

COVERSHEET

ESCAPING POVERTY AND BECOMING POOR:

WHO GAINS, WHO LOSES, AND WHY?

Accounting for Stability and Change in 35 North Indian Villages

Paper prepared for International Conference on Staying Poor: Chronic Poverty and Development Policy, Institute for Development Policy and Management, University of Manchester, UK, April 7-9, 2003

Anirudh Krishna

Duke University

Correspondence to: Professor Anirudh Krishna

Sanford Institute of Public Policy

Box 90245

Durham, NC 27708, USA

Email: krishna@pps.duke.edu

Tel: +1 (919) 613-7337

* I should like to thank Harry Blair, Hans Blomkvist, Philip Cook, Milton Esman, Ron Herring, Mary Katzenstein, Helen Ladd, Francis Lethem, Elinor Ostrom, George Rosen, T. N. Srinivasan, Judith Tendler, Meenu Tewari, and Norman Uphoff for comments and helpful advice. Seminar participants at Duke University, Syracuse University, University of Wisconsin, Madison, and Yale University helped sharpen the arguments further. None among these individuals and organizations is responsible for any errors and omissions. Financial support received from various sources at Duke University is gratefully acknowledged.

Abstract

Economic growth has very different effects on different households, this study of 35 north Indian villages shows. Members of 28.5 percent of 6,376 households in these villages have overcome chronic poverty in the last 25 years, but members of another 25.9 percent have fallen into abiding poverty at the same time. Households' escape from poverty is assisted by one set of factors, but an entirely different set of factors is associated with households' decline. Two distinct sets of policies are required thus – one to promote escape from chronic poverty and another to arrest decline. Poverty has some distinctly local antecedents, it is seen. A methodology for tracking changes in poverty at the local level is developed that community groups can use to assess change and examine causes.

How can the goal of halving extreme human poverty by 2015 be achieved? Economic growth is regarded most often as the pathway toward poverty reduction, but growth does not *always* reduce chronic poverty.¹ While in general and in the aggregate, growth goes together with poverty reduction, it is not possible to say how this relationship will work out for any particular country. Within countries, it is not clear how economic growth will affect different regions and diverse communities, and even as growth is positive overall, “one could find that many people have escaped from poverty while many others have fallen into poverty” (Ravallion, 2001: 1811).² The rise and simultaneous fall of different communities and households are not well represented in the data, which usually record only the aggregate or net change. Relatively little knowledge is available, that can help to explain why some communities and households benefit more from national economic growth – and even less is known about why some others fall into poverty at the same time.³

Controlling households’ decline into poverty is as important as promoting other households’ escape from poverty. But why some households fall into poverty while others rise out of it is relatively poorly understood.

Studies that consider data collected over multiple periods for the same set of households are more helpful for these purposes. However, few studies are available that employ such panel data.⁴ These studies are quite expensive to carry out, one must wait quite a long time before the data get assembled, and while they are helpful for identifying which households rose and which others fell over the period of study, they pay relatively little attention to what households are doing by themselves to deal with poverty in their midst.⁵

Households in poverty do not usually sit idle, waiting for growth (or program benefits) to come their way. Rather, they adopt numerous strategies to cope with and tide over their difficult situations (Narayan et al. 2000a).⁶ These household strategies interact with

national policies and economic growth to produce results in terms of poverty reduction. “The consequences of national policy cannot be traced without a more accurate picture of how people respond and adapt to national policies... [But] there is woeful ignorance about processes and strategies” (Ellis, 2000: 184). Much aid gets misdirected as a result. Instead of complementing and topping up what households do by themselves, aid programs quite often end up ignoring or even displacing these efforts.

To bridge these gaps in knowledge and to formulate policies that can be more effective, it is important to learn more about processes that drive mobility at the community and household levels (Baulch and Hoddinott 2000). Participatory key informant surveys conducted at the village or community level can help for this purpose, particularly if they focus on the understandings of poverty that poor people share (Chambers 1997).

This paper reports on the development of a methodology that can assist with such analytical participatory inquiries. Results are presented from field research conducted in 35 villages in the state of Rajasthan, India between May and August 2002.

Poverty has some distinctly local antecedents, these data reveal. In each village a large number of households have escaped from poverty in the last 25 years, but a very large number of households have also fallen into poverty during the same time, and these numbers vary considerably from village to village.

One set of factors is associated with escape from poverty, while a different set of factors is associated with decline. Two different sets of policies are required thus: one set to prevent households' decline into poverty and another set to promote escape from poverty. While poor health, high healthcare expenses, high-interest private debt, and large social and customary expenses constitute major reasons for households declining into poverty; diversification of income sources is the most important reason for households' escape from poverty in this region. However, not all educated and

hardworking persons are able to diversify their income sources successfully. Information matters critically for successful diversification, institutional sources of information are weak, and only those households have diversified successfully in this region as have privileged information about new opportunities.

Together with colleagues in Kenya, I am adapting this methodology for use among rural Kenyan communities.⁷ Many Kenyan villagers have moved out of chronic poverty, we found in a pilot study, but many other Kenyan villagers have also moved into poverty at the same time. As in the Indian case, different factors account for households moving up and households moving down, respectively. These factors in Kenya are quite different from the ones found important for the Indian case, and there is variance also among different locations in Kenya. More contextualized knowledge is required thus to deal with poverty in different parts of the world.

Sections 2 and 3 of this paper describe, respectively, the location of the India study and the methodology that was developed for helping with these investigations. Sections 4 through 6 present the Indian results in greater detail. Conclusions and policy recommendations are drawn together in Section 7.

2. Location

I selected to work first in Rajasthan because this is the region of the world I know best, having lived and worked there for 14 years previously. Poverty in Rajasthan has declined from 46 percent in 1973 to 27 percent in 1993, according to official statistics, which makes it one of the top five states in India in this regard.⁸ State GDP in Rajasthan has grown much faster than the national average between 1980 and 1998, and in fact in the 1980s “it was the fastest growing state in India” (Ahluwalia 2000: 1638). Education has also expanded rapidly in villages of this state, and 70 percent of villagers less than 25 years of age have five or more years of school education (Krishna 2002b).

For all of these reasons, I felt confident at the start that I would find at least some households to interview that had actually escaped from poverty in the past 25 years. I did find many such households, it is true, but I also found many others that had fallen into poverty within the past 25 years. Households in each category (escaping poverty and becoming poor) are roughly equal in number in many villages, and the overall or *net* reduction in poverty is quite small as a result.

We worked in five adjoining districts of Rajasthan state – from north to south, Ajmer, Bhilwara, Rajsamand, Udaipur and Dungarpur districts.⁹ Villages in these districts have an average population of 1,100 persons. More than 90 percent of village residents have agriculture as their principal occupation. However, landholdings are quite small, less than half of one acre per capita on average, the land yields almost nothing in three years out of five because of scanty rainfall, and drought is a frequent visitor to this region.

Village selection was purposive, including large as well as small villages, those located close to major roads and others more remotely situated; villages where a single caste group is dominant were included along with others that have more diverse populations, including scheduled tribes and Muslims. I worked with a team of 16 field investigators and supervisors, men and women in equal numbers and mostly themselves village residents of this area, with many of whom I have worked before to conduct other investigations in this area. We trained together for three weeks at the start, developing a preliminary methodology that we pilot-tested in nine villages, and then we met again for a week to refine and revise our methodology based on the lessons we had learned during the pilot phase. This refined methodology was implemented in the 35 selected villages.

We worked in three separate teams, which met from time to time to compare results and to discuss methods and process. One team worked entirely in Ajmer district, which is quite large (in size and in population) compared to the other four districts. One team

worked in villages of Bhilwara and Rajsamand districts. The third team worked in Udaipur and Dungarpur districts, and because of the more remote locations of villages in these districts it covered a slightly smaller number of villages compared to the other two teams.

3. Methodology

On entering a village the first thing we did was to assemble a community group of elders belonging to the different caste and religious groupings of this village. It took a few hours and some discussion before such a group could be assembled, but we conducted this survey during May and June, the leanest period in the agricultural calendar, and people were mostly glad to come and talk with us. Particularly when they learned that we had come to talk about poverty and its causes in their village, people opened up and they stayed and chatted willingly, often for hours at a stretch.

We introduced ourselves clearly as researchers. It was critical, we learned, to make it very clear that we were in no way connected with the government or with any other program implementing agency. We had no programmatic benefits to give to anyone, we stressed three or four times in each village, and nothing that anyone told us would have any bearing on what anyone in the village received from any development agency. We hoped our results (and the information that the villagers provided) would help develop better poverty reduction programs in the future, so what people told us had considerable value in this abstract sense, but there were no immediate benefits to be had from talking with us. A few villagers left when it became clear what we were up to, but many, the majority, stayed to talk with us and argue among themselves.

