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## RAPPORTEURS' REPORT

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### **Disadvantaged Regions and Social Groups: Is There a Way Out?**

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#### INTRODUCTION

The decade of seventies brought a sea change in the development thinking in India in line with paradigm shifts in global debates<sup>1</sup> on development process. In fact, scholars in India visualised the need for direct attack on poverty, regional imbalances and upliftment of the disadvantaged groups much earlier in the early sixties (Pant, 1974). Disillusionment with the strategy of exclusive reliance on 'trickle down' of growth to solve the mass poverty and hunger and associated political costs led government to devise new strategies to make agricultural growth more broad based and equitable, apart from developing integrated rural development through several schemes for employment and income generation. There was a plethora of programmes for agricultural development in the seventies reflecting the changing development thinking of the policy makers nationally and globally.<sup>2</sup> Eighties witnessed few initiatives like technology mission for oilseeds. Beginning of the full-scale reforms in the country in nineties gave primacy to market forces and fiscal austerity measures and accentuated the neglect of agriculture and that decade saw very few new initiatives except continuation of the watershed programmes with the Hanumantha Rao Committee guidelines. Change in the development thinking internationally with consensus on the inadequacies of Washington Consensus during the first decade of the new millennium (Stiglitz, 2002) and agrarian crisis in the country brought back the focus on agricultural development by increasing investments and new initiatives like Rashtriya Krishi Vikas Yojana, Food Security Mission, Rural Employment Guarantee Act, Rural Infrastructure Development Fund, and Farmer Producer Organisations.

The analysis of growth at sub-district level shows that Indian experience contradicts the mainstream development theoretical concept that growth poles accelerate development and lead to balanced regional development in the long-run<sup>3</sup> (Bakshi, *et al.*, 2015). Another emerging feature of regional disparities in the country is that this is a dynamic process with some regions gaining and some losing the momentum, making it imperative to undertake continuous research for effective policy making, as is evident from the work of Bakshi *et al.*, (2015) and also Kar *et al.* (2011). Another example is that of Venkateswarlu *et al.*, 2014, who show that

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climatic change and irrigation improvement alter the status of districts of Drought Prone Area Programme (DPAP) and Desert Development Programme (DDP) with some drop outs and new entrants. Diversity in livelihoods and physical conditions and specific problems make development interventions more difficult to plan and execute in rainfed areas (Deshpande, 2008). Varying political and authority structures across states, especially the underlying state and class/caste relations, are a key determinant of regional developmental dynamics. In many of the backward states, neo-patrimonial tendencies are ascendant and come to dominate over a prolonged period and state governments simply lack public purpose and ruling elites use their power either for personal gain or to benefit a narrow political community (Kohli, 2012). There are some indications that situations are changing to some extent, but the underlying relations do not seem to be changing to the desired level. Dynamics of social relations within the state also play a huge role in pockets of under development. For example, it was shown that rapid agricultural development in western Maharashtra is attributed to the rise of Maratha-Kunbi peasants as a unified caste and kinship networks during colonial and post-colonial periods (Mohanty, 2009). However, it is important to note that this is a dynamic process and new forces and coalitions emerge that unfold new patterns of regional growth and warrant continuous study for effective policy setting.

### *Ground Realities*

Even after six decades of planning, certain regions and groups lag behind others and the recent research shows that they are not converging. Proportions of rural people below poverty line, according to the calculations of the Rangarajan Committee<sup>4</sup> (Government of India, 2014, Rangarajan and Dev, 2014), are still very high in backward states like Orissa (47.8 per cent), Madhya Pradesh (45.2 per cent), Jharkhand (45.9 per cent), Chhattisgarh (49.2 per cent), Bihar (40.1 per cent), and Uttar Pradesh (38.1 per cent), compared to a national average of 30.9 per cent in 2011-12. This compares poorly with the poverty ratios in developing countries with 20.6 per cent in 2010 using 1.25 USD as the poverty line. According to Planning Commission estimates based on NSS data, poverty ratio among the Scheduled Tribes and Scheduled Castes was higher by 76 per cent and 23 per cent, respectively, than the all-population average in 2011-12. The absolute numbers are much more daunting with 2605.2 million poor people in just rural areas and the total poor people in the country coming to 363 million in 2011-12. States like Uttar Pradesh and Bihar have poor people to an extent of 600 million and 376 million respectively (Figure 1).

