

Poverty Knowledge and Poverty Action

Evidence from Three States in India

Anirudh Krishna*

Even as some households are coming out of poverty, other households are concurrently falling into poverty. Poverty creation and poverty destruction are proceeding alongside.

A bottom-up methodology for studying poverty was developed to help examine movements out of and into poverty at the grassroots level. Applied within 178 villages of three states in India, this methodology revealed that (a) escape from poverty and descent into poverty have occurred simultaneously in every village; (b) even quite well-to-do households have fallen into abiding poverty; and (c) the set of factors associated with escapes out of poverty differs from the set of factors associated with descents into poverty. Two separate sets of poverty policies are required: one set to facilitate households' escapes out of poverty, and another set to head off descents into poverty. Because reasons for escape and descent vary by region, both sets of policies need to be regionally differentiated and locally controlled. Neglecting the task of preventing descents into poverty is directly responsible for the slow pace of poverty reduction. Up to one-third of those who are presently poor were not born poor – they have fallen into poverty within their lifetimes.

*Sanford Institute of Public Policy, Duke University, Box 90245, Durham NC 27708-0245.
Email: krishna@pps.duke.edu

Despite decades of studying poverty in India and elsewhere, the causes of poverty remain largely unknown. Significant gaps also exist related to other important aspects of poverty knowledge.

Among people who are presently poor, how many were born poor and how many others have become poor within their lifetimes? We do not know. How many people have fallen into poverty anew during the past 10 or 20 years? How many previously poor people have escaped from poverty in the same period? For what reasons have only some poor people (and not others) succeeded in escaping out of poverty? We do not have

reliable answers to any of these questions. Policy responses are limited by such gaps in knowledge about poverty.

Four particular gaps in knowledge are especially noteworthy.

1) First, we are not able to distinguish clearly between two different trends, respectively, escaping poverty and falling into poverty. Available statistics tell us only about the net change in poverty between two time periods. However, looking only at this net figure is inadequate for policy formulation.

Any given figure for net change can be arrived at under very different circumstances. For example, a three per cent net reduction over a five-year period can arise because (a) 3 per cent of the population escaped from poverty and no one previously non-poor fell into poverty during this time; or (b) 8 per cent of the population escaped from poverty while 5 per cent fell into poverty; or (c) 20 per cent escaped from poverty while 17 per cent fell into poverty. All of these situations show up as equivalent if one looks only at the net figure, but very different conditions underlie these three different situations, and very different policy sets are required to deal with each of them.

Movements upward out of poverty are responsive to one set of reasons, while movements downward into poverty are responsive to another and different sets of reasons, as discussed below. Different policies are required to deal, respectively, with each set of reasons. Policies that help prevent descents are required more urgently in situations where descents occur at very high rates. Contrarily, policies to promote escapes are preferable in situations where descents are not a significant cause for concern. Depending upon the respective rates of escape and descent, different mixes of the two types of policies will be required in different situations. Differentiating clearly between

escape and descent is very important, therefore, for arriving at the policy mix appropriate to any given situation.

2) It is important also to disaggregate by region and locality. Escapes and descents occur at different rates and for different reasons in different parts of a country. Identifying the particular reasons that operate within each specific region is critical – for only then can we determine what is to be targeted by poverty policies, and only then can we identify regions within which common policies should be applied.

3) For both these reasons, we will need to study poverty in dynamic context, examining households' movements over time and ascertaining reasons associated with movements in either direction. Relatively few longitudinal studies are available, however, which track households' movements over a sufficient period of time.¹ Policies mostly follow the results of cross-sectional studies, undertaken at fixed points in time. Some quite erroneous conclusions can result, however, by relying exclusively upon cross-sectional studies.

4) It is also necessary to understand poverty in the terms in which it is defined and lived by those who are poor. Poverty does not exist in a vacuum. It exists because we – as analysts – bring it into being. Let me clarify what I mean by this statement. The definitions that we provide and the measurements that we promote give poverty space and existence that it did not have before. Yes, poverty exists even without our seeing it or measuring it. But the ways in which we see it and measure it configure the reality that it takes on. Statements such as – “poverty declined by five per cent in Country X between 1995 and 2000” – have no meaning other than those that we provide to them. And the meanings that we provide to poverty along with the measures that we adopt lead

to the policies that we implement in order to deal with poverty as we know it. That we have not been very successful in dealing with poverty over the past 50 years owes something to the manner in which we have defined and measured this state.

We have chosen to measure poverty in particular ways – as a calorific mean, as a dollar-per-day equivalent – and we have elected to treat whole countries as the appropriate units of analysis. These are not the only ways in which we could have selected to study poverty. Yet we selected these ways because they have allowed us to standardize poverty and to compare progress across different countries. The definition and measures that we have selected are particularly useful for these purposes, but they are not so useful for some other purposes more directly related to assisting households facing poverty.

In particular, our definitions and our methods prevent us from seeing more clearly what households are doing by themselves to deal with poverty in their midst. Households in poverty do not usually sit idle, waiting for growth or program benefits to come their way; instead, they adopt numerous strategies to cope with and tide over their difficult situations. These household strategies are not guided, however, by any standardized or global definitions of poverty. Rather, locally relevant understandings and definitions give rise to the strategies that households adopt.²

Household strategies interact with national policies and economic growth to produce results in terms of poverty reduction, but “there is woeful ignorance about [household-level] processes and strategies” [Ellis 2000: 184]. To enrich our understandings of poverty, it will be important to learn more about households’ strategies

[Baulch and Hoddinott 2000]. New methods will be required for this purpose. New methods will be required also to fill the other three knowledge gaps identified above.

Counting in Dialect: The Stages-of-Progress Method

One such method, termed the Stages-of-Progress method, was developed after extensive field investigations were undertaken in five countries. The first study was undertaken in the summer of 2002 in Rajasthan, India [Krishna 2003, 2004]. Additional studies were carried out in two other parts of India: Gujarat and Andhra Pradesh. With some modifications, this methodology was applied subsequently for similar investigations conducted in Kenya, Uganda, Peru and North Carolina, USA.³

Careful community-based investigations form the crux of this method. People who have lived together over reasonably long periods of time tend to know who among them has progressed and who has declined. They also tend to know what events were associated with different households' rise and decline. Eliciting this information carefully from community members – and complementing and verifying it with information gained independently from individual households – can go quite a long way toward re-constructing the sequence of events associated with mobility in any particular case. Compiling individual reasons for escape and descent over an entire locality or region can help construct a more comprehensive picture of what is going in this area – and what needs to be done in future to promote escape and prevent descent more effectively.

Seven steps are followed in these Stages-of-Progress investigations that are recounted briefly below.⁴ Three teams of eight to ten persons each implemented this approach in every village that we studied.