I cannot stress too much how important it is for such investigations to make it clear at the outset (and to repeat a few times during the course of inquiry) that no tangible benefits are involved. An ever-increasing load of program benefits is earmarked for

people who are poor, but these noble intentions are very often frustrated in public by the efforts of non-poor people and their supporters to tamper with the scheme of classification. Making it clear that no benefits are attached to the particular scheme one is implementing helps reduce the motivations that often result in quite gross misclassification.

Establishing a shared understanding of what constitutes poverty was the next important step in this task. Poverty is a multidimensional phenomenon, and its dimensions can vary by context. While commencing inquiry within any particular context, it is necessary to inquire about the appropriate combination of elements associated with local understandings of poverty and well-being.

A working methodology for this purpose was hard to devise at the start of this project – we were too much in awe of the currently fashionable methods that measure consumption expenditures and calorific intakes – but as we implemented the pilot phase (undertaken in nine villages after the first round of training) we became aware of a viable and participatory method for determining who is regarded to be poor in a village.¹⁰ We would start this inquiry not by asking villagers to identify who is poor; instead, we would ask them to determine collectively what constitutes a state of poverty.

A useful device for this process was the Stages of Progress exercise. What does a household usually do, we asked the assembled villagers led by elders from different caste and religious groups, when it climbs upward gradually from a stage of acute poverty? Which expenditures are the very first ones to be made? As more money flows in, what does this household do in the second stage, in the third stage, and so on?¹¹

I had thought that there would be considerable differences in these stages from village to village, and indeed some differences in activities and expenditures were recorded for higher-level stages. At the lowest stages, however, when households are

still desperately poor or just about coming out of dire poverty, there were *absolutely no differences* in the sequence narrated in different villages.

The first four stages, in particular – buying food to eat, sending children to school, possessing clothes to wear outside the house, and retiring debt – were common not just to different villages; they were also commonly reported by the men and women groups that we organized and consulted separately in each village. This shared understanding of poverty emerged in common in village after village, and in each case, it was derived by the groups, both men's and women's groups, after a rather spirited discussion of the stages of progress.

Everyone agreed that any village household that could not afford to accomplish any one or more of these four things – *feeding its members, sending its children to school, wearing decent clothes, and paying off its debt in regular installments* – was clearly and unambiguously poor and commonly regarded as such.¹²

Villagers' strategies for avoiding or overcoming poverty are closely related to the achievement of these milestones. They deem themselves poor when their households' members do not have enough to eat or decent clothes to wear, when they accumulate more debt without being able to repay installments due on past debt, and, most interestingly, when they cannot afford to send their children to school.¹³ And they work hard to achieve at least this bare minimum for their households. Only after these basic requirements have been satisfied does the household move on to higher stages progress.¹⁴

Well-defined and clearly understood criteria for classifying households as poor or non-poor were derived in this manner. Separately in each village we arrived at the same understanding of what constitutes poverty for the residents.¹⁵

The next step in this exercise consisted of identifying households that had moved up and moved down over the past 25 years, that were poor or not poor today and poor or

not poor 25 years ago in terms of this shared understanding of poverty. Like the previous exercise of defining poverty, this exercise was also conducted separately with men and women groups in each village.

It was necessary first to define clearly what it meant to speak of 25 years ago. A defining event was required, and we chose for this purpose the national emergency, imposed in 1975 – “remember, when sterilizations were forcibly conducted?” – which proved to be quite clearly remembered, particularly by older villagers, whose collective memory we were most interested to probe. Once a clear image of “25 years ago” was shared in common by all present, we could go on to discuss who was poor and who was not poor at that time.¹⁶

Today’s households served as the unit of analysis throughout this exercise. When we asked about poverty today, we spoke in terms of households that exist today. And when we asked about poverty 25 years ago, we asked in reference to members of the same households and how they lived 25 years ago. Some of these households, particularly those headed by older villagers, existed even 25 years ago. But presently younger households did not exist at that time; such villagers lived in their parents’ (or guardians’) households 25 years ago; and in their cases we asked about poverty in relation to these parents’ or guardians’ households: What was the situation of poverty (or non-poverty) that each such person lived in 25 years ago, and what is their position at the present time?

Households today and households 25 years ago are not strictly comparable thus, nor can they ever be strictly compared in this type of exercise. Some households that exist today did not exist 25 years ago, and some households that existed 25 years ago do not exist today. By regarding households of today as the unit of analysis, what we are, in fact, comparing, particularly in the case of younger households, is *inherited versus acquired status*.¹⁷ Did a person who was born to poverty remain consistently poor, or

did s/he manage to escape from poverty in the past 25 years? Is another person who was part of a non-poor household 25 years ago still non-poor, or has her household embraced poverty anew during this time?

Analysts make a distinction between chronic poverty (situations where people persist for long periods of time in a state of poverty) and transitory poverty (where there are frequent oscillations into and out of poverty). Here, we were concerned primarily with the former definition, identifying households that have made an abiding transition in either direction.¹⁸

Compiling these trajectories – of stability and change – helped us to assess the overall situation of poverty over time. More important, learning about the reasons for change in each individual case helped to identify chains of events that were associated, respectively, with escaping chronic poverty and falling into chronic poverty.

Working with two separate community groups composed, respectively, by men and by women of each village, we classified all households into four distinct categories, listed below. For the two transition categories, B and C, our effort was to identify households that have escaped or entered poverty on a more-or-less steady basis.¹⁹

- | | |
|--|---------------------------|
| (A) Poor 25 years ago and poor today | (Remained Poor) |
| (B) Poor 25 years ago and not poor today | (<u>Escaped</u> Poverty) |
| (C) Not poor 25 years ago and poor today | (<u>Became</u> Poor) |
| (D) Not poor 25 years ago and not poor today | (Remained Not-Poor) |

We listed all village households before commencing the classification exercise,²⁰ and then we worked our way down this list, classifying each household individually.²¹ It was important to keep reminding assembled community members of the defining characteristics of poverty that we had identified together a few hours ago. Before any

particular household could be regarded as poor today inquiry was made about its command over food, clothing, resources for repaying debt regularly, and education for children. Before it was regarded as poor 25 years ago, its situation was ascertained in terms of the first three among these criteria.²² Each household's position on the stages of progress was ascertained separately for today and for 25 years ago, and it was checked also for the intervening period.

Men and women's groups worked apart from each other to compile the list of households and to classify households within this four-category schema. Lists and classifications prepared by men and women villagers separately were tallied, and all differences were submitted to both groups for discussion. These differences were few to begin with, and most of them could be harmonized relatively quickly through discussion. But some differences remained, nevertheless, and we had to resolve these differences while conducting household interviews.

Before conducting household interviews, however, we asked the assembled community groups about the reasons for particular households' trajectories. We started by asking the men and women's groups about these reasons in the case of a randomly selected sample of village households. And we went on to conduct individual interviews with members of the same households.

Members of at least two-thirds of all households belonging to the transitional categories, B and C, were interviewed in each village. And members of households belonging to Categories A and D were also interviewed, though not in the same numbers. Households in each category were selected for interview following a process of stratified random sampling. Within each category, households were divided into sub-groups representing different caste and religious group in the village, and a random sample of all households was selected from each sub-group.

At least two members were interviewed from each selected household, and each member was requested to narrate the story of their household for the past 25 years. What was the change, if any, that they had experienced, and what were some significant factors responsible in their view for change (or stability)? Triangulating views expressed by different household members, we developed a clearer picture of events associated with change or stability in their case. And we submitted these stories for further authentication before the community groups, both men and women. Households' accounts verified in this manner were coded for principal reasons. Usually no more than four to five key reasons were involved in any particular case, though sometimes as many as seven key factors were identified.²³

We would have liked to interview more members of Category A and D households and also members from all households of categories B and C. But time and resources were a constraint. It took anywhere from three to five days (and nights) to complete this exercise in any village. We ended up interviewing members of more than 1,500 randomly selected households, however, and some fairly clear indications emerged from these recorded experiences.

4. Results from 35 Villages: The Local Element in Poverty Reduction

Table 1 reports on the total number of households that live in the 35 villages we studied. While members of 11 percent of households have broken out of chronic poverty over the last 25 years, members of another 8 percent of households have simultaneously become poor in an abiding sense. About 18 percent of all households in these 35 villages have remained poor throughout this period, while another 63 percent have remained non-poor. The same patterns of national economic growth and the same state policies have affected different households very differently in these villages.²⁴

-- Table 1 about here --

Table 2 breaks these figures down by district. Since households today are not always the same as households 25 years ago, the numbers in Tables 1 and 2 should be interpreted with some care.

