

Socio-Economic Status of the Rural Poor: A Case Study of Bihar

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Abstract

Poverty reduction via formation of community-based organizations is a popular approach in regions of high socio-economic marginalization, especially in South Asia. The shortage of evidence on the impacts of such an approach is an outcome of the complexity of these projects, which almost always have a multi-sectoral design to achieve a comprehensive basket of aims. In the current research, we consider results from a rural livelihoods program in Bihar, one of India's poorest states. Adopting a model prevalent in several Indian states, the Bihar Rural Livelihoods relies on mobilizing women from impoverished, socially marginalized households into Self Help Groups. Simultaneously, activities such as micro-finance and technical assistance for agricultural livelihoods are taken up by the project and routed to the beneficiaries via these institutions; these institutions also serve as a platform for women to come together and discuss a multitude of the socio-economic problems that they face. The poor performance of Bihar may be attributed to low human capital, weak institutions and poor infrastructure coupled with political instability and social conflict rooted in sectarian politics based on caste, class and ethnic division.

Keywords: Economic growth; resources endowment; government policy, Bihar

1. Introduction

It is well recognized that poverty may be caused by external shocks, but are perpetuated by unavailability of credit, malnutrition, inadequate coverage against future shocks and limited access to stable sources of income, among other factors. Such factors contribute to a self-reinforcing vicious cycle of poverty, and it is obvious that policy makers would realize that to break this cycle, a multi-sectoral approach is necessary. It is worth noting that having the expertise to tackle each factor may be beyond a particular project. This implies that a possible multi-sectoral design must involve several entities, build synergies among them, and have a high-powered top management guiding this 'development consortium'. The other approach is to identify a 'nodal' entity which has core competencies in some of the key interventions, and ensure the liaison of other entities with the first to converge on other interventions. It is not necessary that the other entities be NGOs; one can imagine a situation that these are institutional platforms of the poor created by the 'nodal' entity to articulate demands for poverty reduction. The maintained hypothesis is that these institutional platforms will identify the key stumbling blocks to socio-economic improvement and would demand appropriate remedies from the nodal entity. Given the vast geographical area, ecological-cultural diversity, and deep-rooted social stratification, spatial inequality is one of the important features of poverty scenario in India. Not only that there are significant inter-regional variations, but there exist a large number of spatial poverty traps characterised by the four major categories of regions: remote, low potential or marginal, less favoured, and weakly integrated. In fact, there is often a significant overlap among these categories of spatial poverty traps. The multiple and mutually reinforcing disadvantages or deprivation faced by most of the spatial poverty traps has lead to reproduction of poverty as manifested by the fact that incidence of poverty in these regions continue to remain significantly high in terms of absolute levels as well as comparative ranking. Since a large proportion of India's poor live

