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# Historical Roots of Mass Poverty in South Asia

## A Hypothesis

Tapan Raychaudhuri

*The contemporary phenomenon of underdevelopment is not a continuation of the traditional economic order of pre-modern times. The patterns of economic organisation and levels of economic performance in the traditional societies of Asia, before they were enmeshed into the international economy created by first the merchant and later the industrial capitalism of western Europe, were significantly different from their contemporary counterparts.*

*In the case of India, the pre-colonial economy in its normal functioning did not generate large groups of half-starving people. The author traces the roots of mass poverty in India, as we know it today, to the new institutional framework of agriculture introduced after 1813 which deprived small holders, both tenants and proprietors, of nearly all their surplus, if it did not actually reduce them to landlessness.*

*Not only the new institutional arrangements, but even the positive developments in agriculture augmented the traditional disparities of India's agrarian society. Thus development of a market for cash crops implied a change in the ratio of non-food crops to food crops until, with increases in population, the output of foodgrains per head of population declined quite sharply. And where irrigation provided the means of increasing productivity, those in control of large holdings tried and increased their holdings, often at the cost of the poorer agriculturists.*

*The all-too-familiar phenomenon of today's mass poverty was thus already an established fact of life by the time population began to increase at a steady pace. Thereafter, given the pyramidal structure of rural society, there was a concentration of the increasing numbers in the lower rungs, until the very poor accounted for a half or more of the rural population.*

THE approach and method adopted in this essay are very much those of what is now described as 'old economic history'. This implies an emphasis on the qualitative rather than the quantitative, on arguments historical rather than economic in their essence. Of course, any such distinction is, beyond a point, artificial. The reason for this preference goes beyond deficiencies in one's training which are considerable. Where quantitative data are not available—on such crucial matters as national income and population—the attempt to squeeze the blood of aggregated series from the stone of fragmentary evidence is more courageous than prudent. Secondly, this paper is an attempt to present in a few pages the main ideas in what, hopefully, will emerge some day as a medium-sized volume. Some of the statements are hence in the nature of shorthand: the very considerable differences over space and time are 'de-emphasised' and the focus is on the uniformities rather than the variations without, one hopes, distorting the essential historical reality. Finally, the imprecision which marks most of the statements which follow is not accidental. It represents what, to my understanding, is the closest approximation to our present level of knowledge and possible perception.

Let me begin with an imprecise definition. Mass poverty is a situation where very large numbers in absolute terms and a very large percentage of the population suffer from a chronic shortage of food and other basic consumer needs like clothing, adequate housing, medicine and education and hence are victims of ill-

health, disease, reduced longevity and ignorance. In any Third World country the phenomenon is obvious to any casual observer, and objective assessments only help to confirm with some precision the first impression of untrained eyes. One of the less complex definitions of poverty equates it with levels of income barely enough to secure the minimum of food—i.e., caloric intake—required to sustain the human body. In recent years, it has been estimated, some 45 per cent to 53 per cent of the rural population in the territories of the Indian Union have had incomes around or below that level. The situation in the sub-continent as a whole is surely not better. In other words, somewhere between 250 and 300 million people are in conditions of near starvation in that part of the world. These figures represent something like  $2\frac{1}{2}$  to 3 times the number of the sub-continent's estimated population around the year 1600. Two other well known facts from the contemporary situation have a relevance to our understanding of the historical process which generated this phenomenon. First, not every one in South Asia is poor. Leaving aside the Birlas, the Tatas and Pakistan's 200 families, there is a large slab of urban and rural population with a very comfortable and rising standard of living. These are the beneficiaries of the very substantial growth achieved by the territories in question, which is the second well known fact I wanted to emphasise. True, per capita income remains low in South Asia but it is not so low as to keep consumption at the level of bare subsistence or below it for such vast numbers. What is perhaps more important, the self-

sufficiency in food achieved by the Indian Union has not, so far as one knows, affected the quantum of food consumed per head by the rural poor. Nor has the emergence of India as a major industrial nation made any significant difference to the percentage of people below the poverty line. In one view, the percentage has actually increased. Without getting involved in that rather inconclusive debate, I would like to emphasise a central fact: growth and development have by-passed a very large section of the population which remains hopelessly poor. I shall later argue that this end result is built into the historical circumstances which explain the emergence of mass poverty in South Asia.

