Social Security in South Asia

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Introduction

Social security in the Western sense occupies a marginal place in the social and economic policies of the South Asian countries. The reasons for this are not far to seek. In the first place, there is the question of scale. If the income support of the kind given through the Western social security system is to be given to over half the population rather than to ten to fifteen per cent of it as in the West, it would require an incomparably higher level of fiscal commitment in relation to resources. Secondly, given the structure of these economies, some of the conventional social security measures may not even be operationally feasible. For example, where the labour force is still predominantly self-employed and where unemployment is manifest mainly in the form of underemployment, it is not easy to devise a scheme of unemployment benefit; and where the proneness to falling sick is endemic due to poor food and hygiene, the idea of a sickness insurance scheme may turn out to be an actuarial disaster.

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There is no doubt, however, that the millions of poor in South Asia need social security of some sort. It is often pointed out that one particularly venomous instance of insecurity, namely famine, has been largely conquered in South Asia in recent times - the sole exception being the Bangladesh famine of 1974. There is nonetheless an enormous problem of endemic insecurity that still remains. The problem is not merely that a vast number of people continue to live below some norm of poverty line; more disturbingly, many of those who live on the edge of subsistence are in a constant danger of falling further into a state of destitution. While the eradication of poverty may have to be a long term goal, depending as much on overall growth as on direct action targeted to the poor, there is certainly an immediate need of a safety net for those who do not even have the security of hanging on to a subsistence level of living.

What is not so clear, however, is which kinds of security measures are best suited for this purpose. It is perhaps wise to consider an inclusive set of policies to begin with, gradually discarding those which are found wanting on closer scrutiny. Keeping in mind the nature of South Asian economies and the experience of various anti-poverty programmes pursued in this region, we present below a tentative classification as a starting point. One

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1 For a useful discussion of the conceptual issues related to the nature of social security policies appropriate for developing countries, see Dreze and Sen (1988).
may think of three broad categories: (i) policies relating to land: these include land reforms (both ownership and tenancy reforms), assistance for small and marginal farmers, crop insurance etc., (ii) policies relating to employment: these may include creating opportunities for either self-employment or employment through co-operatives in non-agricultural activities, providing wage employment through public works, and reserving employment for members of the backward groups in salaried employment, and (iii) direct public provision: this may include both income support of various kinds as well as public provision of basic needs such as food, housing, health etc.

All these measures have been tried in varying extents in different parts of South Asia. We cannot, however, attempt a comprehensive evaluation of all of them within the space of a single paper. Instead we pick out a few of them for close scrutiny and classify them under the following four headings: security through control over land, security through self-employment, security through wage employment and security through public provision of basic needs.\(^2\) The objective is to analyse the experience in these areas so as to learn something about the possibilities and limitations of

\(^2\) Dreze (1988) contains an in-depth case study of the actual operation some of these policies in an Indian village. On the feasibility and desirability of other forms of social security, such as old-age pension, survivor benefits, insurance against occupational hazards etc., again in the Indian context, see the important contributions of GOI (1984) and Guhan (1988).
offering social security through these channels. Furthermore, instead of covering the South Asian region as a whole, we shall look at only three countries, namely India, Bangladesh and Sri Lanka.

**Security Through Control Over Land**

In the predominantly agrarian economies of South Asia, security of livelihood for a majority of people clearly depends on control over land and its produce. This naturally accords a position of preeminence to the policies relating to land control in any discussion of social security in this region. Three types of policies are going to be discussed in this context, viz. ceiling-cum-redistribution policy, tenancy reform and the alienation of state-owned land.

The ceiling-cum-redistribution policy is by far the most radical in nature, and also the one that has been least successful in practice. Attempts have been made in all three countries to acquire the excess of land beyond a certain ceiling from large landowners and distribute it to the land-poor people. By the mid-eighties about 1.5 per cent of the cultivated land in India had been acquired under ceiling laws passed in the fifties, and less than 80 per cent of it was actually distributed.³ In

³ Out of a total operated area of 163 million hectares (according to the Agricultural Census of 1980/81), only 2.97 million hectares were declared surplus, 2.36 million were taken possession of and 1.82
the process, nearly 3.4 million persons received on an average a little over 1.3 acres of land. This has no doubt enhanced the security of livelihood for the beneficiary families, specially since more than half of the beneficiaries belong to the scheduled castes and scheduled tribes who are among the most disadvantaged social groups in India (Bandyopadhyay, 1986). However, since the amount of land available for distribution was itself so small, the total number of beneficiaries amounts to a miniscule proportion of land-poor households. The record of Bangladesh is even more dismal. The excess of land over the stipulated ceiling would have amounted to no more than 1 per cent of the cultivated land even if the ceiling were strictly enforced. In the event, only 15 per cent of the potential surplus has been acquired and out of the acquired land no more than a quarter has been distributed (Siddiqui, 1979).

Sri Lanka’s achievement appears far more remarkable at first sight - as much as 20 per cent of cultivated land was promptly acquired following the legislations of 1972 and 1975. But the landless and small peasants gained very little; only 12 per cent of the land acquired, which amounts to 2.4 per cent of cultivated land, accrued to the peasantry (Wickramasekara, 1985). The reason for this dissonance between acquisition and redistribution lies in the special nature of land reform enacted in Sri Lanka. The reform was aimed mainly at the plantation sector: 60 million distributed by the mid-eighties (Bandyopadhyay, 1986, p.A-50).
per cent of the area planted with tea, 30 per cent of the area planted with rubber and 10 per cent of the area planted with coconut in the plantation sector was taken over by the state, but only just over 1 per cent of paddy land was acquired in the process. A conscious decision was also taken at the same time not to distribute plantation land to the peasant sector on the ground of economies of scale. Whatever the merit of this decision, there was clearly an element of irony in this. For since the very early days of the nationalist movement in Sri Lanka, political agitation against the plantation sector has been conducted in the name of the peasantry, especially the peasants of the Kandyan highlands where the plantation estates were mostly situated.\footnote{The Kandyan peasants have had a long-standing grievance that plantation agriculture has endangered their livelihood by encroaching on their land. There is, however, a good deal of controversy on the degree to which such encroachment did in fact occur. An interesting account of this controversy is given by Moore (1985).} Perhaps in deference to history, a small amount of estate land was distributed to the Kandyan peasants; but the bulk of it came under state-run corporations which did little to enhance the control of the land-poor over the fruits of the land. Initially an attempt was made to combine peasant control with the economies of scale by transferring a part of the acquired land to farmers’ collectives, but the collectivist institutions were abolished by the government which came to power in 1977.

The general picture all over the region is, thus, one of negligible impact of redistributive land reform.
The proximate reason for this failure lies in the stipulation of an exceedingly high ceiling - so high in Bangladesh (33 acres) and Sri Lanka (25 acres for paddy land) that the proportion of land above these limits is too miniscule even to appear as a separate category in any official statistics on the distribution of land. Even the meagre amount of land that should have been legally available could not be fully acquired as the landowners made use of various legal loopholes to keep possession of their land.

Political imperatives have no doubt played a paramount role in leaving the land of large landowners (outside the plantation sector) virtually untouched in all three countries. It is therefore of some interest to note what has happened in two isolated pockets in the region, namely the states of West Bengal and Kerala in India, where the polity has been dominated for a considerable stretch of time by parties with avowedly radical intents. Although constrained by the Constitution of India, the state governments were not entirely powerless to implement radical land reforms if they intended to do so, because considerable autonomy was given to the states in matters relating to land reform.


6 The Communist Party of India (Marxist) has been controlling the state Government of West Bengal since 1977. Two major Communist Parties have dominated the polity of Kerala for most of the period since 1956, although often in coalition with more conservative elements.
As we shall see, both states did in fact take advantage of this autonomy to push through tenancy reforms which were much more radical than anything attempted elsewhere in South Asia; but when it came to redistribution of land through ceiling legislations, both failed like the rest. The ceiling was fixed at 20 acres in Kerala and 25 acres in West Bengal, which yielded a surplus of less than 2.5 per cent of the cultivated land in Kerala (Raj and Tharakan, 1981, p.17) and just over 1 per cent in West Bengal.7

Ceiling legislations have thus achieved very little in any part of South Asia. It has been claimed, however, that considerably more progress has been made, at least in some parts of the region, in enhancing the security of a certain class of peasants, namely, the tenant-cultivators who lease in land from others. The terms and conditions of lease contracts are known to be highly unfavourable to the tenants; under sharecropping - the most predominant form of tenancy all over South Asia - the tenants usually supply most of the inputs and retain only half the produce. Moreover, there is no security of even the meagre livelihood eked out in the process as the landlords can evict tenants at any time at their will. The tenants also tend to belong mostly in the smaller landholding groups. Consequently, along with landless

labourers, sharecroppers are found to be the most deprived section in rural South Asia.

There is much uncertainty about the precise number of sharecroppers in this region, but even the rough estimates are adequate to reveal the enormous scope of sharecropping. Official estimates based on agricultural censuses show that tenants (including owner-cum-tenants) constituted some 35 to 40 per cent of all farmers in Bangladesh in the late seventies and 53 per cent in Sri Lanka in the early sixties. In India the extent of tenancy varies widely across the states; we shall consider here only the states of West Bengal and Kerala where tenancy reforms are claimed to have had the most pronounced effect. Tenants (including owner-cum-tenants) constituted 40 per cent of all farmers in West Bengal according to the National Sample Survey of 1971/72, and 52 per cent of all farmers in Kerala according to the Land Reform Survey of 1966/67.\textsuperscript{8} Noting that micro-level surveys reveal that official statistics almost invariably underestimate the extent of tenancy, we may describe the overall picture as one where something like half of the farmers in South Asia cultivate some amount of rented-in land. Any improvement that can be brought about in the terms of their contracts can thus have a potentially significant effect on the security of livelihood for a

\textsuperscript{8} The estimates of tenancy quoted in this paragraph are taken from BBS(1985) for Bangladesh, Hameed et al.(1977) for Sri Lanka, Bandyopadhyaya et al.(1985) for West Bengal and Raj and Tharakan(1981) for Kerala.
large segment of the rural population, provided the same changes do not undermine their access to land.

The issue of tenancy, however, never received any prominence in the political movements of pre-Independence Sri Lanka. It began to be discussed more seriously after Independence in 1948, but even then the prevailing view did not seem to consider sharecropping to be a particularly exploitative institution. In fact, the majority of social scientists tended to regard it either as a mutually beneficial contract between parties who are socially equal in the village hierarchy but who differ in their relative endowments of land and labour, or a benevolent gesture on the part of the well-off families to help out their less fortunate friends and relatives. Insofar as the institution was criticised at all, it was mainly because of a presumed disincentive effect on agricultural production. This effect was never quite documented, but the theoretical arguments closely resembled the familiar Marshallian argument about the inefficiency of sharecropping.

It was, however, an entirely different kind of reasoning that eventually led to the first serious attempt at tenancy reform in Sri Lanka. The Marxist Minister for agriculture, Philip Gunawardena, who was instrumental in attempting this reform through the Paddy

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9 See Peiris(1976) for a discussion of the studies which expounded this view as well as of the few that contested it.
Lands Act of 1958, was of the view that peasant production in general, including both tenant and owner cultivation, suffered from the diseconomies of small scale and was hence a drag on production. His long term objective was therefore to replace peasant production by collective farming; but as a first step he felt it necessary to liberate the tenants from the clutches of 'feudal' landlords so that a community of equal peasants could eventually make the transition to a collective form of agriculture. With this end in view, sweeping provisions were made for enhancing tenants' control over land. Evictions were prohibited except under special circumstances, hereditary rights of cultivation were conferred on tenants and the traditional 50 per cent share of the landlord was reduced to 25 per cent or a fixed amount per acre (allowing for regional variation) whichever was less. More importantly, Cultivation Committees were to be formed in each village, excluding the landlords, initially to ensure that the tenants' rights were established and eventually to pave the way for collective agriculture. These Committees were also supposed to provide credit and other input facilities for the tenants so that they would not have to turn to the rural elite for help.\textsuperscript{10}

In the event, not even the immediate goal was achieved, not to speak of the distant one. Under intense

\textsuperscript{10} For a fuller account of these measures and their effect, see, inter alia, Sanderatne(1972), Peiris(1976), Herring(1981) and Moore(1985).
political pressure, the Minister was forced to resign, landlords had to be allowed to join the Cultivation Committees and conditions were relaxed under which the landlords could resume cultivation. As a result, a spate of evictions was noted throughout the sixties and the rental share remained virtually unchanged in most parts of the country. Significantly, the only region where the rental share showed some improvement was the Hambantota district which has long been a centre of radical politics and where, unlike in other parts of Sri Lanka, absentee landlordism was the order of the day. It has been rightly argued that improvement was possible in this region only because of the special circumstance in which the landlords, being absentee, were unable to control the Cultivation Committees (Peiris, 1976).