in rural areas, poor natural resource endowment or access thereof is among the most important driving forces that sustain and drive initial poverty into long duration and multi-dimensional poverty conditions. Notwithstanding the marginal improvements, poor people in these regions find it particularly more difficult to exit poverty owing unholy alliance between poor agronomic potential and limited scope for diversification within rural economies; weak infrastructure and remoteness; and social or political marginalisation. To a large extent these areas, located mainly in central-eastern regions, are characterised by forest dominated economies with limited entitlements to the relatively rich natural resources; belong to socially marginalised communities such as scheduled tribes and castes; low level of industrial growth and market development; lower attainment in terms of health and education and the higher population growth; and above all, feudal characteristics of the state. This kind of spatial concentration of poverty is also found within states like Maharashtra and Gujarat that are highly industrialised and economically developed. There are of course, exceptions to this larger pattern. There are instances of forest economies especially in the North-Eastern states where poverty is not so widespread or acute, mainly because of the relative absence of social stratification. Strangely, incidence of poverty is generally lower among areas with low agronomic potential such as dry land regions located in large parts of the western-southern regions in the country. Historically, these regions are prone to transient poverty with occurrences of droughts. But the scenario is likely to change fast as some of the most critical coping strategies such as ground water irrigation or out-migration are likely to fail. One of the important manifestations of the changing scenario is the growing urban poverty in the regions where rural poverty is low. Hence, viewing in a dynamic context, many of the dry land regions in India are likely to fall into a deep spiral of chronic poverty. Another important category consists of those areas that are caught in long drawn social political conflicts, making it almost impossible to trigger the processes of economic growth and/or formation of human capital. Such pockets are located in several pockets across many states like Assam, Bihar, Manipur, Jammu and Kashmir, parts of Andhra Pradesh and now even Orissa. Obviously, there is no strictly uniform pattern nor, there are uniquely distinct situations. The generalisability of the pattern reduces, as one moves from macro to micro contexts. Hence, both have important bearings on how the policies actually get unfolded at the level of specific spatial contexts. The state policies in India have a long history of addressing the issue of developing 'backward areas', defined by using multiple categorisations. These policies, at best, have achieved only limited success. Apparently, the reasons for limited success are twofold: First, the central focus of the policies has been on 'mainstreaming' these areas into the larger processes of economic development as against addressing the very root cause of poverty and reproduction thereof. The second reason pertains to the fact that most of the policies have stopped at making special financial allocation for the 'backward areas' without ensuring institutional-organisational-administrative machinery in place in order to use the funds effectively. An associated aspect to the second reason is that most of the funds for development of backward areas come from the Central Government. While this helps ensuring committed flow of funds irrespective of the financial conditions of the state (which is often very poor), it in fact bypasses the critical processes of contestations and negotiations among chronically poor, transient poor and the relatively better off or the affluent at the level of the states, which in fact is at the helm of implementing the funds received from the central Government. The recent initiatives by the Planning Commission of India for giving special priorities to the most backward and also conflict afflicted districts in the country, though laudable, seems to be following the same pattern. The need therefore is to re-examine the policies of economic development both at macro as well as micro level. There is certainly a need to do away with planning only at macro level. The micro level context of the spatial poverty traps has to be the basis for developing strategies for development, especially for agriculture and human capital formation, at macro as well as micro level.

2. Poverty among States and Regions in India

According to the recent estimates, poverty (head count ratio-HCR) in India has declined from 36.02 percent in 1993-94 to about 28.27 per cent in 2004-05. The rate of decline in poverty works out to be 0.7 percentage point per annum, which fell from 0.85 during the previous decade i.e. during 1983 to 1993-94. The spatial concentration of poverty however, has remained more or less same. Whereas the top five states having incidence of poverty during 1983 were: Orissa, Bihar, and West Bengal (with almost similar poverty ratios), Madhya Pradesh, and Uttar Pradesh, more or less the same states continued to top the list of states (See Table 1). By 2004-05 West Bengal got out of the list of the five poorest states, replaced by Maharashtra. Together the top seven states during both the years, constituted nearly 74 per cent of all the poor during 1983, which has increased to nearly 78 percent by 2004-05. Overall, there has been an increase in concentration poor among the major states in the country. The increase in the state's share poor population has been registered by five out of the seven states except West Bengal and Tamil Nadu.

Table 1: Concentration of Poverty among Major States in India

1983				2004-05		
States	HCR	Rank	% share	HCR	Rank	% share
Bihar	62.71	2	14.65	41.53	2	16.53
M.P	49.23	5	8.67	37.41	3	10.76
U.P	46.95	5	17.43	33.24	4	20.98
W.B	53.61	4	9.88	25.67	6	7.26
Orissa	65.41	1	5.71	47.08	1	6.03
All India	44.93		100	28.28		100

