

Property Rights, Rural growth and Poverty-The Case of India

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Introduction:

The 1990s saw a paradigm shift in development thinking. Two important changes that shaped the future development policies, practice and cooperation related to sharper focus on “poverty reduction” as the major goal of development and on the “macro foundation” of development issues. Poverty was no longer seen as characterized by only low income/consumption, but also as lack of fundamental freedoms (Sen, 1999, 2002) that are of value to every human being. The empirical evidence collated in the various issues of the UNDP’s Human Development Report (HDRs) and World Development Report helped build a consensus that poverty is multifaceted and characterized by lack of adequate food, shelter, education and health care. The poor are therefore, extremely vulnerable to illness, violence, economic dislocation and natural disaster; they are also poorly served by institutions of the state and society and are powerless to influence key decisions affecting their lives (Stern, 2001).

Alongside this *normative* shift in development thinking, the 1990s witnessed substantial progress on the *instrumental* aspects of development and poverty reduction. The debate shifted from the standard models of development to different types of state actions (policies, programs), social arrangements and institutions of governance. The development community recognized that development demands effective and capable States to design and implement policies/programs and create an enabling environment for the markets and institutions of governance to facilitate economic growth, poverty reduction and human development. Several scholars have noted that economic growth and development outcomes are significantly influenced by a large number of “macro” and “micro” level institutions (North, 1997; Williamson, 2000). These institutions consist not only of rules, such as, constitutions, laws and property rights(North, 1991), but also informal constraints, like sanctions, customs, traditions and codes of conduct. Gandhi(1998) in an article shows the importance of micro level informal and formal institutions of rural India in raising and sustaining agricultural growth and poverty reduction. There is now a general consensus with regard to the *role* and *duty* of the state in development and poverty reduction. First, the state must uphold *property rights/contracts*, maintain political and macro economic stability, provide public goods and use regulation and public services to fill gaps left by the market. Second, the

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governments need to invest in human development to empower people, particularly the poor, through *education, health care, social protection*, mechanism for encouraging their *voice* and *participation* in development and human well-being.

This perception of the role of the state clearly brings to focus *institutions* and *governance* as key determinants of growth and human development. Poor institutions and weak governance lead to poorly designed and weakly implemented policies, shoddy infrastructure, public services and harassment of citizens. The practice of the police extracting money from citizens instead of protecting them, public officials pocketing funds meant for public services and the people in high places accepting bribes for contracts, licenses and government jobs is quite common in many poorly governed developing countries (Transparency International: Global Corruption Reports, 2001-2005). In countries with weak governance and institutions, social norms build around clientele-ism, rent-seeking and factional competition, rather than social cohesion and progress (Bardhan, 1997).

The breakdown of governance, erosion of institutions and collapse of social harmony are typically associated with a radical decline of living standards of the majority and socially unacceptable inequalities (World Bank report on Civil Wars, Crime & Violence; 2000; website). Too much administrative and procedural control and weak property rights keep the poor out of many gainful activities (de Soto; 2000). Even the meta-institution of formal democracy is no guarantee to ensure checks on weak governance and state institutions (as will be noted in the case studies documented in this paper). There are varied and contrasting experiences so far as the link between the political institutions and good governance is concerned. India having a federal structure and democratic governance, presents varied outcomes of the same set of macro policies because of differences in initial conditions and local institutional setting across States. An analysis of inter-State differences in the institutional environment and policy outcomes can bring out the importance the macro and local institutions in shaping policy outcomes (Besley, et al, 2005). All this tends to suggest that the country and situation specificity (social and cultural), in addition to the formal institutional arrangements is an important determinant of policy outcome in the areas of human development and poverty reduction.

Given its large share of poor people (250 to 300 million), the success of poverty reduction in India will have a significant bearing on the attainment of the MDG goal of halving world's poverty by 2015. For this, as the above review suggests, India will have to design and implement a development strategy that will not only take the country to a higher and sustainable growth path, but also

create an enabling environment to enhance the anti-poverty effectiveness of growth. While the Indian economy has been on a higher growth path since mid-1990s, the impact of the growth on poverty reduction has not been significant. This brings to focus the importance of non-economic factors, particularly the non-market institutions. The set of non-market institutions that influence growth and development is large and our objective is not to attempt a general analysis encompassing all such institutions.

The limited objective of this paper is to examine how such non-market institutions influence the allocation of resources, their productivities and development outcomes in terms of poverty reduction. Because of time and resource constraints we further limit our enquiry to uses of some important natural resources, like land, water and forest, and their impact on rural growth and rural poverty. The plan of the paper is as follows. We begin with a brief diagnostic analysis of India's poverty reduction strategy to understand the factors that contribute to success and failure of development initiatives (Section-I). Since our primary concern is to understand how institutions influence the anti-poverty effectiveness of growth, a brief review of the literature on the subject, particularly with reference to property rights and other relevant institutions, is undertaken in Section-II. This Section also defines the scope the paper and methodology of enquiry. Section-III is concerned with documentation of case studies from India to show how absence of well defined property rights along with weak institutional arrangements affected productivities of resources (land, water and forest) and the well-being of the poor. In addition to the available case studies, the project team undertook field visits and collected some data for quantitative analysis. We plan to analyse this data set later, but a brief account of our experience is reported in the last Section.

I: Evolution of Poverty Reduction Strategies in India

The socio-economic conditions that prevailed at the time of India's independence were considered to be the signs of an economically underdeveloped and a socially stagnant society. Widespread poverty, predominantly rural economy, extremely low literacy rate, geographically and culturally isolated population, a rigidly stratified social structure, poor transport and communication systems, an administrative structure oriented to police, tax collection and regulatory functions, and the leadership not adequately attuned to development activities were the obvious impediments to economic and social development. The torchbearers of the Indian political movement in the pre-independence period were fully aware of the task ahead, and gave due recognition to these impediments while framing the *Constitution* and charting a path of *planned socio-economic development*.

The Indian Constitution, through its Directive Principles set the tone for the elimination of the most prevalent injustices and inequalities. It made a number of provisions for socially and educationally backward classes and in particular, the Scheduled Castes (SCs) and Scheduled Tribes (STs). Other guiding principles related to giving encouragement to villagers to organize their *own units of self-government*, formulation of state policy to secure *decent living conditions for workers, free universal elementary education, promotion of educational and economic interest of weaker sections* and the like. Thus, the Constitution expressed the basic philosophy of a *free and democratic society* seeking to attain *economic development with social justice*.

The planners in India were also sensitive to the Constitutional provisions relating to the protection and advancement of the people belonging to the weaker Section. Economic development with social justice has been the strategic goal of the planning process. Accordingly, the planning process in India gave due recognition to development of backward areas and disadvantaged population groups. This gets reflected in the pronounced emphasis on balanced growth of regions, sectors and population groups in the five-year plans.

The first Plan was an attempt to strike a balance between the stern realisation of the prevailing socio-economic conditions and the model society that is envisioned in the Constitution. It explicitly recognized right at the outset that *"Plan not in a narrow technical sense, but at the development of an institutional framework according to the needs and aspirations of the people"*. This realisation led to the implementation of the nation-wide programs of Community Development, which aimed at planned, deliberate, conscious and integrated socio-economic change. With the introduction of the Panchayati Raj, the program became a scheme for the people, by the people, and of the people.

Till the mid-seventies, India's strategy for development with social justice consisted primarily of two instruments, viz; (a) institutional changes to remove some socio-cultural constraints in access to development opportunities, and (b) economic growth for expansion of development choices of the people. Though, some special programs like public distribution of food grains at reasonable prices, Small Farmers Development Agency (SFDA) and Marginal Farmers and Agricultural Labourers (MFAL) schemes were introduced in the sixties to target specific disadvantaged groups, direct intervention for poverty alleviation in India was not common until the mid-seventies.

On the eve of the Fifth Plan (1974-79), it was noted that even though the economy had been growing at the rate of a little less than 3% per annum and

some important institutional changes, such as land & tenancy reforms, social control on financial institutions (bank nationalization, 1969) and government operations in food grains were brought about during the preceding twenty years, no marked improvement in the socio-economic conditions of the disadvantaged groups was observed. The poverty ratio remained stagnant at over 50 percent, and the number of poor increased because of growth in population. The poverty situation in the country got further worsened because of inflation that followed the oil price hike in 1973. Nor did the quality of life indicators show any marked improvement after two decades of planning. In 1971, the *life expectancy* at birth stood at 45.6 years, *literacy* at 34.5 per cent and *infant mortality* at 129 per thousand live births (Economic Survey 1997-98). Given the iniquitous distribution of income and wealth and the constraints in access to development opportunities by the poor, it is certain that the improvement in their wellbeing was much less than what the average values of indicators reveal. The contemporary empirical research works indicated that poverty is more intense and *widespread among certain population groups and backward areas*. Thus, wage labourers, marginal farmers, scheduled tribes and scheduled castes were more poor than others (Dandekar and Rath, 1971). This introspection led to the realization that the 'trickle down' theory had not worked, partly because the economy grew very slowly; and partly due to the failure of the institutional arrangement to work in the desired manner.

1.1: Economic Growth & Income Poverty

Even though the first two decades of planned development did not contribute significantly to reduction in poverty, the Government of India (GoI) firmly believed that only rapid growth could expand income and productive employment, which are essential for eradication of poverty. Till the seventies economic growth was too low to have any perceptible impact on the poverty situation. The growth rate of the Indian economy picked up in late seventies and maintained a rising trend thereafter. It grew at the rate of more than 4% per annum in the late seventies, about 5% during the early eighties and at more than 5% thereafter. The economic growth rate has risen further since the mid-nineties and is now in the range of 8-9%. Economic growth had a visible impact on consumption levels, living standards, health and human development during this period, and the incidence of poverty came down significantly as shown in Table 1.

Table 1
Economic Growth & Poverty Ratios

	1973-74	1983-84	1993-94	1999-2000	Current
Economic Growth (%)	3.3	5.6	6.7	5.4	8-9
PCI (Rs. at 1993-94 prices)	4763	5555	7433	10071	12000
Poverty Ratio (%)	54.88	44.48	35.97	26.1	-

Though there is a negative association between economic growth and poverty ratio, reduction in the proportion of the poor population can not be entirely attributed to growth and its trickle down effect. The development strategies of GoI underwent several transformations since the introduction of ‘basic needs’ approach in the late 1970s and several area-based and population group based development interventions from time to time.

Secondly, the all India poverty estimates do not reflect the disparities in living conditions across population groups, differentiated by *locations, social classes, occupation groups, gender* and *age*. Third, the poverty estimates computed by Planning Commission have been a subject of debate both because of the methodology adopted and due to the quality of the NSSO data base used by the Commission (see Radhakrishna and Ray, 2005). Thus, the poverty figures of Table -1 need to be cross-checked against other measures of human deprivation for drawing valid conclusion about poverty reduction during the last 25 years or so.

1.2: Disparity in Income Poverty Reduction

While the income-poverty has declined significantly at the all –India level, the decline is not uniform across rural and urban areas and across regions (States). Table 2 gives the estimates of Head Count Ratio and Gini Co-efficient for both rural and urban areas.

Table 2

Indices of Poverty and Inequality

Year	Head Count Ratio (HCR)		Gini Coefficients (%) at 1993-04 price structure		Urban–Rural Disparity at 1990-91 prices
	Rural	Urban	Rural	Urban	
1	2	3	4	5	6
1973-74	56.4	49.0	28.7	31.9	1.39
1977-78	53.1	45.2	29.5	33.7	1.46
1983-84	45.7	40.8	30.0	34.1	1.52
1987-88	39.1	38.2	29.4	34.5	1.63
1993-94	37.3	32.4	28.5	34.4	1.63
1999-2000	27.1	23.6	26.7	34.8	1.79

Note: Urban-rural Disparity Rate is the ratio of urban per person expenditure to rural per person expenditure.

Source: Ninth five Year Plan 1997-2002, Volume –I, Planning Commission for HCR; Economic Survey 2001-02; Radhakrishan and Ravi (2004) for GI and Urban –rural Disparity.

