

**THE
'APPEAL'
HANDBOOK
FOR
FIELD
ACTIVISTS**

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ACTION PROGRAMME FOR PEOPLE'S ECONOMICS AND ALLIED LITERACY



text by

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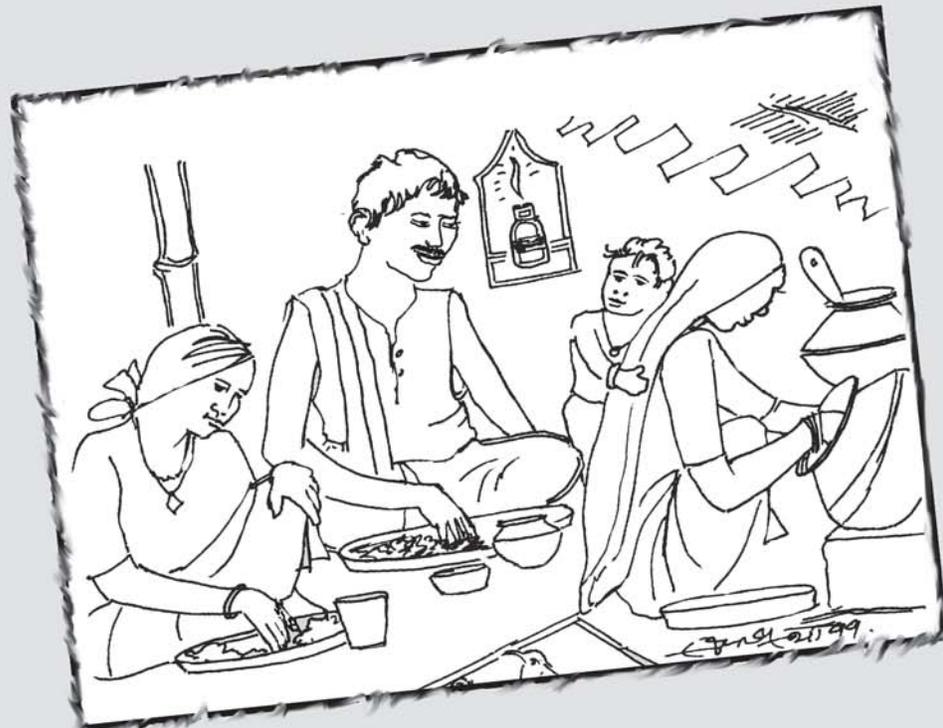


Helping people to
talk freely about
themselves
and their families
in a group

Setting the Stage

ASK PARTICIPANTS TO SHARE INFORMATION ABOUT THEMSELVES

- How many people comprise their "household" i.e., how many people share food from the same kitchen.
- How many of them are
 - ❖ Old (above 60 years),
 - ❖ Adults (between 18-35 years and between 36-59 years),
 - ❖ Children (between 0-5 years and 6-17 years)
- How many members are earning.
- What work they do and how much they earn.
- How many children go to school.
- Who looks after the children who are too young to go to school.
- Who looks after the aged and the sick.



WHAT YOU NEED TO DO

- Ensure that everyone is able to share details and is listened to and understood by others.
- Intervene in the process of communication - be the "Traffic Police" and "Gatekeeper".
- Interpret and clarify when required.



REMEMBER

The purpose of the exercise is to:

- help people overcome barriers in talking about themselves and their family in front of others;
- trigger off a process of thinking about the family or household as a unit;
- record the household profile of each participant.

Frame the questions and sequence them in a way which is best understood by the group.

You are the best judge of what is "right" !

ASK EACH PARTICIPANT

- To list out everything they do from the time they get up in the morning till the time they go to sleep.
- To share their lists in the larger group.



Now ask the question

Why do we have to do all this ?

WHAT YOU NEED TO DO

Ensure that everyone talks freely, listens to and understands what others are saying.



REMEMBER

The purpose of this exercise is to:

- evolve a shared understanding of the requirements of managing the household.
- prepare the ground for evolving an understanding of livelihood requirements in the next exercise.

WHILE CONSOLIDATING THE ANSWERS, PUT DIFFERENT ACTIVITIES INTO THE FOLLOWING CATEGORIES

- Related to sustenance and well being of the family.
- Related to community obligations.
- Related to social and cultural obligations.

At the end of the exercise -

Everyone should have a better understanding of the household as a critical unit of their lives and of society.

SOME EXPERIENCES OF INITIATING DISCUSSIONS WITH DIFFERENT GROUPS OF PEOPLE

"A team from a community based organisation (CBO) working in Tumkur district of Karnataka was conducting a village level meeting. The village is primarily inhabited by the Dalits. The organisation's activities were geared towards developing youth leadership among dalit communities. Once mutual introduction was over, general discussion ensued. While the discussion was going on, suddenly one of the villagers raised a pointed question to the visiting team members. "Tell me! We don't have employment, we don't have land, we don't have access to natural resources and even after fifty years of independence, we are still considered

untouchables. What are the reasons for such a state of affairs?" One of the team members intervened and said that the situation should be jointly analysed in detail so that the root causes for this state of affairs could be identified.

The team members of the CBO sang some songs depicting the plight of dalits and the dreams of the eminent Dalit Philosopher and leader Dr. B.R. Ambedkar.



Later one of the team members requested the participants to share their perceptions on the dreams of Baba Saheb. After getting a positive response from the villagers, the team members asked whether the dreams nurtured by Baba Saheb match with the existing reality or not. The villagers said that inspite of the constitutional provisions, the scheduled castes are still living in deprived conditions and wondered whether the dreams would ever be realised. They added that the government is the main villain as it is a government of upper castes. The villagers were of the unanimous opinion that the situation is not going to change for the better unless the Dalits themselves take the initiative and develop their own leadership. While underlining the need to change the situation, the participants felt that as a first step the real causes responsible for the prevailing state of affairs must be listed out. At this juncture, one of the team members stated that the proposed process, which starts by listing of livelihood requirements would help them to move in the direction of discovering the root causes.

"On a winter morning in village Talai in Udaipur some of us were talking to the village children. While chatting, some of the children pointed and named the various local trees and plants growing in and around the village. However, they were unable to cite their uses. By this time, their parents had also gathered and they encouraged the children to spell out the uses of trees. Some of them pointed towards the bamboo straw used in their houses. This had the desired effect making the children feel free. Later, we had a chat with the parents and the village elders. We discussed that today we can show these plants and trees to our children and teach them their uses but tomorrow if the trees are not there what will we show them. This helped us in creating a basis for further discussion on ecological degradation.

> 4 4 4

"In a village level meeting conducted by a group based in Ghazipur, U.P, the villagers were asked to reflect on the changes they have witnessed in their area during the last 10-15 years. The participants remarked that they have observed immense changes in cropping pattern, increase in marketing outlets, use of

fertilisers and pesticides, mode of payment etc. When asked about the implication of these changes on their way of life, the participants observed that they were not benefiting from these changes because every change is related to availability of cash and in the absence of it they cannot meaningfully relate to these changes. But why you people don't possess cash, the participants were asked. The prompt reply was that neither do they own land nor have control over other resources. What are the causes of such deprivation? A lively discussion ensued and the group was able to establish a platform for holding such discussions.



> 4 4 4



A series of 25 horizontal blue lines spanning the width of the page, providing a template for writing notes.



Helping the group to evolve
a shared understanding
about the livelihood
requirements
of their households

Coming
to
the Point

ASK PARTICIPANTS

To list out all the things required to manage the household comfortably and to live with dignity.



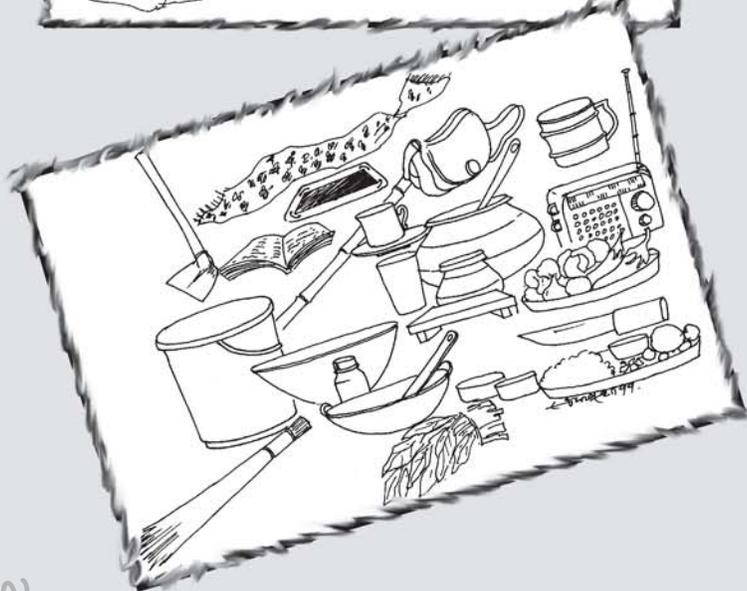
Participants can draw each item of the list on a sheet of chart paper

Or

Participants can collect things that represent items of the list, and arrange them before the group

Or

Participants can write down the list on a sheet of chart paper



- ❑ You can decide what is appropriate.
- ❑ Use any or all the methods.

WHAT YOU NEED TO DO

- Help each person to understand the task and encourage them to complete it.
- Points that may need clarification are given in the box.

REMEMBER

The purpose of this exercise is to:

- help people to develop a holistic perception of the concept of 'livelihood';
- help them to appreciate that this concept is a valid basis for learning.

DON'T BE SURPRISED:

if the first attempt of listing is tentative, sketchy and incomplete.

Compare the presentations, ask questions and ask participants to rework their lists if needed.

In our experience, participants initially tend to confine the list of livelihood needs to obvious items like food, clothing and shelter in the generic sense. Only on asking for details of each of these categories does the list begin to emerge.

Items like fodder, fuel, water which are also essential for everyone's daily life take a back seat, particularly in case of people/communities who do not spend cash on these items. Another similar "invisible" item is care of children and aged people. These items tend to be invisible as the labour involved in meeting these needs (primarily women's labour) is also invisible.

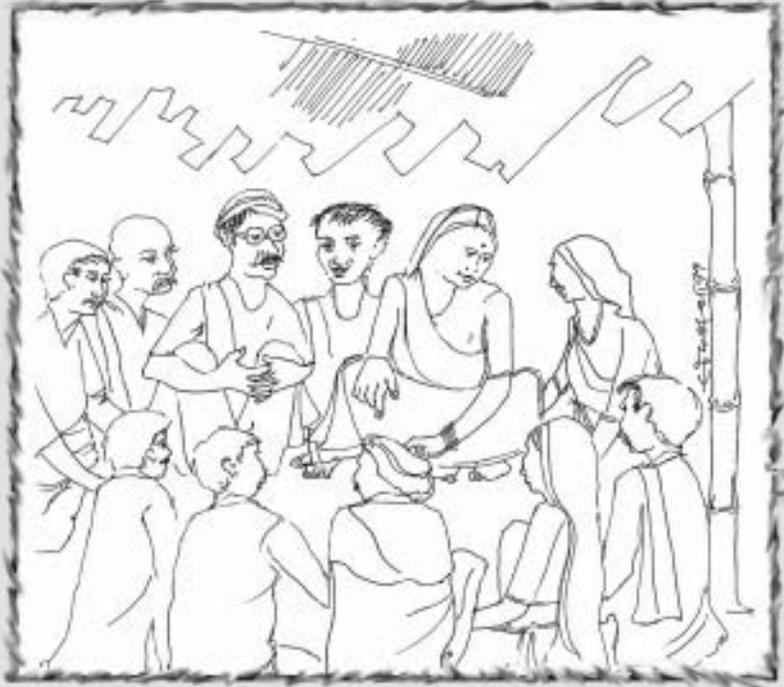
Similarly, the overriding concerns of physical sustenance are like a smoke screen hiding the needs related to social obligations, rituals and ceremonies that are essential for sustenance as part of a community or social group. Even if the participants have the experience of struggling on this account, they do not usually perceive it as a part of livelihood needs.

These two aspects of livelihood need to be brought out through probing questions and citing examples.

Overcoming one hurdle creates another one

Once the reluctance to go into details disappears and the canvas of livelihood needs begin to expand, there is a tendency to transcend the boundaries of "need" and slip into the realms of "desire".

We faced this problem wherever the group of participants became interested and excited as a result of looking at the vast canvas of livelihood needs. Discussions on the issue of differentiating between "needs", "requirements" and "desires" tend to become passionate, heated and unresolvable. We realised that the value premises, attitudes and perceptions of individual participants play a critical role in shaping their stands - reconciliation or consensus becomes impossible.



For us as facilitators this becomes 'tightrope walking'. On one hand it is essential for participants to acquire a holistic view of livelihood, which includes elements of socio-cultural and civic obligations apart from the issue of physical sustenance, whereas on the other hand, it needs to be ensured that the exercise remains realistic and is not directed by dreams instead of needs.

We found it more helpful to accept the differences among the positions taken by participants instead of insisting on or forcing a consensus on this issue. Though our long-term organisational strategy may demand a shared understanding at the community level on such normative (value based) matters, it is advisable not to attempt to clinch the issue as part of this process.

Helping individual participants to evolve benchmarks to differentiate between "need" and "desire" in their own situation, before sharing in the large group was also useful in dealing with this delicate matter.

As activists, we definitely have strong opinions and stands on such matters. But certainly - as facilitators we need to exercise a high degree of restraint in peddling our own biases at this stage.

EXAMPLES OF LISTING LIVELIHOOD REQUIREMENTS

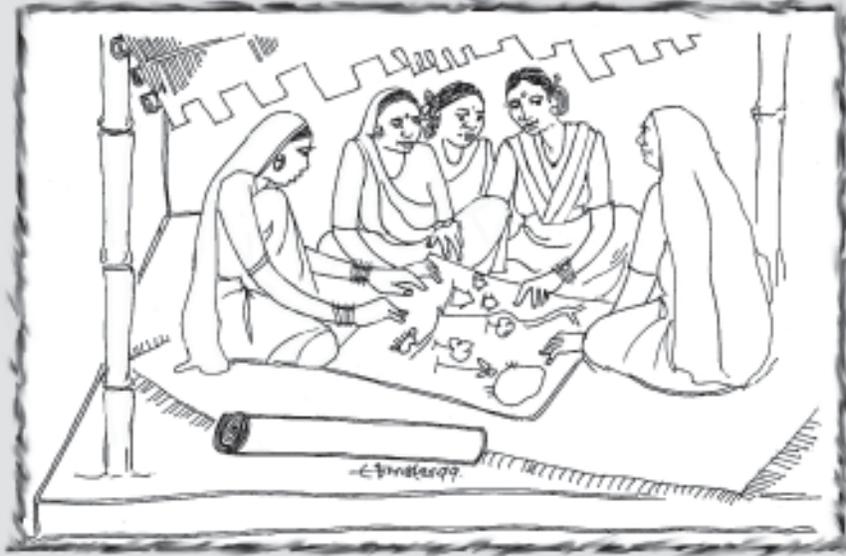
While asking activists of different organisations to make a list of their livelihood requirements, we faced a volley of questions, some of them are given below. In addressing such questions we have been stressing the importance of beginning from individual experience for effective and meaningful learning. You should be ready to face such questions and respond to them using your own experience.

- When you already know about all our needs, why ask us?
- Will you or your organisation help us to meet these needs?
- Why are you asking us to write down our requirements?
- Who asked you to do all this?
- What is going to be result of this exercise?
- You are also from this village, don't you know what your needs are?
- We have an unending number of needs. Are you going to do anything to fulfill them?
- Will we get what we ask for if we write them down?



j j j

Once, while initiating this process with a group of women in Orissa, the participants burst out laughing when asked to list their livelihood requirements. Their response was that when needs are unending, how could they list all of them. They were shown lists of the livelihood requirements made by various groups in different places. After going through these lists, the women said that they could also make similar lists. Later, they started naming important food items popular in the area. Throughout the discussion, the facilitator kept probing about



traditional food items. Though a little amused, the women said that many traditional food items are not in vogue today and are not consumed by rural folk any more. When questioned further about the reasons for such a change in

food habits, they replied that eating of local foods and wild vegetables was not considered respectable. Many families have given up eating these local food items out of shame. The arguments around this issue got the participants involved in an animated discussion.

j j j

A group working with Dalit communities in Tumkur district of Karnataka lit upon a novel method to help villagers to make a list of livelihood requirements. In a routine meeting, the group asked the villagers to bring along with them items which are essential for meeting their daily needs. In a short time, a large pile of items was created in the centre of the space. Then the villagers were asked to reflect upon the utility of these items. This exercise helped the villagers to arrive at a common understanding and also ensured the participation of those who could not read. The interesting part of the exercise was that every age group was involved in the discussion. Old people directed children to bring particular items from their homes.