In terms of political pre-conditions for tenancy reform, the situation in pre-Independence Bengal (comprising both Bangladesh and West Bengal) was vastly different from that of Sri Lanka. Sharecropping was widely seen here as an exploitative institution. In fact the grievances of sharecroppers were made a central pillar of political agitation by the peasant leaders of Marxist persuasion, which led to the famous Tebhaga movement of 1946/47. The movement sought to improve tenurial security and to ensure a two-thirds share instead of the traditional half in favour of the sharecropper. A Bill was also introduced by the Government of Bengal in early 1947 recognising these
demands. But then came Independence, and the issue of sharecroppers has been shelved ever since in the territory now comprising Bangladesh. A Tenancy Act was indeed passed in the early fifties, but it was aimed solely at giving relief to the owners of land from the exploitation of rent-receiving intermediaries. As every student of Indian history knows, these intermediaries were the Zamindars who were empowered by the colonial government to collect land revenue from the peasants in return for the obligation of handing over a fixed sum to the government. As proteges of the colonial rulers, this class of intermediaries was an immediate target of nationalist attack. With the advent of Independence, it was politically both expedient and feasible to isolate them and dispossess them of their rent-receiving rights. This obviously eliminated a long-standing source of exploitation of the peasantry, but only to the benefit of those who had legal title to the land, regardless of whether they cultivated or not. The sharecroppers found no relief as they could not claim ownership rights on leased-in land. Only as late as 1983, did a Lands Reform Committee deal with this issue for the first time and recommended more security and higher share for the sharecroppers, but the recommendations still remain only on paper.

While inheriting the same history, West Bengal, however, took a different course. The rent-receiving rights of Zamindars were promptly taken away, as in
Bangladesh, but the rights of sharecroppers were also recognised at the same time. They were not given ownership rights, but eviction was made legally difficult and their share was raised to 60 per cent in the fifties and then to 75 per cent in the early seventies. Similar laws were enacted also in many other states of India, but everywhere in the fifties and sixties they not only failed to improve the tenants' control over land, but in fact made their condition worse by prompting large scale eviction as in Sri Lanka.

Lack of 'political will' and 'bureaucratic lethargy' have often been blamed for this failure. But it is being increasingly recognised that the root of failure lay in a basic flaw in the very conception of these reforms. It was assumed by the reformers that the mere existence of a law would encourage tenants to confront landlords with their legitimate rights. This assumption was, however, based on a profound misunderstanding of the socio-economic relationship between the sharecroppers and the landlords. When we speak of this relationship as an unfavourable one for the sharecroppers, this is mainly in relation to an alternative social scenario where the land would be owned by the sharecroppers themselves. But given the existing ownership rights and the acute land hunger

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11 For a comprehensive account of the history of tenancy reform in West Bengal, see Dasgupta (1984).

12 This failure has been noted not only by numerous independent observers but also by an official report on the impact of tenancy reform in India (GOI, 1959).
on the part of the landless and marginal peasants, those who are able to lease in land have reasons to consider themselves privileged compared to their peers. The purely economic contract is enmeshed in a complex web of socio-cultural relationships in which the landlords often provide 'subsistence insurance' and other material support to their tenants in return for their acquiescence in the prevailing social hierarchy. In a situation where the majority live a precarious existence owing to adverse man-land ratios, few opportunities of alternative employment and the vagaries of weather, and where the provision of state-sponsored social security is all but non-existent, a high value is naturally attached to the 'subsistence insurance' mediated through traditional owner-tenant relationships.

The reforms called upon the tenants to strike at the roots of these relationships; any attempt to alter the prevailing hierarchy of rights in their favour was bound to do so. But since any such attempt would also put their 'subsistence insurance' in jeopardy, the tenants can only be expected to rise against the landlords if they can be assured of an alternative source of security. Two conditions must be fulfilled for this to be possible. First, the tenants must feel assured that their action against the landlords will not boomerang by prompting eviction. The mere existence of law is not enough; the tenants must have countervailing political power at the local level to neutralise the pre-existing superior power
of the landlords. Secondly, mere security against eviction will also not be enough; this will only give them access to land. They will also need access to new sources of consumption loan, working capital loan, distress relief and other elements of subsistence insurance which will no longer be forthcoming from the traditional channel.

It was precisely the non-fulfilment of these two conditions that led to the universal failure of tenancy reform in India. Interestingly, it was also precisely these two conditions that Philip Gunawardena had sought to fulfil through the institution of Cultivation Committees in Sri Lanka. But he failed because the ruling coalition, of which his breakaway Marxist party was only a minor partner, did not share his commitment. As a result, the Cultivation Committees could not find either the political power or the financial resources to carry out their task.\[13\] This perspective also helps to understand how the present Left Front government of West Bengal has achieved a measure of success, albeit a limited one.

The strategy of the Left Front was to fulfil the first condition (i.e., the creation of countervailing political power) by a process of what Kohli(1987) has described as the separation of political from social

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\[13\] An authoritative account of the problems faced by the Cultivation Committees can be found in Weerawardena(1975).
power at the local level. Since no attempt was made to alter the existing pattern of ownership rights, it was expected that the landlords would continue to maintain their superior social power. But it was hoped that if political power was effectively wrested from them at the local level, the tenants would be assured of protection against eviction (i.e., the first condition would be met) and would hence begin to assert their rights. However, since the tenants, left to themselves, could hardly be expected to bring about the required separation of power, it was also felt necessary that an external power must act as the catalyst. With this end in view, the dormant Gram Panchayats (village councils) were first revitalised - not by openly excluding the landlords as Gunawardena had intended to do, but by popular election along party lines. Since the Left Front parties, especially the Communist Party of India (Marxist), enjoyed majority popular support in the countryside, it was hoped that their members and sympathisers would be able to dominate the Panchayats. And so they did, which paved the way for the next step.

It was realised that since sharecropping was seldom carried out under written contract, it would not be possible to prevent preemptive or punitive eviction unless there was documentary evidence of who was sharecropping whose land. This led to the campaign of what has come to be known as the Operation Barga, during

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14 Barga is the local name for the system of sharecropping.
the course of which the sharecroppers were asked to register themselves in public meetings. There was nothing novel about the idea of registration as such; it had been in the statute books for long without achieving their objectives in any part of India. What was novel, however, was the existence of countervailing power at the local level through the presence of politicised Panchayats and party activists who exercised political power for the benefit of tenants. Consequently, registration was a huge success. The exact measure of this success is in some dispute as the exact number of sharecroppers is itself an unknown entity. However, even by conservative estimates, anywhere between 65 and 85 per cent of the sharecroppers have been registered\[15\] - an unparalleled achievement compared with other parts of South Asia.

It is now time to ask to what extent all this has helped to improve the security and level of livelihood of sharecroppers in West Bengal. Registration and the continued presence of countervailing power at the local level have presumably gone a long way towards improving the security of their tenure. But security in itself is not much of a gain. It is evidently a gain in comparison with the immediate past when evictions had become common. But these evictions were themselves a consequence of

\[15\] According to official records, nearly 1.3 million sharecroppers were registered by the mid-eighties (Bandyopadhyay 1986, p.A-50). As against this, the estimates of the total number of sharecroppers in West Bengal vary between 1.5 million (according to peasant leaders) and 2.0 million (an early official estimate). See Bandyopadhyaya et al. (1985) for a discussion of these estimates.
attempted reforms that backfired. One must therefore compare the present situation with the status quo ante, when traditional landlord-tenant relationships existed in full force. Eviction as such was not a problem at that time, at any rate not for the whole class of potential tenants as opposed to an individual.\footnote{If eviction took place at that time, it would usually mean replacing one tenant by another rather than taking back the land for cultivation by hired or family labour. Eviction of the latter kind is much more of a modern phenomenon.} The problem was in the use that was made of the threat of eviction - keeping the rent high, for example. Presumably, as the threat of eviction was removed, the tenants would now be able to press for a higher share, especially since the law provides for it and countervailing power exists at the local level to enforce the law. Such an outcome would indeed constitute a genuine gain from tenancy reform. But the available evidence does not suggest that this has happened to any significant extent. In the largest survey that has so far been conducted on the consequences of tenurial reform in West Bengal, Bandyopadhyaya et al.\cite{Bandyopadhyaya1985} found that only 20 per cent of the registered sharecroppers were able to pay the legally stipulated share; in fact, as much as 71 per cent of the sharecroppers continued to pay the traditional share of half the produce. In a survey of four villages, Westergaard\cite{Westergaard1986} observed that the tenants' share had improved in only one village, but even there the share was less than the legal minimum. A contrasting result is presented by Kohli\cite{Kohli1987} who found, again in a small
survey, that the proportion of tenants paying the legal rent had increased sharply from 13 per cent to 66 per cent. It is, however, significant to note two very interesting features of his findings: first, 80 per cent of the landlords in his sample were absentee landlords and secondly, as Kohli himself presents the puzzle, although the Party activists were particularly strong in one of his survey areas (in the Burdwan district), the tenants' share failed to improve in that region.

The implication of all these findings can be summed up as follows. In spite of the fulfilment of the condition of countervailing power, tenants are in general reluctant to break up the traditional landlord-tenant relationship by demanding a higher share, except in the case of absentee landlordism where this relationship did not in any case exist to begin with. The clue to this apparent paradox lies partly in the fact that there is no guarantee of continued rule by the Communist Party for an indefinite future. The tenants are naturally apprehensive of the consequences that might befall them once the parties more favourably disposed to the landlords return to power. But partly the explanation also lies in the non-fulfilment of the second condition of a successful tenancy reform, namely, the assurance of an alternative

17 The importance of absentee landlordism in shaping the success of tenancy reform is borne out both by Kohli's sample and the experience of the Hambantota district in Sri Lanka. It is only fair to mention though that Kohli himself does not draw this link; instead he interpretes his findings as pointing to the success of Operation Barga as such.
source of material support. The reformers were not altogether unaware of this potential pitfall. In fact, the provision of credit and input facilities for the registered sharecroppers was made, at least on paper, an integral part of the reform programme. But all the existing surveys show that the amount and timing of credit was not enough to make the tenants' traditional dependence on landlords economically redundant. Whether adequate resources can be found for this purpose and whether institutional methods can be devised to channel these resources to the right person at the right time in the right amount are difficult questions that cannot be fully answered at present. What is clear, however, is the lesson that tenancy reform is by its very nature caught in a trap. It seeks to improve the security of tenants by freeing them from the clutches of the landlords, but the tenants will refuse to come out of those clutches unless there is prior provision for adequate social security.

It can be argued, and it has been argued forcefully in the context of the West Bengal debate,¹⁸ that the solution of this problem lies in the abolition of tenancy altogether by according full ownership rights to tenants. The presumption is that once the tenants are able to claim the entire produce of the land, their economic condition will improve sufficiently to eliminate the material basis of their dependence on the landed elite.

¹⁸ For a sampling of this debate, see Khasnabis (1981), Rudra (1981), Bose (1981) and Dasgupta (1984), among many others.
Spurred by this incentive they would then be willing to take advantage of the existing countervailing power to break the traditional relationship in a way they are not willing to do as long as they see their future as continuing to remain tenants but deprived of traditional patronage. As for the political feasibility of this approach, it is pointed out that the government of Kerala has been able to abolish tenancy through the same political party that rules in West Bengal and under the same constraints imposed by the Constitution of India. If Kerala can, why cannot West Bengal?

This apparently persuasive argument has one rather serious flaw. It ignores the fact that the agrarian structure of Kerala which had emerged over the colonial period gave its tenancy reform an entirely different political and economic content than what a comparable programme would entail in a state like West Bengal. Due to complex historical reasons which we cannot go into here, tenancy had become, by the end of British rule, a widespread phenomenon only in the North-Central region of Kerala comprising Malabar and Cochin. Nearly two-thirds of all tenants were to be found in this area, whereas 80 per cent of the owner-cultivators were in the south, in

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19 The final chapter of Bandyopadhyaya et al. (1985) is one of the few analyses which have actually highlighted this contrast.

20 See Varghese (1970) for a detailed account and Raj and Tharakan (1981) for a brief but lucid exposition of this history. All the statistics quoted in this paragraph and the next are taken from the latter source.
Travancore. Tenancy reform therefore essentially affected only the northern part of Kerala.

Several factors contributed to the political feasibility of this reform. First, the landlords in the north were relatively few in number, possessing a vast amount of land; some 80 per cent of all leased-out land came from holdings of 25 acres or more. Secondly, while these landlords did not enjoy full ownership rights on the land in the pre-British era (they only had a superior claim in a hierarchy of customary rights), they were accorded full ownership by the colonial regime and thus became identified as its proteges. Thirdly, unlike the rich landowners in the south, they were themselves never involved in the management of cultivation, and were thus regarded as parasitic landlords. In all these respects—namely, being relatively few in number, being identified as colonial proteges and being seen as parasitic landlords—the landed aristocracy of Malabar was no different from the Zamindars of Bengal. Consequently, the abolition of tenancy in Kerala was of the same order of political feasibility as the abolition of Zamindari in Bengal. Furthermore, just as the abolition of Zamindari left the underlying production structure basically untouched (in so far as it failed to tilt the balance in

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21 The Keralite problem would have been of an altogether different order of feasibility if the politically powerful landowners of Travancore (southern Kerala) had had to be antagonised. Initially, such an antagonism did in fact arise. But it was kept under control by legally allowing the smaller owners to retain their land. This largely took care of the problem, since the prevalence of tenancy was in any case rather small in Travancore.
favour of the small peasantry), so in Kerala the abolition of tenancy did very little to alter the vast inequalities in the distribution of landholdings.\textsuperscript{22} It would thus appear that both the political and economic implication of the abolition of tenancy in Kerala was essentially similar to the successful abolition of Zamindari in Bengal and elsewhere\textsuperscript{23}.

