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A Critique of the
Sixth Plan's Approach

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The background

The purpose of this paper is to evaluate the policy towards rural poverty as it finds expression in the document on the Sixth Plan Framework (August 1980) with reference in part to the internal logic of the document itself and in part to findings from a recently concluded field study in Tamil Nadu.¹ It is useful to take the Plan document as a departure point for discussion because it sets out in one place the approach on which government interventions for the "reduction", if not "eradication", of rural poverty are currently proposed to be based. In the course of three decades of planning in India, each set of government interventions in regard to rural poverty have amounted to "case-policies" in the same way as decisions of administrative and judicial tribunals generate case law over a period of time. In terms of this legal analogy, the VI Plan document can be viewed as an instance of "codification", upon which discussion and debate could be usefully undertaken.

To gain some perspective, it might be worthwhile to briefly recapitulate the major landmarks in the evolution of Plan policies in regard to broad-based rural development. The approach in the First Plan (1951-56) was based on community development as the method and rural extension as the agency. Emphasis was placed both on intensified agricultural production and on the provision of basic amenities -- schools, health facilities, drinking water supply, roads -- at the village level. The primary agent of change was to be the village level worker (VLW) but considerable emphasis was laid on motivation and self-help on the part of the rural people. In this context, village panchayats and cooperatives were viewed as key institutions

for fostering local-level decision-making, cooperation and self-help. Later in the fifties, during the Second Plan (1956-61), debate was kept alive on the pattern of agrarian reform and cooperative farming was put forward as a possible form of agrarian reorganisation. In one of his fortnightly letters to Chief Ministers in August 1956 Nehru wrote: "I am convinced it is essential for us to have cooperative farming ... once we give up these large farms and have relatively small holdings or farms, it becomes inevitable for cooperation among a number of small farmers ... decentralisation by itself is not likely to succeed unless we bring to it the advantages of large-scale cooperative working through cooperative processes.... The real alternative is collective farms owned by the State which most Communist countries have."² By the end of the fifties, the issue of cooperative organisation of production had receded but that of local participation came to the fore as a result of the evaluation of the CD programme by the Balwantrai Mehta Committee. Participatory administration rather than a basic reorganisation in forms of land ownership and operation began to be highlighted. The Third Plan (1961-66) recommended a three-tier model of "democratic decentralisation" at the levels of the village, the block and the district coinciding with corresponding layers of development administration.

The sixties saw the "green revolution" consequent on the introduction of the new bio-chemical technology of chemical fertilisers and high yielding seed varieties. They were also witness to the serious droughts of 1966 and 1977. The Fourth Plan (1969-74), following a recommendation of the RBI's All-India Rural Credit Review Committee, included special programmes for small farmers (SFDA) and later for marginal farmers and agricultural labour (MFAL).³ Meanwhile, major commercial banks had been nationalised in 1969 making it subsequently possible for government to direct credit to

"priority sectors" and to "vulnerable groups". Mrs. Gandhi had got elected in 1971 with a large parliamentary majority. The slogan of "Gharibi Hatao" had been coined. The experience of the droughts had drawn attention to the need for area development in the drought-prone districts. It also underlined the question of off-season employment in rural areas, particularly for agricultural labour whose numbers had patently increased during 1961-1971.⁴ A Crash Scheme for Rural Employment (CSRE) was introduced in 1971. The Drought Prone Area Programme (DPAP) was another contribution of the Fourth Plan. The Fourth Plan however noted that the assumption that community development after an initial ten-year period "would no longer be assisted and schematic but self-reliant and locally rooted" had been proved incorrect in experience. It pointed out that "by and large the programme continues to be dependent on government initiative and even more so on government funds".⁵ The Fifth Plan (1974-79) formally introduced the concept of "basic minimum needs" listing these needs as elementary education, drinking water, health and nutrition, home-sites for the rural landless, roads, electricity and slum improvement. It called for "integration" of development programmes in general and the special programmes such as DPAP, SFDA, MFAL and CSRE in particular. It also made mention of "progress towards an employment guarantee".

This brief outline of the pre-history of the current Plan document will show that as far as rural development and rural poverty were concerned certain themes have persisted since the beginning of the planning process while new emphases have emerged, some of the older ones have receded and yet others have undergone a process of reincarnation. Rhetorical and ritualistic references to land reform find place in each Plan. Concurrently, failures in the implementation of land reform measures -- ceilings, tenancy, rent control and other legislation -- have been admitted. Early discussion of

cooperative farming had also evaporated early in the process. The provision of basic amenities in villages, which was a prominent feature of the CD movement, was re-formulated in terms of a "National Minimum Needs Programme" in the Fifth Plan reflecting the fact that much ground in this respect remained to be covered even after nearly 25 years of rural development. The strong emphasis on panchayats, cooperatives and village production plans prominent up to the end of the Second Plan was diluted to "democratic decentralisation" in the Third and further swept under the carpet in the Fourth. On the other hand, area development of drought-prone districts, dry farming and employment generation for rural labour emerged as relatively new themes in the seventies. The nationalised banking system had from the beginning of the 1970s opened up an increasingly important alternative to the cooperative credit structure. The "target-group" approach to small and marginal farmers and to agricultural labour is again of the later vintage.