3. Correlates of Poverty among Different Categories of Regions

Correlates of poverty have been examined by using 16 variables representing natural, human, and physical assets along with economic development. While most of these variables are estimated at district level, we have used them to derive regional estimates by applying appropriate weights. There are of course limitations in using district level estimates for variables like extent of irrigation, waste land, and forest area as these estimates are based on Land use data, which often do not capture the ground reality. Given these limitations, we have tried to capture some broad pattern of correlates of income poverty across three categories of regions, which could be considered as predominantly Forest based, Dry land, and other. The variables used for the analysis pertain to socio-economic and natural resources, for which district level estimates were readily available. It is observed that at macro level, i.e. for all the regions taken together, poverty is significantly associated with natural resource endowment in terms of irrigation along with land and labour productivity on the one hand, and electricity, and infrastructural development on the other. Higher land and labour productivity in agriculture in turn, also induces rural (male) wages to rise, which in turn has a poverty reducing impact. To a large extent, this confirms the existing evidence on the critical role of agricultural growth in poverty reduction brought out through more sophisticated analyses at the all India level. Incidentally, rural poverty is found to be closely associated with urban poverty at regional level. Do the same dynamics operate in each of the RRAs, i.e. dry land and forest-based regions?

4. Households and their Coping Mechanism

It is hypothesised that physical remoteness may exert significant impact on some of the basic features such as literacy, access to health services, employment and income, the impact may not be substantial, especially within a micro setting, where the difference in physical remoteness is not so significant. Moreover, the impact may not be realised in a predominantly tribal setting such as that in the villages covered by the study, where the economy is still at a mere subsistence level, and marketisation is fairly low. A typical household in the village is either landless or operates a very small holding. Members of such households collect various minor forest produce during most parts of the year, seek wage labour in and around the village, visit weekly markets for small purchases such as to obtain grains available from public distribution system, indulge in drinking country liquor (and of late the branded ones) (in the case of adult males), and seek credit for incurring substantial expenditure on social functions, food grain procurement and health services. While one third of the households do not own any land, about 17 per cent of the sample households reported encroachment on public land. This consists of both-landed as well as landless households. With an average land holding size of 3 acres as owned land by these forest dwellers, it is not a problem of access, but of the quality of land titles, since a large proportion of land is un-surveyed. JEEViKA was unable to change the number of income earners in beneficiary households, irrespective of the income being seasonal or year-round. Now, this may not signify absence of impacts once we recognize that JEEViKA does not provide employment opportunities, but attempts to expand livelihood options (an avenue of generating income). Thus, income earners in the beneficiary household may either allocate more time to their existing livelihood(s) or substitute towards a better livelihood option generating higher net income. Due to the retrospective nature of the instrument and the difficulty in collecting accurate income figures from rural India, we do not ask for income earned for each past and present livelihood. Rather, we look at the livelihood activities (by season) and attempt to infer something from that. The results on the shifts away or toward a particular livelihood option are generally non-robust, and small. However, there is a robust result for animal husbandry as an option; 0.5 % treated households are shifting towards animal husbandry as a primary livelihood option, across most algorithms and all specifications. The Social and Agrarian Framework: Caste, Class, Land and Assets Historically Bihar's exploitative agrarian relations bore much responsibility for rural stagnation and poverty. They are inextricably linked with caste, class and landholding – the three major, visible dimensions of inequality in rural Bihar. Class, caste and land all have distinctive impacts on economic behaviour, with class the strongest factor overall. In the last 30 years there has been substantial change in the class pattern. Attached agricultural labour, which accounted for one-sixth of all households in 1981 have virtually disappeared. While landlords are in sharp decline, casual agricultural labour and poor peasants are increasing. The overall pattern of landholding is changing. In the last 3 decades, landlessness has increased but remains concentrated among Scheduled castes, OBC I and lower Muslims. At the same time, the overall distribution of land has become less unequal, but more than half of the rural population remains landless. Among Forward castes, those who were previously landlords have diversified towards non-agricultural occupations; middle castes have gained land relative to upper castes and maintained their position overall; and backward and scheduled castes have benefited from the end of bonded labour but only a few have become small cultivators. Many Yadav households have increased their landholdings, and have moved up from the categories of marginal farmer and landless. Some Kurmi and Brahmin households have moved down, while others have broadly maintained status quo. The proportion of land leased has remained stable in the last 30 years, at about one-quarter, but fewer households are leasing in, so the average amount of land they lease has increased. Leasing in of land remains widespread among those owning small plots of land, especially very small plots, and constitutes a significant fraction of the area they cultivate. Tenancy increasingly reflects market relationships and the strength of the middle castes rather than semi-feudal exploitation, although sharecropping persists as the dominant mode. Upper castes lease in little land, but middle castes, especially the Yadavs, lease in a great deal, reflecting their importance in agricultural