Initially, women watched from the background but the moment the issue of how each item was used came up, they came forward to participate in the discussion.

j j j

LIST OF LIVELIHOOD REQUIREMENTS

UTENSILS

Lota, Jug, Ladle, Glasses, Bowl, Plate, Chakla Belan, Parat, Grain Containers, Drum, Gunny Bags, Earthenware, Tongs, Griddle, Stool, Rolling Pin.

FOOD

Pulses, Rice, Flour, Vegetables, Spices, Mustard Oil, Water, Curd, Milk, Salt, Chillies, Fruits, Tea, Sugar, Sweets, Ghee, Sooji, Sweets, Sattu, Gram, Peas, Moong.

FUEL

Firewood, Bushes, Leaves, Gas Cylinder, Stove, Gobar Gas, Coal, Kerosene Oil, Cowdung Cakes.

GRINDING

Flour Mill, Pulse Mill, Okhali, Musal, Sil (Mortar and Pestle), Lodhachowki, Belana, Jata (Hand Grinder).

WATER

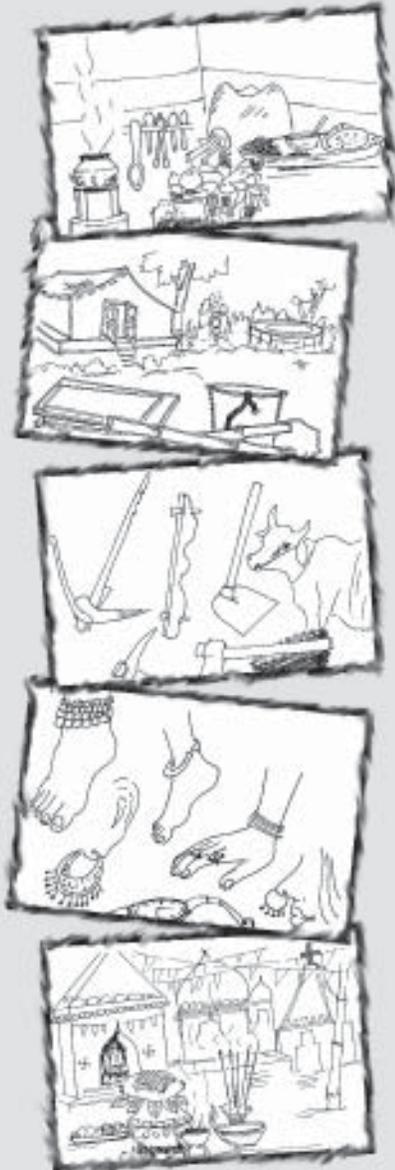
Hand Pump, Well, Pond, River, Tap.

HOUSING

Pucca house
Brick, Cement, Sand, Iron Rods, Windows, Door, Net, Tiles

Kuchcha house
Mud, Thapua, Nariyan, Bamboo, Dhan, Badera, Nails, Straw, Pali, Door.

Hut
Sugar Cane Leaves, Straw, Bamboo, Nail, Rope, Grass, Crop Waste, Rods.



CHILDREN'S DEMANDS

Toffee, Biscuit, Shoes, Socks, Clothes, Goggles, Snacks, Sweets, Toys, Whistle, Musical Toys, Doll, Fruits.

CLOTHING

Men

Dhoti-Kurta, Pyjama, Pant, Shirt, Shoes, Chappals, Socks, Lungi, Vest, Towel, Gamchha.

Women

Saree, Blouse, Shoes, Slippers, Salwar-Kameej, Frock, Socks, Dupatta.

Children

Pant, Shirt, Tie, Shoes, Socks, Vest, Towel, Frock, Skirt, Blouse, Salwar Kameej, Childrens' Dhoti-Kurta.

DISEASES

Seasonal

Fever, Cough, Cold, Headache, Conjunctivitis, Stomach Ache, Toothache, Running Ear, Boils, Rashes, Small Pox, Dysentery, Pneumonia, Jaundice, Malaria, Menstrual Disorders, Backache, Gas, Weakness.

Long illnesses

T. B., Skin Diseases, Leprosy, Arthritis

Animal diseases

Galgotu Disease, Foot and Mouth disease, Fever, Boils, Abscesses, Wounds, Bahenga, Tanaka.

EXPENSES ON GUEST

Sweets, Tea, Snacks, Biscuits, Pakoras, Halwa, Paan, Bidi, Cigarette, Food, Alcohol, Meat.

OTHER EXPENSES

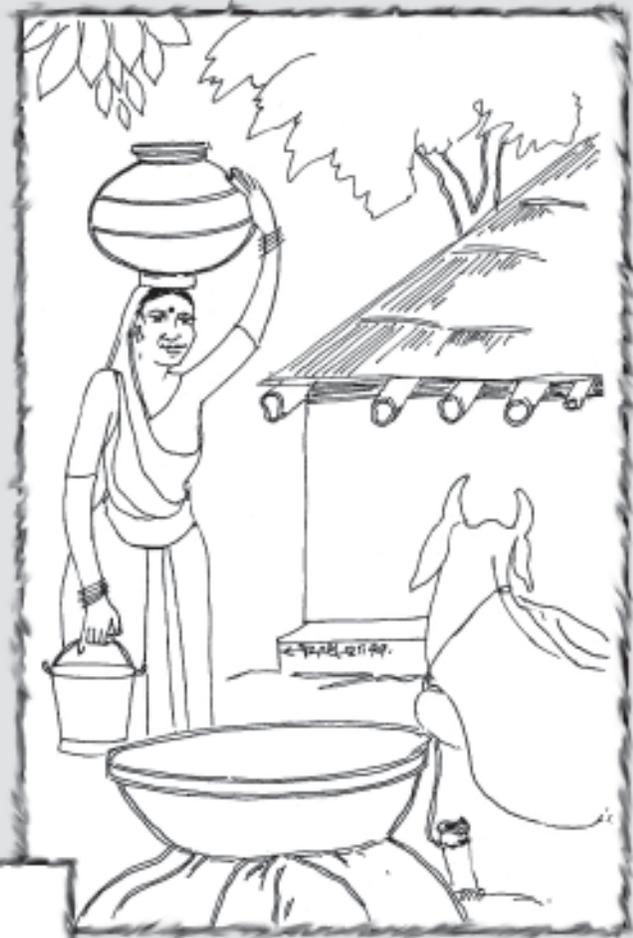
Cremation Ceremonies, Birth Ceremonies, Illness, Birthdays, Fairs, Market, Friends, Travel, Alcohol, Tea, Paan, Sweets, Surti, Ganja, Bidi, Cigarette.



NOW ASK PARTICIPANTS

To divide this list into two sets

- One set of needs that is met by putting in labour
- Another set of needs that is met by spending money



Participants should follow the same way of listing and presentation as earlier (with pictures/ with symbols/ in writing)

WHAT YOU NEED TO DO

- Discuss at length how each participant meets these requirements at present.
- Help participants sort out and place each item in one of the two categories.

THE PURPOSE OF THE EXERCISE IS TO:

- help people articulate the "state of the art" situation of their livelihood in its multiple dimensions;
- help people to appreciate that factors other than money are also critical to livelihood.



LETS FACE IT

- This analysis is dependent upon the extent of details in the list of livelihood requirements prepared in the first exercise.
- It will be helpful to refer back to the earlier list and refine it further.
- When listing items that are met through expenditure of money, participants may get stuck on some items that are available in the present season, and forget about the others.

Don't hesitate to probe and help participants to make detailed lists.

WHEN YOU GET TO THE BOTTOM OF THINGS

ECONOMICS IS NOTHING BUT THE ART OF LIVING

The predominant concern of normal human beings is to manage their lives and their households in a manner that is recognised and respected by the communities they belong to. This seems to have been the prime motivation behind human involvement in production and related activities. The toil of millions who work for their livelihoods in turn fulfils the requirements of larger society, beyond the boundaries of individual households.

The aggregation of everything that is produced in this way becomes the gross social product (Gross Domestic Product or GDP as it is called by economists). Everyone contributes in some way to the creation of social assets and wealth.

At every stage in the history of all societies and nations, people's livelihood struggles have always been the basis for systems of resource control and management, and for the production and distribution of produce.

No wonder that, in its original Greek form, the term 'economy' refers to the management of physical resources by a household to provide for the material needs of its members. In other words, an economy consists of the arrangements set up by a group (a household, a tribe, a village, a community or a nation state) to meet the material needs of its members.

This description implies that the economy (of any group) addresses itself to three basic questions:

- ownership and/or control over resources
- production,
- distribution of produce among the members.

This also means that in dealing with an economy, we are dealing with both material things as well as people. People, and the contributions to the economy made by them in the process of meeting their livelihood needs, are today invisible in calculations of social wealth. This invisibility does not make their contributions any less real - rather, it is a good reason to question the motivation behind such a method of calculation.

Most of us feel that economics involves a lot of statistical data, complicated calculations and conceptualisation, and has little to do with human beings. We have come to such a misconception primarily because, in the period after the Second



VELU'S STORY

Velu and his family live in a remote village of Tamil Nadu. His family includes his father and mother (who are over 70 years old), his younger brother, his wife and four children. He owns half acre of land and a thatched mud house, built on land that belongs to the Sarpanch of the village. In return for this privilege, his wife and two older children have to work without wages in the Sarpanch's house as and when required or summoned. For the rest of the time, they work on their own land. Velu's younger brother also helps them some times (albeit reluctantly). The younger children just roam around the village all day long. The grandparents are too old to be able to look after them. Whatever grows on their land is very meagre and meets the requirements of Velu's household only partially. As a result, Velu has to always be on the look out for extra work.



Some times, Velu is able to get work at a construction site in the nearby town through a labour contractor or by using his own skills at public relations. He does all the odd jobs on the site since he does not possess any special skills. He is regarded as a jack of all trades, and the other workers like him as he is able to keep everybody in good humour. Apparently frivolous, Velu actually becomes a key person in the whole operation of house construction whenever he is able to get the chance. But these chances come very rarely and sporadically.



Looking back at the last couple of years, it seems that Velu has worked at road construction more than he has on construction sites. On a road job, Velu is an expert at the job of breaking the stones, measuring the broken stones and assessing the requirement of stone for road construction. Though his formal status remains that of a daily wage worker supplied by a labour contractor, his effort to use every opportunity for work releases his latent potential. His contribution to the overall work goes far beyond the requirements of his status. This pays dividends. He continues working till the road is complete. Unfortunately for Velu opportunities of this type come only once in a life time.



His friends advise Velu to migrate with the contractor to other work sites. He has always held back because of his ageing parents and the rest of the family. He would rather try his hand at something new - vegetable vending or running a tea stall.

Velu's toilsome journey continues quietly. He is not alone. There are millions of Velus who together constitute the backbone of

our famous "Gross Domestic Product", which is the key to any national planning.

The house construction in which Velu gets involved is part of the 'construction sector' which is dear to the heart of every finance minister. It is dear to others as well, because growth in this sector stimulates demand for goods like cement, steel, bricks and other materials. Every unit of investment in this sector provides a greater push to the 'gross domestic product'. Velu is not aware of this. He works in the construction sector to sustain his family.

Road construction facilitates trade and commerce, and unfolds a plethora of opportunities for economic activities. Roads are the lifeline of present day economic growth. The broader, longer and smoother the road, the dearer it is to politicians and planners alike. Velu is not aware of this. He works in the infrastructure sector to sustain his family.

The services rendered to the sprawling and ever-expanding urban centres that are symbols of economic growth are part of the 'service sector'. The importance of this sector is getting recognition and now it is placed at par with the manufacturing sector in terms of its contribution to 'economic growth'. Velu is not aware of this. He works in the service sector to sustain his family.

Velu's contribution to the national economy is invisible, unrecognised and undervalued, just like his wife's contribution to well being of the household is invisible, unrecognised and undervalued. In order to ensure their due in terms of visibility, recognition and value, it is essential to start our learning from their vantage point.

Let us help Velu and his wife to become aware and informed of their rights and strong enough to exercise these rights.

SORT OUT SOME ISSUES

Ask participants to analyse their own households

Who performs the tasks that meet 'non-cash' needs (those that are met without spending any money).



WHY?

WHAT YOU NEED TO DO

Question, confront and challenge people to think critically

- Why is the work that does not involve cash done mainly by women?
- Why is this work not considered work at all?
- What is the importance of the work done by women?



"What can we do - we are only women. we can only do the cooking and house chores"

REMEMBER

The objectives of this step is to:

- help people recognise the critical contribution of women's invisible work in running the household;
- enhance awareness about gender biases in division of work.

Remind participants of the answers given by them during the previous exercise.

HANDLE WITH CARE!

- Gender stereotypes in division of work are generally considered to be natural and sacrosanct.
- Challenging this mindset may be painful and traumatic for many participants.

Be sensitive and polite but don't hesitate to ask questions.

"ENGENDERING" THE APPEAL INITIATIVE

Our society is constructed in such a way that inequality between men and women is built into every aspect. Social and economic structures work together with deep-rooted patriarchal values to ensure women's subordination. This subordination is reflected in many dichotomies that have a direct relation to any discussion of livelihoods.

Women's work vs. men's work

Women work inside the house while men work outside. Men's work is considered specialised and is assumed to need more strength and brains, while women's work is considered to be unspecialised and unskilled. Men earn more, women earn less - even if they work for the same amount of time and do much the same work.

Women's needs vs. men's needs

Women are expected to sacrifice their own needs in favour of their families, by eating last, by not spending on themselves, by not demanding. Men's needs are given priority, because this is felt to be a just return for the responsibility they bear of running the family.

Women's resources vs. men's resources



Women have little control over family assets, whether cash or kind. If she works for someone, the employer usually pays her husband - if she is paid, she hands the money over to her husband. She cannot decide on her own to sell the family land or animals or even her own jewellery. On the other hand, if her husband wants, or if he feels that the family needs it, he can use the family earnings or sell the family assets (even his daughters!) without asking anyone. The

"My wife doesn't work, she only stays at home"

resources women can access and use as they want are those which can be obtained freely from nature - water, grass, fuelwood, fruits - or which are of low value - small animals like chickens or vegetables grown on the homestead land.

Men's opportunities to earn money vs. women's opportunities to earn money

Since women's skills are not valued, they earn less and are given lower-paid jobs which are categorised as unskilled. Some kinds of high-paid work are completely taboo for women - like ploughing. Even though there is a reason for employers to hire women - they can save costs by paying them less - women are the first to be turned away when there is less work. Men are more mobile - if there is no work in the village, they go to the nearest city to look for other work. Women remain tied to the land and the responsibility of maintaining the family. Employers do not like to hire pregnant women, or women with small children, because it is thought that they will not be able to work as hard or as sincerely as men. Apart from all this, women always have to do their own housework and tasks needed for family survival, so they have less time and energy to look for and exploit opportunities to earn money.

The best evidence of women's subordinate status is that few people - including women - would consider it important to analyse the above points in the context of a discussion of livelihood or economics. Women's work is not listed when we list out our family workloads. Necessities provided by women's work are left out of listings of livelihood necessities. The value of women's unpaid work is not included in calculations of family income.



"Don't trouble your father,
he needs his rest,
he has to work hard to feed you"

Yet, these few points should be enough to make it clear that women's status, roles and opportunities have a profound effect not only on her own livelihood, but on the livelihood of the family and the community. To fully understand the economics of our livelihood in all its dimensions, we have to ensure that the needs, earnings and contributions to the household and the economy of both women and men become visible and are included in all our discussions and calculations.

How can we ensure this? As we said earlier, women's subordination is reinforced by deeply rooted cultural and social norms. This means that women are expected to behave in a different way from men, particularly in public gatherings - they should remain unheard and unseen if possible, not argue and debate, not contradict what men are saying. The natural shyness and lack of confidence felt by women as a result of such conditioning ensures that they do not even try to break these norms. Yet, women have a lot to say. They are no less involved than men in the survival of the household, and are as observant and analytical of their own reality. They have their own understanding and analysis of the domain of the economy with which they are most concerned - the household domain and the domain of the natural resource economy.

In order to enable women to share and analyse what they know in an atmosphere where they feel comfortable and at ease, it may be necessary to do the exercises separately with women's groups, focusing on issues which are related to their first hand experience of work and survival. It may help to have a woman facilitator as well. The dimensions and outcomes of exercises done by women in this way will be very different from the outputs of the same exercises done by men. Basically, while

men tend to focus on the cash economy - which is their primary area of involvement, and about which they know more - discussions with women will throw light on the operation of the non-cash, or invisible economy.