-- Table 2 about here --

Taking the first percentage figure reported for Ajmer district in Table 2, for instance, it is accurate to say that 19.8 percent of households in the villages we studied in this district are poor today and their members who lived 25 years ago also lived within poor households. Such households' members have not been able to break out of poverty. On the other hand – taking the figure for Category B households in Dungarpur district – 17.8 percent of households in villages studied in Dungarpur district have successfully escaped from poverty. Their members lived in poverty 25 years ago, but they are no longer deprived of food, clothing and education, and they are able to repay their debts regularly.²⁵

There are significant differences in these figures among the five different districts. In villages of one district, Rajsamand, the percentage of households that became poor (5.5%) is higher than the percentage that escaped poverty (4.2%). In villages of Dungarpur district, however, these two figures are quite close to each other, respectively 17.0% and 17.8%. In villages of the other three districts the percentage of households escaping poverty is higher than the percentage falling into poverty, with the largest spread, 6.2%, being observed in villages of Ajmer district.

Households in category A (always poor over the last 25 years) vary from 8.1 percent (Rajsamand district) to 31.2 percent (Dungarpur district), i.e. there is almost a fourfold

difference between these two districts. Households in category D (never poor over the last 25 years) also differ considerably, from 82.3 percent to 31.4 percent, between the same two districts.

Categories A (remained poor) and C (became poor) together constitute households that live in poverty today. Almost half of all households – just over 48 percent – live in poverty in the villages we studied in Dungarpur district. The comparative figure for Udaipur district, located just to its north, is 21.7 percent and that for Rajsamand, another hundred kilometers north, is even smaller, 13.7 percent. Further north, however, this figure rises again, and it is 28.7 percent for villages in Ajmer district.

Poverty has a distinctly local flavor. Not only districts but also villages within districts – often located no more than 20 kilometers from each other – vary substantially in terms of their pattern of poverty. Table 3 gives these figures for six villages in Udaipur district, all located no more than 20 kilometers from Udaipur city and between ten and 30 kilometers from each other.²⁶

-- Table 3 about here --

Households that are poor today – Category A plus Category C – constitute 9.3 percent of all households in village Phainiyon-ka-Guda, but they form nearly half of all households, 47.3 percent, in village Barda. A village where half the households are poor sits next to another village, where less than ten percent of households are poor, and both these villages are located at nearly the same distance from Udaipur city, the center of growth in this region.

What happens to poverty in a region is an aggregate of what happens in different villages and diverse households. Quite different things are happening in different villages and also in different households, as we shall see below. Lumping together

these data to conduct regional- or national-level analyses has the effect of *obscuring* several important factors that can help in formulating appropriate policies and better-targeted programs.

In the context of India, it is often claimed, for instance, that more poor people belong to lower compared to upper castes and that poverty is disproportionately concentrated among scheduled castes (the former untouchables) and scheduled tribes. Indeed, such a picture emerges when we look at all 35 villages taken together. Table 4 gives these figures.

-- Table 4 about here --

Compared to the average figure for the entire population a much higher proportion of Scheduled Castes (SCs) and Scheduled Tribes (STs) are poor in all 35 villages. 32.4 percent of SCs and 40.8 percent of STs have either remained poor or they have fallen into poverty over the last 25 years (Category A plus Category C). The corresponding figure for upper castes and Backward Castes is comparatively lower – respectively, 16.8 and 23.6 percent.

However, percentage of households escaping from poverty is also higher among the groups where poverty is higher. Proportionately more SC and ST households have escaped from poverty over the past 25 years, and proportionately fewer upper caste and backward caste households have been able to make this transition.

Members of caste groups that have historically been the poorest in village society are also making the most rapid strides in finding their way out of poverty. This achievement is tarnished somewhat because other members of the same caste groups have fallen into abiding poverty at the same time. Households in Category C are comparatively larger in number among SCs and STs. However, even these proportions

vary significantly from village to village, even in the same district, and these differences quite often have little to do with how well or how poorly this village has fared on the whole.²⁷

Village-Level Analysis

Numbers of households that have escaped poverty and that have become poor vary considerably from village to village, and factors such as relative commercialization and population composition are not very helpful for explaining these differences. Poverty has grown considerably in some villages that are located quite close to major growth centers, while in other villages located at greater distances from markets and roads, poverty has fallen quite sharply. There is no clear trend in this regard.

Nor is there any clear trend in terms of a village's caste composition. People belonging to the lowest caste and income categories have fared comparatively well in some villages, escaping poverty in large numbers, while in other villages the same groups have fared much worse, remaining poor or falling into poverty.

Gross comparisons – by village, by caste categories, etc. – do not go very far toward explaining why some households have escaped from poverty while other households have become poor at the same time. To understand these reasons better we will need to look at reasons for change at the household level.

I will start this part of the analysis by looking at households' reasons for sliding into poverty. Even quite well-to-do households have become desperately poor over the past 25 years. If only these numbers had been smaller, assisted perhaps by appropriate public policy interventions, the net reduction in poverty would have been much higher overall. Unfortunately, however, relatively little is being done to affect factors that are associated with decline into poverty.

5. Falling into Poverty: Reasons for Decline

In this section and the next one, examining escape from poverty, I will analyze experiences of the random sample of households that were selected for personal interviews. Multiple sources of information were consulted in their cases, and even though it is all recall information, it is better and more reliable for having been verified from multiple independent sources. Two or more members of each selected household were interviewed separately. Information about each such household was also obtained independently from the assembled male and female community groups. Such verified and triangulated information was obtained for a total of 364 Category C households – those that have become poor in an abiding sense within the past 25 years. In this section I will analyze the reasons for decline reported in their case, and I will compare these experiences with those of households belonging to the other three categories.

It is not any single factor that is associated usually with a household's decline into poverty, these data show. Most often, a combination of factors is at work, pushing a household downward from non-poverty into poverty. "A single blow can be endured, but when several blows fall upon us one after the other, it becomes hard to cope...and the result [quite often] is poverty endured by generations to come."²⁸ The ability of any household to suffer successive blows is related clearly to its class and income category, and households that live closer to the margin of poverty (and whose kinsmen are also relatively poorer) can withstand fewer blows. However, relatively richer and relatively poorer households have been felled alike by a similar combination of factors. A typical example from this region helps illustrate these effects.

We were quite well-to-do at that time [25 years ago]. My father had a reasonable amount of land, and we three brothers helped with the farming tasks. But then my father fell ill. No one knows quite what it was [that afflicted him]. But the local remedies did not help. He became more and more ill. Finally, we took him to the district hospital. We borrowed 20,000 rupees [approximately \$800 at that time, equivalent to about two years' minimum wage] to spend on doctors and medicines, but it did no good. My father died. Then our kinsmen told us that we had to perform a death feast, inviting the extended clan from the

adjoining eight villages. So we borrowed and spent another 15,000 rupees... The rate of interest was going up all this while... And then my brother fell ill...the same story was repeated...and we came under [accumulated] debt of more than 50,000 rupees...Soon after that, I had my two daughters married. We must have spent about 10,000 rupees on each wedding [resulting in]...more debt... We were paying [at the rate of] three percent a month as interest, and our land was pledged as security. There seemed to be only one way to start repaying this debt. We borrowed more money to sink a well on our land. For two years, it worked. There was water in the well, and we had a good crop. But then [as quite often happens in this area] the rains failed for four years in a row. Our well went dry...and the debt only kept growing. We had to sell our land. We are poor now, my brothers' families and mine. We work hard, wherever and whenever we can find work... just to repay our debt.²⁹

This account, like all others considered here, was verified independently by at least one other member of this household and also by the village community. It corresponds closely in its details to the life histories that many other Category C households related, and together these histories help identify the factors of different types that perpetuate and propel poverty in this region.

In more than 85 percent of all cases of decline into poverty, three principal factors are at work. A combination of health and health-related expenses, high-interest private debt, and social and customary expenses constitutes the major reasons for decline in the vast majority of cases.

Health problems and heavy expenses on healthcare (usually of poor quality and quite often with disastrous results) were included among the principal reasons for decline by a majority of these households. Between one-half to two-thirds of Category C households *in every single village* mentioned illnesses, accidents, and health-related expenditures among the four principal reasons contributing to their downfall. Distance from healthcare facilities does not count for this purpose. No matter if a village is very remotely situated or if it is located close to a big city (and a major hospital), health and expenses on healthcare figure prominently in more than half of all cases of households' decline into poverty.³⁰

Debt is incurred when households in these villages need to make large and unexpected expenditures. Private moneylenders, and less often, relatives and friends, constitute the only available source of consumption credit. Private lenders' rates of interest vary according to the economic condition of the borrower. These rates start usually at two percent per month, and they rise higher for poorer borrowers and those with larger outstanding debts.³¹ For more than 70 percent of Category C households considered here, high-interest debt was a prominent reason for decline.

Debt of this nature is incurred, however, not only to meet health-related expenses. Loans at high interest rates are also taken out to meet expenditures on social functions, most notably, death feasts and marriages.

