportion of total rural poor in 1995/96, rural extreme poor population was as high as 52 per cent; again, rather strikingly, the corresponding weight for urban area is even higher (57 per cent).

The same trend emerges when one considers income/ expenditure survey data. A BIDS survey of a nationally representative rural sample of 62 villages provides a recent estimate of rural poverty measured in the income space.<sup>6</sup> It reveals that about 52 per cent of the rural population lived in absolute poverty in 1994. This poor population is divided into two distinct groups--moderate poor (29 per cent) and extreme poor (23 per cent). In other words, in 1994 about 44 per cent of the poor population fell into the category of the poorest and most vulnerable.

The above picture of wide gap between the poor and the poorest is also confirmed by the perception survey. According to the self-categorization of the respondents of the BIDS survey, in 1994 the number of rural households who lived in "chronic deficit" throughout the year was 19 per cent, while households facing "occasional deficit" stood at 32 per cent. This again shows

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<sup>5</sup> There is growing body of literature on the issue. For a Bangladesh-specific survey, see Ravallion and Sen (1996).

<sup>6</sup> Unless otherwise mentioned, the rural estimates of indicators presented in the paper relate to the 62-village data generated by the Analysis of Poverty Trends (APT) Project of BIDS. Such data are collected for three points in time, i.e., 1987, 1989/90, and 1994. We have used the 1994 survey data in this paper.



that the overall weight of extreme poor in total rural poor population is considerably high (37 per cent).

### *Chronic and transient extreme poverty*

Differentiation within the poor does not imply any lack of fluctuation in poverty. Panel data generated for other countries reveal considerable movement in and out of poverty, particularly between extreme and moderate poverty.<sup>7</sup> Bangladesh is no exception to this, as indicated by the 62-village panel data generated by the Analysis of Poverty Trends (APT) project of BIDS. To illustrate the point, one may refer to the movement of households in poverty between 1987/88 and 1989/90 (annex table 1). Three aspects merit attention here.

First, 42 per cent of the households classified as extreme poor in 1987/88 continued to persist in extreme poverty during 1989/90. They constitute 10 per cent of rural households in 1989/90, and represent the segment of *chronically* extreme poor with little chance to escape from even the net of extreme poverty.

Second, about a third of the households who were termed as moderate poor during the first survey slipped into extreme poverty by the second survey. Such slippage is often viewed as being stochastic in nature because of their association with temporary fluctuations in crop output under rainfed agriculture; but, this may not be true in other cases. The slippage may turn out to be of longer-term nature, as in the event of sudden death of a principal earning member, or some unanticipated crisis events involving damage of bullock power, ownership disputes leading to litigation, high social ceremony expenditures (raising dowry for daughter's marriage, for instance) or (frequently) health hazard-related risks which impose substantial coping costs not only on the poor, but also on the vulnerable non-poor.<sup>8</sup>

Third, the panel data show the considerable presence of transient extreme poverty: some 28 per cent of the extreme poor graduated to moderate poverty and another 30 per cent were actually able to cross-- at least for the given spell-- over the poverty line. This is an antidote to the pessimism often articulated in the development policy discourse regarding the alleged inability of "development" to reach out to people living in extreme poverty. But, again, the fact of movement in and out of extreme poverty should be calibrated by the fact that such movement itself may have been measured in narrowly defined space, i.e., current income (which is susceptible to annual fluctuation in the agrarian economy's context). Had we used more durable

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<sup>7</sup> For a recent summary of cross-country panel data, see Baulch (1996).

<sup>8</sup> The issue is discussed elsewhere in some details. See, Rahman (1995), Sen (1996).

indicator of permanent income, the observed fluctuation would have been much less.<sup>9</sup> In short, the fact of movement in and out of extreme poverty should not discount the principal issue at stake, to wit, "development" must begin with the poorest. The latter should be accorded first priority.

### *Reducing extreme poverty is good for subsequent growth*

The concern for the poorest is not just an issue of social justice or of moral judgment (though separation of ethics from economics was inconceivable in the days of classical political economy). Recent advances in development theory suggest that a better distribution is also *instrumentally important* to achieve higher economic growth, faster rate of poverty reduction, and higher social capital.<sup>10</sup> A pro-poor distribution policy does not advocate income transfer: it strives to transform the poor from passive recipients of aid into active agents of high-quality growth. By "distribution" one is here implying the distribution of physical capital (recall land reform in countries of the East Asian miracle, for instance) as well as human capital (broad-based access to education, health, and nutrition). This is the consensus, the meeting point of literature developed in connection with "new growth theory" and human development.<sup>11</sup>

### *Should the differentiation argument be stretched so far?*

A legitimate question can spring up here: is too much emphasis given to the issue of reaching out to the extreme poor, given that the ultimate purpose is to target health care and prevention to poor and vulnerable populations in general? After all, today's moderate poor may turn out to be tomorrow's extreme poor, because of health hazard or otherwise unanticipated events. There is some truth in it, but the point should not be overstretched. While both moderate poor and vulnerable non-poor may suffer from health-related shocks, the burden of coping is disproportionately high for the poorest. The magnitude of the income erosion threat arising out of unanticipated crisis accounts for 27 per cent of extreme poor households income compared with 22 per cent for the moderate poor and 13 per cent as applied to non-poor (Rahman 1996). The vulnerability in raising crisis coping money is also much greater in case of the poorest than

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<sup>9</sup> When measured along asset-scale (such as land), the movement in and out of extreme poverty becomes much more restrictive.

<sup>10</sup> Social capital-- a term coined by Robert Putnam-- is increasingly being recognised as a catalyst of good governance and social development. The relevant point to note here is that it is difficult to achieve a higher level of social capital in a society where inequality is acute and a substantial number of extreme poor exist on the verge of social exclusion.

<sup>11</sup> For a recent review, see Ravallion (1996).



other groups, the former being cut-off from the option of soft credit mobilisation and deprived of the advantage of possessing some tangible assets (as in the case of moderate and non-poor).

Again, this is not to say that programme interventions (such as in the area of health) currently in existence for the moderate and vulnerable non-poor are to be ignored in view of the recent emphasis on the extreme poor. This would be tantamount to saying that--to borrow an example at hand-- microcredit a la Grameen should be abandoned, or radically recast, given its exclusion of the extreme poor. But we should be worrying about the fact of systemic exclusion and try to do something specially for the left-outs by way of providing better access to capital, both physical and human. Such intervention is needed to "correct" the credit market failure which remains insensitive to the need of the extreme poor, and would be perfectly consistent with pareto improvement considerations. As applied to health, therefore, the concern for the poorest should be seen as stimulating special efforts *additional* to the task of re-vitalising the union-based health services accessible to the total population.

The preceding discussion points to *the importance of recognising the case for extreme poverty as an area of specific analytical focus (as distinct from the general concern about poverty and deprivation). The burden of emerging numbers who live chronically in extreme poverty is too large to ignore it.* The moot question is: how to visibilise the poorest and most vulnerable in the arena of public policy? How to devise indicators that can identify them with relative ease, but at the same time will ensure substantial coverage of extreme poverty? To these issues we shall now turn.

## II. Targeting principles underlying indicator choice

Before we proceed to discuss the indicators and their estimates for rural and urban Bangladesh, a few remarks on the methodological issues relating to the choice of indicators would be in order.

Some basic principles of targeting which merit consideration in devising indicators are mentioned below.

The indicator should aim at capturing broad *group* characteristics (group poverty) rather than focussing on *individual* targeting (Lipton 1996). Poverty analysis does not allow to select *individuals* for programme benefits; if that is done--as in the case of some anti-poverty programs such as India's IRDP or Sri Lanka's Janasaviya-- it gives incentives to provide wrong information, much higher proportion of leakage, but more importantly stimulate changes in behaviour tending to reduce labour income in order to achieve programme benefits (Besley and Kanbur 1993). Such problems become even more difficult when it comes to demarcating extreme poor from moderate poor. But if one can establish that households with particular characteristics are likely to be (say, extreme) poor, then one can target anti-poverty projects on these groups (indicator targeting), or on commodities or employment that they are likely to select (self-targeting, as for instance, in Food-for-Works and Vulnerable Group Development schemes in Bangladesh). Since health care is not a product which is likely to self-select, the second option for targeting may be ruled out.<sup>12</sup>

Cost-effectiveness consideration is another reason why one should prefer group targeting to individual targeting. To steer project benefits towards individuals would require prohibitively costly nation-wide surveys over and above the problem of under-reporting of income/consumption. *In short, the central principle is to identify groups (along with the characteristics of persons in such groups) with high probability of being in poverty, so that projects, programs and policies may be cost-effectively targeted to groups with severe poverty, rather than others.*

Note that the concept of "group targeting" includes not only household parameters, but also characteristics of geographic region where they are located. The concept is also sensitive to seasonal variation whereby particular periods display high intensity of distress. Targeting regionally under imperfect information is to be termed as best practice, especially from the vantage point of minimisation of severe poverty (provided such zones of distress are known

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<sup>12</sup> This is not to say that there is no scope for bridging between a public health programme targeted specifically at the extreme poor and other rural works type programs that tend to self-select them. There can be considerable informational efficiency in tying the beneficiaries of both type of programs (more on this in the last section of the paper).



beforehand) and studies show that errors of targeting are much less than in case of individual targeting. The problem is that our knowledge about the variation in poverty rates across space in Bangladesh is still very limited to be a firm guide in practice, despite some recent attempts in doing that (GoB 1991; WFP 1996; Ravallion and Wodon 1997). Our approach would be one of combining insights derived from household-characteristics based poverty profile as well as analysis of the regional (and seasonal) dimensions to poverty.

Another important principle is that the indicator(s) for targeting should be not only effective in *minimising leakage* to non-poor (or richer among the poor, for instance), but also in ensuring *broad coverage* of the target group (in our case, reaching the poorest with health care).<sup>13</sup> The first aspect, which focusses on the *targeting ability* (how sensitive is the given indicator in identifying the target group?), may be viewed as the necessary condition in order to be selected as a targeting indicator. The second aspect, which focuses on the *representativeness* issue (how effective is the indicator to reach the maximum numbers of the target group?), may be termed as the sufficient condition. Certain indicators may be good from the first point of view, but fail to meet the second criteria, being too restrictive.<sup>14</sup> The reverse example is also abound. Some of these examples are discussed below with actual poverty data.

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<sup>13</sup> This is analogous to the distinction between Type-I and Type-II errors referred to in the targeting literature (see, for instance, Stewart and Cornia 1994).

<sup>14</sup> Consider the following example. Suppose, there exist two indicators with identical probability of locating the extreme poor (i.e., both the indicators give similar incidence of extreme poverty). However, following A, one can reach at most 10% of the extreme poor, while using B, one can cover at least 40%. Clearly, B is to be preferred to A for indicator targeting.

### III. Identifying the poorest and most vulnerable

Our method of investigation proceeds as follows. We start from an initial choice set of indicators, examine their *targeting ability* to predict the incidence of extreme poverty (necessary condition), assess their *representativeness* (sufficient condition). After giving due attention to practical considerations of easy implementability, we finally come up with the preferred variant of core indicators.

*Some indicators are expressive of extreme poverty, but remain restrictive to only a small part of it*

Indicators such as possession of minimum clothes, access to "safe"<sup>15</sup> drinking water and sanitation fall under this category (Tables 1 through 4). These indicators meet the first criteria of targeting ability, but not the second criteria, i.e., cover only a small part of the target population. For instance, 57 per cent of rural population without a minimum of two clothes are extreme poor compared with 24 per cent for those who have such access. But, the indicator covers only 4 per cent of total population (and only 8 per cent of total extreme poor). The same applies to the indicator of possession of warm clothes. Access to drinking water varies by poverty status; the incidence of extreme poverty is higher for those who do not have access to tubewell water compared with the category who have such access (34 vis-a-vis 26 per cent). Again, the indicator is very limited in scope, addressing only 4 per cent of rural inhabitants. The relative merit of sanitation as poverty-sensitive indicator is better on this score: considerably higher per cent of the under 10 populations using open space fall under the category of extreme poverty. The incidence of extreme poverty is 35 per cent in this case compared with only 10 per cent recorded for the sanitary/slab category. Users of open space constitute as high as 79 per cent of extreme poor. Nevertheless, the indicator has obvious disadvantage; use of sanitary facility is not just a question of income status, but also one of the attitudes influencing the non-poor as well. The latter explains why only 22 per cent of the rural households use the sanitary facility even though the share of non-poor is roughly 50 per cent. In short, targeting by this indicator will result in considerable leakage to the non-poor and moderate poor.

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<sup>15</sup> The safety of "tubewell" water remains highly suspect, however. The case of arsenic contamination is a recent addition to the safety concerns over the tubewell water (see, Yokota et al 1996).



**Table 1: Estimates of poverty in rural area by possession of minimum two clothes**

Possession status	% of population in the category	Incidence of poverty		% of poor people	
		Extreme	Moderate	Extreme	Moderate
Possess minimum clothes	96.5	24.0	27.8	92.0	96.6
Do not possess minimum clothes	3.5	57.2	27.2	8.0	3.4

**Table 2: Estimates of poverty in rural area by possession of warm clothes**

Possession of warm clothes	% of population in the category	Incidence of poverty		% of poor people	
		Extreme	Moderate	Extreme	Moderate
Possess warm clothes	93.3	22.7	27.8	84.2	93.4
Do not possess warm clothes	6.7	59.7	27.6	15.8	6.6

**Table 3: Estimates of poverty in rural area by sources of drinking water**

Sources of drinking water	% of households in the category	Incidence of poverty		% of poor people	
		Extreme	Moderate	Extreme	Moderate
Tubewell	96.2	26.1	28.3	96.8	97.6
Others	3.8	34.4	28.1	3.2	2.4

**Table 4: Estimates of poverty in rural area by toilet facilities for under 10 children**

Toilet facilities	% of households in the category	Incidence of Poverty		% of poor people	
		Extreme	Moderate	Extreme	Moderate
Sanitary/Slab	22.4	9.8	17.0	4.7	8.2
Katchha	52.4	26.4	31.9	16.4	19.5
Open space	25.2	35.1	31.7	79.3	72.1

The number, however, should not be the ultimate criteria for inclusion in the list of core indicators. Some indicators may be limited in coverage but may speak of additional dimensions of vulnerability, such as gender, caste and ethnicity. We have some data on gender to illustrate the point. Female-headed households display much higher incidence of extreme poverty compared to their male-headed counterparts (37 as opposed 22 per cent). However, the overall weight of such households is quite low--only 5 percent-- which bars its widespread application (Table 5). However, the number should not detract our attention here from the substantive point of gender experience of poverty and vulnerability.

**Table 5: Estimates of poverty in rural area by gender status of household head**

Gender status	% of households in the category	Incidence of poverty	
		Extreme	Moderate
Female-headed	5.0	37.3	62.7
Male-headed	95.0	21.8	78.2

*Some indicators are analytically relevant as determinant of poverty, but less sensitive to the state of extreme poverty*

Indicators such as literacy and land tenure fall under this type. While there is no denying that level of educational attainment matters in determining long-term poverty, it does not satisfy the first criteria of targeting ability. It is true that the incidence of extreme poverty is higher for the illiterate group, but so is the incidence of moderate poverty (Table 6). This is expected given high level of adult illiteracy in general. The same applies to the targeting ability of by tenancy status. The variation among the tenure groups is less pronounced (Table 7). These two indicators can, therefore, be dropped for the purpose of identification of the poorest.

**Table 6: Estimates of poverty in rural area by education of household head**

Education	Incidence of poverty	
	Extreme	Moderate
Illiterate	32.1	34.2
Attended Primary	16.6	29.9
Attended Secondary	10.8	22.5
SSC (Second. school certif.)	8.8	1.5
HSC + (Higher sec. school certificate)	0.0	12.3



**Table 7: Estimates of poverty in rural area by tenancy status**

Tenancy status	Incidence of poverty	
	Extreme	Moderate
Non-cultivator	38.5	34.2
Pure tenant	24.6	40.7
Tenant-owner	22.8	30.9
Owner-tenant	13.3	34.4
Pure owner	12.7	22.4

*Some indicators capture the poorest successfully, albeit, allow some leakage*

Three indicators stand out prominently: land, housing and occupation (Tables 8 through 11). Targeting functionally landless households (up to 0.5 acre) for poor-targeting has by now been established as a long tradition, particularly in the context of microcredit. Indeed, the functionally landless category contains 71 per cent of the rural households in extreme poverty. But, then, not all households within this land-size group can be termed as extreme poor; about 57 per cent of moderate poor households also belong to this category (Table 8). There are non-poor households in the smaller land-size groups as well (Ravallion and Sen 1994). In short, land alone will not suffice for the targeting purpose.

**Table 8: Estimates of poverty in rural area by landownership**

Landownership (acres)	% of households in the category	Incidence of poverty		% of poor households	
		Extreme	Moderate	Extreme	Moderate
<.50	48.6	38.3	33.3	71.0	57.2
.50 - 1.49	21.4	23.1	31.7	18.8	23.9
1.50 - 2.49	12.2	14.3	23.0	6.7	9.9
2.50 - 4.99	11.4	5.3	17.3	2.3	7.0
5.00 +	6.3	4.8	8.4	1.1	1.9
<b>Total</b>	<b>100.0</b>	<b>26.2</b>	<b>28.3</b>	<b>100.0</b>	<b>100.0</b>

**Table 9: Estimates of poverty by different housing categories in rural area**

Housing category	% of households in the category	Incidence of poverty		% of poor people	
		Extreme	Moderate	Extreme	Moderate
Jhupry	1.6	63.6	27.3	4.1	1.6
One room thatch	23.5	44.0	33.7	39.4	28.0
1 + room thatch	13.1	34.1	35.8	17.1	16.7
Tin made house	54.3	17.6	25.5	36.5	48.9
Pucca house	7.5	10.5	18.9	2.9	4.8

**Table 10: Estimates of poverty in rural area by occupation**

Major occupation	% of households in the category	Incidence of poverty		% of poor people	
		Extreme	Moderate	Extreme	Moderate
Cultivator	41.6	20.6	24.4	33.2	39.5
Agricultural wage labour	18.5	46.7	40.2	37.3	22.8
Non-agricultural wage labour	2.7	24.3	34.6	2.6	2.2
Rural industry, informal service, etc.	7.0	26.5	38.5	7.3	6.2
Trade	10.4	9.3	29.6	4.0	12.4
Transport	4.5	22.3	34.0	4.9	5.1
Construction	1.8	36.5	34.6	2.6	3.0
Salaried service	9.5	4.7	14.7	2.0	4.8
Others	5.8	27.6	19.7	6.1	4.0



**Table 11: Trend in poverty by major occupational category, 1983/84 - 1991/92**

Major Occupation	% of poor population		
	1983/84	1988/89	1991/92
Owner Farmer	25.20	19.19	24.06
Tenant Farmer	53.20	36.47	37.33
Agricultural Labourer	62.50	66.82	71.04
Trader	43.73	37.63	41.44
Non-agricultural Labourer	58.67	40.73	50.42
Formal sector Service-holder	32.52	17.63	13.77
Rural Industry Worker	52.37	47.94	40.42
Fisherman	43.36	35.25	60.07
Others	52.95	56.86	51.73

Source: Sen (1997)

Housing is another indicator which is strongly expressive of extreme poverty. The incidence of extreme poverty residing in the lowest two categories on the housing scale ranges from 44 to 63 per cent, and together they account for about 44 per cent of extreme poor households (Table 9). However, this is also not without problems: about 37 per cent of extreme poor households live in the tin category.<sup>16</sup>

The indicator of occupation deserves special mention here. The incidence of extreme poverty is highest in case of agricultural wage labor. According to the BIDS survey, 47 per cent of agricultural wage labourers fall under the extreme poor category (Table 10). In terms of poverty ranking, they are followed by construction (37%), rural industry and informal service (27%), non-agricultural wage labourer (24%), transport workers (22 %). The observation relating to the highest incidence of poverty among agricultural labourers is also vindicated by Household Expenditure Survey (HES) data generated by the Bangladesh Bureau of Statistics (BBS). According to the latter source which uses consumption data, the incidence of absolute poverty

<sup>16</sup> It is possible that tins obtained through relief under various disaster mitigating and housing programs contributed to this anomalous outcome.

(extreme and moderate taken together) in the agricultural labour group was 71 per cent in 1991/92 (Table 11). This may be compared with the 87 per cent combined figure derived under the BIDS survey using income data. In terms of overall poverty ranking in 1991/92, agricultural labourers are followed by fishermen and non-agricultural labourers, having an headcount index in excess of 50 per cent. On the other end of the spectrum, the lowest poverty is reported by the formal sector service holders (14%), owner farmers (24%) and tenant farmers (37%). Rural petty traders and industrial owners/ workers occupy an intermediate position. The poverty ranking (particularly for the highest and lowest poverty groups) varies little with the change in the survey year, implying the stability of the indicator under consideration.

Targeting by occupation also meets the requirement of representativeness. The group of agricultural labourers not only displays the highest probability of being in poverty, it also contains 37 per cent of the extreme poor. As such, the group constitutes about a fifth of the total rural households.

*Since no single indicator (however efficient) contains sufficient information, it is better to combine the best among the lot*

The preceding discussion shows that the poorest on the land scale reside in the functionally landless category; the poorest on the housing scale are located in the Jhupri and one-room thatch categories; and, the poorest on the occupation scale relate to the category of agricultural wage labor. It seems, therefore, reasonable to combine information contained in land, housing and occupation indicators (Tables 12 through 15). The idea is to find the common set that is present in the poorest category on all three scales. This helps to identify the poorest of the poor.

Consider the combination of housing and occupation. This can be analyzed from various angles. 60 per cent of total agricultural wage labor households in the BIDS sample reside in the two lowest housing categories (Table 12). The share of agricultural wage labourers among the dwellers of various housing categories monotonically declines with housing status, as one proceeds from Jhupri (55%), one-room thatch (43%), 1+ thatch (21%), to tin house (8%), and tully/pucca house (2%) (Table 13). Clearly, the error of targeting can be further minimised by combining housing and occupation. This is not only an issue of locating the extreme poor in quantitative terms, but also one of identifying the most vulnerable. There are differences in poverty level even within the agricultural wage labour. Thus, 75 per cent of agricultural labourers living in the jhupri type correspond to extreme poor compared with 52-54 per cent observed for the two thatch categories. Such gradations within wage labourers can only be captured by applying at the same time housing and occupation-based indicators.



The same applies when information on landownership and housing is combined. As is known, microcredit programs in Bangladesh follow mainly the criteria of landownership (defined as owning up to 0.5 acre of land, otherwise termed as *functionally landless*). It has been observed that there is a considerable variation in poverty even within this land-size group--a feature ignored by many of the microcredit programs. As a result, these programs may become restricted to the richer sections among the poor.<sup>17</sup> Data presented in Tables 14 and 15 illustrate that possibility. The functionally landless households do not share the same degree of deprivation. The poorest among them live at the bottom end of the housing scale: the lowest two housing categories contain about 40 per cent of the functionally landless households and 52 per cent of the extreme poor living within this land-size group.

Similar results can be derived when information on landownership and occupation is considered together (Table 16). For the functionally landless households, variation in the incidence of extreme poverty measured on the occupation scale is considerable. As before, the wage labor households stand out as the most poverty-stricken category. While there is little difference in the extreme poverty rate between cultivator and wage labor households, those who could manage to adopt trade and services are substantially better off (26-36 per cent vis-a-vis 54-58 per cent).<sup>18</sup>

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<sup>17</sup> Hossain (1988), for instance, found that only 14 per cent of Grameen households belonged to the agricultural wage labor category, although the targeting criteria of 0.5 acre was strictly followed.

<sup>18</sup> The marginal difference in the poverty rates between cultivators and wage labor within the functionally landless category suggests very limited role that the tenancy market has for these households in moderating the inequalitarian consequences of highly skewed land ownership structure.

**Table 12: Distribution of agricultural labor households by type of housing**

Type of housing	% of agricultural labourer households
Jhupri	5.0
1 room thatch	54.3
1 + room thatch	15.2
Tin house	24.7
Pucca/Tully house	0.8
Total	100.0

**Table 13: Incidence of poverty among agricultural labor households by housing category**

Housing categories	% of agricultural labourer households in each housing category	Incidence of poverty among agricultural labourers	
		Extreme	Moderate
Jhupri	54.5	75.0	25.0
1 room thatch	42.7	54.0	35.0
1 + room thatch	21.4	51.4	43.2
Tin house	8.4	50.0	31.7
Pucca house	1.8	-	100.0
Tully house	2.6	-	-
Total	18.5	46.7	40.2



**Table 14: Estimates of poverty by type of housing among rural landless (<.50 acre of land) households**

Type of housing <sup>a</sup>	Incidence of poverty		% of poor households	
	Extreme	Moderate	Extreme	Moderate
Jhupri	70.0	25.0	5.7	2.3
1 room thatch	48.0	34.0	46.1	37.6
1 + Room thatch	40.0	42.0	15.1	18.3
Tin house	29.0	29.0	31.0	36.2
Pucca huse	-	37.5	-	1.4
Tully house	25.0	45.0	2.0	4.2
TOTAL	38.3	33.3	100.0	100.0

**Table 15: Distribution of households by type of housing and landownership****(%)**

Housing	Landownership (acre)				
	<.50	.50-1.49	1.50-2.49	2.50-4.99	5.00 +
Jhupri	3.0	0.3	-	-	-
1 room thatch	37.0	16.7	8.1	8.0	2.4
1 + room thatch	14.6	14.6	11.2	10.7	6.0
Tin house	41.0	63.7	72.0	65.3	72.3
Pucca house	1.2	1.4	6.8	12.7	17.0
Tully house	3.1	3.2	1.9	3.3	2.3
Total	<b>100.0</b> <b>(639)</b>	<b>100.0</b> <b>(281)</b>	<b>100.0</b> <b>(161)</b>	<b>100.0</b> <b>(150)</b>	<b>100.0</b> <b>(83)</b>

Note: Figures in parentheses are absolute number of households recorded in the sample.



**Table 16 : Incidence of extreme poverty by occupation controlling landholding size, 1989-90**

(Per cent of population)

Occupation	Landholding size (acres)			
	Less than 0.50	0.5 - 2.49	2.5 - 4.99	5.00 and above
Cultivator	54.1	18.9	7.5	3.0
Wage labour	57.9	39.9	*	*
Traders	25.6	13.6	12.2	14.6
Service	35.8	20.5	17.1	16.4
Others	49.5	25.5	21.8	4.3

Source: Hossain (1995)

The summary information presented in tables 12 through 16 show that there would be considerable targeting gains if one combines the poorest categories as per the three key indicators. *In short, the prospective poorest clientele would be agricultural labourers residing in jhupri or single structure thatch with land owned up to 0.5 acre.*<sup>19</sup>

#### *Locating the poorest in the poor regions*

While we favour the set of three indicators--land, housing and occupation-- this should not create the impression that other characteristics such as region do not matter. Indeed, the emphasis should be to prioritize the poorest areas first and then apply the household level core indicators. Judged by the indicator of infrastructure alone, considerable differences in poverty rates are noticeable (Table 17). For instance, the incidence of extreme poverty is 25 per cent in the underdeveloped setting compared with 18 per cent in the developed setting. Other factors may be taken into consideration in identifying the poorest regions.

<sup>19</sup> This will, of course, not be true for urban areas (see, Tables 18 through 20).

**Table 17: Estimates of poverty in rural area by infrastructure**

	Incidence of poverty	
	Extreme	Moderate
With Road and electricity	17.5	26.6
With road and without electricity	24.2	26.9
Without road and without electricity	24.8	32.4

The 1991 Task Force Report on poverty alleviation attempted to take a closer look at this question by actually identifying 100 "economically most depressed" upazilla (see, the distress zone map). The task force considered factors, namely, (i) land area per person, (ii) proportion of land under broadcast aus and deep water aman varieties of paddy<sup>20</sup>, as a measure of low productivity due to depth of flooding and cropping pattern, (iii) proportion of irrigated area as a measure of the capacity to adopt the modern agricultural technology, (iv) the proportion of functionally landless households, and (v) the proportion of population engaged in non-farm activity. Similar exercise has been undertaken by the World Food Programme (WFP) which is using a distress zone map in implementing food-assisted programs throughout the country.

The upshot of the above is to point out that there would be further gains in fine tuning the extreme poor oriented programs if one could combine household-based indicator targeting with regional targeting both in design and implementation.

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<sup>20</sup> Aus and Aman are the two varieties of rice paddy grown in Bangladesh. The term "broadcast" refers to the method of calculation while "deep water" refers to the level of water in the field where the particular type of rice paddy is cultivated.