The abolition of tenancy in Bengal, however, would have come up against a political problem of an entirely different order of magnitude. It would have had to confront not just a handful of absentee overlords (as in Kerala), but a large number of owners many of whom are small and actively engaged in cultivation. In Kerala the small landlords (possessing no more than 5 acres of land) were exempted from dispossession, and yet most of the land under tenancy went to the tiller. But a similar exemption in West Bengal would leave out nearly 80 per cent of all landlords and as much as 50 per cent of all leased-in land.\textsuperscript{24} A meaningful 'land to the tiller' policy cannot leave out this group, nor can the Communist Party alienate such a huge repository of local power as long as it sticks to the electoral path. It would of course be a

\textsuperscript{22} For evidence on this, see Raj and Tharakan\textsuperscript{1981}.

\textsuperscript{23} Raj and Tharakan\textsuperscript{1981} have themselves drawn a similar parallel between the post-colonial abolition of tenancy in Kerala and the pre-colonial tenurial reforms in Travancore under the aegis of the princely states of the region.

\textsuperscript{24} These figures are based on National Sample Survey data for 1971/72 quoted in Bandyopadhyaya et al.\textsuperscript{1985}, Table 2.5, p.21.
different matter if the 'revolutionary' path were to be chosen, but that can only be a goal for a distant future.

One cannot, therefore, avoid the conclusion that the immediate political limit of tenancy reform in a state like West Bengal is not much above what has been achieved so far. But this also means that tenancy reforms by themselves cannot expect to achieve much by way of improving the material conditions of living of the sharecroppers. As we have concluded in the light of West Bengal's experience, prior provision of social security is a pre-requisite for this purpose.

In addition to ceiling legislation and tenancy reform, a third method of enhancing the land-poor's control over land consists in the alienation of state-owned land. To some extent this has happened in all three countries of South Asia, but its scope was very small in both India and Bangladesh. Historically the process of clearing and possessing of wasteland was left to private initiative in these two countries. Consequently the state came to control very little of potentially alienable land. But in Sri Lanka land policy has evolved differently, under the impetus of the colonial policy of promoting plantation agriculture. Under the Waste Lands Ordinance of 1840, the state took control of all land except those on which pre-existing private ownership could be clearly demonstrated. In the process, nearly 40 per cent of the total land area of the country came under
direct state control. Initially, the colonial government used this land to promote plantation agriculture; but there was a decisive shift in policy in the first quarter of the present century. By the 1920s population growth had created a serious problem of landlessness and land hunger among the peasantry; at the same time food production was stagnating at a level that was increasingly inadequate to feed the growing population. As the nationalist movement made the cause of peasantry a rallying cry at this stage, and as the Donoughmore Constitution of 1931 devolved considerable power to national politicians, the land alienation policy shifted decisively in favour of the peasantry. The Land Development Ordinance of 1935 set the stage for the pattern that was to evolve up to the present.25

Most of the alienation has taken place under two major schemes, namely the Dry Land Colonisation Scheme and the Village Expansion Scheme. The colonisation scheme involved clearing of land and developing irrigation in vast tracts of the sparsely populated dry zone, and the second scheme involved creating new habitats around the existing villages, especially in the densely populated wet zone. Several features of these schemes are worth mentioning. First, the land was given exclusively, and virtually free of cost, to landless or extremely land-poor households. Secondly, the cost of clearing and

25 For a detailed account of this development, see Samaranweera (1981) and Moore (1985).
developing land was borne entirely by the state. In the case of colonisation schemes, the state also had to provide health and education facilities in order to attract residents of the wet zone into the malaria-infested wastelands of the dry zone. As a result, the beneficiaries not only got access to fully developed land complete with irrigation facilities, many of them also received the benefit of welfare services specially designed for them. Although the problem of landlessness was by no means eliminated in the process, a significant proportion of the land-poor population clearly gained a security they did not enjoy before. It has been estimated that nearly a quarter of all households in Sri Lanka now possess land granted under the Village Expansion Scheme with an average allotment of 1.3 acres per household (Moore, 1985, p.42). The Dry Zone Scheme has catered to rather fewer households - roughly about 4 to 5 percent of all households in the country upto 1980. Since then, the ambitious Mahaweli Accelerated Programme has aimed at more than doubling the number of beneficiaries within less than a decade.

Over the years, many shortcomings of these settlement schemes have been pointed out. For instance, it has been noted that the land alienated under the Village Expansion Scheme was often of inferior quality (Moore, 1985); social anthropologists have often pointed out the lack of social cohesion among the uprooted

26 Computed from the figures quoted in Wickramasekera(1985a).
households and the resulting absence of traditional redistributive and mutual insurance mechanisms that provided some degree of social security in the old villages (Moore and Perera, 1978); others have noted renewed landlessness and concealed tenancy under onerous terms in dry zone colonies (Wickramasekara, 1985a); still others have pointed out that the value of agricultural output yielded by the newly developed land has not been commensurate with the cost of development (Wimaladharma, 1982).

All these problems are genuine enough. But on balance, it must still be concluded that the land alienation policy pursued since 1935 has entitled over thirty per cent of households in Sri Lanka to a level of land-based security that would be a matter of envy to the land-poor population of India and Bangladesh. It is revealing to contrast the Sri Lankan experience with the most recent historical phase of reclamation of wasteland in Bengal, which occurred during the British rule. This reclamation took place in the north-western and south-eastern parts of Bengal through the private initiative of wealthy individuals; and it is precisely in these regions that the agrarian structure is the most inequitous, the tenurial condition most oppressive and the problem of landlessness most acute.27 Unfortunately, history has

27 For a fascinating discussion of the relationship between the reclamation process and agrarian structure in different regions of Bengal, see Bose (1986).
foreclosed the possibility of replicating the Sri Lankan
transformation in most parts of India and Bangladesh where
very little reclaimable wasteland is currently available.

But the Sri Lankan potential is not yet exhausted. Cultivated land still accounts for just over thirty per cent of all land area in the country. Although much of the rest will have to remain under perennial forest, particularly in the central highlands, enormous possibilities still remain in the potentially cultivable dry zone. This zone accounts for seventy per cent of total land but only thirty per cent of cultivated land. However, two serious impediments stand in the way. First, given the huge cost of development, trying to achieve too much too soon may place an unbearable burden on budgetary resources, as the ongoing Mahaweli Accelerated Programme has amply demonstrated. A second, and perhaps more serious, problem is the current ethnic conflict between the Tamils and the Sinhalese, since the Tamils tend to regard dry zone colonisation as Sinhalese encroachment on traditional Tamil territory. These problems cast grave doubt on the possibility of enhancing land-based security in the future for the still significant land-poor population of Sri Lanka.
Security Through Self-Employment:

One possible alternative to land-based security is to enable the landpoor to engage in those self-employed activities which are not crucially dependent on land. These so-called non-farm activities occupy a significant position in the occupational structure of South Asia, accounting for 34 per cent of the rural labour force in Bangladesh, 46 per cent in Sri Lanka and 19 per cent in India. There are also indications that the share of the work force engaged in this sector is rising over time. The question is to what extent the livelihood of the land-poor population can be secured through participation in this sector. As it is, a considerable number of them are already engaged in these activities. For instance, sample surveys in Bangladesh have shown that of all the gainful activities (both primary and secondary) pursued by the workers owning no more than 0.5 acres of land, more than 50 per cent belong to the non-farm sector; in contrast, agricultural labour accounts for only a third of the total (Hossain, 1986, p.126). This does not, however, indicate the extent of their self-employment in these activities since many of them are actually employed as wage labour. Moreover, even among the self-employed category, the members of the land-poor group are usually engaged in the less productive lines of activity compared

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28 These figures are quoted from Islam(1987), Table 1.1, p.5. They refer to the situation prevailing in 1984/85 in Bangladesh (Labour Force Survey) and in 1981 in India and Sri Lanka (Population Censuses).
to those who are better endowed with land and other resources (Hossain, 1984; Muqtada and Alam, 1983). Presumably, the imperfections in the rural credit market prevent many of the land-poor households from obtaining the resources required for engaging in remunerative activities. The provision of resources through credit and/or subsidy is therefore an essential prerequisite for ensuring security through self-employment.

Over the years a variety of programmes have been tried to address this problem throughout the region, the most outstanding among them being the Grameen (Rural) Bank in Bangladesh and the Integrated Rural Development Programme (IRDP) in India. They both took off around 1979-80 with essentially the same objective, but conceived in a somewhat different manner. There is also a difference in scale. While Grameen Bank covers only about 3 to 4 per cent of all villages in the country, with the hope of extending countrywide in some unspecified future, the IRDP was launched with a countrywide coverage almost from the beginning. Thus the Grameen Bank is still only a model while IRDP is already a full-blown programme. There is, finally, a notable difference in the evaluation of their performance. The Grameen Bank has been widely acclaimed as a huge success, while most of the evaluations of IRDP range from mixed to derisory. It will be instructive to see to what extent their relative performance is related to the differences in approach or to the difference in scale, and what lessons they
together provide on the possibility of ensuring security through self-employment.

Let us first take a brief look at their relative performances. The Grameen Bank defines all those households who own no more than 0.5 acres of land as its target group. Independent evaluations show that singular success has been achieved in confining the benefits to the genuine target group: only 5 per cent of the beneficiaries owned land above the specified limit, while 52 per cent owned no land at all.\footnote{All the statistics quoted in this paragraph and the following two are taken from Hossain (1984a, 1988) - both these reports are based on the most comprehensive evaluation of the Grameen Bank done so far. For further details, see Siddiqui (1985) and the references cited therein.} The average pre-intervention income of the loanees (in 1980) was half the national average, which indicates that most of them would belong to the bottom 40 per cent of the income scale. Considering that anywhere between 60 and 80 per cent of the rural population were below the poverty line around that time, the beneficiaries must be considered to constitute the poorest segment of the rural population. There is also clear evidence that the operations of the Grameen Bank have provided new employment opportunities to previously unemployed rural women; the rate of female participation in labour force rose from 5 per cent to 25 per cent within the loanee households in a period of two years. Women also figured prominently in the overall operations of the Bank - by 1984 nearly 54 per cent of
the loanees were females, receiving 42 per cent of all loans.

According to rough estimates based on a sample survey, the per capita real income of loanee households increased (net of interest payments) by 32 per cent over a period of two and a half years (starting from 1980), while at the national level per capita income rose by only 2.6 per cent. To what extent this picture is distorted by the well-known difficulties of collecting accurate income data is not clear, but the rates of return estimated for various investment activities give an independent indication that the income gain must have been substantial. In most of the trading activities and a few of the manufacturing activities for which loans were utilised, the return to family labour (after meeting all costs and repaying the loans with interest) was found to be marginally higher than the prevailing agricultural wage rate. On the other hand, in the majority of manufacturing activities as well as in cattle and poultry raising, the return to labour was lower than the agricultural wage rate. However, it is important to note that almost all of these low-return activities are dominated by females, whose scope for employment in agriculture or elsewhere in rural Bangladesh is negligible. Consequently, even though the return is rather low, nearly all of it represents a net addition to family income. As for male-dominated activities, not only is the return to labour (per manday) higher than the
agricultural wage in most cases, the duration of employment is also much longer. All this is not to suggest, however, that the loanees have been able to secure a livelihood above any acceptable norm of poverty line. With 1.5 earners and 3.5 dependants per loanee on the average, they could not possibly do so even with year-round employment at a level of earning that is below or only slightly above the prevailing agricultural wage rate.

One other aspect of the Grameen Bank’s performance that has been widely commented upon is its success in terms of a purely banking criterion. The loanees are charged an effective interest rate of 18 per cent which is above the general rate of interest (between 12 and 15 per cent), and are required to repay the loan in weekly instalments over a year. Despite these stringent conditions, the proportion of overdue loans after two years of loan disbursement was found to be less than one per cent, and only four per cent of the loanees had not fully repaid the loan by the time it was due. It is thus clear that the Grameen Bank has succeeded in giving income support to the poor without degenerating into a dole-giving institution that so many other poverty-alleviation programmes have tended to become.

In comparison with these achievements of the Grameen Bank, the performance of IRDP appears decidedly poor. One point should, however, be clarified first before
highlighting the contrasts. The goal of IRDP was pitched at a much more ambitious level than that of the Grameen Bank, and consequently the former is likely to suffer in any comparison between goal and achievement. While the Grameen Bank had the modest goal of providing a more secure source of income for a few assetless people without necessarily eliminating their poverty in the immediate future, IRDP was aimed at lifting the beneficiary households above the poverty line with a one-shot intervention. The Sixth Five Year Plan (1980-85) set the target that over a period of five years as much as thirty per cent of the officially designated poor population would be assisted and lifted out of poverty, starting from the poorest group and moving gradually upwards.

Some of the evaluation studies have indeed claimed a rather spectacular rate of progression above the poverty line; for example, nearly half of the beneficiaries are supposed to have made the transition according to NABARD(1984) and PEO(1985). But these estimates suffer from some elementary methodological problems such as comparing current income with a baseline poverty level and estimating net income without adjusting for loan repayment. After some rough adjustments on these counts, Rath(1985) has estimated that not more than 10 per cent of the beneficiaries (or 3 per cent of the baseline poor population) could have made the transition to the status of non-poor over the Sixth Five Year Plan period. Based
on a much more systematic countrywide survey for the year 1985-86, Kurian (1987) finds that less than 5 per cent of the beneficiaries may have crossed the poverty line. And even that was possible only because in many cases the assistance went to people just below the poverty line rather than to the poorest, in violation of the declared bottom-up procedure. It was, in fact, demonstrated by Sundaram and Tendulkar (1985) that given the level of assistance and even accepting the highly optimistic capital-output ratio assumed by the Plan, none would be able to cross the poverty line if all the assistance went to the bottom half of the poor population. There was thus a manifest contradiction between the level of assistance and the proclaimed bottom-up procedure on the one hand and the target of transition beyond the poverty line on the other. Consequently, IRDP made itself a sitting duck to be merrily shot down by its numerous critics.