### MYTH OF OVERPOPULATION

Students of economic underdevelopment have recognised for some time that the contemporary phenomenon of underdevelopment is not a continuation of the traditional economic order of pre-modern times. The patterns of economic organisation and levels of economic performance in traditional societies of Asia, before they were enmeshed into the international economy created by first the merchant and later the industrial capitalism of western Europe, were significantly different from their contemporary counterparts. To take one elementary fact into account, the prevalent image of the underdeveloped world today is one of overpopulation. For the Indian sub-continent, such a description would have been of very little relevance as late as 1921 when its population was below one-third of the present level. In the seventeenth

century, the corresponding proportion was probably nearer to one-eighth, though one estimate puts it as high as one-fifth. To take a different criterion, Kuznets estimated that the income per head of population in the traditional societies of Asia was probably higher than that in the pre-industrial phase of modern industrialised nations. In the Indian case, there is some direct evidence to support such a proposition. The *Ain-i-Akbari* gives the average yield per unit of three qualities of land—good, medium and inferior. A well known Indian statistician has estimated that the wheat yield for Abul Fazl's medium quality land compares well with the highest yield of post-Green Revolution Indian agriculture. Early 19th century accounts of yield per acre in Awadh, in eastern UP—then described as the 'garden of India', now a chronically deficit area—quotes figures which are higher than those available for England after the agricultural revolution. The implications of such nearly incredible evidence, confirmed by Buchanan-Hamilton writing in the first two decades of the nineteenth century, have to be tempered with reference to a negative fact he mentions, namely the uneconomically high ratio of crop to seed as compared with Europe at that time. Still the central fact relevant for our purpose is beyond doubt: a very favourable man-land ratio, and a technology evolved from long experimentation to make the best possible use of given resources, generated very high yields both per unit of land and per head of population. If economic underdevelopment as we know it today is not a pre-modern phenomenon, one of its characteristic manifestations—food deficit—is certainly even less so, at least so far as the South Asian sub-continent is concerned.

One could still argue that since pre-modern technology and pre-capitalist economic organisation implied inflexible ceilings to per capita income, and vast disparities in wealth and income were characteristic features of the pre-colonial Indian economy, mass poverty could still be one of the negative inheritances from the pre-colonial past. In fact, some of the evidence from Mughal times would support such a conclusion. All foreign observers of the Mughal economic scene invariably emphasise the contrast between the spectacularly conspicuous consumption of the Mughal nobility and the meagre livelihood of the urban artisans, the relative absence of a middle class in northern India, the extreme arbitrariness of the ruling class *vis-a-vis* the peasantry, who had to yield up 50 per cent of the gross produce to the state on pain of loss

of liberty and break-up of their families, and the ultimate horrors of famine and war reducing multitudes to utter destitution. None of these observations are fallacious in themselves, but taken with other evidence and read between the lines, they do not, I submit, project a picture of mass poverty or at least anything remotely comparable in magnitude to the contemporary phenomenon to which we apply that term.