#### **IV. Targeting the urban extreme poor**

The issue of urban poverty is studied in lesser details, mainly due to lack of data. Nevertheless, information presented in Tables 18 through 20 may provide some insights. First, the incidence of extreme poverty is generally much higher in slums and squatters than in other parts, which is intuitive. The difference is stark: 45 per cent in slums as opposed to only 7 per cent in non-slum areas. This suggests that area-based (regional/ cluster) targeting would be useful in reaching the urban extreme poor. Second, cluster-based targeting may be supplemented by other differentiation characteristics, based on household-based indicators. The validity of occupation as indicator is upheld by the urban data as well. The manual day labourer category displays the highest incidence of extreme poverty (32%) compared with 17 per cent for those engaged in petty business and 9 per cent for the rentier class (Table 20). The incidence of extreme poverty is also higher among families with younger household heads, and among less educated; but, these are difficult indicators to administer. The same applies to the potential indicator of length of stay in the city. The incidence of extreme poverty is highest for the newly settled migrants and, rather strikingly, for the earliest migrants. However, it is difficult to objectively verify the length of stay in the city which bars its application as extreme-poor identifying indicator.

## **V. Ill-health and extreme poverty: a close correlation?**

Information presented in table 21 may be seen as a validation exercise for indicators which have entered our final choice list. Identification of extreme poor become an important health policy objective if it could be shown that it is the poorest who suffer most in terms of ill-health. Admittedly, we are considering here only one of the many possible indicators, i.e., acute morbidity observed over the past month. Nevertheless, the lessons may be instructive.

As the table shows, the morbidity rate is much higher among agricultural wage and construction labourers on the occupation scale (17-18 per cent vis-a-vis 12-15 per cent for cultivator and other non-agricultural groups). The only exception is households located in fishing, livestock and rural industry with significant presence of the gender dimension. It is also highest among the lowest two categories on the housing scale. The morbidity rate is as high as 32 per cent for those living in the jhupri category, followed by 16-17 per cent in the thatch category, in contrast to only 11-15 per cent observed in case of tin and pucca categories. Similarly, the morbidity rate is highest for the functionally landless (15 per cent vis-a-vis 11 per cent in the land-rich group). The latter evidence is also corroborated by the Health and Demographic Survey (HDS) carried out by BBS (see, BBS 1996).



## VI. Process issues

### *How to avoid the risk of bureaucratic targeting*

Implementation of core indicators is also an important process issue, having implications for targeting. It is inadequate to only pin-point a set of core indicators for identifying the poorest. Even the most effective set of indicators may have little effect on the status of the extreme poor if the process of administering is left to the bureaucratic discretion of the programme managers. This is particularly true in case of indicator targeting through means-testing as opposed to indicator targeting via self-selection. The risks of leakage thus cannot be avoided in case of bureaucratic targeting, as evidenced from the recent experience of Food-for-Education (BIDS 1997). Such risks can only be minimized through local consultation with community and NGOs, a task that can be institutionally facilitated by the presence of effective local government.

### *Tying with other self-targeted programs: a second-best choice*

While the option of minimizing risks of leakage and infiltration of the non-target group via consultation with community, NGOs and local government functionaries need to be explored, some intermediate solutions can still be thought of. This is important particularly in view of the urgency of the problem under consideration.

As is known, the existing local government machinery is far short of the task of "managing development" at the grass roots and, despite some recent attempts to reinvigorate the concerns for local government (Bill on *Gram Sarkar* or Village Government, for instance), the actual devolution of power to lower tiers of government is restricted to the minimum. Indeed, if anything, the official discourse on local government is disproportionately more biased towards the electoral issues (such as whether members should be elected via direct vote or selected by the upper tier, or for that matter, what should be the gender composition of these members, etc) and much less with the task of working out the taxing, spending and jurisdictional power of the local bodies.<sup>21</sup>

In the above backdrop it is unlikely that local government will soon become an efficient organ of power coordinating/ managing development at the grass roots. At least, this is going to be the likely scenario in the short to medium term. In the absence of such effective overseeing machinery in place it is difficult to see how the risks of bureaucratic targeting and leakage can

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<sup>21</sup> This is comparable to a situation that an observer of local government dynamics in Bangladesh aptly characterized as "too much of democracy, too little of power".

be avoided (even if we arrive at a consensus on the targeting indicators along the line suggested in the present paper). The question that springs up is : is there any alternative?

One way out is to locate potential health beneficiaries from the extreme poor group in the programs which are in any case self-targeted to the need of the poorest. A number of evaluations have proven the case beyond doubt that programs such as Food-for-Works (FFW) and Vulnerable Group Development (VGD) are targeted towards the poorest.<sup>22</sup> This can be verified by comparing the relative weight of the extreme poor households in these programs with the general weight of the extreme poor in the overall rural distribution. Thus, the bottom three expenditure groups account for 22 per cent of rural households (roughly corresponding to the group of the extreme poor). These groups display an overwhelming presence in FFW and VGD programs: 72 and 92 per cent, respectively (Sen 1997).

Note that the average expenditure in each of the expenditure groups in FFW and VGD distribution is lower than the corresponding figure in the overall rural distribution. This implies that, even within the same expenditure interval, these programs targets the less well-off. Between the two programs, the VGD beneficiaries stand out to be the most disadvantaged in terms of poverty ranking. A major reason for targeting success may lie in the nature of self-targeting (associated with characteristics such as inferior quality wheat, hard manual labor, social stigma, and gender criteria such as being "abandoned" female headed households) that often characterize these programs.<sup>23</sup>

What is the extent of coverage of the extreme poor by these programs? While hard data are yet to be compiled, it appears that some 5-10 per cent of rural households have already been brought under their ambit. Another important facet of these programs is their country-wide coverage and a system of monitoring which, although not without deficiencies, is able to provide important buffer to the extreme poor in times of severe economic stress.<sup>24</sup> The above-mentioned proportion of rural households translates into a substantial number of poor households, and may represent a convenient entry point into the arena of pro-poor health intervention in rural areas. All it requires is a mechanism of information exchange between FFW/VGD and health workers, though exact institutional modalities need to be worked out further.

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<sup>22</sup> For a recent review, see Sen (1997).

<sup>23</sup> It is a cause for concern that allocations for these programs (FFW in particular) have been declining in absolute terms in recent times-- from 716 to 640 thousand tons over 1992-96. Such negative developments will have adverse implications for the extreme poor.

<sup>24</sup> These programs still appear to have important shortcomings, being not able to cater the extreme poor during the time of the most acute need in a year, and in the most backward of places (see, Sen 1997).



## VII. Conclusion

The paper premises on the emerging evidence that the poor are not homogeneous and a sharp division exists among the poor, by age, sex, ethnicity, region, occupation, food, shelter, CLOTHING, land, education, health, networking capacity, even FREEDOM. It argues that the poorest warrant specific analytical and *policy* focus. Policies that benefit the non-poor and moderate poor may not necessarily favour the extreme poor. The gap between the poor and the poorest need to be minimized in order to facilitate broad-based human development. Note that it is this concern which underlies the recent UNDP effort to bring to the fore the case of *human poverty* as distinct from the concern for human development and broad-based growth.<sup>25</sup> The task of identifying (targeting) the extreme poor is, however, far from being straightforward. It is even more difficult to design an implementable program which will naturally cater to the health needs of the poorest. The present paper attempts to address the targeting question.

Targeting is usually done under imperfect/ incomplete information since generation of full information (such as via prior income/ expenditure surveys) is prohibitively costly. The paper, therefore, attempts to devise extreme-poor sensitive indicators by emphasizing on broad *group* characteristics rather than *individual* targeting. Another important principle is that the indicator(s) for targeting should be not only effective in *minimizing leakage* to non-poor (or richer among the poor, for instance), but also in ensuring *broad coverage* of the target group (in our case, reaching the poorest with health care). The first aspect, which focusses on the *targeting ability* (how sensitive is the given indicator in identifying the target group?), may be viewed as the necessary condition in order to be selected as a targeting indicator. The second aspect, which focuses on the *representativeness* issue (how effective is the indicator to reach the maximum numbers of the target group?), may be termed as the sufficient condition. Certain indicators may be good from the first point of view but fail to meet the second criteria, being too restrictive.

A particular result derived in the paper relates to the intuitive observation that since no single indicator (however efficient) contains sufficient information, it is better to combine the best among the lot. The paper experimented with a number of potential indicators ranging from clothing, access to safe drinking and sanitation, to literacy, and land tenure, but found them wanting in meeting either the necessary or the sufficient condition for targeting. Three indicators stood out prominently in the battery of tests that were done; they are: land, housing and occupation. All of them met the above two conditions of targeting. However, considered individually, they still allow some leakage which can be avoided if these criteria can be combined to identify the poorest of the poor. Packaging of indicators is important both from the vantage point of equity and from the consideration of given resource constraints. Following this approach, the paper goes on to identify the poorest of the poor in rural Bangladesh which are

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<sup>25</sup> For an introduction to the theme, see Anand and Sen (1997).

likely to be *agricultural labourers residing in jhupri or single structure thatch with land owned up to 0.5 acre*. Indicators thus derived were validated by looking at the variation of morbidity rates by land, housing, and occupation. These indicators also meet the criteria of visibility: they are easy-to-capture.

While the household characteristics-based targeting favours the set of three indicators--land, housing and occupation-- this should not create the impression that other characteristics such as region and ethnicity do not matter. Indeed, the emphasis should be to prioritize the poorest areas (and ethnicities) first and then apply the household level core indicators.

The paper, then, argues that even the most effective set of indicators may have little effect on the status of the extreme poor if the process of administering is left to the bureaucratic discretion of the programme managers. This is particularly true in case of indicator targeting through means-testing as opposed to indicator targeting via self-selection. The risks of leakage thus cannot be avoided in case of bureaucratic targeting. Such risks can only be minimized through local consultation with the community and NGOs, a task that can be institutionally facilitated by the presence of an effective local government.

However, the existing local government machinery is far short of the task of "managing development" at the grass roots and, despite some recent attempts to reinvigorate the concerns for local government (Bill on *Gram Sarkar* or Village Government, for instance), the actual devolution of power to lower tiers of government has been restricted to the minimum. Indeed, if anything, the official discourse on local government is disproportionately more biased towards the electoral issues and much less with the task of working out the taxing, spending and jurisdictional power of the local bodies. Given the relative absence of effective local government, the paper advocates for an "intermediate" solution, at least in the short to medium term.

The idea here is to locate potential health beneficiaries from the extreme poor group in the programs which are in any case self-targeted to the need of the poorest. A number of evaluations have proven the case beyond doubt that programs such as Food-for-Works (FFW) and Vulnerable Group Development (VGD) target to the poorest. Some 5-10 per cent of rural households have already been brought under their ambit. Another important facet of these programs is their country-wide coverage and a system of monitoring providing important buffer to the extreme poor in times of severe economic stress. As proportion of extreme poor, the overall coverage translates into a substantial number, and may represent a convenient entry point into the arena of pro-poor health intervention in rural areas. All it requires is a mechanism of information exchange between FFW/VGD and health workers. Of course, this is easier said than done, but arguably it is easier to implement compared to a scheme of complex inter-ministry coordinations involved in first identifying the poorest and, then, cater to their health care needs.



**Table 18: Estimates of poverty in urban area for selected socio-economic groups**

Socio-economic groups	Percent of households in the category	Head count ratio (Per cent of population)		Income gap ratio (Per cent)	Foster et al. measure (Per cent)
		Moderate & Hardcore	Hardcore		
<b>Resident of the household:</b>					
Slums & squatters	33.3	80.4	45.4	29.1	8.52
Others	66.7	26.5	7.3	20.0	1.35
<b>Gender (Household head):</b>					
Male	95.2	41.8	18.3	25.8	3.78
Female	4.8	40.5	12.0	22.7	2.91
<b>Age of the head of the household:</b>					
Less than 30	19.2	56.9	35.1	29.2	5.78
31 - 40	39.7	37.7	14.1	23.6	2.74
41 - 54	26.2	36.7	15.3	25.2	3.45
55 & over	15.0	45.7	16.7	25.4	4.28
<b>Family type:</b>					
Nuclear	62.7	43.7	17.6	25.3	3.66
Extended	31.5	36.8	17.8	26.1	3.66
Joint	5.8	49.0	21.3	26.6	5.05
<b>Length of stay in the city:</b>					
Less than 10	11.8	56.6	24.7	24.2	4.54
10 - 19	28.3	36.2	15.9	23.4	5.20
20 - 29	23.0	35.1	14.1	26.0	3.69
30 & over	36.8	42.2	20.0	28.0	3.93

Source: Hossain and Afsar (1996).

**Table 19: Estimates of poverty in urban area by the level of education of the household head and the spouse**

Level of education	Percent of households in the category	Head count ratio (Per cent of population)		Income gap ratio (Per cent)	Foster et al. measure (Per cent)
		Moderate & hardcore	Hardcore		
<b>Household head education:</b>					
No formal education	20.5	79.2	43.3	27.9	8.00
Up to primary	7.0	65.9	43.5	32.1	7.13
Up to secondary	25.7	50.9	19.2	24.2	4.04
College	20.7	25.2	5.9	24.6	2.17
University	26.2	15.5	3.7	14.1	0.43
<b>Spouse's education:</b>					
No formal schooling	39.0	66.2	31.7	27.2	6.53
Up to primary	7.3	71.4	38.4	28.7	6.96
Up to secondary	29.0	27.2	8.1	21.5	1.82
College	16.7	13.8	4.5	22.7	0.81
University	8.0	17.4	2.4	9.4	0.24

Source: Hossain and Afsar (1996).



**Table 20: Estimates of poverty in urban area by occupation of the household head**

Present occupation	Percent of households in the group	Head count ratio (Per cent of population)		Income gap ratio (Per cent)	Foster et al. measure (Per cent)
		Moderate & Hardcore	Hardcore		
Labourer	17.2	65.4	32.1	30.4	7.40
Employee	28.0	62.0	21.6	22.1	2.84
Officer or manager	12.2	13.1	0.0	10.3	0.19
Business	30.8	36.5	16.8	26.9	3.67
Rentier	5.3	36.6	9.3	22.3	2.79
Unemployed	6.5	45.6	17.1	26.9	5.74
<b>Occupation before migration:</b>					
Agricultural labor	13.7	72.6	39.3	26.3	6.06
Cultivator	2.5	70.1	39.1	27.3	6.04
Non-farm worker	17.0	32.7	6.6	21.3	2.43
Unemployed	11.7	61.7	22.6	26.7	6.57
Student	25.7	20.2	5.6	21.7	1.42
Dependent	29.5	43.2	23.4	27.7	4.11

Source: Hossain and Afsar (1996).

**Table 21 : Morbidity rate by extreme poor identifying indicators (landownership, housing and occupation)**

Extreme poor identifying indicators	Morbidity rate (Per 1000 population)
<b>Household heads, occupation</b>	
Cultivator	12.3
Agricultural labour	18.3
Fisheries/Livestock/Cottage industry	24.3
Trade	12.6
Transport	13.6
Construction	17.3
Self service	15.5
Salaried service	12.1
Non-agr. wage	12.7
Others	11.1
<b>Housing</b>	
Jhupri	31.6
1 Room hut	16.9
1+ Room hut	15.7
Tin house	11.1
Pucca house	15.4
Tully house	14.9
<b>Land (acre)</b>	
< .50	15.3
.51 - 1.49	13.0
1.50 - 2.49	12.1
2.50 - 4.99	10.5
5.00 +	11.0

Source: Estimated from Primary APT Data of BIDS



## *Annex Tables*

**Table 1: Movement in and out of the poverty, 1987-90**

Poverty level (1987-88)	Poverty level (1989-90)			Total
	Hard-core poor	Moderately poor	Non-poor	
'Hard core' poor	124 (41.9)	84 (28.4)	88 (29.7)	296 (24.3)
Moderately poor	140 (32.8)	130 (30.4)	157 (26.8)	427 (35.0)
Non-poor	79 (15.9)	119 (23.9)	299 (60.2)	497 (40.7)
Total	343 (28.1)	333 (27.3)	544 (44.6)	1220 (100.0)

Source: Sen (1995). Original- Estimated from Analysis of Poverty Trends (APT) Project Data of BIDS.

- Note: 1. Income measures of poverty have been used for capturing movement in and out of poverty since expenditure module was not executed during the 1987-88 survey.  
 2. Figures in parentheses indicate row percentages except for the last column where they show column percentages.

**Table 2: Estimation of poverty by types of housing among marginal landowners (0.50-1.49 acres)**

Type of housing	Incidence of poverty		% of poor households	
	Extreme	Moderate	Extreme	Moderate
Jhupri	-	100.0	-	1.0
1 Room thatch	38.3	36.2	27.7	19.1
1 + Room thatch	34.1	29.3	21.5	13.5
Tin house	17.3	30.7	47.8	61.8
Pucca house	25.0	25.0	1.5	1.1
Tully house	11.1	33.3	1.5	3.4
<b>Total</b>	<b>23.1</b>	<b>31.7</b>	<b>100.0</b>	<b>100.0</b>

**Table 3: Estimates of poverty by types of housing among small landowners (1.50-2.49 acres)**

Type of housing	Incidence of poverty		% of poor households	
	Extreme	Moderate	Extreme	Moderate
Jhupri	-	-	-	-
1 Room thatch	23.1	23.1	13.0	8.1
1 + Room thatch	33.3	33.3	26.1	16.2
Tin house	11.2	24.1	56.5	75.7
Pucca/Tully house	9.1	-	4.3	-
<b>Total</b>	<b>14.3</b>	<b>23.0</b>	<b>100.0</b>	<b>100.0</b>



**Table 4: Incidence of poverty and % of poor households by types of housing among medium landowners (2.50-4.99 acres)**

Type of housing	Incidence of poverty		% of poor households	
	Extreme	Moderate	Extreme	Moderate
Jhupri	-	-	-	-
1 Room thatch	9.1	27.3	12.5	11.5
1 + Room thatch	6.3	31.3	12.5	19.2
Tin house	4.1	17.3	50.0	65.4
Pucca house	5.3	-	12.5	-
Tully house	20.0	20.0	12.5	3.8
<b>Total</b>	<b>5.3</b>	<b>17.3</b>	<b>100.0</b>	<b>100.0</b>

**Table 5: Incidence of poverty and % of poor households by types of housing among large landowners (5.00 + acres)**

Type of housing	Incidence of poverty		% of poor households	
	Extreme	Moderate	Extreme	Moderate
Jhupri	-	-	-	-
1 Room thatch	50.0	50.0	25.0	14.3
1 + Room thatch	20.0	-	25.0	-
Tin house	3.3	8.3	50.0	71.4
Pucca house	-	7.1	-	14.3
Tully house	-	-	-	-
<b>Total</b>	<b>4.8</b>	<b>8.4</b>	<b>100.0</b>	<b>100.0</b>

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**Innovating Approaches to Delivering Essential Package of Health  
and Family Planning Services at the Outreach/Community Level:  
Experiences, Lessons, and Recommendation**

Henry B. Perry

· A Paper Circulated in Connection with the International Workshop on "Meeting the Health Needs  
of the Poorest and the Most Vulnerable" Organised by BIDS and WHO

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## **Innovating Approaches to Delivering Essential Package of Health and Family Planning Services at the Outreach/Community Level: Experiences, Lessons, and Recommendation\***

*Henry B. Perry*

Bangladesh is entering a new era in the provision of health and family planning services. During the past two decade's both government and private providers made enormous strides in responding to the desire of couples to reduce their fertility and to improve the survival of their children. During this period the government of Bangladesh and the donor community gave priority to the family planning services. This focussed attempt has been highly successful in slowing down the population growth and Bangladesh is now cited as a success story for this. The current fertility rate of Bangladesh is 3.3 and the population growth rate about 1.6 per cent.

However, in Bangladesh, fewer than 40 per cent of the population has access to basic health care, only 25 per cent of the pregnant women receive prenatal care, 10 per cent of the births are attended by a trained attendant and more than 95 per cent deliveries takes place at home in unhygienic condition without the medical supervision. In short, health has remained so far a neglected area at least in relation to family planning. To correct this imbalance the Ministry of Health and Family Welfare (MOHFW) as well as the external donor agencies resorted to a policy to pay greater attention to the health service provision in which support for other elements of the essential services package beyond family planning will receive higher importance and support. The new Health and Population Sector Strategy (HPSS) of the government of Bangladesh calls for the provision of an essential services package to the entire population at four different levels of service delivery: (1) outreach /community, (2) Health and Family Welfare Centres, Rural dispensaries, (3) Thana Health Complex (first referral source) and (4) District Hospitals (second referral source). Following is the list of activities which are specified in the HPSS for the outreach/community level<sup>1</sup>:

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\* This represents the summary version of a larger paper done by the author. The summary version has been done by Sharifa Begum.

<sup>1</sup> See the actual document for a complete listing of the services to be offered at all four levels of service delivery (MOHFW; 1993; Health and Population Sector Strategy; Dhaka, Government of Bangladesh.



1. Child health
  - 1.1 EPI
  - 1.2 ARI
  - 1.3 Diarrhoeal disease prevention & control
  - 1.4 Measles control and prevention
  - 1.5 Malaria prevention and control
  - 1.6 Correct and integrated management of the sick child
  - 1.7 Malnutrition
  - 1.8 Vitamin and deficiency
  - 1.9 Iodine deficiency
  
2. Reproductive Health
  - 2.1 Maternal Health
    - 2.1.1 Antenatal care
    - 2.1.2 Delivery care
    - 2.1.3 Postnatal care
    - 2.1.4 Menstrual regulation & post-abortion complication care
  
  - 2.2 Adolescent health
  - 2.3 Family Planning
  - 2.4 Management and prevention/control of RTIs/STIs and HIV/AIDS
  
3. Communicable disease control
  - 3.1 TB
  - 3.2 Leprosy
  - 3.3 Malaria
  - 3.4 Kala-azar
  - 3.5 Filaria
  - 3.6 Intestinal parasite disease control

#### 4. Limited curative care

As part of the preparation for the fifth Health and Population Programme (HAPP 5) which would continue for five years from mid-1998 the need has arisen to find some innovative service delivery strategies for providing various elements of the new essential services package proposed in the health and population sector strategy at outreach/community level particularly at a cost which is sustainable by the government and local population with minimal external financial support.

The experience of Bangladesh in this regard however is quite rich for its most dynamic and innovative NGO sector. Its experience with the operations research concerning health and family planning services also is the most extensive one in the world. But much of this experience is poorly documented or, if documented is not widely available or known. Particularly the cost of many of the approaches is unavailable, and there is little independent assessment of the effectiveness and cost of many of the approaches. Yet, the available knowledge from the major innovative approaches revealed that BRAC (Bangladesh Rural Advancement committee) has the most extensive (both in terms of numbers of persons reached with services as well as in terms of breadth of services, provided) and the most promising experience with community and governmental collaboration in the provision of the essential services package at the outreach/community levels.

BRAC's Community based Health and population programme which utilizes community health workers and makes use of community partnerships through the formation of 'Gram Committees has major implications for extending all elements of essential services package to every household in a systematic and sustainable way integrating all elements of essential services package at the community level. Its features include expanded scope of services at peripheral static service delivery sites as an alternative to doorstep services, strengthened local primary health care centres, and provision of a comprehensive package of basic MCH-FP services at the community level. But its most significant feature is its strong involvement with the community.

The indigenous community health workers of the BRAC called "Shastho Shebikas" are selected by it in collaboration with the community and with local MOHFW staff. These workers are generally illiterate, middle-aged women, trained by BRAC in a 12-week course and then supervised by BRAC field staff as well as by a local village committee. They provide a broad range of services at the time of monthly home visits to their clients which includes most of the elements of the essential services



package, such as, EPI, ORT distribution, DOT for tuberculosis patients, family planning services, post-natal, pre-natal care etc.

Shastho shebikas are provided no salary by the BRAC or by the community but they do receive an income from the sale of drugs and supplies.

The international Centre for Diarrhoeal Disease Reseach, Bangladesh (ICDDR'B) has extensive experience with operations research and with the implementations of innovative approaches. The ICDDR'B/Matlab MCH-FP project is the longest and most thoroughly documented experience in Bangladesh with the provision of most of the elements of the essential services package at the outreach/community level. It also has valuable recent experience in the development of reproductive health programmes (including the promotion of safe motherhood and the detection and treatment of reproductive tract infections) for past tow decades. This project has been providing a comprehensive package of services at the household level to 100,000 persons through bi-weekly home visits from community health workers. Services at a nearby subcentres are readily available with an effective hospital referral system being in place. The cost of the services provided by the package was US \$ 3.50 in 1989; since then, the cost has not increasd in any notable way beyond inflation.

The CARE TICA (Training Immunizers in Community Approach) project is an important example of a successful innovative approach to strengthening MOHFW services at the outreach/community level without the usual incentives and costs associated with pilot project (such as salary supplement, involvement of expatriates, technical and administrative staff, etc.) Through this project it has been possible to improve the effectiveness and productivity of the MOHFW EPI programme staff by focussing first on strengthening supervision, then on providing staff training and improving the monitoring of field activities, and finally on mobilizing the community for greater participation in EPI activities.

The Government-NGO collaboration also exists for leprosy and tuberculosis control. Under these collaborative arrangements MOHFW provides drugs, supplies, and facilities and the NGOs provide technically competent staff and training. There is considerable evidence that programme services have improved under this collaborative arrangement, Leprosy programme now working in 195 thanas and tuberculosis control programmes in 309 thanas.

There are other collaborative arrangements of MOHFW with UNICEF, ICDDR'B, GTZ, the Johns Hopkins University Centre for Communication Programme, World Vision, Save the Children USA, Plan International, World Relief, Local Initiative Projects, and others for expanding the scope of services at peripheral static service delivery site through alternative approaches to deliver services at the doorstep including strengthening the involvement of local community members in the provision of services and/or planning, supervision, and evaluation of services, both in rural and urban areas.

As regards local primary health care centres major frontline organizations in working innovative efforts to deliver services through health centre are BRAC, Grameen Bank, Gonoshasthya Kendra, the Radda, Dhaka community Hospital.

BRAC health centres serve members of BRAC's community voluntary organizations (VOs) and other community members as well who receive services from the centre at a slightly higher fee. These facilities provide a broad range of services and staff at each centre usually consists of a physician, a paramedic, a midwife, a pharmacist, and a laboratory technician. Utilization data of these centres are not available, but anecdotal reports suggest utilization rate may be low at many centres.

The Grameen health centres are operated by physicians and their sub-centres by paramedics. The centres focus are the care on patients with acute illnesses, and referral arrangements exist with three non-profit private hospitals in and around Dhaka city. A prepayment health insurance scheme has been developed which account for one-third of the cost of the centre operations. Locally generated income accounts for 66 per cent of total costs. The annual per capita recurrent costs are only US \$ 0.37.

Gonoshasthya Kendra operates through four sub-centres. These are staffed mainly by paramedics, but a physician visits each sub-centre twice a week. These facilities are closely related to the Gonoshasthya Kendra Hospital which manages referrals from sub-centres. The paramedics of the sub-centres also carry out home visits to provide basic health care and health education.

Radda provides comprehensive MCH-FP services at six sites in an area of Dhaka city with effective referral linkage developed with the government hospitals for those clients requiring emergency obstetric care or other emergency hospital services. It currently recovers only 15 per cent of costs from clients.



Dhaka community Hospital operates a rural primary health care clinic and maintains a 23 bed facility in Dhaka. The programme is unique in the sense that it is completely self-sustaining and receives no outside financial support. In the rural clinic 800 families contribute Tk. 10 monthly to the programme and receive periodic home visits from health workers as well as free consultations from a physician at the clinic. Drugs are not free. Hospital services in Dhaka are provided on a deferred payment basis when necessary, but recovery rates are quite high.

As part of strengthening the reproductive care provided by the local practitioners, both government and NGOs have programmes to train the traditional birth attendants and train women with 8 to 10 years of education for midwifery skill.

Under the safe motherhood Initiatives there is an UNFPA funded Reproductive Health, Family Planning and Emergency Obstetric Care project under which Maternal and Child Welfare Centres offer full range of reproductive health, family planning and emergency obstetric care services, including caesarean section. A major part of the project activity is the training of MOHFW physicians and paramedics in the surgical, anaesthetic, and nursing skills required to provide emergency obstetric care. There is a UNICEF funded safe motherhood project too ICDDR' B and BRAC too have such projects.

The initiatives noted above though are the major ones represent only a small portion of various activities going on in Bangladesh with regard to the delivery of the essential services package at outreach/community levels. There is little independent assessment of the effectiveness and cost of many of these approaches. Thus, for implementing HAPP-5 basing on local experiences these approaches need analysis and evaluation including assessment from clients, providers, and supervisors about the strength and weakness of them. Before doing that may not be advisable to undertake any further pilot projects for HAPP-5 than to extract lessons from the already existing approaches. 'Model' thanas may be developed based on existing experiences where new policies and procedures can be implemented and closely monitored.