People of our caste group told us: 'Your father's soul will wait helplessly before the gates of heaven, unable to enter within. Unless you do the right thing by your father [i.e., arrange an elaborate death feast], you are condemning his soul to eternal punishment.' We were already poor at that time, but it is impossible to live with this kind of opprobrium, so we did what we had to do, and we are still repaying that loan [15 years later].³²

Marriages also involve quite heavy expenditures, particularly for the bride's family, and in about one-third of all these Category C households, heavy expenditure on marriages constituted a principal reason for decline.

A combination of these three principal reasons – health, debt and social expenses – is prominent in more than 85 percent of all these cases of decline. Elements of this combination do not figure so prominently for the non-declining households whom we interviewed in this regard. Social and customary expenses are common to households of the different categories. However, poor health and heavy healthcare expenses feature much more prominently among Category C households, along with a heavy dose of high-interest private debt.³³

Villagers of all caste groups are equally vulnerable to decline on account of health-related causes and debt, but in the case of social expenses one particular caste group stands apart from all of the others. Of more than 50 cases of decline that we studied among the Scheduled Tribes (STs) of Dungarpur district, there is not a single case in which death feasts or marriage expenses play any important part. There is no other caste group in any of the other four districts for whom social expenses do not constitute an important reason of decline – including, surprisingly, STs of the adjoining Udaipur district. STs of Dungarpur are alone in this respect that they abjure death feasts and they spend relatively small amounts on marriage parties. They have been assisted in this respect by a powerful social reform movement, the Bhagat movement, which became widespread in this district about 20 years ago.³⁴ This fact is important for policy purposes, and I will return to it in the concluding section.

Some other reasons for decline were also reported in a significant number of cases. Failed irrigation ventures – borrowing to pay for a well or tube well that failed to provide water continuously – figured prominently in 46 of the 364 cases of decline that we studied. However, this proportion is much higher in Bhilwara district compared to the other four districts. In 20 out of 55 cases of decline that we studied in villages of Bhilwara district, failed irrigation projects constituted a principal cause.

For some households that have come out of poverty in the last 25 years, investment in irrigation has proved to be a boon, as we shall see in the next section. But for other families, including some quite desperate ones in the same village, irrigation has proved to be a disastrous investment. A factor of growth for some households has become simultaneously a reason of decline for others.

Non-availability of high-quality *information* limits the amount by which households in this region can control for risk. And as we shall see in the next section, information has

played a critically important role in determining who breaks out of chronic poverty and who does not.

Two other factors – laziness and drunkenness – are sometimes mentioned, particularly by some urban elites, as a cause of poverty among villagers in India. Our results provide hardly any support for this supposition. In no more than 14 out of 364 cases (4%) was laziness mentioned even as a contributing case, and in no more than 23 cases (6%) was drunkenness associated with decline into poverty.³⁵ These numbers are fairly similar even among Category A households (those that have remained poor over the past 25 years). Among more than 400 households of this category that we interviewed, in only 35 households was laziness a contributing cause and in only 29 households did drunkenness figure as a contributing factor. There might have been a few more households that hid this information successfully from us, but I doubt that there are very many households of this type. In community groups especially, villagers were hardly shy in talking about another person's slothfulness or penchant for drink, and gently probed, household members also came forth to speak frankly about these aspects (they knew they had nothing to gain from us anyway).

One image of the poor that is held out sometimes by some urban elites – as a slothful lot, waiting for handouts – finds hardly any support in these data. In this region, at least, poor people have become poor or remained poor *in spite of* their best efforts at self-improvement.

Does a similar set of factors help to account as well for households that have moved out of poverty? Examining reasons for escape in the next section, we find that escape and decline are hardly symmetrical. Different sets of factors are associated, respectively, with escape from poverty and decline into poverty, and policy planners would do well to pay attention separately to both sets of factors.

6. Escaping Poverty: Who Gains and How?

Of the total number of households that inhabit these 35 villages at the present time, a little more than 11 percent are composed of members who were poor 25 years ago but who are not poor today. These households, belonging to Category B in our classification, have managed successfully to escape from chronic poverty. Ascertaining reasons for success in their case helps illustrate the pathways by which poverty has been overcome successfully in this region.

Diversification of income sources is found to be the single most important reason associated with households' escape from poverty in this region. Of 499 households of Category B considered for this part of the analysis, diversification of income sources is a principal factor in 349 cases (70 percent).

Diversification requires taking up some other activity or activities in addition to agriculture, and successful diversification has in most cases required building a bridge to a city. Some villagers have taken up a trade or a job in a city, while others remain in the village and produce goods for sale in cities. But comparatively few households escaping poverty have done so relying on resources and markets contained entirely within their rural area.³⁶

Personal capability and enterprise have counted much more in these cases of successful escape, and relatives' help is also significant in many cases; however, direct assistance from government departments, NGOs, political parties and other outside agencies is comparatively much less important. Personal capability and enterprise figure prominently in 271 cases (54 percent). Help from relatives or friends is a principal reason in 208 cases (42 percent). However, assistance from government or other sources (including NGOs and political parties) figures as a contributing cause in only 38 of the 499 cases of successful escape (7.5 percent).³⁷

Despite the operation of various anti-poverty schemes almost continuously for the past 25 years, less than 10 percent of successful escapes from poverty in this region can be attributed even in part to assistance programs operated in this region over the past two decades.³⁸ These assistance programs may have helped make poverty more tolerable for some poor households, but the *kinds* of assistance that are presently on offer have not been notably associated with cases of households successfully escaping from poverty in this region. Other reasons have been more important, and understanding these reasons can help give shape to different and more effective programs of assistance.

Diversification of income sources is the most important reason in these villages, and it has involved villagers in taking up a range of different activities. Some villagers have taken up additional activities within their village, including dairying, rearing goats, making charcoal, and hiring out for labor in mining, transportation and agricultural activities. But many more successful ones have sought new sources of livelihood in cities, and they have gone as far a-field as Bombay, Bangalore, Chennai and Pune, several hundred kilometers away, to work as carpenters, cooks, ice cream vendors, laborers, masons, plumbers, sign-painters, tea stall assistants, truck drivers, and waiters. Mostly, these are younger males, they go alone to the city, and their families remain in the village.

Contacts providing information are critical for most cases of successful diversification. In 198 of 309 cases of successful diversification (64 percent), the availability of an external contact, a friend or more often a relative already established in the city, was critical for a households' successful break from poverty.

Households that have had such contacts available to them have been able to tap into economic growth and to make use of the opportunities for self-advancement that growth undoubtedly provides. But other households, equally well qualified in most other respects, have not been equally able to take advantage of these opportunities. People

need to be connected to economic growth, they need to have information and contacts, and households that have lacked information and contacts have been less able to use diversification as a pathway out of poverty.

I am educated [to high school level] and eager to get a job in the city, but I have no way of knowing what jobs exist. I have no one in the city who can find out and tell me. It is very expensive for me to live there waiting for a job, and my family cannot afford these expenses. Some day, I hope, I will get a job and help my family. I wish I had an uncle or a cousin in Bhilwara [the nearest city], who could help me, just as Gopi Singh's brother-in-law helped him find a city job.³⁹

The channels that economic growth makes available are not equally accessible by all poorer households. Their ability to break out of poverty depends critically upon having reliable, timely and complete information, but information is a privilege that is not equally available to all poor people. It is a sorry fact that even as the government in India (and in other developing countries) has pledged itself increasingly to supporting market-led economic growth, it has not at the same time made market-based information easier to access by ordinary citizens. Instead, citizens rely mostly on kinship-based channels; those who are lucky enough to have relations in cities are the ones who are most able to diversify and break out of poverty.

It is also noteworthy that an increase in full-time employment is *not* the main channel through which economic growth has translated into poverty reduction in these contexts. Obtaining a regular job in the private sector is important for only 34 households, and finding a regular job with the government is important for another 34 households, making for a total of only 68 among the 499 households that escaped poverty in these villages, or less than 14 percent.

Opportunities in the informal sector – for irregular and part-time work, often in unsafe or unsanitary conditions – have provided, instead, the avenue for escape in the vast majority of these cases. And even such opportunities have not been available to all

willing and capable households, but only to those for whom some friend or relative has served as a point of contact and a source of information.