Apart from the scale of deprivation, the nature of growth process over the last two decades indicate that there is not much assuring for reducing consumption disparities among regions and deprived social groups. A study, examining inclusive outcomes in terms of some relative distributional measures based on estimates of per capita nominal consumption distribution using NSS data for 17 major states from

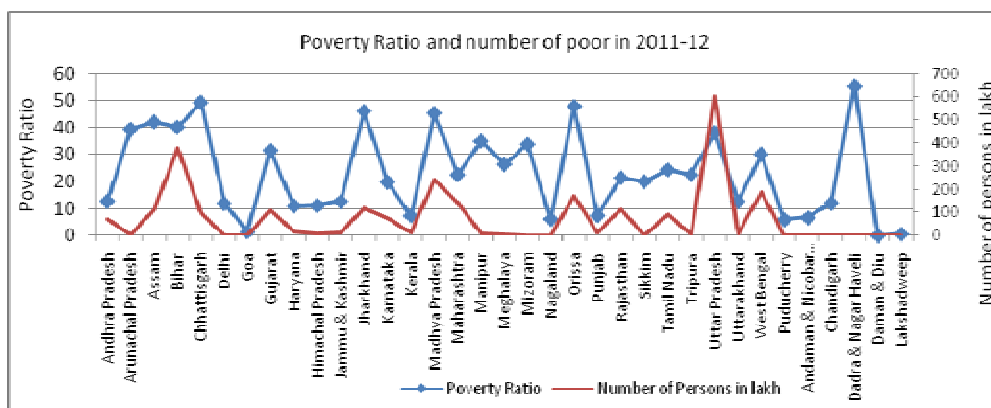


Figure 1. Poverty Ratio and Number of Poor in 2011-12 based on Rangarajan Committee Methodology

1993-94 to 2011-12, concludes that relatively deprived social groups, STs and SCs, have been left out of the growth process. The same conclusion holds good for both rural and urban sectors at the all-India level with a decline in the extent of exclusive growth of the latter over time (Suryanarayana and Das, 2014).

A comprehensive exercise undertaken with various parameters including agriculture by the Planning Commission concluded that convergent growth rates have not translated into equalising incomes across states and found that the coefficient of variation of per capita Net State Domestic Product (NSDP) has increased from 28 per cent in early 80s to 36 per cent in 2004-05 to 41 per cent in 2011-12, with no evidence of unconditional convergence. However, the poorer states are catching up with the national average (Bakshi *et al.*, 2015). They found that the emerging characteristic of regional disparities in India is the presence of underdeveloped regions even within higher income states and sub-districts within districts. The most disturbing aspect of this characterisation of underdevelopment, however, is the fact that the underdevelopment is co-terminus with tribal population, apart from other groups. Instead of converging in terms of income, the growth process after reforms in 1991 resulted in forming two convergence clubs and polarisation into higher and lower incomes respectively (Kar *et al.*, 2011). An earlier study examined the role of agriculture in leading states to identical steady state found divergence in income levels across states and concluded that investment in physical infrastructure and human resources should be accompanied by a reduction in employment pressure on agriculture by improving labour market linkages of agriculture with non-agricultural sectors (Birthal *et al.*, 2011). They suggested technology-led intensification of agriculture for speeding up the process of convergence.

Stark regional disparities are reported in a study and farmers from several backward states obtained lower income than the all-India average and at the same time growing slower than the average during 2002-03 to 2012-13. The income of

farm households was Rs.77888 and found to be growing at 3.4 per cent during the same period at all-India level, according to NSS data<sup>5</sup> (Ranganathan, 2015). The farmer income was lower than all-India in Bihar (57 per cent of all-India average), West Bengal (62 per cent), Uttaranchal (73 per cent), Odisha (76 per cent), Jharkhand (76 per cent), Uttar Pradesh (77 per cent), Chhattisgarh (81 per cent), Andhra Pradesh (92 per cent), Madhya Pradesh (96 per cent), and Telangana (99 per cent). Worse still, several of these states grew slower than all-India- West Bengal (-1.25 per cent), Bihar (-0.75 per cent), Assam (-0.34 per cent), Jammu and Kashmir (0.66 per cent), and Jharkhand (0.87 per cent).

