

A MITTAL PUBLICATION

# POVERTY IN NORTH EAST INDIA

P.L. RAMLIANA

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# POVERTY IN NORTH EAST INDIA

—A STUDY OF MIZORAM

P.L. RAMLIANA



*Foreword by*

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## **FOREWORD**

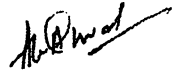
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Right from the pioneering work of Seebohm Rowntree in 1901 and the rediscovery of poverty in the 1960's among the developed world, and also the glaring lack of basic necessities and inequality among people in the developing world, the study of poverty has occupied an important place in Economics. Various theories and evidences have come up and analytical tools have also been developed for the lock, stock and barrel of poverty studies. Even so, it is a little too foolhardy to predict the validity of a particular theory when applied to the context of a particular region or society, leave alone poverty persisting. It is in this backdrop that an empirical study of poverty in an isolated case like that of Mizoram state is a challenging endeavour. I am happy that the research work done by P.L.Ramliana, is being published. We have seen publications on poverty studies in various states of India. But as far the study of poverty in Mizoram state is concerned, this is a trail blazing published work.

To obtain primary data for the study, the author has selected ten villages each from two districts of Mizoram called Mamit and Lawngtlai. From out of the twenty villages so selected, 200 households, consisting 100 households from each district were selected again. These data are well supported by secondary data. The study consists of seven chapters. The first chapter is devoted to the research problem, methodology, review of literature and objectives of the study. The second chapter exposes the current socio-economic scenario of Mizoram state. The third chapter deals with the concepts and measurement issues along with the causes and types of poverty and the fourth chapter deals with issues related to measurement of poverty and government policies on poverty alleviation launched in India before and after the Economic Reforms 1991. The fifth chapter is the collection of empirical data and the analysis of poverty. The sixth chapter assigns the causes and effects of poverty. The last

chapter contains the summary of findings and policy indications deduced from the study.

In between the first and the last chapter, the book deals thoroughly with the conceptual, theoretical and analytical framework of poverty. It is also neatly supported by empirical results of poverty by using the analytical tools existing in the contemporary literature. It incorporates those expositions ranging from Adam Smith, David Ricardo, Seebohm Rowntree, John Kenneth Galbraith, Ragnar Nurkse, Amartya Sen and many more on the subject. I hope it will be of immense value to the students of Economics, research scholars, and also to policy makers and social activists whose concern is the alleviation of poverty.



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## ACKNOWLEDGEMENT

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The present book entitled "Poverty in North East India — A Study of Mizoram" is mainly based on my Ph.D. thesis. The thesis has been adapted for the current publication. The reference districts are the sources from which primary data are obtained.

So many sources of agencies and people have been involved in co-operation to complete this work, however humble as it may seem. Therefore I have to recall such people at this juncture. For all these to happen I am honestly thankful to the almighty God who gave the opportunity leading up to the final completion of this work. And I am deeply indebted to Prof. A.K. Agarwal, my supervisor who not only gave me many important pieces of advice but also went through my work by lighting a candle even when power supply did fail. Such is his commitment and devotion for the success of this work.

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**P.L. RAMLIANA**

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# LIST OF ACRONYMS

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AAV	Antyodaya Anna Yojana
AM	Arithmetic Mean
APL	Above Poverty Line
ARI	Acute Respiratory Infection
BAFFACOS	Bamboo Flowering and Famine Combat Scheme.
BDO	Block Development Officer
BPL	Below Poverty Line
CADP	Command Area Development Programme
CAG	Comptroller and Auditor General
CD	Community Development
CDP	Community Development Programme
CIP	Central Issue Price
CPIAL	Consumer Index for Agricultural Labour
CSO	Central Statistical Organisation
CSO	Consortium of Civil Society Organisation
CV	Coefficient of Variation
DDC	Drug Distribution Centre.
Di	Deflator
DPAP	Drought Prone Area Development Programme
DWCRA	Development of Women and Children in Rural Areas
EAS	Employment Assurance Scheme
EGA	Employment Guarantee Assistant
FCI	Food Corporation of India
FCS & CA	Food, Civil Supply and Consumer Affairs
FGT	Foster, Greer, Thorbecke

FPS	Fair Price Shop
GDDP	Gross District Domestic Product
Gi	Gini Coefficient
GNP	Gross National Product
GOI	Government of India
GOM	Government of Mizoram
HCR	Head Count Ratio
HDI	Human Development Index
HYVP	High Yielding Varieties Programme
IAAP	Intensive Agricultural Area Programme
IADP	Intensive Agricultural District Programme
ICDS	Integrated Child Development Service
ICMR	Indian Council of Medical Research
IGR	Income Gap Ratio
IRDP	Integrated Rural Development Programme
JCB	Digging Machine
JGSY	Jawahar Gram Samridhi Yojana
JRY	Jawahar Rojgar Yojana
MFAL	Marginal Farmers and Agricultural Labourers
MNF	Mizo National Front
MPCE	Monthly Per Capita Expenditure
MRPM	Mixed Reference Period Method
MWS	Million Wells Scheme
N.A.	Not Available
NDDP	Net District Domestic Product
NFFWP	National Food for Work Programme
NFHS	National Family Health Survey
NGO	Non-Government Organisation
NOAPS	National Old Age Pension Scheme
NPAG	Nutritional Programme for Adolescent Girls
NREGA	National Rural Employment Guarantee Act
NREGS	National Rural Employment Guarantee Scheme