The poverty reduction in urban areas is sharper than that in rural areas (where more than two-third of Indians live). The table also shows that the rural income inequality is declining with decline in poverty, while an opposite trend

is seen in urban areas. The urban–rural disparity is also widening with over time.

Table 3 groups the 15 major Indian States into two-those with Head Count Ratio above the national average and those below this benchmark.

Table -3

Relative Performance of Major States (15) in Poverty Reduction over Time

Year 1973-74 (54.88% -Benchmark)	
Poverty above national average	Poverty below national average
Bihar, Kerala, Madhya Pradesh, Orissa, Tamil Nadu, Uttar Pradesh, West Bengal	Andhra Pradesh, Assam, Gujarat, Haryana, Karnataka, Maharashtra, Punjab, Rajasthan
Year 1993-94 (35.97% -Benchmark)	
Assam, Bihar, Madhya Pradesh, Orissa, Maharashtra, Uttar Pradesh	Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Punjab, Rajasthan, Tamil Nadu, West Bengal
Year 1999-2000 (26.10% -Benchmark)	
Assam, Bihar, Madhya Pradesh, Orissa, Uttar Pradesh, West Bengal	Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu.
Source: The data base for Table 3 is from: Economic Survey in 2001-02, Government of India	

It is obvious that achievement in poverty reduction has been uneven across regions. The poverty reduction strategies have not done well in some specific States, viz: Assam, Bihar, Orissa, Madhya Pradesh, Uttar Pradesh and West Bengal, which together share nearly three-fourth of India’s poor people. It is also important to note that their share has been growing over-time (Radhakrishna & Ray, 2005), reflecting the marginalization of the poor in the growth process. The percentage share of backward states in rural poor has gone up from 53% in 1993-94 to 61% in 1999-2000. The share of agriculturally advanced States, like Punjab, Haryana etc. on the other hand has gone down from 3% in 1993-94 to 1.3% in 1999-2000. The urban poor are getting concentrated in Uttar Pradesh, Maharashtra, Gujarat and West Bengal. Their share in urban poverty has risen from 56% in 1993-4 to 60% in 1999-2000.

1.3: Disparities in Income Reduction across Population Groups

Analysis of NSSO data shows that the composition of the poor in terms of occupation and social groups has been changing. Between 1993-94 (i.e. 50th Round of NSSO) and 1999-2000 (i.e. 55th Round), the share of wage earners (agriculture, non-agricultural and urban casual) and artisan has risen, while that

of the self-employed and others has gone down. The picture of the rural areas in terms of occupation groups is shown in Table -4.

Table 4
Percentage Distribution of the Poor by Occupation –Rural

	1993-94	1999-2000
<i>Household Occupation</i>		
Agricultural labour	40.7	46.7
Non -agricultural labour	8.4	7.6
Artisans	11.2	12.3
Self –employed	33.2	28.1
Others	6.5	5.3
All Groups	100.0	100.0

Source: NSS Consumer Expenditure Surveys, 50th (1993-04) and 55th (1999-2000) as used in Radhakrishna and Ray (2005).

In urban areas the casual labour households accounted for 25% of the urban poor in 1993-94 which had gone up to 32% in 1999-2000 (Radhakrishna & Ray; 2005). The concentration of poverty among rural wage earners and artisans and urban casual workers—all of whom are basically daily wage earners leads us to an inescapable conclusion that casual workers who are exposed to market fluctuations, are prone to transient poverty due to fluctuations in labour market.

Among the Social groups, the Scheduled Castes (SCs) constituted 27.6% of the rural poor in 1993-94, the Scheduled Tribes (STs) 14.8 and other backward tribes 13.3%. While the share of SCs has marginally gone down (27.34%), that of STs has gone up by nearly 3 percentage points. The SCs are concentrated in Uttar Pradesh, Madhya Pradesh, Bihar and West Bengal, while the tribals are concentrated in the Central Tribal Belt comprising Jharkahnd, Andhra Pradesh, Chhatishgarh, Orissa, Madhya Pradesh, Gujarat and Maharashtra. The inclusion of the two better off States of Gujarat and Maharashtra in the list is indicative of deep disparities across population groups within better off States.

1.4: Growth-Poverty Linkage- A Diagnostic Analysis

The review of India’s poverty reduction strategy and development outcome shows that poverty is generally concentrated in some regions and among some population groups. Though some regions and population groups have shown significant positive response to the policies and programs, in the case of others

the developmental outcome in terms of both growth and poverty reduction is slow and insignificant. The development strategy followed had differential impact across states and population groups. Why has the India's poverty reduction experience shown marked disparities and contrasts? There have been several attempts to explain the differential growth performance and anti-poverty effectiveness of growth across Indian States (Besley et.al; 2000,2004,2005; Datt and Ravallion;1998,2002; Dreze and Sen; 1997). Besley,et. Al (2005) identified four typical patterns of growth and poverty performance across Indian States. They noted that Kerala has been successful both in creating economic growth and in making growth effective at reducing poverty, while West Bengal has witnessed moderate growth in the post independence period, but relatively greater success in poverty reduction. Maharashtra experienced above average growth, but failed to transform this growth into substantial poverty reduction. Another typical situation is observed in Uttar Pradesh, which is primarily an agricultural State and experienced below average growth rates, which did not translate into any significant poverty reduction. The paper identified the following five types of factors that could explain the inter-state variations in economic growth performance and poverty reduction:

- **Property Rights:** The institutions which ensure and protect property rights and facilitate enforceable contracts, help create an enabling environment for investment, trade and exchange to take place on the one hand and for the poor to participate in the growth process on the other. The success of tenancy reform in West Bengal and abolition of intermediaries immediately after Independence in triggering growth and poverty reduction is an indication of how important are institutional reforms for development. However, this is not to suggest that such reforms did not have any negative impact. In fact, the recent slowdown of growth in the primary sector in West Bengal in spite of rapid expansion of ground water intensive irrigation in 1990s raises a question about the efficacy (inadequacy) of the type of land reform that took place in the State.
- **Access to Finance:** Access to financial services is critical to allow the poor to exploit investment opportunities. The study found positive relationship between access to credit in rural areas and higher agricultural and other primary sector growth as also low rural poverty.
- **Human Capital:** The study in its literature review mentioned of empirical evidence of sizable positive externalities of human capital in India. It noted significant elasticity of growth and anti-poverty effectiveness of growth with respect to educational indicators. India's

policies towards female literacy and their participation in labour force have also contributed to poverty reduction.

- **Regulation:** Labour regulations play a key role in shaping the investment climate in the country. A comparison of industrial and manufacturing performance between India and East Asian countries by Besley and Burgess (2004) noted that low growth in India could largely be explained by labour market regulations. They also found that some Indian states which have pro-labour legislations have experienced growth rates and poverty reduction much below their potential. While the study made this observation specifically with regard to urban poverty, our observation from field visit to one State tends to suggest that it also holds true for growth and poverty reduction in rural areas as well.
- **Political Accountability:** The study found marked positive impact of political representation of deprived sections and reservation of jobs and low-cost education for them have contributed to poverty reduction in India. Political competition for garnering the support the deprived sections has also led to formulation and implementation of a large number of social welfare programs (like the Public Distribution System) for their well-being.

In addition to the role played by macro level policies and institutions as brought out by the study, there are a large number of other macro (bureaucracy) and micro level formal and informal institutions which play a role in shaping the potential for growth and its anti-poverty effectiveness. Deshpande et. al. (2004) and Gandhi and Marsh (2003) have brought to focus some of these institutional aspects that seem to have a bearing on growth and poverty outcome even under the same policy regime. We now turn to the theoretical literature to understand the interaction between market, institutions and development.

II: Market, Institutions and Development- A Brief Review of Literature

A “Classical environment” is characterized by the absence of economies and diseconomies of scale, perfect divisibility of goods, convexity of the relevant sets and functions describing preference and technology and certain other mathematical features (Hurwicz, 1972 cf. Lin, 1989, p 1). Economists argue that market provides the most efficient and also a unique solution to allocation of scarce resources to competing uses in such a typical “Classical environment” provided some other conditions are met—the market for the resource or product under consideration is perfect. As market provides the most efficient solution, any other non-market institutions thus were argued to be irrelevant. A closer scrutiny of the conditions reveals that a market is perfect if

there is no information asymmetry; the players in the market are rational; the exchanges in the market are costless and the **property rights over the assets are unambiguously defined**. These conditions are necessary to ensure that the activities of one individual do not influence the aggregate outcomes in the society. Every one is a price taker and there is no wealth effect. Thus market facilitates the “solution to constrained optimisation problem faced by a fully informed individual in a virtually-institution free environment.... The passage of time is represented simply by a discount rate; people do not learn or acquire new preferences over time; institutions do not evolve. The actions of others are represented by a given vector of market-clearing prices....Property rights and other economic institutions are represented simply by a budget constraint. An economic actor in this model is roughly Robinson Crusoe” (Bowles, 2004, p 8).

However, increasingly evident empirical inadequacies of this model have led to paradigm shift in the approach to interactions among the economic agents. Studies by Akerlof (1970), Alchian (1972, 1973, both with Demestz), Bartolini (1999a and 1999b, both with Bonatti), Bowles (1985, 1998, 2000 with Gintis), Coase (1937, 1960) — neglected for years —, Collin (1993), Demestz (1964, 1966), De Soto (1989, 2000), Dixit (2006), North (1973,1981,1990) and Ostrom (1990, 1992), Stiglitz (1984 with Radner, 1985 and 1988 both with Arnott) and Williamson (1979, 1985), to name only a selected few, (arranged in alphabetical order) enriched the literature calling for a relook into the issues that were considered aberrations in the standard Robin Crusoe model of perfectly competitive market. The inefficiencies in the economies, developing countries in particular, are now attributed to the fact that economic agents do no longer interact with a set of prices given in a parametric environment, but also with others and that too strategically. “Development is no longer seen primarily as a process of capital accumulation but rather as a process of organizational change” (Hoff and Stiglitz, 2000, p 389). Bowles (2004) would argue that lack of development in certain regions as results of coordination failure—Smithian ‘invisible hand’ being incapable of ensuring the most efficient and unique allocation of resources. Studies have also revealed possibilities of multiple equilibria because of non-convexities in the preference or technology sets, each of them being inefficient (Hoff and Stiglitz, 2000 provides a stylised review on the issue).

An acceptance of market-based policy is also premised on the existence of markets for all goods and services exchanged in the society. Developing countries are often characterized by a lower degree of monetization — resulting from many an exchange taking place outside the realm of market transactions. Several goods and services — in the face of recent emergence of concerns for sustainable development the world over—have been found to be not amenable to market based transactions.

2.1: Importance of Non-Market Institutions

All the studies above have one point in common. They identified the assumptions that ensure a Pareto-optimum in a market framework to be too strong to be empirically observable in reality. Hence the arguments for looking into other non-market institutions that also influence the allocation of resources across individuals. Existing pattern of distribution of property rights, or the lack of it, among the members of a society has been identified as one major institution, if not the only one, affecting the efficiency and uniqueness of the prevailing allocation mechanism.

De Soto (1989, 2000) have been eloquently arguing in favour of creating an enabling framework that endows clear property rights on the urban poor, across a host of developing nations, to help convert their dead capital into living and economically meaningful ones, so that they may also join the bandwagon of development. There are two distinct problems with an existing property right institution in an economy. Either property rights are not unambiguously defined across all the resources or, even if defined, are not properly enforceable. Both of them are possible obstacles to achievement of efficient allocation as promised by a market. de Meza and Gould (1992) have shown that even in a setting where the state defines property rights over a natural resource like forests, minerals etc. their enforcement is dependent on the behaviour of the individuals. A basic requirement for successful management of common property resources (CPR) has been found to be existence of clearly defined boundaries of the area as well of the individuals and households with rights to use the resources generated therein (Ostrom, 1990), even though some other conditions are also to be fulfilled. Schlager and Ostrom (1999), while trying an empirical understanding of the property rights regimes in coastal fisheries distinguished between property rights at an operational choice level and that at the collective choice level. This distinction is crucial to appreciate the difference between defining property rights and ensuring their enforceability. Dixit (2006) also elaborates on the multiple dimensions of property rights (P 126).