On the positive side, the growth in agricultural productivity represented by NSDP agriculture per hectare has been quite low in high productivity states and high in low productivity states implying favourable growth for regional equity after 2004-06 (Chand, 2014). Besides the burden of lower initial conditions, lower growth, and higher poverty, these regions are also more vulnerable to climate change. According to the vulnerability atlas for 572 districts in India, very high vulnerability occurs in Rajasthan, Uttar Pradesh, Madhya Pradesh, and Bihar, apart from Gujarat, Karnataka and Maharashtra. As we move from west to east the exposure and sensitivity increased, whereas adaptive capacity decreased, resulting in increased vulnerability (Joshi, 2014). Vertical disparities between different income groups at the national level derive significantly from regional (horizontal) disparities because large proportion of poor live there (Rao, 1994). Therefore, reducing regional inequalities and uplifting the socially deprived sections like tribals, dalits and women will be good in itself as well as for accelerating growth and making it more broad-based without social tensions.

It is no secret that the brunt of the poverty and deprivation is borne disproportionately by the dry land regions and backward regions that constitute even today 60 per cent of the total net sown area. Studies indicate that women have been playing bigger role in agriculture as men leave for better opportunities in services and manufacturing. It is well-known that they have differential access to land, input markets including credit as well as output markets.

Though numerous programmes are planned and being implemented, the design of many of the programmes is beset with the top down approaches that do not factor in the diverse interests and requirements of the agricultural populations. Most of the programmes are tailor-made for well-endowed and irrigated areas excluding the resource poor areas and farmers. The programmes designed keeping in view the requirements of the dry lands also suffer from the untenable assumption of homogeneity among these regions and their people, without any regard to the diverse livelihood patterns. Though there have been some efforts, of late, to involve district level people's representatives and administrators in the planning process, PRIs are completely left out. Structural transformation presents its own challenges with the backward states and backward regions within states moving slowly out of agriculture. This in turn carries a heavy burden on the agricultural sector having negative

implications for productivity and incomes of the people. Links are more important now compared to the earlier periods as the farming communities are depending on non-farm incomes.

Situations under the increased role for market forces paving the way for corporate entry in input and output markets warrants different treatment for which the present policy framework is not bespoke to. Globally, discussions are centred on how to make the small farm agriculture sustainable by withstanding the rise of supermarkets and private control. Upgradation of infrastructure, skills, and changing attitudes is going to be crucial in this new phase. All this discussion assumes heightened importance as the present government is trying to rework the centrally sponsored programmes on agricultural development by merging and redesigning the extant ones. The objective is to have analyses focusing on retrospect with potential lessons for the programme building to smoothen the ongoing agricultural transformation as a consequence of structural transformation, technological change, climate change and resource degradation, increased role for market forces with the entry of private sector and so on.

The foregoing analysis clearly highlights the dynamic nature of disparities among regions and social groups and persisting inequalities in income despite some catching up. Also, the interventions suffer from far too many loopholes in design, implementation and review. Several new policy initiatives have also been put in place to deal with the persisting inequalities during the recent period. On the other hand, several new opportunities in the form of technology through proliferation of mobiles, aadhar linking and financial inclusion as well as risks in the form of market risks in the open trade regime and ongoing climatic changes and associated problems to country's agriculture and farmer welfare. Several papers submitted for the theme focused on these issues.

## II

### REVIEW OF PAPERS

There are broadly four groups of papers received for the theme that focus on analysis of different schemes to develop agriculture and rural labour market, rural labourers, tribals and finally national policy framework for reducing regional disparities.

#### *Policy Interventions for Agricultural Development and Rural Labour Market*

Five papers have analysed different policy interventions to improve agriculture and rural labour market. Their focus is on- KCC intensity, protected cultivation scheme under RIDF, sericulture under Catalytic Development Programme (CDP), diffusion of technologies with bringing Green Revolution to Eastern India and MNREGA. One of the rigorous papers submitted to the session is by Samir

Samantara on Kisan Credit Cards (KCC) in Arunachal Pradesh. The comparatively “agriculturally poor” districts, if not all, were able to catch up with the “agriculturally rich” districts in terms of KCC concentration, and the inter-district differences also went down. Regarding agricultural productivity, no such catching up was observed. The author/s concluded that these tendencies will continue in the state agriculture unless adequate investments or technological interventions are made to enhance agricultural productivity. This would further help in credit deepening and credit widening through KCC loans, leading to a further convergence.