A national task force comprising of professionals, local health workers, community members with experience in local service delivery and community involvement may be convened to review the existing experience and to make recommendations as to how the essential services package can best be applied on a national basis at the outreach/community level. The task force may also identify

priority areas for further pilot projects and operations research issues. For operations research to have maximal utility the focus should be on issues which are likely to become relevant in 5-10 years and not an issue which need answers today or in the near further. This is because operations research project generally take one year to develop, at least several years to implement, and one or more years to write-up and disseminate the results.

Although there are a good number of innovative approaches made by the NGOs and MOHFW to deliver the health care services at outreach/community level there has been notable lack of experience with regard to strengthening the contribution of local private practitioners to the provision of various elements of the Essential services package. Currently they are the major providers of services (88% of the total) and will continue to do so in the future. Thus they are as the first source of care for acute illness. The current role of these practitioners at local level and the quality of care that they provide need reviews so that policies and activities can be undertaken which would encourage them to improve quality of their services rendered, teach clients healthy behaviour, and promote referral of the clients with life threatening conditions to more specialized and appropriate treatment centres.

It is observed from various approaches made so far, the combining of MCH and family planning services, forming partnerships among MOHFW staff, NGO staff, and community members, and strengthening peripheral fixed sites of services delivery while maintaining periodic contact at the same time with every family member in the community represent the most promising approach for delivery of the essential services package at the outreach/community level. The BRAC's experience with 'Shastho Shebikas' ICDDR'B's experience with Indigenous Community Health Worker and similar other experiences also bear some testimony to the fact that local level minimally paid community health workers can provide many of the elements of the essential services package at the outreach/community level if training, supervision, and support are adequate. These worker can provide a broader range of services than FWAs and HAs are currently providing. Hence they are able to serve as the resource for expanding the coverage of a broader set of services in the rapidly growing national population without expanding the number of salaried FWAs and HAs. These community-based workers in addition to actually providing services may be entrusted with the responsibility of motivating people to make better use of underutilized government health resources and also to strengthen their role as partners in health worker and family planning activities at the local level. In this regard, the training supervision, and support that will be needed in order for HAs, FWAs



and the indigenous community health works to functions together to provide the Essential service package at outreach/community level need emphasis and proper specification.

However, unless some systematic changes are made in the MOHFW service delivery system which will promote increased accountability to the community and supervisors, improved quality of services, increased productivity and improved motivation of staff, improved client relations and responsiveness to client needs, decentralization community and NGO involvement, and local monitoring based on accurate information, the changes which may be made to improve the provision of the essential services package at the outreach/community level will be short-lived. Systematic improvements affecting all levels of MOHFW operations will be required for appreciable improvements in service delivery at the outreach/community level. High-level political support alongwith strong managerial and technical support will be needed to promote the changes in the MOHFW which will lead to needed systematic improvements. Mechanism will need to be developed to communicate to political officials the need for such improvements and the significance of such improvements for the health and well-being of the population. Systematic changes in the MOHFW operation should be seen as equal in importance to technical and financial support for improving service delivery at the outreach/community level.

Finally, as large-scale rural-to-urban migration will continue in Bangladesh during the next several decades experiences and successful approaches in urban areas will have relevance to an increasingly larger segment of the national population. Hence, experiences and approaches from urban service delivery relevant to essential services package at the outreach/community should be incorporated into the planning of HAPP-5.

# IPHIN news

INTERNATIONAL POVERTY AND HEALTH NETWORK



A newsletter prepared and distributed by WHO - Issue 2, March 1999

## Turning the Tables on Poverty and Ill Health



WHO's Director-General recently spoke at a seminar on Public Health for a New Era at the King's Fund in London on 14 January. In her speech to the assembled planners, economists and public health specialists, Dr Brundtland said:

*"There is solid evidence to prove that investing wisely in health will help the world take a giant leap out of poverty. We can drastically reduce the global burden of disease. If we manage, hundred of millions of people will be better able to fulfil their potential, enjoy their legitimate human rights and be driving forces in development. People would benefit. The economy would benefit. The environment would benefit. It is a complex process - but it can be done."*

Dr Brundtland added that, although the world has long known that poverty breeds ill health, it was now clear that ill health also perpetuates poverty:

*"Turning that around we end up with a simple, but vastly significant assertion: improved health is a key factor for human development and again, for the development of nations and for their economic growth", she said. It is well-known that the poor are the most exposed to the risks of a hazardous environment, and the least informed about threats to health. It is the poor who bear the brunt of crude structural adjustment policies and unregulated globalization, of epidemics of HIV/AIDS, malaria and tuberculosis.*

*"In the fight against poverty, we need to approach rich and poor countries alike", stressed Dr Brundtland, who added "From being an unproductive consumer of public budgets, health is now gradually seen as a central element of productivity itself".*

Our lack of interest in health as an economic concept is due to complacency, she suggested. This is *"promoted by powerful interests in health care technology, including within the health professions themselves....Health systems have become dumping ground for the consequences of inadequate policy"*. Dr Brundtland emphasised the need for improved policies on health which must encompass economics, politics, the environment and social issues.

The seminar was also addressed by Amartya Sen, winner of the 1998 Nobel Prize for Economics, Clare Short, UK Secretary of State for International Development, Tessa Jowell, UK Minister of State for Public health and Sir Donald Acheson, author of the UK's Independent Inquiry into Inequalities in Health.

A list of all Dr Brundtland's speeches is available on the Internet by accessing the following address: <http://www.who.int/inf-dg/index.html#speeches>

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## EDITORIAL

*Bringing health to the core of development* - the commitment made by Dr. Brundtland is close to the concerns of a small advisory group which met recently in Kenya to explore how the Network could highlight the role of health in poverty reduction and in sustainable human development. Ideas on this and on other issues related to poverty and health that were shared at the meeting are presented in this issue of our newsletter.

One of the strengths of the Network is the direct involvement of its members, at local or country level, in activities that promote health and contribute to reducing poverty. One of the aims of the Network is to build partnerships with communities. This means strengthening communities in their own efforts to address underlying causes of poverty, social exclusion and ill health. Such an approach to addressing poverty and ill-health focuses on *people* and in particular the poorest people in all countries.

In 1995, the World Summit for Social Development strongly endorsed this approach by calling for a people-centred sustainable development. Goals were developed from a peoples' perspective. Now, five years later we need to revisit the goals and assess how they have been implemented. We invite you to participate in that process and to share your experiences and insights so that the voices of those directly involved in efforts to reduce poverty and ill health are heard.



Maga Sköld  
Editor

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## The Social Summit - where are we?

The World Summit for Social Development, which took place in Copenhagen in 1995, was an important effort to focus world attention on social issues, particularly eradicating world poverty. It took place at a time when global and national politics were dominated by market liberalization and reducing the role of the state. Now, almost 5 years on, we must ask ourselves - Did it do any good? We think the short answer is Yes. But it will take time to undo the narrow preoccupation with economics, which had 15 years head start. The number of people living in extreme poverty continues to grow. Conflict, economic instability, and misgovernance, all continue to exact a heavy toll on health.

On the positive side, 107 countries now produce their own human development reports and many have initiated poverty eradication programmes. Financial commitment by international financing institutions and some governments is on the rise. The 20:20 initiative is gaining gradual commitment to its proposal that 20 % of external aid be used for basic social services, provided recipient countries spend 20% of their public budgets for the same purpose.

But we still have a long way to go. Least developed countries, particularly in Sub Saharan Africa, are still marginalized. There is still a big gap between the international rhetoric and action on the ground; between the calls for sustainable development and poverty reduction to be integrated with policies for economic growth, and the reluctance to put the good intentions into practice.

In June 2000 a special 4 day session of the UN General Assembly will take place in Geneva to look at progress made since 1995, and to identify how to accelerate implementation of the commitments made at Copenhagen. Preparations for this are underway. The 37<sup>th</sup> Session of the Commission for Social Development was held in New York from 9-19 February 1999, focusing on Social Services for All. During this meeting, WHO called for a new initiative, which goes beyond social services, to put health at the centre of future development policy and practice. Yet we must admit that health professionals also contribute to the problem, with too many preoccupied by biomedical and technical approaches to disease, and not enough acknowledging their roles in fighting poverty. Until this changes, we risk being accused of hypocrisy in calling for others to do more for the health of the poor.

## NGO Participation in Copenhagen+5

The Preparatory Committee (PrepCom), which will hold two substantive sessions, is making its work open to the participation of NGOs, including those in consultative or roster status with ECOSOC, those having already submitted an application to ECOSOC, as well as others accredited to the Social Summit or other major UN conferences and summits. Governments are being encouraged to include representatives of civil society in their national preparatory processes, as well as in their delegations to the PrepCom and the special session. Modalities and conditions for NGO participation in the special session will be considered at the meeting of the PrepCom in May 1999 (see enclosed NGLS Round-Up for further information).

### Calendar of Follow-Up to Copenhagen +5

- 17-28 May 1999: 1st Preparatory Committee for Copenhagen +5 at UN/HQ New York
- February 2000: Commission for Social Development at UN/HQ New York
- 3-14 April 2000: Second Session of the PrepCom, at UN/HQ New York
- 26-30 June 2000: Special Session of the General Assembly on Copenhagen +5 at UN/Geneva

### 1995 World Summit for Social Development

In order to share information within the Network on activities being developed by members, we would like to hear from you on your involvement in the follow-up of the Social Summit.

1. Are you, or your institution, involved in any way in implementation of the Summit recommendations or in the follow-up activities to the Summit at local, national or international level?

2. At country level, what has been done so far to implement the recommendations of the Social Summit? How has health been used as an entry point to reach the broader goals of the Social Summit, such as poverty eradication and sustainable human development?

3. In your country, has the government included representatives from civil society in the national preparatory process or in the delegation to the Prep. Com and the Special Session?

4. Will your institution be represented at the Prep. Com which will take place from 17-28 May 1999? Have you prepared any position paper, statement, documents or reports for that meeting which you could share with the Network?

## USEFUL CONTACTS

The **United Nations Nongovernmental Liaison Service (NGLS)** was created in 1975 with the aim of fostering and promoting greater understanding, dialogue and cooperation between the UN system and NGOs on development and related issues under review within the UN system. Initially, NGLS was seen as a system-wide initiative to strengthen cooperation with national and regional NGOs and NGO networks worldwide engaged in development information, education, and policy advocacy work. NGLS activities deal with the entire UN sustainable development agenda across all UN agencies, programmes, funds and departments concerned with economic social and humanitarian issues.

NGLS provides information, advice, guidance and support to NGOs wishing to be more involved in the UN system, and creates opportunities for dialogue, interaction and increased mutual understanding and cooperation. NGLS's mission statement says, "The Non-Governmental Liaison Service (NGLS) promotes dynamic partnership between the United Nations and non-governmental organisations. By providing information, advice, expertise and support services, NGLS is part of the UN's effort to strengthen dialogue and win public support for economic and social development". Other NGLS activities include:

- joint organization of meetings and other events with NGOs and UN offices;
- maintaining databases on the NGO and UN communities;
- publicizing important UN and NGO development activities, & publishing development information/ education materials, including the *Go Between* newsletter and *NGLS Roundup*, and information on UN events, conferences and other activities, e.g. follow-up to Copenhagen Social Summit;
- advice to NGOs on the work of the UN system and issues on the UN's agenda and how to engage in effective information and advocacy work;
- monitoring and participating in research, meetings and publications of various institutions on the changing roles of NGOs (both north and south), and their relations with governments and multilateral organizations.

NGLS publications and more information from:  
Mr Tony Hill, Coordinator, UN-NGLS, Palais des Nations, CH-1211 Geneva 10, Switzerland  
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## Meeting of the Advisory Group to the International Network on Poverty and Health

Since the idea of an International Network on Poverty and Health was discussed and agreed on at a meeting in London 1997, the Network has gradually gained momentum. During 1998 many new members joined the Network which today is made up of 200 individuals, organizations, business enterprises and community groups.

In order to consolidate the work of the Network, agree on key objectives and priorities, and strengthen participation in the network of people and organizations in the South, a meeting of a small advisory group was held in Nairobi and Kisumu, Kenya during November 23-26, 1998.

### Statement of Purpose of the Network:

One of the important elements of the meeting and for the continuing development of the network was building consensus amongst the participants, of the Statement of Purpose of the Network. These were agreed on as follows:

- **What is the International Poverty and Health Network?**

The IPHN is a world-wide network of people and organisations from health, business, NGOs, government and society-in-general who exchange experiences and share information on the most effective approaches and solutions for health in poverty eradication policies, strategies and actions.

- **Who is it for?**

People and organisations that wish to influence policy and action to protect and improve the health of the world's poor, with particular emphasis on the poorest in all countries.

- **What is its aim?**

To integrate health into poverty eradication policies and strategies, promoting community partnership and intersectoral action, as a means to achieve effective and sustainable results.

The meeting discussed the main links between poverty and health and explored some of the contributions health can make to poverty reduction.

Experiences presented at the meeting from both developed and developing countries pointed to the fact that poverty has many dimensions and cannot be viewed from an economic perspective alone. Stronger emphasis and consideration needs to be given to the reality of poor people as experienced and expressed by themselves, and to the analysis of root causes and factors that influence or determine poverty.

Discussions evolved around issues such as the geographic dimension to poverty which is reflected in variations in poverty rates across regions within the same country; the seasonal variations in poverty, a consequence of the inter-seasonal variations in the production of food crops leading to periods of want and "seasons of hunger"; the link between environmental degradation, ill-health and poverty; and the macro dimensions to poverty including economic and political governance.

The question of governance also led to discussions on forms of participation and on the importance of community involvement in political and economic developments and of strengthening the capabilities of civil society.

There was a broad consensus at the meeting that a participatory approach to poverty reduction and community development is desirable both on ethical and operational grounds. This means listening to how local people themselves identify the poorest members, and involving them in the development of strategies or policies to address poverty. Partnership building between government, civil society, the business community, the poor themselves, NGOs and health professionals was emphasised as the only way to ensure political commitment to poverty reduction at a local, national and international level.

The meeting emphasized the need for adopting a balanced approach to poverty reduction that addresses both the macro level issues of economic growth and poverty reduction, and the specific health needs of the poorest and most vulnerable people.

During the business session of the meeting, participants identified the stakeholders of the Network and explored its strengths, weaknesses, threats and opportunities. In light of these discussions and of the discussions related to poverty and ill health, the meeting decided on the following areas of priority for the Network:

## 1. Mobilising Stakeholders

The aim of mobilising all stakeholders is to ensure commitment by local, national and international sectors, business, health professionals, politicians and researchers etc to poverty reduction and improvement of health of the poorest populations; and to ensure co-operation between the different sectors to achieve results in priority areas. This would be done by:

- Developing a clear rationale for business involvement in poverty and health
- Involving new actors and identifying and involving stakeholders at local levels
- Developing country specific plans and mobilising key stakeholders
- Disseminating information and experiences.
- Writing a joint letter on behalf of the Network, to all the world's health professional associations (and medical journals) to join and share the mission.

## 2. Involvement in Copenhagen Plus 5 Summit Meeting

The aim of focusing on the Copenhagen plus 5 meeting is to engage the network in national and international events and to bring health to the agenda of poverty reduction strategies. This will be done by:

- Sharing information on what is already been undertaken by network members and on developments leading up to the Special Session at the UN Assembly
- Disseminating information on the main outcomes of the 7 Summits
- Consulting national governments on the implementation of Summit agreements
- Participating through the secretariat (WHO) at the Prep. Coms of the Copenhagen plus 5 process and keeping members informed about developments.
- Becoming involved and influencing the agenda at national level

## 3. Information, Research and Capacity-building

The meeting recognised the need and importance of collating, exchanging and disseminating information regarding health in poverty reduction in order to strengthen local and national and international capacities. This would be done through:

- Promoting evidence based research and community involvement in research

- Collecting research results, experiences, methodologies and best practices relating to poverty and health
- Exchanging and disseminating information through newsletters, the Internet, existing networks, publications, national, regional and international summits and conferences, journals, political arenas, the media etc.
- Storing and retrieving information experiences by creating a data base and the publishing a catalogue
- Building capacity among health professionals and people of other disciplines working with communities in management and governance, research skills and advocacy methodologies
- Producing workable community based models of addressing poverty and health currently developed by Network members.

## 4. Strengthening the Network Development

Efforts will be made to strengthen and expand the network through the following:

- Communication and exchange of information
- Creating a central web site for the Network with useful links
- Identifying and Mobilising the Network Resources
- Creating /linking up with networks at a national and international level

The full report of the Kisumu Meeting will be distributed to all Network members.

\* \* \* \* \*

## Name the Network

The meeting in Kisumu was keen to come up with a catchy acronym for the International Poverty and Health Network - the general feeling was that "IPHN" didn't translate well into Spanish and French, and was therefore too clumsy to be catchy.

After many failed attempts, we were none the wiser, and decided to ask you, the members of the Network, to help! What do you suggest ?? Suggestions for both the name and the logo for the Network will be welcomed!

The next newsletter will present a selection of the proposals we receive and a small international group of members will be asked to make the final decision. So, it's over to you!



## HSD News

We are delighted to inform you that our department, Health in Sustainable Development, has a new director. From Sweden, Mrs Eva Wallstam will be joining us on 6 April, and on behalf of the Network we would like to extend a warm welcome to her. During a short visit to Geneva last week, we asked her to write few lines to the Network:

"As new director of the Department of Health in Sustainable Development I am very pleased to convey my greetings to the IPHN members. Coming from Sida, the Swedish Development Cooperation Agency, where I have been the Head of the Health Division, and from a country, Sweden, where poverty alleviation and issues concerning economic and social equality figure high on the agenda, I have a strong personal commitment in these matters.

Clearly, poverty is at the root of ill-health and suffering. Our challenge at WHO will be to define our role in relation to governments, civil society and other organizations in order to maximize our contribution through global advocacy, intersectoral action, partnerships and involvement in work at the country level. I intend to try and contribute to raising WHO's profile in this area and I am looking forward to meeting and working together with you and your organizations as members of the IPHN."

**Eva Wallstam**

Further information on follow-up to the Copenhagen Social Summit can be obtained by accessing:  
<http://www.un.org/esa/socdev/wssd.htm>

## EDUCATIONAL RESOURCES FROM THE WELLCOME TRUST/ CAB INTERNATIONAL

**A new CD-ROM interactive training programme to tackle global diseases** has been published by the Wellcome Trust and CAB International (CABI), entitled *Topics in International Health* (TIH). This innovative health training tool was launched in April 1998 and is aimed at medical students, healthcare professionals, researchers and academics in both developed and developing countries.

The package currently contains 8 CDs, each focusing on a disease or group of diseases - Leprosy, Malaria, Tuberculosis, Trachoma, Diarrhoeal Diseases, Sickle Cell Disease, Schistosomiasis and Sexually Transmitted Diseases. Discs on AIDS/HIV, Nutrition and Leishmaniasis will be published in 1999.

The CDs focus on training the user in the epidemiology, diagnosis and treatment of disease, and offer access to a vast amount of information through a series of interactive tutorials, an extensive collection of images and a comprehensive glossary of medical and scientific terms. The package is highly visual, fun to use, and extremely accessible, even to those with little experience of computers.

Each disc costs £95 for developed country institutions, (discounts on purchases of 4+ titles), and considerably lower prices for individuals and for those in developing countries.

Further information from Liz Woolley  
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Wallingford, Oxon OX10 8DE, United Kingdom  
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mail:l.woolley@cabi.org; Website: <http://www.cabi.org>

### I would like to become an active member of the International Poverty and Health Network

Name:..... My particular areas of interest:.....

Organization.....

Address:.....

What I/my organization can contribute to the Network.....

Tel..... Fax..... Email.....

Please return the completed slip to the IPHN Secretariat at the address given on page 2 of this newsletter

## The "Pro-Poor" Agenda in HPSP

The "pro-poor" agenda in HPSP seeks to improve the health and family welfare status of the most vulnerable women, children and poor in the country. Both the "start point" ("opportunity") and the "resource" ("income") equity position for poor and vulnerable groups needs to be improved. But with over half the Bangladesh population (130 million) below poverty level (65 million) and resource shortfalls an open admission for most programs, such improvements are not easily achieved.

HPSP hopes to achieve improvement in opportunity and resources for poor and vulnerable targets through health sector and multi-sectoral programs that emphasize a population-based approach to:

"client-centered provision and client utilisation of an Essential Services Package, plus selected services."

Key indicators for this effort for target populations include:

- Reduced maternal mortality
- Improved infant mortality
- Reduced mortality for female and male children under 5
- Communicable disease reduction
- Lower rates of unwanted fertility and total fertility rates
- Greater life expectancy for females and males
- Higher age of women for birth of first child
- Improved nutritional status
- In general, a healthier life style

These outcomes depend upon key "implementation steps" envisioned as crucial parts of the HPSP agenda:

1. A fully-funded ESP must be further defined, prioritised, promoted, and implemented in a manner that improves the above indicators for vulnerable and poor populations as well as for the population at large.
2. The effort to unify, restructure, and decentralise service delivery mechanisms for the health sector must also be reconciled with the special needs of vulnerable and poor populations.
3. Integrated support systems and multi-sectoral supports that are "pro-poor" must be put in place, along with meaningful MIS and Behaviour Change Communications programming.
4. Nutrition and public health components required for dealing with rural and urban health/poverty problems must be understood and addressed alongside ESP.
5. "Comparative advantage" regulatory policy changes that links service subsidies with "ability and willingness to pay" through GO-NGO partnerships and, where reasonable, an expanded role for the private sector to relieve the burden on public resources.



6. Required hospital level services can be focused upon the needs of key target groups and linked with ESP services.
7. Sector-wide program management will be effectively operated and monitored.

Recent studies in the targeting of public expenditures for health (van de Walle and Nead, *Public Spending and the Poor*, 1996) suggest that ESP is probably a sound strategy since:

- Targeting—in the absence of functional tax instruments, manageable social and political conditions, clear understanding of the costs of targeting—can be difficult to achieve.
- Since the poor are less likely to seek treatment and more likely to use less expensive treatments, primary health care (ESP) probably is still the best way to reach the poor with health and family planning services.
- Pro-poor strategies tend to benefit urban areas more than rural, that non-poor receive a comparatively greater share of subsidies than do the poor, but that use of health “by” all rises as public spending increases.
- Limited access to facilities probably still means that public spending on health provides greater marginal benefit to poor children and families than to the non-poor.

If this is so, the “start point” or capability position of Bangladesh will be critical for the HPSP pro-poor agenda. Briefly, the opportunity context of the HPSP agenda can be summarised in the following points based on National Health Accounts of HEU (1996/97):

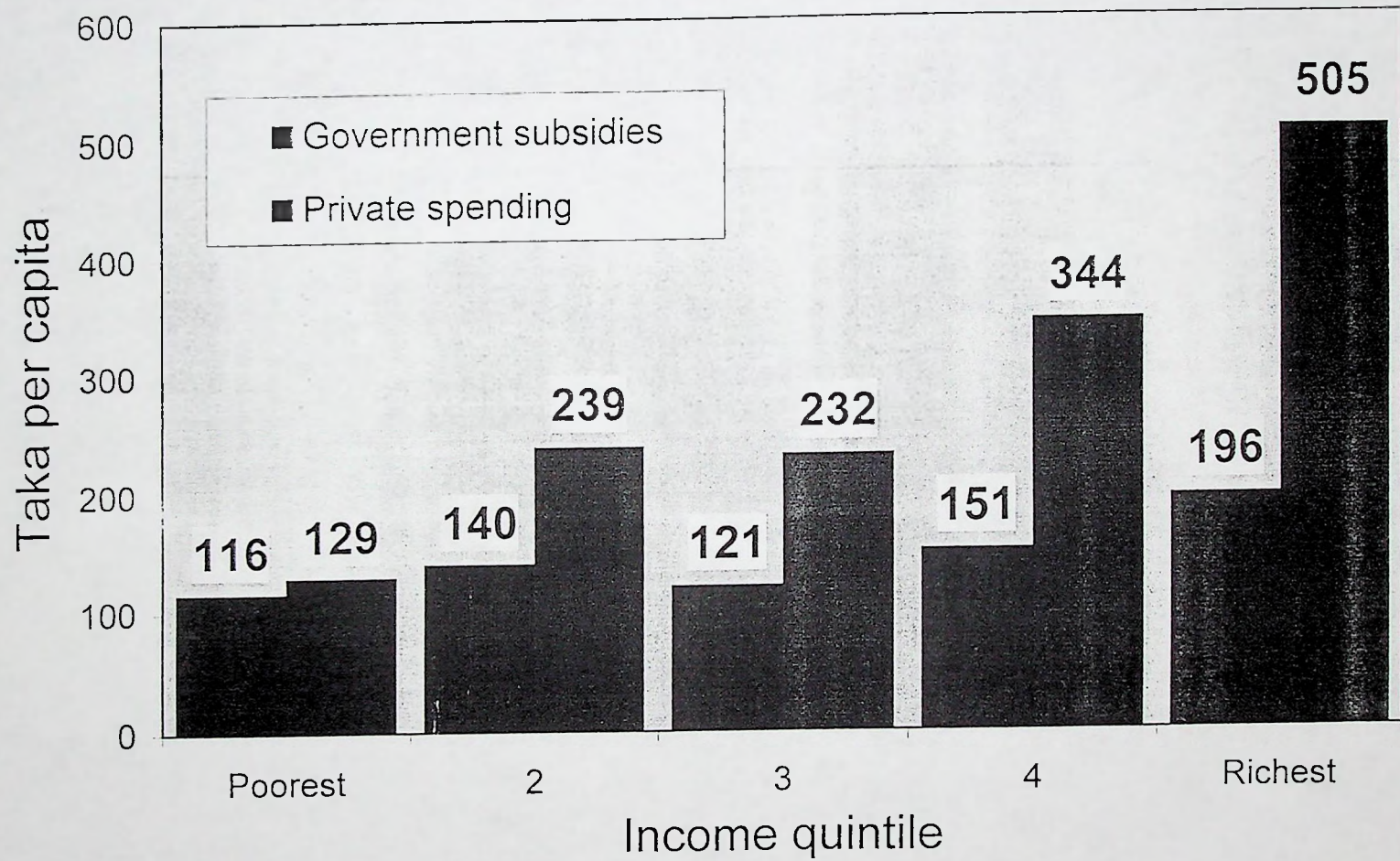
- Health sector spending favors non-poor and urban residents, but not public expenditures. Just less than 1/3 of all health spending and of all GOB spending benefits the richest 20 percent of the Bangladesh population, while only 1/10 of national spending reaches the poor.
- Household spending on private health services and government spending increases with income, but GOB spending at a lower rate. Ministry of Defense and non-health sector line ministries account for most of the greater spending for the non-poor. MOHFW spending is relatively equally distributed across income quintiles.
- GOB health subsidies contribute a sizeable part of the overall consumption of health services by poor Bangladesh families, as well as conferring other benefits.
- If HPSP can improve the targeting of GOB subsidies at district, thana and below while reducing subsidies to the non-poor (middle-upper income, students, military, civil servants), then perhaps still greater pro-poor effectiveness can be achieved through HPSP.
- Outpatient services of district hospitals, thana health complexes, and union/sub-union areas already benefit the poorest 40 percent of Bangladesh households, although urban households at all income levels use twice as much of thana and district hospital services as other households.
- Non-MOHFW spending benefits almost exclusively the richest quintile of households, with these HHGs absorbing roughly 60 percent of the subsidies with only 10 percent of this spending benefiting the poorest 40 percent of the population.
- Inpatient subsidies are equally distributed throughout all income groups in Bangladesh, a fact affected by the preference of all households to rely on private spending for outpatient services but for public hospital inpatient usage by poorer families.
- Health spending for males was Tk 406 per capita for females and Tk 461 for males, with private spending being much higher for males than for females. GOB subsidies are equally distributed.
- Health subsidies are important for those families below the poverty line: poor families have lower incomes and health subsidies account for a disproportionately high share of their overall goods and services consumption. NHA comparisons suggest that health subsidies are equivalent to 6 percent of the income of the poorest households and 1 percent of the richest.

- GOB spending has a net re-distributive impact on income: since the burden of financing health care through taxes and trade levies are generally borne by the higher income quintiles, the movement of public monies spent on health is from the rich to the poor even though non-MOHFW spending goes heavily to the non-poor.
- By using health subsidies for selected groups (military, etc), Bangladesh's pro-poor spending record is worse than Jamaica, Sri Lanka, and Malaysia where about 28 percent of public spending goes to the poorest 20 percent of the population.