In very broad terms, the shift over the years has been from a quasi-structural approach linked, however tenuously in practice, to land reform, panchayats and cooperatives to an increasingly technocratic one that seeks to direct State intervention in the delivery of basic minimum needs, provision of employment, development of vulnerable areas (drought-prone and rain-fed) and the development of vulnerable groups (small farmers, marginal farmers and agricultural labour). Correspondingly, instrumentalities sought to be used in the process became essentially administrative viz., the government machinery and the nationalised commercial banking system.

II

The Sixth Plan on rural poverty

We can now turn to the Sixth Plan document itself and explore its own specific approach to rural poverty. This can be conveniently done in the form of finding answers offered in the document to certain basic questions.

(A) Who are the rural poor?

The document (paragraph 30) points out that "It is well known that the hard core of poverty is to be found in the rural area. The poorest sections belong to the families of landless labour, small and marginal farmers, rural artisans, scheduled castes and scheduled tribes and socially and economically backward classes".

(B) How many are the rural poor?

The Plan document offers no estimates. For this we have to go to the Draft Five Year Plan 1978-1983 prepared by the Janata government. According to the estimates in that document, 48 per cent of the rural population of 499 million in 1977/78, or 239 million persons, were below the poverty line. Of them, 130 million were below 75 per cent of the poverty line being the poorest of the poor.⁶ In July 1980, in reply to a Parliament question, the official estimate of those below the poverty line in rural areas was given as 249 million persons.

(C) What are the causes of this massive poverty?

The document contains no analysis on this point. In more than one place however it refers to the "incidence of poverty" in much the same way as a health inspector may refer to the incidence of malaria. "Incidental", according to the Dictionary is "casual, not essential". The suggestion implied in the frequent reference to the incidence of poverty is that poverty in India is somehow limited and localised --

an extraordinary use of language when 46 per cent of the total population or 292 million are the poor. The fact remains that the Plan attempts no analysis of the causes of poverty; it prefers to deal with it as a symptom, whatever be the nature of the disease.

(D) What is the rationale for anti-poverty measures?

The document has the following to say on this point (paragraph 30): "An increase in the productive potential of the economy is an essential condition for finding effective solutions to the problems of poverty. At the same time, recognising the constraints which limit the scope for higher growth rate in the medium-term, more direct means of reducing the incidence of poverty in the stage of transition would have to be employed". Thus, (a) growth is the effective solution to the problems of poverty (b) for a while i.e., "in the medium-term" there are constraints to growth and (c) during this "transition", some means will have to be found to "reduce" the "incidence" of poverty. In short, poverty will have to be contained and ameliorated until it gets eradicated in the natural process of growth.

(E) What are the Plan's anti-poverty objectives?

These figure as items (iii) and (vi) among the ten main objectives of the Plan (paragraph 5). They are: "a progressive reduction in the incidence of poverty and unemployment "and" strengthening the redistributive bias of public policies and services in favour of the poor contributing to a reduction in inequalities of income and wealth". What is intended, as the underlined words will show, is a gradualistic approach which is fully consistent with the features of containment and amelioration we had noticed earlier.

(F) What is the anti-poverty strategy?

It is the following (paragraph 30): "The household will remain the basic unit of poverty eradication in target-group oriented programmes. Families differ in such vital respects as dependency ratios, asset holdings, skills and even the ability to perform manual labour on public works. Hence each household below the poverty line will have to be assisted through an appropriate package of technologies, services and asset transfer programmes". The modus operandi will then be "target-oriented" programmes in which the household will be the unit of "poverty eradication". (The malarial analogy is strengthened: cess pools will be first identified, thereafter DDT will be sprayed directly on the anopheles mosquitoes.)

(G) What are the means proposed to be employed?