Deservedly so, one might say, in view of the contradictions built into the programme. But it is still necessary to evaluate to what extent IRDP did in fact ensure a more secure livelihood for the poor even if it meant continuing to live below the official poverty line. The first issue is the degree of success in reaching the target group. In order to capture the poorest group, the eligibility criterion was fixed at a level of income that was some 23 per cent below the official poverty line. After reviewing four major evaluations done during the 1980-85 period, Bagchee (1987) has estimated that about
15 to 20 per cent of the beneficiaries were above the cut-off point to begin with.\textsuperscript{30} The survey of 1985-86 has also revealed a leakage of some 20 per cent (Kurian, 1987). This is a fairly commendable achievement compared with the experience of earlier target-group oriented programmes, especially if one notes that many of the 'ineligible' households would actually have an income below the official poverty line although above the eligibility criterion.

There is, however, some doubt as to whether the bottom-up procedure has been strictly followed. For example, the results of the countrywide survey conducted in 1985-86 show that nearly 60 per cent of the beneficiaries belonged to the top half of the poor population (Kurian, 1987, table 1). For the state of Karnataka during the same period, Rao and Erappa (1987) have shown that landless households constituted less than half of all beneficiaries. In none of these cases is there reason to believe that the potential beneficiaries in the poorest segment were exhausted before the less poor households were catered to. In this respect, there is some similarity with the experience of the Grameen Bank. Although, as we have noted, as much as 95 per cent of the Grameen Bank beneficiaries belong to the target group, the programme has not succeeded in catering to the need of agricultural labourers who (along with the

\textsuperscript{30} There was a good deal of interstate variation in this respect. In Gujarat, for example, the figure was as high as 47 per cent.
sharecroppers) are recognised to be the most deprived group in rural Bangladesh. As Ahmad and Hossain (1985) have pointed out, this group constituted only one-tenth of the loanees although they formed one-third of the target group. We shall comment later on the significance of this phenomenon common to both the Grameer Bank and IRDP.

To continue with IRDP's performance, we next look at its impact on the beneficiary households' ability to sustain a higher flow of income. The findings in this respect are much less clear-cut, mainly because of the well-known difficulties in estimating income and more so in finding a suitable reference point for comparison. By analysing the data from a countrywide evaluation for 1985-86 Kurian (1987) has estimated that, over a period of two years, 84 per cent of the assisted households enjoyed some positive increment in family income and as many as 38 per cent did so to the tune of more than 50 per cent. This is taken by Kurian as an indication that IRDP has succeeded in giving a significantly higher level of living to a large group of households.

But his conclusion cannot be taken seriously because of certain definitional problems, quite apart from the problems of eliciting information on past income through recall method. In the first place, the amount of loan repayment is not netted out of gross income while estimating the post-assistance income of the beneficiary
families. Secondly, it is not clear whether the income data for the two periods have been converted into constant prices. Without access to basic data, it is not possible to correct Kurian's estimates for the factors mentioned above. However, one can see how a very different picture emerges if some rough corrections are made on his data on income generated by the IRDP assets (table 11, p.A-170). Some 24 per cent of the assets are found to have generated no income at all. Another 26 per cent of the assets generated an income of upto Rs 1000, but this income is in current prices and does not exclude loan repayment. Taking the standard loan specifications of the IRDP, viz. an average loan of Rs. 2000 per family, repayment period of 3 years and interest rate of 10 per cent per annum, and assuming 10 per cent inflation over the two-year period, it is easy to see that, after loan repayment and price adjustment, an asset yielding an income of upto Rs 1000 would add nothing or little to a family's real disposable income. Thus a total of 50 per cent of the assets can be said to have made no or negligible contribution to net disposable income.

31 Kurian does not mention this, but Rao and Rangaswamy (1988) do while analysing the same set of data for Uttar Pradesh. The latter authors also defend this procedure on the ground that "since the concept of net income followed is the same in respect of IRDP as well as other sources (both in the pre- and post-assistance periods), per cent changes in such incomes may approximate to changes in disposable income" (p.A-71). This argument is tenable only if the pre-assistance income did in fact include a loan repayment component of comparable magnitude. Since this is highly unlikely to have been the case for most beneficiaries, the methodology followed by these authors is bound to give an inflated picture of the change in disposable income.
As for the remaining 50 per cent of the assets, the evidence of positive contribution must be tempered by the fact that once a family engages on an occupation based on the newly acquired assets, its income from other sources tends to fall because of diversion of labour. Working on the same set of data as used by Kurian, but focusing on the state of Uttar Pradesh alone, Rao and Rangaswami (1988) have found that the fall of income from other sources was about 20 per cent of the pre-assistance income of an average family. The opportunity cost from the point of the family is thus seen to be quite substantial; consequently, many among the assets which did make a positive contribution to disposable income even after the adjustment for loan repayment may not turn out to do so after this opportunity cost is also accounted for. In the absence of more detailed information, we cannot be sure exactly what picture emerges at the end, but the least one can infer from the preceding arguments is that more than half the assets failed to add to the beneficiaries’ net disposable incomes, properly defined.

Rao and Rangaswamy (1988), in their study of Uttar Pradesh, have corrected their estimates of income for the opportunity cost mentioned above, but not for loan repayment, and it is not clear whether they have made any corrections for price increase. According to their estimates, an average beneficiary enjoyed a net increment of 32 per cent of pre-assistance income over a period of
two years. In absolute terms, the increment comes to Rs.1078 (computed from table 12, p. A-74). On the other hand, the annual burden of loan repayment can be seen to be somewhat higher than this figure, if one applies the 3-year repayment period and 10 per cent annual interest on the average loan size (reported to be Rs 2797, table 10, p. A-73). Thus the net contribution to disposable income once again turns out to be negligible at best, for the average beneficiary.

One major problem with all these studies is that they take a static view of income gain, whereas the crucial issue in the evaluation of IRDP must be whether the beneficiaries can sustain a higher flow of income in the long term after paying all dues and replacing the old assets when they become obsolete. Such long-term effects on income mobility have been rarely explored. One partial effort was made by Subbarao (1985) who calculated an income mobility matrix from the data collected by IFMR (1984) on five districts in southern India. He compared the assisted households with a carefully chosen control group and showed that the upward mobility of the poorest among the assisted households was decidedly superior to that of the poorest non-beneficiary households. His estimates of the proportions of upwardly mobile households is not of much use, since, as rightly pointed out by Swaminathan (1988), he did not adjust the nominal incomes for price increase. But his comparison
between beneficiaries and non-beneficiaries is not vitiated by this flaw.

There is, however, a more serious problem with Subbarao's findings. As once again pointed out by Swaminathan (1988), the mobility he looks at relates to a time gap of only 15 months, which is too short a period to judge whether the beneficiaries would be able to maintain a higher level of consumption over the long term. They may not be able to keep the assets after some time, or they may find their extra income too inadequate to set aside the money required for replacing the old assets. Swaminathan's (1988) own micro-level survey of two villages in Tamil Nadu was addressed precisely to this question of long-term asset position of the assisted households. She found, after six years of the initiation of IRDP, that the upward mobility of the assisted households in terms of assets was no better than that of the sample of unassisted households. 32

Clearly, more studies of this type are needed to form a clear picture of how far the IRDP has succeeded in improving the long-term economic viability of beneficiary households. But the evidence and arguments presented above do not inspire much optimism. The same large-scale

32 Although the mobility studied by Swaminathan refers to a time gap of eight years (from 1977 to 1985), there was no serious problem of recall lapse as the recall method was not used to collect past data - a set of households surveyed in 1977 in connection with a different study were resurveyed in 1985, and the data from the two surveys compared.
survey from which Kurian (1987) draws a mildly optimistic picture, also shows that 29 per cent of the assets were 'not in tact' only two years after the receipt of assistance; and as much as 24 per cent of the assets were found to yield no income at all either because the assets were disposed of, or they had perished, or because they had never been procured in the first place. Piecing together a number of earlier surveys both large and small, Rath (1985) found that the proportion of beneficiaries whose assets ceased to exist after two to three years varied between 20 and 50 per cent.

Even in the cases where the assets continued to exist, the correctly measured contribution to disposable income, as we have noted, was often rather low. The most talked-about example of low return is that of milch cattle, which has come to bear the rather sarcastic appellation of the 'IRDP cow'. In the early years of IRDP, as much as 60 to 80 per cent of the assets consisted of cattle; even in 1985-86 the share of cattle in all assets was 37 per cent (Kurian, 1987). There are innumerable accounts, albeit of informal nature, of how the milch cattle have yielded a pitifully low rate of return either because most of them were of inferior breed, or because fodder and veterinary care were utterly inadequate, or simply because they died of disease or drought. While the problem with milch cattle was especially acute, the other assets were not particularly productive either. The framers of the Sixth Plan had
expected that the IRDP investment would yield an average incremental capital-output ratio of 1.5:1. In the event this ratio was achieved only in the case of 26 per cent of the assets, and the overall ratio was close to 3:1 (Kurian, 1987). On top of this, one must also take note of the numerous accounts of how the prospective beneficiaries had to incur a substantial initial cost by way of paying the intermediaries (and sometimes the bank officials too) and searching for a suitable asset. According to the National Committee on the Development of Backward Areas, these expenditures often amounted to 50 to 70 per cent of the subsidy component (GOI, 1981, p.24). Taking all these into account - namely, 20 to 50 per cent cases of vanishing assets, low yield of existing assets and high initial cost - one cannot but be sceptical about IRDP’s success in ensuring a sustained flow of a perceptibly higher level of income.

What about the future? Can the programme be reconstituted so as to offer a genuinely secure source of higher income for resource-poor households? In order to answer this question, one must first identify the sources of IRDP’s weakness. At one level, it can be argued that much of the problem lies in disregarding the basic economics of a massive self-employment programme. If assets are to become a viable basis of self-employment, at least three kinds of ‘matching’ must be ensured. First, the structure of assets must be such that the resulting structure of output corresponds to the existing
or prospective pattern of demand for that output. Secondly, the structure and quantum of assets to be acquired by the households must be matched with the existing or potential supply of assets. Finally, there has to be a matching between the type of asset (as well as the size of investment) and the pre-existing resources (land, labour and entrepreneurial capacity) of a household. If a mismatch occurs in any of these respects, the yield of investment is bound to suffer. There are enough indications to believe that IRDP suffered from mismatches of all three kinds.

Excessive concentration on milch cattle is a clear example of the neglect of the demand side. Working with the IFMR data, Subbarao (1985) noticed that the only district (out of five) where milch cattle had yielded a satisfactory rate of return was the one which was blessed with a number of milk-chilling plants. The demand generated by these plants, as well as other infrastructural facilities associated with them, obviously helped in maintaining a high level of return. In other districts, there were simply too many heads of cattle in relation to demand. Similarly, Kurian (1987) narrates the case of dozens of sewing machines being supplied to different women in a single village; and stories like this can be multiplied. The neglect of the supply side is equally glaring. As Rath (1985) notes,

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33 The fact that IRDP usually performed better in the infrastructurally developed areas has also been noted by Rao and Erappa (1987) and Rao and Rangaswamy (1988), among others.
something like 5 million cattle were purchased by the IRDP households during the Sixth Plan period, without there being any arrangement for producing that many high-breed cattle. As a result, not only did the beneficiaries have to purchase inferior cattle, sometimes even the required number of cattle were not available. As a result, the price of cattle went up, and often induced the purchasing households to sell off the cattle to other households. In this way, the same animal moved from household to household satisfying aggregate demand in the absence of matching supply (Kurian, 1987). With more than a tinge of sarcasm, V.M. Dandekar has for this reason described the 'IRDP cow' as 'circulating capital'.

Similar failures have been noted in respect of the matching between IRDP asset and household resources. Kurian (1987), for example, mentions that cases were reported where hundreds of animals were distributed in drought-affected areas although the purchasers did not have the grazing facilities to feed the animals. At a more general level, Rath (1985) has argued that the poorest of the households who have traditionally sold nothing but raw labour may simply not have the entrepreneurial ability to engage in viable self-employed activities. A degree of support for this contention is provided by our earlier observation that agricultural labourers were mostly left out by both IRDP and the

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Grameen Bank.\textsuperscript{35} It is, however, difficult to agree with Rath when he goes on to argue that the whole idea of promoting self-employment should be deemphasised and that the expansion of wage employment through public works should constitute the principal direct intervention programme. The notion that the poorest households do not as a rule possess entrepreneurial ability cannot simply be true; for, a large number of them are traditionally engaged in various self-employed activities such as cottage industries, petty business and services; moreover, it has been noted from the IRDP experience that the poorest households who participate in the programme do not necessarily fare worse compared to the less poor ones (Rao and Rangaswamy, 1988). However, the essential point that the chosen activity must correspond to the entrepreneurial ability and other resources of the household still remains valid.