The paper on impact of protected cultivation under Rural Infrastructural Development Fund (RIDF) in Himachal Pradesh by K.D. Sharma *et al.* shows that protected cultivation helped in spurring their yield and incomes, apart from incentivising adoption of new crops like capsicum. There is a methodological flaw in not situating the results in a proper counterfactual manner, as the author/s look at only the treatment group. However, study of 150 polyhouse respondents show that protected cultivation is capital intensive and fixed cost accounted for 40-45 per cent of total cost with high labour component in the working capital. Promoting medium sized poly houses and training farmers in the package of practices and cropping sequence in protected cultivation will go a long way in wider adoption of this cutting edge technology. Similarly, a study on ‘Catalytic Development Programme (CDP) of Central Silk Board by Chouhan *et al.* conducted primary study among 120 beneficiaries without having any counterfactual and concluded that education/training of the farmer has positive association with cocoon yield. The new scheme to improve agriculture in the eastern region called ‘Bringing Green Revolution to Eastern India’, in a paper by Ravi S. Chouhan *et al.* has analysed using primary data from 60 farmers in Chhattisgarh and concluded that its implementation increased dissemination of modern technologies, cropping intensity and minimised yield gap.

The second group of papers concentrated on the recent and major policy intervention in improving the rural labour market conditions by analysing MNREGA in two states. The paper on Rajasthan by Mruthunjay Swain and Shreekant Sharma concentrated on the recent and major policy intervention in improving the rural labour market conditions by analysing MNREGA in Rajasthan. It presents primary data with sound sampling methodology and econometric analysis, while the other two depended exclusively on secondary data to bring out various related issues. It shows that women (54.1 per cent) outnumber men in participation. The distribution of income shown between participants and non-participants does not give statistical significance and so there is no way to make reasonable comparisons. The logit regressions show that the odds of female participation in MNREGA are higher than the odds for a male worker. However, the findings of the study show that more women and weak and infirm participate in these works, while men harness better opportunities outside of this ambit. The scheme provided 82 days of work with an average wage of Rs. 79 per day as against the prescribed minimum wage of Rs.100 per day. Perceptions reveal that this income was useful in their food security and

migration. The performance of the scheme deteriorated overtime with lower number of households securing 100 days of employment in 2011 compared to 2008 in Rajasthan. The nature of works pertained mainly to water conservation and harvesting followed by rural connectivity.

Another paper by Deepak Shah has analysed MNREGA in Maharashtra using secondary data show relatively poor performance in Maharashtra compared to Rajasthan in terms of percent of job cards issued to total registered (95 per cent in Maharashtra), poor involvement of SCs and STs (34 per cent in Maharashtra and 50 per cent in Rajasthan), and lower number of days of employment created (53 in Maharashtra and 82 in Rajasthan). The performance of the scheme also deteriorated overtime with lower number of households securing 100 days of employment in 2011 compared to 2008 in Rajasthan. The nature of works seemed to be mostly relating to water conservation and harvesting followed by rural connectivity.

#### *Tribal Development*

Four papers focus on development of different tribal groups duly examining different initiatives of state and civil society. The paper by Vishwa Ballabh and Pooja Batra traces the living conditions of tribals in Central India that is home to 72.25 per cent of tribal population in the country. Starting with a discussion on the contrasting approaches to tribal development by Nehru and Elwin, it goes on to examine two developmental interventions one each in western central India by the N M Sadguru Development Foundation and eastern central India by PRADAN. The conditions of living of the tribals lag behind that of Scheduled Castes in all aspects including economic development. The paper shows that tribals have the capacity to learn and adopt new technology, enterprises and skills with appropriate institutional interventions to overcome exploitation in imperfect markets. Institutions like cooperatives and mutual self-help groups that are governed and managed by tribals themselves will help tide over the existing problems as shown by the experience of Sadguru and PRADAN. The role of developmental organisations in that effort needs to be confined to capacity building among the tribals.

A paper by Jayanti Kajale and Sangeeta Shroff examines the conditions of tribals in Maharashtra and working of two schemes, viz., Tribal Sub Plan Strategy (TSP) and Recognition of Forest Right Act (FRA). It recommends higher allocations for TSP and legal and administrative support for reducing the very high percent of rejections of claims for restoration of land rights under FRA. The paper by F.A. Shaheen *et al.*, focused on the vulnerability of disadvantaged *Dard* tribals in Gurez valley in Jammu and Kashmir and brought out several suggestions to improve agriculture.