As will be clear from the following passage from the "summary and issues" section of the document, the basic instruments of implementation will be on-going programmes administered through the government machinery with credit support from nationalised banks: "The on-going rural development programmes will be integrated functionally so that maximum returns can be obtained from the available government and institutional financial sources. The programmes of promotion of employment will be aimed at specific target groups. In the case of small and marginal farmers as well as those engaged in fishing, the objective must be to assist them for increasing their productivity. For this purpose, the on-going small farmers programme, the national dairy project, dryland farmers programme and inland and coastal agriculture programmes will be expanded and strengthened. For assisting rural artisans more effectively, numerous small on-going programmes will be functionally integrated. A National Rural Employment Programme will be established in which development projects and target-group oriented employment generation will be closely inter-twined".

It will be clear from the foregoing exegesis of the Plan document that the approach in the Plan to rural poverty eradication is (a) symptom-based (b) growth-reliant (c) ameliorative (d) gradualistic (e) target-oriented and that the instruments proposed are essentially (f) administrative. It is the relevance, meaningfulness and feasibility of this approach that has to be assessed. In proceeding to do this, we will be illustrating some of the arguments with data gathered in a field study that covered about 1300 beneficiaries and non-beneficiaries under various target-oriented programmes in 64 villages located in 8 development blocks in the Ramanathapuram and Dharmapuri districts of Tamil Nadu. The object of the study was to evaluate the impact and implementation of area development programmes in the Drought Prone Area Programme (DPAP) and the principal target-oriented programmes, designed to increase incomes and employment among the rural poor viz., the Integrated Rural Development Programme (IRDP) and the Food for Work Programme.⁷

III

Family poverty planning

Let us examine closely as to what is actually involved in the target-oriented approach and how it functions in actual practice. In the ongoing SFDA and IRDP programmes, the target group is defined as small farmers, marginal farmers and agricultural labour. Small farmers are those who own between 2.5 acres and 5 acres of land; marginal farmers are those who own up to 2.5 acres; and agricultural labour those who derive 50 per cent or more of their income from agricultural wage labour. Those whose income from non-agricultural sources exceeds Rs.2400 per annum are excluded from the target group. The family is the unit for computations of land holdings and of non-agricultural

incomes for determining eligibility to benefits. The intention also is that the same family should not receive more than one benefit. Under the IRDP, the major benefits passed on through subsidy-cum-loans are milch cattle, sheep units, plough bullocks and bullock carts. Small farmers are entitled to a subsidy amounting to 25 per cent of the total cost of the benefit while marginal farmers and agricultural labour are entitled to a subsidy of $33\frac{1}{3}$ per cent of the total cost. The balance of the cost is financed by a loan from a commercial bank or a cooperative credit institution.

Based on the 26th Round of the National Sample Survey, it can be estimated that in 1970/71 there were 19 million agricultural labour households, 51 million marginal farmer households and 12 million small farmer households. In our study, we found that the average outlay on subsidy was Rs.300 per household. Even leaving out other segments of the population under the poverty line -- such as rural artisans, fishermen, handloom weavers and other rural poor in non-agricultural occupations -- the resources required on account of subsidy alone to cover 82 million small and marginal farmer and agricultural labour households will be Rs.2460 crores. The corresponding requirement for credit will be Rs.5280 crores. In the Central Budget for 1980-81, the allocation for small farmer development programmes was Rs.56 crores. Even assuming that this entire sum is available for use as subsidies, simple arithmetic will show that it will take not less than 44 years to cover the target group. In actual fact, it will take a much longer period, perhaps a century, because increases to the population of the target group (since 1971) and in the costs of the benefits will have to be allowed for in the interregnum. This indicative calculation gives a measure of the extreme gradualism implied in the IRDP approach. The Plan document is however concerned only with "reducing the incidence of poverty" in the

"stage of transition" which is the "medium-term". The "medium term" is not defined but assuming reasonably that it is a ten-year period, not more than about 10 per cent of the target group are likely to be reached in this time-horizon of a decade. This is on one hand the extent of amelioration aimed at. On the other, it is a measure of the faith reposed in the processes of growth to alleviate poverty beyond the stage of transition.

In their claim that "the household will remain the basic unit of poverty eradication in target group oriented programmes", the planners seem to recognise that given the size of the target group and the limitation on resources it would be necessary to direct subsidies more closely and selectively within the target group. The target group in their methodology is only the outer circle and the household whose poverty is to be eradicated is the real bulls-eye. This means that they envisage that within the target group, detailed enquiries will be undertaken on family incomes and expenditures as well as on all other relevant factors to which the Plan document refers such as "dependency ratios, asset holdings, skills and even the ability to perform manual labour on public works" in order to determine the poorest of the poor who are most deserving of upliftment. According to press reports, the Union Minister for Planning has gone to the extent of announcing that a detailed register will be maintained in every village showing the economic status of each of the households in the target group so that the poorest households could be readily identified.