Lack of reliable information also has other life-threatening consequences in these villages. Many households become poor, we have seen, on account of huge expenses associated with poor-quality healthcare. Much of this expenditure can be reduced if households have more information at hand about common diseases, about their symptoms and early-stage remedies, about sound hygiene practices, and about the reputations of healthcare providers in their vicinity.⁴⁰

Irrigation projects provide yet another example of the role that information plays in these contexts. Constructing a new well or tube well or deepening or mechanizing an old one was an important reason for escaping poverty in 136 out of 499 cases (27 percent). But as we have seen before, expenditures on irrigation can go both ways. Some households' investments in irrigation projects have failed miserably, pushing these families onto a downward slope, and quite often resulting in enduring poverty. Before any household invests in these projects, however, there is very little information at hand that helps to reduce the risks involved. Poorer households are relatively less able to cope with risk (Bowles and Gintis 2002), and investing in irrigation projects is pretty much a gamble for these villagers. But it is exceedingly hard for them to gain access to technical surveys and to other reliable information that can help narrow risks and reduce the costs of a bad investment.

It is through arranging for the provision of high-quality information that government agencies and NGOs can play the most effective roles in this region. Money currently spent to subsidize asset purchase by poor farmers is much better spent, in my view, by supplying information about disease control, about water tables, about opportunities in the city, about the means to hold state officials accountable, and about the methods that villagers can use to obtain gainful access to markets. I will return to these aspects in the

concluding section. Before turning to that section, however, let me address one other area that warrants some attention.

Surely, some readers must be wondering, family size also makes a difference to escape and decline? Different views have been expressed in the literature on this aspect, and while some analysts emphasize the handicaps imposed by large family size, others (e.g., Iliffe 1987) stress the benefits to rural household of having a larger number of sturdy workers. The evidence that emerges from this study of rural households in India is somewhat mixed in this respect.

Small family size was an important factor in 16 percent of households that successfully escaped from poverty (Category B), but for another 8 percent of these households *large* family size was an important factor of success. If we look additionally at Category C households (those that declined into poverty), large family size was an important reason for decline in 13 percent of these cases, but in only a slightly smaller number of households, 11.7 percent, *small* family size was an important reason for decline.

When one looks at the aggregate picture, large family size goes together more often with downward rather than with upward mobility, and small family size is associated more often with movements in the reverse directions. But considering only the aggregate picture tends to obscure the multiple and complex realities that are hidden beneath; small and large family sizes are associated variously with escape and with decline; and it is impossible to say without more detailed knowledge how this factor might work in any given case. Micro-level motives are complex and varied, and connecting micro-level decisions and strategies with macro-level outcomes is hardly as simple as is sometimes surmised.

7. What Should be Done?

A number of different factors have been identified from time to time that can help reduce or alleviate poverty – including affirmative action (Jayaraman and Lanjouw 1999); community organization (Esman and Uphoff 1984); credit and insurance (Jalan and Ravallion 1999); education (Dreze and Sen 1995; Gottschalk 1997); health (Strauss and Thomas 1998); income redistribution (Dagdeviren et al. 2002); information and communication (Rodrik 2002; Krishna 2002b); political power (World Bank 2001); land distribution and land reform (Herring 2002a); managerial ability (Heckman 2000); market linkages (Bauer 1984; Behrman, et al. 1999); modernizing traditional norms (Apter 1965; Lerner 1958); inflation control (Gaiha 1989b); property rights (de Soto 2000); social capital (Hirschman 1984; Krishna 2001); technological improvements (Conway 1997; Schumacher 1973); etc.

However, which factors or which combinations of factors might work best in what circumstances is hardly well known. “It is one thing to say that development strategies should have a poverty focus, yet another to decipher what the relevant policies should be” in any particular case (Rodrik 2002).

Without first knowing what poor people are doing by themselves to overcome poverty or to cope with it, programs of assistance can be hardly well designed. What is it, in fact, that one is trying to assist? Quite often it is some chimerical vision that guides program strategies -- the latest trend, the newest model, the theory that happens to be in the ascendant at that time. But such programs tend quite often to fall on infertile ground. Instead of assisting peoples' pursuits, the promise of program benefits tends to send them off in other directions. Instead of complementing local resources and efforts, programs of assistance quite often replace and displace these local residents' efforts.

It is important, therefore, to know more about poor peoples' strategies and to inquire more closely into the correlates of poverty and its opposite in particular parts of the

world. Conducting such an inquiry in villages of Rajasthan, India, it was found that almost as many people have sunk into poverty over the past 25 years as have emerged from it. Reasons associated with households' emergence from poverty are very different from reasons associated with other households' decline.

Three elements – high healthcare costs, high-interest consumption debt from private sources, and social expenses on deaths and marriages – together form a chain that leads many households into abiding poverty. Breaking the chain at any one of these three links can help rescue many thousands of households from falling into poverty each year.

Social reformers in Dungarpur district have shown how expenses on marriages and death feasts can be reduced and made more affordable. And examples set by some pioneering NGOs, particularly Urmul Trust in Bikaner district (of the same state), show how low-cost and reliable healthcare can be made available to ordinary villagers.

Villagers in the five districts studied here are all served by government-funded clinics and hospitals, but several reasons limit villagers' use of these subsidized facilities. When they do bring their patients to the nearest big city (where government hospitals are usually located), most villagers end up paying private practitioners' fees and using private facilities for diagnostic tests and surgical interventions.⁴¹ Since villagers take the trouble of coming to city hospitals mostly when their patient is in a fairly serious condition and not before, the costs of treatment can be very large indeed. Reforming social practices and making reliable and affordable healthcare to villagers available will go a long way toward reducing the risk of households falling into chronic poverty.

In addition, and even separately by itself, making consumption loans available at a reasonable rate of interest will also help. Loans are available locally for these purposes at rates that start at two percent per month, which is more than 25 percent per annum, and poorer households, those more at risk, make even higher interest payments every

month. Rates as high as five to six percent per month are not rare in this region, and several Scheduled Tribe families with whom we spoke are paying such exorbitant rates. Rotating credit associations and other micro-credit schemes are gaining considerable popularity in the development literature – and for very good reasons, as these investigations show – and some such schemes, implemented by banks, government agencies, or NGOs, will make a substantial difference to poverty in this region.

Arresting decline will be assisted by these measures, while promoting escape from poverty will require a different set of policy instruments. Diversification of income sources is critical in this respect, as we found, and information and contacts matter critically for a household diversifying successfully.

Information is a key resource in many other respects as well. Better-informed villagers are not only able to escape from poverty more successfully. They are also able to participate more effectively in democracy and in governance, and they are able to hold state officials more effectively to account (Krishna 2002a; Sen 1999).

Because poverty has very important local origins, as these data show, more contextualized and more fine-grained knowledge will be required for better understanding the nature of poverty in any particular region. History and statistical analyses show that over the longer term, growth is the only abiding antidote to poverty. But the long-term may often be too long in coming, and to paraphrase while slightly distorting Keynes, many of the poor may be needlessly dead by that time.

What we need to know better in the meanwhile is the nature of mechanisms that enable growth at the national level to translate into poverty reduction at the household and individual level. And we need also to know a great deal more about non-growth-related aspects of poverty. These mechanisms and these aspects are likely to be highly context-specific. It becomes important, therefore, to invest in gaining the kinds of knowledge that helps with more rapid poverty reduction in specific contexts.

Similar exercises need to be conducted elsewhere, no doubt with further improvement in methodology and process. I am commencing a similar exercise in Kenya and I intend to do so also in Latin America, so I welcome suggestions about how this methodology can be further refined. There are some obvious limitations that will need to be addressed. At present, this methodology does not answer questions of “how much,” i.e., it does not grade households in terms of their extent of poverty and riches; it does nothing to deal with the important question of inequality within households, particularly in relation to gender; and it does not yield results that are directly comparable across different poverty contexts. Others who look at these instruments will, no doubt, be able to identify additional shortcomings.

For at least two reasons, however, this method or some improved version will continue to have utility. First, ideas about what constitutes poverty and what are some viable and acceptable ways out of poverty differ substantially from one social context to another. Reducing the definition of poverty to some common global denominator is invaluable for generating comparative statistics – and it will be important to generate such statistics for evaluating progress and allocating aid funds fairly across different parts of the world – but standardization comes at the cost of dissociating the concept of poverty from the strategies and actions that poor people take to deal with poverty in real life. And since poor people themselves are the central actors in the drama of poverty reduction, alternative and competing conceptions of poverty will have to be admitted alongside standardized notions that generate comparative report cards.

The second and perhaps more immediate practical utility of this methodology comes by way of generating knowledge about what succeeds and what does not within any given social and economic context. As these data indicate so clearly, poverty has global and national as well as regional and local associations. Most analyses focus, however, mostly at the national level. Because few data are available for the regional and local

levels, their importance for poverty reduction cannot be adequately adjudged – and so, because relatively little is known about these levels, they are not given credence to the same extent.

But data for the local level can be generated relatively quickly and with relatively low costs. More important, these data can be used to track changes in households' poverty status over time. It is important to know who is poor and to understand better the attendant condition of poverty, and an invaluable contribution has been made in this regard by Narayan et al. (2000a, 2000b). But it is important also to understand why some previously poor households are no longer poor and why some previously non-poor households have fallen into poverty.