NREP	National Rural Employment Programme
NRHM	National Rural Health Mission
NSDP	Net State Domestic Product
NSS	National Sample Survey
OBC	Other Backward Classes
PC	Planning Commission
PDS	Public Distribution System
PGR	Poverty Gap ratio
Ph.D	Doctor of Philosophy
PMGSY	Pradhan Mantri Gram Sadak Yojana
PPP	Purchasing Power Parity
PPV	Progressive Protected Village
PRI	Panchayati Raj Institution
RBD	Registration of Birth and Death
RCH	Reproductive Child Health
RD	Rural Development
RGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
RLEGP	Rural Landless Employment Guarantee Programme
RPDS	Revamped Public Distribution System
SC	Schedule Caste
SFDA	Small Farmers Development Agency
SGRY	Sampoorna Grameen Rojgar Yojana
SGSY	Swarnjayanti Gram Swarojgar Yojana
SHG	Self Help Group
SSA	Sarva Sikhsa Abhyan
SSI	Small Scale Industries
ST	Schedule Tribe
TB	Tuberculosis
TPDS	Targeted Public Distribution System
TRYSEM	Training of Rural Youth for Self Employment
UNDP	United Nations Development Programme
US	United States (of America)

VC	Village Council
VDC	Village Development Council
WRC	Wet Rice Cultivation

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## INTRODUCTION

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### Development of Poverty Studies

A new paradigm in Economics related to Development thought that emerged since the latter half of the last century was a shift of focus on the poor. And Development Economics as a scion of the Classical Economics now noticeably keeps under its scanner not only 'the wealth of nations' but also the poverty of Nations, along with poverty generating factors such as income inequalities, and unemployment. This was necessarily a result of the realization that the tacit assumption of 'trickle down' process embedded in the earlier neo classical models of economic growth and development was a callous assumption which was too slow to take meaningful place to benefit the massive poor people, especially of developing countries. This means that even after tremendous efforts of gearing up the growth of GNP and subsequently some notable achievements on it, vast proportions of the population of the world continue to live in palpable poverty. Homogeneity of problems of the present day Developing countries in matters of Poverty, Inequality and Unemployment and their heterogeneity in matters like determination of population growth, market imperfection, capital scarcity, not capital accumulation, the quest for sources of economic growth in the face of planned economies, the obstacles to development and growth etc, undoubtedly play crucial roles in the eventual development of poverty studies.

Dudley Seers<sup>1</sup> in this regard stated that 'the questions to ask about a country's development are therefore: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt this has been a period of development for the country concerned. If one or two of these

central problems have been growing worse, especially if all three have, it would be strange to call the result "development" even if per capita income doubled'.

It is now convincingly clear that beside the problem of growth in GNP, three core issues which occupy Development Economics are poverty, inequality and unemployment, and among these, the study of poverty occupies a paramount place since despite experiences of growth; poverty among the developing world is so glaring and the problem so rampant among many of them. And it appears that the latter two issues are subservient to the former since it is apparently clear that unless poverty exists, existence in any degree, of the latter two problems may as well be tolerated comfortably. It was rightly mentioned by Haq<sup>2</sup> when he stated that 'the problem of Development must be redefined in terms of an attack on the worst forms of poverty. Development goals should be expressed in terms of the progressive reduction and eventual elimination of malnutrition, disease, illiteracy, squalor, unemployment and inequalities'. As such, besides the causes of poverty, the outcomes of poverty are also increasingly recognized as problems common to almost all developing countries. This is well recognized by the World Bank which asserted that 'The challenge of development... is to improve the quality of life. Especially in the world's poor countries, a better quality of life generally calls for higher incomes but it involves much more. It encompasses as ends in themselves better education, higher standards of health and nutrition, less poverty, a cleaner environment, more equality of opportunity, greater individual freedom, and a richer cultural life'.<sup>3</sup>

### **The Worldwide Evidence of Poverty**

On the macro-perspective of poverty, the poor populations in different parts of the world has been extensively recognized and monitored by different bodies, at national and international levels, and the contribution of the United Nations Development Programme (UNDP), and the World Bank in this regard is commendable. The existence of poverty worldwide and the need to address the problems of poverty and unemployment invoked the decision of the United Nations to convene a World Summit for Social Development in Copenhagen in March 1995, and the year 1996 was consequently declared as the International Year for The Eradication of Poverty. The Millennium Summit 2000 later had declared the Millennium Development Goals fixing a deadline of 2015, among which to "halve the proportion of people living on less than \$1 a day and to halve the proportion of



people suffering from hunger" have high priority. Poverty or the inability to meet basic and minimum needs for efficient human existence which entails failure of human entitlements of food, shelter and clothes and freedom and capabilities is still the problem common of more than one billion population. There are still 1100 million people all over the world who are poor or living on less than one dollar a day.<sup>4</sup> Joseph Stiglitz, the Nobel laureate and former Chief Economist of the World Bank stated thus "A growing divide between the haves and the have-nots has left an increasing number in the Third World in dire poverty, living on less than a dollar a day. Despite repeated promises of poverty reduction made over the last decade of the twentieth century, the number of people living in poverty has actually increased by almost 100 million. This occurred at the same time that the total world income actually increased by an average of 2.5 per cent annually".<sup>5</sup>

