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# RURAL POVERTY AND AGRICULTURAL DEVELOPMENT IN TAMILNADU

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Tamil Nadu is basically an agricultural economy. Agriculture is the backbone of the development of the Tamil Nadu economy. The role of agriculture in shaping the economy could be reflected from the large proportion of population that depends on agriculture for their livelihood and the significant contribution of agriculture to the state income. Due to its predominance, any positive and negative aspects of developments in the state could be linked with the performance of the agricultural sector. Hence, the concept of agricultural development is more of a necessary issue of concern for solving the social and economic problems of the state. With this background, the present paper attempts to examine the linkages between rural poverty and agriculture in Tamil Nadu.

The paper is organized in three sections. Section 1 presents the present status and trends in rural poverty in Tamil Nadu. Section 2 examines the agriculture development and certain characteristics of agriculture in the state. The linkages between agriculture and poverty are discussed in the section 3. The last section summarises the main arguments.

## **Section 1**

### **Poverty in Tamil Nadu**

Poverty can be defined either in terms of biological needs or economic condition. Based on biological approach, the poverty line is defined in terms of calorie intake and those who fall below the poverty line are poor. Accordingly, the cut off calorie norm (per capita per day) is set to be 2400 and 2100 calories in rural and urban areas respectively. Based on economic approach, people are grouped based on per capita income / expenditure or standard of living index. The Task Force on Provision of Minimum Needs and Effective Consumption Demand (1979), considered the cut off per capita per

month income of Rs.49.10 and Rs.56.00 for rural and urban areas respectively based on 1973-74 base year. In terms of per capita expenditure, Rs.15 and Rs.20 per month in rural and urban areas respectively at 1960-61 prices are taken to determine the poverty levels. The monthly per capita income for dividing people as BPL in Tamil Nadu is estimated at Rs.639 for rural and Rs.808.8 for urban areas. The Tendulkar Committee recommended use of implicit prices derived from quantity and value data collected in household consumer expenditure surveys for computing and updating the poverty lines. The level of poverty could be also measured based on standard of living index constructed using socio-economic indicators.

The prevalence of poverty in both rural and urban areas had been estimated for Tamil Nadu. Table 1 provides the trends in the number of persons below poverty line indicating the incidence of poverty in Tamil Nadu for the period 1973-74 to 2009-10.

**Table - 1**  
**Trends in Incidence of Poverty in Tamil Nadu**

Year	Number of Persons Below Poverty Line (in millions)		
	Rural	Urban	Combined
1973-74	17.26 (57.43)	6.69 (49.40)	23.95 (56.94)
1977-78	18.25 (57.68)	7.30 (48.69)	25.95 (54.79)
1983	18.25 (53.99)	7.85 (46.96)	26.10 (51.16)
1987-88	16.18 (45.80)	6.93 (38.64)	23.11 (43.39)
1993-94	12.17 (32.48)	8.04 (39.77)	20.21 (35.03)
1999-2000	8.05 (20.55)	5.00 (22.11)	13.05 (21.12)
2004-05*	13.44 (37.50)	5.97 (19.70)	19.41 (29.40)
2009-10*	7.83 (21.20)	4.35 (12.80)	12.18 (17.01)

Note: 1. Figures in ( ) indicate percentage share to the respective total population.  
2. Estimates are based on Tendulkar Methodology.

Source: Planning Commission, Government of India

According to the above official estimates, the number of people living below poverty line had been on the downward trend over the years. During the second half of Seventies, there were 23.95 millions of persons below poverty line that declined to 23.11 millions by 1987-88 and further declined to 12.18 millions by 2009-10. The decline in the incidence of poverty could be revealed sharply when we examine the percentage share of population below poverty line to the total estimated population. This percentage had declined from 56.94 to 17.01 between the years 1973-74 to 2009-10.

The trends in the level and incidence of poverty across rural and urban regions of Tamil Nadu showed differential pattern. In terms of absolute numbers, there was a steady decline in the number of persons below poverty line in the rural areas during the reference period, while an increasing trend could be observed in the urban areas up to 1993-94 and a decline thereafter. However, in terms of relative shares to the respective total regional population, the incidence of poverty had declined in both the rural and urban areas. In fact, the decline was observed to be significantly higher in the rural, compared to that of urban Tamil Nadu. In rural, the percentage share of population below poverty line had declined from 57.43 to 21.20, whereas in urban areas, it had declined from 49.40 to 12.80 between the period 1973-74 and 2009-10.