One cannot really know what factors matter for household poverty unless one is able to trace their interactions with households' strategies over time. Cross-sectional data tell us about who is situated where at any given point of time, but they reveal little about *how* people have got to where they are. They can tell us what factors associate significantly with poverty today, but they say relatively little about why someone *becomes* poor or non-poor. Unfortunately, however, these dynamic-context data are the hardest to find.

One does not usually have data for 25 years ago, and one cannot wait for 25 years (or even 10 years) to generate new data, so one must use the means available to obtain what is valuable for policy purposes. And though these data may not be amenable to precise calculations of a statistical type, they provide a means of ascertaining what works and what does not in a particular context. The conclusions they help to derive in terms of factors associated with upward and downward mobility can help to customize more appropriate policy responses. Community groups can utilize these simple diagnostic tools to assess and monitor progress and to design better schemes that help with poverty reduction locally. And governments, NGOs, and donor agencies can top up these local initiatives and target funds for poverty reduction more precisely and

effectively. To the extent these things become possible, progress in poverty reduction will be better.

Table 1. Trends in Household Poverty in 35 Villages

Poor Households (percent)

25 Years Ago

		Poor	Not Poor
<i>At Present</i>	Poor	17.8 % (A) Remained Poor	7.9 % (C) Became Poor
	Not Poor	11.1 % (B) Escaped Poverty	63.2 % (D) Remained Non-Poor

Table 2. Household Poverty Over 25 Years

Districts	Villages	Households	(A) Households that <u>Remained Poor</u>	(B) Households that <u>Escaped Poverty</u>	(C) Households that <u>Embraced Poverty</u>	(D) Households that <u>Remained Non-Poor</u>
Ajmer	12	2,273	449 (19.8%)	344 (15.1%)	202 (8.9%)	1,276 (56.2%)
Bhilwara	7	1,180	214 (18.1%)	117 (9.9%)	75 (6.4%)	774 (65.6%)
Rajsamand	7	1,230	100 (8.1%)	51 (4.2%)	67 (5.5%)	1,012 (82.2%)
Udaipur	6	1,068	176 (16.5%)	84 (7.9%)	56 (5.2%)	752 (70.4%)
Dungarpur	3	625	195 (31.1%)	111 (17.8%)	106 (17.0%)	213 (34.1%)
TOTAL	35	6,374	1,134 (17.7%)	706 (11.1%)	506 (8.0%)	4,027 (63.2%)

Households whose members are poor today (A+C) = 25.7%

Households today whose members were poor 25 years ago (A+B) = 28.8%

Table 3. Trends in Six Villages of Udaipur District

Village	Households	<i>Percentage of village households that</i>				Distance. to Udaipur city (kms.)
		Remained poor through the past 25 years (A)	Became poor within the past 25 years (C)	Are poor today (A+C)	Were poor 25 years ago but are not poor today (B)	
Barda	146	42.5	4.8	47.3	12.3	15
Dhamaniya	298	10.1	6.0	16.1	3.7	20
Gowla	111	6.3	3.6	9.9	13.5	2
Phainiyon-ka-Guda	151	2.6	6.6	9.2	9.9	12
Seloo	199	24.6	5.5	30.1	7.0	32
Vishanpura	163	14.7	3.7	18.4	6.7	10

Table 4. Poverty in Different Caste Groups (35 villages)

Caste Group	Households	Households that <u>Remained Poor</u> (A)	Households that <u>Escaped Poverty</u> (B)	Households that <u>Became Poor</u> (C)	Households that <u>Remained Non-Poor</u> (D)
Scheduled Castes	945	23.6%	11.6%	8.9%	55.8%
Scheduled Tribes	1,336	33.5%	14.8%	7.3%	44.3%
Backward Castes^a	1,013	14.7%	10.8%	8.9%	65.6%
Upper Castes^b	2,311	10.6%	9.3%	6.2%	73.8%
TOTAL	6,376	17.7%	11.1%	8.0%	63.2%

^a The category, Backward Castes, includes some groups, such as Darogas, that have comparatively poorer members, and other groups, such as Jats, whose members are comparatively better off. Poverty trends within this category are quite mixed as a result.

^b All caste groups not classified as Scheduled Castes, Scheduled Tribes, or Backward Castes are grouped together here under the category of Upper Castes.

References

- Ahluwalia, Montek S. 2000. "Economic Performance of States in Post-Reforms Period." *Economic and Political Weekly*, Bombay, May 6, 1637-48.
- Attwood, D.W. 1979. "Why Some of the Poor Get Richer: Economic Change and Mobility in Rural West India." *Current Anthropology*, 20 (3), 495-516.
- Bane, Mary Jo and David T. Ellwood. 1986. "Slipping into and out of Poverty: The Dynamics of Spells." *Journal of Human Resources*, 21 (1) 1-23.
- Bauer, P. T. 1984. *Reality and Rhetoric: Studies in the Economics of Development*. Cambridge, MA: Harvard University Press.
- Baulch, Bob and John Hoddinott. 2000. "Economic Mobility and Poverty Dynamics in Developing Countries." *Journal of Development Studies*, 36 (6), 1-24.
- Behrman, Jere R., Nancy Birdsall, and Miguel Szeleky. 1999. "Intergenerational Mobility in Latin America: Deeper Markets and Better Schools Make a Difference."
- Bowles, Samuel and Herbert Gintis. 2002. "The Inheritance of Inequality." *Journal of Economic Perspectives*, 16 (3), 3-30.
- Bruno, Michael, Martin Ravallion, and Lyn Squire. 1998. "Equity and Growth in Developing Countries: Old and New Perspectives on the Policy Issues," pp. 117-146 in Vito Tanzi and Ke-young Chuk, eds., *Income Distribution and High-Quality Growth*, Cambridge, MA: MIT Press.
- Chambers, Robert. 1997. *Whose Reality Counts? Putting the First Last*. London, UK: Intermediary Technology Publications.
- Chaudhuri, Shubham and Martin Ravallion. 1994. "How Well Do Static Indicators Identify the Chronically Poor?" *Journal of Public Economics*, 53, 367-94.
- Chen, Shaohua and Martin Ravallion. 2001. "How Did the World's Poorest fare in the 1990s?" *Review of Income and Wealth*, 47 (3), 283-300.
- Chen, Shaohua, Gaurav Datt, and Martin Ravallion. 1994. "Is Poverty Increasing in the Third World?" *Review of Income and Wealth*, 40, 359-76.
- Christiaensen, Luc, Lionel Demery, and Stefano Paternostro. 2002. "Growth, Distribution and Poverty in Africa: Messages From the 1990s." Washington, DC: World Bank.
- Conway, Gordon. 1997. *The Doubly Green Revolution: Food for All in the 21st Century*. New York: Penguin Books.
- Corcoran, M. 1995. "Rags to Riches: Poverty and Mobility in the United States." *Annual review of Sociology*, 21, 237-67.
- Dagdeviren, Hulya, Rolph Van Der Hoeven, and John Weeks. 2002. "Poverty Reduction with Growth and Redistribution." *Development and Change*, 33 (3), 383-413.
- Datt, Gaurav and Martin Ravallion. 2002. "Is India's Economic Growth Leaving the Poor Behind?" *Journal of Economic Perspectives*, 16 (3), 89-108.
- de Soto, Hernando. 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.
- Deininger, Klaus and John Okidi. 2002. "Growth and Poverty Reduction in Uganda, 1992-2000: Panel Data Evidence." Washington, DC: World Bank.
- Dercon, Stefan. 2001. "The Impact of Economic Reform on Households in Rural Ethiopia, 1989-1995." Oxford, UK: Center for the Study of African Economies.

