

‘Freebies’: To End Poverty or the Poor? An Analysis of Five Rupees ‘Haat’

Dr. Antarjeeta Nayak
Founder Director, ARDF

Introduction

There is a story about a Chinese emperor. The emperor had nurtured a few fish lovingly, inside a glass jar. Once, a holy man came to meet the King. He expressed his grief at the sight of the captive fish; “Oh King! They should roam freely in the ocean. Why have you held them captive for your own pleasure! This is rank injustice.” The king heeded the holy man’s advice and freed the fish in the seawater. Few years passed by. Incidentally the holy man happened to visit the same seashore once again and surprisingly found the same fishes at the same place where they were freed. They were roaming happily within the same space as that of the glass jar. None of the fishes have ventured beyond. They have been bewildered by their old habits and old subservience to such an extent that they had not realized the limitlessness of the sea. They had been confined to their usual limited periphery.

The present report is an elaborative evidence of the above narrated story. The report presents a clear resemblance between the Chinese emperor and the freebies given to the poor for poverty eradication, and the fishes and the poor. The role of holy man is played by the lines of this report itself. Just the changes of the characters and story plot are the only difference between the story and this report. But, the causes and consequences are the same. To explore the relationship between the story and freebies, poor and poverty, let us extend a brief reading of this report. At the end of the report we can be in a better state to comprehend the sustainable causes of poverty, and the choices of poor.

Five Rupees ‘Haat’: A Genesis

“HAAT”; A rural word which means a market. In Odisha it is the most commonly used colloquial word for a local market in a rural place or village. **“Five Rupees Haat”** is the first ever initiative of Abhibyakti Research and Development Foundation (ARDF). It was organized at Pograhal village of Sundargarh district, Odisha. Pograhal is a tribal village of Sundargarh, which comes under Bisra Block. The objective behind choosing Pograhal as the venue for the

event was- Firstly, it is a tribal village, with about all tribal households. Secondly, the village is statistically listed as a poor village with maximum households having the BPL (Below Poverty Line) card. Thirdly, village has a visible number of women and children. Basically, women and children are the wheels of development of a nation. The development can be economic development, social or political development, emotional, physical or psychological development



or even a sustainable development as a whole. In every spheres of development, women and children play a crucial role. The organized 'haat' was first time of its kind in the village too. So, both the teams ARDF as well as the villagers were very excited to experience the 'haat'. 7th day of March, 2021,

was scheduled for the event. The villagers were informed earlier and were invited to come and be the part of the event. On 7th March, at 8.00 A.M, the 'haat' started. The 'haat' displayed and sold every item of day to day and daily uses. The items varied from clothes for all age groups and genders, winter garments, shoes, small home décor items, toys, books, bags, all study materials, utensils, cosmetics, accessories and other silly items that one could search for, except medicines and health care products, and eatables. The center of attraction of the 'haat' was the price of the goods sold. Every item was sold at Rs. 5/- only. In order to manage the mass and avoid chaotic situations, a mini registration was done at the entrance of the 'haat'. The name and sex of the buyers were registered. One who shall come first and choose the item first, the item will be sold to that particular person. This was the rule of the 'haat', so that there shall be no double claimant of the item and to avoid village quarrel circumstances. Gradually, within two hours from the start time, maximum items were sold out and slowly, the buyers thinned out. At

11. A.M, we winded up the ‘haat’. Some of the items like winter garments, books, school bags, and other study materials were kept unsold. Kids garments, shoes, toys, home-décor, ladies garments were some of the items that were in high demand.

In a layman’s view, the ‘haat’ organized by ARDF is nothing exceptional to other markets or ‘haat’, where both the buyers and sellers plays their respective roles. As the prior and main focus of ARDF is working for development through research, research outlook is our primary objective. No doubt, the ‘haat’ organized was for a social cause, but it too had some research and experimental perspectives. The dissection of the whole event shall give a lead towards several economic and social explanations as why poor are poor, how we are pampering poverty, and what role does the consumer and their consumption pattern play in nourishing the poor and their poverty.

Five Rupees Vs Free Distribution

The most attractive feature of our ‘haat’ was the price of the items. Every item was sold at rupees five only. So, the frequently asked question (FAQ) regarding the ‘haat’ is *“why rupees five, and why not free? If ARDF is organizing such event for poor tribal villagers, and that to for a welfare and charitable purpose, then why the items were not given free?”*