### **The Goal of Poverty Eradication and Interested Parties**

As it would turn out to be, especially after cases of poverty have been largely recognized, eradication of poverty happens to be the popular objective but yet an elusive and almost insuperable looking one of all Governments, non government organizations, International agencies, banks, the poor themselves and academic researchers. At times and places it even occupies religious attention. Again, it has been of interest among various social scientists, cutting across their own disciplines and as such, its study is not actually restricted to economists alone since an understanding of the problem requires extensive coordination of knowledge in cases like methodology, information on social, political, historical and economic structure of societies. The issue of poverty has also been of great interest among political parties especially at times before and during elections. It is well known however that the poor are more often than not, a group exploited by politicians rather than being the driving force of the mainstream polity, and an agenda for the poor normally becomes the political hot potato in many instances. While this is so, many involvements with poverty revolve around the harsh reality without getting into the causes that generate it. This is reflected by Wilson (2003) who stated that poverty researchers would all agree that fact finding is not enough, that beyond the collection of data there must be analysis of causes; and that beyond that there must be strategies for action.<sup>6</sup>

### **Diversity and Problems of Poverty Studies**

Poverty has its various manifestations as well as its causes, hence it is impossible as of now to generalize and prescribe its universal

solution. Again it is very easy to get bogged down with measurement and technical quagmire while tackling the issue even if we intuitively have an idea of who is poor or not. Even if we are required to arrive at a standard definition following professional conventionality, it would be highly uncertain that we discover a panacea for all its ills because problems and manifestations of poverty across different regions of the world seem to differ while being closely related. This is not to say however that such classification of the population in terms of income or expenditure, health or education or any standard of living in order to separate the poor from the non-poor by employing a concise definition, and building strategies for a particular context of a region or economy is a futile and redundant exercise. Rather, it exaggerates that the conceptual framework of poverty, pertaining to definition and measurement, can pose certain subjectivities to the extent that not a single one will fit into the diverse contexts of different regions or economies. It should naturally be the case that any poverty research should preferably have unambiguous and consistent conceptions which can conveniently go through certain field tests, with objective parameters. And depending upon which we attempt to focus on, and the purpose which it is to serve, we could arrive at a specific conceptualization. Only then will such conceptualization be of any use.

The challenge of poverty therefore, is on technical front as well as structural front. During the 1970s, as interest in problems of poverty increased, development economists took the first step in measuring its magnitude within and across countries by attempting to establish a common poverty line. They went even further and devised the now widely used concept of absolute poverty. It is meant to represent a specific minimum level of income needed to satisfy the basic physical needs of food, clothing, and shelter in order to ensure continued survival. A problem however arises when one recognizes that these minimum subsistence levels will vary from country to country and region to region, reflecting different physiological as well as social and economic requirements.<sup>7</sup>

Hence, the important task and challenge of poverty studies is the need to arrive at a uniform methodology and yardstick so as to be able to capture, compare and contrast the cases across geographical barriers. This is reflected by Novak (2003) who acknowledges that 'Regional poverty conceptualizations reveal an "escapism" in cases where attempts are made to apply the available poverty concepts to specific local circumstances'.<sup>8</sup>

Therefore a study of cases of poverty in particular locations like those in the state of Mizoram poses certain questions about its local selection, the availability of existing data, its population and methodology as regard to measurement and identification of the poor, the theoretical basis, and also the direction of the research: whether it is an applied research or a basic research and whether the inter-regional differences in poverty will be taken into account. Questions may also arise as to what types of data, including the inter-temporal or spatial variations, are to be analyzed in the study, or whether longitudinal research is to be undertaken etc. In view of all these challenges and limitations of individual capacity, the study has been confined to the two districts of Mizoram and it is intended that the study will address important questions which are subsequently mentioned in the 'objectives of the study' and 'methodology' immediately following this section.

### **Methodology**

For the present study, the districts of Mamit and Lawngtlai have been purposively selected since various socio-economic data outlined as before indicated their low status in comparison with other districts of Mizoram. The scholar had also been eye witness to the people's low level of living especially of the Chakmas and the Reangs. As a study of poverty in Mizoram is conceived after all, it is surmised that these two districts will make the best or the most appropriate study areas.

### ***Sample Units, Method and Reference Period***

The sample units for this study consist of households which are understood to be families at the same time. The list of BPL families in 'BPL Census 2002', published by the Directorate of Rural Development Department of Mizoram was used as the sample frame. In rural areas of Mizoram it is unlikely that we found a household which has no relationship by blood or marriage but yet living together under the same roof and sharing the same kitchen. It is again found out that income sharing is common to all households. Although in urban areas it is not difficult to find households but who are not related by blood or marriage. In such areas a household is not necessarily a family but in rural areas such is not the case.

The process of selection of samples follows a three stage random sampling method. The first stage sample is a Rural Development Block. The second stage being a village, the third stage is a household. There are three Rural Development (RD) Blocks in each

of the selected areas. The names of Rural Development Blocks in Mamit District are: (i) Zawlnuam RD Block, (ii) West Phaileng RD Block, (iii) Reiek RD Block. From out of these three, W. Phaileng RD Block was selected and ten villages, out of the Block were selected randomly. The villages are: (1) Marpara (N), (2) Pukzing Vengthar, (3) Pukzing, (4) W. Phulpui, (5) Phuldungsei, (6) W. Phaileng, (7) Dinthar, (8) Damparengpui, (9) Tupuibari-I, (10) Hruidak. From each of the selected villages 10 poor families whose names appeared in the list of BPL Census 2002 published by the Directorate of Rural Development Department of Mizoram were again randomly selected. For extracting primary data, questionnaires were administered among them personally by interviewing them. The same procedure was applied to the other study area, which is Lawngtlai District. From this District, the Rural Development of Chawngte was selected, and the households of the ten villages so selected were then again interviewed for extracting primary data. The ten villages are: (1) Kamalanagar-I, (2) Udalthana, (3) Mondirosora, (4) Montola, (5) Damdep-I, (6) Parva-I, (7) Longpuighat, (8) Kamalanagar-II, (9) K'nagar-III, (10) Ajasora.

