

WHY GROWTH IS NOT ENOUGH:
Household Poverty Dynamics in Northeast Gujarat, India

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Summary

Despite high growth rates in Gujarat, exceeding nine per cent a year over the decade of the 1990s, poverty in 36 villages located in the north-eastern part of this state has changed hardly at all. 9.5 per cent of households in these villages escaped from poverty over the past 25 years, but 6.3 per cent of households became poor at the same time. Escape and descent are not symmetric: different reasons account, respectively, for escaping poverty and for declining into poverty. Growth alone is hardly sufficient to achieve poverty reduction on any significant scale. Public policies will be needed to directly address the separate causes for descent into poverty.

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Economic growth has proceeded apace in Gujarat over the past 25 years, but among households of 36 villages located in the north-eastern part of this state, poverty has remained virtually unchanged over this period; 65 per cent of people in these villages were poor 25 years ago by their own reckoning, and 62 per cent are poor now in terms of the same criteria. Lack of food and clothing, inadequate and leaky shelters, assets insufficient to send their children even to primary school, and dependence on high-interest private debt characterise the conditions of poverty among villagers of this region. These conditions have not changed very much for many households, even as growth rates of almost 10 per cent per year have been observed overall in this state.

Some analysts are doubtful that growth in Gujarat can lead to poverty reduction at a commensurate rate (e.g., Breman 1996; Hirway 2000). Other observers are more upbeat about the promise of growth for poverty reduction (Dollar and Kraay 2000; Kundu 2000), and some assert even that growth alone can lead to poverty reduction (Bhalla 2002). Evidence from these 36 villages in northeast Gujarat suggests, however, that growth has at best only a partial influence on poverty reduction. Other forces are also at work that matter as much and perhaps more than the rate of economic growth, and these forces, both economic and non-economic, will need to be contended with in any plan to reduce poverty in the foreseeable future.

Members of 9.5 per cent of 5,817 households that inhabit these 36 villages have escaped from poverty over the past 25 years, but members of another 6.3 per cent of households have fallen into poverty at the same time. Different reasons account for escaping poverty and declining into poverty, respectively. Economic growth is, no doubt, positively associated with the first set of reasons connected with households' escape from poverty in this region. However, growth has had little, if anything, to do with the offsetting second set of reasons associated with households' decline.

Falling into poverty is not the converse of escaping from poverty. Different policies will need to be adopted and different actions taken on the ground to assist, respectively, with

promoting escape and preventing descent. What these policies should be in any given region cannot, however, be predicted in advance. Poverty is responsive to national, regional and also local-level factors, and the effects of national- and state-level factors also vary depending on which region one observes. Detailed field-level inquiries need to be conducted, therefore, to ascertain reasons for escape and for impoverishment in each region.

This paper reports on the results of such an investigation carried out recently in 36 villages of northeast Gujarat. Section 2 discusses the locations in which this inquiry was undertaken. Section 3 provides the methodology that we used. Section 4 presents the results in greater detail. Section 5 discusses the situations observed among different population groups in these villages. In terms of specific categories of households, female-headed households have fared much worse overall. The vast majority of such households, no matter what their caste group, have either remained poor throughout this period or they have fallen into poverty over the past 25 years. Some other groups of households – particularly Scheduled Caste (SC), Scheduled Tribe (ST), and Other Backward Caste (OBC) households¹ – have also fared relatively poorly on average, although significant proportions of these households have escaped from poverty in this time. A very large number of these households have also simultaneously *fallen* into poverty, and the figure for net decline is quite low as a result. Section 6 examines some reasons why growth in the state has not percolated down sufficiently to remove poverty in this region. Section 7 concludes with a plea for undertaking additional grassroots-based analyses in different regions, studying household poverty in dynamic perspective, so that policy measures will avoid worsening poverty, not being content with only alleviating some of what now exists.

2. Location

We conducted field investigations in 36 villages located in the districts of Panchmahals, Dahod, Sabarkantha and Vadodara. These districts represent diverse populations, with STs being a

considerable presence in Panchmahals and Dahod Districts, and OBCs forming a large part of the population in Sabarkantha District. Industrial development – while not quite as high as in the famed ‘Golden Corridor’ of Gujarat – is nevertheless significant, particularly in Vadodara district, and this selection of adjacent though differentially industrialised areas permits a closer examination of the poverty-reducing effects of industrial growth.

Villages in these districts were selected so as to maximise variation among them in terms of attributes such as size, distance from markets and major roads, population composition, degree of industrialization, and political affiliation. The 36 villages that were selected include a mix of better-connected and more remotely located villages, including some in which industrial units are located, and others situated relatively far away from any industrial influence. Single-caste-dominant villages were included as well as those with more mixed populations; small villages and also some quite large ones were studied; and villages known to vote predominantly for the ruling party were visited as well as others regarded to be supporters of the opposition Congress Party.

Field investigations were conducted between April and June 2003. We worked in cooperation with SARATHI (Social Action for the Rural and Tribal Inhabitants of India), a NGO headquartered at Godhar in Panchmahals District of Gujarat that has for more than 20 years managed diverse development programs in the districts of Panchmahals, Vadodara, Dahod, Sabarkantha, Bhuj and Surendra Nagar, working particularly with Scheduled Tribes, OBCs, and women in these districts.

Two teams of 12 persons each conducted this exercise simultaneously. Included within each team were six men and six women, all of whom belong to the local area, and who helped us converse more easily with the residents of these villages. These field investigators were selected by our partner organization, SARATHI, and they were trained and supervised by us. Because they belong to this region, they are familiar with the local terrain, and they speak the local dialects, which is a considerable advantage when conducting interviews on the scale undertaken here. We trained together with these field investigators for an initial period of ten days.

Following three days of discussions in a classroom setting, each team conducted pilot investigations in two villages each,² and then we met again to compare notes and revise strategy, before setting out to do fieldwork in the 36 villages we had selected.

5,871 households are currently resident in these 36 villages. Through community interviews conducted in each village separately, we ascertained the trajectories followed by each of these households over the past 25 years. Causes for decline into poverty and escape out of poverty were ascertained separately through additional interviews conducted with a random sample of these households. 2,245 households, or roughly 40 per cent of all village households, were selected for this purpose. Information was obtained separately from at least two household members, and this information was further cross-checked with the community assemblies that were convened in each village. Because we conducted this exercise during the leanest part of the local agricultural season, people were generally available to speak with us. We encountered in all less than a dozen refusals from people we had selected to interview in these villages.

On average, 62 per cent of all 5,187 households in these villages were found to be poor at the present time, and 65 per cent of these households were described as being poor in the earlier period, 25 years ago.³ These numbers vary considerably among the 36 villages selected for this exercise. More than 80 per cent of households are poor in several villages, including Pasva (Vadodara District), Pratappura (Dahod District), Jetpur and Bavanasaliya (Panchmahals District), and Sarangpura (Sabarkantha District). On the other hand, less than 25 per cent of households are poor by the same definition in Bahutha and Vankaneda (Vadodara District), and in Chhayan and Naninadukan (Panchmahal District). Substantial variations are apparent even in villages located within the same district and taluka (sub-district). It becomes important, therefore, to investigate micro-level reasons responsible for the large differences that exist within such small-sized units. The next section presents the methodology that helped us with this effort.

