

## ***Book Reviews***

**G. K. Chadha.** *Employment, Earnings, and Poverty: A Study of Rural India and Indonesia.* New Delhi: Sage Publications. 1994. 294 pages. Indian Rupees 295.00.

The rural areas of developing countries are not only underdeveloped in terms of their physical infrastructure but also contain a larger proportion of the poor population as compared to the urban areas reflecting the underdeveloped social infrastructure. A majority of the rural population does not have access to the limited social services and amenities, such as safe drinking water, education, electricity, and health services, and is thus struggling for survival. After the Second World War, some of the East Asian countries launched poverty alleviation programmes and attempted to reduce unemployment and underemployment by promoting the rural-based industries. Their experience reveals that the rural economy cannot grow only through agriculture growth. Sustainable growth requires the creation of non-farm job opportunities that will raise the level of employment and income and, consequently, the standard of living. In the absence of such activities, farm unemployment increases and a large proportion of the jobless labour force tends to seek jobs in the urban informal sector, which creates problems of slums, poverty, and crime in the urban areas. Comprehensive field surveys are generally required to identify the areas which lie in the lower strata of the development ladder and to suggest effective targeting of welfare measures for alleviating poverty.

This book by Professor G. K. Chadha analyses the effect of farm and non-farm employment on earnings and poverty in two developing and highly populated countries, India and Indonesia. A field survey in different villages of India is used for analysis, while for Indonesia, in the absence of such a survey, published data are used. By dividing the rural economy into two sectors, farm and non-farm, the author has empirically tested the trickle-down theory of growth. The changing employment and income structure of the rural households is described through three development scenarios. Economic backwardness in agriculture as well as in non-agriculture is described in Scenario I. Scenario II defines the intermediate stage where agriculture is fairly developed while non-agriculture is backward. And Scenario III presents a somewhat modern situation both in agriculture and in non-agriculture.

This book is divided into eleven chapters. Chapter 1 depicts the picture of employment, income, and poverty of rural households in the developing countries. In order to develop an appropriate methodology to examine the changing employ-

ment structure in rural India, the author relates the theories of employment determination with the prevailing Indian realities.

Chapters 2 and 3 present economic reviews of the Indian and Indonesian economy respectively. With the help of available statistics, the main features of the rural economy of both countries are highlighted in these chapters. This helps in examining how the shift from agriculture to non-agriculture takes place.

Keeping in view the above-mentioned three development scenarios, the procedure and details of area identification and the methodology adopted for the field survey in India are provided in Chapter 4. The field areas are selected from three different states of India. Each state represents a particular scenario: one where old methods of farming are still in use, another where modern technology is adopted in farming but non-farm is underdeveloped, and another where both agriculture and non-agriculture are reaping the benefit of modern technology. In each state a focal town, six villages in close proximity to each focal town, and 1091 households in each village are picked for analysis. This procedure of selection identifies the target areas and households and draws important policy implications for poverty alleviation. The avenues of work are identified as on-farm rural employment, non-farm rural employment, and non-farm urban employment near the village. Location of the field areas (villages) and their distance from the focal town are depicted by maps. This helps the reader in understanding the non-farm avenues of employment that attracts or keep people away from the focal town. The contents of the questionnaire, the concepts, and the variables are also discussed in this chapter.

Chapter 5 supplements Chapter 4 by examining the broad economic features of the field survey areas to ensure that the requirements of the development scenarios are largely met at three levels: states, focal town, and village.

Chapter 6 presents an introduction to the 1091 sample households in the Indian field survey, spread over three sets of six villages each, in terms of the work patterns, education and skill, location and nature of work, borrowing and interest rate, and assets composition. This information enables the readers to examine the constraints on households in Scenario I against those in Scenarios II and III.

The structure of the farm and non-farm employment and earning in India is explained in Chapters 7 and 8, respectively. Employment opportunities in nearby villages and in urban areas are also presented in these chapters. Both chapters highlight significant differences between the three developmental scenarios. Scenario III was found to be better as compared to Scenario I and Scenario II, not only in terms of employment but also in terms of higher daily income to farm and off-farm employment.

This suggests an examination of the incidence of poverty in each of the development scenarios. Chapter 9 portrays the poverty profile of the survey households. In this chapter the author extends the analysis to the whole Indian economy

by using the latest district level data. The details of this exercise are provided in the Annexure of the book. This chapter raises some grave issues for the consideration of researchers, policy-makers, government agencies, NGO's, and political organisations, and suggests a design and implementation of such policies as can work for the betterment of the poor by providing additional opportunities of employment.

Chapter 10 presents the structure of employment and earnings in rural Indonesia. This chapter outlines the procedure by which published data for Indonesia are adapted to the methodology prepared for the field survey. For this purpose, various individual reports and papers based on two major surveys are examined in depth.

Chapter 11 summarises the important findings of the analysis and describes the policy implications. The main finding is that the situation of employment and earnings improves as the non-farm sector grows side by side with the farm sector. A rapidly growing and highly productive agriculture is capable of promoting a highly productive network of non-farm employment avenues inside the village economy. The existence of non-farm jobs attracts the workers from long distances. The availability of transport and other commuting services would enable the workers to travel over long distances. The analysis reveals that in the economically backward areas, rural financial institutions are rather weak. Thus, the credit needs of the rural poor are not met. A well-developed rural financial market would help in reducing poverty. Furthermore, the educational level among the poor households is found to be very low in both countries. However, this level rises as one moves from Scenario I to Scenario III. It is also suggested that the occurrence of agrarian reforms side by side with the technological improvements is essential for agricultural growth, in addition to the improvements in labour productivity, rural infrastructure, and rural institutional support.

The results, based as they are on the information collected from two developing countries, confirm the *a priori* expectation about the trickle-down theory of economic growth. A comparison with the development experience of a developed country/countries in Asia, for example, Japan, Taiwan, South Korea, China, Hong Kong or/and Singapore, would have made the analysis even more useful, and would have brought out the correct lessons for suitable strategies to increase income and employment especially in the rural areas.

Most of the developing countries in Asia have similar conditions as India and Indonesia. Therefore, the observations in this book are relevant for conducting similar surveys in these countries. Chadha's book provides guidelines to the students and researchers to develop a methodology for similar studies that would suggest what type of policy is beneficial for which type of households. The weaker areas of great economic concern in the two economies are also pointed out and the message is conveyed to the policy-makers that poverty alleviation must be realised through

the growth of the rural economy. If the policy-makers and government agencies do not act immediately, the condition of these areas will deteriorate further.

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