POVERTY AND SUPPLY OF WAGE GOODS IN TAMIL NADU

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PREFACE

This monograph is about the anatomy of poverty in Tamil Nadu and an action programme to counter it. Economists have not always been agreed on the definition of poverty. Some have described it as an insufficiency of the material necessities of life and this is good enough if we are undertaking a micro study of poverty and its correctives. Others describe poverty as the normal condition of the poorest stratum of a population and distinguish it from indigence as a crisis caused by the interruption of income. In this monograph the term 'destitutes' is used to characterise the bottom 3 deciles of the poverty sector. Western social scientists, in general, have referred to "Corrective Poverty" as the permanent insufficiency of the material means of life for a whole population of a country with which they characterise the developing countries; "Cyclical Poverty" which is the euphemism used to describe periodic famines or the general but temporary deprivation following a drought, or a slump; "Individual Poverty", as the condition, following from individual incapacity or misfortune; and "Ideal Poverty" which Gandhi made his way of life as a means of identifying himself with the poor majority of the country and which is also the supreme virtue of many of our religious orders. In the midst of this maze of conflicting characterisations of poverty, the starting point of this monograph is the quantified definition of poverty which has now become the economic and political consensus of the Country.

Poverty is here defined as (a) the deprivation of the minimum food consumption which for Tamil Nadu is the equivalent of 2,400 calories per person per day and (b) the absence of the minimum monthly expenditure to meet the minimum physical and non-physical needs which is Rs. 38.75 per person per month in the rural Tamil Nadu and Rs. 54.49 per person per month in the urban areas of Tamil Nadu at 1969-70 prices. The poverty line may be drawn on the basis of either or both norms. This quantification of the concept of Tamil Nadu poverty faces all the problems of quantification of an area in which the quality of life is probably as important as the material needs. Man, it has been declared, does not live by bread alone; equally he must have bread to begin to live, after which bread and living are no longer co-terminous. And that is also the significance of this

attempt at quantifying poverty. It is to provide an infrastructure or base for one of several Fifth Plan action programmes. It will have to be supplemented by other political, social, cultural and moral action programmes to be both a necessary and sufficient effort to eradicate poverty.

On this limited but specific definition of poverty in Tamil Nadu, applying the calories definition, the State as a whole stands last among 15 States, with a per capita calorie intake of 1,468. 46 per cent of the rural people comprising 12.67 million people and 37.30 per cent of urban people who are 4.28 millions, do not have a nutritionally adequate diet. The trend is equally serious. In the early sixties both the percentage and absolute numbers who did not have the minimum calories declined. But from the mid-decade both the costs of the diet and those who could not afford it, have increased to the point where rural poverty at the end of the sixties is what it was at the start of the decade and urban poverty has increased sensibly between the two periods. The basic causes for this increasing poverty trend are the inflationary syndrome and the stubborn population expansion.

When we turn to the second poverty indicator—the minimum budget—the picture is even more worrisome. On the per capita expenditure for meeting the minimum needs norm, 73.80 per cent of the rural people and 71.1 per cent of the urban people in the State fall below that norm in 1969-70. That is 20.35 millions of rural men, women and children and 8.36 millions of urban people are not able to spend the minimum budget indicated earlier. Globally a total of 28.71 million men, women and children constituting 72.9 per cent of Tamilians live below the poverty line so defined. Here the conclusion is the same but even more sombre, namely, that mass poverty instead of being contained has been rising by around 25 per cent for the State as a whole during the last decade.

Whether the first norm indicating 16 million people or the second norm pointing to 28 milllon people as living below the poverty line is taken, the monograph turns next to the question of the identification of the poor—who are they, and where are they ? The poor are identified as comprising all farmers who

cultivate less than 2.5 acres of land, all agricultural labourers and all other workers who are engaged in the unorganised sector. They are to be found in the rural areas of North Arcot, South Arcot, Dharmapuri, Salem, Thanjavur, Ramanathapuram, Tiruchirapalli and Madurai. The urban poor are located in Madras, Chingleput, Coimbatore, Tirunelveli and Kanyakumari, with the Nilgiris with its large numbers of plantation workers being a special case. Such are the compositional and locational aspects of Tamil Nadu poverty.

The eradication of this poverty syndrome which is one of the major aims of the perspective plan of the State and the Fifth Plan of the Country involves action on three fronts—the production front, the consumption front and the redistributive front. An increase of production will not by itself lead to increased consumption by the poor sector. This we have seen as demonstrated in our Four Plans, when production increased by a compound growth rate of 3.5 per cent per annum, but where poverty remained static in the rural areas and increased in the urban areas in the sixties. Further, as the poor are outside the market mechanism, an increase in the production of goods—luxury apartments, air conditioners, frigidaires, high quality fabrics, motor cars, etc.—will leave them where they are. It is for foodgrains, cloth, edible oil, sugar, housing materials out of which arises the 5.5 per cent growth rate in the kind of production pattern which the consumption model calls for. Despite the consumption model on which the production pattern is built, there is yet another problem involved in the eradication of poverty. And that is the problem of redistributive target and machinery. Since the total cake—both State and National—is limited, increased consumption by the bottom 3 deciles of the State population, will involve decreased consumption by the top 3 deciles—either absolutely or in their rates of increase. In a correction to the document of the Approach to the Fifth Plan, the Union Planning Commission in a technical note points out that under its preferred variant while the growth rate of aggregate consumption of the bottom 3 deciles will increase by 10.02 to 16.5 per cent (from Rs. 23.27 to Rs. 37.10) at the end of the Fifth Plan period, the highest quintile's aggregate consumption will decrease by 2.09 per cent and the second highest group

increase by only 0.48 per cent. These targets have been accepted by the State at the National Development Council. What needs to be worked out are the policy instruments to realise these equity targets. First how is the transfer of resources from the rich to the poor to be brought about ? Taxation is an uncertain instrument, as only $12\frac{1}{2}$ per cent of our total tax revenue arises from direct taxation. Employment generation during the Fifth Plan including all the programmes proposed in the monograph to assist the small and marginal farmer will only increase the income of the poor sector by about half of what is targetted. The other half will have to be made available to them as a subsidy of some kind. It is to this issue that the monograph addresses itself. There are also the instruments to be worked out by which the consumption of the highest quintile or decile can be restrained. On the one hand in our democratic mixed economy, there is no propsal to limit the income generation of the rich section of the community. There is then the problem that once income is generated without any control at the source, its redistribution later is a near impossibility. In any case the policy dilemma is increasing income generation and decreasing consumption patterns for the urban and rural rich. How is this to be brought about? Higher excise duties on the non-essential goods which are passed on in higher prices may increase rather than decrease this consumption of the rich, given their notorious demand inelasticity *vis-a-vis* prices. If there were effective restraints on the consumption of non-essentials, there is the further problem of finding export outlets for the goods now in the assembly line and their larger future outputs consequent on the capacity expansions which have already been approved.

This monograph deals with only the one aspect of the anti-poverty effort—that of providing wage goods,—coarse grains, standard cloth, edible oil, sugar etc.,—to the poverty sector. The programme proposed is (a) to counter the price inflation of these goods which wipes out any increase in their real income and (b) to supplement their income by a system of subsidy of the prices of the wage goods. Such a programme presupposes that the Government will increase its procurement of these goods to around 80 per cent of the output, that it will develop a State wide network of ration shops and fair price shops, and that it can command the financial resources to operate the programme. It

is on this last point that the proposed programme is phased over the Fifth and Sixth Plans. The subsidy for lifting the entire poverty sector above the poverty line is computed at Rs. 500 crores per annum. Such resources are not available either to the State or Union Government. It is, therefore, proposed that during the Fifth Plan, the subsidised goods should be made available to the bottom 12 per cent of the rural population and bottom 11 per cent of the urban population at an annual cost of Rs. 11 crores. This is within the targets established by the State Planning Commission for the Fifth Plan. For the rest of the poverty sector, wage goods should be supplied at stable prices through the fair price shops. For both these efforts, the Government needs to set up special administrative machinery that will identify the 12 per cent poorest rural poor and 11 per cent poorest urban poor, estimate the demand for wage goods, and arrange for their procurement and effective and speedy distribution.

In the preparation of this monograph, several members of the Institute have been involved. G. Sukumaran, the Statistical Officer and C. L. Narasimhan, the Economist, have helped in the statistical and analytical portions of the study. However, the responsibility for the analysis and the value judgement that it contains are the responsibility of its author, the research officer, M. Ramamurthy.

I commend this study to the attention of the Government as it now prepares to launch the Fifth Five Year Plan with its major objective of eradicating the worst forms of poverty and providing full employment. I also hope that it will be of interest and use to specialists in the Country who are engaged in the study of the complex factors of poverty and of action which must now be taken to rid the State of this intolerable scandal.

Malcolm S Adiseshiah

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CHAPTER 1

INTRODUCTION

As India stands on the threshold of her Fifth Plan, a new objective for the plan has been established in the eradication of poverty and the maximization of employment. The objective is modest in its dimensions, yet it heralds a shift in policy.

In both the *Approach to the Fifth Plan* and the *Draft Perspective Plan Frame* for Tamil Nadu 1972-'84, the removal of poverty figures as the second among seven objectives. The two documents note that the abolition of poverty must necessarily come about through specified rates of growth which must be realized through planned production and distribution policies.

The *Approach Paper* states : "The assumed conflict between growth and social justice in earlier plans has been premised on arguments which assert that whatever surpluses can be mobilised from the richer classes are needed for investments primarily directed at raising the future rates of growth. There might have been some justification for this view in the initial years of planning. However, the economy has now reached a stage where larger availability of resources makes it possible to launch a direct attack on unemployment, under-employment and poverty, and also assure adequate growth." (Para 4.)

The main objectives of the Perspective Plan are *ad seriatim*:

(i) doubling the *per capita real* income by 1984;

(ii) efforts to provide full employment by administrative, institutional and financial efforts to the maximum;

(iii) attacking in a selective manner the worst forms of poverty through implementing the Minimum Needs Programme;

(iv) bringing about social justice by reducing economic and social inequality;

(v) accelerating the process of social change necessary for economic growth by transforming the social structures and social attitudes;

(vi) promoting cultural activities and community participation in them as a means of humanising economic development programmes ; and

(vii) decentralising planning, development and resource mobilisation.

Draft Perspective Plan Frame for Tamil Nadu 1972—'84

While the document reveals a shift from the old notion that economic growth must take precedence over social welfare, and that the cake must first be made before it can be cut, "it nevertheless stresses the fact that economic growth is essential to efforts directed at the eradication of poverty, and that now the cake must be larger for a better and equitable distribution". A pertinent question that has often been asked is, whether the planning and execution of anti-poverty measures should be the aim, growth being left to take care of itself. Furthermore, is there a need to relent on the imperative of economic growth in the interests of abolishing poverty ?

Under certain conditions, high rates of growth must be persisted with even if some resources are diverted to social welfare from economic areas strictly so demarcated as has been done over the past five years in Brazil. Any loss from such diversion will be compensated for by a more rapid growth of GNP that can be directly ascribed to the welfare outlay. Sharp increases in GNP can be achieved if the production schedule is based on planned for distribution outlays and as long as the priorities are geared to the production of the basic items of mass consumption. One must, however, step warily here for an "increase in the GNP must be considered only as one component of a multi-dimensional transformation of society. Other aspects of this transformation process are increased self-reliance, wider diffusion of employment opportunities, reduction in the concentration of economic power—all of which are equally important objectives of policy-making."

In India, the apparatus of large-scale production, technical or economic, whether in the private or public sector, is based on a knowledge of the consequences of fairly progressive and redistributive fiscal systems. But the failure in gearing investment

to the production of mass consumption goods has deprived the majority of the population even of the bare necessities. This is so because it was assumed that a fast rate of growth of national income will of itself create increasing employment through subsidiary industries set up to alleviate the low living standards of the poor.

In the Fourth Five Year Plan, Tamil Nadu has achieved a food production of 70 lakh tonnes including 54 lakh tonnes of rice in the year 1972, the last comparable figure being 50 lakh tonnes including 35 lakh tonnes of rice in 1968-69. The State has thus emerged from its status as a food deficit state to a food surplus one. Of a total of 14,124 villages in Tamil Nadu, 12,837 villages are electrified. Tamil Nadu has a strong and highly diversified complex of industries based on pre-determined location policies and supported by an infra-structure. With regard to social services, 80 per cent of the villages have some drinking water source. 70 per cent of the urban areas have piped and protected water supply. There are primary health centres in all the 374 blocks and 2,700 sub-centres. Furthermore, Rs. 50 crores is to be spent on the welfare of scheduled castes and tribes and on backward classes.

On the other hand the set-backs to planned progress have principally been mass poverty which has manifested itself in many forms. According to the estimate arrived at in the course of the argument of this monograph, Rs. 38.75 represents the monthly income necessary for minimal living in rural areas and Rs. 54.49 in the urban areas at 1969-70 prices. According to these norms, 73.80 per cent of the rural population and 71.10 per cent of the urban population fall below this average. Another set-back has been the rise in unemployment. In 1971, the figure stood at a level of 1.2 millions, with 2.5 lakhs of educated job seekers among them. The lack of foresight in tackling this problem on a special footing has resulted in an imbalance in the demand for and supply of man-power. A similar failure of anticipation has resulted in the uneven growth in the supply of power and the needs of the people. The performance of industries has been poor. From 5.8 per cent in 1969, the growth rate had fallen to 5.6 per cent in 1970 and to 3.5 in 1971. Rising

prices and the resulting cost inflation has borne heavily on the 70 per cent poverty sector in the population.

Scope and Design of the Study

The study attempts to evolve a State-wide programme for the supply of low-priced wage goods or basic necessities to the rural and urban poor in Tamil Nadu. It has attempted to estimate the orders of magnitude involved so as to determine the duration of time over which the programme can be said to be operationally feasible in the context of the State's physical and financial resources. The study is as such not definitive in nature, and the further rigorous exercise of estimating the value of the variables for practical action should be entrusted to the official planner to whom this task rightly belongs. Rather does it seek to examine the manner in which the problem of poverty in Tamil Nadu can be attacked selectively through a pricing policy. Therefore, it is not a total programme for the eradication of poverty and not a final solution to the problem.

As a programme concerning the poor sector, its first task is the estimation of the magnitude of the poverty problem, its dimensions and the number of the poor. The next step is to identify them, as far as possible, both occupationally and locationally. Once this is done, an assessment of their financial and possibly, physical needs also can be undertaken. The poor can be distinguished from the rest and social policies designed for their especial benefit can be drawn up more purposively rather than in an *ad hoc* fashion as done hitherto.

Objectives and Limitation

The major objectives of the study are :

—to examine the State-wide pattern of consumption and the causes of inequalities in consumption,

—to examine the changes in the standard of living over time,

—to get a concise estimate of the number of poor in Tamil Nadu,

—to examine the production and distributive mechanism in the State,

—to estimate the cost of supplying wage goods at low prices to the poor, and

—to recommend a programme that takes into consideration both the problem and the feasibility of the remedy.

The study is based on the following data :

the study uses the National Sample Survey (NSS) data and all the constraints of the data apply ;

expenditure data compiled by the different National Sample Survey rounds used as a proxy for measures of income ; and

the expenditure data which is not continuous for the years 1960-70. Therefore, only data pertaining to the years 1960-61, 1962-63, 1963-64, 1964-65 and 1969-70, which are available, have been taken into account in this study.

General Framework

Proceeding in accordance with the design suggested, the monograph has been cast in the following general framework.

Chapter II examines the consumption pattern and the changes in consumption. It also attempts to measure the *inter se* inequalities in consumption.

Chapter III attempts an estimate of the problem of rural and urban poverty. The poverty line is drawn on the basis of the consumption habits of the region.

Chapter IV examines facilities for the production of wage goods, any desired increases in production, their availability, etc. It also analyses the distributive mechanism and the role of the public distribution system.

Chapter V suggests the policy measures, the feasibility of the supply of low-priced food programme, the cost of the subsidy element and the theoretical basis for a subsidy.

CHAPTER 2

CONSUMPTION

Introduction

There is a general consensus on the view that, because of many conceptual problems, it is easier to collect data on expenditure than on income. Besides, the income concept is difficult to measure and although expenditure has its own intangibles, it is considered more concrete than income. Normally, the average level of current income of an individual is taken to represent his capacity to acquire the goods and services consumed by him. Indirectly, therefore, the data on consumption inequality provides a means of inferring and measuring income inequality in a society. Both for purposes of the measurement of welfare and of the levels of living of the population, consumption is a better indicator.

The time-period chosen for examination is the decade 1960—1970. Except for a few gaps in data over that period, the survey is well nigh complete. The changes in the consumption pattern over time, the distribution of consumption expenditure over major items of consumption and the inequalities in consumption over the period form the subject matter of this chapter.

Distribution of Private Consumer Expenditure

In accordance with the National Sample Survey estimate for the State of Tamil Nadu for 1969-70, the *per capita* monthly private consumer expenditure of the rural population of the State was Rs. 32.85 while that of the urban population was Rs. 50.66. In 1960-61, the *per capita* monthly private consumer expenditure of the rural population was Rs. 18.57, while that of the urban population was Rs. 26.50. Over the decade, there has been an increase of 176 per cent in the *per capita* monthly private consumer expenditure of the rural population and 191 per cent in the case of the urban population. The trend in private consumer expenditure can be seen in the table below.

TABLE 1—**Per Capita Monthly Private Consumer Expenditure of Rural and Urban Population in Tamil Nadu (1960—70).**

(In rupees)

Years	*Rural*	*Urban*
1960-61	18.57	26.50
1961-62	21.69	29.98
1962-63	—	—
1963-64	23.39	31.47
1964-65	24.55	32.34
1965-66	—	—
1966-67	—	—
1967-68	—	—
1968-69	28.63	38.49
1969-70	32.85	50.66

Source: *National Sample Survey ; Rounds 16, 17, 18 & 19 and the State Sample in 68-69 & 69-70.*

The urban figures of *per capita* consumer expenditure are always on a higher level than those of the rural areas. This does not, however, indicate a better standard of living. It does not mean that the urban population is on the whole better off than its rural counterpart. Allowing for higher prices that prevail in the urban areas, the figures merely illustrate the relative levels of living in the urban and rural areas of Tamil Nadu.

Pattern of Consumption : A simple index to judge the standard of living of a population is the distribution of the total consumer expenditure between major items, such as food, clothing, fuel, housing. Moreover, food consumption in itself and as a proportion of the total income, is a pertinent indicator of the levels of living.

In Tamil Nadu as elsewhere in India, food is a major constituent of consumption. The expenditure on food and other items is given below for the rural and urban areas of the State.

TABLE 2—**Distribution of Monthly Per Capita Expenditure over Major Items of Consumer Expenditure in Rural and Urban Areas : 1960-61.**

(In rupees and percentage of total expenditure)

Items	*Rural*	*Urban*
Cereals and Substitutes	7.81 (42.05)*	7.97 (30.08)
Pulses	0.57 (3.08)	0.70 (2.64)
Milk and Milk Products	0.53 (2.85)	1.49 (5.62)
Other Food Items	3.97 (21.38)	7.49 (28.26)
All Food Items	12.88 (69.36)	17.65 (66.60)
Clothing	1.53 (8.23)	1.23 (4.64)
Fuel and Light	1.13 (6.09)	1.70 (6.42)
Other Non-food Items	3.03 (16.32)	5.92 (22.34)
All Non-food Items	5.69 (30.64)	8.85 (33.40)
Total Consumer Expenditure	**18.57 (100)**	**26.50 (100)**

Source : *N.S.S. 16th Round; July 1960—August 1961: No. 101.*

* In this and subsequent tables, figures in brackets indicate percentage expenditure on row item as a proporation of the total.

TABLE 3—**Distribution of Total Monthly Per Capita Expenditure on Major Items of Consumption in Rural and Urban Areas of Tamil Nadu : 1961-62.**

Items	*Rural*	*Urban*
Cereals and Substitutes	9.03 (41.63)	8.44 (28.15)
Pulses	0.73 (3.37)	0.86 (2.87)
Milk and Milk Products	0.59 (2.72)	1.90 (6.34)
Other Items	4.74 (21.85)	7.53 (25.12)
All Food Items	15.09 (69.57)	18.73 (62.48)
Clothing	1.37 (6.32)	1.85 (6.17)
Fuel and Light	1.49 (6.86)	1.93 (6.43)
Other Non-food Items	3.74 (17.25)	7.47 (24.92)
Total Non-food Items	6.60 (30.43)	11.25 (37.52)
Total Consumer Expenditure	**21.69 (100)**	**29.98 (100)**

Source : *N.S.S. 17th Round ; September, 1961-62 ; No. 135.*

TABLE 4—**Distribution of Total Monthly Per Capita Consumer Expenditure over Major Items in the Rural and Urban Areas : 1963-64.**

Items	*Rural*		*Urban*	
Cereals and Substitutes	8.75	(37.41)	7.70	(24.47)
Pulses	0.93	(3.98)	1 07	(3.40)
Milk and Milk Products	0.75	(3.20)	1.97	(6.26)
Other Food Items	5.19	(22.19)	8.20	(26 05)
All Food Items	15.62	(66.78)	18.94	(60.18)
Clothing	1.96	(8.39)	1.96	(6.23)
Fuel and Light	1.68	(7.19)	2.07	(6.57)
Rent	0.09	(0.39)	1.58	(5.02)
Taxes	0.09	(0.39)	0.22	(0.70)
Other Non-food Items	3.95	(16.86)	6.70	(21.30)
All Non-food Items	7.77	(33.22)	12.53	(39.82)
Total Consumer Expenditure	23.39	(100)	31.47	(100)

Source: *N.S.S. 18th Round*; *February 1963—January 1964*; *No.142*.

