

Assessing Poverty Alleviation Strategies for Their Impact on Poor Women: Study with Special Reference to India

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◆ Summary / Sommaire / Resumen

Summary

This paper is concerned with the way macro-economic strategies can affect the incidence of poverty, especially among women, and also with the effectiveness of various forms of government intervention in this regard. The focus is on India, but the analysis may have more general implications for other developing countries.

The various concepts and definitions of poverty are discussed, and the continued relevance of the income criterion in assessing time-trends is mentioned. The trends in the incidence and pattern of poverty in India since the 1970s are also discussed, with some attempt at disaggregation by region, type of household and gender. It emerges that the period between 1973-74 and 1989-90 was characterized by a sustained decline in poverty ratios in both rural and urban India, and that this process is no longer clearly evident for the subsequent period of the 1990s. While traditional explanations of poverty incidence rely on agricultural growth and inflation rate, the observed trends suggest that other factors — such as the effects of public expenditure and the relative price of foodgrain — should be incorporated. Thus it is argued that the single most important reason for the decline in poverty ratios over the 1980s was the increase in real wages of unskilled labour in both urban and rural areas, which in turn was associated with the direct employment generation, as well as the multiplier, effects of substantially increased government expenditure evident throughout the 1980s. Similarly, the deceleration in such expenditure as well as the sharp increase in food prices related to the structural adjustment programmes of the 1990s have been associated with a reversal in the earlier downward trend in poverty for all India as well as most states.

All this leads to the conclusion that generalized policies of macro-economic contraction, associated with stabilization measures which operate through demand deflation and reduced government expenditure, are likely to have a negative effect on the conditions of poorer groups. Also, any policies (including trade liberalization, the encouragement of agricultural exports, and so on) which increase the relative price of food are likely to lead to increases in poverty. So any macro-economic strategy which seeks to reduce the incidence of poverty must consciously abjure, or mitigate, these effects.

The link between employment patterns and poverty is particularly evident for women, as the available evidence on the growing feminization of poverty suggests. The link between poverty and asset ownership is also very important, since women in South Asia are typically denied access to the ownership of land and other important assets. This means that poverty alleviation strategies have to be based on asset redistribution, which has a definite gender link, as well as other macro-economic strategies which allow for the expansion and diversification of employment opportunities.

Specific poverty alleviation strategies of the Indian government are also assessed in terms of their impact on poor women in particular. These include the public distribution system for foodgrain, which is shown to have a clear gender dimension given socio-cultural patterns of intra-household food allocation. Similarly, self-employment schemes such as credit provision for asset building, have tended to be less successful precisely because they have ignored the gender

aspect by not making the schemes sufficiently flexible to incorporate women's specific needs. Wage employment schemes emerge as having very definite positive effects on poor women, although both their design and implementation need substantial reform.

Micro-interventions, especially in forms such as co-operative credit schemes, have proved to be highly successful in specific cases. However, the point is made in the paper that such interventions, by NGOs and social movements, should not simply bypass official intervention, but should also be devoted to making government agencies more directly accountable to citizens, and to ensuring that official money is used in ways that benefit the citizenry at large and particularly those in most need of assistance — that is, the poor and especially disadvantaged groups among the poor. This in turn means that poor women should be granted a greater degree of control over the official resources spent in their name.

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Sommaire

Ce document s'intéresse à la façon dont les stratégies macro-économiques peuvent influencer sur l'incidence de la pauvreté, en particulier féminine, et à l'efficacité de diverses formes d'intervention gouvernementale en la matière. Le regard se porte sur l'Inde mais les conclusions de l'analyse peuvent être valables aussi pour d'autres pays en développement.

L'auteur traite de diverses notions et définitions de la pauvreté et relève l'utilité que présente le critère des revenus dans l'appréciation des tendances à long terme. Examinant l'incidence et les caractéristiques de la pauvreté en Inde depuis les années 70, il en dégage les tendances en essayant de les détailler par région, type de ménage et sexe. Il ressort que la période allant de 1973–74 à 1989–90 a été marquée par une baisse continue de la proportion des pauvres tant dans l'Inde rurale que dans l'Inde urbaine, évolution qui n'est plus aussi claire pour la décennie 90. Si les explications traditionnelles de l'incidence de la pauvreté mettent en avant la croissance agricole et le taux d'inflation, les tendances observées laissent à penser que d'autres facteurs, tels que les effets des dépenses publiques et le prix relatif des céréales alimentaires, devraient être pris en compte. Ainsi l'auteur avance pour hypothèse que la baisse de la proportion des pauvres pendant les années 80 a été essentiellement due à la hausse des salaires réels de la main-d'oeuvre non qualifiée, tant urbaine que rurale, hausse à son tour associée à l'augmentation sensible des dépenses et la création d'emplois publiques pendant toute cette décennie et à ses effets de multiplication. De la même manière, la décélération de ces dépenses et la forte hausse des prix des produits alimentaires liées aux programmes d'ajustement structurel des années 90 ont été associées à une inversion de la tendance au recul de la pauvreté, et cela pour l'ensemble de l'Inde comme pour la plupart des Etats.

Toutes ces observations amènent à conclure que des politiques généralisées de contraction macro-économique, associées à des mesures de stabilisation dont l'efficacité passe par une réduction de la demande et une diminution des dépenses publiques, risquent fort d'avoir des effets néfastes sur la condition des plus pauvres. De même, toute politique (y compris la libéralisation du commerce, la promotion des exportations agricoles, etc.) qui pousse à la hausse le prix relatif des denrées alimentaires a tendance à faire progresser la pauvreté. Aussi toute stratégie macro-économique visant à réduire l'incidence de la pauvreté doit-elle délibérément conjurer ou atténuer ces effets.

Le rapport entre les types d'emploi occupé et la pauvreté est tout particulièrement évident pour les femmes, comme en témoignent les informations rassemblées sur la féminisation de la pauvreté. Le lien entre pauvreté et propriété est aussi très net, d'autant plus que les femmes en Asie du sud n'ont généralement pas accès à la propriété quand il s'agit de la terre et d'autres biens importants. Autant dire que les stratégies d'atténuation de la pauvreté doivent reposer sur une redistribution des biens, qui jusqu'à présent appartenaient essentiellement aux hommes, ainsi que sur d'autres stratégies macro-économiques propres à entraîner une croissance et une diversification des emplois.

L'auteur évalue aussi des stratégies spécifiques d'atténuation de la pauvreté appliquées par le gouvernement indien et en mesure l'impact sur les femmes pauvres en particulier. Parmi elles, il faut mentionner le système de distribution publique des céréales alimentaires, qui n'est pas indifférent, semble-t-il, à la question des sexes, étant donné les caractéristiques socio-culturelles de la répartition des vivres à l'intérieur des ménages. Quant aux programmes destinés à encourager l'activité indépendante, tels que les programmes de crédit à l'acquisition des moyens nécessaires, ils ont en général moins bien réussi, précisément parce qu'ils ont ignoré l'aspect de l'inégalité entre les sexes en ne s'adaptant pas avec assez de souplesse aux besoins spécifiques des femmes. Il apparaît en revanche que les programmes visant à favoriser la création d'emplois salariés ont eu de très nettes retombées positives sur les femmes pauvres, bien qu'ils aient besoin d'être considérablement remaniés au niveau tant de la conception que de l'exécution.

Les micro-interventions, en particulier sous des formes telles que les programmes de coopératives de crédit, se sont révélées extrêmement heureuses dans des cas spécifiques. L'auteur fait toutefois observer que de telles interventions, qui sont le fait d'ONG et de mouvements sociaux, ne devraient pas se contenter de contourner les circuits officiels mais s'appliquer aussi à responsabiliser plus directement les institutions gouvernementales envers les citoyens et veiller à ce que les fonds publics soient utilisés de telle sorte que les citoyens en général en bénéficient, et en particulier ceux qui ont le plus besoin d'aide, c'est-à-dire les pauvres et surtout les plus défavorisés d'entre eux. Il en résulte qu'il faudrait donner aux femmes pauvres un droit de regard plus étendu sur les deniers publics dépensés pour elles.*

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* Traduit de l'anglais par Martine Cullot.

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Resumen

El documento trata la forma en que las estrategias macroeconómicas pueden afectar a la incidencia de la pobreza, especialmente entre las mujeres, y también indaga la eficacia de los varios tipos de intervenciones estatales al respecto. El foco de atención es la India, pero el análisis puede tener implicaciones más generales para otros países en desarrollo.

Se examinan los varios conceptos y definiciones de la pobreza, y se menciona la relevancia siempre presente del criterio que se aplica sobre los ingresos en la evaluación de las tendencias cronológicas. Asimismo, se examinan las tendencias de la incidencia y modalidad de la pobreza en la India a partir de los años '70, con una cierta medida de desagregación por región, tipo de unidad familiar y distinción por género. En este examen ha trascendido que el período entre 1973/74 y 1989/90 se caracterizó por una baja sostenida de los índices de pobreza en las regiones rurales y urbanas de la India, en cambio no se constata lo mismo en el período subsiguiente de la década de 1990. Si bien tradicionalmente la incidencia de la pobreza se explica en base del crecimiento agrícola y las tasas de inflación, las tendencias que se observan indican que hay otros factores que se debieran incorporar, como los efectos del gasto público y el precio relativo de los granos alimentarios. Por ello se sostiene que la única razón más importante para la baja de los índices de pobreza durante la década de 1980, ha sido el incremento de los salarios reales de la mano de obra no calificada, tanto en las zonas rurales como urbanas; lo que a su vez se asoció con los efectos de la generación directa de empleo, así como el multiplicador, resultante de los gastos públicos considerablemente más altos que se evidenciaron a lo largo de toda la década de los '80. De modo semejante, la deceleración en tales gastos así como el incremento agudo en los precios de los productos alimentarios relacionados con los programas de ajuste estructurales de los años '90, han estado asociados con un revés en las tendencias descendientes de la pobreza que sufre la India entera, al igual que la mayoría de las naciones.

Todo esto lleva a la conclusión de que las políticas generalizadas de la contracción macroeconómica, asociadas con las medidas de estabilización que operan a través de la deflación de la demanda y la reducción del gasto público, pueden tener un efecto negativo sobre las condiciones de los grupos más pobres. Asimismo, cualquier política (incluyendo la liberalización del comercio, el fomento de las exportaciones agrícolas, y otros) que incluyen el precio relativo de los productos alimentarios, pueden conducir al aumento de la pobreza. Por tanto, cualquier estrategia macroeconómica que busca reducir la incidencia de la pobreza debe conscientemente cesar o mitigar estos efectos.

El vínculo entre las modalidades de empleo y la pobreza es particularmente evidente con respecto a la mujer, como lo confirma la evidencia disponible sobre la creciente feminización de la pobreza. El vínculo entre la pobreza y la posesión

de recursos es también muy importante, ya que, en Asia del sur, se niega habitualmente a las mujeres el acceso a la propiedad agraria y a otros recursos importantes. Esto significa que las estrategias de mitigación de la pobreza deben fundamentarse en la redistribución de los recursos, por su vínculo innegable con la distinción por género, así como en el caso de otras estrategias macroeconómicas que permiten la expansión y la diversificación de las oportunidades de empleo.

Las estrategias específicas de mitigación de la pobreza aplicadas por el gobierno de la India, se evalúan también en términos de su impacto sobre las mujeres pobres en particular. Dichas estrategias incluyen el sistema público de distribución de los granos alimentarios, que, dado el esquema sociocultural de la asignación alimentaria dentro de la unidad doméstica, ha mostrado tener una dimensión clara de distinción por género. De modo semejante, los programas diseñados para el empleo independiente, como la provisión de créditos para el fomento de recursos, han tendido a tener menos éxito precisamente porque han ignorado el aspecto género, al concebir programas sin la flexibilidad suficiente como para incorporar las necesidades específicas de las mujeres. Los programas de empleo asalariado trascienden como teniendo efectos positivos, definitivos, sobre las mujeres pobres, aunque tanto su diseño como ejecución necesitan reformarse considerablemente.

Las microintervenciones, especialmente en forma de programas de cooperativas de crédito, han probado tener mucho éxito en casos específicos. Sin embargo, lo que plantea este documento es que tales intervenciones, por las ONG y los movimientos sociales, no deben eludir solamente las intervenciones oficiales, sino que también debieran consagrar sus esfuerzos en que la responsabilidad de las agencias gubernamentales tenga lazos más directos con los ciudadanos, y asegurar que el dinero público se utilice de modo que beneficie a la ciudadanía en general y, particularmente, a aquellos que más necesitan asistencia, esto es, los pobres y los grupos especialmente desfavorecidos entre ellos. De esto se desprende que habría que conceder a las mujeres pobres, un mayor grado de control sobre los recursos públicos que se gastan en su nombre.*

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I. CONCEPTS, DEFINITIONS AND TRENDS

◆ Concepts and Definitions

Any assessment of poverty alleviation strategies must grapple with a number of conceptual issues. The most obvious one is the definition of poverty, and the identification of the various types of deprivation that are of social concern. The second relates to methods of identifying who the poor are, and which social groups are most likely to be characterized by poverty. The problem of isolating gender differentials in incomes and in access to basic goods, services and means of increasing human capability becomes relevant here. The third set of issues covers the questions of the determinants of poverty in general and for specific groups. These will critically affect both the design and the implementation of any poverty alleviation strategies, which are also obviously affected by political economy and contextual factors as well.

It is now widely accepted that poverty is a multi-dimensional phenomenon, which is at best only partially captured in data based on estimates of income or consumption expenditure. The most common definition used in developing countries refers to material consumption, and grounds the definition of a poverty line in terms of expenditure necessary for the fulfilment of a nutritional requirement of a certain minimum calorific intake. While this definition primarily takes minimum food consumption expenditure as a proxy for income, there are clearly factors other than lack of income and productive assets associated with poverty. Thus, besides hunger and malnutrition, there are features such as greater morbidity and higher mortality rates, poor access to basic sanitation or minimal health services, homelessness or inadequate housing, unhealthy or unsafe environment, lack of education, and social and political exclusion. Indeed, poverty in developing countries is a far more comprehensive state of being, which encompasses not just material want but also powerlessness and marginalization. Therefore, estimates based on income poverty alone tend to underestimate not only the lower quality of life of the really poor, but also the multifaceted nature of effective poverty among groups of people who may be living above the “poverty line” based simply on the food consumption norm.

Recognition of these limitations of standard poverty measures has led to the elaboration of several other criteria which could be used in capturing the extent of poverty and in defining target groups for poverty alleviation programmes. The 1997 Human Development Report (HDR) (UNDP, 1997) is one of the latest examples of such attempts. It identifies three differing perspectives on poverty, which would also determine different measures of poverty.