The above analysis revealed that there was an absolute and steady decline in the poverty levels in Tamil Nadu. However, the incidence of poverty varies between urban and rural areas. The urban poverty situation could be partly attributed to the growth in urbanization and its consequences. The rural poverty situation could be attributed largely to agricultural development, and to changes in the rural population, rural development and poverty alleviation measures in rural areas. Needless to state that, availability and access to food stand as a major common factor determining the incidence of poverty.

As rural areas in Tamil Nadu are characterised by dependence on agriculture, we shall examine the trends in agriculture in the next section.

## Section 2

### Trends in Agriculture in Tamil Nadu

The trends in agriculture could be understood from various angles. Particularly, aspects such as area under cultivation, production and productivity and distribution of land holdings are very much relevant with reference to rural poverty. Hence, an attempt had been made to examine the changes in agriculture in Tamil Nadu on the above aspects.

Table 2

#### Changes in Area under Food and Non-Food Crops in Tamil Nadu

Year	Area in 000 hectares			Growth Rate in Per cent		
	FG Crops	NFG Crops	GG Area	FG Crops	NFG Crops	GG Area
1960-61	5651	1752	7403	—	—	—
1970-71	5196	2188	7384	-0.81	2.49	-0.03
1980-81	4109	2360	6470	-2.09	0.79	-1.24
1990-91	3901	2731	6632	-0.51	1.57	0.25
2000-01	3633	2884	6517	-0.69	0.56	-0.17
2008-09	3191	2633	5824	-1.22	-0.87	-1.06

Note: FG stands for Foodgrain, NFG stands for Non-Foodgrain, GC stands for Gross Cropped.

Source: Computed from Season and Crop Reports, Tamil Nadu (various years).

It could be seen that there was a steady decline in the area under foodgrain crops and Gross Cropped Area, indicating the negative implications of agricultural performance on food production. Decline in the Gross Cropped Area indicates that the scope for agricultural expansion is very much limited and fast declining. The trends in the crop performance also indicate the deplorable status of Tamil Nadu's agricultural sector. In fact, the performance of agriculture in terms of yield growth was observed to be significant and steady increase for all crops.

#### Trends in Distribution of Landholdings

Agricultural Census provides data on the number of operational landholdings and operated area across various size classes of landholdings. The trends in the distribution

of operational holdings, distribution of area operated and average size of landholding in Tamilnadu for the period from 1970-71 to 2005-06 are given in Table 3.

**Table 3**  
**Trends in the Distribution of Operational Holdings and Operated Area in Tamilnadu ( 1970-71 to 2005-06)**

Year	Marginal ( < 1.0 hect.)	Small (1.0-2.0 Hect.)	Semi- Medium (2.0-4.0 Hect.)	Medium (4.0-10.0 Hect.)	Large ( > 10.0 Hect.)	Total	Average Size of Land
<b>Percentage Distribution of Operational Holdings</b>							
1970-71	58.81	20.87	13.09	6.12	1.11	100 (53.14)	1.45
1976-77	64.65	18.42	11.18	5.0	0.75	100 (61.12)	1.25
1979-80	69.74	16.82	9.15	3.74	0.55	100 (71.91)	1.07
1985-86	71.34	16.35	8.42	3.38	0.51	100 (77.07)	1.01
1990-91	73.11	15.94	7.73	2.83	0.39	100 (79.99)	0.93
1995-96	74.29	15.40	7.49	2.49	0.33	100 (80.12)	0.91
2000-01	74.38	15.60	7.26	2.46	0.30	100 (78.59)	0.88
2005-06	76.01	15.06	6.62	2.07	0.24	100 (81.93)	0.83
<b>Percentage Distribution of Area Operated</b>							
1970-71	17.14	20.47	24.83	24.55	13.01	100 (77.09)	
1976-77	21.07	20.80	24.59	25.11	10.43	100 (76.28)	
1979-80	24.73	22.19	23.63	20.18	9.27	100 (77.08)	
1985-86	25.88	22.73	22.81	19.34	9.24	100 (77.96)	
1990-91	28.34	24.00	22.57	17.41	7.68	100 (74.74)	
1995-96	30.26	23.57	22.22	15.53	8.41	100 (73.03)	
2000-01	30.97	24.56	22.24	15.70	6.53	100 (69.72)	
2005-06	33.51	25.22	21.51	14.03	5.73	100 (68.24)	

Note: Figures in bracket ( ) indicate total figures in lakh households / hectares.

