Pathways Out of and Into Poverty in 36 Villages of Andhra Pradesh, India

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Summary. — Fourteen percent of households in 36 villages of three districts in Andhra Pradesh, India, escaped from poverty over the past 25 years, but another 12% of these 5,536 households fell into poverty during the same time. Escaping poverty and falling into poverty are responsive, respectively, to different sets of factors. Two different sets of poverty policies will be required in future: one set to assist escape, and another set to prevent descent. While ill health and high healthcare costs, social and customary expenses, high-interest private debt, and drought are associated most often with falling into poverty, diversification of income sources and land improvement are most closely related with escape. Some other factors, including industrial growth and education, have had only very slight and indirect effects on poverty in these villages.
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1. INTRODUCTION

Economic growth has been suggested by cross-national analyses as a factor closely associated with poverty reduction (Bhalla, 2002; Chen & Ravallion, 2001; Dollar & Kraay, 2002). However, the nature of macro–micro links that enable growth at the national level to translate into poverty reduction at the household and individual levels is not well specified (Timmer, 1997; Wade, 2004). Investigating the pathways through which national economic currents pass before they affect particular regions, communities, households, and individuals is an essential first step; who gains, who loses, and how, needs to be ascertained more clearly with closer attention to the pathways available.

Data gaps have provided a major obstacle so far to studies attempting to delve beneath the national level. It is particularly important to examine causes in association with households' trajectories over time, but inter-temporal and household-level data are also the hardest to obtain. The few studies that are available have mostly used panel data sets, assessing the conditions of households at two separate points of time (e.g., Baulch & McCulloch, 2002; Carter & May, 2001; Christiaensen, Demery,

& Paternostro, 2002; Deininger & Okidi, 2003; Dercon, 2001; Devereaux & Sharp, 2003; Gaiha & Kulkarni, 1998; Grootaert & Kanbur, 1995; Haddad & Ahmed, 2003; Sen, 2003; Walker & Ryan, 1990). These studies have helped generate new and important knowledge about intermediate links and micro-level associations.

However, relying on panel data sets alone can also limit what can be learned about poverty and its effects. Panel data sets are expensive to put together, and unless data are already available for an earlier period, a fairly long wait will be required before comparisons can be generated and results obtained. [1] Some other

methods need to be developed as well that can complement panel studies and add to current knowledge about pathways leading into and out of poverty in particular contexts.

Community-based methods can be quite helpful in this regard (Attwood, 1979; Jodha, 1988; Narayan, Patel, Schafft, Rademacher, & Koch-Schulte, 2000; Van Schendel, 1981; Wadley, 1994). Knowledge about changes in the situation of particular households is widely shared among members of communities who have lived together over reasonably long periods of time. Community members tend to know what events were associated with the pathways followed by different households. Was it through wage employment, for instance, or through technological improvements or investment in a retail business, that some particular household worked its way out of poverty?

It is also important to note that households do not only come *out* of poverty. In any particular region or country, households can also simultaneously fall *into* poverty. Eliciting information about escape and descent carefully and systematically from community members and complementing and verifying it with information gained independently from individual households can assist in re-constructing the sequence of events associated with the pathways followed by different households. Reasons for escape can be determined in this manner together with the often separate reasons for descent into poverty.

A particular community-based methodology—the Stages-of-Progress method—was developed for this purpose. Some significant and noteworthy results were obtained when this methodology was applied earlier within two regions in India and one region of Kenya (Krishna, 2004; Krishna, Kristjanson, Radeny, & Nindo, 2004; Krishna, Kapila, Porwal, & Singh, 2005). With improvements and modifications this methodology was employed for investigations conducted in 36 Andhra Pradesh villages, reported below.

Field investigations in these Andhra Pradesh villages were conducted from December 2003 through February 2004. Three districts of the state of Andhra Pradesh—Nalgonda, Khammam, and East Godavari—were selected that represent different points on the scale of regional difference within this state. While the region of ''North Telengana [which includes Khammam district] occupies among the lowest position among all regions, with income lower by

8.8% than the state average... South Telengana [including Nalgonda district] occupies the middle position, and North Coastal Andhra [with East Godavari district within it] occupies the second position from the top'' (Subrahmanyam, 2003, p. 519).

We selected 12 villages within each district that represent a diverse mix of population categories and income sources. Because we were concerned with poverty and with movements into and out of poverty, we focused additionally on villages where poverty could be expected in larger numbers of households. Twenty-five of our 36 selected villages have majority populations belonging to the Scheduled Caste (SC), Scheduled Tribe (ST), and Other Backward Caste (OBC) groups, which are historically among the poorest groups in India. [2] In addition, we selected villages where significant industrial or agricultural activity has occurred in the past 25 years, so movements out of poverty in these villages should also be comparatively larger and more easily visible. Villages selected in Nalgonda district are clustered around a belt of cement plants that have come up in this sub-region over the last 25 years, and some though not all villages in each district have also benefited from major and minor irrigation projects over the past two decades.

The selected villages are not, therefore, representative of the entire state or even of the districts where they are located. Rather, they present a locus for studying movements into and out of poverty in places where such movements should be relatively frequent and visible in both directions.

Section 2 of this paper discusses the Stages-of-Progress methodology in more detail. Section 3 presents the overall results in terms of households escaping poverty and households falling into poverty. Sections 4–6 look more closely at reasons associated with falling into poverty and escaping poverty. Section 7 concludes by re-iterating some policy implications that emerge from this analysis. The need for separate poverty reduction and poverty avoidance policies is highlighted. Separate factors are identified that can help with each of these goals in this region.

2. METHODOLOGY

Which households emerge out of poverty and which others fall into poverty is a result jointly