The absurdity of this approach will be apparent if we consider the nature and the magnitude of the task it will entail. Some Rotary Clubs (and the New York Times) collect charity funds for helping the genuinely needy. Applications they receive for this purpose are enquired into in detail by trained social workers who verify the economic condition of

the applicant and make a recommendation. While the household oriented poverty eradication programme in the plan will have the same Rotarian content, its procedure will be vastly more complicated because it will involve the identification of the poorest (viz., the basic units for poverty eradication) in the vast universe of the poor (viz., the target group of small and marginal farmers and agricultural labour) and not just the mere verification, as with Rotary Clubs, of the genuineness of alleged need. Reliable and detailed enquiries will therefore need to be undertaken to cover 82 million households in respect of assets, incomes, dependency ratios, skills and even muscular stamina for manual labour. An army of over 100,000 officials will be required to complete these enquiries assuming reasonably that each of them can cover 3 families a day and will work for 250 days in the initial year of identification so that the subsequent programme of treating "the household as the basic unit of poverty eradication" can be taken up in an organised manner. Further heroic assumptions to be made are that (a) the initial target group would itself have been reliably identified (b) the necessary information will be forthcoming and accurate and (c) the enquiring officials will be diligent and honest. This is not all. The Planning Minister's registers will also have to be kept up to date to reflect changes in the poverty status of various households, as may be expected to be consequent on growth as well as calamities. A periodical repetition of the exercise will accordingly have to be part of the operation.

A Tughlaqian enterprise on the above lines being clearly infeasible, we should not continue with taking the planners seriously in regard to what they say that they propose to do. We must accordingly presume that in actual fact not too much fine tuning within the target group can, or is likely to, take place.

The infiltration phenomenon

We found in our field-study that the problem was a deeper one. While the Plan document has been diverting us with the planners' concern at directing assistance to the poorest in the target group, we found that in actual fact many who were richer than the richest in that group had entered the tent in the so-called identification process. This happened in several different ways. In computing the extent of land owned, the family was not often taken as the unit. Formal and informal partitions were used to show smaller holdings. Lands held outside the village were conveniently left out by village officers and the enquiry staff. Non-agricultural incomes were very often not taken into account or were underestimated. Within the target group also, there were "encroachments": small farmers were getting shown as marginal farmers or agricultural labour and got themselves entitled to a higher subsidy. In our samples, these different types of infiltration amounted to 15 to 25 per cent of the beneficiaries. There were also a number of cases, ranging from 7.5 to 17.5 per cent of the beneficiaries, in which more than one member of the same family was benefited. In one village which was located close to a source of non-agricultural income, the infiltration ratio was as high as 30 per cent. Another independent field worker in her study of about 90 cases in a similar village found that it was much higher, around 70 per cent. Thus a significant amount of benefits intended for the target group were siphoned away at source towards the non-poor, aided by official negligence, connivance or acquiescence frequently lubricated by corruption. If this is an illustration of experience in identifying the poor and in distinguishing the non-poor from them, what confidence can we have that the poorest among the poor will be reliably tagged?

A process of natural selection

Within the target group as well, the lie of the land favoured a relatively larger quantum of benefits flowing to small farmers, and to the relatively better-off among them, rather than to marginal farmers and to agricultural labour. This process of "natural selection" operated for several reasons. Firstly, the richer within the target group were also inevitably the more influential. They knew the ropes and how to pull them. Secondly, the poorest in the target group were often not aware of the availability of the schemes. The administration had not reached out to them. In one sample of non-beneficiaries, 25 per cent had not heard of the IRDP. Among the ignorant, scheduled castes constituted the largest number followed by other agricultural labour. Thirdly, while aware of IRDP, many could not afford the initial expenditures required to be made on travel, legal costs, bribery etc., for obtaining the benefit. Fourthly, yet others among the poor did not see themselves as being in a position to maintain the benefits e.g., feed the milch cattle, have enough land to pen the sheep or give adequate nourishment to the plough bullocks. Hence they did not pursue the matter. Fifthly, many applicants among the poor were not considered credit-worthy by the banks for the loan component, although considered deservingly poor for the subsidy component by the programme officials. About 45 per cent of the sample of non-beneficiaries came under reasons three and four and 20 per cent under the fifth.

The process of natural selection also operated in favour of roadside villages close to the block headquarters vis-a-vis interior ones. In one sample, 50 per cent of the villages so situated claimed 90 per cent of the beneficiaries. In another, 32 per cent of the villages, which were on the main road or within a couple of kilometres

of it, accounted for 66 per cent of the beneficiaries. The administration obviously found it more convenient to concentrate on road-side villages. Access to them was easier and their publicity value higher. The nature of the principal subsidy scheme viz., distribution of milch cattle strengthened this bias since milch animals were distributed mainly in villages on the milk collection routes which went along the bigger roads.