3. Methodology: Steps in a Stages-of-Progress Inquiry

The steps described below were followed in sequence within each of the 36 villages where we conducted this inquiry.

Step 1. Assembling a diverse and representative community group: In each village that we studied, a community group was assembled at the start, consisting of members belonging to different social groups in the village. It was particularly important to have in attendance older members who could speak knowledgeably about households' situations 25 years ago and in the intervening period.⁴ Women's groups were convened separately from men's groups. Following the local cultural practice, male members of our team spoke with the men's group, and female members of the team conferred with the women's group.

Step 2. Presenting clearly the objectives of the exercise: We clarified at the outset to these community groups that there were no benefits to be had (nor any losses to be incurred) from speaking freely and frankly before the assembled gathering. We were not in the village to implement any development program or to pre-select 'beneficiaries' for any handouts or subsidies. Nothing that they would say to us would in any way affect the material circumstances of any household now or in the future. There was no benefit thus from misrepresenting the status of any household in the village.

Step 3. Defining collectively what it means for a household to be regarded as poor: This step is the most important one for this exercise, and we will take a little more space to explain what was done here. Poverty is an objective condition that is experienced subjectively. More than a condition, it is a relationship – between a person and her possessions and between this person and other persons. Like other relationships, poverty is socially constructed and collectively defined. Individuals' understandings and their aspirations follow from this shared societal construction of poverty. A person who is considered poor in one societal context may not be thought poor in some other and different context. Households' strategies to break out of poverty are related intimately to the socially constructed definitions of poverty with which they live. It is important,

therefore, to first come to grips with the local understanding of poverty, before asking about household strategies that get forged around this definition.

The *Stages-of-Progress* approach was developed for this purpose, and it was followed in the exercises that we conducted in these Gujarati villages. 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 usually 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 invariable answer. 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 six stages of progress were nearly invariant across all villages in this region.

The following initial stages of progress are broadly shared among all of these villages, and they constitute the definition of poverty as constructed socially in these communities. Households that have crossed past these first six stages are no longer regarded as poor in this region – i.e., a poverty cutoff exists after the sixth stage – and households that have failed to make this grade are considered to be poor both by themselves and by others in these communities.

STAGES OF PROGRESS IN 36 VILLAGES (First Six Stages)

1. Food
2. Some clothing to wear outside the house
3. Education, at least to the primary level, for children of the household
4. Retiring accumulated debt in regular installments
5. Patching leaky roofs

6. Taking in a small tract of land to farm as a sharecropper

These stages were commonly reported by the men and women's groups that we organised and consulted separately in each particular village, and there was common agreement in both sets of groups in all villages that households step out of poverty through pathways that go successively through these six consecutive stage.

Clearly understood criteria for classifying households as poor or non-poor were derived in each village in this manner. 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.⁵ The next few steps indicate how this classification exercise was conducted.

It needs to be remarked first that social status matters as much as economic conditions in defining the shared understanding of poverty within these (and other) communities. For instance, the fifth stage, fixing leaky roofs, usually entails an expenditure that does not in most cases exceed an amount larger than Rs.400-500 (\$8-10), and it is a one-time expense, not often incurred year after year. Even as it is a relatively modest expense, however, its most 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 – renting in small tracts of agricultural land on sharecropping basis – also has a distinct social significance that is peculiar to this region. Advance payment made to rent in a small parcel of land (roughly, Rs.1,500 – Rs.2,000 on average) is not very large, 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 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 villages,

discussed in a later section, makes salient this desire to differentiate one's status from theirs. It does not necessarily imply any considerable increase in net income.

Later stages of progress beyond the first six include digging an irrigation well on one's own land, purchasing cattle to start dairying, 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 Maruti car. These are, however, discretionary expenses that can vary significantly from one household to another. Depending upon the taste of a household's members, purchasing a radio or a tape recorder can precede or come after the act of acquiring ornaments.

The first six stages are, however, 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. 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.

The locally constructed understanding of poverty constitutes the criterion within these communities for identifying who is poor. It is also a threshold or an objective which defines the goals and the strategies of poor people in this context. What they do in order to deal with poverty depends on what they understand to be the defining features of this state.⁶

Step 4. Treating households of today as the unit of analysis, inquiring from community groups about household members' poverty status today and in the earlier period: After eliciting the local understanding of poverty in terms of Stages of Progress and identifying the cutoff stage, we proceeded next to list all households in the village. It was not hard to do this task, and it took usually from one to two hours to prepare a complete and verified list of households in each village.

Taking up the first household on this list, and referring continuously to the shared understanding of poverty that was developed in the previous step, we asked the assembled community groups to describe this household's status at the present time, 25 years ago, and also in the intervening period. Proceeding down this list and ranking each household's progress in terms of the successive stages of progress helped to verify who was indeed poor in each period, and it also helped to assess relatively how poor they were in each period: Could they afford food but not clothes or education or paying off installments of debt? Did they progress through each of these stages but were unable to go on to the next stage?

Merely saying '25 years ago' is not clear enough for these inquiries; it is likely that different people might refer back to different times while speaking of households' situations in some vaguely denoted earlier period. In order to fix a common point of reference, we made reference to the national emergency of 1975-77, which is clearly remembered particularly by older villagers, whose collective memories we were most interested to probe. We selected to work with a period of 25 years because it corresponds roughly to one generation in time, and it is important while examining household mobility to consider strategies adopted with generational time horizons. Families invest in educating their children, for example, not expecting any immediate or overnight gains; such strategies bear fruit over much longer periods of time.⁷ We do recognize, however, that recall over such a long period of time can be problematic in some cases, and we asked as well about households' situations in the interim period, eight to ten years ago.⁸

Households of today formed the unit of analysis for this exercise. When we asked about poverty today, we spoke in terms of households that exist today, and when we asked about poverty 25 years ago, we asked in reference to members of the same households and how they had fared 25 years ago in terms of the stages of progress. Some of these households, particularly those headed by older villagers, existed even 25 years ago, but presently younger households – those newly formed during the 25-year period under consideration – did not exist at that time.

Such villagers lived in their parents' (or guardians') households 25 years ago, and in their cases we asked about poverty in relation to these parents' or guardians' households. Households today and households 25 years ago are not strictly comparable thus, nor can they ever be strictly compared in this type of exercise.⁹ By regarding households of today as the unit of analysis, what we are, in fact, comparing, particularly in the case of younger households, is inherited versus acquired status: Did a person who was born to poverty remain poor? Is another person who was part of a non-poor household 25 years ago still non-poor, or has she fallen into poverty during this time? Why, for what reasons, have these transitions occurred?