TABLE 5—**Distribution of Monthly Per Capita Expenditure in Rural and Urban Areas : 1964-65.**

(In rupees and as percentage of total expenditure)

Items	*Rural*		*Urban*	
Cereals, Grams and Substitutes	10.65	(43.34)	9.23	(26.88)
Pulses and their Products	1.03	(4.20)	1.33	(3.87)
Milk and Milk Products	0.75	(3.06)	2.05	(5.97)
Edible Oil	0.80	(3.27)	1.09	(3.17)
Meat, Eggs and Fish	0.94	(3.83)	1.19	(3.46)
Vegetables, Fruit and Nuts	1.05	(4.28)	1.81	(5.27)
Sugar, Salt and Spices	1.49	(6.08)	1.85	(5.39)
Beverages	1.06	(4.32)	3.45	(10.05)
All Food Items	17.77	(72.38)	22.00	(64.06)
Pan, Tobacco and Intoxicants	0.72	(2.93)	0.78	(2.27)
Clothing	1.45	(5.91)	1.81	(5.27)
Fuel and Light	1.80	(7.33)	2.17	(6.32)
Miscellaneous Goods and Services	2.53	(10.31)	6.52	(18.99)
Durable Goods	0.28	(1.14)	1.06	(3.09)
All Non-food Items	6.78	(27.62)	12.34	(35.94)
Total Consumer Expenditure	**24.55**	**(100)**	**34.34**	**(100)**

Source : *N.S.S. 19th Round; July 1964—January 1965 ; No. 179.*

TABLE 6—**Distribution of Monthly Per Capita Expenditure in Rural and Urban Areas : 1968-69.**

(In rupees and as percentage of total expenditure)

Items	*Rural*	*Urban*
Cereals and Pulses	14.59 (51.0)	13.70 (35.6)
Milk and Milk Products	1.09 (3.8)	2.75 (7.1)
Meat, Eggs and Fish	n.a. § —	n.a. —
Vegetables	n.a. —	n.a. —
Other Food Items	6.69 (23.3)	10.42 (27.1)
Total Food Items	22.37 (78.1)	26.87 (69.8)
Fuel and Light	1.98 (6.9)	2.44 (6.3)
Clothing	1.03 (3.6)	2.07 (5.4)
Other Non-food Items	3.25 (11.4)	7.11 (18.5)
Total Non-food Items	6.26 (21.9)	11.62 (30.2)
Total Consumer Expenditure	**28.63 (100)**	**38.49 (100)**

Source : *N.S.S. State Sample, 1968-69.*

§ *Not available.*

TABLE 7—Distribution of Monthly Per Capita Consumer Expenditure in Rural and Urban Areas : 1969-70.
(In rupees and as percentage of total expenditure)

Items	*Rural*	*Urban*
Cereals and Pulses	15.47 (47.1)	14.06 (27.8)
Milk and Milk Products	1.46 (4.5)	4.40 (8.7)
Meat, Eggs and Fish	1.37 (4.2)	1.67 (3.3)
Vegetables	1.30 (4.0)	1.98 (3.9)
Other Food Items	5.62 (17.0)	8.87 (17.5)
Total Food Items	25.22 (76.8)	30.98 (61.2)
Fuel and Light	2.18 (6.6)	3.28 (6.5)
Clothing	1.38 (4.2)	3.48 (6.9)
Other Non-food Items	4 07 (12.5)	12.92 (25.5)
Total Non-food Items	7.63 (23.3)	19.68 (38.9)
Total Consumer Expenditure	**32.85 (100)**	**50.66 (100)**

Source : *N.S.S. State Sample Survey.*

Tables 2 to 7 indicate the distribution of the average *per capita* consumer expenditure on different commodity groups for the years 1960-61, 1961-62, 1963-64, 1964-65, 1968-69 and 1969-70.

Broadly, the *per capita* consumer expenditure on all the commodity groups is marginally higher in the urban than in the rural areas. The traditional inequality between volumes of consumer expenditure in urban and rural areas is exemplified here despite the fact that there has been significant progress in the agricultural sector in recent years.

Consumption of Food

The consumption of food is one indicator of the level of living of a population as pointed out earlier. Changes in the consumption of food indirectly suggest changes in the level of living. *Per capita* consumer expenditure on food is the sum total of the expenditure on cereals, pulses, milk and milk products, meat, eggs and fish, vegetables and other miscellaneous items. Similarly, the consumption expenditure on non-food items comprises of that on fuel and light, clothing and other miscellaneous items. The NSS have divided the total *per capita* monthly consumer expenditures into such major groups not themselves further subdivided.

The *per capita* monthly expenditures in the rural and urban areas of the State of Tamil Nadu are compared in Table 7 for the years 1960—'70.

TABLE 8—**Per Capita Expenditure on Food in Rural and Urban Areas : 1960—'70.**

Year	*Rural*		*Urban*	
	Expenditure on food (in rupees)	*As Percentage of total expenditure*	*Expenditure on food* (in rupees)	*As Percentage of total expenditure*
1960-61	12.88	69.36	17.65	66.60
1961-62	15.09	69.57	18.73	62.48
1963-64	15.62	66.78	18.94	60.18
1964-65	17.77	72.38	22.00	64.06
1968-69	22.37	78.10	26.87	69.30
1969-70	25.22	76.80	30.98	61.20

Source : *N.S.S., Rounds 16; (No.101), 17 (No.135)18,(No.142) and 19 (No. 179). Also State Sample, 1968-69, 1969-70.*

As Table 8 shows, the monthly *per capita* expenditure on food continues to increase in both rural and urban areas. Thus, from Rs. 12.88 in 1960-61 in the rural areas, it had increased to

Rs. 25.22 in 1969-70 and from Rs. 17.65 in the urban areas, to Rs. 30.98 in 1969-70. Corresponding to a significant increase in money expenditure on food over the years, the percentage expenditure on food items increased from 69.36 in 1960-61 to 76.80 in 1969-70 in the rural areas. In the urban areas, however, the percentage expenditure on food has decreased from 66.60 in 1960-61 to 61.20 in 1969-70.

For all the years, the *per capita* expenditure on food in terms of money is always greater in the urban areas, but the percentage outlay on food is on the decrease. This does provide a rough and ready measure of levels of living in the urban areas; it also indicates that, as the developmental process leads to urbanization the percentage of expenditure on food is likely to decline.

Even within the food group, many changes take place in the share of individual items in the total with the passage of time.

Table 9 records the state of consumption of cereals in the rural and urban areas of Tamil Nadu.

TABLE 9—**Consumption of Cereals in Rural and Urban Areas.**

Year	*Rural*			*Urban*		
	Consumer expenditure on cereals (in rupees)	Consumer expenditure on cereals as percentage of total expenditure	Consumer expenditure on cereals as percentage of expenditure on total food	Consumer expenditure on cereals (in rupees)	Consumer expenditure on cereals as percentage of total expenditure	Consumer expenditure on cereals as percentage of expenditure on food
1960-61	7.81	42.05	60.64	7.97	30.08	45.16
1961-62	9.03	41.63	59.84	8.44	28.15	45.06
1963-64	8.75	37.41	56.00	7.70	24.47	40.65
1964-65	10.65	43.34	59.93	9.23	26.88	41.95
1968-69	13.15	45.96	58.78	11.89	30.89	44.25
1969-70	13.82	41.96	54.79	11.68	23.10	37.70

Source : *N.S.S. Rounds, 16 (No. 101), 17 (No. 135) 18 (No.142) and 19 (No. 179); Also State Sample 1968-69 and 1969-70.*

Expenditure on Cereal and Non-cereal Foods: As in most under-developed economies, the ratio of cereals to total food intake and the ratio of cereals to total expenditure is high. The expenditure on cereals has risen from a mere Rs. 7.81 to Rs. 13.82 in a decade, reflecting both a gradual ascent towards higher levels of satiety and increasing costs of living. The percentage of expenditure on cereals to the total has shown mild fluctuations from year to year. The percentage was as high as 45.96 in 1968-69 and dropped to a comparatively lower 41.96 in 1969-70. This would suggest, however, that the effect of development has not benefited a major portion of the rural population in Tamil Nadu. The picture of food intake in the urban areas appears, by contrast, to be better. While there has been a sustained increase in money expenditure over the years, that is, from Rs. 7.97 in 1960-61 to Rs. 11.68 in 1969-70, the share of cereals in total expenditure has registered a decrease. The substitution of cereals by other food items should be interpreted as an improvement in the situation. The ratio of the outlay on cereals to total expenditure has decreased from 30.08 in 1960-61 to 23.10 in 1969-70. Though the percentage of expenditure on cereals to total expenditure affords a vivified picture of the state of consumption of cereals in Tamil Nadu, it does not point to any clear conclusion. One cannot readily account for such fluctuations in the percentages apart from offering the tentative comment that this could have been the result of some endogenous factor like price variation or scarcity of supply. Other socio-economic factors could also have been influential in bringing about a change in consumption trends. Yet another indicator of the level of consumption of cereals and its effect on the consumer's budget is the proportion of expenditure on cereals to total food expenditure. A feature of poverty in India which is true of all the States is the high ratio of expenditure on cereals to total food expenditure which in turn is high in relation to total expenditure. These ratios are expressively symptomatic both of food habits and of poverty. In pockets of relative affluence, by contrast, there exist both motivation and social ideas to break away from unviable traditional ideas of what constitutes a good diet. An important conclusion for priorities is that it is more important and difficult to break away from the constraint of minimum income.

Substitution Effect: In the rural areas of Tamil Nadu, the proportion of expenditure on cereals to expenditure on food as a whole stood at a level of 60.64% in 1960-61. If 60.64 per cent of the expenditure has to be spent on cereals alone, the chances of substitution with other food items cannot be high. Over the decade, the percentage has shown a decrease. In 1969-70, the latest year for which data are available, the figure stood at 54.79 evidencing a reduction of about 5.86 per cent. Incidentally, this is the result of increased money expenditure. While only Rs. 7.81 was expended on cereals in 1960-61, Rs. 13.82 was spent in 1969-70. The higher expenditure indicates (a) the rise in incomes over the decade and (b) as increase in prices at almost the same rate. The consumption patterns do not indicate any effective substitution of cereals with preferred food items or even an initial and absolute increase in cereal consumption which is only to be expected when low money incomes begin to rise. Substitution follows quickly in the wake of fuller consumption.

Consumption of Pulses: Since a major part of an individual's budget is expended on cereals, the consumption of pulses, milk,

TABLE 10—**Consumption of Pulses in Rural and Urban Areas.**

Years	*Rural*			*Urban*		
	Consumer expenditure on pulses (in rupees)	Percentage of expenditure on pulses to total expenditure	Consumer expenditure on pulses as percentage of food expenditure	Consumer expenditure on pulses (in rupees)	Percentage of expenditure on pulses to total expenditure	Consumer expenditure on pulses as a percentage of food expenditure
1960-61	0.57	3.08	4.43	0.70	2.64	3.96
1961-62	0.73	3.37	4.84	0.86	2.87	4.59
1963 64	0.93	3.20	5.95	1.07	3.40	5.70
1964-65	1.03	4.20	5.80	1.33	3.87	6.05
1968-69	1.44	5.04	6.44	1.99	4.71	7.41
1969-70	1.65	5.04	6.54	2.38	4.70	7.72

Source: *N.S.S., Rounds 16 No. 101, 17 No. 135, 18 No. 142 and 19 No. 179. Also State Sample, 1968-69 and 1969-70.*

etc. tends to be low. Consumption of pulses tends to be low both in the rural as well as urban areas of Tamil Nadu, both in relation to possible demand and to nutrition norms. Table 10 sets forth the data on the consumption of pulses in relation to food intake and money incomes.

The consumption of pulses in the rural areas accounted for 3.08 per cent of an average individual's expenditure in 1960-61. For 1969-70 the figure for the share of pulses in total expenditure had risen to 5.04 per cent and the monthly outlay on pulses to Rs. 1.65 per month. Pulses are the sole source of protein in a vegetarian diet apart from milk which cannot form an important source of nutrition at this level of consumer expenditure. The low consumption of pulses is perhaps the single most important reason for the high incidence of malnutrition in the State. The situation in the urban areas tends to be no less disheartening. Granting that the urban prices of pulses are higher, an expenditure of Rs. 2.38 or 4.7 per cent of the total expenditure is still meagre.

Consumption of Milk: The consumption of milk in Tamil Nadu is low relatively to other States. In rural Punjab, for example, in 1961-62, 24 per cent of the total expenditure was taken up by milk and milk products; that is, about Rs. 5.43 was spent on them, while the corresponding figures for Tamil Nadu were 2.72 per cent and 59 Paise per month.

Similarly, while 14 per cent of the expenditure amounting to Rs. 4.81 went towards milk and milk products in the Punjab in 1961-62, about 6.34 per cent of the total expenditure, or Rs. 1.90 was spent on milk per month in the urban areas of Tamil Nadu over the same period. Any attempt to check malnutrition must start with the proposal to increase the *per capita* milk consumption. This is, both nutritionally and economically, a necessity.

Consumption of Other Food Items: Other food items include grams, edible oils, meat, eggs and fish, vegetables, fruits and nuts, sugar, salt and spices, and between-meal

refreshments. Table 11 gives a picture of the distribution of consumption expenditure over other food items in the rural and urban areas of Tamil Nadu.

TABLE 11—Consumption of Other Food Items in Rural and Urban Areas : 1960—70.

Years	Rural			Urban		
	Expenditure on all other food items (in rupees)	Expenditure on all other food items as percentage of total expenditure	Expenditure on all other food items as a percentage of food expenditure	Expenditure on all other food items (in rupees)	Expenditure on all other food items as a percentage of total expenditure	Expenditure on all other food items as a percentage of food expenditure
1960-61	3.97	21.38	30.82	7.49	28.26	42.44
1961-62	4.74	21.85	31.41	7.53	25.12	40.26
1963-64	5.19	22.19	33.25	8.20	26.05	43.29
1964-65	5.34	21.78	30.00	9.39	27.34	42.45
1968-69	6.69	23.30	29.91	10.42	27.10	38.78
1969-70	5.62	17.00	22.28	8.87	17.50	28.63

Source : *N.S.S., Rounds 16, 17, 18 and 19 and the State Sample.*

The consumption of other food items in the rural areas shows a decline from its share of 21.38 per cent in the total consumer expenditure to 17.00 per cent between 1960-61 and 1969-70. In the urban areas, too, the corresponding figures testify to a comparable decline from 28.26 to 17.50 per cent.

Turning from food to non-food items, such as fuel and light, Table 12 below summarises the situation.

TABLE 12—**Consumption of Fuel and Light in Rural and Urban Areas: 1960—70.**

Years	*Rural*			*Urban*		
	Consumer expenditure on fuel & light (in rupees)	Total consumer expenditure (in rupees)	Consumer expenditure on fuel & light as a percentage of total expenditure	Consumer expenditure on fuel & light (in rupees)	Total consumer expenditure (in rupees)	Consumer expenditure on fuel & light as a percentage of total expenditure
1960-61	1.13	18.57	6.08	1.70	26.50	6.41
1961-62	1.49	21.69	6.86	1.93	29.98	6.43
1963-64	1.68	23.39	7.14	2.07	31.47	6.58
1964-65	1.80	24.55	7.33	2.17	34.34	6.32
1968-69	1.98	28.63	6.90	2.44	38.49	6.30
1969-70	2.18	32.85	6.60	3.28	50.66	6.50

Source: *N. S. S., Rounds 16, 17, 18 & 19, and the State Sample.*

The N. S. S. has listed fuel and light and clothing as two separate essential non-food items. All others are aggregated as other "non-food items".

The consumption of fuel and light has increased from Rs. 1.13 in 1960-61 in the rural areas to Rs. 2.18 in 1969-70. The percentage of expenditure on fuel and light to total expenditure has varied between 6 and 7 per cent. While money values of expenditure have risen, the proportions have remained more or less constant. In the urban areas of Tamil Nadu, the consumer expenditure on fuel and light has increased from Rs. 1.70 in 1960-61 to Rs. 3.28 in 1969-70. The percentage of expenditure on fuel and light to total expenditure has, however, remained constant around 6 per cent.

The situation with regard to consumption of cloth is set forth in Table 13.

TABLE 13—**Consumption of Cloth in Rural and Urban Areas : 1960—70.**

Years	*Rural*			*Urban*		
	Consumer expenditure on cloth (in rupees)	Total consumer expenditure (in rupees)	Consumer expenditure on cloth as a percentage of total expenditure	Consumer expenditure on cloth (in rupees)	Total consumer expenditure (in rupees)	Consumer expenditure on cloth as a percentage of total expenditure
1960-61	1.53	18.57	8.23	1.23	26.50	4.64
1961-62	1.37	21.69	6.32	1.85	29.98	6.17
1963-64	1.96	23.39	8.39	1.96	31.47	6.23
1964-65	1.45	24.55	5.91	1.81	34.34	5.27
1968-69	1.03	28.63	3.60	2.07	38.49	5.40
1969-70	1.38	32.85	4.20	3.48	50.66	6.90

Source : *N. S. S., Rounds 16, 17, 18 & 19, State Samples, 1968-69 & 1969-70.*

The consumption of cloth has one unique feature. Over the period, the consumer expenditure on cloth in the rural areas has decreased from Rs. 1.53 in 1960-61 to Rs. 1.38 in 1969-70. In the urban areas, however the consumer expenditure on cloth has increased from Rs. 1.23 in 1960-61 to Rs. 3.48 in 1969-70. This great gap between rural and urban consumption of cloth is due to the fact that a major portion of total expenditure in the rural areas is devoted to food, with little being left over for other essential non-food items.

TABLE 14—Consumption of Other Non-food Items in Rural and Urban Areas : 1960—70.

Years	Rural			Urban		
	Consumer expenditure on other non-food items (in rupees)	Total consumer expenditure (in rupees)	Consumer expenditure on other non-food items as a percentage of total expenditure	Consumer expenditure on non-food items (in rupees)	Total consumer expenditure (in rupees)	Consumer expenditure on non-food items as a percentage of total expenditure
1960-61	3.03	18.57	16.32	5.92	26.50	22.34
1961-62	3.74	21.69	17.25	7.47	29.98	24.92
1963-64	3.95	23.30	16.86	6.70	31.47	21.30
1964-65	3.53	24.55	14.38	8.36	34.34	24.35
1968-69	3.25	28.63	11.40	7.11	38.49	18.50
1969-70	4.07	32.85	18.50	12.92	50.66	25.50

Source : *N.S.S., Rounds 16, 17, 18 & 19, State Samples, 1968-69 & 1969-70.*

It can be readily seen from Table 14 that Rs. 3.03 was spent on other miscellaneous non-food items in the rural areas in 1960-61. This expenditure remained stable around Rs. 3 till 1968-69. There was a rallying of expenditure under this head to Rs. 4.07 in 1969-70 while total expenditure increased more than proportionately from Rs. 18.57 in 1960-61 to Rs. 32.85 in 1969-70. With regard to urban areas, consumption of other non-food items

is palpably of a higher order in those areas. Assuming that the cost of living in the urban areas is 50 per cent higher than in the rural areas, the consumption expenditure on other non-food items stands at a high level of Rs. 12.92 in 1969-70, thus evidencing a remarkable increase from Rs. 5.92 in 1960-61. Apart from economic factors there is the social factor that influences the consumption of other non-food items in urban areas. It is apparent that some kind of show-off effect operates with competitive force in the cities.

The pattern of consumption and the nature of distribution of consumer expenditure over major items of consumption add further support to the hypothesis that the state of consumption in the size-classes in the budgets chosen is far from satisfactory in the fulfilment of norms and far removed from the level of satiety for each class. One of the basic causes of such widespread poverty in the State is the fact that a major portion of expendable purchasing power is concentrated in the hands of a few, while a majority of the people are without adequate purchasing power to ensure an objectively minimum or socially respectable standard of living.

