

# **EXPLORING DIMENSIONS OF POVERTY IN UTTAR PRADESH**

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Date: 20<sup>th</sup> July, 2007

**CERTIFICATE**

This is to certify that the Dissertation titled, “**EXPLORING DIMENSIONS OF POVERTY IN UTTAR PRADESH,**” submitted by **SWAMI PRAKASH PANDEY** in the partial fulfilment of the requirements for the award of the Degree of **MASTER OF PHILOSOPHY** of this University, is an original work to the best of our knowledge and has not been submitted for any other degree of this University or any other institution.

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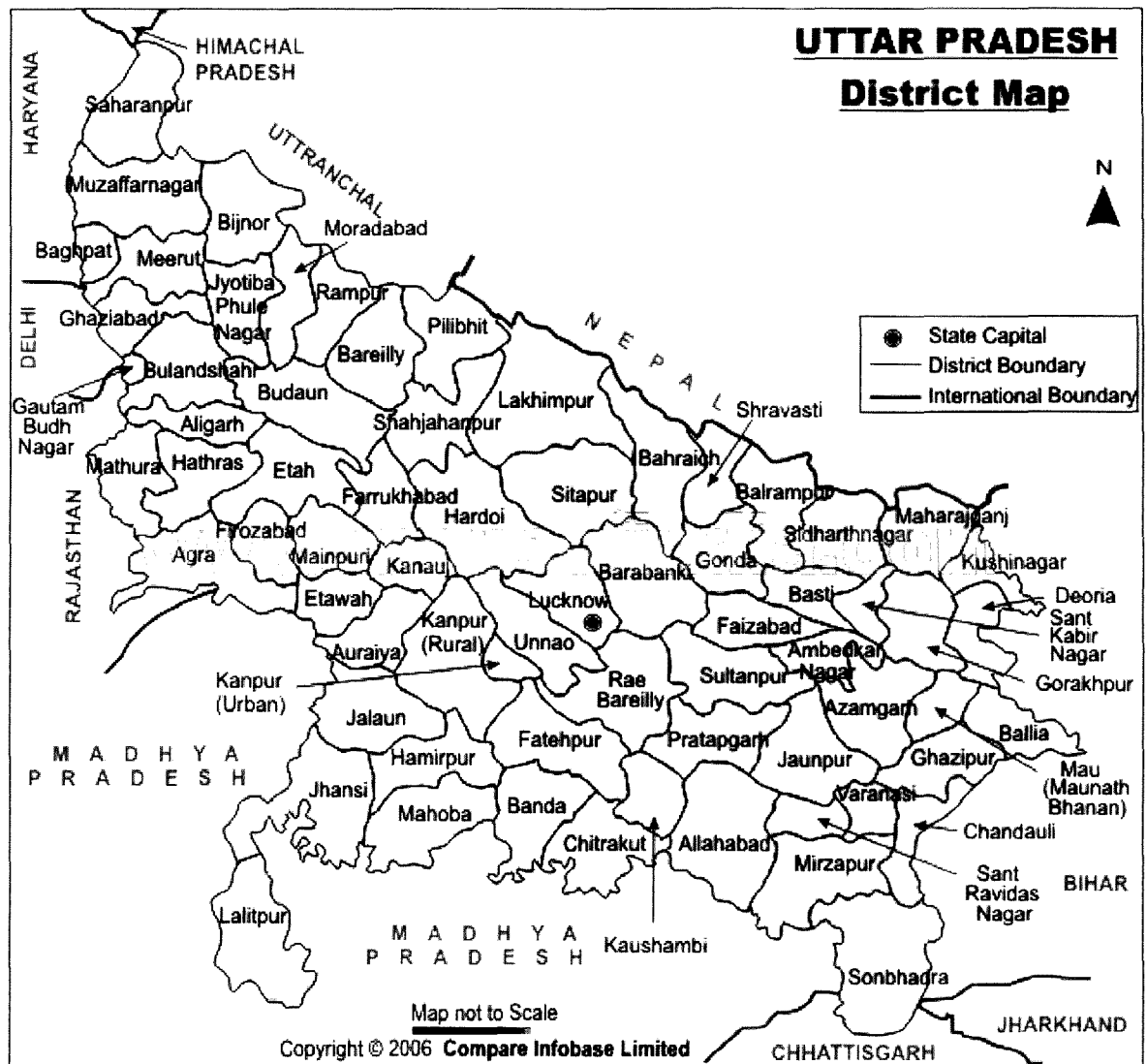
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Source: <http://www.mapsofindia.com/maps/uttarpradesh/uttar-pradesh-district.htm>

## **Introduction**

Poverty is a lack of goods and services necessary to maintain an adequate standard of living. Poverty is the condition that is said to exist when people lack the means to satisfy their basic needs. In this context, the identification of poor people, then first requires a determination of what constitutes basic needs. The definition of the term varies, however, with the general standard of living in a society and with public attitudes towards deprivation; no universally accepted definition of basic needs exists because poverty is a relative concept. These may be defined as narrowly as “those necessary for survival” or as broadly as “those reflecting the prevailing standard of living in the community.” The first criterion would cover only those people near the borderline of starvation or death; the second would extend to people whose nutrition, housing, and clothing, though adequate to preserve life, do not measure up to those of the population as a whole.

Inequality has been a problem in all societies. No society distributes income evenly and perhaps should not do so even if it could. Some reasons for an inequality of incomes are acceptable to a society and others. The immediately apparent differences between the living standards of the poor of the past or the poor of today's underdeveloped nations on the one hand, and those of the poor of modern, industrial societies, who may actually own automobiles, television sets and washing machines, on the other, have led some authorities to suggest that it is unreasonable to call the latter group “poor”. Others point out in response that people behave in accord with community standards, expectations, and aspirations in addition to absolute physiological needs. The problem of definition is further compounded by the non-economic connotations that the word poverty has acquired. Poverty has been associated, for example, with poor health, low levels of education or skills, an inability or an unwillingness to participate in society, high rates of disruptive or disorderly behaviour, and improvidence.

Amartya Sen<sup>1</sup> relates poverty with the idea of 'human development', which embraces human needs and social goals beyond material well being, such as higher standard of education and health, wider opportunities for work and leisure, increased capabilities and choices for the individual. On the other side Gunnar Myrdal has emphasized multidimensional nature of development. He treats development as the upward movement of the whole social system by providing better living conditions viz. adequate food, better housing, improved facilities for health, education and general improvement of cultural facilities which are all desirable to fuller development of human personality.<sup>2</sup>

Whatever definition one uses and whatever correlates one adds to one's definition, authorities and laymen assume alike that the effects of poverty are harmful both to individuals and to society. The assumption has considerable justification; in the United States in the 1950s an infant boy had a life expectancy of 66 years; in the underdeveloped nations the expectation was much lower – India, 42; Guatemala, 44; Colombia, 44; Guinea, 26.

Poverty can be classified according to a number of dimensions: time or duration (long or short-term or cyclical and chronic), distribution (widespread, concentrated, individual), attitudes towards the poor (sympathetic or hostile), and presumed causes.

Cyclical poverty refers to poverty that may be widespread throughout a population, but the occurrence itself is of limited duration. In nonindustrial societies this short of inability to provide for one's basic needs rests upon temporary food shortages caused by natural phenomena or poor agricultural planning. Poverty is called chronic when it persists for a long time. Gaiha (1989) identified the chronically poor as

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<sup>1</sup> For Amartya Sen, 'human development' is about people, about expanding their choices to lead lives they value. In this context, Amartya Sen and Jean Dreze, argue that the liberalization, privatization and globalization do not mean to decline of the notion of 'strong state'. According to them, for the functioning of democracy and human development, market and state should be complementary. They insist on the importance of distinguishing between different domains: those where state intervention should be considered not only necessary but also applicable and desirable. They said that in developing countries like India expenditure on health, education etc. are necessary for making people capable in market participation. See Jean Dreze and Amartya Sen. 1995. *India: Economic Development and Social Opportunity*. New Delhi: Oxford University Press, pp. 9-27.

<sup>2</sup> Gunnar Myrdal. 1968. *Asian Drama: An Inquiry into the Poverty of Nations*. London: Penguin Press. Vol. I, p. 9.

households that were below the poverty line in each of the three years under consideration<sup>3</sup>. He notes that 'what characterizes the chronically poor is not so much low per capita income/expenditure in any year as low variation in it (in absolute terms) over time' and that this low variation is due to low/negligible endowments (e.g. cultivable land, labour power, skills) and inability to augment substantially the earnings from them. Gaiha's analysis shows that: About 47 per cent of the poor in India in 1968 (on an income criterion) were chronically poor. The chronically poor depended more on wages than the just poor; landlessness/near landlessness was higher among the former; while household size was about the same, dependency burden was slightly higher among the later; and, finally, illiteracy was higher among the former.

Much of the poverty problem is a direct reflection of low levels of per capita income, but it may also be noted that distribution of income is also a significant factor in maintaining 'absolute poverty'. For instance, Equador and Sri Lanka have nearly one-third of the population below the poverty line measured by U.S. \$50, although per capita income in Equador is nearly three times more than that of Sri Lanka. Obviously, the likely effect of a high per capita income is offset by difference in the degree of inequality of incomes. World Bank study, therefore concludes: "Development strategies which succeed in raising the level of per capita income may not have impact on the poverty problem if they are accompanied by a deterioration in relative income shares."

Poverty is relatively general and lasting in much of Asia, the Middle East, most of Africa, and large parts of south and Central America. Life for the bulk of population in these societies is at a minimal level. Death from starvation is not unusual. Nutritional deficiencies-cause diseases seldom found in the west. Low life expectancy, high levels of maternal and infant mortality, and poor health characterize life in these societies.

Out of the world's 6 billion people, 2.8 billion live on less than 2 dollars a day and 1.2 billion on less than one dollar a day, with 44 per cent living in South Asia. As we glimpse the global scenario, in East Asia, the number of people living in less than one

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<sup>3</sup> Gaiha, Raghav. 1989. "Are The Chronically Poor Also The Poorest In Rural India?" *Development and Change*, Vol. 20, No. 2, pg. 295-322

dollar a day fell from around 420 million to around 280 million between 1987 and 1998—even after setback of the financial crisis. Yet, in Latin America, South Asia and Sub-Saharan Africa, the total number of poor people have rapidly been rising.<sup>4</sup> The countries of Europe and Central Asia which are in transition to market economy, the number of people living in less than one dollar a day has risen more than twenty fold. The magnitude of the problem is indicated by the probability that some 1,500,000,000 of the world's population are malnourished, in contrast to 450,000,000 who are well fed.

South Asia has the World's largest agglomeration of people living in a state of chronic poverty. Over the last five decades, it has continued to rank among the global micro-regions that have experienced lowest rate of development.<sup>5</sup> According to the World Bank Report on poverty of South Asia, during the year 1998 and 1999, South Asia remained as the fastest flowing region with an average of 5.4 per cent Gross Domestic Product (GDP) growth in 1999 and 5.2 per cent in 1998. The year 1999 indicates the increasing trend of GDP. According to World Bank's one dollar per day benchmark index, however, the region remained as the home of more than 40 per cent of the World's poor population. Of course, there are moderately decline incidences of poverty throughout South Asia since the year 1990s, but it does not sufficiently reduce the absolute number. The chronic poverty of the region continues to exist due to low level of employment and low level of literacy. Most of the South Asian countries have lower share of industry, trade and public expenditure to GDP than their East and South-East Asian counterparts. If we look at the standard measures of the role of the state between 1972 and 1990, all South Asian countries have witnessed an expansion in the role of the state. As statistical records show, the pace of poverty alleviation in South Asia still remains unsatisfactory.

In many industrialized, relatively affluent countries, particular demographic groups are vulnerable to long-term poverty. In city ghettos, in regions bypassed or abandoned by industry, and in areas where agriculture or industry is inefficient and can

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<sup>4</sup>Human Poverty became the reference point for policy makers, income poverty remained the practical tool for identifying targets. The United Nation Development Programme adopted those below United State dollar 1 a day as being in absolute poverty and those with less than 2 dollars a day as being in poverty. See World Development Report. 2000/2001. *Attacking Poverty*. New York: Oxford University Press, p. 3.

<sup>5</sup> Naveen Mishra. 2001. *Poverty in South Asia*. Delhi: Author Press, p. 1.

not compete profitably, there are found victims of concentrated collective poverty. These people, like those afflicted with generalized, have high mortality rates, poor health, and so forth, when compared with more affluent members of society.

At the beginning of new millennium, more than 260 million people in India did not have income to access a consumption basket that defines the poverty. It is unfortunate that even after more than fifty years of independence of the country, the deliverance of social justice and economic equality, envisaged in the Preamble of the Indian Constitution, has remained a distant dream. The majority of poor population in India lives in rural areas and belongs to the categories of landless agricultural labourers, marginal and small farmers, self-employed persons in household activities, vendors, hawkers, rural artisans etc. Casual agricultural labourers were the largest group and cultivators were the second largest among the poor. Sheila Bhalla (2000c) identifies the poorest segments at the rural all India level as agricultural labourers and construction workers.

Factors that are decisive in restricting income among the poor are low wages and low earnings from cultivation. "Among the 100 poorest districts, about one-half carry population densities lower than the national average of 273 persons per sq. km. In one-third of them, tribal population makes more than 20 percent of the total population as compared with 8.2 per cent in India. And in six districts, out of every seven, the percentage of urban population is below 20 as against the national average of 28. As has been ascertained, "Poverty is not a function simply of man-land ratio; it is rooted in regional history, social structure and population composition."<sup>6</sup>

Increase in income from cultivation per hectare is constrained partly by the near-absence of investment in agriculture. Failure of wages per worker to rise can also be due to the lack of formal skills. Wages paid to agricultural labour in ten states in India (that account for three-fourths of agricultural labour households in rural India) are less than 3 kg. of cereals even for male workers, thereby leaving very little surplus over the cereal consumption for meeting food and non-food needs (Parthasarathy, G., 1988: 163). Large regional variations also occur in wages. Higher price of food and other essential items is also an important cause of rural poverty.

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<sup>6</sup> Gopal Krishnan. 2006. "India: The 100 Poorest Districts, 2001", *Man & Development*, Vol.-XXXVIII, No.1, March, p. 170.

The perception of risk and fear of destitution strongly influences the economic behaviour of poor. The poor might not be interested in investing money even when potential returns from undertakings are significant, due to fear of drawing themselves into debt, if they fail. Relevant undertakings may include leasing cultivable land, purchasing a dairy cow, diversifying crops, or abandoning a subsistence-level livelihood in order to seek better employment. The end result is that many of the poor limit themselves to static, unproductive, and lowpaying economic activities, to preserve security of livelihood, even at the cost of potential improvements in economic status, perpetuating the vicious cycle of poverty

According to the Planning Commission 2001 census, about 23.62 per cent of the urban population and about 27.09 per cent of the rural population lived below the line of poverty in 1999-2000. Overall, there is about 26.10 per cent of India's total population which lives below the line of poverty. Further, in India, disproportionately high incidence of poverty is found among the historically marginalized groups such as Scheduled Castes (SCs), Scheduled Tribes (STs), the elderly women and the disabled. The concentration of poverty is much higher than the national average among the SCs and STs, who have been underprivileged and subjugated historically. The SCs and STs in rural areas together constitute around 40 per cent of the rural poor and those in urban areas constitute around 25 per cent of the urban poor.<sup>7</sup> Different forms of deprivations are mutually inter-linked so that a group facing one form of deprivation is more likely to face others as well.

Rural poverty can be associated with isolation, lack of roads, poor infrastructure and limited institutional presence while urban poverty is generally associated with poor quality housing, over crowded, unsanitary slum settlements, ill-health related to spread of infectious diseases, the threat of exposure to environmental hazards and fear of eviction from illegal squatter settlements in precarious locations.

Poor are distressed not only by current low levels of resources and incomes, but also by the possibility of falling into deeper poverty and destitution due to adverse shocks. The poor are at risk because they lack the income, the assets, and the social ties that protect the better-off from the impact of unexpected set-backs. Idiosyncratic shocks

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<sup>7</sup> Naveen Mishra. Op. Cit., p. 152.



are common, such as an illness that requires expensive treatment, the temporary or permanent disability of a breadwinner, and a natural disaster like crops failure due to drought or flooding. These can obliterate a poor household's small savings. If shocks are severe, repeated, or long-lasting, a household may be forced to sell its productive assets and, in the worse cases, may fall into lifelong debt.

Almost half of the India's poor comprising one third of its total population is concentrated in three states of Uttar Pradesh (including Uttaranchal), Bihar (including Jharkhand) and Madhya Pradesh (including Chhattisgarh). Bihar, Orissa, M.P, Assam and Uttar Pradesh have suffered from long duration of poverty or chronic poverty since more than 40 per cent of the population of these states has been in poverty for over 20 years, have had a persistently high incidence of poverty and stand in sharp contrast to others such as Andhra Pradesh, Kerala, Punjab, Haryana and Gujarat in which by term trends of decline in the incidence of poverty have brought currently down to about 25 per cent or less.<sup>8</sup> The population Census Report of 2001 depicts that the majority of the 100 poorest districts of India are located in the states of Orissa, Bihar, West Bengal, Chhattisgarh, Jharkhand, Assam, Madhya Pradesh, Rajasthan and Maharashtra. The spatial map and social base of poverty have significantly changed over the period and poverty is increasingly concentrated in few geographical locations and among specific social groups.

As per 2001 census, among the states, Punjab has the incidence of poverty of 6.16 per cent, followed by Haryana with 8.74 per cent and Kerala with 12.72 per cent. Orissa has the highest number of people living below the poverty line (47.15 per cent) followed by Bihar (42.60 per cent) and Assam (36.09 per cent). Kerala tops the states in social indicators like education, health facilities etc. followed by Punjab, Jammu and Kashmir and Haryana figure among the best performing states while Bihar, Jharkhand, Uttar Pradesh, Madhya Pradesh and Orissa are at the bottom level. The populations of poorest states in India are heavily dependent on agricultural practices as their principal occupation.

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<sup>8</sup> see. Asha Kapoor Mehta, Sourabh Ghosh, Deepa Chatterjee, and Nikhila Menon (eds.). 2003. *Chronic Poverty in India*. New Delhi: Indian Institute of Public Administration, pp. 65.

Since the early 1970s, poverty appears to have been declined more rapidly in rural areas and after that it reduces. Between 1973-74 and 1987-88, rural poverty declined by 17 per cent whereas urban poverty went down to only 8.6 per cent, thus reducing considerably the gap between the rural and urban poverty concentration.

While many states witnessed significant reduction in poverty during 1973-74 to 1999-2000, Uttar Pradesh remains as the state with the higher poverty incidence that have not done remarkably well in reducing the rural poverty. Uttar Pradesh continues to be one of the BIMARU states, despite being once a pace-setter for the country's economic and social development, reflecting a rich potential in terms of both human and natural assets. Poverty estimates have shown that the gap between U.P. and the rest of India continued to remain almost same, with percentage of population below poverty line as 31.2 % in the state against 26.10 % at all India level during the year 1999-2000. The rate of poverty reduction in the state is directly linked to the poor growth performance of the state in the recent years. In addition to the low rates of growth, the state has also been faced with high and rising fiscal deficits in recent years.<sup>9</sup>

Many of the major states in northern India have experienced remarkable agricultural growth and this trend has to be associated with poverty reduction. But Uttar Pradesh's poor performance in agricultural production seems to be an important cause of the lack in poverty reduction. There are very significant regional differences in the incidence of poverty even within Uttar Pradesh. The rural poverty ratio in the Southern region is highest in comparison to other regions of Uttar Pradesh. In southern Uttar Pradesh 36.49 and 72.52 percent poor reside. The incidence of poverty among SCs and STs population in the Bundelkhand and central region is also very high.

Eradication of poverty remains a major challenge of planned economic development. Decline of rural poverty from a level of 55 per cent in 1973-74 to around 36 per cent in 1993-94 has been a major achievement of India's growth strategy that combined accelerated rural growth, both farm and non-farm, and direct attack on rural poverty through various programmes including investment in human development. States

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<sup>9</sup> *Poverty and Social Monitoring in Uttar Pradesh* (2002) by the Directorate of Economic and Statistics, the Planning Department and the World Bank.

experienced reduction in poverty in varying degrees. The strategy also differed across States making it difficult to prescribe a single model of poverty reduction that would work across the length and breadth of the country. Experiences of different states with economic growth and poverty reduction have been so varied that it is difficult to offer any general policy prescription. There are states that followed the path of high agricultural growth and succeeded in reducing poverty (Punjab and Haryana) and states that focused on human resource development and reduced poverty (Kerala). There have been states that implemented land reforms with vigour, empowered the panchayats, mobilised the poor and implemented poverty-alleviation programmes effectively (West Bengal) and states that brought about reduction in poverty by direct public intervention in the form of public distribution of foodgrains (Andhra Pradesh).

The strategy for poverty alleviation is essentially two fold. Firstly, an effort is underway to provide greater opportunity for the poor to participate in the growth process by focusing on specific sectors, which offer such opportunities. Secondly, poverty alleviation and social sector programmes have been strengthened and restructured with special programmes for the weaker sections of society.

Acceleration of economic growth, with a focus on sectors which are employment-intensive, facilitates the removal of poverty in the long run. However, this strategy needs to be complemented with a focus laid on provision of basic services for improving the quality of life of the people and direct State intervention in the form of targeted anti-poverty programmes. While growth will continue to be the prime mover, anti-poverty programmes supplement the growth effort and protect the poor from destitution, sharp fluctuations in employment and incomes and social insecurity. The specifically designed anti-poverty programmes for generation of both self-employment and wage-employment in rural areas have been redesigned and restructured in 1999-2000 in order to enhance their efficacy/impact on the poor and improve their sustainability.

Poverty alleviation and elimination is one of the most important challenges for the world community. Many international organizations have been struggling with this issue. The high magnitude of poverty persists in India as a whole and in some states severely, as a result, it affects the country's development. Being a Welfare State, India performs an

important role in the reduction of poverty. The specific and comparative aspects of India help us in contextualizing the Indian project of nation building through planning for a poverty free welfare state and a socialistic society between 1950 and the end of the millennium. The issues of poverty became the state's agenda through different processes after the end of colonial period. The government of India in different Five Year Plans has launched various programmes for strengthening rural socio-economic development. The minimum needs programme launched in the Five Year Plans included a wide spectrum of social development programmes covering elementary education, drinking water, primary health care, nutrition, sites for landless labour, rural roads, rural electrification and slum clearances aimed at raising the living conditions particularly of the poorer sections of the rural society.

In India, during the 1950s and 1960s, greater emphasis was given to increasing economic growth on the hope that the benefits would be distributed to the poor through increased employment etc. However, this could not be fully materialized, perhaps because under the import substitution strategy adopted by India, the GDP growth rate remained low and did not create employment to the extent needed.<sup>10</sup> The issues of poverty become a central question during 1964 to 1971. It was triggered by the Lohia-Nehru-Nanda debate at Lok Sabha in 1964 about the nature of poverty and its extent. It became recognized as a political imperative of democratic governance as a large number of people were still trapped in economic settings, which forced them to live below the level of subsistence.<sup>11</sup>

Poverty removal has been a major objective of development planning in India since 1951. The initiations of Five Year Plans are important landmark in the history of India's development to make the end of colonialism which was responsible for the rural development on the one hand, and the opening of a new era for the rural reconstruction

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<sup>10</sup> Naveen Mishra, *Op. Cit.*, p. 150.

<sup>11</sup> Asha Kapoor Mehta, Sourabh Ghosh, Deepa Chatterjee, Nikhila Menon (eds.). *Op. Cit.*, p. 156.

and development on the other hand.<sup>12</sup> The motto of these Five Year Plans is to alleviate of age-old poverty, malnutrition, hunger, inequality and low quality of life. From the very beginning of planning, rapid rural development became the important policy objective. For that reason, certain rural development programmes like Land Reforms, Community Development Programme (CDP) and High Yielding Variety Programme (HYVP) were adopted for the development of the rural areas. The end of Nehruvian era shows a new beginning in the field of rural development in India by shifting its strategy towards both economic growth and social justice, but in reality, it has not gain satisfactory results. There had been a marked reduction in the state of poverty in India from the early 1970s to till the late 1980s as measured by the Head Count Index. It was legitimized by the slogan of “*Garibi Hatao*” (eliminate poverty) by the Congress party under the leadership of late Prime Minister of India Smt. Indira Gandhi, who routed most of the anti-congress political parties in the general elections of 1971-72. The period 1970s is an important one because during this period, the political parties were eagerly involved in reducing poverty. In Indian context, three most basic needs are identified as crucial for survival even in political slogans commonly heard at election times. These are “*Roti, Kapada aur Makan*”, i.e., recognizing the prime importance of access to food, clothing and shelters.

Later on, the Integrated Rural Development Programme (IRDP) was introduced in 1978-79. In order to provide wage employment to the rural poor, the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP) were introduced during the sixth Plan. Later, on 1<sup>st</sup> April, 1989, NREP and RLEGP were merged into a single wage employment programme under Jawahar Rozgar Yojana (JRY). IRDP is also being implemented by the Government

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<sup>12</sup> In the initial phase (1951-65) it was believed that structural and institutional modifications in the economy through direct state intervention would generate an inbuilt mechanism to ensure sustained and self-reliant economic growth on the one hand and the gradual removal of poverty on the other. In this design, poverty was conceived to be a consequence of lack of economic growth and in egalitarian agrarian structure that the country inherited from the British industrialization of the economy was, therefore viewed as an indispensable means to accelerate the tempo of economic growth and poverty removal. For details see M. L. Misri, M. S. Bhat. 1994. *Poverty, Planning and Economic Change in Jammu and Kashmir*. New Delhi: Vikash Publishing House. Pvt. Ltd., p. 3.

since 1980 as a major instrument of its strategy to alleviate rural poverty. In the era of liberalization, the government has changed its policy and implemented some of the rural development and poverty eradication programmes like Employment Assurance Scheme (EAS), Swarna Jayanti Grameen Swarozgar Yojana (SJGY), Pradhan Mantri Gram Sadak Yojana (PMGSY), Sampoorna Grameen Swarozgar Yojana (SGSY) etc. The objectives of this programme are to assist poor families in developing skills and inputs to overcome the poverty.

### **Review of Literature:**

Several economists, sociologists and organisations have conducted studies on the extent of poverty in India. During the last few decades, there have been a number of studies or works done on various aspects of poverty. Following are some of the studies based on poverty in the Third World Countries in general and India /Uttar Pradesh in particular. We can categorise them on the basis of global or national approach.

### **Global approach-**

Gunnar Myrdal in his book *Asian Drama: An Enquiry into the Poverty of Nations (1968)* presents a 10-year study of poverty in Asia. Myrdal was Malthusian. According to him in Asian countries it is the population which is responsible for poverty as major portion of the increased G.D.P. is consumed by the increased population. Thus, these countries are not able to grow economically fast. Though Myrdal is up to some extent correct but in early 21<sup>st</sup> century many Asian countries have experienced both population growth as well as high economic growth. For example; China and India, inspite of large population are making fast growth. Other small countries in Asia like Japan, South Korea, and Singapore are already in the category of developed countries. It shows that only population is not responsible for poverty there are other factors also which are responsible for poverty. Myrdal presented the “theory of cumulative causation”. According to Myrdal poverty causes poverty. Poor have no resource to come out of the poverty. His theory is somewhat similar to Oscar Lewis’ *The Theory of Culture of Poverty*.

Amartya Sen's, "*Poverty and Famine: An Essay on Entitlement and Deprivation*" (1981) mainly focuses on the causation of starvation in general and famines in particular. He has taken a brief account of the concept and approaches to poverty. He has explained the problems of conceptualization and measurement of poverty. He has illustrated some of the case studies of famine situation from different parts of the world: the great Bengal famine of 1943, the Ethiopia famines of 1973-75, famines in the Sahel regions of Africa during the early 1970s and the Bangladesh famines of 1974.

#### **National approach-**

Dadabhai Naoroji, The Grand Old Man of India, in his book "*Poverty and un-British Rule in India*" (1868) emphasized that the drain of wealth and capital from the country which started after 1757 was responsible for absence of development of India and chronic poverty. Dadabhai Naoroji developed the "drain theory". According to him drain consists of two elements: first, that arising from the remittances by European officials serving for company in England or in India and second that arising from non-official Europeans. This implies that India had to export much more than she imported in order to meet the requirements of the economic drain. During the period of East India Company, an outright plunder in the form of gift exactions and tributes was also carried out.

*Poverty in India* (1971) by V.M. Dandekar and Nilakanth Rath was the first systematic work in the country to determine poverty. These scholars are concerned with the problems of poverty in India with particular references to rural India. In their view, the problem of low income, unequal distribution of resources and slow pace of development is a great threat in rural India. They observed that problems in policy formulation and its implementation in rural areas are other causes of poverty which needed urgent attention.

Francine R. Frankel's "*India's Political Economy, 1947- 1977: The Gradual Revolution*" (1978) however, takes the formulation of policy as its central concern. She sees the initial phase of post-Independence policymaking and the corresponding importance gained by the Planning Commission. Frankel's work emerges as an impressive account of the complex interactions among different levels of the state; among

different parts of the state system; and among state, regime, and party, that mould the content and direction of state policy. She shows how effective international influence is in changing domestic priorities; how state leaders, who control agrarian "subjects" under the constitution, can exert their own brand of influence by nonconformance; how the other branches of the state system, most notably the judiciary, can overrule and constrain plans made by the executive branch (as in the case of land reform); and how in a parliamentary system politics within the ruling party can play a crucial role in getting necessary support for the leadership's plan priorities.

Prem Shankar Jha's *'India: A Political Economy Of Stagnation'* (1980), deals with the problems of stagnation in the Indian economy since the mid-1970s. Unlike most books on Indian economic planning and development, this one attempts to understand the political problems of deliberate social transformation in the context of the evolving power situation during the successive phases of developmental planning. Jha seeks to construct a picture of the evolution of a new class that is emerging as a consequence of the weaknesses in structural reforms, particularly land reform and industrialization, that steered the course of economic development in a distorted direction. The fluid class formation in the Indian transition during the past three decades has led to many attempts to formulate a concept of ruling alliance on the basis of an analysis of the changing modes of production. Jha asserts that the incomplete land reforms, the partial independence from foreign private capital secured with the actual or expected blessings of socialist donors, the active state participation in economic development, and the pervading shortages in the economy have generated great opportunities for the self-employed in agriculture, industry, and services (including many bureaucrats who sell favours from their official vantage point). Jha states that these groups constitute a growing class alliance, with converging interests. This class's growing share of the national product and its political dominance through Parliament enables it to use the state to subsidize it at the expense of comprehensive national development and poverty reduction.



Pranab K. Bardhan's "*Land, Labor and Rural Poverty: Essays in Development Economics*" (1984) attempts to undertake in a meaningful way a theoretical, statistical, and empirical analysis of the rural economy of India. He tries to provide some balance between formal theoretical modeling and statistical testing using large primary and secondary household and village data sets from India. He also sets out to combine both a rigorous quantitative analysis with a more qualitative examination of the nuances of agrarian relationships within the context of their sociological and institutional backgrounds. Attention is focused on the nature of individual rural contractual arrangements, the various special, often personalized, ties between individual agents in economic transactions, and the types of segmentation of markets and splintering of classes that serve as the rationale for the formation of institutions like that of labour-tying, sharecropping, and the interlocking of land or labour contracts with credit. On the basis of this analysis, Bardhan arrives at a number of propositions having significant policy implications. For example, he finds that the absence of credit or insurance markets creates a cross linkage among land, labour, and credit relations such that piecemeal welfare and reformist measures affecting only one aspect of these transactions may, through the intricate interconnections, actually worsen the lot of poor tenant-labour borrowers. He also argues for the economic importance of channeling organizational resources through the building of viable local community institutions, cooperative water management and the provision of alternative sources of credit and social insurance.

Atul Kohli in "*The State and Poverty in India: The Politics of Reform*" (1987), argues that it is the regimes which occupy center stage. The pivotal role attributed to regimes by Kohli emerges from a concern with variations in the abilities of states to carry out social change. Democratic-capitalist third-world states are characterized by an internal tension because their developmental goals frequently run up against the limits imposed by the private control of productive resources. That some states are more successful than others in their efforts to alter social structures, can be explained by the degree of autonomy that they possess, especially with regard to their ability to insulate themselves from the demands of the propertied classes. State autonomy, in turn, "is largely a function of the type of regime wielding state power". Kohli concludes that well-organized left-of-center parties like the CPM in West Bengal are best equipped to carry

out the limited reforms possible within a democratic-capitalist framework. Located between trickle-down laissez faire and revolutionary change, redistributive reforms from above can nevertheless be quite significant in their impact on the lives of the poor. This conviction is buttressed by Kohli's belief that "these are the only types of gains that are likely to be achieved in India".

H. Krishnaji's *"Pauperising Agriculture: Studies in Agrarian Change and Demographic Structure"* (1993) deals more with the comparative statics of the structural problems that keep the poor in poverty and concentrates on agriculture proper to the exclusion of the indirect effects of agricultural growth on incomes of the poor. Krishnaji is more or less Marxist in his approach. Krishnaji's book appeals to a wealth of macro data.

In *"The New Economics of India's Green Revolution: Income and Employment Diffusion in Uttar Pradesh"* (1993) Rita Sharma and Thomas T. Poleman explain radical reduction of rural poverty. They show decline of poverty to be associated with accelerated agricultural growth, but only indirectly. They then dwell on those indirect effects. Sharma and Poleman are basically neoclassical in their approach. The Sharma and Poleman's book draws on a wider range of sources, including microdata and case studies of individual farmers;

Tony Beck's *"The Experience of Poverty: Fighting for Respect and Resources in Village India"* (1994) seeks phenomenologically to portray the rural poor as significantly (if not totally) autonomous actors who have some freedom to work their way upon the world that confronts them and who feel a moral propriety in doing so. Tony Beck tries to present a poor peasant's view of the harsh agrarian world he faces, some of the ways in which he resists its demands, and some of the justifications he gives for what he does. The book mainly concerns with poor people's coping strategies. Here the author explores gathering technologies (for gleaning, fuel supplies and wild foods), food preparation techniques (including self-regulation, largely by women), sharecropping livestock, and asset management -all of which demonstrate the exercise of "agency" by the poor. Most of these strategies do not depend upon the local rich for their exercise, but several definitely do, especially gleaning (on others' fields) and "share-rearing" (of others' animals), and it is here that the poor with varying degrees of success assert their moral claims upon the rich.

Kazuo Takahashi (ed.) "*Globalization and the Challenges of Poverty Alleviation*" (1998) explains the poverty reduction in the global scenario during the last fifty years. In this book, he has explained the importance of state's role in the poverty eradication process. The author explains that poverty alleviation requires multi-dimensional approaches in its analysis, policies as well as implementation. He also explains that poverty alleviation necessitates collaboration efforts by the entire international development community and sustained involvement of states, research institutions and NGOs.

Aasha Kapur Mehta, Sourabh Chatterjee Ghosh, and Deepa Menon in "*Chronic Poverty in India*", (2003) view poverty from multi-dimensional approach. They have analysed the chronic poverty prevalent in India. According to them poverty cannot be explained in terms of subsistence or income. There are other factors also, responsible for poverty, like vulnerability, social identity, idiosyncratic shocks (drought, flood, hunger or other natural disasters) etc. They view poverty from time perspective. Their observation is that poverty in India is chronic. Unless the responsible socio-economic factors are improved, the problem of poverty would not solve easily.

Thus, after review of literature one finds that different sociologists have adopted different issues as a central point, around which their analysis of poverty revolves. Some have considered the role of state as an important determinant of poverty, some have seen poverty, in-built in social structure, some have taken its different attributes as major factors responsible for poverty. This shows that most of them are one-sided in their approach. Only Amartya Sen and recently Aasha Kapur Mehta, Sourabh Chatterjee Ghosh and Deepa Menon have tried to see poverty as a multidimensional problem. In my view multidimensional approach is only relevant approach for studying poverty and its different facets.

### **Statement of the Problem:**

Poverty is a major issue particularly for poor countries, like most of the African nations, and almost all the South Asian countries. As a major portion of population in these countries are living below poverty line. They have no access to essentials of the life. Even in the developed countries poor people are found mainly relatively deprived

people. These poor people feel discontented with their life struggling for food, clothes, and other necessities. This may lead to social unrest in the society. In this context, India is also one of the poor country of world. There are inter-state disparities in poverty levels.

Uttar Pradesh is one of the biggest states of India. It has the largest population in the country. Uttar Pradesh has highest number of people below poverty line, which makes a significant portion of population of the country. Uttar Pradesh's economy is characterized by low level of urbanization and significant rural-urban disparities in levels of income, infrastructre and social development. Uttar Pradesh presents an extreme case of gender inequality even among the BIMARU (Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh) states. For economic progress of the country it is important to make continuous and serious effort to remove the poverty of the state. Unless the living conditions of poor of the state get improved, economic progress of the country is not possible.

The low achievements of Uttar Pradesh in social development cannot be explained in terms of its low per capita income levels alone. Much of the blame can be put on the failure of public policy, which accorded low priority to social sectors. There has been a visible deterioration in the functioning of public institutions in the state.

### **Objectives of the Study:**

The main objectives of this study are as follows.

- To examine the poverty scenario in Uttar Pradesh and its regional variations.
- To explain the various reasons of poverty in Uttar Pradesh, for instance; socio-economic and political factors.
- To study the different poverty eradication programmes initiated by the central and the state government in Uttar Pradesh through various plans and programmes.
- To analyze the changing nature of poverty in the era of liberalization in Uttar Pradesh.

**Hypothesis:**

On the basis of the above-mentioned objectives, this study is based on the following hypothesis.

- The poverty in Uttar Pradesh varies from region to region. In Uttar Pradesh the western region is more developed as compared to the eastern, central and southern regions.
- Socio-economic and infrastructural backwardness directly contribute to the poverty in Uttar Pradesh.
- Unstable governments, lack of political will and inadequate implementation of developmental programmes have also attributed to the poverty in Uttar Pradesh.
- In Uttar Pradesh low level of literacy and ignorance among the people, particularly among the women and rural masses, deprive them to take part in the decision making process.
- The mixed impact of LPG paradigm (Liberalisation, Privatization, and Globalisation) on poverty in Uttar Pradesh.

**Methodology:**

The methodology of research especially for data collection is based on both primary and secondary sources. Primary sources include various field study reports, government documents and census data. The government document includes reports of the Ministry of Rural Development, Planning Commission Report and the State government reports include reports of Directorate of Economics and Statistics. Census data are used to know the population, literacy, occupation, caste structure and so on. The secondary sources of data collection includes the existing literature like books, articles, journals and news papers which is relevant to this study.

**Chapterisation:**

Chapter one deals with definition and various dimensions of poverty and makes an attempt to reflect how to determine the poverty line and describes measurement of poverty through various methods. This chapter also conceptualizes poverty focusing on its various causes like, economic factors, inequalities of income, slow growth of

employment opportunities, illiteracy and some other social factors have been briefly discussed. In the study of poverty in sociology, major theoretical approaches like Marxian approach; Weberian approach; Oscar Lewis' approach on culture of poverty; Robert Chambers' approach; and Amartya Sen's approach on poverty have been discussed. The last part of this chapter deals with overall poverty scenario in India and inter-state existence of poverty in comparison to Uttar Pradesh and other states with the broader interpretation of poverty in different regions of the world and how it is distributed in different states. Since the study deals with the case illustration of Uttar Pradesh, it has attempted to furnish relevant information to achieve the objectives of the study.