Source: Agricultural Census, Department of Economics and Statistics, Chennai .

It could be seen that there had been a steady decline in the average size of operational holding from 1.45 hectares to 0.83 hectares between 1970-71 and 2005-06. As far as the distribution of households and area operated were concerned, a swelling at the bottom level classes of landholdings could be observed. In the case of distribution of operational households, the share of households under marginal group had increased from 59 to 76 within three and half decades. This percentage had shown a steady decline in all other groups of size classes. Though a similar trend could be observed in the distribution of area operated, the swelling could be observed in both marginal and small size classes. The above changes in the distribution of land holdings could be attributed to various price and non-price factors, demographic and economic factors, social and cultural and

institutional and political factors. Needless to say that there is a close linkage between the distribution of land holdings and agricultural performance. In fact, these two aspects combine together significantly influence the levels and incidence of poverty in Tamil Nadu. We shall examine the linkages between agriculture and poverty in the next section.

### **Section 3**

#### **Linkages in Agriculture and Poverty**

Agriculture and rural poverty are closely related and they both mutually influence each other. Hence, if agriculture develops it would have a negative effect on the levels of poverty. Though the causes for poverty are wide and vary across regions, as far as Tamil Nadu is concerned, agricultural development could play a major role in pushing back the level and incidence of poverty. In fact, there are several measures initiated and implemented both by the state and central governments to eradicate poverty in the state. While some are of income and employment oriented, the others are of production and consumption of food oriented. In this context, it is worthwhile to highlight the linkages between agriculture and poverty.

The linkages between agriculture and poverty could be looked at under the following four major aspects: (a) Food Security, (b) Health and Nutritional Security, (c) Income and Employment Security, and (d) Economic and Social Security.

Food Security: Availability and consumption of food is the basic component of poverty levels. Food production and making it access to people alone can reduce the incidence of poverty. Though the Government of Tamil Nadu has evolved and implemented several innovative programmes to distribute food to all, particularly to those below poverty line. However, the production of foodgrains and other food crops has significant bearing on the food security. The problem of removing the shortage of food supply and making it accessible to the people could be achieved if agricultural sector records growth and development.

Income and Employment Security: Needless to state that agricultural sector provides income and employment to the major share of rural masses and it provides economic security to all involved. The rural mass depends heavily on farm and non-farm activities for earning their livelihood. If agriculture fails it has several negative implications on their income earning activities and their economic conditions. In fact, the problems of crop loss and agriculture failure were attributed to severe indebtedness and poverty leading to the incidence of suicide and other adverse decisions by affected families.

Health and Nutrition Security: Food consumption is important to ensure health and nutritional security of people. Indicators of health and nutritional status of rural population are observed to be relatively very low compared to that of urban population. Agricultural production improves the availability of food items to the rural households that helps for balanced food intake, which in turn improves health of the people. As food consumption levels are highly determined by income and employment status, it is more important to develop the agricultural sector so that health and nutrition security could be assured.

Economic and Social Security: The ultimate effect of agricultural development is providing or improving the economic and social security to the rural population. The benefits of agriculture such as food for rural population, income and employment to rural households, health and nutritional benefits to rural people would get manifested and provide economic and social security to the rural population.

## **Section 4**

### **Summary and Conclusion**

According to official estimates, there was an absolute and steady decline in the poverty levels in Tamil Nadu. However, the incidence of poverty varied between urban and rural areas. The rural poverty situation was attributed largely to agricultural development, changes in the rural population, rural development and poverty alleviation measures in rural areas. As the performance of agriculture in Tamil Nadu is not impressive, the

removal of rural poverty is an issue to be viewed seriously. It is argued that agricultural development can ensure food security, income and employment security, health and nutrition security, and economic and social security to the rural population. Hence, it is necessary to keep our policy focus towards developing agricultural sector as a measure to eradicate rural poverty.

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