In fairness to them, the planners can not be faulted for not perceiving this phenomenon. While discussing "the removal of poverty" they admit that (paragraph 31): "past experience has shown that by lumping the very poor along with the relatively better off sections of the community in development projects, the percolation of benefits to the most deprived sections of the community is hampered". Again, in the section on "credit for weaker sections" they are engagingly frank (paragraph 39): "While over the years there has been an impressive step-up in credit availability to the weaker sections, its dispersal among various strata of the rural poor has been extremely disparate. Among them the main beneficiaries have been the small and marginal farmers, the former distinctly more than the latter. The least to benefit have been the landless and the rural artisans who as a category account for as much as one-fourth of the rural work force. The present policy of stipulating a minimum percentage for the entire target group of weaker sections has done little to prevent glaring intra-group distortions". The document continues by proposing a more-of-the-same solution: "It therefore appears imperative that the strategy of credit deployment should be so oriented as to equitably serve the needs of each category. This will call for more effective credit planning involving earmarking of credit for the landless and the artisans".

Credit for the poorest

Thus what is recommended is to fix separate credit targets to the poorest. Assuming that they will be identified, this facile solution seeks to improve the quantum of credit without any change to the conditions and the criteria under which the credit system operates. It ignores the fact that ex definitio the poorest are the least credit worthy. Even if there is, in the words of the document, "a reorientation from security-based lending to project-based lending" the loan is in the case of the poor to borrowers who are, by and large, already in debt. The planners can not be unaware that the disposable incomes of the poor are inadequate to meet their minimal consumption requirements forcing them to meet the gap through dissavings or debt. The "project" for which credit is extended, e.g., a milch cow, may itself generate some surplus but so long as the borrower needs cash for current consumption or for paying back a past debt it will be unrealistic (if not also unjust) to expect that he will starve himself to repay the "project-oriented" loan. As every banker knows, essentially loans are neither "security-oriented" nor "project-oriented" but "borrower-oriented". It is not therefore reactionary, but only realistic, to admit that the poor as a class, in view of their poverty, are not credit-worthy regardless of the specific remunerative purposes per se for which loans are urged for them in a spirit of enlightenment.

We can accordingly anticipate that the targets to be fixed for the landless and the artisans are not likely to be fulfilled by legitimately prudent banks. And, to the extent that credit is given to the poorest, defaults are likely to be very high. Anticipating such a contingency, the Plan document speaks subsequently of the need to give the "fullest emphasis to recovery disciplines". It is not clear what these disciplines could be in the absence of

security. There is mention of credit insurance schemes "having to be devised" for insulating the weaker sections from total loss due to "factors beyond control". Apart from the fact that efforts at crop and cattle insurance have been insignificant and unsuccessful, we must recognise that the poor do not need exogenous calamities to render them unable to repay debts. Their poverty itself is the biggest "factor beyond their control". Insurance can at best deal with contingencies, not with a continuing condition.

Benefit or debt-trap?

Let us examine "project-oriented" lending more closely with reference to the field data. We found that in a number of cases the "benefits" that were extended under the IRDP to the poorer "beneficiaries" actually, and ironically, increased their indebtedness. This happened in a variety of ways. Firstly, even to obtain the benefit, the prospective beneficiaries had to incur considerable "promotional" expenditures. These were for legal and processing costs, travel and stay and 'other expenses' including bribes. In the sample, such expenses on the average came to Rs.326 per benefit i.e., to about 50 per cent of the subsidy that a marginal farmer will get for a milch cow costing Rs.2000. Since the subsidy was not given in cash but adjusted by way of a reduction in the price of cattle, the beneficiary had to find this amount in cash to start with. In addition, in a few cases, the cow itself costs more than the loan-cum-subsidy ceiling and the difference had to be met by the beneficiary. Further and more serious problems arose once the cattle was acquired. At current prices, earnings from milk and manure came to about Rs.1500 per annum. The cost of feed, health care and insurance came to about Rs.1300. This left a surplus of Rs.200 per annum while loan payments were about Rs.800 per annum in the 20 month period during which the loan had to be repaid. A relatively substantial farmer would be able to

withstand this initial deficit meeting it from his other resources in the hope of recouping the loss once the loan was retired. But the poorer beneficiary had to resort to private borrowings to repay fully the institutional loan. In the alternative, he gave less nourishment to the cattle with the result that the milk yield decreased, net earnings declined and there was less of a surplus for loan repayments. Thus even on strictly "project-oriented" criteria, a 20 month loan at 9 per cent interest was too onerous to be serviced. The "benefit" became in effect a "debt-trap". Not surprisingly, 17 per cent of the non-beneficiaries in our sample said that they had not applied for IRDP benefits because "they did not want to get deeper into debt".