The Second Chapter deals with socio-political aspects of poverty in India after independence chronologically. In context of India or her states, socio-political aspect of poverty plays an important role as it were the government policies either during British period or after that, which determined the socio-economic conditions of the people. The post-independence period was marked by adoption of a new constitution for proper governance of the country. The constitution envisages different provisions in the form of articles and schedules related with removal of poverty and inequality and establishing social, economic and political democracy in the country. The chapter deals with preamble, some fundamental rights and directive principles of state policy related with poverty and other socio-economic issues. For removing the land related problems government enacted many legislations. The government considered land reforms and change in the agrarian relations, the initial step for ushering in a period of development. Thus the chapter discusses first, about the property rights during British period, particularly permanent settlement which was implemented in eastern part of Uttar Pradesh in brief, in order to show the exploitative nature of British. After that chapter deals with land reforms made by Indian government to abolish intermediaries, to regulate rent and tenancy rights, to confer ownership rights on tenants, to impose ceilings on holdings, to distribute the surplus land among the rural poor, and to facilitate consolidation of holdings. The chapter also presents and analyses important models of development, for instance; Nehru-Mahalanobis model of development, Gandhian model of development and finally LPG model of development. The chapter also discusses about different Five Year Plans, their objectives, and achievements in brief. The chapter also

mentions the Green revolution and its impact on agrarian sector, on farmers and on agricultural workers. It also discusses the socio-economic consequences of Green Revolution. Finally, the chapter deals with LPG model of development, its benefits and drawbacks in brief. The chapter ends with discussion of Bharat Nirman Yojana, launched in 2005 for overall development of India, with special emphasis on developing rural infrastructure.

The Third Chapter deals with Uttar Pradesh. This chapter highlights the origin of Uttar Pradesh in brief. Then it deals with socio-economic background of Uttar Pradesh in pre- independence and post-independence period. Being very big state, Uttar Pradesh can be divided in four major parts eastern, western, central and Bundelkhand on the basis of their socio-economic development for the purpose of study. This differentiation on basis of socio-economic development determines the incidence of poverty in these different regions. In spite of differences in socio-economic development there are many things similar because of one political boundary from British period. Hence this chapter deals with these differences and similarities for providing base for the study of incidence of poverty and its determining factors in Uttar Pradesh. Agriculture has been the dominant occupation in the state from very past. Land has been the source of earning. This chapter also deals in brief the land settlements and revenue distribution in pre and post independence. Various legislations related with land and revenue have also been discussed in brief.

This chapter presents and analyses multiplicity of factors of poverty that include not just income and calorie intake but also access to land and credit, nutrition, health and longevity, literacy and education and safe drinking water, sanitation and other infrastructural facilities. It estimates multidimensional indicators of poverty that reflect human and gender development and empowerment as also infant mortality estimates and female literacy. An attempt is made to see if areas suffering from a high incidence of severe income poverty also suffer deprivation in access to literacy, knowledge, nutrition, voice and infrastructure. The disproportionately high incidence of poverty among historically marginalised groups such as scheduled castes, scheduled tribes, the elderly, women and the disabled is analysed. The multiple deprivations suffered by these groups make it harder for them to escape from poverty. Factors affecting poverty in these regions are analysed.

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The Fourth chapter deals with various poverty alleviating programmes and plans during 1970s to 2000-01, especially targeted to poverty alleviation in India in general and Uttar Pradesh in particular. This chapter begins with Integrated Rural Development Programmed (IRDP) started by Indian Government for socio-economic development of the whole country. This chapter also makes an attempt to highlight the post 1990s plans and programmes, and the role of State in eradicating poverty. The chapter briefly looks at policy interventions in the context of poverty reduction as also attempts by communities to demand accountability and transparency in government spending in the name of the poor.

Finally, concluding chapter reflects a brief summary of the causes and consequences of poverty in special reference to Uttar Pradesh.



# Chapter 1

## Poverty: Definition and Dimensions

### 1.1 Introduction

Poverty is a social problem in which a section of the society is not able to fulfil even its basic needs of life. Poverty is a characteristic found in all societies. When a substantial segment of any society is deprived of the even minimum level of living and survives at a bare subsistence level, that society is said to be suffering by mass poverty. The third world countries exhibit invariably the existence of mass poverty. Even in the developed countries poverty exists but in pockets.

Poverty is a relative concept, which is seen from different perspectives in different societies. For instance, the concept of poverty in the Britain would be significantly different from that in India because in the Britain average person is able to afford a much higher level of living. Poverty is mainly described in terms of income, subsistence, deprivation, and capabilities and in terms of duration. Different countries adopt different parameters for defining poverty. In all definitions of poverty there is an effort to approach the average level of living in the society. These definitions reflect the prevalence of inequalities in the society and the extent to which different societies are facing them. For example, in India, the definition of poverty considers minimum level of living rather than a reasonable level of living. This attitude is based on the realization that it would take decades to provide even a minimum quantity of basic needs in India and, therefore, to talk about a reasonable level of living or good life may be a wishful thinking at the present stage. The whole argument is that the relative levels of living prevalent in the country determine the absolute standard of poverty expressed in terms of minimum requirements of cereals, pulses, milk, vegetables, butter, clothing or calorie intake. The main concern is the deprivation of a significant section of the society of minimum basic needs in the face of a luxurious life of rich people. A huge gap between living standards of some sections of society causes various social and mental problems. In all the societies there is always effort to eradicate poverty but all of them are decided by the aim of obtaining a minimum or good level of living in society.

## 1.2 Conceptualizing Poverty: A Brief History

The understanding and relief of poverty have been a major human preoccupation for many centuries. Many scholars have proposed their views on poverty. In this discourse, Since the 1880s, three alternative conceptions of poverty have evolved as a basis for international and comparative work. They depend principally on the ideas of subsistence, basic needs and relative deprivation (Townsend, 2006)<sup>1</sup>.

The subsistence idea was a result of work prompted by nutritionists in Victorian England. Families were defined to be in poverty when their incomes were not “sufficient to obtain the minimum necessities for the maintenance of merely physical efficiency”. A family was treated as being in poverty if its income minus rent fell short of the poverty line. Although allowance was made in calculating the income level for clothing, fuel and some other items, this allowance was very small, and food accounted for much the greatest share of subsistence.

The use of “subsistence” to define poverty has been criticized because it implies that human needs are mainly physical rather than also social needs. People are not simply individual organisms requiring replacement of sources of physical energy; they are social beings expected to perform socially demanding roles as workers, citizens, parents, partners, neighbours and friends. Moreover, they are not simply consumers of physical goods but producers of those goods and are also expected to act out different roles in their various social associations. They are dependent on collectively provided utilities and facilities. These needs apply universally and not merely in the rich industrial societies.

By the 1970s, idea of “basic needs” became prominent in the discourse on poverty. This was supported strongly by the ILO. This approach views poverty in a more holistic sense, based at least in part on the increased credence given to the views of poor themselves. As Bevan and Joireman (1997:316-7) argue, ‘while poverty everywhere involves people experiencing very real material and other deprivations, the concept of poverty is used to cover a wide-ranging set of interrelated life-chances which vary and are valued differently in the diverse cultures and sub-cultures of the world’.

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<sup>1</sup> *What is Poverty? An historical perspective* by Peter Townsend, London School of Economics, Expert Group on Poverty Statistics (Rio Group), Rio de Janeiro, September 2006.

On this basis, the notion of what constitutes ‘basic needs’ has expanded to encompass not only food, water, shelter, and clothing, but also access to other assets such as education, health, credit, participation in political process, security and dignity. In rural areas, basic needs also include land, agricultural tools and access to farming. The “basic needs” concept is an extension of the subsistence concept. In addition to material needs for individual physical survival and efficiency, there are the facilities and services—for health care, sanitation and education—required by local communities and populations as a whole. The 1995 Copenhagen Social Summit was the first major international gathering to mark the expansion of the concepts of poverty and well-being and by 2000 the World Bank (2000) was describing poverty in terms of material deprivation, low levels of education and health, exposure to vulnerability and risk, and voicelessness and powerlessness. Multi-dimensional approaches capture the full range of deprivations that constitute poverty, and may give ‘voice’ to the poor, but they lack the precision and comparability of income/consumption measures.

In the late 20th century, the idea of relative deprivation developed. “Relativity” applies to both income and other resources and also to material and social conditions. In the 21st century societies are passing through such rapid change that a poverty standard devised at some historical date in the past is difficult to justify under new conditions. People living in the present are not subject to the same laws, obligations and customs that applied to a previous era. Globalization is connecting peoples and their standards of living, while inequalities within and between countries are growing. There are, therefore, major objections to merely updating any historical benchmark of poverty on the basis of some index of prices. Over many years the “relativity” of meanings of poverty has come to be recognized, in part if not comprehensively.

### **1.3 Defining Poverty**

The word poverty is used in two main senses, first broader sense which includes the whole spectrum of deprivation and ill-being, and another narrow sense for purposes of measurement and comparison where it is defined as low income, or more specifically, as low consumption which is considered more stable and easier to measure. In common parlance, this (the second definition) is known as income poverty. Dreze and Sen (1995) make a similar distinction between ‘poverty’ which they describe “not merely as the

impoverished state in which people live, but also the lack of real opportunity” and ‘economic poverty’ (“low income, meager possessions and other aspects”).<sup>2</sup>

The measurement of income poverty itself is fraught with problems. In an attempt to define poverty operationally, the World Bank in 1990 adopted a rule-of-thumb measure of US\$ 370 per year per person at 1985 prices (the “dollar a day” poverty line) for poor countries. This crude indicator may have been a convenient interim measure for practical purposes, a short-term expedient, but has not turned out to be of continuing value. Since material needs are socially determined, a new international poverty line is needed and it should be based on requirements in different countries to surmount material and social deprivation.

IBRD (2000-2001: 15) defines poverty as a situation of “pronounced deprivation in well being” and being poor as “to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled...Poor people are particularly vulnerable to adverse events outside their control. They are often treated badly by institutions of the state and society and excluded from voice and power in those institutions.”

Using income as a measure of poverty, the World Development Report (2000-01: 3) refers to the “deep poverty amid plenty” in the world and states that a fifth of the world’s people live on less than \$ 1 a day, and 44% of them are in South Asia’.

In the Indian context, the currently accepted estimation is based on the recommendations of the Expert Group on Poverty set up by the Indian Planning Commission. The poor are defined as those who fall below a ‘poverty line’ level of per capita monthly consumption expenditure, which is benchmarked in real terms to consumption expenditure consistent with a certain minimum level of calorie consumption in 1973-74.

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<sup>2</sup> Dreze and Sen (1995) refer to the sequence of things a person does or achieves as a collection of ‘functionings’. ‘Capability refers to the alternative combination of functionings from which a person can choose. The notion of capability is essentially one of freedom - the range of options a person has in deciding what kind of life to lead. Poverty refers to the lack of real opportunity - given by social constraints and personal circumstances - to choose other types of living. Poverty is thus a matter of “capability deprivation”. Economic poverty which refers to low incomes, meager possessions and other related aspects also has to be seen in its role in severely restricting the choices people have to lead valuable and valued lives. *India: Economic Development and Social Opportunity*, Delhi /Oxford: Oxford University Press. (p.10-11).

In India poverty has been defined in terms of income or level of consumption. This definition is based on material deprivation. Planning Commission of India defines poverty in terms of the level of per capita consumer expenditure sufficient to provide an average daily intake of 2400 calories per person in rural areas and 2100 calories per person in urban areas, plus a minimal allocation for basic non-food items. The poverty estimates published by the Planning Commission count the number of people who are living in households whose monthly per capita total expenditure is below poverty line for the sector and state in which they live. These poverty lines are updated over time using the state-by-state price indexes, which are estimated separately for rural (the consumer price index for agricultural labourers, CPIAL) and urban (the consumer price index for industrial workers, CPIIW) households. There is no predetermined All India poverty line, either for urban or rural households. Instead, poverty counts are made for each state, within each sector, and added up to get urban and rural totals. For instance - in Uttar Pradesh based on 2001-02 prices, a household with an annual income of below Rs.19984 per annum in rural areas and Rs.25546 in urban areas is deemed to be living below the poverty line<sup>3</sup>.

However, there is a view that poverty should be looked upon as a cumulative deprivation of well-being which includes material deprivation, human deprivation, and a range of other deprivations: lack of voice, vulnerability, violence, destitution, social and political exclusion, lack of dignity and basic rights. Along with official poverty lines taken into account, there is also need to look upon the broader connotation of poverty and according to that formulate action plan for poverty removal.

#### **1.4 Types of Poverty-**

Poverty is viewed as either a form of absolute deprivation or relative deprivation and sometimes in terms of subjective deprivation:

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<sup>3</sup> Uttar Pradesh Development Report (2002-03) – Planning Commission, Government of India.

### **1.4.1 Absolute poverty-**

Absolute poverty is perceived as subsistence below the minimum requirements for physical well-being, generally based on a quantitative indicator such as income or calories, but sometimes taking into account a broader package of goods and services. It usually involves a judgment of basic human needs and is measured in terms of the resources required to maintain health and physical efficiency. Most measures of absolute poverty are concerned with establishing the quality and amount of food, clothing and shelter deemed necessary for healthy life.

Absolute poverty is known as subsistence poverty since it is based on assessments of minimum subsistence requirements. It is usually measured by pricing the basic necessities of life, drawing a poverty line in terms of this price, and defining anyone poor whose income falls below that figure. In the absolute standard, minimum physical quantities of cereals, pulses, milk, butter, etc. are determined for a subsistence level. And then a figure expressing per capita consumer expenditure is determined by aggregating all the quantities included. The population whose level of income (or expenditure) is below the figure is considered to be below the poverty line.

### **1.4.2 Relative poverty**

In view of the problems involved in absolute poverty many researchers have developed the idea of relative standards that is standards, which are relative to the particular time and place. The relatively poor are those whose income or consumption level is below a particular fraction of the national average. Relative poverty is measured in terms of judgments by members of a particular society considering a reasonable and acceptable standard of living and style of life according to conventions of the day. Just as conventions change from time to time and place to place, so will definitions of poverty. In relative poverty, income distribution of the population in different groups is estimated and a comparison of the levels of living of the top 5 to 10 per cent with the bottom 5 to 10 per cent of the population reflects the relative standards of poverty.

Adopting a multi-dimensional understanding of poverty introduces further possibilities for relativity. The amount of education needed to avoid falling into poverty is likely to increase over time, other things being equal. Exposure to more varied or more

industrial risks is likely to require increased health expenditure to maintain the same level of health. Thus if the 'social wage' does not increase correspondingly, similar levels of real private disposable income would mask an increase in poverty (or literally ill-being). Indeed, as Sen (1999:89) notes, "relative deprivation in terms of incomes can yield absolute deprivation in terms of capabilities", depending on a person's ability to convert income into well-being, which is in turn based on, for example, health status, age, gender, and differences in social or ecological environment (ibid: 70-1).

The main aim of latter approach is that it indicates the relative position of different segments of the population in the income hierarchy. Even in affluent societies, such pockets of poverty exist. But for underdeveloped and developing countries, it is the existence of mass poverty that is the cause for concern.

#### **1.4.3 Subjective poverty**

This refers to whether or not individuals or groups feel themselves poor. Subjective poverty is closely related to relative poverty since those who are defined as poor in terms of the standards of the day will probably feel and see themselves to be poor.

The 'subjective' approach to understanding and measuring poverty argues that poverty and ill-being must be defined by 'the poor' or by communities with significant numbers of poor people. Meanings and definitions imposed from above are seen as disempowering poor people and removing their right to create and own knowledge.

#### **1.4.4 Cyclical and Chronic poverty**

Poverty can be classified according to a number of dimensions: time or duration (long or short-term or cyclical and chronic).

Cyclical poverty refers to poverty that may be widespread throughout a population, but the occurrence itself is of limited duration. In nonindustrial societies this short of inability to provide for one's basic needs rests upon temporary food shortages caused by natural phenomena or poor agricultural planning.

Poverty is called chronic when it persists for a long time. The Chronic Poverty Research Centre defines chronic poverty in terms of – severe poverty, extended duration

poverty and multidimensional poverty. The chronically poor are likely to suffer deprivation in many ways. Poverty is the sum total of a multiplicity of factors that include not just income and calorie intake but also access to land and credit, nutrition, health and longevity, literacy and education and safe drinking water, sanitation and other infrastructural facilities.<sup>4</sup>

Hence there is the need to look at multidimensional indicators of poverty such as indicators reflecting human and gender development and empowerment. State level estimates of HDI, GDI, GEM and HPI as also infant mortality estimates are presented and analysed to see if those located in areas that have a high incidence of severe income poverty also suffer deprivation in access to literacy, knowledge, nutrition, voice and infrastructure.

## **1.5 Concept and Approaches**

Various approaches are used for identification and measurement of poverty. Varying concepts are reflected in these approaches. The main aim of these approaches is to distinguish the poor and non-poor.

### **1.5.1 Monetary Approach**

For identification and measurement of poverty the monetary approach is commonly used. It identifies poverty with a shortfall in consumption (or income) from some poverty line. The valuation of the different components of income or consumption is done at market prices, which requires identification of the relevant market and the imputation of monetary values for those items that are not valued through the market (such as subsistence production and social services and, in principle, other public goods).

### **1.5.2 Nutritional Approach**

Various technical solutions have been suggested for differentiating the poor and non-poor using the monetary approach, although there is no theory of poverty that would clearly differentiate the poor from the non-poor. Relative poverty lines can be determined by political consensus. The nutritional approach provides an alternative of an absolute poverty line, which is based on income.

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<sup>4</sup> Mehta, Aasha Kapur and Shah, Amita (2004) "*Chronic Poverty in India; An Overview*" CPRC-IIPA Working paper No.2.



Yet there are problems in nutritionally based poverty lines. Differing metabolic rates, activities, size, gender and age among people vary among them. In addition, differing tastes, food availability and prices affect how much money income is needed to secure any particular level of nutrition. Moreover, poverty lines are often drawn up at the level of the household, disregarding how the intra-household distribution affects individual nutrition levels. All this suggests that it is not possible to draw up a unique poverty line based on nutritional requirements.

### **1.5.3 The Concept of Social Exclusion**

The concept of social exclusion (SE) describes the processes of marginalization and deprivation that can arise even in rich countries with comprehensive welfare provisions. It is a reminder of the multiple faces of deprivation. It is perhaps the most difficult to interpret the poverty concepts under review through SE. Still, SE is the only approach that focuses intrinsically on the processes and dynamics that allow deprivation to arise and persist. Moreover, the analysis of exclusion lends itself to the study of structural characteristics of society and the situation of marginalized groups (e.g. ethnic minorities or the landless), whereas the monetary and capability approaches tend rather to focus on individual characteristics and circumstances. SE focuses on distributional issues—the situation of those deprived relative to the norm generally cannot improve without some redistribution of opportunities and outcomes. SE also points to *excluders* as well as *excluees*, again a contrast to the previous approaches that describe a world without analysing or attributing responsibility.

### **1.5.4 The Participatory Approach**

The participatory approach (PA) aims to get people themselves to participate in decisions about what it means to be poor and the magnitude of poverty. The major advantage is that it largely avoids externally imposed standards. Participatory approach also provides a way of solving some of the problems encountered with the other methods. For example, it helps to define an appropriate minimum basket of commodities for the monetary approach; a list of basic capabilities in the capability approach; and whether the concept of social exclusion (SE) can be applied in a particular society and

what its main elements might be. The PA method is complex and invariably contains multidimensional analysis. Like the SE it includes processes, causes and outcomes of poverty, as perceived by the poor. The PA is apparently cost-effective, but the community spends much more time on these exercises.

Empirical evidence indicates that poverty rates differ significantly according to the approach adopted, for countries as a whole and for regions of the world. Country ranking differs in comparing capability based poverty and both international and national monetary poverty lines. Different measures of deprivation are associated, and indeed the different measures do not seem independent. What is striking, however, is that low levels of poverty according to one measure are compatible with high levels of poverty according to another. It is this variability, which points to the potential lack of overlap in practice between different ways of measuring poverty, and it is this variability, which calls for in-depth empirical assessment of the underlying causes. Such empirical tests can also show whether different measures are capturing different populations in terms of determining the poor in a given society.

Poverty definitions and measurement have important implications for targeting and policy-making. Definitions also have implications for policy. While a monetary approach suggests a focus on increasing money incomes (by economic growth, or redistribution), a capability approach tends to lay more emphasis on the provision of public goods. Social exclusion draws attention to the need to break down exclusionary factors, for example, by redistribution and anti-discrimination policies.

## **1.6 Theories of poverty**

Various theories of poverty have been proposed from time to time to understand the nature of poverty. Prominent of these are discussed here. These include 'culture of poverty' by Oscar Lewis, Marxian perspective, Weberian perspective, Chambers' view and Capability approach by Amartya Sen.

### 1.6.1 Culture of Poverty-

Many researchers have noted that poor people have similar living conditions. The life style of poor differs in certain respects from that of other members of society. The circumstances of poverty are similar in many respects, in different societies. Similar circumstances and problems tend to develop similar culture. This type of argument led to the concept of 'culture of poverty'.<sup>5</sup>

American Anthropologist Oscar Lewis gave first the term 'Culture of Poverty' in late 1950s. He developed the idea from his fieldwork among the urban poor in Mexico and Puerto Rico. Lewis argues that the culture of poverty is a 'design for living', which is transmitted from one generation to the next.

As a design for living, which directs behaviour, the culture of poverty has following elements. In Lewis's words, 'on the level of the individual the major characteristics are a strong feeling of marginality, of helplessness, of dependence and inferiority, a strong present time orientation with relatively little ability to defer gratification, a sense of resignation and fatalism. On the family level life is characterized by free union or consensual marriages, a relatively high incidence in the abandonment of mothers and children, a trend towards mother-centered families and a much greater knowledge of maternal relatives. On the community level, the lack of effective participation and integration in the major institutions of the larger society is one of the crucial characteristics of the culture of poverty.

The poor in society see the culture of poverty as a response to their position. According to Lewis it is a 'reaction of poor to their marginal position in a class-stratified and highly individualistic society'. Lewis argues that once established, the culture of poverty 'tends to perpetuate itself from generation to generation' because of its effect on children. Lewis argues that the culture of poverty best describes and explains the situation of poor in colonial societies or in the early stages of capitalism as in many Third World countries. He suggests that it either does not exist or is weakly developed in advanced capitalist societies and socialist societies.

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<sup>5</sup> Lewis, Oscar. (1959), *Five Families: Mexican Case Studies in the Culture of Poverty*. New York: Basic Books.

### **1.6.2 Marxian Perspective-**

From Marxian perspective, poverty in capitalist society can only be understood in terms of the system of inequality generated by a capitalist economy.<sup>6</sup> Wealth is concentrated in the hands of bourgeoisie, those who own the forces of production. Proletariat class owns only their labour, which they must sell, in return for wages in the open market. The motivation of the work force is maintained by unequal rewards for work. Workers compete with each other for income in a highly competitive society. Low wages help to reduce the wage demands of the workforce as a whole, since workers tend to assess their income in terms of the baseline provided by the low paid. Renowned Marxian J. C. Kincaid maintains that low wages which cause poor situation of the workforce, are essential to a capitalist economy since, from the point of view of capitalism the low wage sector helps to stabilize the whole structure of wages and the conditions of employment of the working class.<sup>7</sup> According to him if wages are increased then labourers can be serious threat to employers and the competitive values, which support the very existence of capitalism.

Similarly from Marxian perspective, the state in capitalist society reflects the interests of the ruling class. Government measures can be expected to do little except reduce the harsher effects of poverty. Thus Kincaid argues that 'it is not to be expected that any government whose main concern is with the efficiency of a capitalist economy, is going to take effective steps to abolish the low wages.

### **1.6.3 Weberian Perspective-**

Weber argues that an individual's class situation is dependent upon his market situation, on the amount of power he has to influence the workings of the market in his favour and on the rewards, his skill and expertise can command in a competitive market. From this perspective groups such as the aged, the chronically sick and single parent families have little power in the market and therefore, receive little reward.<sup>8</sup>

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<sup>6</sup> Marx, Karl. and Engels, I. (1995), *The Poverty of Philosophy*. Moscow: Progress Publishers.

<sup>7</sup> Kincaid. J.C. "*Poverty and Equality in Britain: A study of Social Security and Taxation*" (Penguin Books, Harmondsworth, 1973)

<sup>8</sup> Weber, Max. (1958), *The protestant Ethics and the Spirit of Capitalism*. New York: Charles Scribner's Sons.

#### 1.6.4 Chambers' View

Chambers makes a distinction between poverty and other forms of deprivation. He describes poverty as 'lack of physical necessities, assets and income'. It includes, but is more than, being income poor. Poverty can be distinguished from other dimensions of deprivation such as physical weakness, isolation, vulnerability and powerlessness with which it interacts (Chambers 1983). Deprivation refers to lacking what is needed for well-being, and a full and good life. Its dimensions are physical, social, economic, political and psychological. It includes forms of disadvantage such as physical weakness, isolation, poverty, vulnerability and powerlessness. Well-being is the experience of good quality of life. Thus well-being and ill-being refers to experience, poverty more to physical lack and deprivation to a much wider range of lacks and disadvantages. 'Poverty and deprivation' is short for 'poverty and other forms of deprivation' (Chambers 1995: p. 5).

Robert Chambers outlines five clusters of meanings. He reminds us of the importance of the analysis and views of poor people themselves and their many meanings. When Poor people express their views; we get a case for changing our language, concepts and measures in development. The key issue is whose reality counts – theirs or ours?

Meaning of poverty depends on who asks the question, how it is understood, and who responds. From this perspective, it has at least five clusters of meanings.

Firstly, Income-poverty or common consumption-poverty.

The second meaning is material lack or want. Besides income, this includes lack of wealth and lack or low quality of other assets such as shelter, clothing, furniture, personal means of transport, radios or television, and so on. This also tends to include no or poor access to services.

Third cluster of meanings derives from Amartya Sen, and is expressed as capability deprivation, referring to what we can or cannot do, can or cannot be. This includes but goes beyond material lack or want to include human capabilities, for example skills and physical abilities, and also self-respect in society.

A fourth cluster takes a yet more broadly multi-dimensional view of deprivation, with material lack or want as only one of several mutually reinforcing dimensions. This has twelve dimensions.<sup>9</sup> These are –

1. Lack of education/ capabilities
2. Lack of Institutions and Access
3. Poverty of Time
4. Lack of information
5. Lack of Political Clout
6. Ascribed or Legal Inferiority
7. Lack of Social Relations
8. Material Poverties
9. Physical Ill-being
10. Insecurities
11. Place of the Poor
12. Seasonal Dimensions

Each one potentially having an impact on all of the others, and vice versa, thus emphasizing the interdependence of the dimensions of poverty.

There is then a fifth cluster, which is the multiplicity of their meanings.

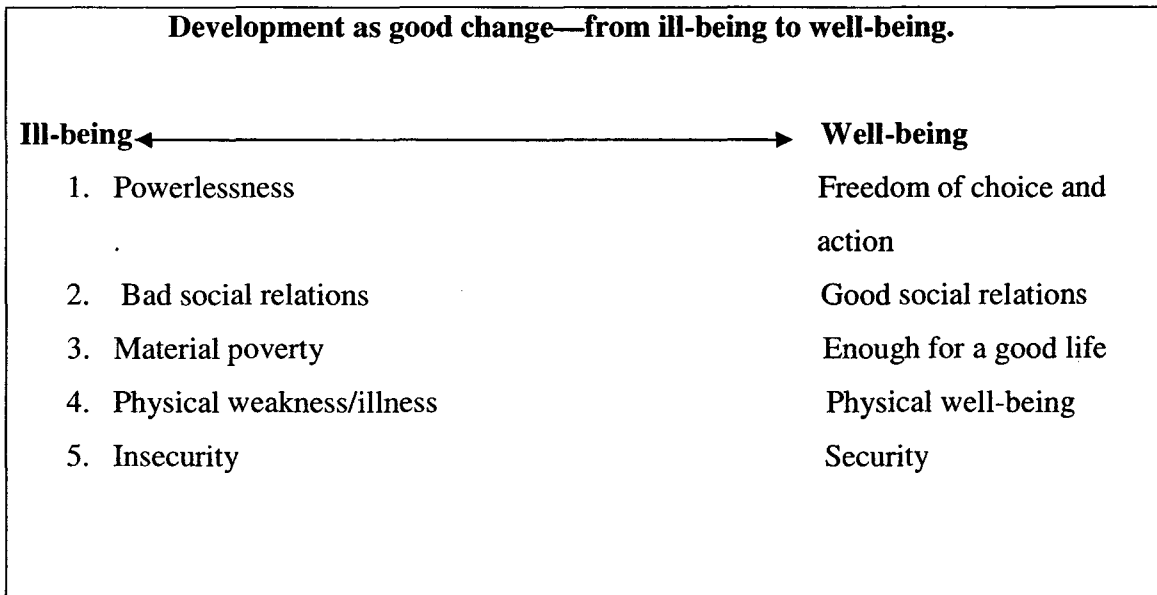
But these dimensions are all abstractions based on our analysis and views. They tend to overlook and ignore the analysis and views of the objects of the definition and description “the poor”, that is people who are in a bad condition variously described as poor, marginalized, vulnerable, excluded or deprived.

Another expression of this has five dimensions to illustrate development as good change. Development thus can be seen as shifting from ill being to well-being with equity, with interventions to enhance well-being possible at any of the five points.

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<sup>9</sup> Robert Chambers: “*Power, knowledge and policy influence: reflections on an experience*” in Karen Brock and Rosemary McGee (eds) *Knowing Poverty: Critical reflections on participatory research and policy*, London 2002.

**Chart 1**



Source: Robert Chambers: *“Power, knowledge and policy influence: reflections on an experience”* (2002)

There were many poverties or deprivations. Dimensions of the bad life included not only income-poverty and material lack, but many others, for example poverty of time, living and working in bad places – “the places of the poor” and bad social relations, especially gender relations. Others were the body as the main asset of many poor people, indivisible, uninsured, and vulnerable to flipping from asset to liability; many aspects of insecurity, worry and anxiety; and pervasively powerlessness.

The many ideas of well-being and the good life to which people aspired had striking commonalities – material well-being, having enough; bodily well-being, being and appearing well; many aspects of social well-being including being able to settle children, and being able to help others; security; and freedom of choice and action. Both these commonalities and local differences make a case for changing language, concepts and measures in development.

### **1.6.5 Approach of Capabilities and Freedoms by Amartya Sen**

These approaches are based on Amartya Sen's work. He views poverty as a lack of *capabilities*, both intrinsic and instrumental (e.g. income, education, health, human rights, civil rights etc.) that permit people to achieve *functionings* (the things they want to do) and *beings* (the states of existence they want to experience). According to Sen goal of development is to enhance people's potential to be and do. Potential beings and doings are capabilities but only things people have reason to value. According to him actual beings and doings are functioning. Though incomes form an important means but capabilities go well beyond incomes. In Sen's capability approach Freedom to choose is critical, hence he prefers capabilities instead of functionings. Recently, Sen (1999) has extended the concept to argue that development is about the pursuit of five freedoms – political freedoms, economic facilities, social opportunities, transparency guarantees and protective security.

Sen's major emphasis is on personal characteristics in translation from resources to functionings. His approach is relevant to rich as well as poor countries, rich as well as poor people. The capability approach (CA) rejects monetary income as its measure of well-being, and instead focuses on indicators of freedom to live a valued life. Poverty is defined as failure to achieve certain minimal or basic capabilities, i.e. the ability to satisfy adequately certain crucially important functionings. Such an approach is commonly used in relative terms (such as through the Human Development and Human Poverty Indices in the UNDP's *Human Development Reports*), but also can be used in absolute terms if one is able to define a minimum set of capabilities that people 'need' or to which they have a right (see Doyal and Gough 1991).

### **1.7 Poverty Estimation in India**

Poverty estimation in India is mainly based on:

- (a) The concept of poverty line which is the prescribed minimum calorie intake necessary for a normal human being to survive and
- (b) Size and distribution of population by expenditure obtained from the household consumption surveys conducted by national sample survey.



### 1.7.1 The Concept of Poverty Line

India's poverty lines are set by the Planning Commission and use the Expert Group's methodology [GOI 1997]. These poverty lines are based on nutritional norms, and defined in terms of the level of per capita consumer expenditure needed to provide an average daily intake of 2400 calories per person in rural areas and 2100 calories in urban areas, plus a minimal allocation for non-food items.

Historically, the Indian statistical system led the world in the measurement of poverty.<sup>10</sup> The sample surveys that were pioneered by Mahalanobis at the Indian Statistical Institute in Calcutta in the 1940s and 1950s were moved into the government statistical system as the National Sample Survey Organization (NSSO), whose household surveys are the basis for the regular publications on poverty by the Planning Commission. Following Mahalanobis, many countries today have a recent household income or expenditure survey from which it is possible to make a direct assessment of the living standards of the population. Mahalanobis and his colleagues in Calcutta also conducted experiments on the design of household surveys, investigating how to most accurately measure the levels of consumption that are the raw material for the estimation. The Government of India's official poverty estimates are based on the results of regular.

Consumer-expenditure-surveys by the National Sample Survey Organization (NSSO). Surveys are in the field continuously and, in recent years, all surveys have collected some data on consumers' expenditure. But only the larger surveys that focus on consumers' expenditures are used by the Planning Commission to calculate the official poverty statistics. In principle, these large surveys take place every five years, although in practice the gap has often been larger. Such surveys were conducted in 1983 (the 38th Round of the NSS), 1987–88 (the 43rd Round), 1993–94 (the 50<sup>th</sup> Round), and most recently, in 1999–2000 (the 55th Round.) For each of these years, the Planning Commission has published estimates of the proportion and number of people in poverty, state wise and sector wise. Although various scholars have calculated poverty rates based on the intermediate, smaller, surveys, notably Gaurav Datt (1999), the Planning

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<sup>10</sup> Deaton and Kozel 2004, "*Data and dogma: the great Indian poverty debate*"

Commission does not do so, on the grounds that the larger surveys are required to estimate poverty accurately for each state.

The poverty estimates published by the Planning Commission count the number of people who are living in households whose monthly per capita total expenditure is less than a poverty line for the sector and state in which they live. These poverty lines are updated over time using the Indian system of state-by-state price indexes, which are estimated separately for rural (the consumer price index for agricultural labourers, CPIAL) and urban (the consumer price index for industrial workers, CPIIW) households. There is no predetermined All India poverty line, either for urban or rural. Instead poverty counts are made for each state, within each sector, and added up to get urban and rural totals. All India urban and rural poverty lines are then set to guarantee that, if applied to all urban or rural households without differentiation by state, the total number of those in urban and rural poverty matches the sum of the state counts. The original official state-level poverty lines, which incorporate state-to-state differences in price levels, come from the report of an Expert Group, Government of India (1993), which also recommended a number of other changes in previous practice.

#### 1.7.1.1 Planning Commission Expert Group Report (1993) on Poverty Line

The Planning Commission constituted in September 1989 an 'Expert Group' Under Prof. D.T. Lakdawala as Chairman to consider methodological and computational aspects of estimation of proportion and number of the poor in India. The Expert Group submitted its report in July 1993. Taking into account various considerations, the Expert Group recommended the following criteria for determining the Poverty Line:

**Table 1.1 Poverty Lines with base 1973-74 (Rs. Per capita per month)**

Year	1973-74	1977-78	1983	1987-88	2004-05*
Rural	49.09	56.84	89.45	115.43	356.30
Urban	56.96	72.50	117.64	165.58	538.60

Source: Planning Commission (1993): *Report of the Expert group on Estimation of Proportion and Number of Poor*, p.36

\* NSS 61<sup>st</sup> Round July 2004-2005, Planning Commission, Govt. of India

The Poverty Line recommended by the Task Force on projection of minimum needs and effective consumption demand, namely a monthly per capita total expenditure of Rs. 49.09 (rural) and Rs. 56.64 (urban) rounded respectively to Rs. 49 and Rs. 57 at all-India level at 1973-74 prices is adopted as the base line (table 1.1). This was anchored in the recommended per capita daily intake of 2,400 calories in rural areas with reference to the consumption pattern as obtained in 1973-74. The Expert group recommended that these norms might be adopted uniformly for all states. It also recommended for continuing 1973-74 as base year for estimating the poverty line.

For updating poverty line to the current prices in a year, there is a need to generate State-specific consumer price index. For this purpose, the consumer price index for the agricultural labourers (rural) and the consumer price index for industrial workers and non-manual employees (urban) should be used. Since prices vary between States and periods, the procedure calls for price adjustments for interstate variations in the base year and State-specific price movements over time.

For deflator, the Expert Group recommended disaggregated commodity indices for Consumer Price Index for Agricultural Labourers (CPIAL) to update the rural poverty line and a simple average of suitably weighted commodity indices of consumer price index for industrial workers (CPIIW) and consumer price index of non-manual employees (CPINM) for updating the poverty line.

#### **1.7.1.2 Suggestion of Dandekar and Rath**

Dr. V.M. Dandekar and Mr. Nilkantha Rath (1971) estimated the value of the diet with 2,250 calories as the desired minimum level of nutrition. They suggested that whereas the Planning Commission accepts Rs. 20 per capita per month (or Rs. 240 per annum) as the minimum desirable standard, it would not be fair to use this figure for both the urban and the rural areas. Dandekar and Rath therefore, suggested somewhat lower minimum for rural population, i.e., Rs. 180 per capita per annum and a somewhat higher minimum Rs. 270 per capita per annum for the urban population at 1960-61 prices. However, at 1968-69 prices, the corresponding figures for the rural and urban population work out to be Rs. 324 and Rs. 486 per capita per annum respectively.

### **1.7.1.3 New Measure of the Poverty Line by Meghnad Desai**

Meghnad Desai finds the definitions of absolute poverty static, calorific, asocial and atheoretical<sup>11</sup>. He proposes a new poverty line to be based on the need to maintain individual labour capacities intact, thus connecting to health, nutrition and monetary measures.

He defines the poverty line as that level of expected income, which allows the individual to consume enough food while maintaining his or her labour power intact. In particular, a person should be able to purchase enough food, which will prevent any deterioration in health. The poverty level will then crucially depend on the availability of work and the wage rate. If the individual cannot earn enough to be able to eat so as to prevent deterioration in health, and, in general, labour power, then he or she is poor.

There are several advantages to this definition when compared to the standard definition, which relies on calories. For one thing it is dynamic; as availability of work or wages changes, e.g. due to seasonal changes or because the individual's health may deteriorate, he or she will move in and out of poverty. It also relates the consumption of food to income generation while avoiding imposing any specific calorific requirements. Obviously this definition connects to issues of health and nutrition and thus builds a bridge between monetary measures and the Human Poverty Index, HPI. In principle, though data demanding in practice, we can define this critical food intake at individual level allowing for age, gender, and health status.

### **1.7.2 Poverty– Head Count, Depth and Severity**

The most commonly used poverty measures are – poverty headcount, depth of poverty and severity of poverty. The first measure captures the incidence of poverty and the proportion of people for whom consumption is below the poverty line. The depth of poverty depends on the distances of the poor from the poverty line. It is defined as the aggregate poverty deficit of the poor relative to the poverty line. The last measure, the severity of poverty is estimated as the mean of the squared proportionate poverty gaps.

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<sup>11</sup> A New Measure of the Poverty Line by *Meghnad Desai* in *What is Poverty? Concepts and Measures*. International Poverty Centre. United Nations Development Programme December 2006.

The later two measures are sensitive to the distribution of households below the poverty line. In case of any poor person's consumption being closer or farther from the poverty line, the headcount ratio will remain unchanged while it will respectively decrease or increase depth and severity of poverty. Similarly a transfer of income from a poor person to a more poor person will not change the headcount ratio or poverty depth, but it will decrease the severity of poverty.

### **1.7.3 Human Development Report**

First Human Development Report was prepared by UNDP in 1990. UNDP, under William Draper, invited Mahbub-ul-Haq to write report. The team, which prepared the first HDR included: Gustav Ranis, Amartya Sen, Frances Stewart, Keith Griffin, Meghnad Desai, Aziz Khan, Paul Streeten.

According to Human Development Report (1990) the basic theme behind Human Development (HD) is that people are the real wealth of a nation. The basic objective of development is to create an enabling environment for people to live long, healthy and creative lives. Human development is a process of enlarging people's choices. The most critical ones are to lead a long and healthy life, to be educated and to enjoy a decent standard of living. Additional choices include political freedom, guaranteed human rights and self-respect. Human Development Index particularly includes three elements (life expectancy; education/literacy; and adjusted incomes).