Permanently resident households have remained fairly stable in these villages over the period of the past 25 years, and migration has been relatively unimportant in terms of the overall population composition. Members of 66 households in all (just over 1.5 per cent) have permanently migrated out of these villages in this period, and an almost equal number (69 households) have migrated into these villages in this time.¹⁰

Step 5. Categorizing households: After inquiring about the status of all currently resident households both for the present time and for the earlier period, each household was assigned to one of four categories defined as follows:

- A. Poor then and poor now (Remained poor);
- B. Poor then and not poor now (Escaped poverty);
- C. Not poor then but poor now (Became poor); and
- D. Not poor then and not poor now (Remained not poor).

Categories of households prepared by the women's groups were tallied against categories put together by the men's group in each village. Few differences were found between these lists in most villages, and these differences were reconciled through further discussions held with each separate group. At the end of this step we could calculate poverty figures for each village at the

present time (numbers in Category A plus Category C) and also for the previous period (Category A plus Category B).

Step 6. Ascertaining reasons for change (or stability) for a random sample of households in each category: Roughly 40 per cent of households within each of the four categories were selected for detailed investigations regarding causes and contributory factors. We first queried the assembled community groups about the circumstances within which each selected household moved into or out of poverty (or retained its status as before). A comparative perspective was adopted while conducting these inquiries, and we probed more deeply to ascertain underlying as well as obvious reasons. It was not enough, for example, that some household had ‘fallen upon bad times.’ What did these bad times consist of, we wanted to know, and why did these ‘times’ not equally affect other households in this village? We recorded these conditions of change (or stability) for each household included within our random samples, and we ascertained these conditions separately from the men’s and women’s groups, harmonizing differences if any through cross-checking with these groups. Further verification for each account was obtained from members of the households concerned.

Step 7. Following up with household-level interviews to verify and go more deeply into reasons for change (or stability) for this random sample of households. Individual members of each household within the random sample were interviewed separately in their homes. At least two members were interviewed from each such household, and their accounts were used to verify the accounts that the community groups had provided and also to add further details to these accounts.

This entire exercise took us between two to four days to complete in each village. The household interviews of Step 7 took up the largest part of this time. With two teams working simultaneously, it took us in all about two-and-a-half months following initial training to complete this work in all 36 villages. Every bit of information recorded here was cross-checked from diverse independent sources, and even though it is all recall information – as information

about poverty in developing countries most often tends to be – it is better for being triangulated and verified in this manner. Total field costs came in at just under \$20,000, or roughly \$600 per community studied.

4. Results

Using the standards that people employ to judge themselves and others as poor within this particular context, we found that on average very little progress has been made overall during the last 25 years: 65 per cent of households were poor then in all 36 villages, and 62 per cent of households are poor now. Table 1 gives this breakdown in terms of the four different categories, A through D.

-- Table 1 here --

A total of 3,265 households (55.6 per cent) have remained poor over the past 25 years (Category A), and an additional 370 households (6.3 per cent) have become poor in this time (Category C). 560 households (9.5 per cent), which were poor 25 years ago, have successfully escaped poverty in the intervening period (Category B), and the remaining 1,676 households (28.6 per cent) have remained not poor in this entire period (Category D). Reflecting the predominantly agricultural occupations of these villagers, average landholding figures are as follows: Category A: 1.04 acres, Category B: 2.26 acres, Category C: 1.76 acres, and Category D: 4.65 acres.

This overall 3 per cent decline in net poverty over a period of 25 years is hardly anything to cheer about, particularly when seen in light of this state's relatively rapid industrial development and its high GDP growth rates.¹¹ Much larger swings in both directions are apparent, however, when we look at trends within individual villages, and the range of variation is substantial even

among villages of the same district. Table 2 provides this range of variation in terms of percentage of households that fell into poverty and that escaped from poverty, respectively.

-- Table 2 here --

Only 0.2 per cent of households fell into poverty in Rajupura village of Vadodara district, for instance, but as many as 12.8 per cent of households fell into poverty in Parthampura village of the same district. Similarly, only 0.2 per cent of households escaped from poverty in Naninadukan village (Panchmahal district), but 25.4 per cent of households escaped from poverty in Padhariya village of the same district.¹²

Quite large movements into and out of poverty are apparent when we look at disaggregated figures for the micro level. Calculating the average trend over all villages of a district – or all districts of a state – tends to damp down and obscure these large and significant differences. Even at the relatively disaggregated level of districts and villages, however, it is difficult to pin down causation by looking at such associations for the aggregate level.

Poverty is experienced by individuals in households, and not by districts or states or countries as a whole. It is a particular fallacy of our trade to speak of countries as poor and districts or villages as backward, as if all people within these spaces shared some single undifferentiated status of poverty.

Different strategies are adopted by different households and individuals. Some strategies are more successful, and some other strategies and circumstances are less helpful in this respect. Even as per capita state GDP grew relatively steadily at over 7.5 per cent a year in Gujarat over the decade of the 1990s (Ahluwalia 2000: 1638), some people escaped from poverty and some others *became* poor at the same time. Comparing across these different experiences enables us to identify the distinctive factors that are associated, respectively, with escaping poverty and with becoming poor in this region.

Escaping Poverty: We interviewed members of a random sample of 285 (out of a total of 560) households that have escaped from poverty in these villages over the last 25 years, and we cross-checked these accounts with the assembled community groups. More than one reason for escape is involved in each of these cases, and we recorded up to four major reasons in the case of each such household.

Industrial growth has opened new pathways for households to escape poverty. In these villages of Gujarat much more than in the Rajasthani villages that we had studied earlier (Krishna, 2004), obtaining a private sector job has served as a ticket out of poverty. Obtaining a private sector job is a major reason for escape for 91 among this random sample of 285 escaping households. 32 per cent of escaping households were assisted thus by the growth of opportunities within the formal private sector.

Jobs in the government sector account for another 39 per cent of these successful cases. Overall thus, the growth of jobs with the government has been numerically more significant than private sector growth, although this ratio varies from one district to another.¹³ An expansion of government positions, particularly of schoolteachers, has assisted, we were told, with this particular achievement. Expanding government employment is not, however, a pathway that will always remain so wide open, and future generations among poor households in this region will most likely need to look elsewhere to find their impetus for escape.

Private sector employment is one possible avenue in this regard. However, a growth rate of state domestic product of more than 5 per cent per annum in the 1980s and more than 9 per cent per annum in the 1990s (Ahluwalia 2000) has been accompanied by an escape from poverty by a total 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.

Industrial growth has been a contributing factor for escape from poverty, it is true, but its contribution has been much less than what is expected by many analysts. Along with rising capital intensity (Kundu 2000: 3179), two other factors have a bearing, in our view, 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.¹⁴ Second, the jobs that local residents are assigned are quite often of low quality and liable to vanish at short notice.¹⁵

Growth in formal private sector employment is a considerable reason for escaping poverty in this region, but it is not the most important reason overall. Growth in government employment is equally, if not more, important, and diversification of income sources constitutes another important reason.