III: Property Rights: An Operational Perspective

Achievement of the millennium goal of a substantial reduction in poverty of the country is contingent on reducing the level of inefficiency in the informal sectors — both rural and urban. An increased efficiency level will provide the necessary fillip to the growth process and help enlarge the size of the cake and take the country on to the road to poverty reduction.

From an operational perspective it will be worthwhile to distinguish between two components of an “ideal” property right regime. They are; **assignment** of

property rights and the **capacity** of the assignee to protect such rights. Assignment of unambiguous property rights is ensured by designing efficient institutional frameworks for regulations of

- production system
- business process and
- labour market.

However, such an assignment is not sufficient to ensure unambiguous definition of property rights. The capacity to protect the rights is also equally important. Indian development interventions are often characterised by efforts to assign property rights over productive assets to the members of the underprivileged sections of the society. Integrated Rural Development Programme (IRDP) implemented during late seventies till early nineties is an appropriate example of such effort. However, evaluations of IRDP pointed towards the incapacity of most of the beneficiaries to protect the assets provided to them. The phasing out of IRDP and its subsequent replacement by Swarna Jayantee Gram Swarojgar Joyana (SJGSY) is a case in point. SJGSY is an asset-based poverty reduction strategy that acknowledges the power of collective action among underprivileged individuals in enhancing their capacity to protect the property rights assigned to them. The Coasian “wealth effect” often leads to elite capture at the local or even at higher levels — corruption (wealth effect in the economic institutions), adverse selection of beneficiaries (wealth effect in political institutions) being some such examples—and renders the intended beneficiaries helpless in protecting the property rights assigned to them. In the absence of an efficient **justice delivery system** that helps reducing the wealth effect, efforts only to assign property rights may not yield the desired results.

Absence of unambiguously defined property rights can contribute considerably to the inefficiency of a production system. Milgrom and Roberts (1992, P.288) posit that “the institution of ownership accompanied by secure property rights is the most common and effective institution for providing people with incentives to create, maintain and improve assets. Following a Coasian framework, Milgrom and Roberts (1992, Chapter 9) developed an analytic of property rights to identify if a property right is unambiguously defined or not. They distinguished between residual control and residual claim. Residual claim is defined as the net income generated at the hands of the owner on completion of production and realization of the value of the output. “Net income is conceived as the residual returns, the amount that is left over after every one has been paid” (Milgrom and Roberts 1992, P 291). Thus the owner of a resource is its residual claimant. Residual control, on the other hand, is defined as the right to make decision regarding the use of the resources in question that are either not explicitly attenuated by the legal framework or assigned to other parties by contract (Grossman and Hart, 1986). Such control

emerges because of the difficulty, if not impossibility, of crafting, implementing and enforcing complete contracts. Since all contracts are unavoidably incomplete, it is the residual control over a resource that defines who is the owner of the resource in question (Grossman and Hart 1986, Hart and Moore 1990; for a detailed exposition see Chaddad and Cook 2002 Pp 2-4). Defining property rights unambiguously demands that there is no mismatch between the individual or the group that enjoys the residual claim, on the one hand, and the one that exercises the right of residual control, on the other. Inefficient use of the resources proposed for the present study may be linked to the existing mismatch between residual controllers and residual claimants in respect of them.

Incidentally, an individual alone does not always own land, water and forests. There are many instances of these resources being owned at the level of a community or even by the State. Schlager and Ostrom (1999) provide an interesting thematic framework for investigating the issue of property rights on resources that are not owned privately. Private property rights can also be analysed using the framework. A property right is the authority to undertake particular actions related to a specific domain. They describe property rights as a bundle of rights. They are:

- Access
- Withdrawal
- Management
- Exclusion and
- Alienation.

“Access” is “the right to enter a defined physical property”; “withdrawal” is “the right to obtain the “products” of a resource”; “management” is “the right to regulate internal use patterns and transform the resource by making improvements; “exclusion” is “the right to determine who will have an access right, and how that right may be transferred”; and “alienation” is “the right to sell or lease either or both of the above collective-choice rights”. Ribot and Peluso (2003) went a step further and suggested property rights to be a bundle of power that provides the owner with the ability to derive benefits from the resource owned, thus linking the issue with rights to development (RTD) as conceptualized by Marks (2005), Sengupta (2005) among others. We reproduce below the matrix of rights as developed by Schlager and Ostrom (1999)

Table: 5: Bundles of Rights Associated with Positions

	Owner	Proprietor	Claimant	Authorised User
Access	√	√	√	√
Withdrawal	√	√	√	Not always
Management	√	√	√	
Exclusion	√	√		
Alienation	√			

Source: Schlager and Ostrom (1999, p 90)

Whereas the rights to access and withdrawal are operational choice level rights, the rest are collective choice level ones. Often, in Indian context, there is a conflict between the operational choice level rights and those at the collective choice level, calling for the need to follow the RTD approach. To add to it, the operational choice level rights are not, always, *de jure*. Incorporating *de facto* rights to access and withdrawal in the property rights system adds further to the ambiguities. Such conflicts result in a mismatch between residual control and residual claim, leading to an inefficient utilization of the resource in question.

The objective of the study is to identify the factors that affect rural growth and contribute to the persistence of poverty traps, in spite of multitude of honest attempts at designing and implementing policies and targeted anti-poverty programs. The literature tends to suggest that the following factors have contributed to differential growth and poverty reduction performance.

- Ambiguities in property rights regime affecting allocative efficiency in productivity of rural enterprises, thereby leading to underinvestment and consequent realization of lower values.
- Restricted access to finance capital due to existing ambiguities in property rights regime.
- Socio-political environment that influences (positively or otherwise) transaction costs—defined as cost of transferring property rights and hence investment and growth.
- Inefficient regulatory mechanism institutionalized by the State particularly in respect of pricing of inputs and outputs of relevance to rural enterprises.

Available estimates suggest a higher incidence of poverty in rural India than what prevails in the urban region. We begin our quest with an effort to understand the linkage, if any, between rural poverty and property rights. As

rural enterprises are mainly intensive of land and other natural resources like water and resources from forests, we intend to take up the issue of ambiguities in the property rights that exist in India in respect of these three resources in particular, i.e., land, water and forests and understand the linkages therein to growth and poverty. The ambiguities in property rights may be identified to exist in three distinct forms.

1. mismatch between individuals enjoying residual benefits and those enjoying residual control over the resource in question at a particular point of time;
2. de facto mismatch between residual benefits and residual control due to failure of the state and existing justice delivery system to ensure protection of property right;
3. manipulation of the existing property rights regime – both formal and informal–by the state, often defying economic logic to further extra-economic interests.

The present study will rely on case studies picked up from across the country to identify the linkages between poverty and ambiguities in property rights distinctly identified in the forms described above. First, it will look into experiences where perfect matching between residual benefits and residual controls ascertained optimal use of a particular resource and those where any mismatch between the two led to an underutilization. The second set of case studies will focus on the impact of the failure of justice delivery system in removing a de facto mismatch, even though there is no such legal ambiguity in the incidence of property rights. Finally, the impact of the state's decision to alter the existing property right regime will be taken up in the third set of case studies. Cases considered will center around the issue of development displacement in particular.

Not very many significant studies have been taken up to understand poverty, growth and development in India with institutions of property rights at the center of attention. One may cite two interesting studies by Datta and Neelkanthan on the experiences from Mudialy (2005a) and Bon Hooghly Fishermens' Cooperative Society (2005b) where some accidental avoidance of mismatch between residual controller and residual claimant could effectively increase the efficiency of production systems centered around water and fish. Experiments by an NGO named Help-Tourism in Manas National Park and Sundarban Tiger Reserve show how attempts to reduce the extent of such mismatch can simultaneously help reduce poverty of the underprivileged forest dwellers and prevent ecological degradation. Sarkar and Chakrabarti (2007)

record a better status of a community owned forest in Orissa compared to that managed by the state forest department. A study by Sarkar and Chakrabarti (2006) found the quality of forests to be better in terms of floral biomass in patches managed by a mining company in Sirohi district in Rajasthan, compared to patches owned and managed by the state forest department, lying adjacent to the former. In a study of two tea gardens in Darjeeling abandoned by the management and managed at present by the workers it has been found that the workers are earning more by plucking tea leaves and selling them off to nearby tea processing factories, than what they were getting when they were paid daily wage labourers. They are plucking about a third of the quantum of tea leaves they had plucked as wage labourers. The workers claim that they could even earn more had they have access to the tea processing factory of their own gardens. The management, though abandoned the garden, resorted to legal procedure to deny access to the workers to operate the tea processing machineries. The experiences from Amalsad Cooperative Society in Gujarat (Datta and Neelkanthan, 2006), suggest the strength of reducing the mismatch between residual claimant and residual controller, through attempts to unambiguously define property rights over institutions to ensure optimal utilization of private resources.

The second set of case studies focus on the impact of the failure of justice delivery system in averting a de facto mismatch, even though there is no such legal ambiguity in the incidence of property rights. We present two cases, one from Uttar Pradesh and other from West Bengal to highlight the issues. It is observed that even though an effort to remove the mismatch between residual controller and residual claimant vis-a-vis land plays a significant role in reducing incidence of poverty (UP) it itself is not sufficient in sustaining such achievements in case of failure to completely remove ambiguities in property rights on land and other complementary inputs required in agricultural and allied enterprises – labour, credit (WB).

The experiences from the “Campaign for Effective Land Reforms in Uttar Pradesh” (UP-RELAND) enlighten us considerably on the positive linkage between reduction in ambiguities in property rights and poverty reduction (Sarkar 2004). UP-RELAND campaign was driven by the following objectives.

- Facilitate land entitlements to landless Dalit and Tribal households by removing encroachments and accessing Government lands.
- To ensure fair and equal wages for men and women wage laborers engaged in the unorganized sector.
- To address incidences of Dalit, Tribal and Gender atrocities.

- To facilitate a common platform for people's movement and struggle in the state of Uttar Pradesh.
- To organize people for ensuring rights of women on land, property and other sources.
- To increase access and control of Dalits, Tribals, etc. towards livelihood resources. (P 7).

Such campaign was necessitated by

- High degree of vulnerability of lives and livelihoods of the marginalized groups;
- Rising atrocities over Dalits;
- Large-scale land alienation;
- Poor implementation of land reform in the State;
- Gross violation of minimum wages;
- Apathetic and indifferent approach of the bureaucracy and forest officials towards Dalits and Tribals;
- Denial of cultivating rights/livelihood rights to the Dalits and Tribals;
- Poor access of Dalits and Tribals to minor forest produce;
- Displacement of Tribals due to declaration of sanctuaries and reserved forest;
- Not much engagement of the civil society organizations highlighting these vulnerabilities.

The campaign involved organizing

- **Public hearing:** The public hearings are mass level programme in the forms of people's court, where the victims share their plights and seek justice. Community participation was remarkable consisting of gatherings above 1000 in almost all the public hearings. Various speakers representing administrators, lawmakers, social activists, academicians, Dalits and Tribal victims addressed the hearings. The hearings resulted in

demand notes being sent to the government for taking necessary action. These public hearings have been instrumental in creating awareness at the district and State levels as well as in motivating the Dalits and Tribals to organise themselves effectively. In many occasions the public hearing attracted affirmative actions from the State, which largely benefited the Dalit and Tribals.

- **Legal camps:** Twenty legal camps were conducted in the current phase of the campaign. These camps increased the awareness levels, especially legal awareness, of village level Dalit and Tribal leaders on one hand and increased the access of these leaders to law and order machinery, on the other hand. Through such awareness drive, the primary stakeholders gained voices to resist injustice, in all forms and manifestation, at the local level. Further about 2500 Dalits and Tribals developed basic understanding on land records and the skill to sense any foul play on land related matters. Few of these leaders have independently taken up their land related cases with private defaulters and the State at the local level. These leaders are further keeping a close scan on land related developments at the villages.
- **Research studies:** In order to enhance the understanding on critical issues related to the lives and livelihoods of the Dalit and Tribal community, UP-RELAND realizes the essence of conducting research studies on a concurrent basis. Through research studies, UP-RELAND further aims to explore new issues and growth horizons within the campaign and design appropriate strategy for addressing the same. In the current phase of the campaign, UP-RELAND has conducted five research studies on relevant themes. The details related to the research studies are elucidated below in the table. .