Besides, a total of 20 village level representatives of the people, the members of Village Councils, of the study areas were also interviewed. Any one of such members, either the president or the secretary of the Village Council was interviewed as per convenience. The Block Development Officers of the two Districts were also interviewed about the working of the poverty alleviation schemes so as to make information collected from other sources mutually corroborative.

The period of study for the present endeavor is twelve months, or one year. In particular, for getting income data of households who make their living by means of subsistence agriculture, the yearly data are taken into account. The people in this category receive their income mainly in the form of their produce, and they receive them only after the crops are harvested, be it vegetables or food grains. Hence, it is proper to solicit the yearly value, not the weekly or monthly value of their produce as representing their income. Such method enables us that, even if incomes are not received year long, such as weekly or monthly, the monthly or weekly value can certainly be found by dividing the annual value into twelve or fifty two equal parts in order to know the monthly or weekly average. Obviously, the expenditure on their past income, or income of the foregoing year is spread or staggered all through the next year. For the whole sample

population, the value of monthly household consumption on food and other items is mixed with annual consumption taken as monthly average on non food items, so as-it resembles the method of Mixed Reference Period Method (MRPM).<sup>9</sup> Primary data on food consumption for the last one week was solicited. Then the monthly consumption on other non-food items was asked. The expenditure on clothes, travel and conveyances and other miscellaneous items like medicines are collected on the yearly basis. The reference year was then March 2007 to April 2008. Details of information on economic and social attainments, for example, possession of land, housing, durables and educational achievement etc. can be accurately extracted in retrospect, of a period of one year preceding the survey, but it is difficult for people in villages to keep exact account of their income or expenditure beyond a year and hence, for a period longer than one year it is doubtful that meaningful data on consumption and income can be extracted. Although the sample in each of the districts consists entirely of poor households or poor families belonging to the official list of BPL families, there is still the need to construct a Income Poverty Line or consumption poverty line because, other statistical dimensions of poverty like the Poverty Gap Ratio, the Income Gap Ratio, and Intensity Index, the Sen Index and the Foster, Greer, Thorbecke Indices would then be calculated on the basis of the Poverty Line.

### **Poverty Line**

The Poverty Line is constructed by adopting two models. The first one is done with the consideration of basic minimum needs, based partly with the Rowntree model and the NSS 61st Round of Survey. The basic needs selected are food, non-food, clothing, housing or Shelter. Each such selected item of necessity and the required amount is converted in terms of money.

For the minimum Food consumption standard, the norm of minimum cereal consumption of 11.6 kgs per capita per month, recommended by the Indian Council of Medical Research (ICMR)<sup>10</sup> is taken into account. This Minimum cereal Consumption is converted in money term by applying the PDS price of rice per kilogram (Rs. 6.15 for BPL families)<sup>11</sup> for 75 per cent of their consumption, and for valuing the remaining 25 per cent of their consumption, the market rate of Rs. 12 per kg is used. The required expenditure for Cereals is added with other items of food expenditure. These include Cooking oil, Vegetables, Meat, Sugar, Pulses, and Potato. The total of the minimum food consumption per capita per month is Rs. 242.4.



Non-food items consist of House rent, Gas and fuel, (as an item of Fuel, firewood is obtained free of cost in rural areas of Mizoram, and does not constitute an important part of the monetary expenditure), education expenses, electricity, Soap and Detergents, Pan and tobacco, medicines, social and religious expenditure, travel and conveyance etc. The monthly per capita consumption requirement on non-food items is Rs. 90. It is disclosed here that the value of expenditure on Pan and tobacco are excluded for the calculation of the minimum requirement of expenditure, although expenditure information on them is sought, because these items rather than contributing to health are contradictory to 'maintenance of merely physical efficiency'.<sup>12</sup>

Clothing is kept under a separate item of basic necessities. For Clothing, each person is required to have more than one pair of clothes to stay above the minimum need. The money equivalent of having two shirts, two pants and two pairs of footwear is taken into account. Although it is not necessarily the case that all individuals spend exactly the same amount for clothes, we deduce from their expenditure pattern that the per person minimum expenditure on clothing based on the price prevailing in the study period is Rs. 500 per year or Rs. 21.616 per month rounded up to Rs. 22 per month.

For Housing it can be assumed that people can do it with very small expenditure on housing because, housing materials can be obtained free of costs in rural areas. But to build durable and amenable house one has to purchase various industrial products or materials which are of course very costly in rural areas compared to urban areas. We believe it is necessary to spend at least Rupees 10,000 on industrial products like nails and roofing, hinges, and locks. For minimal electricity fitting and connection in the house, at least Rs. 2000 has to be incurred. The minimum amount that a household has to spend per year on housing is about Rs. 1714.28, and with minimal maintenance of about Rs. 150 per annum it has come to Rs. 1864.28. The amount of expenditure incurred is divided by the length of period before a new one may be built, normally after seven years. Based on a family of five persons, per capita per month consumption on housing or Shelter comes to a small amount of Rs. 31.07 which may be rounded off to Rs. 31. Adding up these expenditures on food, non-food, clothing and shelter, we arrive at the poverty line based on the minimum per capita expenditure per month is Rs. 405.4 (rounded off to Rs. 405 or Rs. 4860 per annum. That for a family of five persons works out to Rs. 24,300 per annum at current 2007-08 prices.