Diversification of income sources was mentioned as a principal reason in the corroborated accounts recorded for 35 per cent of escaping households. Accounted for in equal part by irregular, informal sector employment and by ancillary activities, especially dairying, such diversification of income sources is a very significant reason for escaping poverty in these villages, and it is almost as important in more industrialised Vadodara district as in less industrialised Sabarkantha district. Because hardly any protections are available to workers in the informal sector, however, this particular escape route tends to be precarious in nature and reversible in some cases.¹⁶

The last significant factor contributing to escape from poverty, expansion of minor irrigation facilities, was mentioned in 29 per cent of the accounts of households escaping poverty. This remedy is not equally available, however, in all villages and all parts of these districts. It is also not a sure bet: failed wells have contributed toward deepening existing poverty in quite a significant number of households in this region.

Taken together, growth in formal sector employment (private and government), diversification of income sources (informal sector employment and dairying), and beneficial

investment in irrigation account for the vast majority of cases of escape in this region. No other reasons are significant to anywhere near the same extent.¹⁷ Education matters, but it matters only to the extent that someone is able to find a job afterwards in the government or the private sector. Considerable numbers of people in these villages are educated, but they have not found any regular employment, and many of them continue to survive amid abiding poverty. Households' investment in education is important, as Jeffrey et al. (2003) point out, for more reasons than purely economic ones.

Assistance from government programs has been of marginal importance for households escaping poverty in these villages. In only 6 per cent of cases did assistance from any government program (or even any political party) figure among the four prominent factors responsible for escaping poverty. Different forms of government assistance are likely to be much more helpful in combating poverty in this region. In the concluding section of this paper we will discuss how government assistance can be provided to more effect. Briefly, however, government assistance to prevent or slow down descent into poverty will be much more beneficial, in our view, provided that the reasons for descent are carefully and specifically identified in different regions. Promoting escape from poverty is only part of poverty reduction; preventing descent is the other and – in our view – more important part.

Becoming Poor: Among all 5,871 households in these 36 villages, 370 households (6.3 per cent) have become poor over the last 25 years, and some among these households have lost all or part of the land that they previously owned.¹⁸ We interviewed members of 189 households that had declined into poverty over the past 25 years, and the accounts provided by different members of each household were cross-checked further with community groups in each village.

Not all of these households have fallen as deeply into poverty. In terms of stages of progress outlined above, three per cent of these 189 Category C households fell by just one stage and another 11 per cent fell two stages. These 14 per cent of Category C households subsisted barely

above the poverty cut-off in the initial period, and they live just below the poverty cut-off at the present time. Significantly larger downturns were experienced by the remaining 86 percent of Category C households, however: 74 per cent of these households experienced a descent of from three to five stages, and another 12 per cent experienced even larger descents, with eight of these households falling as many as seven stages over this 25-year period.

No single reason is responsible for decline in most cases; rather, a combination of reasons is usually involved in propelling a non-poor household on the downward path to poverty in this region. Three particular reasons figure most prominently in these accounts. Ill health and health-related expenditures, large customary expenses on marriages and death feasts, and high interest private consumption credit constitute the three principal reasons for decline into poverty. This combination of reasons is similar to what we had observed earlier in villages of Rajasthan (Krishna, 2004), but a peculiar feature observed in this region of Gujarat is the frequent co-existence of debt and debt bondage. We will take up these reasons in turn for further discussion.

Ill health and health related expenses constitute the principal reason for decline into poverty in this region. In the vast majority of cases of becoming poor – or remaining poor, examined below – poor health and high expenses on healthcare constituted the principal reason. This factor was mentioned as critical in a stunning 88 per cent of all cases of descent in these villages.

‘In spite of rapid economic growth observed in the state since its formation in 1960, the diseases of poverty remain widespread’, states Mahadevia (2000: 3203, emphasis added). ‘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’ in terms of proportion of state domestic product spent on health. The relatively few public sector healthcare facilities that are provided are concentrated primarily within metropolitan centers, ‘the urban-rural difference is very high in Gujarat’, and ‘with respect to PHCs [government-provided Primary Health Centers] Gujarat was [ranked] 10th among 15

large states' in India. Consequently, 'dependence on private healthcare is quite high, even among the lower expenditure classes and in rural areas' (2000: 3200-3). Even quite well-to-do households in these villages have fallen into abiding poverty on account of health and healthcare expenses, and households living closer to the poverty cut-off live in dread of illness that can cast them down this slippery slope.

Health and healthcare expenses have been found to be critical as well for deepening poverty in other parts of the developing world (Asfaw 2003; Deolalikar 2002; Pryer 2003; Sen 2003). One belief, however, that has frequently informed development policy relates to the beneficial effects that economic growth can have on health and other social services. Both by way of reducing poverty-induced illnesses and through the provision of better healthcare facilities, growth is often expected to alleviate if not eliminate the negative effects of ill-health. 'Industrialization, urbanization and economic growth, it is assumed, improve health status... [but a demonstration] that it does not happen automatically can be observed from the case of Gujarat' (Mahadevia 2000: 3203).

Carefully directed public policies and well targeted non-governmental actions are required if healthcare is to be provided in an accessible and affordable manner to poorer villagers of this region and others. Growth by itself matters only very indirectly in this regard.

The experience of Panelav Village in Panchmahals District 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 over the past 25 years, and in only one among these seven cases was health a significant reason for decline 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. About 25 villagers were waiting at this clinic when we arrived in Panelav, and interviews with these villagers and others 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 reasons for decline is to be arrested more effectively.

Providing better healthcare facilities will go a long way – with or without growth – toward reducing the incidence of poverty in this region. Health is not, however, the only reason for descent into poverty in these villages. Though not quantitatively as important as health, other reasons also matter, and these factors will also need to be reckoned with in any comprehensive strategy for poverty reduction.

The second most significant reason for descent into poverty relates to customary expenses on marriages and death feasts. Large marriage expenses constituted a principal reason for descent in 69 per cent of the cases we examined, and large expenses on death feasts are significantly involved in 49 per cent of these cases.¹⁹ Sometimes both factors are involved in a single case of decline into poverty.

Like healthcare, customary expenses on marriages and death feasts are also only very loosely associated with growth in the economy. Few people believe anymore in modernization theories that predict the imminent demise, following growth, of practices such as dowry and death feasts. On the contrary, recent analyses show, modernization can itself be responsible in some cases for perpetuating dowry and similar practices (Oldenburg 2002). These practices change only relatively slowly in any event, whereas descent into poverty is rather more immediate. It is not clear to us, however, what exactly can or should be done to deal with this reason for descent. Dedicated social workers can help change social practices over the medium to long term.²⁰ Meanwhile, these practices will continue, and households will continue to borrow at high rates of interests that will, quite often in this region, involve debt bondage as a condition.

High interest private debt taken from some private source in one's village constitutes the third most significant factor associated with descent in this region. This factor featured significantly in 52 per cent of these cases of descent into poverty, and it is closely associated with the first two factors that we saw above. Debt is taken in the first instance to pay for expenses associated with

healthcare and/or social ceremonies, and it quite often involves the borrower in a relationship of bondage with the lender, as we will discuss below.

Very high interest rates are charged by the private lenders who make such loans in this region. Interviews with a sample of borrowers in different caste and income categories revealed that the rate of interest on these loans starts, particularly for SC, ST and OBC borrowers, at 5-7 per cent *per month* in most cases, and depending upon the particular condition of the individual borrower even higher rates of interest may be charged.²¹ In addition, in the social contexts that we investigated in these villages, it is customary and well acknowledged that borrowers will pay off their loans by working exclusively in the fields and houses of their creditors.