High Expenditure Size-Classes

The degree of concentration of means in a few consumers can be studied with the use of concentration curves. A concentration curve shows the percentage '100 Q' of total income or expenditure attributable to the poorest '100 P' of the population and moreover, affords a measure of this concentration. Since the curve is absolutely independent of units of money, it can be readily used to compare the concentration of consumer expenditure in the higher size-classes of the rural and urban areas as well as of the outlays by the same size-classes on different groups of commodities one with the other. Figures 1 to 8 and Tables 15 to 18 compare by size-classes the expenditures on food and non-food items by the State's population and affords, at the same time, a measure of "expenditure concentration" over the years 1960—65. The latest available data on the break-up of consumer expenditure by size-classes on major items of consumption is for the year 1964-65. No later comparisons are possible.

TABLE 15—Concentration in Food, Non-food and Total Consumer Expenditure: 1960-61.

Monthly per capita expenditure class (rupees)	*Cumulative percentage of persons*		*Cumulative expenditure on food (in rupees)*		*Cumulative consumer expenditure on Non-food (in rupees)*		*Cumulative total consumer expenditure (in rupees)*	
	Rural	*Urban*	*Rural*	*Urban*	*Rural*	*Urban*	*Rural*	*Urban*
0- 8	11.37	2.00	2.73	2.08	1.26	0.87	2·20	1.66
8-11	25.34	8.14	6.85	5.92	2.63	2.29	5.32	4.65
11-13	39.71	12.45	11.64	10.32	5.12	4.34	9.27	8.22
13-15	46.45	22.83	16.86	15.35	8.29	7.16	13.75	12.47
16-18	60.91	30.18	23.42	21.09	11.55	10.92	19.21	17.51
18-21	69.61	39.09	31.23	27.94	15.42	15.26	25.59	23.47
21-24	75.34	49.02	39.59	35.69	21.02	20.42	32.94	30.32
24-28	85.03	68.19	47.90	44.21	29.85	27.02	41.43	38.16
28-34	88.32	79.98	57.61	54.37	40.49	35.47	51.47	47.71
34-43	89.78	93.12	69.45	65.03	53.13	47.95	63.59	59.01
43-55	91.00	95.37	84.74	80.03	70.78	61.75	79.72	73.59
55 and above	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source : *N.S.S. 16th Round, July 1960—August 1961, No. 101.*
(See also Figures 1 and 2.)

TABLE 16—Concentration in Food, Non-Food and Total Consumer Expenditure: 1961-62.

Monthly per capita expenditure class rupees	*Cumulative percentage of persons*		*Cumulative expenditure on food (in rupees.)*		*Cumulative consumer expenditure on non-food (in rupees.)*		*Cumulative total consumer expenditure (in rupees.)*	
	Rural	*Urban*	*Rural*	*Urban*	*Rural*	*Urban*	*Rural*	*Urban*
0- 8	5.04	1.23	1.78	1.85	0.71	0.88	1.35	1.44
8-11	15.98	6.10	5.16	4.72	1.70	2.06	3.78	3.59
11-13	23.19	11.94	8.96	8.55	3.52	3.35	6.79	6.33
13-15	31.03	17.66	13.34	12.74	5.61	5.06	10.25	9.46
15-18	47.22	27.02	18.37	17.77	8.07	7.08	14.25	13.21
18-21	63.16	37.61	24.57	23.52	10.76	9.64	19.04	17.60
21-24	73.16	51.98	31.41	29.88	14.47	13.07	24.63	22.71
24-28	79.88	62.72	39.45	37.06	18.57	17.29	31.10	28.62
28-34	88.36	77.99	48.15	45.16	24.61	22.85	38.74	35.64
34-43	92.92	86.71	58.45	54.59	32.75	30.31	48.18	44.23
43-55	96.80	92.89	70.37	65.95	44.56	40.63	60.05	55.15
55-75	98.56	96.19	85.18	78.55	62.48	56.81	76.11	69.28
75 and above	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: *N.S.S., 17th Round; September 1961-62; No. 135.*

(See also Figures 3 and 4)

TABLE 17—Concentration in Food, Non-food and Total Consumer Expenditure : 1963-64.

Monthly per capita expenditure class (rupees)	*Cumulative percentage of persons*		*Cumulative expenditure on food (in rupees)*		*Cumulative expenditure on non-food (in rupees)*		*Cumulative total consumer expenditure (in rupees)*	
	Rural	*Urban*	*Rural*	*Urban*	*Rural*	*Urban*	*Rural*	*Urban*
0- 8	3.27	0.92	2.18	1.61	0.85	0.79	1.62	1.69
8-11	11.80	2.75	5.22	4.86	2.09	1.46	3.91	3.73
11-13	19.26	3.67	9.10	8.85	3.58	3.11	6.79	6.60
13-15	28.72	14.09	13.51	13.02	5.36	5.16	10.10	9.92
15-18	44.27	24.79	18.60	18.04	7.59	7.51	13.98	13.77
18-21	56.45	38.58	24.42	23.71	10.46	10.28	18.56	18.30
21-24	66.06	51.69	30.96	29.89	14.16	14.44	23.90	23.55
24-28	75.57	58.67	38.21	36.36	18.81	19.49	30.06	29.60
28-34	86.52	76.58	46.77	43.86	24.76	25.46	37.52	35.92
34-43	92.73	84.25	56.44	53.30	32.60	32.85	46.42	45.93
43-55	95.80	89.75	68.82	65.66	42.85	46.09	57.90	57.09
55-75	98.59	94.62	82.32	78.84	59.50	60.72	72.73	72.26
75 and above	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source : *N.S.S., 18th Round; February 1963-64; No. 142.*

(See also Figures 5 and 6.)

TABLE 18—**Concentration in Food, Non-food and Total Consumer Expenditure: 1964-65**

Monthly per capita expenditure class (rupees)	*Cumulative percentage of Persons*		*Cumulative expenditure on food (in rupees)*		*Cumulative consumer expenditure on non-food (in rupees)*		*Cumulative total consumer expenditure (in rupees)*	
	Rural	*Urban*	*Rural*	*Urban*	*Rural*	*Urban*	*Rural*	*Urban*
0- 8	2.44	0.44	1.71	1.97	1.09	0.61	1.49	1.45
8-11	8.92	3.62	4.62	4.78	2.37	1.79	3.83	3.66
11-13	14.88	6.69	8.24	8.26	3.92	3.24	6.74	6.36
13-15	23.58	10.58	12.48	12.12	5.62	5.19	10.08	9.49
15-18	37.46	22.64	17.44	16.86	7.71	7.29	14.03	13.22
18-21	50.94	33.44	22.94	22.33	10.66	9.95	18.63	17.61
21-24	63.16	44.47	29.18	28.50	14.38	13.28	23.98	22.63
24-28	73.91	55.16	36.44	35.45	18.54	17.38	30.15	28.55
28-34	84.39	71.57	44.69	43.41	24.00	22.67	37.42	35.48
34-43	92.13	81.14	54.29	52.61	31.37	29.89	46.23	43.92
43-55	95.90	87.92	65.61	63.71	42.84	40.28	57.59	54.75
55-75	98.32	94.38	80.57	77.24	57.39	56.40	72.42	69.25
75 and above	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: *N.S.S., 19th Round; July 1964-65; No. 179.*

(See also Figures 7 and 8.)

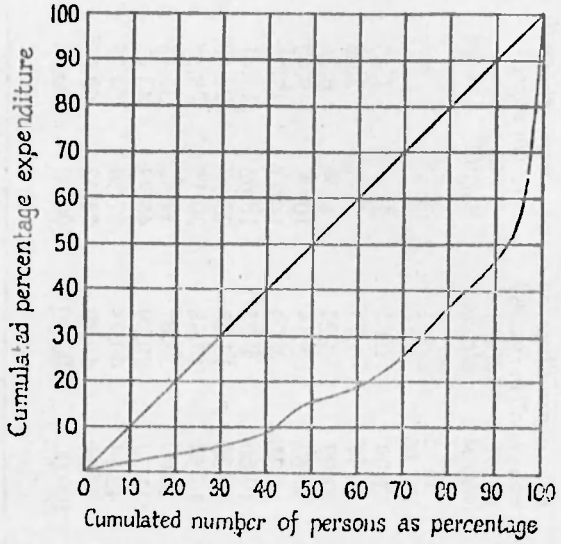

Fig. 1. Concentration of Essential Consumer Expenditure in Size-Classes : 1960-61.
(Refer Table 15)

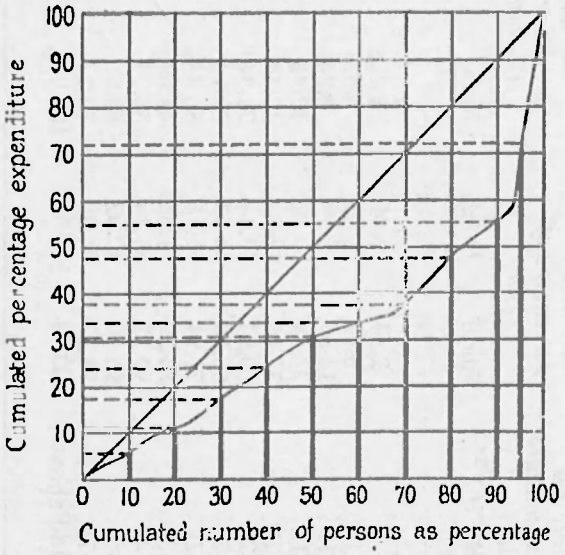

Fig. 2. Concentration of Essential Consumer Expenditure in Size-Classes : 1960-61.
(Refer Table 15)

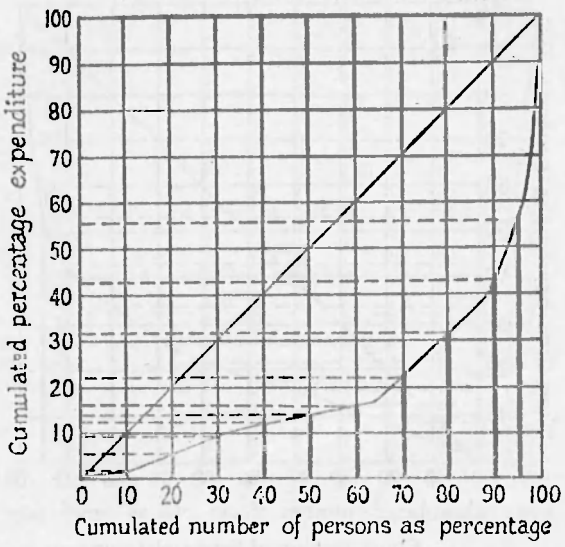

Fig. 3. Concentration of Essential Consumer Expenditure in Size-Classes : 1961-62.
(Refer Table 16)

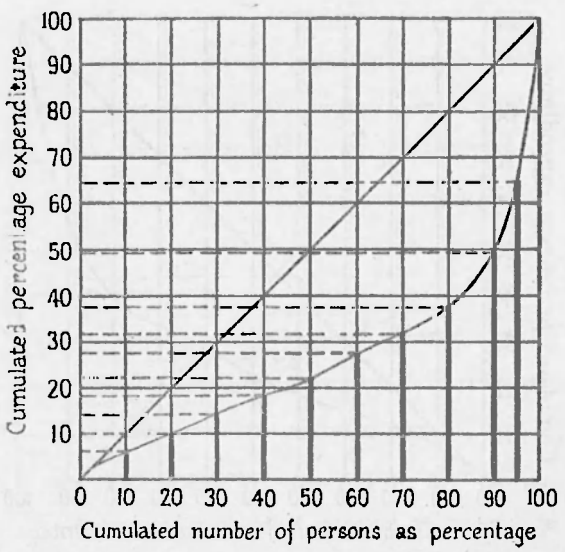

Fig. 4. Concentration of Essential Consumer Expenditure in Size-Classes : 1961-62.
(Refer Table 16)

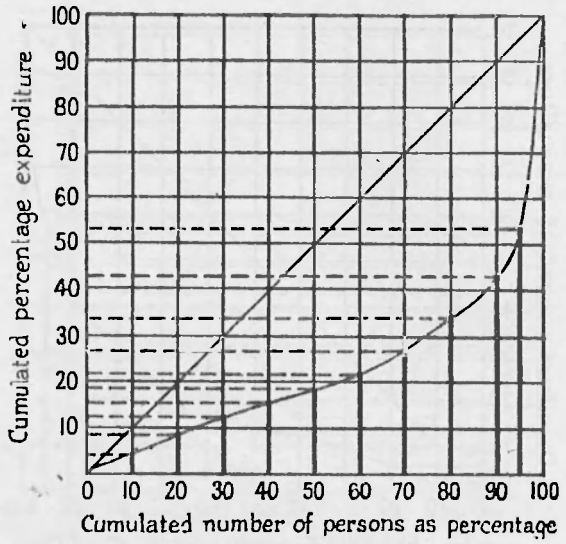

Fig. 5. Concentration of Essential Consumer Expenditure in Size-Classes : 1963-64.
(Refer Table 17)

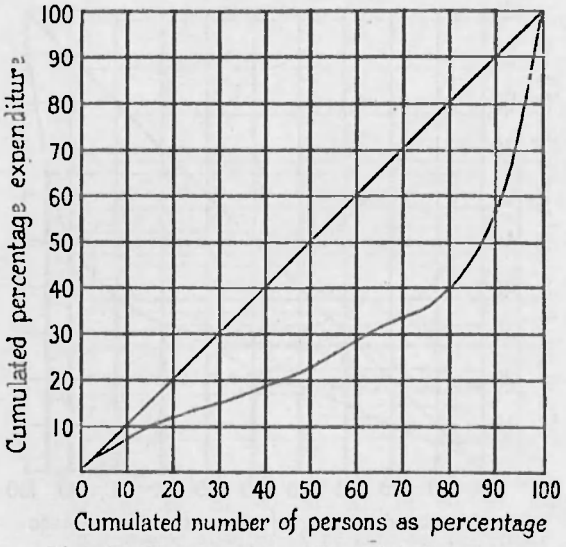

Fig. 6. Concentration of Essential Consumer Expenditure in Size-Classes : 1963-64.
(Refer Table 17)

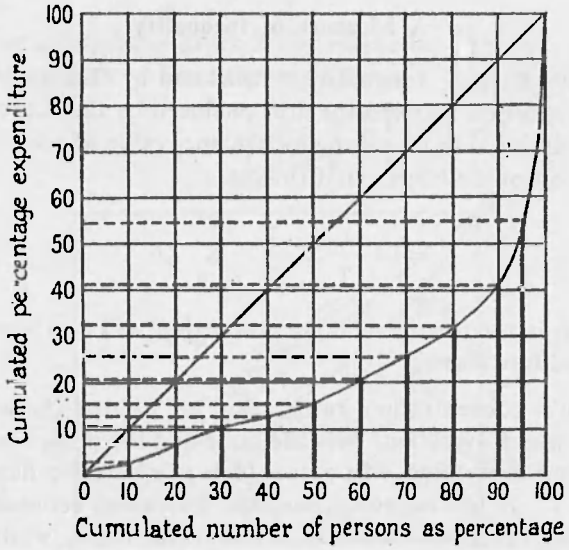

Fig. 7. Concentration of Essential Consumer Expenditure in Size-Classes : 1964-65.
(Refer Table 18)

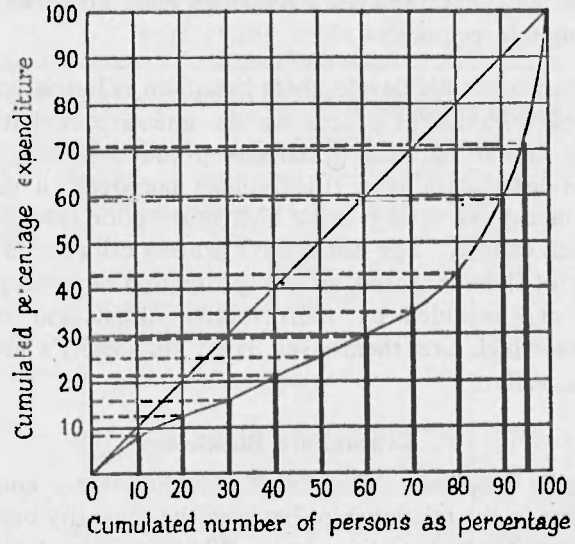

Fig. 8. Concentration of Essential Consumer Expenditure in Size-Classes : 1964-65.
(Refer Table 18)

A Measure of Inequality

Gini's Ratio : Inequality is measured by Gini's ratio, which is the proportion between the area enclosed by the Lorenz curve and the diagonal to the triangle OBA the value of which, by the application of the trapezoidal rule, is,

$$=1+\frac{1}{n}-\frac{2}{n}\sum_{i=1}^{n} Q_i$$

where Q_i is the ith cumulative proportion and n is the number of expenditure classes.

Gini's concentration ratio can be located between the point O where everybody gets the same and the point I where one person gets everything. In actual fact, this variable has a value below 0.5. In our economy, the ratio fluctuated between 0.3 and 0.4 during the years 1960—70 in the rural areas, while, in the urban areas, it remained more or less constant at 0.4 over the same period. This reveals the fact that inequality is greater in the urban areas than in the rural areas of Tamil Nadu. Moreover, economic development and change have not been effective in altering this inequality.

Urban economic development based on industrial growth is not a greatly equalising process as the intensive exploitation of physical capital requires a narrow production base and an extended distributive base. It is founded moreover on conditions such as incentives, savings and a high substitution rate of physical for human capital. The distributive process calls for an effective division of labour based on the promotion of tertiary human capital and is aided by redistributive fiscal and monetary processes which are themselves based on society's notions of common welfare.

Expenditure Elasticities

Engel's Function : The Engel's function for a consumable item refers to the relationship between the quantity or value of the item consumed and income. When income data are not readily available, expenditure elasticities follow income elasticities more or less. These expenditure elasticities could then be

deflated by multiplying expenditure elasticities by the elasticity of total consumer expenditure with respect to income because

$$I = \frac{\Delta q}{\Delta y}\frac{x}{q} = \left[\frac{\Delta q}{\Delta x}\frac{\bar{x}}{\bar{q}}\right]\left[\frac{\Delta x}{\Delta y}\frac{\bar{y}}{\bar{x}}\right]$$

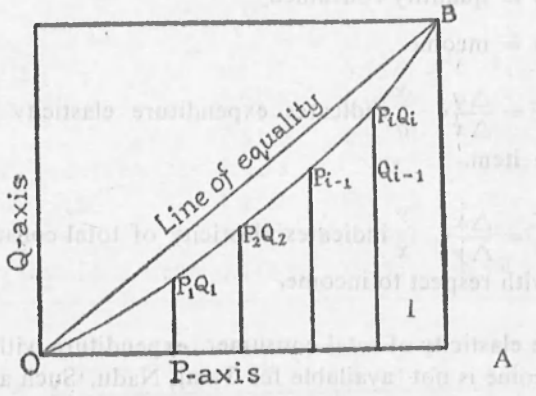

Fig. 9. Gini's Ratio

The distribution of expenditure available is in the form of the Table below.

Size-class of expenditure	*Proportion of individuals*	*Proportion of expenditure*	*Cumulative Proportion*	
			Individuals	*Expenditure*
1	p_1	q_1	$P_1 = p_1$	$Q_1 = q_1$
2	p_2	q_2	$P_2 = p_1 + p_2$	$Q_2 = q_1 + q_2$
⋮	⋮	⋮	⋮	⋮
i	p_i	q_i	$P_i = \sum_{j=1}^{i} p_j$	$Q_i = \sum_{j=1}^{i} q_j$
⋮	⋮	⋮	⋮	⋮
n	p_n	q_n	$P_n = \sum_{j=1}^{n} p_j$	$Q_n = \sum_{j=1}^{n} q_j$
Total	1	1		

Gini's Ratio is given by $1 + \frac{1}{n} - \frac{2}{n} \sum_{i=1}^{n} Q_i$

where I = Income elasticity of demand

q = quantity consumed

y = income

$E = \frac{\Delta q}{\Delta x}, \frac{\bar{x}}{\bar{q}}$ indicates expenditure elasticity for a consumable item.

$C = \frac{\Delta x}{\Delta y}, \frac{\bar{y}}{\bar{x}}$ indicates elasticity of total consumer expenditure with respect to income.

The elasticity of total consumer expenditure with respect to total income is not available for Tamil Nadu. Such a correction here is, therefore, considered impossible.

Expenditure Elasticities

Expenditure elasticities are useful policy parameters. Precise estimates of expenditure elasticities are, therefore, necessary. In so far as their magnitudes depend on the form of the Engel function, it is advisable to estimate them from the relationships which explain the maximum variation in the expenditure on the different items included in the size-class budgets.

Expenditure elasticities are generally obtained by assuming certain forms such as the semi-log, double log or probit relation for the Engel curve and then estimating them from family budget data by the conventional method of least squares.