These can be briefly summarized as follows:

1. *The income criterion*, which defines a person as poor if his/her income (or expenditure) is below a defined poverty line. Usually this is in terms of per capita household income or expenditure, for which data are more readily available. In a number of developing countries this poverty line is defined in terms of the minimum expenditure necessary to ensure access to food sufficient for survival according to certain nutritional norms. This is both the most widely

- used and the most restrictive definition of poverty, using only income/expenditure and minimum food requirements as elements.
2. *The basic needs criterion*, which views poverty as deprivation in terms of various material requirements including, but not only, food. It incorporates other basic needs, such as access to basic health and education services, minimally adequate and safe housing, access to safe drinking water and sanitation. These additional indicators were seen as necessary because of the observation that income increases did not necessarily translate into improved access to means of satisfying basic needs of the type described above. Some analyses extend the concept of basic needs even to productive employment, which also enters into the third perspective.
 3. *The capability criterion*, which draws on work by Amartya Sen (1987), emphasizes that access to commodities and services matters not in itself but because it is a determinant of people's capability to function. These capabilities can relate to simple functions, such as being adequately nourished and clothed, and to more complex capabilities, such as being able to participate effectively in the social life of a community. This approach thus incorporates the problem of social exclusion or marginalization in the idea of poverty, and is therefore much broader than even the basic needs perspective. This approach is particularly relevant for gender differentials, because even women belonging to "non-poor" households by the income or basic needs criteria may be absolutely deprived in terms of the capability criterion.

To some extent these broader criteria, which move away from the pure income/expenditure criterion or assign it only a partial weight, reflect people's own perceptions of what determines well-being or its opposite. A recent study by Chambers (1997, quoted in UNDP, 1997:17) lists the following criteria revealed by participatory studies in Africa and Asia as elements of popular perceptions of poverty: inadequate food security; having to accept demeaning or low-status work; lacking land, livestock, farm equipment and other assets; being unable to send children to school; having to put children into employment; being dependent upon common property resources; having bad housing; having more mouths to feed and fewer hands or less able-bodied household members to work; inadequate social support; being single parents; being disabled; suffering the effects of destructive behaviour such as alcoholism. These are all elements which the capabilities approach could claim to incorporate.

This is currently relevant in the context of the formulation of the Human Poverty Index (HPI) elaborated in the UNDP's 1997 **Human Development Report (HDR)**. This new Human Poverty Index is an attempt to bring together, in a composite index, different features of deprivation in terms of quality of life and capability measures, to arrive at what is described as "an aggregate judgement on the extent of poverty in a community". The measure concentrates on elements that are already reflected in the UNDP's Human Development Index (HDI) — that is, longevity, knowledge and a decent standard of living. But in the HPI, the indicators are taken not as averages for the entire population, but as proportions below a certain defined minimum. Thus, the deprivation relating to survival is reflected not in the average life expectancy but in the proportion of population not expected to survive beyond the age of 40 years. The second aspect of human poverty is defined in terms of the percentage of adults (over 15 years of age) who are illiterate. The third aspect, decent standard of living or overall economic provisioning, is represented by a composite of three variables: the percentage of

people with access to basic health services, those with access to safe water, and the percentage of malnourished children in the age cohort under 5 years.

It is significant that income does not enter at all into this calculation of human poverty, and the 1997 **HDR** is at pains to explain this. It is argued that in a cross-country measure of poverty, income levels are not very useful because “the minimum income needed to escape social estrangement can be quite different between communities” (page 19). Thus, using a minimum cut-off income applicable to poor countries would fail to show any poverty in affluent societies, even if it is the case that those who are relatively poor in such societies lack social participation and may even suffer from hunger or malnutrition. The HDR 1997 argues that the Human Poverty Index defined in this way is useful in at least three ways: as a tool for advocacy, as a planning tool for identifying areas of concentrated poverty and deprivation within a country or region, and as a research tool. It could also be of use in identifying aspects of deprivation between different social groups within a community, which may exist in highly stratified societies such as those in South Asia or Latin America.

As mentioned above, the Human Poverty Index — or even just a consideration of the variables that go into it separately — is a useful tool, but only if it is accompanied by measures of income poverty, because the latter is too stark and substantial a dimension of absolute poverty to be ignored. The HPI is also useful in highlighting gender differentials in deprivation, because its components are measured on the individual, whereas the income poverty measures are typically based on household income/expenditure data which cannot be divided in terms of the differential control of men and women over such income.

However, the HPI has also been criticized (see Krishnaji, 1997) for a variety of reasons. The most telling critique has precisely to do with the policy implications of such a broad, multi-dimensional approach. While it is obvious by now that the reduction or eradication of poverty requires policy intervention on several fronts, a policy agenda that is so comprehensive tends to lose its effectiveness, since attack on all possible fronts simultaneously is typically not possible. Also, the very fact that the index includes so many variables naturally leads to the question of why other indicators have been excluded — such as access to minimally safe shelter or adequate clothing, or the presence of minimal property rights. Furthermore, all countries are not identical in terms of which aspect of deprivation is the greatest problem, and so they must necessarily vary with respect to the policy agenda. So a composite measure that tries to incorporate everything relevant may be as problematic as a uni-dimensional measure that ignores many important features, in terms of formulating policy priorities.

There are other, more specific criticisms: the variables are dimensionally different from each other and, at least in South Asia, the data are of unknown or dubious quality for several of the variables. Thus, in the HDR 1997, the percentage of people without access to safe drinking water is given as just 19 per cent in India and only 3 per cent in Bangladesh. These are clearly very severe underestimates, since it is well known that in both countries, even the population of major cities does not have access to a public drinking water supply that could be considered safe. Other problems relate to the method of weighting the different variables in the composite index. According to Krishnaji’s critique, an index of this nature serves no useful purpose not already served by the stark presentation of the various

individual aspects of deprivation which it seeks to incorporate. The important message to be drawn from this exercise is not the need for another index so much as the point that these other indicators of deprivation need to be seriously considered in analyses and addressed in policy guidelines.

In any case, broad definitions of poverty have their own difficulties. While it is certainly important to grasp the multi-dimensional nature of the problem, and to remember that policy measures therefore have to be multi-pronged, it is also true that one-dimensional measures have a power and a relative ease of measurement that cannot be achieved in broader measures. Thus, in most developing countries there is simply not enough of a database to allow for reasonably accurate measurements of poverty based on either basic needs or capability criteria. Moreover, the income criterion allows us to identify time trends, to compare across regions and social groups, and so on, in ways that still remain crucial in terms of intervention for poverty reduction. This is particularly important because it allows us to analyse how particular macro-economic policies and specific poverty alleviation interventions have affected the incidence of income poverty over time, and thus provides crucial information on the effects of such policies and processes. Clearly, therefore, the various indicators, such as the income criterion and other measures which capture wider aspects of deprivation, have to be used in conjunction, and not analysed in isolation.

This being the case, it is necessary to look a little more carefully at the nature of measures of income poverty, for which reasonably good time-series data exist for some countries at least. In the discussion that follows, the focus will be on data relating to India, not only because that is the concern of this particular study, but also because among developing countries the Indian database relating to income poverty and unemployment stands out in terms of the degree of conceptual sophistication and analytical discussion with respect to the definitions used. Indeed, it is probably true that no other developing country has data comparable in quality to that produced by the Indian National Sample Survey Organisation, as discussed below.

The typical basis on which income poverty is measured is the *poverty line*, which defines the level below which people are considered to be absolutely poor. Usually this is determined in terms of the cost of a bundle of goods covering what are deemed to be basic consumption needs. Obviously this varies across societies; in poor developing societies the tendency has been to determine the poverty line in terms of the food expenditure necessary to attain some recommended food calorie intake, supplemented by a (small) allowance for non-food items in general. Even this is a relatively arbitrary measure, as discussed in Ravallion (1993): there are differences with respect to setting the food energy requirements; there are further disputes about measuring the cost of this normative nutritional requirement and about how to add on the allowance for non-food expenditure, and so on. There is, of course, the important empirical problem of whether it is safe to assume (as is effectively the case) that there is a jump in well-being as soon as a person crosses the poverty line.

Once the poverty line has been established, there are further choices to be made between alternative measures of poverty. The most simple and widely used is the *head count ratio* (HCR), which is the proportion of the population for whom consumption is estimated to be below the poverty line. This is both a simple and a

powerful measure, but it tells us nothing about differences in the depth of poverty, or the extent to which there are differences between the poor in terms of consumption. Some other measures attempt to capture these aspects as well.¹

In India, income poverty estimates have been based on the large-scale household surveys of consumption expenditure carried out by the National Sample Survey Organisation (NSS). These have been carried out quinquennially since the 1950s, and for a brief period between 1987 and 1993 similar data from a smaller sample are also available on an annual basis. The size of the quinquennial sample allows for disaggregation by states, and these data therefore provide a rich source of information on changes in consumption and distribution, and in the extent of income poverty over time, which is much more extensive than that available for many other developing countries.

Of course, this database also has its problems and limitations. The NSS data relate to consumption expenditure rather than income (which is difficult to collect on the basis of questionnaires, since it has been found that there are many reasons why respondents may over-estimate or under-estimate actual income) and therefore may underestimate poverty if the consumption of some of the poor has been through drawing down of assets or borrowing. Furthermore, the data released provide estimates of monthly per capita consumption expenditure, by dividing by an average household size which is unstandardized for age and sex of the members. To the extent that these vary according to income level, this would also affect the actual extent of poverty compared to its estimation. There have also been frequent suggestions that the NSS surveys wrongly estimate consumption of both tails of the distribution, overestimating consumption expenditure by those at the minimum end and underestimating the expenditure of the highest expenditure category, because of the natural bias of investigators and related factors.

Other issues relate to the reliability of the time profile of poverty revealed by the NSS surveys. Thus it has been argued (Suryanarayana, 1996) that until the early 1970s, the NSS surveys overestimated poverty because they referred only to monetized income, and did not take into account payments in kind, such as meals or foodgrain, which were fairly common in rural labour contracts in the 1950s and 1960s. Because such payments are known to have declined in significance in most parts of rural India, it is possible that the decline in the extent of poverty noticed for the period after the late 1970s may be over-represented. Similarly, the consumption of common property resources (which is disproportionately greater for poorer households) is completely ignored in the surveys, and the documented decline in access to such resources would have a negative impact on lower income households, particularly in rural areas. Commercialization of agricultural production, another well-established feature of the Indian countryside over the past five decades, would also affect poverty estimates based on these surveys in the following way. The NSS evaluates consumption of own-farm-grown output at

¹ Thus the *poverty gap index* (PG) is designed to reveal the depth of poverty, because it is determined by the distances of the poor below the poverty line as well as the number of poor. The *income gap ratio* (IG) measures the average proportionate shortfall below the poverty line. However, even these indices neglect inequality among the poor, and cannot capture differences in the severity of poverty. The *squared poverty gap* (SPG) of Foster-Greer-Thorbecke has the advantage that it also incorporates this element, by requiring a distribution among the poor which is strictly convex from below, implying that a transfer from a poor person to someone who is less poor would affect the SPG measure.

harvest prices, and purchased food at (higher) retail prices, so that a shift over time from consumption based on own produce to greater reliance on purchased food (even if the physical basket of commodities remains the same) would push up the estimated expenditure. All these issues relate to the same basic problem: because consumption and poverty estimates are based on certain assumptions about economic behaviour and a presumed structure of production and consumption, they will be affected by any changes in that structure over time.

In terms of isolating gender differentials in consumption, the data have other problems. Since household-based expenditure data are used, it is not possible to separate consumption according to gender, age or any other criteria. This has implications in clearly patriarchal societies, such as those in India, where female consumption is typically discounted in favour of male consumption. Furthermore, it is not possible to identify trends in such differentials over time, although micro-level studies indicate that there are few changes in this aspect in terms of any improvements in favour of women and girl-children over time. However, food access for females does tend to be affected by future income-earning potential, so that increases in labour force participation and employment could affect it positively. The only gender differential suggested by the data is in terms of the per capita consumption of female-headed households relative to others, which is typically shown to be lower.

◆ Trends in the Incidence and Spread of Poverty

Table 1 presents data on long-term trends in income poverty by various measures, using NSS consumption expenditure data. These estimates are by Ozler, Dutt and Ravallion (1996) and, for 1993–94, by Sen (1996) using the same methodology. It is worth noting that the different measures tend to move together in general, suggesting that for all-India, changes in the incidence of poverty tend to be associated with similar changes in its severity. It is evident from this table that there were substantial fluctuations but no long-term time trend in poverty from the early 1950s until the mid-1970s. But from the late 1970s, or more precisely from 1977–78, there is indication of a fairly sharp decline until 1986–87, and a more gradual decline until 1989–90. However, the picture for the 1990s is striking, for the declining trend is reversed or arrested for rural India, although it is still evident for urban areas. In fact, if the period after 1990 is considered in more detail, there was a sharp increase in poverty until 1992 (the period immediately following the imposition of stabilization measures and various other structural reforms) and a tapering off of this increase in 1993–94. These estimates are broadly in conformity with other estimations, such as those by Tendulkar and Jain (1995) and those obtained by using the method of the Expert Group on Poverty Estimates (see Sen, 1996 for such an exercise).

Thus the major conclusion for the past two decades is that the period between 1973–74 and 1989–90 was characterized by a sustained decline in poverty ratios in both rural and urban India (indeed, this trend of declining poverty in India can really be dated from that period) and also that this process is no longer clearly evident for the subsequent period of the 1990s.

The other point that deserves to be noted about the aggregate all-India trends relates to the difference between rural and urban areas in the 1990s. The extent of rural poverty (measured simply by the head-count ratio) appears to have increased

quite substantially between 1989–90 and 1992, which is not simply the ending of the trend since the 1970s, but its reversal. (These years are covered by the “small samples”, which have a number of limitations but are still acceptable for all-India estimates). Subsequently, the “large sample” year of 1993–94 shows a substantial decline in poverty over the previous year, but the ratio remains at around the same level as that shown by the earlier large sample of 1987–88. By contrast, in urban areas the decline in poverty is evident even in the 1990s. The large samples show that the head count ratio of poverty declined by more than 5 percentage points between 1987–88 and 1993–94. The small samples of the intervening years indicate that the poverty ratio was broadly unchanging at around 33 per cent of the urban population. This is not exactly cause for celebration, with one-third of the urban population living in conditions of absolute poverty in terms of an estimated consumption below the minimum subsistence food requirement. Nevertheless, the urban indicators of poverty over the 1990s are still slightly better than those for rural areas in terms of not reversing the trend of decline.

There has been much discussion about these trends, and it has been suggested (Sen and Patnaik, 1997) that, in particular for the recent period, some other variables (other than the more traditional explanations based on agricultural growth and inflation rates), such as the effects of public expenditure and the relative price of foodgrain, should be incorporated into any analysis. It has been argued that the single most important reason for the decline in poverty ratios over the 1980s was the increase in the real wages of unskilled labour in both urban and rural areas (Sen, 1996) and across the range of agricultural and non-agricultural activities. The causes for this are still inadequately understood, especially since this was not a period in which formal sector employment grew at all. But it is likely that the direct employment generation as well as the multiplier effects of the substantially increased government expenditure evident throughout the 1980s played some role. These ideas are explored in more detail in the section below on determinants of poverty.