"Give your brother some more food, he has to become strong so that he can earn"



"Don't expect that your mother-in-law is not going to spoil you like this"

The viewpoints and analysis of men and women are complete in themselves - they are like pictures of reality where some areas are brightly lit and some areas are full of shadows. A clear three-dimensional picture of reality emerges when both these viewpoints and analysis are taken into account. If the entire process of economic literacy is done separately for women and men, it will be only the

facilitators - who interact with both men's and women's groups and who can have access to this complete picture.

In order to ensure that the APPEAL leads to action for change, everyone involved in the process must be involved in the creation of the picture, and must contribute to and own the final analysis and outputs of the process. This can only happen if, at various stages, opportunities are created for women and men to exchange their views, debate the contradictions emerging from their separate analysis and appreciate the need for incorporating both standpoints into the final understanding of reality.

SUCH OPPORTUNITIES CAN BE CREATED IN MANY WAYS

- ☞ Each exercise can be done separately with men's and women's groups, but consolidated in the larger group, with time to discuss and sort out the differences in analysis. The facilitators will have to make sure that women get the space and opportunity to state their views, and to disagree with what the men are saying (if they feel this is necessary).
- ☞ Some exercises can be done twice by each group - once for themselves, and once, by proxy for their spouses. For instance, men can be asked to do a listing of the work they do during the day, and then can do a separate list for

their wives. The same thing can be done by the women's group. All four lists can be put up and compared, and the discussion can focus around the differences in the lists.

- ☞ Some exercises - particularly those occurring later in the process - can be done in the large group by men and women working together. Of course, in situations where the women are used to working with men and confident about articulating their needs, all the exercises can be done in mixed groups.



"We women are forced to steal from our own families to survive. We hide away the money that we are given to buy rice, salt and oil in our 'bank' - a hole in the ground behind the cooking hearth. This is the money we use when the children are ill or want to eat something from the market."



Exploring the "Non-Cash" Economy

Helping the group to assess the status of the resources from which the 'non-cash' requirements of livelihood are met.

ASK THE PARTICIPANTS

- ☺ To mark the spot on a large sheet of paper or on a black board or on the ground indicating where the group is sitting.
- ☺ To identify geographical directions and mark them on the board/chart or ground.
- ☺ Draw a map showing roads, lanes, water channels etc. treating their sitting position as a landmark.



NOW ASK THE PARTICIPANTS

- ☺ To mark the locations of their houses on the map.
- ☺ To mark the locations of resources like wells, ponds, handpumps, forests, orchards, market places, schools, playgrounds, pastoral land and other community places. These spots can be marked with pictures.



- ☺ To draw or mark the houses of affluent families on the map.
- ☺ To start a discussion on the relationship between the location of houses and the access of different households to common property resources.



REMEMBER

This exercise will be more effective if an ambience of fun and gaiety is created and everyone in the group has a role to play.

Use your imagination to make this a lively session.

EXAMPLE OF EXPLORING VILLAGE RESOURCES THROUGH MAPPING

While conducting a village level meeting, the activists of a CBO in Ghazipur district of Uttar Pradesh enquired whether the villagers had complete information about their village. Thereafter one person was asked whether he could draw a resource map of his village. The man replied that he had never undertaken this kind of work before but when encouraged by one activist who had been trained in the process of resource mapping he started drawing the map. The rest of the villagers were carefully watching this process. The volunteer started by drawing the road, then the lanes and the *kutchha* roads of the village. Later the village boundary was marked



and then the fields, the pond, the panchayat land and other landmarks were drawn. One of the villagers wondered why the person drawing was taking so much of time in drawing the map. He demanded a separate sheet of paper and started drawing his own map. The rest of the villagers also got interested and proceeded to help their friends who

were drawing the maps. This process lasted for two hours. Once the map drawing was over, the villagers were asked whether they could show on the map, the changes that the village has undergone during the past 10 years. Immediately, the villagers started an animated discussion to identify and draw the changes.

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In a village in Jhadol Block of Udaipur, a group of people was asked to draw a resource map of their village. Initially they were hesitant but with a little encouragement they agreed to try. Since it was the month of May and temperatures were soaring, they decided to carry out the exercise in the courtyard of a house. Some children brought chalk powder, pieces of charcoal and green leaves. One person marked the boundary of the village with chalk on the mud floor. Others put heaps of soil here and there to

show the undulating terrain of the village. Then they marked the pond, forest cover, place of worship and pastoral land. All these landmarks were represented with different objects as symbols. An hour later, a three dimensional view of the village had emerged.

The group was then asked to mark the land which was earlier used by the community for collective purposes, but is not being used in the same way now. This started a debate among the group.

Most of the villagers were of the opinion that powerful people belonging to the upper castes had encroached upon most of the common property resources. They also felt that this encroachment could be seen as continuation of upper caste hegemony.

Some of the points emerging in the discussions are as follows.

1. For the first time, people realised that they could easily draw a resource map of their own village.
2. People realised that though they had been living in the village for years, they had never 'seen' the village as a whole. The map helped them to see that certain kinds of land belonged to certain castes and to realise how resources have diminished over the year.
3. They agreed that it was easier to understand the changes that have occurred in the last ten years through the 'model' they had created.
4. Many people came together and a lot of information was shared while drawing the map. The process helped a lot in sensitising people to different issues.
5. While drawing the map, a woman pointed out that she now had to trudge a long distance to cut grass and collect firewood. She insisted that the place from where she collects the grass and firewood should also be shown on the map.
6. In discussing the map, the group said that there was a time when they were self-reliant, and got whatever they required from the precincts of the village itself. This is no longer the case.



BUILDING ON THE PREVIOUS STEP

Ask the participants to sit in small groups and discuss:



- ☺ the present condition (qualitative & quantitative) of essential resources;
- ☺ the terms & conditions of access to these resources;
- ☺ the outcomes of their discussions.



Once the groups have made their presentations, help them to arrive at a consensus.

Now put the following questions to the group



- ☺ Has the status of these resources and the terms of access to these resources changed over a period of time?
- ☺ What was the turning point at which these changes took place?

In the end, ask them what they think are the reasons for these changes.

BE PREPARED

- If participants get interested, this exercise may take longer than what you had expected. Don't lose patience! Adjust to the pace and demands of the group.
- These questions can be taken up one by one in small groups.
- This will provide space and opportunity for more people to participate but will take more time and few more facilitators to handle the process.
- Doing the exercise in a large group will save time, but will curtail participation of less vocal villagers and demand much more effort from the facilitator.
- Decide what to do based on your assessment of the group and your own convenience.

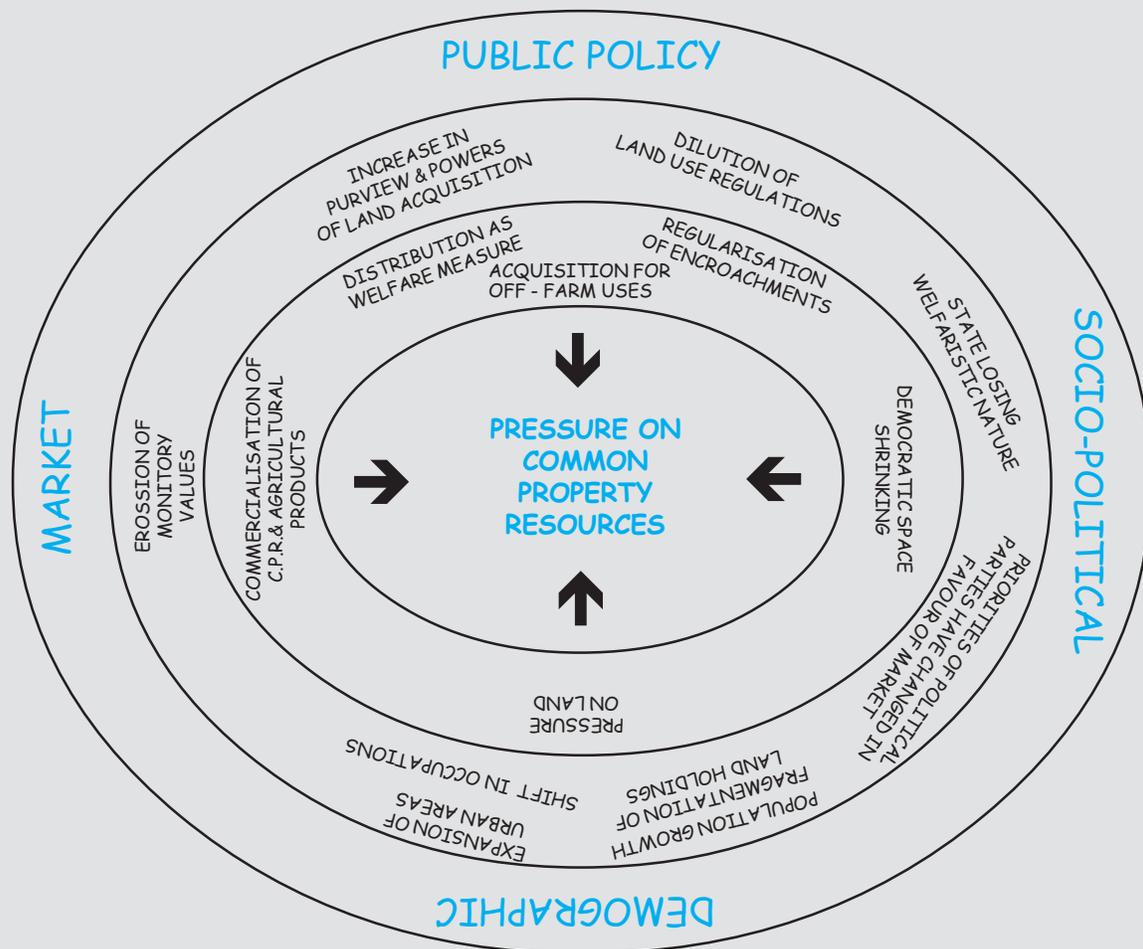


You are the best judge of what is "right".

THIS IS THE TIME FOR YOU TO INTERVENE

You can list out all the causes of change and point out which of the following categories of factors are involved.

- Public policy factors
- Market factors
- Demographic factors
- Socio-political factors



HIGHLIGHT THE LINKS

Dilution of land-use regulations and expansion in the purview and power of land acquisition legislation

WITH

The conditions of the structural adjustment programme (SAP).

Commercialisation and export orientation of agriculture and monetisation of products from common property resources

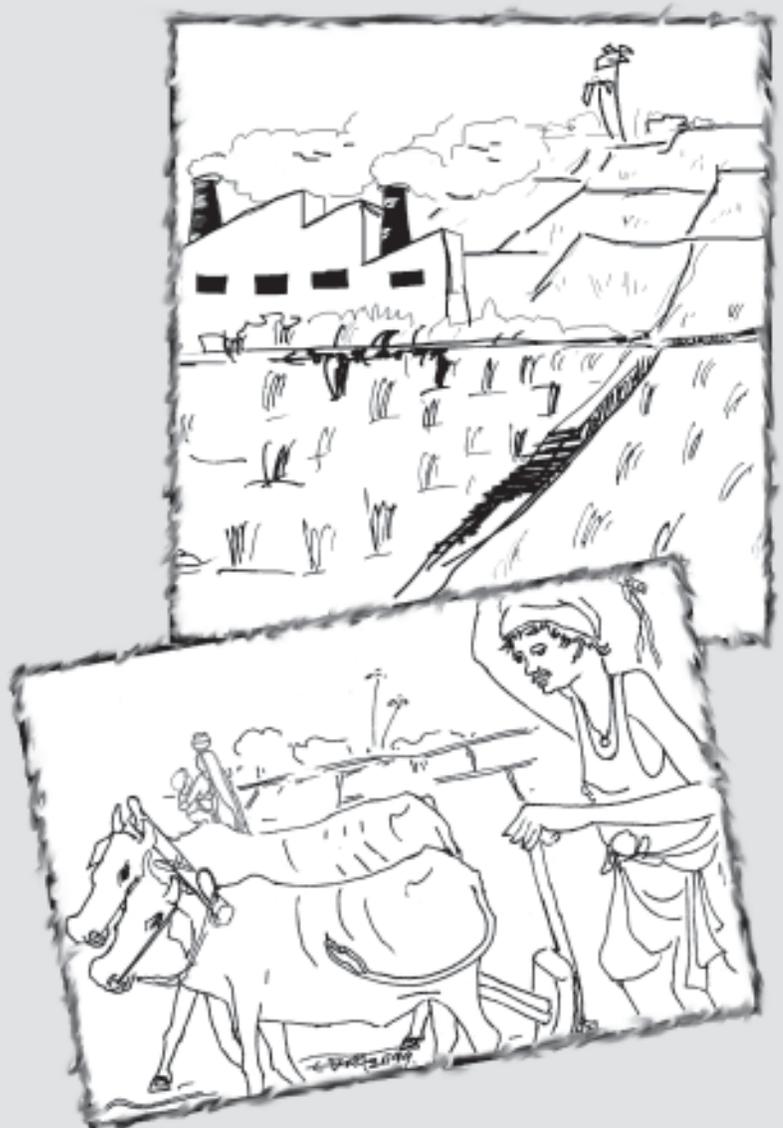
WITH

The inclusion of agriculture in GATT.

Erosion of non-monetary values and ecological concerns

WITH

Invasion of consumerist culture as part of "opening up" of the economy.





Taking Stock

Helping the group to understand how cash comes in and goes out of the household

DISCUSS THE ISSUE OF CASH



Ask the participants to take stock of the ways in which cash comes into the household.

Where does cash come from?



From selling some product

or

From selling some service



Or

From selling labour

or

From taking a loan

Or

From a combination of all these.

ASK PARTICIPANTS TO ANSWER SOME QUESTIONS

If a product is sold

- How much is produced and how much of the product is sold?
- How much time/labour does it take to produce it?
- What price is it sold at?
- Who decides the price?



If labour is sold (i.e., if money comes from wages)

- For how many days in a year work is available?
- How many hours in a day does one have to work?
- Is any kind of break and/or refreshment provided during work?
- Who decides the wages and on what basis?



- Is the wage paid on the basis of working time or on the basis of output?
- Is the wage paid in cash or in kind?
- Is the payment made all in cash or all in kind or a mixture of both?
- Is the payment made daily, weekly, monthly or seasonally?

If services are sold

- What is the nature of demand for the service?
(is it regular; seasonal or occasional?)
- Who owns the essential tools and equipments?
- Who decides the price of the service and on what basis?
(is it on the basis of time or on the basis of produce?)
- How is the payment made?
(daily, weekly, monthly, seasonally?)
- Is the payment made all in cash or all in kind or a mixture of both?

If loans are taken

- What are the terms and conditions on which the loan is taken?
- What is the source of the loan?
- For what purposes is the loan taken?
- What has to be done to pay back the loan and interest on it?

Help the participants to share with each other how the availability of cash changes with time and season.

Ask participants to talk about how these things have changed in the last ten years.

Ask for their opinion: why have these changes occurred?

HOW DOES CASH GO OUT OF THE HOUSEHOLD?

- Ask participants to list the items on which they spend cash.
- Ask them to share their experience of how this list changes with time and season.
- Encourage the participants to talk about the changes that have taken place in their pattern of spending in the last 10 years.

Which of the following have increased?

- ✓ Expenditure related to occupation & trade.
- ✓ Expenditure related to sustenance and well-being of the family.
- ✓ Expenditure related to civic obligations.
- ✓ Expenditure related to socio-cultural obligations.

Divide the participants in small groups to discuss the possible reasons for changes in the pattern of spending. The responses to these questions may be tentative and generic to start with. Responses may also be influenced by the process and inputs of previous exercises. You may feel that these answers are not good enough. Have patience and exercise restraint. You can take the opportunity to add on more points after the presentations.

This process still has a long way to go!

ASK THE PARTICIPANTS TO SHARE

- Their reactions to the process so far.
- Whether they have been able to gain some insight into the economics of their own lives.
- Whether they are interested in continuing with the process and deepening the analysis.

WHAT YOU NEED TO DO

- Give participants enough time to rethink and react.
- If group members seem inclined to close the process, then refocus your efforts and help them to come out of the blocks that they may have.
- If they are interested in continuing the process, suggest them to try to understand economic linkages by monitoring trends in their incomes and expenditures for about four to six months.

The idea of this exercise is to give participants the time and space to articulate their views on previous exercises.