The observed mismatch in IRDP has generally been attributed to two factors. The first relates to the absence of a comprehensive local development plan without which matchings of the various kinds described above could scarcely be ensured. Plans are required for the purpose of both assessing and augmenting the supply of assets on the one hand and demand for their products on

\textsuperscript{35} It is also interesting to note that most of the loanees of the Grameen Bank engage in those activities where their households have already had some entrepreneurial experience. It is no coincidence that some 40 per cent of the loan is taken for trading activities and some 30 per cent of the loanes had trading as their prior occupation (Hossain 1984a, p.125 and p.29).
the other. This will make it possible to endow the prospective beneficiaries with assets that are both available in required specification and viable enough in terms of the demand for their products. Initially, this is precisely what the programme was supposed to have ensured; hence the name Integrated Rural Development Programme. In actual practice, however, planning for the creation of supply and demand was never integrated in the programme. There was some rough attempt to carry out the assessment part i.e., the assessment of existing supply and demand, but that too was thoroughly inadequate. The second factor relates to the imperative of fulfilling a numerical target within a specified time limit. A severely understaffed local administrative machinery was burdened with the tasks of identifying the eligible beneficiaries, motivating them to participate in the programme, preparing suitable investment projects for individual households and often identifying and procuring the assets for them. Under pressure of meeting the target, they frequently took the easy option of pushing through whatever assets were readily available, disregarding the matchings of the kind described above.

One might pause to ponder at this stage why is it necessary to ensure the required matchings through planned intervention - why cannot one simply transfer some financial resources to the poor households and leave the task of matching to the market process? In this context, it is instructive to contrast the experience of
IRDP with that of Grameen Bank. As opposed to the bureaucratic-interventionist approach of IRDP, the Grameen Bank of Bangladesh has adopted what may, with some liberty, be described as the laissez faire approach. It is true that Bank officials do apply a strict eligibility criterion, motivate the prospective beneficiaries to participate in the programme and subject the loanees to strict discipline; but there is no attempt to determine the structure of activities either in the aggregate or for individual households. The whole underlying philosophy of the Grameen Bank is that most local people have a pretty shrewd idea of what opportunities are potentially available and they also know which of these they are capable of handling; all they need is the access to credit in order to take those opportunities.

It will be wrong, however, to describe it as an entirely hands-off approach, because the Bank does employ a highly imaginative method of indirectly pressurising the loanees to be particularly careful in the choice and execution of their projects. This is done by enforcing a rigorous discipline of loan repayment. There are a number of components of this strategy. First, the loanees are required to form a group of five people. Although the loan is given to an individual and he or she alone is responsible for repayment, a kind of group pressure is brought to bear upon the loanee by the stipulation that default by one member of the group will make the rest of
the members ineligible for loan. Secondly, the repayments are to be made in weekly instalments in local meetings which all loanees in a particular locality are required to attend. This again acts as group pressure. All this is motivated by the basic premise that if the repayment discipline can be rigorously enforced, the loanees will be careful in seeking out the truly viable projects. Thus the combination of people's personal knowledge of local opportunities and the Bank's insistence on the discipline of repayment is considered to be an adequate guarantee of securing the productive use of credit. Apparently, this strategy has worked remarkably well.

Does the laissez faire approach à la Grameen Bank, then, offer a viable strategy for self-employment programmes? We believe there are reasons to be sceptical about it. A very important consideration here is the question of scale. As mentioned before, the Grameen Bank has so far covered only three to four per cent of the villages in the country; even in the limited area of its operation only half of the target group has been covered (Hossain, 1984a). While operating at such a low scale, it may not be so essential to worry about supply and demand. The modest purpose at this level is to enable a few of the poor to take advantage of the opportunities that are somehow being created within the economy. In this sense the Grameen Bank does little more than marginally augment the 'trickle down' process. But if a massive self-employment programme of the IRDP type is to be launched,
it will not do to disregard the need for integrating credit-giving within a broader framework for planned expansion. There are already indications of this even in the limited scale of the Grameen Bank's operation. A couple of Hossain's (1984a) findings are worthy of note in this context. First, the rate of return from repeat loans is generally lower than that of the original loan and secondly, the relatively large-size loans are seldom fully invested. This indicates the presence of limits to the expansion of self-employment within the existing configuration of supply and demand.

The need for a genuinely integrated rural development cannot, therefore, be denied. One might argue, however, that while the macro-matchings are ensured through an integrated plan, the micro-matching between household and assets may still be left to the individual as in the Grameen Bank approach. Some degree of individual autonomy is certainly desirable, but its limits should also be recognised. The Grameen Bank may be right in assuming that even the poorest households may have a shrewd idea of what opportunities are available, provided that the local economy is only slowly evolving. But that assumption may no longer hold if massive interventions are to be made at the local level to alter the macro-configurations of supply and demand. The resulting uncertainty about the new economic environment may be difficult to handle even for the well-off entrepreneurs, but at least they can be expected to take
their losses along with their profits; in any case their subsistence will not be threatened in the event of a loss. But even a single loss-making venture by a poor household may ruin the slender basis of subsistence it may have had by saddling it with a net liability of loan repayment. That would be the cruelest outcome of a programme whose ostensible purpose is to enhance the security of poor households.

It is therefore clear that a successful programme of security through self-employment will require detailed planning at the local level with regard to all three kinds of matching discussed earlier. It should also be clear that just any kind of integrated rural development programme will not do, for one may have integrated development which caters to the needs of the better-off section. One therefore comes back to the question of countervailing power at the local level for safeguarding the interest of the poor. This question has not been systematically explored in the various evaluations of IRDP that have been done in India. But some indication of its importance may be seen in the findings of Rao and Erappa (1987) and Thimmaiah (1988) for Karnataka, and Sharma and Gianchandani (1988) for Rajasthan. They all noted that the opportunities opened up by IRDP were seized more effectively by middle-level households rather than the bottom-placed agricultural labourers. It is also interesting to note that by several accounts the performance of IRDP has been somewhat better in West
Bengal where the rule of CPI(Marxist) has created a countervailing power, however partially.\textsuperscript{36} A survey conducted by the Programme Evaluation Organisation of the Planning Commission of India showed that the proportion of beneficiaries drawn from the poorest group is the highest in West Bengal (along with Tamil Nadu) among all Indian states.\textsuperscript{37} The subsequent countrywide survey of 1985-86 showed that West Bengal was also among the best performers in terms of utilisation of resources: while the assets ceased to yield income after two years of loan disbursement in 24 per cent of the cases at the national level, this happened in West Bengal in only 7 per cent of the cases (Kurian, 1987).\textsuperscript{38} Finally, the same survey also showed that while the incremental capital-output ratio was 3:1 at the national level, West Bengal achieved the ratio of 1.5:1 in 70 per cent of the cases - the best performance among all states.

These illustrations are meant to be indicative rather than conclusive. But they do lend credence to the a priori proposition that the presence of countervailing power at the local level is a precondition for an effective programme of social security through self-employment of the poor.\textsuperscript{39}

\textsuperscript{36} See our discussion in the preceding section.

\textsuperscript{37} Cited in Bandyopadhyay (1985), p.112.

\textsuperscript{38} Only Gujarat, an infrastructurally developed state, and Tripura, another CPI(M)-dominated state, did any better.

\textsuperscript{39} For more on this point, see Bandyopadhyay (1988).
Security Through Wage Employment

A large proportion of the rural labour force in South Asia depends on wage labour as their principal means of livelihood. The proportion of principally wage-dependent persons (including landless agricultural labourers, marginal farmers and non-cultivating labour households) is at least one-third of the rural labour force in India and well over half in Bangladesh. They are also among the poorest of all households. In Bangladesh as much as 90 per cent of such households are counted as poor, while in India a reasonable estimate would be around 60 per cent. This massive poverty is due partly to low wages and partly to lack of secure employment throughout the year. Recognising that the amount of employment generated through the normal process of development is thoroughly inadequate to meet the challenge, both countries have launched huge programmes of employment generation largely through public works. It is worthwhile to see to what extent these programmes have been or can be useful in providing security to the poor people.

The major programme in Bangladesh goes under the name of Food For Work (FFW). It came into existence in 1975 and by now it is the most important of all employment-generating programmes. Its distinctive

40 See Rahman and Haque (1988), Table 17, on Bangladesh; and Sundaram and Tendulkar (1985), Table 3-7, on India.
feature, compared with earlier programmes, is the payment of wages in kind, mainly wheat that is obtained as food aid from the Western world.  

Like most other programmes of its kind elsewhere in the developing countries, FFW is not free from the usual allegations of leakage and the misuse of funds; one study has estimated that the underpayment of labourers may have amounted to about 30 per cent of total allocation (BIDS-IFPRI, 1983). Yet the benefits derived by the employed workers were not inconsequential. Some of the positive features noted by a comprehensive survey (Osmani and Chowdhury, 1983) may be summarised as follows. First, there is no doubt that the benefit of employment went mostly to the poorest segment of rural population. Nearly seventy per cent of the employees belonged to what is called the functionally landless category i.e., those who own less than half an acre of cultivated land. Since they constitute about half of the rural population, it is evident that this group has found more than proportionate representation in total employment. Secondly, the net income gain of participating households amounted to roughly 10 per cent of their annual wage income or 7-8 per cent of total household income. Thirdly, the consumption of food (especially foodgrains) improved significantly for those who were more or less regularly involved in the FFW projects.

41 In 1982-83, the amount of wheat distributed under FFW accounted for 42 per cent of all food aid and 21 percent of total food imports (Ahmad and Hossain 1985, p.77)
While noting these positive aspects, it must also be admitted that in terms of its aggregate impact the achievement does not amount to much. An illustrative calculation can give the picture. According to the Labour Force Survey of 1983/84, the total rural labour force of that year was 24.3 million. It has been observed from various scattered sources of evidence that the extent of underemployment in rural Bangladesh varies from 31 to 40 per cent (Islam, 1986). Taking the conservative estimate of 30 per cent, the extent of unemployment in 1983/84 was the full-time equivalent of 7.3 million people. Against this background, FFW created 101 million mandays in that year which comes to about 0.34 million manyears (taking a standard manyear to consist of 300 days). It means that FFW was able to eliminate just under 5 per cent of underemployment among the rural labour force in 1983-84.

This is a rather modest achievement, clearly inadequate in relation to need. The question therefore arises: can the scale of operation be expanded to provide complete security of employment? One constraint can be immediately noted. Our illustrative calculation shows that the scale of operation will have to be expanded at least twentyfold in order to provide complete security. Considering that the amount of wheat distributed under FFW constituted roughly 20 per cent of total food imports in recent years, such an expansion would involve a sixfold increase in the quantum of food import from its
present level - clearly an infeasible proposition. There may be also other constraints. For instance, will it be possible to find an adequate number of public works schemes which are at the same time labour-intensive as well as sufficiently productive? This question takes us to a much wider range of issues which have relevance not just for Bangladesh but for the rest of the region as well. We shall return to it after taking a brief stock of India's experience with similar programmes.

After experimenting with various forms of employment-generation schemes in the sixties and the seventies, India too decided to adopt Food For Work as the major programme in 1977. There was, however, a major difference from Bangladesh. Instead of depending on food aid, India supplied the required foodgrain from its own rapidly accumulating stock. Indeed, one of the motivations behind shifting from a system of cash payment to a system of partial payment in food was to dispose of this huge stock which was something of an embarrassment for a country where anywhere between one-third to one-half of the population were reported to be suffering from endemic hunger. In any case the existence of this stock implies that India is in a much better position to expand the programme compared with Bangladesh, provided that other constraints do not become binding.

As it happens, a severe constraint seems already to have emerged as far as the foodgrain component of the
programme is concerned. This is indicated by the sharp fall in this component after the FFW was merged into a new expanded programme called the National Rural Employment Programme (NREP) at the start of the Sixth Plan (1980-85). In 1980/81 an average of 3.2 kg of foodgrain was utilised per person per day, but the average for the next four years was only 0.5 kg, although the official stipulation was that at least 1 kg of foodgrain should be given as part of the wage. Difficulties in public distribution and workers' preference for coarse cereal over the finer cereals (wheat and rice) which are distributed by the programme have been suggested as the main reasons for this phenomenon.42

This did not, however, hinder the progress of the programme as a whole, since the shortfall in grain payment was made up by cash. What the planners were worried about was the possibility that the benefit might not be going mostly to the neediest group, namely, the landless population. Consequently, in 1983, a new scheme called the Rural Landless Employment Guarantee Programme (RLEGP) was initiated alongside NREP with the specific objective of guaranteeing upto 100 days of employment to at least one member of every landless household in the country. Together these two programmes are expected to

create 490 million mandays in a year during the Seventh Plan period (1985-90).\textsuperscript{43}

How significant are these efforts in relation to need? Once again an illustrative calculation will help. Assuming that the Seventh Plan target is met, and taking a standard manyear to consist of 300 days, a total of 1.6 million full-time jobs will have been created in 1986. Exactly what this means in terms of removing unemployment is not certain as no estimate of unemployment is available for the recent period. However, we can get a rough picture by projecting past estimates. It was noted in the Sixth Plan document that in 1980 some 15.4 million job-seekers in rural India remained unemployed on a typical day i.e., total unemployment was the equivalent of 15.4 million full-time jobs. Even if we make the optimistic assumption that total employment has grown since then at the same rate as the labour force, this will mean that the absolute size of the unemployed labour force has grown at that rate too. On that basis, just about 9 per cent of unemployment would have been removed by the two programmes in 1986.

This is indeed some achievement, and decidedly better than that of Bangladesh, but still clearly inadequate in relation to need. In order to eliminate unemployment completely through NREP and RLEGP, the scale

\textsuperscript{43} The two employment programmes, NREP and RLEGP, were merged in 1988.
of operation will have to be expanded at least ten fold. Considering that the Seventh Plan allocates 2.4 per cent of total outlay on these two programmes, such an expansion would imply an allocation of as much as a quarter of total Plan expenditure.