- Dollar, David, and Aart Kraay. 2000. "Growth is Good for the Poor." *Journal of Economic Growth*, 7, 195-225..
- Dreze, Jean and Amartya Sen. 1995. *India: Economic Development and Social Opportunity*. New Delhi: Oxford University Press.
- Eder, James F. 1999. *A Generation Later: Household Strategies and Economic Change in the Rural Philippines*. Honolulu: University of Hawaii Press.
- Ellis, Frank. 1998. "Household Strategies and Rural Livelihood Diversification." *Journal of Development Studies*, 35 (1), 1-38.
- Ellis, Frank. 2000. *Rural Livelihoods and Diversity in Developing Countries*. New York: Oxford University Press.
- Esman, Milton J. and Norman T. Uphoff. 1984. *Local Organizations: Intermediaries in Rural Development*. Ithaca, NY: Cornell University Press.
- Fields, Gary S. 2001. *Distribution and Development: A New Look at the Developing World*. New York: Russell Sage Foundation.
- Gaiha, Raghav. 1989a. "On Estimates of Rural Poverty in India: An Assessment." *Asian Survey*, 29 (7), 687-97.
- _____. 1989b. "Are the Chronically Poor also the Poorest in Rural India?" *Development and Change*, 20, 295-322.
- Gaiha, Raghav and Vani Kulkarni. 1998. "Is Growth Central to Poverty Alleviation in India?" *Journal of International Affairs*, 52 (1), 145-80.
- Glewwe, Paul and Gillette Hall. 1998. "Who is Most Vulnerable to Macroeconomic Shocks? Hypothesis Tests Using Panel Data from Peru." Washington, DC: World Bank.
- Gottschalk, Peter. 1997. "Inequality, Income Growth, and Mobility: The Basic Facts." *Journal of Economic Perspectives*, 11 (2), 21-40.
- GOR 2002. *Rajasthan Human Development Report, 2002*. Jaipur: Government of Rajasthan.
- Heckman, James J. 2000. "Policies to Foster Human Capital." *Research in Economics*, 54, 3-56.
- Herring, Ronald J. 2002a. "The Political Impossibility Theorem of Agrarian Reform: Path Dependence and Terms of Inclusion, in Mick Moore and Peter Houtzager, eds., *Changing Paths: The New Politics of Inclusion*. Ann Arbor, MI: University of Michigan Press.
- Herring, Ronald J. 2002b. "Data as Social Product." Department of Government, Cornell University.
- Hirschmann, Albert. 1984. *Getting Ahead Collectively: Grassroots Experiences in Latin America*. New York: Pergamon.
- Hulme, David, Karen Moore and Andrew Shepherd. 2001. "Chronic Poverty: Meanings and Analytical Frameworks." (<http://www.chronicpoverty.org>).
- Hulme, David and Andrew Shepherd. 2003. "Conceptualizing Chronic Poverty." *World Development*, forthcoming
- Iliffe, John. 1987. *The African Poor: A History*. Cambridge, UK: Cambridge University Press.

- Jalan, J. and M. Ravallion. 1999. "Are the Poor Less Well Insured? Evidence on Vulnerability to Income Risk in Rural China." *Journal of Development Economics*, 26, 338-517.
- Jayaraman, Rajshri and Peter Lanjouw. 1999. "The Evolution of Poverty and Inequality in Indian Villages." *World Bank Research Observer*, 14 (1), 1-30.
- Jodha, Narpal S. 1988. "Poverty Debate in India: A Minority View." *Economic and Political Weekly*, Bombay, Special Number, November 1988, 2421-28.
- Johnson, Deb. 2002. "Insights on Poverty." *Development in Practice*, 12 (2), 127-37.
- Kabeer, Naila. 1994. *Reversed Realities: Gender Hierarchies in Development Thought*. London, UK: Verso.
- Krishna, Anirudh. 2001. "Moving From the Stock of Social Capital to the Flow of Benefits: The Role of Agency." *World Development*, 29 (6), 925-43.
- Krishna, Anirudh. 2002a. "Enhancing Political Participation in Democracies: What is the Role of Social Capital?" *Comparative Political Studies*, 35 (4), 437-60.
- Krishna, Anirudh. 2002b. *Active Social Capital: Tracing the Roots of Development and Democracy*. New York: Columbia University Press.
- Lal, Deepak, Rakesh Mohan, and I. Natarajan. 2001. "Economic Reform and Poverty Alleviation: A Tale of Two Surveys." *Economic and Political Weekly*, Bombay, March 24, 2001, 1017-28.
- Mehta, Aasha Kapur and Amita Shah. (n.d.) "Chronic Poverty in India: Overview Study." (<http://www.chronicpoverty.org>)
- Narayan, Deepa, Raj Patel, Kai Schafft, Anne Rademacher, and Sarah Koch-Schulte. 2000a. *Voices of the Poor: Can Anyone Hear Us?* New York: Oxford University Press.
- Narayan, Deepa, Robert Chambers, Meera Kaul Shah, and Patti Petesh. 2000b. *Voices of the Poor: Crying Out for Change*. New York: Oxford University Press.
- Ravallion, Martin. 2001. "Growth, Inequality and Poverty: Looking Beyond Averages." *World Development*, 29 (1), 1803-15.
- Ravallion, Martin and Shaohua Chen. 1997. "What Can New Survey Data Tell Us about Recent Changes in Distribution and Poverty?" *World Bank Economic Review*, 11 (2), 357-82.
- Rodrik, Dani. 2002. "Growth and Poverty Reduction: What are the Real Questions?" *Finance and Development*, 37 (4).
- Schumacher, E.F. 1973. *Small is Beautiful: Economics As If People Mattered*. New York: Harper and Row.
- Sen, Amartya. 1999. *Development as Freedom*. New York: Random House.
- Strauss, J. and D. Thomas. 1998. "Health, Nutrition and Economic Development." *Journal of Economic Literature*, 36: 766-817.
- Uphoff, Norman T. 1986. *Local Institutional Development: An Analytical Sourcebook with Cases*. West Hartford, CT: Kumarian Press.
- Uphoff, Norman T. 2003. "Poverty and Inequality: A Life Chances Perspective," in Rattan Lal, David Hansen, Norman Uphoff and Steven Slack, eds., *Food Security and Environmental Quality in the Developing World*. Boca Raton, FL: Lewis Publishers.
- Wadley, Susan S. 1994. *Struggling with Destiny in Karimpur, 1925-1984*. Berkeley and London: University of California Press.

World Bank. 2001. *World Development Report 2000/1: Attacking Poverty*. Washington, DC: World Bank.

Notes

¹ Chronic poverty is observed among “people who remain poor for much of their life course, and who may ‘pass on’ their poverty to subsequent generations” (Hulme and Shepherd 2003: 6). Studies reporting a positive relation between growth and poverty reduction at the aggregate national level include Chen and Ravallion (2001); Chen, Datt and Ravallion (1994); Dollar and Kraay (2000); and Ravallion and Chen (1997). “It would not be correct,” however, analysts caution, to conclude “that growth *always* benefits the poor” (Bruno, Ravallion and Squire 1998: 138).

² The aggregate relationship between growth and poverty reduction hides several discrepancies that appear when lower-level results are examined. “Usually but hardly always, economic growth reduces absolute poverty,” asserts Fields (2001:104), and there can be significant churning beneath the surface. Even as the growth rate in one region of Uganda, studied by (Dercon 2001: i), “outperformed the average national growth rate in GDP...a significant number of households saw their welfare decrease...[and] some even experienced a move into poverty.”

³ Considerably more detailed work on household mobility is available for industrialized countries. In the context of the United States, for example, see Bane and Ellwood (1986) and Corcoran (1995).

⁴ Notable examples include Deininger and Okidi (2002); Dercon (2001); Gaiha and Kulkarni (1998); and Glewwe and Hall (1998).

⁵ Households’ rise and decline are mostly explained in these studies with reference to factors from the larger environment. Not many panel-data studies address aspects of agency, though Attwood (1979) and Jodha (1988) are notable exceptions.

⁶ See also Chambers (1997) and Uphoff (1986).

⁷ I am working together with Patricia Kristjanson and Andrew Odera of the International Livestock Research Institute (ILRI), Nairobi. With the help of a small start-up grant from USAID, we have conducted a pilot study in eight villages of western Kenya.

⁸ The other four high-performing states are Punjab, Andhra Pradesh, Gujarat and Kerala. For these comparative statistics and others relating to states in India, see Mehta and Shah (n.d.).

⁹ Growth rate of per capita income (unadjusted for inflation) in these districts ranges from 11.4% (Ajmer) to 13.1% (Udaipur) for the period 1980-1990 (GOR 2002).

¹⁰ We did try initially to utilize the household consumption expenditure schedule utilized by the Government of India’s National Sample Survey (NSS). But we gave up this exercise rather quickly because we found it impossible to get *any* households to devote the amount of time and patience that are required to fill out this schedule completely, with its 380-plus separate questions, each related to some item of household expenditure.

¹¹ A household was considered the unit of analysis for this exercise. Inequality within a household, particularly on gender lines, is also important, as Kabeer (1994) and others have pointed out. Some improvements in the present methodology will be required to take account of intra-household differences, as I will discuss later.

¹² Housing is a notable omission from this list. Hardly anyone in these villages is entirely homeless, however, and though improving the condition of one’s home is important for people, it comes at a later point in the stages of progress. In some other contexts, however, not having a house might very well constitute a defining aspect of what it means to be poor.

¹³ Educational achievement has increased dramatically in the last twenty years (Krishna 2002b), and I found it interesting to observe that villagers stigmatize not sending one’s children to school as a clear symptom of dire poverty. A number of other indications also point to the emergence of a widely shared norm that children should and must go to school and everyone should support this effort. Conductors of public buses in Bhilwara district do not charge school-going children any fares. Such remissions are not permissible under the rules, and conductors who allow these kids to go free do so at their own personal risk. They are confident, however, that they are doing the right thing and no one will penalize them on this account.