In this context, HPSP can achieve its goals more effectively by linking ESP expenditures with evidence-based policy changes such as the following:

1. Policy and management reforms aimed at improving access to modern and effective health services—facility efficiency and cost-effective services are such a policy approach.
2. Poverty alleviation policies and programmes that increases the consumption and welfare of the poor through free or subsidies health and family welfare services—ESP can be such a policy approach as could be a Health Trust policy for Bangladesh.
3. Policies promoting insurance or insurance-like mechanisms that protect households against unpredictable and heavy asset-loss through severe insurance—rural social health insurance or, if done appropriately, GOB employees health insurance would be such a policy.
4. Policy measures that increase the consumption of goods and services by the poor relative to consumption by the non-poor and the rich in the country, including health services—ESP is such a policy approach.





**VIABLE ALTERNATIVE APPROACHES TO MEETING THE HEALTH NEEDS  
OF THE POOREST AND MOST VULNERABLE:  
THE AFRICAN EXPERIENCE**

**By**

**P. Anyang' Nyong'o**

**Prepared for**

**THE WHO CONFERENCE ON**

**"MEETING THE HEALTH NEEDS OF THE POOREST AND MOST  
VULNERABLE"**

**Dhaka, Bangladesh,  
11-13 April, 1999**

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**Introduction**

The rhetoric is always increasing, the figures are repeated incessantly but the facts are avoided. That, in brief, is what the crisis on the debate on poverty, health and basic needs in Africa is all about. There is no doubt that we are entering into the next millenium as the poorest continent on this earth. There is also no doubt that this poverty occurs in the midst of plenty of natural resources, a human resource base that could be developed for the better and societies that have survived grave calamities in history in the past.

The slave trade was a disaster of unparalleled proportion in the history of Africa. Walter Rodney quite rightly traced *Europe's underdevelopment of Africa* to this devastating trade in human flesh.<sup>1</sup> This work was complementary to several volumes written by the British historian, Basil Davidson, depicting the potential for development that was inherent in African civilizations, but that was deflected by both the slave trade and the colonial experience.<sup>2</sup> Diverse forms of external intrusion sapped the internal dynamics for future development that African societies had built over long periods of time.

When all is said and done, a society can develop only if, in the first instance, it can produce and reproduce itself. This begins with the simple biological function of birth and the survival of the born within the family unit, and the survival of the family unit within the wider community. The destruction of the family unit by the slave trade put back the clock of development in Africa for several decades, if not for even centuries. The subjugation of whole communities to production for colonial consumption usurped these communities of the internal strength to produce and reproduce for their needs. The

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<sup>1</sup> Rodney, W. (1973). *How Europe Underdeveloped Africa*. Dar es Salaam: Tanzania Publishing House.

<sup>2</sup> Davidson, B. (1968). *Black Mother*. London: Oxford University Press.



political economy of colonialism has not qualitatively changed, given the dynamics of political power in Africa and the structure of the world economy. Indeed, national and international relations and policies still determine the reproduction of the family unit, as well as communities. Hence, when we see poverty increasing among the rural and urban poor in Africa, we need to look at the causes of poverty in the political economy of these societies, and propose solutions that will realistically handle political and economic dynamics. It is not possible to isolate the most vulnerable sector of the population and deal with their problems in isolation. Sooner or later, the wider political and economic environment will encroach on them. Hence a pattern of *social transformation*, incorporating the urgent needs of the vulnerable groups, is recommended.

### **Quality of Population**

About 600 million people live in Africa today. Within the next 40 years we shall have 1.6 billion Africans. Every year, the population in Africa increases at about 2.7%, this is likely to decline to 2.0% in the year 2040. With HIV/AIDS, the death rate is one of the highest in the world. 15 persons out of 1000 die every year; this could go down to 5 by 2040 if there is improvement in health care.

In developed countries, individuals are, on the average, catered for in terms of health and sanitation facilities. While in Denmark, 100% of the population have access to clean or safe water, sanitation and health facilities, in Cameroon only 20% have access to health facilities, 41% to clean/safe water and 40% to sanitation facilities. Denmark has one of the lowest infant mortality rates, 5 per thousand; Cameroon's infant mortality rate stands at 56 per thousand—one of the lowest in Africa.

### **Improving Standards of Living**

Africa's hopes for a better future depend in large part on improving the health of its people. This means better access to those facilities that establish the foundation for good health from infancy, facilities like safe water and sanitation which are the basis for proper primary health care. This also means better access to good and high quality health services, particularly family planning, and the improvement in the health status of women—the main bearers of reproductive health functions and responsibilities.

The reality of reproductive health in Africa is far from the ideal, and that is why there continues to be such a high infant mortality rate, ranging from 56 per thousand in Cameroon and Kenya, to about 140 per thousand in Malawi, Guinea Bissau and Gambia. It is quite clear that these figures are highly concentrated among poor families within these countries. Women, among the poor, begin child bearing in their teens, and have an average of six children. Just 18% use contraception, and the level of unmet need for family planning —i.e. over one-quarter of married women or more than 222 million—is higher than in any other region.

Early and frequent child bearing means that 1 in 15 women in Africa dies in pregnancy or childbirth. Meanwhile, AIDS has struck hard in eastern, central, and southern Africa,

where roughly 1 in 10 adults—both men and women—are infected with HIV. The HIV infection kills much faster among the poor than the rich; with health costs as high as they are to-day, it is to be expected that the well to do will find it much easier to meet the treatment and dietary requirements for prolonging life following HIV infection.

To reduce the possibilities of girl marriages, better and safer opportunities and facilities for the education of girls will be needed. African countries must expand access to education for girls and economic opportunities for women. This will require substantial financial contributions for good public education from governments, households and donor agencies.

### **Human Resources Development**

Contrary to the current neo-liberal orthodoxy that the state should withdraw from its social welfare commitments, it is quite clear that a responsible state is now needed, more than ever before, to invest in Africa's human resources development. The primary beneficiaries of this investment must be women and children.

Better educated families are much more likely to make better decisions about family planning; this has been found as an invariant fact in all societies. Better planned families will, in turn, lead to increased abilities of families to invest in quality education for the children. This will further complement the government's efforts in investing in public education, hence the general increase in standards of education.

With better education attention to primary health care needs will also increase, reducing the incidence of preventable diseases, hence the medical care bills.

That is the cycle which initial substantial public investment in health and education will lead to. It cannot, therefore, be over emphasized that the root towards poverty eradication lies in human resources development. This is not to mention the fact that an educated populace ends up to be a source of more productive labor than an ignorant populace.

### **Agriculture and Land Use Policies**

The deterioration of land quality, in combination with poor agricultural practices and policies, has left Africa less able than ever to feed herself. Food output per person has dropped by 16% since the early sixties. This is one of the main reasons why close to 40% of Africans are chronically undernourished and nearly one in three children go hungry everyday. This malnutrition is a major factor underlying continuing high rates of child mortality, high rates of primary school drop outs (especially among girls), and poor performance in school in general of children from poor rural communities.

Agricultural and land policies need to respond to rapid investment requirements for capital and technology in agricultural production. Reliance on subsistence peasant agriculture will take Africa nowhere. States that are reluctant to establish tax on land, so as to stimulate the productive use of arable land—rather than the speculation of landed



bureaucratic bourgeoisie—will not take Africa anywhere. Such conservative public policies are the cause, rather than the cure, of poverty in Africa.

### **Conclusion**

In the final analysis, attention must be paid to culture and ideology in our societies. Having been greatly inspired by our nationalist movements, the last thirty years have been a great disappointment in Africa. Except for the Republic of South Africa where historically significant individuals, like Nelson Mandela, are still alive to remind society of its heroic past, and inspire people for the challenges that face them, in the rest of Africa so-called leaders have become public villains.

Cynicism, and a sense of abandon, has seized many people. Individualism asserts itself with a disturbing sense of legitimacy. Individuals abuse what is meant for the public good without any disapproval from this same public. This is quite often justified on the basis that we do, in reality, belong to different publics in African states. The first one, which is closest to the individual, is usually the tribe, clan or family. Anybody within this public can commit any public offence in the wider society without any rebuke from members of the clan, family or tribe. So corruption is thus justified. Laziness in public offices tolerated. Sheer dishonesty protected from public disapproval. That is why knaves, thieves and drug traffickers can rule Africa without a problem. Such people can even get majority votes in elections, and change constitutions to suit their remaining in office with the same masses, and the naïve middle classes, giving them support.

Obviously no positive change, or development, will come to Africa without proper ideas for change and positive development being embraced by the people. The WHO and other groups like the one assembled at this seminar should go beyond discussions to the level of social practice so as to bring change to Africa. Our tragedy, at the moment, is that we have not been able to link theory successfully with practice.

It is still not very easy to see how this kind of discussion links with the agenda of trade unions and governments on women and child labor. Many minors are still used to bear guns and to fight in war torn countries. Many children still work for long hours in both the formal and informal sectors because their families are too poor to look after them, or they simply do not have families. These problems can be addressed if the creation of wealth, and its use and distribution at both the national and international levels was fairly and rationally discussed. But we tend to have the middle class mentality that recommendations from a seminar like this should be addressed "to the government", as if the government was a true weather vane ready to respond to any "sensible demand". In social practice, we will need to understand what the state really is in our context, how it will relate to demands from a group like this, and how such demands will coagulate into political action—which is how history is made.

If states have not been able to respond to recommendations from the WHO, however rational and sensible, what is the alternative action that the WHO intends to take? We are all aware that this is a rather uncomfortable question to ask WHO since it is, in the final

analysis, an inter-governmental body. But we surely need to know whether we are involved in mere rituals, or whether governments are, indeed, in search of real solutions for the world's most daunting problem like poverty eradication. Eradicating poverty will cost something. Somebody who is not poor will have to bear this cost. The poor will, in the end, be the beneficiaries. If the poor do not come from our continent, are we prepared to pay so that others in another continent will benefit? If the poor do not come from our community, are we prepared to pay so that the other communities benefit? If the poor do not come from our family, are we prepared to pay so that the other families benefit?

These are some of the down to earth questions that we need to pose to ourselves. There is a sense in which these questions are at times not confronted in international forums, hence we keep on avoiding them precisely because we do not ask them as nakedly as we should. Time may not be on our side. A whole century is passing. Another one is coming in. Let us celebrate the passage of this one by taking a great leap forward towards eradicating poverty within the next few decades.



## Health

"A healthy person is an under-investigated patient."

"Faced with an apparently healthy patient, great care is necessary. In my experience, however, if you ask enough questions and carry out enough tests and investigations, you will always find something suitable for highly remunerative treatment."

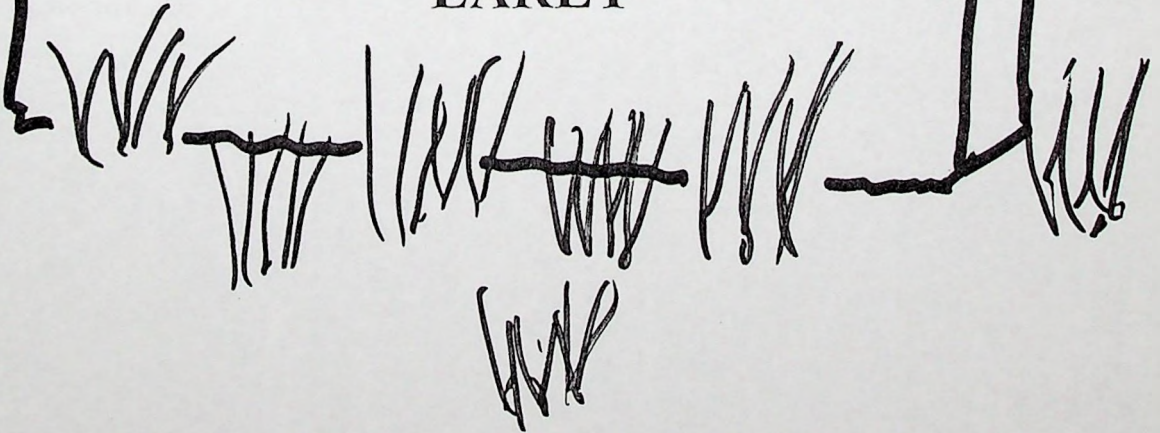
Dr Glamour, *Dip. Med. Charlatan.* of Harley Street  
'*Profitable Private Practice - notes for new Harley Street practitioners*'  
*in 'The Doctors Guide to the Market Economy'*  
*Edited by Wanna Lotamoney.*

Dr GLAMOUR

R.I.P.



HERE LIES DR GLAMOUR,  
MUCH LOVED BY HIS  
PATIENTS,  
MANY OF WHOM CAME TO  
THIS PLACE UNNECESSARILY  
EARLY





**“FEW CHANGES COULD SO  
THOROUGHLY UNDERMINE THE VERY  
FOUNDATIONS OF OUR FREE SOCIETY  
AS THE ACCEPTANCE BY CORPORATE  
OFFICIALS OF A SOCIAL  
RESPONSIBILITY OTHER THAN TO  
MAKE AS MUCH MONEY FOR THEIR  
SHAREHOLDERS AS POSSIBLE.”**

*MILTON FRIEDMAN*

## The Milner / Clausewitz Political Bravery Score

1 2 3 4 5 6 7 8 9 10

**10 points = the full Milner**  
*(politically brave but faces early retirement)*

**1 point = a complete Clausewitz**  
*(long term survivor who achieves little but survival)*

'If we believe a thing to be bad, and if we have the right to prevent it, it is our duty to try and prevent it and damn the consequences.'

*Lord Milner, 1854-1925*

*(speech in Glasgow, 26<sup>th</sup> November 1909)*

'Generals and politicians have at all times avoided the decisive battle preferring either to achieve their aims unperceived, or drop those aims altogether.'

Clausewitz, (1780-1831) 'On War', 1808



‘It is a logical corollary to the payment of high benefits in disability that determined efforts should be made by the State to reduce the number of cases for which benefit is needed’

*Beveridge Report 1942*

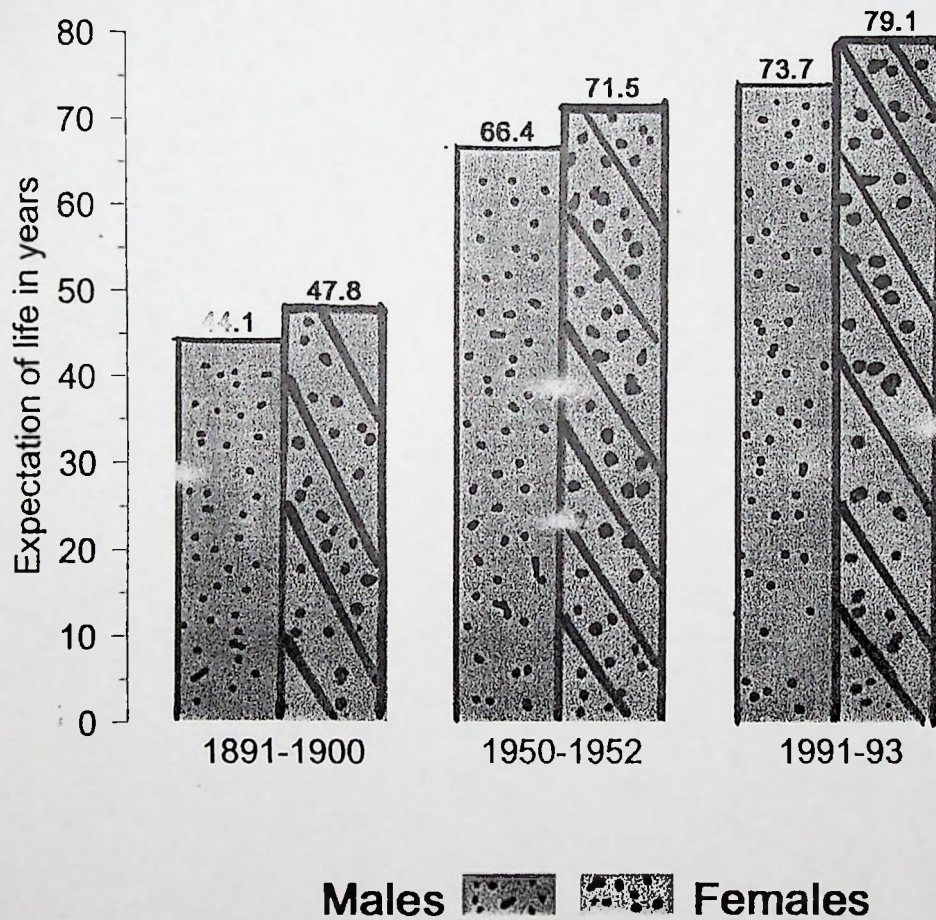
**“Is this the wisdom of a great  
minister? , or is it the  
ominous vibration  
of a pendulum? ”**

**Junius, 1769**



# Expectation of Life at Birth

England and Wales 1891 - 1993



Source: OPCS Mortality Statistics, Series DH1 (1891-1952) and Government Actuary's Department

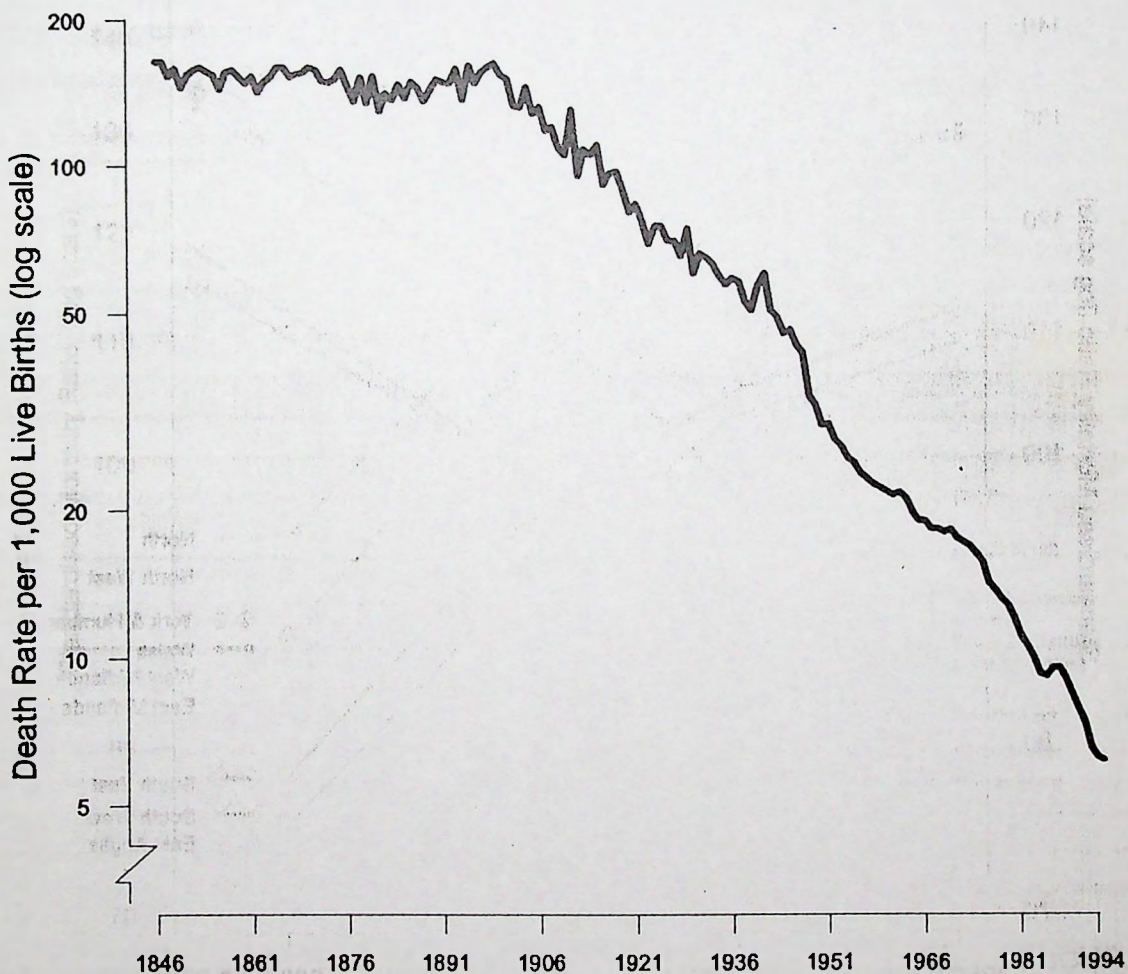
Half of all the children will die before 8 years of age. This is an immutable figure, do not try and change it.

Rousseau, 1762



Figure 2.2

# Infant Mortality Rates England and Wales 1846 - 1994



Source: OPCS Birth Statistics, Mortality Statistics: childhood, and Updates no.6

## Mortality in Childhood 1993-5

SOCIAL CLASS		Stillbirth	Perinatal	Infant
1	Professional	4.5	7	4.5
11	Managerial	4.5	7.3	4.8
111N	Skilled Non manual	5.4	8.4	5.5
111M	Skilled manual	5.4	8.5	5.9
1V	Partly skilled	6.2	9.9	6.6
V	Unskilled	7.8	11.5	7.7
England and Wales		5.5	8.7	5.9

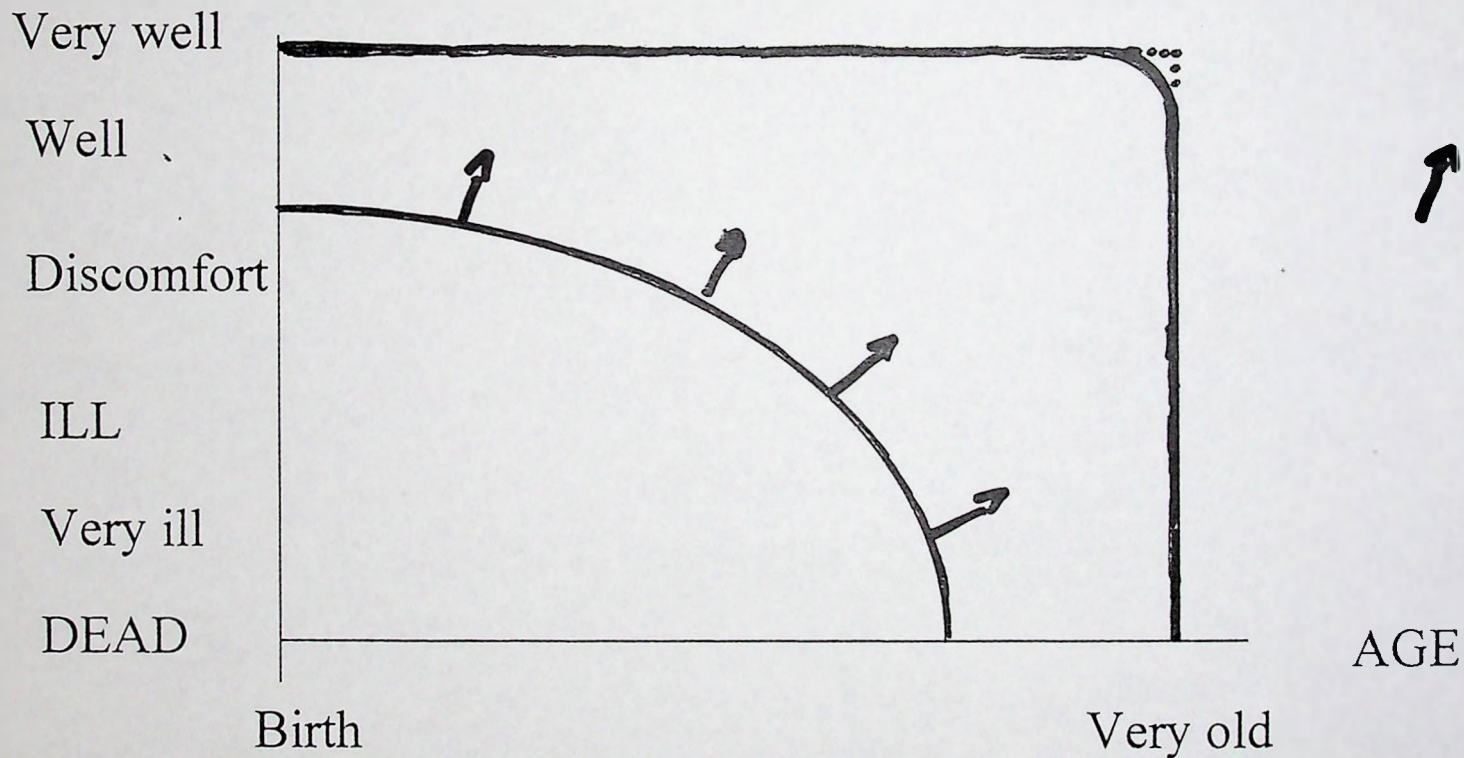
Stillbirth rate: the number of stillbirths per 1000 total births.

Perinatal Mortality rate: the number of stillbirths plus the number of deaths of babies under 7 days old per 1,000 total births.

Infant Mortality Rate: the number of child deaths under 1 year old.



# HEALTH STATUS



*'Adding years to life and life to years'*

## HEALTH.

A CONDITION OF COMPLETE  
MENTAL PHYSICAL AND SOCIAL  
WELL-BEING AND NOT MERELY  
THE ABSENCE OF DISEASE OR  
DISABILITY W.H.O.

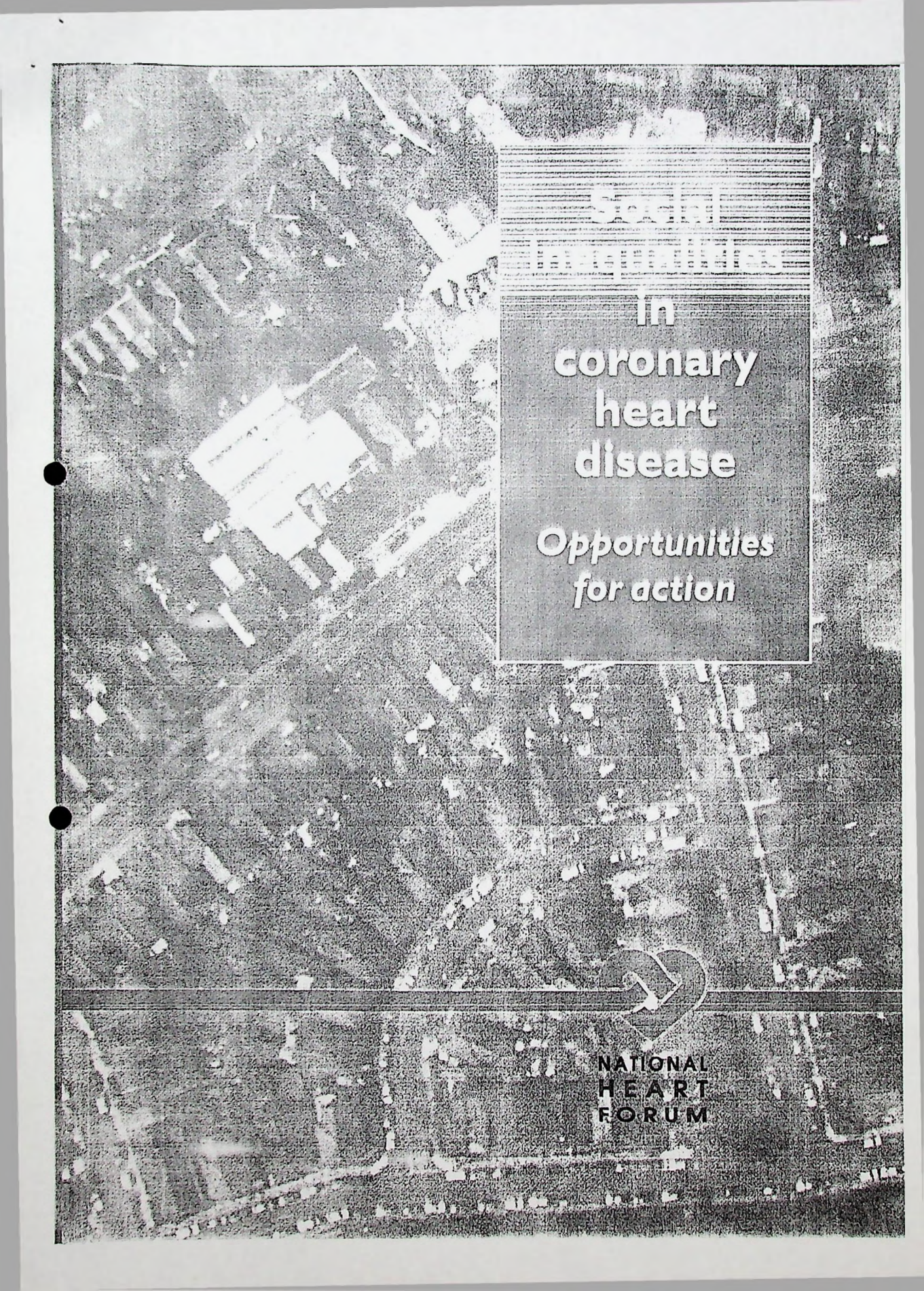


Health:

- Health is about coping with the difficulties of life







**Social**

**in**  
**coronary  
heart  
disease**

*Opportunities  
for action*



**NATIONAL  
HEART  
FORUM**



# National Heart Forum

The National Heart Forum (formerly the National Forum for Coronary Heart Disease Prevention) is an alliance of over 35 national organisations concerned with the prevention of coronary heart disease. Members represent the health services, professional bodies, consumer groups and voluntary organisations.