This shows the financial implications of ensuring social security through guaranteed employment. It is worth noting in this context that the concept of guaranteed employment is enshrined in the Indian Constitution where the right to work is given the status of a (non-justiciable) Directive Principle. However, it was only with the introduction of RLEG in 1983 that the concept of guarantee was explicitly recognised for the first time in a national level programme. Even then the recognition was incomplete. First, only one rather than all the working members of each landless household was to have guaranteed employment. Secondly, the guarantee was given only in the form of a ceiling rather than a floor of minimum employment, namely 'upto 100 days per year'. The stipulation of ceiling rather than floor leaves room for honouring the guarantee by providing any non-zero days of employment however low it may be in relation to need. In one of the few evaluations of RLEG done so far, the authors did in fact find that only 5 per cent of the participants received more than 100 days of employment in Punjab (Singh and De, n.d.).
Much more serious commitment to the concept of the guarantee is evident in the state of Maharashtra. The state government had been implementing an Employment Guarantee Scheme (EGS) from its own finances long before RLEGF came into being at the national level. Several other states have also been trying to emulate Maharashtra with schemes of their own. But it is the Maharashtra scheme that has come to be acclaimed as a resounding success. For that reason, it is worthwhile to look into it in some detail.

Although EGS was formally sanctioned only in 1978/79, it had in fact been in operation since the late sixties. Starting from a low scale it began to pick up from 1975, and by now it has become the most important social welfare programme in the state (consuming nearly 10 per cent of the state budget in 1979/80). In its present form, the Scheme guarantees that every adult who wants a job in rural areas will be given one, provided he/she is willing to do unskilled manual work on a piece-rate basis. In order to ensure that only truly needy persons will come forward to take up the guarantee, a mechanism of self-selection has been built into the programme in a number of ways. First, no choice of work is given - only unskilled manual work is made available. Secondly, the wage rate is kept below the ongoing agricultural wage; the piece rate is fixed in such a way that with average effort the daily wage would equal the minimum of all statutory minimum wage rates obtaining in
different parts of the state. In practice, the process of self-selection is further reinforced by the widespread prevalence of underpayment.\textsuperscript{44} Thirdly, although the official instruction is that work is to be provided preferably within a radius of 5 km from a worker's residence, in practice the guarantee operates at the block level which may sometimes require a person to travel a long distance for a few days of temporary work (Bagchee, 1984).

On the whole the self-selection mechanism has worked reasonably well, but not with complete success. An evaluation done in 1977/78 found that 45 per cent of the workers came from landless households and 42 per cent belonged to the deprived social groups of the scheduled castes and the scheduled tribes (Dandekar and Sathe, 1980). However, according to the same survey, 42 per cent of the workers came from cultivating households owning upto 5 acres of land. While some of them, especially the so-called marginal farmers owning less than 2.5 acres (of mostly unirrigated land), belong to the neediest group, not all of them do. It has been observed that small, and sometimes not-so-small, farmers join heavily in EGS in the lean season when many of them would otherwise remain idle. This explains the finding of an official evaluation that as a proportion of needed employment the small and

\textsuperscript{44} One observer encountered rates as low as 10 per cent of the minimum, though 33 to 50 per cent was more common (Herring and Edwards, 1983, p.590).
medium farmers have secured more employment than the landless group (PEO, 1980a).

This is perhaps an unavoidable consequence of offering an open-ended guarantee to everyone regardless of economic status. Perhaps there would not be much wrong with this if it did not happen at the expense of the neediest group. It is, therefore, important to see how far the EGS has succeeded in meeting the employment gap of landless workers and marginal farmers. In sheer absolute size, the employment created under EGS certainly exceeds by a wide margin anything that has so far been achieved elsewhere in India (or for that matter other parts of South Asia). In 1977/78, for example, an average participant was found to have received 160 days of employment under EGS (Dandekar and Sathe, 1980). By comparison, FFW provided just 44 days of employment per participant all over India (PEO, 1980) and NREP provided 51 and 55 days in Gujarat and Karnataka respectively (ILO, 1984). Also, EGS contributed two-thirds of the annual income of participants (Dandekar and Sathe 1980), while the corresponding contribution of NREP in Gujarat and Karnataka was found to be one-fifth (ILO 1984).

Despite such impressive figures, there remains some doubt as to the achievement of EGS in relation to need. Dandekar and Sathe (1980) have claimed that in 1977/78 EGS eliminated as much as 75 per cent of unemployment among the ‘weaker sections’ defined as the set comprising
landless labourers and the bottom ten per cent among cultivators. This estimate appears to be highly inflated in view of the doubtful procedures they have employed.\footnote{For a detailed critique of Dandekar and Sathe's methodology, see\footnote{Tilve and Pitre (1980).}} They assume, for instance, that the entire employment went to the weaker sections whereas their own survey shows that only 45 per cent of the workers came from the landless group. Of course we don’t know how many came from the bottom ten per cent of the cultivators, only that 42 per cent came from households owning no more than 5 acres. Given this information, it is in fact impossible to deduce how much of the EGS employment went to the weaker sections, and by how much their unemployment was reduced.

As an alternative, we offer an estimate for a subset of the ‘weaker sections’, consisting only of landless labourers. We know from Dandekar and Sathe (1980) that 45 per cent of the EGS-workers were landless labourers, but we don’t know how much of total employment went to them. It is, however, possible to estimate an upper limit from the finding that an average worker found employment for 160 days in the EGS but hardly anyone exceeded 180 days. If we assume (liberally) that all the landless workers had reached the maximum limit of 180 days, then their share in total employment was 50 per cent \((45*180/160)\). Thus the upper limit of the landless labourers’ EGS-
employment, out of a total of 117.3 million mandays in 1977/78, turns out to be 58.6 million mandays.

Next, we require an estimate of the level of unemployment that would have prevailed among the landless in the absence of EGS. For this purpose we use the data from Rural Labour Enquiry of 1974/75, as the EGS was still operating in a modest scale in that year. Unfortunately no data is available separately for the landless labourers; as a proxy we take the rate of unemployment prevailing among the primarily labour-selling households. Assuming a standard manyear to consist of 300 days, the extent of unemployment turns to be 86 days per worker (average of male and female). From the data presented by Dandekar and Sathe (1980), it appears that in 1977/78 there were about 3.1 million landless workers in the whole of rural Maharashtra. This gives a total unemployment among the landless labourers of about 266 million mandays. Recalling that a maximum of 58.6 million days of employment came their way by courtesy of EGS, it would thus appear that the Scheme was able to eliminate no more than 22 per cent of unemployment among this group in 1977/78, and that too under a host of liberal assumptions. The size of EGS has of course expanded since then; for example, the volume of employment generated in 1979/81 was 60 per cent higher than that in 1977/78 (Herring and Edwards, 1983). But

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46 There were reportedly 5.95 million households of landless labourers, with a worker ratio of 0.52 per household (Dandekar and Sathe, 1980, p.710).
since the landless population has also expanded at the same time (albeit a slower rate), the total impact could hardly amount to more than a third of unemployment among landless labourers.

Illustrative as they are, the preceding calculations show that perhaps too much has been made of the guarantee aspect of the Maharashtra scheme. What is not in question though is its relatively superior performance compared with similar schemes elsewhere in South Asia. This, combined with the fact that the scheme is still expanding, invites the question: does not the Maharashtra experience indicate that it is possible to achieve much more by way of providing security through employment than has been the experience so far in the rest of the region? In order to form a perspective on this matter, it is first necessary to take cognizance of a special feature of the Maharashtra scheme.

As mentioned before, EGS was initiated as a fully state-financed project without any financial support from the Centre. Half of the finance was raised by means of special taxes legislated for this purpose and the other half came from the general revenues of the state government. It is highly instructive to look at the incidence of these special taxes. The bulk of the revenue was extracted from the urban sector, particularly from the city of Bombay. Taxes on agriculture were originally supposed to contribute roughly one-fifth of the total EGS
collection. In the event their share turned out to be a maximum of 3 per cent during the period between 1975/76 and 1978/79, while as much as 60 to 70 per cent was collected from the city of Bombay alone (Herring and Edwards, 1983, p.585). As opposed to this urban orientation of finance and almost total exemption of the rural sector from the sharing of cost, the distribution of benefit was disproportionately in favour of the richer farmers. It is true that the workers benefitted too while the projects were on, but the lasting benefits went to farmers in the form of assets that were created under EGS. It is of course a commonplace that asset creation through rural works generally benefits the landed people more; but this commonplace assumes a particular poignancy in rural Maharashtra because of the nature of assets created by EGS. While roads and other non-durable assets usually dominate the portfolio of assets in a typical rural works programme, a predominant share in Maharashtra was taken up by irrigation works of various kinds. As an official evaluation of EGS showed, these irrigation works and other agriculture-related land development works yielded remarkable benefits to the farmers, specially the middle and large farmers (PEO, 1980a).

This contrast in the distribution of costs and benefits of EGS is not unrelated to the fact that the state politics of Maharashtra is known to be strongly dominated by the richer landowners (MHJ, 1980, Herring and Edwards, 1983). Of course, they were assisted in this
matter by the presence of a very rich urban sector. Maharashtra is one of the richest states in India in terms of per capita income but one of the poorest in terms of rural income, which means that almost all of its enormous wealth originates from the prosperous urban sector. In a spectacular reversal of the 'urban bias' hypothesis, the politically powerful rural elite of Maharashtra has succeeded in extracting surplus from the urban sector, combined it with the raw labour of a marginalised rural population and created assets for the benefit of their own land.47

The secret of Maharashtra thus lies in forming a triangle between a dominant rural elite, a materially prosperous urban sector which for some reason was willing to foot the bill, and a poor but abundantly available rural labour. The third apex of this triangle can be safely assumed to exist all over South Asia, but one cannot be too certain about the first two. This is what sets the limit to the possibility of emulating Maharashtra in the rest of the region.

There are, of course, other limits too. If an employment programme is to be something more than a pure relief operation, it must create assets that are not only productive but are also capable of offering lasting employment, ideally leading to a stage where special

47 Herring and Edwards (1983) provide an interesting analysis of the political economy of the Maharashtra EGS along these lines.
programmes for employment generation will no longer be needed. Experience shows that well-executed projects for irrigation and flood control can have a significant effect on both crop production and long-term employment (BIDS-IFPRI, 1985). The FFW in Bangladesh is indeed slanted heavily in favour of such agriculture-related activities, but there is some doubt as to how far they tend to be well-executed (Asaduzzaman and Huddleston, 1983). The situation is somewhat different in India where the preponderance of 'roads that are washed away' have been a source of constant criticism (Basu, 1981; Bandyopadhyay, 1985).

The transitory nature of the benefit accruing from the employment programmes and the dependency they allegedly tend to generate among workers on continuous support from public works, has led some scholars to argue that the creation of self-employment through IRDP-type programmes is a superior mode of supporting the poor (e.g. Dantwala, 1985). In contrast, others, such as Rath (1985) and Dandekar (1986), have argued that wage employment is the only feasible means of supporting the poor since the majority of them do not possess the entrepreneurial skill needed for doing well in IRDP-type programmes. The controversy that has ensued over 'wage-employment versus self-employment' does seem to be rather sterile, however. We have noted in the preceding section that a blanket denial of the poor's entrepreneurial acumen is hard to sustain; many of the poor can and do
make a regular living out of self-employed activities. On the other hand, it is also true that many of them may not want to take the risks and troubles of independent occupations, and may much prefer to seek their livelihood in the labour market. There is no reason why both types of employment cannot be generated in a complementary fashion for furthering the security of livelihood of the poor. This will, however, require truly integrated local-level planning of the kind discussed in the preceding section. Without such planning, neither mode of supporting the poor will have a sustained effect - the programmes for self-employment will fail to be productive enough to permanently raise the asset base of the poor, and the programmes for wage-employment will fail to create the assets required for raising the long-term employment-generating capacity of the economy. Whether the countries of South Asia have the ability to undertake such poverty-focussed local-level planning at an extensive scale is a moot question. What is clear, however, is the inference that in the absence of such ability the programmes of employment promotion will fail to provide a lasting security to the poor. Some temporary relief will indeed be provided and, if operated at a modest scale, even lasting security can be ensured for a small segment of the poor but not a generalised long-term security for the bulk of the poor. In that event, other methods of providing social security will have to be seriously contemplated.
Security Through Public Provision of Basic Needs

If the goal of social security is to ensure guaranteed access to a certain minimal standard of living, and the standard of living is itself defined in terms of functionings and capabilities (Sen, 1985), then the policies and programmes discussed in the preceding sections are best described as an indirect means of achieving that goal. They are supposed to provide the resources with which the beneficiaries will hopefully acquire the inputs - such as food, clothing, housing, health care, education etc. - which will in turn create the desired functionings such as living a healthy active life. An alternative, and potentially complementary, approach is to make those inputs more easily accessible to the people so that more of them can be acquired with given resources. When public policy takes this latter, more direct, approach we may describe it as social security through public provision of basic needs. The attribute of directness, however, does not necessarily confer upon it the attribute of superiority. But the empirical evidence in South Asia does make a strong case for emphasising the direct approach. The experience of Sri Lanka and the Indian state of Kerala has already attracted widespread attention in this regard. Before looking at their record of public provisioning, we may take a glimpse of their achievement from the comparative picture laid out in Table 1.
Table 1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Bangladesh 1985</th>
<th>India 1984/85</th>
<th>Kerala 1980/81</th>
<th>Sri Lanka b</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMR (infant mortality rate)</td>
<td>112</td>
<td>106</td>
<td>37</td>
<td>30</td>
</tr>
<tr>
<td>CDR (crude death rate)</td>
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<td>12</td>
<td>7</td>
<td>6.5</td>
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<tr>
<td>Life Expectancy</td>
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<td>56.5</td>
<td>66c</td>
<td>69</td>
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<tr>
<td>Literacyd</td>
<td>29</td>
<td>36</td>
<td>70</td>
<td>87</td>
</tr>
<tr>
<td>Per capita Income (US $)</td>
<td>150</td>
<td>270</td>
<td>225</td>
<td>380</td>
</tr>
</tbody>
</table>

Notes:

a) Except for per capita income for which the reference period is 1985.
c) Refers to rural Kerala for the period 1976-1980.
d) Reference period is 1981 in all cases. The reference population varies as follows: adults of 15 years of age and over in Bangladesh, all people over 10 years of age in Sri Lanka, and all people of 5 years and above in India and Kerala.