Data on the structure of income poverty are also revealing in this context. Detailed NSS data, which relate to 1987–88, provide some insight; it is likely that there have not been significant changes to this overall pattern since then, and that the composition of the poor remains broadly similar to that in 1987–88. Table 2 presents this evidence. The most obvious feature is that the poor reside largely in rural areas; the rural poor account for around three fourths of all poor. In fact, the NSS data for the 1990s show that urban poverty since then has declined at a faster rate than rural poverty, so that this feature would be accentuated. Table 3 gives some indicators of rural non-agricultural employment, as well as the head count ratio, poverty gap and squared poverty gap for the periods 1972–73 through 1993–94.

There is a further regional concentration of income poverty within rural areas, with some states exhibiting very high levels of poverty. Two states alone — Bihar and Uttar Pradesh — account for one third of the number of poor people, which is disproportionate to their share of total population.² The poor are also over-represented in Madhya Pradesh, Maharashtra, Orissa and Tamil Nadu. The poverty

² It is true that Bihar and Uttar Pradesh are the two most populous states and therefore would naturally account for a large number of poor people; however, the point is that while these two states account for around 27 per cent of the total population, their share of total poor is more than 32 per cent.

profile of the Indian states is provided in table 4, which uses World Bank estimates of the head-count ratio of poverty for rural and urban areas.

Landlessness is associated with poverty, especially in rural India. Although only 37 per cent of the total rural population was estimated to be landless in 1994, this accounted for 49 per cent of the poor population (World Bank, 1997). But this group is heterogeneous, especially in urban areas, and it is the group of landless workers (rather than the salariat) which is most at risk.

In rural areas, certain occupational categories show a much higher incidence of poverty. It is well known that the worst-off group economically are rural labourers, both in agricultural and in non-agricultural activities. Within this category, obviously, those working on casual contracts are even poorer than other labourers. Self-employed rural groups, in agriculture and outside of it, show lower incidence of poverty, but because this is such a large and heterogeneous category this tells us very little. It is well established that cultivating households with marginal and small holdings tend to be on the margin of survival and are likely to be disproportionately poor as well. Furthermore, in terms of social categories, it emerges that scheduled castes and scheduled tribes record substantially higher rates of poverty. This is particularly the case for scheduled tribes, which are likely to constitute the most absolutely destitute segment of the Indian population.

Since the data are for households, it is difficult to arrive at gender differentials as described above. However, even in the aggregated household data, there are some indications of the extent to which women are disproportionately disadvantaged. Thus female-headed households recorded higher-than-average incidence of poverty. It is found that poor households on average tend to have a higher proportion of adult females and a lower proportion of adult males. Also, rural women workers are more likely than their male counterparts to depend upon daily, as opposed to more permanent (e.g. monthly) labour contracts, which increases the likelihood that they will be poor as noted above. It is also the case that women generally have inferior access to land, whether through ownership or occupancy, and this can be a significant feature determining poverty even within a household that is otherwise not classified as “poor” in terms of the poverty line. Because of such features a process of “feminization” of poverty has been identified; this has been documented for several other countries in Latin America and Africa. It is also the case in India, as in other societies, that poor households tend to have high dependency ratios, so that children dominate in the total number of the poor.

In the urban areas the picture is slightly different in some respects, largely due to the more heterogeneous nature of the urban population. Self-employed and agricultural labour categories show a disproportionately higher incidence of poverty, as do female-headed households. Wage labour groups other than those involved in agricultural work show a lower incidence of poverty, which is presumably related to the greater role of formal or organized sector employment in these areas. However, even in this category the incidence of poverty is not negligible. In terms of social categories, it is interesting that the pattern of scheduled castes and tribes having a much higher incidence of poverty is repeated so clearly in urban areas — which might conceivably have granted more opportunities for mobility.

The category of self-employed is the most difficult to grasp directly, essentially because it covers such a wide range of activities from highly skilled and high-income professional workers and small-scale entrepreneurs to those at the very margin of survival who eke out a miserable existence in various forms of low-paid informal sector activities and services. Adequate description of the informal sector is equally problematic, since the term is a residual, defined in terms of what is not — that is, referring to all economic activities which are not characterized by a formal contract regulating either the wage or conditions of employment. The chief characteristics of employment in this residual sector are therefore diversity and vulnerability, in terms of casual and insecure contracts. The features of the informal sector have been described by ILO (1988) as ease of entry; reliance on local or indigenous resources; small scale of operation; use of relatively labour-intensive and/or adapted technology; use of skills acquired outside the formal schooling system; and unregulated and competitive markets for inputs, outputs and labour. The higher-than-average incidence of urban poverty among self-employed households clearly reflects the insecure nature of incomes to be earned from such employment for the majority of workers. This is well known, but it further suggests that the extent of poverty is closely related to the nature of employment, in both urban and rural areas.

Migrants constitute one important category that does not emerge from these data. It is well known that certain categories of migrants, both rural-urban and rural-rural, constitute the most deprived sections of society, and several micro-studies (such as Breman, 1996) confirm the absolute deprivation suffered by migrant workers even in some relatively more prosperous rural areas. This is related to the overall incidence of destitution found among landless workers generally.

Analyses of poverty defined in these terms should be seen in conjunction with the estimates of per capita consumption expenditure, which can be derived from the NSS surveys over a very long period. There is a wide variation across states in this variable, as well as in the trend of poverty incidence and in rural-urban differentials. Table 4 presents some evidence on long-term trends in the mean consumption (measured in terms of rupees per person per day at 1973–74 rural prices) and the head-count poverty ratio across states for both rural and urban areas. In considering those data, it should be remembered that the NSS surveys relating to the earlier period are likely to be less reliable and possibly not strictly comparable to those of the later period, given the improvement in survey techniques. Nevertheless, most of the states show the expected patterns of change in the extent of poverty: the gap between rural and urban areas, with urban areas showing both higher per capita consumption and lower poverty ratios; and a general tendency towards a decrease in poverty and an increase in mean consumption over this long period. However, there are certain exceptions to this, as mentioned below. Also, the rates of change of both consumption and poverty in the two sectors and the time trend of the rural-urban differential vary widely across states, as is evident from the table.

Some other noteworthy features emerge from this information. Assam shows a disturbing increase in rural poverty and a decline in rural mean consumption, even over this very long time period, which is a devastating comment on the pattern of development in this state. In Bihar, there has been a very small increase in mean consumption in rural areas as well as a minute decline in the incidence of rural poverty. In both of these states, the urban areas have fared much better in terms of

mean consumption and declining poverty. In Gujarat, urban poverty was actually higher than rural poverty in the earlier period; the picture has since been reversed and in the 1990s urban poverty is definitely less than in the rural areas. Karnataka shows a decline in rural mean consumption, but despite this rural poverty has declined, while in the urban areas both consumption and poverty indicators show improvement. The biggest declines in poverty — in both rural and urban areas — are to be found in Kerala, which does not show the best performance in terms of mean consumption. The social and redistributive policies of the state government — the much discussed “Kerala model” — doubtless have something to do with this. In Madhya Pradesh there has been no substantive change in the level of per capita rural mean consumption, but rural poverty has still declined; while in the urban areas of the state, despite the only marginal increase in mean consumption, there has been a large decline in the incidence of poverty. Rajasthan shows a decline in rural per capita consumption, and also hardly any change in rural poverty, while there is some improvement for the urban areas.

These long-term indicators can give us some idea of how incomes and poverty have moved in the different states over nearly five decades. But what may be of even more interest to us is the recent behaviour of these variables, which can allow us to make some assessment of how recent macro-economic processes and economic policies have affected incomes and poverty in the 1990s. Some evidence on this is presented in table 5. What is particularly interesting in this table is the behaviour of average consumption expenditure (in real terms) over this period. Only in a small minority of states — Assam, Punjab and Haryana, Tamil Nadu, Uttar Pradesh and West Bengal — is there any evidence of even a small increase in per capita real consumption in urban areas in 1993–94 when compared to either 1989–90 or 1990–91. In all the other states, urban per capita consumption actually declined over this period. If, nonetheless, urban poverty appears to have declined over the 1990s, it may be because of tendencies indicating (through the Gini coefficients) a slight improvement in distribution. What is likely to have occurred is a worsening of the real incomes of those among the urban population who are above the poverty line defined in terms of the nutritional measure, but are nonetheless materially deprived or possibly even destitute.

Thus, generally speaking, if the rural-urban differential has declined over this period, it has occurred not because of increases in per capita rural consumption but because of decreases in urban consumption! For the rural areas also, as the table shows, the increase in per capita consumption over the 1990s has occurred only in Andhra Pradesh, Gujarat, Karnataka, Kerala and Tamil Nadu, while Maharashtra shows little change. The other major states all show declines, some quite sharp. This information corroborates the evidence given by the head-count poverty ratios — that material distress in rural areas of most states in India actually increased over the 1990s.

This indication of recent trends is important because it suggests that some processes which favoured poverty reduction in the earlier decade have either diminished in importance or been reversed, and it therefore allows us to look more carefully into what these economic processes might be. This is considered in the section below.

There are other indicators of material deprivation, as discussed above, which are relevant. The most obvious indicator of survival, which also finds its way

indirectly into the human poverty index, is the expectation of survival, or life expectancy rate. This and the infant mortality rate (IMR) are shown in tables 6 and 7. The infant mortality rate has been declining, albeit rather slowly. However, some studies (including Shivakumar, 1996) suggest that, for the recent period, this pattern is not uniform across states, and there are some states in which the IMR has actually increased over the 1990s. The behaviour of the IMR has been mirrored in that of the life expectancy rate.

Table 8 presents evidence of some other indicators by states, which gives some idea of the enormous extent of the problem of poverty and lack of development that remains. Life expectancy is still low compared with other developing countries even in South Asia, such as Sri Lanka, and the gap in this variable between urban and rural areas is very large. Literacy rates are low and are also known to be over-estimates, although it is true that they have improved somewhat in recent years as a result of various drives, such as the Total Literacy Campaigns. Similarly, the percentage of children attending school is both low and over-estimated, and the high dropout rates even at the primary stage (more than one-third, all-India) show this aspect of social and public policy to have been extremely inadequate.

The gender dimensions of these variables provide stark testimony of continued discrimination and of the patriarchal structures in Indian society that dramatically reduce even female chances of survival, and of course the opportunities for females to improve their capability to participate effectively in society. Table 9 provides some evidence, at an all-India level, of the substantial inequalities between men and women. The most dramatic and well-known indicator is the female-male ratio, which is below unity in India, unlike almost all other parts of the world. This ratio, at 94 per cent, is even below that in other Asian countries where gender discrimination is known to be severe and pervasive, such as the rest of South Asia and China. There is also substantial regional variation, ranging from a low of 88 per cent in Rajasthan to a high and respectable 104 per cent in Kerala. Haryana, Uttar Pradesh and Madhya Pradesh also show appallingly low percentages of females to males in total population. The “missing women” in India result from systematic social discrimination which begins even before birth, through the growing use of sex identification tests to lead to the termination of a pregnancy where the foetus is female, and continues through life in a variety of ways, including reduced access to food within a household, inferior medical care, denial of education and so on.

II. THE DETERMINANTS OF POVERTY: MACRO-ECONOMIC PROCESSES

In a long-term structural sense, the forces determining the extent of poverty across regions and across social groups within regions are fairly clear. Poor societies are poor by virtue of the low aggregate productivity of labour, which can result from a variety of forces including lack of development, ecological conditions, production systems that do not make full use of available resources (including labour), and a range of other factors. Within regions and societies, there is no doubt that poverty is critically affected by the type of occupation or productive employment, asset (particularly land) ownership, literacy and education, gender, caste and family size. There can be no debate on the perception that the chances of living in poverty are substantially increased for persons in households with few or meagre assets, uncertain wage-based employment, little or no education, and a high dependency ratio. In India poverty is also more likely among certain social groups, such as scheduled tribes and castes. Inequalities in asset and income distribution therefore remain dominant causes of poverty. There is also no disputing the observation that women and girl-children are more likely to be absolutely poor than their male counterparts. Within poor households, it has often been observed that female members tend to be more disadvantaged in the South Asian cultural context, although the micro-evidence can be mixed and it may be the case that the poor are more gender-egalitarian as far as intra-household division of resources is concerned. But the nature of asset distribution and access to resources in many social groups implies that it is possible for female members of households classified as being above the poverty line to be absolutely poor themselves, both in terms of nutritional criteria and other variables relating to capability and opportunity.

Within this broad structure, which has affected the incidence of poverty over a long period, there are further explanations to be sought for time trends in poverty, both in terms of the overall head-count ratio and its dispersal across regions and social groups, and of the other indicators of condition of living. This is where a consideration of the effects of various economic strategies is both relevant and necessary, since these policies and other economic processes become the more important determinants.

Within the context of rural poverty, the Indian literature in particular has tended to concentrate on two variables: some measure of the rate of growth of real agricultural output or productivity; and some price variable, either agricultural prices, food prices or the overall rate of inflation. Both the relative significance of these two variables and their proper specification have been debated (see, for example, Mellor and Desai, 1986; Ravallion and Dutt, 1995; and Sen, 1996 all of which refer to some of the earlier literature as well). Recent work suggests that, as far as the price variable is concerned, the relative price of food may be the more critical variable (Sen, 1996). The influence of agricultural growth is also a matter of controversy. One tendency, which is typically to be found in work emanating from the World Bank, is to view agricultural growth as the main solution to the problem of poverty, and therefore to support all policies supposedly directed to this goal, even if they imply sharply rising prices of food. However, the problem is actually much more complex. While the level and growth of per capita agricultural

production are obviously important variables, affecting the material standards of a predominantly agricultural rural community, it is clear that this and the extent of poverty are also affected by the extent to which such agricultural growth is accompanied by increasing inequality, and whether there are other sources of rural incomes, and the ways these are changing.

◆ The Poverty-Employment Linkage: An Apparent Contradiction

This last point is especially evident from a consideration of the Indian experience from the late 1970s to the late 1980s when, as we have seen, there was a fairly consistent reduction of income poverty in the rural areas of almost all Indian states. It is noteworthy that this reduction in poverty occurred even though most states *did not* record any significant increase in agricultural income per capita (with the effects of the “Green Revolution” being limited in geographical coverage). Furthermore, there is only a very weak and tenuous statistical link across states between the rate of agricultural growth per capita and reductions in rural poverty; the latter declined in this period not only in the context of stagnant per capita agricultural output, but when agricultural employment generation was also decelerating. Normally, such a combination would be expected to give rise to falling real wages and increased poverty in the countryside. Instead, real wages in agriculture increased quite sharply in most parts of India between the mid-1970s and the late 1980s, and this was in fact one of the primary causes of the poverty decline, especially since the NSS data suggest that overall employment also increased in this period.