¹⁴ Typically, the stages of progress after the first four included: improving agricultural land, making improvements to one’s dwelling unit, purchasing jewelry (important for children’s weddings in future), buying a tape recorder and/or a TV, buying a motorcycle, and buying a refrigerator (at

which stage one becomes among the most prosperous persons in a wider region). There were disagreements about whether economically growing households would purchase a motorcycle ahead of a TV or vice versa, and some people (wisely, in my view) felt that it would have to do with the occupations followed by household members. Everyone agreed, however, that any household that had the luxury to indulge in such choices was clearly far removed from the ambit of poverty.

¹⁵ Mahesh Kapila, who supervised one field investigation team, writes: "We were invited to discuss our findings in a high school of Udaipur city. I wasn't quite sure about how to start, so I did what we had done in the villages. I conducted a stages-of-progress exercise with these students. We went over what a household does as it gradually moves up from a state of poverty, accumulating money in slow increments. And I was quite surprised – I guess I should not have been – when these city kids reproduced the same stages of progress as village adults had done. Poverty was the same [had the same connotations] for both of these groups – shortage of food and clothes, no schooling for children, and growing debts" (personal communication from Mahesh Kapila). It is also interesting that in the city as well as in the villages, a household that was poor in terms of these criteria was commonly referred to as being "Down" (on its luck and in its situation). The use of this English-language term to refer to poverty is quite widespread in these Indian villages, where very few people speak any English at all.

¹⁶ I should like to thank Ravi Srivastava for suggesting this methodological improvement. In Kenya we make reference to President Jomo Kenyatta's death (in 1978) in order to fix a commonly understood point of reference for the earlier period.

¹⁷ This understanding is quite similar to what Uphoff (2003) proposes when he refers to the need for assessing individuals' life chances.

¹⁸ See, for instance, Gaiha (1989a); Hulme and Moore and Shepherd (2001); and Hulme and Shepherd (2003).

¹⁹ Some households were not easy to classify in these terms, and I suspect it is because these households' conditions fluctuate quite rapidly. Such households were placed within a residual category, E. However, no more than 38 of the total of 6,376 households (less than 1 percent) found their way into this category.

²⁰ It did not take very long – no more than two hours in any village – to draw up a complete and accurate list of village households. Starting at one end of their village, villagers would list households through to the other end, and other assembled villagers would nod or make corrections as we went along. I continue to be amazed by the quite fantastic visual memory of these villagers; I know that I will not be able to construct any such list for the neighborhood where I live.

²¹ We included within this list households that had migrated out of the village at any time over the past 25 years. It was not difficult to identify such households, and indeed there are relatively few cases where entire households have moved out of the village. More usually, one member, the male, leaves his village to find work elsewhere, while other household members remain behind in the village.

²² Educational facilities were not so widespread and easy to access 25 years ago, nor were villagers so normatively driven at that time to send their children to school. Consequently, educating children does not form a constituent element of household poverty as understood by villagers for 25 years ago. The other three elements remain the same then as now.

²³ An advantage of this open-ended exercise is that more reasons can be explored with households than are listed in some previously formatted questionnaire. A disadvantage, though, is that since reasons for decline (or escape) are not clearly known or fully listed at the start of the inquiry in any region, one cannot independently check with non-declining (or non-escaping) households whether and how they were affected by the same sets of factors. We did conduct some of these crosschecks but only later on, after we had become familiar ourselves with reasons for change in the first few villages that we visited.

²⁴ Similar mixed trends within villages are reported also by Gaiha and Kulkarni (1998). Considering panel data for the period 1979-1984 for two villages in the Indian state of Maharashtra, they find that 25 percent of households escaped from poverty over this five-year

period, but simultaneously another 12 percent became poor. Categories A (remained poor) and D (remained non-poor) are composed, respectively, by 29 percent and 34 percent of all households in these two villages.

²⁵ I should also caution the reader against attaching too much weight to these seemingly precise numbers and calculations. Poverty cannot be measured like, say, height or blood pressure. The more “objective” measures of poverty – which consider it in relation to some externally defined calorific or monetary norm – are also subject to similar errors (of recording and recall). The ongoing controversy about the “correct” level of poverty in India is a result of the difficulty of precise measurement (Datt and Ravallion 2002 and Lal et al. 2001). No matter what measure one is using thus, one must be careful to not be seduced by its seeming exactitude. For a more reflective treatment of investigating poverty in general, see Herring (2002b).

²⁶ Udaipur city, now home to about one million people, is an important center of commerce in Rajasthan, and villages in this district were selected deliberately close to this city (although at varying distances) in order to assess the relative impacts of economic modernization using distance to market as a proxy variable.

²⁷ Not one among the 35 ST households of village Khajooriya (Bhilwara district) is poor, but of the nine ST households that live in village Sarana (of the same district) every single one is poor. Similarly, while only 25 percent of SC households are poor in village Jhadol (Ajmer district), 65 percent of SC households are poor in Cheetawas village of the same district.

²⁸ Interview with Prabhu Khoral, member of a Category C household in village Badla, district Ajmer (June 15, 2002).

²⁹ Interview with Kishan Gadari, village Muraliya, district Bhilwara (May 20, 2002).

³⁰ “The illness of men, women or children puts an immense burden on the poor,” concludes Wadley (1994: 136) from her investigation of a village in the state of Uttar Pradesh. She refers also to the cyclical linkage between debt and poverty in this village, indicating that reasons for falling into poverty recounted here might have effect over a wider region of India.

³¹ One very poor scheduled tribe borrower reported a rate as high as eight percent per month, but this was quite exceptional. More usually, poorer villagers reported rates of five to six percent per month.

³² Interview with Ramji Lal, village Goverdhanpura, district Ajmer, May 10, 2002.

³³ Deininger and Okidi (2002: 19) report a similar finding for households in rural Uganda: “While good health may not convey a particular advantage, ill-health can...easily throw a household into poverty.” Health was an important factor for households that fell into poverty in other countries as well, but it was not so significant for other households (Christaensen et al. 2002).

³⁴ Despite the lower significance of these social expenditures, however, Category C households still constitute a larger proportion of households in Dungarpur compared to the other four districts. More than 85 percent of all village households in Dungarpur belong to the Scheduled Tribes, a historically marginalized and impoverished group, whose healthcare status gives considerable cause for concern. (Interview with Devilal Vyas, who is Director of People’s Education and Development Organization, an NGO that has a distinguished and long-standing record of work in this district).

³⁵ Some other factors – a bad marriage, a spendthrift son, etc. – also figured in the accounts provided for some households. However, these factors amounted collectively to no more than two to three percent of cases in any village.

³⁶ A similar finding regarding the critical importance of diversification for households moving out of poverty has been reported for Sub-Saharan Africa by Ellis (1998, 2000) and for the Philippines by Eder (1999).

³⁷ These three reasons – personal enterprise, relatives’ help, and government assistance – are not mutually exclusive, so more than one of them can figure in any particular case.

³⁸ It is possible that people are more willing to speak glowingly of the roles they have themselves played in their household’s success, and they will downplay the role of outside assistance, but most of the successful households have received no direct government assistance to speak of; and indirect assistance – electricity, water supply, roads, schools, etc. – have been available as well to members of Category A and Category C households, who have not fared so well.

Besides, household members were hardly reluctant to speak of the help they had received from relatives and friends.

³⁹ Interview with Pratap Singh, village Khatikhera, district Bhilwara, May 16, 2002.

⁴⁰ Villagers often end up paying as much as three times more than better informed city dwellers for the same kinds of medical treatment. In a few villages that we surveyed toward the end of this exercise, my colleagues and I kept detailed notes about cases where family members could recall symptoms clearly. Later, we met with some physician friends and we asked them to calculate for us the amounts that city dwellers would pay to have such illnesses treated. Time after time, we found that villagers had paid quite large amounts, often up to four times as much as these doctors had indicated. These calculations are rough and ready, of course, but they help to highlight the additional costs that non-availability of good information imposes upon these Indian villagers.

⁴¹ Depending on whom I spoke with, two different sets of explanations were provided about why villagers spend so much money on medical treatment even in government-run hospitals. Doctors in government hospitals referred to shortage of stores and equipment (including fuel and stoves for sterilizing surgical instruments) and of the need, therefore, for the patient's family to purchase privately what should have been available for free; and they referred also to the large numbers of attendants who accompanied each patient from the village, for whose upkeep the patient's family has to pay. Villagers on their part spoke more often of the "fees" that they had paid to doctors, to nurses and to other staff in government-run hospitals. More research is required to establish the relative worth of these different explanations for why villagers end up paying such large and often ruinous amounts for medical treatment.