#### POVERTY IN PRE-COLONIAL INDIA

Let us first consider the urban aspects of the question. While destitution was not unknown—I shall try to explain its economic origins later—not one observer mentions the army of deformed or starving beggars one invariably encounters in the towns and cities of South Asia today. Housing of all but the wealthy was constructed of flimsy material, but again we hardly come across any descriptions of urban slums in the writings of the 17th and 18th centuries. The urban poor who evoked the sympathies of the Dutch factor, Pelsaert, were mostly artisans and shopkeepers subject to the arbitrary demands of the nobility who, allegedly, paid them little and often enough only with strokes of the Korah, or the cat-o'-nine-tails hanging at each nobleman's door. The same artisans, according to his own account, could however afford ghi with their evening meals—incidentally, beyond the means of all but the affluent in contemporary India. In the illustrations of the '*Ain-i-Akbari*', the artisans are shown as wearing simple tailored upper and lower garments, head-dresses and footwear—more than most of their contemporary counterparts can afford. The pay scales mentioned in the same account cover a range which would allow, according to the food prices quoted by Abul Fazl, a reasonable to very comfortable existence, though by no means anything approaching wealth. The Mughal cities and camps on the move attracted such artisans, workers and petty shopkeepers by the thousand and at times hundreds of thousands, without the incentive of the Korah. In an agrarian economy with plentiful supply of land and a small population where shift to agriculture from other occupations was always possible, the type of response just mentioned suggests that pull rather than push factors were at work. And since such people were the core of the city poor described by the foreign observers, we do not see in them the pre-colonial counterparts of contemporary mass poverty. In fact, they are actually reckoned among the petty hoarders of gold and silver who, by disgorging their

nest-eggs, contributed to the inflationary situation at times of famine.

The rural scene is in many ways more complex. First, one encounters a wide variation in levels of economic performance. An outstanding example of high agricultural yield and plentiful supply of every variety of food-stuff was Greater Bengal, a region free from recurrent famines for some two centuries down to 1770. The bulk of such areas, which included Malwa in Central India and Awadh, was characterised by what may be described as 'affluent subsistence', i.e., an economy geared to production for purposes of consumption rather than exchange, but having high levels of output and consumption attained with relative ease and rather small inputs of labour, permitting a fair measure of slack which could be taken up as and when the economy responded to market incentives. In areas characterised by such abundance of food-supply—parts of which were actually exported—inadequacy of food and clothing was unlikely to have been the lot of large numbers, whatever the pattern of income distribution. The possibility of such shortages affecting sections of the population cannot, however, be precluded for less fortunate regions, especially those like the South Coromandel coast which habitually imported food from the surplus areas. However, the pattern of regional variations suggests that the fate of the agrarian classes, often described by the foreign observers as semi-servile in view of the rapacity of the ruling classes, was at least not uniformly miserable.

In fact, the economic consequences of a rapacious ruling class and a very high level of revenue demand have apparently been misunderstood by the foreign observers upto a point, as their own evidence indicates. First, the rapacity of the ruling class—despite the system of frequent transfers of revenue-extracting officials—was limited by their own self-interest. The hereditary surplus-extracting cultivating zamindars had a long-term interest in the survival and prosperity of the peasantry and often acted as a buffer against the more transient class of officials. The official class itself, besides being limited by their own organisational inefficiency, had to reckon with the fact that people, not land, was in short supply. The oppressed peasants could always protest with their feet, migrating *en masse* to areas where their welcome would take the form of reasonable demands on their output. That they protested often enough with guns, bows and arrows and successfully defied unreasonable claims is evidenced by the foreign accounts as well



as indigenous sources. The widespread use of fire-arms by the peasantry itself suggests a level of income well above subsistence. It is also known that such peasants as successfully defied the land revenue demand were exceedingly prosperous. It is unlikely that the Mughal state could as a rule collect the 50 per cent of the produce which at times was the level they did aim at. The state's concern with agricultural prosperity was also real, being rooted in self-interest as well as a conscious ideology. The concern was expressed *inter alia* through the system of revenue itself which imposed lower rates of demand per unit of land if the more highly priced cash crops like indigo, opium or mulberry for purposes of sericulture were cultivated. In other words, both variations in the natural levels of productivity as well as the operations of state policy permitted differences in wealth and income in the agricultural sector, both as between regions and within the same region. One end of the spectrum was surely close to modest affluence, if not substantial wealth. The contemporary accounts emphasising the arbitrariness of the ruling class project a blanket picture of rural misery which thus does not stand up to scrutiny. The expansion of exchange activity in the countryside, fostered by the increasing collection of revenue in cash and facilitated as much by the cross-country roads built by the Mughals as by the influx of bullion from the new world, and evidenced by the 3,200 *qabas* or rural market-towns mentioned in the 'Ain', further suggests the existence of focal points of prosperity in rural-agrarian society. In short, the rapacity of the nobility was real. The resilience of the agrarian economy, its capacity to evade, curb and survive that rapacity and thus enjoy at least some share of the benefits derived from abundant supply of obviously very fertile land, was no less so. The economy which supported the colossal structure of the Mughal state and rendered possible its monumental constructions obviously generated a very large surplus. It is unlikely that a level of output from which such extraction was possible could be maintained for nearly two centuries without positive incentives to the producer. The known facts regarding the Mughal polity cannot be squared with any picture of a uniformly immiserised peasantry. The question to ask then is whether, despite very high levels of output rendered possible by abundant supply of fertile land and, despite the evidence for considerable agrarian prosperity, large sections of the rural population suffered from extreme poverty, especially near-starvation.