With regard to the FAQs, we would like to address our critics that, if we really want to end poverty, then we have to end the freebies culture. Because, for example; if you distribute food where the people are not hungry, then what will happen?- As the food is given free, the non-hungry population will take those food out of greed. From that food they may consume some,

but, will surely waste the rest. So there shall be much wastage rather than meeting the purpose. Free distribution may be the business of some days or for some occasions. But what shall happen the next day when freebies are stopped? For how many days there shall be free supply of food to end hunger out of poverty? Then, soon the day will come similar to today, when even the beggars outside the temples or begging at streets would refuse to take any food and one rupee coin. These days the beggars are less begging and demanding more. One day the given freebies may become old and demand for new freebies may arise, because by then freebies must have become the habit of the recipients. So, let us stop freebies. Freebies must be given to those who deserve them and require it urgently. Freebies should not be distributed to every poor who wants to make use of those freebies and make their poverty more comfortable. Basically in India, it has been observed that freebies are making poverty more comfortable. The poor are getting conditioned to freebies. And it is also true, if in the name of poverty things are available at free, then why to lose the privilege of being a poor and be in poverty? Moreover, if things are given free then gradually it will lose its value and the recipient will also not understand its importance. How freebies are pampering poverty and affecting the consumers and their consumptions, could be learnt with evidences, as we shall precede this report through various analyses done.

An Analysis of the ‘Haat’

Before diving deep into the economic analysis of the ‘haat’, it is important to understand the consumer behavior. Here, consumers are the Pograbahal villagers. Consumer is the study how people make their purchase decisions with regard to an item, service or product. How consumers choose between the alternatives, how consumers behave while shopping, how consumer behavior is swayed by their surrounding environment, etc. play a major role in making an economic analysis. Besides several other factors, psychological factor is considered to be the most important factor that affects consumer behavior and the market as well. Traits like perception, motivation, personality, beliefs and attitude are important to decide why a consumer would buy a product or else simply buys the product. As such, it is the behavior of the consumer that helps in determining and analyzing several things; that may have a cause and effect relationship between themselves or among several other factors.

In our case, the consumers were the villagers of Pograbahal. The story did not end with the consumers and their consumption or buying or selling of the items. A minute observation of the

same, unfolded several things that may be beyond the spectrum of a simple 'haat', or any charitable 'haat' or any market set up for social cause. Our consumers were the tribal, economically backward villagers, whose consumption preferences and purchase decisions supported several economic theories and too rejected others. These theories apart, we certainly got several clues to solve the puzzle as why being in the bounty of nature, with all physical and mental soundness, with several government and non-governmental assistances, there still exist poverty, with the poor tribal people in and around the village.

It's true that, we do not support freebies, but our government and our system believes in freebies; and Pograbahal is not an exception where freebies strategy is not in execution. So, now, the question is, *"why freebies are not able to eradicate poverty? Why after so many plans and policies, and that to some exceptionally for the tribal, these tribal are poor?"* The simple answer to these questions is, just lack of observation and incapability to evaluate the need of poverty. There is always a poor evaluation of the poor and their behavior. For example, if you are hungry you need food. If you are thirsty, you need water. If you are sleepy, you need a sleep. If you are greedy, then nothing can satisfy your need. But, what if you are poor? What shall you need? There may be one single thing, and that may be money; or else a combination of several things. With that, the consumer behavior comes into play. How the consumer determines the consumption to quench the thirst of poverty plays an important role in reducing or even eradicating poverty. The consumer behavior and the purchase decision may be rational or irrational. If we turn the pages down the economic theories, then we can find most classical economic theories are based on the assumption that all individuals taking part in an activity are behaving rationally. Rational behavior refers to a decision making choices that result in an optimal level of benefit or utility. But, our observation at "Five Rupees Haat" did not support the classical economic theories. Our observation, research and analysis probably support the behavioral economics concepts, predictions and theories. The behavioral economics acknowledges that all individuals taking part in an activity may not appear to be entirely rational, as people/humans are emotional and get easily distracted to follow the predictions of economic models.

Till now, we have understood much about the consumer behavior, and several theories that evaluate the consumer behavior. Now, we shall start analyzing the behavior of consumer and

their purchase decisions taking into consideration several economic theories focusing on poverty reduction; because poverty is the major economic and social problem prevalent at Pograbahal. With reference to P.A. Samuelson's '*Revealed Preference Theory*' we can evaluate our consumers' preferences and correlate the same, analyzing as how the preferences of the poor tribal consumers of Pograbahal are pro-poverty. Revealed preference is an economic theory regarding an individual's consumption patterns, which asserts that the best way to measure consumer preference is to observe their purchasing behavior, and the theory works on the assumption that consumer are rational. As an example of the relationships expounded upon in revealed preference theory, consider Consumer X that purchases one kilogram of grapes. It is assumed under revealed preference theory that Consumer X prefers that one kilogram of grapes above all other items that cost the same. For more simple understanding, if mangoes and apples are available for purchase at the same price, but the consumer chooses apples, then we can definitely say that apples are the revealed preferred to the mangoes. So, now let us come to our point and analyze the 'haat' taking the consumer behavior and revealed preference theory under consideration and its effect on poor and poverty eradication. In the 'haat' there were several things for sale, as mentioned earlier. The price of every item was also the same, i.e., Rs.5/-. The buyers came and purchased their preferred items. Gradually some of the items like garments, shoes, home décor, toys, and other accessories became out of stock. Buyers who came thereafter went empty hand, but did not purchase the rest items like the winter garments, study materials, school uniforms, and books. With reference to our example of revealed preference theory, our 'haat' items were divided into two parts- one part were the mangoes (winter garments, study materials, school uniforms, and books) and other one were the apples (garments, shoes, home décor, toys, and other accessories); where apples were preferred to mangoes.