The expenditure elasticities for different items of consumption are listed in the table below.

TABLE 19—**Expenditure Elasticities of Demand for Commodity Groups : 1969-70**

(Value terms)

Commodity Groups	*Rural*		*Urban*	
	N_i	R^2	N_i	R^2
1. Cereals	1.1111	0.9573	0.7424	0.7912
2. Pulses	1.9577	0.9840	1.9651	0.8981
3. Milk	1.8519	0.9758	1.6594	0.9246
4. Other Foodgrains	1.3228	0.9957	0.8734	0.8953
5. Fuel & Light	1.1110	0.9602	1.0044	0.9168
6. Cloth	—0.4233	—0.4061	1.3974	0.8690
7. Other Non-food Items	0.2646	0.4533	0.9607	0.7828

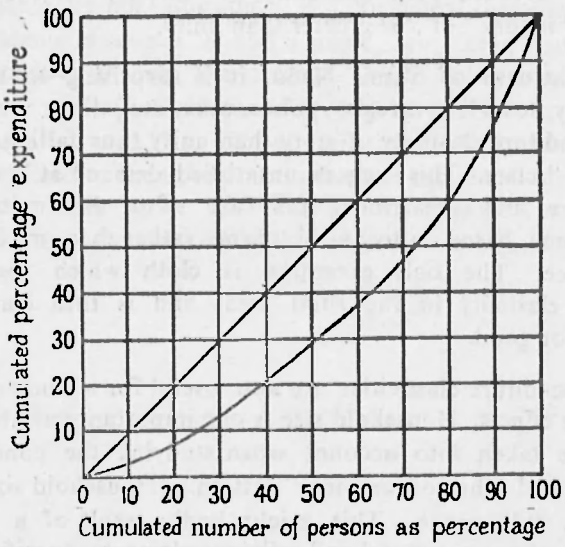

Fig. 10. Lorenz Curve

The table above gives the expenditure elasticity along with the correlation coefficient of changes in income and expenditure on commodity groups. Expenditure elasticities help to:

(1) classify consumer goods as "inferior", "necessary" or "luxury" goods. This in turn helps in providing a basis for

determining a production and demand schedule for inferior and necessary goods and the construction of the cost of living indices. A cost of living index based on "inferior" and "necessary" goods would give an idea of the *per capita* consumption to strive for in money terms at a given level of prices. A policy of differential State taxation could tax luxuries (Sales Tax and State Excise) while exempting goods that enter into the Minimum Needs Programme;

(2) project future demand for different commodities to ensure proper balancing of demand and supply; and

(3) study the impact of changes in the level of living on the structure of the economy.

An item is defined as "necessary" if the value of x is positive and lies between zero and unity, as "inferior" if x is negative and as "luxury" if x is greater than unity.

In the case of Tamil Nadu, it is surprising to note tha necessary items like cereals, pulses, milk, etc., do in fact possess an expenditure elasticity of more than unity thus falling into the "luxury" class. This suggests unsatisfied demand at lower levels of income and strengthens the case of a Minimum Needs Programme based on technical norms rather than on consumer preference. The only exception is cloth which registers a negative elasticity in the rural areas and is thus classified as an inferior good.

Expenditure elasticities are also useful for a study of household size effects. Household size is one important variable which must be taken into account when studying the consumption function and the consumption pattern. Household size varies within a wide range. This might be the result of a complex interplay of socio-cultural and religious elements specific to each society but apparently present in diverse forms in all of them. The range of variation of household size tends to be wider, as is only to be expected among the rural rather than the urban population. With respect to commodities considered as necessities and food as a whole may be considered as such a large household usually makes for economies of scale in consumption.

That is, to attain the same living standards, large households need to spend less on the "necessities" than small households. There are some difficulties, however, in verifying this statement made *ceteris paribus*. The first difficulty arises with the problem of how to measure household size. Children consume less (or more) of certain commodities than adults do. To count heads in order to measure household size may, therefore, be misleading.

Econometricians have developed several equivalent adult scales. *The Prais and Hauthakker's equation is by far the best.

$$\frac{C}{S} = \left(\frac{E}{S}\right)_s^n (1 - \theta)\ (n - 1)$$

where C and E are the family's total food consumption and total family expenditure respectively, S is the number of consumer units available for consumption, θ is a coefficient that establishes the equivalence between S and a single consuming household where economies of scale are present. θ lies between zero and one. In our analysis, the value of θ ranges from 0.80 in 1960-61 in the rural areas to 0.57 in 1961-62, 0.80 in 1963-64 and 0.74 in 1964-65. While in the urban areas this has remained stationary around 0.90. This proves the fact that economies of scale are available for urban consumers with an increase in household size.

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*S. R. Prais and H. S. Hauthakker, *The Analysis of Family Budget*, Cambridge University Press, Cambridge, 1955.

CHAPTER 3
POVERTY

A number of conceptual and methodological problems face the researcher concerned with the study of poverty. In spite of the fact that all economists have at one point or another admitted an awareness of the existence of poverty, only a beginning has been made in the application of economic analysis and its tools to the study of the problem. There exists unfortunately no fully developed analytical framework ready to hand within which one could elaborate one's work on the measure of poverty in a given economy.

Economists have been concerned with the production, distribution and consumption of wealth rather than its absence. Also, it does not come easily to an economist to make assertions about the problem of poverty as it has overt structural references to political and economic organisation. There have been periods in history when the economist has merited the epithet of "the gloomy prognosticator" used to describe him. If a high level of economic activity is an essential attribute of all societies at all times, the study of economics has come to entail, with the growing consciousness of the well-being and welfare of nation-states, a knowledge of the means by which such activity can be promoted.

Poverty, to the extent that its causes can be identified and measured would seem to be the result of insufficient personal assets, lack of sufficient purchasing power, which could be disposed of in a secure and continued basis, limited growth-potential in the economy to which such individuals belong and the dissipation of the gains of growth on the rich, and the insufficient productivity in relation to economic institutions which themselves contribute to this low productivity. Poverty is also the result of the closed society, a kind of felt discrimination against and antagonism towards the outsider-individual, which appears to be built into our society besides a host of other determinate and indeterminate causes.

Definition: Poverty has also been defined as the gap between income on the one hand and certain minimal standards of life on the other. These are "relative," but socially determined standards varying with the nation's income, its distribution and the social and political values of time and place. A certain acceptable minimum can, however, be established on the basis of the consumption pattern of the people in the region, which identifies dominant life standards and styles. Those who fail to "show up" even in the categories which describe groups on the basis of minimum norm expenditures on inferior goods are categorised as poor. It is from this level of demand, of money possession which equips one for life that the number of the poor in an economy and the proportion of the poor who lie below that minimal level in the State are calculated. The *datum* is static, incomplete, and enmeshed in a plethora of implied values and unexplicated causations. Yet, it is true that this procedure serves to define a whole Universe after a manner (Aren't, after all, the poor a Nation in themselves?) a *clientele* which is the conceptual counterpart of the minimum level of demand and leads to the establishment of rough policy priorities.

Any study on poverty must throw light on the following aspects :

—The spatial distribution of poverty, rural and urban ;

—The incidence of poverty in the various districts of a State in this case of Tamil Nadu ;

—The geographical location of the poor ;

—Poverty in relation to employment ;

—Economic change and the labour market and poverty in relation to these ;

—Rural migrants and urban poverty ; and

—Investment in human capital.

Since the prime concern of this study is to obtain an estimate of the number of the poor in both the urban and rural areas of Tamil Nadu, the first three aspects are taken up for special consideration: that is the spatial distribution of poverty, the incidence of poverty and the location of the poor.

Fixing the Norms

The ultimate unit of classification as poor or non-poor is the individual. The various goods and services consumed by him form the components of a level of living. Conceptual and methodological difficulties arise in the adoption of any unique and wholly satisfactory indicator of the level of living. As a result, any serviceable indicator turns out to be a composite one made up of indices of several elements, food, clothing, fuel, light, etc. and not a unique poverty determinant based on a single service, money value or commodity. The norms applied in denoting what constitutes a minimum level of living can, however, be quite important as a working hypothesis from the operational point of view, and here again, much thinking remains to be done. The use of "balanced diets" as recommended by nutritional experts, for instance, can be misleading where they are not further defined by other economic constraints such as price. The provision of minimal levels of nutrition at a low cost for those who do not already receive such nourishment—consistent of course with consumer acceptability and 'negative' calorific and protein requirements which serve to establish tolerable resistance in the individual to malnutritional disorders—suggests itself as an obvious norm. *Per capita* calorific requirements vary with the age, sex, level of activity and quite decisively, with climatic conditions. The problem of the maximization of calorific content for a minimum of value makes choice imperative between product mixes based on locally available and acceptable foods, but money as a measure of value cannot, as pointed out earlier, be dispensed with. Commending a balanced diet to the poor first calls for the exercise of telling them apart from the less poor who will sacrifice minimum calorific requirements for other fancied satisfactions. It is of course possible to treat the problem of poverty as distinct from that of unemployment, both conceptually and operationally. The fourth aspect of the poverty

problem as detailed in the foregoing paras would suggest this. Are the poor those who cannot and will not satisfy their minimum calorific requirements? Are these more or less numerous than the unemployed together with their dependents? It is thus apparent that there are at least two alternatives for the classification of the poor:

Classification of the poor on the basis of a monetary value of minimum consumable items;

Classification of the poor on the basis of a single important component of levels of living such as food.

Both of these alternatives have been employed in this study to outline the contours of poverty in the State, and an attempt is made to show the number of the poor who cannot afford even the minimum calorie prescription and the number of the others who cannot afford the minimum standards of consumption. The latter is a relatively "more affluent norm" which includes other necessities like cloth, fuel and light.

Concept of Nutritional Adequacy

In accordance with the ICMR's (Indian Council of Medical Research) prescriptions, a nutritive diet is one that can provide roughly 2400 calories, which is thought just sufficient to satisfy the biological needs of the human system. The ICMR's studies, which have been subsequently summarised in the *Diet Atlas* (1971), show that the problems of malnutrition and undernutrition obtain in greater dimensions in Tamil Nadu than in many other States. This conclusion is also borne out by the table below.

TABLE 20—**Statewise Calorific Intake and Protein Consumption.**

Number	State	Proteins in grammes	Calories
1	Andhra Pradesh	53	2040
2	Bihar	56	1865
3	Gujarat	54	1612
4	Haryana	—	——
5	Jammu & Kashmir	63	2265
6	Himachal Pradesh	—	——
7	Kerala	47	1842
8	Madhya Pradesh	98	2778
9	Maharashtra	68	2281
10	Mysore	66	2220
11	Punjab	84	2832
12	Rajasthan	77	2044
13	Tamil Nadu	36	1468
14	Uttar Pradesh	66	2307
15	West Bengal	48	1927
		—	——
	All-India	**53**	**1985**
		—	——
	ICMR's Recommended Allowances	**44**	**2400**
		—	——

Source : *Diet Atlas, 1971.*

Tamil Nadu ranks the lowest in the ICMR rating. The *per capita* food consumption figures for Tamil Nadu are based on 114 surveys conducted by the ICMR. The table further serves to show the wide discrepancy in the nutritional value of diets in the various States and underlines the problem of securing comparable values for nutritional benefit and consumer satisfaction for a given money outlay.

The Census Department conducted a Food Habits Survey in 1961 and recorded a mean daily consumption of 2500 calories per consumption unit in Tamil Nadu. High calorie consumption rather than high protein intake has afforded a basis for the enumeration of the population in terms of consumption units.

The present study purports to compute the cost of a nutritionally adequate diet that would yield approximately 2400 calories and is based purely on the available consumption data for Tamil Nadu obtained from the National Sample Survey. A simple procedure has been used for the computation. The monetary value of *per capita* consumption of major items is taken together with the respective prices for the period in question. The monetary units are first converted into quantities at market prices and converted again into calories. Accordingly, in the rural areas of Tamil Nadu, the cost of a nutritionally adequate diet has been estimated at 51 paise in 1960-61. That is, anyone who can expend 51 paise should be able to buy himself a diet that is nutritionally adequate in respect of calories. Since urban prices are 25 per cent higher, the cost of a nutritionally adequate diet will be 63.70 paise in the towns and cities. It must be noted at this stage that the method selected for computing the cost of nutritional adequacy is somewhat weak. This is so because there is a vast variety of items of food available and the cost at which they can be bought varies widely. Such conversion of expenditure units to their nutritional equivalents is hazardous and limits the practical value of this exercise. Another flaw in the computation—which may render the whole procedure academic—is that there are practical problems connected with making a nutritionally adequate diet into an acceptable one.

POVERTY IN TAMIL NADU DURING 1960—70.

Tables 21 and 22 give the percentage distribution of population by monthly *per capita* expenditure groups in the rural and urban areas of Tamil Nadu.

TABLE 21—Percentage Distribution of Population in Tamil Nadu by Monthly Per Capita Expenditure Groups (Rural Areas): 1960—70.

Per capita expenditure groups (in rupees)	*1960-61*	*1961-62*	*1963-64*	*1964-65*	*1969-70*
0- 8	11.37	5.04	3.27	2.44	0.1
8-11	13.97	10.94	8.53	6.48	0.8
11-13	14.37	7.21	7.46	5.96	1.7
13-15	6.74	7.84	9.46	8.70	2.5
15-18	14.46	16.19	15.55	13.88	6.9
18-21	8.70	15.94	12.18	13.48	12.1
21-24	5.73	10.00	9.61	12.22	11.5
24-28	9.69	6.72	9.51	10.75	13.3
28-34	8.40	8.48	10.95	10.48	17.1
34-43	3.29	4.56	6.21	7.74	15.7
43-55	1.46	3.88	3.07	3.77	9.5
55-75	1.30	1.76	2.79	2.42	5.7
75 and above	—	1.44	1.41	1.68	3.1
	100.00	**100.00**	**100.00**	**100.00**	**100.00**

Source : *National Sample Survey, Rounds 16 No. 101; 17 No. 135; 18 No. 142 and 19 No. 179.*

TABLE 22—**Percentage Distribution of Population in Tamil Nadu by Monthly Per Capita Expenditure Groups in (Urban Areas) : 1960—70.**

Per capita expenditure groups	*1960-61*	*1961-62*	*1963-64*	*1964-65*	*1969-70*
0- 8	2.00	1.23	0.92	1.44	0.2
8-11	6.14	4.87	1.83	3.18	0.2
11-13	4.31	5.87	0.92	3.07	0.7
13-15	10.38	5.69	10.42	3.89	0.9
15-18	7.35	9.36	10.70	12.06	2.9
18-21	8.91	10.59	13.79	10.80	4.1
21-24	9.93	14.37	13.11	11.03	5.6
24-28	19.17	10.74	6.98	10.69	9.4
28-34	11.79	15.27	17.91	16.41	13.3
34-43	13.74	8.72	7.67	9.57	15.9
43-55	2.25	6.18	5.50	6.78	18.9
55-75	4.63	3.30	4.87	6.46	12.6
75 and above	—	3.81	5.38	5.62	15.3
	100.00	**100.00**	**100.00**	**100.00**	**100.00**

Source : *National Sample Survey; Rounds 16 No. 101, 17 No. 135; 18 No. 142 and 19 No. 179.*

TABLE 23—**Population Below Poverty Line : Numbers and Percentage in Rural Areas.**

Years	*Cost of nutritionally adequate diet*	*Percentage of population below poverty line*	*Population below poverty line (in millions)*
1960-61	15.30	46.45	11.47
1961-62	15.90	31.03	7.76
1963-64	16.80	33.90	8.67
1964-65	19.80	41.95	10.86
1969-70	27.90	46.00	12.67

Source : *National Sample Survey; Column II, Rounds: 16, 17, 18 and 19. Also State Sample, 1969-70.*

TABLE 24—**Population Below Poverty Liue : Numbers and Percentage in Urban Areas.**

Years	*Cost of nutritionally adequate diet*	*Percentage of population below poverty line*	*Population below poverty line (in millions)*
1960-61	19.12	33.14	2.97
1961-62	19.87	31.55	2.92
1963-64	21.00	38.58	3.79
1964-65	24.75	44.47	4.49
1969-70	34.87	37.30	4.28

Source : *Same as Table 23.*

In 1960-61, the cost of a nutritionally adequate diet in rural Tamil Nadu was estimated at Rs. 15.30 per head per month. Nearly 46.45 per cent of the rural population or 11.47 million persons did not earn the necessary purchasing power to afford the diet, adequate even in respect of calories. In 1961-62, there was a marginal increase in the cost of the diet quantum owing to a rise in prices. It cost Rs. 15.90 and 31.03 per cent of the rural population, i.e., 7.76 millions, were unable to afford it. In 1963-64, the correspondiug figures rose to Rs. 16.80 and 33.90 per cent of the rural population or 8.67 millions. In 1964-65, the cost of the diet rose phenomenally to Rs. 19.80 and as a result, 10.86 millions, that is, 41.95 per cent of the rural population, fell below it. In 1969-70, the cost of the diet was computed at Rs. 27.90 and 46 per cent of the rural population fell below it—nearly 12.67 millions. The rising cost of the diet reflected the general pattern of the price rise. While the rise in the prices of foodgrains was not very marked in the early sixties, i.e., up to 1964, the outbreak of frontier incidents with neighbours, which threatened to become a full-scale war that year, made for conditions of scarcity and reinforced a pre-existing trend towards a rise of prices. Thus, while prices did rise in the pre-war years, the rise was neglible as compared to the magnitude of post-war price rises.

Similarly, in the urban areas of Tamil Nadu, as Table 24 reveals, there is an upsurge of poverty accompanied by a sudden spurt of prices, primarily of necessities, which are hence-forth referred to in this Study as wage goods.

In both the rural and urban areas of Tamil Nadu there has been a serious increase in poverty levels, and the numbers affected rose from 11.47 millions to 12.67 millions in the rural areas and from 2.97 millions to 4.28 millions in the urban areas. There has, in the sequel, been a relative increase in poverty in the urban areas as against the rural. This may have been mainly due to a steady migration from rural to urban areas in search of a living, which was not consciously or deliberately related to a growth of work opportunities in the cities. After allowance is made for increases in population, the motivation can be traced to the unprofitability of subsistence farming and the failure of an appropriate growth rate in the countryside to stem the tide of the migration. Furthermore, against the inequality in income distribution, the two factors that contribute towards rising poverty are: (1) rising prices of necessities or wage goods; and (2) a stubborn increase in population. Any form of an attack on poverty must take into consideration these two key variables. Many development programmes under the Five Year Plans were inaugurated over the decade 1960—70, but the thrust of development has been whittled away or retarded appreciably by these two factors. Poverty as seen from our analysis is gigantic and cannot be wished out of existence overnight or simply cast off like a burden by an act of conative plenitude. It is multi-dimensional and must be faced as such on all fronts and with an armoury of weapons.

Table 25 indicates the extent of changes in poverty for the State of Tamil Nadu over the years. Tables 26 and 27 set forth the wholesale price and the rural price index for Tamil Nadu. It may be noted from Table 25 that poverty is on the increase even in terms of calories.

TABLE 25— **Percentage and Absolute Numbers of Population below Poverty Line.**

Years	*Percentage of population below poverty line by calorie definition*	*Numbers (in millions)*
1960-61	42.9	14.44
1961-62	31.1	10.68
1963-64	35·1	12.46
1964-65	41.9	15.35
1969-70	43.09	16.95

Source : *Department of Statistics, Govt. of Tamil Nadu.*

TABLE 26— **Wholesale Price Index in Tamil Nadu (Prices as on August 21, 1938 = 100).**

Years	*Index No.*
1960	596
1961	618
1962	607
1963	625
1964	720
1965	789
1966	913
1967	963
1968	960
1969	1067
1970	1186

Source : *Department of Statistics, Govt. of Tamil Nadu.*

TABLE 27—**Rural Price Index Number.**

Years	*Index No.*
1960	502
1961	524
1962	538
1963	559
1964	654
1965	70°
1966	806
1967	894
1968	881
1969	919
1970	993

Source : *Department of Statistics, Govt. of Tamil Nadu.*

While it was 14.44 millions in 1960-61, by 1969-70, it touched a peak point of 16.95 millions. Thus, in the State, 16.95 millions of the population are poor even in respect of calories.

Minimum Needs—A Second Measure of Poverty

The concept of minimum needs is different from that of nutritional adequacy in that, while it includes the latter in its domain, it includes other physical and non-physical amenities, like clothing, housing which are indeed among the bare necessities of life. An individual's budget is not wholly expended on food. Some of it is left over, or the individual plans his expenditure in such a way that some of it is spent on some other necessities like clothing. It is thus obvious that the budget would appear somewhat inflated when compared to that required for his food. In the first part, where it was assumed that the individual spends all his income on food, it was found that 16.95 millions were unable to meet this bare requirement. An Expert Committee of the Union Planning Commission estimated that a minimum of Rs. 20 per month at 1960-61 prices was necessary to meet the nutritional norms and other minimum needs.