Investigations in each Indian state were conducted entirely in local dialects, thus different teams of investigators were selected and trained separately for each state. Each team was composed of two facilitators and six to eight investigators, equally male and female. The facilitators are college graduates, while the investigators have usually between eight to ten years of school education. I trained with each team for about three weeks in each state. After completing training, we implemented the following steps separately in each selected village.

A total of 107 villages were studied over the past three years in Andhra Pradesh, Gujarat and Rajasthan.⁵ Another 71 Rajasthan villages were studied between April and December 2004, making for a total of 178 villages in three states of India.

Step 1. Assembling a representative community group. A male and a female community group were convened separately in each village that we studied. We took particular care to ensure that all members of the village community, particularly poorer and lower status ones, were represented at these meetings. Male members of our team spoke with a men's group in each village, while simultaneously female members of our team convened a women's group. It was important to do so for two main reasons. First, we had observed in our pilot exercises that women tended to not speak very much when men were present, so we decided to convene a separate group for women alone. The two separate groups helped, however, to serve as a crosscheck on each other, so an additional reason was found for continuing with this practice.

Step 2. Presenting our objectives. We introduced ourselves as researchers, and we made it clear that we did not represent any government agency or NGO, so there would be no benefits or losses from speaking freely and frankly to us. We mentioned these facts in order to remove any incentives people might have had for misrepresenting the poverty status of any household in their village.

Step 3. Describing “poverty” collectively. Community groups in each village were asked to delineate the locally applicable stages of progress that poor households typically follow on their pathways out of poverty. What does a household in your community typically do, we asked the assembled villagers, when it climbs out gradually from a state of acute poverty? Which expenditures are the very first ones to be made? “Food,” was the answer invariably in every single village. Which expenditures follow immediately after? “Some clothes,” we were told almost invariably. As more money flows in incrementally, what does this household do in the third stage, in the fourth stage, and so on? Lively discussions ensued among villagers in these community groups, but the answers that they provided, particularly about the first few stages of progress, were relatively invariant across all villages of each state.

After crossing which stage is a household no longer considered poor, we asked the assembled villagers, after drawing up the progression of stages in each village. The placement of this poverty cut-off and the nature of the initial stages (i.e., those below the poverty cut-off) differed somewhat across villages belonging to the three different states.

Among villages located within the same state, however, there was virtually no difference in these local understandings of poverty. It was villagers and not researchers who defined these stages of progress; the similarity in stages is more remarkable for this

reason. Villagers within each state identified the same initial stages of progress and the same poverty cutoff (Table 1).

Table 1: Stages of Progress and the Poverty Cutoff

ANDHRA PRADESH	GUJARAT	RAJASTHAN
1. Food 2. Minor house repair, particularly patching leaky roofs 3. Retiring accumulated debt in regular installments 4. Some clothing to wear outside the house	1. Food 2. Some clothing to wear outside the house 3. Sending children to school, at least to the primary level 4. Retiring accumulated debt in regular installments	1. Food 2. Sending children to school, at least to the primary level 3. Some clothing to wear outside the house 4. Retiring accumulated debt in regular installments
	5. Minor house repair, particularly patching leaky roofs 6. Renting a small tract of land to farm as a sharecropper	

Notice the progression in stages as households gradually make their ways out of poverty. In villages of Rajasthan, for example, the first four stages are food, primary education for children, clothing, and debt repayment. The poverty cutoff is drawn immediately after the fourth stage. In Andhra Pradesh villages, similarly, the poverty cutoff is drawn immediately after the fourth stage. Three of these first four stages are similar between Rajasthan and Andhra Pradesh villages, but instead of primary education, reported in Rajasthan villages, another stage, corresponding to minor house repairs, was reported among the first four stages in villages of Andhra Pradesh.⁶

Later stages of progress beyond the first few are not reported in Table 1, and these stages included digging an irrigation well on one's own land, purchasing cattle to start a dairying business, starting a small retail business, constructing a new house, purchasing

jewelry, acquiring radios, fans and tape recorders, and finally, purchasing a motor cycle, tractor or a small car. These are, however, discretionary expenses, and depending upon the taste of a household's members, purchasing a radio or a tape recorder can precede or come after acquiring ornaments. There was, consequently, more variation in the ordering of these later stages in different villages.

The first few stages of progress are not so discretionary: they are both physically and socially obligatory. Physical needs – for food, for clothing, for protection from the elements – combine with considerations of social recognition to constitute the definition of poverty that is prevalent within these communities.⁷ It is a commonly known and widely agreed-upon understanding of poverty, and this everyday understanding of poverty is much more real for these villagers than any definition that is proposed from the outside.

These locally constructed understandings of poverty constitute the criteria within these communities for identifying who is poor. They also constitute a threshold or an objective, which defines the goals and the strategies of poor people: what people do in order to deal with poverty depends on what they understand to be the defining features of this state.

Villagers participating in community groups developed these criteria among themselves, and they used these well understood and commonly known criteria to classify which households are poor at the present time and which households were poor 25 years ago.⁸ The next few steps indicate how this classification exercise was conducted.

Step 4. Treating households of today as the unit of analysis, inquiring about households' poverty status today and 25 years ago. In this step a complete list of all households in each village was prepared. Referring to the shared understanding of poverty developed in the previous step, the assembled community groups identified each household's status at the present time, for 25 years ago, and also for an intervening period, eight to ten years ago. In order to denote the earlier period clearly, we made reference to the national emergency of 1975-77, which is clearly remembered particularly by older villagers, and which marks a common point of comparison across different states in India.

Households of today formed the unit of analysis for this exercise.⁹ Household composition has been relatively stable in these villages. Relatively few households, less than two per cent in all, had either migrated in or migrated out permanently in these villages. Individual members of households, particularly younger males, have gone out of these villages in search of work, but very few members have gone out permanently, and fewer still have gone out permanently together with their families.¹⁰

Step 5. Assigning households to particular categories. After ascertaining their poverty status for the present time and for 25 years ago, each household was assigned to one of four separate categories:

- | | | |
|-------------|--------------------------------|---|
| Category A. | Poor then and poor now | <i>(Remained poor);</i> |
| Category B. | Poor then but not poor now | <i>(Escaped poverty);</i> |
| Category C. | Not poor then but poor now | <i>(Became poor); and</i> |
| Category D. | Not poor then and not poor now | <i>(Remained not poor).</i> ¹¹ |

Step 6. Inquiring about reasons for escape and reasons for descent in respect of a random sample of households. We took a random sample of about 30 per cent of all households within each category, and we inquired in detail about causes and contributory

factors associated with each such household's trajectory over the past 25 years. These event histories were checked independently for each selected household with the men's and women's groups that we convened separately in each village, and any differences that arose were resolved by re-checking these accounts with individual households.