Year	Issues on which research studies were conducted
1999	The era of open loot of land (Jameen khuli loot ka daur)
1999	Reality of snatched land (chhini gayi jameen ki asliyat)
2000	Future of land and landless (Khati aur khatihar ka bhavish)
2001	Status of Forest and Land, Basic question of ownership of land to tillers (Jangal aur Jameen, jameen par jotna balo ki hakdari biniyadi sawal)
2003	Encounter or murder, terrorism of forest department (Mutbher ya hatya, ban vibhag ka bhayankar aatank)

These research studies were conducted under the expert guidance of researchers and academicians. Few research studies were even published in the forms of booklets for mass dissemination. These studies exposed a series of regional level problems related to the lives and livelihoods of the Dalit and Tribal community and attracted affirmative action of the district administration on numerous occasions. The analytical understanding of the senior staff members of UP-RELAND on Dalit and Tribal issues has considerably increased in the process of facilitating these research studies. The findings of these research studies have been used effectively in the context of the campaign. UP-RELAND further used these reports in facilitating local level advocacy processes with the district administration.

- **Regional convention:** In order to strengthen local and regional activities, UP-RELAND organized regional camps/ *sammelens* for the primary stakeholders. Dalits, Tribals, women, lawyers, activists, media representatives, etc attended the regional conventions. These conventions provided a common platform to the primary stakeholders at the regional level to share their plights and jointly explore solutions for the same with the support of experts and leading activists. The decisions taken in these camps were further pursued by the regional organization engaged in implementing the campaign. In the project duration, 10 such regional conventions were conducted. These conventions served as an effective platform for sensitizing Dalits, Tribals and Women on issues concerning their lives and livelihoods, providing localized solutions to the primary stakeholders to fight for their rights. These conventions further organized the Dalit and the Tribals and added momentum to the struggle at the local level. These platforms have further facilitated horizontal sharing and cross learning's among the primary stakeholders.
- **Documentation & Information dissemination:** UP-RELAND publishes quarterly information bulletins "DAKHAL" and other popular education materials in the form of booklets.
- **Legal resource centers:** To meet the growing demand of legal interventions, UP-RELAND has established a legal aid center in Allahabad, the legal capital of the State. The legal aid center is guided by the following objectives:
 - To disseminate need based information to a wide range of stakeholders on pertinent issues.
 - To extend need based legal support to Dalit and Tribal victims.

- To interface the regional organizations with the bureaucracy at the divisional level.
- To publish quarterly bulletin “Dakhal” and other need based popular education material for the campaign.

The legal resource center receives active cooperation from eminent lawyers and activists to discharge its functions effectively. Beside these, the legal resource center has established strategic alliances with other like-minded agencies like PUCL, Sahyog, etc. Such developments have enhanced the outreach of the campaign in general and added value to the ongoing services of the legal center in particular. The center has facilitated legal actions and redressed the grievances of the marginal farmers and the landless labourers belonging to the Dalit and Tribal community. Apart from lending counseling support and guidance to the victims, the resource center took up over forty cases related to land and atrocity. Though the legal resource center has been playing an appreciative role in advancing the campaign, it failed to scale up its operation beyond the local level due to resource constraints both in terms of human and finance. Absence of MIS format for recording of information is a serious handicap.

The campaign has made structured efforts to build accessibility of Dalit and Tribals over arable lands, increase wages of unorganized labour, increase access of forest dwellers to minor forest produces and facilitate other value added to livelihood initiatives. These issues hold a major bearing in the household economy of the Dalit and Tribal community. The following impacts of the campaign on the livelihoods of the marginalized communities are worth noting.

1. Access to land: Accessing and releasing land from the clutches of the State, Forest and Caste forces has always remained a major objective of the campaign as the campaign believes that land can contribute towards the socio-economic advancement of the Dalit and Tribal community. The campaign claims that through structured efforts, they have been able to release/mobilize around 65,464 bighas of land mostly arable in the current phase of the campaign. Approximately 8590 families, mostly Dalit and Tribal, benefited through the initiative.
2. Improvement in livelihood: a comprehensive number of Dalit and Tribal households have accessed sustainable source of livelihoods i.e. Land. Approximately 91% of the total respondents (those who have captured land through the ongoing struggle) could strengthen their household economy by capturing agricultural land.

3. Increase in wages: Approximately 13,808 families (6108 directly & 7700 indirectly) have been benefited directly or indirectly due to increase in wages. Most of these families belong to SC and ST. The agriculture sector witnessed a steep increase of wages by 98% followed by 75% in other sectors, in three years. Here it may be reckoned that agriculture and other unorganized sector employ bulk of the unorganized labour force. The increase in average wages in stone crushing sector has been recorded as 20%.
4. Increased access to minor forest produce: UP-RELAND has endeavored towards building free access of Tribal and Dalit towards minor forest produce, especially in the forest regions, covered under the campaign. This effort reduced the sufferings of the Tribals and resulted in greater access for them to minor forest produces. A high degree of awareness among the Tribals on their rights over minor forest produce is observed. The campaign claims that they have benefited 7110 (approx) Dalit and Tribal families through this endeavor. However still a large chunk of villages are left where the Tribals are struggling to combat the exploitative measures of the forest department and contractors. In this villages the Tribal are not getting remunerative prices for their minor forest produce. Further in few villages, the Tribals are blocked from collecting minor forest produce.
5. Initiatives in value addition: The campaign has initiated value added livelihood initiatives to strengthen the livelihoods of Tribal community. Efforts were being made to build access of Tribals towards lucrative markets for selling their minor forest produces. The Tribals were further persuaded to process minor forest produce, especially almond, etc. to a secondary level. Such processed minor forest products yielded better prices to the Tribals.

Through such value added initiatives, approximately 7110 Tribal households have been benefited. This figure is inclusive of the figure projected in the earlier segment (increased access to minor forest produce) of the report. Hence the targeting at dual level: increasing access of Tribal to mfps and helping them to get better economic returns by building marketing linkages. Here it needs to be mentioned that currently this activity has become redundant.

The Uttar Pradesh experience clearly presents a positive relationship between removal of ambiguities in property rights regime and improvement in the livelihood pattern of individuals. However, the example from West Bengal, given below, confirms how such efforts are not sufficient to sustain such an improvement in livelihood.

In connection with the present study, we undertook a field visit to a village (Hargram) in West Bengal to understand the factors contributing to under-utilization of a large number of water bodies that have the potential to irrigate large tracts of land in Rabi/Summer seasons and to produce fish. The productive use of these water bodies can considerably raise the cropping intensity and fish production in the village and bring benefits to both land/pond owners and the poor who earn their livelihood primarily as wage labourers in local agricultural activities.(analysis of data to be taken up later).The purpose of the exercise was to examine how the local institutional environment shapes the interaction among the villagers and determines household behaviour with regard to production, investment and consumption. Discussion with villagers revealed the following:

1. **Ownership:** Some ponds/tanks within the perimeter of village habitation are owned by a large number of persons through inheritance and in most cases, the ownership of an individual over a particular piece of water body can not be easily proved on paper, though the villagers recognize the informal ownership of existing claimants. Individual shares being small, there is not much incentive for an individual to take initiative to put the resource to productive use as there are too many residual claimants of output. Also, because of lack of well defined property rights any contractual arrangement has to be informal. Investors are unlikely to put in resources where the return is uncertain.

2. **Non-owner Users:** The use of a large number of tanks/ponds in the periphery of the village is not restricted to their owners. Since ages, these ponds are being used for irrigating lands by the villagers whose cultivable lands fall within the command areas of such ponds/tanks. A large number of these ponds have gone out of use as neither the owners nor users have maintained these. Those still in use are in a very bad state and are being sub-optimally used. Some of these ponds have large potential for providing irrigation (within their command areas) and fish output for the owners if maintained and/or renovated. Discussion with owners reveal that they are aware of the potential, but are unwilling to invest for productive use in the absence of well defined rules for irrigation use by non-owners.

3. **Theft/unauthorized use:** Many owners of village ponds and cultivable lands reported theft of fish and agricultural produce. Even though the thieves and unauthorized users have been identified on many occasions the local *Gram Panchayat* and the police did not act on complaints of such incidents. The pond owners hesitate in making adequate investment in such productive activities that have higher risk of theft. The local Panchayat is dominated by the supporters of the political party in power, which has a major electoral support base among the

poor and down trodden. The failure of the State to protect the property rights of owners of lands and ponds has led to under-utilization of productive resources, loss of output and employment opportunities.

4. The role of PRIs: The 73rd amendment of the Constitution has empowered the PRIs to do the needful for optimum utilization of local resources. In West Bengal, adequate financial authority has also been delegated to the PRIs to initiate development activities. The Panchayats can set rules, including fixation of tariffs and fines to address the problems of “free rider” and theft, and use the development resources at its command to renovate the dead assets. Such an initiative will induce the farmers to make the necessary investment for optimum use of their land and water resources on the one hand and will help develop enforceable contracts for resources with multiple owners on the other.

We consider ten cases where people in considerable numbers were either displaced from their settlements or at the least denied access to their sources of livelihood as results of state-led initiatives. Even though many more such instances of displacement and dispossession of sources of livelihood induced by the state can be located in the history of independent India, we concentrate on impacts of these selected ten instances to identify the issues involved vis-à-vis the linkage between property rights, growth and poverty. The selected experiences are spread across 8 states covering all the major parts – north, west, south, central, east and north-east –of India. The purpose of displacement also varies ranging from wild life conservation to construction of ports, so also varies the resource to which such access and/or ownership rights have been denied. A somewhat detailed compilation of the background, process and the changes in property rights or access regimes across each of these experiences are given as annexures to this paper. We shall try to identify the core issues– that are similar or dissimilar across resources in question– that may significantly guide us in understanding the structure of the linkage we are probing.

Table 6.1 through 6.10 below capture some such salient features emerging out of the experiences from these identified cases where we attempt to identify similarities and differences in terms of certain indicators. Whereas the variations in location are influenced by the choice of the cases, the choices have been restricted to experiences in respect of three basic resources – water, forest and land. While the cases in most of the cases are primarily centred on user and/or property rights on land and one of the other two single resources, there are instances where use of all the resources is observed. Gahirmatha presents a somewhat unique situation that involves only denial of access to coastal water for fishing. Table 7 will be useful to facilitate comparison across the cases in terms of the issues involved.

The salient features emerging out of the table are:

- Earlier victims of displacement—till the early nineties—could not elicit much positive support from the state in terms of compensation and rehabilitation package. A conscious consideration towards structuring such a comprehensive package is visible to have begun only from the late nineties, even though there are recent instances of denial of compensation and rehabilitation packages if displacements were to happen in the name of ‘sacred’ cause of wild life conservation as in the cases of Jambudwip and Gahirmatha.
- Forest based tribal communities were the most affected as they did not have any legal property rights on the homestead and cultivable land that they were using. They either settled in the forest lands long before the onset of the Indian Forest Act and forest conservation acts and lost their property rights by the stroke of a pen when the forests were designated as “reserve forests” or they were settled by the Forest Department with no vesting of property rights on land to provide for the required labour force required to carry out silvicultural operations— felling and plantation to be specific— and turned unwanted as the demand for labour in carrying out forestry operations declined with sudden policy shift from production to conservation.
- The quality of life of those displaced cannot be said to have improved. Circumstantial evidences suggest to the contrary. Livelihood options left were worst in case of Jambudwip, and Hirakud dam.
- The spectre of displacement is gradually looming large on those possessing private land as well. The compensation and rehabilitation packages are not good enough in most of such cases to sustain their pre-displacement quality of living. This is clear from the cases of Tehri, Gangavaram and Hirakud.
- It is not clear whether the change in property right regime helped efficient utilization of the resources involved. Circumstantial evidences suggest otherwise, even though some detailed investigation into the present status of the resources compared to a point of time prior to the change in property right regime would help comprehend the impact of the projects in alleviating or adding to the incidence of poverty and overall development of the country. Low utilization of Ranganadi HEP, problems of irrigation and flooding arising out of Hirakud, the case of Jambudwip, Tawa and fishing rights in Orissa point to this direction.