The present study, however, estimates the cost of the minimum rural budget at Rs. 21.11 per month at 1960-61 prices. Table 28 computes the varying cost of the minimum budget over the years in the rural areas of Tamil Nadu and records the percentage of the population that fail to meet this requirement. In effect, this minimum cost budget demarcates our second poverty line.

TABLE 28—**Percentage of Population below Poverty Line in Rural Areas.**

Years	*Cost of minimum needs (Rs. in millions)*	*Percentage of population below poverty line*	*Numbers of population below poverty line (in millions)*
1960-61	21.11	69.61	17.19
1961-62	22.08	65.66	16.42
1963-64	23.33	62.85	16.08
1964-65	27.50	71.23	18.44
1969-70	38.75	73.80	20.35

Source : *Constructed from National Sample Survey; Rounds 16, 17, 18 & 19, the State Sample as above from Table 27; Column II is from the Rounds.*

TABLE 29—**Percentage of Population below Poverty Line in Urban Areas.**

Years	*Cost of minimum needs (Rs. in millions)*	*Percentage of population below poverty line*	*Numbers of population below poverty line (in millions)*
1960-61	29.56	71.12	6.39
1961-62	31.05	70.35	6.52
1963-64	32.81	72.92	7.17
1964-65	38.67	76.35	7.74
1969-70	54.49	71.10	8.36

Source : *Same as Table 28.*

TABLE 30—**Percentage of Population below Poverty Line in Tamil Nadu.**

Years	*Percentage of population below poverty line*	*Numbers below poverty line (in millions)*
1960-61	69.90	23.58
1961-62	66.80	22.94
1963-64	65.60	23.25
1964-65	71.40	26.18
1969-70	72.90	28.71

Source : *Computed from Tables 28 and 29.*

One can see from the above tables that, in the rural and urban areas and for the State as a whole, mass poverty, instead of being contained by the planning process is actually on the increase. The rise has been substantial and remarkable. In the rural areas, the number of persons affected by it has increased from 17.19 millions to 20.35 millions—a rise of about 3.16 millions or about 20 per cent in ten years (Table 28). In the urban areas, the number of the poor has increased from 6.39 millions to 8.36 millions (Table 29), representing an increase of about 1.97 millions or 30 per cent of the population over the decade. For the State as a whole, the numbers affected by poverty in terms of minimal norms has risen from 23.58 millions in 1961-62 to 28.71 millions in 1969-70-a rise of 5.13 millions or nearly 25 per cent.

The data serve to reveal a very striking fact. Poverty in Tamil Nadu has been on the increase over what the United Nations called the Development Decade. Based on these estimates, it is possible to assert that about 28 to 29 millions in the State fall below the poverty line today. The Ogiv's Curve graphs together with the tables illustrate graphically the cumulative distribution of the rural and urban poor in terms of expenditure size-classes and the lines of adequate diet and minimum needs. The proportion of population lying below

the lines can be read off from each curve—one each for rural and urban populations for the period 1960—70.

Identification of the Poor

An effective move towards the eradication of poverty must begin with the identification of the poor. Two different sets of questions must be answered at the outset. (1) Who are the poor? (2) Where are they to be found? A first approach is the identification of the poor in terms of occupational structures and a second method is the identification of the poor in terms of geographical location.

Occupational Identification

The poor are identified in terms of occupational structures often by converting the poor into their worker-equivalents or worker participation ratios. According to the Census of 1971, the worker-participation ratio is 15.07, a worker being defined as one who works even for one hour each day during the busy season. If this ratio is applied to the 28.71 million poor of the State, they can be converted into an equivalent of about 10.50 million workers. This represents 71.40 per cent of the total workers in the State.

The Census of 1971 classifies workers into three major categories: (1) Agricultural Labourers; (2) Cultivators; and (3) Other Workers. Since not much is known about the income or expenditure patterns of these three categories of workers, it is necessary to make certain assumptions to overcome this constraint. The first assumption is that all those cultivating 2.5 acres of land and less would come below the poverty line. This is based on the fact that the normal earnings of a family possessing 2.5 acres is about Rs. 1500 per annum and in these classifications the small cultivator is one who has a holding of below 1 acre or between 1 and 2.5 acres. In the absence of data on the size of operational holdings, the 20 per cent sample of the 1961 Census is used to estimate the number of cultivators having less than 2.5 acres of land. The second assumption is that all agricultural labourers fall below the poverty line. The third assumption is that, in the 'Other Workers' category all

those engaged in the 'organised sector' are above the poverty line while others fall below it. In accordance with the above assumptions, the total poor in the State can be divided into three major components in terms of worker-equivalents. These yield the grand total of 10.95 millions, comprising 2.15 million 'small cultivators,' having less than 2.5 acres of land, 4.3 million agricultural labourers and 4.5 million 'other workers' in the non-organised sector. The 10.95 million poor are near to the measure figure of 10.50 millions arrived at in terms of worker-equivalents. Thus, about 21 per cent of the poor in the State are small farmers, 39 per cent agricultural labourers and 40 per cent other workers.

Location of the Poor

A further break-up would be possible if supplemented by additional data. Since this is a major constraint, this is the most that can be said on occupational structures. Nevertheless, such an identification procedure helps in tracing the location of the poor. By converting the rural and urban poor into their worker-equivalents using the worker-participation ratio, Table 32 shows that 7.44 millions are located in the rural areas and the remaining 3.06 million poor are to be found in the urban areas. But both the figures differ widely from the estimates in the previous paragraph according to which 6.45 millions were found to be poor *ex hypothesi* in the rural areas and 4.5 millions in the urban areas. The residual 'other workers' are by inference not all to be found in the urban areas—an explanation which is plausible in itself and moreover serves to reconcile the divergent figures. Many of them are found in the rural areas too. Therefore, assuming that a million 'other workers' are to be found in the village too, the two estimates are brought closer.

Districtwise Distribution of the Poor: In working out the districtwise distribution of the poor, the same methodology has been used as was for the State as a whole. This undoubtedly makes the figures less tenable, yet is useful in analysing the nature and dimensions of poverty in the various districts. Table 31 sets forth this districtwise distribution of the poor. The poor in terms of worker-equivalents in that table aggregate 10.6 millions which is close to the measure figure of 10.5 millions.

The fact that Nilgiris registers a very high percentage of the poor 'other workers' in the table in terms of worker-equivalents is explained by the presence of plantation workers and the census classification of these as 'other workers'. The high total percentage of poor workers in Kanyakumari is accounted for by the poverty of 'other workers' in its urban areas.

TABLE 31—**Districtwise Distribution of Poor in Tamil Nadu in Worker-Equivalents.**

(In percentage and absolute numbers)

Districts	Grand total of workers (in thousands)	Percentage of Total Poor Workers			Total (in thousands)	Percentage of poor to total workers
		Small Farmers	Agri-cultural Labourers	Other Workers		
Chingleput	1,016	17.9	39.2	42.7	794	78.1
North Arcot	1,368	25.8	38.8	35.4	1,044	76.3
South Arcot	1,296	29.2	45.2	25.4	1,011	77.9
Salem-Dharmapuri	1,834	21.7	39.3	39.3	1,221	66.5
Coimbatore	1,804	7.2	44.0	48.6	1,270	70.4
Nilgiris	192	3.9	11.6	84.3	124	64.5
Madurai	1,478	17.8	47.4	34.7	1,086	73.5
Tiruchirapalli	1,453	29.9	38.2	31.7	966	66.4
Thanjavur	1,301	18.2	51.8	30.0	1,037	79.7
Ramanatha-puram	1,065	23.5	34.7	41.7	774	72.7
Tirunelveli	1,199	16.2	36.9	46.8	971	81.0
Kanyakumari	352	15.9	40.0	44.1	304	86.3
State	15,074	21.0	39.0	40.0	10,602	72.6

Source: *Census, 1971*; *Totals are provisional.*

Profile of District Poverty : Theme and Variations

In North Arcot, South Arcot, Dharmapuri and Salem, Thanjavur, Ramanathapuram, Tiruchirapalli and Madurai, the incidence of poverty is in the agricultural sector. The problem is encountered within the rural areas in the above districts while in Chingleput, Coimbatore, Tirunelveli and Kanyakumari, poverty is predominantly an urban phenomenon. Understandably enough, Nilgiris poses a special problem of its own, because a major portion of the poor is to be found among the plantation workers and hence does not come under the category of agricultural labourers as defined by the 1971 Census. Paradoxically, these districts have also more than their share of agricultural labourers and small farmers. And the incidence of poverty is in consequence rather higher than in other districts. Table 32 shows the percentage distribution of population by size-classes of expenditure and suggests a measure of their size in terms of worker-equivalents. Besides, the table also reveals that in Tamil Nadu, there are several stepped up rungs of poverty on a solid intractable floor of poverty extending over a wide area. Nearly 70 per cent of the State's population are enclosed in this solid area. To disaggregate the poor into more workmanlike categories, the destitute must be separated from the poor, and a Line of Destitution drawn. Assuming that the Line of Destitution includes the size-class 0-18 in the rural areas and 0-24 in the urban areas, nearly 12 per cent of the rural population, i.e., nearly 3.3 million persons or about 1.22 million worker-equivalents will lie under the Line of Destitution, while in the urban areas, 14.6 per cent of the population or 1.71 millions persons (0.62 million worker-equivalents) are below the Line of Destitution. The size-groups 18-38.75 in the rural areas and 24-54.49 in the urban areas lie above the Line of Destitution but fall below the poverty line.

TABLE 32—**Percentage Distribution of Rural and Urban Poor by Expenditure Class and Worker-Equivalents.**

Size-class of expenditure	*Rural*			*Urban*		
	Percentage of Population	Actual Population (In millions)	Worker-equivalents	Percentage of Population	Actual Population (In millions)	Worker-equivalents
0-8	0.1	0.02756	0.01008	0.2	0.02354	0.00861
8-11	0.8	0.22048	0.08066	0.2	0.02354	0.00861
11-13	1.7	0.46852	0.17140	0.7	0.08239	0.03038
13-15	2.5	0.68900	0.25207	0.9	0.10593	0.03875
15-18	6.9	1.90164	0.69572	2.9	0.34133	0.12487
18-21	12.1	3.33432	1.22231	4.1	0.48259	0.17655
21-24	11.5	3.16940	1.15953	5.6	0.65912	0.24114
24-28	13.3	3.66548	1.34102	9.4	1.10638	0 40477
28-34	17.1	4.71276	1.72415	13.3	1.56541	0.57246
34-38.75	7.8	2.14968	0.78647	—	—	—
34-43	—	—	—	15.9	1.87143	0.68467
43-54.49	—	—	—	17.9	2.10683	0.77079
Total	**73.8**	**20.33884**	**7.44341**	**71.1**	**8.36851**	**3.06160**

Source : *National Sample Survey, State Sample : 1969-70.*

Any minimum support programme has to be so designed that the expenditure or income level of the destitute population will be brought up to a desired level. The destitute will first receive the bulk of the benefits of the programme and those slightly better off will need proportionately less of the total benefit available under the programme.

Poverty, as seen from the above analysis, is the result of three determinant forces : one among which is spiralling prices, the second the rise in population and the third the inadequacy of purchasing power among population size-classes as distributed by the market forces. The hunger for calories (under-nutrition) can now be overcome provided the purchasing power in the hands of the poor can be increased to enable them to buy the requisite quantities of foodstuff. In recent years, successes

have been recorded in the synthesising of proteins which can be used to fortify deficient natural foods and mitigate protein hunger as well. Protein hunger is the worst of the specific hungers that beset mankind and is the principal cause of malnutrition especially in infants and children. The problem in India has been described as of "crisis proportions", and it is hoped to solve it by increasing the protein content *per se* in the diet in the same way as is done with calories. The fact that protein malnutrition is the indirect result of inadequate energy generation does not come up for examination in this methodology. When food intake is sufficient in amount, the protein intake is usually satisfactory. It would appear that the normal diet of a Tamilian is satisfactory in respect of its protein content, but the inequalities in consumption leave the rich with enough and more and the poor only as much as they can afford. The limiting factor in the case of the poor is the inadequate purchasing capacity of the people and not the quality of the diet. It follows, therefore, that policies and programmes to combat protein malnutrition which are aimed at removing qualitative inequalities must be involved in the policies and programmes to combat inequalities in the quantity of the diet. Since the quantity of diet is primarily determined by levels of income, these policies and programmes must aim at mitigating the grave inequalities in income itself. It must at least ensure the poor a minimum income which can buy them a daily diet adequate to meet their energy needs. Thanks to the 'Green Revolution' and the break through that has been effected on the agricultural front, production has increased from 50 lakh tonnes of foodgrains including 35 lakh tonnes of rice on the eve of the Fourth Plan to 70 lakh tonnes including 54 lakh tonnes of rice in 1972. But increased production will not by itself help until and unless it is simultaneously accompanied by fiscal and physical machinery for a more efficiently equitable distribution of the increased availability. It is necessary that supply should be matched by effective demand which in turn must lead to an increase in the purchasing power in the hands of the poor.

The income of the poor can be augmented through :

(1) assistance to the small farmer to increase production ;

(2) redistribution of land above specified ceilings and distribution of land to the landless through concerted Land Reforms; (vide *Land Reform in Tamil Nadu* a MIDS Publication);

(3) rural and urban employment programmes (vide *Rural Unemployment*; a forthcoming MIDS monograph);

(4) the production of wage goods by and for the masses; and

(5) the supply of subsidised and low-priced wage goods to the urban and rural poor. This forms the one anti-poverty programme proposed in the monograph.

CHAPTER 4

PRODUCTION AND DISTRIBUTION OF WAGE GOODS

On the production front, Tamil Nadu has done remarkably well in recent years. As noted earlier it has progressed from a food deficit State to a food surplus one, but this has made no difference to the wide prevalence of poverty which can be traced directly to the malfunctioning of the redistributive system as well as of distributive trades and agencies accompanied by persistently rising prices, a sizable portion of which is out of all relation to rising costs. Rice continues to be the largest produce of Tamil Nadu and accounts for a major proportion of all agricultural production. As Table 33 shows, 70 per cent of the total food production is taken up by rice. Over the decade, the production has almost doubled. The production of other cereals has remained more or less at 1960-61 levels.

The production of pulses in Tamil Nadu is very low. There are many observers, dietitians and economists who believe that the low intake of pulses by common people and the poor is leading to a distinctive protein malnutrition and other associated diseases which can be rectified and augmented only through the production of protein yielding local foods. Pulses are rich in lysine while cereals are not. A suitable combination of the two gives diets the protein value of which approaches those of animal products. Strictly, however, the share of animal proteins in a balanced diet cannot be replaced by vegetable proteins. There is thus a need to emphasise the role of pulses in the Tamil Nadu diet and additional incentives must be given to extend pulses production in the State. There is, however, a serious economic constraint to any increased production of pulses or any other commodity. The promotion of self-reliance in food commodities and the extension of food production through reclamation of waste and fallow lands, subsidy, credit and procurement policies have been conceived as transcendent correctives to market forces and the way in which they operate. In other words, the increases

TABLE 33—**Food Production in Tamil Nadu.** (In thousand tonnes)

S. No.	Items	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71
	Cereals											
1.	Rice	3,559	3,907	4,024	3,876	4,036	3,524	3,791	3,846	3,659	4,532	5,303
2.	Wheat	1	1	1	1	*	*	1	1	*	—	—
3.	Cholam	631	631	601	590	572	552	513	558	525	465	575
4.	Cumbu	312	301	306	319	293	279	235	304	287	253	310
5.	Maize	7	6	9	3	3	4	8	11	9	14	19
6.	Ragi	360	338	350	318	321	292	323	309	286	337	345
7.	Other cereals	427	435	389	374	392	361	361	367	332	372	371
	Total cereals:	5,286	5,594	5,682	5,436	5,583	4,930	5,346	5,345	5,004	6,140	6,096
	Pulses											
8.	Bengalgram	1	1	2	1	1	1	1	2	2	2	2
9.	Redgram	26	24	25	24	25	22	26	25	23	30	30
10.	Other pulses	82	84	79	83	83	79	85	87	77	88	92
	Total pulses:	109	109	106	108	109	102	112	114	102	120	124
	Total food items: (Cereals & Pulses)	5,395	5,703	5,788	5,544	5,692	5,032	5,458	5,459	5,106	6,260	6,220
11.	Sugar		130	114	102	143	194	202	216	261	323	347
12.	Tea	—	39.7	41.1	44.7	41.9	47.3	48.4	47.1	53.0	49.0	54.9
	Other items	—	—	—	—	—	—	—	—	—	—	—
13.	Cotton (million metres)	—	190	190	190	209	211	134	143	160	165	174

Source: *Department of Statistics, Government of Tamil Nadu.*

* Less than 500 tonnes.

in food production have not been secured through motivation or incentives. It is doubtful if Tamil Nadu has a natural advantage for the production of pulses. Within the framework of constraints noted above, production does respond to variations in agricultural prices. Pulses have fared well in the planning era and enjoyed rising prices in an uncontrolled market. Yet there has been no major switch to pulses in this State. It is problematic, therefore, to try and upgrade the nutritional status of the Tamil Nadu diet through local foods production which can in the last resort only be increased through uneconomic policies of self-reliance. Morever suitable communication campaigns must be launched to educate the people on the need for increasing the pulse production; to increase the intake of pulses as a dietary measure; and to promote the acceptability of diets containing protein substitutes and protein foods.

There is in existence what has thus simply been described as the "communication gap" between scientists, economists and the like on one hand and the farmer or the rural worker on the other. Steps must be taken to bridge this gap through all the possible mass media. It is important that the small farmer is involved as soon as possible in the production effort not only for additional cereals and pulses but for milk as well.

The fact must be noted that basic and adaptive or intermediate research, on which any communications policy can be based, is lacking in many vital fields. But the constraints on the diversion of land use to the production of pulses and to mixed farming must be recognised. Green revolution technology, expensive in foreign exchange, in the context of a food shortage, has been addressed primarily to cereals—wheat in particular. In Tamil Nadu, the impact of planned expenditure has been directed towards the extension of the area under rice, the increasing of yields therefrom and the achievement of a measure of self-sufficiency based on minimal *per capita* norms. High-yielding variety seeds and inexpensive inputs need to be devised which would cut the cost of production of all nutritive foods and of the human infrastructure for development. Except in mixed farming, the economics of cereals, pulses and non-cereal crops generally that enter into a nutritive diet have still to be worked out in

pilot projects based on demonstration farms. The diversification of diet elements is important for the Minimum Needs Programme even if a single minded promotion of rice cultivation is the only economically feasible course for the present. But, in the long run, the acceptance and widespread consumption of nutritive foods can only come from increased local production and diversification. For this, there is need for new leguminous and fodder crops and the development of extension services for intelligently appraising the farmer of the new possibilities and to provide him with the needed inputs including the credit with which to buy them. At no time has it been more important than now to involve the small farmer in the production effort so that his income is supplemented and his standard of living improved. This is so for two reasons. We have arrived at a stage in planning where marginal increments to production are as important as the planned extensions of output of large farms. Secondly, the small farmer enters more directly—as producer and consumer—in the Minimum Needs Programme than the big farmer who figures in large aggregates such as State or National production. It is now not food, but the small farmer who flaws our vision of cornucopia. Concurrently, he should become the central figure of our plans for the future.

The production of sugar, tea and cotton has registered increases. Table 34 sets forth annual production figures for rice, pulses and sugar along with the scanty "availability figures." It can be seen from the table that the State is now self-sufficient in rice, and the acceleration towards the goal was rapid between the years 1967 and 1970. As for pulses, it relies on other States to meet its needs. Sugar production is nearing the licensed capacity. There are about nine sugar mills in the private sector and six in the cooperative sector. The total licensed capacity adds up to about 3.45 lakh tonnes, and in 1969, a peak production of 3.23 lakh tonnes was reached.

TABLE 34—Production of Rice, Pulses and Sugar and Availabilities.