In all the process of our 'haat' we seriously observed the consumers behavior and there preferred choices. Although the consumers were poor, they preferred to spend their limited income/wealth on garments and all, rather than preferring the education materials and winter garments. Interestingly, it was observed that the villagers shivered with cold and tried covering their bodies with bath towels, and women used sarees to fight the winter cold, as the 'haat' was organized during the late winters of March, but, still the winter garments were unsold. Isn't it strange? Besides this, in order to make a judicious decision regarding the items to be included in our 'haat', we had several pilot surveys. During our pilot study, it was the general allegation of

several families that their children are educationally backward due to insufficient supply of study materials. So, we elaborately included study materials into our 'haat'. But, again surprisingly, that too remained unsold. So, we did an enquiry to crack the dilemmas. We were surprised with the information and facts gathered related to the purchase behaviors. The villagers amidst poverty prefer to spend on everything but, sidelining the education of their children. The reason behind such behavior is, education is given free by the government and they perceive educating their children is the sole responsibility and duty of the governments. One mother of three children (2 daughters and one son) said “ *we get free school bags, books and copies from the school. We even get free school uniforms. That is enough. Why to spend extra money on purchasing study materials. If at any time there is scarcity of any study item, then government should take care of those shortcomings. If government is providing free education, then it should be completely free.*” From this we could best evaluate the consumer behavior and their preferential approach towards reducing poverty. Very often in urban slums and in villages of India, we can find children of poor families playing in the streets and roaming here and there with their school uniforms. Even on Sundays and on holidays too, the children are found in their school uniforms, i.e., one pair of school uniform for every purpose and to everywhere. The reason behind is that, the school uniforms are given free at government schools by the government. So the poor prefers to use the school uniform everywhere except schools. Very often the children do not go to schools and if they go at all, then the school can manage with the dirty and torn out uniforms and even without uniforms too. If any other complications arise due to the uniform, then they simply stop going schools. That is why, even after the uniforms were sold at a minimum price of Rs.5. at the 'haat', they went unsold, as the poor consumers preferred to have it free at the cost of schools and quality education. Similar situation was with the winter garments too. The blankets are the most common and in-demand lollipops of politicians. They are distributed generously during the time of elections. So, no one from the village preferred to buy any winter garments from the 'haat'. Although the free blankets were used during the bed time, the rest of the time, the poor managed fighting the winter and cherish their poverty. “*Winters are seasonal. After four months it will end. During the day time Sun is there and during nights free blankets are available at plenty. So, winter garments from your 'haat' are not needed*”, was the statement of a 40 years old man and a father to two children, when asked about the non-demand of the winter items. The children too are getting adjusted to the adult

consumers' behavior and preferences. From our observation, we can comment that day-by-day poor are getting addicted to freebies. For freebies they can compromise their wellness and wellbeing. These addictions may kill the poor, but surely not the poverty. So, whatever plans and policies, and strategies are undertaken to reduce poverty shall not work efficiently, until and unless the poor change their behavior, attitude and perceptions, and the supply of freebies are not stopped. Till then no government and no non-government organizations shall enhance the quality of life and wellbeing of poor by reducing poverty. Instead of freebies the poor should be educationally empowered, motivated and should be empowered to fight against their own poverty fight; as no battle can be won without a war.

Conclusion

Thus, it can be inferred that consumer behavior is always not rational. Even though the revealed preference theory is based on the assumption that every consumer is rational, our 'haat' do not justify it. The poor as our consumers, with their limited resource do not want to make sustainable consumption as their revealed preference, which is quite irrational. So, the consumer behavior and the revealed preference theory could directly or indirectly indicate that freebies and other poverty eradication strategies affects the poor and their poverty and may not be the adequate intervention to reduce or eradicate poverty. Interventions should be given at individual levels, shaping the behavior, attitude and perceptions, where the poor should be made eligible to set their priorities and preferences to fight against their poverty. Such changes at individual level can surely bring some changes at societal levels and impact the nation as a whole. Last but not the least, if we do not stop the habit of freebies supply, then India may witness the similar misfortune like the fishes of the story.

-Abhibyakti Research and Development Foundation (ARDF)