Sources:

1) Bangladesh data on IMR, death rate, life expectancy and literacy are from World Bank (1988), Statistical Appendix, Tables 1.3 and 1.7.
2) Indian data on IMR, death rate and life expectancy are from GOI (1985), Vol. II, Table 2.11, pp. 21-22. Literacy rate is from Vaidyanathan (1987), Table 1.
3) IMR and literacy data for Kerala are from Vaidyanathan (1987), Table 1; death rate and life expectancy are from Kumar (1987), Tables 2 and 4.
4) Sri Lankan data on IMR, death rate, life expectancy and literacy are from Rasaputra (1986), Appendix Tables 8 and 9.
5) Data on per capita income of India, Bangladesh and Sri Lanka are from Bhatia (1988), Table 2, p.4. The estimate for Kerala was derived from the figure for India by applying the ratio between the per capita state domestic product of Kerala and the per capita NNP of India for 1984/85 as given in p.39 of Agarwal et al. (1987).
By all the indicators of quality of life presented in Table 1, Sri Lanka and Kerala are clearly far ahead of the rest of South Asia. Their lead can be appreciated even better by noting how long ago they had achieved the levels that Bangladesh and India (as a whole) are enjoying only now. The levels of IMR, the death rate and life expectancy obtaining in India today were reached by Sri Lanka in the late forties and the corresponding level of literacy was achieved as early as the second decade of this century.\textsuperscript{48} Similarly the current all-India levels of mortality and life expectancy were already achieved in Kerala in the early sixties, while literacy was achieved even earlier.\textsuperscript{49} Differences in the levels of per capita income cannot explain all this. It is true that Sri Lanka enjoys a higher per capita income than the rest of the region, but not high enough to explain the difference in quality of life.\textsuperscript{50} The dissonance between per capita income and quality of life is manifest even more starkly in the case of Kerala.

As for other possible explanations, our preceding discussion shows that neither land reforms nor the employment-generating programmes could possibly hold the

\textsuperscript{48} Rasaputra(1986), Appendix Tables 8 and 9.

\textsuperscript{49} The information on literacy, death rate and life expectancy is from Kumar(1987), Tables 1.2 and 4, and on infant mortality from Jose(1984), p.124.

\textsuperscript{50} Per capita income would have to be as high as in the developed countries to achieve the Sri Lankan level of quality of life on the strength of income alone (Isenmann,1980; Sen,1981).
clue. In Sri Lanka, as we have seen, land reforms have had a negligible impact on the poor, and programmes for the generation of employment were not even tried there in the scale in which they have been tried elsewhere in the region. Kerala has of course experienced a more effective land reform, but the resulting distribution of land is not any more equitable than that of India as a whole. In fact, in absolute terms the rural poor of Kerala control a much smaller size of land per capita because of the extreme density of population.\textsuperscript{51} Nor is there any evidence that Kerala did spectacularly better in respect of the employment-generating programmes; in any case these are of fairly recent origin while Kerala's lead dates back long into the past.

It is in respect of public provision of basic needs that Sri Lanka and Kerala stand out with striking distinction. Both tried to ensure for every citizen a guaranteed access to three basic amenities - food, healthcare and education. It will be instructive to see how their approach differed in this area from the rest of the region.

The history of public distribution of foodgrain in South Asia dates back to the crisis years of the Second World War. The elaborate network of rationing set up

\textsuperscript{51} This is partly offset by the fact that per acre productivity (value) of land in Kerala is also one of the highest in India. Nonetheless, rural poverty is one of the most acute here. See Vaidyanathan(1987) for more on these regional comparisons.
during the War was retained afterwards, but since then it has evolved differently in the three countries. In Sri Lanka it was further consolidated and extended so as to cover the entire population; in Bangladesh too it was steadily consolidated but its principal focus remained on the urban population; in India it alternated between periods of consolidation and abandonment (or weakening), but focussing always on the urban sector whenever it was in force (except in Kerala, as we shall see).

The rural segment of the rationing system in Bangladesh has all along been a residual claimant on available foodgrain. The priority claim was vested in the urban dwellers, especially those engaged in the formal sector. Even so, rural rationing accounted for about 55 per cent of total distribution in the sixties. Since then its share has progressively come down, standing at less than 20 per cent in the eighties (MOF, 1986). As a result, the system is now capable of catering to only a small fraction of eligible rural households; and even those who are catered to receive only a meagre ration. To illustrate, a sample survey conducted in the mid-eighties found that the contribution of subsidised ration amounted to only 2 per cent of total income for an average recipient household (MOF, 1986).

The official justification for the scaling down of rural rationing has rested partly on the ground that one other component of the distribution system, namely Food
for Work, has been making an increasing contribution to foodgrain availability in the rural areas. There are at least two problems with this justification. First, even after allowing for the foodgrain distributed under Food for Work, only about 6 to 8 per cent of the rural population was estimated to have been covered by public distribution in the second half of the seventies (MOF 1986, Table 7.3). Secondly, an argument based on total availability cannot be enough to justify the withdrawal of guaranteed food security for the vulnerable population. While it is true, as we have seen, that FFW not only increases availability but also distributes the benefit mostly to the landless and landpoor population, it cannot ensure security for such households as are handicapped by the absence of required labour power. Moreover, the nature of FFW activities is such that they can be undertaken primarily in the dry season, leaving out a protracted slack period in agriculture during the rainy season. The substitution of rural rationing by FFW cannot adequately take care of the problem of food security in the latter period.

Even in the favoured urban sector, the scope of security given to the neediest people has shrunk in recent years. Since the early seventies, new ration cards are not being issued in the urban areas except under special circumstances. This has left out of the security net the vast number of rural immigrants who flocked into the urban areas, particularly the capital city, in the
immediate post-1971 period. As a result, the proportion of urban residents covered by subsidised rationing has come down drastically from near 100 per cent to just around 50 per cent in the eighties (MOF, 1986, Table 7.3). That the left-out segment consists primarily of the poorer group is indicated by a recent finding that the average household income of urban ration-receivers is higher than the average income of all urban households (MOF, 1986).

All this has happened as a result of a basic shift that has occurred in the whole underlying philosophy of the public distribution system. Instead of offering targeted security to individual households, the aim now is to ensure a generalised security in times of crisis by stabilising prices through open market interventions. In this aim some notable success has indeed been achieved. First in 1979 and again in 1984, the capability of the public distribution system to intervene vigorously in the open market helped contain speculative price hikes of the kind that wreaked havoc in the famine of 1974, despite the fact that the potential scarcity was greater in the later two years.\(^{52}\) This story of success however needs to be qualified in two important respects. First, the country has not yet acquired the ability to permanently sustain a level of buffer stock that would guarantee similar success in the future. In both 1979 and 1984 the

\(^{52}\) This issue has been discussed in some detail in Osmani (forthcoming).
crisis was averted by taking recourse to huge imports—financed in one instance by an unusual generosity of the international aid community, and by the bounty of an unexpected trade surplus in another (Osmani, forthcoming). Secondly, even if the task of crisis management were adequately performed, there remains the question of that huge number of vulnerable households who do not have the security of a minimum consumption of food even in normal times. The public distribution system of Bangladesh was never adequate to face up to this task; today it is utterly irrelevant for this purpose.

A shift in policy similar to that of Bangladesh is also evident in India, especially since the dawn of the so-called Green Revolution era (around 1967/68). In the earlier phase, the aim of public food distribution, as in Bangladesh, was to offer targeted security to the urban population. Its potential role as a mechanism for price stabilisation, and thus as a purveyor of generalised security, first received official recognition during the drought years of 1965/66 and 1966/67. Since then "...its role has undergone a basic change: from an agency for distributing rations to the target groups under the scheme of statutory and non-statutory rationing, it has now become an instrument of agricultural price support and price stabilization policies of the Government" (Bhatia, 1983, p.69). In contrast to Bangladesh, however, India has built up a huge buffer stock from its own production, which gives her a more secure basis for
managing crises. This ability was tested most severely in 1979/80 when the production of foodgrains fell by 18 per cent from the previous year's level, and in the ensuing three years when production stagnated at the level of the mid-seventies. That this protracted crisis was averted without a serious price hike is largely attributable to the existence of the buffer stock.53

While recognising this success in assuring some degree of generalised security in times of crisis, one must also point out that, as in Bangladesh, the public distribution system in India is incapable of offering targeted security to those who need such security even in normal times. In the case of India, moreover, this failure assumes an added irony. The buffer stock has arisen in the first place because the development strategy pursued in India has failed to endow the majority of its people with enough effective demand while production was being pushed up by the Green Revolution, and the government was obliged to take up the slack in fulfilling its commitment to agricultural price support.54 It would thus appear that India has acquired the ability to offer generalised security in times of crisis by

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53 The key role was played not by the distribution of food as such, but by the very existence of the stock which dissuaded speculative hoarding. For more on this, see Bhatia(1983). See also Dreze and Sen (forthcoming), chapter 8, on the primacy of price stabilisation over income generation through the Indian Public Foodgrain Distribution System.

54 Many analysts of the Indian economy have made this point. See Dandekar(1986) for a forceful recent exposition of the argument.
neglecting the lack of security that remains endemic for a large section of the people.

A striking contrast is presented by the Indian state of Kerala. Its distribution system covers almost the entire population (97 per cent) at a level of per capita offtake that is by far the highest among all the Indian states. In 1977, for example, the per capita offtake in Kerala (61 kg per annum) was more than double that of all the states except two (Jammu and Kashmir with 47 kg and West Bengal with 40 kg). Furthermore, the rural-to-urban ratio of per capita offtake was almost 100 per cent in Kerala, whereas in other states the ratio varied between 2 and 22 per cent. As a result, the rural per capita offtake in Kerala stood at 61 kg as against a range of 0.8 to 15.5 kg in other states.55

The sheer scale and spread of public distribution in Kerala means that the rationed foodgrains figure prominently in household consumption. A survey conducted in two villages in 1977 showed that the rice purchased from ration shops accounted for two-thirds of all the rice consumed by the poorest 40 per cent of households (George, 1979, p.32).

55 de Janvry and Subbarao (1986), Table 1.5, p.13. It is worth noting in this context there is some difficulty in comparing rural Kerala with the rural sector of the other states as the rural-urban distinction is not as clear-cut in Kerala as in the rest of India.
An even more ambitious programme of subsidised food distribution was in force in Sri Lanka until recently. The coverage was, as in Kerala, near universal. Foodgrain was distributed through the rationing system— in varying combinations of totally free or heavily subsidised amounts at different times. The principle of universal coverage was abandoned in 1978 when the richer 50 per cent of the population became ineligible for subsidised rationing. In 1979, the system of rationing was itself abolished and replaced by a food stamp scheme, targeted once again at the bottom half of the population. These stamps were redeemable in exchange for foodgrain (and a few other essential commodities) sold in designated outlets at unsubsidised prices. Initially, the changeover from rationing to food stamp did not make much difference to the bottom quintile of the population in terms of the subsidy received.\(^5^6\) But since the value of stamps was kept fixed in nominal terms, their real value became quickly eroded in the face of rapid inflation; by 1981/82, the real value had nearly halved (Edirisinghe, 1987, p.18).

During the period of subsidised rationing the amount of rationed foodgrains figured prominently, as in Kerala, in the total consumption of Sri Lankan households. In 1969/70, for example, it was estimated from a nationwide survey of household expenditure that rationed rice

\(^{56}\) The value of food stamps at the time of inception was only 3 per cent less than the ration subsidy received by the bottom quintile, though for all the recipients taken together it was 17 per cent less; Edirisinghe (1987), Table 5, p.18.
amounted to 18 per cent of the calories consumed by all households, and to 21 per cent in the case of the bottom quintile (Gavan and Chandrasekera, 1979). A similar survey in 1978/79 showed that the value of the ration subsidy was the equivalent of 18 per cent of total expenditure of all households, and 25 per cent of total expenditure of the bottom quintile (Edirisinghe, 1987).