ASK THE PARTICIPANTS

- To list out the sources of their income. Do they earn in cash, or in kind, or both.
- To list out the broad heads on which they spend each month.
- To design a method by which they feel it would be possible to monitor their income and expenditure.
- To keep track of their income and expenditure for about six months.

WHAT YOU NEED TO DO

- Help group members to design a method to monitor income and expenditure that is suitable to their context.
- Maintain regular contact with the group to ensure that they are able to fill the schedule/format they have decided on.

REMEMBER

- The process of keeping record of income and expenditure could be boring, painful or revelatory for the group. Handle the emotions, reactions, experiences of participants with tact and sensitivity.
- If participants are not literate, you would need to help them in finding symbols for various heads of income/ expenditure.

Do not force the group, let them decide on their own what they want to do and how they will do it.

ASK THE GROUP TO ANALYSE THE TRENDS IN INCOME

Three types of trends may emerge.

- Income may increase
- Income may remain the same
- Income may decrease

In case of increase in income, ask participants to look for the causes.

Unexpected earnings

Does it come from the sale of some items?
Is it because of gifts from guests or relatives?
Has it come from gambling?

Increase earnings under some heads

Is it because of getting a better price for the same quantity of produce?
Is it because of higher wages for the same amount of work?

Increase in productivity

Have the number of earning members in the family increased?
Has agriculture production increased as a result of adoption of new techniques or new seeds?
Has there been an increase in skills or earning capacity of some members?

It is important to identify the reasons !

If income remains unchanged

Stability in terms and conditions of work

Is it because the prices at which produce is sold have not changed?

Have wage rates remained constant?

Whether one or more people in the family having a government job or a job with a fixed income?

If there has been a decrease in income

Worsening of terms and conditions of work

Is it because of losses in production?

Is it because of decrease in employment opportunities?

Are there fewer earning members in the family?

Have wage rates decreased?

Drop in prices of output

Has there been a decrease in the prices at which produce is sold

Help participants to go deeper and keep asking "why" until they arrive at the root causes.

NOW ASK THE GROUP TO ANALYSE TRENDS IN EXPENDITURE

Three types of trends may emerge.

- Expenditure may increase
- Expenditure may remain the same
- Expenditure may decrease

If expenditures have gone up

Unexpected
expense(s)?

Is it because of increased purchases or purchases of new items?

Is it because of unforeseen expenses on social occasions or family obligations?

Same level
of expenditure
on the same basket
of goods?

Have prices remained the same?

More
expenditure
on the same
basket of
goods?

Has the level of consumption in the family increased?

Have the number of people in the family increased?

Have prices of some or all item(s) increased?

Help people to explore the reasons behind each small change in expenditure.

If expenditures have remained the same

Stabilities
in prices or
decrease in
consumption

Have prices remained stable?

Have prices increased and levels of consumption decreased?

If expenditure has gone down

Changing
pattern of
consumption

Is it because of reduced consumption of some items?

Have some members of the family been away for some time?

Has the family become smaller because some members have died or migrated?

Less
expenditure
on same
basket of
goods

Have the prices of some items gone down?

Help people to perceive and analyse the linkages between patterns of income and expenditure.

WHAT YOU NEED TO DO

- Help the group to arrive at the root causes of change.
- Help in clarifying the links between their own livelihood and changes at the macro level.
- Facilitate the process in a way that keeps the participants interest alive.

LET US LOOK AT A REAL-LIFE EXAMPLE

Suppose we find 'rise in price' being identified as a reason for increase in expenditure, linkages with the larger system could be explored using the following steps.

- Divide the group into sub-groups.
- Ask each sub-group to talk about how prices of essential items are decided and by whom.
- Depending upon the type of responses you get, ask each sub-group to verify their theories by a visit to the market.
- One group could go to the local market and discuss the causes for increase in prices with shopkeepers.
- Another group could go to the nearest wholesale market and discuss the issue with traders.

- If the group is dissatisfied with the responses received from different traders and shopkeepers, some of them could go to the district or state-level market to explore further.
- The idea is to help people learn from their own experiences.
- You are the best judge of how to do it!

SOME EXPERIENCES OF FORMULATION OF INCOME AND EXPENDITURE MONITORING FORMAT

Formulation of income and expenditure monitoring format was quite an interesting process. While doing this exercise with a group based in Ghazipur and working amongst dalits it was observed that though they had employed various methods to keep accounts their accounts sheets were not rigorous enough to provide clarity. For example there was no mention of sources of income. Only those expenditure were recorded which involved direct spending of money. The home produced food grains eaten daily were not included as expenditure. In fact the methodology they had devised could not enable illiterates to participate in the process. Then everybody sat in circle and extensively debated about the possible ways of monitoring income and expenditure. The list of needs that was made earlier was very helpful in knowing about the various items of expenditure. Similarly, detailed discussion on the different ways of income generation helped in understanding the income part. Together they provided the basis on which a final format was prepared. The following questions were raised during the formulation of the format.

- As regards expenditure, some spending is done by men and some by women, but who of the two will fill up this table?
- Some expenditure are personal which are not added on to the house hold accounts. How can we record them?
- Everyone has his/her own idea of expenditure. According to some, the "Shagun" given to the married girl when she leaves her parental home should be put under the head of expenditure on guests whereas others preferred to put it under traditions and ceremonies. How can we resolve this ?
- The grain that we have is our own produce. That is why we don't include it in our expenditure list. On the other hand, things like salt or oil that we buy is included in our expenditure list. Should we include grain in expenditure list as well ?
- How can we explain the traditional exchanges amongst the various families.
- How to keep account of miscellaneous day to day expenditure? At times our children buy things in exchange of some foodgrain.
- If there are more than one earning member in a family, it becomes difficult to keep track of the joint income.
- Some income is hard to comprehend. How should we note them down ?

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"In a meeting with a women's group active in Ghazipur district, a question was posed during the discussion as to how they keep record of their household expenditure. Group members collectively replied that all is kept in the mind. They said that their sources of income and expenditure were too complex to be noted down. In a year only 2-4 months are such when there is some earning in the shape of money or grain. In the rest they either borrow or sell the home produce in order to survive. They were then asked if in a particular house some money came in as wages or salary and how did they treat grains

produced in their own fields. One woman replied that in their native language both the things were termed as 'earnings'. In their villages there are only two types of earnings, one in the shape of money and other in kind e.g. grains or flour etc. at the time of sowing and harvesting. During wheat harvesting, they get 1 Bojha (1 Bojha = 8-10 kg. of grain) and 3 Rupees as wages for harvesting each Surahiya (1 Surahiya = 16 Bojhas). On other days agricultural labourers get 2.5 kg. of Sidha (flour) or 2 kg. of rice and 3-5 rupees.

The group added that most of the transaction in their villages is done with the help of grain, that is according to their need they take the required quantity of grain to the market. In the market they take money from the shopkeeper in exchange of their grain, and from that very shop or from some other shop they buy the things that they need. These shopkeepers pay very less amount for grains.

Further they were asked how they kept the record of all these exchanges. A woman member said that no account was maintained of all these exchanges. The exchange is done keeping in mind the number of family members. According to village practice, in a family consisting of 5-6 members, out of the 5 maunds (1 mound=40Kg) grain produced in the fields, 2 maunds grain is exchanged for money which is used for buying other things. The absurd part of this situation is that these shopkeepers buy this grain at the rate of 4 rupees per kg. and sell the same to them in their times of need at double the price.

When asked as to where they kept account of their production which is both in kind and in cash, one woman told that they usually kept their grains as well as some part of their money in a storage bin. This bin is an indicator of prosperity of a particular household. She then proposed that this store could be considered as an index for both income and expenditure. All earnings whether it is in the shape of money or grain should be considered as an income and whatever goes out of this bin be considered as expenditure. One woman made a sketch of the storage bin. Everyone liked the method of showing income through a sketch. Another point, which came up, was that the earnings going into the bin each month vary, and the earnings being collected in the store depends on the sources of income of the family. For example, a labourer family does not have any permanent source of income, so there is a need to keep the income account daily. Whereas the income of the families possessing land and working as labourers is slightly stable. At the end it was decided that these women would suggest a method of keeping an organised account of their income and expenditure and to continue the discussion, some activists from the organisation will pay a visit to their village. After this, the discussion came to an end.

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Experiences of various people after they started keeping track of their Income & Expenditure

- We got a clear understanding of our family's income and expenditures.
- This process helped us identify the items of heavy expenditure.

- Galvanised us to ponder over the role of the government in determining the prices of commodities; for whenever we bargained for cheaper prices with the traders, they pointed their finger at the government instead. But do not know how to make the government listen to their woes.
- By observing our monthly household budget, we came to know that there had occurred a perceptible increase on the expenditure side without corresponding increase on the income front. This caused endless worries.
- The use of advanced agricultural equipment has rendered many jobless in villages. We noticed during the harvest season that the wages of the labour registered a perceptible decline.
- Budget keeping exercise made us realise the penetrating power of the market.
- Market today has entered the four walls of our houses.
- Some of us had stopped budget keeping as it kept us in a state of perpetual tension. We felt insecure regarding the future because we found that our expenditure always exceeded our income.
- In villages, except for water, nothing is available free of cost. We are afraid if someday water, too, becomes a purchasable commodity like other things. Just imagine what will happen to the poor then ?
- During our budget keeping exercise, we found that we spent mostly on medicines. We can say on the basis of our experience that medicines were not so costlier in the past. There has been a sudden increase in the prices of medicines.
- I have a T.V. in my house. My daughters now demand from me what they see in T.V. advertisements. This is just the opposite of what I had thought at the time of buying it. It is not just a means of entertainment. Instead, it has started making a hole into our budgetary resources.
- Budget keeping made us understood that items of highest spending were on fashion, cosmetics and health.

- In earlier times, we procured vegetable leaves and many other things from the ponds of the village but now we have to pay for everything. It appears that we will have to pay even for our kitchen fuel not in the too distant future. We find it difficult to decode this process.
- While maintaining records of income and expenditure, we realised that a few new items had been added to the list of household requirements. When we tried to find out the reasons for it, it appeared that opening of a local market in the vicinity of our villag was responsible for it.
- We are fast loosing control over our lands; what should we do to check it?
- With regard to health care, we found to our dismay that the people had given up the use of customary herbal products and were using costly allopathic medicines instead. This has caused further contraction in the size of our purse.

WHERE DO WE GO FROM HERE?

The APPEAL process has taught us that, through a critical and rigorous enquiry into their own livelihoods, people can generate enough data and learning materials to evolve an understanding of economics as it relates to their own lives.

The Next step would be to help them to understand the links between "Livelihood Economics" and macro-economics.

We are now grappling with this challenge.

Reading Material

WHAT IS 'NEO-LIBERALISM' ? A brief definition for activists

“Neo-liberalism” is a set of economic policies that have become widespread during the last 25 years or so. Although the word is rarely heard in the United States, you can clearly see the effects of neo-liberalism here as the rich grow richer and the poor grow poorer.

“Liberalism” can refer to political, economic, or even religious ideas. In the U.S. political liberalism has been a strategy to prevent social conflict. It is presented to poor and working people as progressive compared to conservative or Rightwing. Economic liberalism is different. Conservative politicians who say they hate “liberals” — meaning the political type — have no real problem with economic liberalism, including neo-liberalism.

“Neo” means we are talking about a new kind of liberalism. So what was the old kind? The liberal school of economics became famous in Europe when Adam Smith, an English economist, published a book in 1776 called THE WEALTH OF NATIONS.

He and others advocated the abolition of government intervention in economic matters. No restrictions on manufacturing, no barriers to commerce, no tariffs, he said; free trade was the best way for a nation’s economy to develop. Such ideas were “liberal” in the sense of no controls. This application of individualism encouraged “free” enterprise, “free” competition — which came to mean, free for the capitalists to make huge profits as they wished.

Economic liberalism prevailed in the United States through the 1800s and early 1900s. Then the Great Depression of the 1930s led an economist named John Maynard Keynes to a theory that challenged liberalism as the best policy for capitalists. He said, in essence, that full employment is necessary for capitalism to grow and it can be achieved only if governments and central banks intervene to increase employment.

These ideas had much influence on President Roosevelt’s New Deal — which did improve life for many people. The belief that government should advance the common good became widely accepted. But the capitalist crisis over the last 25 years, with its shrinking profit rates, inspired the corporate elite to revive economic liberalism. That’s what makes it “neo” or new. Now, with the rapid globalization of the capitalist economy, we are seeing neo-liberalism on a global scale.

A memorable definition of this process came from Sub comandante Marcos at the Zapatista-sponsored Encuentro Intercontinental por la Humanidad y contra el Neo-liberalismo (Intercontinental Encounter for Humanity and Against Neo-liberalism) of August 1996 in Chiapas when he said: “what the Right offers is to turn the world into one big mall where they can buy Indians here, women there” and he might have added, children, immigrants, workers or even a whole country like Mexico.”

The main points of neo-liberalism include:

1 THE RULE OF THE MARKET

Liberating “free” enterprise or private enterprise from any bonds imposed by the government (the state) no matter how much social damage this causes. Greater openness to international trade and investment, as in NAFTA. Reduce wages by de-unionizing workers and eliminating workers’ rights that had been won over many years of struggle. No more price controls. All in all, total freedom of movement for capital, goods and services. To convince

us this is good for us, they say, “an unregulated market is the best way to increase economic growth, which will ultimately benefit everyone.” It’s like Reagan’s “supply-side” and “trickle-down” economics — but somehow the wealth didn’t trickle down very much.

2 CUTTING PUBLIC EXPENDITURE FOR SOCIAL SERVICES

Cutting public expenditure for social services like education and health care. REDUCING THE SAFETY-NET FOR THE POOR, and even maintenance of roads, bridges, water supply — again in the name of reducing government’s role. Of course, they don’t oppose government subsidies and tax benefits for business.

3 DEREGULATION

Reduce government regulation of everything that could diminish profits, including protecting the environment and safety on the job.

4 PRIVATIZATION

Sell state-owned enterprises, goods and services to private investors. This includes banks, key industries, railroads, toll highways, electricity, schools, hospitals and even fresh water. Although usually done in the name of greater efficiency, which is often needed, privatization has mainly had the effect of concentrating wealth even more in a few hands and making the public pay even more for its needs.

5 ELIMINATING THE CONCEPT OF “THE PUBLIC GOOD” or “COMMUNITY”

Eliminating the concept of “the public good” and replacing it with “individual responsibility.” Pressuring the poorest people in a society to find solutions to their lack of health care, education and social security all by themselves — then blaming them, if they fail, as “lazy.”

Around the world, neo-liberalism has been imposed by powerful financial institutions like the International Monetary Fund (IMF), the World Bank and the Inter-American Development Bank. It is raging all over Latin America. The first clear example of neo-liberalism at work came in Chile (with thanks to University of Chicago economist Milton Friedman), after the CIA-supported coup against the popularly elected Allende regime in 1973. Other countries followed, with some of the worst effects in Mexico where wages declined 40 to 50% in the first year of NAFTA while the cost of living rose by 80%. Over 20,000 small and medium businesses have failed and more than 1,000 state-owned enterprises have been privatized in Mexico. As one scholar said,

“Neoliberalism means the neo-colonization of Latin America.” In the United States neo-liberalism is destroying welfare programs; attacking the rights of labor (including all immigrant workers); and cutbacking social programs. The Republican “Contract” on America is pure neo-liberalism. Its supporters are working hard to deny protection to children, youth, women, the planet itself — and trying to trick us into acceptance by saying this will “get government off my back.” The beneficiaries of neo-liberalism are a minority of the world’s people. For the vast majority it brings even more suffering than before: suffering without the small, hard-won gains of the last 60 years, suffering without end.

-by Elizabeth Martinez and Arnaldo Garcia

STRUCTURAL ADJUSTMENT PROGRAMMES

Structural adjustment programs (SAPs) are "economic policy reforms" that profoundly alter the nature of a country's economy and the role of its government. Designed by the World Bank and International Monetary Fund (IMF), SAPs are implemented by debtor countries in order to qualify for debt relief and new loans, as well as to attract foreign investment. SAPs are performance requirements-referred to as conditionality-that have become a crucial component of loans made to struggling economies.

The adjustment policies that the Bank and Fund promote

The Bank and Fund promote economic policies based on a belief that a relatively unregulated free market and private sector are the engines for growth which will trickle down and benefit everyone. Reform programs usually have two stages. The first phase-called "stabilization"-attempts to halt the immediate drains on government funds from inflation, trade imbalances and budget deficits. The second stage-called "adjustment"-attempts to alter the nature of production and increase export earnings.