The factors behind this apparent contradiction have already been explored in some detail (see Sen and Ghosh, 1993; and Sen, 1996 for fuller presentations of this argument). The argument can be briefly summarized as follows: During the 1980s the Indian economy underwent a consumption-led boom, spurred by increasing government budget deficits and financed in large part by high deficits on the external current account. This boom went bust in 1991, laying the basis for “reforms”. But since this boom and bust cycle is paralleled fairly closely by what happened to rural poverty, it is worth recounting some of its more important features. First, the boom was possible because, with increased access to external debt and with agricultural growth higher than the long-term average, the Indian economy was much better placed on the supply side, with both traditional supply constraints greatly eased. Second, during this boom the organized sectors of the economy grew fastest in terms of incomes and output, but this growth did not lead to much increase in organized sector employment: the rate of growth the latter decelerated significantly, and the 1980s growth of such employment was, at 1.5 per cent per annum, much less than the rate of population growth. Moreover, during this period there was also a sharp drop in labour absorption by the agricultural sector; agricultural employment grew at a rate substantially below the rate of population growth and below rates achieved in the past at times of lower output growth. Thus the rapid growth of output in agriculture and in the organized private sector failed to translate itself into higher direct employment in these important sectors.

◆ Growth in the Non-Agricultural Sector

Simultaneously, there were important changes in the nature of intersectoral and other linkages in the economy. One important point is that, although agriculture continues to be the largest employer of the workforce and productivity increases here are of major weight in the economy, the rest of the Indian economy appears to have become progressively less dependent on the behaviour of agricultural output during the 1980s. This is evident from the fact that the period of relative stagnation in agricultural output, 1983–87, was nevertheless marked by high non-agricultural growth rates, and, more generally, econometric evidence suggests that the earlier dependence of aggregate economic growth on the behaviour of the monsoon seems to have diminished. There are three major reasons for this. First, the sharp decline in the employment elasticity of output of the organized sectors of the economy means that increased output in industry and services today involves a much lower concomitant increase in the demand for wage goods. Second, the share of the traditional agro-based industries fell sharply so that agricultural raw materials played a less significant role as industrial inputs than earlier. The boom sectors of the 1980s — chemicals, consumer durables and high-tech services — had very little linkage to agriculture. Third, the combination of an easier import situation and an enhancement of government operations meant that government policy instruments were more effective in insulating the non-agricultural sector from the effects of monsoon fluctuations.

As concerns poverty, an important trend during this period was that while agricultural prices as a whole increased faster than the general price level, cereals prices increased more slowly, so that it was possible for real wages to rise without increasing nominal wages correspondingly. This was an important factor behind the decline in poverty during the period. As will be discussed later, these equations appear to have changed in the post-reform period.

Another important development concerns the rapid growth of non-agricultural employment in rural areas. After a long period during which the share of agriculture in the labour force had remained constant, this share began to decline in the mid-1970s. Since the urban population has grown faster than total population, this is of course related to some extent with urbanization. But it is important to note that during the 1980s, the pace of urbanization was, in fact, less than in any other decade since independence. For this reason it may be said that the really important development was the growth of the rural non-agricultural sector.

According to NSS surveys, the share of agricultural workers among all male rural workers declined steadily from 80.6 per cent in 1977–78 to 77.5 per cent in 1983 to 74.5 per cent in 1987–88 to 71.7 per cent in 1989–90. For rural females this share dropped from 88.1 per cent in 1977–78 to 87.5 per cent in 1983 to 84.7 per cent in 1987–88 to 81.4 per cent in 1989–90. The true significance of this shift is probably better understood in incremental terms: these figures imply that the non-agricultural sector absorbed about 70 per cent of the total increase in the rural workforce between 1977–78 and 1989–90. And this rapid growth of rural non-agricultural employment provides the main explanation for what would otherwise be a puzzle: how did agricultural wages rise and rural poverty fall during a period when employment in both agriculture and the organized sector was growing slower than the population? That this development, rather than the somewhat faster

growth of agricultural output during the 1980s, was the major driving force behind rising wages and declining poverty becomes clearer when it is noted that while agricultural growth was regionally diverse (with agricultural output per capita decreasing in many states), the rapid growth of rural non-agricultural employment occurred in almost every state in the country, and almost every state recorded rising rural real wages and falling rural poverty between 1977–78 and 1989–90.

This means that it is necessary to modify the conventional view among Indian economists that the main factors determining rural poverty are agricultural productivity and the rate of inflation (or the relative price of food). Although these continue to be very important, the growth of rural non-agricultural employment has emerged as an additional crucial link from the mid-1970s onwards.

◆ Rural Non-Agricultural Employment

What, then, explained this growth of rural non-agricultural employment? The Indian literature on the subject has been dominated by two debates. First, whether the growth of rural non-agricultural employment is a positive development at all, or simply a reflection of the fact that agricultural employment has been sluggish and certain non-agricultural activities have emerged as a “residual sector”. Second, to the extent that the growth of rural non-agricultural employment is not a “residual”, whether it is driven by developments in agriculture or growth impulses are external. The idea that non-agricultural employment is residual is now somewhat discredited because not only are average wages seen to be higher in such employment than in agriculture, but, more importantly, because agricultural wages have increased as non-agricultural employment has grown, suggesting that what is involved is a pull factor that tightens the agricultural labour market. Nonetheless, NSS data show that the actual picture is more complicated and suggest that along with this demand pull out of agriculture, “distress” movement into non-agriculture has also continued to be important for a significant section of rural workers. The data also indicate that the main dynamic source of rural employment generation over this period has been the external agency of the state rather than forces internal to the rural economy.

This argument can be developed as follows. All the available evidence points to the decreasing ability of agriculture to absorb more labour, as the overall crude elasticities of employment to output are seen to be low — both in the major states and on an all-India basis. However, there are substantial variations across states, with the agriculturally less advanced regions showing much higher elasticities than the developed states like Punjab and Haryana. Since some of the less advanced states (such as West Bengal and Bihar) actually showed the highest rates of output growth over the period, there was less of a dampening effect on the overall elasticity as well as a pointer to the importance of regional spread of agricultural growth for employment generation. Moreover, an interesting observation relates to the flow of person-day employment in agriculture, which, after 1977–78, was seen to be increasing more than stock measures of usual or weekly status workers. In a very rough and approximate sense, this suggests that the demand for agricultural labour was actually increasing faster than the supply as measured by the stock of agricultural workers. Simultaneously, there appear to have been contractual changes under way in agriculture, with a greater emphasis on casual contracts.

The natural question consequent upon such a finding is what caused the slow growth in the stock measures of workers in agriculture. Here it was found that pull factors out of agriculture were significant. The relationship between agricultural prosperity and the growth of non-agricultural opportunities has been found to be weak and non-linear (Sen, 1996), being significant only in states such as Punjab and Haryana where agricultural incomes have crossed a minimum threshold and where further increases in agricultural output are accompanied by labour displacement rather than greater labour absorption. Outside this limited region, the pull is provided mainly by external stimuli. In certain very specific regions, for example along the Bombay-New Delhi and the Bombay-Bangalore highways, there is clear evidence that industrial development, and the growth of services linked to it, have made deep inroads into rural society, creating opportunities not only in the tertiary sector but also in small-scale industry. In addition, in the hinterland of industrially or commercially developed regions, there is growing incidence of workers who live in rural areas but commute to urban areas — a tendency which has been enhanced by the fact that the organized sector has tended to prefer casual workers to regular employees, and because rising urban rents and deteriorating urban infrastructure along with falling transport costs have influenced workers' choice of residence. However, given the limited geographical spread of such direct links to modern industry and commerce, in most areas the pivotal role in the expansion of rural non-agricultural employment appears to have been played by the expansion of government expenditure.

◆ Expansion of Government Expenditure

During the 1980s, along with a rapid increase in all sorts of subsidies and transfers to households from government, there was a very large increase in expenditure on the rural sector by state and central governments, and this was also a period when expenditure on rural development expanded significantly. More generally, throughout the period political developments tended to give rural interests greater power, and they were able to command an improvement in the historically low share of government expenditure benefiting rural areas. Although this should not be exaggerated, nearly 60 per cent of all new government jobs created accrued to rural areas during the decade. Moreover, NSS data suggest that, despite a low average contribution of around 5 per cent of total rural employment, the government's contribution was closer to one fifth when it comes to either total rural non-agricultural employment in 1987–88 or the increments in total rural employment between 1977–78 and 1987–88. Moreover, in 1987–88, about 60 per cent of the regular non-agricultural employees in rural areas were employed by the government, which created almost 80 per cent of the increments in such regular jobs during the decade covered.

Thus, given the magnitude of what turned out to be a profligate growth of government expenditure (profligate also because it was not financed with increasing taxes), the total quantum of increased flow of public resources into rural areas must have been significant. Besides the large growth in agricultural subsidies already mentioned, this flow of resources took two predominant forms. There was, first, a fairly large expansion of “rural development” schemes with an explicit redistributive concern. This included not only the various rural employment and development programmes, such as the Integrated Rural Development Programme (IRDP), but also a plethora of special schemes for a variety of identifiable “target” groups. Although they recognized that income growth by itself would not “trickle

down” in adequate amounts, these programmes were less than entirely successful. They spawned a large bureaucracy and they became a focal point for the politics of “distributive coalitions”. Yet, even though the intended beneficiaries often got short-changed because of such leakages, these programmes represented a fairly massive net transfer of public resources to rural areas.

The second avenue by which resources flowed from government to rural areas was through the greater accessibility of rural élites to the varied benefits of government expenditure. In part this was a result of greater mobility due to better infrastructure. To a large extent, however, it was also the outcome of the fact that, with governments changing frequently (particularly at the state level), more favours — not just jobs, but also various types of agencies and contracts — had to be distributed more often, and the rural areas got a greater share in such electorally motivated largesse than at other times. The resulting flow of resources and the consequent generation of rural demand led to growing opportunities for diversification of the self-employed from agricultural to non-agricultural occupations.

To a very large extent, direct access to permanent government employment and many other resources was confined to the better-off and more powerful groups in rural society. It should also be noted that access to better employment or other resources was more open to male workers than to female workers. Associated with this was a large and significant increase in the proportion of the 15–29 age cohort that continued in education rather than join the workforce. Once again, men benefited overwhelmingly, although the increase is evident even in the case of women, albeit to a much smaller extent. In part this shift to higher education rather than seeking immediate employment must have been a result of the expansion of educational facilities as part of the general expansion of government in rural and semi-urban areas. But it may also have represented also a motivational change (to acquire necessary qualifications for a regular non-agricultural job) among the youth — particularly the male youth — in the relatively well-off sections of rural society. There was thus a movement out of agricultural work by workers and potential workers from such better-off rural groups either to obtain regular employment, mainly in the service sector, or to take up non-agricultural self-employment.

◆ Impact on the Least Well-Off

This increased the ability of members of the less well-off rural households — including and in some areas especially, women — to find agricultural work, and also created a demand for certain types of rural services and industry. The relative tightening in the agricultural labour market that resulted helps to account for the increase in real wages observed from the late 1970s on. This also helps to explain the increase in rural non-agricultural wages as well. Since male-female wage differentials remained largely unchanged over this period, it suggests that the increase in wages, accompanied as it was by an increase in days employed, translated on average into improved wage incomes for both male and female rural workers in most parts of India over this period.

However, these averages probably conceal very significant differences among workers, both across regions and between groups of relatively more privileged and more disadvantaged workers. Although increases in employment and wages did

improve the condition of the poorest rural workers, their employment diversification had many characteristics of a “distress” process, given the overall decline in labour use in agriculture. Dictated by the need to ensure economic survival, they increasingly entered into casual work — not only in agriculture but also in non-agricultural sectors such as construction, mining and manufacturing. Here, too, the role of the state was important in terms of the effect, at the margin, of rural employment and income generation schemes. Thus, 22.3 per cent of all casual labour days spent on non-agricultural activity in 1987–88 were on public works programmes of the government, this percentage having increased from 17.7 in 1977–78 and 14.9 in 1983. Indeed, the expansion of public works programmes was a critical element in increasing both access to lean-season incomes and boosting the bargaining power of rural labour. The effect is especially noticeable in states like Rajasthan and Gujarat, where drought-relief works were also stepped up because of the poor monsoon in those states. It is notable that while female employment in these schemes has been low on average, there was a significant increase at the margin, especially in 1987–88.

This is, of course, an extremely schematic presentation of what is a much more multifarious and regionally diverse scenario, with variations in the pattern across states and over time. However, the fact that the developments described above occurred in almost every state, irrespective of the rate of growth in agriculture or organized industry, does point to the increased importance of external stimuli to rural employment and, in particular, the crucial role of the state. More importantly, these trends mean that rural labour demand is no longer determined only by what is happening within the agricultural sector, but is determined crucially also by macro-economic processes and policies, which do not appear, at first, to have any direct link with rural well-being.

◆ Reversing the Trends of the 1980s: Macro-Economic Policies of the 1990s

In this context, it is not difficult to see why the macro-economic policies of the 1990s should have contributed to the reversal of two important processes in the rural areas in the 1980s: the diversification of employment and the reduction of poverty. The pattern of structural adjustment and government macro-economic strategy since 1991 has involved a continued stagnation in employment generation in the organized sector, both public and private. Moreover, this strategy involved the following measures, which specifically related to the rural areas:

1. Actual declines in central government expenditure on rural development (including agricultural programmes, and rural employment and anti-poverty schemes), as well as on the fertilizer subsidy, in the budgets of 1991–92 and 1992–93. Some of these cuts, such as that on the fertilizer subsidy, were reversed subsequently, but the overall decline in per capita government expenditure on rural areas remains.
2. Very substantial declines in public infrastructural and energy investments that affect the rural areas. These have not related only to matters like irrigation, but also to transport and communications, which contribute indirectly though significantly to agricultural productivity, besides being an important source of rural employment.

3. Reduced transfers to state governments, which have been facing a major financial crunch and have therefore been forced to cut back their own spending, particularly social expenditure (on education, health and sanitation, for example). Quite apart from their welfare implications, these provided an important source of public employment over the 1980s.
4. Reduced coverage and rising prices of the public distribution system (PDS) for food. This is discussed in more detail below, but it had a very important effect on rural household food consumption in some areas of the country.
5. Financial liberalization measures, which have effectively reduced the availability of rural credit and thus reduced farm investment, especially by smaller farmers.