Table: 6.1

Case	TAWA
State	MADHYA PRADESH
Year(s) of displacement	1970 - 1994
Resource in question	LAND, WATER, FOREST
Purpose behind changed property right	<ul style="list-style-type: none"> • Irrigation and hydel power • Defence activities • Wild life conservation
Land Rights to the communities prior to displacement	Access to land for homestead and cultivation – no legal property rights though.
Secondary livelihood rights to communities prior to displacement	Nistar and usufractory rights recognised traditionally.
Effect on Property/access rights to land	98 villages – homestead and cultivation.
Effect on Traditional usufractory rights	148 villages – usufractory rights. 17 villages – fishing rights restored in 1996 and taken away in 2006.
Present status of the displaced	Initiated collective action in fishing through cooperative endeavour formalized legally in 1996 but not tenable legally since Dec. 2006, with the expiry of the lease agreement.
Rehabilitation package	None, as they did not have any legal land records.
Compensation offered	Rs. 35-200 per acre of land, depending on the sweet will of the authorities and the bargaining power of the concerned families. Half of them did not receive any compensation
Present status of the resource	While the land and forests acquired are managed by the defence and forest authorities, water is being managed by the communities to carry on fishing activities and the Hydel Power authorities. The community has been commendably managing the fishing activities ever since their access right to water for fishing was legally recognised. Further investigations needed to ascertain the efficiency of the use of resources by respective stakeholders.

Table: 6.2

Case	PENCH
State	MAHARASHTRA
Year(s) of displacement	1993-2002
Resource in question	LAND, WATER, FOREST
Purpose behind changed property right	<ul style="list-style-type: none"> • Hydel power • Wild life conservation
Land Rights to the communities prior to displacement	Access to land for homestead and cultivation – no legal property rights though.
Secondary livelihood rights to communities prior to displacement	Nistar and usufractory rights recognised traditionally.
Effect on Property/access rights to land	350 families displaced from Totladoh 15 families displaced from Alikatta 8 villages displaced in total
Effect on Traditional usufractory rights	Residents of 10 villages lost usufractory rights Residents of 1 village lost fishing rights which was restored in 1996 and taken away in 2002
Present status of the displaced	Fishing activities still on, albeit clandestinely, with severe repressive actions from forest department which justifies action misinterpreting the order of the Supreme Court dated 14.02.2000 that restricted the states from removing dead, dying or wind fallen trees and grass from protected areas, even though the Supreme Court order of 1997 allowing them the fishing rights are yet to be nullified.
Rehabilitation package	Land allotted @ 900 squarefeet to each family of Totladoh settlement.at Wadamba on Nagpur-Jabalpur Highway as crisis management measure. Some villagers from other settlements were given 5-6 acres of poor quality land. Rest of the oustees were ignored altogether to fend for themselves.
Compensation offered	No such clear-cut package formalized.
Present status of the resource	Being managed by the forest department ever since displacement happened, the present status of the forest resource is required to be investigated in detail. The reservoir fishing can no longer be managed efficiently by the communities in view of prevailing uncertainties about the status of their fishing rights.

Table: 6.3

Case	HIRAKUD
State	ORISSA
Year(s) of displacement	1955
Resource in question	LAND, WATER, FOREST
Purpose behind changed property right	Irrigation (multipurpose river valley project)
Land Rights to the communities prior to displacement	Access to land for homestead and cultivation—some had legal individual property rights with the rest having traditional property rights over a considerable tract of land.
Secondary livelihood rights to communities prior to displacement	Nistar and usufractory rights recognised traditionally in forests located nearby
Effect on Property/access rights to land	17393 families, 285 villages.
Effect on Traditional usufractory rights	Not known.
Present status of the displaced	Displaced Kondh tribal population were forced to migrate in the remote hills of Vishakhapatnam district of Andhra Pradesh. Being migrants, not included in Census enumeration, denied right to vote, right to public distribution system and even right to development support from the state.
Rehabilitation package	Not known, needs investigation.
Compensation offered	9913 families are yet to be compensated.
Present status of the resource	The common complaint about Hirakud causing massive flooding during monsoon and severe shortage needs further investigation. Orissa Remote Sensing Agencies studies point to the important role played by Hirakud System in undernourishment of Mahanadi Delta, leading to siltation and consequent flooding.

Table: 6.4

Case	KANHA
State	MADHYA PRADESH
Year(s) of displacement	1955-74
Resource in question	LAND, FOREST
Purpose behind changed property right	Wild life conservation
Land Rights to the communities prior to displacement	Access to land for homestead and cultivation – no legal property rights though.
Secondary livelihood rights to communities prior to displacement	Nistar and usufractory rights recognised traditionally.
Effect on Property/access rights to land	26 villages, 1217 families, population 4980 cattle population – homestead and cultivable land.
Effect on Traditional usufractory rights	76 villages – usufractory rights.NTFP rights exist
Present status of the displaced	Seasonal mono-crop agriculture on land provided by the forest department (!) supplemented by wage earnings as migrant labourers. Some of them collect tendu leaves on permission from FD. Clandestine collection of fuelwood, charcoal-making and brewing help sustain their livelihood.
Rehabilitation package	Not known
Compensation offered	Not known
Present status of the resource	25% of the park open to tourists but traditional residents denied access. The impact of the park in conserving wild life needs further investigation.

Table: 6.5

Case	RANGANADI PHASE I
State	ARUNACHAL PRADESH
Year(s) of displacement	2002
Resource in question	LAND, WATER
Purpose behind changed property right	Hydel power
Land Rights to the communities prior to displacement	Access to land for homestead and cultivation with community property rights.
Secondary livelihood rights to communities prior to displacement	Traditional community property rights on resources available on and under the land.
Effect on Property/access rights to land	200 families lost homestead and cultivable land.
Effect on Traditional usufractory rights	Around 7000 people lost access to fishing.
Present status of the displaced	All but two of the displaced families shifted to Sopo valley on their own. Incidentally, Sopo Valley was earlier covered with virgin forest. Engaged in terraced and wetland cultivation of rice. Facing further threats of eviction in view of proposed Hydel power project over Paro river. Some of those who lost their fishing rights reverted back to jhoom cultivation in the upper hills.
Rehabilitation package	No rehabilitation package prepared.
Compensation offered	Members from only 2 displaced families offered employment by the project authorities. Cash compensation offered, if any, to the rest of the families or the fishermen not known.
Present status of the resource	Project commissioned in 2002. The impact needs thorough investigation.

Table: 6.6

Case	GANGAVARAM
State	ANDHRA PRADESH
Year(s) of displacement	YET TO BE DISPLACED
Resource in question	LAND, WATER
Purpose behind changed property right	<ul style="list-style-type: none"> • Sea Port • Steel Plant
Land Rights to the communities prior to displacement	Ownership of land for homestead and cultivation with individual legal property rights.
Secondary livelihood rights to communities prior to displacement	Access to marine fishing.
Effect on Property/access rights to land	1 village with 1020 families displaced twice officially. 4 other villages with a population of 3280 – 1.5 km away from the coast will have to shift voluntarily in view of the environmental pollutions to be created by the port.
Effect on Traditional usufractory rights	20000 fisherfolk vulnerable to loss of fishing rights and livelihood.
Present status of the displaced	Displacement process yet to be over, once displaced access to fishing opportunities will be gone.
Rehabilitation package	To be rehabilitated at village Yarada that is 7-8 km away from coast.
Compensation offered	Cash compensation of Rs. 50000 to each of the affected family. Employment assured to one member of the displaced family.
Present status of the resource	Yet to be ascertained as construction work just began. However, benchmark studies right now may help understand the impact on the resource in question in the future.

Table: 6.7

Case	NAGARHOLE
State	KARNATAKA
Year(s) of displacement	1972-2000
Resource in question	LAND, FOREST, WATER
Purpose behind changed property right	<ul style="list-style-type: none"> • Irrigation, • Teak and Eucalyptus Plantation, • Wild life conservation. •
Land Rights to the communities prior to displacement	Access to land for homestead and cultivation – no legal property rights though.
Secondary livelihood rights to communities prior to displacement	Usufractory rights recognised traditionally.
Effect on Property/access rights to land	9000 people in 58 hamlets lost homestead and cultivable land.
Effect on Traditional usufractory rights	24000 people lost usufractory rights.
Present status of the displaced	Resettled against will in pre-fabricated houses on a deforested plain land with land for cultivation. Agricultural activities sustain livelihood for 6 months and they migrate to work in the neighbouring coffee plantations for 4 months. Denied access to resources of the forest. Some abandoned their resettlement sites and reconstructed their villages close to the park boundary.
Rehabilitation package	Not known
Compensation offered	Not known
Present status of the resource	<p>A considerable portion of the park demarcated for tourists even though traditional residents denied access to non-timber forest resources. The impact of the park in conserving wild life needs further investigation.</p> <p>The recent World Bank sponsored GEF ECO-Development Project became controversial since the World Bank Inspection Panel's report supported the complaints of the forest people and severely criticised the implementation of the project.</p>

Table: 6.8

Case	JAMBUDWIP
State	WEST BENGAL
Year(s) of displacement	2002
Resource in question	LAND, FOREST, WATER
Purpose behind changed property right	Wild life conservation
Land Rights to the communities prior to displacement	Transient access to land for fish processing– no legal property rights though.
Secondary livelihood rights to communities prior to displacement	Usufractory rights recognised traditionally.
Effect on Property/access rights to land	
Effect on Traditional usufractory rights	10000 families lost access rights to dry fish on the island.
Present status of the displaced	Those with skills in navigating sea-going fishing boats got partial employment in other vessels. Those engaged in drying fish and associated activities turned into wage labourer and vendors in the nearby islands of Kakdwip, Sagar and Namkhana. Those directly engaged in drying fish lost out considerably.
Rehabilitation package	No rehabilitation package offered.
Compensation offered	No compensation package developed.
Present status of the resource	Island completely under control of forest department. The impacts needed to be studied.

Table: 6.9

Case	TEHRI
State	UTTARANCHAL
Year(s) of displacement	1972-2005
Resource in question	LAND, WATER
Purpose behind changed property right	Hydel power
Land Rights to the communities prior to displacement	Access to land for homestead and cultivation with individual property rights.
Secondary livelihood rights to communities prior to displacement	Trading activities jeopardized, tehbazari rights gone, loss of social infrastructure and heritage sites.
Effect on Property/access rights to land	Residents displaced from 1 town and 125 villages – 37 fully and 88 partially.
Effect on Traditional usufractory rights	547 shops in Tehri-Uttarkashi highway and 85 in the submerged villages. Colleges, schools and hospitals submerged.
Present status of the displaced	Well-to-do urban families migrated to Dehradun and Rishikesh. Tenants owning neither house nor land plots earlier could become so after the project. Not much is known about the present status of rural oustees.
Rehabilitation package	Offered but created controversy, court approached
Compensation offered	- Do -
Present status of the resource	Hydel power project just started operation, whereas considerably reduced flow of water already recorded at Rudraprayag, Rishikesh and Haridwar. Needs further investigation.

Table: 6.10

Case	GAHIRMATHA
State	ORISSA
Year(s) of displacement	2003 (access restricted to core area of the sanctuary and thereby denied access to the legal fishing area which follows the core area)
Resource in question	WATER
Purpose behind changed property right	Wild life conservation (marine conservation)
Land Rights to the communities prior to displacement	Property rights on land not relevant
Secondary livelihood	Traditional marine fishing right

rights to communities prior to displacement	
Effect on Property/access rights to land	Not relevant
Effect on Traditional usufractory rights	100000 fishermen facing denial of access to coastal fishing
Present status of the displaced	Much of the fishing activities clandestinely undertaken today with occasional repression by the powers that be.
Rehabilitation package	Not relevant.
Compensation offered	Not relevant.
Present status of the resource	The impact of the restrictive practices on the conservation of olive turtles needs thorough scrutiny.