Structural adjustment programs and related economic reforms generally have produced the following policy measures :

- devaluing the national currency;
- raising interest rates and decreasing the availability of credit;
- reducing government spending and increasing taxes (especially indirect taxes) in order to balance the budget ;
- lowering tariffs and liberalizing, i.e. dismantling trade and investment regulations;
- privatizing public enterprises, which are sold to domestic and foreign investors, in an attempt to eliminate inefficiency and what is viewed as excessive public employment ;
- reducing real wages ;
- shifting agricultural and industrial production from food staples and basic goods for domestic use to commodities for export.

SAPs are negotiated only with finance ministry officials from the borrowing country. The whole process of these negotiations is totally non-transparent and clandestine. There is no formal process to solicit input from the ordinary people who must live under SAPs.

SAPs have sometimes succeeded in improving government balance sheets, by shrinking budget deficits, eliminating hyperinflation, and maintaining debt-payment schedules. However, the types of structural adjustment measures that the Bank and Fund require too

Price of essential commodities increased between 93 and 170 per cent during 1991 and 1997 whereas the increase in prices of luxury items during the same period remained between 2 to 70%.

The Indian Rupee was first devaluated on July 1st, 1991 by 10%. After days ,that is on July 3rd, 1991 there was another 10% devaluation.

The share of private sector in the paid-up capital (PUC) of India's corporate sector more than doubled from 27.16% at the end of 1990-91 to 56-79% in 1996-97.

often fail to promote a sustainable economy. Instead they have frequently led to increased income inequality and poverty, social disruption, and environmental degradation.

SAP policies hit people living in poverty the hardest. Increased unemployment and decreased government services are the most direct hits on the poor. Unemployment grows for several reasons. Many people lose their jobs when government-owned enterprises are privatized. Restrictions on credit put many small and medium-sized enterprises out of business and

Between December 1991 till March 1997 total 99 public enterprises were disinvested and total 10360.6 Crores of rupees were realised.

Private investment in agriculture has registered an upswing that is, from 61.3% in 1980-81 to 83.8% in 1996-97 whereas the share of reserve bank credit declined from 17.4% in 1990 to 11.8% in 1996.

bankrupt small farmers. Lowering tariffs on imported products and permitting increased foreign investment sometimes drive local producers and businesses out of the market. The liberalization of trade does make imported items less expensive, but most people in low income countries consume little besides basic necessities. Changes in the tax system often emphasize easy-to-collect, regressive sales taxes that disproportionately affect people living in poverty.

With jobs disappearing and wages dropping, reductions in government spending called for by SAPs happen at the worst possible time. In spite of recent attempts in SAPs to safeguard some social spending, these cuts result in fewer social services, the elimination of consumer subsidies on basic food staples and public transportation, schools without teachers or textbooks, and health clinics without medicine.

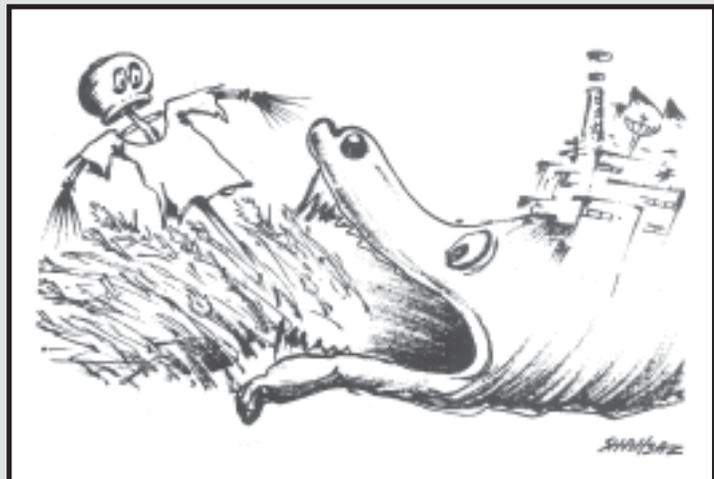
The emphasis placed by SAPs on increased exports can hasten the destruction of ecosystems by accelerating extractive enterprises such as the timber, mining, and fishing industries. In agriculture, SAPs often have undermined peasant agriculture while reinforcing export-oriented agribusiness and its dependence on dangerous agrochemicals. The insistence of SAPs on deregulation of environmental laws and down sizing of enforcement agencies further obstructs government capacity to protect the environment.

CHANGING FACE OF INDIAN AGRICULTURE

The Indian economy is predominantly an agrarian economy. Nearly two-thirds of the Indian population is dependent on agriculture for their livelihood. What is significant is that while percentage of population dependent on agriculture has reduced only marginally, the share of the agriculture sector in total national income has gone down substantially over the last few decades. This alone perhaps, is enough evidence about the abysmal state of Indian agriculture today. Added to this is the highly skewed distribution of asset holdings. Of the total land put in use for agriculture today, only 32 per cent is owned by small and marginal farmers, accounting for 60 per cent of farm population. Rising number of people dependent on agriculture and the consequent fragmentation of land has only worsened the land holding pattern. Under such circumstances it becomes imperative that development of the agricultural sector is given priority. And the avowed goals of land reforms, greater state expenditure for capital formation in agriculture, self-reliance in terms of food production have featured in the five year plans, although certain things have existed only at the level of rhetoric and have never been implemented. Since the eighties, however, these goals have been increasingly relegated to the background, with the post reform period witnessing definite reversal in some of them. The agenda of land reforms has suffered setbacks with the states like Karnataka and Maharashtra initiating a move for further concentration of land in order to attract corporate investment into agriculture. Agricultural production too has declined from the levels achieved in the eighties. Barring few unusual years, it is perhaps for the first time since independence that food production has been growing at a rate lower than the population growth rate. In fact, according to one study, by the year 2030, the country would be nearly fully dependent on other countries to feed its population. And unless there is a shift away from the policies initiated since the '90s, and attempts made to reverse the trends noticed in these seven years, one can hold little hope for either the agriculture sector or the Indian economy in the years to come.

WITHDRAWAL OF STATE AND ITS IMPLICATIONS FOR AGRICULTURAL DEVELOPMENT

It is a well known fact that state expenditure for investment in rural infrastructure plays a very important role in promoting agricultural growth. Specially so, in a developing country like ours, where the majority of the farm population cannot afford to make such investments on their own. Thus, capital formation in terms of investments in irrigation schemes, soil and water conservation works, land reclamation, research in farm technologies etc. not only help to promote production but also help the smaller farmers accrue the gains of agricultural development. Further, the issue of capital formation in agriculture becomes even more crucial in the face of ever rising number of people to be fed. However, instead of an increase, state ex-



penditure on agriculture has been declining since the inception of New Economic Policy in the 90s. During the 70s, the share of agriculture in total capital formation was 17.3 per cent, which came down to 11.6 per cent in the 80s and further declined to 9 per cent in the first four years of '90s. IMF imposed logic of minimising the role of state in all areas of economic activity has had the effect of reducing the percentage of funds transferred from the Centre to the States. And agriculture being under State jurisdiction has had to face the brunt of such fund cuts. Ironically, this trend has continued even after the regional party dominated UF government came to power. Thus it is hardly surprising that rate of decrease in capital formation in agriculture, evident since the mid-seventies has got further accelerated in the 90s.

Even Central Budget allocations for agriculture has been cut down drastically. The 1996 budget, for instance, shows heavy reduction in allocation for agriculture, rural development, irrigation and flood control. Revised estimate of the total expenditure in 95-96 was Rs. 23,838 crores which included expenditure both by the Centre and the States. Surprisingly the central provision on these heads was reduced to Rs. 9472.3 crores during 1996-97.

Subsidy on agricultural inputs like fertilisers and electricity have been reduced drastically keeping in with logic of IMF-World Bank enforced Structural Adjustment Programme. While there has been little change in the budgetary allocation for 'food subsidy', consumer food subsidies too have fallen since 1991.

Clever ways have been used to reduce food subsidies going to the consumers. First, price of items sold through the fair-price shops have been repeatedly increased by the government, within a short span of time. Secondly, the quantity as well as the entitlements of individual family in the PDS too has been brought down. And third, share of food subsidy in GDP has not been allowed to go up. Interestingly enough, evidence shows that growing food subsidy in nominal terms, is more due to rise in intermediate costs like cost of transportation, of storage and buffer stocking, which are also clubbed under the head 'food subsidy'.

Also, the earlier system of providing farmers credit at low interest rates has been abandoned. Adhering to the 'market' laws implies, both the small farmer and the big farmer would need to have enough marketable assets to serve as guarantee against failure to repay, for getting credit. And one need not spell out, which section of farmers can avail of credit under such 'market' laws.

Cuts in fertiliser subsidy and increase in prices of potassic and phosphatic fertilisers, has led to imbalances in N:P:K ratio, necessary for maintaining soil fertility. As a result, there has been an abnormal rise in use of urea (whose price has been maintained) leading to faster rate of land degradation.

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Coupled with this is the fact that land available for agricultural activity is shrinking fast, with the renewed thrust of industrialisation swallowing up large chunks of such land. The village land closer to the cities is being bought by industries. Agricultural land is being grabbed by the urban 'Estate Mafia'. As a result, one often finds farmers being forced to sell off their lands for small monetary gains. Further, fragmentation of farm land has effected the viability of individual land holdings. In the green revolution areas, this has phenomenally increased the problem of landlessness. Increasing concentration of agricultural land in the hands of few has become the order of the day. Lack of adequate flood control measures, man-made drought like situations, dangerous waterlogging, cattle scarcity, increasing population pressure have further compounded the problems facing Indian agriculture.

The most significant component of the changing agriculture is increasing poverty of the actual tiller. With gradual withdrawal of the state and the associated trends of higher cost of cultivation arising out of reduced subsidy on agricultural inputs, faster rate of land degradation, rising landlessness, increasing price of food items and diminished chances of getting credit at low rates, the situation can only get worse.

OPENING UP OF AGRICULTURE AND THE QUESTION OF FOOD SECURITY

Coupled with faster land degradation, opening up of agricultural sector to the world economy, has further compounded the problem of food security. Emphasis on agricultural export and post 91 deregulation of import quantity, have drastically affected land use. Consequently, the pattern of agriculture too has changed. There is a growing trend for producing crops which attract higher price and bring in quick money. As against grain production, farmers are increasingly being drawn towards producing cash-crops like onion, tomato, soyabean, cotton, sugarcane, rapeseed, potato, flowers etc. This is corroborated by the fact that area under coarse grains has reduced by 48 lakh hectares between 1990-91 and 1995-96. Area under cereals too has reduced by 25 lakh hectares between 1990-91 and 1993-94, although in the next two years area under cereals had increased by 17 lakh hectares. Area under rice and wheat, which have good international market, remained constant at 1990-91 level. On the whole, in this 5 year period, 10 lakh hectares of land, previously under food grains, was sacrificed for other crops. Decrease in production as a consequence of reduction of area under grains in these 5 years cannot be compensated by increased productivity. Consequently, growth rate of grain production has slowed down drastically. According to official statistics, the growth rate of grain production, between 1990-91 and 1994-95 has been only 1.27 per cent, which reduced further to 1.06 per cent during 1995-96.

In contrast, area under crops like cotton, sugarcane, rapeseed and plantation alone has increased by 25 lakh hectares in the period between 1994-95 and 1995-96. Area under soyabean has shown largest increase and its production has doubled between 1990-91 and 1995-96. Mustard and sunflower production has increased by 40 per cent but increase in other cases remains less than 10 per cent. Even though domestic per capita production of edible oils has gone up, dependence on import has not declined. An important reason for this is that soyabean is exported as cattle feed in large measure (90 per cent).

Evidently, export-oriented production has led to larger land use for commercial crops. Production of other crops as compared to grains is prompted by the increasing income of the rich and decreasing purchasing power of the poor. Such policies have adverse effects not only on the food security of the poor but on the food security of the nation as well.

Decline in cereal and coarse grains production, which are staple diet of the poor, have led to rise in prices of these crops thereby seriously affecting the food security of the poor. At the same time, decline in overall food production poses serious problems for the nation's food security.

Adherence to WTO regulations would only intensify the problem. The move to eliminate restriction on the quantity of import under obligation to World Trade Organisation, in the year 1997, means that Indian farmers would have to compete with their counterparts from the advanced countries who are given heavy subsidies on these products. Under such conditions, the crisis of grains production will further sharpen, because export is the uppermost consideration of advanced nations. Under liberalised agricultural policy, our dependence on imports would increase and the native market will be dumped by foreign food grains. Increasing dependence on imports for food would make us even more vulnerable to the conditions put by the developed countries. Signing of GATT agreements in 1994 thus signifies the beginning of the end.

POSSIBLE IMPLICATIONS OF DUNKEL DRAFT AND PATENTS

In other words, imposition of Dunkel Draft and the system of patents on the agriculture sector, will have far reaching damaging impact on Indian agriculture. The first consequence of liberalisation in respect of agricultural policy, through GATT, will be that farmers will be deprived of economic assistance for investible resources as well as price subsidies. Storage facility granted by the government for preservation of food grains will be restricted. Subsidy on seeds, irrigation, energy, fertilisers etc., necessary for promoting new techniques of agriculture, will be stopped. Attempts to maintain and strengthen the present public distribution system will be curbed.

Further, under the intellectual property rights, the multinational corporations will exercise monopoly in respect of development of seeds. The new authoritarian system as established through plant genetic rights will mean that a large part of the farmers' income would be increasingly pocketed by the MNCs. With the farmers themselves remaining outside the frame of export activity, the hold of MNCs on Indian agriculture system through exports will tighten. And our farmers would be left at the mercy of multinational corporations. Small tenants will be deprived of their holdings. All this will be accompanied by aggravating food security crisis. Destitution and famine will increase.

Initial signs of the detrimental consequences for our agriculture are already here. And if these initial signs are not enough evidence of the danger that lie ahead of us, then probably nothing other than complete destruction of our agriculture can make the policymakers wake up from their present euphoria about reforms. But by then, perhaps, it would be too late.

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PUBLIC DISTRIBUTION SYSTEM: PERSPECTIVE PROJECTIONS

Public Distribution System (PDS) was introduced in 1965 to deal with the situation of rising food prices experienced in the early 60s. And according to official records, at present, there are about 4,23,000 fair-price shops (FPS) in the country, of which 3,24,000 shops are in the rural areas and 99,000 shops in the urban areas. The FCI, State Civil Supply Corporations, cooperatives and a large number of traders, transporters etc. constitute a vast network of agencies, responsible for ensuring steady availability of food at affordable prices. Various poverty alleviation programmes like Food-for-Work and Mid-Day Meals programmes are supplements to this.

However, the state of PDS is not very encouraging, with supplies falling way behind requirements. According to recent NSS data, only 2 per cent of people in rural Bihar, Uttar Pradesh, Orissa and Punjab are able to obtain PDS supplies. In urban areas of 10 states, less than 10 per cent of the people are able to buy from the fair-price shops. As one study shows, PDS satisfies a minute percentage of food requirements of the poorest 10 per cent of the population, with dependence on market being as high as 81.81 per cent in some states. Added to this is the glaringly skewed distribution of supplies made available through FPS. Delhi, comprising of 1 per cent of total population and with the highest per capita income in the country gets 6 per cent of food grains supplied through the PDS. In all, grassroot level evidence seriously belies the tall claims made about the effectiveness of PDS in ensuring food security of the poor.

LIBERALISATION AND PDS

Government's policy of cutting budget deficit and reducing state expenditure has further jeopardised the objective of PDS of providing food security to the people. The Public Distribution System (PDS) which was set up with the objective of providing food at low price to the relatively worse off - to avert situations of food scarcity - by supplying food in times of low production and to put a check on uncontrolled increase in open market prices in such situations, does not seem to be fulfilling any of its supposed goals. In its zeal to contain food subsidies, the government has resorted to frequent increases in prices of items sold through FPS. In fact, the rate of rise in issue price has been much higher than even the rise in procurement prices. And what is significant is that, it is the prices of lower quality grains that have maximum rise. As a result, despite huge increases in open market prices, the off-take from the PDS has reduced drastically in the post reform period. The prices have been too high for the people to afford to buy them even from the Fair Price Shops. People went hungry, while the stockpile with the FCI, rotted or served to feed rats. (It is worth mentioning that during 94-95, 51.90 lakh tonnes of wheat was sold whereas ration shops accounted for 51.11 lakh tonnes. This situation continued in 95-96, with the open market showing sale of 1.4 lakh more tonnes of wheat.

