

## Book Review

### ***Why Poverty Persists in India: An Analytical Framework for Understanding the Indian Economy* (Authors: Mukesh Eswaran & Ashok Kotwal)**

Reviewed by Isha Sharma<sup>1</sup>

One of the ironies of developing economies, like that of India, is that poverty still continues to exist. Poverty may be explained as a social phenomenon wherein a certain section of the society is unable to fulfill its basic needs like food and clothing. A person below the poverty line is considered to be poor. The concept of poverty line has been a contested one in India since its introduction in the mid-1970s. Initially, poverty line was determined by average calorie intake of an individual; however, now, it is determined by the purchasing power of an individual along with their daily income.

Eswaran and Kotwal, in their book 'Why Poverty Persists in India: An Analytical Framework for Understanding the Indian Economy' (1994), explore the issue of poverty in India. They begin their book by explaining how the use of jargon by economists limits a layman's understanding of the economic system of their country, which is necessary for every individual as it affects their financial situation, and by extension, their social standing in the society; and so, they use simple English in the book. They also state that the orientation of the book is theoretical and the main aim of the book is to arrive at a framework that would make it convenient to look at broad and long-term processes at work in a developing economy. The book is divided into a total of 10 chapters that explore trade, industrial progress and technical progress in agriculture in order to explain the flaws of the economic system of India and how such flaws led to rise of poverty in the society.

They focus on the Indian economy and argue that before Independence the Indian economy was stagnant, but after 1947 the government actively promoted industrialization because of which the Indian economy progressed. However, this growth comes at a cost, namely poverty. They argue that there is a huge gap between the 'haves' and the 'have-nots', which is evident from the fact that majority of the income of the poor is invested in food and basic necessity related items, whereas the income of the rich or non-poor is largely spent on luxury goods. One of the main reasons, according to them, for the rise in poverty is the nature of trade India has been conducting. They argue that being the primary exporter of food grains has resulted in a shift in labour from agriculture to industrial sector as our land resources are limited and cause drop in wages of agricultural labourer. So, they argue that India needs to improve agricultural technologies to overcome the limited land issue and also focus on exporting industrial goods. Therefore, for Eswaran and Kotwal the solution for the problem of poverty is in three fold; rapid technical progress in agriculture, international trade and industrial export. According to them India needs to succeed in all three simultaneously in order to reduce poverty rates in the society. Another major factor that they discuss is that of education. They argue that in order to realize the fact that technical progress is required in the agricultural sector, and also to be able to use such technology, there is a need to promote education within the agricultural sector.

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However, Eswaran and Kotwal do not explore poverty as a concept in their book. They only focus on its causes and ways to eradicate poverty. They look at the poor as those labourers who compete in the labour markets of agricultural sector and informal service sectors. They do not look at chronic poverty as discussed by Bob Baulch in his work 'Why Poverty Persists' (2011). Baulch argues that chronic poverty may be caused due to lack of assets, education, adverse geography, over-population, ethnicity, caste and race. Moreover, Eswaran and Kotwal do not explain the process of underdevelopment but only look at it as a result of poverty.

The process of underdevelopment is looked at by Prabhat Patnaik, who argues that in order to deal with the issue of underdevelopment one needs to consider a mode of production other than the capitalist mode of production. Also, the issue of caste has been completely ignored by Eswaran and Kotwal, even though their focus is on the Indian society. Prabhat Patnaik looks at caste as a factor in continuity of poverty and argues that the rise of capitalism led to the rise in caste as well as class inequalities. In place of replacing the feudal society, capitalism became a new form of feudalism. This may be because of Gandhi's influence on the Indian economy, as discussed by Koshal and Koshal (1973), which led to looking at the economic situation from a class-less and caste-less view of society. Such an approach, however, is fallacious as it is blind to the caste and caste inequalities that are prevalent in the society. Another issue with Eswaran and Kotwal's work is that they do not explore the role played by the government in the economy but look at it only vaguely, along with the issue of education. The role played by the government in the economy has been explored by Aditya Mukherjee, who looks at how the Indian capitalists were able to foresee future and plan accordingly.

Therefore, one may conclude by saying that even though the book by Eswaran and Kotwal is a bit repetitive, and in aiming to be simplistic ends up providing the readers with a limited understanding of the concept of poverty; it may be considered as an essential read for beginners in economics. Also, it may be argued that issues such as caste may not be the main concern of economists, because of which they are not discussed in the book by the authors. The trend to look at an overall development of the society in the name of economic development has been promoted by scholars such as Amartya Sen, and has been criticized and questioned by many. Moreover, Eswaran and Kotwal are able to achieve their goal in keeping the language of the book simple in order to make a layman understand the workings of India's economic system. Thus, one may look at the book as a starting point towards a better understanding of the economy of our society.

## References

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