Land, the basic asset

There is a Tamil saying that having let go of its horns, you can not catch the bull by the whisk of its tail. The reason why the IRDP is a misconceived enterprise is that in a context where 'basic incomes' are not adequate to meet 'basic consumption', it seeks to create "supplementary" incomes through financial intermediation. We have seen that the so-called supplementary earnings are either negative or not, in any case, available for servicing the credit whereby the assets that generate them are financed. One way to provide a basic asset that can yield a basic income is, obviously, to redistribute land. If land can be given free to the poorest in the target group they can be assured first of their daily living, in the expressive Tamil phrase of their Vaitru Pozhaippu or survival of the stomach. Land will also support the keeping of cattle, sheep, poultry, pigs and utilise draught animals. It is the most natural scheme of insurance that can be thought of. All that, however, the planners have to say on land reform is a by now familiar combination of rhetoric and retreat laced with

euphemism: (paragraph 32): "An effective land reform programme designed to redistribute surplus land among the landless and farmers with uneconomic holdings could make a significant contribution to raising the incomes and the productivity of the rural poor. However, in spite of the adoption by all states of the ceilings on land holding, all surplus land has not in fact become available for redistribution.⁸ Thus vigorous efforts are necessary to plug the loopholes and ensure more effective implementation of the ceiling and other laws providing security of tenure to the cultivator". De facto then land reform has become an impossibility in our political system. What can be done is only to urge "more vigorous efforts" on the part of the same leadership which has not implemented such loop-holes ridden laws as exist. But something could be done to compensate for, and cover up, the failure in regard to land reform. If the basic asset can not be provided why not at least supplementary ones? This in fact seems to be the logic of the IRDP, one it shares with Marie Antoinette.

We will no doubt be accused of being too negative. Granted that the IRDP assists some of the non-poor, not always the poorest among the poor, and that it increases the indebtedness of the relatively poor among its beneficiaries, is it not also true that the marginal but potentially viable farmer is assisted for an economic "take-off" as it were? Surely, this happens in some cases by design or accident. Our point is not that the IRDP is a total waste of resources, only that even the best one could make of it does not add up to a policy for rural poverty reduction. It will be instructive in this connection to refer to findings from two recent studies based on simulations on the effect of different types of State intervention on income distribution. Irma Adelman and Sherman Robinson in a case study of Korea say: "First, and perhaps surprisingly, we find that most anti-poverty policies eventually help the

rich and middle income groups more than they help the poor. This is so even when .. the programs are so designed so that their initial impact is quite specific in favouring the lower income groups, and there is no graft, corruption, diversion, or stupidity in their execution. This trickle-up effect was evident in a great many different policy experiments and is difficult to avoid ... Of the individual policy packages, land reform has the most effect on the relative distribution".⁹ In a study of the Indian situation, R.Sinha, Peter Pearson, Gopal Kadekodi and Mary Gregory point out: "The only policy we simulated which produced a sustained and substantial improvement in the position of the poorer groups, in rural areas only, was a change in the income shares derived from agriculture, as would follow from a land redistribution. This benefited the rural poor both directly and through an enhanced share in all income spill overs".¹⁰

Employment generation

What about direct employment generation for the rural poor through public works programmes? Since 1977, the Food for Work Programme has sought to do this utilising grain stocks with the Centre for payment of wages in kind. The 1980/81 Central Budget has an allocation of Rs.340 crores for this programme which is to be renamed as the National Rural Employment Programme (NREP). The Budget document claims that in the current year 85 to 90 crore mandays of employment will be created in this programme. Assuming that not more than 70 per cent of the allocation will be available for wage payments, the balance being required for materials and overheads and assuming that a minimum wage of Rs.6 per person per day will be paid, a little arithmetic will show that with Rs.340 crores employment creation can only be of the order of 40 crore man days. The population of agricultural labourers in India is of the order of 5 crores and they need employment for 100 to 150 days in the year when

normal agricultural operations do not absorb them. Thus the need for employment for the neediest section of the rural population is of the order of 500 to 750 crore man days. The scheme, however its nomenclature is upgraded, can at best meet 6 to 8 per cent of this demand. In Tamil Nadu, according to official figures, 23 lakh persons were employed out of a total agricultural labour population of 54 lakh persons for a total of 142 lakh mandays.¹¹ This means that (a) about two-thirds of the agricultural labour force was left uncovered and (b) only about 6 days of employment could be given on an average to those who benefited at all from the scheme.