To deal with rising cost of storage arising out of stockpiling with the FCI, the government took recourse to open market sales instead of generating employment in rural areas and providing food to the poor. And in the process the subsidy meant for the poorer sections of the population, passed into the hands of profiteering traders and those who have the purchasing power. Huge rise in price of wheat, followed an unforeseen shortfall in wheat production the next year, and resulted in large imports from abroad. Food security which is an integral part of the public distribution system, thus was ignored in order to reduce government expenditure on subsidies.

Even the Revamped Public Distribution System, proposed by the UF government in 1997, is beset by various inadequacies. The proposed quantity of 10 kg per family is even lower than what is already provided by many states. Further, a ceiling of 20 kg per family, as against the earlier scheme of 10 kg for each member, means that families with more than two adults would be adversely affected under the new scheme. Also, the idea of providing cheap food only to a targeted section implies that most of the needy getting left out of the PDS net. The method adopted for reducing subsidy by providing low priced food only to a targeted section of the population, bodes ill for food security of the people.

Production geared for the market and exports and the consequent changing cropping pattern, can only aggravate this problem. Cropping pattern change in response to such policies is evident in the fact that area under coarse grains and cereals is fast shrinking. From the pre-reform index of 100.7, the area under food grains production has reduced to 97.3 in 95-96. The year 95-96 has witnessed marked reduction of area under wheat. Area under rapeseed, fruits, plantation and potato has in the meantime increased.

This decline in production has obviously affected supplies made through FPS. Statistical manipulation can not conceal for long, the fractured state of the PDS. In fact, as figures show, per capita availability of food grains has declined in this period. The year 96 saw per capita per day availability of food grains at around only 464 grams, which is much lower than levels prevailing in the previous years.

The foremost cause for the constantly deteriorating condition of the PDS remains the absence of concrete policy provisions in respect of food grains availability, amount to be sold in the open market, or made available to the public through the PDS. Without such measures, the poor folk, especially in the scarcity affected regions, can not avail of food items. Further, changing cropping pattern from production of food grains to crops meant for food processing industries, to suit the taste of the elite of the country and to cater to international demand, makes the possibility of food security all the more distant. The situation can only become worse if the proposed phasing out of food subsidy completely, is adhered to.

INDUSTRIAL POLICY AND EMPLOYMENT

One cannot talk of providing food security to the people without going into the issue of employment generation and hence purchasing power of these people. It is definite that relatively greater investment in highly capital intensive industries, greater emphasis on export under the industrial policy will considerably restrict employment opportunities in the non-agricultural sector. In addition, less emphasis on food subsidy will drastically affect whatever food security the PDS could ensure. What is critical is that increasing requirement of the rich for costlier food items necessitates greater capital investment for production of such food items. This will decisively damage prospects for the poor and the deprived who cannot make such investments.

Slow growth in production, spiralling prices and hoarding have forced the PDS further from the food security objective. It is undeniable that the years of Economic Reforms have shown increase in market prices along with reduction in food distribution. Whatever be the official claim, the fact remains that the PDS is in large measure paralysed all governmental institutions. The PDS, FPS etc. have regularly have witnessed well institutionalised corruption in the post independence period. Despite repeated assurances by the government for the PDS reforms, one can hardly place hope in the positive outcome of even reformed PDS. And with further reduction in state interventions in these matters, the PDS cannot be the answer to food security.

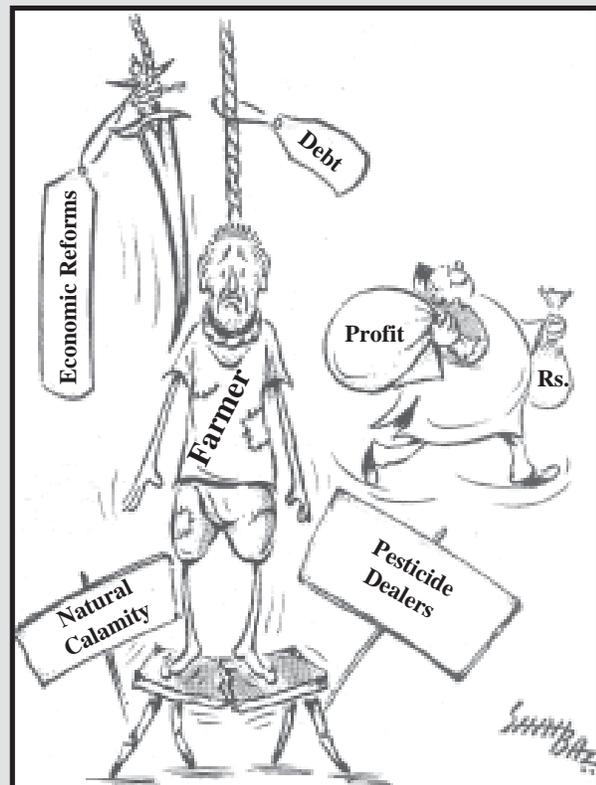
SUICIDE CASES AND THE FARMING COMMUNITY

Warangal, Medak, Karim Nagar districts of Andhra Pradesh, Bidar district of Karnataka, Sangrur district of Punjab, and the states of Bihar, Haryana, Maharashtra - have recurrently hit the headlines since December 1997. Reports of large scale suicides by cotton farmers, who were faced with huge crop losses and could not pay back their debts, took place because they 'took the easy way out'. By the third week of February 1998, more than 300 farmers have been reported to have taken this extreme step to absolve themselves of their miseries. Erratic weather conditions, untimely rainfall, emergence of deadly pests, poor quality pesticides, wrong agricultural practices, excess application of these pesticides by farmers have been cited as reasons behind crop failures on such a huge scale. In short, shortfall in production became the bane of these farmers and their families.

Consider another set of incidents, that took place, in mid 1997, not very far back from the time of the cases of suicides by farmers. Unprecedented rise in production of potatoes and lack of commensurate storage space, pre-emption of the existing space by the powerful farmers led to rotting of tonnes and tonnes of potatoes in various states of the country. Crashing prices and lack of buyers resulted in fields being strewn with unwanted potatoes infecting the fields and resulting in diseases and death in the rural areas. The farming community was once again faced with death and loss of income. But the reasons for loss of income in the two cases were very different. In one case income loss arose from shortfall in crop production, and in the other, from exactly opposite set of reasons, i.e. over production.

What do these reports signify? What do they say about what is happening to the farming community which constitutes two-third of the Indian population? Does it corroborate the claims made by the government that reforms have benefited all sections of the farming community?

If not anything else, it surely points out one thing - economic reforms have not been able to reduce the vulnerability of the farming community, specially the poorer segments within that, to crop failures, accumulating debt, crashing prices and declining income. Whether vagaries of nature, lack of knowledge among farmers regarding use of fertilisers and pesticides, emergence of deadly pests alone fail to explain these happenings. There is no



doubt that vagaries of nature, inadequate and/or untimely rainfall, play a crucial role in agriculture in our country. But crop loss arising out of that has been there even in the past. So has been the case of pest infested crops and the resultant crop failure. But failure of crop has rarely resulted in such extreme incidents. So then, how does one explain the phenomenal cases of mass and serial suicides by farmers? Or for that matter how does one explain the incidents of over production or can that also be explained by nature or rather its generosity? Or is there something more to it?

REFORMS, EXPORTS AND SHIFTS IN CROPPING PATTERN

Obvious questions like what drove so many farmers to take up production of potatoes that ultimately led to drastic fall in prices on account of demand supply imbalances, or why should one crop failure lead to such huge monetary losses for the farmers, arise at this point.

Taking the case of cotton, liberalisation policies in agriculture, focussed as they are on export growth had perhaps affected most the prices of cotton. Rising exports of cotton to earn foreign exchange had the effect of contracting domestic availability and inducing high rise in prices of cotton. For instance, from an annual average of only 35,000 tonnes in the late eighties, raw cotton exports rose more than tenfold to 3,74,000 in 1990-91 and then averaged around 2,00,000 tonnes for the next three years. Such a violent export surge without adequate production rise naturally resulted in doubling of prices of cotton yarn. In the first quarter of the previous year alone, owing to the release of 1.66 million bales for exports, domestic raw cotton prices rose further by Rs. 1100 to

Shift in cropping pattern, rise in cost of cultivation, are some of the aspects of the new economic policies. In one case, these coupled with natural calamities resulted in mass suicide by farmers. In other cases, expectation of high returns and consequent excess production, resulted in farmers losing out in terms of prices and income. Whether it is excess production or less than adequate production, the reform policies of the government are not only responsible, for inducing such happenings but also for aggravating the adversities faced by the farming community.

Rs. 2400 per candy for the major varieties of cotton. Such huge rise in prices of cotton made it attractive for farmers to go in for production of this crop at the exclusion of all other crops, in some cases even subsistence crops. Large scale shift in area under cotton took place. In case of Warangal district of Andhra Pradesh alone, between 1986 and 1997, area under cotton has risen from a mere 5,000 hectares to 1,00,000 hectares, replacing traditional crops like jowar, green gram. High net returns from cotton in the initial years and cases of cotton farmers growing rich within a short time span became trendsetters for other farmers. Thus reforms, rising exports and domestic prices had an important part to play in inducing a shift in cropping pattern from traditional crops to cotton.

CULTIVATION COSTS AND DECLINING SUBSIDIES

High returns, in the initial years from cotton cultivation however did not last for long, at least for those sections of the farming population who can illafford to incur highcost investments. Unlike traditional crops like jowar, where major investment is physical labour, crops like cotton require high investment in terms of fertilisers, pesticides etc. and regular attention by the farmer. Rise in prices of fertilisers, pesticides, electricity following withdrawal of subsidies on these since the inception of reforms, resulted in rise in cost of cultivation of cotton. Added to this is the unscrupulous dealers of pesticides, fertiliser producers and seed distributors, who guided by profit making motives, often duped farmers into buying much more varieties and quantities of pesticides than was required. The farmers, the small and marginal, took recourse to taking loans for financing increased cost of investment. But state-owned banks, either defunct or under pressure from economic reforms to curb risky debts, turned away these farmers needing crop loans. Thus the liberalised environment resulting out of financial sector reforms and contraction in credit available earlier to this sector at lower rates, invariably resulted in these farmers getting further trapped into the grip of local money lenders. Since the usurious rates of interest charged by mahajans, traders, and landlords vary anywhere between 25 to 125 per cent, the debt burden of the farmers was much higher than what would have been the case if they had the access to government loans.

A crop failure in such circumstances posed serious problems for majority of farmers not only in terms of the amount of cash that had to be repaid back but also the imminent danger of losing their main source of livelihood, land, on defaulting. Given the high investment cost that have to be incurred in case of cotton and other commercial crops, even decrease in production can result in huge losses. Near negligible production or total crop loss, coupled with rising cost of cultivation, spiralling debt burden, apathy of the government, left the farmers with no option but to take the so called 'easy way out'.

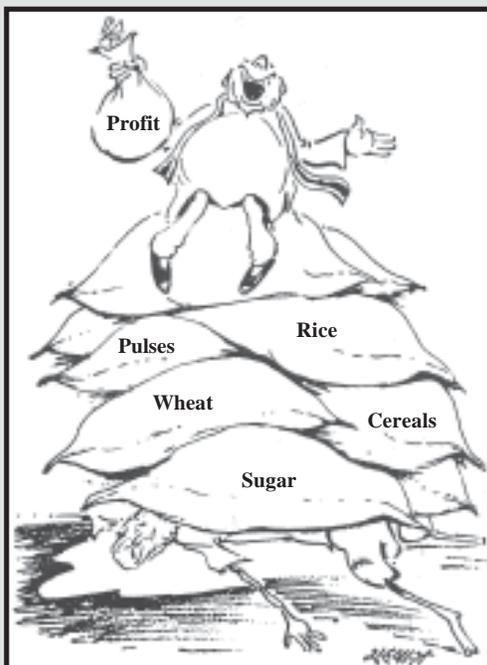
Shift in cropping pattern, rise in costs of cultivation, are some of the aspects of the new economic policies. In one case, these coupled with natural calamities resulted in mass suicide by farmers. In other cases (e.g. potatoes), expectation of high returns and consequent excess production, resulted in farmers loosing out in terms of prices and income. Whether it is excess production or less than adequate production, the reform policies of the government are not only responsible, for inducing such happenings but also for aggravating the adversities faced by the farming community. Thus putting the blame only on 'natural causes' for the calamity facing the farmers is not enough. Liberalisation and export oriented growth strategy which accentuates hardships associated with such natural calamities play a very important, if not a major, role in driving farmers to take such extreme steps.

PRICE RISE : PEOPLE'S EXPERIENCE AND OFFICIAL MEASURES

The unprecedented rise in prices of essential witnessed in the last two to three months, has virtually proved to be like the proverbial *'last straw'*. Increase in the prices of essential commodities has become backbreaking especially for the lower middle class and those down below in the income ladder. Whether it is vegetables, fruits, edible oil or cereals or milk products, all have witnessed unparalleled rise in prices, literally transforming even the bare necessities into luxuries.

Items like potatoes, tomatoes, mangoes, bananas have experienced nearly 100 per cent increase in prices. While some others like onion, has crossed all benchmarks with prices going up by more than 250 per cent in some metropolitan cities. Edible oil is nowhere less than Rs. 50 a kilo, while rice and wheat sell above Rs. 10 a kilo. Even urban lower middle class households with an income of Rs. 5,000-6,000 per month and family size of five are finding ordinary green vegetables to have gone out of their reach. These are still the fortunate ones. How millions others, those with lower incomes have been faring, is not very difficult to visualise.

As for the government, it takes notice of rising prices only when the Wholesale Price Index (WPI) touches double digits. Few weeks back, newspapers carried reports about the alarming rise in prices, of the fact that wholesale price index has gone up by more than 10 per cent. Some days later there were more reports but this time announcing that inflation have been controlled somewhat as the WPI had come down to somewhere near 8 per cent. Claims of the government about inflation and people's experience of rising prices are so much at variance from one another, that they are often, contradictory. While the government pats its back for having controlled inflation, people face a completely different situation at the market place.



The point, therefore, is what relevance does the indicator, Wholesale Price Index, used by the government as a measure of the degree of inflation, have for the common people? Does it reflect the true picture of the hardships faced by the people in times of skyrocketing prices?

Wholesale Price Index measures the change in price of a basket of 447 commodities. These commodities are taken as the representative of the various products produced in the economy and each group of commodities and their subgroups are assigned some weight according to their value in the total national product. For example, primary articles which consist of food

articles, like cereals, fruits & vegetables, non-food articles like fibers, oil seeds and finally minerals all together have weight of 32.3 per cent in the total of 100 for all commodities. Similarly, manufactured products have a weight of 57.04 per cent, i.e. 1.77 times more than what is assigned for primary articles. Among food articles, onions have a weight of only 0.13 per cent, while mangoes, an item which is much less of an essential, have a weight of nearly 1.00 per cent. Even more odd is the fact that even fountain pens have a greater weight of 0.41 per cent than onions. So that even if there is a rise in prices of both the items by 10 per cent, in the WPI it is the price of fountain pens which has the greater impact on the overall price. This is just one example and the WPI is full of such biases.

Even the Consumer Price Index (CPI), which is a more realistic measure of inflation, is full of oddities. Things like poplin shirts, which are no longer available and cinema which many do not have the fortune to see, figure prominently in the index.

Unfortunately, despite being totally skewed and failing to reflect the true picture, these are the measures used by the government for gauging price rise. But, it can hardly be taken seriously as an indicator of the standard of living of the common person. Because, for those families who survive on chapatis and onions, steep rise in prices of onions has much more serious implications than rise in prices of radio or television. Radios one can probably do without. But not without the bare necessity, food.

Efforts are being made to modify both the indices, namely Wholesale Price Index and Consumer Price Index. One only hopes that the modified measures are atleast somewhat in sync with real life, in congruence with people's experience.

NEED FOR MINIMUM WAGES IN THE ERA OF GLOBALISATION

Unorganised sector workers in India numbering around 300 million eke out a living in the most abject conditions. Women workers comprising about 40% of the total unorganised workforce earn even less than their male counterparts.

With the onset of economic liberalisation, its size is constantly growing. For instance, the unorganised sector constituted about 88% of the total workforce in 1979, whereas it is almost 93% today. Many reasons could be adduced to explain this phenomenon. Due to the cumulative impact of retrenchment, golden handshake or voluntary retirement, automation, the conversion of full time jobs into contract labour, the blue collar sector of organised labour has shrunk in size. In addition, the movement from metal based industries to chemical and hydrocarbon based industries, which are heavily capital intensive has led to an increase in the size of unorganised sector. Displacement from traditional occupations and habitats caused by mega projects has also contributed to the escalating graph of unorganised labour. Internationalisation of trade and investment has resulted in increased wage inequality and weaker bargaining power of labour. Besides, a deliberate attempt by the employers to raise the number of 'temporary' workers in order to obtain the "benefits of cost reduction through lowering of their factor payments" have also contributed towards swelling the unorganised sector workforce. Any number of studies indicate that the process of casualisation of workforce with the concomitant phenomenon of sub contracting or job working, downsizing of work force have also made their combined impact.