In the 1990s, several public policies that contributed to more employment and less poverty in the rural areas in the earlier decade have been reversed. It should thus not be entirely surprising that rural non-agricultural employment appears to have declined fairly sharply as soon as the stabilization and structural adjustment policies were put into place in 1991. Since this is a very important issue and it is widely accepted that there is a close relationship between employment patterns and the extent of poverty, it is worth examining the recent trends in employment in greater detail. The following discussion is based on the analysis in Chandrasekhar and Ghosh (1997) and Ghosh (1997).

◆ Recent Trends in Employment in Rural Areas

The annual rate of growth of total employment, taking both rural and urban areas together, for the period between 1987–88 (the previous quinquennial survey year) and 1993–94 works out to around 2.5 per cent, irrespective of the exact employment definition used. This is higher than the corresponding rate of growth in the decade preceding 1987–88. However, if we consider the growth between 1990–91 (a “thin sample” year) and 1993–94 in order to focus specifically on the post-reform period, then a different picture emerges. The first problem is that now there is a large difference in measured employment growth, depending on whether the employment measure used considers only principal workers or includes subsidiary workers also. If only principal workers are considered, the annual total employment growth between 1990–91 and 1993–94 is only 1.8 per cent, which is less than the period between 1977–78 and 1990–91. But if subsidiary workers are also included, the growth rate during 1990–91 to 1993–94 works out to 3.4 per cent per annum which is much higher than during 1977–78 to 1990–91. The point is therefore that employment growth was overwhelmingly concentrated in what is seen as secondary work.

During 1990–94, the number of principal workers increased by 18 million, but the number of subsidiary workers increased by 22 million. The latter are persons (overwhelmingly women) who report themselves as “usually not in the work force” but who did do some work during the year. It is only if this category is included in the definition of workers that the post-reform employment growth can be said to have been higher than the pre-reform trends. Even including these subsidiary workers, the recent growth rate of non-agricultural employment is considerably less than in the past. As compared to an annual growth rate of 3.9 per cent during 1977–88, this growth was 2.9 per cent per annum during 1987–94 and only 1.6 per cent per annum during 1990–94. If, moreover, the growth of non-agricultural employment is considered without including subsidiary workers, the

post-reform growth rate works out to less than 1 per cent per annum, as compared to a growth rate of over 4 per cent per annum during 1977–91. In other words, there is very strong evidence that growth of non-agricultural employment did decelerate markedly after the reforms.

Interestingly, the deceleration in the growth of non-agricultural employment was concentrated entirely in rural areas, without any significant deceleration of urban employment growth, either total or non-agricultural. In rural areas, however, non-agricultural employment, which had grown at well over 4 per cent per annum during 1977–88, grew at less than 2 per cent per annum during 1987–94 and there was in fact an absolute decline in such employment after 1990–91. This reversal, with the initiation of reforms, of what had hitherto been a very rapid growth of rural non-agricultural employment is perhaps the most significant result emerging from the survey.

This confirms a trend which was already evident in the earlier NSS “thin samples” — a trend closely related to trends in poverty. The growth of rural non-agricultural employment was associated with rising rural real wages and falling rural poverty during 1977–91, and, as noted above, this trend of falling rural poverty was also reversed with the initiation of reforms. Moreover, the fact that the decline in non-agricultural employment was essentially a rural phenomenon ties in well with the fact that the post-reform increase in poverty was also confined mainly to the rural population.

This fall in non-agricultural employment occurred virtually throughout India, with only Kerala, Karnataka and Madhya Pradesh being significant exceptions. In terms of sectors, this decline in employment was divided roughly equally between manufacturing, construction and community and other services, along with a smaller drop in transport; while mining, electricity, trade and financial services were relatively immune. It was among the self-employed and casual workers that the decline was greatest, with regular employment being largely maintained, except for some drop among regular male employees in the tertiary sector.

Thus, the pattern of the decline in rural non-agricultural employment suggests that it occurred not because of any large-scale retrenchment of regular employees by the government or the organized private sector, but because of a cutback in activity in the unorganized sector and, possibly, some retrenchment of casual workers by the organized sector. In this context, it is significant that, according to the NSS, this drop in rural non-agricultural employment was not accompanied by a corresponding drop of such employment among urban workers. Even among rural workers this did not lead to any large increase in open unemployment or to any large decline in the work participation rate. Rather, the self-employed and casual workers displaced from non-agriculture appear to have reverted back to agriculture, leading to disguised (rather than open) unemployment. However, as a result, real agricultural value-added per agricultural worker dropped significantly, by over 8 per cent, even if comparison is restricted to the years 1989–90 and 1992–93 when monsoon conditions were very similar.

Accompanying this decline in rural non-agricultural employment, there appears to have been a marked appreciation in the rate of growth of agricultural employment. Irrespective of the measure used, agricultural employment during 1987–94 grew at over 2.2 per cent per annum, much higher than the growth rates during 1977–88.

The exact employment growth in this sector during the post-reform period proper, i.e., 1990–94 is, however, sensitive to the inclusion or exclusion of subsidiary workers — it is over 4 per cent per annum if such workers are included but only about 2.4 per cent per annum if these workers are excluded. This shows that, although there was a general increase in agricultural employment during 1990–94, the real surge was in subsidiary work, particularly by women. There is, of course, an important measurement problem revealed by this data: since the NSS questionnaire now includes “probing” questions about female work and the investigators were specially trained to be more gender-sensitive about productive work by women, it is likely that some (and perhaps a large part) of the increase comes about simply from female work being recorded as such whereas earlier it was ignored. This would also explain why so much of it has been classified as “subsidiary” work rather than the principal activity.

Clearly, therefore, the post-reform deceleration in non-agricultural employment growth was accompanied by a large relative shift towards agricultural work, and there was also a large increase of subsidiary workers (mainly women) doing such work. This naturally raises the question of whether this increase in agricultural employment was a positive development or a distress outcome related to lower rural non-agricultural opportunities and higher poverty.

In fact, the rate of growth of agricultural output has slowed down after the reforms, and so the growth of labour demand in agriculture is likely to have decelerated as well. Consequently, what is being observed is almost certainly a rise in labour supply into the agricultural sector from certain segments of the rural population, particularly casual labourers and subsidiary workers. This in itself suggests that the higher growth of agricultural employment was driven more by distress factors: for example, research on female participation rates in the past has concluded that female participation in the casual agricultural labour market and as unpaid helpers in family farms tends to increase in bad years. And more generally, agricultural output data and the NSS figures on agricultural employment show that, per worker, agricultural output fell significantly in the post-reform period. This development, too, confirms that the post-reform increase in agricultural employment took place not in the context of greater rural prosperity but reflected greater adversity.

For the rural areas, the dependence on agricultural (primary) employment, which had been declining steadily until 1990–91, surged upwards soon after reforms. This is true for both males and females, but is more marked for the latter. This has been accompanied by a post-reform decline in employment in both the secondary and tertiary sectors for men and women. In the case of males (but not females), the shift to agriculture triggered by the reforms seems to have been halted somewhat in 1993–94 when, compared to 1992, there was some rise in non-agricultural employment. NSS data show that rural poverty increased massively in the first 18 months of reform, but that there was some moderation in 1993–94. Thus the slight reversal in the shift to agriculture in 1993–94 also fits in with the hypothesis that the large increase in rural poverty following the reforms was caused primarily by the factors that caused rural non-agricultural employment to decline. In this context it is important to note that public expenditure rose sharply in 1993–94 following two years of sharp declines related to the stabilization policies initiated in 1991, and so subsequent periods may show some mitigation of these negative trends.

There is also some evidence of a shift to agriculture following reforms even in urban areas, but this seems to have been concentrated in a shift from the tertiary to primary sector among males until 1992, followed by a sharp reversal in 1993–94. On the other hand, female employment in the urban tertiary sector appears to have increased considerably following the reforms, exhibiting some signs of “feminization” of the urban labour force, which has been noted in other developing countries undergoing stabilization and structural adjustment. In general, the urban picture appears to be one of greater volatility in the sectoral composition of employment following reforms, with secondary sector employment showing some trend decline while the tertiary sector shows a trend increase.

As far as type of employment in urban areas is concerned, there appears to be a trend increase in casual employment and a trend decline in regular employment for both males and females. However, there are again some important differences between male and female employment patterns. For males, the increase in casual employment is largely at the cost of regular employment; and this trend appears to have continued in the post-reform period, although again with some reversal in 1993–94. For females, on the other hand, both casual and regular work appears to have increased after the reforms. In part, this too is reflective of the feminization process, where a larger share of new urban jobs go to young female employees. But it also partly reflects a sharp decline in female self-employment immediately following the reforms. Here, factors similar to those governing rural non-agricultural employment appear to have played a part, reducing demand from small enterprises where women are self-employed; and, like rural non-farm employment, urban female self-employment seems to have rebounded somewhat with increased government spending in 1993–94.

When considering employment and unemployment figures, it should be borne in mind that open unemployment is usually not an option for poor people, who often take on any activity, however low-paying; decreases in open unemployment rates are thus not necessarily very good indicators of greater economic activity. Also, the pattern of female employment should be viewed in the context of what is happening to employment in the household rather than in isolation, so that trends in male employment are also of significance. The shift away from self-employment to outside employment, both regular and casual, in the case of women workers is presumably related not just to demand factors, but also to the changes in the level of real incomes accruing to households and the growing insecurity of jobs of male household members.

In rural areas, contrary to the urban experience, a trend of declining self-employment for both males and females appears to have been reversed with the reforms. This is due to an increase in agricultural self-employment, reflecting the shift away from non-agriculture; it is also, in large part, caused by the distress-induced increase in female unpaid family work noted earlier. Regular employment has continued to decline and casualization of wage employment has continued to increase. There has been a particularly sharp increase in female casual employment following the reforms, confirming the distress nature of rural employment developments.

The statewide disaggregation indicates that, in most states, total employment grew faster than population during 1987–94 in both rural and urban areas (the exceptions being Bihar, Haryana, Madhya Pradesh, Punjab and Rajasthan in the

case of urban areas; and Bihar, Haryana, Punjab and West Bengal in the case of rural areas). Also, the post-reform (1990–94) growth in total employment was higher than in the immediate pre-reform period (1987–91) in most states (the exceptions being Bihar, Maharashtra, Orissa and Rajasthan in the case of urban areas; and Bihar, Haryana, Kerala, Orissa and Tamil Nadu in the case of rural areas).

Nonetheless, rural non-agricultural employment growth decelerated after reforms, and indeed fell absolutely, in most states. The few exceptions include the Southern states, where poverty was lower in 1993–94 compared to 1990–91; and also West Bengal, where the negative impact of reforms on poverty was less than in other states because of public action. This again shows the intimate connection between rural non-agricultural growth and poverty. That it is such non-agricultural employment rather than total employment which matters, is further indicated by the fact that although agricultural employment growth was high and increasing in most states, the few cases where the 1987–94 change in agricultural employment was negative (Punjab, Haryana, Uttar Pradesh and West Bengal) were the states where agricultural output grew fastest.

This total disjunction between the inter-state pattern of growth of agricultural output and employment suggests strongly that most of the increase in agricultural employment after the reforms was indeed distress-driven. Since the higher overall post-reform growth in employment is due entirely to such higher growth in agricultural employment according to NSS data, this warns against the use of such data to claim improved employment performance after the reforms. Indeed, a closer reading of this data shows that, in rural areas at least, the employment growth pattern is more consistent with increasing immiserization. Things are somewhat better in urban areas, but, even apart from the fact that this in itself means greater urban-rural inequality, the importance of feminization and casualization suggest the operation of trends which have turned out to be iniquitous in the longer run in other countries undergoing structural reform.

◆ Employment and Living Conditions in Urban Areas

In the urban areas, regular employment has stagnated, especially in the organized sector. The increases in employment that are discernible are essentially in casual employment, and this is evident for the secondary and tertiary sectors according to both usual and weekly status definitions. However, these increases in employment are still below the estimated increases in urban population over this period. The continued casualization of work in urban areas has to be seen in relation to two other recent tendencies highlighted by several micro-level studies. The first concerns the growth of sub-contracting in manufacturing, which increasingly integrates formal and informal sector productive activities and allows a substantial part of production to be undertaken by very small informal and unorganized units at the bottom of the production chain. This implies that a growing part of manufacturing production is undertaken by units in which there is no formal protection of labour. The second tendency, related to the first, is evidence of some feminization of employment: the growing share of female employment to the total, particularly in export-oriented activities, and with wages and working conditions that are typically inferior to those of male workers. The growing insecurity of employment among poorer households is another factor which has to be considered when assessing living standards in urban areas. Here, the condition of

women workers as well as other female members of households depends not only upon the nature of their own employment, but also, and critically, on patterns of household real income. The growth of casual and piece-rate contracts, along with home-based work on putting-out contracts, as well as the associated fluctuation of incomes, are important negative features of living conditions.

Casual contracts, whether in wage labour or in self-employment, tend to be associated with higher levels of poverty. This is why the growing casualization of labour, which is evident in both rural and urban India, and is a trend now spanning several decades, is a matter for concern. The recent pattern for male workers broadly continues what has become a widely known process, in terms of the relative decline in regular work at the expense of more dependence upon casual contracts. But for women workers, there is a very substantial increase — to nearly half of the female workforce — in the share of regular employment that is shown for the most recent quinquennium. However, since the occupational data suggest that much of this “regular” work is in domestic service and other typically low-paid activities, it may not always represent a very positive phenomenon.

There are some further factors behind the apparent deterioration in urban living conditions, along with those suggested above. The first, and most important, is the increase in food prices that has been a significant feature of the adjustment experience in India thus far. Increases have been especially marked in the past few years, which are not captured in the data presented here, thus the picture is likely to have worsened after 1993–94 in terms of prices of essential commodities relative to urban money wages/incomes. The problem is especially acute in urban centres, where the PDS had been widespread and cuts have been evident. Between 1991 and 1995, the PDS issue prices of foodgrains were increased by 75 per cent, which has led to a substantial reduction in purchases, as the poorer groups have been effectively priced out. Total distribution from the PDS is estimated to have declined from 19.7 million tonnes in 1991–92 to 10.6 million tonnes in 1995–96 (Ministry of Finance, 1997). The targeted PDS, planned for 1997, has further reduced the actual amount available for distribution in many states, and may paradoxically lead to an increase in the average price paid by the poorer households for their total foodgrain consumption.

The general decline in urban infrastructure, which is not captured in these statistics at all, is another potent source of deprivation for those at the lower end of the income spectrum in urban areas. It is well known that there has been inadequate expenditure on building urban infrastructure and the provision of adequate housing for urban residents; in addition, even the earlier systems of publicly provided goods and services are collapsing. As a result, there are enormous problems of overcrowding, poor sanitation, unhealthy living conditions and deteriorating environment in urban areas. These have, in turn, been reflected in figures showing increasing morbidity and the increase in reported cases of respiratory infections and illnesses such as dysentery/diarrhoea, which are especially marked among children. The virtual collapse of the public health system in many urban centres has also been widely noted.