The mission of the National Heart Forum is to work with and through its members to achieve a reduction in coronary heart disease mortality and morbidity rates throughout the UK. It has four main objectives:

- to keep under review the activities of member organisations and disseminate findings
- to identify areas of consensus, issues of controversy, and needs for action
- to facilitate the coordination of activities between interested organisations
- to make recommendations where appropriate.

## Member organisations

ASH (Action on Smoking and Health)  
ASH Scotland  
Association for Public Health  
Association of Facilitators in Primary Care  
British Association for Cardiac Rehabilitation  
British Cardiac Society  
British Dietetic Association  
British Heart Foundation  
British Medical Association  
British Nutrition Foundation  
Chartered Institute of Environmental Health  
Community Practitioners' and Health Visitors' Association  
Consumers' Association  
CORDA  
Coronary Prevention Group  
English Sports Council  
Faculty of Public Health Medicine  
Family Heart Association  
Health Education Authority  
Health Promotion Agency for Northern Ireland  
Health Promotion Wales  
National Association of Governors and Managers  
The NHS Confederation

Northern Ireland Chest, Heart and Stroke Association  
Royal College of General Practitioners  
Royal College of Nursing  
Royal College of Paediatrics and Child Health  
Royal College of Physicians of Edinburgh  
Royal College of Physicians of London  
Royal College of Surgeons of England  
Royal Institute of Public Health and Hygiene and the Society of Public  
Royal Pharmaceutical Society of Great Britain  
SHARP (Scottish Heart and Arterial disease Risk Prevention)  
Society of Cardiothoracic Surgeons  
Society of Health Education and Health Promotion Specialists  
Society of Occupational Medicine  
Trades Union Congress  
The Wellcome Trust

## Observer organisations

Department of Health  
Department of Health and Social Services, Northern Ireland  
Medical Research Council  
Ministry of Agriculture, Fisheries and Food  
National Consumer Council  
Scottish Consumer Council  
Scottish Office, Department of Health  
Welsh Office

In addition, a number of distinguished experts in the field have individual membership.

***'Health Impact Assessment (HIA) is a methodology which aims to identify, predict and evaluate the likely changes in health risk, both positive and negative (single or collective) of a policy, programme, plan ,or development action on a defined population. Ideally, health impact assessments should always include consideration of physical, mental and social impacts.'***

***(Health and Environmental Impact Assessment: An integrated approach British Medical Association / Earthscan 1998)***



## Health impact assessment

Ideally, assessments should be:

- multidisciplinary
- participatory
- equity-focused
- qualitative as well as quantitative
- multi-method
- explicit in their values and politics, and
- open to public scrutiny

**"The therapeusis of Social Medicine is not medical but social and political action based upon medical recommendations.**

**Many a health problem of great concern to society is already solved yet remains untouched since adequate social action has not yet been unleashed. For this reason Social Medicine must be exceedingly active in the field of health education - the education of the citizen and the politician, local and central."**

**Professor F A E Crew, Professor of Public Health Medicine,  
University of Edinburgh, in "The Measurement of Public Health", 1948**



**DISEASES ARE CURED BY REMEDIES  
NOT BY RHETORIC**

**Celsus AD 66**

## **"UNPOPULAR" PREVENTION**

**FOR UNPOPULAR PREVENTION TO BE FEASIBLE -**

**There must be a critical level of political and public knowledge of the rationale and benefits of the action**



“WELL DONE INVESTIGATIVE REPORTING PRODUCES PUBLIC OUTRAGE (OR POLICY MAKER OUTRAGE) THAT FORCES NEW REGULATIONS AND LAWS OR TOUGHER ENFORCEMENT OF EXISTING ONES. TEN THOUSAND WATT LIGHTS TURNED ON A SITUATION FOCUSES THE MINDS OF POLICY MAKERS VERY FAST.

*ALAN OTTEN, WALL STREET JOURNAL*

## **Our Healthier Nation, 1998**

*Introduction, Frank Dobson & Tessa Jowell*

*'We want to see far more attention and Government action concentrated on the things which damage people's health which are beyond the control of the individual.'*

'The National contract for better health recognises that the Government can create the climate for our health to be improved. It pledges to deliver key economic and social policies. It places requirements on local services to make progress in improving the public's health.' (3.7)

### **Leadership and co-ordinated government**

To deliver their part ....., a range of Government Departments will need to work together. The Government has already taken two key steps to ensure that health is a central theme of Government policy.

- **First**, for the first time ever in England the Government has appointed a **Minister of Public Health** to ensure co-ordination of health policy across Government. The Government has set up a **dedicated Cabinet Committee** of Ministers from twelve different Departments to drive the policy across Government.
- **Second**, the Government will apply **Health Impact Assessment** to its relevant key policies, so that when they are being developed and implemented, the consequences of those policies for our health is considered.' **Our Healthier Nation, 1998.** (3.11)



**WHO and Bangladesh Institute of Development Studies.**

**Dhaka, Bangladesh, 11<sup>th</sup> – 13<sup>th</sup> April 1999.**

***'Viable alternative approaches to meeting the health needs of the poorest and most vulnerable: the British experience.'***

**Dr Noel D.L. Olsen, FRCP, FFPHM.  
Public Health Physician**

**BMA Representative, Intercollegiate Forum on Poverty and Health**

**Chair, Public Health Policy sub-Committee of the BMA**

**Hon Sec, International Agency on Tobacco Control.**

**Member, BMA Board of Science and Education**

**Chair, Public Health Medicine Consultative Committee, UK, (1994-98)**

**Hon Sec, Action on Smoking and Health, (1975-1984.)**

**Hon Sec, National Forum for Coronary Heart Disease Prevention.  
(1988-95.)**

**BMA Council, 1993-98.**

**The Medical profession and its organisations as  
advocates for health and the relief of poverty.**



**The long-term interests of the medical profession will always be best served by striving for the highest possible standards of health care, and by strong advocacy for the healthiest possible social, economic and environmental policies.**

**If we believe a thing to be bad, and if we have a right to prevent it, it is our duty to try and prevent it and damn the consequences.**

**Lord Milner**



'the primary determinants  
of disease are mainly  
economic and social, and  
therefore its remedies  
must also be economic  
and social'

*Geoffrey Rose*

## Human rights

*'Everyone has the right to a standard of living adequate for the health and well being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.'*

Article 25 (i), Universal Declaration of Human Rights



**Mortality of men aged 15-64 at death by  
social class: SMR for England and Wales**

<b>Social Class</b>		<b>1949-53</b>	<b>1979-83</b>
<b>based on occupation</b>			
<b>1</b>	<b>Professional</b>	<b>86</b>	<b>66</b>
<b>11</b>	<b>Managerial</b>	<b>92</b>	<b>74</b>
<b>111N</b>	<b>Skilled non-manual</b>	<b>101</b>	<b>93</b>
<b>111M</b>	<b>Skilled manual</b>	<b>101</b>	<b>103</b>
<b>1V</b>	<b>Partly skilled</b>	<b>104</b>	<b>114</b>
<b>V</b>	<b>Unskilled</b>	<b>118</b>	<b>159</b>

*Source : Variations in Health DoH Feb 1996*

## Mortality and social class

SMR by social class - men aged 20-64

Social class	Ischaemic heart disease	Stroke'
1 Professional	63*	70*
11 Managerial	73*	67*
111N Skilled Non manual	107*	96
111M Skilled manual	125*	118*
1V Partly skilled	121*	125*
V Unskilled	182*	219*
England and Wales	100	100

*'Health Inequalities' Ed. Drever and Whitehead.  
Stationery Office London 1997*



## **Fuel Poverty:**

**Any household using 10% or more of its annual income keeping warm:**

**England (17 million households)**

**10%+ = 7 million households**

**20%+ = 2.5 million**

**30%+ = 1 million**

# **PUBLIC HEALTH**

**The Science and art of preventing  
disease, prolonging life and  
promoting health through  
organised efforts of society**

**Acheson Report - Public Health in England**



# **PUBLIC HEALTH MEDICINE**

## **Concerned with:**

- **health of the population**
- **creating a health agenda throughout society**
- **health of the environment**
  - **physical**
  - **social**
  - **economic**
- **quality of health services**
- **purchasing health care**

**"PUBLIC HEALTH IS PUBLIC WEALTH"**

**Benjamin Franklin**

**The health of the people is  
really the foundation upon which all  
their happiness and all their  
powers as a state depend**

**Benjamin Disraeli**





OCCASIONAL PAPER

*Inequalities  
in health*

**British Medical Association  
Board of Science and Education**

The range of reports over the years has advanced the quality of social and environmental debate and given the BMA a highly regarded reputation for public health advocacy. The reputation of the Board and its work gives legitimacy to Articles (1) and (4) of the BMA:

- *(1) To promote the medical and allied sciences, and to maintain the honour and interests of the medical profession.*
- *(4) To grant sums of money out of the funds of the Association for the promotion of the medical and allied sciences in such manner as may from time to time be determined*



**The BMA depllores moves by multi-national tobacco companies to increase sales in third world countries.**

**Annual Representative Meeting, BMA, 1993**

## **Aim of Health Impact Assessment Policy**

**To improve the public health by adding a health perspective to policy at every level, and making concern for public health and equity a cultural/political norm and a humanitarian issue.**



Health Impact Assessment has the potential to become as important to the improvement of public health as the randomised controlled clinical trial has been to the improvement of clinical medicine.

**THE  
PHARMACY  
OF PREVENTIVE  
MEDICINE IS THE  
HOUSE OF COMMONS**



## **"POPULAR" PREVENTION**

**EDUCATIONAL - approach**

**INFORMATION** giving in hope that

**KNOWLEDGE** will increase

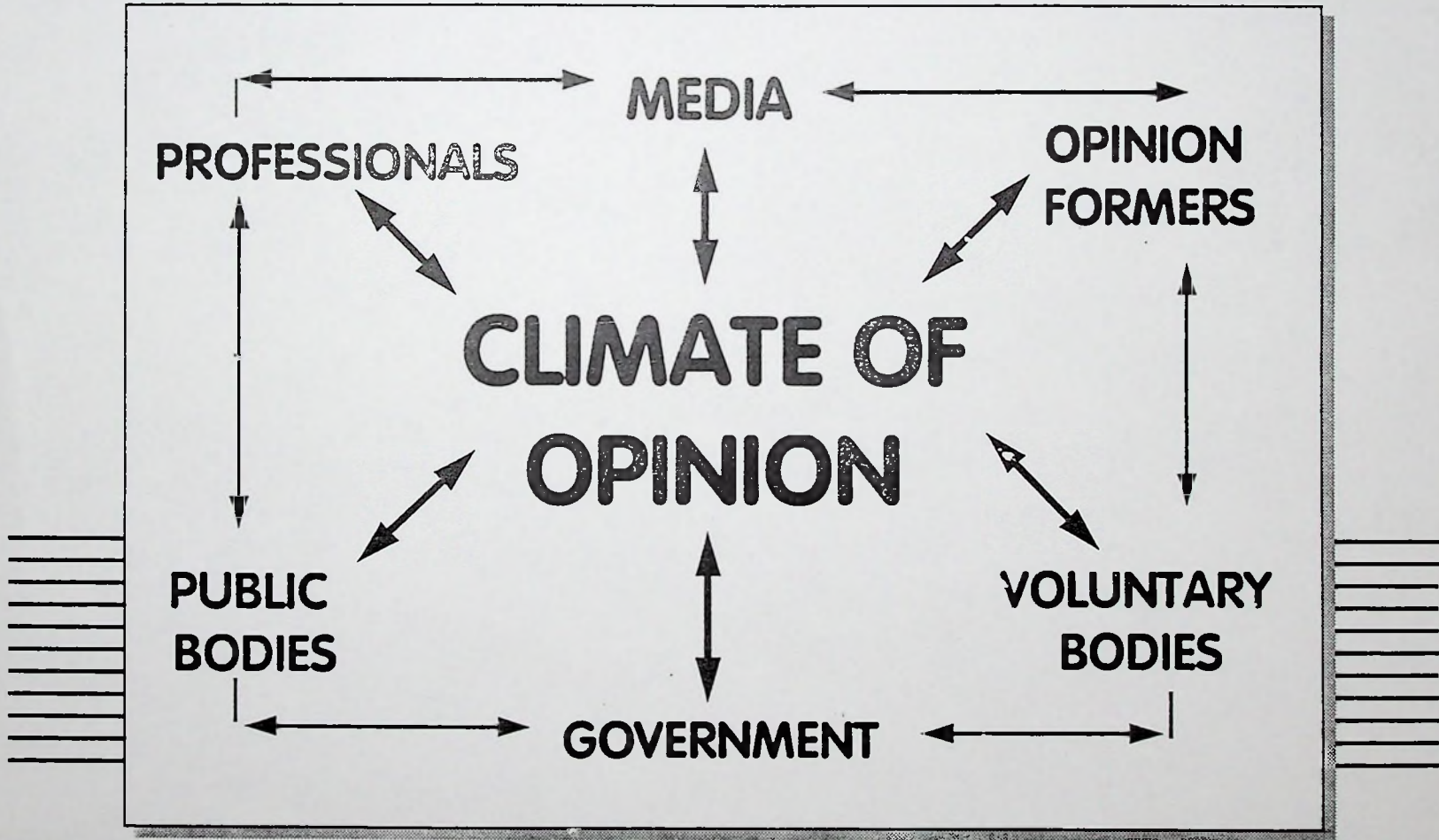
**ATTITUDE** change will occur

**BEHAVIOUR** will be modified

At least it creates an environment in which further action is possible

## **"UNPOPULAR" PREVENTION**

- Use of legislative, fiscal and social restrictions





● **“IN OUR SOCIETY PUBLIC  
MEDIA ARE IRREPLACEABLE  
AS A MECHANISM FOR MOVING  
A PROBLEM TO A SOLUTION”**

***GEORGE LUNDBERG, EDITOR, JOURNAL OF  
THE AMERICAN MEDICAL ASSOCIATION***

●

## **Governments gain improvements in public health:**

- by education
- through **greater social justice** and the reduction of inequality
- by improving the **quality of health care services**
- by assessing the health effects of all government policy and programmes and adding health gain to them when feasible (***'Health Impact Assessment'***)
- by **public health law** and targeted action programmes including the **regulation of commercial organisations**

*from: **Healthy Public Policy: improving the health and quality of life of the population - the task of the new Minister of Public Health.***

*Dr NDL Olsen, MSc, FRCP, FFPHM.*

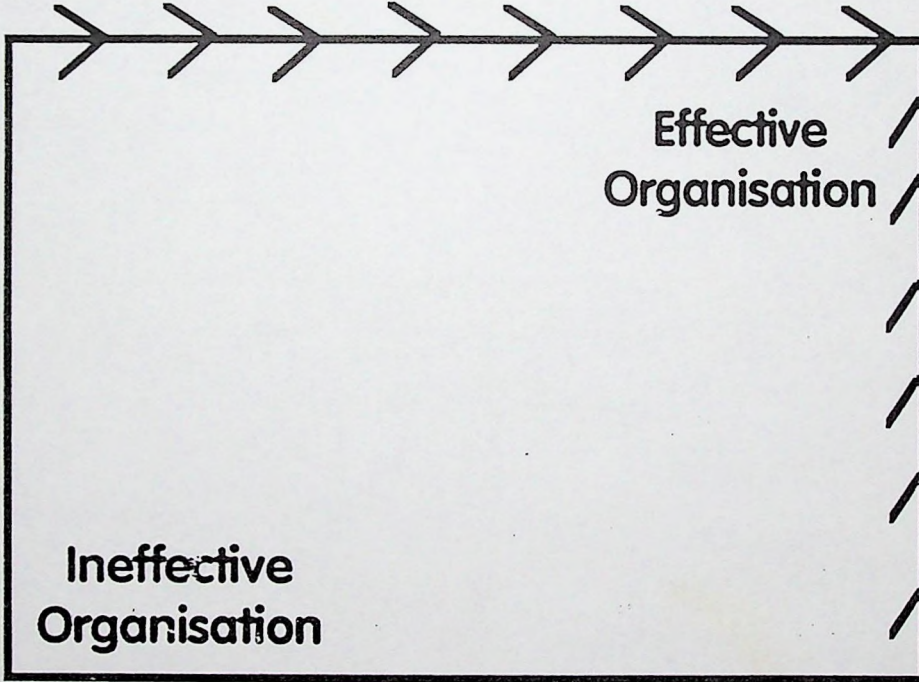


**There is nothing more difficult, more perilous to conduct, nor more uncertain in its success, than to take the lead in a new order of things. The innovator has for enemies all those who have done well under the old conditions and lukewarm supporters in those who may do well under the new.**

**This coolness arises partly from fear of the opponents who have the law on their side and partly from the incredulity of men who do not readily believe in new things until they have experience of them.**

**Machiavelli - The Prince**

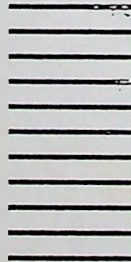
**DEGREE TO WHICH VISION IS SHARED**



**Effective  
Organisation**

**Clarity  
of  
Vision**

**Ineffective  
Organisation**





(RN)

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**BREAKING THE VICIOUS CIRCLE OF POVERTY USING HEALTH:  
AN ANALYSIS OF POSSIBLE ROUTES**

**Binayak Sen**

A Paper Circulated in Connection with the International Workshop on "Meeting the Health Needs of the Poorest and the Most Vulnerable" Organised by BIDS and WHO

11-13 April, 1999,  
Dhaka, Bangladesh

# BREAKING THE VICIOUS CIRCLE OF POVERTY USING HEALTH: AN ANALYSIS OF POSSIBLE ROUTES

Binayak Sen\*

"[Poverty and undernourishment] belong to different categories of phenomena. Poverty is, of course, a central cause of undernourishment; but .. it is in turn perpetuated by undernourishment. We have seen that this two-way influence must be central to any account of destitution and its relief. To date I have seen no numerical model that is built on this fact. There is much that remains to be done."

Partha Dasgupta: An Inquiry into  
Well-Being and Destitution (1993)

## The two-way Causality

The two-way causality running between health and poverty reduction is well recognised in the literature. The causality that runs from poverty to health (let's call it the "poverty-health" loop) is well-documented. The wealth effects on health run through two major channels:

- (a) public allocations in health and nutrition, and
- (b) reduction of income-poverty.

A large body of cross-country evidence from the developing world supports the thesis of "wealthier is healthier". The pioneering study done by Sudhir Anand and Martin Ravallion (1993) shows, in addition, that lower income-poverty levels are associated with higher health status of the nations, even when average level of affluence and per capita public expenditures on health are controlled for. The relationship is found particularly steep at low-income level, implying higher returns on investments in public health in low-income environments. The analytical link underlying the poverty-health loop rests on two observations. *First*, rise in private incomes leads to higher household demand for health (purchasing power effect). *Second*, income-poor typically have "low voices (empowerment-effect). As a result of both the effects, the poor tend to have poor quality of public health care over and above the issue of limited access.

Less understood, however, are the routes through which health impacts on poverty and vice versa. This note attempts to clarify some of the issues involved in identifying the possible routes. In this note we *mainly* focus on that side of the causality which links ill health to poverty (let's call it the

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\* Senior Research Fellow, BIDS. E-mail: [bsen@bdonline.com](mailto:bsen@bdonline.com). This note is an adopted version of the broader paper forthcoming as a WHO publication



"health-poverty loop"). This loop specifically explores the mechanisms through which health interventions can protect the poor from going down the poverty spiral and increase their chances to get out of the poverty trap. As a result, investing in poor people's health can be an effective strategy for faster poverty reduction.<sup>1</sup>

The other side of the causality connecting poverty reduction to health, i.e., how a reduction in income-poverty would lead to better health status, receives peripheral attention here. This is partly because it is perceived as being less contentious aspect in the formative discourse on the health-poverty interface.

The term "health" is used throughout in this note in the broader sense, i.e., not just to denote bio-medical approach to health care, but also to include nutrition, health education and mental health.

### **The Health-Poverty Loop: Unraveling the Links**

One can identify four approaches signifying the health-poverty loop:

- (i) the *capability* approach;
- (ii) the *risk-insurance* approach;
- (iii) the *human capital* approach;
- (iv) the *social capital* approach;

### **The Capability Approach**

The first approach works at the fundamental level of understanding of what economic development and income poverty reduction is all about.<sup>2</sup> It attests to the need of recognising that economic development such as growth of GDP per head and income poverty reduction such as drop in

---

<sup>1</sup> Not just any investment in health will do. Interventions consistent with socially perceived health needs of the poor, articulated at individual, family, and community levels, have the better chance to succeed and to be sustainable.

<sup>2</sup> This strand of thinking has been a long established tradition in the social justice literature and, in recent years, gaining increasing ground in the mainstream economic literature as well. One could specially mention here the *oeuvre* of Amartya Sen, and those inspired by him, including but not restricted to the works of Ravi Kanbur, Sudhir Anand, Martin Ravallion, and Siddiq Osmani

headcount are not ends or goals in themselves.<sup>3</sup> The central importance of these factors lie in so far as they allow to enhance *individual's capability* to live a healthy, decent and creative life. Note that increase in health capability is achievable, in principle, even without going via media of economic growth and income poverty reduction, through public action for instance. Mixing means with ends, and ends with goals, have led in the past to a very narrow developmentalism, de-emphasising the importance of *direct health and non-health social interventions* for enhancing the health capability of the poor. The distinct feature of this approach lies in emphasising the importance of health interventions even if the latter do not lead to any improvement in dimensions of growth or income-poverty reduction. In this sense, it under-scores the human rights argument.

However, investments in health can bring win-win (to use World Bank terminology) results both in terms of equity and efficiency. Raising health capability has instrumental importance in accelerating development and poverty as well. The importance of health is vindicated even if we define development and poverty in strict (and narrow) economic terms.

### The Risk-Insurance Approach

The risk-insurance approach shows how effective health interventions targeted to the poor can protect the latter from the risk of sudden slippage into poverty.<sup>4</sup> According to this approach, poverty reduction cannot be considered in terms of income generation alone. It must explicitly recognise the need for preventing income erosion as well. The poor often find themselves living in a fragile environmental and social settings with considerable risks of income erosion. Ill health further increases such risks.

The way ill-health related income erosion actually intensifies poverty can be seen in three dimensions. This can be illustrated by considering the case when breadwinners suddenly become ill. *First*, illness is directly associated with loss of productivity and employment and, hence, loss of income. Such loss can be considerable in the state of prolonged illness. *Second*, sudden illness of

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<sup>3</sup> Note that not every end is a goal, though they are inter-connected. The end of a melody, for instance, is not its goal; but nonetheless, if the melody had not reached its end, it would not have reached its goal either.

<sup>4</sup> The approach builds on the literature on risks insurance, beginning with Kenneth Arrow, and has attracted since then many economists and social scientists. Recent works done by Robert Townsend, Christian Paxson, Martin Ravallion, and Jonathan Morduch (to name the few) can be relevant points of departure in this regard.



the breadwinners increases the degree of vulnerability of the poor families to often-unpredictable fluctuations in employment, income and consumption. This potentially contains severe nutritional implications for the children, women, and the elderly living in that family. *Third*, given the severe credit market constraints in developing countries, the poor often have very limited resources at their disposal to cope with the crisis arising out of health-shocks. Available options generally fall under the category of "negative coping", i.e., by way of assets sales, forward sales of labour on unfavourable terms, or borrowing on high interest rates.<sup>5</sup> The use of negative coping mechanism further undermines the long-term capacities of the poor for moving out of the poverty trap.

Note that the exposure to health risks and, consequently, the burden of income erosion is not homogeneous across the social groups. The burden falls disproportionately on the poorest and the most vulnerable population.

### **The Human Capital Approach**

The essence of this approach lies in its focus on productivity effects of human capital.<sup>6</sup> Improved health leads to higher labour productivity and hence, higher income and lower poverty. This can be seen in a number of ways. *First*, ill health and malnutrition reduces the physical capacity and mental faculty of the labourer, leading to lower productivity and reduced bargaining power, resulting in lower wages. *Second*, one insight from the "efficiency wage" literature favours health-based transfer programmes even on efficiency grounds. According to this view, chronically sick/malnourished workers may not get hired at any wage, thereby falling into a health/nutrition based poverty trap. In such cases transfer programmes promoting greater health equity would not only be poverty reducing, but also efficiency-enhancing. *Third*, expanding the opportunities for better health through public action can assist the poor release resources for other investments, for example, to invest in education as a way of climbing out of poverty. *Fourth*, as is known, human capital includes three elements: education, health care and nutrition. These elements tend to have

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<sup>5</sup> It is important to distinguish "negative" from "positive" coping mechanism. The latter includes taking recourse to own savings, access to soft loans, use of community grain bank facility, and other forms of mutual assistance embedded in the moral economy of the communities.

<sup>6</sup> The approach, inspired by the works of Jacob Mincer and T.W. Schultz, has gained further currency in recent period in connection with theories in the tradition of endogeneous growth, involving works done by Paul Romer, Robert Barro, Xavier Sala-i-Martin, Jeffrey Sachs, Andrew Warner, to name the few.

synergistic effects on each other. Some of the effects of health on poverty run through indirectly via influencing other two sister elements, i.e., nutrition and education.<sup>7</sup>

The above relationship observed between better health and poverty reduction is vindicated by both micro and macro level evidence. Indian state level data mapping a period of about 40 years remain a pointer to this. The independent impact of health on poverty stands out even after controlling for the differences in the initial level of income, gaps in physical asset endowments (proxied by irrigation rate), and allowing for the change in time-dependent variables such as agricultural yield. Regions with improved health status (such as lower infant mortality) and better education (such as higher adult literacy) tend to have higher economic growth and faster poverty reduction rate.<sup>8</sup>

### **The Social Capital Approach**

The importance of social capital for fighting poverty is gaining increasing recognition in the literature.<sup>9</sup> Social capital essentially focuses on building a civic life through the creation of social networks based on trust, cooperation, and participation in areas of common community concern.<sup>10</sup> According to this approach, health can help to reduce poverty in so far as it contributes to the formation or re-building of social capital at the community level. Community-based health interventions can be an effective entry point in triggering off processes that lead to greater community empowerment and hence, help release the anti-poverty initiatives coming from within the community itself.

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<sup>7</sup> There is a growing body of evidence that health is a major explainer of child nutrition and schooling performance. The latter, in turn, determine the long-term (inter-generational) potentials of the poor families to get out of poverty. The nexus between health and nutrition, health and education can be seen from the works done by Jere Behrman, Harold Alderman, Richard Sabot, Dean Jamison, Duncan Thomas, to name the few.

<sup>8</sup> This may be tested with cross-country data (despite noise in international poverty data derived under diverse survey designs and methods) which is a potentially interesting area for further research. Some works have been initiated in this direction, notably in the works of Jeffrey Sachs and Andrew Warner, Alok Bhargava and Siddiq Osmani.

<sup>9</sup> The "social capital" approach is originally inspired by the pioneering work of Robert Putnam, and has a lot in common with the earlier literature focussing on the relationship between state, civil society, and poor community, with explicit recognition of participatory methods and practices as equally valid source of evidence and knowledge as the more formalistic, "scientist" and "objective" forms of learning about reality.

<sup>10</sup> Two words in the Bantu language of South Africa capture the spirit of social capital: "uglolana" meaning "building each other", and "uakana" meaning "sharpening each other".



The importance of seeking such an entry point at community level is particularly important in view of the fact that many of the conventional anti-poverty programmes operate only at the level of households or individuals. Microcredit programmes targeted at the poor are usually designed for household/individual based interventions, and often can by-pass the need for engaging with the entire community. This is not to say that such targeted credit programmes are not beneficial to the poor. The point at stake is that the income generating effects arising out of microcredit may help some to get out of poverty without necessarily creating the desired social multiplier effects for the entire poor community which is the main concern of the social capital approach.<sup>11</sup>

The tension between "target group" and "community-based" approach need not be absolutised though. Both can benefit from each other. The poverty-reducing effects of microcredit can be magnified with effective health intervention at community level. Similarly, the poorest and the most vulnerable merit separate attention in the overall context of community-based intervention strategy so that they can be "visibilised" and their voices and specific needs can get adequate articulation.