Who constitute actually the unorganised sector workers? It is mistakenly assumed that those who are ununionised constitute the unorganised. There are several factors which define the unorganised sector. The workers belonging to this sector are not adequately protected. They lack employment security, receive low returns or wages and do not have any access to social security. Of course, laws and schemes abound on paper such as Minimum Wages Act, Contract Labour Act etc. Several government schemes like Jawahar Rojgar Yojana, Integrated Rural Development Programme (IRDP) etc. are supposed to cover them. However, the impact of these noble schemes has proved to be of limited value.

Though the units where the unorganised workers work may be registered under the Shops and Establishment Act, Excise Act or Contract Labour Act, yet they are minimally regulated. As a result, being unprotected, they become easy prey to wanton exploitation.

Though receiving a pittance, their contribution to the growth of the economy is indeed staggering. According to the Central Statistical Organisation (CSO), 64% of the country's national income is contributed by the unorganised sector. However, this is an underestimated figure based as it is on estimates of "value addition of various unorganised sector coefficients".

The unorganised sectors' contribution to the financial sector is also mind boggling. "Over 75% of the country's savings come from the unorganised sector which is listed in the National Accounts Statistics as the household sector. About 50% of the country's investments are from this sector although this too is an underestimation". This sector also has a lion's share of the export basket.

In spite of this, minimum wages today are fixed much below the poverty line. This can be gauged from the figures given below for agricultural labour fixed in 1996 :

State	Rate per day (in Rs)
Andhra Pradesh	21
Bihar	27
Haryana	52
Karnataka	26
Madhya Pradesh	28

The most comprehensive calculation of the minimum wage was made by the 15th Session of the Indian Labour Conference and later modified by the Supreme Court in the Raptakos, Brett & Co. case. These norms include:

- "three consumption units for one wage earner;
- minimum food requirement of 3900 kilocalories for adult male and 3000 kilocalories for adult female;
- clothing requirement of 72 yards per annum per family;
- rent corresponding to the minimum as provided for under the government industrial housing scheme;
- fuel, lighting and other miscellaneous items of expenditure to constitute 20% of the total minimum wage".

The Supreme Court added the following norm to the above :

"25% of the above for childrens' education, medical requirements, recreation including provisions for festivals and ceremonies and provisions for old age".

An average calculation of "actual required consumption as per the above norms yields a figure of Rs.125/- per day as the minimum wage based on need". However, the figures cited in the above table woefully fall short of the above stipulated norms. In fact, most states have tended to fix minimum wages pathetically low, less than even Rs.35/- per day.

Though the need for minimum wages is well accepted by the labour ministries at the central and state levels and experts in the labour field, a line of thinking is emerging which argues that minimum wage is unnecessary in the era of liberalisation and supremacy of the market. According to these proponents of free market economy "labour market should be treated like any other market and that wages should be allowed to find their own market rate so as to allow the economy to operate at maximum efficiency". The proponents of this model forget that the "economy exists for the welfare of citizens" and not vice versa. Labour cannot be treated as any other factor of production primarily because labour is performed by human agents even in a free market economy. "Laws of economics operate in social reality and society cannot be reduced to market since social capital is the basis on which economic capital can have a stable and sustained growth".

There are a host of factors which underscore the importance and need of minimum wages even in the face of trenchant criticism by market ideologues. Minimum wage is meant basically for the unorganised, weakest, most vulnerable, poorest sections of workers who do not have the wherewithal to bargain collectively like agricultural labour, home-based workers, contract workers, child labour, bonded labour, forest workers, etc. In spite of the backbreaking labour they put in, they are paid a mere pittance. Minimum wages, therefore, is a method of poverty removal of these beleaguered sections and for ensuring fair wages.

To maintain a minimum level of efficiency and productivity, every worker requires certain minimum inputs of food, shelter, clothing, medical care, child care and education, to name a few. In the absence of such life support inputs, labour productivity and efficiency would suffer drastically. This in turn would severely reflect on the productivity of the industry or the enterprise.

The inability of the parents to earn enough for the family has been identified as one of the primary reasons for proliferation of child labour. Payment of minimum wages would definitely deter the parents from sending their children to work in the unorganised sector.

The point to be noted is that low wage areas exist because of low employment opportunities. The irregular / seasonal nature of employment heightens the economic vulnerability of workers specially those who are unskilled or semi-skilled.

Minimum wages in many states is not linked with the general Consumer Price Index and the wages are seldom revised before 5-10 years. The overall result is that the real wage is eroded continually.

The Ministry of Labour constituted a committee of labour experts and others related to the field to make a draft bill so that the Minimum Wages Act could be amended to make the provisions more stringent. The draft bill, among other things, recommends the following :

- the punishment for the employers violating the Act has been enhanced from six months to one year rigorous imprisonment and fine raised from Rs.500/- to Rs.2,000/-. For subsequent convictions, two years rigorous imprisonment and fine enhancement ranging from Rs.5,000/- to Rs.10,000/- has been mooted;
- Labour Inspectors have been authorised to fine violations "on the spot" ;
- the bill enables an aggrieved employee, his heir or a registered NGO or a trade union to file a complaint against a defaulting employer in any criminal court;
- introduction of employment card for employees wherever ten or more than ten workers have been engaged by the employer;
- taking note of inordinate delays in settlement of cases, a new provision empowers the claims authority to direct an employer to deposit 50% of the claim while the case is being decided. Besides a time limit of three months has been fixed for settlement of cases;
- that the rates of minimum wages be revised every two years instead of five years as laid down in the existing act.

However, the draft bill still awaits the approval of cabinet and is yet to be tabled in the parliament.

Though minimum wages is primarily oriented towards the upliftment of workers in the unorganised sector, minimum wages on its own is not enough to ameliorate their condition. "A minimum wage, with insufficient days of employment, cannot ensure enough for a worker's survival, let alone a basic level of efficiency". To provide adequate earning the minimum wage needs to be complemented by full employment, certainly not less than "250 days per year for all workers".

There is also an urgent need to supplement the minimum wage by social security measures. For instance, a social security fund can be created or insurance coverage can be given for covering health services, maternity benefits, hazardous occupation allowance etc. This fund, with proportional contribution can be operated under the control of tripartite boards at decentralised levels consisting of state authority, employers and representatives of workers. The need is to devise strategies to integrate unorganised sector workers into the main economy so that those who contribute substantially to the growth of national economy are also able to receive adequate returns for their work.

AGRICULTURE - INDUSTRY TERMS OF TRADE - A Case Study

This is a story about Chandu, a small farmer. Chandu is from a village, Ladlapur, situated in the interior parts of Eastern Uttar Pradesh. Atraulia, at a distance of 13 kilometres, is the nearest town from this village,.

Chandu, his wife and their three children is Chandu's family. They own a small piece of land on which they grow paddy. But it is not enough to feed the family throughout the year. Therefore, they need to buy food from the market. And to earn money Chandu and his wife also work on other people's land or take up other jobs.

Since they earn wages on daily basis they also buy food and other requirements on daily basis.

I

This is just another day

When Chandu goes to ration shop to buy rice for his family. He was told that in this month's quota he can buy only 3kg. And has to pay 15 rupees for the same.

Chandu feels that the government should also think of people like him who have small earnings. And if rice alone costs so much then how would people like him meet other expenses? But there was no chance of bargaining for reducing prices. He has to pay the amount if he wanted rice. And so he did.

There was no salt at home that evening. Chandu goes back to the market but this time to a shop run by a private owner. The shopkeeper asks for one rupee for half kilo salt. Chandu tries to bargain saying that, if he has to pay one rupee for salt, then where will he get money for buying other things. The shopkeeper remains adamant and tells him that if he cannot afford to pay one rupee then he should not eat salt. Left with no option Chandu pays one rupee for salt and goes back home dejected.

But festive mood of his family, in anticipation of Diwali next day, cheers him up. His wife gives him a long list of things that has to be bought for the occasion. Chandu laughs saying that he will get everything in the morning.

So next morning Chandu sets out for the market. There are lot of things to be bought. Clothes and firecrackers for the children, flour, jaggery, oil, vegetables. The first shop he goes to is the clothes shop. He chooses three sets of clothes for his children and asks about the price. Chandu gets totally taken aback by the high prices. He says that he won't pay so much for small children's clothes. The shopkeeper tells him to get lost. Chandu thinks about his children and tells the shopkeeper to show him some less expensive clothes. The shopkeeper says that there is nothing less expensive than this. Chandu then goes to the next shop. There he sees the same clothes and the price is little lower. Chandu still feels that the price is out of his reach, but this time without trying to bargain he buys them.

He then goes to buy vegetables. Chandu's family does not consume vegetables everyday. But Diwali is a special occasion. However, price of the various vegetables makes Chandu feel that it won't be long before they wouldn't be able to afford vegetables even on special occasions. He gets angry with the vegetable vendor and screams that how can vegetables be so highly priced? It is not like this everyday. The vegetable vendor scornfully tells him that it is Diwali today and prices of all things are bound to be higher. Chandu argues saying that what has any occasion got to do with high price? It is as good as any other day. The vegetable vendor irritably tells him that he doesn't have time for arguing and if Chandu doesn't want to buy he shouldn't waste his time. But Chandu needs to buy vegetables. Again he meekly buys what he wants at the prices quoted by the vendor.

After buying jaggery, oil and flour he is left with no money to buy crackers for the children. He heads back home with anger bubbling inside at his own helplessness.

The incidents of the day are nothing new for Chandu. Everyday he faces the same feeling of helplessness. But he has learnt to live with them. Experience tells him that it is no use arguing.

II

Three-four months later. . . .

It is harvesting time. Chandu and his wife have been working on their field day and night. Paddy that they grow is a major source of livelihood for them. Though the quantity that they grow is small because their land is small. Even then it does serve the purpose of feeding the family for at least two to three months. And also helps them to earn money and pay back loans.

Harvesting season is a very happy time for Chandu's family. For the last two months it has been difficult to get any job. And they have taken loans from the local moneylender to buy food from the market. And now that it is harvesting time, they can eat four square meals at least for some time, without having to worry about tomorrow.

But all that they grow can't be kept for their own consumption only. Loans have to be paid back. And other livelihood necessities have to be bought from the market. Chandu therefore goes to the market to sell a part of his crops. And he goes to the same shopkeeper from whom he had bought flour on the day of Diwali.

As it happens every year, Chandu is determined that being the seller, he would decide the price of his crops. But, as usual, he fails miserably. The shopkeeper tells him that he would buy Chandu's crops only at rupees 4.50 per kilo. Chandu knows that the shopkeeper charges 7 rupees for the same quality rice. And therefore, the price of his crops should be at least 6 rupees per kilo. Chandu argues saying "you buy from me at 4.50 rupees per kilo, then you should charge five rupees or so when selling. Instead you charge 7 rupees, why is that so? The shopkeeper retorts back saying "the government charges five rupees for lower quality grains. There must be some reason behind government fixing 5 rupees and not 4. So if government charges 5 rupees, why shouldn't I charge more than that? One, I sell better quality food grains and two, I have to earn my livelihood. The government does not have to do that. If I don't charge more than that I would have to close this shop. The government can afford to be benevolent, I can't."

“Anyway don’t bother me anymore, its upto to you whether you want to sell or not, but I would not give one paise more than 4.50 rupees.

Chandu considers going to the government agency. Even though it is nearly 6 kilometres from his home. But Chandu feels that at the government shop he would get the price he wants. After all his crops are of better quality than what one gets in ration shops at 5 rupees per kilo. So Chandu goes to the government agency to sell his crops. But even here Chandu’s wish is not fulfilled. The government shop agent says that they would pay Chandu 5.25 rupees per kilo of rice. And there is no scope for argument since the price is fixed by the government.

But the incident with the shopkeeper keeps gnawing Chandu. The more he thinks about it, the more angry he gets. It keeps tormenting him throughout the day. Often, he keeps awake, thinking, “for my own crops, the price which I get is lower than the price at which I buy, why is this so? And every time it is somebody else who decides what price I would get.”

“I can understand the government doing so. After all, government is government. And who am I, a small farmer, to question the government?”

“But the shopkeeper, who is he to do that?”

“Besides, I could understand the shopkeeper, having his way when he was the sole buyer. But even after the government shop has come here, his arrogance hasn’t diminished a bit. What is it that gives him this power?”

Tormented by these questions that keep arising in his mind, Chandu makes up his mind that he must unravel this mystery. And in order to do that, Chandu decides to hang around the shop in his free time and see what happens. And what he sees opens up his eyes. He sees farmers of his village and his neighbouring village coming to this trader to sell their crops. And not only that, he sees lot of other farmers, whom he had never met before also selling their crops to this shopkeeper. Conversation with these farmers reveal that they are from nearby villages. And most of them sell their crops to this shop owner as this is nearest for them. On asking why they don’t go to the town to sell their crops, one of the farmers respond by saying “what is the point? The money needed for going and coming itself is so high. It is better to sell to the trader, at whatever price he agrees to pay. “What else can poor people like us do?”

Chandu thus understands that this shopkeeper buys crops produced in large number of villages and not only that of one or two villages. And in the process, he gets to control much larger amount of crop than even the biggest farmer of his village ever can.

He intuitively feels that the shopkeeper’s ability to influence prices lies somewhere in this capacity to control such huge amount of crops. At least as far as the price he pays to the farmers is concerned. He feels that this is the reason why the shopkeeper can exploit farmers like him and give them low prices for their products. For if one small farmer does not agree to the price and doesn’t sell his products, it does not make much difference to the shopkeeper. Because he knows that whatever the price, most others have no option and would certainly sell their products to him.

But then he asks himself “how does it help him to influence price in the bigger market?” This, however, continues to remain a mystery for Chandu.

On the whole, Chandu never ever gets to decide what prices should be. Whether he is the buyer or the seller. And this is nothing new for Chandu. But still he does not give up and tries to fight for his right. Whether he succeeds or not is a different question

III

One and a half months later . . .

Life has been going on as usual. But not everything is well at Chandu's house. His wife has been suffering from some disease of the stomach for some time now. The situation has come to a stage where the local doctors have told him that he would have to take his wife to the city hospital. For that money is needed and that too, quickly.

Chandu, therefore goes to the local big landlord to sell a part of the crop meant for family consumption. The landlord says he would give Chandu 4.75 rupees per kilo of rice. Chandu despairs and says “You are our saviour. If you don't take care of us, who would?” The landlord takes pity on him and agrees to pay 5 rupees. Chandu falls at his feet saying “you are a big man, please give me 5.50 rupees for a kilo, I need it desperately”. The landlord angrily says “how can I pay you 5.50 rupees, when I myself get 5.75 per kilo? I do not decide prices in the market, that by giving you more now I can cover my losses by getting more later. Therefore, don't expect more than this from me.” Helpless Chandu sells his crop at 5 rupees.

What do you feel about the story ?

This is a short story about Chandu, a small farmer. In the story everyday incidents in the life of a small farmer has been depicted. Certain common aspects of regular affairs of life of a farmer has been picked up to highlight some issues.

- What do you feel they are?
- What do the various incidents say about what is happening to Chandu?

— For instance, in episode I, when Chandu goes to the ration shop to buy rice he buys it at the price decided by the government.

And when he goes to a private shop to buy salt the private shop owner decides prices. Till here it seems that it is the seller- private or government- who decide prices.

— In episode II, when Chandu goes to sell paddy, Chandu is the seller. But when he tries to decide price of the product he is selling, he fails miserably. Why does this happen to Chandu?

If it is the government that decides then why does the same thing happen when Chandu goes to the private shop ?

If it is the seller -private or government- that decide then why is that Chandu is not able to decide even when he is selling?

— In episode III, we also see the big landlord claiming that he has no say in the prices in the market.

• **“Who on the earth really decides the price ?”** screams Chandu.

— Coming back to episode II, in a conversation between Chandu and the shopkeeper, the shopkeeper says that he is doing nothing wrong by charging a price more than that of the government. He gives the logic of his having to earn livelihood as the reason for him charging more.

But when buying from Chandu, he offers to pay much less than what the government shop does.