The value of the basket of basic necessities which was used to calculate poverty line may be presented in Table 1.1 below. It has to be noticed that the value of the basket of goods fixed as minimum consumption is expressed in current 2007-08 prices prevailing in the rural areas that we study.

Food	Non-food	Clothing	Shelter	Total
242.4	90	42	31	405.4

The second process to derive poverty line is simply by updating the national rural poverty line based on the NSS 61st Round (2004-05) which, in absolute amount of per capita MPCE was Rs. 327. The Planning Commission used the per family per year income of Rs. 20,000 in 1998-99 as rural poverty line.<sup>13</sup> This can also be updated to 2007-08 prices. To do the exercise of updating, we have to make allowance for inflation or price changes. To estimate the price change, the data of 'Gross & Net Domestic Product at Factor Cost by Industry of Origin'<sup>14</sup> at Current Price, and at Constant 1999-2000 prices for six years ranging from 1999-2000 to 2004-05 were used to construct a six year series index of NSDP deflator. After finding out the values of NSDP deflators, a linear trend equation showing the movement of NSDP deflators is again constructed from the six year data. The equation is also used for projecting the index for 2007-08. We did this because the actual figure of Nominal and real NSDP for 2007-08 is not yet available at the time.

Owing to the unavailability of Consumer Price Index for Agricultural Laborer (CPIAL) for the state, the NSDP deflator is the only available and the nearest approximation of price changes. It is also state-specific. However, the possible error is that it may overestimate the current value due to inclusion of items not consumed by rural population. Table 1.1 shows the Nominal and Real NSDP of Mizoram from the year 1999-2000 to 2004-05. The Real NSDP is based on the price level of 1999-2000. Based on the information of the two series, we calculated the NSDP Deflators ( $D_1$ ), from which a linear trend equation is again constructed. This is shown below:

Table 1.2 below is used to construct the linear trend equation of NSDP deflators which is needed for estimating the deflator value of 2007-08. The trend equation of NSDP deflators is:

$$Y=109.64 + 1.64x$$

Year	NSDP Deflators (D)						Estimated Values of D			
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	1996-1999
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
NSDP (1999-2000)	30697	146256	155499	191263	176015	183939				
NSDP (current price)	30697	156728	175199	193268	208337	218116				
NSDP Deflator	100	107.16	112.67	101.05	118.36	118.58	121.1	124.4	127.6	98.16

NSDP Deflators are calculated from Nominal and Real NSDP data obtained from Economics & Statistics Department, G.O.M

Year	x	y	x <sup>2</sup>	xy	Trend Value
1999-2000	-5	100	25	-500	101.44
2000-2001	-3	107.16	9	-321.48	104.72
2001-2002	-1	112.67	1	-112.67	108.00
2002-2003	1	101.05	1	101.05	111.28
2003-2004	3	118.36	9	355.08	114.56
2004-2005	5	118.58	25	592.9	117.84
Total	0	657.82	70	114.88	657.84

Using the equation above, the price index for 1998-99 ( $D_{98-99}$ ) is calculated to be 98.16 and that of 2007-2008 ( $D_{2007-08}$ ) is 127.68, shown in Table 1.2. If we were to use a family annual income of Rs. 20,000 in 1998-99 as the poverty line following the Ministry of Rural Development, we can update this poverty line by using the estimated deflator for 2007-08. Thus, we can see that an income of Rs. 20,000 in 1998-1999 is equivalent to Rs. 26,014.66 in 2007-2008. This may be rounded off to Rs. 26,000. We can also use the same index to update rural poverty line: a monthly per capita expenditure of Rs. 327 in 2004-05. It is seen that if we take 2004-05 as the base, the index for 2007-08 becomes 107.67 and therefore, the updated figure for the year is Rs. 352.08, rounded off to Rs. 352.

### Secondary Data

The primary data have been supported by secondary data obtained from various government publications. For secondary data, those covering the period, from 1999-2000 to 2007-08 are used as and where they are relevant. The "BPL Census 2002" published by the Directorate of Rural Development Department has been used as the principal reference on the number of poor households in both the Districts, as this publication contains the list of households living in

poverty. Other publications from which secondary data are obtained are, 'Statistical Handbook- Mizoram', published from time to time by the Directorate of Economics & Statistics, and the Census result on 'Census of India 2001: Final Population Totals', 'Provisional Population Totals Paper 3 of 2001' subtitled 'Distribution of Workers and Non Workers' published by the Director of Census, Mizoram. Other publications by the Economics & Statistics Department used as secondary database are the 'Annual Reports on the Working of RBD Act 1969', 'Socio-Economic Review Mizoram 2000-01', 'Village Level Statistics of Mizoram 2003' and the 'Economic Survey, Mizoram 2007-08' etc. The present work ubiquitously refers to these publications for getting the data or information on macro parameters like area, population, number of households, literacy level of the districts, health and educational achievements etc. of the state of Mizoram.

### Review of Literature

In undertaking a poverty study, a micro level study or approach to the problem is often more inviting and warranted in order to have deeper understanding of poverty. To quote Griffin and Khan (1978), "Poverty is associated with particular classes or groups in the community, e.g., landless agricultural labourers, village artisans, plantation workers etc. Yet most theories and models are couched in terms of *atomistic households* in a classless society. This neo-classical assumption is closely associated with the assumption of the universal harmony of interest. We do not believe it is possible to get very far in understanding the problems of the Third World until it is more widely accepted that there are classes in society and that the interests of the various classes often are in conflict".<sup>15</sup>

As corroborated by the above, poverty is visibly associated with caste and social hierarchy in India. This is recognized by the Government and accords reservations for Scheduled Tribes and Scheduled Castes through Constitutional provisions (Art. 330, 332, 335, 243T etc.). And whether poverty being related to low social status is merely an association or a causal relationship is a matter of deep concern. Because as can be seen till recently social discrimination is raising its ugly head in India despite years after the adoption of the Constitution which resolved to secure to its citizens, JUSTICE, social economic and political and EQUALITY, of status and opportunity.