#### NO CHRONIC FOOD SHORTAGE

In all probability, if we are looking for the seeds of mass poverty in the pre-colonial economy, the structure of agrarian society, inter-acting with the rapacious tendencies of the Mughal jagirdars, does provide a clue. The pre-colonial village in India was nowhere an undifferentiated egalitarian society. While its structure varied from region to region, it contained everywhere a top layer of 'superior rights' in land—usually a group belonging to high or agricultural castes who emerged as full-fledged proprietors if a land-market developed—another group with equally hereditary rights, but comparable in terms of village servants producing goods and services mostly, but not exclusively, in return for hereditarily fixed shares of the village produce. This third group included service castes whose professions were considered defiling and whose perquisites were very small and others who had duties on land but no sort of recognised rights to it. In parts of southern and western India (Gujarat and the Deccan), the third group contained an important part of the work force in agriculture—agrestic slaves and serfs without any rights in lands but cultivating it for proprietors belonging to superior castes and receiving what was in all probability a bare subsistence. The lowly service castes without rights to land in the northern regions were unlikely to have been better off. In normal times such groups evidently had enough to live on. This is a logical assumption for an economy producing an abundance of basic consumer goods, and that for consumption rather than exchange. There is no economic incentive to starve a section of the work force in such a situation. But in times of famine, or when warfare dislocated production, they were the first to be pauperised, that is if they did not actually perish. Describing the Great Famine of the 1630s, Peter Mundy mentions regular movement of grains and shops full of food-stuff and people dying within sight of both for lack of money to buy. The lowest strata of the rural population, perhaps without even the nest egg of hoarded silver or gold to fend off the first onslaught of scarcity, were no doubt the first victims. If they survived, the chances were that they did so as paupers. It is unlikely that such flotsam and jetsam were all easily accommodated within the structure of established rural communities. The relatively easy availability of general labour for road building and other public works, in even remote

parts of the country—without recourse to forced labour—indicates the existence of a fairly sizeable floating population. War and migration probably contributed to their numbers. The question as to why such displaced sections of the rural population, like the migrant agriculturists, did not take advantage of the abundant supply of land is not easily answered. Capital, even the small quantum required to start cultivation or reclaim land, was not in abundant supply and the phenomenon of low caste village servants living on the margin of subsistence even in normal times suggests that entire social groups were excluded from any access to it. To repeat, the historic roots of mass poverty are probably traceable to the existence of these social groups on the margin of subsistence in rural society. However, some facts are worth emphasising in this context. Neither the *a priori* conclusions derived from the known facts of man-land ratio nor the direct evidence available indicate any chronic shortage of food supply in any part of the sub-continent (deficit areas being supplied from food surplus regions). The most distressing feature of contemporary mass poverty is inadequate supply of food. This phenomenon was, at least until recently, linked both to inadequacy of total output and availability, as well as of purchasing power. At least the first of these two deficiencies was absent from the pre-colonial scene. In rural India, the supply of food was dependent on the producer's own effort or, in case of those not deriving their livelihood primarily from their family holding of agricultural land, on the share of the village produce customarily allocated in return for services required. In a situation of relatively high productivity—one can assume—even the small family holdings must have produced yields, net of all liabilities including revenue demand, which guaranteed at least an adequate supply of food, probably much more. As to the hereditary village servants, even the lowliest of them are unlikely to have lived for generations on the brink of starvation when food was available in plenty, however inegalitarian the character of Indian rural society. True pauperisation was hence, in all probability, the result of abnormal, if recurrent circumstances, and the subsequent failure to resume the customary economic function. Such displaced elements may well have included segments other than the lowliest service castes, but the better off with their cattle stock and small savings had more sustaining power and hence better chances of recovery. If, then, the hard core of absolute poverty is to be sought