An example of how well the rationing system was able to protect the poor is provided by the experience of 1973/74 when rice distribution through rationing was reduced by 20 per cent. Production was above average and total calorie availability was only slightly below the trend level, and yet in 1974 the mortality rate increased from 7.7 to 8.9 (Isenmann, 1980). It is also significant that the incidence of increased mortality was most pronounced among the estate workers who depended on the rationing system much more heavily than the rest of the population. It will perhaps be wrong to attribute the entire increase in mortality to reduced rationing because during the same period there was also a sharp increase in the price of wheat, which the estate workers tend to consume in large amounts (Gavan and Chandrasekera, 1979). Nevertheless the fact that increased mortality was also found among the rest of the population, who consume very little wheat, does point to the presence of a rationing effect as well. Further evidence can be gleaned from the changes in nutritional status that have reportedly occurred after the subsidy was halved within three years.
of the introduction of food stamps in 1979. The incidence of wasting among children in the age-group of 6 to 60 months has gone up from 8.4 per cent in 1975/76 to 13.8 per cent in 1980-82 (Sahn, 1987, p.814).

Despite such evidence, there must be some doubt about how far the spectacular indices of mortality and life expectancy achieved by Kerala and Sri Lanka are due to the security provided by subsidised foodgrain. This is best appreciated by noting the extent of the contribution made by the subsidy in the total consumption of calories. We have seen earlier that the value of subsidy as a proportion of total income is remarkably high in both Kerala and Sri Lanka. But the value of the subsidy as such, or the calorie-equivalent of that subsidy, does not indicate the amount of calories contributed by the subsidy. The contribution would depend on the marginal propensity to consume calories out of the additional income coming by way of subsidy, plus any possible substitution effect. It would appear from the (admittedly crude) estimates made by George (1979, p.37) that the net contribution of the subsidy was about 18 per cent of rice consumption among the bottom 40 per cent of the households. Since rice accounts for about 40 per cent of calories in an average Keralite diet, the net contribution of subsidy amounts to a maximum of 7 to 8 per cent of total calories. A similar figure - 6 per

57 This is probably an overestimate because the share of rice is lower and the share of tapioca higher in the diet of the poorer groups compared to an average Keralite diet.
cent for the bottom quintile of households - seems to emerge from the estimates for Sri Lanka (1969/70) made by Gavan and Chandrasekera (1979, p.41).

Even considering the margin of error that is likely to be associated with these estimates, it will perhaps be fair to conclude that the net contribution of the subsidy to the total intake of calorie was nothing spectacular. It is difficult to see how a contribution of this magnitude could explain the phenomenal progress made with respect to mortality and life expectancy. This impression is further reinforced by looking at the actual levels of calorie intake enjoyed by the poorer groups. The overall per capita intake in Sri Lanka, estimated at 2010 Kcal per day in 1978/79, is somewhat lower than in India; but even more importantly, the average intake for the bottom half of the population is only 1607 Kcal (Anand and Harris, 1987, p.6a), a figure that is way below any reasonable standard of requirement. In Kerala, the situation is even more precarious according to the official estimates of the National Sample Survey; even the average intake of the total population appears to be some 20 per cent below the national average. There are disputations about these official figures which, according to some studies, do not take sufficient note of the varieties of non-cereal sources from which the

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58 It should be noted though that 1969/70 was a year of exceptionally good harvest which enabled even the poorer groups to consume more calories compared to a normal year. Consequently, the percentage contribution of subsidy to total calorie intake in a normal year would be higher than what this figure suggests.
Keralites get their calories. But even the findings of smaller surveys which have tried to capture the variety in diet do not alter the basic conclusion that the poor in Kerala do not consume more calories than the poor in the rest of India. One such study, looking at some of the South Indian states, found that a poor Keralite adult consumes less calories (1751) than his or her counterpart in the neighbouring states of Andhra Pradesh (1847), Karnataka (1902) and Tamil Nadu (2019).

The preceding discussion is not meant to deny the importance of public foodgrain distribution in Kerala and Sri Lanka but to put its role in perspective. As the Sri Lankan experience in 1973/74 and again in 1980-82 shows, it has clearly made a difference to the nutritional achievement of the population. However, the extraordinary improvement made in mortality and life expectancy must be attributed largely to other factors.

The most obvious candidate in this respect is the singular effort made by both Kerala and Sri Lanka in the field of public provision of healthcare and education. Public action in these fields has a long history in both

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59 For example, the National Sample Surveys suggest that per capita calorie intake in Kerala was as low as 1620 Kcal in 1961/62 and 1618 in 1971/72 (as against the all-India average of 2445 and 2263 respectively). But an alternative estimate from the food balance sheets gives an average figure of 2339 Kcal in Kerala for the period between 1961/62 and 1970/71 (CDS 1975).

60 Quoted from Gwatkin (1979), p.254. See also Mencher (1980) and Kumar (1987) for further evidence from micro-data.
these regions, dating back far into the colonial era.\textsuperscript{61} In interpreting this history, however, there has sometimes been a tendency to emphasise certain fortuitous circumstances and a concurrent tendency to deemphasise the role of public provisioning as such. For example, in explaining the reduction in mortality in Sri Lanka, Bhalla\textsuperscript{(1988a)} has made much of the malaria eradication programme that was undertaken in 1946 with the help of the newly available DDT. It is true that this programme had a most dramatic result - the crude death rate fell from 20 to 14 and IMR fell from 141 to 101 in a single year - a phenomenon rightly described by the World Health Organisation as an unparalleled achievement in world demography (Gunatilleke, 1984)). Nevertheless, it would be wrong to ascribe Sri Lankan health achievement primarily to this programme. The most careful assessment of the programme made to date shows that it can explain only about 20 to 25 per cent of the improvement in the death rate between 1936-1945 and 1956-1960 (Gray, 1974). In fact throughout the period from 1920 upto the present, one can notice a secular improvement in all the health indicators, fortified of course by the structural break of 1946. Furthermore, the tempo of improvement has been more or less maintained in the post-Independence (which is also the post-malaria) period. For instance, IMR dropped at the annual compound rate of 2.7 per cent between 1920 and 1950, and at the rate of 2.3 per cent

\textsuperscript{61} For detailed accounts of this history, see Alailima\textsuperscript{(1985)} for Sri Lanka and CDS\textsuperscript{(1975)} for Kerala.
between 1950 and 1982. Similarly, the rates of improvement in life expectancy (measured as the reduction in shortfall from a ceiling of 80 years) for the corresponding periods were 2.6 per cent and 2.3 per cent respectively.\textsuperscript{62}

The case of Kerala is even more clear-cut. It did undertake a malaria eradication programme in the fifties, but that was part of an all-India campaign and cannot as such explain the difference in the health performance between Kerala and the rest of India. In fact both Sri Lanka and Kerala have achieved what they have, not by a one-off campaign to conquer malaria, but by sustained efforts to provide either free or heavily subsidised health services to their entire population. Some basic statistics would be illuminating. In the mid-eighties, Sri Lanka had one hospital bed for every 350 persons as against 1200 persons in India. More importantly, Sri Lanka has always paid special attention to maternal healthcare which has contributed significantly to the reduction of infant mortality. In the mid-seventies, for instance, Sri Lanka had one maternity centre for every 400 expectant mothers as against one for every 3200 in India; as a result, nearly 98 per cent of the Sri Lankan mothers received pre-natal care as against 10 to 15 per cent in India (Gwatkin, 1979). Similarly, a comparison with the all-India performance shows Kerala in a

\textsuperscript{62} These figures have been computed from the Appendix table 9 of Rasaputra (1986).
distinctly impressive light. For example, in 1977, there were 1975 hospital beds per million of population in Kerala as against 791 in India as a whole (Jose, 1984). More importantly, the health facilities were spread widely across the state instead of being concentrated in the urban areas as is usually the case in the rest of India as well as other developing countries. As a result, some 80 per cent of Kerala's population are treated in hospitals every year compared with 40 to 50 per cent in the other states of India (CDS, 1975).

It is important to recognise, however, that it is not merely the physical volume of facilities that has made the difference. In fact there are states in India which out-perform Kerala in terms of indices such as per capita expenditure on health, the number of persons per hospital bed and even rural medical facilities per person, and yet have inferior indices of health compared to Kerala. What has made the difference is the efficiency with which medical facilities have been used. There are two aspects to this efficiency. First, in both Kerala and Sri Lanka, at least as much attention was paid to preventive health care as to curative service, and this proved to be a highly cost-effective method of reducing mortality. Secondly, a highly health-conscious

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63 These regional contrasts are brought out sharply by Panikar (1979) and Nag (1985).
population made sure that the existing facilities were effectively utilised.\textsuperscript{64}

The second aspect of the efficiency mentioned above was itself a consequence of a long history of public provision of education. That the spread of education, apart from being a good thing in itself, was also instrumental in bringing about an efficient health care system in both Sri Lanka and Kerala has been noted by many commentators. The Sri Lankan scholars, for example, never tire of pointing out how politicians had to move towards strengthening the welfarist state in response to the felt need of an educated electorate after the Donoughmore Constitution had granted universal adult franchise in 1931.\textsuperscript{65} In Kerala, an added force also came from the high degree of politicisation created among the masses by the active presence of communist parties at the grass-roots level. Mencher(1980), for example, has noted from her field experience how the educated and politicised people of rural Kerala make sure that the existing health centres are fully geared to their service, while similar health centres in the neighbouring state of Tamil Nadu remain inactive or underutilised.\textsuperscript{66}

\textsuperscript{64} See Panikar(1979) for an elaboration of these arguments.

\textsuperscript{65} An example is Wickremeratne(1977).

\textsuperscript{66} See also Panikar(1979) on the role of education in Kerala. For a wide-ranging analysis of the role of education, healthcare and food distribution in enhancing the quality of life in Kerala, Sri Lanka and several other regions of the world, see Caldwell(1986).
Conclusion

The problem of poverty in South Asia is both massive and acute. The task of providing the security of a minimal standard of living cannot, therefore, be an easy one. This sobering thought recurs time and again in our review of the programmes and policies that have been pursued in this part of the world. The only encouraging note comes from the experience of some parts of the region where a good deal more has been achieved compared with the rest. Correspondingly, some of the policies seem to hold a much greater promise than others. It was indeed the major aim of the paper to evaluate the relative possibilities and limitations of alternative courses of action so as to identify the more promising ones.

This task cannot by any means be said to have been completed. For each of the policies we have considered, there is need for a much more thorough probing of its political, financial and organisational implications. Besides, there are a good number of alternatives which we have not considered at all. Nevertheless, it may be useful to lay out some of the tentative conclusions that emerge from this preliminary analysis.

As expected, the most difficult policies are those that try to provide security through control over land. This could hardly be otherwise in a political system which is based on the primacy of private ownership
rights. But even where a more favourable political condition prevails, as in West Bengal, nothing substantial has been achieved. The sharecroppers may have gained a more assured security of tenure, but in the majority of cases their rental share has not improved. Consequently, the security of a better standard of living still remains an unattained goal. We have in fact argued that tenancy reform is not likely to achieve this goal until there is prior provision of social security through other public actions.

Among these other actions, the most popular in current official thinking is the set of programmes whose aim is to create employment - either self-employment in non-crop activities or wage employment in public works. There is no doubt that these programmes have an immediate appeal. Those who receive credit and/or subsidy for self-employed activities, or get wage-employment in the slack season certainly receive a temporary benefit. What is crucially missing, however, from these programmes is the ability to provide a basis for a sustained increase in the standard of living. This deficiency is in principle remediable, but this will require a fundamental change in the orientation of these programmes. Instead of being seen purely as a support programme for the poor, the employment-generating schemes must be conceived as an integral part of the development process itself. In order that employment can generate a sustained flow of a higher level of income, it is first necessary to create viable
employment opportunities. This in turn requires integrated planning of available resources - both human and material. Obviously, the distinction between social security programmes and development planning tends to get blurred in the process. But this is inevitable in a situation where security is sought to be provided through income generation, encompassing the majority of the population rather than a few.

The alternative option of providing security through public provision of basic needs has enjoyed much less popularity at the official level. The exceptions are Sri Lanka and the Indian state of Kerala; and both have been outstandingly successful in improving the quality of lives of their people. Their poverty has not been conquered. In fact, in both Sri Lanka and Kerala people are desperately poor. But a long history of public provision of such basic needs as food, health and education has given them the basic security of avoiding premature mortality due to disease and malnutrition. We have argued that much more significantly than the provision of food, it is the provision of basic health care and education that has played the crucial role. A similar course of action is also likely to prove the most promising way of providing social security to the rest of the region.

But can such a programme be financed by the poor countries of this region without sacrificing long-term
growth? This question assumes a particular significance in view of an ongoing debate on whether Sri Lanka has jeopardised her long-run prospects of growth by choosing to become excessively 'welfarist' i.e. by ignoring her development needs in the pursuit of 'basic needs'. This is not the occasion to enter this lively debate;\textsuperscript{67} we shall only make a couple of simple observations. First, as the experience of Kerala shows, the success of a health care programme may depend more on how efficiently the facilities are utilised than on the amount of money spent. Secondly, even granting that additional resources will have to be allocated to the welfare programmes, it is not clear why this should be seen as a dent into the resources for growth. 'Welfare' and 'development' (meaning growth) are not the only heads of expenditure in a typical government budget. It is significant that while spending heavily on welfare programmes, Sri Lanka kept its defense spending at a surprisingly low level of around 2 per cent of total government expenditure (in the seventies), compared with India's 10 to 15 per cent. Obviously, 'growth' need not always be the opportunity cost of social welfare programmes.

\textsuperscript{67} See, among others, Sen\textsuperscript{(}1981, 1988\textsuperscript{)}, Bhalla\textsuperscript{(}1988, 1988a\textsuperscript{)}, Bhalla and Glewwe\textsuperscript{(}1987\textsuperscript{)} and Anand and Kanbur\textsuperscript{(}forthcoming\textsuperscript{)}. 
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