Bania (1992) while exposing the socio-economic conditions of the Scheduled Castes in Assam wrote that the lower categories had been burdened with unpleasant and unclean jobs and subjected to

social disabilities. They had no alternative but to bear with depressing status in society because of their poor economic condition and lack of enlightenment. For hundreds of years, the caste conscious people have continued to persecute their fellow citizens to so many hardships in the way of their physical, moral or mental progress. Several traditions, social conventions and customs have been so clearly formed as to leave very little scope for their emancipation. The very rudimentary rights of a human being were denied to them. He further stated that the socio economic problems of the backward communities, the Scheduled Castes in particular are characterized by lack in education, its facilities, absence of ownership of productive resources, extreme dependence for livelihood on agriculture, uneconomic indebtedness and poor participation in secondary and tertiary sectors. Besides, their share in the affairs of the administration both in the State and Union and also in the general economic development projects of the country is still inadequate. As such, their economy is bound to be backward with low per capita income which is attributable to the paucity of productive facilities, capital investment, social and economic infrastructure and of public health facilities.<sup>16</sup>

Das (1992) stated that the Scheduled Castes in Assam are at the bottom and socially inferior to all others in the entire community. She also stated that the Scheduled Caste, by and large, are landless agricultural and casual labourers doing menial jobs. Their educational upliftment are kept at bay by the insincere attitude of the implementing authorities and opportunities provided by the government for the Scheduled Castes are not reaching the hands of the real needs for which the economic conditions are still in a shattered state. Even the pre matric and post matric scholarship awarded to the SC students are not given in time and those assistance reach the hands of the students only after their education is complete.<sup>17</sup>

Kamal Das (1992) listed out eleven causes leading to poverty and socio economic backwardness of the scheduled castes of Assam who he said were mostly landless and residing on river banks. According to him, the causes of their poverty are absence of real and sufficient education, Indebtedness which are incurred even for survival and social obligations, outmoded or traditional technique of production or occupation, landlessness which prevents them from following meaningful agricultural production, administrative problem which prevents them getting their rightful share of subsidies and loans, lack of information and communication among the scheduled

caste people about different schemes offered by the Government, ineptitude of the Directorate of Welfare of the Scheduled Castes, absence of small scale industries, unemployment lack of dynamism and orientation, lack of social and physical environment like health centres, schools, road and communication.<sup>18</sup>

Nambiar (1992) in his study of poor households in Palakkad district of Kerala selected 142 households and grouped the poor population into four categories as Ezhavas, Muslims, SC/ST, Other Hindus and he observed that out of the 142 sample households, there were 60 households who are destitute, the poorest of the poor 22 were from SC/ST i.e. 52.38 per cent and 29 households (43.94 per cent) were Ezhavas. He found that the highest incidence of destitution was among SC/ST as 52.38 per cent of total SC/ST households were destitutes. He also observed that the causes of poverty in the district were assetlessness, lack of education, dependence on wage income, high dependency per worker, unemployment, and low wages.<sup>19</sup>

Gaur (1988) studied the case of poverty in Rajasthan. He selected Bharatpur district and out of that, three tehsils known as Bharatpur, Dholpur and Bari were chosen on random sampling basis. 458 households both from urban and rural areas covering 20 villages and 2 towns constituted the samples. Poverty line was constructed on the bases of (1) Minimum Needs Approach which took into account basic consumption necessities, namely food, clothing and Housing. (2) Minimum Calorie Consumption Method. The Minimum expenditure per capita per month for rural areas and urban areas were found to be Rs. 99 and Rs. 104.10 respectively. The Minimum calorie requirement, obtained through application of Gopalan's standard was 2845.48 for rural workers and 2506.48 for urban workers. The measure of poverty through calorie requirement approach indicated that 11.13 per cent of the households and 12.05 per cent of the sampled population were found to be below poverty line. On the basis of Minimum Needs Approach, 21.17 per cent sample households or 24.28 per cent sample populations were found to be below poverty line.<sup>20</sup>

Dewan and Acharya (2005) in their studies of the three districts of Maharashtra –Nandurbar in Khandesh, Yavatmal in Vidarbha and Jalna in Marathwada looked at the ground level situation of most disadvantaged sections like Scheduled Castes and Scheduled Tribes in the districts getting the lowest development ranking. Dewan and Acharya presented livelihood perspective for viewing poverty in its

societal and environmental contexts. Dewan noted that income levels are abysmally low in Nandurbar. It is only Yavatmal that provides an annual income per capita of Rs 10,000 to its residents. The working condition of brick industry labourers in Yavatmal and that of Nandurbar reveals harsh livelihood conditions. Low wages, unfavourable working conditions especially for women, high unemployment, traditional method of agriculture and sub-optimal land use, lack of infrastructure in respect of transport, roads, information and communication are prominent among the problems. Lacking secure livelihood and unable to invest in their own education, health and skills, they remain on the periphery as helpless onlookers of development process which bypass them. The major source of livelihood in all selected districts is the primary sector although its contribution to both GDDP and NDDP is either low or declining. Literacy rates in the selected districts are much lower than the state average and there are wide gaps between male and female literacy. Regarding health, Dewan reported under nutrition and water unfit for drinking have emerged as the major reasons for the widely publicized death of children in both Nandurbar and Yavatmal.<sup>21</sup>