(In thousand tonnes)

Items		*1960-61*	*1961-62*	*1962-63*	*1963-64*	*1964-65*	*1965-66*	*1966-67*	*1967-68*	*1968-69*	*1969-70*
Rice	...	3,559	3,907	4,024	3,876	4,036	3,524	3,791	3,846	3,659	4,532
Availability	...	—	—	—	—	—	2,960	3,350	3,349	—	—
Pulses	...	109	109	106	108	109	102	112	114	102	120
Availability	...	457	469	398	459	315	263	269	—	—	—
Sugar	...	—	130	114	102	143	194	202	216	261	323
Availability	...	161	129	166	134	152	157	176	176	—	—

Source : *Department of Civil Supplies, Govt. of Tamil Nadu.*

Distribution

The distribution of wage goods in Tamil Nadu is being effected under two major systems: (1) The private distribution system which takes the major share of nearly 70 per cent in the total quantities distributed, and is guided solely by the price mechanism. It presses into service wholesale merchants and retailers. It is an uncontrolled system that shifts with the fortunes of the market and the forces of supply and demand. (2) The public distribution system, on the other hand, is controlled and the channels of distribution are largely fair price shops wholly owned by Government or ration shops run by owners authorized by the Government and co-operatives. The public distribution system is the only practicable means in the foreseeable future, which can be used as an important instrument of the State for dealing with the problem of mass poverty. Privately owned shops under contract to sell public supplies at fair prices can supplement the public machinery for the distribution of essential inputs and supplies. While the workings of the private distribution system are too intricate and do not provide objective data for the researcher and cannot be fully analysed, the effectiveness of the public distribution system can be submitted to analysis that can prove a guide for future action. How far are fair price shops an effective means of generating greater equality in distribution? What part of the population of the State is covered by fair price shops? Table 35 gives the total number of fair price shops in Tamil Nadu. It can be seen therefrom that they are not all alike. Some of them take on too few items for distribution effectively to serve any hypothetical Minimum Needs Programme. For example, there are about 9004 Fair Price Shops in the State for distributing sugar, *maida* and *sooji* (*ravai*). On the average, a fair price shop caters to 3,693 individuals. The number served by an average fair price shop is lowest in the Nilgiris where there is a fair price shop for every 608 persons and the highest in Salem where there is a fair price shop for as many as 7,111 persons. The other districts where this proportion is high are: Madurai, 1:5,858; North Arcot 1:5,604; South Arcot, 1:6,630; and the city of Madras, 1:4600.

TABLE 35—**Distribution of Fair Price Shops.**

District	Number of Fair Price Shops		
	For distribution of Rice, *Toor Dhall/ gram, Gram dhall, Maida, Sooji* and Sugar (in the area) covered by the issue of rice at economic rates	For distribution of Rice, Sugar, *Maida, Sooji* in the belt areas.	For distribution of Sugar, *Maida* and Sooji.
Madras ...	539	—	—
Coimbatore ...	220	67	743
Madurai ...	—	26	645
Kanyakumari ...	—	661	82
Nilgiris ...	—	640	168
North Arcot ...	—	—	667
South Arcot ...	—	—	541
Chingleput ...	—	—	1,089
Ramanathapuram ...	—	—	770
Tirunelveli ...	—	—	757
Salem ...	—	—	420
Dharmapuri ...	—	—	386
Tiruchirapalli ...	—	—	884
Thanjavur ...	—	—	1,310
Total ...	**759**	**1,394**	**9,004**

Source: *Department of Civil Supplies, Government of Tamil Nadu.*

Apparently the fair price shops are well distributed. Their participation in the distribution process of necessities or wage goods can also be determined. Table 36 details the general off-take of rice in the districts of Tamil Nadu for the years 1965—68.

TABLE 36—Rice Offtake in the Districts : 1965—68.

(In tonnes)

Serial No.	*Districts*	*1965*	*1966*	*1967*	*1968*
1.	Madras ...	1,32,167	15,11,399	1,75,060	1,87,409
2.	Chingleput ...	63,634	16,220	25,793	26,382
3.	South Arcot ...	601	439	58	188
4.	Thanjavur ...	23,652	36,235	46,184	40,493
5.	Tiruchirapalli ...	22,184	25,398	22,611	24,188
6.	Madurai ..	55,579	52,527	48,251	54,320
7.	Ramanatha-puram ...	42,627	35,195	32,125	36,406
8.	Tirunelveli ...	1,06,623	76,597	58,860	69,040
9.	Kanyakumari ...	34,350	32,566	39,006	43,315
10.	North Arcot ...	73	4,192	12,592	16.066
11.	Salem ...	28,590	37,390	26,810	35,384
12.	Dharmapuri ...	—	6,233	3,165	2,869
13.	Coimbatore ...	1,34,657	1,20,213	88,518	1,07,823
14.	Nilgiris ...	43,890	37,110	32,386	34,332
	Total ...	**6,88,627**	**6,31,714**	**6,11,419**	**6,78,185**

Source: *Department of Civil Supplies, Government of Tamil Nadu.*

Table 37 details the figures for the total rice procured in the districts of Tamil Nadu over the years 1965—68 as against the offtake in Table 36.

TABLE 37—**Total Rice Procured in the Districts : 1965—68.**

(In tonnes)

S.No.	*Districts*	*1965*	*1966*	*1967*	*1968*
1.	Chingleput	70,750	59,531	47,960	46,613
2.	South Arcot	1,01,551	82,329	80,835	94,018
3.	Thanjavur	3,95,966	3,55,458	4,80,235	4,43,872
4.	Tiruchirapalli	46,041	34,963	43,326	31,954
5.	Madurai	36,508	33,721	32,713	19,756
6.	Ramanathapuram	6,768	19,497	11,089	8,315
7.	Tirunelveli	12,301	49,456	33,714	35,644
8.	Kanyakumari	8,510	11,190	9,206	7,849
9.	North Arcot	75,881	54,148	82,099	45,201
10.	Salem	17,712	4,151	6,794	5,062
11.	Dharmapuri	5,588	3,374	5,322	2,095
12.	Coimbatore	38,206	10,325	20,535	18,359
13.	Nilgiris	769	802	703	164
	Total	**7,18,945**	**8,54,551**	**8,54,551(sic)**	**7,58,902**

Source : *Department of Civil Supplies, Government of Tamil Nadu.*

Table 37 shows that the quantity of rice procured forms about 20 per cent of the State's total production on an average. Tables 38 and 39 set forth the allotment and consumption of sugar and the availability of kerosene in Tamil Nadu.

TABLE 38—Sugar Allotment and Consumption in the State: 1972.

(In tonnes)

S.No.	Districts	January		February	
		Allot-ment	*Consump-tion*	*Allot-ment*	*Consump-tion*
1.	Madras ...	1,448	588	1,723	1,054
2.	Chingleput ...	630	322	600	435
3.	North Arcot ...	750	434	750	499
4.	South Arcot ...	750	532	700	680
5.	Salem ...	660	480	600	474
6.	Dharmapuri ...	320	138	240	142
7.	Coimbatore ...	960	703	1,000	622
8.	Nilgiris ...	110	160	110	71
9.	Thanjavur ...	860	620	812	566
10.	Tiruchirapalli ...	830	620	800	656
11.	Ramanathapuram	629	523	613	526
12.	Madurai ...	900	534	889	562
13.	Tirunelveli ...	731	300	673	240
14.	Kanyakumari ...	240	90	200	96
	Total ...	**9,818**	**6,044**	**9,710 (sic)**	**6,623**

Source: *Department of Civil Supplies, Government of Tamil Nadu.*

TABLE 39—Kerosene Offtake in Tamil Nadu: January 1972.

(In litres)

S. No.	Districts	Caltex	Burmah Shell	Indian Oil Corporation	Esso	Total
1.	Madras ...	278	906	3951.5	438.4	5573.9
2.	Chingleput ...	—	503	3103	353	3959
3.	North Arcot ...	448	300	2065	248	3061
4.	South Arcot ...	202	309	1581	405.3	2497.3
5.	Salem ...	233	172	2314.1	490.6	3207.7
6.	Dharmapuri ...	162	32	409.2	41	644.2
7.	Coimbatore ...	390	362	2959.7	559	4270.7
8.	Nilgiris ...	—	25	139.8	81	245.8
9.	Thanjavur ...	41	205	1841.2	264.9	2352.1
10.	Tiruchirapalli ...	121	252	1949	502	2824
11.	Ramanathapuram ...	100	119	990	56	1265
12.	Madurai ...	—	132	1767.5	551.9	2451.4
13.	Tirunelveli ...	190	111	806.2	310.5	1417.7
14.	Kanyakumari ...	32	79	274.9	32	417.9
	Total	**2197**	**3507 (sic)**	**24152.1**	**4333.6**	**3417.7**

Source: *Department of Civil Supplies, Government of Tamil Nadu.*

The data set forth and the accompanying analysis reveal two interesting features: (1) Despite the fact that there are 11,157 Fair Price Shops in the State, they control about 15 to 20 per cent of all the wage goods distributed in the State; (2) the scarcity of goods is often man-made. The fact is that the private distribution system controls 80 per cent of the quantity distributed, while a sustained rise in prices originating in the uncontrolled segments of the free market affects all classes of people. But it affects the poor more than anyone else. Besides it is also the cause of inequitable distribution leading to inequalities in consumption. Such inequalities admittedly

sustain given production levels in some measure, but they ought to reflect no more than a range of inequalities of incomes and rewards in a society particularly in respect of bare necessities. Any reform measure towards controlling the price must start at this end, i.e., towards controlling the price and the quantities available at that price.

Theoretical Considerations bearing on the Subsidization of Wage Goods

If a consumer is faced with the choice of n goods and if it is assumed that he spends all his income on these, it is implied that he pays neither taxes nor does he save. Given his income, Y, aud prices of n goods p_i $(i-1,2...n)$, he maximises his total satisfaction, of ophelimity (Benedetto Croce), derived from the consumption of the n goods. That is to say, he seeks to maximise

$$W = W\ (X_1 X_2 ... X_n\ ) \qquad .....(1)$$

$$Y = \sum_{i=1}^{n} p_1 x_1,\ p_2 x_2 ... p_n x_n \qquad .....(2)$$

and Y is given.

The solution to this problem is obtained if

$$\frac{\triangle w/\triangle x_i}{\triangle w/\triangle x_j} = \frac{p_i}{p_j}\ (i, j = 1, 2, ...n) \qquad .....(3)$$

There are (n−1) independent equations of type (3) and together with equation (2), they determine the n values of $X_1 ...$ X_n. We indicate these values by X_i $(i=1, 2...n)$.

Let us assume that the consumption of each good 'i' influences, in the long run, the ability of the consumer to earn an income. This influence might be positive (education, etc.), negative (liquor, opium) or positive below a certain level of consumption and neutral or negative above that level (food). On this assumption, there exists a *price structure* which induces the consumer to adopt that consumption pattern which maximises his future income growth. In order to determine this price structure, we must first discover the pattern of consumption which maximises future income.

$$\frac{\Delta y}{\Delta t} = P = P\ (x_1, x_2 \ldots x_n) \qquad \ldots\ldots(4)$$

If the price for these goods equals the costs of production and distribution of these goods, then

$$Y = \sum_{i}^{n} p_1 x_1, p_2 x_2 \ldots p_n x_i \qquad \ldots\ldots(5)$$

which is similar to (2) maximising P, subject to condition (5), we obtain

$$\frac{\Delta P/\Delta x_i}{\Delta P/\Delta x_r} = \frac{p}{p}$$

That is, the contribution to income growth is maximised if the ratios of the marginal contribution of the different goods to income growth equal the price ratios. The $(n-1)$ equations (6) together with equation (5) determine the n quantities $\bar{x}_i$, etc.

Incidentally, x_i differs from $\bar{x}_i$. The $\bar{x}_1, \bar{x}_2 \ldots \bar{x}_n$ represent a solution from the consumer's point of view in which long-term considerations play a less important role. Both, however, have in common (2) and (5). In other words $\bar{x}_i - \bar{x}_i$ determines the extra future income growth that can be obtained. In order to determine the price ratios that will induce the consumer to consume $\bar{x}_i$ instead of $\bar{x}_i$, we should insert $\bar{x}_i$ in the $(n-1)$ equations (3) and equation (2), to obtain n equations in the unknown prices. If the values of the p's found form $\bar{\bar{p}}_i$ they fulfill the following conditions:

(1) The voluntary choice of the consumer on the basis of these prices, the quantities of $\bar{\bar{x}}_i$.

(2) It guarantees a maximum flow of future income.

Since in general $\bar{p}_i = p_i$,

$$S_i = p_i - \bar{\bar{p}}_i$$

where S_i represents the price subsidy per unit i consumed. The total net subsidy is, therefore,

$$\bar{S} = (p_i - \bar{\bar{p}}_i)\,\bar{\bar{x}}_i = 0 \qquad \ldots\ldots(6)$$

A more general solution is obtained if a welfare function ϕ is introduced in which ophelimity and future growth are both incorporated.

$$\phi = \phi(W, P)$$

The solution obtained this way lies between the two shown above. To classify these considerations the figure below shows the position for two goods.

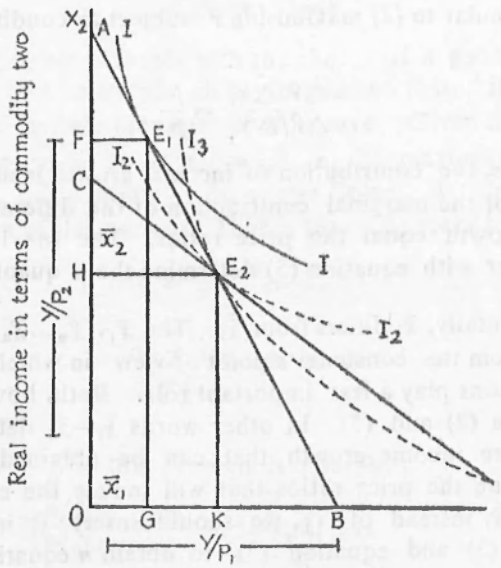

Fig. 11

Line AB represents the budget line i.e., the set of possible combinations of quantities X_1 and X_2 the consumer can buy, given his income and given the prices of P_1 and P_2. The absolute value of the slope of this line equals the price ratio. OB represents the quantity of X_1 that could be bought if the whole income was spent on good 1 and OA the quantity of X_2 that could be bought if the whole income was spent on good 2. Maximum ophelimity for the consumer is obtained at the point E_1, where the price ratio (the slope of the budget line) equals the ratio of the marginal utilities. The solution that maximises future income derives from a different set of indifference curves and is found at point E_2.

OK represents $\bar{X}_1$, and OH, X_2. The price ratio is now adjusted in such a way that the consumer prefers $\bar{X}_1$ and X_2. The appropriate price ratio is found by turning the line AB round E_1 until the new budget line is tangential to a consumer's indifference curve I_2. This solution is inferior from the consumers' short-term point of view to the solution E_1. It is, however, superior in the long run. The slope of CD represents the price ratio that induces the consumer to consume the quantities, $\bar{X}_1$ and X_2.

CHAPTER 5

RECOMMENDATIONS

The policy considerations that arise from large bodies of people forming a sizeable proportion of the total population being classified as unemployed poor or unemployable calls for two types of interrelated strategies:

(1) The fulfilment of "minimum needs"—that is, programmes aimed at improving the present and future condition of the poor to ensure a minimum standard of living.

(2) The utilisation and mobilisation of the present and future resource potential for the poor population, in supersession of other priorities and considerations arising from economic planning.

The first set of strategies involves primarily questions relating to equity. The latter refers to questions of efficiency. Taking up the questions of equity first, the analysis of the foregoing chapters has discussed the general distinctive characteristics of poverty and the possibilities of undertaking large-scale, effective social action to counteract it.

The widespread inequalities in consumption arise from and reinforce a situation where the economic stratification has become inegalitarian and rigid. It threatens and hampers economic equality. Economic inequality, where it is perpetuated through and confirmed by social inequality arising therefrom, is at once a cause and a consequence of prevailing poverty. This happens because of certain cumulative forces operating at the bottom end of the income scale and the distribution thereof in a negative sense. The economically weak are exposed to the play of many economic forces which operate in a vicious circle. Poverty breeds a special environment, and that environment in turn breeds poverty—a kind of sub-culture. Such a sub-culture has its own mode of continuance or self-perpetuation wherein standards other than those of the great or mainstream society apply with

greater force. Economic equality is an artefact ideal and cannot as such be guaranteed in a short span of time. The solution could come through the redistributive mechanism and a redistribution of productive power that seeks to order a more egalitarian pattern of income distribution "at the source". While the criterion of equity requires the improvement of the present and future conditions of the people, the immediate task is to move towards ensuring consumption equality.

In looking for a cause of consumption inequality, it is not necessary to go behind the inadequate purchasing power in the hands of the poor. The lack is mainly due to the rising prices that wipe out a part or whole of any increase in real income. If there should be equality in consumption of at least wage goods or necessities, the purchasing power of the poor people should be supplemented. To state this simply, their incomes will have to be increased and or they have to be given more money. The incomes of the poor people can be supplemented directly by passing on some money to them as a dole. But this would intensify the forces making for a price inflation in the State.

An alternative, which would be an indirect method, would be to supply the wage goods or necessities at subsidized prices. The incomes of the poor are supplemented in the result. This strategy is preferred to the former for two reasons :

(1) The incomes of the poor are supplemented as intended.

(2) The price can now be controlled, for the supplier is the government.

It has an advantage over other anti-poverty measures because its effect on the poor can be gauged immediately. The strategy is conceived as a short-term measure.

What are the pre-conditions to be satisfied if such a strategy is to be operationally feasible? One of the main prerequisites is that the Government must build large buffer stocks of these essential goods or wage goods. A more rational measure with far-reaching consequences that is the accepted policy of the government for food grains—is for the government to take over the wholesale trade of these goods. In any case the State

government must so strengthen its procurement machinery that it is able to collect 80 per cent of available stocks rather than 20 per cent.

The second prerequisite is a well spread distribution system which is already fulfilled in great measure, for there exist more than 10,000 Fair Price Shops all over Tamil Nadu. A further spread and rationalisation must be effected in the location of these shops, and an increase in the amount of trade they handle must be ensured. Through government becoming the major buyer of all essential or wage goods, the chances are that many private merchants and petty traders will be thrown out of employment. This can be avoided to a certain extent if government procures only coarser varieties of these items of essential goods as a start leaving the better varieties and non-essentials to be purveyed by private agents and if those thrown out of employment are absorbed in the governmental procurement machinery.

The third prerequisite is that the Government should equip itself with the financial resources to undertake a programme of this magnitude. Even if such a programme evinces unanimous support by virtue of its feasibility, the problem of finding resources to finance such a programme will still remain. The subsidization of primary necessities or wage goods will obviously have far-reaching financial implications.

The cost of upgrading the population from below the poverty line to a status of satisfied minimum wants is undeniably high. The cost has been worked out for 1964-65 at Rs. 367.4 crores-which year is the latest in the sense that the data on actual expenditure of different expenditure classes are readily obtainable for that year. The estimated cost for the year 1969-70 likewise is nearly Rs. 500 crores a year. Such high costs cannot be borne by the Government alone because it cannot find the financial resources to meet such a situation. What is more important is the absolute lack of real resources for carrying through a welfare task of such magnitude to a successful conclusion. The alternative for the immediate future—the only practicable course for the Fifth Plan—would be a two-pronged attack.

(1) Subsidization of wage goods supplied to the destitutes.

(2) Ensuring of wage goods at fair prices for the remaining poor.

The destitutes are as defined in Chapter 3 as those persons whose expenditure is Rs. 18 or less *per capita per mensem* in the rural areas and Rs. 24 or less in the urban areas. While some measure of relief can be provided to those earning above Rs. 18 in the rural areas and above Rs. 24 in the urban areas, the first priority should be a programme for the rehabilitation of the destitutes. The destitutes formed about 12 per cent of the rural population and about 14.6 per cent of the urban population in 1969 70, as Table 40 (which is a summary of Table 32) shows:

TABLE 40—**Percentage Distribution of Population in Tamil Nadu by Monthly Per Capita Expenditure Groups: 1969-70.**

Monthly per capita expenditure group (Rs.)	*Rural*	*Urban*	*State*
0-8	0.1	0.2	0.1
8-11	0.8	0.2	0.6
11-13	1.7	0.7	1.3
13-15	2.5	0.9	1.9
15-18	6.9	2.9	5.3
18-21	12.1	4.1	8.9
21-24	11.5	5.6	9.1
24-28	13.3	9.4	11.8
28-34	17.1	13.3	15.6
34-43	15.7	15.9	15.8
43-55	9.5	18.9	13.2
55-75	5.7	12.6	8.5
75 and above	3.1	15.3	7.9
Total	**100.0**	**100.0**	**100.0**

Source: *National Sample Survey, State Sample, Department of Statistics, Government of Tamil Nadu.*

On the assumption that the lowest 12.0 per cent of the rural population spend all their income on wage goods, the cost to the Government of helping them to remain above the level of destitution would approximate to about Rs. 11 crores per annum. To enable destitutes to cross the line of destitution, the price subsidy to the 0-8 class would be about 56 per cent of the total expenditure of that size-class. For the 8-11 class, it would be 39 per cent of its aggregate expenditure. And for the 11-13 class, it would be 28 per cent. For the 13-15 class, it is 17 per cent. For the assistance to the 15-18 class 12 per cent of the total outlay of that size-class would be called for. Through such a subsidy in prices, the lowest forms of poverty can be eradicated, provided there exist simultaneous programmes to give these destitutes a supplemental source of income. When such a situation is. brought about, the subsidy programme can be withdrawn. Towards this end, the Government must set up a separate department or add to the function of the Department of Civil Supplies. The preliminary work of this department must be

—the identification of the destitutes as such or as a family on a district, block and village basis;

—the preparation of a list of essential goods to serve this group;

—the estimation of demand in terms of physical resources;

—the issuance of certificates of identity or other means of distributing the subsistence means; and

—strict penalisation in case of fraud or misuse of the identity cards, which may result in the cancellation of the subsidy for a family.