The analytical application of the capability approach has been developed and diffused through UNDP's Human Development Reports (HDR). They view poverty as reflecting the lack of choices and opportunities in the key areas of education, health, and command over resources, as well as voice related to democratic processes. At the global level, the \$1/day (PPP) measure developed and updated regularly by the World Bank is the one that is consistently used to monitor the size and trends in global poverty. At the national level, most governments define poverty threshold lines by household income. Measures of poverty used by researchers also rely on the income and consumption based national and international measures.

Ever since the publication of the Human Development Report 1990 efforts have been made to devise and further refine measures of human development. Three measures have been developed. They are Human Development Index (HDI), Gender-related Development Index (GDI) and Human Poverty Index (HPI).

Human Development Index (HDI) measures the average achievement in four basic dimensions of human development: (i) long and healthy life as measured by life expectancy at birth (ii) knowledge as measured by the adult literacy rate (with two third weight) and (iii) the combined primary, secondary and tertiary gross enrolment ratio (with one third weight) and (iv) a decent standard of living as measured by GDP per capita (PPP US\$).

While HDI measures average achievement, the Gender-related Development Index (GDI) adjusts the average achievement to reflect the inequalities between men and women. The three components used for the purpose are: (i) female life expectancy, (ii) female adult literacy and gross enrolment ratio, and (iii) female per capita income.

Sakiko Fukuda-Parr describes the multidimensional poverty measures developed by UNDP's Human Development Reports since 1990, especially the Human Poverty Index (HPI).<sup>12</sup> It shows a large spread of human poverty among countries with similar levels of income poverty and thus, HPI is only weakly correlated with income poverty.

#### **1.7.3.1 The Human Poverty Index (HPI): A multidimensional measure**

Human Development Report 1997 introduced the concept of Human Poverty Index, which concentrates on deprivation in three essential elements of human life-longevity, knowledge, and a decent living standard.

It is a composite measure set in the capability and human development space, drawing on the several important perspectives. In this framework, poverty is the deprivation side of human development – the denial of basic choices and opportunities to lead a long, healthy, creative and free life; to enjoy a decent standard of living; and to participate in the life of the community including political freedom and cultural choices. HPI aims to capture 'human poverty' as distinct from 'income poverty'.

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<sup>12</sup> Sakiko Fukuda-Parr, "*Beyond Scarcity: Power, poverty and the global water crisis*", UNDP Human Development Report New York, 2006.

HPI focuses on three of the four key dimensions of HDI: (i) the capability to survive, measured by vulnerability to early death defined as before 40 years; (ii) be knowledgeable, measured by the adult illiteracy rate; and (iii) have access to private income as well as public provisioning, measured by the percentage of malnourished children under five and by the percentage of people without access to safe water.

These particular measures are not so relevant in the richer industrial societies. Thus, an adjusted index (HPI-2) was developed with indicators more suited to high-income OECD(Organization for Economic Cooperation and Development) countries. The HPI estimates are published in the annual HDRs. The new HDR 2006 shows some interesting trends that contrast it from the \$1 a day measure. Although HPI and the \$1 a day headcount measure are broadly correlated, there are considerable divergences between them.

HPI estimates show the relevance of aggregate, internationally comparable measures of

multi-dimensional poverty. Intercountry comparisons of HPI sharpen the focus on human poverty that requires policy attention, and should be further developed to provide a global

monitoring tool. But like the HDI, the HPI is a highly incomplete measure and does not capture many of the dimensions of a full life, nor the social conditions that are necessary. Amartya Sen refers to five 'instrumental freedoms' as essential to a life of dignity, namely economic facilities, social opportunities, political freedom, security and transparency guarantees. Neither the HPI nor HDI include indicators of political freedom, security and transparency.

### **1.7.3.2 United Nations Millennium Declaration for 2015**

It is a set of eight goals for development and poverty eradication to achieve by 2015 born of the historic Millennium Declaration adopted by 189 countries at the UN Millennium Summit in September 2000. These goals are:

- To halve the proportion of the world's people living on less than \$1 a day
- To halve the proportion of world's people suffering from hunger

- To halve the proportion of world's people without access to safe drinking water
- To achieve universal completion of primary schooling
- To achieve gender equality in access to education
- To reduce maternal mortality ratios by three quarters
- To reduce under-five mortality rates by two-thirds
- To halt and begin to reverse the spread of HIV/AIDS, malaria and other major diseases

## **1.8 Poverty in India**

### **1.8.1 Current Situation of Poverty in terms of levels of Consumption (2004-05)**

The National Sample Survey (NSS) estimated that in 2004-05, 5 % of the Indian rural population belonged to households with monthly per capita consumer expenditure (MPCE) in the range “Rs.0-235”, that is, spending less than Rs.8 per person per day on consumption. Another 5 % of the Indian rural population belonged to households with monthly per capita expenditure in the range “Rs.235-270”, that is, spending about Rs.8-9 per person per day on consumption. About 5 % of the rural population of India in 2004-05 had MPCE of Rs.1155 or more. Another 5 % had MPCE between Rs.890 and Rs.1155.

The poorest 5 % of the urban population of India (ranked by per capita spending levels) in 2004-05 belonged to households with monthly consumer expenditure per person in the range “ Rs.0-335 ”, that is, spending less than Rs.11 per person per day on consumption. Another 5 % of the Indian urban Population belonged to households with monthly per capita expenditure in the range “ Rs.335-395”, that is, spending about Rs.11-13 per person per day on consumption. About 5 % of the urban population of India in 2004-05 had MPCE of Rs.2540 or more. Another 5 % had MPCE between Rs.1880 and Rs.2540.

Average monthly per capita consumer expenditure (average MPCE) in 2004-05 was Rs.559 in rural India and Rs.1052 in urban India at 2004-05 prices.

The Lorenz ratio for total consumer expenditure, indicating concentration in total consumption expenditure among the population, was 0.30 for rural India and 0.35 for urban India in 2004-05.



## 1.8.2 Poverty Trends In India

The main indicator of standard of living generated by the NSS consumer expenditure survey is Monthly Per Capita Consumer Expenditure (MPCE). This is easy to understand at the national or State (or region) level- the aggregate consumer expenditure of the relevant population divided by the population size. The table (1.2) below shows the trends of the poverty level in India from 1972-73 to 2004-05 in terms of per capita consumption:

**Table 1.2: Trends in all-India average per capita consumption, 1972-73 to 2004-05**

Year	Rural			Urban		
	MPCE (RS.) at current prices	Index of MPCE at current prices (1972-73=100)	CPI-AL*	MPCE (RS.) at current prices	Index of MPCE at current prices (1972-73=100)	CPI-UNME**
72-73	44.17	100	100	63.33	100	100
77-78	68.89	156	144	96.15	152	160
83	112.31	254	227	165.80	262	258
87-88	158.10	358	289	249.92	395	364
93-94	286.10	637	520	464.30	723	618
99-00	486.16	1101	833	854.92	1350	998
04-05	558.78	1265	922	1052.36	1662	1230

\*Based on the CPI-AL series with base 1972-73 = 100.

\*\*Based on the CPI-UNME

series with base 1972-73=100.

Source: Report No. 508 (61/1.01) Level and Pattern of Consumer Expenditure, NSS 61<sup>st</sup> Round, July 2004-June 2005, p.18.<sup>13</sup>

<sup>13</sup> Note that the 1999-2000 survey estimates are based on a reference period of 365 days instead of the usual 30 days for the I-type categories of consumption items and hence are not strictly comparable with those from other rounds.

### 1.8.3 Rural – Urban Distribution of the Poor

Over 80% of the poor were located in rural areas in the 1970s. The substantial decrease in the number of rural poor by 32.4 million between 1977-78 and 1987-88 changed the distribution of the poor between rural and urban areas and the proportion of the rural poor declined steadily from 80.3% in 1977-78 to 75.5% in 1987-88. The number of urban poor increased by 10.6 million during the same ten year period partly due to migration of the poor from rural areas. So, there was an increase in the relative share of urban poverty from 18.7% to 24.5% during the period from 1973-74 to 1987-88 and it has fluctuated around this estimate since then. Table (1.3) shows the distribution of the poor between rural and urban areas.

**Table 1.3: Rural – Urban Distribution of the poor in India, 1973-74 to 1999-2000**

Year	No of Poor in Rural Areas (in Million)	No of Poor in Urban Areas (in Million)	Total Population Below the Poverty Line (in Million)	% of India's Poor Located in Rural Areas	% of India's Poor Located in Urban Areas
1973-74	261.3	60.0	321.3	81.33	18.67
1977-78	264.3	64.6	328.9	80.36	19.64
1983	252.0	70.9	322.9	78.04	21.96
1987-88	231.9	75.2	307.1	75.51	24.49
1993-94	244.0	76.3	320.3	76.18	23.82
1999-2000	193.2	67	260.2	74.3	25.7

Source: Mehta and Shah 2004, "Chronic Poverty in India; An Overview" CPRC-IIPA Working paper No.2 p.8

### 1.8.4. Concentration and Percentage of The Poor in States

Some glimpses of economic deprivation, as available from, the MPCE distributions for the 17 major states, are presented in Table below:

**Table 1.4: State wise percentage of rural and urban population below specified levels of MPCE (2004-2005)**

State	Percentage of rural population with MPCE		State	Percentage of urban population with MPCE	
	Below Rs. 365 ( $\approx$ Rs.12 per day)	Below Rs. 270 ( $\approx$ Rs.9 per day)		Below Rs. 580 ( $\approx$ Rs.19 per day)	Below Rs. 395 ( $\approx$ Rs.13 per day)
Orissa	57	31	Bihar	55	28
Chhattisgarh	55	24	Orissa	50	25
Madhya Pradesh	47	21	Uttar Pradesh	44	17
Bihar	46	15	Chhattisgarh	44	20
Jharkhand	46	15	Madhya Pradesh	43	18
Uttar Pradesh	33	10	Rajasthan	36	10
Karnataka	32	7	Jharkhand	33	14
Maharastra	30	11	Andhra Pradesh	33	8
Tamil Nadu	26	6	Karnataka	31	12
Andhra Pradesh	25	8	West Bengal	29	8
West Bengal	24	5	Tamil Nadu	26	7
Gujarat	21	5	Maharastra	25	8
Assam	17	3	Assam	23	4
Rajasthan	17	3	Kerala	22	7
Haryana	7	1	Haryana	22	7
Kerala	7	2	Punjab	18	1
Punjab	4	1	Gujarat	16	3
<b>All-India</b>	<b>30</b>	<b>10</b>	<b>All-India</b>	<b>30</b>	<b>10</b>

Source: Report No. 508 (61/1.01) Level and Pattern of Consumer Expenditure, NSS 61<sup>st</sup> Round, July 2004-June 2005, p.13

The MPCE level of Rs.365 was roughly the 30<sup>th</sup> percentile of the all India distribution of MPCE for the rural population in 2004-05, and Rs.270 was the 10<sup>th</sup> percentile. Compared with 30 percent at the all-India level, in Orissa and Chhatisgarh as many as 55-57% of villages were, in 2004-05, living below the MPCE level of Rs.365, which is about Rs.12 per day. In MP, Bihar and Jharkhand, 46-47% were living below this level. Even lower levels of living of Rs.270 per person per month (Rs.9 per day) and below were observed in 31% of the rural population in Orissa and over 20% in Chhattisgarh and MP (compared to 10% at the all- India level).

For urban India, Rs.580 was roughly the 30<sup>th</sup> percentile of the distribution of MPCE and Rs.395 was the 10<sup>th</sup> percentile. Table shows that 55 % of Bihar's and 50% of Orissa's urban population lived below the MPCE level of Rs.580 (Rs.19 per day). Even lower levels of living of Rs.13 per day or less (MPCE < Rs.395) were visible among 28% of Bihar's and 25% of Orissa's urban population.

#### **1.8.4.1 Trends of Poverty in States**

The Planning Commission estimated the proportion and number of the poor below the poverty line in major states of India covering the 20-year period 1973-74 to 1993-94 (table 1.5).

The track record of different states of India in decreasing the proportion of their population that is in poverty has varied considerably as can be seen from (table 1.5). On the one hand, three states experienced a substantial reduction in the percentage of their population that was in poverty over the entire twenty-year period from 1973-74 to 1993-94 - Kerala, Andhra Pradesh and Punjab. The numbers of those below the poverty line declined by 58% in Punjab, 57% in Kerala and 55% in Andhra between 1973-74 and 1993-94. In addition, the states of Gujarat, West Bengal and Tamil Nadu were also able to accomplish a substantial reduction in the incidence of poverty - by 50%, 44% and (36%) respectively.

**Table 1.5: Percent Poverty Reduction in States with a large percentage of their population in poverty, 1973-74 and 1993-94**

State	Poverty Ratio (% of Populations)			% Reduction in poverty
	1973-74	1987-88	1993-94	
Punjab	28.08	12.70	11.77	58%
Andhra Pradesh	49.25	27.20	22.19	55%
Kerala	59.71	32.08	25.43	57%
Gujarat	47.21	32.33	24.21	50%
Assam	51.23	36.84	40.86	20%
<b>All-India</b>	<b>54.93</b>	<b>39.34</b>	<b>36</b>	<b>34%</b>
Maharashtra	52.94	40.10	36.86	31%
Uttar Pradesh	56.98	41.99	40.85	28%
Madhya Pradesh	61.90	43.40	42.52	31%
West Bengal	63.39	43.99	35.66	44%
Tamil Nadu	56.51	45.13	35.03	36%
Bihar	61.78	53.37	54.96	11%
Orissa	66.24	55.61	48.56	27%

Source: Compiled from the Planning Commission: *Report of the Expert Group on Estimation of Proportion and Number of Poor* (1993) and *Press Release, March 1997*.

The worst poverty scenarios occurred in Bihar, which had more than half its population in poverty (55%) in 1993-94 and Orissa, with (49%). Bihar was able to reduce the percentage of its population in poverty by a marginal 11% over the 20 years. Assam (as is the case for several states in the North East) gets added to the group of 6 high-share-of-India's-poor states listed above since 41% of its population is in poverty. Clearly Bihar, Orissa, Madhya Pradesh, Assam and Uttar Pradesh have suffered long duration poverty or chronic poverty since more than 40% of the population of these has been in poverty for over 20 years.

**Table 1.6: Percent of India's Poor and of Population in 6 high poverty states**

State	% of India's Poor in 1999-2000	% of population in 2001
Uttar Pradesh	20.36	17
Bihar	16.36	10.69
Madhya Pradesh	11.47	7.91
Maharashtra	8.76	9.42
West Bengal	8.20	7.81
Orissa	6.50	3.57

Source: Mehta and Shah 2004, "Chronic Poverty in India; An Overview" CPRC-IIPA Working paper No.2, p.9

Almost half of India's poor and one third of India's population are concentrated in the three states of Uttar Pradesh (including Uttaranchal), Bihar (including Jharkhand) and Madhya Pradesh (including Chhatisgarh). The exact estimates are 48% of India's poor and 35.6% of India's population are in these three states. (See table 1.6). Three states - Maharashtra, West Bengal and Orissa - account for another 22.5% of those in poverty. 71.65% of India's poor and half of the population are therefore located in six states. Further, while the share of the poor exceeds the share of the population in all these states except Maharashtra, in the case of Bihar, Madhya Pradesh and Orissa their relative share of those in poverty is *substantially* larger than their share of India's population.

#### **1.8.4.2 States Ranking in terms of HDI, GDI, GEM and HPI**

Poverty is usually defined in a limited way in terms of an income-based poverty line. However, poverty has several dimensions and the poor suffer deprivation in multiple ways and not just in terms of availability of income. Several forms of human deprivation, including poor survival chances, unjust employment of children, child prostitution, bonded labour, environmental pollution, domestic violence, and social exclusion arising out of caste and gender discrimination, are not related to income in a predictable manner (UNDP, 1997). The poor also lack access to assets such as credit, literacy, longevity, voice, land, water, and forests. After Human Development Report in 1990, UNDP has

developed further refined measures of human development. These are Human Development Index (HDI), Gender-related Development Index (GDI) and Human Poverty Index (HPI). Along with these three measures Mehta and Shah (2004) use one more measure named as Gender Empowerment measure (GEM) for comparing the poverty situation in major states of India. (GEM) captures the degree to which women and men participate in economic, professional and political activity and take part in decision making. The rankings of the major states on the basis of the HDI, GDI, GEM and HPI indices estimated by different researchers in India are given in table (1.7) below.

Kerala has the highest rank on all four indices while Maharashtra is 3rd on HDI, 2nd on GDI and GEM and 4th on HPI. Punjab and Haryana have been ranked 2nd and 4th on HDI and 3rd and 5th on HPI while 5th and 10th on GDI and 11th and 6th on GEM respectively. However, Orissa, Uttar Pradesh, Bihar, Madhya Pradesh and Assam – 5 out of the 7 high income poverty states – have the lowest ranks on HDI, GDI, GEM and HPI.

**Table 1.7: State Rankings: HDI, GDI, GEM and HPI**

Rank	HDI	GDI	GEM	HPI
1	Kerala	Kerala	Kerala	Kerala
2	Punjab	Maharashtra	Maharashtra	Tamil Nadu
3	Maharashtra	Gujarat	Himachal Pradesh	Punjab
4	Haryana	Himachal Pradesh	Gujarat	Maharashtra
5	Gujarat	Punjab	Karnataka	Haryana
13	Rajasthan	Madhya Pradesh	Uttar Pradesh	Assam
14	Bihar	Rajasthan	Bihar	Uttar Pradesh
15	Madhya Pradesh	Bihar	Orissa	Bihar
16	Uttar Pradesh	Uttar Pradesh	Assam	15 states

Source: Mehta and Shah 2004, "Chronic Poverty in India; An Overview" CPRC-IIPA

Working paper No.2.<sup>14</sup>

### 1.8.5 Poverty variation in India in Nineties

According to NSSO India showed a marked reduction in poverty rates from 1993–94 to 1999–2000. Among rural households, estimated poverty fell from 37 to 27 percent, and among urban households from 33 to 24 percent; so that All India poverty fell a full ten points over the six year period, from 36 to 26 percent.

According to Deaton (2003) most of the “official” decline in poverty is real.<sup>15</sup> For rural households, where the official calculations show the headcount ratio falling from 37.3 percent in 1993–94 to 27.0 percent in 1999–2000, Deaton finds that the fall is from 37.3 to 30.2 percent, so that seven out of the ten points are confirmed. In the urban sector, he estimates a headcount ratio of 24.7 percent, as opposed to the official 23.6 percent, so that the fall in the poverty rate is reduced from 8.8 points to 7.5 points. The underlying fact that drives these results is that there was a very substantial increase in consumers’ expenditures on the six expenditure categories that were consistently surveyed using 30-day recall, and that it is hard to reconcile that increase without there having been a substantial increase in total expenditure.

Sundaram and Tendulkar (2003) estimate that there has been substantial poverty decline in India in the 1990s,<sup>16</sup> though less than, not only the official figures, but also than those calculated by Deaton’s method. Based on the mixed reference periods for the 50th Round, (365 days for low frequency, 30 days for everything else,) they estimate that rural poverty in 1993–94 was 34 percent and that this had fallen to 29 percent in 1999–2000 so that the decline made by Sundaram and Tendulkar is about half of the official one, as opposed to Deaton’s, which is about seventy percent of the official one. For urban households, they estimate poverty in 1993–94 to be 26 percent and find that it has fallen

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<sup>14</sup> For HDI and GDI - AK Shiva Kumar, Gender Equality and Political Participation: Implications for Good Health, mimeo, 1996

For GEM - Aasha Kapur Mehta, Recasting Indices for Developing Countries, EPW, 1996

For HPI - K. Seetha Prabhu and Sangita Kamdar (1997) On Defining Poverty from a Human Development Perspective, University of Mumbai, mimeo.

<sup>15</sup> Deaton, Angus, 2003, “Adjusted Indian poverty estimates for 1999–2000,” *Economic and Political Weekly*, 37(4), Jan 25, 322–26.

<sup>16</sup> Sundaram, K., and Suresh Tendulkar, 2003a, “Poverty has declined in the 1990s: a resolution of the comparability problems in NSS consumer expenditure data,” *Economic and Political Weekly*, Jan 25, 327–337.



to 23 percent in 1999–2000 so that they confirm only about a third of the official decline, whereas Deaton confirms 85 percent of it. Sundaram and Tendulkar find that while some of the most vulnerable groups (scheduled castes, agricultural labourers, and urban casual labourers) have had poverty reductions in line with those of the general population, others, such as the scheduled tribes, have been left behind.

Surjit Bhalla (2003) has been one of the most consistent advocates of the position that poverty has fallen rapidly in the 1990s, not only in India, but in the world as a whole. He argues that there has been a very sharp decline in poverty in India in the 1990s, and that the official estimate of 24 percent in 1999–2000 is an underestimate. He writes, “It is almost incontrovertible that poverty in India was less than 15 percent in 1999-2000.”<sup>17</sup> He also argues that inequality has *improved* in the late 1990s. Bhalla’s conclusions are based on the argument that the national accounts’ estimates of consumption are more reliable than the survey estimates, and on a procedure that scales each household’s consumption of each item so that the totals from the survey agree with the totals from the national accounts on an item by item basis.

Bhalla’s work is important, not so much for its calculations and conclusions, but because it represents an important and widespread strand in recent Indian thinking, that the reforms have not only been associated with rapid growth of national income, but with the virtual elimination of poverty in India.

## **1.9 Causes of Poverty -Multi dimensional Approach**

### **1.9.1 Economic Causes**

#### **1.9.1.1 Lower Wage Rates**

Poverty is inversely related with wage rates. If wage rates are lower, incidence of poverty will be higher. Gaurav Datt and Martin Ravallion (1998:79-80) establish the reduction in poverty incidence caused by higher real wages and higher farm yields, and with about the same elasticity. Between 1974-75 and 1986-87, the wages of agricultural workers adjusted for inflation, grew at a remarkable average rate of 5.35 per cent and this worked towards sharp reduction in poverty during this period. Between 1987-88 and

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<sup>17</sup> Bhalla, Surjit, S., 2003, “Recounting the poor: poverty in India, 1983-1999,” *Economic and Political Weekly*, 37(4), Jan 25, 338–49.

1990-91, real wages rose at 2.5 per cent. In 1991-92 these declined by an average of 6.3 per cent and decreased in 11 out of 17 states. This corroborates the increase in poverty in 1992. (Papanek, 1996).

Dev (1988:14) attributes the higher incidence of poverty among agricultural labour households to their earnings from wage employment being too low to enable them to reach the poverty line and suggests that their annual earnings can be raised by increasing wages and/or days of employment. In distress situations those who get paid in kind such as sharecroppers, may be less affected by sharp increases in food prices than will agricultural labour that receives cash wages that are not indexed to inflation.

IBRD (2000) in India Country Study on Reducing Poverty provides some estimates of annual average growth in wage rates of unskilled male agricultural labourers. The data show that in real terms the rate of growth of real daily wages in rural areas slowed in the 1990's, suggesting that agricultural growth in the 1990's may have been less poverty reducing.

**Table 1.8: Annual Average Growth in Wage Rates of Unskilled Agricultural Male Labourers**

Period	Nominal	Real
1980/1-1990/1	12.0	4.6
1990/1-1997/8	12.2	2.4
1993/4-1997/8	12.7	2.5
1980/1-1997/8	12.1	3.2

Note:

- (i) Consumer Price Index for Agricultural Labourers used to deflate nominal wages;
- (ii) Exponential trend growth rates were calculated using Ordinary Least Squares<sup>18</sup>.

Source: Mehta and Shah 2004, "Chronic Poverty in India; An Overview" CPRC-IIPA Working paper No.2.

<sup>18</sup> IBRD (2000:17) India Country Study on Reducing Poverty, Accelerating Development, OUP, Delhi. cited in Mehta and Shah 2004, "Chronic Poverty in India; An Overview" CPRC-IIPA Working paper No.2

Possible explanations for the slower growth in wages include:

- (a) slower growth of demand for agricultural labour in the 1990s, associated with the new crops that account for the continued high agricultural growth;
- (b) a slowdown in productivity growth in agriculture, possibly related to environmental issues and the need for private investment, such as generation sets, to make up for a poorly performing public infrastructure and
- (c) a less well distributed agricultural growth, with the eastern states, where poverty is concentrated, experiencing a slow-down. (IBRD, 2000:17)

### **1.9.2 Non-Economic Causes**

Though income is a major indicator of poverty condition and less income/ wage causes poverty, there are several other factors, which are causes as well as consequences of poverty. For instance; poor health, illiteracy and vulnerability are not only causes of poverty, particularly chronic poverty, but also are caused by poverty.

#### **1.9.2.1 Chronic Diseases**

Chronic diseases such as tuberculosis and HIV/AIDs are drivers of poverty. A study of households in 1993 in Vijaywada (Andhra Pradesh) showed that 50% of the vulnerable households had serious health related problems over a four year period. Ill health condition reduces the earning potential and increases expenditure on medication. It results in indebtedness and scarcity of resources (P. Amis, 2001).

#### **1.9.2.2 Female Education and Infant Mortality Rates**

Murthi, Guio and Dreze (1996) found that higher levels of poverty are associated with higher levels of child mortality. Basic education, especially female education, equips mothers with required knowledge about nutrition, hygiene and health care. It also helps them to take advantage of public health-care services, thereby reducing child mortality.<sup>19</sup>

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<sup>19</sup> Murthi, Mamta, Guio, Anne -Catherine and Dreze, Jean, (1996) *Mortality, Fertility and Gender Bias in India: A District -level Analysis*, in Jean Dreze and Amartya Sen,ed.(1997),*Indian Development: Selected Regional Perspective*, Delhi. Oxford University Press.

### 1.9.2.3 Vulnerability and Shocks

The poor suffer from different socio-economic problems. Kozel and Parker (2001) point out that “poverty is not a simple, one - dimensional or uniform phenomenon... three distinct categories of the poor emerged: firstly, destitute poor, who have experienced idiosyncratic shocks, catastrophes, or other major problems that have left them without a livelihood or chronically indebted; secondly structural poor, who not only lack economic resources but whose poverty is strongly linked to social identity (caste was the primary determinate of social identity); and thirdly “mobile” poor, who have more resources than either of the two other groups, are virtually debt -free, and have the greatest potential for upward mobility. Risk and vulnerability emerged as important concerns for all categories of the poor, but most critically for the destitute and structural poor.”

In the case of crop-failure or chronic health related problems, if the household has no assets to sell or no access to credit, or borrows money at exploitative rates of interest and gets into a debt trap, shocks can have long duration ramifications in terms of pushing households below the poverty line.

Baulch and Hoddinott, (2000) note that “Governments themselves are often a source of shocks to households. This comes about through the way governments influence the economic, legal and political settings within which the household is embedded.” Shocks can also result from factors such as technological change, global competition changing market demand and rendering traditional skills useless, development related displacement, ecological factors, etc.

Poverty also appears to be associated with certain groups such as scheduled castes, scheduled tribes, the elderly, women and the disabled. It is difficult for them to escape from poverty on account of multiple deprivations they suffer. Different forms of disadvantages reinforce each other so that people in groups ‘jammed’ by one log are likely to face others as well. (De Haan, A. and Lipton, M., 1998: 29).

### 1.9.2.3.1 Scheduled Castes and Scheduled Tribes

The scheduled castes are a collection of castes that suffered the socially oppressive practice of untouchability. While some of them are small and marginal farmers, most of the scheduled caste families in rural areas work largely as agricultural labourers. The scheduled tribes were identified on the basis of certain well-defined criteria including distinctive culture and pre-agricultural modes of production. Two third of the bonded labourers in the country are from scheduled castes and scheduled tribes. (Sankaran, S.R., 2000).

**Table 1.9: Occupational classification of main workers among SCs/STs and Total Population in 1991**

Occupational Groups	Total	SC	ST
Cultivators	39.74	25.44	54.5
Agricultural Labourers	19.66	49.06	32.69
Household Industry	2.56	2.41	1.04
Other Workers	38.04	23.08	11.76

Source: National Commission for Scheduled Castes and Scheduled Tribes *Fourth Report 1996-97 and 1997-98, Volume 1, p.13.*

Scheduled castes are concentrated especially in the states of Uttar Pradesh, West Bengal, Bihar, Tamil Nadu, Andhra Pradesh, Madhya Pradesh, Rajasthan and Karnataka. Scheduled tribes are primarily in 6 states – Bihar, Gujarat, Madhya Pradesh, Maharashtra, Orissa and Rajasthan.

Lanjouw and Stern (1991) underlined a strong correlation between caste and poverty in India. Based on a case study of Palanpur, they noted with concern that among this particular group of people, poverty is a regular phenomenon.

It is also evident from the data in tables (1.9) and (1.10). On average one out of two persons belonging to scheduled caste and tribe groups is poor as compared with an average for the general population of less than one in three. Whereas 31.4% rural non-SC/ST households were below the poverty line, the corresponding estimates were 52% for Scheduled Tribes and 48% for Scheduled Castes. In other words, the incidence of rural poverty was 35 to 40% greater for these groups.

**Table1.10: Poverty and Inequality by Socio-Economic Groups, 1993-94**

	<b>Social groups</b>	<b>Poor</b>	<b>Very Poor</b>
<b>Rural</b>	Scheduled Caste	48.32	21.79
	Scheduled Tribe	51.96	24.77
	Others (Non-SC/ST)	31.43	11.45
	All Population	37.23	15.26
<b>Urban</b>	Scheduled Caste	49.84	25.67
	Scheduled Tribe	40.74	20.06
	Others (Non-SC/ST)	29.44	12.42
	All Population	32.28	14.85

Source: Datta and Sharma (2000), *Working Paper no.7*, Planning Commission.

Estimates of severe poverty show that whereas 12% of non SC/ST rural households were severely below the poverty line as many as 22% scheduled castes and 25% scheduled tribe households were in severe poverty. Similarly in urban areas 13% non SC/ST household experienced severe poverty whereas 26% scheduled caste and 20% scheduled tribe household were very poor.

#### **1.9.2.4 Gender based Discrimination**

Women seldom enjoy the same opportunities as men. The Human Development Report (1995) states that of the 1.3 billion poor people, 70% are women. Gender discrimination aggravates the impact of poverty on women due to unequal allocation of food, lower wage rates, and lack of inheritance rights (Padmanabhan, 1999:22-24). Even in households those are above the poverty line on average, women may suffer severe deprivation as for example, in the case of a small family including a widow and her son, where the son's earnings are the main source of household income. While the son leads the relatively privileged life as he has daily access to a substantial sum of cash, the widowed mother leads a severely deprived life (Lanjouw and Stern, 1991).

Low entitlements, dependency, societal limitations, for example, poor access to literacy and education combined with 'market discrimination' make women concentrated in the low-paid end of the market, resulting in their increasing poverty.

Bina Agarwal (1989: WS 50-51), lists several of reasons cited above that explain why women are much more disadvantaged in their access to employment and earnings than men. These include:

- (a) Lesser job mobility due to their primary and often sole responsibility for child-care, the ideology of female privacy, and the vulnerability to caste/class-related sexual abuse;
- (b) More limited access to information on job opportunities due to lower literacy levels,
- (c) Lesser access to mass media, and less interaction with the market place;
- (d) Confinement to casual work in agriculture;
- (e) Lower payments often even for the same tasks, made possible by the ideological assumptions that women's earnings are supplementary to the family and women are less productive than men, and by negligible presence of female workers' unions.
- (f) The form in which payment is made - a Karnataka study of rural labour found that 70 per cent of male labour contracts and only 20 per cent female labour contracts involved meal provisions;
- (g) Exclusion from productivity increasing machinery, the induction of which typically displaces women, who are rarely trained in its use and who thus remain confined to manual tasks.

#### **1.9.2.5 Older Persons**

The high incidence of chronic ailments and health care needs, declining family size, migration and breakdown of traditional family structures that provided support, make older persons extremely vulnerable to poverty.

Inadequate financial resources are a major concern of the Indian elderly (Desai 1985 cited in Rajan et. al., 2000) Economic insecurity was the sole concern of the elderly in barely sustainable households in rural India (Punia and Sharma 1987 cited in Rajan et. al., 2000). While old age pension schemes are in place but the amount is very small and access is not so easy.

### **1.10 Conclusion-**

We see that poverty has different dimensions but deprivation is the universal feature found in all the poor societies. Scholars have debated much on the measurement of the poverty and proposed various methods to estimate it. Every method presents a different picture of the poverty in a given society. Recently Amartya Sen proposed capability approach that goes beyond the traditional view of poverty. So far there has been no consensus on a standard method of measuring the poverty, which can produce similar results.

Difference in approach towards poverty is quite evident in defining poverty in context of India and developed countries. While in India the concept of poverty is centered around the minimum level of living, the poverty in developed countries is viewed in terms of reasonable level of living. Now-a-days it is conceived that poverty is not only income related problem but it has several other dimensions which is proved by introduction of Human Poverty Index (HPI) as a measuring tool of poverty.



## Chapter 2

### Socio-Political Aspects of Poverty

#### 2.1 Introduction

Political sociology of poverty requires an analysis of the relationship between the political, economic and socio-cultural actors, institutions and processes in the context of poverty. It assumes that poverty is a complex and cumulative consequence of power relations over a period of time between groups within a region and between regions in the modern world system (Kumar 2004).

In context of India, socio-political aspect of poverty plays an important role as it were the government policies either during British period or after that, which determined the socio-economic conditions of the people. India had been conquered before the British too but the difference of the British conquest lies in the fact that it led to the emergence of a new political and economic system whose interests were rooted in a foreign soil and whose policies were guided solely by those interests. The British were not interested in developing India as such. The growth of railways or the spread of irrigation or the expansion of education or the creation of revenue settlements were all initiated with one supreme goal, i.e. to accelerate the process of economic drain from India.

To attain that very goal, the British after establishing political supremacy introduced new property rights in land. Permanent settlement was introduced in Bengal, Bihar and Eastern Uttar Pradesh. The land revenue settlement established during the British rule had been the major cause for the progressive backwardness in Indian agriculture. Under the permanent settlement, intermediaries had come to exist between the cultivator and the state who exercise ownership rights in the land and were entrusted with the responsibility of revenue collection. These intermediaries ruthlessly exploited the peasant. According to Moore colonial rulers saw in the local zamindar a counterpart of the 'enterprising English Landlord' who they believed had the capacity to establish prosperous cultivation if provided with secure and permanent ownership rights over land. Permanent settlement accelerated and intensified the trend towards 'parasitic landlordism' (Moore 1966:345-346).

The post-independence period was marked by a sharp break from this approach and policy. The government now considered land reforms and change in the agrarian relations, the initial step for ushering in a period of development. It also considered promotion and direct participation in the development of the economy generally and, agrarian sector particularly, its major responsibility. Such a changed approach and policy brought considerable positive gains. The issue of poverty came onto the State's Agenda through different processes after the end of colonial period. First there was a constitutional process which was product not of a political revolution but of the research and deliberations of a body of eminent representatives of the people who sought to improve the existing system of administration and socio-economic conditions. Secondly, there came a developmentalist phase which gained importance during the drive for promoting capacity building among the rural cultivators through "Land Reform" in the 1950s. Then came the phase of nation wide rural agitations in the 1960s. The newly created propertied peasants started asking for increase in state's patronage and, the pauperised peasants urged for radical transformations to ensure jobs, wages, dignity and justice. The states' responses were crystallized as the "Green Revolution". Finally, India became market oriented in the 1980s. It was termed "the era of liberalization".

## 2.2 Constitutional Provisions

The resolutions of the Indian National Congress from 1929 onwards emphasized the need "to make revolutionary changes in the present economic structure of the society and to remove grave inequalities in order to remove poverty and ameliorate the condition of the masses". The resolution of 1931 underlined that "political freedom must include real economic freedom of the starving millions" and elaborated the fundamental rights which should be included in the Constitution of free India to provide a basis for it. It was followed by the formation of a National Planning Committee with Jawaharlal Nehru as Chairman in 1937 on the initiative of Subhāsh Chandra Bose as the President of Indian National Congress.<sup>1</sup>

Indian constitution promises to secure 'justice - social, economic and political' for all citizens of the Republic. In other words, the Indian constitution promises not only

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<sup>1</sup> Kumar, Anand. (2004), *Political Sociology of Poverty In India: Between politics of Poverty and Poverty of Politics*, CPRC-IIPA Working paper No.3. p.6-10

political but also social democracy, as explained by Dr. Ambedkar in his concluding speech in the constituent assembly: “ Political democracy cannot last unless there lies at the base of it social democracy. What does social democracy mean? It means a way of life which recognises liberty, equality and fraternity which are not to be treated as separate items in a trinity. They form a union of trinity in the sense that to divorce one from the other is to defeat the very purpose of democracy. Liberty cannot be divorced from equality; equality cannot be divorced from liberty. Nor liberty and equality can be divorced from fraternity.”<sup>2</sup>

The Preamble, Fundamental Rights (Articles 12 to 35), Directive Principles of State Policy (Articles 36 to 51), and the special provisions for Scheduled Castes and Tribes and Backward Classes (Articles 330 to 342) are significant dimensions of the Indian constitution from this perspective.

The preamble reflects the historic objectives resolution drafted by Nehru and others during national movement, which was adopted by the Constituent Assembly on January 23, 1947. The preamble states the objects, which the constitution seeks to establish and promote. It envisages the objectives of political, social and economic democracy, as our leaders felt that political structure would weaken and disintegrate if socio-economic problems like abject poverty and gross inequalities are not tackled and removed. The preamble speaks of social, economic and political justice. Here again, the objective of social and economic justice is to bridge the gap between rich and poor, and to cease exploitation.

The Fundamental Rights have covered all the traditional civil and political rights included in the Universal Declaration of Human Rights. There are six broad categories of the fundamental rights:

- i. The right to equality (Articles 1, 15, 16, 17, and 18)
- ii. The right to freedom (Articles 19 and 21)
- iii. The right against exploitation (Articles 23 and 24);

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<sup>2</sup> from Dr. Ambedkar's concluding speech in the constituent assembly, cited in Introduction to the Constitution of India by Durga Das Basu, 2000. p.24.

- iv. The right to freedom of conscience and free profession, practice and propagation of religion (Articles 25 to 28);
- v. The right to minorities to conserve their culture, (Articles 29 and 30); and
- vi. The right to constitutional remedies for the enforcement of all these Fundamental Rights (Article 32).

Directive Principles envisage the concept of a 'welfare state', for ensuring the social justice expected in the preamble. Removal of poverty is to be achieved not by taking away assets from those who have, but by ensuring a more equitable distribution of national wealth and resources among those who contribute to its creation. Thus, the Directive principles call upon the state to try and secure for all its citizens an adequate means of livelihood, distribute ownership and control over resources to subserve common good, reduce concentration of wealth, ensure equal pay for equal work, and see that people, especially women and children, are not abused or forced by economic want into work unsuitable for their age or strength. Article 37 declares that the Directive Principles are "fundamental in the governance of the country" and that "it shall be the duty of the State to apply these principles in making laws". However these are non-justiciable.

The above principles were given a more precise direction when Parliament accepted the socialist pattern of society as the objective of social and economic policy in December 1954. In 1976, the 42<sup>nd</sup> Amendment Act added certain new directives to the Constitution of India, for instance; children should be given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity; that the operation of the legal system ought to promote justice on a basis of equal opportunity, and in particular the State should provide free legal aid in cases of economic and other disabilities; that the participation of workers in management of industries is secured and that the environment should be protected and improved and the forests and wild life should be safeguarded.

### **2.3 Developmentalist phase**

The direction of post-colonial polity in India was evolved during the three Five Year Plans between 1951 and 1965 in the context of peasant mobilization and other protest

movements. Self-reliance was the basic goal of the Nehruvian agenda under the hegemony of the Congress Party. It is important to recognize that the response to the peasant movements in the Fifties by the nascent post-colonial state and the hegemonic ruling party, Congress, was:

- a) To eliminate intermediaries for creating a broad based proprietary class in the village who took interest in promoting agricultural production;
- b) To facilitate infrastructure facilities through a variety of inputs and concessions;
- c) To ensure minimum price support through purchase of agricultural products by public sector corporations.