among the displaced bottom strata of service castes, one must remember that they constituted a small percentage of the rural population. In the north, the bulk of the work force in agriculture accounting no doubt for the great bulk of the population consisted of the 'right-holders' family labour, so that castes with duties on, but no rights in land, constituted a small minority. Even if we add to this the lowly non-agricultural service castes, the total numbers could not have been large. In the south, the low castes in semi-bondage or actual bondage played a more important role in agricultural production. This fact, however, is likely to have facilitated their rehabilitation after economic catastrophes. Such circumstantial evidence suggests that those who did not have enough to live on could have accounted only for a small proportion of the rural population in pre-colonial India. By no stretch of imagination could this population have been anywhere near 45 per cent. The direct evidence bearing on the question—the substantial body of descriptive accounts—supports my conclusion.

In short, the pre-colonial economy in its normal functioning did not generate large groups of half-starving people. However, the recurrent shocks to the system regularly threw groups out of the system reducing them to penury, but such groups accounted for a relatively small part of the population. The warfare and

the rapine associated with the downfall of the Mughal empire, the Maratha aggressions and the establishment of British rule subjected the economy of vast areas to continuous shocks from the 1680s to 1803 and in some cases, like Awadh and the Punjab, even much later.

#### ECONOMIC CONSEQUENCES OF EMPIRE-BUILDING

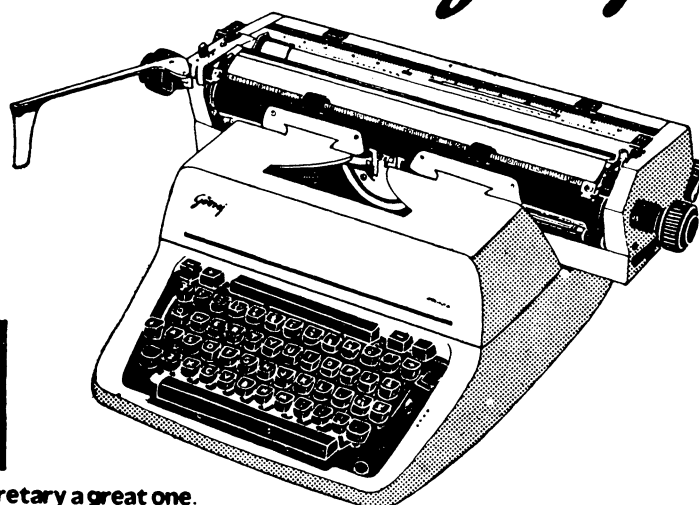
In considering the record of the colonial era, it is necessary to emphasise the relevance of a very obvious but often forgotten fact—that there were two distinct phases of colonial rule in the sub-continent. In the earlier phase, the East India Company's monopoly shielded the territory from virtually all impact of industrialisation in Britain, so that the characteristic features of colonial trade and all associated phenomena, positive or negative, could emerge only after that monopoly was effectively undermined in 1813. In the first half century, and for some regions like Oudh much later, the economic consequences of empire-building were predominantly negative. I shall consider only such features of these negative developments as are relevant to the present enquiry. In the Presidency of Bengal, both the early efforts of the Company to organise a regular flow of revenue and the less orderly rapacity of its servants, some of whom came out to India on a pay of a few pounds a year and went

back with fortunes estimated in millions—had disastrous effects on the economy, at least in the short run. The large scale abandonment of cultivation, a direct response to unbearable revenue demand and the pressures to buy and sell at dictated prices—which contributed to the Famine of 1770, killing off something between a third and a fourth of the population according to the company's estimate—has no recorded precedent in Indian history. In Madras, the English creditors of the Nawab of Arcot held the revenue of several districts as ransom and acted more like usurious moneylenders than administrators. Oudh under the Subsidiary Alliance suffered a similar fate. These horror stories of the period of plunder are of some relevance to our enquiry. India was certainly not a stranger to war and rapine. But together with Aurangzeb's devastating wars in the Deccan in the last quarter of this 17th century and the intensive plunder undertaken by the Marathas in the 18th century, the Company's exercises in rapacity add up to a record of intensive economic dislocation affecting very large parts of the territory and spread over a period of some 150 years. Compared to these annals of desolation, earlier catastrophes appear to have been either brief or relatively superficial rendering a return to *status quo ante* a comparatively easy task.