In terms of the wider definitions of poverty discussed earlier, it is clear that most of the indices suggest deteriorating conditions for both rural and urban populations in the period since the economic reform programme began at the start of the decade. An important exception is that of education, where opportunities have

been widening and, if anything, the pace of expansion of literacy and education has actually accelerated. The relative protection afforded to education and literacy programmes, in a context of severe public expenditure cutback in other social sectors, is interesting: it reflects both changes in Indian political economy and the preferences of donor agencies like the World Bank, which have recently begun to give higher priority to educational spending. It is also the case that gender differentials in education have narrowed somewhat in the last decade, although the gap is still significant. However, public educational facilities, both primary and secondary, remain dismally inadequate relative to requirements.

The most important areas of concern in terms of recent social policy relate to the inadequate provision of publicly distributed basic food, and rapidly deteriorating public health and sanitation infrastructure. It is evident that these are of special concern to women, because the primary responsibility for household provisioning as well as for the care of the young, the old and the sick, typically rests with the women of the household.

III. POVERTY ALLEVIATION PROGRAMMES

It is evident from the discussion above that macro-economic policies and strategies can have very direct effects on the extent and severity of income poverty and the other conditions of living that cause deprivation in various ways. It was suggested above that the most significant way in which government expenditure works is simply through the mechanism of the multiplier, creating jobs and incomes, for example, in rural areas or deprived urban areas which may not otherwise have received them. Thus, generalized policies of macro-economic contraction associated with stabilization measures that operate through demand deflation are likely to have a negative effect on the conditions of poorer groups. This is one very important conclusion regarding the effect of macro-economic policies. The other is that any policies (including trade liberalization, the encouragement of agricultural exports, etc.) that increase the relative price of food are likely to lead to increases in poverty. So any macro-economic strategy that seeks to reduce the incidence of poverty must consciously abjure either of these strategies. If some policies, which are otherwise desired, are likely to have the effect of raising the relative price of food domestically, then the attempt should be to mitigate or counter-balance these effects with systematic increases in public provision of food. This is not an outlandish strategy at all, and it was followed with much success by the more dynamic East Asian economies like Japan and South Korea during their periods of rapid economic growth based on exports.

Of course, it is also clearly the case that the pattern of government expenditure is at least as crucial as its overall level. This refers not just to the sectoral allocation of expenditure — since spending on rural areas is of greater significance than urban expenditures given the predominantly rural spread of poverty — but also specific kinds of expenditure, such as on social sectors and the satisfaction of basic needs, and to the regional distribution of expenditure. Furthermore, it must be remembered that state expenditure is not the only device for either redistributive policies or poverty eradication/alleviation programmes. Patterns of taxation, the degree of fiscal devolution and the availability of credit institutions serving the needs of the poor also have important effects. And in most societies that have experienced a rapid reduction of poverty, especially in rural areas, asset

redistribution has typically played a very important role, in particular land reform measures of various types.

Land reforms are necessary not only because of their welfare implications, but also because of their likely effect on agrarian productivity and on demand for mass consumption goods, which, in turn, would allow for improved productivity in those sectors as well. While the importance of land reform in laying the foundation for sustained economic development has been emphasized in the Indian context, especially by radical economists, it is noteworthy that until recently the gender aspects of land reforms were not really mentioned. But it is clear that the issue of land rights is fundamental to any progress towards gender equality, and in South Asia the denial of women's land rights has remained one of the most significant constraints to female empowerment in predominantly agrarian societies (as Agarwal, 1995 has shown). Thus a crucial question in the assessment and planning of land reforms is how poor women get control over or access to land. This entire area constitutes one of the major lacunae in Indian state intervention since independence. While some states have made institutional reforms in agriculture that affect the control and use of land (earlier in Kerala, Punjab and Karnataka, and most recently in West Bengal), in general the picture has been quite dismal. In fact, no state government in India has managed the effective implementation of the existing land reform laws, such as those relating to the distribution of ceiling-surplus land, the registration and granting of security of tenure to informal tenants, the consolidation of holdings, and so on. These policies thus remain essential preconditions for widening the social base of private investment, and consequently of employment and income generation. All attempts to eradicate poverty that do not take this as a basic plank are likely to be limited in scope and in effect.

The Indian government has been officially concerned with poverty reduction for well over two decades now, since the early 1970s when it became apparent that economic growth would not "trickle down" to benefit the poor. Since then, a range of anti-poverty measures and programmes have periodically been put into place, with varying degrees of seriousness and success. The poverty alleviation measures of the Indian government since the 1970s can be broadly considered under four groups:

1. those relating to access to food, through a public distribution system for foodgrains and other items;
2. those devoted to promoting self-employment through the provision of assets, assistance in marketing and other measures;
3. those devoted to providing lean-season employment or other forms of wage employment; and
4. those addressing other basic needs such as health, sanitation, housing and education facilities.

Non-official (but often officially supported) micro-interventions by NGOs and other groups also attempt to reduce poverty through specific credit, marketing and other developmental schemes on the local level. An illustrative list of government schemes is provided in the appendix. There is a large literature devoted to assessing these schemes, and a central government department also evaluates success in implementing the various programmes. In what follows, the focus will be on assessing their impact on poor women, as far as possible.

◆ Public Distribution of Food

The modern public distribution system for foodgrains was set up in 1965, but it was essentially based on the structures for food provision that were created during the wartime system of urban rationing. This was part of an overall strategy of food management which sought to fulfil various objectives. The aims of food administration were thus synthesized into a bundle of potentially contradictory objectives, which have been summarized by Krishna (1967) as follows:

1. steady growth of consumption, that is, a stable and continuous increase in the per capita food availability in the country, with reduced annual fluctuations;
2. fair price distribution, in terms of access at some predetermined “fair” price to an increasing proportion of low-income households;
3. socialization of the surplus, which involved appropriation and distribution by the government of an increasing proportion of the marketed surplus, in order to realize the second objective; and
4. self-sufficiency, in terms of reduction and eventual elimination of import dependence.

The history of state operations with respect to foodgrains suggests that most of these aims of policy have been at best only partially fulfilled. The exception — the supposed achievement of self-sufficiency in foodgrains by the mid 1970s — was arrived at in the context of very low per capita availability and the persistence in absolute poverty of a very significant proportion of the population. The amounts released by the public distribution system remain pitifully small, particularly in relation to the growing population, and for the past two decades (when public procurement has been at its highest levels ever) procurement has fluctuated at only around one tenth of gross production. The system has operated by using the Food Corporation of India directly and indirectly through millers and traders who procure foodgrains from farmers. These foodgrains have then been distributed through fair-price shops at a central issue price, lower than the procurement price plus transport and storage costs. The difference has been met by budgetary subsidy. Currently the PDS provides rationed amounts of basic food items (rice, wheat, sugar, edible oils) and other products (kerosene, coal, standard “controlled price” cloth) to rural and urban populations, although its spread is limited (especially in rural areas).

There have been a number of criticisms of the existing PDS: that it benefits the poor only marginally (Parikh, 1993); that it involves major leakages to open markets (Ahluwalia, 1993); that it is limited to urban areas and does not filter through to the rural poor who need it the most, and that it breeds inefficiency in the Food Corporation of India (Ministry of Industry, 1991). Each of these charges has some validity, but none is as extreme as is generally made out. In terms of advantages to the poor, it is true that NSS consumption data indicate that the PDS provides only about 8 to 20 per cent of the food purchases of the poor, and that the rest have to be met through open market purchases. But even this has certainly made a definite impact on the cereal consumption of the population, which is particularly evident in periods of scarcity or drought. The expansion of the PDS and public works programmes were two important factors in the reduction of poverty over the 1980s, as discussed in section II.

The criticism of urban bias has become less relevant over time, and particularly in the last two decades. Since 1971 the number of fair price shops has tripled to over 400,000 at present, with the greater part of the increase in rural areas. Several states have focused on expanding the PDS in rural areas, such as Andhra Pradesh, Kerala, Tamil Nadu, West Bengal, Tripura, and Jammu and Kashmir. The reason the PDS nevertheless appears so inadequate is that some of the states with the largest number of poor people, including Bihar, Uttar Pradesh, Madhya Pradesh and Orissa, have not developed the PDS system in any substantial way. The solution here is obviously to expand the system, rather than to cut back on it as is now being suggested in the many proposals related to “targeting”. The question of targeting is discussed in more detail below.

A large and growing proportion of the budgetary food subsidy actually goes to the Food Corporation of India (FCI) to cover handling, storage and distribution costs, and this has led many to argue that the FCI’s role should be diminished in favour of private traders. However, notwithstanding the inefficiencies and even corruption involved in FCI operations, the economic cost of FCI grain remains below the market price in almost every urban area, on the basis of comparing FCI costs with the prices emerging from the NSS consumer survey for 1993–94. This implies that the private sector is less efficient in delivering grain to urban centres from surplus areas. Even in the deficit regions, rural food prices remain around 10–20 per cent below urban food prices, which suggests that private traders do not arbitrage effectively between such centres. So it is not likely that replacing the FCI with private traders would automatically improve the distribution network for foodgrain; on the contrary, it may even deteriorate further.

The main limitation with respect to the prevailing system for the public distribution of food has not really been any of the above, but rather the fact that it is inadequate in terms of its limited coverage and non-universal access. It is certainly true that the system has grown substantially over the last two decades, largely because of state responses to social and political pressure. Thus, along with the aim of providing food security, the PDS was seen as playing a politically stabilizing role by allowing sections of the poor and the (largely urban) middle classes access to minimum food requirements at affordable prices. As a result, from 1975 to 1990, the PDS expanded steadily in terms of the volume of grain that it handled. By 1990 the FCI handled about 45 per cent of the commoditized grain trade, the rest being controlled by private traders.

The coverage and efficacy of the PDS has varied widely across states, being largely determined by the degree of commitment of the state governments. While there has been diminished support for the PDS at the central government level in the 1990s (as discussed in section II), a number of state governments in this period have actively tried to increase access and reduce prices for the poor in their own PDS systems. Most prominently, Andhra Pradesh has operated a scheme of providing rice at 2 rupees per kilogram, which is likely to have been an important factor in the rapid reduction of poverty to only 19 per cent in 1993–94. Tamil Nadu has extended rural coverage and also operated a scheme of mid-day meals for school children. In Kerala and West Bengal, the PDS now meets more than one third of the total foodgrain requirement. Recently, a further PDS has been launched to cover targeted tribal populations in identified poor and backward districts.

In May 1997 the central government introduced a targeted PDS to provide a higher subsidy on issue price to households identified as poor. There were a number of problems with the way the scheme was designed and implemented in the early months, and there are indications that it needs to be reworked. In any case, an attempt to increase the access of the poor to the public distribution system without increasing the budgetary subsidy appears to be Panglossian. In recent years, when consecutive good harvests have tended to depress open market prices, the inadequate spread of the PDS — as well as the higher issue prices charged, which have priced out the poor — have resulted in a build-up of stocks, with the government well in excess of the buffer stock norms it has specified for itself at different points of time during the year. In recent years the government has attempted to deal with this problem by resorting to sale in the open market, through private trade and through allocations to exporters at prices well below the international price. The proposed new system, which intends to contain the total PDS allocation and simply provide a portion of it at lower prices to the poor, is likely to reinforce the problems of high costs of holding stocks and add to pressures for export.

There are further and more basic difficulties with targeting. One problem is in the definition of the poor, with states providing poverty lines on the basis of per capita monthly household incomes. Given the extremely sketchy nature of data relating to incomes, the precise identification of the poor who will be the beneficiaries will necessarily be arbitrary, cumbersome and expensive in terms of additional administrative costs. It will also put far too much power in the hands of those who identify who the poor are at the local level, and allow for the sorts of corrupt practices which are by now common knowledge. It is well known that, in hierarchical societies where social and economic power is unequally distributed, most targeted schemes generally fail to reach the intended beneficiaries unless the schemes are self-targeting (as in employment programmes) or involve goods and services that only poor groups desire. Neither of these is the case in the targeted PDS scheme, which suggests that the insistence on identification and targeting of the poor may not only lead to denying many of them access to a scheme, but may actually lead to a worsening of their material position.

This is extremely unfortunate, not only because of the many benefits possible through such a system, but because it has significant and positive gender implications. Obviously, PDS can play a critical role in stabilizing food market prices and providing minimum affordable food to the poor. Furthermore, a proper and well-functioning public distribution system may be a minimum requirement for ensuring access of women and girl-children to adequate food, given the patriarchal structure of society and discrimination against female consumption within poor households. Public provision of cheap food also does more than ensure minimum subsistence to women and children who would otherwise be denied it; it also reduces the burden on women who are responsible for household provisioning. In addition, it is more than a simple welfare measure, since it also implies the public underwriting of labour costs through the provision of cheap food. It is not surprising that local social or political mobilizations of women, particularly in rural areas, have so often revolved around the issue of cheap basic food, along with the provision of minimum public services.

◆ Self-Employment Schemes

The Integrated Rural Development Programme, launched in 1979 is probably the largest credit-based governmental poverty alleviation programme in the world. It provides credit through commercial banks to households identified as falling below the poverty line, to finance the purchase of assets that would allow for viable self-employment. Such assets have included pumpsets, draught and milk animals, carts and basic transport equipment, and equipment and machinery for various types of cottage industry. The loan is subsidized up to 20–50 per cent of the total.

While the resources expended upon the IRDP are significant, its success in poverty alleviation has been mixed at best, and in no district of the country has it been substantially effective in reducing either the incidence or the severity of poverty in the absence of other mitigating features (Copestake, 1996). Many micro studies of the IRDP focus on such limitations. An official document has described the inadequacies of the programme as follows: leakage of benefits to non-eligible beneficiaries; concentration of IRDP investments on animal husbandry and milch cattle to the neglect of location-specific and more socially beneficial projects; corruption, malpractices, bribery and other leakages at the stage of implementation; lack of durability of the assets in the custody of the beneficiary; repayment schedules of banks that do not recognize the time pattern of benefit flows from the assets; low financial participation of co-operatives in the total amount of IRDP loans; high overdues of IRDP beneficiaries; low proportion of beneficiaries among the poorest and concentration on those who are close to the poverty line; and negligible percentage of beneficiaries crossing the poverty line (Ministry of Agriculture, 1988).

However, it should be noted that there is significant contrast between the evaluations based on small-scale micro-surveys and the results of large-scale surveys such as the NSS, which give much more encouraging conclusions (Swaminathan, 1990; Dreze, 1990). Several analysts have suggested that a preferred alternative to IRDP expenditure would be a more substantial system of wage employment through public employment guarantees. However, the two schemes are not complete substitutes, and credit-cum-asset-provision schemes can play a supplementary role in the fight against poverty.