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<sup>11</sup> That this is not a remote possibility can be seen from the fact that microcredit programmes by their very design often tend to by-pass the very poor households.

Speech of Alhaj Salah Uddin Yusuf, Honourable  
Minister for Health and Family Welfare  
on the occasion of the inaugural session of the  
workshop :

“ Meeting the Health Needs of the Poorest and the  
Most Vulnerable” - 11, 12 and 13 April – Dhaka.



Honorable Chairperson, Dr Lokky Wai, Acting WHO Representative, Dr Rehman Sobhan, learned resource persons and other participants, Regional and Head Quarters WHO representatives, distinguished guests from home and abroad, friends from different media services, Ladies and Gentlemen.  
Assala Mu Alaikum

I am very pleased to see such a joint effort on poverty alleviation, bringing together here so many stakeholders like bi-lateral donors, NGOs, Institutions, UN Agencies. It is a great pleasure for me to be with you at the inaugural session of the workshop“ Meeting the Health Needs of the Poorest and the Most Vulnerable” jointly organized by WHO and BIDS.

Now I take the opportunity to refer to a recent message given by our Honorable Prime Minister Shiekh Hasina at the Conference on Global Health Equity Initiative. She eloquently said:

The question of inequity in different aspects of life is a global problem. Bangladesh is no exception. Inequity or inequality between rich and poor, between rural and urban areas and among different regions is a matter of great concern here. This inequality is present in almost all aspects of life – education, health or income distribution. There are plenty of statistics to prove the existence of such inequities. Let us consider health. In Bangladesh, the mortality and morbidity rates are much higher among the poor than the well-to-do. A recent survey has found 72% higher morbidity among the poor than the richer section of the community. The condition of women is much more unacceptable. Bangladesh is one of the three countries of the world where the life expectancy of women is less than men. (Speech by Sheikh Hasina Prime Minister “Felicitation of Professor Amartya Sen and closing ceremony of the Conference of Global Health Equity Initiative”, Dhaka, 17 December 1998)

In Bangladesh we have a very real and pressing problem to address the health and development needs of poorest of the poor.

I would like to congratulate WHO and BIDS for organizing this workshop which will definitely help in the implementation of the Health and Population Sector Programme (HPSP) which has been launched since July 1998. Under HPSP and within the five years period of implementation, the Ministry of Health and Family Welfare is going to set up 13,500 Community Clinics, each one serving 6,000 people. Through these Community Clinics we are going to deliver quality health and family planning services to the poorest and most vulnerable population. These Community Clinics will ensure client oriented services. The core of HPSP is the delivery of the Essential Services Package (ESP) which will cover reproductive health, child health care, communicable diseases, limited curative care and behavioral changes communication (BCC). I would like to mention here that about 65% of the total cost of HPSP will be spent at community level trying to meet especially the health needs of the poorest and most vulnerable people of the community.

I think this workshop will give an opportunity to share experiences, successes and constraints of NGOs community, of institutions, of international and national agencies as well as of the government programs in tackling poverty and in addressing the important link between health and poverty.

Poverty alleviation needs an inter sectoral approach. I think you will agree with the new Director General of WHO. She has mentioned that: "In tackling poverty and its myriad effects on health we will require effective advocates of health interests in other fields, such as fiscal or trade policy, food security or accident prevention – where the primary responsibility lies with other sectors". ( Dr Gro Harlem Brundtland, Speech to the King's Fund, London, 14 January 1999.)



Bangladesh is rich in experiences and we hope by the end of the proceedings of this workshop to develop a model of intervention which could be applied nationally and even internationally to minimize the adverse effects of poverty on health.

In order to meet our international obligations as expressed in many agreements including the Copenhagen Declaration we must listen to our own people and their many successes in serving the poor in this country. The rich experiences of many many NGOs is well known, but by their very nature, they are limited geographically, economically and most especially in scale. In this respect the Government of Bangladesh and WHO are eager to learn, cooperate and collaborate to bring about health for all especially for the poorest and the most vulnerable. With all possible partners we need to develop a strategy of success to bring about significant changes.

Bangladesh, has a proud history of survival. The Freedom Fighters wanted health for all and equity as the right of each citizen, for them to have the dignity of work and adequate food.

Unless there is good health, the economic situation of the country can not prosper. Healthy workers can contribute to a healthy economy. Poverty elimination leads to sustainable development. We can not let vested interests stand in the way of national interests. The welfare of the people is the welfare of the country.

The people of Bangladesh have a great spirit to succeed and the opportunity will prosper. The Government of Bangladesh has a strong political commitment to fight poverty, however, we need to work hard all of us together.

Health has a major part to play in poverty alleviation. We must put health at the centre of the political agenda. WHO says that poverty is the main cause of ill health. We must organize and streamline our work to focus on health in development while at the same time linking with other relevant sectors.

We, in Bangladesh, can by our rich experience draw together high level political commitment, WHO health goals, international and national development policies and experiences and come up with a model for sustainable development and human dignity.

We fought for freedom, now let us fight for equity and humanity and a decent standard of healthy living for the poorest and the most vulnerable people of the community.

At the end I would like to thank the WHO and BIDS for jointly organizing this workshop at a time when the Ministry of Health and Family Welfare has started implementing HPSP by unifying the services and the staff of both the Directorate of Health Services and Directorate of Family Planning. I have firm belief that this workshop will come out with some pragmatic and valuable recommendations which will be very useful for meeting the health needs of the poorest and the most vulnerable.

With these few words I do hereby declare the workshop open. Thank you again.

Khoda Hafiz.

Joy Bangla

Joy Bangabandhu.

Bangladesh Chirojibi Hoke



PRESENTATION BY DR. JOHN MARTIN, WITH  
HEALTH AND <sup>AND</sup> POVERTY : AN OVERVIEW OF  
KEY CONCERNS

COMH-70.50

Mr Chairman

Honourable Minister of Health

Distinguished Guests

Colleagues

It is my honour and pleasure to begin this first technical session of our meeting. It is an added pleasure for me since I started my public health career here in Bangladesh - in Khulna, Bagherhat and Gopalganj, to be precise - way back in 1973, with Save the Children Fund.

Mr Chairman, health and wealth are inextricably linked. There is a wide range of evidence to support that fact. We have known for a long time that absolute poverty - which implies a lack of the basic resources necessary for survival - is associated with ill health and premature mortality. In fact absolute poverty is the leading cause of ill health in less developed countries. So the fact that the number of people living in absolute poverty continues to increase should be a matter of the gravest concern for those of us in health.

In addition, research from the industrialized countries shows that relative poverty and socio-economic inequity - defined in terms of those living below a given national average - is also a major determinant of ill health. For example, studies of life expectancy in the United States show that an affluent white woman can expect to live 41 years longer than an African American man. In UK a child born today in the highest social class can expect to live 5 years longer than a child born among the poorest. The Honourable Minister of Health has earlier referred to the situation in Bangladesh - 72 per cent higher morbidity amongst the poor compared to the well-off, life expectancy for women lower than for men.

I am starting with these points in order to get our discussion past the question - is there a linkage between poverty, inequity and health? There is, it is strong.

We often pride ourselves on the health gains which have been achieved during this remarkable century of human development. Today average life expectancy in developing countries has reached 64 years. It is projected to reach 71 years by 2020. But poverty is eating away at many of those gains. If we are not careful we risk going down in history as the generation that allowed hard won health achievements of the century to be lost. We must take action.

What are the global facts?

One fifth of human beings do not have access to acceptable basic healthcare. Half do not have regular access to essential drugs.

One billion people do not have access to safe drinking water. Three billion do not have access to sanitary waste disposal.

Less developed countries carry 90 per cent of the global disease burden but have access only to 10 per cent of resources for health.

Between 1996 and 1997 the Human Development Index declined in more than 30 countries. In Africa the average household consumes 20 per cent less than it did 25 years ago. According to Professor Amartya Sen - who needs no introduction to this audience - the median age of death in most countries of sub-Saharan Africa is around 5 years. In some it is 2 years.

For the past 20 years our global health strategy - Health For All - has been based on the principle and value of equity. But inequities have been getting worse, not better - not only between rich and poor countries



but within countries as well. The predominant focus in many countries has been on improving the economic and social wellbeing of the middle income groups and those that are already well-off. The poorest have been excluded. That situation must be changed. In future we must make room for the very poor - in the interests of Health For All. We must do much more to prevent and reduce poverty itself.

Health has an important role to play - in poverty reduction, poverty prevention as well as alleviating the sickness which poverty provokes. That is the central message of this meeting. By health I mean not only the activities of the health sector and health professionals but also what other sectors can do to improve health status (such as education of girls) and reduce health risks (such as water and air pollution).

It is a message that we in health have been slow to promote. We are more accustomed to looking at health as an end in itself. It is time for us to change our focus, to think through the implications of health's contribution to preventing and reducing poverty.

What is health's anti-poverty role? How can it be put into operation?

At the core of recent development thinking lies a new awareness of the importance of the capability of human beings to live a healthy and productivity life and of the importance of social and human capital. These refer to the collective accumulation of knowledge, skills, experience and innovation which people contribute to productivity and ultimately to human development. Dr Binayak Sen will refer more directly to these concepts so I will not go further.

Health, education and good nutrition are essential for building and maintaining human capital. The rapid economic growth in East Asia (until it was interrupted by the recent economic crisis) owed much to strong investment by the governments of those countries over the past 30

years in education and basic health services, including reproductive health, provision of safe drinking water and control of communicable diseases.

What does this mean for the organization of health services? The most basic principle is the need to ensure universal access to basic but effective services. Ensuring a healthy start to life for children; ensuring good reproductive health for women; routine protection from preventable diseases. But this has not happened in any countries. In fact access by the poorest and most vulnerable has been getting less in many countries. So to be really effective, universal access must be complemented by very focused targeting of the poor - poor regions, poor villages, poor households, poor individuals. That is a challenge to the planning and organization of services.

A particular issue is to ensure that the health of household breadwinners is protected. When the household producer falls ill the entire household suffers. In fact, as is well known in Bangladesh, it is a major cause of household poverty - not only due to the loss of income but also to sale of household assets to pay for medical care. Consequently the health of the entire household is threatened and the effectiveness of focused health interventions such as child survival are themselves undermined. So healthcare interventions and methods of healthcare financing - such as health insurance - are important means of poverty prevention.

But health can contribute much more to overcoming poverty - beyond the delivery of personal medical services. First is classic public health - ensuring that poor people also share the benefits of safe water and environmental protection, and improving the effectiveness of control of major communicable diseases such as TB and HIV/AIDS.

3 million deaths per year occur due to lack of access to safe water and sanitation. In cities poor people may have to pay to private vendors up



to 40 times the cost of drinking water which the rich pay for the supplies they receive through piped systems. There is new evidence emerging which points to investment in water and waste disposal as very cost effective methods for improving health. This is a subject which needs fresh thinking.

Then there is the subject of intersectoral action for health. In the 1970s and early 1980s it was considered obvious that other sectors such as education had a major contribution to make to health - all as part of an intersectoral approach to development. We need to return to this subject - not just to consider how various sectors of government can combine forces but also how government, NGOs and private enterprise can work together to achieve health goals in the interests of reducing poverty.

A major point here is that the combined efforts of several interventions may be more effective than interventions carried out in isolation. Development research shows the importance of synergy and complementarity. For example:

- by ensuring that children are healthy and that the school environment is healthy, learning is much more effective

- by ensuring that poor women stay healthy (as well as their dependent children) they are less likely to default on their micro-credit loans

- by ensuring protection for workers from health hazards at the workplace, household income is also protected

Mr Chairman

Why is it that we are making such a limited impact on poverty and its health consequences when there is convincing experience as well as scientific evidence in favour of effective policies and action?

Part of the answer is complacency. It's the modern thinking which says "We don't need to worry about prevention because when I get it I'll just take a pill." It's a dangerous complacency and it is sometimes encouraged by health professionals themselves.

Part of the answer lies in a growing tendency for health professionals to see themselves first and foremost as scientists and technicians. Sometimes we forget our roles as responsible and responsible citizens. No one could know more about the realities of poverty than the doctor and nurse who treat poor people day after day in their clinics and health centres. We also see how poverty undercuts our ability to practice effective medical care. So health professionals should have not only a moral but also a professional interest in poverty reduction. Why, then, do many of us continue to turn aside from poverty, claiming that it is a purely economic phenomenon and none of our business? But this attitude seems to be changing too. Later in our programme we will be hearing an example from one country where the professions are deeply involved in tackling poverty.

But the crux of the matter, Mr Chairman, is that too little effort has been invested in creating sustained high level political commitment to health as a central component of policies for reducing and preventing poverty. We need the support of Presidents, Prime Ministers and Finance Ministers to pull health into the mainstream of the development process.

A few months ago, on the occasion of the visit to Bangladesh by Professor Amartya Sen, I was privileged to hear the Honourable Prime Minister speak of her commitment and that of her government to the



new focus of HPSP on meeting the health needs of the poorest in this country. On Tuesday we will be honoured by the presence of the Honourable Minister of Finance at our closing ceremony.

So I believe that we are meeting in very auspicious circumstances to take forward the cause of the health needs of the poorest and most vulnerable people in Bangladesh. What we achieve here will also be important internationally. That is because poverty reduction and health's contribution to it are now of considerable interest in many parts of the world.

I feel privileged to be taking part in your discussions.

Thank you.

## ESTABLISHMENT OF A NATIONAL NETWORK OF POVERTY AND HEALTH IN BANGLADESH

Background paper for discussion at the workshop 11-13 April, Dhaka, Bangladesh<sup>1</sup>

### 1. Introduction:

The need for increased collaboration in health development between organizations and NGOs in Bangladesh has been clearly expressed in the discussions with NGOs which preceded the workshop on " Meeting the Health Needs of the Poorest and Most Vulnerable". As a result, one of the objectives of the workshop is to:

- Create a sustainable partnership through a national health and poverty network, to exchange experiences and share information on the most effective approaches, strategies and actions for health improvement and poverty reduction. This network will become part of the International Poverty and Health Network that aims to influence policy and action to protect and improve the health of the world's poorest people.

The forthcoming workshop in Dhaka will explore the content and operationalization of the network.

The aim of this paper is to offer some practical ideas on the establishment of a network. The first part of the paper gives a short background to the establishment of the network; the second part develops the concept of networking and describes conditions supportive to networking.

### 2. Networking for Health

A network is generally referred to as a grouping or alliance of individuals, organizations and agencies who work together, generally on a non-hierarchical basis, towards a common goal or around a common concern.

While some networks are informal others may be more structured. **Informal networks** are often based on personal contacts and are maintained through direct communications between the members. They can work on an ad-hoc basis, for a limited period of time on a specific issue such as nuclear testing in the Pacific, or they can be permanent and work towards a more comprehensive programme such as the improvement of women's health. The success of an informal network will depend to a large extent on the personal engagement of the members and on their willingness to become involved in the network's issues of concern. An example of an informal network is the NGO Forum for Health, a group which meets once a year to discuss issues of common concern, or the International Poverty and Health Network which

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<sup>1</sup>This paper draws on the following documents: 1) *Networking for Health*, WHO Europe, 1996 Conference Series Number 4, Copenhagen 2) *Campaigning on Issues: How to build a Network*, from resource kit for consumer organizations produced by IOCU, the Hague, May 1991. 3) *Regional Health Policy Development: Regions for Health network* WHO/EURO 1993.



reunites people and institutions committed to the eradication of poverty and the improvement of people's health .

A **formal network** may establish its own structure and agree on a clear mode of operandum, although the degree of formalization may vary from those which develop a constitution, criteria for membership and secretariat, to those agreeing on principles of action and membership.

An example of a formal network is the Network of Community- Oriented Educational Institutions for Health Sciences, an international network which aims to strengthen and mutually support the members in curriculum development for community health. Voluntary Health Organizations are in general also established on a formal basis, regrouping individual member organizations and institutions in common endeavours.

There seems to be a tendency for international and national networks to be more formal and for local networks to be informal although both types of networks can be found and serve a purpose at both levels.

### **3. The rationale for a network**

The main rationale for a network is that it can facilitate a process of mutual support and collaboration between organizations with common concerns and shared values. This in turn will help to create synergies through which organizations and groups can harness their collective energies, promote dialogue and enable an exchange of experiences and expertise.

Establishing a network is not an objective in itself. Its value lies in what it is able to achieve in addition to what each member is doing individually. A network brings added value when the issues are broader than initiatives of the members groups, when the action could not be done by any one member alone, when no-one else will do it and when joint action influences national policies. In developing its strategies and activities, the goal of the network should be to draw on the specific expertise, knowledge and experiences of each member.

### **4. Building the network**

The foundations for the network is created by identifying several principles which should guide collaboration. Two very important conditions for the network are mutual interest in the network and commitment to common principles.

However, in order to build on the foundation and create an effective network, it may be helpful to identify elements which explain the relative success of a network. This is easiest done by exploring some of the supportive conditions for networking which have been described and experienced by other networks. These elements relate to the **goals, membership, the process of participation, and the coordination of the network.**

## 5. Supportive conditions to networking

### a) Clear goals and objectives

To be effective, the network should develop well defined, clear, measurable goals. The overriding ideas should be the outcome of a collective process and they should be mutually agreed upon by the members.

### b) Motivation to work together

A network is born from a common desire to work together. An important aspect of collaboration is that the internal autonomy of the members is maintained and that this is enriched by the choice to achieve something together. The ability of the network to reach its goals will depend on whether or not it contains the relevant expertise. This requires a basic knowledge of potential partners, their goals, objectives, areas of activities and methods of working. This information will also reveal tools which can be shared and contributions each member is willing/able to make. However, given the diversity of contributions of the members, collaboration also requires a sense of solidarity and an understanding of the different degrees of facilities and resources which each partner has. This understanding will facilitate the creation of a framework which will support and encourage participation and which allows for equal involvement of all members at all levels.

Linked to the above is the openness to co-operate with other established networks. Recognition of other networks working in similar areas of concern, will also help to identify any gaps and/or the unique contributions which the network could make to health development and poverty reduction in Bangladesh without causing overlap and duplication.

### c) Clearly defined roles

In order to survive, a network needs a certain amount of co-ordination and clear role for the co-ordinator/co-ordinating body. The very concept of networking calls for a flat hierarchy which decentralizes control, resources and communication structures. In this arrangement, there is no formal leadership structure and the role of the coordinator(s) is to serve the needs of the partners, link like-minded and like-endowed partners and when required by the partners, to act as the spokesperson of the network.

The leadership of the network should be prepared to share leadership with others and to recognize and give credit to others for their leadership skills and their expertise in specific areas of common concern. The expectations of the members on the leadership as well as accountability of the leadership to the members should be defined and agreed on collectively.

### d) Clear mechanisms of operation

If a network is to be effective, it is important that all members are clear about the mechanisms of operation, in other words, the expectations of the network on each member and the responsibility of the members towards the network. The degree of formality of a network will depend in part on the objectives and goals of the network but also on the resources, commitment and desire of the members to formalize or not their collaboration. The members therefore need to decide on the operational activities of the network, that is, the decision-making structure, including whether or not the network should have a secretariat, a governing body (steering committee



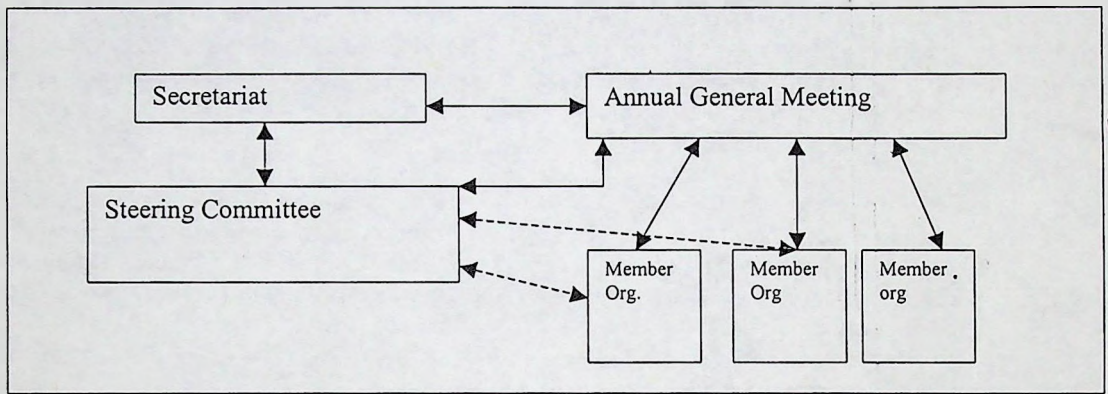
/board/General Meeting), focal points, a legal basis (constitution) and specific criteria for membership.

he workshop in Dhaka will help identify some of the overall goals and priority areas for the network.

## 6. Possible structure of a network

The structure of a network will depend on several elements such as the needs of the members, financial resources, capacity of a member to take on the co-ordination and so on. These and other elements therefore need to be discussed carefully by the members.

An example of a structure which seems to be quite common among networks is presented below.



Source: Adapted from Region for Health Network, Europe

**Secretariat:** If a network is to function well, it is crucial that a secretariat be established, either independently or through one of the member organizations. If a member takes on the secretariat it must be prepared to dedicate the time needed for the functioning of the network and to ensuring that contact is maintained among members and groups. This may imply practical tasks such as establishing a data base of members, corresponding with members on a regular basis, updating members of new developments within the network, organizing regular meetings of the network and taking responsibility for the follow-up of meetings.

Since networks do not have formal leadership, the co-ordinator should be prepared to see his/her role as facilitator of the network, as a "sparkplug", igniting the energies of others and willing to share leadership with others.

**Member organizations:** The member organizations should have a strong interest in the work and development of the network and the relevant expertise to contribute towards the objectives of the network. The members should promote the cause of the network, maintaining contact with other groups who may be interested in joining the network.

Decision-making: The network will need to decide which decision-making process best suits its needs. For practical reasons, a general meeting of the network may not be the most effective decision making body and a steering committee which meets in between the general meetings may need to be nominated. Whether or not a steering committee is needed, will depend on the extent to which the network decides to undertake joint activities which require discussion, development, implementation and monitoring. A steering committee may also be responsible for decisions relating to membership, funding, marketing and communications.



## QUESTIONNAIRE TO MEMBERS OF NETWORK

*Participants to the workshop in Dhaka will be invited to look at practical ways of going forward to identify the way in which the above proposals could be implemented. Please therefore consider the following questions and submit your responses as soon as possible.*

**Name:**

- 1) **What should be the overall vision of the National Poverty and Health network, its aims and objectives?**

**What is the unique contribution such a network could make to health development?**

- 2) **Within which areas of health and poverty reduction should the network focus on?**

- 3) **What networks are you /your institution already part of? (Please also add a short description of the type of network and activities developed by the network and the mode of communication)**







**INFORMATION ON MEMBER INSTITUTIONS**

**TYPE OF MEMBERSHIP (please choose one) :**

Individual:

Organizational:

**NAME OF INSTITUTION:**

**CONTACT PERSON:**

**ADDRESS: (Including phone, fax and E-mail)**

**WHAT ARE THE GOALS, OBJECTIVES, AREAS OF ACTIVITY AND METHODS OF WORKING OF YOUR INSTITUTION?**

**WHAT TOOLS COULD YOU SHARE WITH THE NETWORK?**



# Crisis in Governance of Public Health System in Bangladesh: A Challenge of Humane Governance

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## Abbreviations

BCC: Behavioral Change Communication; CHC: Community Health Cell; DFP: Directorate of Family Planning; DGHS: Directorate General of Health Services; EOC: Emergency Obstetric Care; FFYP: Fifth Five Year Plan; FP: Family Planning; FWA: Family Welfare Assistant; FWC: Family Welfare Centre; FWV: Family Welfare Visit; GOB: Government of Bangladesh; HPSP: Health and Population Sector Program (of Government of Bangladesh); IEC: Information – education-communication; IPHN: International Poverty and Health Network (of WHO); IUD: Intrauterine Devices; LB: Live Birth; LBW: Low Birth Weight; MA: Medical Assistant; MCWC: Maternal and Child Welfare Centre; MIS: Management Information System; MLGRD: Ministry of Local Government and Rural Development; MR: Menstrual Regulation; NGO: Non-government Organization; ORS: Oral Rehydration Salt; PHC: Primary Health Care; PHS: Public Health System; R&D : Research and Development; RD: Rural Dispensary; STD: Sexually Transmitted Diseases; THC: Thana Health Complex; UHFWC: Union Health and Family Welfare Centre; VAC: Vitamin A Capsule.



## Public Health Governance: The Framework

The nature of crisis in governance of the public health system can be assessed from three inextricably linked dimensions of humane governance: economic, political, and civic. Economic governance consists of absolute and relative spending on public health reflected through extent of priority assigned to public health goods, extent of compliance of allocation with the national mortality and morbidity patterns, and equity considerations. Political governance includes the factors associated with the use of institutions by the government to govern, among which the major ones are accountability and transparency, and compliance with rules and regulations. The essence of civic governance is the right and responsibility of the governed quarters to participate in and promote good governance of public health. Viewed from these three dimensions of governance, the paper attempts to show that the state of public health governance in Bangladesh is unsatisfactory, and allout efforts are needed to transform this into "humane governance", which in turn is a major challenge ahead to ensure a high degree of human development.

## Is There Any 'Public Health System' in Bangladesh!

Public health is an organized system of preventing disease, prolonging life span and promoting health and efficiency. This is ensured through the sanitation of the environment, control of communicable diseases, education of the individuals in personal hygiene, the organization of medical and nursing services for early diagnosis and preventive treatment of diseases, and the development of social machinery to ensure, for every individual, a standard of living adequate for the maintenance of health to organizing these benefits so as to enable every citizen to realize their inherent right to health and longevity. Public health, in essence, is the combination of scientific disciplines (e.g. epidemiology, biostatistics, laboratory sciences, and social sciences, and demography), and skills and strategies (e.g. epidemiological investigations, planning and management, interventions, surveillance, and evaluation) that are directed to the maintenance and improvement of the health of the people. Thus, in the broader sense of the term, public health does not merely mean providing some services through the institutions under the control of the *Ministry of Health*. On the contrary, public health covers many other issues, e.g., ensuring hygienic quality of food and food items sold; controlling emissions on the roads; supplying clean and safe drinking water to the community; managing waste/garbage disposal; providing for a healthy environment in the work place, shopping centers and/or in any other public places; and provision of housing and sanitation facilities to the slum dwellers and squatter population, etc.

Bangladesh has accepted the goal of 1978 *Alma-Ata Declaration* and accepted the political and social challenge to achieve this based on a primary health care strategy. Although ensuring public health is a constitutional obligation, no national health policy as such has been as yet formulated by the erstwhile governments. All past governments, officially, laid emphasis on health sector development through adopting various programs in the national development plan with the purpose of building a network of primary health care services. The official policy statements (e.g., five year plans, perspective plan, etc.) have always emphasized improvement in the health status of the common mass through reducing morbidity, mortality and poverty related diseases, success on which were never satisfactory. These are evident from the following:

- Sixty percent of the population do not have access to basic health care;
- Over 40 percent of the total population is affected by Vitamin-A, iron and iodine deficiency;
- Over 90 percent of the children are malnourished and about 660 children die everyday from malnutrition;
- Chronic child malnutrition stands at 42 percent in urban and 52 percent in rural areas;
- Deaths of children under-5 still account for half of all deaths in Bangladesh; and the main causes of such deaths are poverty-related infectious diseases;
- Seventy percent of mothers suffer from nutritional deficiency;
- Iron deficiency anemia among women alone causes losses in agricultural production to the tune of US \$ 5 billions over a period of 10 years;
- About 75 percent of the pregnant women do not receive antenatal care, and over 90 percent of them do not receive post-natal care.

These deplorable health scenario in Bangladesh is due mainly to the inefficient governance of the sector resulting to inappropriate policies, rules, regulations, legislation and their inefficient enforcement, non-responsive management, weak accountability, lack of transparency in the sector, and lack of peoples' participation in peoples' health.

Viewed in context of the definitions presented above, the absence of well-organized structures of public health in Bangladesh is apparent. Unfortunately, there is no well defined role for the Health Ministry to intervene in important health related issues in the sectors controlled by other ministries. Nor is there any meaningful coordination among the executive bodies, particularly ministries, to monitor public health. As for example, factories are under the Ministry of Industries and Commerce; and urban shopping centers or other public utility services are under the control of respective municipalities overseen by the Ministry of Local Government and Rural Development (MLGRD). On the other hand, black smoke, noise, public waste precipitated on roads and other public places come under the common jurisdiction of the Ministry of Transport and Communication and the Ministry of Environment; etc. Who is truly responsible to safeguard public from public health hazards in these areas?