No doubt the gradual establishment of

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a modern and orderly administration healed many of the wounds inflicted by the long period of disorder and direct plunder. But perhaps not all wounds were effectively healed. Two of the most prosperous regions of the Mughal days emerge as agricultural lame ducks of the modern era. Eastern UP, the erstwhile 'garden of India' according to the Company's observers, remains an impoverished area. In Bengal, during the period for which statistics are available, there was an absolute decline in the production of foodgrains. These were two territories which had suffered most from intensive though short-lived plunder. A causal connection between these two sets of facts is not improbable. A different consequence of the catastrophes is more germane to the present discussion. The rehabilitation of the most vulnerable elements in society after any economic dislocation was the most difficult and least likely part of post-war and post-famine situations. As will be argued later, the political economy of colonial India, even its most constructive elements, was heavily tilted against the have-nots. The flotsam and jetsam thrown up by the disintegration of one empire and the establishment of another are unlikely to have returned to any orderly economic existence. We know that the Famine of 1770 generated large groups of desperadoes in Greater Bengal. We also know that Pax Britannia eventually curbed them. It is unlikely however that the disarmed bandits became once more modestly prosperous agriculturists, rather than destitutes earning a precarious living. Those who shared a similar fate in other parts of the sub-continent were certainly numerous. A prolonged period of economic chaos had generated a numerous army of paupers. Circumstantial evidence suggests that the efforts at reconstruction must have reinforced their economic vulnerability.

#### NEW INSTITUTIONAL FRAMEWORK OF AGRICULTURE

In many ways, the Indian economy continued along its familiar path until 1813; only its course was modified by the series of shocks spread over a long period which generated, *inter alia*, a hard core of extreme poverty. After 1813, with the abolition of the Company's monopoly, the region is drawn, under conditions of colonial control, into the international economic network created by industrial capitalism. The causal relationship of this fact with the articulation of the characteristic features of underdevelopment remains a subject of debate. For purposes of the present discussion it is not essential to get drawn into it. We can instead con-

centrate on the broad contours of the economic record which are fairly uncontroversial. The record, it seems, is one of modest quantitative expansion, mainly in traditional agriculture, in response to demand in the world market and some deepening of the domestic market through infrastructural investment and other factors. Since throughout the 19th century, the area under cultivation was extended at a rate higher than the rate of population growth, it is likely that the extension was achieved by taking up the slack in labour supply.<sup>2</sup> Diversion of labour from manufacture, some lines of which could not cope with the competition of machine manufactures, may have contributed to the process. But since the evidence does not suggest conclusively any absolute or perhaps even relative decline in employment in the manufacturing sector in the long period, it is safe to assume that substantial extension of cultivation under conditions of modest population increase meant some increase in output per worker, modified by the taking up of less fertile land under cultivation. Judging by the statistical evidence of the later period, 1890s onwards, increase in the productivity of land was infinitesimal, though the benefits of movement to higher value crops and specialisation are likely to have increased the value of yield per acre. Taken with the growth of a modern sector and a very substantial expansion of trade (in absolute rather than per capita terms), there were modest increases in per capita income of about one per cent or less per annum between 1891 and 1911. Any estimates for earlier periods are highly undependable guesswork. It was believed until recently that when for the first time the population began to increase at a steady, though still very modest, rate of around 1.3 per cent after 1921, per capita income began to fall. While this view has been questioned, the picture that emerges is at best one of near stagnation. In the first half of the 20th century, agricultural output per capita declined and the decline in the production of foodgrain was substantial. Net imports did not adequately make up for this decline, so that the availability per capita also declined. This record of modest quantitative growth in traditional agriculture tapering off as the population began to increase at a steady rate, has to be placed in the context of structural stagnation. Even the most optimistic estimates do not suggest that the ratio of agriculture to other sectors as sources of income and employment underwent any mentionable change over the entire period. The most important sources of mass poverty are to be found in this