Table 7: DISPLACEMENT CASES: SUMMARY OF SALIENT FEATURES

Case	State located in	Resource in question	Purpose	Land Rights to the communities prior to displacement	Secondary livelihood rights to communities prior to displacement
Tawa	Madhya Pradesh	WATER LAND FOREST	Irrigation and hydel power Defence activities Wild life conservation	Access to land for homestead and cultivation – no legal property rights though	Nistar and usufractory rights recognised traditionally
Pench	Maharashtra	FOREST WATER LAND	Wild life conservation and hydel power	Access to land for homestead and cultivation – no legal property rights though	Nistar and usufractory rights recognised traditionally
Hirakud	Orissa	WATER LAND	Irrigation	Access to land for homestead and cultivation–some had legal individual property rights with the rest having traditional property rights over a considerable tract of land.	Nistar and usufractory rights recognised traditionally in forests located nearby
Kanha	Madhya Pradesh	FOREST LAND	Wild life conservation	Access to land for homestead and cultivation – no legal property rights though	Nistar and usufractory rights recognised traditionally
Ranganadi	Arunachal Pradesh	WATER LAND	Hydel power	Access to land for homestead and cultivation with community property rights	Traditional community property rights on resources available on and under the land
Gangabharam	Andhra Pradesh	WATER LAND	<ul style="list-style-type: none"> • Steel plant • Port 	Access to land for homestead and cultivation with individual legal property rights	Access to marine fishing
Nagarhole	Kernataka	FOREST LAND	Irrigation Teak and Eucalyptus Plantation, Wild life conservation	Access to land for homestead and cultivation – no legal property rights though	Usufractory rights recognised traditionally
Jambudwip	West Bengal	LAND FOREST	Wild life conservation	Transient Access to land for fish processing– no legal property rights though	Usufractory rights recognised traditionally
Tehri	Uttranchal	WATER LAND	Hydel power	Access to land for homestead and cultivation with individual property rights	Trading activities jeopardized, tehbazari rights gone, loss of social infrastructure and heritage sites
Gahirmatha	Orissa	WATER	Wild life conservation	Property rights on land not relevant	Marine traditional fishing right

Table 6: (contd...) DISPLACEMENT CASES: SUMMARY OF SALIENT FEATURES

Case	Effect on Property/access rights to land	Effect on Traditional usufractory rights	Present status of the displaced
Tawa	98 villages – homestead and cultivation	148 villages – usufractory rights 17 villages – fishing rights restored in 1996 and taken away in 2006	Initiated collective action in fishing through cooperative endeavour formalized legally in 1996 but not tenable legally since Dec. 2006, with the expiry of the lease agreement.
Pench	350 families in Totladoh 15 in Alikatta 8 villages displaced in total	10 villages – usufractory rights 1 village – fishing rights restored in 1996 and taken away in 2002	Fishing activities still on, albeit clandestinely, with severe repressive actions from forest department which justifies action misinterpreting the order of the Supreme Court dated 14.02.2000 that restricted the states from removing dead, dying or wind fallen trees and grass from protected areas, even though the Supreme Court order of 1997 allowing them the fishing rights is yet to be nullified.
Hirakud	17393 families, 285 villages		Displaced Kondh tribal population were forced to migrate in the remote hills of Vishakhapatnam district of Andhra Pradesh. Being migrants, not included in Census enumeration, denied right to vote, right to public distribution system and even right to development support from the state.
Kanha	26 villages 1217 families population 4980 cattle population –homestead and cultivable land	76 villages – usufractory rights. NTFP rights exist	Seasonal mono-crop agriculture on land provided by the forest department (!) supplemented by wage earnings as migrant labourers. Some of them collect tendu leaves on permission from FD. Clandestine collection of fuelwood, charcoal-making and brewing help sustain their livelihood.
Ranganadi Phase I	200 families lost homestead and cultivable land.	Around 7000 people lost access to fishing	Members from 2 displaced families offered employment by the project authorities. Rest of the displaced shifted to Sopo valley on their own with no rehabilitation package offered. Incidentally, Sopo Valley was earlier covered with virgin forest. Engaged in terraced and wetland cultivation of rice. Facing further eviction in view of proposed Hydel power project over Paro river. Some of those who lost their fishing rights reverted back to jhoom cultivation in the upper hills.

Gangabharam	1 village with 1020 families displaced twice officially. 4 other villages with a population of 3280 – 1.5 km away from the coast will have to shift voluntarily in view of the environmental pollutions to be created by the port.	20000 fisherfolk vulnerable to loss of fishing rights and livelihood.	The process yet to be completed.
Nagarhole	9000 people in 58 hamlets lost homestead and cultivable land.	24000 people lost usufractory rights	Resettled against will in pre-fabricated houses on a deforested plain land with land for cultivation. Agricultural activities sustain livelihood for 6 months and they migrate to work in the neighbouring coffee plantations for 4 months. Denied access to resources of the forest. Some abandoned their resettlement sites and reconstructed their villages close to the park boundary.
Jambudwip		10000 families lost access rights to dry fish on the island	Those with skills in navigating sea-going fishing boats got partial employment in other vessels. Those engaged in drying fish and associated activities turned into wage labourer and vendors in the nearby islands of Kakdwip, Sagar and Namkhana. Those directly engaged in drying fish lost out considerably.
Tehri	1 town, 125 villages – 37 fully and 88 partially	547 shops in Tehri-Uttarkashi highway and 85 in the submerged villages. Colleges, schools and hospitals submerged.	Well-to-do urban families migrated to Dehradun and Rishikesh. Tenants owning neither house nor land plots earlier could become so after the project. Not much is known about the present status of rural oustees.
Gahirmatha	Not relevant	100000 fishermen facing denial of access to coastal fishing	Much of the fishing activities clandestinely undertaken today with occasional repression by the powers that be.

Table 6: (concl..) DISPLACEMENT CASES: SUMMARY OF SALIENT FEATURES

Case	Period of displacement	Rehabilitation package	Compensation offered	Present status of the resource
Tawa	1970 - 1994	None, as they did not have any legal land records	Rs. 35-200 per acre of land, depending on the sweet will of the authorities and the bargaining power of the concerned families. Half of them did not receive any compensation	While the land and forests acquired are managed by the defence and forest authorities, water is being managed by the communities to carry on fishing activities and the Hydel Power authorities. The community has been commendably managing the fishing activities ever since their access right to water for fishing was legally recognised. Further investigations needed to ascertain the efficiency of the use of resources by respective stakeholders.
Pench	1993-2002	Land allotted @ 900 squarefeet to each family of Totladoh settlement.at Wadamba on Nagpur-Jabalpur Highway as crisis management measure. Some villagers from other settlements were given 5-6 acres of poor quality land. Rest of the oustees were ignored altogether to fend on their own.	No such clear-cut package formalized.	Being managed by the forest department ever since displacement happened, the present status of the forest resource is required to be investigated in detail. The reservoir fishing can no longer be managed efficiently by the communities in view of prevailing uncertainties about the status of their fishing rights.
Hirakud	1955	Not known, needs investigation	9913 families are yet to be compensated.	The common complaint about Hirakud causing massive flooding during monsoon and severe shortage needs further investigation. Orissa Remote Sensing Agencies studies point to the important role played by Hirakud System in undernourishment of Mahanadi Delta, leading to siltation and consequent flooding.
Kanha	1955-74			25% of the park open to tourists but traditional residents denied access. The impact of the park in conserving wild life needs further investigation

Ranganadi Phase I	2000			Project commissioned in 2002. The impact needs thorough investigation.
Gangabharam	Yet to be displaced	To be rehabilitated at village Yarada that is 7-8 km from coast, access to fishing opportunities will be gone.	Cash compensation of Rs. 50000 to each of the affected family. Employment assured to one member of the displaced family.	Yet to be ascertained as construction work just began. However, benchmark studies right now may help understand the impact on the resource in question in the future.
Nagarhole	1972-2000			A considerable portion of the park demarcated for tourists even though traditional residents denied access to non-timber forest resources. The impact of the park in conserving wild life needs further investigation
Jambudwip	2002	No rehabilitation package offered.	No compensation package developed.	Island completely under control of forest department. The impacts needed to be studied.
Tehri	1972-2005			Hydel power project just started operation, whereas considerably reduced flow of water already recorded at Rudraprayag, Rishikesh and Haridwar. Needs further investigation.
Gahirmatha	2003 (access restricted to core area of the sanctuary)	Not relevant	Not relevant	The impact of the restrictive practices on the conservation of olive turtles needs thorough scrutiny.

IV: Issues Emerging Out of the Case Studies- Need for Further Research: As the earlier sections suggested the understanding of the linkage between growth, property rights and poverty reduction requires to be achieved both at macro and micro levels. In the absence of any precise theoretical model and necessary data set it is beyond doubt that the present paper could do little justice to comprehensively capture the nature of the relationship that exists in India. However, it helps us raise some pertinent questions vis-à-vis the Indian experience with whatever little information is available. We may distinguish between the macro-issues and the micro ones.

Macro-issues

- Whether achievements in policy led interventions to combat poverty are commensurate with the efforts put in and potential that exists both in terms of resources and time. If not, what are the causes behind sub-optimal outcome?
- What are the responsible factors? Are they purely techno-economic? To what extent do institutional factors – socio-political, legal, economic – explain the sub-optimality?
- Does a clear understanding between property rights and poverty help understand the nature and cause of ecological and environmental degradation and sub-optimal utilization of natural resources?
- Why does the existing literature on socio-political analysis of growth and poverty vis-à-vis India neither fully explain sub-optimal utilization nor explain over-utilization of resources across regions? What are the gaps in literature?
- Has the assumption of a linear linkage between growth and investment with the Harrod- Domar model at the center of planning for development led to our failure to ensure the linkage between growth and poverty and develop a suitable governance structure?
- Can an effective model of development evaluation help strengthen the linkage between growth and poverty?
- Does Coase theorem help in theoretical conceptualization of the issues at hand?

Some typical, but not exhaustive, micro issues emerging out of this study are

- Whether changes in property rights regime brought about through the use of 1894 Act (in the case of development induced displacement) for “public interest” have actually increased productive efficiency and human welfare in a broader sense? Existing evidence is patchy and inconclusive. There is need for holistic evaluation of some of the development initiatives to judge if the use of the Act actually served public interest in a broader sense.
- Tenancy and land reforms have often been undertaken for the benefit of the poor. However, such reforms without other complementary institutional reforms (i.e. labour market, credit market and institutions for contract enforcement and protection of property rights) may actually turn out to be regressive and against the larger interest of the poor. The set of complementary institutions that need to be concurrently reformed along with land reform will depend on local social, political and other institutional arrangement. This aspect needs to be studied in detail to understand the role of the entire gamut of factors that play a role in influencing allocation, efficiency and poverty reduction, as also to understand the regional variation in these factors.
- Fragmentation of holdings often is a constraint to adoption of improved method of cultivation and optimum investment in land, ponds/tanks and other common property resources. However, it is possible to optimally use such resources if there is a developed contract market, property rights are marketable, redressal mechanism is effective and transaction costs are low. What types of reforms are required for operationalisation of a well developed contract regime, which will facilitate growth of lease markets, improved production systems and hence poverty reduction? This aspect is also necessary to be studied across the Indian States to account for regional variations in growth and poverty.

V: The Policy Agenda: Concerns for Legal Empowerment of Poor (LEP) have been more or less tried to be operationalised through three distinct approaches:

- Law and justice reforms;
- Informality and simplification of business regulations and
- Formalization of property rights.