production and growth. While the proportion of households renting in land has fallen for the population as a whole, about a fourth of Scheduled Castes and OBC I households still rent in land. Overall household assets in rural Bihar are extremely low. Land accounts for 70 to 80 per cent of all wealth, and housing most of the rest. There are large differentials in asset holding by class, work status, education and the age and sex of the household head; differentials by caste and region are smaller. Over the last 30 years average asset holdings have increased for all caste/community groups, but proportionately gains are largest for Scheduled Castes, OBC I and Yadavs, and smallest for upper castes and middle castes other than Yadavs. These differences among castes in the long-term change in asset holdings are greater than differences between classes, on average; so, the caste pattern of asset inequality is changing faster than the class pattern. There has been a substantial increase in domestic assets, and land values have risen, but much less increase in productive assets and livestock. Some assets such as bicycles and mobile phones are found in all population groups, reflecting changes in life-styles. Access to credit is very strongly related with existing household assets. Credit flows are very weak – an average loan of only Rs 9500 per household. Loans, especially institutional loans, like assets in general are highly concentrated on richer households.

5. Migration

The migration from rural Bihar is high and has steadily increased in the 30-year time period under study. The proportion of migrant workers to total workers increased from 15.7% in 1998-99 to 25.5% in 2009-10. The incidence of migration is higher for the backward districts of North Bihar, in comparison with the better off districts of south Bihar. However, there are significant differences in the duration of migration, work status and occupational profiles of migrant workers of the two regions. Migration is predominantly for work, overwhelmingly to urban areas outside the state. Migration for work is predominantly male; female migration for work is negligible. Migration streams are dominated by young men. Almost three quarters of migrant workers belong to the age group 15-35. The 2009-10 survey reveals that the duration of migration varies significantly among migrant workers. More than half of all migrant workers migrate for a period greater than 8 months. Another 43 per cent of the migrant workers migrate for three to eight months. Only 6 per cent of the workers migrate for a duration of less than 3 months. The nature of migration has moved from seasonal to longer term overtime. The proportion of long-term workers has increased in the migration stream from 40.0 per cent to 48.6 per cent from 1998-99 to 2009-10. At the same time, the proportion of households with temporary migration increased from 19.4 per cent in 1981-83 to 22.6 per cent in 1998-99 to 35.0 per cent in 2009-10. Among socioeconomic groups, the incidence of migration is the highest among Muslims, followed by the forward castes, OBC I, SC/ST and OBC II, respectively. By class, migration tends to be higher among non-agriculturalist and landlord households. Ownership of land, and the size of the land owned has a bearing on migration. Migration tends to be higher among the landless in poorer districts, as well as among large landowners in the better off districts. Household size varies significantly between migrant and non-migrant households. Across all caste, class and land categories, migrant households have more members than non-migrant households. The difference is most marked by caste, for upper caste, by class, for landlords, and by land size owned, for large landowners, which also had the highest intensity of migration. Almost three-fifth of the total migrant workers have little or no education. At the same time, the incidence of migration is the least for illiterate workers, and it keeps increasing with higher educational attainment. Male migration has been quite a catalyst in enhancing women's mobility, especially in some conservative communities. Women are more mobile today than they have been in the past. While migration of men has brought about profound changes in women's lives in rural Bihar, patriarchy and caste continue to be institutions which define and govern them in a fundamental way.