It can be argued that environmental degradation accentuates rural poverty but at the same time, it is also argued that poverty is a cause of environmental degradation. Chattopadhyay (2004) studied the linkage between poverty and environmental degradation by selecting six districts of the coastal zone in Kerala. By assigning Low, Medium and High Ranking to the districts on ecology based on conservation and management, nature of threat, regional habitat unit's quality, and comparing the ecological ranking with poverty which is also classified as Low, Moderate, and High, he found that Kunnur district which is ecologically high ranking has the lowest incidence of poverty. Allapuzha district with ecological condition rated at Medium has recorded high incidence of poverty. But at the same time, he emphasized that this spatial association is not necessarily due to cause-effect relationship as the underlying factors causing poverty and environmental degradation may be entirely different. It was also observed that many of the panchayats in the selected districts with relatively stable ecological condition have high incidence of poverty and his finding suggested that the relation between poverty and environmental degradation is not direct and that factors contributing to environmental degradation and those causing poverty are not necessarily the same.<sup>22</sup>

Touching upon poverty scenario in North East India, Sengupta



(2000) gave a comparative picture of poverty for the seven states. Instead of using per capita income or per capita consumption on food, clothing, shelter or even education, she chose the following indicators as unemployment, government expenditure per head on health services, education and other services, per capita availability of doctor, hospital, and literacy rate. It was argued that these indicators offer better comparability than the use of per capita private expenditure and income. The study was attempted to focus attention on the extent and level of poverty of the various constituent units of the North Eastern Region. The study analyzed the scenario with the situation as was prevalent in 1991 so as to capture the essence of the extent of poverty of the states of the region. The study revealed that unemployment was the highest in the states of Assam followed by Tripura despite the fact that Assam had one of the lowest rates of population growth. It was stated that high growth of population was attributed to high unemployment in Tripura but not in Assam as Assam had reached the saturation level as far as employment generation was concerned. Thus using unemployment as an indicator of poverty, health services in terms of hospitals and doctors is the poorest in Assam and that the position of other hill states seemed to be relatively better, but things may go out of hands unless steps are taken to control the growth rate of population. And using the per capita expenses by the government on health services the study revealed that health services in terms of hospitals and doctors were the poorest in Assam. Consequently the state also registers the highest death rate in the region. Mention was also made about the highest death rate being recorded in Arunachal Pradesh for the year 1991 which could be due to poor medical facilities warranted by the lowest per capita expenditure on health, though the state is relatively better off in terms of the number of people served by hospitals and doctors which could be due to the sparse population of the state. Analysing similar data for the state of Tripura, it was found that the indicators of health services for the population were not too encouraging. Further, it was also argued that investment in education is an important factor which is left in the hands of the government and it has tremendous potentiality to determine the quality of life available to the masses. It was revealed that Assam had the lowest per capita expenditure on education followed by Manipur and Meghalaya. Consequently the literacy rate in the state too was one of the lowest in the region. It was also highlighted that educational expenditure per head as well as literacy rate was the highest in Mizoram and the state tops the list in terms of employment too. This prompted her to conclude that



there is a positive correlation between expenditure on education, literacy rate and the employment rate.<sup>23</sup>

A direct fallout of poverty is the poor condition of living and shortage of houses giving rise to slums and unhygienic living conditions and increasing the misery of the poor and mostly associated with urban poverty rather than with rural poverty, the cases of which were most acute in Assam followed by Tripura. Judging from the selected indicators as revealed by the trend, Assam emerged as the most poverty stricken state followed by Tripura. The study also highlighted the fact that Assam spent the lowest amount of money per person both in terms of state Plans as well as Central assistance followed by Tripura and this was suggested as the possible cause of prevalence of poverty. But a disturbing observation was that Arunachal Pradesh despite having the highest per capita expenditure on social services continues to be a poverty stricken state and it had the highest death rate, and also lowest literacy rate. On the other hand such variations showed a favourable trend both for Mizoram and Nagaland, the states which are most favourably placed in terms of indicators of poverty measurement. It was again observed that as far as other hill states of the region are concerned, the position of Meghalaya and Manipur seems to be disturbing. In Mizoram and Nagaland, the level of poverty may increase in the future if the growth rate of population is left uncontrolled.<sup>24</sup>

Satapathy (1991)<sup>25</sup> studied the case of poverty among the marginal farmers in Orissa. He selected two villages, Kakesing and Hatapur of Ganjam district the first of which is unirrigated and the latter is irrigated. Data relating to 1988-89 crop season were collected from the two villages to form primary data. Out of the two villages, a random sample of marginal farming households was selected. 17 households were from Kakesing and 16 households were selected from Hatapur. The socio-economic status of the households regarding the household size and working members was surveyed from the households and it was found that the household size was larger in irrigated village of Hatapur than that of the unirrigated village of Kakesing. The number of working family members was found to be larger in the unirrigated village. He stated that although marginal farmers category includes all holdings below one hectare, yet in Orissa scene, the holding size on an average is hardly 0.5 hectares only. And because of the tiny size of their holding and its uneconomic nature, they do turn to landless labourers. He observed that because of the low level of employment and low income and poor scope of

alternative avenues of employment, the marginal farmers lie much below the poverty line.