The present paper focussed solely on the third approach, being fully aware that formalization of property rights alone cannot be effective in ensuring a healthy linkage between poverty reduction at the micro level and growth in GDP at the macro level and thereby reduce the “coordination failure”. Simultaneous reforms in legal system and justice delivery mechanism on the one hand, and

simplified business regulations, on the other, are highly necessary to empower the poverty-stricken population of the country. Their importance is all the more relevant in view of the recent realization that poverty is multi-dimensional, rather than being determined purely in terms of income alone. Sengupta (2007) identifies three distinct but often interdependent components. They are: income poverty, low human development and poverty due to social exclusion. The inter-linkage between poverty and property rights (a la de Soto) is centred around the notion of income poverty. Poor citizens are incapable of coming out of the “poverty trap” as they cannot enter the formal credit market in the absence of a legal title to property. A legal title to property can take care of income poverty but does not necessarily ensure alleviation of human deprivation as a direct consequence. Impact of legal titling on social exclusion is all the more round about. De Soto’s arguments have been criticised on a number of grounds and as Palacio (2006) would rightly summarize them,

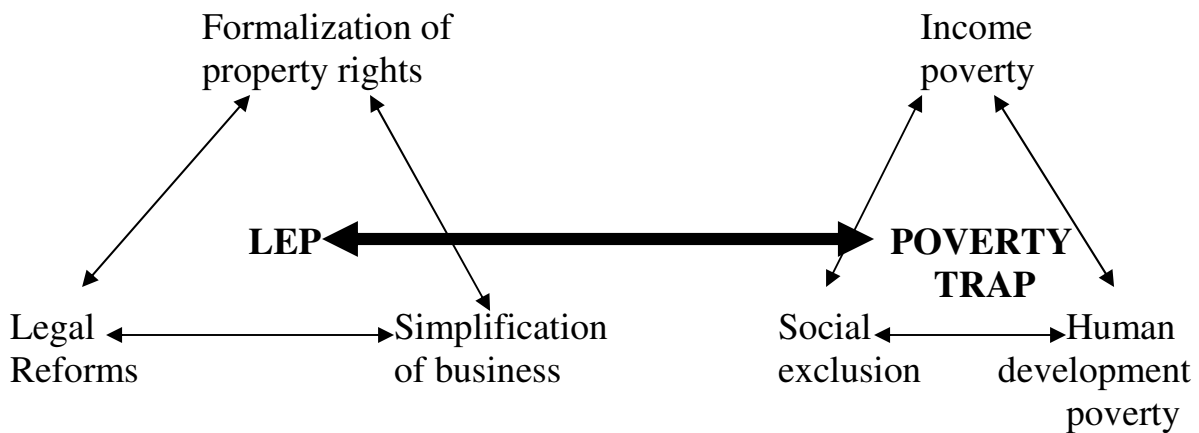
“... this approach overestimates the direct economic benefits that legal titling could bring to the poor (while downplaying important social impacts) and underestimates the difficulties in formalizing property rights in many developing countries” (P 9). Among the fundamental problems in implementing the approach are:

- Theoretically, land titling need not operate only through provision of an extended access to credit market: Legal titling has other positive effects on the welfare of a poor household, through increased female labour participation, reduced child labour and improved child schooling.
- The relative difficulties in implementing legal titling in rural areas compared to that experienced in urban regions: In many developing countries, land titling in rural areas raise “complex set of challenges”, that are often underestimated.
- Contestability of property rights: With existing conflicts over ownership or tenure on resources, the role of public authorities in adjudicating over contestable property rights often becomes tricky. The problem gets trickier in rural areas.
- Legal titling is time consuming, can be expensive and requires a number of challenges that are often underestimated. There are technical, administrative, political, economic and environmental constraints.
- Legal titling alone, in the absence of enabling reforms to support complementary institutional structure, may not help realize production/growth potential of natural resources.
- Legal land titling is thus one among several other reforms required to improve the welfare of the poor.

Palacio (2006) hence suggests that “legal empowerment of poor” (LEP) should be envisaged as a broad concept in which empowerment provides the citizens with a stake in the state. If legal empowerment is to mean anything for the poor,

it has to provide them with security and mobility to enable them to climb the economic ladder. (Pp8-9).

The contradictions are well reasoned. However, the premises are different. While De Soto takes more of a static perspective, that is more amenable to operationalization but less rigorous academically, Palacio offers a dynamic perspective of legal empowerment – a vision of what is desired to be achieved in the longer run. We are operating in a world characterized by the existence of two distinct but interdependent triads. Even though we have already mentioned them separately, it is pertinent that we put them in a perspective where the inter-linkages between them can be clearly appreciated.



The challenge to the global community is rather to identify the functional linkage between LEP and poverty trap as shown by the bold line and take necessary measures that will help reduce poverty. An approach that concentrates on either of the triads independent of the other will no doubt contribute much to the theoretical and academic understanding of the functioning of the triads themselves but will perhaps contribute a little to the challenge of poverty reduction at a faster rate – one of the most important millennium development goals.

A strategy to eradicate income poverty that emphasizes on formalization of property rights, in the short run, can be a good beginning, given that other components of LEP and poverty will contribute meaningfully to the process in the longer run. One must not be indifferent to the fact that lack of access to resources necessary for human development, like education and health can also be taken care of from the perspective of formalization of property rights on these resources. That property rights – lack of or access to it – contribute significantly to social exclusion is evident from the recent hue and cry over attempted diversion of agricultural land to industrial purposes.

We would like to identify three important operational interventions that may play an important role in linking the triads, with property rights being at the centre stage¹. They are:

- Land reforms;
- People's participation and
- Corporate development.

Land Reforms:

Given the fact that achievement in terms of tenancy reforms and redistribution of surplus land has not been uniform across the length and breadth of the country, intense efforts are necessary to introduce the "traditional" type land reform measures in those regions, which are lagging behind. However, unlike in the past, this process needs to be further facilitated through institutionalizing the following arrangements:

1. Updating and improvement in land records through rapid computerization and removal of the following lacunae in implementation of relevant central government schemes: (i) increasing central government share from 50% to 80% for all states except those in the North East, where the central government support is 100%; (ii) assigning top priority to proposals for adoption of latest technology in survey, settlement, map preparation and preservation of documents; (iii) rigorous monitoring of the states' implementation of the schemes through making release of funds contingent upon the extent of success in implementation (including satisfactory Quarterly Progress report); (iv) creation of awareness among the general public through village *Panchayats* and suitable NGOs about correct assessment and recording of land records; (v) issuing land pass books to the farmers to make things absolutely crystal clear; and (vi) evolving farmer-friendly institutional mechanisms through which conflicts and disputes over land records can be easily and cheaply resolved. Creation of a Land Information System (LIS) can thus form an important data base for Agricultural Census.
2. To establish gender equality in land inheritance laws and ceiling laws, the following steps may be taken: (i) other states may be urged through fiscal devices to amend, like the states of Karnataka, Tamil Nadu and Andhra Pradesh, the Hindu Succession Act, 1956 or to take similar steps to formalize women's right to property; (ii) while assessing surplus land and in distribution of lands under various resettlement programs, an uniform definition of 'family' needs to be followed, in which sons and daughters would be given equal

¹ This section draws heavily on Gandhi, Dutta, Singhi, Bapna and Chakrabarti (2006)

consideration; and (iii) land pattas may be given in the name of women as far as possible.

3. Fiscal devices (i.e., fiscal incentives-disincentives) may be applied to achieve consolidation of land holdings all over the country on the pattern of the North-Western states to tap the increasingly important scale factor in modern day agricultural operations; simultaneously farmer associations, clubs, SHGs, cooperatives as well as their higher tier bodies must be encouraged to undertake joint processing and marketing activities on a pooling basis to tap economies of scale in post-harvest operations.
4. While the notion of land reforms ought to be applied to all kinds of land, including degraded forests, water bodies, wet lands and waste lands to encourage diversification of agriculture, necessary contractual precautions need to be taken to ensure minimum loss of bio-diversity and other ecological benefits, which are often supplied in large quantities from these sources². Specifically, the beneficiaries of waste land distribution – preferably landless farmers and unemployed youth - must be trained to produce, among others, environmental products (e.g, Nature Park, where local people can access environmental benefits against a small fee), so that they can easily capture local sympathy and goodwill, besides doing good business³.
5. Develop land lease market, allowing for all three broad forms of land and labour contract, as mentioned earlier, subject of course to a facilitating type regulatory regime, for increasing the size of holdings so as to make them commercially viable and consolidate the smaller holdings into larger parcels as far as practicable. Of late, there has been a demand for institutionalizing an absolutely free market for land in view of the introduction of modern agricultural technology that is scale-intensive. This argument, like the Marxist plea for mere land redistribution, again involves a binary – either 0 or 1 – type choice, and hence fraught with danger as it attempts to undermine the need for distributive efficiency to overemphasize the cause of higher allocative efficiency. ‘Market’ definitely provides the most efficient allocative mechanism, only if we ensure that the players have equal bargaining powers to negotiate and implement contracts in such a market. Modern technology is scope-intensive as well. A farmer operating out of a small plot of land can also effectively reap the benefits of modern

² Precautions are especially needed to ensure that no fragmentation of bio-diversity habitats takes place as a result of their current use. In other words, the users of such land must be empowered through imparting of knowledge and awareness, so that they can do the needful.

³ In fact, a ‘Nature Park’ of the type as mentioned above does exist, thanks to the contribution of one Mudialy Fishermen’s Cooperative Society in the outskirts of the city of Kolkata. For details, see <http://www.google.com/search?hl=en&q=Mudialy+Fishermen%27s+Cooperative+Society&btnG=Google+Search>

technology if she is provided with all possible scopes to optimise her allocation of scarce resources. So, government ought to be well advised to gradually open up the land lease market, but not all at once, especially where the other options for the poorer people to fall back upon, as for example in scheduled tribe areas, are yet to be well-developed.

6. Last but not the least, the Land Reforms Wing/Cell of the relevant Central Government Ministry must be suitably strengthened, so that it can monitor progress, undertake necessary researches⁴ and coordination with other Departments/Ministries at both state and central levels to ensure that the notion of land reforms is pursued to its logical end, rather than turning out to be a cheap means for achieving a narrow political goal.

However, such intense efforts are to be complemented by innovative reforms in the markets for other inputs. Farmers are to be empowered to participate in these markets on a more-or-less equal footing. Otherwise, efforts at securing tenancy contracts may lead to asset-specificity problems and the tenants will be rendered disadvantaged, as is found in some parts of West Bengal in the form of reversed *barga*. So, in addition to the above-stated action points, the following complementary action points must be undertaken:

7. Farmers must have greater access to the credit and crop-insurance market so as to be able to not only enjoy the freedom of buying the inputs at the optimum prices but also to be able to withstand the risk of possible crop-failures or market failures (e.g., glut in the global market). So, cheaper line of credit and insurance facilities must be provided directly to farmer groups, SHGs, associations, as well as to their federated bodies, rather than credit and insurance facilities being routed through costly para-statal government bodies.
8. Agricultural practice is gradually getting intensive of hired labour. A secured labour contract that not only outlines the minimum wages but also specifies the responsibilities expected from the labourer hired for a particular purpose is essential to be institutionalised. In other words, land reforms don't carry any meaning unless suitable labour reforms are instituted at the same time⁵.

⁴ The World Land Tenure Center at the University of Wisconsin, Madison, USA is an example. In India, in stead of running the risk of investing in a costly and separate Institute of Land Reforms, it is safer to institute several chair professors on land reforms at premier institutes across the country, who as intimate stakeholders to the cause of land reforms can pursue the matter alongside the central government, while at the same time preventing too much bureaucratization of the whole exercise. One such noteworthy effort is made at the Lal Bahadur Shastri Academy, but many more such efforts are needed.

⁵ After all, the objective of land reforms is not to disrupt production through institutionalizing labor indiscipline!

9. Secure output contracts – even in the form of contract farming, with proper checks and balances to minimise any possible monopolistic element, are extremely important to ensure remunerative prices to the farmers for their products. However, a contract farming need not be necessarily of fixed claimant type for the contracting farmers, as often popularized by multinational companies; while opportunism needs to be curbed on both sides, incentive contracts – for example, a bonus share of the serving company - must be instituted to reward the good performing contract farmers, on the one hand, and to build up longer-term relations between the contracting sides.
10. Facilities with scope to add further value to primary agricultural products are necessary to be put in place to encourage and capacitate the farmers to thrive for the extra efforts to increase farmer productivity and earning. For this purpose, suitable farmer organizations must be encouraged, as elaborated under action point #3 above.
11. Incentive mechanisms are to be built to encourage agricultural practices, like organic farming that reduce possibilities of environmental degradation.
12. Institutional innovations to democratize access to water for cultivation are of utmost importance. Experience gathered from experiments with creating water users' associations, especially with respect to large irrigation projects, must be suitably articulated and institutionalized.