Step 7. Following up by interviewing household members. Reasons indicated by the community groups for each selected household were crosschecked separately through individual interviews with members of the household concerned. At least two members of each such household were interviewed separately in their homes. Male members of our team spoke with the men of these households, while female members interviewed the women. Multiple sources of information were consulted thus for ascertaining reasons associated with the trajectories of each selected household.

It took a team of eight individuals about three days' time on average to complete these inquiries in one village. These were not standard eight-hour days; but it was an enjoyable learning experience for me and for my colleagues. The Stages-of-Progress method provided us with a useful methodological device, a benchmark or yardstick, for assessing how high up the ladder of material prosperity a particular household has climbed within a particular region.

It is an emerging methodology, which can certainly be improved upon, as discussed later, but even in its present shape it helped to fill the four important knowledge gaps identified above. We were able to elicit separately the rates of escape and descent; identify reasons associated separately with escape and descent in each separate region; examine households' situations in dynamic context; and finally and most importantly, we

adopted for these investigations an understanding of poverty that is understood and shared by local residents.

Reliability

How reliable are the results derived from applying this methodology? Recall can be quite imperfect for an earlier period, thus the methodology relies on retracing *large* steps that are better remembered, rather than finer distinctions, which are more easily forgotten. Each movement upward along the Stages of Progress represents a significant improvement in material and social status. People remember, for instance, whether their household possessed a motor cycle or a radio set at the time when the national Emergency was in force, whether they lived in a mud or a brick house, whether they could afford to send their children to school, and so on. By seeking recall data in terms of these clear, conspicuous and sizeable referents, the Stages-of-Progress method adds reliability to recall. Members of particular households remember quite well where they were located along this clearly understood hierarchy of stages, and these recollections are verified by others who have lived together with them for long periods of time.

Households' stages recorded for the present time are closely correlated with the assets that these households currently possess. Households who were identified to be poor according to the Stages of Progress assessment were also found living in poorer houses, possessing fewer livestock and other assets, and being almost or entirely landless. More "objective" data confirmed the impressions of poverty derived from shared local understandings.

Table 2: Impoverishment and Reduced Land Holdings

Village	Household Head	Stage 25 years ago	Stage in 2004	Land Owned in 1980 (Hectares)	Land Owned in 2004 (Hectares)	Change in Landholding (hectares)
Aamliya	Detali Beeram Das	4	1	0.65	0.00	-0.65
Aamliya	Hakri Vala	4	1	2.33	0.00	-2.33
Aamliya	Harda Pratha	4	1	0.66	0.00	-0.66
Aamliya	Kakudi Bai Lalu Ji	4	1	0.29	0.00	-0.29
Aamliya	Lalu Limba	4	1	0.38	0.00	-0.38
Aamliya	Laluji Nanka	4	1	0.75	0.75	0.00
Aamliya	Nukki Jala	4	1	0.32	0.00	-0.32
Aamliya	Phoola Bhima Ji	4	1	3.25	2.33	-0.92
Cheerwa	Ram Lal Bheru Lal	6	4	5.12	4.68	-0.44
Cheerwa	Hamira Geva	7	5	1.20	1.20	0.00
Cheerwa	Keshar Hemer Singh	7	5	0.75	0.00	-0.75
Cheerwa	Devoo Kalyan	4	1	2.20	0.00	-2.20
Khempur	Deva Lakhma	5	3	1.37	0.75	-0.62
Khempur	Ramji Kannaji	4	2	1.10	0.57	-0.53
Khempur	Logerlal Pemaji	8	4	2.20	1.00	-1.20
Khempur	Laluram Pema	8	4	2.10	0.90	-1.20
Namri	Mangni Ukarlal	9	3	3.69	2.56	-1.13
Namri	Heera Bai Roopa Ji	7	4	0.66	0.00	-0.66
Namri	Logari Bai Bhaga Ji	7	4	1.25	0.25	-1.00
Namri	Balu Kalu Ji	7	4	0.75	0.75	0.00
Shyampura	Mool Chand Kalu Ram	11	4	2.55	0.81	-1.74
Shyampura	Mava Ji Vaja	7	2	1.01	0.00	-1.01
Shyampura	Ratni Bai Kush	7	4	0.00	0.00	0.00
Shyampura	Balki Bai Dharmi Lal	6	2	0.35	0.00	-0.35
Shyampura	Mangla Chamna	4	1	2.92	0.70	-2.22

More objective data from the past is not readily available (if it was we would not have needed to develop such a methodology). However, land ownership records are available continuously from the early part of the last century in Rajasthan, and through checking these records for an earlier period, we could compare households' landholdings at the present with their landholdings 25 years ago. It is a terribly arduous task to backtrack individuals' land ownership records, and it is especially difficult to collate records for a period of 25 years. With generous assistance provided by the administration of Udaipur district, however, we were able to track the historical record for a small

sample of households. A total of 25 households were selected at random from among all those who fell into poverty in five villages. Table 2 shows the results of this archival inquiry.¹²

Notice that of these 25 households, all of whom fell into poverty, all but three households also lost all or some part of the land that they previously owned. About half of these households lost all their lands, and they are entirely landless at the present time. This close match between recall data and the land records of the earlier period generated further confidence in the veracity of the data that we had collected.

Results: Diverse Trends in Different Localities

In every village that we studied a significant number of households have escaped from poverty over the past 25 years. At the same time, however, a significant number of households have also fallen into poverty. Table 3 provides the aggregate results.¹³

Table 3: Trends in Villages of Three States (Per cent of Households)

State	Districts	<u>Escaped Poverty</u>	<u>Fell Into Poverty</u>	<i>Change</i>
		(A)	(B)	(A-B)
Andhra Pradesh (36 villages)	Nalgonda, Khammam, East Godavari	14.1	12.2	1.9
Gujarat (35 villages)	Dahod, Panchmahals, Sabarkantha, Vadodara	9.5	6.3	3.2
Rajasthan (35 villages)	Ajmer, Bhilwara, Dungarpur, Rajsamand, Udaipur	11.1	7.9	3.2

Notice the large proportion of households that have fallen into poverty in villages of each state, and consider what might have happened, instead, if descent into poverty had been better controlled. Instead of a paltry 1.9 per cent net reduction that was observed in the 36 Andhra Pradesh villages, a much healthier rate, as high as 14.1 per cent, could possibly have been achieved. Because 12.2 per cent of households fell into poverty during the same period, however, the lower pace of progress was actually observed. Similarly, instead of the small 3.2 per cent net reduction witnessed in the Rajasthan and Gujarat villages, much higher rates, respectively, as high as 11.1 per cent and 9.5 per cent, could have been attained – if descent into poverty had been lower.¹⁴

Introducing a separate focus on falling into poverty is an important contribution of the Stages-of-Progress method. Very large numbers of households are falling into poverty. Yet, very few policies are directed specifically toward reducing these frequent and often needless descents.