Officially, the IRDP scheme aims at 30 per cent female beneficiaries, although this target has generally not been met. Studies of the IRDP have revealed that women accounted for 8–15 per cent of the loans during the 1980s (Ministry of Programme Implementation, 1988). One feature of the IRDP that militates against greater participation of women has been the stipulation that loans should go to heads of household; the involvement of women has thus been limited to female-headed households. When the desire to fill the target for women borrowers has meant that this has been side-stepped, it has been reported that even this low female participation has often been fulfilled by identifying a male borrower and then having his wife sign the loan papers. This remains the case even though a study of four Indian states has revealed that the IRDP loans taken by women were put to better productive use than those received by their male counterparts (NIRD, 1987). Interestingly, where women's credit agencies operating through NGOs or co-operatives have functioned in the same villages where the IRDP is in operation, it has been found that loans granted to women through these alternative schemes tend to be more effective than the IRDP loans received by men, even in the same household.

The nature of the credit — in kind rather than in (fungible) cash — means that the choice of activity consequent upon receiving the IRDP loan has also tended to be quite rigid, reflecting the biases and preconceptions of the loan-giving authorities in the local areas and making little allowance for the flexibility required of women workers who have to co-ordinate involvement in a range of productive activities, including household work and duties associated with reproduction and childcare. Productive activities for women have not been separately identified. Significantly, the IRDP has almost never provided loans for the purchase of land, even though there is no explicit stipulation against it and a small plot of land remains a potent source of ancillary income for rural women.

The most fundamental problem with the IRDP may lie in the fact that credit is a necessary but not sufficient condition for successful self-employment of the rural poor. This is increasingly recognized (World Bank, 1991), but the associated policy drives to ensure provision of complementary inputs and services have not been systematically forthcoming. Nor has there been enough effort to ensure that the poor have sufficient information about the different economic activities possible and their viability. The result has been a fairly standard portfolio of IRDP loans, with little variation for individual requirements or consideration for the demand conditions for the products and services generated. Credit schemes are rarely accompanied by marketing schemes, which tend to be separate.

In this connection, a set of rules formulated by Lipton (1995) for successful pro-poor credit schemes may be relevant. The list includes the following:

1. Respect fungibility. Borrowers usually know the best use of funds.
2. Focus extra lending — or incentives to provide it — upon the poor. But do not target directly on persons or households labelled as “poor” by lenders, for this often reduces the access of the poor.
3. Avoid lending rules that discriminate against the poor.
4. Poor people lack collateral, so protect lenders’ capital by other means.
5. Keep down transaction costs of lending, especially as a share of loan size. This can be accomplished through appropriate participatory or localized intermediation.
6. Try to keep the lender’s portfolio diverse by location and sector. This is important to sustain such lending without growing state subsidization.
7. Good economic returns to credit and good repayment are more likely where borrowers are encouraged to use loans to supplement their own savings, where there is adequate infrastructure and education, and where there are incentives for repayment.

To these can be added two further criteria or rules:

8. Credit schemes should not operate in isolation but should be associated with schemes or policies designed to ensure the viability of economic activities resulting from the loans.
9. Social mobilization plays an important role, and is especially important for activating women borrowers.

◆ Wage Employment Schemes

The major national public works schemes are currently amalgamated into the Jawahar Rozgar Yojana (JRY), which annually generates around 700 million person days of work, accounting for about 1 per cent of total employment. All districts of the country are supposedly covered by the JRY, which is financed through a contribution of the central government (80 per cent) and through expenditure by the states (20 per cent). Most of the money is now meant to be directly administered by local level panchayats (village councils), although the extent to which that is true is patchy and haphazard. Most public works schemes, especially the rural ones, have the advantage that they tend to be self-targeting. Since manual labour is involved and the wage rate is rather low, such schemes attract only those with few other opportunities for income generation and a greater need for income than for leisure.

The JRY is not an employment guarantee scheme, because it does not ensure a minimum of 100 days employment (as does a more successful example, the Maharashtra Employment Guarantee Scheme). Nevertheless, it does appear to have played a significant role in poverty reduction, as well as in increasing the bargaining power of workers in rural areas. A consideration of the aggregate NSS data relating to employment in public works yields at least four notable conclusions. First, the NSS reports a quantum of employment in public works that matches official data quite well; fears about large leakages may thus be exaggerated. Second, the schemes appear to have been reasonably well-targeted in that they have largely been used by casual labour households, which show both the highest person-day unemployment and the highest poverty. Third, it appears that opportunity costs of wage labour in these schemes — in terms of incomes foregone by workers in such employment — were small; this is corroborated by a more detailed examination in this respect for Maharashtra alone (Ravallion and Dutt, 1993). Fourth, possibly because they are well-targeted, public works appear to have been more effective in moderating the severity of poverty rather than its head-count incidence.

In terms of involving women workers, however, these national-level schemes have underperformed systematically. Despite the declared intention of targeting women workers, the public works schemes have employed only around 15 per cent women. There are no special provisions to ensure the greater participation of women or to extend any additional facilities to women (such as childcare facilities near residences or the worksite, or flexible working hours) which would enable more of them to work in JRY schemes.

This is in marked contrast to the experience of the Maharashtra Employment Guarantee Scheme (EGS), which may thus provide some important lessons in terms of design and implementation. In rural Maharashtra, the EGS has been

known as “a programme of women” (Mahendradev, 1995). Estimates of the participation of women in this scheme range from 45 to 65 per cent of the employment (which is a multiple of the official estimate). Furthermore, the participation of women has been increasing over time. Datar (1988) has found that the EGS provided a core income for many rural women, and contributed specifically to improving their own consumption and the consumption of the girl-children in their household. The high participation of women — and the associated benefits to poor women — are partly related to the predominance of female labour in casual unskilled work in the rural areas of Maharashtra. However, it has also been facilitated by two very important features; the provision of childcare near the place of work, and the active role played by labour organizations and political mobilizations. The latter, in particular, has been found to improve the functioning of the scheme in the districts and talukas where it has been present in several ways: organization helped to spread awareness of the scheme among poor and illiterate labourers, and especially among women workers; it mobilized labourers to demand that the administration provide employment; and to some extent it was able to check malpractice and leakages from the scheme (Deshpande, 1988, quoted in Mahendradev, 1995). These are important pointers to how such schemes can be made more effective for rural women elsewhere as well.

◆ Micro-Interventions

In a number of areas, specific interventions by non-governmental organizations (NGOs) have been directed towards poverty reduction, employment generation or even improving the general conditions facing rural households. Several of these have been directed specifically towards women and have fulfilled an important function given the major gaps in government programmes vis-à-vis women. In many cases NGOs have served to force government agencies to ensure better delivery of services that have been promised or are officially available. As noted above, social awareness spurred by NGO movements played an important role in ensuring the participation of women in the Maharashtra Employment Guarantee Scheme.

Many of the more useful contributions of NGOs have been in the area of credit provision, typically through co-operatives that provide credit to women for productive activities they determine themselves. The more successful of such interventions in India include the mainly urban Self-Employed Women's Association (SEWA), originally based in Ahmedabad but now present elsewhere, such as in Lucknow; and the primarily rural Mahila Samakhya in Karnataka and Co-operative Development Fund in Andhra Pradesh. It has been widely noted that the success of such co-operatives has been associated not with lower interest rates (typically the interest rates are at par or above those provided by formal lending institutions) but simply the access to credit without insistence on major collateral, as well as some flexibility both in terms of the use of the loan and the exact timing of repayment. These schemes have typically tried to avoid some of the more obvious mistakes of existing government programmes, such as rigidity, excessive legality and male orientation. In some areas they have been associated with very substantial changes for women, not only in terms of material betterment but also social and political empowerment. As a result of the processes of interaction and social mobility outside the households, along with the greater access to some resources for women, there have in many cases been dramatic changes in social

relations both within the families and in the villages involved.³ It should be noted that such interventions tend to be even more effective where the co-operatives are not excessively regulated by bureaucracy, which is why the new co-operative legislation enacted by the states of Andhra Pradesh and Bihar in the past few years is of such interest.

Another very important area of intervention has now effectively become government-led, although the recent movement was spearheaded by NGOs: education and literacy. The government's Total Literacy Campaigns, which have been very effective in some districts and states in the country, have been inspired by and designed in accordance with the programmes of some more dynamic NGOs, such as the Kerala State Saksharta Sahitya Parishad (KSSSP), which was instrumental in the literacy movement in that state. In a number of other states, particularly in the southern region, this has effectively become a mass movement. It is worth noting that these movements have extended far beyond the attempt to increase literacy rates among adults or increase school registration among the young. Where they have been successful, the movements have led to wider social mobilization and demands, often led directly by women. Thus, in Andhra Pradesh and Tamil Nadu, literacy campaigns led almost directly to demands by spontaneously organized women's groups for prohibition of liquor sale and consumption, since this has been widely perceived as a direct cause of both increased poverty and male violence towards women. In some districts, women's groups that have emerged from the literacy campaigns have also demanded improved public infrastructure, better sanitation, access to minimally decent health services and better local schools.

Related to this is another very significant demand resulting from a social movement led by an NGO in Ajmer district of Rajasthan — the "Right to Know" campaign, which demands greater accountability from local government officers regarding the use of public funds. This is also a movement with wider significance, insisting upon both greater devolution of financial resources and public accountability, which can only be demanded by local citizens who are directly involved and affected by such expenditure. Such movements can play a very important role in ensuring the effectiveness of expenditure on poverty alleviation schemes, as well as other government spending.

These are all very important contributions by NGOs in different areas, and it is important to retain the space for such non-governmental intervention especially in creating greater awareness of the rights due to citizens. However, there is also a danger of overplaying the role of NGOs. This has been a problem in the recent past as an increasing proportion of public funds — and especially foreign aid money — is now directed towards NGOs rather than routed through official channels. This can be dangerous for a number of reasons. While many NGOs are extremely valuable and make highly positive interventions, the category as such is so heterogeneous and varied that it is impossible to generalize about the performance of individual organizations. Essentially, this is a residual category, defined by what it is not — i.e., not a governmental body, which can include practically anything. And the point is that such NGOs are by definition not accountable in any explicit way, except insofar as their functioning is difficult without some degree of

³This is confirmed by a recent study (April 1998) by the author of rural credit co-operatives in Andhra Pradesh.

acceptance by the local population. While it may thus be necessary to ensure continued funding of some NGOs, this cannot be a blanket across-the-board statement about all NGOs. Furthermore, it is increasingly the case that funding of NGOs dilutes the activities of government: both because it allows the government to abdicate its own developmental and other responsibilities, and because it reduces the money available to government agencies by transferring it to favoured NGOs. And governments are — or should be — accountable directly to the citizenry, in a way that private organizations, however well-meaning, are not.

The obvious task, therefore, is to make government agencies more directly accountable to citizens, and to ensure that official money (which is after all, a resource taken from taxpayers) is used in ways that benefit the citizenry in the largest sense, and particularly those in most need of assistance: the poor and especially disadvantaged groups among the poor. For this, the devolution of resources to state governments and to democratically elected local bodies is a necessary condition, but the control over resources by local people can be even more direct. In this context, the novel experiment now taking place under the aegis of the People's Plan in Kerala, whereby 40 per cent of state plan expenditure has been directly handed over to elected local panchayats and even the vetting of such expenditure must be by the Gram Sabha (which consists of all the electorate of a given area), is of great interest and deserves further study. The most urgent task of social movements, including those led by NGOs, is therefore to ensure that the state is approachable and accountable, which is the only way to ensure that it "delivers". Simply bypassing the state in favour of private agencies in critical matters such as poverty reduction and improving livelihood conditions is not a solution — and it may even form part of the problem.

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APPENDIX

◆ Illustrative list of Indian Government Schemes for Poverty Alleviation

Programmes for self-employment through asset provision or subsidized credit

- Integrated Rural Development Programme (IRDP)
- Scheme for Self-Employment of Educated Unemployed Youth (SEEUY)
- Self-Employment Programme for Urban Poor (SEPUP)

Programmes for self-employment targeted to women

- Support to Employment Programmes for Women (STEP)
- Development of Women and Children in Rural Areas (DWCRA)
- Mahila Samruddhi Yojana
- Matching grant scheme for thrift and credit groups

Wage employment programmes

- National Rural Employment Programme (NREP)
- Rural Landless Employment Guarantee Programme (RLEGP)
- Indira Awas Yojana (for below poverty line families)
- Million Wells Scheme

All the above have now been amalgamated into:

- Jawahar Rozgar Yojana (JRY); this is supposed to function in all blocks of the country, with 90 per cent of the money supposedly released directly to the panchayats.
- Employment Assurance Scheme (EAS) for poorest and most backward districts with largest concentration of Scheduled Castes/Scheduled Tribes/Below poverty line households.

Programmes for group formation, training etc.

- Mahila Mandal Programme
- Training of Rural Youth for Self-Employment (TRYSEM)
- Vocational Training Programme for Women

Welfare programmes

- Integrated Child Development Scheme (ICDS)
- National Maternity Benefits Scheme (for poorest women only, a two-time grant for nutrition during pregnancy)
- National family benefits scheme, includes life insurance and benefits on death of earning member for poorest households.

◆ Tables

Table 1
Long-term trends in income poverty

NSS round	Period	Head count ratios	
		Rural	Urban
3	August 1951–November 1951	47.37	35.46
4	April 1952–September 1952	43.87	36.71
5	December 1952–March 1953	48.21	40.14
6	May 1953–September 1953	54.13	42.77
7	October 1953–March 1954	61.29	49.92
8	July 1954–March 1955	64.24	46.19
9	May 1955–November 1955	51.83	43.92
10	December 1955–May 1956	48.34	43.15
11	August 1956–February 1957	58.86	51.45
12	March 1957–August 1957	62.11	48.88
13	September 57–May 1958	55.16	47.75
14	July 1958–June 1959	53.26	44.76
15	July 1959–June 1960	50.89	49.17
16	July 1960–August 1961	45.4	44.65
17	September 1961–July 1962	47.2	43.55
18	February 1963–January 1964	48.53	44.83
19	July 1964–June 1965	53.66	48.78
20	July 1965–June 1966	57.6	52.9
21	July 1966–June 1967	64.3	52.24
22	July 1967–June 1968	63.67	52.91
23	July 1968–June 1969	59	49.29
24	July 1969–June 1970	57.61	47.16
25	July 1970–June 1971	54.84	44.98
27	October 1972–September 1973	55.36	45.67
28	October 1973–June 1974	55.72	47.96
32	July 1977–June 1978	50.6	40.5
38	January 1983–December 83	45.31	35.65
42	July 1986–June 1987	38.81	34.29
43	July 1987–June 1988	39.23	36.2
44	July 1988–June 1989	39.06	36.6
45	July 1989–June 1990	34.3	33.4
46	July 1990–June 1991	36.43	32.76
47	July 1991–December 1991	37.42	33.23
48	January 1992–December 1992	43.47	33.73
50	July 1993–June 1994	36.66	30.51

Source: Ozler, Dutt and Ravallion (1996); Sen (1996)

Table 2
The structure of income poverty

Groups	Rural			Urban		
	Group share in population	Per cent poor in group	Group share in all poor	Group share in population	Per cent poor in group	Group share in all poor
Self-employed in agriculture	44.3	38.3	37.9			
Self-employed in non-agriculture	12.5	39	10.8			
All self-employed	56.8	38.5	48.7	38.8	40.4	43
Agricultural labour	27.1	62.7	37.8	12	76	25
Other labour	8.1	48.7	8.8	43.7	22.8	27.3
Others	7.9	26.4	4.6	5.5	31.2	4.7
All households	100	44.9	100	100	36.5	100
SCs	18.4	56.1	23	11.7	53.3	17
STs	10.5	62.7	14.7	3.8	48.3	5
Female-headed		47			43.4	

Source: Sen (1996), using World Bank estimates up to 48th round and own estimate with same methodology for 1993–94.