- **Then what is the relation between price fixed by the government and what the shopkeeper charges?**
- **Is the trader’s argument, according to you, justified?**

— In episode III, when Chandu goes to the big landlord, it becomes clear that the big landlord gets more price than Chandu for same quality rice.

- **What do you feel is the reason behind this?**
- **How does the trader get away by paying less to Chandu but doesn’t do so with the big farmer?**
- **What is the difference between Chandu and the big farmer?**

— Another important issue that is not very apparent in the story, is that, other than food grains (and kerosene in real life), Chandu has to buy everything from the market. That is, it is only in price of food grains and kerosene, that government exercises its control. Price of salt, clothes, flour are decided upon by the manufacturers of these products. All these products, other than vegetable are made in industries.

Then the questions that arise are:

- **Why does government control prices of major agricultural crops only and not of salt or clothes or things made in the industry sector?**
- **Which sector -industry or agriculture- benefits from this kind of price control? Or which section of people - farmers or traders and industrialists- does such policies ultimately benefit?**
- **How do you feel, fixation of price of agricultural products by the government, benefit:**
 - traders,
 - industrialists?

Analysing the story

- In the story it is apparent that Chandu, a small farmer, does not decide prices of things he buys. Be it salt, rice, vegetables or clothes, price of all the items are decided upon by

some other people. And whether it is the government shop or the private shop, the situation is the same. That is, Chandu does not determine price of the things he buys. It is the respective sellers who decide what price they are going to charge.

- But when Chandu goes to sell crops grown by him, even then he doesn't decide the price of his crops. That is, he does not decide the price even of the things he grows.
 - The big farmer too says that he does not decide the price of his crops when selling. Because the price prevailing in the market is not in his hands.
1. **From this it arises, farmers, whether big or small (Chandu in the story), do not decide prices even when they are the sellers.**
 2. **And it is the government, the shopkeeper/trader and others who decide price of products the farmers grow.**

But what role do each of these factors (government, the trader) play in influencing prices? In the story, the shopkeeper says the government sells at 5 rupees, therefore he charges 7 rupees for the grains he sells. The trader here cites the 'official price' as the reference, to which he compares his own price.

Further, for justifying why he charges more than the 'official price' he gives two arguments.

One, that his grains are of better quality, so obviously higher priced.

Two, that unlike the government, trading, for him is a source of earning livelihood. Therefore while the government can afford to be benevolent by selling at 5 rupees, he can't do so. And thus, he charges more than what the government does.

So, what we get is that the government fixes price of major crops. Traders fix their own price based on this price.

3. **Therefore, three important things come out from this:**
 - a) **Price fixed by the government is taken as the reference point or the minimum by the trader when calculating his own selling price.**
 - b) **And this way, decision made by the government about prices in ration shops influence prices at which the trader would sell.**
 - c) **And it is the interactions between these two prices that ultimately decide the price you and I pay when buying from the market.**

Why is it that Chandu can't do what the trader does? What is the difference between Chandu and the trader? The obvious difference is that, for Chandu, produce of land is the source of livelihood and for the trader trading is the source of livelihood. That is, one is a farmer and the other is a trader.

But what lies at the root of this difference that gives one the power to dictate prices to the other?

As we saw in the story Chandu sells his crops because he needs money to buy necessities of life from the market. This is also the reason why large number of farmers come to the trader to sell their crops. And they all come to the trader because they do not have enough money to go to the town. Given that they have no option but to sell to the trader they are forced to accept whatever price the trader gives them.

So the first difference between a small farmer and the trader is that these small farmers do not have enough money. Need for money forces them to sell their crops at whatever prices they can get. And lack of money prevents them from going to the town and hence they are left at the mercy of the trader.

But surely this does not apply for the big farmer. The big farmer can afford the trip to town if he feels the need for it. Then lack of money alone does not explain the difference between a trader and a farmer.

What then is the difference between a farmer (big or small) and a trader?

At one stage in the story Chandu realises that the trader controls large amount of grains, bigger than what any big farmer of his village can ever do. And he instinctively feels that it is from control over large amount of grains that the trader derives his power to dictate prices to the farmers as well as influence prices in the market.

If the amount of grains in control of the trader is what gives him this power, then the difference between a farmer and a trader becomes apparent. Chandu like any other small farmer owns only a small plot of land. Therefore the produces of his land too is small. And hence, only a small amount of food grains is under Chandu's control. Same is the case with any other small farmer. So, amount sold by individual small farmer forms only a small part of the pool the trader holds. Therefore even if some small farmers refuse to sell their crops to the trader, he doesn't lose control over large amount of crops.

In contrast, the big farmer owns large amount of land and therefore large amount of crops is under his control. If the big landlord is not happy with the price the trader offers then he would sell it somewhere else. And the trader would lose control over a big chunk of total grain output. Therefore, the trader pays the big farmer much more than he pays Chandu or any other small farmer.

But this is where the big farmer's ability to dictate prices stops. The big farmer does not decide prices in the open market. He takes them as given. And on that basis decides what price is suitable for him. The trader, however, holds the power to influence open market prices.

And this is where lies the difference between the big farmer and the trader. Even if the big landlord owns large amount of land, his control over food grains is restricted mainly to the produces of his land. The trader, on the other hand, controls much larger amounts simply by buying from all individual farmers. And this in turn helps him to influence prices in the open market. Larger the amount of food grains he controls greater is his capacity to influence prices.

4. The moot points then are:

- a. It is the control over food grains that gives the power to a trader to dictate prices to farmers as well as influence prices in the market.**
- b. It is also the control over food grains that decide who loses out most. A small farmer who controls only a small amount gets most cheated. Whereas a big farmer, given a market price, gets a fair price for his crops.**
- c. Finally, it is only traders who influence market prices and farmers can play no role in that.**

Arising out the story

The obvious question then arise is that how does control over food grain enable traders to influence prices in the open market?

As noted before, government supplies food grains in ration shops at fixed price. And for supplying that, it buys food grains from farmers. However for various reasons the government has control over only a fraction of the food crops that come into the market, the majority being in control of various traders and landlords.

Since a large amount of food grains is under control of traders. And only a part of total food grain production is available through ration shops. Most people have to buy food grains from the open market/individual traders. So traders know that most have no option but to buy from them. Therefore, even if they charge more than 'official prices', people would buy from them.

Every trader's main motive is making as much profit as possible. Charging a price only a little higher than the 'official price' is not enough. What matters is **how much more** than the 'official price'. For raising prices, traders use their weapon, their control over food grains. Simply by storing and not releasing adequate amounts of food grains in the market, they can build up a feeling of scarcity. Once a situation of scarcity of food grains is formed, prices can be raised easily. Since people with money would be ready to pay higher prices in order to buy up whatever is available. And traders make use of this. When prices start rising, traders release their holdings and sell at the raised prices.

But for that a trader must have hold over enough amount of food grains, such that, not releasing that creates a situation of inadequate availability. This is the reason why control over food grains plays a crucial part. And this is how traders influence the price at which grains would be sold in the market.

So, :

- 1. Traders influence market prices (or raise prices) by not releasing adequate amounts in the market till the time they can sell at adequately higher prices.**
- 2. It is because major portion of agricultural output is available only through traders. Traders can get away by charging more than the government.**

3. And it is as if the official price acts as the minimum to which traders add their margins.

Till now we have looked at the trader as one of the price influencing factors. But even in that the price fixed by the government plays a decisive role. Since it is the price fixed by the government that forms the basis of the price fixed by traders.

The point then is, why does government fix prices of food crops?

We are told that government fixes prices of food crops, so that the poorer sections of our society too can get to eat. And this is the reason why government supplies food grains at cheap prices through ration shops. But if that is the main aim, then why is that we have maximum number of ration shops in big and small cities and towns and not so much in rural areas ? It is not as if poor do not reside in villages.

Why is it that most countries, rich or poor, control food prices? Is feeding the poor the main aim or there is something more to it?

As we all know food is the basic livelihood necessity. Simply because none of us can survive without food. And this holds for all human beings including those who work in factories. In fact price of food acts as one of the crucial element in wage fixation of factory workers. Demand for higher wages by unionised factory workers are less easy to quell in the face of rising food prices. Not conceding to such demands might result in strikes, lock outs and thus loss for factory owners. Besides, rise in wages, results in increased cost of production and eats into factory owners' profits. The state by controlling prices of food can solve this problem on behalf of the factory owners. In fact, throughout history, curtailing rise in industrial wage rates, has been one of the reasons why the state controls price of food items. That is, this is used as a tool for controlling frequent rise in wages. In other words, prices of agricultural products by the state is done with the view to benefit the industry owners more than anybody else.

In all we can say that, controlling prices of agricultural products inheres much more complex politics of favouring manufacturing sector vis-à-vis the agricultural sector, than what is apparently visible.

Preface

This handbook is the outcome of a long process of struggle to understand - and help others to understand - the changes taking place in the domain of our public life. This struggle began in 1990, when our statesmen and macro-economic experts began to prepare the ground for acceptance of the "grand prescription" of the World Bank and the IMF for economic renewal. Our effort was to understand the implications of this prescription from the standpoint of ordinary people.

The task at that time was rather complicated, as the Structural Adjustment Programme that came as a part of the IMF loan package, and the issue of the Dunkel Draft of the Uruguay Round of GATT were debated simultaneously. At the outset, we depended largely on experiences from other continents and countries, which we used to educate people and policy makers. We also used these experiences to question the intentions of the ruling elite in accepting such obviously anti people measures. The focus of our efforts at advocacy and public education during this period was on policy influencing. The collective efforts by many scholars, journalists, activists, organisations and networks did indeed influence the debate.

However, the Government of India decided to ignore popular sentiment and go ahead with signing the Uruguay Round draft agreement, the scene changed drastically. One after another scholar, editors, economists and NGO leaders changed their stances and began to rehearse their apologies for falling in line with WB-IMF and the Government of India.

Most of us concluded that "the battle was lost but the war had just begun" and began to prepare for the next round. Some of us decided to specialise in studying the implications of one or the other aspect of these changes, while some of us continued to be "generalists" in our approach. The common denominator of both these approaches was the determination to take issues and debates on issues to the grassroots.

As popular educators, we were in the category of "generalists". We continued our struggle to evolve a 'pedagogy' that could help people at the "baseline" comprehend the dynamics and nuances of macro-economics.

During every workshop we organised or participated in, between 1993 and 1996, we found participants expressing their desire to understand changes taking place at the macro level. We struggled to respond to this over-riding concern with all the means and materials available to us. We experimented with several ways of explaining these phenomena, with varying degrees of success.

A breakthrough came in June 1996 when, during a training sessions on 'social analysis' we used an exercise (taken from behavioural science) called "star power" to create a situation where participants experienced the marginalisation and powerlessness of certain countries/societies/sections involved in the process of globalisation. Since this was the second phase of 'social analysis' training with the same group of learners, there was a shared basis of analysis and a high degree of bonding among the group. The results were fascinating. This hour-long simulated experience had a tremendous effect on the participants, all of whom later said that they learnt more from it than what they had gained in two years of reading. On our part, we realised that interventions to help people understand the meaning of macro-economic changes would be effective only if they were based upon real-life experiences.

At this juncture, we met friends from EZE Germany who were looking for partners to join them in studying the impacts of globalisation on various sections of society, particularly the deprived and marginalised majority. After a few rounds of discussion, we settled on a joint venture to explore and evolve a learning process that would help ordinary people to comprehend the transformations taking place around them as a result of changes at the macro level.

Initially we saw this process as a programme of "economic literacy", but as we went along to try it out at the field level in collaboration with the participating organisations, our perceptions began to change. During the course of our initial interactions at the level of community groups, we realised that what was unfolding was a process of helping people to articulate their own economics, rather than trying to understand macro economics through simplified reading materials or through other means of communication.

This process was also helping us to learn about 'people's economics' from their own standpoint. We could foresee that once people became able to articulate their own economics, they would be better equipped to see linkages with many other macro-factors and phenomena. Accordingly, we changed the name of the process from 'economic literacy' to "APPEAL" (Action Programme for People's Economics and Allied Literacy).

The process of APPEAL as presented in this handbook is the result of joint exploration by a variety of players in different locations. The activists of the participating organisations were at the frontlines in this effort as partners with the facilitators. The facilitators in turn have drawn a lot from the experience and expertise of the advisory committee and from the queries, questions and apprehensions raised at the consultative forums.

- anil k. chaudhary

This handbook is a collection of ideas on:

- strengthening ongoing educational/analytical processes in the communities with whom you work;
- a process which can help people to articulate their own economics;
- helping people to explore linkages between their own economics and macro-economics.

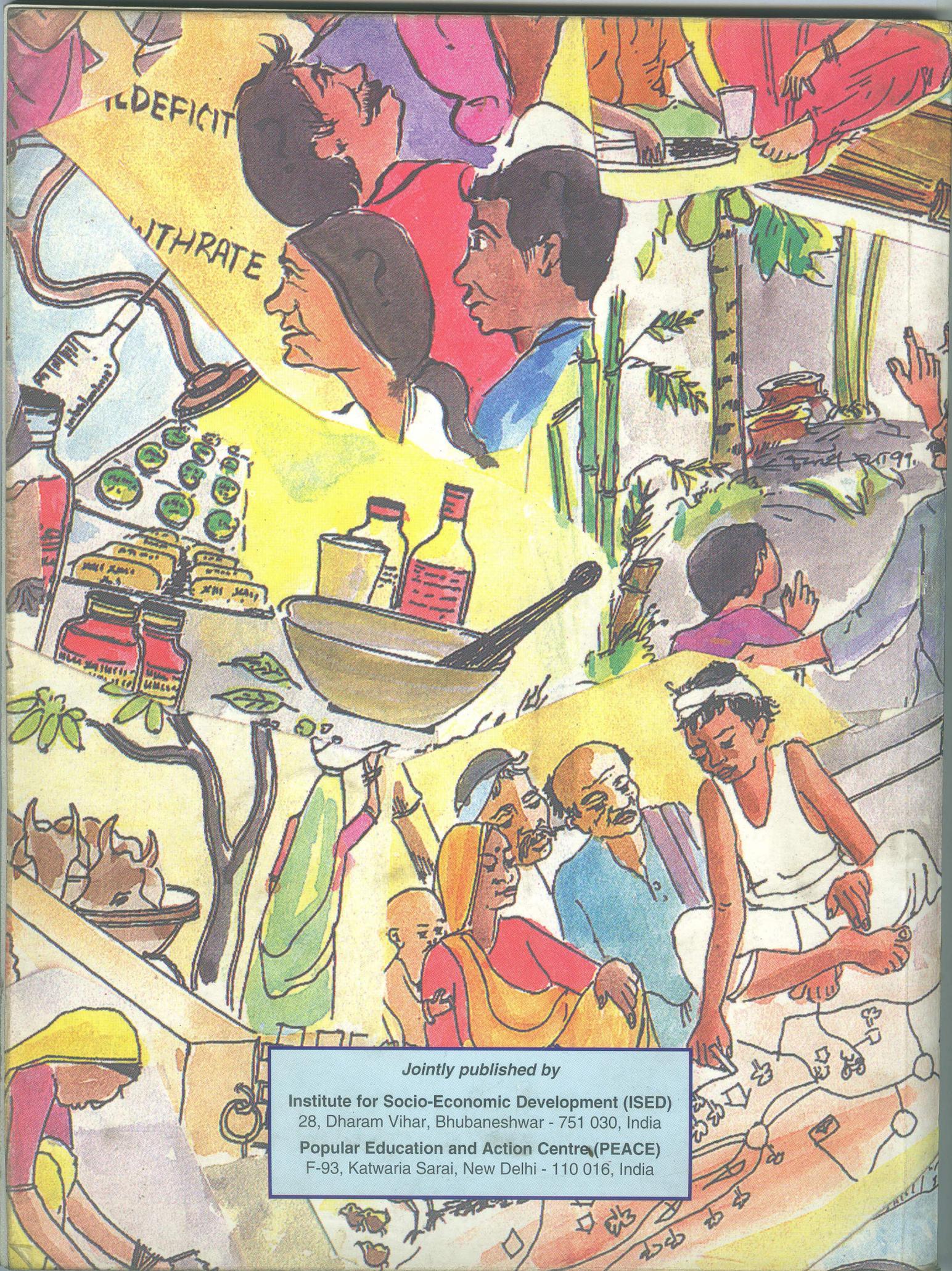
This handbook contains:

- a set of **exercises**;
- a set of **facilitator notes**;
- a set of **field experiences** and
- a set of **reading material**.

These may help you to kick off and sustain the process of APPEAL.

The exercises in this handbook can be used selectively:

- to match the requirements of your ongoing work with the community, or in the sequence in which they are presented here.



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