Chakar is the term used locally to denote the socially well-recognised category of individuals who are bonded by debt to perform labor for their creditor. Particularly among households of Category A (those who have remained poor), we found a very significant number who were impaired by such relationships from exploring escape routes out of poverty.

Remaining Poor: The factors that work together to push non-poor households into poverty are nearly the same as those that keep poor households poor. Ill-health and healthcare expenses, customary expenses on marriages and death feasts, and high-interest private loans are as important for households in Category A as they are for households of Category C (those who have become poor). There is one difference, however: debt bondage is much more pronounced among Category A households, and it is mostly, if not entirely, found among households belonging to the ST, SC and OBC groups.²²

This problem of debt bondage is not quite so pronounced in villages of Sabarkantha District that we studied, but it became apparent in villages of Panchmahals District, and it was prominent in villages of Vadodara District (the most industrialised of the four districts we studied).²³ Suresh Khaiwal, a ST individual of Village X in Vadodara district, recalls his childhood as follows:

I remember my mother working when I was young 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* 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 [STs] 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.²⁴

Rajendar Singh, Secretary of SARATHI, informed us that this practice is quite widely prevalent, and that it constitutes on the part of the lenders a rational response to the situations that they face. Owning more than half of all agricultural land in the village, richer persons are dependent upon poorer ones for supplying the extra labor that is required, and it is helpful for these richer persons to have at their disposal a supply of labor that is assured at all times (and which costs relatively little). That this social category, *Chakar*, has considerable and long-standing validity within a much wider area of Gujarat is illustrated as well by Breman's account from the south of this state:

Fear of death through under-nourishment is no longer prevalent [among the poorest people in this village] because sufficient food is available most of the time to ensure survival. On the other hand, these households are unable to save the money that is necessary to meet their basic needs with any regularity... A poor physical condition makes them vulnerable to illnesses that they can afford even less... To save anything from the little that they have is well-nigh impossible. Major expenditures that sometimes become unavoidable can only be made by selling the labor power of one or even all household members for advance payment. The price that has to be paid for the loans received is

high because the debt relationship that they thus enter into leads to further under-payment and detracts from their freedom of action. In this way a type of neo-bondage evolves which, even to their own minds, in some respects resembles the earlier system of tied labor (Breman 1993: 330).

Because they have to labor day after day in the fields and the houses of other people who are their creditors, individuals involved in such neo-bondage relationships have hardly any chance of benefiting from the opportunities provided by growth in the state. Some few among these households have managed, nevertheless, to educate their children and to send them out for seeking better paying jobs, but the majority remained confined within their villages, with little recourse to opportunities for escaping from poverty.

Laziness and drunkenness are not significantly associated either with falling into poverty or with remaining poor. In less than five percent of Category C households and less than three percent of Category A households did either laziness or drunkenness figure as an important factor.²⁵

Poor people in this region do not become poor or remain poor for lack of trying, because they have given up on life, or because they are given over to merrymaking and care little about the results. Much as elites in India and elsewhere might like to believe otherwise, poverty does not persist – in these villages and in the villages of Rajasthan that we had studied earlier – because poor people are irresponsible or unconcerned about future generations.

Better – more accessible, accountable, and affordable – healthcare services and cheaper consumer credit can go a long way toward reducing poverty in this region. Had these services been available to these village residents over the past two decades, the rate of poverty reduction might have been much higher than what was actually observed. And debt bondage, which has kept so many poor people bonded to poverty in this region, would not have acted so forcefully to limit their options for escape.

Remaining Non-Poor: Households of Category D (those who have remained not poor) have not remained entirely apart from the reasons for descent that have beset other households. Illnesses along with expensive marriage and death ceremonies have been experienced as well by households of this category, but these reasons for descent have been compensated for in these cases by the concurrent experience of some reasons for escape. Bad fortune has been met by good fortune in their case, and descent has been averted by the availability of escape routes. An expensive illness of one household member has gone together, for example, with another household member landing a job with the government. The difference between households in Category C and Category D is that while the former have experienced only some reasons for descent, the latter have also simultaneously experienced reasons for escape that have let them remain where they were on this hierarchy.

Reasons for escape and reasons for descent are different from each other. However, both sets of reasons can potentially affect all households. While reasons for descent are more prominent in Category A (remained poor) and Category C (became poor) households, reasons for escape predominate in the cases of Category B households (escaped poverty) and they also figure largely in the experiences of Category D households (stayed out of poverty).

Staying out of poverty is not an easy task in these villages. Because reasons for descent can affect all households, including those that are not presently poor, villagers must constantly struggle to keep their heads above poverty. Life in these villages would be so much easier if it were possible to contact a doctor (affordably) in times of grave need, and if one could borrow money (inexpensively) without signing away one's time.

5. Poverty in Different Population Groups

Members of different caste groups in these villages have experienced escaping poverty and falling into poverty in different proportions. SCs, STs, and OBCs remain poorer on the whole

compared to other households, but this is not because households of these caste groups have remained static over this period. Significant percentages among SC, ST and OBC households have escaped from poverty in the past 25 years. The tragedy lies in the fact that significant percentages have also fallen into poverty at the same time.

All villages where more than 80 per cent of households are presently poor have populations that are predominantly from the SC, ST or OBC groups.²⁶ However, not all villages that have mostly SC-, ST-, or OBC-dominated populations fall within the subset of poorest villages. Rajupura Village in Vadodara District and Chhayan Village in Panchmahals District are two examples of villages that have a very high share of ST and OBC households, but where poverty overall is lower than the average for all 36 villages. Gross categorizations of this kind are not very helpful for ascertaining what is going on at the ground level. More important to observe – and more relevant for designing policies – are the dynamics that exists among households within each population group.

SCs, STs, and OBCs have not been entirely by-passed by opportunities for escaping from poverty. They have shared in these opportunities as much as households belonging to other population groups, as Table 3 shows.

-- Table 3 here --

Column (4) of Table 3 shows that compared to households of the General category a somewhat higher percentage of SCs, STs, and OBCs have escaped from poverty in the last 25 years: 15 per cent of SC households, 12 per cent of ST households, and 10 per cent of OBC households escaped from poverty compared to seven per cent of General category households.²⁷ SC, ST and OBC households continue, however, to be poorer on average compared to General category households. 83 per cent of SCs, 79 per cent of STs, and 83 per cent of OBCs were poor 25 years ago, compared to just 32 per cent of General category households, and the progress that

these households have made in this period does not fully or in large part offset the considerable disadvantages from which they suffered at the start.

Households within each population group have not only experienced escape from poverty. Several among them have also fallen into poverty, and overall progress is much lower as a result. Further, since the liability of debt bondage hangs most heavily upon households at the bottom of the local social hierarchy, the ability that SC, ST, and OBC households have for escaping poverty in the future is also impaired to a considerable extent.