The other point of attack is a continuous supply of wage goods at a fair price without an element of subsidy for the rest of the poor. This can be done through the existing public distribution set-up. Through the effective control of the distribution on the one hand and by working out larger-scale changes in the methods of production on the other, larger production and a cheaper supply of wage goods can be ensured. The effect on the poverty sector in the long run will also depend

on the other key variables, that is, population growth, and the inflationary spiral. The first can be regulated under the State Family Planning Programme. The second calls for national action.

Poverty, it must be emphasized, is a complex phenomenon. Programmes aimed at ameliorative measures which seek to correct inequality of consumption tend to be lop-sided if they are not accompanied by institutional changes. They must be simultaneously combined with reorganisation of the ownership of the means of production in order to become effective. One simple question of such reorganisation is the mobilisation and utilization of the present and future resources of the poor for the production of the essential commodities that they need. The other institutional changes which the poverty programme calls for are dealt with in other monographs of the Institute.

The burden of this monograph may be stated simply thus :

" What is important is human beings, not statistical entities; what is imperative is the abolition of poverty, not the maximisation of GNP; what is relevant is not consumption for the classes but consumption for the masses; and what is required is not a rehash of old models of economic growth, but a new perspective in which economic growth has meaning only insofar as it enriches the quality of human life. "

TABLE 41—**Total Cost per Month of Anti-Poverty Programme : 1964-65.**

Monthly per capita expenditure class Rs.	*Average per capita expenditure*	*Gap between poverty line and actual expenditure*	*Percentage of population*	*Number of persons (millions)*	*Average size of household*	*Number of household (in millions)*	*Total cost per annum (in million rupees)*
			RURAL				
0-8	6.29	21.21	2.44	0.63	4.54	0.13	13.36
8-11	9.85	17.65	6.48	1.68	5.69	0.29	29.65
11-13	12.26	15.24	5.96	1.54	4.95	0.31	23.46
13-15	14.08	13.42	8.70	2.25	4.94	0.45	30.19
15-18	16.63	10.87	13.88	3.59	5.11	0.70	39.02
18-21	19.36	8.14	13.48	3.48	4.72	0.73	28.32
21-24	22.53	4.97	12.22	3.16	4.57	0.69	15.70
27-50	25.97	1.53	8.07	2.08	4.32	0.48	3.18
			URBAN				
0-8	6.41	1.44	0.14	32.26	2.33	0.06	4.51
8-11	9.80	3.18	0.32	28.87	6.04	0.05	9.23
11-13	11.99	3.07	0.31	26.68	4.71	0.06	8.27
13-15	13.88	3.89	0.39	24.79	5.78	0.06	9.66
15-18	16.54	12.06	1.22	22.13	5.79	0.21	26.99
18-21	19.48	10.80	1.09	19.19	5.97	0.18	20.91
21-24	22.49	11.03	1.11	16.18	5.40	0.20	17.95
24-28	26.03	10.69	1.08	12.64	4.75	0.22	13.65
28-34	30.76	16.41	1.66	7.91	4.73	0.35	13.13
34-38	37.45	3.78	0.38	1.22	4.46	0.08	0.46
							Crores 367.64

TABLE 42—Total Cost of Lifting Poor over Poverty Line (1969-70).

	RURAL				URBAN			
Monthly per capita expenditure class Rs.	*Percentage of population*	*Number of persons (in millions)*	*Gap between poverty line and actual expenditure*	*Total cost per annum (in million rupees)*	*Percentage of population*	*Number of persons (in millions)*	*Gap between poverty line and actual expenditure*	*Total cost per annum (in million rupees)*
0- 8	0.1	0.027	30.75	9.96	0.2	0.023	46.49	12.7
8-11	0.8	0.220	27.75	73.26	0.2	0.023	43.49	12.0
11-13	1.7	0.460	25.75	142.14	0.7	0.082	41.49	40.8
13-15	2.5	0.680	23.75	193.80	0.9	0.105	39.49	49.2
15-18	6.9	1.90	20.75	173.10	2.9	0.341	36.49	148.8
18-21	12.1	3.33	17.75	709.29	4.1	0.482	33.49	192.2
21-24	11.5	3.16	14.75	679.32	5.6	0.659	30.49	240.0
24-28	13.3	3.66	10.75	472.08	9.4	1.10	26.49	349.2
28-34	17.1	4.71	4.75	248.44	13.3	1.56	20.49	382.8
38-75	7.8	2.14	2.75	121.92	15.9	1.87	11.49	256.8
					17.9	2.10	8.49	213.6
				3,123 31				1,898.1

ANNEXURE

Calculation of Gini's Ratio for Rural Areas : 1960-61.

Size-class of expenditure Rs.	*Proportion of individuals in each class to total*	*Proportion of expenditure to total*	*Cumulative proportion of*	
			Individuals	*Expenditure*
0- 8	11.37	.0219	11.37	.0219
8-11	13.97	.0312	25.34	.0531
11-13	14.37	.0396	39.71	.0926
13-15	6.74	.0448	46.45	.1374
15-18	14.46	.0545	60.91	.1919
18-21	8.70	.0638	69.61	.2557
21-24	5.73	.0735	75.34	.3292
24-28	9.69	.0849	85.03	.4141
28-34	8.40	.1004	93.43	.5145
34-43	3.29	.1212	96.72	.6357
43-55	1.46	.1613	98.18	.7972
55 and above	1.30	.2028	99.48	1.0000
Σ 12	**99.48**	**1**		**4.4429**

$$P = 1 + \frac{1}{n} - \frac{2}{n} \sum_{i=1}^{n} Q_i$$

$$= 1 + \frac{1}{12} - \frac{2}{12}(4.4429)$$

$$= .34$$

Calculation of Gini's Ratio for Urban Areas : 1960-61.

Size-class of expenditure Rs.	*Proportion of individuals in each class to total*	*Proportion of expenditure to total*	*Cumulative proportion of*	
			Individuals	*Expenditure*
0- 8	2.00	.0166	2.00	.0166
8-11	6.14	.0299	8.14	.0465
11-13	4.31	.0357	12.45	.0822
13-15	10.38	.0425	22.83	.1247
15-18	7.35	.0504	30.17	.1751
18-21	8.91	.0596	39.08	.2347
21-24	9.93	.0684	49.01	.3031
24-28	19.17	.0784	68.18	.3815
28-34	11.74	.0955	79.97	.4770
34-43	13.14	.1130	93.11	.5900
43-55	2.25	.1458	95.36	.7358
55 and above	4.63	.2642	99.99	1.0000
Σ 12				**4.1672**

$$P = 1 + \frac{1}{n} - \frac{2}{n}(4.1672)$$

$$= 1 + \frac{1}{12} - \frac{2}{12}(4.1672)$$

$$= .43$$

Calculation of Gini's Ratio for Rural Areas: 1961-62.

Size-class of expenditure Rs.	*Proportion of individuals in each class to total*	*Proportion of expenditure to total*	*Cumulative proportion of*	
			Individuals	*Expenditure*
0- 8	5.04	.0135	5.04	.0135
8-11	10.94	.0243	15.98	.0378
11-13	7.21	.0301	23.19	.0679
13-15	7.84	.0346	31.03	.1025
15-18	16.19	.0400	47.22	.1425
18-21	15.94	.0479	63.16	.1904
21-24	10.00	.0559	73.16	.2463
24-28	6.72	.0647	79.88	.3110
28-34	8.48	.0764	88.36	.3874
34-43	4.56	.0944	92.92	.4818
43-55	3.88	.1187	96.80	.6005
55-75	1.76	.1606	98.56	.7611
75 and above	1.44	.2389	100.00	1.0000
Σ 13				**4.3430**

$$P = 1 + \frac{1}{n} - \frac{2}{n}(4.3430)$$

$$= 1 + \frac{1}{13} - \frac{2}{13}(4.3430)$$

$$= .40$$

Calculation of Gini's Ratio for Urban Areas: 1961-62.

Size-class of expenditure Rs.	*Proportion of individuals in each class to total*	*Proportion of expenditure to total*	*Cumulative proportion of*	
			Individuals	*Expenditure*
0- 8	1.23	.0144	1.23	.0144
0-11	4.87	.0215	6.10	.0359
11-13	5.87	.0274	11.94	.0633
13-15	5.69	.0313	17.66	.0946
15-19	9.36	.0375	27.02	.1321
18-21	10.59	.0439	37.61	.1760
21-24	14.37	.0511	51.98	.2271
24-28	10.74	.0591	62.72	.2862
28-34	15.27	.0702	77.99	.3564
34-43	8.72	.0859	86.71	.4423
43-55	6.18	.1092	92.89	.5515
55-75	3.30	.1413	96.19	.6928
75 and above	3.81	.3072	100.00	1.0000
Σ 13				**4.0726**

$$P = 1 + \frac{1}{n} - \frac{2}{n}(4.0726)$$

$$= 1 + \frac{1}{13} - \frac{2}{13}(4.0726)$$

$$= .45 \text{ or } .5$$

Calculation of Gini's Ratio for Rural Areas : 1963-64.

Size-class of expenditure Rs.	*Proportion of individuals in each class to total*	*Proportion of expenditure to total*	*Cumulative proportion of*	
			Individuals	*Expenditure*
0- 8	3.27	.0162	3.27	.0162
8-11	8.53	.0229	11.80	.0391
11-13	7.46	.0288	19.26	.0679
13-15	9.46	.0331	28.72	.1010
15-18	15.55	.0388	44.27	.1398
18-21	12.18	.0458	56.45	.1856
21-24	9.61	.0534	66.06	.2390
24-28	9.51	.0616	75.57	.3006
28-34	10.95	.0746	86.52	.3752
34-43	6.21	.0890	92.73	.4642
43-55	3.07	.1148	95.80	.5790
55-75	2.79	.1483	98.59	.7273
75 and above	1.41	.2727	100.00	1.0000
Σ 13				**4.2349**

$$P = 1 + \frac{1}{n} - \frac{2}{n}(4.2349)$$

$$= 1 + \frac{1}{13} - \frac{2}{13}(4.2349)$$

$$= .43$$

Calculation of Gini's Ratio for Urban Areas : 1963-64.

Size-class of expenditure Rs.	*Proportion of individuals to each class to total*	*Proportion of expenditure to total*	*Cumulative proportion of*	
			Individuals	*Expenditure*
0- 8	0.92	.0169	0.92	.0169
8-11	1.83	.0204	2.75	.0373
11-13	0.92	.0287	3.67	.0660
13-15	10.42	.0332	14.09	.0992
15-18	10.70	.0385	24.79	.1377
18-21	13.79	.0453	38.58	.1830
21-24	13.11	.0525	51.69	.2355
24-28	6.98	.0605	58.69	.2960
28-34	17.91	.0732	76.58	.3692
34-43	7.67	.0901	84.25	.4593
43-55	5.50	.1116	89.75	.5709
55-75	4.87	.1517	94.62	.7229
75 and above	5.38	.2774	100.00	1.0000
Σ 13				**4.1936**

$$P = 1 + \frac{1}{n} - \frac{2}{n}(4.1936)$$

$$= 1 + \frac{1}{13} - \frac{2}{13}(4.1936)$$

$$= .43$$

Calculation of Gini's Ratio for Rural Areas : 1964-65.

Size-class of expenditure Rs.	*Proportion of individuals in each class to total*	*Proportion of expenditure to total*	*Cumulative proportion of*	
			Individuals	*Expenditure*
0- 8	2.44	.0149	2.44	.0149
8-11	6.48	.0234	8.92	.0383
11-13	5.96	.0291	14.88	.0674
13-15	8.70	.0334	23.58	.1008
15-18	13.88	.0395	37.46	.1403
18-21	13.48	.0460	50.94	.1863
21-24	12.22	.0535	63.16	.2398
24-28	10.75	.0617	73.91	.3015
28-34	10.48	.0727	84.39	.3742
34-43	7.74	.0881	92.13	.4623
43-55	3.77	.1136	95.90	.5759
55-75	2.42	.1483	98.32	.7242
75 and above	1.68	.2758	100.00	1.0000
Σ 13				**4.1899**

$$P = 1 + \frac{1}{n} - \frac{2}{n}(4.1899)$$

$$= 1 + \frac{1}{13} - \frac{2}{13}(4.1899)$$

$$= .43$$

Calculation of Gini's Ratio for Urban Areas : 1964-65.

Size-class of expenditure Rs.	*Proportion of individuals in each class to total*	*Proportion of expenditure to total*	*Cumulative proportion of*	
			Individuals	*Expenditure*
0-8	0.44	.0145	.44	.0145
8-11	3.18	.0221	3.62	.0366
11-13	3.07	.0270	6.69	.0636
13-15	3.89	.0313	10.58	.0949
15-18	12.06	.0373	22.64	.1322
18-21	10.80	.0439	33.44	.1761
21-24	11.03	.0507	44.47	.2268
24-28	10.69	.0587	55.16	.2855
28-34	16.41	.0693	71.57	.3548
34-43	9.57	.0844	81.14	.4392
43-55	6.78	.1083	87.92	.5475
55-75	6.46	.1450	94.38	.6925
75 and above	5.62	.3075	100.00	1.0000
Σ 13				**4.0642**

$$P = 1 + \frac{1}{n} - \frac{2}{n}(4.0642)$$

$$= 1 + \frac{1}{13} - \frac{2}{13}(4.0642)$$

$$= .45 \text{ or } .5$$

Percentage distribution based on estimated number of persons by monthly per capita expenditure classes in Tamil Nadu. (1960-61).

Monthly per capita expenditure class (Rs.)	*Rural*	*Urban*
	Percentage of population	*Percentage of population*
0- 8	11.37	2.00
8-11	13.97	6.14
11-13	14.37	4.31
13-15	6.74	10.38
15-18	14.46	7.35
18-21	8.70	8.91
21-24	5.73	9.93
24-28	9.69	19.17
28-34	8.40	11.79
34-43	3.29	13.14
43-55	1.46	2.25
55 and above	1.30	4.63

Source : *N. S. S. July 60—August 61, 16th Round No. 138—Table 1.4.0 for Col. 2 and 2.4.0. for Col. 3.*

Percentage distribution based on estimated number of persons by monthly per capita expenditure classes in Tamil Nadu (1961-62).

Monthly per capita expenditure class (Rs.)	*RURAL*	*URBAN*	*STATE*	*Size-class as percentage of State population*
	*Per cent of population (24.70) (a)**	*Per cent of population (8.99) (b)**	*Population (33.69) in millions (Absolute numbers)*	
(1)	(2)	(3)	(4)	(5)
0- 8	5.04 (1.24)	1.23 (0.11)	1.35	4.00
8-11	10.94 (2.70)	4.87 (0.44)	3.14	9.32
11-13	7.21 (1.78)	5.87 (0.53)	2.31	6.86
13-15	7.84 (1.94)	5.69 (0.51)	2.45	7.27
15-18	16.19 (4.00)	9.36 (0.84)	4.84	14.37
18-21	15.94 (3.94)	10.59 (0.95)	4.89	14.51
21-24	10.00 (2.47)	14.37 (1.29)	3.76	11.16
24-28	6.72 (1.66)	10.74 (0.97)	2.63	7.81
28-34	8.48 (2.09)	15.27 (1.37)	3.46	10.27
34-43	4.56 (1.13)	8.72 (0.78)	1.91	5.67
43-55	3.88 (0.96)	6.18 (0.56)	1.52	4.51
55-75	1.76 (0.43)	3.30 (0.30)	0.73	2.17
75 and above	1.44 (0.36)	3.81 (0.34)	0.70	2.08
Total	**24.70**	**8.99**	**33.69**	**100 00**

(*a*)* and (*b*)* the figures in brackets in columns 2 and 3 represent absolute numbers of the population for each size-class of expenditure in the corresponding row.

Percentage distribution based on estimated number of persons by monthly per capita expenditure classes in Tamil Nadu (1963-64).

Monthly per capita expenditure class (Rs.)	*RURAL*	*URBAN*	*STATE*	*Size-class as percentage of State population*
	*Per cent of population (25.30) (a)**	*Per cent of population (9.56) (b)**	*Population (34.86) in millions (Absolute numbers)*	
(1)	(2)	(3)	(4)	(5)
0- 8	3.27 (0.83)	0.91 (0.09)	0.92	2.64
8-11	8.53 (2.16)	1.83 (0.18)	2.34	6.71
11-13	7.46 (1.89)	0.91 (0.09)	1.98	5.68
13-15	9.46 (2.39)	10.42 (1.00)	3.39	9.73
15-18	15.55 (3.93)	10.70 (1.02)	4.95	14.20
18-21	12.18 (3.08)	13.79 (1.32)	4.40	12.62
21-24	9.61 (2.43)	13.11 (1.25)	3.68	10.55
24-28	9.51 (2.41)	6.98 (0.67)	3.08	8.84
28-34	10.95 (2.77)	17.91 (0.70)	4.47	12.82
34-43	6.21 (1.57)	7.67 (0.73)	2.30	6.60
43-55	3.07 (0.78)	5.50 (0.53)	1.31	3.75
55-75	2.79 (0.71)	4.87 (0.47)	1.18	3.39
75 and above	1.41 (0.35)	5.38 (0.51)	0.86	2.47

(*a*)* and (*b*)* the figures in brackets in columns 2 and 3 represent absolute numbers of the population for each size-class of expenditure in the corresponding row.

Consumer expenditure in rupees per person for a period of 30 days by item of consumption and by monthly per capita expenditure in rural areas: 1960-61.

Items	*Monthly per capita expenditure class in rupees*												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-*Above*	*All Classes*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Cereals	3.77	5.52	6.28	7.41	7.96	9.70	10.96	8.05	10.93	11.75	11.18	13.27	7.73
Cereals and substitutes	3.77	6.01	6.29	7.45	7.98	9.72	10.97	8.13	10.95	11.75	11.78	13.27	7.81
Pulses	0.22	0.27	0.35	0.41	0.59	0.46	0.82	0.81	0.99	1.32	1.93	1.28	0.57
Milk and milk products	0.03	0.04	0.15	0.01	0.53	0.55	0.14	1.29	1.00	0.86	2.96	3.50	0.53
Other food items	1.33	1.75	2.59	2.36	2.76	4.57	4.44	6.06	6.08	9.27	13.28	11.85	3.97
*All food items	5.35	8.07	9.38	10.23	12.86	15.30	16.37	16.29	19.02	23.20	29.95	29.90	12.88
	(79.26)	(84.15)	(77.27)	(74.45)	(76.82)	(78.10)	(72.53)	(62.48)	(61.73)	(62.37)	(60.50)	(48.02)	
Clothing	0.03	0.11	0.75	0.48	0.67	1.10	1.39	3.18	5.29	4.05	7.00	5.28	1.53
Fuel and light	0.55	0.65	0.90	1.00	1.12	1.22	1.37	1.46	1.46	1.74	2.59	3.34	1.13
Other non-food items	0.82	0.76	1.11	2.03	1.82	1.79	3.44	5.14	5.04	8.21	9.96	23.74	3.03
†All non-food items	1.40	1.52	2.76	3.51	3.61	4.29	6.20	9.78	11.79	14.00	19.55	32.36	5.67
	(20.74)	(15.85)	(22.73)	(25.55)	(23.18)	(21.90)	(27.47)	(37.52)	(38.27)	(37.63)	(39.50)	(51.98)	

*Figures in brackets are consumer expenditure on food items as a percentage of total expenditure.

†Figures in brackets are consumer expenditure on non-food items as a percentage of total expenditure.

(Contd.)

Items	*Monthly per capita expenditure class in rupees*												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-*Above*	*All Classes*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total consumer expenditure	6.75	9.59	12.14	13.74	16.47	19.59	22.57	26.07	30.81	37.20	49.50	62.26	18.57
Number of sample household	24	35	28	21	41	23	11	16	24	14	8	6	251
Average households size	5.39	4.95	5.22	4.50	3.93	3.09	3.45	5.21	4.54	3.53	1.99	3.82	4.32
% consumer expenditure on cereals by total expenditure	55.85	57.56	51.73	53.93	47.55	49.52	48.56	30.88	35.47	31.59	22.58	21.31	—
% consumer expenditure on cereals by total expenditure on food	70.47	68.40	66.95	72.43	61.90	63.40	66.95	49.42	57.46	50.65	37.33	44.38	—

Consumer expenditure in terms of rupees per person for a period of 30 days by items of expenditure and by per capita expenditure in urban areas in Tamil Nadu (1960-61).