In the field, we found that the implementation of this scheme, was far from satisfactory. In many cases, projects were chosen with no regard to priorities and left half-finished. Contractors were extensively used and skimmed away 20 to 25 per cent of the project costs by way of profits; women were paid about half the wages for men; allotments of grain were delayed and fitful; the rice supplied was of very poor quality; wages were not paid in some cases for weeks after the completion of works; few durable assets were created; works were taken up at the height of the agricultural season when the need for employment was the least; records were cooked up; and so on. Quite a few of such leakages have come to light in other States as well in a recent evaluation done by the Planning Commission's Project Evaluation Organisation (PEO). If these leakages are also taken into account, the actual impact of this programme as a response to the problem of rural unemployment will be quite minimal. This conclusion deserves to be underlined since agricultural labourers get effectively by-passed for other 'benefits' under the IRDP and the NREP is presented as the major source of relief for them in the government's grand design for rural poverty eradication.

Decentralisation and cooperation

In our field study we were continually impressed with the fact that most of the tasks sought to be promoted under the DPAP and the IRDP could not be accomplished except on the basis of village-level decisions and village-level cooperation. Neighbouring farmers had to agree for field channels to be rationally aligned and excavated and, thereafter, in the equitable regulation of water. Contour bunding and other soil conservation works which extend across boundaries of private field ownership could not be taken up without the consent and cooperation of all who were involved. Village opinion had to be mobilised to vacate encroachments on communal lands and for the maintenance and utilisation of common grazing grounds. The upkeep and protection of farm forests needed similar cooperation. There had to be interaction within the village community for farmers' training and agricultural demonstration to result in a multiplier effect. It would be much easier to ensure the health and safety of cattle and sheep if common sheds could be provided for them. Investment requirements could be reduced, and groundwater conserved, if water from irrigation wells could be shared, or fragmented holdings consolidated through exchange. The village community itself was in the best position to monitor the genuineness of cattle insurance claims. The Food for Work Programme could be much more efficient and economic if the works could be chosen, and their implementation watched, by the representatives of the village. Cooperative primary credit societies could not function except on the basis of collective credit discipline.

The Plan document however contains no recognition of the central importance of cooperation and decentralisation in any serious approach to rural development. There are some scattered references to the need for community endeavour

in water management, pest control and post harvest technology (paragraph 48) and for cooperative projects in dairying, sheep, goat and poultry (paragraph 59). Nevertheless, the operational reliance is on on-going programmes as they are being implemented by the administrative and financial bureaucracy. Even where, right at the end of the document (paragraph 98), it says: "peoples' participation and their sense of purpose are crucial to an effective implementation of the Plan", it finishes off with a whimper: "Thus, arrangements for the peoples' involvement in the planning process will have to be reviewed and strengthened". Accordingly then peoples' involvement will have to be "arranged". By whom? Obviously, by the bureaucrats, rural development managers and other such arrangers. This is surely a situation, where in the Brechtian phrase, "the government has lost its confidence in the people".

The bureaucracy

To the extent that rural development and rural poverty eradication depend on the bureaucracy, what are the prospects? The field study came up with what might be expected in regard to individual officials. Some were hardworking, honest and competent. Quite a few were lazy, corrupt and incompetent. The lower bureaucracy was respectful to those with status and power in the village. The middle and higher officials were frequently transferred. In one of the districts we encountered three Collectors during the seven month span of the study. The Plan document itself bemoans the fact that "by the time an officer settles down in the job, he gets transferred to a totally different position" (paragraph 100(b)). Being "here today and gone tomorrow", the VILWs, BDOs, Agriculture, Animal Husbandry and Forest officials etc., had no long term stake in the village. In its turn, the village had no long term relationship with them.

The functioning of the bureaucracy was target-based but their targets were defined in terms of operational outputs -- the number of loans to be sanctioned, the subsidies to be given to expend the IRDP allocation in full, the acreage to be covered under soil conservation, the number of agricultural demonstrations to be held and so on. These targets need not be, and in actual fact were not, aligned with the "targets" for poverty eradication. In this syndrome of double-targetry, it was possible to meet the programme targets and miss the policy targets. The foremost concern of the implementing officials was to achieve the financial expenditure and physical output targets assigned to them. In that process, it was not practicable to take too much trouble to ensure that benefits reached only those to whom they were intended. It was easier to concentrate on road-side villages than seek out interior ones. It made sense to spend money on the better-off sections of the village; their absorptive capacity was greater.