## **Public Health Governance: Salient Issues**

After revealing and admitting the facts that the public health system does not exist at its self-pose yet, it can now be focused on how it is functioning within its limitation as a complete system.

Analyses of official statistics presented in this subsection do not indicate a satisfactory scenario in Bangladesh. The doctor-population, doctor-nurse, nurse-population ratios remain far below the standard level. In terms of health infrastructure facilities, however, Bangladesh is one of the well resourced countries.



Making allowances for the inadequacy of capacity in the health care system of Bangladesh, governance relates to the efficacy with which the existing health care facilities and manpower are utilized. Our health indicators suggest that this could have been avoided in a better governed system. Deaths of children under-5 still accounts for half of all deaths in Bangladesh. Two-thirds of all morbidity cases originate otherwise from easily preventable diseases. Access to and utilization of the three 'pillars' of safe motherhood (antenatal care, clean and safe delivery, and essential obstetric care) remain wholly inadequate; and about one-third of all households in Bangladesh have no toilet facilities at all. Rural households represent 82 percent of the population but account for only 65 percent of hospital visits. The patients from the richest quintile are more than five times as likely to be admitted for inpatient-expensive-care than patients from the poorest quintile. Patients from urban areas are more than twice as likely to be admitted than rural patients and male patients are more likely to be admitted than females (HPSP, 1997). However, even within the urban areas, there is only 26 percent Vitamin A coverage in the slums as compared to 49 percent in the rural areas, and measles coverage is 61 percent as compared to 78 percent in the rural areas. Thus, in the urban slums, the infant mortality rate is twice as high as that in the formal urban sector (For details, see: Barkat 1997). These declining numbers suggest both a maldistribution of services as well as poor delivery of such services rather than a lack of availability of resources. Misgovernance in the Public Health System (PHS) thus point to an ineffective use of the resources at hand. The gaps between the targets and achievements in major health indicators during 1990 to 1995, taking 1989-90 data as a benchmark, confirms this proposition.

To meet the overall objectives of the health sector, various programs were put in place in the past. One major program in this direction relates to **infrastructural development** (Table 1). In Bangladesh, at the grassroots union-level, one static service delivery facility is available for 20,000 population, one thana-level facility (*Thana Health Complex*) for 200,000 people, one district-level facility (district hospital and MCWC) for 1.5 million population and one medical college hospital is available to serve 9.3 million population. In addition to the public facilities, a large number of NGO facilities and the facilities in the private sector cater to the needs of the general public. A substantial gap exists between the availability of actual and officially recommended services in those facilities. As for example, the currently utilization of institutional child delivery and emergency obstetric care (EOC) facilities in Bangladesh is far below the recommended "minimum acceptable level" and the relevant EOC service facilities are not evenly available across the administrative-geographic locations (Barkat. A, 1998a).

**Table 1:**  
**Infrastructural Development in the Health Sector**

Type of Infrastructural Establishment	Functional Activities	Population per Facility
1 Union health and family welfare centres (UHFWC) (4115): Under FP: 3,500 Under health: 1,230 (including rural dispensaries)	Out patient services	20,000
2 Thana health complexes (THC) (374 in number)	1. Bring health care to doorsteps of rural people 2. Services in medicine, surgery, gynae, dentistry 3. Supply of drugs and vaccines	200,000
3 Hospitals and clinics: 34,786 beds Public sector: 27,544 Private sector: 7,242	Diagnostic and treatment facilities	1.5 million <sup>a</sup>
4 Medical education: Medical colleges (13) Dental colleges (4)	Doctor – population ratio=1:41,870 Graduates 1200 (annually) Graduates 60 (annually)	9.3 million <sup>b</sup>
5 Nursing education: 38 Nurse training institutes	Nurse – population ratio=1:10,714 800 Nurse (annually)	
6 Manpower deployment : Doctor-nurse ratio = 2:1		

Source : Fifth Five Year Plan (FFYP), Barkat et.al 1997.

a> There are 64 district hospitals and 90 maternity and child welfare centers (50 of MCWCs are in the districts).

b> Estimate based on 13 medical college hospitals.

As to the resource allocation for public health care, a total of Tk.10,600 million at 1989/90 prices was earmarked for the fourth five year plan period (Table 2). This constituted 3.05 percent of the development budget. Against this allocation, Tk.13,955.6 million at current prices, i.e., Tk.12,103.5 million at 1989/90 prices was made available through different ADPs, of which Tk.11,486 million at current price, i.e., Tk.9,970.50 million at 1989/90 prices, was utilized showing a utilization rate of 82 percent.



Table 2 :  
Allocation to Health Sector Activities during 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Plan Periods

Program Areas/Activities	Third Five Year Plan		Fourth Five Year Plan		Fifth Five Year Plan	
	Allocation (Taka in million)	% of Total	Allocation (Taka in million)	% of Total	Allocation (Taka in million)	% of Total
PHC and Ancillary Services/Primary Level	2750.80	50.02	5671.90	53.16	34249.84	55.1
PHC Supportive Programs/ Secondary Level	1295.70	23.56	1179.70	11.06	6227.24	9.9
Health Manpower Development	558.30	10.15	1154.00	10.81	9340.86	14.9
Hospitals & Clinics/Tertiary Level, Drug, Equipment	804.30	14.62	2455.90	23.02	11831.76	19.0
Programs of General Nature	90.90	1.65	208.50	1.95	622.72	0.9
Total:	5500.00	100.00	10670.00	100.00	62272.42	100

Source : GOB 1985, GOB 1995, GoB 1997, Haider et al. 1995

Although, the health sector is officially targeted to receive serious attention, an allocation of 3.05 percent of the development budget does not suggest a high prioritization of the sector. Moreover, the utilization rate of 82 percent leads one to conclude that inefficient management prevails in the health sector within this low allocation rate.

A comparison of allocations to the health sector in the past three five-year plans show primary level health care received over 50 percent of the total allocation (Table 2). But an upward trend prevailed in the allocations to the tertiary level, with a drastic down-cut at the secondary level. Considering the fact that the relative benefits derived from the tertiary health services are higher for the well-to-do segments of the society, it can be concluded that the allocative priorities in the health sector tend to be biased towards the non-poor. In the context of governance, this bias points to the skewed balance of political power in favour of the more affluent segments of the population.

The skewed balance of political power in favour of the affluent (and against the poor) is clearly evident from policy level non-compliance with human welfare-orientation depicted in the pattern of public sector spending. **Increasing military expenditure** reduces the speed of poverty reduction and social-welfare activities. This is because, arms spending undermines human security, eating up precious resources that could

have been otherwise used for human development. The lack of humane governance here is simply evident from the fact that, during the 1985-1996, the military expenditure in Bangladesh increased by about 52 percent -- from US \$ 341 million in 1985 to US \$ 517 million in 1996 (UNDP, 1998), whereas during the same period, the NATO military expenditure fell by 25 percent. The lack of sensibility toward any humane governance is evidenced in the pattern of scarce resource allocation where military expenditure comprises at least 40 percent of the combined expenditure in public health and education. Bangladesh has ordered 6 Mig-29 fighter aircrafts at a cost of US \$ 120 million. This is simply enough to show irresponsiveness of governance in a country of 127 million population whereby 56 million are illiterate, 58 million people live below the poverty line, 75 million have no access to primary health care, 50 percent of all deaths constitute deaths of children under 5 years of age, annual death due to Tuberculosis is 100,000, and about 40,000 mothers die each year due to causes relating to pregnancy and childbirth. The lack of humane governance is evident from the above purchase of 6 Mig-29 fighter aircrafts at a cost (US \$ 120 million) that could have been otherwise used for the total eradication of TB and leprosy from Bangladesh, or that could have been used to drastically reduce the unacceptably high maternal mortality (from 4.33 to 2.0 per 1000 LB), or that could have been used to reduce the infant mortality rate to 50 per 1000 LB from the current level of 67, or that could have been used to deploy at-least 30,000 primary school teachers for 20 years, among others.

Though some success is claimed by the Government in health care, the public system could reach only 70 percent of targets due to some inhibiting factors related to poor-governance (detailed later on).

The Government measures its success in the health sector using a particular *Management Information System (MIS)*. The officially proclaimed success stories are based on the information obtained from this MIS. However, a close analysis of this system reveals loopholes and sufficient scope for under or over-reporting. As for example, multidimensional gaps in reporting of pill use have been identified: at least one of every three officially reported users of oral pills were non-users (i.e., official figures are overstated), 15.8 percent of non-users were reported as users of a brand; 28.9 percent of respondents were reported wrongly as users of another brand, etc. (Barkat, et.al, 1994a). These facts definitely indicate a lack of responsibility, accountability and proper monitoring - all of which are aspects of governance.

The Ministry of Health has a staff strength numbering 106,246 in the areas of health and family planning (FP). This manpower structure has personnel with diverse skills, aptitudes and commitments. Total governance of the public health system depends upon the smooth administration of this manpower. The present organization and management system of these directorates has not proved its worth both in terms of efficiency and effectiveness. Many studies have revealed that conflicts, mistrust, and problem of communication, co-operation and co-ordination etc. between the two wings (health and FP) create serious problems for delivering health services to the people (Khuda, et al, 1994, Haider, et al 1995, Rahman 1996).

Studies reveal that the prevailing management culture lacks client focus, quality service and cost efficiency. Deterioration in public accountability throughout the system is evident as the supervision systems have all along been weak and ineffective. This perpetuation of a conflict-



ridden organizational structure and weak management culture has led to an accumulation of dissatisfaction among most of the employees. The major areas of their dissatisfaction, among others, are related to the issues of staff promotion, salaries, other incentives, important postings, preference for transfer, and higher training (Haider 1996). Dissatisfied employees in a conflicting organizational structure and a mal-coordinated management culture clearly indicate a weak capacity for governance.

The existing organization and management system is malfunctioning. So, it may be asked how such an ineffective organizational structure had been adopted, why has been retained for so long? Steps could have been taken to change both the organizational structure and management culture. It has now probably become a difficult task to ensure any meaningful change in the existing structure and culture. As the existing habits have become embedded in the system, meaningful corrective action will need to be both bold and decisive.

The information-education-communication (IEC) program form an important component of the public health program. Radio and TV were intensively involved to strengthen dissemination of health messages. A close analysis of the IEC efforts reveals that it has so far served only narrow purposes of disseminating messages on ORS, iodine, sanitation and family planning (FP). The IEC focus on clients' rights and providers' responsibilities have been inadequate. In order to ensure that IEC is 'for the people', it should have been designed accordingly. The basic strategy of IEC should have been designed in such a way as to take care of the two basic proximate determinants of human development: enhanced health awareness and knowledge, and increased utilization of services.

Most of the people in the country unfortunately do not know the nature and extent of health services on offer by the public health sector. Nor do they know enough about how to avail of such facilities. How many people know that there are eleven formal steps for admission to a hospital? How many public sector health facilities publicise their service availability by time, person and cost? Actually, the situation is such that most people never feel that good health is a fundamental right and having accesses to health services is their constitutional right. They perceive the services offered by the public health system to be part of the grace and favour of the Government, and thus always feel indebted to the medical personnel who provide these services. The feudal or bureaucratic attitude of the government health personnel also contribute a great deal to feed such public perceptions.

The general public, including the more educated and conscious people, except some professionals, tend to remain in dark about their health rights. Ten health rights which vest with the people of Bangladesh, as for people elsewhere in the world, include the right to information, access, choice, safety, privacy, confidentiality, dignity, comfort, continuity, and opinion. The failure to recognise the rights of the citizens to basic health care has rendered the public health system in Bangladesh into a largely supply-driven process. The system remains producer-oriented instead of becoming user/customer oriented which is counter-productive to the principle of bringing health care to the people. The people are not asked what they need, whether they feel comfortable with the services or what their preferences are in consuming health services. Absence of a client-oriented IEC strategy is a measure of poor governance in the PHS.

## Factors Influencing the Crisis in Governance

Notwithstanding some developments in health status, Bangladesh's health care system remains below its promise leaving the country's health status in the lower echelons of the Third World human development indicators. In order to identify the **macro-level problems of public health governance**, it would thus be useful to analyze the reasons behind the significant disassociation between the health targets and achievements. Most of the health indicators show low rates of achievement. As for example, the population covered under the *essential health care, delivery assisted by trained persons, antenatal care, diarrhoea control, TB control, and control of goitre* show highly depressing outcomes. How to explain the low achievement of the 4th plan (in 1995) not only compared to the targets set in the plan but also lower figures compared to the benchmark of 1989/90 in terms of the following indicators: population coverage under essential health care, immunization of under 1 child, delivery assisted by trained persons, antenatal care services, control of diarrhoea and number of medical assistants. The state of responsiveness of governance can be understood easily if one relates these coverage indicators to the health status of the population in relation to infant, child and maternal morbidity as well as mortality, and therefore with life expectancy--the most important indicator of human development.

Over-targeting is a common characteristic of our health sector plan. As shown in Table 3, it was evident in the *fourth plan* and this is also true as for the *fifth plan*. How are we going to bring down the under-5 mortality rate from a high of 133/1000 to 55/1000 LBs? How are we going to expand population coverage under essential health care from a low of 45 percent to 70 percent? Is it possible to attain the 80 percent rate for deliveries assisted by trained personnel as well as for antenatal check ups--all by the year 2002? These shortfalls should be treated as a manifestation of failure in governance.



Table 3: Major Health Indicators: Targets and Achievements During Fourth Five Year Plan (1990-95), and Targets for the Fifth Five Year Plan (1997-2002)

Health Indicator	Unit	Bench- mark (1989/90)	Fourth Five Year Plan (1990-1995)		Fifth Five Year Plan (1997-2002): Target
			Target	Achievements	
Crude death rate	/1000 population	13.9	12	8.5	7
Infant mortality rate	/1000 live birth	110	80	78	55
Neo-natal mortality rate	/1000 live birth	-	-	46	30
Under-five (U5) mortality rate	/1000 live birth	110	90	133	55
Maternal mortality ratio	/1000 live birth	7	4.5	4.5	3.0
Life expectancy at birth	Years at birth	53	55	58	60.0 (male) 59.0 (female)
Population covered under essential health care	% of population	50	80	45	70
Immunization (under 1 yr.)	% coverage (all)	75	85	66	85
Delivery assisted by trained persons:	% of preg. women	20	50	12	80
Antenatal care	% of preg. women	45	60	35	80
Control of diarrhoea	% of use of ORS	90	90	66	90
Control of TB	% of cases found (sputum positive)	20	50	30	100
Nutritional status: Energy intake	Av. intake (Kcal)	1850	2100	1950	2300
Under-5 malnutrition	% Malnutrition				
	Stunting			>45.7	<40
	Wasting			7.0	<5
Prevalence of LBW	% of new born <2500g				15

Health Indicator	Unit	Bench- mark (1989/90)	Fourth Five Year Plan (1990-1995)		Fifth Five Year Plan (1997-2002): Target
			Target	Achievements	
Prevention of night blindness	% of <6 children receiving VAC	66	90	85	90
Control of Goitre	% covered through Lipoidal Iodized Salt	10	100	40	100
Prevalence of disability	/1000 population				10.0
Prevalence of leprosy	/1000 population			0.24	0.05
Prevalence of measles	/1000 population				0.5
Prevalence of polio	/1000 population				0.01
Prevalence of tetanus	/1000 population				0.05
Prevalence of TB	/1000 population				0.05
Hospital beds	Cumulative	34488	36000	34786	42000
Health services		24501	26000	27544	29000
Other ministries & privates		9987	10000	7242	13000
Thana health complex	One in each thana	351	397	374	397
UHFWC/RD	One in each union	3375	4325	4038	4400
<u>Lab. diagnostic services:</u>					
Simple lab. facilities at THC	% coverage	100	100	90	100
Simple lab facilities at district	% coverage	100	100	100	100



The failure to attain planned targets, as indicated above, do not originate in a failure of planning because public resources were, indeed, allocated so as to attain the targets set in the FYP. In reality, these shortfalls reflect failures of governance. Some of the major elements of such governance factors are mentioned below:

1. Absence of management co-ordination resulting to absence of an accountable and responsible health care system. These originate from failures of governance in putting in place and enforcing a system of accountability in the health system.
2. Quality of health care, both domiciliary and institutional, presents a dismal picture. Factors identifiable for the emergence of such a situation can be attributed to labour turnover (absenteeism); rampant spread of private practice by public sector physicians; inadequate supervision over supplies of drugs and medicines; poor administration in hospitals and clinics; poor quality of drug production and laboratory services; inadequate maintenance of equipment and health facilities; misuse, wastage, and under-utilization of manpower.
3. Organizational inefficiency arising from lack of co-ordination of the two directorates of the Health System (DGHS and DFP).
4. Poor inter-project linkages and poor institutional co-ordination. The Government retains responsibility to structure the form of linkages and co-ordination and to monitor their activities.
5. Ineffective referral system resulting to a low performance record in the health sector. In reality, there are no functioning referral and follow-up systems in the public health system in Bangladesh, which constitute the weakest linkages in the whole service delivery system.
6. The MIS could not be modernized and linked to the peripheral health care systems. Sub-systems of the MIS for laboratory services, school health, industrial health, and indigenous and homeopathic medicines were also not developed.
7. The schedule for the completion of different projects proved to be lax and usually fell well behind its set targets.
8. Short tenure (as a result of retirement, overseas study, transfer) of health personnel in any particular post in the PHS.

**The management of the tertiary health care centers** -- the district hospitals, medical college hospitals and referral hospitals is a major issue in public health governance. The problems in this area are, in fact, more severe due to the size of the institutions which also face problems unique to the culture of larger institutions. Abuse of trade unionism by Class III and IV employees is an instant example of the extra dimension added to the problems already discussed above. Services in these hospitals are out of reach of the poor people and avoided

by the rich due to the poor quality of services. The hospitals are still full of patients all the time, particularly from the middle class and lower middle class people who can somehow establish a linkage with the power structure to obtain a bed in such hospitals. Poor people at times get some *outdoor* services, but these are provided so casually and carelessly that such services remain hardly commensurate with the facilities and skills in other such hospital. Maltreatment of these poor outdoor patients by the medical staff poses issues of moral hazard where patients are treated without compassion as if the patients were beggars obtaining favours from the PHS. Doctors in these hospitals appear helpless to control the misbehavior of the service staff of the hospitals.

The Class III and IV employees in every district level and medical college hospitals (also specialized hospitals) in a very organized manner, under the banner of their trade unions, contribute to misgovernance of the hospitals. They build homesteads in open spaces within the hospital campus where they themselves reside and also rent space to the outsiders. These open spaces, designed during the planning of hospital premises in order to keep open spaces to ensure hygienic environment in the hospitals are degenerating into slums. The whole environment of the hospital has become unhygienic both physically and socially. These protected slum-like enclaves have become a safe haven for criminals. This is a very common picture in most of the medical college hospitals and district hospitals. Anyone visiting the *Dhaka Medical College Hospital Emergency premises* and surroundings, will observe such facts. Neither the municipalities nor the Health Ministry have thus, taken any appropriate action against these unauthorized occupants. This reflect a problem of co-ordination between different executive bodies of the government. Municipalities are not allowed to intrude into the hospital premises. The Ministry of Health also remains quiet and probably expects the MLGRD, municipalities or the *Home Ministry* to take the initiative to clean up their hospital premises.

Why have the hospital authorities lost control over their employees? The problems appear to originate in the politicized administrative structure which lies at the root of our misgovernance. This illegal occupancy also reflects governance failure both in the health care and municipal system to provide adequate housing to lower level public employees.

The unhygienic environment of all these hospitals is not limited to its slums. Hygiene in the bathrooms, beds, operation theatres etc., and the entire premises in a ward, remains at levels unacceptable for a modern hospital. This lack of hygiene originates in the negligence of duties of the concerned employees. Due to the poor bed-population ratio, the hospitals are already over- burdened with patients doubling in beds, or arranging temporary beds in the veranda, aisles etc. to make the overall physical environment crowded, unmanageable and dirty. In addition, negligence to keep the hospital premises clean, really makes the total situation unbearable. As a result, the quality of health care and services is in a state of free fall. The overall picture is so depressing that even the sweepers complain of the want of necessary logistics for enabling them to do their job. Why do sweepers not have adequate facilities to do their job in spite of financial provisions to procure supplies?

Food supply to the patients is another area of mismanagement and misuse of resources. Kitchens are as unhygienic as those of common roadside hotels. Both quality and quantity of food are inadequate to the needs of the sick. Patients always complain against the nutritional contents and palatability of the food served to them. Doctors claim that they are not in charge



of food supplies. In turn, the food management staff claim that they supply only what they get. Patients have no one to whom they may complain about their diet. At every stage, from obtaining the contract for food supply to the final feeding of the patient, there is evidence of financial malfeasance which is widely evident. However, nobody is held responsible to stop such malpractice.

A similar state of misgovernance prevails in the supply of medicines. Patients rarely obtain medicines from the hospitals whereas the allocations in the budgets do not reflect such crises of resources to procure medicines for the hospitals. Doctors avoid any responsibility for this state of affairs arguing that the medicine supply department is not under their authority. Personnel in the supply section blame the doctors for putting them in troubles by prescribing the out-of-stock medicines for their patients, while the doctors claim that the medicines were supposed to be in the stock of the hospital. Accounts of medicines stock are never checked by the doctors. Nor does there appear to be any scientific system of maintaining an inventory of medicine in any public hospital. In fact, among all the supplies in the hospital, medicine appears to be the most liable to malfeasance because of its portability, durability and marketability. Many pharmaceutical shop owners admit that they buy their medicines from the hospital personnel at cheaper prices than an offer in the market. Many private clinic owners admit that they procure expensive equipment and supplies from the public sector supply system. How do these medicines and equipment move on to the market? Why like many other open secrets is this anomaly not checked or controlled? It appears that everybody from the top to the bottom knows everything, but nobody takes action.

Doctors in the hospitals are so busy that it is very difficult to make an appointment with them even in case of an emergency. A study conducted by UNICEF (1992) showed that our doctors spend 54 seconds per patient at the thana hospitals and rural dispensaries; they take 37 seconds per patient to dispense medicines. It is true that the qualified doctors perform their best in the hospitals, but not in those where they are appointed. They are more inclined to moonlight in private clinics where government doctors maintain a dual obligation with their official responsibilities.

Payment of unofficial fees in these hospitals are very common. While official fees are minimal, the patients are paying out substantial sums as unofficial fees, in the form of bribes and payments to staff to ensure that they receive the services they are technically eligible to receive free of cost. These may be five to ten times the official fees paid, and are (unlike official fees) paid in significant amounts by all income groups. In some cases, these fees are understandable given a shortage of resources where patients may be compelled to purchase supplies and drugs for their own treatment. Other fees are typically paid to *ayahs*, nurses and other hospital ward staff in order to ensure a bed or more attention (Hossain et al., 1996).

The payment of unofficial fees to hospital staff, particularly Class III and IV employees, is somewhat different. It again partly reflects inadequate government resources invested in offering low rates of employee compensation, but it also reflects a culture of excessive rent seeking. Many of these positions in public hospitals are financially lucrative because of the potential to levy fees from patients, and these jobs are, not surprisingly, much in demand. Entry into these positions is, in fact, not open; and the jobs are usually handed down within families or given through bribes, etc. If this problem was merely one of staff compensation for inadequate salaries, then it could be regarded as having no net welfare impact; but when it

involves earning of excess rents by hospital employees through their privileged position, it cannot be justified. More effective control of these practices would reduce the burden on patients. However, this would require that policy makers be willing to confront hospital staff over such long-accepted rent-seeking practices; and this may not be politically feasible, if government policy-makers are more concerned about the political power of the staff than the care of ordinary patients (Eliya. R.P, 1997).

The nature of involvement of the private sector in providing health care is a major governance issue. At present, the government's contribution to the health sector is about 35 percent while the remaining provisions come from the private sector and individual households. In terms of governance of the private sector, the following three issues deserve special consideration:

1. At present, private health care facilities are mostly managed by public sector professionals. Some public sector professionals even use public sector facilities for private business. Private sector investment principally went into the establishment of institutions and laboratories.
2. Public sector policy to establish and promote the private sector remains inadequate, which drives many patients to go to neighboring countries for treatment of easily manageable diseases. Every year, at least US \$60 million is being spent by the people who seek better treatment in cities such as Calcutta, Madras, Delhi, Bangkok, Singapore, etc. (Rahman 1996).
3. Public sector policy to ensure standards and quality health services at the private sectors is not enforced.

The governance of other existing healing services/traditional health services outside the hospitals is one of the most crucial issues because of the extensive use of these services. Apart from the government-provided medical health services, private medical (and non medical) services are widely available in Bangladesh. Private MBBS (or upper degree) practitioners (popularly known as *Allopathy*), *Homeopath* practitioners, *Ayurved* (Herbal) practitioners (popularly known as *kabiraj*), paramedics or less than paramedics (mostly termed as quacks) are extensively available both in the urban and rural areas of Bangladesh. Qualified (MBBS and upper) *allopaths* are however, rarely available in the rural areas. In modern times, *Homeopathy* and *Ayurvedi* have obtained official recognition as part of the medical system of India, China and in some western countries. The Government of Bangladesh has also recognized these two systems and has established examination boards to award degrees under these medical systems.

But, very few *homeopaths* and *kabiraj* may be deemed to be qualified from the recognized colleges of their discipline. Most of these traditional practitioners are practicing without having any formal registration. These half educated doctors practice in their respective localities. People have easy access to them, and their services are less costly. On the other hand, due to the procedural and bureaucratic complications and poor quality but high financial costs of services people are reluctant to avail of the government health services. So, these half educated or non-educated doctors have a ready flow of patients inspite of their questionable diagnosis and treatment which may complicate the medical problems of their clients. This weak quality of service also applies to paramedics. Many of these paramedics may have



requisite qualifications to deal with certain common diseases, but many others claim to be paramedics without having any qualifications and just converting themselves into paramedics in addition to their role as compounders or salesmen in a pharmaceutical shop.

In addition to these medical services, non-medical forms of healing are also practiced widely in Bangladesh. These healers are known as spiritual healers, termed as *ojha*, *khonker*, *goonin*, *pirbaba* etc. To the astonishment of modern science and modern urban culture, this non-medical system is widely practiced in the big cities also, including the cosmopolitan capital city Dhaka. On the top of all, these practitioners particularly homeo, ayurved and spiritual publish very catchy advertisements in the well established daily newspapers of the country. These advertisements are mostly misleading and unethical even from the viewpoint of marketing ethics.

All these informal private institutions and individuals providing medical and non-medical services are not subject to any public regulation. Nobody is there to check the boundary of work of the paramedics, to check the arbitrary *homeo* and *ayurved* practitioners or to investigate the non-medical services used for healing or cheating people.

Neither the Commerce ministry, nor the Information ministry, nor the Health ministry appear to be taking any action against these unlicensed purveyors of medical services. Thus, ordinary people, when feeling cheated, simply blame themselves and feel absolutely helpless finding no place to file their complaints. Such a pervasive malpractice remains absolutely beyond the reach of the PHS or indeed of the law enforcement agencies. This official oversight of private malpractice in the area of health care is further evidence of sufficiently weak governance of Bangladesh.

### Low Usage of Public Health Facilities: A Reflection of Crisis

Official regulation of non-official health care is of some importance since more than three-fifths (60%) of the population in Bangladesh have no access to the public health facilities. Only about 15 percent of visits for medical treatment are to a government clinic (Stalker 1995). Those who have access to such public services are not obtaining good quality services. As discussed at the very outset good governance in the PHS accelerates increased utilization of health services by the community and reduces public exposure to induce malpractice. Improving the PHS thus has wider ramifications than the public system. It would, thus, be worthwhile to investigate the reasons as to **why people do not use/rarely** use government health care facilities. Some of the reasons identified in the literature include:

1. Non-professional behavior of the providers, non-availability of doctors and other staff, and shortage of drugs at the facility (HPSP, Task Force 8).
2. The villagers know that the government health services provided at THCs and FWCs are free, but poor people are usually bound to give illegal payments at all levels (without receipt) charged by the staff. As these are illegal charges, there is no fixed rate.