### *Regional Disparities*

The paper by Alka Singh *et al.* analysed agricultural investments at state level and brings out the possible course corrections. Though the share of public expenditure has gone up, the share of investment in this expenditure has been low and declined during this period from 39 per cent in 2002-07 to 24 per cent in triennium ending (TE) 2011. There was no increase in the expenditures in states like Bihar, Punjab, Assam, Rajasthan and West Bengal. Northern and eastern states did poorly in case of irrigation expenditure, while Bihar and other eastern states spent very low amounts on infrastructure. Despite the impressive growth in public expenditure, spending on agricultural research and education constituted only 0.36 per cent of the agricultural income with semi-arid regions like Bihar, Assam, Odisha, and West Bengal deserving much higher investments. Another paper by Harshita Tewari and H.P. Singh looked at the regional disparities in agricultural development by developing a composite index to rank 28 states and found that Odisha, Jharkhand and Chhattisgarh are at the bottom of the agricultural development along with North Eastern states. The author/s concluded that lack of irrigation facilities and crop diversification are the main reasons for the backwardness of NE states.

The paper by A. Amarender Reddy revisited the size-productivity debate using data from cost of cultivation scheme of government of India on rice production, apart from convergence of yields across states. The paper concludes that there was a positive correlation between farm size and profitability after controlling for state structural variables and input use. On the positive side, there is a convergence of yield of rice across the states mainly helped by convergence in fertiliser, irrigation and farm machinery use. However, there is widening gap between bottom 25 per cent and top 25 per cent (based on farm size) of the farmers in terms of yields, gross returns, profitability. The share of loss making farms is 17 per cent among the bottom 25 per cent compared to only 3 per cent among top 25 per cent of the farmers. The distress of small farmers is aggravated by higher risk in profitability and farmers of Maharashtra, Jharkhand, Assam, Bihar and Orissa earn meager profits. The paper by K.K. Datta and others highlighted the need to bring about changes in cropping pattern by following farming systems approach.

### III

#### ISSUES FOR DISCUSSION

The country's agriculture has been going through market related reforms and initiatives, at a time when the face of it is increasingly becoming small farmer oriented. It is well-known that markets fail to reach everyone and in places where profits are not lucrative. Vast majority of ecologically fragile regions, crops and enterprises may not benefit from markets. It needs a thorough discussion on the way forward for saving the small farmer agriculture from the onslaught of market forces

through privatisation of inputs, outputs, and related markets, as well as consolidation in wholesale, agro-industries, logistics. What kind of initiatives and institutions can help the small farmers tide over this transition? There seems to be a lot of thirst and belief that farmer producer organizations can be helpful in this. Whether this faith is justified in view of the experiences so far and paths ahead?

Reduction in the regional disparities would require catching up by the backward regions in terms of growth as well as the levels of the advanced states and regions. It is also clear now that highly developed state or district can have underdeveloped regions or sub-districts. Besides, this is a dynamic process. What are the best ways to do internalise this in planning? The direct fallout of these realisations must be continuous monitoring and decentralisation of planning and implementation through devolution of power to the Panchayati Raj Institutions and effective natural resource management. The nature of disparities, physical, economic and social causes as well as issues in decentralisation need to be deliberated. The upshot of the studies on climate change is that backward states are more vulnerable and implications need to be discussed for policy making suggestions.

The social and economic backwardness in the country raise several questions that need discussion for the ways forward. Some of them are- What are the causes for emergence and perpetuation of economic and social disadvantages? Will discrimination measures capture the measurement of disadvantage? Can one innovate measurement of disadvantage based on the 'focus loss' theory<sup>6</sup> or any other appropriate theoretical measure? The determinants of the backwardness and the types of constraints the programmes confront in helping the groups to cross over the disadvantaged threshold. Why some regions and groups have stayed at the same level/stage of development despite about seven decades of developmental efforts? Is our reduction in poverty ratio has any influence on the backwardness of the regions, which social group or region had advantage to cross the poverty threshold?

Expenditures by the centre and state governments have improved over the last decade. But, the share of investments is plummeting and there is move away from irrigation to infrastructure. Is this desirable for growth and equity? Despite the impressive growth, semi-arid regions continue to languish with low investments in agricultural research and education. Studies also show that the farmers got low income in backward states and those incomes were also growing at slower rates. Investments, priorities at regional level and nature of investments can be a compelling theme for discussion at the conference. What correctives can be worked out to rectify the situation?

MNREGA has helped the rural labourers in getting the much-needed employment and is working as a safety net too. The studies are showing higher proportion of works is related to agriculture, even though the asset creation is of poor quality (Ranaware *et al.*, 2015). However, there is need to discuss on the ways to integrate MNREGA with agriculture using the experiences of Maharashtra Employment Guarantee Scheme. Another strand of discourse believes that toning

down or rolling back employment guarantee act works can help agriculture. Nonetheless, MNREGA coupled with other schemes like RKVY, and other rural works seemed to have made huge positive impact in improving the livelihoods and incomes of the rural people including farmers in the last decade. As the policy making is at cross roads again in regard to these initiatives, collective wisdom from researchers working on these themes would be immensely useful.