A political process

We argued earlier that land redistribution was a necessary initial condition for the poor to derive effective benefits from supplementary activities financed under the IRDP. It is equally also a necessary condition for genuine cooperation and participatory decision-taking within the village. Experience has shown that local institutions such as cooperative societies and panchayats by themselves do not change the local power structure. Instead, by reflecting and institutionalising the power structure, they tend to confirm and strengthen its features. An equal voice for the poor in decision-making, or even an adequate voice to them for self-protection, can not obviously be super-imposed on an unequal structure of assets and incomes. Thus land reform, decentralisation and cooperation get inter-related.

Movement on any or all of these three fronts has to be a political process to be politically brought about. Given the nature of the politics and power-base of the Congress party, it is not surprising that neither the ruling party in the Centre nor the same party in power in the majority of States is anxious to transfer assets or power to the people. The same applies to the DMK and the AIADMK which have held office in Tamil Nadu for the last 13 years. While pleading for more autonomy to the State from the Centre, these regional parties have not shown much concern for decentralisation further down the line. Elections have not been held for panchayats or panchayat unions in Tamil Nadu since 1970. In the last four years, panchayat unions, cooperative societies and panchayats have been successively superseded and put under bureaucratic control. On the other hand, West Bengal and Kerala are the only states in which there has been some movement on land reform and decentralisation.

The unforgivable

In terms of pure vote-gathering, the politician is not prejudiced whether benefits go to the really poor or to the relatively rich. Each one of them has the same vote. If anything, the richer beneficiary will be able to mobilise a few more. Nor is he interested in long term answers to rural poverty; his stakes in the game are limited to the next election. Meanwhile, he does not wish to rock the boat by initiating or implementing reforms that will upset existing power structures or create new ones at the local level. All this is to be expected. Nor can the bureaucracy be blamed for believing in a programmatic and management approach to poverty, ignoring its political and structural aspects. It is their ethos to define problems in terms of the "solutions" with which they are familiar.

The only instruments available to them are government-funded, officially-administered programmes. Accordingly, these programmes will be continually, from one Plan to another, from one Budget to the next, operationally strengthened, functionally integrated, renewed, refurbished and renamed.

The real failure is that of the distinguished economists, retired civil servants, agricultural scientists et al who have adorned the Planning Commission in the last ten years. They have gone along with this game, even showing enthusiasm for it. It is not easy to forgive them because it is difficult to believe that they knew not what they were doing.

Notes

1. I am grateful to C.T.Kurien and John Harriss for helpful comments on this paper.
2. It was also in 1956 that two delegations were sent to China to study agrarian cooperatives. For a useful account of this period see Francine R. Frankel India's Political Economy 1947-1977 pp. 113-155.
3. The two programmes were later merged.
4. It was also in 1971 that Dandekar and Rath in their Poverty in India recommended a massive rural public works programme.
5. Fourth Five Year Plan 1969-74 page 228.
6. Draft Five Year Plan 1978-83 Vol. II page 36.
7. The study, Structure and Intervention: An evaluation of DPAP, IRDP and related programmes in Ramanathapuram and Dharmapuri Districts of Tamil Nadu (unpublished), was undertaken by the Madras Institute of Development Studies for the National Committee for the Development of Backward Areas in January - August 1980.

8. The degree of euphemism in this sentence will be evident from the following extract from the Draft Five Year Plan 1978-83 (Volume I pp. 29-30):
- "According to Reserve Bank data the concentration ratio of assets (mainly agricultural land) owned by rural households was 0.65 in 1961-62 and increased to 0.66 in 1971-72. The poorest 10 per cent of rural households owned only 0.1 per cent and the richest 10 per cent owned more than half of total assets in 1971-72 as well as in 1961-62 ... As on 31st July 1977, the estimated surplus area was only 5.32 million acres, the area "declared surplus" was 4.04 million acres, the area "taken over" by governments was 2.10 million acres, and the area actually distributed was only 1.29 million acres. Thus the distributed area remains less than one-fourth of the estimated surplus. The disconcerting fact is that the officially estimated surplus is a fraction of the area held in large ownership holdings as estimated from survey data.* (*According to the National Sample Survey, 26th Round 1971-72, the area owned in holdings of 30 acres or more was 57.81 million acres. Allowing for self-cultivation by surplus owners the potential surplus would be 21.51 million acres)".
9. Irma Adelman and Sherman Robinson: Income Distribution Policy in Developing Countries: A Case Study of Korea, Oxford University Press, 1978.
10. R.Sinha, Peter Pearson, Gopal Kadekodi and Mary Gregory: Income Distribution, Growth and Basic Needs in India Vikas Publications, 1979.
11. Tamil Nadu Government Budget Speech of the Minister for Finance 1980-81.