The impact of these reforms created two opposite results -

- i) It promoted the expansion of owner-cultivator class which came from upper and upper-middle strata of the caste system; and
- ii) It created insecurity among tenants, agrarian workers, and semi-bonded tillers due to increased pressure of market forces upon the agricultural sector.<sup>3</sup>

### **2.3.1 Land Reforms:**

The 'agrarian question' has been an important topic of discussion for leaders of the Indian freedom movement, starting with Ranade and Dutt, who extensively wrote on how Indian society and economy ought to be reorganized after independence from colonial rule. The Indian state chose to reorganize agrarian relations through redistribution of land, but not in a comprehensive and radical manner. Joshi described it as "sectorial or sectional reforms" (Joshi 1987:56).

Different views were suggested for land reforms. According to institutionalist view there should be radical reorganization of land ownership patterns. They gave a slogan, 'land to the tiller' (Thorner, 1956, Herring, 1983). The Government of India directed its states to abolish intermediaries, regulate rent and tenancy rights, confer

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<sup>3</sup> Kumar, Anand. (2004), *Political Sociology of Poverty In India: Between politics of Poverty and Poverty of Politics*, CPRC-IIPA Working paper No.3. p.10

ownership rights on tenants, impose ceilings on holdings, distribute the surplus land among the rural poor, and facilitate consolidation of holdings.

However, this policy of land reforms which could have produced structural changes in the rural society has been a near total failure except in the case of two communist ruled states of Kerala and West Bengal. Land reforms could succeed only in regions where the peasantry was politically mobilized and could exert pressure from below. (Radhakrishnan, 1989).

The main reasons for the failure of these measures were:

- (i) Fixation of ceiling at a very high level.
- (ii) The ability of the rural elites to circumvent the legislation regarding ceilings by resorting to large scale benami transfers with the connivance of the corrupt bureaucracy at the lower level finally,
- (iii) In the absence of a 'concerted political will' to implement the legislation because the majority of the political elite was drawn from the dominant landowning classes. (Joshi 1976).

In addition to the state policy of creating an egalitarian social order in rural society through redistribution of land, voluntary efforts have also been made towards the same objective. The most notable among them being the Bhoodan (land-gift) movement, launched by Vinoba Bhave in 1952. Bhoodan movement based on Gandhian ideology, sought to improve the position of poorest and the landless by redistributing the land, voluntarily gifted by rich peasants. However, inspite of the success in the early phase under the Vinoba's inspiration, the movement fizzled-out after sometimes. There were many reasons for the failure of this movement; firstly, it relied too much on the generosity of the rich farmers. It was found that most of the gifted land consisted of rocky, barren or otherwise agriculturally poor pieces of land. Secondly, the movement could not be sustained over a long period of time. Sometimes, the farmers even took back the land which they had gifted earlier. Thus on the whole, even Bhoodan movement failed to bring about any significant change so far as redistribution of land was concerned.

### **2.3.1.1 Social Consequences of the Land Reforms:**

Despite overall failure, land reforms succeeded in weakening the hold of absentee landlords over rural society and assisted in the emergence of a 'class of substantial peasants and petty landlords as the dominant political and economic group' (Bell, 1974:176). The land reforms brought about certain important changes in the traditional rural social structure. The new hierarchy in the agrarian structure consisted of:

**Big landowners-** At the top of the hierarchy stood the big landowners, most of them being former landlords who owned large pieces of land under the guise of personal cultivation. Normally, these landowners relied on hired labour and the modern farm machinery for cultivation. Agriculture for them was primarily profit making activity. The production was geared to generate surplus and hence modern technological inputs like fertilizers, pesticides, high yielding varieties of seeds and other farm inputs were made use of to increase productivity. They constituted the dominant class in the rural areas and built a lot of political clout.

**Rich Peasants-** They consisted of self-cultivating farmers who occupationally used hired labour. They were drawn from the upper layer of the tenants who had relatively bigger holdings and large enough financial resources to consolidate their position. By purchasing ownership rights under new land laws, this section of tenants had been main beneficiary from the tenancy reforms. They could also generate a sizeable surplus to sell in the market and employ modern farming techniques along with technological inputs like fertilizers, pesticides and high-yielding varieties of seeds. Most of these peasants belonged to the middle rung castes. As result of land reforms, modernization of agriculture and growth of irrigational facilities, from mid60s onwards they had become the upwardly mobile sections of rural society. Rajni Kothari has termed them the "Ascendant castes". Of late, they started challenging the political domination of big landowners who constituted the "entrenched" upper castes. Given the numerical strength of these ascendant castes they resorted to horizontal mobilizations, to challenge the dominance of the entrenched caste.

**Inferior Tenants-** These comprised the most numerous class having small cultivating interests, whose economic status even after the land reforms remained as depressed as before. There was no change in respect of land revenue payment demanded from them or the rights enjoyed by them over their land. The only difference was that now they had to

face directly the state not the landlords. Even when they retained control over their land which they cultivated, they did not enjoy right of transfer. In the absence of credit-worthiness based on land ownership they were deprived of the credit facilities operated by the corporate institutions and the nationalized banks. They had, therefore, no escape from the farmer landlords, on whom they continued to depend in a number of ways.

**Tenants-at-will, share-croppers, marginal farmers and farm labourers-** They existed at the bottom of the social scale. Except the marginal farmers, none of the other categories had any rights over the land of which they were the actual tillers. In areas where the pressure of population was acute they continued to cultivate the home farms and other lands of the landlords without enjoying any security. In other areas where the landlords had undertaken large scale farming, they had been the first to be affected and in most cases were re-employed on terms and conditions which were not entirely free from the semi-feudal hand-over.

Thus land reforms along with modernization of agriculture through diffusion of technological inputs had contributed the increase in agricultural productivity in those areas where irrigational facilities were available. Rise in agricultural productivity had brought prosperity and affluence to certain sections of the rural population especially the big landowners and the rich peasants. On the other hand, small and marginal farmers, the tenants and farm labourers were not benefited from these changes. Infact, their conditions got further worsened.

Over the years there has been a trend towards decline in the number of landholdings which shows that increasingly the small and marginal farmers are joining the ranks of landless labourers. Due to adoption of mechanized farming and commercialisation of agriculture the employment avenues for these poorer sections of the rural society have further declined. Thus a process of polarization is taking place in the rural society which on one hand consist of big landowners and rich peasants and on the other extreme the inferior tenants, marginal farmers and farm labourers.

#### **2.4 Planning in India**

Land reforms were followed and accompanied by a programme of development under the successive plans commencing with the First Five Year Plan launched in 1950-51. In India, the planned economic development began in 1951 with the inception of the



first Five Year Plan. The theoretical efforts for economic development in India economy had already begun before independence. In the year 1934, M. Visheshvraya wrote a book named “Planned Economy for India”, which was the first attempt in this direction. The Indian National Congress set up the National Planning Committee (NPC) towards the end of 1938. The committee produced a series of studies on different subjects concerned with economic development. The committee laid down that the state should own or control all key industries and services, mineral resources and railways, waterways, shipping and other public utilities. In 1944, eight leading industrialists of India conceived “A Plan of Economic Development” which was popularly known as the Bombay Plan. In August 1944, the Indian Government inaugurated a separate department called ‘The Planning and Development Department’ and appointed Ardishar Dalal, the controller of Bombay Plan, as its acting member. Inspired by the economic views of Mahatama Gandhi, Sriman Narayan constructed a plan in 1944, which is known as ‘Gandhian Plan’. In April, 1945 M.N.Rao introduced a ‘People’s Plan’. In January 1950, Shri Jaiprakash Narayan published a plan called ‘Sarvodaya Plan’. Just after independence Planning Commission was constituted on 15<sup>th</sup> March, 1950 by Government of India.

#### **2.4.1 Objectives of Economic Planning In India**

The Directive Principles of our Constitution laid down: “The State shall, in particular, direct its policy towards securing- (a) that citizens, men and women equally, have the right to an adequate means of livelihood; (b) that the ownership and control of the resources of the community are so distributed as best to subserve the common good; (c) that the operation of the economic system does not result in the concentration of wealth and production to the common detriment.” The Directive Principles of Indian Constitution are, thus, an expression of the will of the people of India for rapid economic growth. Accordingly, the Government of India adopted planning as a means of fostering economic development. The Planning Commission set out the following four long-term objectives of Planning:

- (i) To increase production to the maximum possible extent so as to achieve higher level of national and per capita income;

- (ii) To achieve full employment;
- (iii) To reduce inequalities of income and wealth and
- (iv) To set up a socialist society based on equality and justice and absence of exploitation.

The First Five Year Plan began on April 1, 1951. The main objectives of this Plan were to reconstruct the economy which was damaged as a result of Second World War and partition of the country, to increase the production capacity and to lessen the economic disparities as far as possible, to solve the food crisis and to improve the availability position of raw materials, especially of Jute and Cotton, to make the economy of the country so strong as to accelerate the pace of economic progress (Constructing the roads, extending the transport communication facilities constructing the irrigation and water electricity projects were given priority).

## **2.5 Nehru-Mahalanobis model of development**

Nehru-Mahalanobis model of development emerged as the driving force of the strategy of development adopted in the mid-fifties at the time of formulation of the Second Five Year Plan. This strategy has continued right upto the eighties with a short interregnum of about 2-3 years when Janata Party was in power during 1977-80. Nehru-Mahalanobis model was based on long-run development strategy which accorded greater preference to the long-term goals of development, rather than succumbing to the immediate and short-term goals. (Dutta And Sundharam, 2006)

The strategy, emphasised:

1. A high rate of saving so as to boost investment to a higher level,
2. It preferred a heavy industry bias to develop the industrial base of the economy,
3. It opted for the protectionist path so as to safeguard infant industry,
4. It encouraged import-substitution so as to achieve self-reliance, and
5. It aimed at enlargement of opportunities for the less privileged sections of the society. Growth with social justice was thus the goal of Nehru-Mahalanobis model since it intended to foster a self-generating path of development with an assurance to the common man that poverty, unemployment, disease and ignorance would be removed.

The principal functions of the state in the economic sphere were the development of economic and social infrastructure. The economic infrastructure was concerned with enlargement of irrigation, power, transport and communications so as to expand markets as also to remove constraints in the form of power on industrial development and irrigation for agricultural development. By increasing social infrastructure in the form of education and health, the State intended to develop skilled manpower so that it could provide the necessary skills needed for the functioning of the new industries. To channelise investment into socially desired lines of production, the State nationalised major banks. Thus, in the Nehru-Mahalanobis model the state controlled the economy through the public sector.

Based on the Nehru-Mahalanobis model, Second Five Year Plan was started on April 1, 1956, and ended on March 31, 1961. The fundamental objective of this plan was to initiate and accelerate the process of industrialisation so that the development of Indian economy acts as a firm base. The Industrial policy (1956) was based on the objective of establishing the Socialistic Pattern of Society. It laid emphasis on industrialisation, increased production of iron and steel, heavy chemicals including nitrogenous fertilizers and development of heavy engineering and machine-building industry.

This plan was severely hindered by the rising inflation rate in the economy. During this plan price level increased by 30%, against a decline of 13% during First Plan.

After second plan, Third Five Year Plan started on April 1, 1961 and ended on March 31, 1966. The basic aim of this plan was to push the economy upto the take-off stage of development. This plan aimed at securing a marked advance towards self-sustaining growth. This plan was an ill-fated plan as India faced two wars with China in 1962 and with Pakistan in 1965. Besides India also faced drought in 1965-66 which resulted into a decline of 4.7% in national income in 1966-67.

## **2.6 Green Revolution**

The term 'Green Revolution' was used for the new strategy adopted in the second half of 1960s to increase agricultural productivity in order to attain self-sufficiency in food. The strategy was based on the use of new seeds, commonly referred as High-

Yielding varieties. These seeds had the physiological attribute of being able to turn large amounts of soil nutrients into grain rather leaf growth. This enabled the plant to produce higher yields, especially if the supply of nutrition the soil could be increased. This in turn created a demand for chemical fertilizers, to supplement the natural fertility of soil. Plants also needed adequate supply of water. There was also need of regular supply of germicides and pesticides to check the growth of weeds. Thus use of High Yielding Varieties was to be followed by a number of other technological inputs, which demanded substantial capital investment. The advantages of High Yielding Varieties seeds were that they gave higher yields and their quick maturation enabled multiple cropping, thus, leading to overall growth in agriculture production. The limitations of High Yielding Varieties seeds were: firstly, their use was limited to only those areas where assured irrigation facilities exist. Secondly, these seeds could be developed initially for wheat and of late, for rice and maize. While, for millets which constitute the staple food of the poor sections of Indian society, no such miracle seeds could be developed.

This new strategy of green revolution for increasing agricultural productivity had enormous consequences. Firstly, the overall agricultural growth rate increased from 3 to 5 percent per annum (Byres, 1972), which was many times more than what the growth rate had been during colonial period. It had been found that large share of increased production came from a few areas which were endowed with irrigational facilities like Punjab, Haryana, Western Uttar Pradesh, Coastal Andhra, Thanjavore, districts of neighbouring areas in Tamilnadu. Thus, green revolution contributed to regional imbalances. Francine Frankel (1971) in his study of five districts from well-irrigated areas including Ludhiana, West Godavari, Tanjavore, Palghat and Burdwan had shown that the Green Revolution had benefited only those farmers who had landholdings.

Green Revolution was based on 'Trickle Down' theory of economic growth. But the small and marginal farmers had been adversely affected by Green Revolution and some of them had been forced to sell-off their land holdings to the large farmers and joined the ranks of agricultural workers. Thus. The Green Revolution increased the gap between the rich and poor in the rural sector by channelising benefits of rich farmers at the expense of small peasants and the landless labourers, as could be shown from the increasing incidence of poverty in the rural areas along with increasing affluence.

According to the Sixth Five Year Plan Document more than 50 percent population of the rural areas continued to live below the poverty line. This indicated that the Green Revolution had led to polarization of rural society into affluent and extremely poor sections.

Now big farmers were taking agriculture as enterprise and were concerned with accumulating surplus by selling agricultural produce in the market. Thus, market orientation of agricultural production increased. One of the manifestations of the growing market orientation of agrarian production was the emergence of a totally new kind of mobilization of surplus-producing farmers, who demanded a better deal for the agricultural sector. Interestingly, these 'new' farmers' were mostly substantial landowners who had benefited most from the development programmes and belonged to the numerically large middle-level caste groups, whom Srinivas had called the 'dominant castes' (Srinivas 1994) the members of this new class also came to dominate regional/ state-level politics in most part of India. Some of them invested accumulated surplus into other economic activities (Rutten 1991) or migrated to urban areas (Upadhyya 1988).

Culturally also, this new class differed from both the classical peasants and the old landlords. Balagopal has explained well the typical socio-economic characteristics of this new class in these words: " a typical family of this class has a landholding in its native village, cultivated by hired labour, *bataidar*, tenant or farm servants and supervised by the father or one son; business of various descriptions in town managed by other sons; and perhaps a young and bright child who is a doctor or engineer or a professor. It is this class that is most vocal about injustice done to the village" (Balagopal 1987: 1545)

## **2.7 Socio-Political analysis of Period between 1950 and 1970**

The socio-political consequences of land reforms, three Five Year Plans and Green Revolution adopted during 1950-70 by government for poverty alleviation and removal of inequalities were that agriculture changed into a 'market oriented, cash based and profit oriented occupation, causing deterioration of the situation of poorer strata in rural India. On one hand, a handful of big farmers were getting benefit from market, on the other hand the condition of poorer and marginal section of society, particularly, of

agricultural labourers, was getting worse. Most of these landless, agricultural labourers belonged to backward castes and especially dalits. The number of these poor people increased many times during this period. In 1962 Indo-China war and in 1965, Indo-Pak war made the economic situation of the country worst. It seemed that Nehruvian plan had failed in its objectives.

In period 1963-67, the country was facing many problems like food scarcity, price-hike, issue of national defence, foreign dependence, economic stagnation and regional disparities. There was visible growth of discontent in the late sixties (Kumar, 1989). So government adopted a new agenda which was named as 'Ten Point Programme'. The slogan of "Jai Jawan-Jai Kisan" (victory to the soldiers – victory to the peasants) symbolized the new thrusts of the state.

In sixties, the second wave of rural mobilization started which contained two different groups of rural masses.

One movement was launched by newly emerged proprietary class which consisted of rich and medium farmers. They were called by communists as "Kulaks". Some named them as "Bullock Capitalists." their mobilization was for securing increased patronage from the state. There was no conflict of interests among them and urban capitalists and industrialists. It was led by peasant based regional-political formations, which came into existence in 1960s in several provinces of India. Later, in 1974, many of these formations joined Bhartiya Lok Dal of Charan Singh.

Agrarian poor, prominently agricultural labourers, launched another movement. They were led by the left wing parties like Communist Party of India, Communist Party (Marxist), Socialist Party and Communist Party (Marxist-Leninist). The movements led by rural poor in 1960s and 70s were central around economic, social and political issues. Economically, they needed security of employment, minimum wages, rights over a certain share of the produce, distribution of surplus lands and reduction and liquidation of debts. Socially, their agitation was in protest of violation of legally acquired rights,

gender discrimination, violence and humiliation by upper castes/class people or by public officials. Politically, they resisted repression and terror of the upper and middle castes who had recently turned into landowning classes in rural India. They were concerned with the nexus of the newly emerging proprietors and the nascent independent state. They alleged that state was much concerned about these proprietors than others.

## **2.8 Fifth Five Year Plan and Emphasis on Garibi Hatao -**

The Fifth Five Year Plan began on April 1, 1974 which was scheduled to end on March 31, 1979. The major objective of the plan was to achieve self-reliance and adopt measures for raising the consumption standard of people living below the poverty line. This plan also gave high priority to bringing inflation under control and to achieving stability in economic situation. The broad objectives of this Plan were as under: (a) Expansion of the opportunities of productive employment, (b) National Programme of minimum needs in which primary education, drinking water, medical facilities in rural areas, nourishing food, land for the houses of the landless labourers, rural roads, electrification of the villages and cleanliness of dirty suburbs were included, (c) Extended programmes of Social Welfare, (d) Adequate collection and distribution system in order to provide the commodities of necessary consumption to the poor people on reasonable and stable prices, (e) A judicious Price-wage policy, and (f) Institutional, Fiscal and other measures for reducing the social, economic and regional inequalities.

The Fifth Five Year plan was a landmark due to its special thrust on removing poverty. it was also remarkable due to its recognition that the Indian economy had reached a stage where larger availability of resources makes it possible to launch a direct attack on- a) unemployment, b) under-employment, and c) poverty. It clearly admitted that the twin causes of poverty are (i) underdevelopment, and (ii) inequality and it is inadmissible to ignore or underplay either factor. Therefore, it pointed out that the

problem of poverty couldn't be overcome within the foreseeable future by efforts in one direction only (Kumar, 2004).<sup>4</sup>

## 2.9 Janata Government and the Gandhian Model of Growth

Mahatma Gandhi was not a professional economist and had not developed a formal model of economic growth. But he advocated certain policies with regard to the development of Indian agriculture, industries etc. Acharya S.N. Agarwala brought out the 'Gandhian Plan' in 1944 and re-affirmed it in 1948. These publications form the basis of Gandhian planning or 'Gandhian model of growth'.

The basic objective of the Gandhian model is to raise the *material as well as the cultural level* of the Indian masses so as to provide a basic standard of life. It aims primarily at improving the economic conditions of the 5.5 lakh villages of India and therefore, it lays the greatest emphasis on the scientific development of agriculture and rapid growth of cottage and village industries.

The Gandhian model aims at the reform of agriculture as the most important sector in economic planning in India. Agriculture offers great scope for enlarging employment in: (i) agriculture including animal husbandry, compost-making, sanitation and gobar gas; (ii) rural works such as irrigation projects, soil conservation, land reclamation, afforestation etc. and (iii) rural or cottage industries. The primary objective of agricultural development is national self-sufficiency in foodstuffs and maximum regional self-sufficiency in food.

The primary aim of the Gandhian plan was the attainment of maximum self-sufficiency in village communities. Gandhian plan wants the State to consider the revival and expansion of rural cottage industries as the main plank of its industrial planning. Hence, the plan emphasises the rehabilitation, development and expansion of cottage industries side by side with agriculture. Spinning and weaving are given the first place.

The manufacturing of khadi is important and it is almost on the same level as the

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<sup>4</sup> The issue of poverty became a central question during 1964-71. It was triggered by the Lohia-Nehru-Nanda debates in Lok Sabha in 1964 about the nature of poverty and its extent. It became recognized as a political imperative of democratic governance as a large number of people were still trapped in economic settings which forced them to live below the levels of subsistence. It was legitimized by the slogan of Garibi Hatao (eliminate poverty) by the Congress Party under the leadership of Indira Gandhi in the general elections of 1971-72. Kumar, Anand. (2004), *Political Sociology of Poverty In India: Between politics of Poverty and Poverty of Politics*, CPRC-IIPA Working paper No.3.



production of rice and wheat. "Just as villagers cook their own roti (bread) and rice so must they make their own khadi for personal use. The surplus, if any they may sell."<sup>5</sup>

The Gandhian Plan recognises the need for and the importance of certain selected basic and key industries in India, especially defence industries, hydro-electric and thermal power generation, mining and metallurgy, machinery and machine- tools, heavy engineering, and heavy chemicals. The Gandhian Plan would like the development of basic industries not to interfere with or to hinder the growth of cottage industries. The most dynamic scientific aspect of the Gandhian model is that the basic and key industries will be owned and managed by the State— they will be in the public sector. On this point there is no difference between Nehruvian and Gandhian models of growth.

After Independence, Nehru dominated the Indian scene and Gandhi and his economic ideas were forgotten. During the, short period of the Janata rule 1977-79 as well and as in the Draft Sixth Plan some of these ideas were incorporated. Gandhian model of growth has relevance in the Indian context of development and has much to commend itself.

Charan Singh, an ardent supporter of the Gandhian model of economic growth, states : "No medium or large-scale enterprise shall be allowed to come into existence in future which will produce goods or services that cottage or small-scale enterprises can produce and no small scale industry shall be allowed to be established which will produce goods or services that cottage enterprise can produce."<sup>6</sup> As a chief minister of Uttar Pradesh he tried his best to apply Gandhian formula in the state.

## **2.10 LPG Model of Development and Planning Scenario after that**

LPG Model of development which was introduced in 1991 by the then Finance Minister Dr. Manmohan Singh with emphasis on liberalisation, privatisation and globalisation.<sup>7</sup> Several major changes at the domestic level were introduced.

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<sup>5</sup> Gandhian plan.1944.

<sup>6</sup> Singh, Charan (1978), India's Economic Policy, Gandhian Blueprint, p.105.

<sup>7</sup> India entered the phase of liberalization in 1980s under Prime Minister Rajiv Gandhi and the process continued inspite of change in leadership at the level of the Prime Minister. The year 1991 was beginning of an explicit phase of rolling back of the state due to imperatives of liberalization.

- Areas hitherto reserved for the public sector were opened to private sector. The Government intended to transfer the loss-making units to the private sector, but no industrial organization was ready to take them. Instead, the Government started disinvestment of the highly profit-making PSUs and the proceeds were used to reduce fiscal deficits. Thus, due to various social constraints the Government could not carry forward its programme of privatisation, though it did succeed in liberalising the economy to the private sector — both domestic and foreign.
- Permission to private sector to set up industrial units without taking a license, thus checked delay in the process of private investment.
- Abolition of the threshold limit of assets in respect of MRTP companies and dominant undertakings, the Government freed the business houses to undertake investment without any ceiling being prescribed by the MRTP Commission.
- The Government decided to grant approval for direct foreign investment upto 51 per cent in high priority areas, with a view to facilitate direct foreign investment. In case of proposals involving more than 51 per cent equity, prior clearance of the Government was necessary. No permission was required for hiring foreign technicians, foreign testing of indigenously developed technologies, etc.
- Chronically sick public sector enterprises were referred to the Board for Industrial and Financial Reconstruction (BIFR) for the formulation of revival/ rehabilitation schemes. A social security mechanism was introduced to protect the interests of workers likely to be affected by such rehabilitation packages.
- To improve the performance of public sector enterprises, greater autonomy was given to PSU managements and the Boards of public sector companies were made more professional.
- Lastly, the economy was opened to other countries to encourage more exports. To facilitate the import of foreign capital and technology and other allied imports, reduction in import duties and other barriers were brought about.

### **2.10.1 Deepening Disparities and Divides: Whose Growth is it anyway?<sup>8</sup>**

Policy orientation since the early 1990s has raised some serious concerns and questions in the social and environmental realms impacting employment and distribution of income, the emergence of new forms of vulnerability, weakening state regulation, deteriorating governance patterns, paradoxical poverty statistics, imbalanced demographics with inter-regional disparities and often dismal human development indicators.

There is an absence of a strategic goal and it seems that there is no specific long-term or medium-term goal that is being pursued.

#### **Agriculture-**

In case of agriculture, the whole sector is in crisis which is evident in supply side constraints, food scarcity, import of food often at higher rates than domestic production costs, agriculture becoming unviable, declining public investment and overall neglect agriculture such that it has become a constraint on future growth. Added to that is the plight of farmers across the states who are forced to commit suicides facing indebtedness, depressing real wages in agriculture, frequent failure of crops and increasing vulnerability on agriculture. The total numbers of cultivators across the country have declined from 110.7 million in 1991 to 103.63million in 2005-06.the agriculture sector has grown at a mere average of 2.3 percent yearly during the Tenth Five Year plan. The share of agriculture (including the allied sectors of forestry and fishery) in total GDP has seen a constant decline over the years from 25.3 percent in 1999-2000 to 19.9 percent in2005-06.

#### **Infrastructure-**

In case of infrastructure we seem to have come full circle, where private players did not into power generation as had been hoped, the success of private players in transmission and distribution has not been phenomenal. Private players have not played the commensurate role in urban infrastructure, provisioning of basic services has still remained a dream and we are all now led to believe that the panacea lies in “public-private partnership’.

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<sup>8</sup> Social Watch India, (2007), *Citizens' Report on Governance and Development*, New Delhi: Sage Publication India Pvt Ltd.

## **Employment-**

Over the two decades of 1983-1994 and 1993-2004, the overall employment growth declined from 2.01 percent to 1.84 percent. National Rural Employment Guarantee Programmed launched in September 2005 is perhaps the most talked about national level employment generation programmed. So far the response to this programmed has been mixed with varied experiences of the states in terms of its performance- for instance, Registration percentages of “eligible” households vary from 14.1 percent in Madhubani (Bihar) to 100 percent in Shivpuri (M.P.). In a recent survey in, it was found that close to 80 percent of the rural households were not aware of the fact that after getting the Job card , one had to apply for getting wage employment.

## **Health –**

Uttar Pradesh ‘s performance in reducing health inequalities has remained a matter of concern. There are regional differences, income based variations, and caste and gender based differences. In availability of health services, performance of health institutions and health outcomes.

Disparity persists not only regionally but also across socio-economic groups. A caste wise break-up of incidences of infant and child mortality clearly shows that it is scheduled caste and the tribe households that are deprived most. This is true for both rural and urban areas. Gender differences in health status are the most noticeable aspects of health inequality in India.

## **The Changing Nature of Center- State Fiscal Relations-**

The elements of fiscal re-structuring that are particularly discernible after the initiation of economic reforms in India are- transfers based on mobilization of own resources; economic sustainability appearing as the chief criterion for ‘success’ of programmes, schemes, grants; the dominant concern with efficiency in fiscal allocations, even in the social sector, leading to privatization via public-private partnership; and the attempt to usher in such institutional reform that creates enabling environment to attract outside funds in support of development efforts. There is an inherent process of centralization in place with increasing control of the Center as reflected in the nature of

grants, decline in overall transfers, increasing expenditure responsibilities of the states, increase in committed expenditures, and increase in relative command over total resources by the Central government in relation to its expenditure.

The sociological consequences of the liberalization-globalisation drive have been summarized by Yogendra Singh (2002) as state versus market dilemma. He argues that the extent to which the power of market increases and expands, the significance of the state as a supreme political institution, undergoes major alterations. Idealistically, some protagonists of the market even anticipate the end of the notion of sovereignty. For societies such as India, where nation-building has still not reached the level of integrative maturity, such fears of the end of sovereignty or a threat to it due to unhindered play of the global market force cause not only acute anxiety but also pose a challenge (Y. Singh, 2002).

### **2.11 Bharat Nirman Yojana (2005)**

Accepting the policy 'a step towards village', Union Government has launched a new scheme, named '**Bharat Nirman Yojana**' on December 16, 2005. This scheme aims at developing rural infrastructure. The duration of implementing this scheme has been determined for four years with the expected expenditure of Rs. 174000 crore.

The major six sectors and their targets for next four years are:

- Irrigation: to ensure irrigation for additional one crore hectare of land by 2009.
- Roads: to link all villages of 1000 population with roads and also to link all hilly villages upto 500 population with roads.
- Housing: construction of 60 lakh additional houses for the poor.
- Water Supply: to ensure drinking water to all remaining 74000 villages.
- Electrification: to supply electricity to all remaining 125000 villages and to provide electricity connection to 2.3 crore houses.
- Rural Communication: to provide telephone facility to all remaining 66822 villages.

In a more recent study, Shenggen Fan., Peter Hazell and S.K.Thorat (1999) show a strong linkage between improved infrastructure and decline in rural poverty. Richa Singh (2004) in her study found that availability of infrastructure facilities in rural areas helps in reducing poverty levels via their favourable impact on agricultural productivity and wages as well as on the growth of non-agricultural activities in rural areas. She also observed that in the post-reforms period the role of rural infrastructure in reducing rural poverty has become stronger through diversification of the rural economy.<sup>9</sup>

## **2.12 Politico-Social Situation in Uttar Pradesh**

Political situation in Uttar Pradesh has played very important role for its present situation. For Uttar Pradesh ,which has given most of the prime ministers of the country, it is called that the road going to Delhi passes through this state. In simple words, being most populous state of the country it contributes largest number of Member of Parliaments (MPs)., who further play significant role in government making. Though the state plays important role in deciding the future of country, the state itself is trapped in the vicious circle of poverty. Though this was not the situation always. Before 1980, it was a leading country in many socio-economic parameters. Now the trend has reversed. It is the one of the most backward states of the country. It comes under BIMARU (Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh) states. As name suggests, BIMARU states are those states who are backward in almost all the social-economic indicators of development. The political instability is an important reason for the backwardness of the state.

Uttar Pradesh enjoyed political stability for nearly four decades after independence. During this period the Congress party was in the seat of power for most of the time, except for some brief spells. But in late eighties the state witnessed a number of coalition governments of various mixes and hues, all of which had a short tenure. Since December 1989, Uttar Pradesh has seen change of chief ministers nine times and three spells of president rule. In Uttar Pradesh electoral battle is fought on the basis of caste identity, religion and region. We can divide the last 50 years of political scenario in four parts, all show a major change in socio-political conditions.

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<sup>9</sup> Sankaran, P.N. (2006) ' Bharat Nirman – Towards Unlocking Growth Potential of Rural India', *Kurukshetra*, Vol 54, No.12, October, pp.3-8.

From Green revolution, four castes Ahir , Jat, Gurjar and Kurmi benefited most. Though in social hierarchy they all are backward castes but they are dominant castes (Srinivas, 1994) in their locality. They are numerically in majority in their local areas. They are also land owning castes. Earlier many of them were engaged in cattle rearing and in the business of milk, later they bought land for cultivation. During Green revolution these castes were rich enough to invest money in adopting new culture of agricultural production. They were able to buy HYV seeds, fertilizers, pesticides etc. Hence, they took the benefit of Green Revolution and became richer.

Now, they started taking part in political processes. In the region, where they formed majority, they were able to win most of the seats in parliament as well as state legislature. After Green Revolution, these affluent farmers mobilized for continuation of state patronage. This was the period of 60s to 80s; in Uttar Pradesh many chief ministers came from these communities. For instance, during these period two important leaders who played dominant role in national as well as state politics, were Charan Singh and another Mahendra Singh Tickat, who formed Bhartiya Kisan Kamgar Union (BKKU), which worked as a pressure group rather than political party. These communities demanded for reservation in job. Their argument was that they were always backward in Hindu Caste system and so faced many problems for many years. From here, the politics of reservation starts in National as well a state politics.

Utttar Pradesh witnessed the dominance of these castes in political aura till 1990s, when Dalit assertion takes place in the form of Mayawati as Chief minister of the state. In 1989 at the Centre, Janta Dal Government formed with the support of Bhartiya Janta Party (BJP). BJP has its political base in middle class businessman and service class in towns and cities. In Uttar Pradesh BJP formed government in 1991. In 1992, Ram Mandir issue became national issue with demolition of Babri Masjid. At the same period the recommendations of Mandal Commission was accepted by congress government. In 1991, the LPG model of development was also started in the country. Market was opened for private sector. Thus this time period witnessed three issues Market, Mandal and Mandir, all starting with letter "M".

In recent assembly elections (May, 2007) the Bahujan Samaj Party (BSP) got the majority in the state first time in last 15 years. This event has sociological relevance, as this time Upper Caste people came in support of BSP, which shows that people in state are ready to reject any party, either National or regional, which will not care about them.

In spite of regular change in leadership in the state, there is not major change in economic situation of state. The power shifted regularly from one caste to another but the situation of common man of any caste remained almost same. And the state still continues as BIMARU state.

### **2.13 Conclusion**

Thus we see that political factors play an important role in determining the situation of poverty in a country. It becomes even more important in country like India, where prevalence of poverty is not due to economic factors but is institutionalized in its social structure. In India, where a section of people feel deprived only due to their lower caste, the role of political system gets increased in removing these social hindrances by legislations and by constitutional provisions. The country like India which emphasizes on the socialistic pattern of society in order to establish egalitarian society, the role of government and political system again becomes important.

Finally it is the government which makes policies and programmes for poverty alleviation and for other social welfare schemes. Again it depends upon the quality of leadership how it implements these programmes. Hence, the role of leadership and one's ideology becomes important for determining the path and direction of development of a country.



## Chapter 3

### Poverty in Uttar Pradesh

#### 3.1 Introduction

Uttar Pradesh, with a population of 16.62 crore as per 2001 Census, is the most populous State of the country. Its area of 2,36,286 sq kms. lies between latitude 24 degree to 31 degree North and longitude 77 degree to 84 degree East. It accounts for 7.3 percent of total area of the country, which makes it the fifth largest State in the country. About 79% of the State's population resides in rural areas. It is estimated that 31.15% of the State's population were living below the poverty line in 1999-2000 with almost 80% concentrated in the rural areas. Uttar Pradesh has 70 districts, 300 Tehsils and 813 development Blocks. There are 52028 Gram Panchayats in the State covering 97134 inhabited villages. The majority of UP's villages are small, with an average population of around 3194 per panchayat.

Uttar Pradesh is surrounded by Bihar in the East, Madhya Pradesh in the South, Rajasthan, Delhi, Himachal Pradesh and Haryana in the west and Uttaranchal in the north and Nepal touches the northern borders of Uttar Pradesh, it assumes strategic importance for Indian defence. It is almost half of the area of France, three times of Portugal, four times of Ireland, seven times of Switzerland, ten times of Belgium and a little bigger than England.

Uttar Pradesh continues to be one of the BIMARU states, despite being once a pace-setter for the country's economic and social development, reflecting a rich potential in terms of both human and natural assets. Poverty estimates have shown that the gap between U.P. and the rest of India continued to remain almost same, with percentage of population below poverty line as 31.2 % in the state against 26.10 % at all India level during the year 1999-2000. The rate of poverty reduction in the state is directly linked to the poor growth performance of the state in the recent years. In addition to the low rates of growth, the state has also been faced with high and rising fiscal deficits in recent years.<sup>1</sup>

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<sup>1</sup> *Poverty and Social Monitoring in Uttar Pradesh* (2002) by the Directorate of Economic and Statistics, the Planning Department and the World Bank.

Most of the state's farm land is in the well-watered and naturally fertile Indo-Gangetic plain, and the western region's tradition of raising wheat and sugarcane made it a strong platform for the green revolution in the 1960s and 1970s, which helped UP depart from previously low levels of agricultural growth. In the next decade, the eastern and central regions registered strong advances, due to irrigation facilities and marketing infrastructure. Accordingly, in the 1970s, economic growth in most sectors in Uttar Pradesh was higher than, that in the rest of India. Since then however, growth has lagged that of country as a whole. UP has been slow to seize on the opportunities created by the liberalisation of the Indian economy that began in 1991. UP's most important challenge is to improve the socio-economic conditions of state's 60 million inhabitants who live in poverty. Because of UP's size and level of poverty, meeting this challenge is of significance not only for UP but also for India, and indeed the world.

### **3.2 Historical Background of U.P.**

Geo-politically, the present day Uttar Pradesh first came into existence as North-Western Provinces in 1835 controlled by the East India Company. In 1775, it succeeded in acquiring 'Banaras' (the present Varanasi division), in 1801; the 'Ceded Districts' came under the administration of the East India Company. The King of Awadh ceded to the Company the districts of Azamgarh, Gorakhpur, Deoria, Basti, Allahabad, Fatehpur, Kanpur, Etawah, Mainpuri, Etah, Shahjehanpur, Bareilly, Budaun, Bijnore and Pilibhit. In 1803, the 'conquered districts' came under the administration of the East India Company. The districts of Agra, Mathura, Bulandshahr, Meerut, Muzaffarnagar, and Saharanpur were conquered from the Marathas and the treaty to that effect was signed in 1803. The Bundelkhand districts of Banda and Hamirpur were annexed in 1817. Gradually the districts of Jhansi, Jalaun and Lalitpur of the Bundelkhand region were also acquired through annexation. Finally, in 1856, the Province of Oudh was also annexed. In 1902, this region was named as United Provinces of Agra and Oudh. The region was renamed as the State of Uttar Pradesh in January 1950, when under the new Constitution, the state became a part of the Republic of India.

In a study of the early history of revenue administration under British rule the United Provinces may be divided broadly into the following three groups of territories, which were separately acquired at different periods:

- (a) The old 'Banaras Province' acquired in 1775 by a treaty with the Nawab Wazir of Avadh and permanently settled under Regulation of 1795. This area consisted of the districts of Banaras, Jaunpur, Ghazipur, Ballia and parts of Mirzapur and Azamgarh.
- (b) The 'ceded districts' acquired from the Nawab Wazir of Avadh in 1801, consisting of Azamgarh, Gorakhpur, Basti, Allahabad, Fatehpur, Kanpur, Etawah, Mainpuri, Etah, Shahjahanpur, Badaun, Bareilly, Bijnore and Pilibhit.
- (c) The 'conquered districts' acquired in 1803 consisting of Agra, Bulandshahr, Meerut, Muzaffarnagar and Saharanpur.
- (d) The Bundelkhand districts of Banda and Hamirpur, acquired between 1803 and 1817 and the districts of Jalaun, Jhansi and Lalitpur in 1840 and later year.
- (e) The district of Dehradun acquired in 1815.
- (f) The province of Avadh acquired in 1856.

### **3.3 Role of Agriculture in Poverty situation in Uttar Pradesh**

Studies show that the trends and pattern of poverty in India is strongly influenced by the pattern of agricultural growth and changes in food prices. In the more recent period, non –agricultural growth and employment has also been an important determinant of poverty through its impact on employment and earnings and through its pull up effect on agricultural wages (Sen 1996)<sup>2</sup>.

For study of the poverty in the state, hence, we need to know about the agricultural situation of Uttar Pradesh. Here it is important to mention that in Uttar Pradesh agriculture has been the prime occupation of the people for livelihood from

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<sup>2</sup> Sen, Abhijit (1996) "Economic Reforms, Employment and Poverty: Trends and Options", *Economic and Political Weekly*, Special Number, Vol. XXXI Nos 35, 36 and 37, September, pp. 2459-2478.

ancient time, and land has been the major source of agriculture as well as income and social prestige. Though there has been regular change in the land settlement and tenure system with the change of rulers, it were the British who made drastic change in the land settlement and tenure system. And after independence Indian government made several laws like the U.P. Zamindari Abolition and Land Reforms Act, 1950, as corrective measures for removal of anomalies related to land and agricultural system.

In Uttar Pradesh major portion of the poor, consisting of small farmers and landless labourers, is directly or indirectly dependent on agriculture. As the changes made by British and Indian government affect the living conditions of this section in a big way, for knowing the poverty situation prevalent in the state in better way it is important to know these changes related to the land and agriculture.