overall pattern of stagnation in the structure of the economy and per capita income, seen against a background of slow but substantial population growth in the long period. But, as we have seen, positive movements in the economy since 1947 have left mass poverty untouched. Hence, for a sufficient explanation, we have to look beyond the facts of stagnation.

Such limited growth as the Indian economy experienced in the 19th and first half of the 20th century was heavily concentrated in the agricultural sector, the development of modern industry being insignificant in per capita terms. The benefits of growth in agriculture were not only unevenly distributed, but emerged within an institutional framework which was unfavourable to the majority dependent on agriculture for a livelihood. For the most vulnerable, it was positively ruinous. To facilitate collection of revenue, and to guarantee proprietary rights, considered the surest way of improving agriculture, the colonial government introduced tenurial systems which conferred legally guaranteed proprietary right in land on about four per cent of the population directly dependent on agriculture. This new proprietary class was by and large identical with the old 'superior rights' in land who did exercise even the right of alienation wherever a land market developed. But in the pre-colonial traditional order, the hereditary usufructory right of the other agricultural classes—e.g., those in the position of hereditary 'tenants' paying customarily fixed amounts—was inviolable. Now, the right to use land had to be purchased with the market controlled by some four per cent of the population earning their livelihood from land and very little guarantee for any rights below that level. Even in a situation of plentiful supply of land and shortage of manpower, this arrangement gave the proprietary class an immense advantage in bargaining. As population began to increase, without any corresponding expansion of employment outside agriculture, that advantage was steadily augmented. Remedial legislation to protect the non-proprietary classes—but never the bottom strata who had no legally recognised rights—became necessary as early as the 1850s, long before pressure of population had become a problem. Given the expenses and the complexity of the new legal system, only the more affluent and sophisticated could take advantage of these legislations which often remained no more than dead letters. Under the older system of arbitration which the new laws had replaced, no party in a dispute was entirely ruined. Now it was everything or



nothing. For the poor and weak, it was often nothing. In the early stages of British Indian revenue history, the situation was further complicated by excessively heavy revenue demand which meant either abandonment of cultivation as in the Madras Presidency or the burden being passed on as far as practicable to the rent-payer.

#### EMERGENCE OF MASS POVERTY

Besides, the British with their superior efficiency of organisation, completed within a remarkably short time, a process which had been unfolding itself at a slow pace under the Mughals—the collection of revenue in cash. Every agricultural producer was now under pressure to sell a share of the produce at least equivalent to the revenue demanded. The marketing organisation and credit facilities did not expand at any correspondingly fast rate. The agricultural producer hence experienced conditions extremely unfavourable to him; a dependence on near-monopsonistic buyers of his produce and near-monopolistic suppliers of credit under usurious conditions, poor returns for one's harvest, high rents and insecurity of tenure became the usual experience of the mass of agricultural producers. The legal system with its awesome respect for the holiness of contracts, provided more power to the elbow of the canny and resourceful merchant-moneylenders. As an end result, the small-holders, both tenants and proprietors, were deprived of nearly all their surplus, if not actually reduced to landlessness. The army of the landless, already in existence, if on a relatively small scale, through the economic dislocation of earlier times, found new recruits among the bottom strata of the agrarian society, especially the agrestic slaves and serfs of the South who now had to earn their livelihood by selling their labour. The increasing pressure on land through increase in population meant that they had to sell it under highly unfavourable conditions, rendered all the more grim by the social hierarchy of rural India which rendered any resistance to the privileged virtually impossible. Rural poverty on a massive scale, affecting the marginal holder of land as well as the landless, was an established fact of Indian life already by the 1860s. The recurrent famines of that decade and the 1890s, which augmented through high prices the resources of traders and moneylenders reinforced this pattern of misery.