Table 3
Indicators of rural non-agricultural employment and poverty

Year	Rural non-agricultural employment		Poverty ratios*		
	Male	Female	HC	PG	SPG
1972–73	16.8	10.3	55.4	17.4	7.3
1977–78	19.4	11.9	50.6	15	6.1
1983	22.5	12.5	45.3	12.7	4.8
1987–88	25.5	15.3	39.6	9.7	3.4
1989–90	28.3	18.6	34.3	7.8	3.3
1990–91	29	15.1	36.4	8.6	2.6
1991–92	25.1	13.7	37.4	8.3	2.9
1992	24.3	13.8	43.5	10.9	2.7
1993–94	25.9	13.8	38.7	9.4	3.3

* HC (head count); PG (poverty gap index); SPG (squared poverty gap) — see footnote 1.
Source: Sen (1996) using NSS 1987–88 data.

Table 4
Changes in living standards, 1957–58 to 1993–94

State	Rural				Urban			
	Average 1957–1959		Average 1990–1993		Average 1957–1959		Average 1990–1993	
	Mean consumption	Head-count poverty ratio	Mean consumption	Head-count poverty ratio	Mean consumption	Head-count poverty ratio	Mean consumption	Head-count poverty ratio
Andhra Pradesh	48.44	65.14	68.34	35.89	60.28	48.03	78.66	30.59
Assam	65.45	39.92	52.63	49.33	81.61	15.53	97.75	11.95
Bihar	47.64	64.52	48.6	63.2	51.84	60.26	67.22	42.39
Gujarat	52.45	56.77	59.27	41.77	57.47	54.84	68.27	37.33
Jammu and Kashmir	65.19	37.53	70.7	31.2	70.42	33.09	99.36	14.01
Karnataka	59.59	54.08	57.69	46.88	60.17	53.19	79.13	34.09
Kerala	46.08	69.18	73.32	33.01	54.62	54.21	89.53	30.62
Madhya Pradesh	58.68	56.68	60.56	49.79	66.98	47.63	71.8	38.17
Maharashtra	47.71	65.93	58.76	50.5	69.68	43.47	74.18	37.47
Orissa	53.89	60.86	66.32	34.66	54.64	58.05	75.06	43.31
Punjab and Haryana	76.82	31.24	83.27	20.64	74.19	36.51	93.41	13.63
Rajasthan	66.7	46.36	60.02	45.79	63.76	45.18	75.9	29.5
Tamil Nadu	44.49	69.65	63.93	41.8	65.36	46.6	84.14	31.87
West Bengal	56.35	50.33	68.13	31.51	82.32	28.34	92.8	23.79

Note: Three-year averages of the NSS rounds beginning in the years mentioned; mean consumption is measured in rupees per person per day at October 1973–June 1974 all-India rural prices.

Source: World Bank (1997), Tables A3 and A4 pp. 50–51, using Datt (1997).

Table 5
Statewise indicators of urban and rural poverty and distribution, 1990s

Andhra Pradesh					
Period	Urban consumption	Rural consumption	Ratio	Head count poverty	Gini coefficient
1989-90	80.92	69.92	1.16	31.96	35.22
1990-91	78.4	69.07	1.14	27.91	31.53
1992	78.12	61.97	1.26	33.05	33.67
1993-94	79.47	73.99	1.07	30.82	32.29
Assam					
Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	91.24	58.86	1.55	12.16	26.33
1990-91	89.12	56.28	1.58	19.34	28.79
1992	101.41	49.05	2.07	6.55	29.05
1993-94	102.73	52.57	1.95	9.95	28.98
Bihar					
Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	75.39	49.97	1.51	42.29	37.12
1990-91	72.55	51.13	1.42	41.13	34.65
1992	60.7	47.22	1.29	46.32	29.58
1993-94	68.4	47.46	1.44	39.72	30.91
Gujarat					
Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	79.27	62.32	1.27	37.55	37.72
1990-91	61.46	57.51	1.07	44.19	28.59
1992	69.75	56.85	1.23	37.14	30.83
1993-94	73.59	63.46	1.16	30.66	29.13
Jammu and Kashmir					
Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	101.16	79.25	1.28	7.86	22.09
1990-91	106.46	58.35	1.82	18.79	34.82
Karnataka					
Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	79.46	53.63	1.48	34.46	35.22
1990-91	82.46	58.63	1.41	34.8	36.79
1992	75.11	51.93	1.45	37.76	35.22
1993-94	79.82	62.52	1.28	29.71	31.87
Kerala					
Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	87.99	66.29	1.33	30.3	37.36
1990-91	94.31	68.81	1.37	34.77	38.64
1992	84.97	77.7	1.09	34.01	38.52
1993-94	89.32	73.44	1.22	23.07	34.32
Madhya Pradesh					
Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	72.78	64.41	1.13	39.27	34.35
1990-91	75.48	59.52	1.27	40.22	37.79
1992	69.83	61.7	1.13	34.45	30.5
1993-94	70.08	60.45	1.16	39.83	33

Table 5, continued

Maharashtra

Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	77.99	60.1	1.3	42.72	40.72
1990-91	71.33	63.56	1.12	38.03	33.68
1992	74.1	52.05	1.42	38.15	35.23
1993-94	77.1	60.67	1.27	36.23	35.67

Orissa

Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	67.69	63.77	1.06	41.09	32.2
1990-91	72.26	69.7	1.04	40.42	34.84
1992	86.24	68.23	1.26	48.74	47.96
1993-94	66.67	61.04	1.09	40.76	30.69

Punjab and Haryana

Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	96.74	82.18	1.18	15.91	
1990-91	92.57	82.17	1.13	13.44	
1992	87.31	88.41	0.99	16.02	
1993-94	100.34	79.23	1.27	11.42	

Rajasthan

Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	79.51	65.74	1.21	31.08	33.08
1990-91	77.57	64.53	1.2	29.98	30.61
1992	74.25	57.46	1.29	29.13	28.87
1993-94	75.87	58.07	1.31	29.38	29.36

Tamil Nadu

Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	74.43	61.46	1.21	35.02	32.91
1990-91	78.83	61.16	1.29	33.8	34.02
1992	93.26	60.52	1.54	30.5	41.6
1993-94	80.43	70.1	1.15	31.32	34.84

Uttar Pradesh

Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	68.14	71.02	0.96	44.71	33.76
1990-91	70.59	62.4	1.13	37.54	32.16
1992	66.58	61.8	1.08	46.22	33.76
1993-94	74.72	63.52	1.18	34.28	32.33

West Bengal

Period	Urban consumption	Rural consumption	Ratio	HC Poverty	Gini coefficient
1989-90	84.76	71.71	1.18	25.93	32.58
1990-91	89.09	65.4	1.36	23.27	33.28
1992	94.03	68.54	1.37	25.66	35.98
1993-94	95.28	70.45	1.35	22.45	33.84

Note: Consumption refers to average consumption in rupees per person per day measured at 1973-74 rural prices; poverty measures and Gini coefficients are expressed in percentages. Source: World Bank (1997:53-67).

Table 6
Infant Mortality Rates, 1971–1993 (per 1,000 live births)

Period	Rural	Urban	Combined
1971	138	82	129
1976	139	80	129
1981	119	62	110
1982	114	65	105
1983	114	66	105
1984	113	66	104
1985	107	59	97
1986	105	62	96
1987	104	61	95
1988	102	62	94
1989	98	58	91
1990	86	50	80
1991	87	53	80
1992	85	53	79
1993	82	45	74

Source: Office of Registrar General, Sample Registration System

Table 7
Life Expectancy at Birth

Period	Male	Female
1971	54.1	44.7
1981	54.4	54.7
1981–86*	56	56.4
1986–91*	58.6	59.1
1991–96*	61.1	61.7

Note: * signifies projections.

Source: Office of Registrar General, Sample Registration System

Table 8
Selected rural and urban indicators

	Rural population as a % of total population (1991)	Life expectancy at birth (years)		Literacy rate (7+) (%)		Children 6-14 years attending school (%)		Underweight children moderate and severe (%)	
		Rural (1989-93)	Urban (1989-93)	Rural (1991)	Urban (1991)	Rural (1992-93)	Urban (1992-93)	Rural (1992-93)	Urban (1992-93)
States									
1 Andhra Pradesh	73.2	59.7	64.2	36	66	56.8	80.6	52.1	40.2
2 Arunachal Pradesh	87.8	—	—	37	72	70.3	76.7	40.3	36.2
3 Assam	88.9	54.1	63.3	49	79	69.5	76.1	51.8	37.3
4 Bihar	86.9	57.7	65.2	34	68	46.9	76.7	64.1	53.8
5 Goa	60.0	—	—	72	80	93.7	93.4	36.2	33.2
6 Gujarat	65.6	59.1	62.0	53	77	70.5	85.7	45.8	40.5
7 Haryana	75.2	62.1	67.0	50	74	78.2	89.8	39.4	33.0
8 Himachal Pradesh	91.3	63.6	66.1	62	84	90.4	95.1	48.3	30.2
9 Jammu and Kashmir	76.2	—	—	—	—	84.1	95.7	46.8	31.0
10 Karnataka	69.1	60.1	66.1	48	74	65.3	82.4	57.3	47.0
11 Kerala	73.6	71.8	72.8	89	92	94.6	95.4	30.6	22.9
12 Madhya Pradesh	76.8	52.3	61.9	36	71	55.9	83.2	59.4	50.1
13 Maharashtra	61.3	62.0	68.2	56	79	76.4	89.3	57.5	45.5
14 Manipur	72.3	—	—	56	71	88.1	94.9	31.6	25.9
15 Meghalaya	81.3	—	—	41	82	70.6	93.1	47.2	37.5
16 Mizoram	53.8	—	—	72	93	86.9	94.7	34.5	22.0
17 Nagaland	87.2	—	—	57	83	87.4	97.0	30.5	19.7
18 Orissa	86.6	54.9	63.6	45	72	67.0	83.5	54.9	44.3
19 Punjab	70.3	65.5	69.8	53	72	77.4	88.9	47.4	40.0
20 Rajasthan	77.1	55.6	63.2	30	65	54.4	78.6	41.1	43.9
21 Sikkim	90.9	—	—	54	81	—	—	—	—
22 Tamil Nadu	65.8	60.5	66.3	55	78	80.1	86.8	52.1	37.3
23 Tripura	84.7	—	—	56	83	77.6	88.0	53.0	31.6
24 Uttar Pradesh	80.1	55.0	60.4	37	61	58.1	73.5	50.5	46.9
25 West Bengal	72.6	60.0	66.8	51	75	64.2	77.9	60.4	44.8
Union Territories									
1 Andaman and Nicobar Is.	73.2	—	—	70	82	—	—	—	—
2 Chandigarh	10.3	—	—	59	80	—	—	—	—
3 Dadra and Nagar Haveli	91.5	—	—	37	78	—	—	—	—
4 Daman and Diu	53.1	—	—	62	82	—	—	—	—
5 Delhi	10.1	—	—	67	76	86.9	87.0	—	—
6 Lakshadweep	43.7	—	—	79	84	—	—	—	—
7 Pondicherry	36.0	—	—	65	80	—	—	—	—
India	74.3	58.0	64.9	45	73	62.6	82.4	55.9	45.2

Source: UNDP (1997)

Table 9
Female-male disparities

	Female to male ratio (per 1,000 population) entire population ^a (1992-93)	Female to male ratio (0-6 years) (per 1,000 population ^b (1991)	Female life expectancy At birth (years) ^c (1989-93)	Male life expectancy At birth (years) ^d (1989-93)	Female literacy rate (+7) ^e (%) (1991)	Male literacy rate (+7) ^f (%) (1991)	Estimated maternal mortality rate (per 100,000 live births ^g (1982-86)
States							
1 Andhra Pradesh	979	975	61.5	59.5	33	55	402
2 Arunachal Pradesh	973	982	—	—	30	51	—
3 Assam	947	975	55.3	54.6	43		1,028
4 Bihar	956	959	57.2	59.7	23	52	813
5 Goa	1,019	964	—	—	67	84	—
6 Gujarat	944	928	61.1	59.0	49	73	355
7 Haryana	888	879	63.7	62.5	40	69	435
8 Himachal Pradesh	1,070	951	63.6	63.6	52	75	na
9 Jammu & Kashmir	980	—	—	—	na	na	na
10 Karnataka	970	960	63.5	60.2	44	67	415
11 Kerala	1,068	958	74.7	68.8	86	94	234
12 Madhya Pradesh	906	952	53.8	54.1	29	58	535
13 Maharashtra	966	946	65.4	63.0	52	77	393
14 Manipur	987	974	—	—	48	72	—
15 Meghalaya	955	986	—	—	45	53	—
16 Mizoram	986	969	—	—	79	86	—
17 Nagaland	991	993	—	—	55	68	—
18 Orissa	963	967	55.3	55.7	35	63	778
19 Punjab	912	875	67.6	65.2	50	66	na
20 Rajasthan	880	916	58.5	57.4	20	55	938
21 Sikkim	—	965	—	—	47	66	—
22 Tamil Nadu	1,000	948	63.4	61.4	51	74	319
23 Tripura	989	967	—	—	50	71	931
24 Uttar Pradesh	917	928	55.1	56.5	25	56	551
25 West Bengal	940	967	62.3	60.8	47	68	—

Table 9, continued

Union Territories

1 Andaman & Nicobar is	—	973	—	—	65	79	—
2 Chandigarh	—	899	—	—	72	82	—
3 Dadra & Nagar Haveli	—	1,013	—	—	27	54	—
4 Daman & Diu	—	958	—	—	59	83	—
5 Delhi	824	915	—	—	67	82	—
6 Lakshadweep	—	941	—	—	73	90	—
7 Pondicherry	—	963	—	—	66	84	—
India	944	945	59.7	59.0	39	64	555

Source: UNDP (1997)