### **3.3.1 Land Settlements in the United Provinces Under British Rule**

#### **3.3.1.1 Nature of Settlement:**

There were two types of settlement in the United Provinces under British Rule from the point of view of the nature of settlement, e.g. whether the revenue was fixed in perpetuity or liable to periodic revision. The permanent settlement was implemented in tracts of Banaras division, part of Azamgarh and certain areas in Gonda and Bahraich held by the Balrampur and Kapurthala estates (permanently settled as a reward for their services in 1857) while in rest of the province temporarily settlement was implemented.

Under permanent settlement in one-twelfth of the area of the province collections continued to be made directly from the ryots, one quarter of the area was settled with revenue farmers and two-thirds with village Zamindars. A numerous body of co-sharers

or bhai-chara communities<sup>3</sup> held most of the villages. But in these settlements with village Zamindars only two or three representatives of the village community were in most cases arbitrarily selected and recorded as proprietors. The rights of the others were ignored and having been deprived of any share in the management of the estate, they gradually sank to the status of tenants. Frequently sales of land for default of revenue also contributed largely to the extinction of the rights of the old cultivators.

### 3.3.1.2 Land Tenure System during British Period

From the point of view of the land tenure system the three separate areas, i.e. the Banaras province, the ceded and conquered districts and the province of Awadh exhibited distinct characteristics. But after implementation of Act of 1859 the land tenures in Banaras and the ceded and conquered districts were on similar line. Separate land laws governed the province of Awadh from its acquisition in 1856 until the U.P. Tenancy Act of 1939 unified the two systems of Agra and Awadh. Rights and interests in land in the United Provinces fall broadly into two classes, namely, proprietors and tenants.

The main ingredients of proprietary rights were: (a) The right to engage either personally or through a representative with the state for the payment of land revenue, (b) A permanent heritable and transferable right in land subject to liability for the payment

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<sup>3</sup> The dominance of smaller and medium zamindars corresponded to the bhaichara system. The region was dominated by bhaichara system during the pre-British period. Due to it the land was less equitable distributed among the peasantry in the region compared to the zamindari and taluqdari districts of Uttar Pradesh (Whitecombe, 1971). Although the bhaichara was more prevalent in Western UP, there was no uniformity in the extent of the area covered by it in all district of western UP. Pattidari, and Mahalwari are the terms often used 'indiscriminately' to describe the agrarian system of Muzaffarnagar in the colonial period. About the indiscriminate use of categories, Baden-Powell observed that if a peasant was asked in UP about his profession, he would reply 'I am a poor man, not a zamindar. (See B.H. Baden-Powell, 1972, p. 7).

In fact if a village or a group of villages dominated by a single community was divided into shares, each share was known as mahal (also known as mahalwari). It does not seem to be different from pattidari, because in pattidar a village was divided into patti and each patti was named after an influential person. (Pradhan, Ibid, p. 24) Similarly, in mahalwari village a mahal was named after an influential person. Sometimes pattidari was used in the same sense as *bhaichara* (Thorner, 1976). It is not appropriate to call cultivators in the *bhaichara* system as tenants, since they were not obliged to any intermediary between them and state. They had permanent and hereditary rights in the land. The peasant-proprietors in the bhaichara villages were known as khudkast. The most usual method of collecting revenue was to collect it from the entire village or a patti or a mahal by the head of the village community (see Siddiqui, 1973, p. 16).

of land revenue. (c) The right to hold land and to use it for agricultural or non-agricultural purposes or to keep it vacant, (d) The right to let out the land and to realise rent and to give permission to the tenant to make certain improvements. The landlord could himself make any improvements and enhance rents subject to statutory provisions, (e) The right to eject the tenant who failed to pay the rent or misuse the land for purposes other than those for which it was let or transferred or sublet in contrary to the provisions of law.

The proprietary rights varied from place to place. The principal types of proprietors were (a) Proprietors in Azamgarh and the districts of the Banaras division whose land revenue was permanently fixed, (b) Proprietors in the rest of the Province whose land revenue was temporarily settled and liable to periodical revision. (c) Proprietors who held land free of revenue from the state etc. Ordinarily proprietors had the right to hold and manage the land and to take the rents and profits accruing from it. But where the proprietor had an intermediary between him and the tenant, whether as an under-proprietor, a sub-proprietor, a permanent tenure-holder or a permanent lessee etc. the right of use, occupation or management of the land and of the collection of rents and profits vested in the intermediary.

In the early days of British administration the unit of settlement and the class of persons with whom settlement was made determined the land tenure system, the rights of subordinate cultivators and the lines of its future development. Later legislation defined the rights of all persons connected with land.

### **3.3.1.3 Indebtedness of cultivators During the British Period**

The cultivator was in perpetual need of money, even to raise the next crop. Some taluqdars advanced seed to their cultivators, but usually it was the professional village mahajan who was the sole source of credit for the cultivator. On the one hand, the cultivator was pressed by his taluqdar to part with as much of his produce as the taluqdar could extract and on the other, the cultivator had to pay very heavy rates of interest to the mahajan. Some persons who were professional moneylenders carried their business with so much success that they acquired large properties by foreclosure or sale of the

defaulter's property and, in turn, became taluqdars themselves. When the problem of indebtedness became very acute and it affected a large number of cultivators and the taluqdars, the British reaction to this problem was to try to protect the indebted landowners.

### **3.3.2 Land Reforms in Uttar Pradesh-The Post-Independence period**

After independence the government considered land reforms and change in the agrarian relations, the initial step for ushering in a period of development. It also considered promotion and direct participation in the development of the economy generally and, agrarian sector particularly, its major responsibility.

A series of measures, such as the abolition of intermediaries and ensuring of security of land tenure for the cultivator, introduction of Panchayat Raj system etc. were taken to recast the institutional framework in the agrarian sector. These were followed and accompanied by a programme of development under the successive plans commencing with the First Five Year Plan launched in 1950-51. Besides this, the government has been providing massive relief and assistance in the event of floods and droughts.

#### **3.3.2.1 The Agrarian Legislations**

The period following the end of British rule and attainment of independence in 1947 marked a watershed in the evolution of agrarian relations and development of the agricultural sector in Uttar Pradesh. A large number of laws relating to the agricultural sector and directed at ushering in new land tenurial relations, creation of a new institutional and economic environmental set-up and facilitating and promoting of development of agricultural economy were enacted. Among these legislations enacted in the post-independence period, the most important ones were the U.P. Panchayat Raj Act of 1947; the U.P. Zamindari Abolition and Land Reforms Act, 1950, Bhoodana Yagna Act, 1952, the U.P. Consolidation of Holdings Act, 1953; the Uttar Pradesh Imposition of Ceiling on Land Holdings Act, 1960; the U.P. Cooperative Societies Act, 1965; the U.P. Agricultural Credit Act, 1973; the Uttar Pradesh Regulation of Money Lending Act, 1976; and the Uttar Pradesh Debt Relief Act, 1977, along with a large number of amending Acts to amend the Uttar Pradesh Zamindari Abolition and Land Reforms Act, 1950 and the Uttar Pradesh Imposition of Ceiling on Land Holdings Act, 1960.

### **3.3.2.1.1 U.P. Zamindari Abolition and Land Reforms Act of 1950-**

To give effect to the resolution and to prepare the necessary scheme the Zamindari Abolition Committee was appointed under the Chairmanship of Govind Ballabh Pant, the then Chief Minister of U.P. The Committee submitted its report in August 1948 and a Bill finally passed by the State Legislative on 16th January 1951 and received the assent of the President on 24th January 1951-- This became known as the U.P. Zamindari Abolition and Land Reforms Act I of 1951.

With the enforcement of the Act on July 1, 1952, all intermediaries between the State and the cultivator (Proprietor or tenant) were done away with and the land was vested in the state. All landlords (intermediaries) who had rights, title or interest in any estate were paid compensation at the uniform rate of eight times the value of their net assets; no distinction was made between the bigger and the smaller intermediary. In addition to the compensation, rehabilitation grant on graded rates ranging from one to twenty times of the net income had been allowed to intermediaries (landlords), other than Thekadars, paying annual land revenue up to Rs.10,000. The grant was largest for the lowest income and smallest for the larger income receiving landowners. Thus, landowners paying annual land revenue upto Rs. 10,000 received both the compensation and the rehabilitation grant. These landowners, however, were allowed to continue to retain their entire sir, khudkasht and groves etc., which they could claim and prove to be under self-cultivation; though, they were not allowed the right of resumption of land under that pretext.

The Act abolished the multiplicity of tenures that existed prior to its enforcement and introduced only three main types of tenures, viz., Bhumidhar, Sirdar and Asami. In addition there was a transitional form of land tenure called Adhivasi.

The Bhumidhar was a peasant proprietor having permanent, heritable, and transferable rights in his holding; the right to transfer being subject to the condition that the purchaser or donor may not have more than 12½ acres of land. He had also the right to use the land for any purpose whatsoever, and was not liable to ejection. All landholders, who had sir in their cultivatory possession, i.e., not sub-let (except in the case of proprietors who suffered from certain disabilities) automatically became bhumidhars of the land in their possession and paid the revenue direct to government.



The Sirdar also had permanent heritable interest in his holding, but not transferable. He could use his land only for agriculture, horticulture and animal husbandry and was liable to be ejected if he violated this provision. He had, however, the option of acquiring bhumidhari rights in his holding at any time by paying into the treasury a sum equal to 10 times of his annual land revenue calculated at the hereditary rate of rent where-upon his future land revenue would be reduced to half.

The asami was either a lessee of a disabled bhumidhar or a Sirdar or was a tenant of the Gaon Sabha (village community) in respect of the land, the character of which kept changing. He was actually a sub-tenant or shikmi kashtkar. His right in land was neither permanent nor transferable; it was only heritable. An Asami's land would also be deemed to be abandoned if it was allowed to remain unused for two consecutive years. He could surrender his entire holding but not any part thereof by giving notice to the appropriate authority.

There was another type of tenure, the *adhivasi*. Every tenant, who was a tenant of sir of the bigger disabled zamindars and of the smaller ones who were not disabled, and every occupant of land in which superior rights existed and who was recorded as occupant in 1356 fasli, became an *adhivasi* and had the right to hold the land for five years. This tenure was a transitional form of land-tenure and the *adhivasis* had become sirdars after the amendment of Act in 1954, and the rent which they used to pay to the superior proprietors was to be paid by them direct as land revenue.

The Act also provided for the establishment of Gaon Samaj, a corporate body consisting of all the adults of a village. The Gaon Samaj had powers generally over the whole area of the village in its jurisdiction. All the land, whether cultivable or otherwise, except land for the time being comprised in any holding or grove and forests within the village boundary, vested in the Gaon Samaj. All tanks, ponds, fisheries and water channels in villages also vested in the Gaon Samaj. The Gaon Samaj was Chhatra Pati for certain asamis and received rent from them and had various properties vested in it for management and for settlement of the landless persons. It had also been given the right to all miscellaneous sources of income. The Gaon Samaj functioned through a 'Land Management Committee'. This Committee had powers to sell miscellaneous trees or

produce thereof, bring the land under planned utilization, manage abadi sites, hats, bazars, melas, tanks, ponds, fisheries, forests etc. It also had the power to admit new tenants on the land vested in it or land falling vacant.

As a result of the abolition of the zamindari, system of collection of land revenue had undergone change. Before the abolition, the land revenue in the state was collected from the zamindars by the Tahsildar and the tahsil staff. Now a scheme known as Integrated Collection Scheme, was introduced and the actual collection was done by amins. Over them were Naib Tahsildars who supervised their work. The ultimate responsibility for collection of land revenue was that of the Collector assisted by the Sub-Divisional Officers and tahsildars.

The abolition of the intermediaries had made every holder of land his own master, paying his revenue direct to government. The status of the cultivators had thus been raised to that of independent peasant proprietors with permanent rights and there was no fear of interference from any body, so long as they continued to pay the land revenue.

#### **3.3.2.1.2 U.P. Consolidation of Holdings Act, 1953**

Under the Uttar Pradesh Consolidation of Holdings Act, 1953, the scattered small and uneconomic holdings of the villagers were proposed to be consolidated into single compact areas, thus saving labour and money and avoiding frequent boundary disputes. In addition, the Act also aimed at reshaping the local area under consolidation operation by making provision of land for extension of irrigation channels and the abadi, for manure pits, schools, playgrounds, tanks, roads and other works of public utility.

While allotting chaks, due regard was to be paid to the quality of land, source of irrigation and the crops grown. Consequently, each tenure holder was not necessarily allotted one chak only, but it was to be ensured that he gets an equivalent value of his holding.

### **3.3.2.1.3 Uttar Pradesh Imposition of Ceiling on Land Holdings Act, 1960**

This Act was passed with a view to ensuring increased agricultural production and providing land for landless agricultural labourers. It extended to the whole of Uttar Pradesh. This Act covered, *inter alia*, the imposition of ceiling on land holdings; exemption and acquisition of surplus land; and disposal and settlement of surplus land. The Act provided that no tenure-holder should be entitled to hold in the aggregate any land in excess of the ceiling area applicable to him.

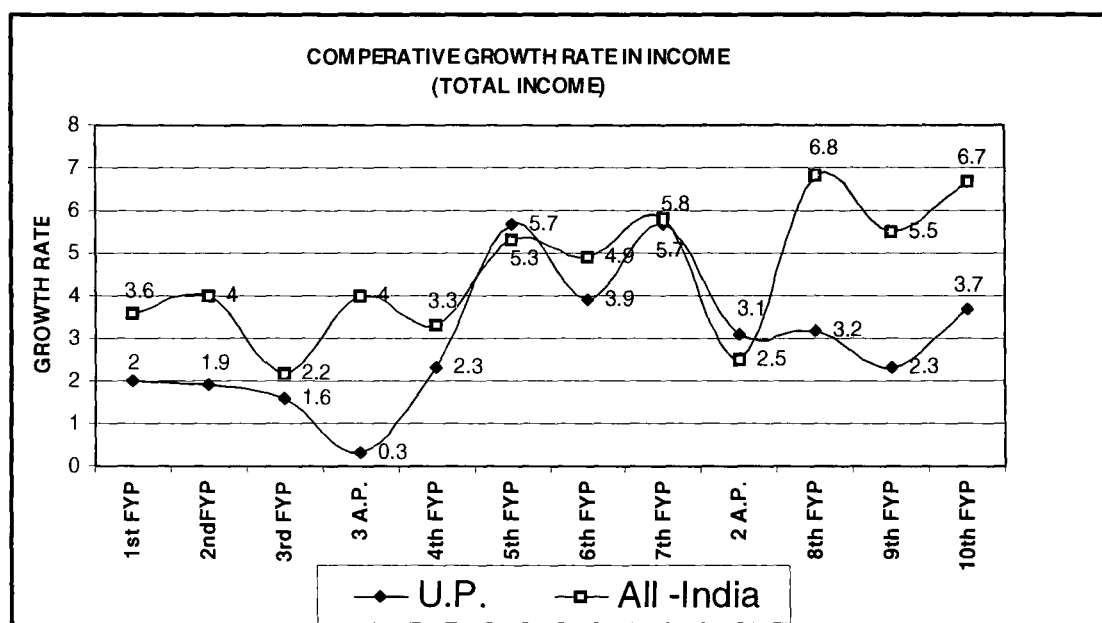
## **3.4 Poverty Trends in Uttar Pradesh: Macro-economic Situation and its Implications**

The macroeconomic situations like agricultural growth, industrial growth and growth in service sector in the state has several important features, all of which have adverse implications for the poverty situation in the state.

### **3.4.1 Slow Economic Growth**

The state's economy can well be judged with the help of different indicators of State Income/ National Income Estimates. We are now in the final year of the Tenth Five Year Plan. The state is in the process of finalizing income estimates for the year 2002-03 and is in the process of preparing provisional estimates for 2003-04. Quick estimates for the year 2004-05 and advance estimates for 2005-06 are being prepared. However the data mentioned in the following paragraph is on the basis of the provisional estimates for 2002-2003, quick estimates for 2003-2004 and advance estimates for 2004- 2005.

Figure: 3.1

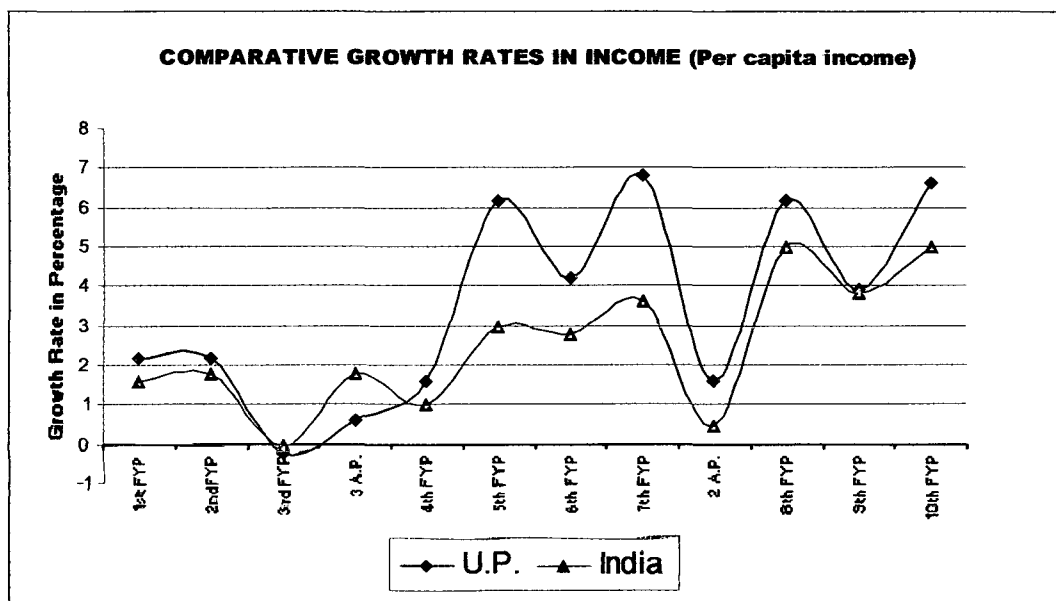


Source: Planning Department, Uttar Pradesh

Since the beginning of the planning era 1950-51 the comparison of per capita income of U.P. and India depicts that the percentage gap has widened from 3.0% to 51.9% up to the year 2004-05. At current prices per capita income in 2004-05 for India is Rs.23,308 and for Uttar Pradesh it is Rs.11,207.

Looking at the annual growth rate of per capita income (Figure 3.2) we find that only in the Fifth Five Year Plan period the state had 3% growth rate of per capita income which was slightly higher than all India figure of 2.9%. It was almost equal in the Seventh Five Year Plan period when U.P. achieved 3.3% growth rate against the all India figure of 3.6%. For the Eighth and Ninth Five Year Plan periods, the growth rate of Uttar Pradesh was 1.4% and (-) 0.4% respectively against the all India figure of 4.9% and 3.6% for the corresponding period. For the first three years of Tenth Five Year Plan period, the annual growth rate of per capita income of U.P. is 1.6% and of India is 4.9%. States' contribution to national income has also gone down from 12.7% in 1980-81 to 7.9% in 2004-05. It must be a matter of serious concern to the planners and programme implementing agencies that the gap in growth rate of the state and the country is widening with each successive year. Therefore, the investment in the State should be channeled in such a manner so as to check the growing imbalances.

**Figure: 3.2**



Source: Planning Department, Uttar Pradesh

The rate of economic growth in the state has been slow and has been considerably lower than the country as a whole. Both the agricultural and the industrial sectors are responsible for this decline in the state's growth. UP's growth rate has been below the national growth rate for most periods since 1950-51. However, the State economy grew at a faster rate from the late 1970s achieving an overall growth rate of 4.95 percent during 1980-81 to 1990-91. During this period, all sectors of the economy grew at a faster rate, but manufacturing took the lead with a growth rate of almost 9.65 percent. During the 1990s, however, the growth of the State economy has decelerated quite sharply. The overall growth rate has been considerably below the national growth rate for almost all years except 1996-97.

### **3.4.2 Decline in Agricultural Growth-**

The economy of Uttar Pradesh is predominantly agrarian and performance of agriculture and allied activities such as horticulture, animal husbandry, dairying and fisheries are critical in determining the growth rate of the State. Primary sector (inclusive of mining) contributed 36.8% to the State's income in 2003-04 and provided employment to 66% of total workers. However, the share of this sector in State income has been progressively reducing.

The growth rate of agriculture came down from 3.7 percent during 1985-90 to 1.2 percent during 1991-97 while industrial growth rate came down from 8.4 percent to 3.3 percent. The compound growth rate of food grain output in the State has decelerated from 3.64 percent per annum during 1967/70 and 1982/85 to 2.96 percent during 1982/85 and 1987/90 and further to 1.76 percent during 1987/90 and 1992/95. This is also true of major non-food grain crops (Singh 1997). Underlying the agricultural slow-down is a slackening in the rate of capital formation in agriculture and (in the post 90s period) input use (ibid). The growth in the non-farm economy and employment in the state has been linked to sustained agricultural growth.

The slowdown in agricultural growth rate in the 1990s is likely to have had particularly strong implications for the poor, who continue to derive the bulk of their income from the agriculture sector. The importance of agriculture in UP's economy has slowly declined but it still continues to be the predominant sector in terms of employment. Although the structure of the economy shows little change during the 1990s, the share of the primary sector in state income has come down from about 60.2 percent in 1960-61 to 39.9 percent in 1997-98.

The main reason for lower growth rates in the economy during recent years is that the State could not improve upon its performance, achieved during 1996-97 in agriculture, which was the base year of the States' Ninth Plan. There was a record production of foodgrains in that year (1996-97) at 423.8 lakh tonnes, against 383.5 lakh tonnes of the preceding year (1995-96) as a result of which the growth rate in agriculture rose to 8.7 per cent over the preceding year. This rise in the foodgrains production was followed by a dip in the next year, when the production comes down to 416.8 lakh tonnes. This coupled with a still higher decline in the production of commercial crops, brought down the growth in agriculture to (-) 5.1 per cent in 1997-98. There was some improvement in the following year when the growth again reached upto 2.2 per cent in 1998-99. Such fluctuations in the foodgrains production, mostly caused by weather, have a significant impact on the growth performance not only of the agricultural sector but also of the economy as a whole. There have been significant gains in the foodgrains production in 1999-2000. The production of foodgrains has gone upto 452.4 lakh tonnes, substantially higher (by 28.6 lakh tonnes) over the record production of 423.8 lakh tonnes

of 1996-97. Though this is a good sign for the future but the production of commercial and high value crops, particularly oilseeds and sugarcane have still not picked up to the desired extent.

Analysis of the causes of recent agricultural stagnation shows that total real capital formation in agriculture has been stagnant and public investment has been declining in recent years. The state's Agricultural Policy document of 2000 correctly identifies a number of critical constraints and indicates the necessary thrust areas: improved productivity on degraded land, improved input management, shift towards high value crops, need for improving research on improving yields, better marketing support, area specific management etc. Many of these measures require changes in the policy regime as well as new investment.

### **3.4.3 Performance of Manufacturing Sector-**

The manufacturing sector is the second most important sector of the state's economy. Its contribution accounted for about 13.5 per cent to the State GDP in 1993-94. Unlike agriculture, which is a slow growing sector, manufacturing is a fast growing sector. It is for this reason that the contribution of this sector in the state GDP rose from 13.5 per cent in 1993-94 to 18.4 percent in 1999-2000. Unlike the agriculture sector, the share of manufacturing sector in state's GDP is far higher (18.4 per cent) than its share (7.7 per cent) in the state's workforce. The average income per worker in the manufacturing sector is thus, higher than that in the agriculture sector which is the reason why workers tend to migrate from agriculture to manufacturing. In this way migration from agriculture to manufacturing may be deemed as healthy sign in terms of higher growth rate in manufacturing sector and reduced pressure of workers on agriculture and their marginal productivity. However the state has not witnessed this migration on any significant scale because of various other reasons. As per figures of state GDP, the overall contribution of secondary sector, which was 21.4 per cent during the year 1993-94 (at constant prices), rose to 25.3 per cent during the year 1999-2000. The share of secondary sector in the state GDP kept on increasing during these years except 1995-96 and 1997-98.

Since per worker productivity and wages are higher in the non-agricultural sector, vigorous growth in this sector is also a precondition for more rapid and sustained poverty reducing growth. Unfortunately the state has not been able to attract sizable industrial investment in recent years, and there is little evidence of labour force diversification (as found in many of the faster growing Indian states). In fact, official sources indicate a deceleration in growth of secondary sector employment while agricultural employment increased at a faster rate (Singh, 1998).<sup>4</sup> There also has been a shift in the composition of the workforce towards casual employment in the informal sector and employment in the organized sector has remained stagnant since the mid 1980s.

#### **3.4.4 Role of Service Sector**

The contribution of tertiary sector in state GDP that was 37.8 per cent rose marginally to 38.9 per cent between the years 1993-94 and 1999-2000. Thus, the performance of tertiary sector has not been satisfactory over these years. There have been dips in its share of the state GDP during the years 1994-95, 1996-97 and 1998-99. On the basis of these figures inferences may be drawn that a higher growth of the state economy cannot be achieved without a growth rate of at least 5 per cent per annum in agriculture sector and over 10 per cent per annum in the manufacturing sector

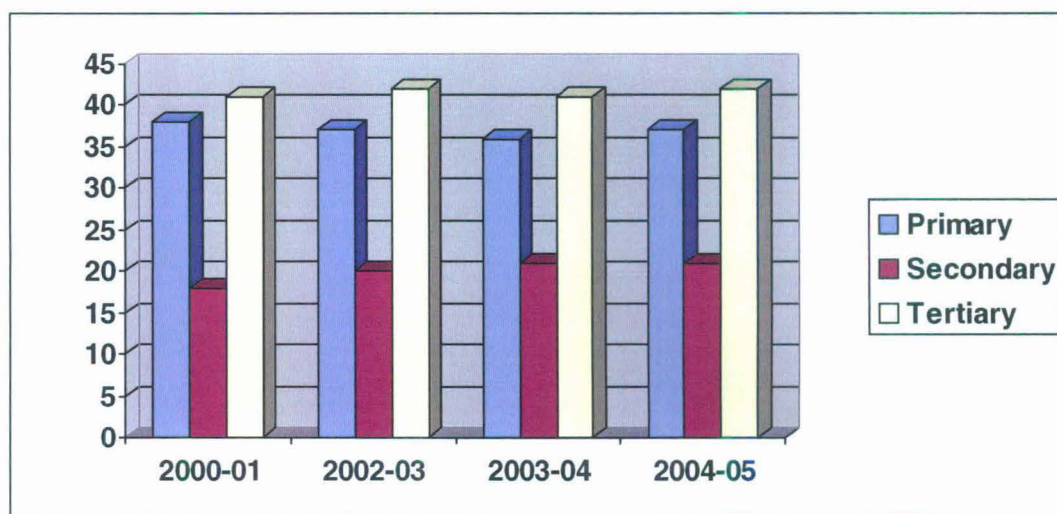
Sectoral distribution of State income indicates that the contribution of primary sector is more in Uttar Pradesh than the nation as a whole. This fact indicates that agriculture is still the predominant sector in the state in comparison to the agriculture of India. However, looking at the state level figures, we find that the tertiary sector has a lion's share in the State income. For the year 2003-04, the contribution of primary, secondary and tertiary sector in the State Income at 1993-94 prices is 36.8%, 20.0% and 43.2% respectively whereas the corresponding all India figures are 25.1%, 21.7% and 53.2%.

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<sup>4</sup> These findings relate to the period 1981-91 for the Census, and 1987-88/1993-94 for the NSS (Singh 1998).



**Figure: 3.3: Contribution of various sectors to State income**



Source: Planning Department, Uttar Pradesh

**Table 3.1 Growth Trends in Uttar Pradesh and All India**

	1960-70	1971-80	1981-85	1986-90	1991-93	1993-98
<b>Gross Domestic Product</b>						
Uttar Pradesh	2.5	3.0	4.0	6.0	1.9	4.0
All-India	3.7	3.1	5.0	6.3	4.1	6.7
<b>Agriculture and Allied Services</b>						
Uttar Pradesh	1.6	1.9	2.1	3.7	1.7	1.8
All-India	2.3	1.5	3.1	3.9	2.4	3.4
<b>Industry</b>						
Uttar Pradesh	6.1	5.4	7.4	8.6	1.4	4.8
All-India	5.4	4.0	6.4	8.2	3.0	6.6
<b>Manufacturing</b>						
Uttar Pradesh	5.1	5.0	9.8	9.2	1.6	3.4
All-India	5.2	4.0	7.0	8.2	2.9	7.5
<b>Services, etc</b>						
Uttar Pradesh	3.0	3.6	5.1	7.4	2.5	5.5
All-India	4.6	4.3	6.1	7.0	6.0	8.7

Source: World Bank, (2002), *Poverty in India: The Challenge of Uttar Pradesh*, India.

### **3.5 Trends in Poverty: Uttar Pradesh and All- India**

#### **3.5.1 How the Poor View Poverty in the State**

While poverty studies have mainly analysed poverty in the state in terms of measurable 'objective' indicators (consumption, education, health etc.), some recent participatory studies have focused on how the poor themselves perceive poverty (N. Srivastava 1997, R. Srivastava 1999, Kozel and Parker, 1998; Rao, Sharma and Srivastava, 1999). For the rural poor in UP, their social status (caste) and land ownership are the two most signifiers of poverty. In addition, the poor identify poverty with a number of other characteristics such as the nature of occupation, the participation of women and children in low paid work, nature of access to education, health etc. Most of all, the poor (men and women) equate poverty not only with material prerequisites but with lack of human dignity, which has multiple dimensions rooted in social, political and economic freedom. These studies also identify a number of reasons, which cause households to escape from poverty. These include greater access to land and increase in agricultural productivity, improved employment, particularly non-agricultural employment, and greater voice in political affairs, through greater horizontal solidarity and organization.

#### **3.5.2 Poverty Pattern**

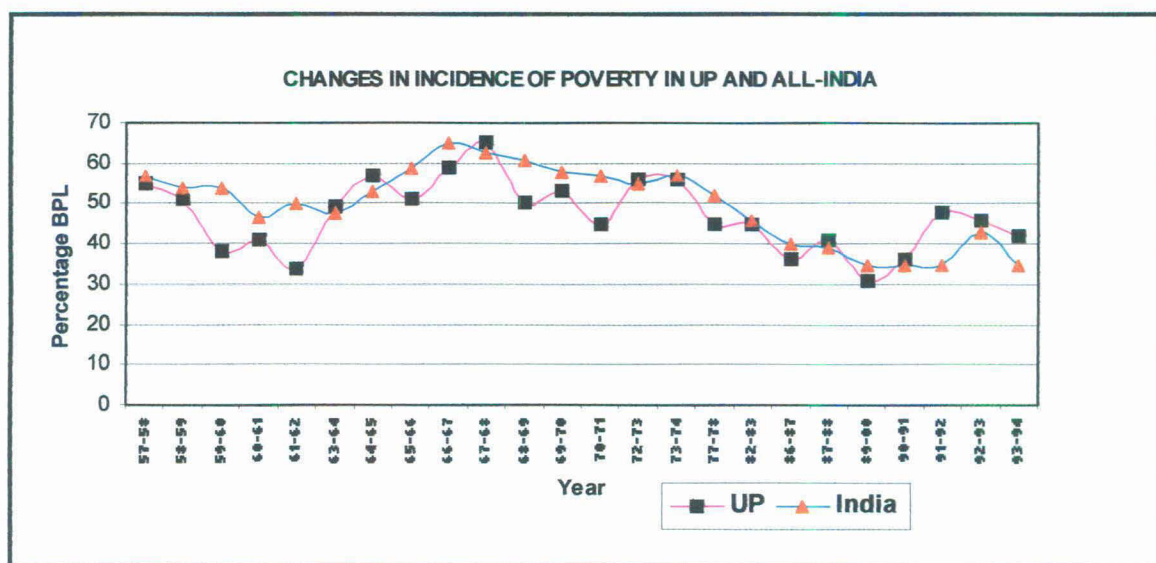
A comparative analysis of percentage population living below the Poverty line of Uttar Pradesh and all India average between 1973 and 2000 has been illustrated in (Figure, 3.4) below. It clearly shows that the percentage of poor in Uttar Pradesh in 1973-74 was around the national average but thereafter the State has failed to keep pace with the national average. This is also illustrated by (Table 3.2) below which depicts the increase/decrease over previous NSS rounds in the poverty levels of Uttar Pradesh and the national average.

It would be seen that the percentage of population below the poverty line decreased continuously from 57.07 percent in 1973-74 to 31.15 percent in 1999-2000. Thus, during the afore-mentioned periods of 26 years the poverty ratio in the State declined 25.92 percentage points. In contrast, the poverty ratio at the national level declined from 54.88 to 26.10 percent i.e. by 28.78 percentage point during the same period.



The decline in poverty in Uttar Pradesh has been impressive in 1990's but the proportion of India's poor living in Uttar Pradesh has risen from 17 per cent in 1983 to over 20 per cent in 1999-2000. Agriculture labourers, artisans, scheduled caste are mostly increasing in the poor segment concentrated in the central and eastern part of U.P. A point of concern is that although population below poverty line has decreased in percent terms, it has always remained above 5 crore during the aforementioned period i.e. from 1973-74 to 1999-2000.

Figure: 3.4



Source: World Bank (1997), *India Achievements and Challenges in Reducing Poverty*.

Between 1957-58 and 1993-94, according to figures based on World Bank (1997), UP's achievement in poverty reduction has lagged behind the rest of India by about 6 percent. Most of the slow-down in UP's comparative performance can be attributed to the most recent period. Between 1957-58 and 1987-88, UP achieved a reduction in poverty by 13.6 percent (from 55 percent to 41.6 percent). In comparison, the rest of the country achieved a reduction in poverty by 16.6 percent. Between 1987-88 and 1993-94, the rest of the country achieved a further reduction in poverty by 3.2 percent. During the same period, poverty in UP rose slightly by 0.2 percent.

Progress in combating poverty has been uneven over the past two decades, and UP still lags behind many other states in this respect. Accordingly, in the late 1970s, poverty in UP was lower than in Andhra Pradesh and Kerala, as well as the rural and urban all-India average. By 1993-94, however, the latter states had attained lower levels of poverty, while the corresponding level in UP had by then risen above the all-India average. There was however evidence of some progress in the 1980s and early 1990s: official estimates for the state suggest a decline in poverty between 1983 and 1987-88, with progress diminishing through 1993-94 (Table 3.2). Moreover, inequality fell substantially between 1983 and 1993-94, and the depth and severity of poverty in both urban and rural areas improved significantly. However, despite this progress, an estimated 41 per cent of UP's population still lived below the official poverty line in 1993-94, and poverty levels in rural areas, which in 1993-94 accounted for 83 per cent of the state's poor, had fallen very little. This trend compares notably to a steady reduction of urban poverty in UP during the same period.

Official estimates released by the Planning Commission on the basis of the NSS 55th Round suggest rapid reductions in poverty in UP in the latter half of the 1990s. The headcount index is estimated to have fallen from 41 per cent of the population (62 million persons) in 1993-94 to 31 per cent (53 million persons) in 1999-00, a net reduction of 9.1 million persons over six years. Indeed, UP is one of the strongest performing states according to official 55<sup>th</sup> Round estimates, accounting for 15 per cent of the aggregate drop in poverty in India in the latter half of the 1990s. But there is doubt on credibility of the data by 55th Round estimates.

A number of researchers have offered adjusted figures aimed at restoring comparability between the 55th and earlier rounds. These adjustments suggest that progress has indeed been substantial, if maybe less impressive than official statistics indicate. This is particularly the case for rural areas, where new estimates suggest that poverty fell by 8.6 percentage points rather than the 11.1 percentage point 'official' reduction in poverty [Deaton 2001]. And even this improvement must be interpreted with care: mean per capita consumption levels in UP grew at only 1.4 per cent per annum between 1993-94 and 1999-00. The sharp reduction in the head-count ratio is in part explained by the fact that many households are clustered around the poverty line and the slope of the Lorenz curve is steep in that region. A little growth thus can result in a substantial reduction in the number of people living below the poverty line. However,

many of the erstwhile poor still have low consumption levels and remain vulnerable to income and other shocks that can push them back into poverty.

Although the debate is not fully resolved, regardless of the method used, there are indications that UP has made significant progress in reducing poverty in the latter half of the 1990s. The estimates of poverty as worked out on the basis of different round of National Sample Survey are provided in the following Table:

**Table 3.2 Trends in Poverty: Uttar Pradesh and All- India**  
(Percentage of BPL Population)

Year	NSS Round	Uttar Pradesh			India		
		Urban	Rural	Overall	Urban	Rural	Overall
1983	38th	49.8	46.4	47.1	40.8	45.7	44.5
1987-88	43rd	43.0	41.1	41.5	38.2	39.1	38.9
1993-94	50th	35.4	42.3	40.9	32.4	37.3	36.0
1999-00							
Official	55th	30.9	31.2	31.1	23.6	27.1	26.1
Corrected	55th	30.4	33.7	33.0	24.7	30.2	28.6

Source: World Bank, (2002), *Poverty in India: The Challenge of Uttar Pradesh*, India.

**3.5.2.1 Head Count Rate:** The official estimates released by the Planning Commission indicate a decline in poverty over the years 1983, 1987-88, 1993-94 and 1999-2000 in the state. The latest poverty estimates are based on the NSS 55th round.

**Table 3.3 Head Count Rate for Uttar Pradesh**

Year	NSS Round	Head-Count Rate		
		Urban	Rural	Overall
1983	38th	49.8	46.5	47.1
1987-88	43rd	43.0	41.1	41.5
1993-94	50th	35.4	42.3	40.9
1999-2000	55th	30.9	31.2	31.1

Source: Estimate of Poverty, p.1.B, Government of India, 22 February 2001 & March 11, 1997.

As per headcount rate data presented in above table, the overall poverty ratio which was 47.1 per cent in 1983 came down to 31.1 per cent during the year 1999-2000, showing thereby a significant decline in the state poverty. Data further reveals that there has not been any significant change in rural poverty during 1987-88 and 1993-94 in the state. The progress in rural poverty reduction was visible only during the period 1993-94 to 1999-2000, when it came down to 31.2 per cent from 42.3 per cent. The poverty in the state, as per new estimates, have fallen from 41 per cent of the population (60 million persons) in 1993-94 to 31 per cent (53 million persons) in 1999-2000, a net reduction of 7 million persons over six years. The rural headcount index fell from 42 per cent to 31 per cent, while the urban headcount index decreased from 35 per cent to 31 per cent.

**3.5.2.2 Depth and Severity:** The other two measure of poverty – Depth and Severity of poverty – also indicate substantial reduction in state poverty over these years.

**Table-3.4: Poverty measure for various NSS rounds In Uttar Pradesh**

Region	1983 (NSS 38 <sup>th</sup> Round)		1993-94 (NSS 50 <sup>th</sup> Round)		1999-2000 (NSS 55 <sup>th</sup> Round)	
	Depth	Severity	Depth	Severity	Depth	Severity
Urban	15.5	6.9	9.0	3.3	6.9	2.1
Rural	13.6	5.9	10.4	3.5	5.6	1.6

Source: Poverty in India, The Change of Uttar Pradesh, May 2002, Report No.22323-1N, p.15.

Table (3.4) shows a higher order in the depth and severity of poverty in urban areas as compared to rural areas of the state during the initial year 1983. But after a span of 10 years there has been a marked reduction in the depth and severity of poverty in urban and rural areas of the state with comparatively lower order of depth and severity in urban areas than rural in 1993-94. After a gap of six years, a further reduction in depth and severity of poverty is observed in the state during 1999-2000. However, the extent of both the poverty measures remained on the higher side in the urban areas of the state during this year.

### 3.5.3 Composition of households' expenditure

The level of household expenditure is an important dimension of well-being of the people. Keeping track of household expenditure, particularly food and priority non-food items among different categories of MPCE classes may provide sufficient insight to measure the well being of the state population.