Disparities in wealth and income, partly linked to the traditional hierarchy of rights in land, were no doubt always a feature of India's agrarian society. Not

only the new institutional arrangements, but even the positive developments in agriculture, augmented that disparity, often directly at the cost of the weaker sections. Development of a market for cash crops and investment in irrigation were the two main levers of growth in agriculture. The former implied a change in the ratio of non-food crops to food crops until, with increases in population, the output of foodgrains per head of population declined sharply. The decline was especially marked in rice and the inferior cereals like jowar and barja which constituted the chief diet of the poor. As already stated, not only output, but availability also declined. Even in normal times, the marginal holders of land ceased to produce enough to meet their subsistence requirements. And given the unfavourable conditions in the market for their labour, they had no purchasing power to make up for that short fall. The landless were, almost certainly, even worse off. All available levers of social power were manipulated to fossilise this pattern of relationship which placed the affluent producer of or dealer in cash crops in a position of advantage through the abundant supply of cheap labour and the share-cropper's meek acceptance of harsh terms. Where irrigation provided the means for increasing productivity, those in control of large holdings, especially if they were proprietors, tried and increased their holdings, often at the cost of the poorer agriculturist who was in any case hesitant to forego the production of subsistence crops to take up the riskier venture of cultivating non-foodgrains. The foreclosure of grazing lands and extension of the arable into forest areas in response to the new incentives deprived the poorer agriculturist of crucially important resources. If this was the situation now in normal times, upheavals like the famines and the crisis of '29 displaced large groups from their marginal means of livelihood, depressing wages and creating a steady flow of slum dwellers into the urban areas. After the crisis of 1929, the number of slum dwellers in Madras, to give one example, increased to account for one-third of the city's population. The small and stagnant secondary and tertiary sectors provided no stable means of livelihood for this growing army. Rural poverty had spilled over into urban areas. The all too familiar phenomenon of today's mass poverty was an established fact of life by the time population began to increase at a steady pace. Given the pyramidal structure of rural society, there was a concentration of the increasing numbers in the lower rungs, until the very poor accounted for

a half or more of the rural population.

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#### IPCL Denies Shortage of LDPE

INDIAN Petrochemicals Corporation Limited (IPCL), a public sector company, has affirmed that there is no shortage of LDPE in the market. IPCL released 25 per cent more material in the first 11 months of 1984-85 over the corresponding period of the previous year. As against the total supply of 115,000 tonnes during 1983-84, it was expected that there would be a total supply of over 130,000 tonnes by the three producers during 1984-85. The most optimistic demand estimate for 1984-85 was of 139,000 tonnes which would leave only a small gap between demand and supply. During the quarter January/March 1985, there was to be a total supply of nearly 40,000 tonnes which was more than the average requirement of the market. Due care was taken by IPCL to ensure supplies of sufficient quantities of LDPE as per the monthly allocation during March and April this year.

All this has become possible since there was an opening inventory of over 12,000 tonnes and IPCL's production during 1984-85 was expected to be over 100 per cent of rated capacity. In order to supplement the local availability of LDPE and with a view to sustaining the growth in some key sectors, IPCL also imported 20,000 tonnes of LDPE. To further augment the supplies, IPCL has also applied for import licence for additional 10,000 tonnes. The full demand of priority sectors such as agriculture, milk/milk product packaging, fertiliser packaging, food-grain storage, nursery sectors, etc., has been satisfied. The requirement of nearly 6,000 customers was met in 1984-85 by allocating the higher of the offtakes by the customers during 1982-83 and 1983-84. Even new customers were supplied small quantities of the product from time to time.

The price of IPCL polymer products is the same at all stock points throughout the country. This was done mainly to help small customers to draw their requirement conveniently at a uniform price throughout the country. Of the 6,000 processors, 72 per cent buy less than one tonne a month and another 23 per cent buy less than five tonnes a month. The market is thus predominantly in the small scale sector. IPCL's distribution policy is designed to serve the interests of this sector which is spread over all parts of the country.