Considering separately the numbers for escape and descent also helps to answer another question, noted at the start of this paper: Why are so many people poor in India? In the 35 Rajasthan villages, for example, almost *one-third* of those who are poor were not born poor. Rather, they *have become poor* within their lifetimes. Differentiating between escape and descent is a prerequisite for gaining such knowledge.

Disaggregating geographically is equally important. Different trends and different causes operate in different regions and localities, and pinpointed rather than blanket solutions need to be devised and implemented.

Different trends can operate even in villages of the same district, as illustrated by Table 4. A total of 29.4 per cent of households are poor at the present time in

Sultanpurthanda Village of Nalgonda District (Andhra Pradesh); in Guroamboduthanda Village of the same district as many as 84 per cent of households are presently poor. The present level of poverty differs substantially between these two villages located no more than 20 kilometers apart.

Table 4: Diversity within States and Districts (Per cent of Households)

Village	Number of Households	Escaped Poverty (per cent)	Became Poor (per cent)	Per cent poor today	Reduction in poverty over 25 years (per cent)
Nalgonda District, Andhra Pradesh					
Sultanpurthanda	89	49.4	3.4	29.4	46.1
Guroamboduthanda	114	4.4	51.8	84.2	-47.4
Panchmahals District, Gujarat					
Balaiya	215	23.7	4.2	64.7	19.5
Chikhali	214	9.3	20.6	70.1	-11.2
Udaipur District, Rajasthan					
Barda	146	12.3	14.8	47.3	-2.5
Gowla	111	13.5	3.6	9.9	10.0

While almost half of all households have escaped poverty in Sultanpurthanda and only 3.4 per cent of households have fallen into poverty in this village, the opposite trends have occurred in Guroamboduthanda Village: more than half of all households in this village have fallen into poverty, and a mere 4.4 per cent have escaped from poverty in the same time.

Similarly divergent trends become apparent when we look at data for any of the 107 villages that we studied in 13 districts of three states. This diversity in both level and trends will need to be acknowledged and accommodated better in plans made to combat poverty more effectively in future.

It will also be important to address separately the separate reasons that are responsible for escaping poverty and for falling into poverty. Without knowing what reasons are most prominent for escape and for descent in any particular locality, appropriate interventions cannot be identified. Programs formulated without knowing such locality-specific trends can have relatively little impact upon poverty in a region.

Asymmetric Reasons for Escape and Descent

Escape and descent are not symmetric in terms of reasons. In each region that we studied, one set of reasons accounts for falling into poverty and another and different set of reasons is associated with escaping poverty. Two separate poverty policies will be required, therefore: one set to help promote escape from poverty, and a different set to control against the separate reasons of descent.

What the contents of each such policy should be can only be ascertained after first undertaking detailed local-level analyses, intended to identify what matters for escape and what else matters for descent in each region. To the extent that these reasons are similar across an entire state or region, policies can be devised that have a larger geographic scope. To the extent, however, that reasons for escape and descent vary locally, more decentralized policies will be required.

In either event, whether the ultimate policy response is centralized or not, the initial investigation into causes and reasons is better carried out locally. One needs to know first what the causes of poverty are in any particular region; one cannot assume that the same causes operate and the same policy is required everywhere.

In the first part of this section, I will discuss reasons for descent as identified in these Andhra Pradesh, Gujarat and Rajasthan villages. The second half of this section presents the reasons for escape.

No single reason is usually associated with descent in any village. Most often, a combination of reasons has operated to plunge any household into abiding poverty. An elderly respondent in one Rajasthan village put it succinctly as follows: “A single blow can be endured, but when several blows fall upon us one after the other, it becomes hard to cope...and the result [quite often] is poverty endured by generations to come.”¹⁵

The ability of any household to suffer successive blows is related clearly to its income category, and households that live closer to the margin of poverty (and whose kinsmen are also relatively poorer) can withstand relatively fewer blows. However, relatively richer and relatively poorer households have alike fallen into poverty on account of a similar combination of factors. Another village respondent in Rajasthan narrated the following account, which illustrates what factors are typically associated with descent.

We were quite well to do at that time [25 years ago]. My father had a reasonable amount of land, and we three brothers helped with the farming tasks. But then my father fell ill. No one knows quite what it was [that afflicted him]. But the local remedies did not help. He became more and more sickly. Finally, we took him to the district hospital. We borrowed 20,000 rupees [about \$2,000 at that time, approximately equivalent to about two years' minimum wage] to spend on doctors and medicines, but it did no good. My father died. Then our kinsmen told us that we had to perform a death feast, inviting the extended clan from the adjoining eight villages. So we borrowed and spent another 15,000 rupees... The rate of interest was going up all this while... And then my brother fell ill...the same story was repeated...and we came under [accumulated] debt of more than 50,000 rupees... Soon after that, I had my two daughters married. We must have spent about 10,000 rupees on each wedding [resulting in]...more debt... We were paying [at the rate of] three per cent a month as interest, and our land was pledged as security ... the debt only kept growing. We had to sell our land. We are poor now, my brothers' families and mine. We work hard, wherever and whenever we can find work... just to repay our debt.¹⁶

This account, like all others considered here, was verified independently by at least one other member of this household and also by the village community. It

corresponds closely in its details to the life histories that many other newly impoverished households narrated in other Rajasthan villages. Some among these details are similar to those we heard in villages of Andhra Pradesh and Gujarat, but other reasons for falling into poverty vary by state and also by locality (Table 5).

**Table 5: Different Reasons for Falling Into Poverty
(Per cent of Households that Fell Into Poverty)**

<u>Reason</u>	Andhra Pradesh (36 villages)	Gujarat (36 villages)	Rajasthan (35 villages)	Remarks
Health and health-related expenses	74	88	60	Commonly, the most prominent reason for descent
Social expenses: Marriage/dowry	69	68	31	The lower incidence in Rajasthan districts reflects the positive impact of dowry-rejection campaigns among particular social groups
Social expense: Death feast	28	49	64	Associated with almost every caste group in Rajasthan but with only a some specific caste groups in Andhra Pradesh
High-interest private debt	61	52	72	Also associated with debt bondage in Gujarat, particularly in some villages
Irrigation failure	44	22	18	Particularly important in one part of Andhra Pradesh

Note: The numbers in each column add up to more than 100 because multiple causes are associated usually with each case.

Among common reasons for falling into poverty, *ill health and high healthcare expenses* are most prominent. Health and health-related expenses were mentioned as important reasons associated with nearly 60 per cent of all descents recorded in Rajasthan, 74 per cent of all descents examined in Andhra Pradesh, and as many as 88

per cent of all descents studied in villages of Gujarat. Despite being located within a relatively richer and faster growing state, villagers in Gujarat faced a significantly greater threat of falling into poverty on account of health-related reasons.