There is unanimity on the fact that regions inhabited by tribals are the most backward in terms of agricultural development, human development, consumption and local economy. The papers received for the theme also document and analyse their problems. What are best ways to improve the livelihoods of tribals in terms of consumption, human development and agriculture? It is by no means exaggeration to say that Dalits face similar handicaps in their participation and gains from agriculture. Whether Forest Rights Act or Tribal Sub-plan made a difference to their livelihoods? What interventions of state and civil society are working better and which can be scaled up and under what pre-conditions? Similar questions need to be asked in regard to the problems and solutions for the welfare of Dalits.

If the present initiatives are not working well, what are the new methods or course corrections that can be applied as we move ahead to reach the next level of economic development. Another issue that needs to be deliberated is the likely fall-out of cash transfers in place of in kind transfers through the scaling up of Direct Benefit Transfers (DBT) using JAM (Jan-Dhan, Aadhar and Mobile) trinity in various agricultural programmes including fertiliser subsidy, diesel subsidy, food subsidy and so on.<sup>7</sup> Can cash transfers make a positive difference to the implementation of various schemes of government of India including fertiliser subsidies?

It is rather unfortunate that there were no papers on gender perspectives on the design and implications of various initiatives and measures to move ahead towards optimum utilization of women power in agriculture sector. Several studies show lack of access to resources is the major constraint, apart from skills and knowledge. What can be done to improve the situation to leverage their capacities and catapult agricultural growth? North eastern India is gradually joining the main stream with moving up the ladder in the discourse on development in India. However, several problems plague them with poor infrastructure, research, education, and so on. How to improve agriculture in these states to bring down the very high levels of poverty?

The interventions by central and state governments are often found wanting on several grounds and mostly top-down. Therefore, there is a need to discuss on- faults and clefts in designs of schemes and process of implementation; supply and demand side arguments about the interventions; inherent regional and social weaknesses in mainstreaming the efforts; the transaction costs and differential accrual of benefits; differential impacts of programs and opportunities in rural areas. It will also enrich our discourse to deliberate on the appropriateness of the development models and their failure to note the grassroots issues and needed course corrections to the on-

going interventions as well as present innovative models that can be scaled up to take the agricultural sector forward in the changed circumstances.

Finally, various interventions aimed at immediate relief to different sections of the disadvantaged regions and groups should be so designed to integrate them well with agricultural growth, which can have huge impact on the well-being of all those involved directly and indirectly. While it was recognised fully that trickle-down of growth cannot reduce the stark regional disparities and mass poverty, it cannot be stretched too far.<sup>8</sup>

#### NOTES

1. Thorbecke (2006) traces the evolution of paradigms of development and bring this out clearly.
2. They include- Small Farmers Development Authority (SFDA), Marginal Farmers and Agricultural Labourers (MFAL), Drought Prone Area Programme (DPAP), Desert Development Programme (DDP), interest subvention (Differential rates of interest) scheme, apart from the Integrated Rural Development Programme (IRDP). Before this period, there was the Community Development Programme and Grow More Food Campaigns of the fifties and Integrated Agricultural Development Programme (IADP) and Integrated Agricultural Area Programme (IAAP) of the mid-sixties for sowing the seeds of the Green Revolution.
3. This has origins in the work of Perroux (1950).
4. Rangarajan Committee has reformulated the methodology for calculating poverty estimates by including three components in the poverty line viz., food component, normative level of expenditure for essential non-food items such as education, clothing, conveyance and house rent and behaviorally determined expenditure for other non-food items which is 20.23 per cent higher than the official estimates (Rangarajan and Dev, 2014).
5. Chand *et al.* (2015) also found almost similar value with a per cultivator income of Rs.78264/- in 2011-12 at current prices and a growth rate of 5.36 per cent per annum during 2004-05 to 2011-12.
6. Boussard and Petit (1967) analysed farmers behavior uncertainty using Shackle's concept of focus of loss.
7. There is a lively debate on the use, design and impacts of cash transfers in India at the current level of debate. See for example Kapur *et al.* (2008a,b), Shah (2008), Narayanan (2011).
8. Rao (1994) traces this dichotomy in the country's growth trajectory and suggests they have to be resolved for the overall benefit of the sector and people dependent on it, both directly and indirectly.

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