As per figures at All India and State levels published by NSSO in its report No.427 on level and pattern of consumer expenditure, 1999-2000, Rs.466.6 is found to be the average monthly expenditure per person on different groups of items of consumption in the rural areas of Uttar Pradesh. The corresponding figure turns out to be Rs.690.33 in the urban areas of the state. The average monthly per capita figures of the same at all India level for rural and urban areas turns out to be Rs.486.16 and Rs.854.92 respectively (Table-3.5).

**Table 3.5: Composition of Households Expenditure, 1999-2000**

Sector	Items	Uttar Pradesh		India	
		Rupees	Percentage	Rupees	Percentage
<b>Rural</b>	Food	267.94	57.42	288.80	59.40
	Non-Food	198.70	42.58	197.36	40.60
	Medicine*	38.69	8.29	29.60	6.09
	Education*	10.46	2.24	9.37	1.93
	<b>Total</b>	<b>466.64</b>	<b>100.00</b>	<b>486.16</b>	<b>100.00</b>
<b>Urban</b>	Food	348.54	50.49	410.84	48.06
	Non-Food	341.79	49.51	444.08	51.94
	Medicine*	42.51	6.16	43.28	5.06
	Education*	35.10	5.08	37.06	4.33
	<b>Total</b>	<b>690.33</b>	<b>100.00</b>	<b>854.92</b>	<b>100.00</b>

\* The items, Medicine and Education are sub-parts of Non-Food items.

Source: NSS Report No.457, Level and Pattern of Consumer Expenditure in India, 1999-2000, pp.40&43.

A perusal of monthly per capita consumption expenditure for rural and urban areas of the state indicates that composition of expenditure is on the higher side (57.4 per cent) for the food items in the rural areas of the state. The non-food items constitute 42.6 per cent of total per capita monthly consumption expenditure in the rural areas. On the priority non-food items 8.3 per cent are spent for medicine and only 2.2 per cent for education.

As against rural parts, in urban areas, the composition of expenditure on food and nonfood items is recorded to be almost same, i.e. 50.5 per cent and 49.5 per cent respectively. Out of total consumption expenditure 5.1 per cent is spent for education in urban areas. The spending on medicines is recorded to be 6.2 per cent of total expenditure, which is, however, lower as compared to rural areas. A comparison of MPCE estimates of rural areas of the state with all India level estimates shows that there is a high average MPCE and also its higher share is spent on food items (59.4 per cent) at all India level as compared to state. The average spending on priority non-food items like medicine and education are found to be relatively on the lower side at all India level as compared to the state. The spending on medicine and education turn out to be 6.1 per cent and 1.9 per cent of total consumption expenditure respectively at all India level. Considering the overall lower level of MPCE of Rs.466.6 in rural areas of the state as compared to Rs.486.2 in rural areas at all India level a further hike in spending for food items may be expected in near future in rural areas.

The composition of average MPCE in the urban areas of the state showed a higher percentage share of spending on education (5.1 per cent) as compared to rural areas of the state and also rural areas at all India level (4.3 per cent). This calls for further hike in expenditure on education in rural areas of the state. The absolute figures of average urban MPCE at all India level are far higher (Rs.854.9) as compared to the same at state level (Rs.690.3). The composition indicates that marginally higher share (50.5 per cent) of spending are going towards food items as compared to non-food items in urban areas of the state. A comparison of MPCE composition between urban areas of state and all India level indicated higher percentage spending on food, medicine and education at the state level than all India level.



An increase in monthly per capita consumption expenditure is considered to be a welcome sign so long as it reduces the percentage share of population below poverty line. The state specific poverty line being Rs.336.7 and Rs.416.3 for rural and urban areas respectively in 1999-2000.

### **3.5.4 The Condition of Agricultural Labourers**

The poorest and most ruthlessly exploited section of the peasantry are the agricultural labourers. The number and proportion of agricultural labourers has exhibited a rapid rise. According to the census figures, the number of agricultural labourers has increased in the ten-year period between 1961-71 by 67.0 per cent and the proportion of agricultural workers in the total work force increased from 11 per cent to 20 per cent, during the same period. While this increase can partly be accounted for by the rise in population and failure of the economy to grow fast enough and/or provide new employment opportunities in the non-agricultural activities also, a considerable part of it can only be explained as a consequence of a process of immiserisation and proletarianization of small farmers and artisans etc. through accelerated pace of evictions, illegal land grab by the old feudals and the neo-rich, and distress sale of their meager holding by these sections of the rural households. The agricultural workers have to work under severe conditions such as, beating, abuse, threat of being thrown out of job, and other forms of harassment.

### **3.5.5 Wages**

The trends in wage rates for agricultural labourers and unskilled labourers in rural and urban areas are the strongly correlated to the trends in poverty. The following table shows the annual growth of rural and urban wage index of U.P. (Base Agricultural Year 1970-71=100). This includes wage index of carpenter, mason and agricultural labour for rural wages and carpenter, mason and unskilled labourers' wage index for urban wages.

As per estimates of rural agricultural labourers wage index, the highest growth of 18.2 per cent was recorded between the years 1996-97 and 1997-98. This was the year when the maximum agricultural output was recorded in the state. But the agricultural output recorded a dip in the subsequent year and consequently the growth in wage index of rural agricultural labour has gone down to 4.6 per cent over the years 1997-98 and

1998-99. However, growth of agricultural labour wage index recorded an improvement of 8.7 per cent during the year 1999-2000. Thus, wage index of agricultural labourer recorded the highest growth during the year 1997-98 and the lowest during the year 1998-99. The rural wage index of skilled labourers like carpenter and mason ranged from 1022.1 and 996.1 in 1993-94 to 1697.5 and 1670.7 respectively during 1999-2000. The growth of rural carpenter's wage index ranged from a lowest of 6.7 per cent in 1994-95 to 12.0 per cent during the year 1997-98. In case of rural masons' wage index, the growth was found to be the lowest (5.4 per cent) in the year 1995-96 and its highest growth was estimated (12.8 per cent) for the year 1997-98.

**Table-3.6: Annual Average of Rural and Urban Wage Index of U.P.**  
(Agr. Year 1970-71 = 100)

Period (Agr. Year)	Rural Wage Index			Urban Wage Index		
	Carpenter	Mason	Agr.Labour	Carpenter	Mason	Unskilled Labour
1993-94	1022.1	996.1	1055.0	976.5	1014.8	959.3
1994-95	1090.3 (6.67)	1076.8 (8.10)	1175.5 (11.42)	1034.2 (5.91)	1072.9 (5.73)	1032.8 (7.66)
1995-96	1180.6 (8.28)	1134.9 (5.40)	1265.0 (7.61)	1094.6 (5.84)	1158.4 (7.97)	1110.5 (7.52)
1996-97	1270.5 (7.61)	1224.2 (7.87)	1438.1 (13.68)	1218.9 (11.36)	1284.4 (10.88)	1261.4 (13.59)
1997-98	1422.8 (11.99)	1381.2 (12.82)	1699.3 (18.16)	1347.2 (10.53)	1411.7 (9.91)	1401.0 (11.07)
1998-99	1545.9 (8.65)	1493.4 (8.12)	1776.7 (4.55)	1413.8 (4.94)	1467.7 (3.97)	1490.7 (6.40)
1999- 2000	1697.5 (9.81)	1670.7 (11.87)	1930.7 (8.67)	1487.5 (5.21)	1577.6 (7.49)	1600.6 (7.37)

Note: Figures in parentheses show percent growth in respect to the previous years.

Source : Rural and Urban Wage Index of U.P., Vol.XVIII, No.1 and Vol.XX, No.2

The growth in wage index of urban unskilled labour ranged from a lowest of 6.4 per cent during 1998-99 to a highest of 13.6 per cent during the year 1996-97. Thus, the growth in wage index of urban unskilled labourers, recorded was not as high as rural agricultural labourers over the years 1993-94 and 1999-2000. The wage index growth of urban carpenters ranged from 4.9 per cent to 11.4 per cent between the years 1998-99 and 1996-97 respectively. In case of urban mason's wage index the lowest growth of 4.0 per cent and the highest growth of 10.9 per cent was recorded during the same years, i.e. 1998-99 and 1996-97.

### **3.5.6 Employment Growth**

#### **3.5.6.1 Employment Estimates Based On Census:**

As per census figures, the total number of main workers in the state was 323.97 lakhs in 1981, which rose to 413.61 lakhs in 1991 in the state. Thus, annual growth rate of main workers was about 2.5 per cent and there was an average increase of 9 lakh workers per year during the decade 1981-91. The Work Participation Rate (WPR) rose from 29.2 per cent to 29.7 per cent during 1981 and 1991 in the state. It is also important to note that the WPR of main workers in the state was 29.7 per cent as against 34.1 per cent in the country as a whole in 1991. In case of female workers a high growth (91.0 per cent) was recorded in 1981-91 while for males it was only 23.2 per cent. It was found mainly on account of the changes in the definition of female workers in the 1991 Census. However, due to this reason, the share of female workers (main + marginal) in the population moved up from 8.1 per cent to 12.3 per cent during the decade.

The inter-state comparison of work participation rate of male workers shows that Uttar Pradesh stood at 21st place. The low work participation rate in the state is due to lesser participation of females in economic activities, as only 12.3 per cent females were categorised as workers (main + marginal) against 22.1 per cent at the national level. The work participation rate among the males was recorded to be 49.8 per cent in the state against 51.2 per cent at the national level. The interpretation of this data makes it imperative to create an environment to increase employability of females in the state. The distribution of workers by broad categories of commodity producing sector indicated that agriculture sector still occupies a dominant position in the state economy.

The growth in employment by industrial classification during the period 1981-91 shows maximum growth (5.8 per cent) in mining and quarrying sector. Next to it is trade and commerce, which recorded 5.7 per cent growth followed by plantation/forestry, construction, other services and agriculture labour with 5.3 per cent, 4.5 per cent, 4.4 per cent and 4.5 per cent respectively.

### **3.5.6.2 Employment Estimates Based On NSS:**

Another set of employment estimates of the state are based on NSS data. A high dependency of workers on agriculture and allied sector is brought out by the results of 32nd, 43rd, 50th and 55th rounds of NSS. The share of workers in agriculture was about 70 per cent in 1987-88, 68.9 per cent in 1993-94 and about 71 per cent in 1999-2000, however, the share of manufacturing sector employment shows the declining trend in the state. This share declined from 9.5 per cent in 1987-88 to 9.3 per cent in 1993-94 and it again came down to 7.1 per cent in the year 1999-2000. In contrast, the share of workers in tertiary sector rose from 20.5 per cent in 1987-88 to 21.3 per cent in 1993-94 and it has further gone up to 21.9 per cent during 1999-2000.

### **3.5.6.3 Quality of Employment**

More results available from NSS 55th round for the year 1999-2000 provide per thousand numbers of workers engaged in self-employment enterprises, regular employment and casual employment in the agriculture and non-agriculture sectors. (Table 3.7) presents the distribution of workers employed as self-employed, regular employees and casual labourers in rural and urban areas of the state and also at all India level. The employment distribution in rural parts shows 70.1 per cent self-employment at the state level as against only 53.1 per cent at the all India level taking into account only principal employment status. In case of regular employment, the estimates show 6.3 per cent regular employment at the state level and 7.5 per cent at all India level. But the estimates of casual labour again present a better picture at the state level than at all India level. As per NSS 55th round estimates 23.6 per cent of the total rural employment is found casual in U.P. as against 39.4 per cent at all India level during 1999-2000.

**Table 3.7: Per Thousand Distribution of Usually Employed by Category of Employment for U.P. and India**

Persons	Usually Employed					
	Principal Status			Principal and Sub-Status		
	Self-Employed	Regular Employee	Casual Labour	Self-Employed	Regular Employee	Casual Labour
<b>Rural Persons</b>						
Uttar Pradesh	701	63	236	727	56	217
All India	531	75	394	558	68	374

*Source: NSS Report No.458; Employment & Unemployment Selection in India, 1999-2000. Part 1, pp.108&111.*

The employment distribution among all three categories taking into account principal and subsidiary status of employment also presents almost the same picture at the state and all India level. In rural and urban areas a higher percentage of total employment is recorded as self-employed (72.7 per cent and 55.0 per cent respectively) in the state as compared to all India estimates (55.8 per cent and 42.2 per cent respectively). In case of regular employment, the state had 5.6 per cent as regular employed as compared to 6.8 per cent in the rural areas at all India level. As compared to this the regular employment percentage in total employment in urban areas is recorded to be high (32.3 per cent) at the state level but the same is found to be 40 per cent at all India level.

Distribution of casual labourers shows lower level of casual labour in total usual employment (21.7 per cent) in rural areas of the state as compared to the same (37.4 per cent) at all India level. The share of casual labour in total usual employment in urban areas is found to be of the lower order at the state as well as at all India level. As per estimates of NSS 55th round, it is recorded to be 12.7 per cent and 17.8 per cent in the urban areas of state and at all India level respectively. Thus, the state has a better average employment quality as compared to average all India picture in terms of lower order of casual labourers in total usual employment.

### **3.5.6.4 Unemployment Rate**

The results shown by NSS sample survey also provide data on unemployment on the basis of different concepts. The estimates regarding the state-wise unemployment are available for different rounds of NSS. According to daily status approach the unemployment rate in rural and urban areas of the state was 3.1 per cent and 4.8 per cent respectively as per estimates of NSS 50th round during 1993-94. The unemployment rate has gone up to the level of 3.6 per cent and 6.2 per cent respectively in rural and urban areas of the state according to daily status approach of NSS 55th round during 1999-2000 (NSS report 458; 142-143). However, the unemployment rate is found to be of the lower order as compared to other states and all India average during both the periods.

#### **3.5.6.4.1 Sex-wise Unemployment Rate:**

As per latest unemployment estimates of NSS 55<sup>th</sup> round for the year 1999-2000 the unemployment rate is found to be of higher order (4.0 per cent) among males than females (2.1 per cent) in rural areas of the state. A higher unemployment rate among males (6.3 per cent) as compared to females (5.0 per cent) revealed also in the urban areas of the state. (NSS report 458; 142-143)

#### **3.5.6.4.2 Age Specific Unemployment Rate:**

The unemployment rate among the youth belonging to the age of 15-29 years based on current daily status approach showed 6.1 per cent and 12.5 per cent unemployment rate in rural and urban areas of the state. The unemployment among this age group is found to be of higher order (6.8 per cent) among rural males as compared to rural females (2.0 per cent). As against this in urban areas the unemployment among youth of 15-29 age group of males (12.4 per cent) was recorded to be of marginal lower order than the unemployment among the females (12.7 per cent)<sup>5</sup>.

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<sup>5</sup> NSS 55<sup>th</sup> Round 1999-2000, report 458; 152-153

### **3.5.6.5 Underemployment**

#### **3.5.6.5.1 Visible Underemployment:**

As per results of NSS 55th round data underemployment is categorised in to visible and invisible. Under the first category NSS measures the visible underemployment by cross classifying persons by (a) their usual and current weekly status, (b) their usual and current daily status and (c) their current weekly and current daily statuses.

##### **3.5.6.5.1.1 Usual and Current Weekly Status:**

As per data relating to usual and current weekly status of underemployment, it is recorded to be 4.3 per cent and 20.4 per cent among male and female employed in rural areas of the state during 1999-2000. The corresponding status of Underemployment is found to be 2.5 per cent and 12.7 per cent among male and female in urban areas of the state, thereby showing lower order of underemployment in urban areas as compared to rural areas in the state.

##### **3.5.6.5.1.2 Usual and Current Daily Status:**

According to usual and current daily status, the underemployment rate turned out to be 8.2 per cent and 38.3 per cent among male and female in the rural areas of the state during the year 1999-2000. However the level of underemployment during the same period is recorded to be low in urban areas, i.e. 5.0 per cent and 27.5 per cent among male and female respectively.

##### **3.5.6.5.1.3 Current Weekly and Current Daily Status:**

Under last and third classification, i.e. current weekly and current daily status, the rate of underemployment is seen to be 4.1 per cent and 22.9 per cent among males and females in rural areas against 2.6 per cent and 17.6 per cent respectively for males and females in urban areas of the state.

#### **3.5.6.5.2 Invisible Underemployment:**

Under the category of invisible underemployment, the underemployment is firstly calculated on the basis of employed persons who did not work, more or less regularly throughout the year in the usual principal status. The second type of underemployment in invisible category considers the employed persons who are seeking or available for additional work or alternative work.



Source: <http://upgov.nic.in>



### **3.5.6.5.3 Persons Who do not Work More or Less Regularly throughout the Year:**

The data relating to underemployment on the basis of employed persons who did not work more or less regularly throughout the year showed that 10.0 per cent persons were underemployed in the rural areas of the state during the year 1999-2000. Further breakup of underemployment among male and female in the rural areas showed a higher rate (12.6 per cent) among females as compared to 9.3 per cent among males. A perusal of underemployment in urban areas of the state has shown lower rate (6.5 per cent) during the same period. However, the rate of the same is recorded to be 7.8 per cent among females and only 6.4 per cent in case of males in urban areas of the state.

### **3.6 Regional Dimensions of Poverty**

Balanced regional development does not mean equal development of regions in the State. It simply implies the fullest realization of a region's potential so that the benefits of overall economic growth are shared by the inhabitants of the region.

Uttar Pradesh could be divided in five regions based on geographical and socio-economic differences before 2000. They were (i) Western, (ii) Central (iii) Eastern (iv) Bundelkhand and (v) Himalayan. But in 2000, Himalayan part was separated as a new state named as, Uttarakhand.

Now, it has only four parts on the basis of socio-economic differences. They are (i) Western, (ii) Central (iii) Eastern and (iv) Bundelkhand. Levels of poverty vary accordingly, rising from west to east. In 1993-94, Poverty levels were lowest in the Himalayan and Western Regions, rose sharply in the Central and Eastern Regions, and was highest in the Southern Region. There were more than twice as many poor in Southern UP as compared to the Himalayan Region, even though the two had roughly equal populations. While there had been slow progress at reducing poverty in four of the five UP regions, in which consumption inequality had also declined, in the Southern Region, the incidence, depth and severity of poverty remained virtually unchanged since

the early 1980s (Datta and Sharma, 2000).<sup>6</sup> Notably, Bundelkhand and eastern Uttar Pradesh were among only four regions in the country which experienced an increase in the incidence of poverty between 1972-73 and 1987-88 (Dreze and Srinivasan, 1995). The Eastern and Bundelkhand regions are comparatively more backward as compared to Western and Central regions. There are host of inter-regional disparities in respect of development indicators among these four regions:

The disparities between regions in UP are large and significant and there is evidence that these have grown during the 1990s. Per capita income from the six commodity sectors, are much lower in the two large and populous Eastern and Central regions compared to the more developed Western region. In 1970-71, the per capita income from the commodity producing sectors in the Eastern region was 32.4 percent lower than the Western region while the per capita income in the Central region was 17.1 percent lower. By 1992- 93, the gap between these regions and the Western region had widened and per capita incomes in the Eastern and Central regions slid down to levels 44.6 percent and 30.7 percent lower compared to the Western region.

Urbanisation is an important indicator of development. Census 2001 reveals, that urbanisation is highest (28.25 percent) in Western region followed by Central (25.11 percent) and Bundelkhand region (22.46 percent). Eastern region (11.78 percent) is extremely low in terms of level of urbanisation.

Land has been the basis of production, organization and rural assets in any agrarian economy. In the year 1995-96, agricultural productivity was lowest (13.71 qt/ha) in Bundelkhand among all regions. Western region having productivity of 25.76 qt /ha is the most developed region in the State. But during the 1980s, there were some healthy signs relating to agricultural growth. Agricultural growth picked up in the poorer regions and both the Central and Eastern regions registered higher growth rates of foodgrains and all crops, compared to the Western region. During 1980 to 1990 foodgrain production in

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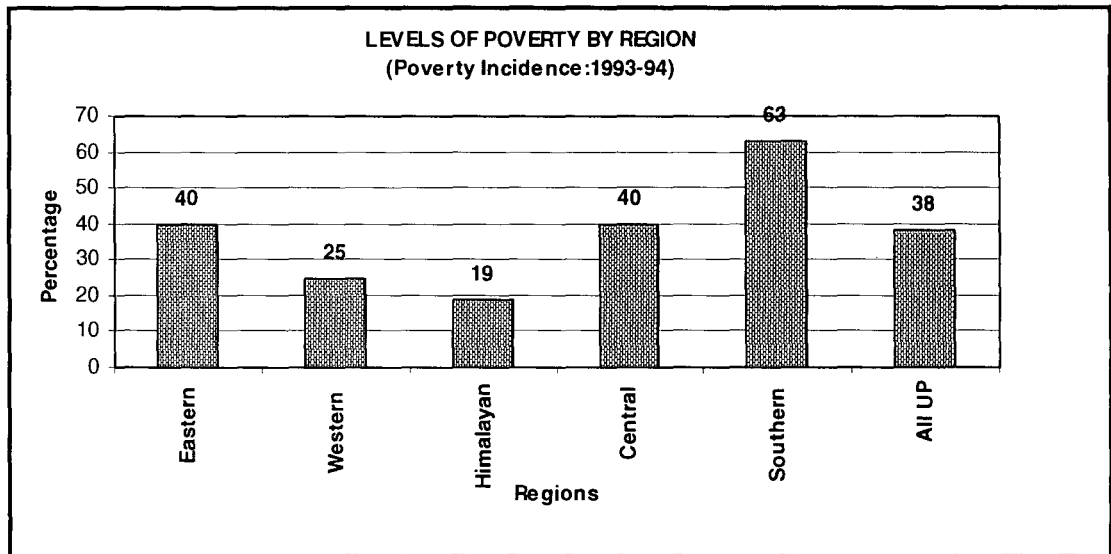
<sup>6</sup> Datta, K. L. and Sharma., Sharm( 2000). "*Level of Living in India: An Analysis of Consumption and Poverty*". New Delhi, Planning Commission, Government of India, June.

the Eastern region grew at an annual compound rate of 5.81 percent, higher than the Central region's growth rate of 4.99 percent and the Western region's growth rate of 4.57 percent. During 1980-83 to 1990-93, the Eastern region also experienced a growth rate in total crop production of 4.2 percent annually, compared to 3.72 percent in the Western region. However, between 1987/90 to 1993/96, foodgrain output in the Eastern region grew at a compound rate of 2.68 percent, slightly lower than the growth rate of 2.89 percent experienced by the Western region. The growth rate in all other regions has also been lower than the Western region (Lieten and Srivastava, 1999). Gross value of agricultural output per hectare of gross cropped area (at 1993-94 constant price) was lowest (Rs.9546) in Bundelkhand among all regions. Topography of Bundelkhand is plateau type and rocky, which lowers the moisture retaining capacity of the land and thereby the land is unsuitable for intensive cultivation. Western region having gross value of Rs.16735 of agricultural output per hectare of gross cropped area is the most developed region of the State.

The percentage of main workers engaged in agriculture to total main workers (2001) is highest in Bundelkhand region (70.08 percent) followed by Eastern (66.14 per cent) and Central region (63.78 per cent) The Western region is more diversified with 56.08 per cent of workers being engaged in agriculture sector. An overwhelming majority of the farmers in the Eastern region (83.0 per cent) are in the category of small and marginal farmers. Size of holdings in the region is another very important factor which hinders the growth of agriculture.

Industry is the life blood of an economy. The industrial sector of the Bundelkhand region is very inadequately developed. The number of persons engaged in registered factories per lakh of population, during 2001-02 is only 64 persons in the region, while the Western region is most developed with the value of 413 persons followed by Central region (229). Preliminary evidence also shows that industrial investment is now more concentrated in the Western region and in areas close to the National Capital region (Singh 1998).

Figure: 3.5



Source: NSS 50<sup>th</sup> Round

The data (Table 3.8) suggest some shifts in the regional distribution of the poor population. In 1999-00, the central and eastern regions still house a disproportionate share of UP's bottom quartile. However, relative to their population shares, there has been a decrease in the percentage of 'poor' individuals living in the eastern and southern regions – historically backward areas accounting for a substantial number of UP's poor and socially marginalised – and a concomitant increase in the percentage of poor living in the western and central regions. This shift in regional patterns of poverty is consistent with regional trends in agriculture wages [World Bank 2001, also Deaton and Dreze 2002].

**Table 3.8: Regional Trends In Poverty**

Region	Incidence of Poverty						Percentage of			
	Urban		Rural		Overall		Population		Poor	
	1993	1999	1993	1999	1993	1999	1993	1999	1993	1999
	-94	-00	-94	-00	-94	-00	-94	-00	-94	-00
Himalaya n	12.7	14.1	24.8	15.6	22.5	15.2	4	4	2	2
Western	31.1	30.0	29.3	21.7	29.8	23.9	36	36	27	27
Central	33.9	33.4	50.2	42.2	46.7	39.7	18	18	20	24
Eastern	38.6	31.1	48.8	36.4	47.5	35.9	37	37 -	42	43
Southern	74.4	40.9	67.4	20.9	68.9	24.4	5	5	9	4
Uttar Pradesh	35.1	30.7	42.3	31.1	40.9	31.0	100	100	100	100

Source: World Bank, (2002), *Poverty in India: The Challenge of Uttar Pradesh*, India.

### 3.6.1 Important Factors Responsible for Regional Disparity-

In the beginning of the twentieth century, in western Uttar Pradesh some historical factors were responsible for expansion of cultivation of commercial crops like the prevalence of khudkast proprietors (land cultivators by owners also called bhaichara) public investment in irrigation and availability of credits and sugarmill (Pradhan, 1966). While in eastern Uttar Pradesh, parasitic zamindars, absence of public investment in irrigation and rigid revenue system reduced the mass of the peasantry to such a pauperized situation of dependence on merchants and usurious capital that the class of independent small producers and middle peasants reduced to insignificance. It created a mass of indebted pauperised peasants and tenants on the one hand, with no surplus to invest, while at the same time a small minority of merchants and landlords with surplus and capacity to invest, but no interest to invest in agriculture because they find high returns from pre-capitalist sources like ground rent and usury interest (Amin, 1984).

Western Uttar Pradesh was historically among one of the most dynamic regions in India, with the highest rate of growth of both foodgrains and commercial crops output; under a moderate khudkast system, it enjoyed the benefits of the heaviest concentration of public investment in canal irrigation along with Punjab in whole India. At Independence, the region emerged with one of the least polarised class structures and with a strong and large class of independent producers (Baden-Powell, 1972). Thus, conditions were favourable in this region for adoption of new technology. Though new technology was benefiting all rural households, but Saith and Tanka (1972) found in their field study that ownership of tractors, threshers, harrows, trailers, tube wells and other mechanised farm equipment was heavily concentrated in the hands of minority of peasants.

The western region comprising of 19 districts witnessed faster agricultural growth than other parts of the state. Along with Punjab and Haryana, western UP experienced largest growth of rural capital investment. The impact of new technology was greater in this region partly because western UP was well equipped with canals and irrigation works established at the beginning of the century. This transformed the region into one of the richest tracts during the colonial period. This led to the emergence of an infrastructure and the expansion of market towns. Commercial farming also gained impetus (Whitecombe, 1971). Green Revolution took place in this area. As a result, western UP differed from eastern UP and the class polarisation between absentee landlords and peasant producers did not occur to the same degree in the western UP as it did in eastern UP (Amin, 1984).

The differences in consumption levels and poverty profile, resource endowments, levels of social development and social structure across UP's regions justifies a fairly decentralised approach in planning strategies for poverty alleviation in the State.

## **3.7 Measuring Poverty in Uttar Pradesh**

### **3.7.1 In Terms of Material Deprivation**

In India, and indeed throughout the world, we conventionally equate poverty with material deprivation and define the poor as those individuals whose level of per capita consumption or income falls below the chosen cut-off point, or poverty line.<sup>7</sup>

On the basis of data from the 1993-94 NSS, a person living at India's official poverty line would have spent Rs 6.8 per day, equivalent to about 22 cents. While relative prices have changed since 1994, the change is likely to be marginal. Accordingly, we assume the 1993-94 food basket is still relevant for the poor today. On a typical day therefore, a poor person would consume: Three scant plates of cooked rice, or 8-10 chapattis, A half cup of cooked pulses, A spoon of edible oil, A spoon of dried chili, One medium-sized potato, or onion, One cup of tea, A handful of brinjal, One half cup of milk, One banana three times each month, an egg every five days. After buying food, two additional rupees each day, equivalent to about 6 cents, would be left over for items like medicines, school books, fuel for cooking, clothing, soap, durable goods, etc. Notably, one-third of India's rural population cannot even afford this frugal bundle [World Bank, 1997].

### **3.7.2 In Terms of Human Deprivation**

Deprivation of human resources is another critical dimension of poverty; Indicators of human development capture important dimensions of well-being and reflect not just the rate of growth in the economy but also levels and quality of public spending. Effective public spending on basic services, e g, education, health, water and sanitation, can compensate for the limited ability of the poor to acquire these services through the market.

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<sup>7</sup> India's poverty lines are set by the Planning Commission and use the Expert Group's methodology [GOI 1997]. These poverty lines are based on nutritional norms, and defined in terms of the level of per capita consumer expenditure needed to provide an average daily intake of 2400 calories per person in rural areas and 2100 calories in urban areas, plus a minimal allocation for non-food items.

### 3.7.2.1 Lack of Access to Education

Another major cause of poverty is the low educational attainments of the poor. These educational differentials are one of the main factors for relatively lower levels of income among the poor. Poor parents are not able to help their children reach higher educational levels. Education is a key indicator of human development. Many desirable social and economic outcomes are linked to rising levels of education, particularly among women and socially vulnerable groups.

Recent results from the 2001 Population Census confirm that UP has made significant progress in boosting literacy levels over the past decade; literacy increased by nearly 17 percentage points between 1991 and 2001. The state still lags to many states – almost 70 million people in UP still cannot read or write. Though as of the mid-1990s, two thirds of rural women were still not able to read or write, and only 15 per cent had more than five years of schooling. Rural men did better; by the mid-1990s, two-thirds of them were literate, and 36 per cent had completed schooling beyond the primary level. Literacy in urban areas is much higher, although one-third of urban women were still illiterate in the mid- 1990s. UP made better progress in improving enrolments of girls and socially marginalized groups between the mid-1980s and mid- 1990s(Table 3.9).

**Table 3.9: Net School Enrollment Rates in Uttar Pradesh By Caste and Gender**

School Enrollments	1986-87 (NSS 42 <sup>nd</sup> Round)			1995-96 (NSS 52 <sup>nd</sup> Round)		
	Boys	Girls	SC/ST Girls	Boys	Girls	SC/ST Girls
<b>Rural (7 to 12 year olds)</b>						
<b>Uttar Pradesh</b>	62	29	20	75	52	45
<b>All-India</b>	65	43	31	76	62	53

*Source:* NSS 42nd and 52nd Rounds.

National Family Health Survey (NFHS-2, 1998-99) points to sharp increases in aggregate school attendance, particularly for girls and children from scheduled caste and tribal families during the latter half of the 1990s. EMIS data from the directorate of basic education in UP, suggest that in the districts where the District Primary Education Project



(DPEP) was active, enrolments might have doubled since 1993. The NSS 55th Round also shows significant increases in enrolment rates of rural girls, so much so that it has nearly closed the gap in enrolment rates for boys and girls. There is estimation that enrollments of rural SC/ST girls have risen from 45 per cent in 1995-96 to 60 percent in 1999-00, and in urban areas from 72 per cent to 76 per cent over the same time period.

### **3.7.2.2 Lack of Access to Health Facilities**

Health status is an essential indicator of human development. There is serious problem of health and illnesses in UP, in comparison to the rest of India. According to estimates from the Office of the Registrar General [ORG 1999], life expectancy at birth in UP is 61 years for both males and females, below the national average of 62.4 years for males, and 63.4 years for females. In UP maternal mortality rate was estimated at 707 deaths per 1,00,000 live births in 1997, compared to 408 in India as a whole. Moreover, the total fertility rate was estimated at 4.8 births in 1997, considerably higher than the national average of 3.5. However, recent trends in demographic and health indicators for women show some positive trends. According to results of the National Family Health Survey (NHHS-2) of 1998-99, fertility rates are declining and use of contraceptives is slowly increasing. However, sterilisation, which is not useful for birth spacing, still accounts for three-quarters of contraceptive use [IIPS 2000].

However, the main concern in UP is about the health status of children in UP. The Office of the Registrar General (ORG) estimates that infant mortality in the state was 85 deaths per 1,000 births in 1997, compared to a national average of 71 per 1,000 live births. Similar estimates have been made by NFHS-2.

### **3.7.2.3 Other Indicators**

The poor are highly voiceless and powerless vulnerable. They lack access to and influence over the institutions of the state and the resources and services. Social marginalisation and exclusion is often at the root of this problem. Low-caste status and gender operate as social barriers for many poor people, those exclude them from many realms of social and economic opportunity.

### **3.7.2.3.1 Vulnerability**

Vulnerability to idiosyncratic shocks is a fact of life for poor men and women. The poor are at risk because they lack the income, the assets, and the social ties that protect the better off from the impact of unexpected setbacks. Idiosyncratic shocks are common, such as an illness that requires expensive treatment, the temporary or permanent disability of earning member of family and a natural disaster (such as the drought and flooding). These shocks can obliterate a poor household's small savings. In both urban and rural field studies, death, disability, and disease were cited frequently as factors linked to vulnerability. Widowhood or, more frequently, desertion by a spouse, often led to destitution in poor and low-caste women [see Unni 1998; Dreze 1990]. Economy-wide or systemic shocks are also common like crops failure due to poor weather conditions, increase in agricultural wages with the vagaries of the local economy. If shocks are severe, repeated, or long-lasting, a household may be forced to sell or pawn its few productive assets and, in the worse cases, may fall into chronic lifelong debt. The end result is that many of the poor limit themselves to static, unproductive, and low paying economic activities, to preserve security of livelihood, even at the cost of potential improvements in economic status, perpetuating the vicious cycle of poverty.

### **3.7.2.3.2 Voice and power**

Poor people are generally deprived of political power, and so lack the leverage to ensure that state institutions serve them fairly. Usually they lack access to public facilities. Poor public sector governance impinges disproportionately on them. While non-responsiveness has been character of public bureaucracy in India; the burden of non-responsiveness falls particularly upon poor men and women. For instance, Sekhar and Balakrishnan (1999) in their study indicate that the wealthy and middle classes are more likely to be able to resolve their complaints and at lower cost. In Delhi, an average 27 per cent of ordinary households who complained about a particular government service won redress, through an average number of four required visits. In contrast, only 6 per cent of slum dwellers were able to get their problems solved, and an average slum dweller had to make six visits in order to do so. Corruption also impacts the poor disproportionately. Since bribes require them to part with a larger share of their income than do better-off

groups, this phenomenon often operates as a highly regressive tax on the poorest. At times, they may have to pay more even in absolute terms. In the above example, the average bribe paid by ordinary households was Rs 254, compared to Rs 337 for slum dwellers. Although poor households are at a disadvantage when they confront public bureaucracies, collective action can improve their bargaining power.

### **3.7.2.3.3 Social identity**

Social identity, particularly, caste status and gender, affects poverty in Uttar Pradesh in many ways. Persons with low caste status are generally employed in low-paid jobs or as low-status agriculture labourers, who are often illiterate and live in poorly constructed houses with limited access to water and sanitation. They are also more likely to suffer job discrimination. A research of World Bank (2001) suggests that they earn less than other groups with same levels of education. Social identity creates particular barriers to economic and social mobility, barriers that must be recognised in designing effective policy and programmes. Similarly, Women also suffer from various forms of social and economic discrimination.

## **3.8 Important Factors Responsible for Poverty in Uttar Pradesh**

### **3.8.1 Labour**

High proportion of the rural poor work as casual labourers, particularly in agriculture sector – the lowest paid and lowest status occupation in the state. The reality is that agricultural employment in Uttar Pradesh occupies three-quarters of the labour force. Most of them own little or no land or productive assets. Labour is the most important and abundant asset of the poor. However, it provides the overwhelming majority of those living below the poverty line in Uttar Pradesh with only tedious, back-breaking, low-paid jobs with no permanent tenure.

**Table 3.10: Uttar Pradesh: Poverty Incidence by Occupation of Household Head**

Rural Areas Main occupation	Poverty incidence			Percentage of population			Percentage of Poor		
	1983	1993 -94	1999- 00	1983	1993- 94	1999 -00	1983	1993 -94	1999- 00
S E non- agriculture	52.3	44.3	28.3	13	13	9	14	14	7
Agriculture labour	66.3	63.5	50.6	16	18	26	22	26	40
Other labour	48.2	52.3	43.9	4	5	5	4	6	6
S E agriculture	43.3	36.4	27.1	61	58	54	55	50	44
Other	30.4	25.9	14.9	7	6	6	4	4	3
Overall	47.4	42.3	33.2	100	100	100	100	100	100

S E – Self-employed.

Source: 1983, 1993-94, and 1999-00 NSS.

Like other parts of India, casualisation of the workforce is on the rise in UP [Srivastava and Lieten 2000]. In 1993-94, nearly two-thirds of rural households who were dependent on earnings from casual labour in the agriculture sector were below the poverty line whereas over half of the households dependent on casual labour earnings outside the agriculture sector were below poverty line (Table 3.10). For households with salaried employment, poverty levels remained virtually unchanged from the mid-eighties to the mid- 1990s (1983-84 to 1993-94), a period when, in contrast, poverty fell sharply for farm households and for self-employed households in the rural non-farm sector. These trends continued through the latter part of the 1990s.

### 3.8.2 Land

Land is the most important asset for the rural poor after labour. Poverty falls as land ownership rises. However, many of the poorest households own little or no land, and land holdings in Uttar Pradesh have become more fragmented over time, with implications for the structure of rural poverty (Table 3.11). In 1983, 27 per cent of the

population, corresponding to 30 per cent of the rural poor, owned less than a half-hectare of land. By 1993-94, the number of households owning less than a half-hectare had risen to 43 per cent and accounted for 54 per cent of the rural poor. By 1999-00 nearly two-thirds of the rural population, or 62 per cent of the poor, owned less than a half hectare of land – far less than what is needed to provide for a families’ subsistence needs.<sup>8</sup> The trend toward rising poverty among landless and near-landless households suggests that either the rural non-farm sector has failed to provide employment, or that the poor lack the education or skills to take advantage of the opportunities available. Both hypotheses are probably true.<sup>9</sup>

**Table 3.11: Uttar Pradesh: Rural Poverty Incidence by Land Ownership**

Area of Land Owned	Poverty incidence			Percentage of population			Population of Poor		
	1983-84	1993-94	1999-00	1983-84	1993-94	1999-00	1983-84	1993-94	1999-00
No land owned	37.6	51.5	40.6	3	6	4	2	8	5
0 – 0.4 hectares	57.4	52.7	40.7	24	37	47	28	46	57
0.4 – 1 hectares	58.5	41.5	31.3	13	25	24	15	24	22
1 – 2 hectares	51.7	34.6	22.4	18	17	15	20	14	10
2 – 4 hectares	45.6	24.8	17.7	20	10	7	19	6	4
4+ hectares	30.7	19.8	10.4	23	5	3	15	2	1
Overall	47.5	42.4	33.2	100	100	100	100	100	100

Source: 1983, 1993/94, and 1999/00 NSS.

<sup>8</sup> World Bank, (2002), *Poverty in India: The Challenge of Uttar Pradesh*, India.

<sup>9</sup> Kozel, Valerie and Parker Barbara, (2002), “A Profile and Diagnostic of Poverty in Uttar Pradesh”, Paper presented at the Workshop on Poverty Monitoring and Evaluation, Planning Commission and World Bank, January. New Delhi.

### **3.8.3 Human capital**

After labour and land, human capital is a crucial asset for the poor. Human capital consists of formal education, good health and healthy social environment necessary for over all development of the person. Poor people lack these necessities in absence of economic resource. This affects their capability for work and finally their income. Thus it creates vicious circle of poverty.