An unpublished Ph.D research entitled "Levels and Patterns of Living in Rural Mizoram: A case study of Lunglei District" was done by C. Lalmuankima<sup>26</sup>. The study had as the objectives (i) to ascertain the incidence of absolute poverty and relative poverty in Lunglei District (ii) to estimate the extent and magnitude of both absolute poverty and relative poverty in the rural villages of Lunglei District (iii) to assess the consumption and living patterns of the people in the study area and (iv) to suggest suitable policy measures to combat the twin problems of rural poverty and unemployment. Out of the existing four Rural Development Blocks, three villages were selected from each of the rural development blocks, making up a total of twelve sample villages. In order to obtain primary data, a brief structured schedule covering a household's level and sources of income during the 365 days preceding the time of survey, and the pattern of consumption during the last 30 days was 'canvassed' by him with the help of a trained and experienced investigator. Poverty line used for the study was based on the Planning Commission's figures. It was stated that one of the main objectives of this study was to estimate the level and extent of the incidence of both absolute and relative poverty at the village, rural development block, and district levels in the Lunglei District of the state of Mizoram for the year 1997-1998. This can be taken to mean that the reference year was 1997-98. It was again stated that the Planning Commission defined the Poor as those households whose average monthly income per head of the family as less than or equal to Rs. 280.70. Based on this PC figure and taking the average household in Mizoram to consist of 5 persons, the Poor household was defined in the study as those receiving an annual income of less than or equal to Rs. 17,000. Poor Households were further classified into four categories as: (i) 'Destitute' households- those receiving Rs. 6016 or less annually, (ii) "Very Very Poor" households- those receiving an income of more than Rs 6016 but less than Rs. 9297 annually, (iii) "Very Poor" households- those receiving an income of more than Rs. 9297 but less than Rs. 12,750 annually, and "Poor" households- those receiving an income between Rs. 12,751 to Rs. 17,000 annually. Following this classification, it was observed that 'Destitute' households constituted 8.77 per cent of the sample households. 'Very very poor' households made up 18.04 per cent of the total sample level. 'Very Poor' households constituted 32.48 per cent and 'Poor' households

constituted 40.71 per cent. Block-wise comparison of Poverty Indices was also given. Such indices used were: Mean Annual Income of the Poor, Gini Coefficient, Poor's Head Count Ratio, Poverty Gap Ratio, Modified Sen's Poverty-Gap Ratio, Distance of Poor's Mean Annual Income from the Poverty Line, and percentage of Households in the "Poor" category and, percentage of households in the "Poorest" category. The comparative table however showed only the lowest and the highest scores in each of the so called poverty indices.

'Rural development in Mizoram' by Kalpana Das (2004) is based on her Ph.D thesis<sup>27</sup>. This publication deals mainly with the working of IRDP in Mizoram as the poverty alleviation programme. The area of study for getting primary data in this work was the Aizawl District and the reference year was not specifically reflected. Out of the twelve rural development blocks in the District, three were selected for the purpose of IRDP beneficiary survey. From out of the three rural development blocks, one village each was selected. These villages were: (i) Sihphir South, of Tlangnuam RD Block (ii) Seling, of Thingsulthliah RD Block and (iii) Sateek, of Aibawk RD Block. It was candidly stated that these have been chosen on convenience sampling method. From each of the three villages so chosen, 15 IRDP beneficiary households each were selected making the total sample size of 45 only. Among other things the study surveys the existing rural development programmes in Mizoram covering both the state-initiated and centrally sponsored programmes. It also outlines the administrative and procedural dimensions of IRDP and presents a detailed account of the actual working of IRDP's administrative set-up, along with the implementation process in Mizoram. Other important dimensions such as the beneficiary participation and beneficiary-administration interface, the role of voluntary organization for organizing beneficiaries, and the perception of the grass root bureaucracy regarding obstacles to the implementation process, suggestions for improvement of the working of IRDP etc. are dealt in this publication.

Inflation reduces the purchasing power of the people as a whole, but the poor are the worst sufferers. A study of the working of Public Distribution System was done by Zonunthara<sup>28</sup> who selected Aizawl district for the study area. His study revealed that PDS system in Mizoram is instrumental in checking or preventing the prices of food grains from increasing. It was shown by him that as a result of the operation of PDS in the study area, the open market prices of food grains have been stabilized, and therefore, not only the poor alone,

but also the non-poor are benefited by the system of PDS. That is, the external economy of the system is enjoyed by all sections of the society. The benefit of stable prices of food grains was generalized to apply to all parts of the state.

### **Objectives of the Study**

The present study is conducted with the following objectives:

1. The study attempts to establish the link between income of the household units and the type of employment, the status of employment etc.
2. The study tries to find out the economic role that the forests and natural environment play to the rural poor.
3. To examine the effect of education on poverty.
4. To examine the role that Village Council plays among poor families.
5. To examine the role that Government plays towards poverty alleviation and employment.
6. To examine the level of living, health and sanitation, and find out the linkage between these and diseases, mortality etc and ascertain the common diseases among the poor.
7. To classify the main economic activities, and consumption pattern among the poor.
8. To examine rural-urban connection in matters of employment, migration.
9. To examine the level of community participation among the poor.

### **Hypotheses**

The following hypotheses are conjectured which are to be substantiated by empirical findings or results of the study:

1. The low level of employment in rural areas generates poverty.
2. There is a high level of inequality in income and consumption among the poor.
3. The proportion of income spent on food is high among the poor.
4. Illiteracy and poverty are positively correlated.
5. Rural poverty leads to rural-urban migration.
6. There is incidence of Capability poverty in the rural areas.

7. The Government poverty alleviation programmes are carried out effectively and they are instrumental in alleviating poverty.

#### FOOTNOTES

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