Muslims constitute another population group that is poorer on average than other households in this region. We found Muslim households in significant numbers within just three of these 36 villages.²⁸ Among all 78 Muslim households in these three villages, 75 per cent have remained poor throughout this period, and 12 households (15 per cent) have remained consistently not poor. Of the remaining eight Muslim households, five have escaped from poverty in this period, and three others have become poor. The three households that fell into poverty all reside in one village, Pipalchhat, and for all of them, arson and looting in the recent past constituted the primary reason for descent.

Patels are another group that deserves special mention. 93 per cent of Patel households belong to Category D, i.e., they were not poor 25 years ago, and they are not poor now. No other caste group comes even close to achieving a similar figure. Rajputs constitute the next highest group in terms of proportion of non-poor households, but only 59 per cent of all Rajput households were not poor 25 years ago, and roughly the same proportion are not poor at the present time. This figure is substantially lower than the comparable figure for Patels, and the figures for other caste groups are much lower still. Patels constitute a special caste group that sits separate in this regard from all other groups in these villages.

Patel households have a dominant influence on the economy of most villages in our sample. Their influence on other villagers has both positive and negative aspects. Positively, Patels help provide the conduits that enable other villagers to connect with opportunities outside the village.

On the other hand, Patels are the largest –if not the only – providers of private loans in these villages, and large numbers of STs and OBCs continue to remain poor on account of such debts and debt bondage.

Female-headed households: If any category of households in these villages has fared much worse in terms of poverty than all of the others, it is quite clearly the category of female-headed households. We interviewed members of a random sample of 133 female-headed households in these villages. Of these 133 households, 99 households (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 that live in poverty at the present time.

The percentage of female-headed households living in poverty does not vary significantly among the different caste groups. Upper caste female-headed households are as likely to be poor as SC or ST female-headed households. However, the mix between Category A and Category C households varies significantly between the different caste groups. Among female-headed households of the SC, ST, and OBC groups, more than 85 per cent are in Category A and just about 5 per cent are in Category C, i.e., the vast majority of female-headed households of these groups have *remained* poor over the past 25 years. Within the General caste group, however, many more female-headed households have *become* poor over the past 25 years, i.e., they were impelled into poverty with the departure of their males (by death or on account of other reasons).

6. Is Growth Good Enough?

We did not select these villages expecting to find such high poverty rates. Indeed, it came as a great surprise to us, at least in the first few villages that we visited, to find quite large numbers of households in poverty. We had entered Gujarat expecting the fruits of industrial progress to have virtually eradicated poverty in this state. However, poverty continues to remain significant and large in this region. The majority of residents in these 36 villages, almost two-thirds of all

households, continue to subsist under conditions of poverty as locally lived and understood. Three of the four districts selected here, Sabarkantha, Panchmahals, and Dahod, are among the more economically ‘backward’ districts of Gujarat (Joshi 2000), however, the net reduction in poverty was very small on the whole even in villages of a more industrialised district, Vadodara, and several households fell into poverty simultaneously despite more rapid industrial growth.

Several factors help explain why growth has not contributed more positively toward poverty reduction in this region. First and most important in our view, there is the difference in reasons associated with escaping poverty and falling into poverty, respectively. While growth can help (and has helped to a partial extent) with promoting households’ escape from poverty, descent is responsive to a different set of reasons, and growth does not automatically translate into appropriate responses to these reasons.²⁹ The inability or unwillingness of the government of Gujarat to invest funds derived from growth toward healthcare provision has resulted in leaving unchecked the principal reason for descent into poverty. The example of NGO-run health clinics, such as the one in Panelav village, mentioned above, helps illustrate how descent into poverty could have been more effectively avoided.

A second and complementary explanation is suggested by the conditions of employment in this region. The combination of a large labor surplus, a clear preference on the part of industrial employers for hiring casual laborers from outside the state, and the persistence of debt bondage, especially among SC, ST and OBC households, helps explain why the benefits of growth have not been shared more widely, especially by poor rural households. Only 181 out of a total of 3,635 poor households in these 36 villages, or less than five percent, obtained employment in the growing private sector over the past 25 years. Another 184 households also benefited – although to a much smaller extent – by finding a precarious position within the growing informal sector. In all, thus, just about 10 per cent of all poor households in these villages benefited in different ways from growth in the state over the past 25 years.

Large initial inequality also comes into play in keeping the benefits of growth out of reach for many households. Households owning a large share of village land are still able to extract high interest rates and tied labor services from poorer households, and these continuing debts of servitude effectively prevent members of poorer households from seeking out alternative income-earning opportunities.

Institutional disarticulation – the lack of any reliable institutional links connecting job seekers in villages with job opportunities in the city – provides yet another reason why the benefits of industrial growth have spread only very slowly among households of this region. It could be expected, for instance, that villages located closer to the sources of growth would experience proportionately greater rates of escape from poverty. Villages in more industrialised districts did not, however, fare significantly better or worse compared to other villages. Average net reduction in poverty was 3.2 per cent in villages of more industrialised Vadodara district, and it was 3.3 per cent in the villages we studied in less industrialised Panchmahals district, which is hardly a significant difference. Villages within which industrial units are located show both positive and negative net rates of poverty reduction over this 25-year period, and this spread of rates is not very different from that observed in other, less industry-affected villages. Other village characteristics such as distance to market, nature of link road (paved or unpaved), frequency of bus service, etc., have relatively little to do with how many village households escaped from poverty and how many others fell into poverty at the same time.³⁰

The nature of political links is also not very salient for explaining why households in some village did better overall than households in other villages. No significant differences were found (in terms of proportion of households escaping poverty or proportion of households falling into poverty) between villages regarded as bastions of support for the ruling party and others thought to vote in larger numbers for the opposition party.

Individual rather than institutional links explain better why some households have escaped from poverty and other household have languished and remain behind. No employment

exchanges are in existence in these villages, and individuals who found jobs in the private or the public sector did so on the strength of their personal connections. Having a helpful friend or relative in the city was mentioned by 64 per cent of Category B households as a major reason for their successful escape.

Policies that rely on growth alone can address a relatively small part of poverty reduction. Falling into poverty – the other side of poverty reduction – has been left relatively untouched by growth in this region, and escapes from poverty have been limited by institutional weaknesses and pre-existing social conditions. The ability of the poor to participate in economic growth depends on the presence of some enabling conditions, asserts Sen (2002: 13). ‘It is hard to participate...if one is illiterate or unschooled...or weakened by undernourishment and ill health’, or if one suffers from debt bondage and has hardly any information about opportunities for advancement arising out of growth.

7. What Else Should be Done?

More than the plethora of loan- and subsidy-generating programs that have been used without ground testing to deal with poverty countrywide, targeted expenditures dealing with specific reasons for descent will work better to reduce poverty in each region. Expenditures on poverty reduction programs have had relatively little success in terms of numbers of households escaping from poverty. Redirecting such expenditures toward controlling descent into poverty, especially through providing more accessible, accountable and affordable healthcare facilities, will help much more, in our view, to reduce poverty in this region.