3. As the hidden costs of government health care services are high, most of the poor people are unable to afford it. Therefore, instead of going to the THC, they go to quacks, kabiraj, homeopath and spiritual healers, whose services are cheaper and sometimes payment system is transparent and it can also be deferred, if necessary.
4. The majority of villagers, particularly poor women, are illiterate. They lack knowledge about health and hygiene. Most of them are unaware of the services available at the health center.
5. Provider's care for the patient depends on the bribe given to them. If the patient gets a ticket for Tk.2 (as per rule), staff usually do not pay any attention to him/her. The doctor just prescribes two tablets, mostly, *paracetamol*, which is available at the government health facilities. For proper treatment the doctors suggest the patients receive treatments from them privately by paying their usual fees (Tk.30-50 in the rural, and Tk. 100-200 in the urban areas).
6. Doctors usually prescribe more medicines and lab-tests than necessary and tell the patients to buy medicine and do lab-tests from specified pharmacies and diagnostic centres respectively. There is every possibility that a commission system prevails among the concerned doctors and the pharmacies and diagnostic centres.
7. Though *Menstrual Regulation* (MR) services are free, some providers charge a certain amount (Taka 200-300) for this service. Non compliance of this payment results in unintended pregnancies/unwanted births. There exists evidence that the amount of money charged for the purpose is directly proportional to the months of pregnancy at the time termination is sought (Tk.100 for each month of pregnancy).
8. The *Satellite Clinics* are supposed to provide some PHC medicine, but usually very little of this is distributed. Although the government facilities have a variety of medicines, in many instances, the doctors distribute the same medicines to all patients. Studies have shown that the doctors prescribe the same medicine to the poor for all diseases. The villagers realize that the official doctors are negligent in their treatment, particularly of the poor and thus tend to seek private treatments, mostly from non-qualified personnel.
9. There exists a relationship between the behavior of the health care providers and the socio-economic status of the patients. A study shows that doctors offer the rich and influential patients chairs to sit on but talk to the poor people with disrespect. They write down prescriptions for the poor women and tell them to buy the prescribed medicines from outside pharmacies. The THC staff usually pay more attention to the rich and influential people and give them free treatment, which discourages the poor to come to the THC.
10. The concept of "cleanliness" (*asepsis*) is a misnomer in health and usually misinterpreted by the service providers. Usually, the doctors do not wash their hands before dealing with a patient, and/or between two patients, but they do wash



their hands only for "themselves" before leaving for home (non-compliance with minimum aseptic measures).

11. Location is an important factor determining the utilization of the health care centers. In many instances, site selection is a function of political pressure.
12. There are some social and cultural factors. As there is a shortage of female doctors, the male members do not like to take the female members of the family to male doctors, using *purdah* (female seclusion) as an excuse. This is especially true for adolescent girls' non-visit to health facilities.
13. The village men having sexually transmitted diseases (STDs) are averse to going to the government health care facilities as there is no privacy in these places. Also the doctors' attitude towards patients having STD is non-professional, and this can be a major reason for them to go to *Kabiraj* (herb specialist) for treatment of STDs.
14. There is hardly any clean waiting room and toilets in the government health care facilities. Generally, there is a lack of sitting arrangements in the health facilities.
15. The HAs, FWVs, FWAs and other health workers lack the required training in some major areas. As they lack training, sometimes, they cannot detect risk pregnancies. As a result some pregnancies end up with complications, miscarriages, still births and eventually villagers lose faith in them.
16. FWCs are the closest health facilities for the village people. Though there are residential arrangements for the FWVs and MAs in the FWCs, they do not stay in those premises. Many FWCs remain closed most of the time.
17. Though about 4 to 7 doctors are posted in the THC, and there are residential facilities for them, some do not stay in the thana. They commute from the nearest city, and come once or twice a week and sometimes once or twice a month. Also, there exist a system of "relay presence" which occurs within the full knowledge of the district authority.
18. In many district hospitals, some posts remain vacant most of the times, e.g., the post of dental surgeon. In some district hospitals where dentists are posted there are no dental chairs.
19. The discontinuation and drop-out rates of family planning acceptors is significantly high. Most of the discontinuers of IUD and injectable discontinue due to side-effects. About one-third of the current users of family planning report health problems with their methods and the rate is higher for most clinical methods. Service providers are non-responsive to treat these users.

All these malpractices by the health personnel are widely prevalent in almost all of the primary, secondary, and tertiary health care centers and appear to have persisted for a long time without any evidence of action taken by successive governments to solve these problems? Earlier experience reveals that past attempts to improve the governance of the PHS have

proven to be infructuous. Many evaluation reports have addressed these issues of governance failure, but such reports have failed to arrest the deterioration in the governance of the PHS. Thus, the weaknesses in governance have become perpetuate and may even be moving to the point of irreversibility.

## **Aid Dependence and Crisis**

External donors are involved in the health sector, and obviously play an important role in public health governance. Donor support includes technical assistance, commodity assistance including provision of equipment, contraceptives and DDS kits, and other project aid (salaries, construction). Donors' participation in the program is initiated at the stage of planning, programming and in certain cases in the implementation, monitoring and evaluation phases.

Analyses of the donor supported programs and projects permit one to raise various issues relevant to the governance of health sector. The pertinent questions are:

1. Is our health program donor driven (?)
2. Is our program priorities determined by the national government (?)
3. Who decides on the allocations (?)
4. Is the parliament empowered enough to decide its own health sector priorities based on informed judgement (?)
5. Is it not a wastage of time of our service providers to respond to the various requests for information from a variety of donors?
6. There appears to be a lack of coordination among the donors. Cannot the Government of Bangladesh develop its own health agenda and subordinate donor resources to a realisation of this agenda?

## **Challenge of Humane Governance: What Needs to be Done?**

Inspite of some relative achievements in health sector over the last two decades, much remains to be done. Although infant mortality, maternal mortality rates have declined they still remain at a very high level. The quality of life of the general people is still low. Low calorie intake still continues to result in widespread malnutrition. Poverty related diseases still take a huge toll in lives. Diarrhoeal diseases are still the major causes of morbidity; over 65 percent of all morbidity cases in 1996 were caused by communicable and poverty related diseases; annually about 100,000 people still die due to tuberculosis. The coverage of total population under primary health care is still low compared to many developing countries.

A comprehensive **National Health Policy** has to be formulated with a view to provide strategic directives to health care and the design of mechanisms for attaining the vision through proper utilization of resources invested in health care.



Planning process needs to be strengthened so that realistic and affordable targets can be supported by effective and viable strategies. The formulation and completion of a realistic pro-people Health Plan would be a major step towards a more efficient planning process and the realization of GOB's goals in the health sector. It is important to make pro-poor, pro-children and gender sensitivity analyses of the strategies contained in such plans.

Appropriate administrative structures need to be installed and implemented keeping in mind the following:

1. No arbitrariness in application of rules and laws should be encouraged. Transparent demarcation of responsibilities, liabilities, accountability, answerability must prevail. Chain of authority must be established, and focus must be given to efficiency, and effectiveness of the programs.
2. Involvement of the community in local level planning and faster implementation of health programs and community oversight of the provision of health services will be conducive to improving the governance of the programs. In this way, accountability and transparency in provision of public health services will be strengthened and public confidence in the system will improve. This will divert users away from non-formal providers of health care back into the PHS.
3. Positive control over wastage and irregularities at different tiers should be emphasised. Irregularities in administering health regulations and in providing services may arise due to low remuneration packages, weak incentive system, ineffective hierarchical supervision and inadequate public vigilance. Improved monitoring of supply and demand for services has to be devised and introduced within a system of community and user participation.
4. A more responsive governing system for the PHC, by levels, is likely to provide better management outcomes. Enactment of appropriate legislation for health protection and effective enforcement of such legislation is urgent.

The public health system of Bangladesh demonstrates some striking contrasts. On one hand, we have a health system so seriously flawed in organization, management and operation that it fails to help people in desperate need. On the other hand, we have in place a series of specific programs which have served as models for the rest of the world. In terms of quality, the public sector health services tend to be substandard at all levels. The problems are partly organizational, but the major problems concern personnel - their organization, their skills, and above all their motivation and commitment. Many of the appointments to the PHS are based less on qualifications than patronage. **Weak accountability** has its roots in an organized system of *tadbir* which means "influence peddling". This is most rampant with respect to decisions on posting and transfer. It may be mentioned that the *Discipline and Appeal Rules 1985* has been blocked in many cases where relations of the high and mighty are involved. All these practices create, promote and perpetuate wastage in the PHS. It is obvious, because when quality is sacrificed at the time of recruitment, the system is burdened with wasteful habits and concomitant inefficiency from the very beginning. This process perpetuates the lack of accountability in the whole health system. The greatest opportunity in the health system lies not so much in provision of more resources, more workers, or more training (though all

would be welcome), but in making the existing system work more effectively. A better functioning of the public health system is more likely to be provided and sustained by putting **more power in the hands of patients** so that they are empowered to demand from the health practitioners the services they deserve.

There are several **grey areas** which create impediments to the achievements of health goals. There must be specific operational assessment procedures for assessing work efficiency. There should not be any duplication of responsibilities or tasks. This spoils the accountability and transparency in performance. Quality control must be institutionalized to improve services, smooth functioning, and fulfillment of goals. All sorts of malpractice should be severely dealt with. One serious malpractice is unofficial fees in GOB facilities in the form of bribes and payments to staff to ensure that patients receive the services which they deserve free of charges. In some cases these fees are for supplies of drugs and beds.

Staff turnover and absenteeism adversely impedes the pace of progress in achieving health goals. This again refers to lack of accountability. Thus, appropriate mechanisms need to be developed to ensure effective control over these issues to maximize output.

Serious attention to tackle "zero elements", viz, absence of doctors even after posting, non-availability of materials even after supply, useless preservation of equipment, tendency of service providers not to serve as per the set norms etc., are necessary.

**Low quality of care and services** is a major feature of our health services. The negative consequences of poor quality services, as already evident from Bangladesh experience fall on both patients and the service delivery system in different ways: poor quality at the primary level service delivery facilities motivates patient to by-pass the referral system which has immense consequences for the efficacy of the health delivery system; poor quality services result in adverse health outcomes for the patients as well as gives a bad name for providers; poor quality staff and training result in mis-diagnosis and medical complications; low quality information in the outreach system contributes to less knowledgeable clients as well as discontinuities in the use of services; and finally lack of "humane touch" in providing services destroys the image of the whole sector.

In addition to the moral and ethical arguments, there is also an issue of sustainability in the delivery of high quality services. Quality health services generate demand for services; it brings clients back, and can even reduce per client cost. Improvement in quality in providing health services can have an important impact on efficiency, patient's satisfaction, and utilization rate and can be self-financing. Because, for the patient -- good quality of service leads to increased value for money, increased demand, and increased willingness to pay - the outcome is increased revenue; for the service provider -- improved quality presents him with increased opportunities to improve efficiency, cost containment, and client satisfaction and compliance with treatment protocols - the outcome is lower cost. Together these two forces combine to increase net revenues.

The question of **disguised private sector** needs to be dealt with all seriousness. A substantial proportion of the current private sector involvement in health is staffed by public sector employees. Most of the facilities of the private sector also come from the public sector. Since there is no strict control over such practices, public health service is enormously impaired.



Thus, there is a need for devising ways and means of combating such a trend. Community involvement and civic governance are necessary to resolve the issue.

**Accessibility to services** should be viewed as one of the major governance issues. Outreach areas in remote zones should receive serious attention. Keeping in mind the rural-urban migration process, health facilities in urban areas should be framed accordingly. Urban slum dwellers' access to public health care system needs to be radically improved. Increased coverage and access in terms of areas and types of health problems should include adoption of community-based measures with community participation.

Health service centers, ambulances, doctors, nurses, material supplies etc. merit urgent attention. To **combat shortages** in supplies of drugs, medicines, center facilities, it is necessary to develop bio-medical research facilities, support local production, extend infrastructural facilities for production, encourage private sector involvement.

**Generating people's awareness and vigilance** about health, health services and facilities should form an important ingredient in governing public health. The IEC should be based on the premise that it will empower people in terms of their knowledge about rights of a client and responsibilities of a provider.

Comprehensive reforms in the health sector, particularly, in governance structures, utilization of both public and private sector resources are necessary. Decentralized management system and people's participation and support will make health programs cost-effective and sustainable. **Community involvement** will accelerate the process of institutionalization of accountability.

**Private sector participation** needs to be streamlined through an appropriate policy for generating competitive quality services as well as for cost-sharing. However a regulatory capacity needs to be developed within the Government, which can protect the people and particularly the poor from medical malpractice. However as with all regulatory interventions it must be ensured that such an agency will not degenerate into rent-seeking whilst encouraging every malpractice to persist and prosper.

Private sector services can be supplementary or complementary in nature under the monitoring and regulating role of the government. Public sector will do well if it is geared up and pressed in to interacting with the private sector, including the NGOs involved in the area of public health care.

Keeping in view that incentives usually motivate people to perform, **better-incentive packages** in various forms at different levels should be introduced. Such steps should bring better rewards in terms of service delivery, management, etc. Similarly, **provision for disincentives** for failure to provide services could also play a positive role in improving the quality of PHS.

**Provision for specialized training** for medical personnel, specialized training for hospital management and administration are urgently needed to ensure the smooth functioning of the service centers. Provision for training program for local volunteers (with some benefits) is another area for strengthening the health sector through involvement of the local community.

In the context of current global situation, particularly, the deteriorating situation in developing countries, health planning and strategies should put adequate emphasis on **environmental health**. It is noted that in recent times an added health threat from the arsenic contamination of ground water has appeared and needs to be addressed with some urgency.

Prerequisites of any development initiative include the profiles of existing scenarios on the basis of which planning and programming can be chalked out. For necessary amount of promotion in the health sector, **research and development (R&D)** should get adequate importance so that research findings in various areas can provide appropriate guidelines for streamlining services and supplies.

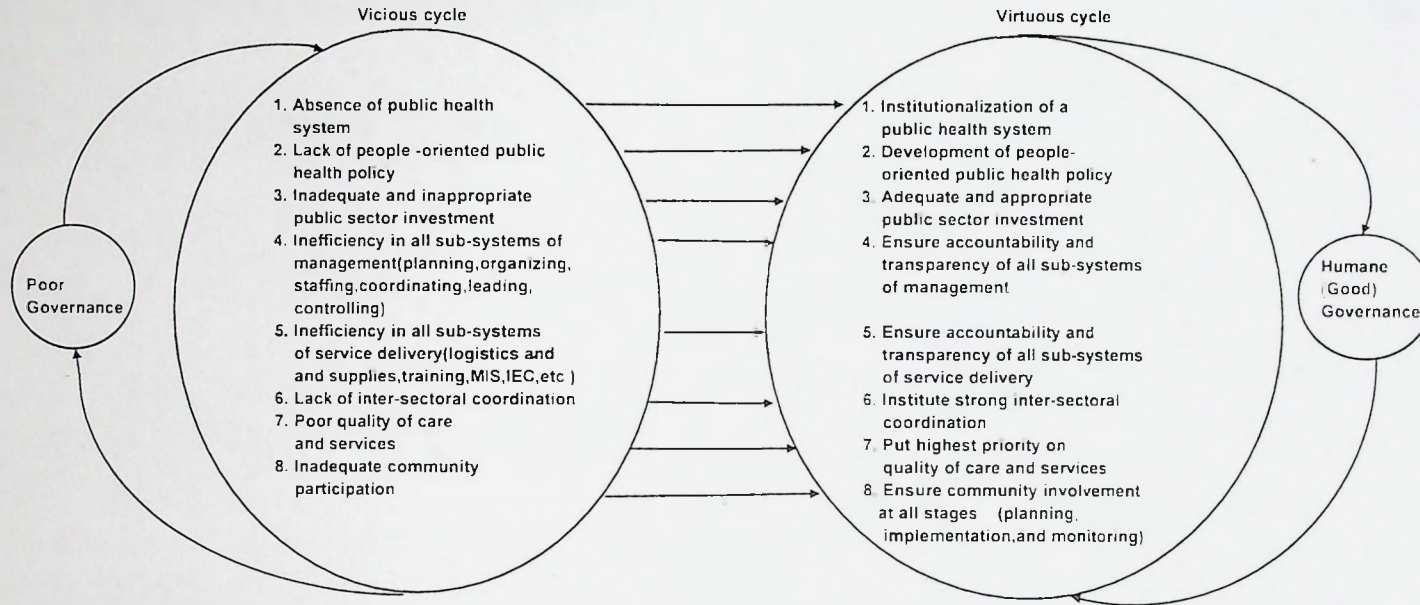
The focus of **donor coordination** should be on improving the effectiveness of the health system. The Ministry of Health should take the lead in managing external assistance in strict compliance with an indigenously designed national health development strategy. All external resources must be deployed within the framework of the *National Health Policy*. Donors should redesign their administrative, commercial and other interests with a view to establishing an effective public health system.

## Conclusion

The state of governance of public health in Bangladesh cannot be proclaimed as an example of 'good governance' from the view point of the people's right to access to and the availability of quality services aiming at improving their health status. The major elements as to why public health governance cannot be termed as a 'good one' as summarized in Figure 1, are related to the absence of a comprehensive public health system, lack of a people-oriented public health policy, presence of a top-down planning mechanism devoid of people's participation, inadequate public sector investment in primary health, inappropriate target setting and resource allocation based not on actual priorities and morbidity-mortality patterns and epidemiological findings, inefficiency in all sub-systems of management and in all sub-systems of service delivery, inadequate community involvement, inadequacies in integration with other sectors, inadequate delegation of authority and responsibility, poor quality of care and services, and lack of policy level commitment for providing good services. Thus, in order to transform the governance of public health from a 'poor' (vicious cycle) to a 'good' and 'humane' system (virtuous cycle), the only feasible solution would be to take comprehensive measures to uproot the causes of poor governance in a phased-in and prioritized manner. Considering the magnitude and nature of the crisis in governance of the public health system in Bangladesh, a national consensus would be necessary to expedite the process of such a transformation, whereby all three dimensions (economic, political, and civic) of "humane governance" are recognized, internalized and realized.



Figure 1: Transformation from 'Poor Governance' to 'Humane Governance' of Public Health System in Bangladesh



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**Poverty & Health :**  
**some experiences from the**  
**Self Employed Women's Association (SEWA), India.**

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## Introduction :

The Self Employed Women's Association (SEWA) has been organising poor, self employed women for over two decades now and supports their efforts to attain full employment and self reliance. 210,000 such workers of the unorganised sector are currently members of SEWA in six states.

### Self Employed Women Workers – Our Members

The members of SEWA are self employed women. They have no fixed employee employer relationship and depend on their own labour for survival. They are poor, illiterate and vulnerable. They have minimum of assets or working capital. But they are extremely economically active, contributing very significantly to the economy and society with their labour. In fact, 64% of GDP is accounted for by the self-employed of our country. These women come from different occupations mainly they are from three categories:

1. Homebased workers like bidi rollers, insect stick makers, weavers, papad makers, readymade garment workers, women who process agriculture products and artisans.
2. Vendors and hawkers like vegetable fruit, fish vendors, household goods and cloths vendors.
3. Service providers and manual labourers like construction workers, agriculture workers, head loaders contract labourers, handcart pullers, domestic workers and laundry workers.



Self-Employed Women's Association is a trade union. Since 1972 SEWA organises poor self-employed women of different occupations. About 94% of women workers in India are working in unorganised sector. Their contribution to the economy of their family as well as to the nation is very much. But as their work is not counted they remain invisible. In fact, women workers themselves uncounted and invisible.

As these women are unorganised they do not obtain accesses like social security, legal aid for instance, which the people of organised sector obtain so they have to spend from their limited income to get these facilities. Manytimes they cannot afford it.

SEWA's main objectives are full employment and self reliance Full employment means employment which gives the workers work security, income security, food security and social security (at least health care, child care and shelter) SEWA organises women to ensure that every family obtain full employment. By self reliance we mean that women should be autonomous and self-reliant, individually and collectively, both economically and in terms of their decision making ability.

At SEWA we organise women to achieve their goals of full employment and self-reliance through the strategy of struggle and development. The struggle is against many constraints and limitations imposed on them by society and the economy. While development activities strengthen women's bargaining power and offer them new alternatives. Practically, the strategy is carried out through the joint action of union and cooperatives. Gandhian thinking is the guiding force for SEWA's 'or, self-employed members in organising for social change. We follow the principles of satya (truth), ahimsa (non-violence), sarvadharna (integrating all faiths, all people) and Khadi (propagation of local employment and self-reliance).

SEWA is both an organisation and a movement. The SEWA movement is enhanced by its being a 'sangam' or confluence of three movements. The labour movement, the cooperative movement and the women's movement. But it is also a movement of self-employed workers their own, home grown movement with women as a leaders. Through their own movement women become strong and visible. Their tremendous economic and social contribution becomes recognised.

In the course of our organising work, the linkages between women's work and women's health became apparent. For a poor woman her health is the only wealth. Her health and work are inextricably linked:

1. Her work often affects her health. The work of women, working in the informal section is manual and physically demanding. It often harms them. The longtime working situation harms various parts of their body. Pregnant and feeding mothers often work in circumstances that lead to miscarriage or affect the health of the child. Occupation health is a major issue for poor women.
2. Her health affects her work. As stated above in informal sector the work is mainly manual. If the women are ill it affects their productivity and thereby their income. Unfortunately, because of malnutrition, lack of care during pregnancy and childbirth, living in unsanitary conditions and lack of access to health cares most women are in poor physical (and often mental) health.

This causes a fall in productivity and income, leading to a cycle of deteriorating health and increasing poverty. In addition, the costs of health care affect women. One SEWA study found that on average women spend Rs. 800 per month on her own illness and/or illness of her family members. For a poor woman this is a major expense. She borrows at high interest rates and therefore goes deeper in the cycle of poverty and indebtedness. SEWA Bank's experience of last twenty five years of banking with poor women has shown that health-related loans constitute a major percentage of the Bank's credit programme. Thus along with the work and health link, the connections between poverty and health also became evident to us. From its inception SEWA began to take up various health activities. However in 1984, SEWA began a community-based women-led primary health care programme. In 1998 we were providing health care to 75,000 women out of our 1,50,000 membership in Gujarat.



### SEWA's Health Care in 1998

Particulars	Ahmedabad City	9 Districts	Total
Health Education	4,049	19,431	23,480
Curative Care Health Centre	32,333	23,789	42,362
Diagnostic Camps	27,094	49,883	76,977
Tuberculosis Control			3,300

In order to provide low cost, good quality health care to women and to support their efforts to come out of poverty SEWA has organised several health activities. A few examples are described below :

1. Once women organise around some economic activity, they also feel the need for health care. In all 9 districts where SEWA is organising workers, we have a health cooperative and/or local economic organisation which is providing health care including health education and curative care through community based health centres run by women.

Based on our member's needs, our Health Team has developed a health education module, providing simple health information to women. 40 SEWA promoted dairy cooperatives and 1200 village based savings groups have been involved in this process of health education, among others.

In 1998, a total of 23,480 women participated in health training. This training is provided by SEWA trained dais and community health workers (CHWs). A small fee for health education is also collected by the health workers cooperatives conducting the training.

2. In recent years we have observed the escalating costs of medical care. In fact, as mentioned earlier, our studies revealed that women spend about Rs 800 per month on their own illness and that of their family members. In the rural areas, geographical considerations (distance from health facilities), lack of transport and costs of this as well as services result in women not utilising health services. Also, women lead lives full of work and struggle and rarely consider their own health a priority.

Hence SEWA organises mobile clinics at women's doorsteps. Doctors provide diagnostic services and curative care in one central village or urban 'mohalla' (neighbourhood). The focus is on women's health, children's health and occasionally general health problems.

#### Mobile clinics conducted in 1998

Type of Camp	No. of Camps	No. of women/Children
Reproductive Health	40	17,271
Child Health	12	3,000

3. Women's occupational health issues have been a central concern of SEWA since its inception. Being a trade union, a women's work-linked health status immediately came to our attention. We have conducted a number of studies over the years to bring out the connections between women's work and their health. These include studies on bidi workers, readymade garment workers, masala grinders insect stick rollers, salt workers, tobacco workers, agricultural labourers and others. We have tried to develop protective equipment and safer processes. For example, we have recently provided 300 agricultural labourers with specially designed sickles which reduce the strain on the body and enhance their productivity. These have been so well received that now our members are themselves buying the sickles at Rs 40 per piece !

We also provide curative care for occupational conditions and regular eye check-ups for our members, especially those involved in sewing and embroidery work.



4. SEWA also encourages low cost, alternative medical therapies. We gave a training of accupressure to our health workers. It becomes helpful to them to increase their income by giving accupressure treatment. Similarly we encourage the use of herbal and ayurvedic medicines which are cheaper and also easily available. We have developed health education material like a booklet "Jamku ni Chhajali" (On Jamku's Shelf) giving information about common plants and herbs like turmeric which have medicinal value.
5. Tuberculosis has been our concern for many years now, as it is a common problem faced by our members and their families. In 1993, we started a joint T.B. control programme with our state government. In 1998, we took responsibility for T.B. control in two working class wards of Almedabad. In collaboration with our Municipal Corporation and the WHO, we are running screening centres with fully equipped laboratories in these areas. We have also trained DOTS workers under the new RNICP programme for T.B. control. This year, 5000 persons have been screened and 470 put on the DOTS therapy. Thus SEWA too has joined the struggle to combat this deadly disease which generally results in economic ruin of many poor families because of the high costs involved in treatment.
6. Even after these when a poor woman fall sick she suffers a lot. On one hand she is unable to work and loses her income. On the other hand she has to spend considerable sums to improve her health. This situation takes her further into the cycle of indebtedness and poverty. So to support these women in times of such crisis, in 1992 SEWA started an integrated insurance scheme which insures her life, health, house and assets. According to this scheme women get the coverage of Rs. 1200 against the hospitalisation expenses of their illness. A special benefit for maternity is also provided to the members under this scheme. In addition to give them faster and efficient service this scheme was decentralised. It is not a welfare scheme. Our members pay premium of Rs 65 per annum to get the advantage of the insurance scheme. The last seven years experience of SEWA shows that poor need health and

other protective insurance. We have also learned that running insurance schemes for and by the poor provide concrete economic support to them and that such schemes are economically viable as well.

#### Poverty and Health : lessons form SEWA's experiences

In the past fifteen years of intensive work with women on health issues, we have learned several lessons on the linkages between poverty and health. Some of these are mentioned below.

1. Full employment is the main need of poor women and their families. By full employment, women mean such employment that gives them and their families work and income security, food security and social security. As far as social security is concerned, our experience points to the need for health care, child care insurance and housing. Time and again, our members emphasize that all they want is full employment. If this is attained, then women and their families can come out of poverty. Thus for poor women, access to healthcare and safeguarding their health is very much a part of the struggle against poverty.

The way women strive for full employment is through organising. They organise into groups of all sizes and around several issues. Some of our most active groups are those organised around the issue of savings and credit. Over 1200 savings and credit groups have been organised by SEWA Bank.

When we organise such savings groups, the need for health care quickly emerges. In our experience, a new SEWA health centre or health education group often develops from the demands of savings group members. On the other hand, our health work had led to promotion of several small groups --- savings groups, groups working on some economic activity and even child care centres. For example, in the past six months, SEWA trained community health workers and dais have helped form 100 savings and credit groups in the villages. Thus health activity can lead to further organising of poor women aimed at asset creation, income - generation and thereby poverty alleviation. And conversely, economic activities, aimed at full employment and poverty alleviation, must include health.



2. Health care is very much part of Social Security required by poor women. It should be integrated with other Social Security activities like child care, insurance and housing, in order to be truly effective. And of course, it should be provided in a manner that is linked to women's work. For example, when organising a women's embroidery group, our members are careful to ensure that some of their earnings are set aside for health education and purchase of drugs. Or looking to the reality of salt workers, mobile clinics are mobilised from government to ensure that health care reaches these poorest of workers in the deserts where they live and manufacturer salt from brine, pumped out of the earth.

The idea of a social security fund has already been mooted by poor women, with their own contributions. Some savings groups have started a medical emergency fund or child care fund. Each women sets aside some of her savings each month and contributes this to her group's fund. And thus slowly a group-owned social security fund develops.

SEWA believes these micro efforts should be transferred to macro level policy changes. We have been arguing for the need for a national level social security fund for all workers of the unorganised sector. Currently discussions are underway with the labour ministry as to how this should be developed and more importantly, how the services and benefits thus developed should reach the workers in all parts of the country.

3. As far as provision of health care is concerned we have learned that poor women will contribute towards these, even pay for them fully, as far as possible. But the services themselves should be according to their needs, of good quality, affordable and at their doorsteps. Poor women reject free services of indifferent quality and provided in an inappropriate manner. They rather pay large amounts for private care than opt for low quality free services.

4. Finally and most importantly SEWA's experience with the fight against poverty has shown that this can only be achieved if the poor especially women are organised and form their own local, preferably women-led economic organisations. Once the poor organise i.e. come together around common needs and issues, they may form their own banks their own collective business (handicraft, agriculture, dairying, salt farming, minor forest produce collection) and even their own health cooperatives. Our experience has been that when poor women themselves own, manage and run their own organisations, they are able to come out of poverty, have better health status and overall better quality of life. Of course it is a slow and difficult process, full of challenges constraints and even sacrifices on the part of women. It is the process of social change. It is this change which then both safeguards a woman's health and helps her to emerge from poverty.