#### **3.8.3.1 Education**

Now-a-days formal education is an important determinant of poverty. In many regions of Uttar Pradesh, lack of educational opportunity deepens a vicious cycle of poverty and illiteracy. Poverty is strongly associated with levels of formal education. This is most strikingly the case in urban areas, but the relationship is almost same in rural areas as well. In 1993-94, 59 per cent of urban households headed by illiterates were poor, in contrast to only 7 per cent of households whose heads had completed tertiary education (Table 3.12). The link between poverty outcomes and education was marginally weaker in rural areas, where 51 per cent of “illiterate” households and 20 per cent of households whose head had a tertiary education were poor. However, by 1999-00, the link between poverty and education had become stronger in rural areas: 52 per cent of illiterates were poor, as compared to only 9 per cent of households whose head had a tertiary education. These results suggest that even a little education helps to open economic opportunities in rural areas. However, due to a threshold effect in UP’s urban areas, much higher levels of education may be necessary for opening up employment opportunities there.

In 1980s and 1990s, however, average enrolments rose in the state. Comparisons between the NSS 42nd Round (1986-87) and 52nd Round (1995-96) indicate that rural primary school enrolment rates for 7-12-year-old girls for the poorest 40 per cent of households almost doubled over 10 years – from around 20 per cent of the relevant age group to an estimated 40 per cent [Deaton 2000]. More recent estimates from the NSS 55th Round state sample show continuing improvements, particularly in education levels of girls and SC/STs (Table 3.12) in the relevant age group.

**Table 3.12: Uttar Pradesh: Rural Poverty Incidence by Education of the Household Head**

Highest Educational Attainment of Head	Incidence of Poverty				Percentage of			
	Rural		Overall		Population		Poor	
	1993-94	1999-00	1993-94	1999-00	1993-94	1999-00	1993-94	1999-00
Not literate	50.6	51.7	51.6	41.8	53	48	66	61
Less than primary	36.7	41.9	37.9	35.6	11	11	11	12
Completed Primary	33.5	42.2	35.9	34.2	10	9	9	9
Completed Middle	32.3	29.4	31.0	24.8	10	11	7	8
Completed Secondary	25.6	23.2	23.3	21.3	6	9	4	6
Completed Higher level	19.6	8.6	13.4	11.8	10	12	3	4
Overall	42.4	32.5	40.9	33.1	100	100	100	100

Source: Poverty in India, The Change of Uttar Pradesh, May 2002, Report No.22323-1N, p.37

### 3.8.3.2 Good health

Health is wealth. Good health is an important as well as a productive asset. Poor are unable to attain or maintain good health due to inadequate calorie intakes and malnutrition. Poverty increases the risk of getting sick and exacerbating illnesses. Parker (1998)<sup>10</sup> in a recent study in a very poor area of southern UP found that low-income informants know little of disease etiology and prevention, even by developing-country standards. The higher risks associated with poverty are reflected in the gap between health status indicators for the rich and poor in India as a whole. Survey data from the first National Family Health Survey (NFHS-1) in 1992/93 indicates that infant and child mortality rates among the poorest 20 per cent of the national population are 2½ times higher than among the wealthiest 20 per cent.

<sup>10</sup> Kozel, Valerie and Parker Barbara, (1998), "Poverty in Rural India: The Contribution of Qualitative Research in Poverty Analysis", World Bank, mimeo

**Table 3.13: Comparison of Health Status of Children in Uttar Pradesh, by Quintile**

	Poorest 20 Percent	Quintile 2	Quintile 3	Quintile 4	Wealthiest 20 Percent	Total
UP: stunting	61.5	65.0	58.7	61.6	59.3	61.7
All-India: stunting	55.6	54.0	48.6	43.4	30.9	47.1
UP: no immunisation	56.9	60.3	44.3	47.4	33.4	48.5
All-India: no immunisation	48.4	40.8	27.5	18.0	7.9	30.0
UP: all immunisations	9.8	10.8	17.5	17.3	27.9	16.6
All-India: all immunisations	17.1	21.7	34.7	48.2	65.0	35.4

Source: Poverty in India, The Change of Uttar Pradesh, May 2002, Report No.22323-1N, p.38.

According to National Family Health Survey (NFHS-1, 1992-93), in UP poverty affects children's health remarkably (Table 3.13). Children from the poorest households particularly, are likely to be un-immunised or only partially immunised. In Uttar Pradesh, an estimated 60 per cent of children from the poorest 40 per cent of the population had never been immunised, compared to 45 per cent at the all-India level.

### 3.8.4 Lack of Access to Public Goods and Services

Uttar Pradesh with high concentration of poor people tends to have lower endowments of infrastructure and other basic services. Levels of infrastructure development are low in Uttar Pradesh in comparison to other better performing states. Kurian (2000)<sup>11</sup> for instance, observes that per capita consumption of electricity was only

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<sup>11</sup> Kurian, N.J. (2000) "Widening Regional Disparities in India: Some Indications", *Economic and Political Weekly*, Vol. XXXV, No.7, February 12, pp. 538-550.



194 kWh in Uttar Pradesh whereas 332 kWh per capita in Andhra Pradesh and 338 kWh in Karnataka. As of March 1999, UP had 1.21 telecom connections per 100 inhabitants, whereas Andhra Pradesh had 2.36 and Karnataka, 3.25 per 100 inhabitants. Inadequate infrastructure, specially, the decreasing availability and reliability of power supply and water for irrigation, have lowered productivity in both agriculture and industry. These are the reasons for lower rates of poverty reduction in Uttar Pradesh. In recent years, government spending on rural development, on infrastructure and on social sectors has been sluggish. Not only are spending levels low, but also there are problems in spending. Due to higher level of corruption money is not properly used. Thus, higher spending does not necessarily mean better services.

### **3.8.5 Fiscal stress of state**

The state has been under acute fiscal stress, with rising fiscal deficits and deficits on revenue account, and a rising debt burden. In 1985-86, the State budget showed a revenue surplus of 0.6 percent of Gross State Domestic Product. But since the late 1980s, the revenue deficit has been steadily mounting – from 2.2 percent of GSDP in 1989-90 to 3.6 percent in 1997-98 and 5.9 percent in 1998-99 (revised budget estimates). The total fiscal deficit in the State was as high as 5.8 percent of GSDP in 1997-98 and 8.2 percent in 1998-99. This deficit has been financed largely out of borrowings leading to a mounting debt burden on the State. This has compelled the state to launch fiscal and economic reforms in a vigorous way. But, in the meanwhile, as a result of the fiscal crisis, public investments are under squeeze. As a result, the state has been experiencing declining capital expenditure in physical and social infrastructure in new investments and low rates of capital formation in agriculture. The share of capital expenditure as a proportion of total state expenditure and as a proportion of GSDP has been declining since the early 1980s under most heads (roads, power, irrigation, transport). Investment in irrigation declined from 1.5 percent of GSDP in 1995-86 to 0.4 percent of GSDP in the late 1990s. Thus low investment, combined with low productivity of existing investments, clearly linked to poor management and governance, is among the main causes of stagnant growth.

### **3.9 Conclusion**

Uttar Pradesh is one of the biggest states of India. It has the largest population in the country. Uttar Pradesh has highest number of people below poverty line, which makes a significant portion of population of the country. Uttar Pradesh's economy is characterized by low level of urbanization and significant rural-urban disparities in levels of income, infrastructure and social development. Uttar Pradesh presents an extreme case of gender inequality even among the BIMARU (Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh) states. For economic progress of the country it is important to make continuous and serious effort to remove the poverty of the state. Unless the living conditions of poor of the state get improved, economic progress of the country is not possible.

The low achievements of Uttar Pradesh in social development cannot be explained in terms of its low per capita income levels alone. Much of the blame can be put on the failure of public policy, which accorded low priority to social sectors. There has been a visible deterioration in the functioning of public institutions in the state.

## **CHAPTER 4**

### **Poverty Alleviation in Uttar Pradesh –Government Interventions, Strategies and Programmes**

#### **4.1 Introduction**

Eradication of poverty remains a major challenge of planned economic development. Acceleration of economic growth, with a focus on sectors that are employment-intensive, facilitates the removal of poverty in the long run. However, this strategy needs to be complemented with a focus laid on provision of basic services for improving the quality of life of the people and direct State intervention in the form of targeted anti-poverty programmes. While growth will continue to be the prime mover, anti-poverty programmes supplement the growth effort and protect the poor from destitution, sharp fluctuations in employment and incomes and social insecurity.

India has an array of direct interventions, which aim at bringing about an improvement in the living conditions of the poor. These can be considered to fall in four main groups: (1) programmes and interventions which stabilise or raise the employment and income of poor households; (2) programmes which focus on poor households or vulnerable individuals in order to improve their food security status; (3) interventions which improve the access of poor households to basic minimum services through greater private or public provisioning; (4) social security interventions (pensions, accident benefit) which are intended to cover especially vulnerable poor individuals.

#### **4.2 Strategy for Poverty Reduction by Uttar Pradesh Government at the State Level**

The broad aim of the state is to accelerate its rate of growth while at the same time, through a favourable composition of such growth, bringing about a reduction in regional disparity and poverty and achieving a high rate of growth of employment in the

state (GOUP, 9th Plan). With this aim, the State's Ninth Plan (1997-2002) has set out the following principal objectives and priorities:

- (i) Development of critical infrastructure, particularly of irrigation and power, as a base for rapid and sustained development.
- (ii) Development of agriculture, more particularly in areas lagging behind, and of the rural economy, through diversification within agriculture from low value to high value crops and from agriculture to non-farm and more remunerative activities.
- (iii) Acceleration of the pace of rural development with the objective of generation of productive and gainful employment. More particularly for those living below the poverty line, eradication of poverty and reduction in regional disparities.
- (iv) Improvement in the economic and social condition of disadvantaged groups such as women, scheduled castes, scheduled tribes, other backward castes and minorities.
- (v) Provision of "Basic Minimum Services" to improve the quality of life of the rural population together with saturation of Ambedkar villages with identified programmes.
- (vi) Reduction of growth of population
- (vii) Promoting and developing people's participatory institutions like Panchayati Raj institutions, cooperatives and self-help groups.<sup>1</sup>

The broad strategy envisaged in the plan is:

- To achieve higher efficiency from investments already made or being envisaged and to ensure a better delivery system.
- To secure and promote private investment.
- To focus development strategies in order to maximise the impact of growth on poor areas and deprived groups
- To encourage labour intensive growth.

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<sup>1</sup> Government of Uttar Pradesh, Department of Planning, *Ninth Five Year Plan 1997-2002 and Annual Plan, 1997-98, Vol.1*

- To ensure a large share of investment in the state by Central government and financial institutions
- To develop an institutional framework which is consistent with such growth
- To encourage the growth of participatory people's institutions in the state.
- The state set a growth target of 7% annually during 1997-2002 based on a public sector plan outlay of Rs. 46,300 in order to achieve the above objectives.

### **4.3 Poverty Alleviation Programmes**

#### **4.3.1. Credit-Cum-Subsidy Based Self-Employment Programmes**

##### **4.3.1.1. Integrated Rural Development Programme**

The Integrated Rural Development Programme (IRDP) was introduced in India in 1979 as a major package aimed at poverty alleviation. The strategy sought to provide productive assets to the "poorest of the poor" through a credit-cum-subsidy package, after a careful assessment of the requirements, both of the activity and the recipient household. The additional income thus derived was to suffice to raise the household above the poverty line level as estimated by the Government of India. The IRDP thus aims to provide additional income to the poor through self-employment rather than through *wage-employment*, on assets acquired through *transfer* rather than through *redistribution*. The Programme should be seen as a more systematic response to a set of *ad hoc* anti-poverty measures undertaken in India during the late 1960s and the 1970s. Initially conceived as an integrated approach to rural development with a focus on the rural poor, the Programme actually emerged as an integration of anti-poverty strategies based on asset transfer and target group approach within a unified framework (Rath 1985).<sup>2</sup>

The Integrated Rural Development Programme (IRDP) was started in 1980-81 in all blocks of the country and continued as a major self-employment scheme till April 1, 1999. Then, it was restructured as the Swarnjayanti Gram Swarozgar Yojana (SGSY) which aimed at self-employment of the rural poor. The objective is to provide productive assets or appropriate skills that would generate an additional income on a sustained basis to enable them to cross poverty line.

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<sup>2</sup> Rath, Nilkantha (1985) "Garibi Hatao: Can IRDP Do It?" *Economic and Political Weekly*, Vol. XX, No. 6, Feb. 9, pp. 238-246.

The “target group” of the IRDP consisted of households below an income poverty line, as officially defined from time to time. Targets were also laid down for scheduled caste households (52 percent), women (30 percent), physically disabled (3 percent), and in some cases, religious minorities. Since the Seventh Plan, emphasis has shifted from the support of land based to non-land-based activities.

Since the inception of the programme till 1998-99, 53.50 million families have been covered under IRDP at an expenditure of Rs.13,700 crore. During first two years of the Ninth Plan (1997-98 and 1998-99), about 3.37 million families are reported to have been covered of which 46 per cent were Scheduled Castes/Scheduled Tribes and 35 per cent women. The total investment during this period has been Rs.6,431 crore including a subsidy of Rs 2,266 crore.

The scope of poverty reduction through IRDP has been limited both by debt-capacity of the poor and by the high cost of appraising, monitoring and enforcing small loan agreements. IRDP has been a poorly targeted programme notwithstanding the elaborate criteria of identification of ‘below poverty line (BPL)’ families by the Gram Panchayat. Instances of non-poor getting selected and the poor being left out have not been infrequent. Leakages, misappropriation of funds, violation of programme guidelines, selection of the non-poor as target group, absence of proper maintenance of accounts and poor quality of assets – all these have been documented in various studies

Rural poor families have remained constant in number at 55 million in the last 20 years despite high growth and high investment in IRDP and wage-giving programmes. The average investment per family remained at sub-critical levels, too inadequate to generate income of Rs.2,000 per family per month as the programmes had set out to do. Such investment at the beginning of the Eighth Plan was Rs.7,889. Even the investment at the beginning of Ninth Plan of Rs.16,753 was not much higher in real terms. Such low per-family investment in the face of inflationary trends and rising cost of assets cannot finance viable projects to offer adequate incomes on a sustained basis.

Because of a distortion of objectives, IRDP’s lending policy has tended to be driven by availability of subsidised funds rather than any effective demand for credit. Indicators for monitoring are based on target; they are not achievement-based. In the event, retention and profitability of assets purchased are never monitored.

A disturbing feature of IRDP in several states has been the rising indebtedness of its beneficiaries. In many cases, the beneficiaries have had to borrow money at much higher interest to repay the IRDP loan and avoid legal action. The rise in indebtedness has two reasons. Firstly, the programme overlooks consumption requirements of the beneficiaries; this leads to diversion of the project loan for consumption needs. Secondly, once micro-enterprises are established there is no mechanism to look at how these enterprises tackle problems of marketing or working capital. As a result, many of these units become unviable and leave the beneficiary in debt.

IRDP totally lacks “social intermediation,” a process by which poor borrowers are encouraged to organize themselves into groups, are given awareness training on the importance of regular savings and credit discipline and are instilled a sense of self-confidence.

IRDP has several allied programmes like Training of Rural Youth for Self-Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Ganga Kalyan Yojana (GKY), Million Wells Scheme (MWS) and Supply of Improved Toolkits to Rural Artisans (SITRA). Together, they presented a matrix of multiple programmes without desired linkages. These were implemented as separate programmes without keeping in mind the overall objective of generating sustainable incomes. For instance, only 3 per cent of IRDP beneficiaries received training under TRYSEM and only 23 per cent of those trained thus were assisted under IRDP.

#### **4.3.1.2 Allied Programmes**

One of IRDP’s facilitating components, TRYSEM was aimed at providing basic technical and entrepreneurial skills to the rural poor in the age group of 18-35 years to take up income-generating activities. The concurrent evaluation of IRDP (1992-93) showed that less than 4 per cent of beneficiaries received training under TRYSEM. The rural youth so trained were only interested in the stipends; they had not used the knowledge gained under the programme for furthering self-employment prospects. TRYSEM had a weak link with the overall strategy for self-employment in rural areas and with industrial policy. The training was not related to capacity or aptitude of trainees nor to demand for the respective skill. It was impossible for trained rural youth to run a self-employment enterprise, given the poor technological base and uncertainty over availability of credit.

Launched in 1992, SITRA was a sub-scheme of IRDP in selected districts but was later extended to all the districts of the country. Under this scheme, a variety of artisans were supplied with kit of improved hand-tools. It was all within a financial ceiling of Rs.2,000, of which the artisans had to pay 10 per cent and the rest was subsidy from the Central Government.

The Development of Women and Children in Rural Areas programme (DWCRA) aimed at strengthening the gender component of IRDP. DWCRA was introduced in 1982 with UNICEF support as a sub-programme of the IRDP. Since 1994-95, the programme has been extended to all districts in the country. DWCRA was directed at improving the living conditions of women and thereby of children by offering opportunities for self-employment and access to basic social services. It sought to encourage collective work in the form of group activities that were known to work better and were more sustainable than the individual effort. In the Eighth Plan, DWCRA received a fillip with the government taking several initiatives to strengthen the programme. During the Eighth Plan, it benefited about 22.67 lakh women who were assisted at an expenditure of Rs.190.72 crore. Some States like Andhra Pradesh, Kerala, Tripura and Gujarat performed very well contrast to most others. The range of activity pursued by DWCRA groups was fairly diverse. However, several groups became defunct over time due to their improper selection, lack of homogeneity among the group members, selection of non-viable activities, poor backward and forward linkages, lack of institutional financial support and professional approach and inadequacy of staff and their insufficient training and motivation.

There is not only absence of linkages between different programmes but also there has been lack of coordination with other departments as well. IRDP and the allied ones are not sufficiently enmeshed in the overall strategy of sustainable agricultural development or rural industrialisation strategy or with the resource-base of the area. In fact very few loans have been given for buying land. This absence of integration together with lack of technological and institutional capabilities puts a question mark on the very strategy and design of the programmes.



The IRDP and the other self-employment programmes have been evaluated and critiques from time to time and changes introduced in their design and functioning. Based on a comprehensive review and the recommendations of Hashim Committee, with effect from April 1, 1999, the Self-employment programmes of IRDP, TRYSEM, DWCRA, GKY as well as the Million Wells Scheme were merged into the restructured Self-employment programme called the Swarnjayanti Gram Swarozgar Yojana (SGSY).

#### **4.3.1.3 SWARNJAYANTI GRAM SWAROZGAR YOJANA (SGSY)**

The single self-employment programme of Swarnjayanti Gram Swarozgar Yojana (SGSY), launched with effect from 1.4.1999, has been conceived keeping in view the strengths and weaknesses of the earlier schemes of Integrated Rural Development Programme (IRDP) and Allied Programmes along with Million Wells Scheme (MWS). The objective of restructuring was to make the programme more effective in providing sustainable incomes through micro enterprises. The SGSY lays emphasis on the following:

- Focussed approach to poverty alleviation.
- Capitalising advantages of group lending.
- Overcoming the problems associated with multiplicity of programmes.

SGSY is conceived as a holistic programme of micro enterprises covering all aspects of self employment viz. organisation of the rural poor into self help groups (SHGs) and their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing. Micro enterprises in the rural areas are sought to be established by building on the potential of the rural poor. The objective of the programme is to bring the existing poor families above the poverty line.

Under the SGSY, the focus is on vulnerable sections among the rural poor with SCs/STs accounting for 50 per cent, women 40 per cent and the disabled 3 per cent of the beneficiaries and gives priority to women headed households, freed bonded labourers. Like its predecessor scheme, the IRDP, the SGSY is credit-cum-subsidy programme which aims to enable the identified rural poor families to cross the poverty line by providing them productive assets and inputs in the primary, secondary or tertiary sector

through financial assistance by way of Government subsidy and term credit. The objective is to bring every assisted poor family above the poverty line in a period of three years. The list of BPL households, identified through BPL census, duly approved by the Gram Sabha forms the basis for assistance to families under SGSY. The beneficiaries (also called Swarozgaris) could be individuals or groups. While the identification of individual beneficiaries is made through a participatory approach, the programme lays emphasis on organisation of poor into SHGs and their capacity building. The SHG may consist of 10 to 20 persons. In case of minor irrigation, and in case of the disabled, the minimum is 5 persons.

Funds under the SGSY are shared by the Centre and the States in the ratio of 75:25. The Central allocation is distributed in relation to the incidence of poverty in the States. However, additional parameters like absorption capacity and special requirements can also be considered.

The SGSY is a credit-cum-subsidy programme, with credit as the critical component and subsidy as a minor and enabling element. Accordingly, the SGSY envisages greater involvement of banks and promotion of multiple credit rather than a one-time credit injection. Subsidy under SGSY is provided at 30 per cent of the project cost, subject to a maximum of Rs.7500. In respect of SCs/STs, it is 50 per cent subject to a maximum of Rs.10000. For groups, the subsidy is 50 per cent subject to a ceiling of Rs.1.25 lakh. There is no monetary limit on subsidy for irrigation projects. Subsidy under SGSY is back ended to ensure proper utilisation of funds by the target group.

Under SGSY micro enterprises in the rural areas are to be set up with an emphasis on the 'cluster' approach. Four to five key activities are to be identified in each block based on the resource endowments, occupational skills of the people and availability of markets and these activities may be implemented preferably in clusters so that backward and forward linkages can be effectively established. The key activities are to be selected with the approval of the Panchayat Samiti at the block level and DRDAs/Zila Parishad at the district level. SGSY adopts a project approach with project reports being prepared for

each key activity in association with banks and financial institutions. It is envisaged that a major share of SGSY assistance would be in activity clusters.

Since SGSY lays emphasis on skill development through well designed training courses, the DRDAs are allowed to set apart 10 per cent of the SGSY allocation on training to be maintained as SGSY Training Fund to be utilised to provide both orientation and training programmes to Swarozgaris. For this purpose, training facilities of polytechnics, Krishi Vigyan Kendras, Khadi and Village Industries Boards, State Institutes of Rural Development are available. Extension Training Centres, reputed voluntary organisations and departmental training institutes could be utilised. The programme also seeks to ensure upgradation of the technology in the identified activity clusters and for promoting marketing of the goods. 15 per cent of the funds under SGSY are set apart, at the national level, for projects having a far reaching significance to be taken up in conjunction with other Departments or semi-government or international organisations.

The SGSY is implemented by the District Rural Development Agencies (DRDAs) through the Panchayat Samitis. However, the process of planning, implementation and monitoring involves coordination with banks and other financial institutions, the PRIs, the NGOs as well as technical institutions in the district. Hence, the implementation of SGSY calls for integration of various agencies - DRDAs, banks, line departments, Panchayati Raj Institutions (PRIs), Non-Governmental Organisations (NGOs) and other semi-government organisations.

In 1999-2000 (up to February, 2000) an expenditure of Rs.804.23 crore was incurred under the scheme as against the total allocation of Rs.1467.73 crore. During this period, more than 3.40 lakh self help groups were assisted. A Central outlay of Rs.1000.00 crore has been provided for the scheme in 2000-01.

#### **4.3.1.4. Progress of Self-Employment Programmes and the SGSY in Uttar Pradesh**

Self-employment programmes constitute a large and important component of UP's strategy in combating poverty. Since inception, the State and central government together have spent Rs 2983 crores on IRDP and SGSY Table (4.1). Additional amounts have also been spent on adjunct and similar programmes like TRYSEM, DWCRA and Ganga Kayan Yojana. A total over one crore families are said to have benefited from the programme. The average nominal expenditure on the programme has shown a rise except during 1992-93 and the last two years after the launch of the SGSY. The number of beneficiaries however shows a decline in the 1990s compared to the earlier decade. The number of families assisted fell from 73 lakhs during the 1980s to 34.45 lakhs during the 1990s.

As mentioned above, the approach of programme has now shifted to encouraging self-help groups to come up and undertake micro-enterprise development at a later stage of their development. The "target group" of the IRDP consisted of households below income poverty line. Targets were also laid down for scheduled caste households (52 percent), women (30 percent), physically disabled (3 percent) and religious minorities. The programme's approach provides a subsidy to the revolving fund of the group and the micro-enterprise loan more or less on the same basis as before but the processes and stages involved in the development of the group receive greater emphasis than before. According to figures released by the Department of Rural Development of UP, 37,466 SGSY self-help groups had been formed in Uttar Pradesh. The total number of 'swarozgaris' as individual loanees stood at 124,064 while 'swarozgari' groups formed stood at only 2649 during the year.

**Table 4.1: Progress of Self employment Schemes (IRDP and SGSY) in UP**

<b>Year</b>	<b>Expenditure (Rs.crores)</b>	<b>Families Benefited (Lakh nos)</b>	<b>Per Capita Subsidy (Rs.)</b>
1980-81	29.62	9.99	296.5
1981-82	48.51	5.4	898.33
1982-83	65.45	5.56	1177.16
1983-84	75.59	6.43	1175.58
1984-85	92.44	6.95	1330.07
1985-86	78.14	5.81	1344.92
1986-87	111.39	6.67	1670.01
1987-88	131.23	7.94	1652.77
1988-89	147.34	6.88	2141.57
1989-90	153.78	6.3	2440.95
1990-91	169.7	5.09	3333.99
1991-92	170.55	4.62	3691.56
1992-93	143.95	3.88	3710.05
1993-94	201.97	4.45	4538.65
1994-95	193.35	3.7	5225.68
1995-96	193.67	3.56	5440.17
1996-97	214.57	3.65	5878.63
1997-98	212.66	3.51	6058.69
1998-99	248.84	3.91	6364.19
1999-00	100.94	0.61	16547.54
2000-2001	199.68	3.56	5608.99
<b>Total</b>	<b>2983.37</b>	<b>108.47</b>	<b>2750.41</b>

Source: Department of Rural Development, Government of Uttar Pradesh

Note: Figures for 1999-00 and 2000-01 relate to SGSY

### **4.3.2. Employment generation schemes**

Employment generation schemes in India have traditionally jointly pursued the two major objectives of employment generation and public asset creation. Recognising that giving primacy to the employment generation objective may sometimes conflict with the objective of creating durable community assets, the Committee to review and rationalize Centrally Sponsored Scheme for Poverty Alleviation and Employment Generation, set up by the Planning Commission under the Chairmanship of Prof. S. R. Hashim, Member, Planning Commission (Hashim Committee), recommended that the new Yojana (JGSY) give primacy to the objective of public asset creation. Following the recommendations of the committee, there are currently two major employment generation programmes – the JGSY and the Employment Assurance Schemes. However, several other schemes of the government, such as the MP Local Area Scheme, also retain the objective of employment creation and pursue similar guidelines.

#### **4.3.2.1. Wage-employment Programmes**

##### **4.3.2.1.1 Jawahar Gram Samridhi Yojana (JGSY)**

The Jawahar Rozgar Yojana (JRY) has been recast as the Jawahar Gram Samridhi Yojana (JGSY) with effect from 1.4.1999 to impart a thrust to creation of rural infrastructure. The Jawahar Rozgar Yojana (JRY) came into operation from April, 1989 when the two wage employment programmes namely the National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) were merged. The programme was restructured in 1993-94, when Intensified JRY (the second stream of JRY) and Innovative JRY (the third stream of JRY) were introduced. The JRY was again restructured and streamlined with effect from 1-1-1996 when two of its sub-schemes viz. Indira Awaas Yojana and Million Wells Scheme became separate and independent schemes and Intensified JRY or the second stream of JRY was discontinued by merging it with Employment Assurance Scheme.

The responsibility of implementing the programme has been entrusted to the Gram Panchayats as they can effectively determine their infrastructure needs. The funds are directly released to the Gram Panchayats by the DRDAs/Zilla Parishads. The JGSY is implemented as a CSS with funding in the ratio of 75:25 between the Centre and the States.

The primary objective of JGSY is creation of demand driven community village infrastructure including durable assets at the village level and assets to enable the rural poor to increase the opportunities for sustained employment. The secondary objective is generation of supplementary employment for the unemployed poor in the rural areas. The wage employment under the programme is given to Below Poverty Lines (BPL) families.

In providing wage employment, the programme gives preference to Scheduled Castes/Scheduled Tribes, freed bonded labourers and parents of child labourer withdrawn from hazardous / non-hazardous occupation for employment. Further, 30% of the employment opportunities under the Yojana will be reserved for women. While there is no sectoral earmarking of resources under JGSY, 22.5 per cent of the annual allocation must be spent on individual beneficiary schemes for SCs/STs and 3 per cent is to be utilised for creation of barrier free infrastructure for the disabled. All works that result in the creation of durable productive community assets can be taken up under the programme as per the felt need of the area/people by the village panchayat. These include creation of infrastructure for SCs/STs habitations, infrastructure support for SGSY, infrastructure required for supporting agricultural activities in the village, community infrastructure for education and health, roads and other social, economic and physical infrastructure.

The wages under the programme are either the minimum wages notified by the States or higher wages as fixed by the States through the prescribed procedure. The wage material ratio of 60:40 can be suitably relaxed so as to enable the building up of demand driven rural infrastructure. However, efforts may be made to ensure that labour intensive works are taken up with sustainable low cost technology.

Under the programme, village panchayats have the sole authority for the preparation of the Annual Action Plan and its implementation, which needs to be accepted by the Gram Sabha. Thus, the Gram Sabha is empowered to approve schemes/works. The completion of the incomplete works is to be given priority over new works and works which cannot be completed within two financial years are not to be included. At the village level, the entire work relating to coordination, review, supervision and monitoring of the programme is the responsibility of the village

panchayat. The village panchayats have the power to execute works/schemes upto Rs.50,000 with the approval of the Gram Sabha. In addition, Gram Sabha would also undertake Social Audit. At the village level monitoring and vigilance committees are also set up to oversee and supervise the works/schemes undertaken. At the district level, the DRDAs/Zilla Parishads and at the intermediate level the Panchayat Samitis have the overall responsibility for guidance, coordination, supervision, periodical reporting and monitoring the implementation of the programme.

Village Panchayats may spend up to a maximum of 7.5 per cent of the funds or Rs.7500/- whichever is less during a year on the administrative contingencies and for technical consultancy. The village panchayat is permitted to spend up to a maximum of 15 per cent on maintenance of the public assets created within its geographical boundary. Since the entire funds will be utilised by the village panchayats under JGSY the Innovative JRY has been discontinued.

During 1999-2000, 5.84 lakh works were completed as against a target of 8.57 lakh works. An expenditure of Rs.1841.80 crore was incurred during 1999-2000 as against a total allocation of Rs.2209.24 crore. A Central outlay of Rs.1650.00 crore has been earmarked for JGSY for the year 2000-01.

#### **4.3.2.1.2. Employment Assurance Scheme (EAS)**

The Employment Assurance Scheme (EAS) was launched on 2nd October, 1993 in 1772 identified backward blocks of 257 districts situated in drought prone, desert, tribal and hill areas where the Revamped Public Distribution System (RPDS) was in operation. The programme was subsequently extended to more blocks and thereafter was universalised. It is, presently, being implemented in all the 5448 rural blocks of the country. The EAS was restructured w.e.f. 1999-2000 to make it the single wage employment programme. While the basic parameters have been retained, the scheme has become allocative scheme instead of demand driven and a fixed annual outlay is to be provided to the States. The programme is implemented as a CSS on a cost sharing ratio of 75:25 between the Centre and States.



The primary objective of the EAS is creation of additional wage employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line. The secondary objective is the creation of durable community, social and economic assets for sustained employment and development. EAS is open to all the needy rural poor living below the poverty line. A maximum of two adults per family are provided wage employment. While providing employment, preference is given to SCs/STs and parents of child labour withdrawn from hazardous occupations who are below the poverty line.

The programme is implemented through the Zilla Parishads (DRDAs in those States where Zilla Parishads do not exist). The list of works is finalised by the Zilla Parishads in consultation with the Members of Parliament. In areas where Zilla Parishads are not in existence, a Committee consisting of MLAs, MPs and other public representatives is constituted for selecting the works. Gram Sabhas are informed about the details of works taken up under the scheme. The EAS is in operation at district/Panchayat samiti level throughout the country, but works are to be taken up in only those Panchayat samitis/districts where there is a need for creating additional wage employment. Seventy per cent of the funds allocated for each district are allocated to the Panchayat Samitis and thirty per cent of the funds are reserved at the district level and are to be utilised in the areas suffering from endemic labour exodus/areas of distress. Diversion of funds from one district to another and from Panchayat to another is not permitted. Work would not be taken up under EAS if the demand for wage employment can be fulfilled through other plan or non-plan works. Only labour intensive works of productive nature which create durable assets would be taken up under the scheme. Eighty per cent of the funds are released to the district as per normal procedure and the remaining twenty per cent are to be released as an incentive only if the States have put in place elected and empowered Panchayati Raj Institutions (PRIs).

Priority would be given to the works of soil and moisture conservation, minor irrigation, rejuvenation of drinking water sources and augmentation of ground water,

traditional water harvesting structures, works related to watershed schemes (not watershed development), formation of rural roads linking villages with other villages/block headquarters and roads linking the villages with agricultural fields, drainage works and forestry.

Zilla Parishads/Panchayat Samitis are permitted to spend up to a maximum of 15 per cent on maintenance of assets created under this scheme. Funds available from other sources like cooperatives, market committees or other institutions/departments could be dovetailed with EAS funds for similar purposes. The wage material ratio of 60:40 is to be strictly implemented and for this purpose, the block would be the unit of consideration. Payment of wages is at the minimum wage rate fixed by the States and higher wages to the extent of 10 per cent of the total wage component could be paid to the skilled persons. During 1999-2000, a total allocation of Rs.2431.46 crore was made under EAS and an expenditure of Rs.1998.26 crore was incurred. As against the target of 4091.63 lakh mandays, 2566.39 lakh mandays were generated. A Central outlay of Rs.1300.00 crore has been provided for EAS for 2000-01.

#### **4.3.2.1.3 Progress of Wage-Employment Programmes in Uttar Pradesh**

The total expenditure and employment generated since 1980-81 are shown in (Table 4.2) It gives the detailed break-down of expenditure incurred on all the employment generation programmes since 1980-81 and the man days of employment generated in UP.

**Table 4.2: Progress of Wage Employment Schemes in Uttar Pradesh**

Year	NREP		RLEGP		JRY/IAY/MWS		EAS	
	Exp. (cr.)	Empl. (LMD)	Exp. (cr.)	Empl. (LMD)	Exp. (cr.)	Empl. (LMD)	Exp. (cr.)	Empl. (LMD)
1980-81	3.65	6.82						
1981-82	58.39	367.15						
1982-83	79.29	565.54						
1983-84	68.96	459.8	1.45	11.92				
1984-85	83.21	516.7	65.47	421.99				
1985-86	82.96	501.9	115.95	535.95				
1986-87	80.23	465.23	117.5	527.61				
1987-88	94.97	553.51	110.18	515.84				
1988-89	181.57	812.95	129.65	544.72				
1989-90					523.1	1624.93		
1990-91					457.56	1525.27		
1991-92					481.47	1562.14		
1992-93					522.57	1496.29		
1993-94					695.31	1739.18	6.48	15
1994-95					666.5	1250.47	89.08	165.63
1995-96					771.69	1408.13	167.32	318.23
1996-97					814.73	1074.41	198.33	319.91
1997-98					865.94	884.2	406.65	522.76
1998-99					1019.1	1038.28	588.17	754.31
1999- 2000					637.61	438.89	408.46	485.73
2000-01					698.88	412.29	333.12	331.96
<b>Total</b>	<b>733.23</b>	<b>4249.6</b>	<b>540.2</b>	<b>2558.03</b>	<b>8154.5</b>	<b>14454.5</b>	<b>2913.5</b>	<b>2913.5</b>

*Note: Employment generated by JGSY/IAY during 1999-00 and 2000-01 includes*

*Source: Department of Rural Development, Government of Uttar Pradesh*

It will be seen the mandays of employment generated are estimated to have touched 1624 lakh mandays in 1989-90. Thereafter, there has been a fluctuating trend with average employment generation being 1564 lakh mandays. The estimated employment generation (on account of EAS and JGSY only, excluding the IAY) is considerably lower during 1999-00 and 2000-01.

While all major programmes have been currently clubbed into two – the JGSY and the EAS, the Department of Rural Development has traditionally been including the employment component of several other programmes such as the IAY and the MWS in estimating the total volume of employment generated, although the difficulties in doing so are well recognised. With the launch of the JGSY, schemes such as the MWS have, in any case been merged with the programme and the employment generation through the IAY is no longer computed.

A review of these programmes has been carried out by Kripa Shankar (1994), and N. Srivastava (2001). The main conclusions of these reviews are that the employment generated by these programmes is small. The selection of schemes and their management is often in the hands of the Pradhan, the Panchayat Secretary or a small coterie, which also leads to a mismanagement of funds. In the case of the EAS, which was managed by the District Magistrate, the schemes were contracted out often leading to underpayment of wages. The employment potential was minimised through reduced labour intensity schemes. At the State level, the Scheme was also less well targeted than the JRY. However, Srivastava (1999) has noted that there are several secondary labour market impacts of the employment programmes, especially in areas where rural wages are below the stipulated minimum wages. The principal impact is the firming upwards of reservation wages. It was, however, also noted that contractors/managers of schemes tend to minimise these impacts by lowering public sector wages to be in line with the prevailing rural wages.<sup>3</sup>

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<sup>3</sup> Srivastava, Ravi S, (1999), "Rural Labour in Uttar Pradesh: Emerging Features of Subsistence, Contradiction and Resistance", *Journal of Peasant Studies*, Vol. 26, Nos. 2 and 3, January and April,

### **4.3.3. National Social Assistance Programme (NSAP)**

The NSAP was launched with effect from 15th August, 1995 as a 100 per cent Centrally Sponsored Scheme with the aim to provide social assistance benefit to poor households in the case of old age, death of primary breadwinner and maternity. This represents a significant step towards the fulfilment of the Directive Principles in Articles 41 & 42 of the Constitution. The programme supplements the efforts of the State Governments with the objective of ensuring minimum national levels of well being and the Central assistance is an addition to the benefit that the States are already providing on Social Protection Schemes or may provide in future. The provision of Central assistance seeks to ensure that social protection to beneficiaries is uniformly available.

The main features of the three components of the NSAP namely; (i) National Old Age Pension Scheme (NOAPS), (ii) National Family Benefit Scheme (NFBS) and (iii) National Maternity Benefit Scheme (NMBS) are given below:

#### **4.3.3.1 National Old Age Pension Scheme (NOAPS)**

Old age pension of Rs.75 per month, per beneficiary is provided to person of 65 years and above who is a destitute in the sense of having little or no regular means of subsistence from his/her own sources of income or through support from family members or other sources. In order to determine destitution, the criteria, if any, currently in force in the States/UTs may also be followed.

#### **4.3.3.2 National Family Benefit Scheme (NFBS)**

A sum of Rs.10,000 is provided in the case death of primary breadwinner due to natural or accidental causes. The family benefit is paid to such surviving member of the household of deceased who, after local enquiry, is determined to be the Head of the household. The primary breadwinner is defined as a member, whose earnings contribute substantially to the household income and who is more than 18 years and less than 65 years of age. The bereaved household should qualify as a BPL according to the criteria prescribed by the Government of India.

#### **4.3.3.3 National Maternity Benefit Scheme (NMBS)**

A lump sum cash assistance of Rs.500 is provided to pregnant women of households below the poverty line up to the first two live births provided they are of 19 years of age and above. The maternity benefit is to be disbursed in one instalment, 12-8 weeks prior to the delivery. In case of delay it can be disbursed to the beneficiary even after the birth of the child. The NSAP is implemented by the State/UT Governments with assistance from Panchayats and municipal functionaries. Each State/UT has a nodal department identified for implementing the scheme. In the districts, there are District Level Committees on NSAP.

The Gram Panchayats/Municipalities have an active role in the identification of beneficiaries under NSAP. The State Governments communicate targets for the three components of NSAP to Panchayats/municipalities so that identification of beneficiaries can suitably be made by Gram Panchayats/Neighbourhood/Mohalla Committees in line with these targets. In case of cash disbursement, the payments are to be made in public meetings preferably of Gram Sabha meetings in villages, and of neighbourhood/mohalla committees in urban areas. The Panchayats/Municipalities are responsible for disseminating information about NSAP and the procedures for obtaining benefits under it. In this task, the Panchayats and Municipalities are encouraged to seek the involvement/cooperation of voluntary agencies to the extent possible for identifying beneficiaries and persuading them to avail of the benefits intended for them.