Reasons for escape and reasons for descent are likely to differ across regions, and these reasons will need to be identified and addressed separately in each region.³¹ Designing appropriate public policies will require first disaggregating poverty statistics into these component parts. It will be very important for this purpose to study poverty in dynamic context

and to understand better the nature of household strategies associated with trajectories of two different kinds.

Aggregate head-counts can conceal much that goes on beneath the national or state levels (Baulch and Hoddinott 2000; Jayne, et al. 2003; Lindenberg 2002; Ranis and Stewart 2001; Ravallion 2001; Schelzig 2001; Scott 2000). This study of 36 northeast Gujarat village shows, for example, that even as aggregate poverty has changed by little overall, there are active and often-tread pathways both into and out of poverty. Identifying these pathways as they are experienced by poor households helps generate more precise knowledge about causes of escape and causes of descent at the ground level. Policies and programs can be designed that help expand pathways out of poverty in this region while restricting other pathways associated with descent.

Such micro-level examinations conducted in terms of a definition of poverty shared by local residents will help to complement poverty knowledge obtained from the more usual quantitative surveys. Because we do not have the apparatus (of meaning and significance) to understand poverty as local people see it, we have been mostly unable to comprehend their strategies and pursuits. And because we are unable to perceive what they are doing of their own accord, we are unable to assist their endeavors very effectively (Chambers 1988).

Other things matter in addition to growth, and quite often they matter more. These other things – such as health, ceremonial expenses, debt and debt bondage – have worked together as reasons for descent in northeast Gujarat, and they have effectively blunted the impact on poverty that growth has made here. What these other things are in any region and how they can best be addressed needs to be determined with more confidence. Community-based investigations based on locally shared meanings of poverty can be very helpful for this purpose.

The Stages of Progress methodology represents one such effort. This methodology has emerged more robust through being adapted and applied separately in two regions of India and one region in Kenya (Krishna et al. 2004). Further refinements in this methodology will help to

produce even sharper and more fine-grained conclusions. In particular, the following refinements are being considered in further administrations of this methodology: (1) taking account better of intra-household differences, particularly those related to gender; (2) adding more information from household surveys, particularly, information related to asset ownership, income sources, and expenditures; and (3) considering in addition to the 25-year time-period an interim period of 7-10 years ago (this needs to be done more explicitly; it was implicit in the Gujarat exercise).³² Readers' ideas about other methodological improvements and refinements are particularly welcome.

Table 1

Household Dynamics over 25 years
(5,871 households in 36 villages)

25 Years Ago

		Poor	Not Poor
<i>At Present</i>	Poor	(A) Remained Poor 3,265 households (55.6%)	(C) Became Poor 370 households (6.3%)
	Not Poor	(B) Escaped Poverty 560 households (9.5%)	(D) Remained Non-Poor 1,676 households (28.6%)

Table 2: Range of variance across villages within a district

District	<i>Households Falling Into Poverty</i>		<i>Households Escaping Poverty</i>	
	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>
Vadodara	0.2% (Rajupura)	12.8% (Parthampura)	0.5% (Vankaneda)	20.1% (Vadadela)
Panchmahal	2.0% (Jetpur)	20.6% (Chikhali)	0.0% (Naninadukan)	25.4% (Padhariya)
Sabarkantha	0.8% (Masadara)	15.6% (Kidiyad)	0.8% (Sarangpur)	10.4% (Choriyad)

Table 3: Caste Groups and Poverty in 36 Villages

	(1) Households that were poor 25 years ago	(2) Percentage poor today	(3) Net improvement over 25 years (1) minus (2)	(4) Escaped Poverty (Category B)	(5) Became Poor (Category C)
SC	82.8%	69.5%	13.3%	14.5%	1.2%
ST	79.4%	75.6%	3.8%	11.6%	7.8%
OBC	83.3%	78.8%	4.5%	9.7%	5.2%
Muslim	72.4%	72.4%	0%	5.8%	5.8%
General	32.2%	32.5%	(-) 0.3%	7.0%	7.3%
Average (all households)	65.1%	61.9%	3.2%	9.5%	6.3%

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Notes

¹ Scheduled Caste (SC), refers to the former untouchables, and Scheduled Tribe (ST) to what are, loosely speaking, India's aborigines. Other Backward Caste (OBC) is a more recent administrative listing, and it refers to caste groupings that are neither upper caste nor listed in the schedules for SC and ST. Members of these groups were historically disempowered and oppressed by other groups.

² Data from these training and pilot villages are not included within the final database consulted for this report.

³ These numbers are considerably higher than the average poverty ratios for the entire state of Gujarat as provided in official statistics. The official statistics record that poverty in Gujarat has fallen from 48% on average in 1973-74 to 24% on average in 1993-94 (Mehta and Shah, n.d.). Variance by district is not provided in the official statistics, so it is not possible to compare our statistics more closely with the official ones. It is possible, however, that some one or more among the following reasons might explain why the rates we observed in the 36 villages are higher by far than the official average for this state. First, three years of drought preceding our field inquiry might have had some effect on the poverty figures reported here. Second, the districts where we worked are located within a zone that Joshi (2000) regards to be the most economically backward in this state. Third, we considered only rural areas, with a much higher share of ST and OBC households, and higher rates of poverty might possibly exist in these rural and sometimes remote parts. Finally, different criteria for defining poverty might also be responsible for the differences between our statistics for these villages and the official average for the state. We consider it unlikely, however, that the criteria adopted here (and explained in the next section) are solely or even primarily responsible for generating these differences. The local definition of poverty that village community groups provided and which was adopted for this exercise refers only to some very basic needs – food, basic clothing, rudimentary shelter, primary education – and it is inconceivable that people who do not have even these elementary necessities can be regarded as non-poor by *any* definition. In the absence of official poverty figures disaggregated by district and taluka, however, it is not possible to present any meaningful comparison between our figures and the official ones. (The only officially approved lists of poverty at a

disaggregated level have been prepared to identify future beneficiaries of government assistance, and these patronage-tainted lists are hardly useful for this purpose.)

⁴ As mentioned below in Step 4, a precise and commonly known signifying event was selected to clearly and sharply demarcate the earlier period of 25 years ago.

⁵ Slightly different stages were observed in three villages, but these differences had very little impact upon the identities of the poor: only 19 households in all (out of a total of 5,817 households) were allocated to different poverty categories when adjustments were made to accommodate these differences.

⁶ Such community-defined – or ‘qualitative’ – assessments of poverty usefully complement the more usual standardized monetary measures. See in this context Moore, et al. (n.d.), Deaton (1997, especially pp. 140-44), and Reddy and Pogge (2002). It is quite likely that households identified as poor by one method of assessment will also be identified as poor using the other method. Conducting simultaneously both more qualitative and more quantitative assessments is important for this purpose. It is also useful for generating more complete knowledge about poverty and its causes in some particular region. This refinement will help add value to the Stages-of-Progress methodology next time it is implemented.

⁷ In the context of the United States, for instance, Sacerdote (2002) found that it took ‘roughly two *generations* for descendants of slaves to catch up to the descendants of free black men and women’ (emphasis added). Such extended periods of time are also important to examine longer-term and more enduring transitions into and out of poverty (Hulme and Shepherd 2003). Much shorter time periods are not particularly rewarding in terms of revealing causal processes associated with transitions in either direction (Haddad and Ahmed 2003).