There is evidence to show that health has risen in importance as a reason for descent. A comparison in India of households' expenses over time shows that average expenditure on all classes of medical treatment increased manifold between 1986 and 1995. Average expenditure on out-patient care went up from Rs. 76 to Rs. 176, while average expenditure on in-patient care increased even further, from Rs. 597 to Rs. 3,202 [Sen, Iyer and George 2002].

Many more households in Rajasthan have succumbed for health reasons during the last ten years than fell into poverty on this account in the ten previous years. An elderly villager in Rajasthan summarized philosophically:

In the old days, the aged people would fall sick and they would die. Their survivors would grieve and be unhappy, but they would pick up their lives eventually and carry on much as before. Now, the old people fall sick, and their children run up huge debts caring for them. The old people die, nevertheless, and they leave behind ruined families.¹⁷

After ill health and health expenses, the second most important reason for descent into poverty relates to customary expenses on marriages and death feasts. While marriages and death feasts are together involved in roughly the same per centage of descents in villages of the three states, the ratio between marriages and death feasts varies. Expenses on marriages are relatively more important in villages of Gujarat and Andhra Pradesh, while death feasts matter comparatively more for descent in Rajasthan villages. Further disaggregation of these numbers shows that each type of expense is variously high and low among different social groups resident in different villages.

Addressing this particular reason for descent – through social reform movements or community actions – will require being attentive to such variations.

The third most significant reason associated with descent has to do with high-interest private debt. Villagers deal with high healthcare expenses and with expenses on marriages and death feasts by taking out high-interest loans from private moneylenders. No institutional sources are usually tapped for taking out such loans. Even in villages of Andhra Pradesh, where self-help groups and rotating savings and credit associations have spread rapidly in the last decade, hardly any villager has been able to avert descent through taking loans from such institutions. Private sources are most often drawn upon for such purposes, and private rates of interest – as high as ten per cent *per month* – are paid. The high burden of debt that results helps push households downward into poverty

A very large part of debt incurred by poor families in India and elsewhere arises on account of large healthcare expenses [Dilip and Duggal 2002]. In rural Vietnam, 60 per cent of poor households were found to be in debt, and more than one-third of these households cited medical expenses as the main reason for indebtedness [Ensor and San 1996].

Indebtedness takes on a particularly vicious manifestation in villages of Gujarat. Debt bondage is a frequent occurrence, we found, in many villages of this state. As many as 79 per cent of poor Scheduled Tribe households, 35 per cent of poor Scheduled Caste households, and 45 per cent of poor Backward Caste households in villages of Vadodara district of Gujarat that we studied are involved in relationships involving bondage to their creditors.¹⁸ Suresh Khaiwal, a Scheduled Tribe individual of Village X in Vadodara District, recalls his childhood as follows:

I remember my mother working as a bonded laborer in the fields of [a rich person in this village]. My parents worked for their entire life, as far as I can remember, doing *Chakari* [the local word for debt bondage] for these people. I remember quite well that after working the entire day in their fields, my mother would bring some grain to our house and fill our stomachs. I still shudder to think of those times. We had no alternative. When education came to this village, then my parents and another two or three Adivasis [Scheduled Tribes] of the adjoining houses sent their children to study, and we have all progressed to some extent... but even today, many Adivasis serve as *Chakar* in the fields and homes of [these rich people]. Whenever there is any urgent need for money, for instance, to treat somebody's illness or for some wedding or funeral expenses, this amount has to be taken as loan from these [rich people], and the individual who borrows this money is required to do *Chakari* as part of the agreement.¹⁹

Debt bondage is not quite so pronounced in villages of Sabarkantha District, Gujarat, and it was not mentioned in any village that we examined in Rajasthan and Andhra Pradesh, but it is apparent in villages of Panchmahals District and most prominent in villages of Vadodara District (the most industrialized of the four Gujarat districts that we studied).

Irrigation failure constitutes the last important factor associated with large numbers of descent in each region. However, the effect of this factor varies considerably across a state. In Andhra Pradesh, villagers of Nalgonda district cited irrigation failure much more often than villagers of the other two districts, Khammam and East Godavari, indicating that the same factor could have significantly different effects even within the same state.

It is worth mentioning that drunkenness and laziness are not significantly associated with households falling into poverty. We asked deliberately about these two factors (and also about other factors, such as health, jobs, diversification, etc.). Villagers were not shy to speak about any of these factors, even in community meetings. Yet, laziness was mentioned as a contributing factor in less than four per cent of all cases of descent into poverty in villages of all three states, and drunkenness in less than four per cent of all cases of descent in these villages.

Even among households that have remained persistently poor, laziness and drunkenness were associated with only a tiny minority of cases. Other precipitators of poverty, such as ill health, healthcare expenses, customary expenses, and high-interest private debt, were implicated much more often with preserving these households in poverty. The conclusion that emerges is that poor people do not become poor or remain poor on account of bad habits or lack of ambition. Rather, they are plunged into poverty most often because of factors beyond their control.

Escaping poverty is also responsive to different factors in different regions. Table 6 provides some aggregate figures.

**Table 6: Reasons for Escaping Poverty
(Per cent of Households that Escaped from Poverty)**

<u>Reason</u>	Andhra Pradesh (36 villages)	Gujarat (36 villages)	Rajasthan (35 villages)	Remarks
Diversification of Income Sources	51	35	70	Different kinds of diversification have helped relatively more in different states.
Government Job	11	39	11	A one-time increase in schoolteacher jobs was important in the case of Gujarat villages.
Private Sector Job	7	32	7	
Irrigation	25	29	27	
Help from some government or NGO scheme	14	6	8	

Note: The numbers in each column do not add up to 100 because multiple causes are associated with most cases.

Diversification of income sources has been the most important reason associated with escaping poverty in these villages. It has involved villagers in taking up a range of different activities. Different sets of activities have been relatively more important in different regions. In villages of Rajasthan, for example, some villagers have taken up additional activities within their village, including rearing goats, making charcoal, and hiring out for labor in mining, transportation and agricultural activities. But many more villagers have sought new sources of livelihood in cities, and they have gone as far as Mumbai, Bangalore, Chennai and Pune, several hundred kilometers away, to work as carpenters, cooks, ice cream vendors, laborers, masons, plumbers, sign-painters, tea stall assistants, truck drivers, and waiters.

Mostly younger males move to the city for this purpose, and in nearly all of these cases they travel by themselves, leaving their families behind in the village. The positions they occupy in the city are hardly very secure, and it is both more reliable and cheaper to have one's family remain behind in the village. Consequently, permanent migration of entire households from villages to cities has occurred in relatively few cases.

Diversification of income sources has involved a different set of activities in villages of Andhra Pradesh, and different activities have been taken up in different parts of this state. Broadly, two types of activities are involved. First, some households have set up tiny businesses of their own or they have sent one of their members to a city, where he or she has found some work in the informal sector. These types of activities have been more frequent in villages of Nalgonda and Khammam districts. Other households have diversified into non-traditional crops, while still holding on to a mainly

agricultural lifestyle. The second type of diversification (within agriculture) has been more important in villages of East Godavari district. In Gujarat villages, similarly, diversification has involved a proportionately larger component of income from dairying activities.