The NSAP also provides opportunities for linking social assistance packages to anti-poverty programmes and schemes for provision of basic needs e.g. the old age pension can be linked to medical care and other benefits for the old and poor, family benefit beneficiaries can be assisted under SGSY while maternity assistance could be linked with maternal and child care programmes.

As against an allocation of Rs.767.05 crore made under NSAP during 1999-2000, an expenditure of Rs.596.99 crore was incurred up to December, 1999. A Central allocation of Rs.715.00 crore has been earmarked for the scheme in 2000-01.

#### **4.3.4. Annapurna**

In 1999-2000, the Government had announced the launching of a new scheme 'Annapurna' to provide food security to those indigent senior citizens who are not covered under the Targeted Public Distribution System (TPDS) and who have no income of their own and none to take care of them in the village. 'Annapurna' will provide 10 kg. of food grains per month free of cost to all such persons who are eligible for old age pensions but are presently not receiving it and whose children are not residing in the same village. The Gram Panchayats would be required to identify, prepare and display a list of such persons after giving wide publicity. A Central allocation of Rs.100.00 crore has been earmarked for the scheme in 2000-01.<sup>4</sup>

#### **4.3.5. Housing Programmes**

The Government of India announced, in 1998, a National Housing and Habitat Policy which aims at providing 'Housing for All' and facilitating the construction of 20 lakh additional housing units (13 lakh in Rural Areas and 7 lakh in Urban Areas) annually, with emphasis on extending benefits to the poor and the deprived. In the Ninth Plan, a Special Action Plan for Social Infrastructure has identified 'Housing' as one of the priority areas. The composite housing strategy for the Ninth Plan is a multipronged strategy which has been operationalised w.e.f. 1999-2000. The salient features of the strategy under Action Plan are given below. The Action Plan consists of a number of schemes such as the Indira Awaas Yojana (IAY); the Pradhan Mantri Gramodaya Yojana- Gramin Awaas, the Credit-cum- Subsidy Scheme for Rural Housing; and the Samagra Awaas Yojana. The equity contribution by Ministry of Rural Development to HUDCO has also been enhanced.

The Indira Awaas Yojana (IAY) will continue to be major scheme for construction of houses to be given to the poor, free of cost. However, an additional component has been added, namely, conversion of unserviceable kutchha houses to semi pucca houses. From 1999-2000, the criteria for allocation of funds to States/UTs under

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<sup>4</sup> Government of India, Planning Commission, (2002), *Tenth Five Year Plan (2002-2007)*, New Delhi.

IAY has been changed to 50 per cent poverty ratio and 50 per cent housing shortage in the State. Similarly, the criteria for allocation of funds to a district in a State has been changed to the SC/ST population and housing shortage, with equal weightage to each of them.

A Credit-cum-Subsidy Scheme for rural housing has been launched from 1.4.1999 which will target a rural family having annual income up to Rs.32,000. The subsidy portion will be restricted to Rs.10,000/- and loan amount to Rs.40,000/-. The loan portion will be disbursed by the commercial banks, housing finance institutions etc.

Equity support by the Ministry of Rural Development (MORD) to Housing and Urban Development Corporation (HUDCO) has been increased to improve the outreach of housing finance in rural areas. In addition, an Innovative Scheme for Rural Housing and Habitat Development and Rural Building Centres (RBCs) has been introduced to encourage innovative, cost effective and environment friendly solutions in building/housing sectors in rural areas.

A National Mission for Rural Housing and Habitat has been set up to address the critical issues of 'housing gap' and induction of science and technology inputs into the housing/construction sector in rural areas.

Samagra Awaas Yojana, a comprehensive housing scheme, was launched in 1999- 2000 on pilot project basis in one block in each of 25 districts of 24 States and in one Union Territory with a view to ensuring integrated provision of shelter, sanitation and drinking water. The underlying philosophy is to provide for convergence of the existing rural housing, sanitation and water supply schemes with special emphasis on technology transfer, human resource development and habitat improvement with people's participation. The existing schemes of housing, drinking water and sanitation will follow the normal funding pattern. However, a Special Central Assistance of Rs 25.00 lakh would be provided for each block for undertaking overall habitat development and IEC works with 10 per cent contribution coming from the people.

In 1999-2000 (up to February, 2000), Rs.1438.39 crore has been spent and 7.98 lakh dwelling units have been built under the IAY. In the Annual Plan 2000-01, the Central outlay of Rs.1710.00 crore has been provided for Rural Housing.



#### **4.3.5.1. Indira Awas Yojna (IAY)**

The Indira Awas Yojana (IAY) is being implemented since the year 1985-86 to provide grant based assistance for construction of dwelling units to members of Scheduled Castes, Scheduled Tribes and freed bonded labourers and non-Scheduled Castes/Scheduled Tribes living Below the Poverty Line in the rural areas. The scheme initially functioned as a sub scheme of erstwhile JRY. From the year 1993-94, the scope of the scheme was extended to cover non-Scheduled Castes and Scheduled Tribes rural poor subject to the condition that the benefit to non SC/ST would not be more than 40% of the IAY allocation. The benefits of the Scheme have also been extended to the families of ex-servicemen of the armed and paramilitary forces killed in action and Below the Poverty Line disabled persons living in the rural areas. From January 1996, the IAY became an independent Scheme.

The District Rural Development Agencies (DRDAs)/Zilla Parishads decide the number of houses to be constructed in each panchayat under IAY, during a particular financial year, on the basis of allocations made and targets fixed. The funding pattern of IAY is on 75:25 basis between the Centre and the States. Further, the allotment of dwelling units is to be made in the name of a female member of the beneficiary household or alternatively, in the name of both husband and wife. Sanitary latrine and smokeless chullah are integral parts of the IAY house. The construction of the house is the responsibility of the beneficiary.

During 1999-2000, the allocation of funds under Indira Awas Yojana to the States/UTs had been made, based on poverty ratios, as approved by the Planning Commission and rural housing shortage (Census 1991). Both parameters have been accorded equal weightage. Similarly, allocation from States to Districts have been made on the basis of proportion of SC/ST population and housing shortage. The ceiling on construction assistance under the Indira Awas Yojana currently is Rs.20,000/- per unit for plain areas and Rs. 22,000/- for hilly/difficult areas.

#### 4.3.5.2. Progress of the IAY in Uttar Pradesh

The expenditure in U.P under Indira Awaas Yojana was Rs. 266.5 crore during 2000- 2001 for the construction of 154,697 houses. Over the cumulative period of the scheme (1985-86 to 2000-2001), a total expenditure of Rs. 2026 crores was incurred in the State on the construction of approximately 1.26 million houses.

**Table 4.3: Progress of Indira Awaas Yojana in Uttar Pradesh**

Year	Expenditure (cr.)	No. of houses constructed
1985-86	13.29	16467
1986-87	22.18	25191
1987-88	23.6	25709
1988-89	24.65	23871
1989-90	29.53	32947
1990-91	25.56	25300
1991-92	23.03	20262
1992-93	29.33	22218
1993-94	55.85	47722
1994-95	64.12	50908
1995-96	232.83	192984
1996-97	276.75	146870
1997-98	288.41	137396
1998-99	371.51	181274
1999-2000	279.57	155248
2000-01	266.5	154697
<b>Total</b>	<b>2026.71</b>	<b>1259064</b>

*Source: Department of Rural Development, UP*

Table 4.3 shows the progress of the scheme in UP, since its inception in 1985-86. During the period 1985-86 and 1992-93, the number of units constructed under the programme varied from 16487 (year of inception) to 32947 (1989-90). There was a sharp

increase in the expenditure as well as the number of houses constructed in 1993-94 and 1995-96, with the number of houses constructed rising to 47,722 in 1993-94 and 50,908 houses in 1994-95. From 1995-96, there was another sharp jump in the expenditure on the programme as well its physical achievement. Between 1994-95 and 1995-96, the expenditure on the programme jumped from Rs. 64.12 crores to Rs. 232.83 crores. The numbers of houses constructed increased to 192,484. The unit costs were increased in the following year to Rs. 20000 which resulted in a fall in the number of houses constructed which, however, remained over 1.5 lakh units for most years.

The IAY is one of the most popular schemes of the Government for the poor and, through successive modifications, has achieved its objective reasonably well. In the initial phase, the scheme started with the plan of constructing house and allotting it to the selected beneficiaries, but the houses constructed were so poorly built, with poor quality materials that most of them were not fit for residential purposes. Subsequently, the selected beneficiaries are given direct assistance in two instalments to construct houses as per their own requirement. This has led to an improvement in the quality of houses constructed with beneficiaries supplementing the assistance in cash or kind.

#### **4.3.6. National Rural Employment Guarantee Scheme– Salient features**

After the notification of the National Rural Employment Guarantee Act on September 7, 2005, a new scheme named “National Rural Employment Guarantee Scheme (NREGS)” has been launched on February 2, 2006. The on-going programmes of Sampoorna Grameen Rozgar Yojna (SGRY) and National Food for Work Programme (NFFWP) are being subsumed within the NREGS in the 200 districts identified in the initial stage. All the districts in the country will be covered under the scheme within five years. The features of the scheme are:<sup>5</sup>

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<sup>5</sup> Social Watch India, (2007), *Citizens’ Report on Governance and Development*, New Delhi: Sage Publication India Pvt Ltd.

- State Governments to provide at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work.
- Sampoorna Grameen Rozgar Yojana (SGRY) and National Food for Work Programme to be subsumed within the Scheme once the Act is in force.
- Until such time as a wage rate is fixed by the Central Government, the minimum wage for agricultural labourers shall be applicable for the scheme.
- An applicant not provided employment within fifteen days, to be entitled to a daily unemployment allowance as specified by the State Government subject to its economic capacity, provided such rate is not less than a quarter of the wage rate for the first thirty days during the financial year and not less than a half of the wage rate for the remaining period of the financial year.
- Central Employment Guarantee Council to be constituted to discharge various functions and duties assigned to the Council. Every State Government to also constitute a State Council for this purpose.
- Panchayat at the district level to constitute a Standing Committee of its members to supervise, monitor and oversee the implementation of the Scheme within the district.
- For every Block, State Governments to appoint a Programme Officer for implementing the Scheme.
- Gram Panchayat to be responsible for identification of the projects as per the recommendations of the Gram Sabha and for executing and supervising such works.
- Central Government to establish a National Employment Guarantee Fund. State Governments to establish State Employment Guarantee Funds for implementation of the Scheme.
- The Scheme to be self-selecting in the sense that those among the poor who need work at the minimum wage would report for work under the scheme.

### 4.3.7. Analysis of Anti-Poverty Programmes in Uttar Pradesh

Overall the state's share in central resources for poverty alleviation are more or less in proportion to the percentage of the country's poor residing in the state (Subbarao 1998). The total transfer to the poor through five major programmes, including the PDS amounted to 6.5 percent of the poverty threshold income in 1997-98 (ibid.).

The expenditure incurred on the anti-poverty programmes administered by the Department of Rural Development is given in Table 4.4

**Table 4.4: Progress of Anti-poverty Programmes administered by the Department of Rural Development, Uttar Pradesh**

A	Programme expenditure (Lakh Rs.)	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
1	JRY/JGSY	58857.2	77168.6	42123.5	48122.1	55507.2	35804.8	43238.4
2	EAS	8185.3	16732.0	19833.0	40665.6	58816.7	40846.2	33312.9
3	MWS	17525.5	11988.8	11672.9	9629.9	9253.6	N.A.	N.A.
4	IRDP/SGSY	180.437	19267.0	21456.6	21266.4	24885.6	10094.0	19968.2
5	TRYSEM	1048.7	1971.0	1813.1	1548.9	1807.1	N.A.	N.A.
6	DWCRA	237.0	579.9	1548.2	1346.3	2723.2	N.A.	N.A.
7	IAY	5917.6	23283.7	27675.0	28841.8	37151.3	27957.7	26650.9
	All (incl. Other programmes)	109808.7	150991.0	126122.3	151420.9	190144.8	114702.7	123170.5
B.	Physical Progress							
1	JRY (Lakh Mandays)	1129.4	1408.1	658.2	599.5	691.4	438.9	412.3
2	EAS (Lakh Mandays)	148.0	318.2	319.9	522.8	754.3	485.7	332.0
3	MWS (Lakh Mandays)	323.06	233.17	190.4	137.18	147.49	N.A.	N.A.
4	IRDP (Nos.)	348983	355916	36455.2	351146	391832	60647	124064
5	TRYSEM (Nos.)	55380	63721	69272	65875	64829	N.A.	N.A.
6	DWCRA	1709	2252	6005	6129	11600	N.A.	N.A.
7	IAY (Nos.)	10162	192984	146870	137396	181274	155248	154697

Source: Department of Rural Development, Uttar Pradesh

It will be seen that, till 1994-95, the largest percentage of expenditure was incurred on the wage employment programmes, followed by the self-employment programmes. However, the Indira Awaas Yojana quickly grew in size from 1995-96 onwards and absorbed the second highest quantum of funds since that year. The distribution of expenditure on wage employment programmes has also changed with the percentage of expenditure allocated to the Employment Assurance Scheme becoming higher from 1997-98 onwards.

Analysis shows that among the employment programmes, the EAS has been less well targeted to districts and regions in poverty (Srivastava 1998). Among the regions, the Hill region has received a larger share in the allocation of anti-poverty resources compared to its share of the poor (Subbarao 1998). There are several important issues regarding these programmes which recent studies highlight. An underlying issue is the relative importance given to employment versus building up of social/physical infrastructure. A recent study shows that the latter is now the driving force behind allocations, especially of EAS funds to local levels (Srivastava 1998b). In any case, the man-days of employment generated per employed persons is very low, and the participation of women is exceptionally low (GOI, JRY Concurrent Evaluation 1993-94; Srivastava 1998b, Subbarao 1998, World Bank 1998). This implies that these schemes may not have been very successful in achieving their objective of stabilising employment incomes during the lean season.

There is a third set of issues, which arise from the role of the community, the PRIs and the development administration in the selection and implementation of these schemes. Specifically, one would like to know whether scheme selection is in accordance with local priorities and whether the funds are optimally utilised. Existing evidence shows a fair amount of leakage in both the JRY and EAS and little community participation in the selection of schemes (Srivastava 1997a, 1998b, Kozel and Parker 1998). Finally, the impact of other implementation issues such as the number and timing of instalments and lack of flexibility in the labour-material component has still not been adequately studied.

Overall, most of the programmes in UP have lower than national average efficiency and this is a matter of concern. While greater decentralisation has taken place, its impact has not been adequately studied.

On the whole, the extensive reach of the anti-poverty programmes among rural households is undeniable. However, many of those extended benefits were apparently not-so poor, and a very large proportion of currently the poorest households have so far not gained any benefit from these individual beneficiary programmes.

#### **4.4. Conclusion**

Eradication of rural poverty from a level of 55 per cent in 1973-74 to around 36 per cent in 1993-94 has been a major achievement of India's growth strategy that combined accelerated rural growth, both farm and non-farm, and direct attack on rural poverty through various programmes including investment in human development. States experienced reduction in poverty in varying degrees. The strategy also differed across States making it difficult to prescribe a single model of poverty reduction that would work across the length and breadth of the country. It is, however, evident that without growth, any substantial reduction in rural poverty is not possible. However, while growth may be a necessary condition to make a dent in poverty levels, it is by no means sufficient. The pattern of growth which creates conditions for benefits to trickle down is equally important. It is seen that a growth strategy that is embedded in rural areas and focuses on creation of rural social and economic infrastructure has much greater chance of success than an urban-oriented, industry-based growth strategy.

The role of anti-poverty programmes to supplement the growth effort not only is valid in the post-reform period but becomes even greater to protect the rural poor against adverse consequences of economic reforms. While the experience with such programmes is not as encouraging as one envisaged, there have been pockets of good performance that give enough reason to be hopeful. The Ninth Plan recognised the need to restructure such programmes for effective implementation and for enhancing the productivity of the beneficiaries in the rural areas. A major weakness in the implementation of poverty alleviation programmes has been the lack of participation by the people for whom the

programmes are meant. There are enough success stories that indicate that whenever people have organised themselves into small homogenous groups for a common cause, the results have been far superior to programmes thrust upon them by bureaucratic apparatus. Such efforts at micro level need to be further strengthened to improve the efficiency of anti-poverty programmes. Strong local governance such as expected from Panchayati Raj Institutions – responsive to the needs of beneficiaries, one which encourages mobilisation of the rural poor and is open to social audit -- promises better delivery system of the poverty alleviation programmes. Side by side, the rural financial system should be so reorganised and re-oriented that it treats the rural poor as credit-worthy clients and not as recipients of doles from the Government. The anti poverty programmes have been reoriented to improve their efficacy. The restructured programmes have been in operation from 1st April, 1999 and their effectiveness in achieving the objectives set for them would need to be evaluated after a period of 2-3 years.



## Concluding Remarks

Uttar Pradesh presents a dismal scenario with regard to economic growth and human development. It is characterized by low levels of per capita income, high incidence of poverty, sluggish economic growth, high population pressure with high rates of population growth, high birth and fertility rates, wide spread illiteracy, high infant mortality and death rates and low life expectancy. In many of the indicators Uttar Pradesh 's position is comparable to some of the poorest countries of sub-Sahara Africa (Dreze and Gazdar ,1996).

Poverty in Uttar Pradesh, thus, is multidimensional. Along with economic factors, social and political factors also determine the prevalence of poverty in the state. In economic factors, it is the per capita income and monthly per capita expenditure (MPCE) which determine the poverty incidence in state. In social factors education, health facilities and social identity like one's caste are important determinant of well-being. If a person belongs with lower caste, for example scheduled caste, it does not matter how much he is rich in economic terms, he has to suffer from social deprivation. He has to remain marginalized Similarly, the political factors like stable government; government's policies and their implementation are also responsible for the present situation of poverty in Uttar Pradesh. Other factors responsible for poverty in state are; lack of investment in infrastructures like road, electricity, drinking water, irrigation facilities etc. After analyzing, the poverty situation in Uttar Pradesh, I find myself closer to multidimensional approach of poverty rather than other approaches and theories. Oscar Lewis' theory of vicious circle of poverty is not relevant today<sup>1</sup>. Because if poor people are provided resources, they will certainly come out of the vicious cycle. Amartya Sen's capability approach may be better suited in context of Uttar Pradesh. He views poverty as a lack of *capabilities*, both intrinsic and instrumental (e.g. income, education, health, human rights, civil rights etc.) that permit people to achieve *functionings* (the things they want to do)

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<sup>1</sup> Lewis, Oscar. (1959), *Five Families: Mexican Case Studies in the Culture of Poverty*. New York: Basic Books.

and *beings* (the states of existence they want to experience).<sup>2</sup> Similarly Robert Chambers' approach<sup>3</sup> may also be suitable in case of Uttar Pradesh as he talks of multidimensional approach of poverty. (See chapter one, Poverty: Definition and Dimensions, Theories of Poverty, Chamber's view.)

This study finds that in Uttar Pradesh economic development is not homogeneous throughout the state. On the basis of incidence of poverty, Uttar Pradesh can be divided into four economic regions namely Western, Central, Eastern and Bundelkhand. There are host of inter-regional disparities in respect of development indicators like urbanization, agricultural growth, across the four regions. Economically Western region is the most developed with higher levels of urbanisation, greater diversification of the economy, better infrastructure, higher agricultural productivity, higher per capita income levels and lower poverty levels. The Eastern and Bundelkhand regions are comparatively more backward than Western and Central regions. Census 2001 reveals that urbanization is highest (28.25 percent) in western region followed by Central (25.11 percent) and Bundelkhand Region (22.46 percent). Eastern region (11.78 percent) is extremely low in terms of level of urbanisation.

The reasons for such regional disparity are; (i) establishment of different types of land settlement during colonial period, (ii) Green Revolution in western region after independence and (iii) Geographical conditions. Topography of Bundelkhand is plateau type and rocky, which lowers the moisture retaining capacity of the land and thereby the land is unsuitable for intensive cultivation. Where other regions are fertile made up of alluvial soil depositing from Ganga-Yamuna rivers.

The study also finds that socio-economic and infrastructural backwardness directly contributes to the poverty in Uttar Pradesh. Uttar Pradesh is on the lower rung in all socio-economic parameters like education, health facilities and per capita income. All

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<sup>2</sup> Sen, Amartya (1999), *Development as Freedom*. Oxford: Oxford University Press.

<sup>3</sup> Chambers, R. (2002), "*Power, knowledge and policy influence: reflections on an experience*" in Karen Brock and Rosemary McGee (eds) *Knowing Poverty: Critical reflections on participatory research and policy*, London.

of them are significant determinant of well-being of a person or family in the state. Due to economic stagnation, particularly, in last one and half decade, the state has not been able to invest sufficient money in education, health etc. There is lack of sufficient schools, teachers at all the levels either primary, middle or higher level. The situation is especially worse for females. The enrolment ratio of female students is very low in comparison to male. Similarly, the enrolment ratio of SC and ST students are also very poor due to lack of awareness among them about education. Poverty and other social-cultural problems like caste-discrimination are other factors due to which their enrolment ratio is low.

Now, there is improvement in enrolment ratio of females, and SC, ST students due to several initiatives taken by central as well as state government like free primary education to 6-14 year children and Mid Day meal scheme. Girls drop out ratio has declined from 60 percent in 1992 to 34 percent in 2001 in the primary level (Tenth Plan, U.P. Government).

The study also finds that there is lack of health facilities in Uttar Pradesh in comparison to rest of India. Thus, people of state suffer from health problems and diseases more than other states. According to estimates from the Office of the Registrar General [ORG 1999], life expectancy at birth in Uttar Pradesh is 61 years for both males and females, below the national average of 62.4 years for males, and 63.4 years for females. In Uttar Pradesh maternal mortality rate was estimated at 707 deaths per 1,00,000 live births in 1997, compared to 408 in India as a whole. The main concern in Uttar Pradesh is about the health status of children. The Office of the Registrar General (ORG) estimates that infant mortality in the state was 85 deaths per 1,000 births in 1997, compared to a national average of 71 per 1,000 live births.

The study finds that level of household expenditure is low in the state in comparison to All-India. As per figures at All India and State levels published by NSSO in its report No.427, on level and pattern of consumer expenditure, 1999-2000, Rs.466.6 is found to be the average monthly expenditure per person on different groups of items of

consumption in the rural areas of Uttar Pradesh. The corresponding figure turns out to be Rs.690.33 in the urban areas of the state. The average monthly per capita figures of the same at all India level for rural and urban areas turn out to be Rs.486.16 and Rs.854.92 respectively.

The study concludes that Uttar Pradesh with high concentration of poor people tends to have lower endowments of infrastructure and other basic services. Levels of infrastructure development are low in Uttar Pradesh in comparison to other better performing states. Kurian (2000) for instance, observes that per capita consumption of electricity was only 194 kWh in Uttar Pradesh whereas 332 kWh per capita in Andhra Pradesh and 338 kWh in Karnataka. As of March 1999, Uttar Pradesh had 1.21 telecom connections per 100 inhabitants, whereas Andhra Pradesh had 2.36 and Karnataka, 3.25 per 100 inhabitants. Inadequate infrastructure, specially, the decreasing availability and reliability of power supply and water for irrigation, have lowered productivity in both agriculture and industry. These are the reasons for lower rates of poverty reduction in Uttar Pradesh. In recent years, the government's spending on rural development, on infrastructure and on social sectors has been sluggish. Not only are spending levels low, but there are problems in spending also. Due to higher level of corruption money is not properly used. Thus, higher spending does not necessarily mean better services.

The findings of the study show that Political factors are also important for progressive growth in the state. Uttar Pradesh enjoyed political stability for nearly four decades after independence. In Uttar Pradesh after 1989, no stable government came which continued in the office for five years. During this period Uttar Pradesh has seen change of chief ministers nine times and three spells of president rule.<sup>4</sup> This had serious impact on the economic growth and investment in the state. As we see the State economy grew at a faster rate from the late 1970s achieving an overall growth rate of 4.95 percent during 1980-81 to 1990- 91. During this period, all sectors of the economy grew at a

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<sup>4</sup>See, Singh, A.K., Muzammil,M., Nayak S,(2005), Economic Growth and Human Development Linkages in Uttar Pradesh, working paper 190,Giri Institute of development Studies, Lucknow.

faster rate, but manufacturing took the lead with a growth rate of almost 9.65 percent. The reason for this higher growth rate was political stability in the state during this period. During the 1990s, however, due to unstable governments the growth of the State economy decelerated quite sharply. The overall growth rate has been considerably below the national growth rate for almost all years except 1996-97. The growth rate of agriculture came down from 3.7 percent during 1985-90 to 1.2 percent during 1991-97 while industrial growth rate came down from 8.4 percent to 3.3 percent. The slowdown in agricultural growth rate in the 1990s is likely to have had particularly strong implications for the poor, who continue to derive the bulk of their income from the agriculture sector.

The study finds that the LPG (Liberalization, Privatization, and Globalisation) model of development has not been successful in state. LPG model of development emphasizes a bigger role for the private sector. It envisages a much larger quantum of foreign direct investment to supplement our growth process. Uttar Pradesh has been failed in both. Neither it has been able to give bigger role to private sectors nor able to get foreign direct investment. One recent example of the failure of state government in getting a private sector investment in state is Charkhi-Dadri village event, in which state government failed to provide land, security and other necessities to Reliance (a private company) for establishment of a power plant due to protest of farmers. Due to lack of infrastructures like road and electricity; problem of law and order and most importantly the lack of stable government, even foreign companies are not ready to invest in the state.

Finally, the study finds that anti-poverty programmes have not been successful in achieving their targets. The role of anti-poverty programmes to supplement the growth effort not only is valid in the post-reform period but becomes even greater to protect the rural poor against adverse consequences of economic reforms. While the experience with such programmes is not as encouraging as one envisaged. A major weakness in the implementation of poverty alleviation programmes has been the lack of participation by the people for whom the programmes are meant. There are enough success stories that indicate that whenever people have organised themselves into small homogenous groups for a common cause, the results have been far superior to programmes thrust upon them

by bureaucratic apparatus. Such efforts at micro level particularly, at the level of Panchayati Raj Institutions in villages need to be further strengthened to improve the efficiency of anti-poverty programmes.

Hence, It is clear that poverty has not declined to the extent targeted. One reason could be that the factors that contributed to decline in rural poverty may be losing momentum in the 1990s calling for further reform to reverse this trend. Economic growth which is the single important contributor to rural prosperity has slowed down in the nineties and is also less well spread across regions. However, while growth may be a necessary condition to make a dent in poverty levels, it is by no means sufficient. The pattern of growth which creates conditions for benefits to trickle down is equally important. It is seen that a growth strategy that is embedded in rural areas and focuses on creation of rural social and economic infrastructure has much greater chance of success than an urban-oriented, industry-based growth strategy. This calls for a review of the policies responsible for hindering economic growth. The dynamism of rural farm sector as well as non-farm sector needs to be fully tapped by appropriate policies.

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**Annexure -1**

**Workers as per census (2001) of Uttar Pradesh**

(No. in '000)

Category	1981	1991	2001
1- Agriculture	24135	29864	24437
	(74.50)	(72.20)	(62.12)
2- Household Industry	1200	997	2092
	(3.70)	(2.41)	(5.32)
3- Others	7062	10500	12809
	(21.80)	(25.39)	(32.56)
4- Total	32397	41361	39338
	(100.00)	(100.00)	(100.00)

Figures in brackets are Percentage to total main workers .

**Annexure -2**

**Per Capita State And National Income**

Year	Per Capita Income (Rs.)		Gap (Rs.)	Percentage shortfall in U.P. Against India
	U.P.	India		
1	2	3	4	5
<b>A- Old Series (1980-81) ( At current Prices ) - Including Uttaranchal</b>				
1980- 81	1278	1630	352	21.6
1981- 82	1338	1861	523	28.1
1982- 83	1529	2004	475	23.7
1983- 84	1658	2304	646	28.0
1984- 85	1784	2504	720	28.8
1985- 86	1999	2730	731	26.8
1986- 87	2157	2962	805	27.2
1987- 88	2360	3285	925	28.2
1988- 89	2771	3842	1071	27.9
1989- 90	3087	4347	1260	29.0
1990- 91	3590	4983	1393	28.0
1991- 92	4069	5603	1534	27.4
1992- 93	4335	6262	1927	30.8
1993- 94	4794	7185	2391	33.3
1994- 95	5339	8282	2943	35.5
1995- 96	5872	9578	3706	38.7
1996- 97	6713	10771	4058	37.7
1997- 98	7263	N.A.	N.A.	N.A.
<b>B- New Series (1993- 94) ( At current Prices ) - Excluding Uttaranchal</b>				
1993- 94	5066	7690	2624	34.1
1994- 95	5767	8857	3090	34.9
1995- 96	6331	10149	3818	37.6
1996- 97	7476	11564	4088	35.4
1997- 98	7826	12707	4881	38.4
1998- 99	8470	14396	5926	41.2
1999- 2000	8970	15625	6655	42.6
2000- 2001	9162	16555	7393	44.7
2001- 2002	9320	17823	8503	47.7
2002-2003 *	9870	19040	9170	48.2
2003-2004	\$10817	20989	10172	48.5
2004-2005 #	11207	23308	12101	51.9

\* Provisional estimates

N.A.= Not Available \$ Quick estimates

# Advance Estimates

Source: Government of Uttar Pradesh , Department of Planning, *Annual Plan, 2006-2007* Volume 1 Part 1

**Annexure -3**

**Sectoral Distribution of State and National Income**

Year	Sectoral Distribution						State's Percentage contribution to National Income in different sectors		
	Uttar Pradesh			India			Primary	Secondary	Tertiary
	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary			
1	2	3	4	5	6	7	8	9	10
<b>A- Old Series (1980-81) ( At current Prices ) - Including Uttaranchal</b>									
1980-81	52.3	15.3	32.4	41.3	23.0	35.7	16.1	8.5	11.5
1981-82	49.8	15.6	34.6	41.0	22.8	36.2	14.2	8.0	11.1
1982-83	48.2	17.2	34.6	39.6	23.1	37.3	15.0	9.2	11.4
1983-84	47.2	17.2	35.6	40.4	23.2	36.4	13.6	8.7	11.4
1984-85	45.4	18.0	36.6	38.7	23.8	37.5	13.6	8.7	11.2
1985-86	45.2	18.5	36.3	37.1	24.2	38.7	14.4	9.1	11.2
1986-87	43.4	19.0	37.6	35.7	24.4	39.9	14.4	9.2	11.2
1987-88	42.6	19.7	37.7	35.0	24.8	40.2	14.2	9.3	10.9
1988-89	42.6	21.2	36.2	36.4	24.4	39.2	13.6	10.1	10.8
1989-90*	41.1	21.2	37.7	34.9	25.5	39.6	13.5	9.5	10.9
1990-91*	42.6	20.8	36.6	34.7	25.5	39.8	14.3	9.5	10.7
1991-92*	43.7	20.3	36.0	35.0	23.9	41.1	14.6	9.9	10.2
1992-93*	41.0	21.0	38.0	34.2	24.3	41.5	13.3	9.6	10.2
1993-94*	42.7	19.9	37.4	34.2	23.9	41.9	13.4	8.9	9.6
1994-95*	43.0	20.0	37.0	33.4	24.9	41.7	13.3	8.3	9.2
1995-96*	41.6	20.8	37.6	30.4	26.9	42.7	13.5	7.7	8.7
1996-97*	43.0	20.7	36.3	29.6	26.7	43.7	14.6	7.8	8.4
1997-98	40.2	21.1	38.7	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>B- New Series (1993-94) ( At current Prices ) - Excluding Uttaranchal</b>									
1993-94	41.7	19.2	39.1	35.1	21.7	43.3	12.1	9.0	9.2
1994-95	40.8	20.7	38.5	34.3	22.7	43.0	12.0	9.2	9.0
1995-96	39.3	21.2	39.5	31.9	23.8	44.3	12.0	8.6	8.7
1996-97	39.5	21.3	39.2	32.9	23.0	44.1	12.2	9.4	9.0
1997-98	37.7	21.0	41.2	31.7	22.5	45.9	11.6	9.1	8.7
1998-99	38.8	20.3	40.9	31.3	21.9	46.9	11.5	8.6	8.1
1999-2000	39.1	20.3	40.7	29.8	21.0	29.2	12.0	8.8	7.5
2000-2001	38.4	18.2	43.4	28.1	21.8	50.1	12.1	7.4	7.7
2001-2002	37.6	17.5	44.8	28.0	21.0	51.0	11.3	7.0	7.4
2002-2003 *	37.5	17.7	44.8	26.2	21.5	52.3	12.0	6.9	7.2
2003-2004	37.2	17.8	45.0	26.3	21.5	52.2	11.8	6.9	7.2
2004-2005 #	36.6	17.7	45.7	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

\* Provisional estimates      N.A.= Not Available      \$ Quick estimates

# Advance Estimates

Source: Government of Uttar Pradesh , Department of Planning, *Annual Plan, 2006-2007* Volume 1 Part 1

**Annexure -4**  
**Sectorwise State Income Estimates**

(Percentage)

Sectors	1980-81	1984-85	1989-90	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
1	2	3	4	5	6	7	8	9	10	11
<b>A- Old Series (1980-81) ( At current Prices ) - Including Uttaranchal</b>										
1.Primary	52.3	45.4	41.1	43.7	41.0	42.7	43.0	41.6	43.0	40.2
(I)Agriculture and Animal Husbandry	49.9	43.9	40.0	42.4	39.8	41.3	41.7	40.3	41.9	39.1
2. Secondary	15.3	18.0	21.2	20.3	21.0	19.9	20.0	20.8	20.7	21.1
(I)Manufacturing	9.6	11.1	14.3	13.6	14.0	13.2	13.3	13.9	13.7	13.6
a. Registered	4.3	5.7	8.8	7.9	8.2	8.0	7.8	7.7	7.5	7.5
b.Un-Registered	5.3	5.4	5.5	5.7	5.8	5.2	5.5	6.2	6.2	6.1
3.Tertiary	32.4	36.6	37.7	36.0	38.0	37.4	37.0	37.6	36.3	38.7
(I) Transport Communication and trade	17.1	20.0	18.8	19.1	20.0	20.0	19.7	19.4	18.6	19.0
(Finance &Real Estate	6.7	6.5	6.1	5.4	5.0	5.4	5.5	5.6	5.4	
(iii)Community & Personal Services	8.6	10.1	12.8	11.5	13.0	12.0	11.8	12.6	12.3	14.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

**Sectorwise State Income estimates**

(Percentage)

Sectors	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03 *	2003-04	2004-05 #
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>B- New Series (1993-94) ( At current Prices ) - Excluding Uttaranchal</b>												
1.Primary	41.7	40.8	39.3	39.5	37.7	38.8	39.1	38.4	37.6	37.5	37.2	36.6
(I)Agriculture and Animal Husbandry	40.0	39.3	38.0	38.2	36.2	36.1	36.5	35.5	35.3	34.7	34.5	34.0
2. Secondary	19.2	20.7	21.2	21.3	21.0	20.3	20.3	18.2	17.5	17.7	17.8	17.7
(I)Manufacturing	13.0	14.5	14.1	14.9	13.5	11.5	12.0	11.0	10.9	10.9	11.1	11.0
a. Registered	7.6	9.0	8.3	9.9	7.7	5.9	6.4	5.7	5.4	5.4	5.5	5.5
b.Un-Registered	5.5	5.5	5.8	4.9	5.8	5.6	5.5	5.3	5.5	5.5	5.6	5.5
3.Tertiary	39.1	38.5	39.5	39.2	41.2	40.9	40.7	43.4	44.8	44.8	45.0	45.7
(I) Transport Communication and trade	19.3	19.7	20.1	20.7	21.3	20.3	19.7	21.3	21.1	20.5	20.7	21.4
(Finance &Real Estate	8.8	8.4	8.3	8.0	8.3	7.9	8.2	9.0	10.1	10.9	11.3	11.5
(iii)Community & Personal Services	10.9	10.5	11.1	10.5	11.6	12.7	12.7	13.0	13.6	13.4	13.1	12.8
Total	100	100	100	100	100	100	100	100	100	100	100	100

\* Provisional estimates

\$ Quick estimates

# Advance Estimates

Source: Government of Uttar Pradesh, Department of Planning, *Annual Plan, 2006-2007* Volume 1 Part 1



## Annexure -5

### Monitorable targets of Tenth Five Year Plan (2002 -07) and Achievements up to 2003-04

Target	Achievement (2002 -04)
Reduction in poverty incidence by 5 percent .	2 percent reduction..
Creation of 81 lakh employment opportunities.	39 lakh employment opportunities generated .
Schooling facility to all the children by 2003.	Remaining 3.82 lakh children will be covered under Alternative Navachari programme and Shiksha Guarantee Kendras in 2006-07.
Reduce the present gender gap & emphasis on female literacy.	NPEGEL started and covers 746 blocks. Facilities like multi-purpose classes, library, sports kit, free text books, uniform etc are being provided. Kanya Vidhya Dhan Yojna is launched in which Rs.20000 is given to girls who passed class xii. KGBV to insure access and quality education to girls.
Birth rate of 32.1 per thousand to be reduced to 22.0 per thousand	Birth rate has been brought down to 31.3 per thousand
Death rate of 10.2 per thousand to be reduced to 9.0 per thousand.	Death rate has been brought down to 9.5 per thousand
Infant mortality rate of 84 per thousand to be reduced to 72 per thousand..	Infant mortality rate has been brought down to 76 per thousand.
At least 75% literacy to be achieved.	All children are being enrolled under the School Chalo Abhiyan.
Sustained access to potable drinking water in all bastis	All bastis covered by potable drinking water with one handpump/source per 250 population. Now the norm is relaxed to 150 population. Total installed pumps are 12.45 lakh and 2.66 will be installed during remaining years of plan
All habitations having population more than 500 to be connected with all weather roads under PMGSY.	Total unconnected villages are 18779. Out of these 13779 will be connected during the Annual Plan 2005- 06 and 2006-07, remaining villages will be connected in 2007-08. Total funds required is Rs.10608 cr.
All villages to be electrified by the end of the Tenth Plan under PMGY.	Remaining 30852 village will be electrified by the end of 2006-07. The cost of electrification is Rs.3500 cr.

Source: Government of Uttar Pradesh Department of Planning, *Tenth Five Year Plan 2002-2007 and Annual Plan, 2006-07, Vol.1*

**Annexure -6**  
**Plan Expenditure in Five Year Plans**

(Cr.Rs.)

Plan Period	All India	All States	Uttar Pradesh		
			Expenditure	% to All India	% to All States
1	2	3	4	5	6
Ist Five Year Plan (1951- 56)	1960.00	1245.00	153.37	7.8	12.3
IInd Five Year Plan (1956- 61)	4672.00	2115.00	233.36	5.0	11.0
IIIrd Five Year Plan (1961- 66)	8577.00	4227.00	560.63	6.5	13.3
Three Annual Plans (1966-69)	6625.00	3118.00	455.82	6.9	14.6
IVth Five Year Plan (1969-74)	15779.00	7675.00	1165.57	7.4	15.2
Vth Five Year Plan (1974-79)	39426.00	20015.00	2909.23	7.4	14.5
Annual Plans (1979- 80)	12176.00	6291.00	833.54	6.8	13.2
VIth Five Year Plan (1981-85)	109292.00	49458.00	6594.31	6.0	13.3
VIIth Five Year Plan (1985-90)	218729.70	87492.40	11948.72	5.5	13.7
Two Annual Plans (1990-92)	123120.50	28056.20	6903.76	5.6	24.6
VIIIth Five Year Plan (1992- 97)	485457.31	187937.50	21679.82	4.5	11.5
IXth Five Year Plan (1997-2002)	859200.00	369839.00	41910.00*	5.4	12.5
Outlay					
IXth Five Year Plan (1997-2002) Expenditure	705818.00	299131.00	28309.18	4.01	9.46
<b>Total : (1951- 2002)</b>	<b>2437450.51</b>	<b>995892.10</b>	<b>110211.43</b>	<b>4.5</b>	<b>11.1</b>
Xth Five Year Plan (2002 - 2007) Outlay	1592300.00	671009.00	59708.00	3.7	8.9

Source: Government of Uttar Pradesh Department of Planning, *Tenth Five Year Plan 2002-2007 and Annual Plan, 2006-07, Vol.1*