6. Living Conditions, Exclusion and Poverty

Facts and Perceptions The living environment in rural Bihar remains poor, with over half of houses still kaccha. Still, there have been significant improvements in housing over the last 30 years, mostly among upper classes and in more advanced regions. About 80% of the surveyed households did not have an electricity connection, and even the most advanced districts reported only one-third of the total households with electricity connections, with class as the strongest marker of access. As noted earlier, sanitation remains a black spot in the survey villages. Open defecation is the norm and only a small minority of the households have toilets. Again, both caste and class are markers of access. Drinking water facilities have improved and most people now have adequate access to handpumps. At the same time, there is some seasonal distress in some villages, and households have to resort to using alternative sources of water such as wells and ponds. There is widespread social exclusion, which is most visible in exclusion from land of lower caste groups. Scheduled Caste households average 81% landless, and OBC I, 65%. Livestock, on the other hand, is more widely distributed. Households with mainly older members are particularly vulnerable to exclusion and to adverse inclusion (excessive work), and women remain excluded from many domains. Female headed households report higher proportions of exclusion from land and livestock. Less than half of household's report employment shortfalls as a major problem. This relatively positive view reflects access to employment through migration. However, migration for work is confined to men, and opportunities are segmented between the landless and illiterate, who migrate for casual wage work, and better off groups who obtain regular employment. Schooling has improved greatly at primary level, where enrolment differences between socio-economic groups and between girls and boys are now small. But the differences re-emerge at secondary level, and in the regularity of schooling, where upper castes in particular do significantly better. There is widespread perception of improvements in income, employment and living conditions over the last decade, similar for all caste and class groups except for housing where the sense of improvement is stronger among better off groups. The perception of this improvement is much stronger than 10 years ago, and especially compared with the early 1980s when the majority of people perceived deterioration rather than improvement. There is much less agreement about improvements in health conditions, reported negatively by a substantial minority. In order to identify poor households for policy targeting, multidimensional measures of poverty are needed rather than simple measures of consumption and calorie intake. However, the existing multidimensional BPL measure is extremely inaccurate and unreliable. Village level indicators of poverty, such as distance from various facilities, vulnerability to crisis, agricultural output, land quality, household size, and caste, among others, can provide a useful guide to needs and deprivations of the populations concerned and offer an alternative to individual poverty measures for targeting purposes.

7. Emerging Perspectives for Policy

The findings from the survey offer some perspectives for both policy and research. The first perspective, for policy, is that notwithstanding improvements in poverty and levels of living, the productive capacity of the local economy remains very low. This lack of an overall perspective on rural development needs to be addressed urgently. It needs to incorporate efforts to devise effective programmes for the development of irrigation, and for ensuring regular supply of electricity to all parts of the state. Further, these efforts need to be actively complemented by a larger flow of institutional credit, particularly for smaller farmers. Second, given the extremely small size of farm holdings, there is need to develop a suitable strategy to ensure crop and livelihood diversification. In the medium and long terms, there should be a strategy for the transfer of labour from agriculture to non-agriculture activities, both in the villages and urban areas. Thus, there should be a strategy to develop the market towns and small towns as important centres with stronger linkages with rural areas in the form of markets, processing of agricultural products and services. Third, related to the aforementioned point, given the high levels of tenancy in the state, effective security of tenure must be ensured,

so that tenants have an incentive to invest in agriculture, and have access to credit. Fourth, given that such a high number of people from the state out-migrate, and migration has been a key driver of social and economic development in rural Bihar, special policy attention needs to be given to migrant workers.

8. conclusion

Bihar is classic examples of how a rich natural resource-based economy can be caught by a low-level equilibrium trap. This study analysed the underlying causes of low levels of development of Bihar. The analysis revealed that a host of interacting factors ranging from social and economic to historical and political directly or indirectly influenced the development path and pace of Bihar. The causes of poor economic performance of Bihar can be traced back to British colonial policy that not only created an intermediary exploitative class through Permanent Settlement, but also destroyed local knowledge-based industries that provided livelihoods to many urban and rural artisans. This policy also frustrated agricultural growth by strengthening the elite feudal class and creating landless agricultural workers. Moreover, it increased the pressure on agricultural land by transforming industrial workers to agricultural labourers.

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