Even though diversification of income sources is similarly large as a reason associated with escaping poverty in all three states, different kinds of diversification are more important in each particular state and sub-region. Different policy supports will be required, therefore, to promote escape through diversification within different regions of any state.

Employment in the formal sector is the second reason associated with escapes. In Andhra Pradesh and Rajasthan villages this factor was associated with just seven per cent of all recorded escapes out of poverty. In Gujarat, this proportion was higher, 32 per cent – as could have been expected, given that industry has grown at a much higher rate in this state.

Even in Gujarat, however, a growth rate of state domestic product of more than five per cent per annum in the 1980s and more than nine per cent per annum in the 1990s [Ahluwalia 2000] has been accompanied by an escape from poverty of only 9.5 per cent of households in these villages. More than half of all village households continue to remain poor despite high growth. And of the 9.5 per cent of households that did, in fact, escape from poverty, *less than one-third* found their escape routes through jobs provided by the private sector. Along with rising capital intensity [Kundu 2000], two other factors have a bearing on the relatively slow transformation of industrial growth into job creation for village residents. First, a considerable part of the jobs created by industry have been

assigned to casual laborers who have come in (or who were brought in) from other states.²⁰ Second, the jobs that local residents are assigned are quite often of low quality and liable to vanish at short notice.²¹

In Nalgonda district of Andhra Pradesh, all 12 villages that we studied are located alongside a cluster of privately owned cement plants.²² However, less than ten per cent of all households that escaped poverty in these villages were assisted in this transition by private sector employment. Relatively few jobs were created by industry in the first place. Further, the conditions of employment are such that obtaining a job does not always represent a pathway out of poverty. Local residents who work in the cement industry do so in most cases as casual labor. They are hired by intermediaries and contractors and not directly by the cement factories, and they are paid, often for years on end, on a day-to-day basis, with no benefits and little security.²³

While industrial growth can help in many other ways, banking upon such growth to create jobs in large numbers does not appear to be a viable strategy for reducing poverty rapidly enough. Relatively fast industrial growth was not good enough for this purpose in Gujarat. It is not clear that this strategy will work any better in the rest of India.²⁴

It is also important to note that jobs were not available in any state for all educated, talented, and hard-working villagers who were looking for jobs. Contacts providing *information* were critical for most cases of successful job search. In more than 85 per cent of all successful cases of job search, the availability of an external contact, a friend or more often a relative already established in the city, was critical. Households that have had such contacts available to them have been able to tap into economic growth

and to make use of the opportunities for self-advancement that growth undoubtedly provides. But other households, equally well qualified in most other respects, have not been equally able to take advantage of these opportunities.

People need to be connected to economic growth; they need information and contacts. Individuals and households that have lacked information and contacts have been less able to use formal sector employment or even diversification as a pathway out of poverty in any of these states.

The story is not dissimilar in other states of India. Based on close observations in villages of Uttar Pradesh, Jeffrey et al. (2004: 978) conclude that “to obtain a government job one must build relations of trust with a ‘source’ [who] supplies information about employment opportunities.” For people who do not have access to such information networks “development initiatives focused on formal education are likely to be only partially successful” (p. 963).

It is a sorry fact that even as the government in India (and in other developing countries) has pledged itself increasingly to supporting market-led economic growth, it has not at the same time made market-based information easier to access by ordinary citizens. Instead, citizens rely mostly on kinship-based channels: those who are lucky enough to have relations in cities are the ones who are most able to diversify and break out of poverty. It is also noteworthy that an increase in full-time employment is *not* the main channel through which economic growth has translated into poverty reduction in these contexts. Both these facts are important to recollect as we consider policy responses in the following section.

Irrigation represents the last significant pathway out of poverty. While irrigation has been associated with roughly one-quarter of all escapes from poverty in these villages, the remedy of irrigation is not equally available in all villages. It is also not a sure bet: failed wells and dried-up irrigation schemes have contributed toward deepening existing poverty in quite a significant number of households in these regions.

One last point before concluding this section: As the figures in Table 6 show, government or even NGO assistance schemes have not been associated so far with large numbers of households escaping from poverty. This finding should not be interpreted to mean that such interventions are inherently not useful or not required. Government schemes and NGO programs can help in very significant ways for reducing poverty – provided they address important reasons associated with escape and with descent. It is when development programs follow a centralized logic based on some preconceived notions (and not on any close examination of local conditions) that they are least likely to be successful. Better-targeted NGO and government schemes based on understanding local reasons for escape and descent are more likely to succeed in alleviating and reducing poverty.

Conclusion: Poverty Knowledge and Public Action

People are falling into poverty even as other people escape from poverty. There is a hole at the bottom of the bucket, and this hole needs to be fixed relatively quickly, so that more people do not continue falling into poverty. It will not be enough merely to support faster growth; even when it is pro-poor, growth will not suffice to prevent the problem of poverty creation.²⁵

Controlling descents more effectively will require undertaking specific public actions. Different reasons for escape and descent operate within different regions. Obtaining localized information on reasons for escape and descent should be the first significant step in combating poverty more effectively. Formulating and implementing pinpointed schemes based on close knowledge of local conditions is the second critical step.

Health and healthcare expenses constitute the single most important factor associated with descent into poverty in these three states, and they have been found to be critical as well for deepening poverty in other countries [Deolalikar 2002; Krishna et al. 2004, 2005; Pryer 2003; Sen 2003; Whitehead et al. 2001; Xu et al. 2003]. Analysing data from 15 major states of India for the period 1973-2000, Gupta and Mitra (2004: 203] conclude that “further reduction in poverty is probably not possible without significant improvements in the health condition of the population”.

Policy in this regard has been often been misinformed by the belief that economic growth will itself constitute an appropriate response. However, as the example of Gujarat shows us, “in spite of rapid economic growth observed in the state since its formation in 1960, the diseases of poverty remain widespread...budgetary allocation to the health sector has declined continuously for over a decade from the mid-1980s... Despite its relatively richer status, the state of Gujarat spends less on healthcare than the average for other Indian states... [and it ranks] fourth from the bottom out of 25 states and union territories” [Mahadevia 2000: 3200-3]. Relatively richer as well as relatively poorer households in the Gujarat villages that we studied have fallen into abiding poverty on account of health and healthcare expenses.