Diversion of agricultural land for non-farm uses at a rapid rate is considered by many as a potential threat to the sustenance of mankind in the years to come. Such diversions are influenced by the possibility of higher (possibly short term) rate of return on land if put to alternate uses. Two possible ways to reduce this tendency will be to – first, ensure generation of a higher productivity from agriculture practices, and second, ensure diversification of crops (inclusive of production of environmental goods and services) - so that the current use can out-compete the diversion of land to alternative uses. Although we don't like them, nor can we compete with them in this matter, huge subsidies offered to farmers in the USA and EU are often dictated by this consideration.

People's participation:

In a representative democracy that India is, the need for active participation of her citizens in governance cannot be overemphasized. However, a lot is still needed to be done to ensure people's participation in the truest sense of the term. To link up on the existing literature on collective action – that is what governance is all about – the prevailing situation may be identified with the principal-agent problem that has been well documented. A representative government governs in the name of the citizens – the principals and the representatives are the agents endowed with the responsibilities of carrying out

the wishes of the principals. A concerted effort to highlight the necessity of people's participation in governance reveals two important features about the nature of governance in the country. Firstly, people's participation in governance at the desired level is yet to be actualized. Secondly, failure to do so will threaten the sustainability of the society in all the three senses – socio-political, economic and ecological. The resulting inefficiency will not only hamper the protection of existing resources and generation of new resources out of them but also their promotion and utilization.

The apparent failure to develop a model of participatory governance may be understood in terms of the gaps between perceived demand for people's participation by the citizenry and the policy makers. The same applies in respect of its supply as well. A typology of the basic differences is given below.

	Common people	Policy-makers
Demand side	High aspiration to participate	Lack of capacity to institutionalize such aspirations
Supply side	Low capability to participate	Expectations of quality participation

As the table above suggests the gap from the demand side emerging due to the high aspiration of the common people to participate in governance (sometimes fuelled by activism at home and abroad) is pitted against the lack of capacity on the part of the policy-makers to institutionalize such aspirations. The supply side gap emerges because of the perceptible difference in terms of low capability of the common people to participate in governance and the expectations of high quality of participation from the citizenry by the policy makers. Action points that may help solve the mismatches may be categorized under two distinct heads, namely those taking care of the demand side of people's participation and those related to the supply side.

Suggested action points to cater to the demand side:

1. A larger and fairer access to the value-realization mechanisms available to the farmers engaged in production of agricultural and other allied commodities is required to be ensured. The required action points have been discussed separately and in detail in respect of both inputs (land reforms, credit) and outputs (like agricultural crops, fisheries, animal husbandry, horticulture, food-processing) necessary in agricultural production. The need for institutional overhaul and the relevant action points have also been recorded in detail elsewhere.

Suggested action points to cater to the supply side:

To ensure an inclusive role to the farmers in the governance mechanism it is necessary to

2. Empower the farmers to be able to pursue informed, educated and negotiated choice. The scheme of Jan Shiksha Sansthan (Institute of People's Education) initiated by the Ministry of Human Resource Development, Government of India may be suitably linked to help the farmers in enhancing their capacity to participate. Programmes of exposure tours that facilitates visits of farmers across the country should be meaningfully used to the cause.
3. Involve the farmers to articulate, evolve, implement, evaluate and, if necessary, redesign the policy objectives and mechanisms to implement them. Effective and structured involvement of Panchayati Raj institutions, Self Help Groups, Cooperatives, JFM committees in the process will ensure effective people's participation in achieving the desired objective
4. Develop a continuous feedback mechanism that includes farmers, action researchers, policy researchers and the policy makers to ensure that our approach involves not only the lab-to-farm principles but also leaves enough scope for adopting farm-to-lab principles.

Corporate Involvement:

The recent concern for creating a suitable mechanism to encourage corporate involvement in developmental programmes of the country is a considerable departure from what used to be argued during the earlier phases of development planning in post-Independent India. The avowed objective to achieve a "socialistic pattern of society" dictated that command and control approach by the government were to take care of the concerns of the poor and under-privileged communities and regions through:

- Direct governmental action by introducing schemes that provide social and economic support to the underprivileged sections of the society;
- Indirect governmental actions by developing taxation and subsidy regimes that are biased in favour of the poorer sections;
- Institutional interventions by setting up public sector corporations and cooperatives;
- More recently by encouraging NGO intervention;

Fifty years down the line, it is now recognized that the basic intervention design to cater to the needs of the underprivileged sections of the society did not yield the desired results. The schemes to alleviate poverty could not be institutionalized with proper monitoring and evaluation mechanisms in place. The fiscal measures could not attack poverty to the desired level. The PSUs and parastatal cooperatives definitely created a huge quantitative effect through their vast network, but the issue of supplying quality products and services was

hardly looked into, excepting in some small isolated pockets. The NGOs failed to produce the necessary scale effect, besides often dancing according to the tunes set by international donor agencies. The whole idea behind these measures was to restrain profit-seeking by the private sector. However, failures to implement the policies in the desired level and direction, resulted in their increased capacity of rent-seeking, allegedly culminating into an unholy nexus between politics and business. To distinguish, while profit-seeking adds to the social profit, rent seeking results in a decline of the social surplus. The scourge of poverty and increasing regional disparity across regions, thus, still continues to haunt the policy makers of the country.

To add to these concerns, the changed global order since the early 1990s and the concomitant increased global competition posed a threat to the sustenance of the domestic corporate sector as the changes imply

- Increased demand for capital investment;
- Increased demand for efficiency in procurement, processing & marketing including the same in value-addition & product development;
- Increased demand for necessary organizational changes & use of best management practices;

It is now believed that a more symbiotic relationship between the underprivileged communities and regions, on the one hand, and the corporate sector, largely left out so far in the task of rural development, on the other, will benefit both. Hence, a cooperative relationship is necessary to be evolved through institutionalization of suitable give and take policies. Even though many players are effectively involved in the development process of the country, we club them under four distinct categories, namely, corporate sector, State, communities and premier research and academic institutions. The specific action points to reach this goal are provided below.

Suggested Action Points

Segment	Give	Take
Corporate Sector	1. To State: must provide i) enhanced tax revenue, ii) infrastructure services; and iii) multiple avenues for human resource absorption, involvement and development.	From State: must receive i) necessary financial incentives; ii) relevant development tasks; and iii) access to natural resources to undertake best-practice captive farming

	<p>2. To Communities: shall provide</p> <ul style="list-style-type: none"> i) employment and livelihood opportunities; ii) remunerative price for raw materials supplied through suitable (e.g. with stronger incentives to reward better performance in terms of quantity and quality) contract farming arrangements; iii) scholarships for human resource development; iv) disaster mitigation packages. 	<p>From Communities: should expect</p> <ul style="list-style-type: none"> i) supply of skilled man power, ii) increased supply of best quality raw materials; and iii) increased demand for products from the corporate sector.
	<p>3. To Premier Academic & Research Organizations: must provide</p> <ul style="list-style-type: none"> i) various services including facilities for R & D; and ii) insights from real life corporate experiences to build up suitable teaching and training materials. 	<p>From Premier Academic & Research Organizations: must receive</p> <ul style="list-style-type: none"> i) technologies for product development and standardization; and ii) training on best management practices.
State	<p>4. To Corporate Sector: must provide</p> <ul style="list-style-type: none"> i) necessary financial incentives; ii) relevant development tasks; and iii) access to natural resources to undertake best-practice captive farming 	<p>From Corporate Sector: must receive</p> <ul style="list-style-type: none"> i) enhanced tax revenue, ii) infrastructure services; and iii) multiple avenues for human resource absorption, involvement and development.

	<p>5. To Communities: must provide i) social security, ii) disaster mitigation packages, iii) opportunities for human resource development; and iv) necessary infrastructural facilities to enhance productivity of small and medium agricultural enterprises.</p>	<p>From Communities: should expect i) active and effective participation in governance, ii) enhanced contribution to tax revenue.</p>
	<p>6. To Premier academic & research organizations: must provide i) resources to improve their capabilities; ii) tasks in development intervention with graduated sanctions/penalties in case of default.</p>	<p>From Premier academic & research organizations: must expect effective development intervention.</p>
<p>Community</p>	<p>7. To Corporate Sector: should provide i) supply of skilled man power, ii) increased supply of best quality raw materials; and iii) increased demand for products from the corporate sector.</p>	<p>From Corporate Sector: shall demand i) employment and livelihood opportunities; ii) remunerative price for raw materials supplied through suitable (e.g. with stronger incentives to reward better performance in terms of quantity and quality) contract farming arrangements; iii) scholarships for human resource development; iv) disaster mitigation packages.</p>

	8. To State: ensure i) active and effective participation in governance, ii) enhanced contribution to tax revenue.	From State: must receive i) social security, ii) disaster mitigation packages, iii) opportunities for human resource development; and iv) necessary infrastructural facilities to enhance productivity of small and medium agricultural enterprises.
	9. To Premier academic & research organizations: provide feedback on the effectiveness of the knowledge generated from the perspectives of ground realities.	From Premier academic & research organizations: must receive enhanced technology, knowledge and human resource bases to augment productivity and efficiency of small and marginal agricultural enterprises.
Premier academic & research organizations	10. To Corporate Sector: must provide i) technologies for product development and standardization; and ii) training on best management practices.	From Corporate Sector: must receive i) various services including facilities for R & D; and ii) insights from real life corporate experiences to build up suitable teaching and training materials..
	11. To State: provide effective development intervention.	From State: must receive i) resources to improve their capabilities; ii) tasks in development intervention with graduated sanctions/penalties in case of default.

	12. To Communities: must provide enhanced technology, knowledge and human resource bases to augment productivity and efficiency of small and marginal agricultural enterprises.	From Communities: receive feedback on the effectiveness of the knowledge generated from the perspectives of ground realities.
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The above matrix, however, suggests a complicated web of relationship expected among the four entities. It is to be ensured that not only they all are bound in suitable enforceable contracts but also effective monitoring mechanisms are in place to eliminate opportunistic behaviour by any of them. A mechanism of social audit that involves active participation of all the stakeholders mentioned above is a *sine qua non* for institutionalizing the desired give-and-take relationships among them which alone can make each one accountable to others.

The suggested action points keep the agro-based farming communities residing in rural India at the point of focus. They can, however, well be extended to cover those engaged in off-farm activities – artisans, village service providers and the like.

To conclude, it should be noted that the issues linking urban poverty to formalization of property rights have been consciously avoided in this study. The reasons are not far to seek. Firstly, the most relevant issues involved will be covered in an accompanying paper that deals exclusively with small business – the main economic activity of the urban poor in the country. Secondly, the homeless destitute found in urban India are mostly the migrants from rural regions. One may like to refer to the findings of the study on the homeless destitute in Lucknow taken up by Action Aid India, in collaboration with Centre for New Social and Democratic Initiative, Lucknow, a couple of years back. Tackling the issues of poverty in rural India, will ensure considerable reduction in the incidence of urban poverty. Their findings are summarized in the following table:

Problems Identified	Reasons (Background)
1)No shelter	<ul style="list-style-type: none"> • Economic Migrants • Uneducated, Ignorant and Helpless
2)Unequal wage	<ul style="list-style-type: none"> • Seasonal Labour • Unskilled Labour

3)Food grains at higher price	<ul style="list-style-type: none"> • No Ration Card
4)Police atrocities	<ul style="list-style-type: none"> • Living in footpath illegally • Considered as criminal minded
5)No formal education facility for the children	<ul style="list-style-type: none"> • Denied admission to school • Low income forces children to work
6)Drug Addiction	<ul style="list-style-type: none"> • To ease out tension • Lack of access to alternative avenues for entertainment
7)Inaccessibility to Safe Drinking Water	<ul style="list-style-type: none"> • Living place is not legal so no Govt. supply line • Access is denied by local haves
8)Theft of money and Belongings	<ul style="list-style-type: none"> • Sleep in open • Never Complains to police in case of theft

To add to their woes, none of these homeless poor is enjoying the right to vote, simply because they have no residential addresses of their own, leading to the violation of the most fundamental right the constitution of India has accorded to all adult citizens of the country.

And finally, a new section of urban poor is emerging as a result of the rapid casualization of the existing urban labour force accompanied by the recent spate of jobless growth experienced in India. A separate study will be able to do justice to the understanding of the complex web of issues involved therein.

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