⁸ A bias might arise particularly if people view the earlier period through rose-tinted glasses. We doubt, however, whether any large bias has occurred for this reason in the present study: correcting for any such bias would indicate a significant increase in poverty over this time.

⁹ Keeping households constant over time is a problem shared by all studies that adopt an inter-temporal perspective, and some choices have to be made in this regard. While panel studies usually consider households of the previous period as their units of analysis, the Stages of Progress method, employed here, considers present-day households instead. Different sources of bias can attach to these different choices.

While household attrition is a considerable problem with studies tracking previous-period households, household life cycle effects can create a similar though opposite bias in the current methodology, toward showing a slightly lower extent of poverty.

¹⁰ 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 family. Breman (1996: 37) reports similarly low figures for permanent migration from south Gujarat, and adds: 'I have seldom come across cases of...households who left in their entirety to seek a new life elsewhere'.

¹¹ Jodha's (1988) study of household poverty dynamics in two villages of the adjoining state of Rajasthan between 1963 and 1984 reports a similarly small change: overall, a 6 per cent net decline in poverty was observed for this 20-year period.

¹² On average for all 36 villages, 6.4% of households fell into poverty (S.D.=0.05), while 9.5% of households escaped from poverty (S.D.=0.06). The numbers reported in Table 2 are thus all statistically significant.

¹³ This ratio between government and private jobs varies significantly between Vadodara, which is relatively more industrialised, and the other three districts. Private sector jobs were reported as a major reason for escape in the case of 49% of interviewed Category B households in Vadodara District but for only 14% of such households in Dahod District (mean for all districts =26.1%; S.D. =9.7).

¹⁴ '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, who has been observing these trends in the immediate region we investigated, explains why this is so: 'Initially local residents received jobs in local industries...but after they established labor unions, these companies started eliminating local labor... Now, local people are only employed in very few positions as daily-wage labor [and] earning very low wages... Companies like to give employment to people from outside because these outsiders are not involved in labor unions and [also] because it is felt that people of UP and Bihar are stronger and can work for longer hours' (personal communication from Chatterjee).

¹⁵ 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: 3110) explicates these issues in the broader context of all of Gujarat.

¹⁶ Several households belonging to Category A (remained poor) had also experienced some periods of employment in the informal sector, i.e., they had risen out of poverty temporarily, only to fall back into poverty at a later time. Dasgupta (2003) reports on the precarious nature of existence experienced by workers in this sector, based on a detailed survey conducted in New Delhi.

¹⁷ The difference in percentage of households of Categories A, B, C and D who reported each of these factors – private sector employment, government employment, diversification and irrigation – is statistically significant at the 0.01 level. Education is not included significantly more often, however, in the accounts of Category B households compared to Category A or Category C households.

¹⁸ On average, households of Category C have about 0.9 acres less land than they did 25 years ago. About 30% of households of this category have lost more than twice this amount of land.

¹⁹ Breman (1993: 332) provides a range of figures that show the sums of money that people of different caste groups in south Gujarat typically spent on marriage expenses. These figures range from a low of Rs.3,000-8,000 (for STs) to a high of Rs.40,000-200,000 (for some upper castes). Our inquiries in some of the 36 villages we studied suggest that these figures have gone up considerably in the intervening 13 years since Breman conducted his inquiries. SCs and STs now spend up to Rs.15,000 to 25,000 on marriages, and upper castes can spend substantially higher amounts.

²⁰ The downward tug of customary expenses on marriage and death ceremonies appears to be fairly widespread, and efforts to deal with these expenses have been noted in different parts of the world. The Grameen Bank in Bangladesh requires its borrowers to sign a ‘pledge’ not to pay or expect dowry as an effort by the poor to get out of this drag on their economic conditions. Burial societies have been functioning in Botswana and some other countries that share (and standardise at low levels) funeral expenses. In Sri Lanka the Death Donation Societies play a very important role for the poor, and everyone

else, because everyone accepts a common pattern of low-level expenses as adequate commemoration meeting social expectations. We thank Norman Uphoff for pointing out these examples.

²¹ In villages of eastern Rajasthan, where we had conducted a similar inquiry last year, the comparative starting rates are 2-3 per cent per month, and no presumption of labor services is usually attached to these loans.

²² Among villages of Vadodara district, for instance, 44% of Category A households mentioned debt bondage as a significant factor, but only 14% of Category C households, and even fewer Category B and Category D households (respectively, 4% and 3%), mentioned this factor.

²³ Among households of Category A whom we interviewed in Panchmahals District, debt bondage emerged as a condition in 21 per cent of ST households, 16 per cent of SC households, and 6 per cent of OBC households. The corresponding proportions are much higher in villages of Vadodara District: 79 per cent of ST households, 35 per cent of SC households, and 45 per cent of OBC households of Category A are involved in relationships involving bondage to their creditors.

²⁴ Interviewed on May 26, 2003. Respondent's name and village have been disguised at his request.

²⁵ These figures are as follows. Category A: 2.8%, Category B: 2.6%, Category C: 4.4%, and Category D: 3.2%. Mean=3.25 and S.D.=0.81, indicating that these differences across categories are not statistically significant.

²⁶ Villages Parthampura, Pasva, Lalpur, Masadara, Sarangpur, Jetpur and Kidiyad (predominantly OBC) and villages Pratappura and Bavansaliya (predominantly ST) fall within this category of villages.

²⁷ However, these differences are not statistically significant (Mean=0.10, and S.D.=0.04). Similarly, the numbers for escaping poverty (column 5 of Table 3) are also not significantly different across different caste groups (Mean=0.06, S.D.=0.03).

²⁸ These villages are Parthampura, Pipalchhat, and Vadadala, all located within Savli Taluka of Vadodara District.

²⁹ Baulch and McCulloch (2002); Christiaensen, et al. (2002); and Sen (2003) provide evidence from other parts of the developing world that escaping poverty and falling into poverty respond, respectively, to different reasons.

³⁰ For instance, Padaliya village in Panchmahals district is located just 2 kilometers away from a market town, and it is connected to this town by a paved road and regular bus services. However, households in poverty rose by 9.1 per cent in this village over the past 25 years. In village Bawansaliya, on the other hand, which is 18 kilometers distant from a market town and connected by an unpaved road, barely negotiable during the monsoon season, households in poverty fell by 3.3 per cent.

³¹ Barrett's distinction between 'safety net' and 'cargo net' policies parallels the difference highlighted here between policies to prevent descent and to assist escape, respectively. 'Safety nets catch people, keeping them from falling to far', writes Barrett (2003: 8). 'Cargo nets, by contrast, are used to help climbers surmount obstacles, overcoming the structural forces...that would otherwise keep them down'.

³² It also needs to be recognized that what we are dealing with here is material poverty and not a wider notion of poverty, including political and social disempowerment. It needs to be considered whether and how the notion of poverty can be expanded to include these other dimensions, while still enabling a comparison of pathways and reasons across households and communities.