Growth will not suffice for making healthcare better, more accessible, and more affordable; carefully directed public policies and well-targeted non-governmental actions are necessary. The experience of Panelav Village in Panchmahals District (Gujarat) shows what can and should be done to provide better healthcare. Only seven out of a total of 106 households in Panelav Village have fallen into poverty – a significantly lower number than in other villages of this region – and in only one among these seven cases was health a significant reason for descent into poverty. A locally based NGO runs a health clinic in this village. Doctors and attendant staff are regularly available, and the fees charged are within the reach of even quite ordinary villagers. Interviews with villagers in Panelav revealed the very significant impact that this service has made on the status of health in Panelav and surrounding villages.

Such public actions are important to undertake in a wider area if a critical reason for decline is to be arrested more effectively – and it does not seem likely that NGOs alone can do this work. The state can neither abdicate nor be absolved of its responsibilities. Government health agencies will also need to play a more effective role.

More important than the nature of the agency concerned, however, is the nature of its working partnership with local residents. In principle, government departments, non-government agencies, and also private businesses can run effective healthcare facilities; the critical element lies in being accountable to area residents and responsive to their concerns.

Governments cannot, however, deal as effectively with the second major reason for falling into poverty; societal forces can deal better with social and customary expenses. The story from some Rajasthan villages is illustrative in this regard. All caste

groups in Rajasthan are equally vulnerable to descent on account of such social expenses, and the only exception is provided by Scheduled Tribes (STs) of Dungarpur district, among whom we did not find a case of death feasts or marriage expenses resulting in descent. There is no other caste group in these villages of Rajasthan for whom social expenses are not an important reason for descent including, surprisingly, STs of the adjoining Udaipur district. STs of Dungarpur are alone in this respect, in that they abjure death feasts and spend relatively small amounts on marriage parties. They have been assisted in this respect by a powerful social reform movement, which became widespread in this district about 20 years ago.²⁶

The third important factor associated with falling into poverty – high-interest private debt – is critically associated with the first two factors. When healthcare becomes available more accountably and at lower cost, and when people are persuaded to spend less on marriages and death feasts, their need for borrowing from moneylenders will be commensurately reduced. Until the time it takes, however, for these positive results to materialize, it will help to enhance people's access to reliable and cheaper credit.

Last – but very far from least – it will take large amounts of information to root out poverty. In every village that I visited I asked the young boys and girls about what they wished to become when they grew up. I asked their parents and guardians the same question in respect of their wards, and I followed up by asking how – through what pathways, by following what course of study, by appearing for which examinations, etc. – they intended to achieve their career ambitions. Most often, my questions were met with blank stares (“what kind of stupid question is that!”); much less often with a clearly stated ambition. Even when the ambition was clearly stated, however, the pathway

involved was far from clear (“he is good at mathematics and he wants to be an engineer, but no one here can guide him about what he needs to do”).

Providing more regular and more reliable information, not only about jobs and careers, but also about several other factors will be critically important in the fight against poverty. Information about where to dig a well, for instance, and where not to; about what diseases are most prevalent in an area and how to avoid them; about how and where to complain about teachers who do not teach and health workers who do not heal – these are the kinds of knowledge that diverse agencies can helpfully serve to provide.

Generating and communicating appropriate knowledge is a key objective. Important new knowledge needs to be generated about poverty and its causes, and new methods need to be pioneered for this purpose. Why people fall into poverty needs to be known much better, and why only some people (and not others) are able to benefit from opportunities generated by growth also needs to be investigated more closely. Suitable methodologies need to be developed for this purpose. That is the main point of the exercises I have been undertaking together with my colleagues, and that is why I have presented in some detail one such methodology – though hardly the only one possible – that is currently being adapted and implemented in different parts of the developing world.

Building on a rich history of participatory approaches, the Stages-of-Progress methodology is rigorous but relatively simple to apply. After some initial training, community groups can utilize these methods on their own to track poverty in their midst, to isolate reasons for escape and descent, and to develop strategies to deal with these reasons.

Some limitations will need to be addressed as this methodology is extended further. First, the methodology will need to deal better with intra-household differences, particularly those based on gender.²⁷ Second, it will need to be adapted for dealing better with newly formed communities, particularly those in large cities. Because it relies upon commonly shared community memories, this methodology works better among more longstanding and close-knit communities. Such communities are easier to find in rural areas, and they are less prevalent in metropolitan areas, which limits somewhat the reach of the methodology in its present form.²⁸ Third, it is very important to track poverty and its reasons consistently over multiple years. Understanding poverty comprehensively in any region will require undertaking such continuing re-learning.

Admitting different definitions and methods will help us accomplish multiple different objectives related to poverty reduction. Disaggregating by trend (escape and descent), by reason (why escape and why descent), and by region and method will help us to uncover new facts about poverty and to triangulate and verify old facts. Critical for this process will be “a willingness to break down the hierarchical relationship between social scientific ways of knowing and other forms of expertise – to recognize, that is, the legitimacy and importance of knowledge that is grounded in practice, in activism, and in the experience not only of material deprivation but of the everyday workings of the economy... of building long-term collaborative relationships for setting as well as carrying out poverty research – a model that takes the production of knowledge out of or at least beyond traditional or expert venues and into a variety of communities” [O’Connor 2001: 293-4]. Progress in poverty reduction will be better as a result.

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Notes

¹ Notable exceptions include Baulch and Hoddinott (2000); Bhide and Mehta (2004); Carter and May (2001); CPRC (2004); Deininger and Okidi (2003); Grootaert and Kanbur (1995); Jodha (1988); Van Schendel (1981); and Walker and Ryan (1990).

² As Jodha's (1988) seminal study points out, quite different conclusions can emerge when poverty in a region or community is viewed alternatively from the professionals' viewpoint and that of local residents. Jayaraman and Lanjouw (1999) bring together results from different community-based studies.

³ Results from these studies are available at: www.pubpol.duke.edu/krishna.

⁴ A detailed manual on applying the methodology in practice is available free of charge at the website mentioned above.

⁵ In Andhra Pradesh we selected three districts – Nalgonda, Khammam and East Godavari – that represent different points on the scale of regional difference within this state. In Gujarat, we worked in the districts of Panchmahals, Dahod, Sabarkantha and Vadodara. These districts represent diverse populations, with Scheduled Tribes (STs) being a considerable presence in Panchmahals and Dahod Districts. Industrial development – while not quite as high as in the famed Golden Corridor of Gujarat – is nevertheless significant, particularly in Vadodara district. In Rajasthan, we worked in a contiguous belt of districts, from north to south: Ajmer, Bhilwara, Rajsamand, Udaipur and Dungarpur. While Bhilwara has a considerable concentration of industry, and Ajmer and Udaipur are commercially quite prominent, Dungarpur is a relatively isolated tribal district. Villages in these districts were selected so as to further capture variation in terms of attributes such as size, distance from markets and major roads, population composition, and degree of industrialization.

⁶ Education is not a significant aspiration or marker of material progress in these Andhra Pradesh villages, not because parents care less about educating children, but because primary education is almost universally provided in these Andhra Pradesh villages, and it is no longer something that is out of reach of even very poor households.