Items	*Monthly per capita expenditure classes*												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-*Above*	*All Classes*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Cereals	3.23	5.81	6.55	6.50	7.01	7.82	9.53	8.13	9.04	8.77	9.36	9.20	7.95
Cereals and substitutes	3.23	5.81	6.58	6.54	7.04	7.83	9.53	8.14	9.17	8.77	9.36	9.20	7.97
Pulses	0.11	0.25	0.28	0.35	0.43	0.74	0.63	0.80	0.87	0.98	1.02	1.43	0.70
Milk and milk products	—	0.35	0.43	0.35	0.51	0.79	0.55	1.88	2.06	2.18	2.79	6.47	1.49
Other food items	1.10	1.78	2.08	3.48	4.25	5.23	5.81	7.33	9.54	10.78	18.79	25.44	7.49
*All food items	4.44	8.19	9.37	10.72	12.23	14.59	16.52	18.15	21.64	22.71	31.96	42.54	17.65
	(81.46)	(83.23)	(79.74)	(76.62)	(73.72)	(74.36)	(73.42)	(70.35)	(68.85)	(61.10)	(66.52)	(48.97)	
Clothing	0.07	0.01	—	0.44	0.43	0.25	0.30	1.03	2.12	2.31	2.16	6.52	1.23
Fuel and light	0.46	0.78	0.99	0.96	1.09	1.32	1.65	1.62	2.22	2.54	2.89	3.67	1.70
Other non-food items	0.48	0.86	1.39	1.87	2.84	3.46	4.03	5.00	5.45	9.61	10.94	34.14	5.92
†All non-food items	1.01	1.65	2.38	3.27	4.36	5.03	5.98	7.65	9.79	14.46	15.99	44.33	8.85
	(18.54)	(16.77)	(20.26)	(23.38)	(26.28)	(25.64)	(26.58)	(29.65)	(31.15)	(38.90)	(33.48)	(51.03)	—

*Figures in brackets are consumer expenditure on food items as a percentage of total expenditure.

†Figures in brackets are consumer expenditure on non-food items as a percentage of total expenditure.

Contd.

Items	*Monthly per capita expenditure classes*												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-*Above*	*All Classes*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total consumer expenditure	5.45	9.84	11.75	13.99	16.59	19.62	22.50	25.80	31.43	37.17	47.95	86.87	26.50
Number of sample households	3	14	9	27	23	25	27	47	30	39	17	28	289
Average households size	6.67	5.77	5.95	5.19	4.99	4.65	5.42	5.22	4.34	4.55	2.21	2.35	4.55
% expenditure on cereals by total consumer expenditure (1/11)	59.27	59.04	55.74	46.46	42.25	39.86	42.36	31.51	28.76	23.59	19.52	10.59	—
% expenditure on cereals by total expenditure on food (1/6)	72.78	70.94	69.90	60.63	57.32	53.60	57.69	44.79	41.77	38.62	29.28	21.63	—

Source: *N.S.S. 16th Round, July 1960—August 1961 No. 101. Tables with notes on consumer expenditure (Preliminary).*

Consumer expenditure in rupees per person for a period of 30 days by items of consumption and monthly per capita expenditure classes in rural areas in Tamil Nadu: 1961-62.

Items	*Monthly per capita expenditure classes*													
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	75 & *Above*	*All Classes*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Cereals	3.13	6.17	6.67	7.13	8.09	9.74	10.30	11.13	10.80	11.57	12.29	16.27	14.57	8.93
Cereals and substitutes	3.31	6.29	6.70	7.19	8.30	9.77	10.37	11.16	10.83	11.64	12.31	16.49	15.17	9.03
Pulses	0.11	0.21	0.36	0.47	0.51	0.68	0.81	0.97	1.48	1.29	1.54	1.95	1.57	0.73
Milk and Milk products	0.00	0.08	0.10	0.14	0.24	0.31	0.52	0.91	0.97	1.85	3.02	1.95	3.10	0.59
Other food items	0.88	1.58	2.02	2.79	3.09	4.21	4.83	6.39	7.75	10.09	11.92	15.39	15.95	4.74
*All food items	4.30	8.16	9.18	10.59	12.14	14.97	16.53	19.43	21.03	24.87	28.79	35.78	35.79	15.09
	(78.89)	(88.61)	(75.87)	(76.19)	(75.40)	(77.60)	(73.50)	(74.67)	(68.41)	(65.52)	(60.25)	(55.38)	(37.23)	--
Clothing	0.03	0.13	0.40	0.64	0.73	0.73	1.27	1.65	2.46	2.28	5.09	6.98	11.80	1.37
Fuel and light	0.62	0.71	1.07	1.05	1.07	1.45	1.81	1.62	2.12	2.59	2.65	3.71	4.08	1.49
Other non-food items	0.50	0.76	1.45	1.67	2.16	2.14	2.88	3.32	5.13	8.22	11.25	18.13	44.45	3.74

*Figures in brackets are consumer expenditure on food as a percentage of total expenditure.

(Contd.)

Items	*Monthly per capita expenditure classes*													
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	75 & *Above*	*All Classes*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total consumer expenditure	5.45	9.76	12.10	13.90	16.10	19.29	22.49	26.02	30.74	37.96	47.78	64.60	96.12	21.69
Number of sample Households	29	73	44	55	101	107	76	56	69	45	37	21	15	728
Average household size	5.17	4.52	5.01	4.59	5.18	4.65	4.21	4.04	4.05	3.32	3.42	2.88	3.10	4.38
All non-food items total	1.15	1.60	2.92	3.36	3.96	4.32	5.96	6.59	9.71	13.09	18.99	28.82	60.33	

Source: *N. S. S. 17th Round September 61—July 62 No. 135 Tables with notes on consumer expenditure.*

Consumer expenditure in rupees per person for a period of 30 days by items of consumption and monthly per capita expenditure classes in urban areas in Tamil Nadu: 1961-62.

Items	*Monthly per capita expenditure classes*													
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	75 & *Above*	*All Classes*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Cereals	3.05	5.20	6.29	6.54	7.77	8.08	8.76	8.35	9.32	10.11	9.51	9.31	12.52	8.44
Cereals and substitutes	3.05	5.20	6.29	6.54	7.77	8.08	8.76	8.35	9.32	10.11	9.51	9.31	12.52	8.44
Pulses	0.10	0.29	0.52	0.45	0.58	0.54	0.72	0.78	1.13	1.14	1.51	1.24	2.04	0.86
Milk and milk products	0.01	0.12	0.18	0.52	0.35	0.94	1.03	1.72	2.37	2.72	4.24	4.46	10.05	1.90
Other food items	1.54	1.67	2.72	3.11	4.07	5.03	5.62	7.35	7.73	10.04	13.50	16.95	29.79	7.53
*All food items	4.70	7.28	9.71	10.62	12.77	14.59	16.13	18.20	20.55	23.91	28.82	31.96	54.40	18.73
	(76.89)	(83.61)	(75.87)	(76.19)	(75.40)	(77.60)	(73.50)	(74.67)	(68.41)	(65.52)	(60.25)	(55.38)	(37.23)	—
Clothing	0.06	0.36	0.07	0.30	0.21	0.48	0.85	1.09	2.40	2.74	2.92	5.21	14.15	1.85
Fuel and light	0.56	0.87	1.00	1.01	1.12	1.52	1.65	2.21	2.15	2.71	2.92	3.18	4.57	1.73
Other non-food items	1.04	1.00	1.36	1.91	2.49	2.83	3.98	4.66	5.94	8.62	13.63	22.13	62.76	7.47
Total consumer expenditure	6.36	9.51	12.14	13.84	16.89	19.42	22.61	26.16	31.04	37.98	48.29	62.48	135.88	29.98

*Figures in brackets are consumer expenditure on food as a percentage of total expenditure.

(Contd.)

Items	*Monthly per capita expenditure classes*													
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	75 & *Above*	*All Classes*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Number of sample households	6	21	25	25	45	48	74	57	64	57	41	28	37	528
Average household size	4.54	5.55	5.41	5.24	4.99	5.30	4.20	4.34	5.29	3.78	3.00	2.56	—	4.45
All non-food items total	1.66	2.23	2.43	3.22	3.82	4.83	6.48	7.96	10.49	14.07	19.47	30.52	81.48	—
% cereal consumer to total expenditure	47.95	54.68	—	—	—	—	—	—	—	—	—	—	—	—
% cereal to total expenditure on food	64.89	71.43	—	—	—	—	—	—	—	—	—	—	—	—

Consumer expenditure in rupees per person for a period of 30 days by items of consumption and by monthly per capita expenditure classes in urban areas: 1963-64.

Items	*Monthly per capita expenditure classes*												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	75 *and above*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Cereals	1.79	4.56	4.46	4.85	5.20	5.90	6.00	5.79	6.48	7.26	8.18	7.53	8.05
Cereals and substitutes	1.79	4.56	4.49	4.85	5.22	5.95	6.04	5.86	6.57	7.33	8.26	7.58	8.13
Pulses	0.64	0.57	0.66	0.67	1.07	0.97	0.95	0.95	1.14	1.18	1.45	1.21	1.94
Milk and milk products	—	0.39	1.22	1.02	1.02	1.60	1.93	1.53	2.21	3.06	4.94	5.13	13.40
Other food items	1.46	2.31	3.24	3.51	4.78	5.13	5.98	7.25	8.14	11.16	15.13	17.84	27.50
*All food items	3.89	7.83	9.61	10.05	12.09	13.65	14.90	15.59	18.06	22.73	29.78	31.76	50.97
	(54.35)	(90.4)	(78.70)	(71.24)	(73.94)	(70.74)	(66.25)	(68.25)	(58.35)	(59.39)	(62.88)	(49.28)	(43.25)
Clothing	0.09	—	—	0.11	0.27	0.65	1.47	2.14	0.73	2.27	4.00	5.17	13.23
Fuel and light	0.50	0.51	1.22	1.18	1.31	1.58	1.56	1.90	2.26	2.80	3.10	3.19	5.24
Rents	0.19	—	0.75	0.72	0.83	0.51	0.85	0.87	1.53	1.74	2.86	4.67	7.00
Taxes	—	—	—	—	0.03	0.05	0.17	0.11	0.28	0.03	0.38	—	2.04

*Figures in brackets are consumer expenditure on food as a percentage of total expenditure.

(Contd.)

Items	*Monthly per capita expenditure classes*												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	75 *and above*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Other non-food items	0.67	0.71	1.05	1.73	1.86	2 27	3.62	4.21	6.11	6.66	9.97	13.70	44 28
All non-food items	1.45	1.22	3.02	3.74	4 30	5.06	7.61	9.23	10.91	13.50	24.19	26.73	71.79
Total consumer expenditure	7.16	8.66	12.21	14.11	16.35	19.24	22.32	25.70	31.11	38.27	47.42	64 45	117.84
Number of sample house holds	2	4	4	20	26	32	29	25	53	31	28	28	27
Average household size	5.33	6.40	4 00	6.07	5.65	5.02	5.45	3.94	4.35	3.44	2.82	2.50	3.03

Consumer expenditure in rupees per person for a period of 30 days by items of consumption and by per capita expenditure classes for rural areas in Tamil Nadu : 1963-64.

Items	*Monthly per capita expenditure classes*												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	75 & *above*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Cereals	3.86	5.10	6.55	7.12	7.93	8.57	9.52	9.83	10.38	11.16	13.24	14 29	16.86
Cereals and grains	—	—	—	—	—	—	—	—	—	—	—	—	—
Cereals, grams and cereal substitutes	3 86	5.12	6.56	7.16	7 96	8.68	9 53	9.89	10.38	11.17	13.24	14.31	16.86
Pulses	0.21	0.35	0.42	0.60	0,67	0.79	0.87	1.06	1.26	1.48	2.25	2 49	3.81
Milk and milk products	0.00	0.08	0 07	0.18	0.33	0.43	0.50	0.74	1.55	1.77	2.26	3.32	3.46
Edible oil	—	—	—	—	—	—	—	—	—	—	—	—	—
Meat, egg and fish	—	—	—	—	—	—	—	—	—	—	—	—	—
Vegetables, fruits and nuts	1.25	1.88	2.43	2.69	2.83	3.46	4.30	5.00	6.62	7.70	9.20	12.47	12 86
Sugar, salt and spices	—	—	—	—	—	—	—	—	—	—	—	—	—
Beverages	—	—	—	—	—	—	—	—	—	—	—	—	—
+All food items	5.32	7.43	9.48	10.77	12.42	14.20	15 96	17.71	20 89	23.62	30 22	32.98	43.18
	(77.89)	(77.15)	(78.22)	(77.37)	(76.00)	(73.65)	(70 93)	(68.30)	(66.51)	(63.02)	(62.54)	(52.84)	(37.62)

*Figures in brackets are consumer expenditure on food as a percentage of total expenditure.

(Contd.)

Items	Monthly per capita expenditure classes												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34 43	43-55	55-75	75 & above
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Pan, tobacco and intoxicants	—	—	—	—	—	—	—	—	—	—	—	—	—
Clothing	0.05	0.29	0.25	0.43	0.73	0.86	1.67	2.26	2.82	4.44	5.32	9.37	19.62
Fuel and light	0.81	0.93	1.12	1.29	1.43	1.54	1.63	1.96	2.22	2.31	2.87	3.09	4.14
Miscellaneous													
Rent	0.00	0.01	0.02	0.02	0.05	0.62	0.04	0.14	0.13	0.19	0.41	0.61	0.33
Taxes	0.00	0.02	0.02	0.01	0.03	0.04	0.03	0.06	0.77	0.28	0.03	1.02	0.74
Durable goods Other non-food items	0.65	0.95	1.23	1.40	1.68	2.62	3.17	3.80	3.28	6.64	9.47	15.35	46.78
All non-food items	1.51	2.20	2.64	3.15	3.92	5.08	6.54	8.22	10.52	13.86	18.10	29.44	71.61
Total consumer expenditure	6.83	9.63	12.12	13.92	16.34	19.28	22.50	25.93	31.41	37.48	48.32	62.42	114.79
Number of sample households	41	118	110	135	231	189	151	171	167	115	69	60	33
Average household size	5.61	5.08	4.77	4.93	4.74	4.53	4.48	3.91	4.61	3.80	3.13	3.27	3.00

Consumer expenditure in rupees per person for a period of 30 days by items of consumption and by per capita expenditure classes in urban areas in Tamil Nadu: 1964-65

Items	*Monthly per capita expenditure classes*												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	75 *and Above*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Cereals	3.51	4.94	6.32	6.82	7.65	8.52	9.03	9.99	9.47	10.94	10.45	11.63	11.18
Cereals and grams	3.51	4.94	6.32	6.82	7.65	8.52	9.03	9.99	9.47	10.94	10.45	11.63	11.20
Cereals, grams and cereal substitutes	3.51	4.94	6.32	6.82	7.65	8.52	9.03	9.99	9.47	10.94	10.45	11.64	11.20
Pulses	.28	.19	.39	.63	.64	.84	1.06	1.26	1.47	1.69	1.86	2.47	3.08
Milk and milk products	—	.16	.24	.18	.46	.69	1.23	1.25	1.78	3.09	4.29	4.76	7.89
Edible oil	.22	.28	.39	.56	.52	.66	.79	.97	1.06	1.29	2.06	1.62	3.12
Meat, egg and fish	.06	.22	.38	.34	.71	.80	.78	1.17	1.50	1.29	2.94	2.45	1.75
Vegetables, fruits and nuts	.12	.64	.49	.64	.90	.94	1.10	1.31	1.65	1.95	2.79	3.18	7.52
Sugar, salt and spices	.45	.85	.78	.83	1.08	1.28	1.48	1.67	1.94	2.29	2.63	2.77	4.64
Beverages and refreshments	.74	.41	.54	.56	1.01	1.23	1.37	1.42	2.91	2.64	4.18	8.14	23.09
All food items	5.38	7.69	9.53	10.56	12.97	14.96	16.84	19.04	21.78	25.18	30.40	37.03	62.29

(Contd.)

Items	Monthly per capita expenditure classes												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	75 and Above
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Pan tobaccos and intoxicant	.14	.28	.28	0.24	.52	.47	.58	.63	.77	.87	1.12	1.56	2.16
Clothing	—	.03	.03	1.10	.14	.19	.40	.96	1.96	1.75	3.60	5.93	11.26
Fuel and light	.61	.94	1.11	1.40	1.35	1.49	1.75	1.85	2.23	2.57	3.12	3.42	5.17
Miscellaneous goods and services	.28	.86	1.04	1.55	1.55	2.35	2.90	3.40	4.80	6.93	9.42	14.32	40.19
Durable goods	—	—	—	.03	.01	.02	.02	.15	.02	.15	.39	2.05	15.30
All non-food items	1.03	2.11	2.46	3.32	3.57	4.52	5.65	6.99	8.98	12.27	17.65	27.28	74.08
Total consumer expenditure	6.41	9.80	11.99	13.88	16.54	19.48	22.49	26.03	30.76	37.45	48.05	64.31	136.37
Number of sample households	6	15	21	25	72	62	70	78	127	81	63	72	80
Average household size	2.33	6.04	4.71	5.78	5.79	5.97	5.40	4.75	4.73	4.46	4.12	3.30	2.47
% of consumer expenditure on food to total expenditure	8.93	78.47	79.48	76.08	78.41	76.80	74.88	73.15	70.81	67.24	63.27	57.58	45.68

Consumer expenditure in rupees per person for a period of 30 days by items of consumption and by monthly expenditure classes in urban areas in Tamil Nadu: 1964-65

Items	*Monthly per capita expenditure classes*												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	*75 and above*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Cereals	3.24	5.78	7.00	7.99	9.16	10 01	10.92	12.27	12 89	14.38	16.14	15 81	19 99
Cereals and grams	3.24	5.78	7.00	7.99	9.16	10.01	10.92	12.27	12 89	14.40	16.14	15.63	19 99
Cereals, grams and cereals substitates	3.29	5 90	7.00	8 01	9.18	10 01	10 92	12.27	12 89	14 44	16.14	11.64	19.99
Pulses	0 09	0.27	0.35	0 49	0.57	0.75	0.94	1.17	1.47	1.61	2.36	2.47	4.74
Milk and milk products	0.01	0 01	0.16	0.15	0.16	0.30	0.51	0.73	1.47	1.73	1.82	4.76	5.17
Edible oil	0.11	0.25	0.34	0.41	0.50	0.64	0.68	0.95	1.04	1.34	1.51	1.62	3.73
Meat, egg and fish	0.13	0 40	0.40	0.50	0 62	0.78	0.87	0.97	1.17	1.53	1.92	2.45	3.19
Vegetables, fruits and nuts	0.20	0.33	0.44	0.53	0 69	0.76	1.00	1·09	1.23	1·62	1.88	3.91	5.46
Sugar, salt and spices	0.43	0.63	0.77	0.90	1.10	1.23	1.38	1.63	1.88	2.28	2.72	3.77	4 87
Beverages	0 42	0.16	0.41	0 51	0.71	0.53	0.73	1.00	1.38	1.65	2 53	5 59	5.88
All food items	4.68	7.95	9.87	11.56	13.53	15 00	17.03	19.81	22.53	26.20	30.88	40.84	53.03

(Contd.)

Items	*Monthly per capita expenditure classes*												
	0-8	8-11	11-13	13-15	15-18	18-21	21-24	24-28	28-34	34-43	43-55	55-75	75 *and above*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Pan, tobacco and intoxicants	0.31	0.36	0.49	0.47	0.50	0.57	0.71	0.80	0.90	1.02	1.53	1.58	1.98
Clothing	0.05	0.12	0.07	0.14	0.32	0.75	1.06	1.27	2.24	2.90	4.67	4.29	16.04
Fuel and light	0.89	0.92	1.08	1.11	1.40	1.68	1.81	1.95	2.12	2.80	3.18	3.42	4.01
Miscellaneous goods and services	0.32	0.50	0.62	0.73	0.86	1.33	1.86	2.10	2.72	4.19	6.63	9.94	32.27
Durable goods	0.04	0.00	0.03	0.07	0.02	0.03	0.06	0.04	0.10	0.00	0.97	2.30	8.77
All non-food items	1.61	1.90	2.29	2.52	3.10	4.36	5.50	6.16	8.08	10.91	16.98	21.53	63.07
Total consumer expenditure	6.29	9.85	12.26	14.08	16.63	19.36	22.53	25.97	30.61	37.11	47.86	62.37	116.10
Number of sample households	26	55	58	85	131	138	129	120	119	107	59	37	26
Average household size	4.54	5.69	4.96	4.94	5.11	4.72	4.57	4.32	4.25	3.50	3.08	3.16	3.11
% of consumer expenditure on food to total expenditure	74.40	80.71	80.50	82.10	81.36	77.48	75.59	76.28	73.60	70.60	64.52	65.48	45.68

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