⁷ It is important to note that social recognition matters as much as economic conditions in defining the shared understandings of poverty within these (and other) communities. For

instance, in Gujarat, the fifth stage, fixing leaky roofs, usually entails an expenditure that does not in most cases exceed an amount larger than Rs.400-500 (about \$10), and it is a one-time expense, not often incurred year after year. Even as it is a relatively modest expense, however, its critical significance is in terms of status and recognition: people who are not poor in this region do not have leaky roofs. The sixth stage in Gujarat villages – renting in small tracts of agricultural land on sharecropping basis – also has a distinct social significance that is peculiar to this region of India. Advance payment made to rent in a small parcel of land is not very large (roughly, Rs.1,500 – Rs.2,000, or \$40, on average), and it is recouped at the end of the year when the harvest comes in. However, the act of renting in even a tiny parcel of land elevates the household concerned to a perceptibly higher status. Most significantly, it raises this household above the status of households that are or that might at any time become bonded debtors in the village. The continued presence of debt bondage in these Gujarat villages, discussed later, makes salient this desire to differentiate one’s status from theirs. It does not necessarily imply any considerable increase in net income.

⁸ We selected to work with a period of 25 years because it corresponds roughly to one generation in time. Households’ strategies are made in terms of generational time horizons. In addition to asking about 25 years ago, we also inquired about an interim period of eight to ten years ago.

⁹ Households of today are not strictly comparable with households of 25 years ago. Some households that existed 25 years ago do not exist today, and some households that exist today did not exist 25 years ago. Some bias is likely to arise on this account. Local inquiries revealed that this bias affected both ends of the household distribution. A few households that no longer remained in these villages had done extremely well by migrating to cities. A few others that had done extremely poorly had also entirely vanished leaving no trace behind. Permanent migration out of these villages has been relatively small, as discussed below.

¹⁰ Breman (1996: 37) reports from his experience in southern Gujarat, that “surprisingly few...households leave the village for any prolonged time or even permanently... I have seldom come across cases of households who left in their entirety to seek a new life elsewhere.”

¹¹ A residual category, E, was also defined, and households that could not be classified otherwise because of lack of information were assigned to this category. Very few households, less than half of one per cent in all, were placed within this category.

¹² I must thank Shikhir Agrawal, Collector and District Magistrate, Udaipur District, for motivating his staffs to work with us for uncovering this information.

¹³ It needs to be noted that the Stages of Progress and the poverty cutoff reported in the three separate regions are roughly similar without being exactly alike. Percentages of poor people reported in Table 3 are thus only approximately though not precisely comparable across regions. Similar questions about cross-regional comparability have also been raised concerning more conventional poverty measures. See in this regard Johnson (2002); Reddy and Pogge (2002); Schelzig (2001); Sen and Himanshu (2005); and Wade (2004).

¹⁴ Analysts make a distinction between chronic poverty (situations where people persist for long periods of time in a state of poverty) and transitory poverty (where there are frequent oscillations into and out of poverty). See, for instance, Gaiha (1989) and Hulme and Shepherd (2003). An important distinction has also been made between stochastic (fluctuating and reversible) versus structural (better rooted and more abiding) poverty transitions (Carter and Barrett 2004). Here, we were concerned primarily with chronic poverty and structural transitions, identifying households that have made an abiding changeover in either direction.

¹⁵ Interview with Prabhu Khoral, member of a Category C household in Village Badla, District Ajmer (June 15, 2002).

¹⁶ Interview with Kishan Gadari, Village Muraliya, District Bhilwara (May 20, 2002).

¹⁷ Interview with Chaturbhuj Gujar, Village Balesariya, District Bhilwara (June 11, 2004).

¹⁸ Scheduled Caste (SC) refers to the former untouchables and Scheduled Tribe (ST) to what are, loosely speaking, India's aborigines. These categories are recognized by India's constitution, which provides schedules listing specific castes and tribes as SC and ST, respectively. Backward Caste (BC) is a more recent administrative listing, including some other caste groups that have historically suffered from discrimination.

¹⁹ Interviewed on May 26, 2003. Respondent's name and village have been disguised at his request.

²⁰ "Employers show a definite preference for these alien workers [from other states]", claims Breman (1996: 19) from his study of south Gujarat, "with the result that men and women who belong to the region are denied access to branches of industry that have shown rapid growth." M. Chatterjee of SARATHI, explained that "Companies like to give employment to people from outside, because these outsiders do not get involved in labor unions" (personal communication from Chatterjee).

²¹ We came across several instances where people had given over their land to factories against the promise of jobs, but these jobs had vanished when these factories became (or were declared) sick units, the land was no longer theirs to cultivate, and monetary compensation awarded by the state land acquisition authority was relatively meager and could not last very long. Hirway (2000) explicates these issues further.

²² The first cement plant of this area started production in 1981, 14 more plants have started production subsequently, and all of them are currently in operation at full or near-full capacity. Interview with N. Bhaskar Reddy, General Manager, Sagar Cements, Mattapalle, District Nalgonda (January 15, 2004).

²³ Interview with K. Suryanarayana Reddy, labor contractor for Nagarjuna Cement Limited, Mattapalle, District Nalgonda (January 20, 2004).

²⁴ Other analyses conclude similarly on this point. Ravallion and Datt (1996) show that 84.5 per cent of the recent significant poverty reduction in India was due to growth in the agricultural sector. Using data from 27 countries for the period 1962 to 1992, Timmer (1997) also finds that agricultural growth is a central force in lowering poverty and unemployment. His findings show that growth in the manufacturing sector reduces poverty very slightly, but there is far greater impact from growth in the agricultural sector. Mellor (1999) also concludes that growth in the agricultural sector is pivotal in

reducing poverty and unemployment. His findings indicate that, “in fast-growth, low-income countries, upwards of three-quarters of all employment growth comes from the sum of agriculture and agriculturally stimulated growth.”

²⁵ Achieving higher economic growth “is only one element of an effective strategy for poverty reduction in India” (Datt and Ravallion 2002: 106).

²⁶ Despite the lower significance of these social expenditures, however, poverty remains larger by far in Dungarpur compared to the other four districts. More than 85 per cent of all village households in Dungarpur belong to Scheduled Tribes, a historically marginalized and impoverished group, and their healthcare status gives considerable cause for concern.

²⁷ It is important to investigate gender differences more directly. Females within households as also female-headed households are more likely to be poor. In our 36 Gujarat villages, for instance, we interviewed members of a random sample of 133 female-headed households. Of these households, 99 (74 per cent) have remained poor over 25 years, and another 15 per cent have become poor during this time, making for a total of almost 90 per cent who live in poverty at the present time.

²⁸ Improvements of this kind are being made as the Stages of Progress method is being utilized currently in Kenya for a countrywide poverty assessment.