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Ana Analysis of Poverty Eradication Measure in India

KEYWORDS

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INTRODUCTION

At the beginning of the new millennium, 260 million people in the country did not have incomes to access a consumption basket which defines the poverty line. Of these, 75 per cent were in the rural areas. India is home to 22 per cent of the world's poor. Such a high incidence of poverty is a matter of concern in view of the fact that poverty eradication has been one of the major objectives of the development planning process. Indeed, poverty is a global issue. Its eradication is considered integral to humanity's quest for sustainable development. Reduction of poverty in India, is, therefore, vital for the attainment of international goals.

Agricultural wage earners, small and marginal farmers and casual workers engaged in non-agricultural activities, constitute the bulk of the rural poor. Small land holdings and their low productivity are the cause of poverty among households dependent on land-based activities for their livelihood. Poor educational base and lack of other vocational skills also perpetuate poverty. Due to the poor physical and social capital base, a large proportion of the people are forced to seek employment in vocations with extremely low levels of productivity and wages. The creation of employment opportunities for the unskilled workforce has been a major challenge for development planners and administrators.

Poverty alleviation has been one of the guiding principles of the planning process in India. The role of economic growth in providing more employment avenues to the population has been clearly recognised. The growth-oriented approach has been reinforced by focusing on specific sectors which provide greater opportunities to the people to participate in the growth process. The various dimensions of poverty relating to health, education and other basic services have been progressively internalised in the planning process. Central and state governments have considerably enhanced allocations for the provision of education, health, sanitation and other facilities which promote capacity-building and well-being of the poor. Investments in agriculture, area development programmes and afforestation provide avenues for employment and income. Special programmes have been taken up for the welfare of scheduled castes (SCs) and scheduled tribes (STs), the disabled and other vulnerable groups. Anti-poverty programmes that seek to transfer assets and skills to people for self-employment, coupled with public works programmes that enable people to cope with transient poverty, are the third strand of the larger anti-poverty strategy. The targetted public distribution system (TPDS) protects the poor from the adverse effects of a rise in prices and ensures food and nutrition security at affordable prices.

The success of the anti-poverty strategy can be gauged from the decline in poverty levels from 37.27 per cent in 1993-94 to 27.09 per cent in 1999-2000 in the rural areas. In absolute terms, the number of rural poor fell below the 200 million mark for the first time since 1973-74. However, this achievement falls short of the Ninth Plan projections. At the beginning of the Plan, it was projected that, with a growth target of 6.5 per cent per annum during the Plan period, only 18.61 per cent of the population would be below the poverty line by 2001.

This shortfall can be attributed largely to the uneven performance of states in poverty alleviation. The distribution of poor across states is also disparate, with Uttar Pradesh, Bihar, Madhya Pradesh, West Bengal and Orissa accounting for 69 per cent of the poor in 1999-2000. Figure 3.2.1 depicts broad estimation of rural poverty across major states between 1993-94 and 1999-2000.

Kerala, Haryana, Bihar, Himachal Pradesh, Karnataka and Rajasthan experienced a sharp reduction in poverty levels (a drop of more than 12 percentage points between 1993-94 and 1999-2000).Uttar Pradesh, West Bengal and Tamil Nadu also registered significant reduction in poverty (8-12 percentage points). However, Orissa and Madhya Pradesh have shown virtually no reduction in poverty levels. In fact, these are the states where the absolute number of poor has actually gone up between 1993-94 and 1999-2000.

ANTI-POVERTY PROGRAMMES IN THE NINTH PLAN

Integrated Rural Development Programme/ Swarnajayanti Gram Swarozgar Yojana The Integrated Rural Development Programme (IRDP), introduced in selected blocks in 1978-79 and universalised from 2 October 1980 has provided assistance to rural poor in the form of subsidy and bank credit for productive employment opportunities through successive plan periods. Subsequently, Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Tool Kits to Rural Artisans (SITRA) and Ganga Kalyan Yojana (GKY) were introduced as sub-programmes of IRDP to take care of the specific needs of the rural population. These schemes were, however, implemented as 'stand alone programmes', an approach which substantially detracted from their effectiveness. The Mid-Term Appraisal of the Ninth Plan had indicated that these sub-programmes "presented a matrix of multiple programmes without desired linkages". The programme suffered from sub critical investments, lack of bank credit, over-crowding in certain projects and lack of market linkages. The programme was basically subsidy driven and ignored the processes of social intermediation necessary for the success of self-employment programmes. A one-time provision of credit without follow-up action and lack of a continuing relationship between borrowers and lenders also undermined the programme's objectives.

The marginal impact of self-employment programmes led to the constitution of a committee by the Planning Commission in 1997 to review self-employment and wage-employment programmes. The committee recommended the merger of all self-employment programmes for the rural poor and a shift from the individual beneficiary approach to a group-based approach. It emphasised the identification of activity clusters in specific areas and strong training and marketing linkages. The committee's recommendations were accepted by the Government.

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On 1 April 1999, the IRDP and allied programmes, including the Million Wells Scheme (MWS), were merged into a single programme known as Swarnajayanti Gram Swarozgar Yojana (SGSY). The SGSY is conceived as a holistic programme of micro enterprise development in rural areas with emphasis on organising the rural poor into self-help groups, capacity-building, planning of activity clusters, infrastructure support, technology, credit and marketing linkages. It seeks to promote a network of agencies, namely, the District Rural Development Agencies (DRDAs), line departments of state governments, banks, NGOs and panchayati raj Institutions (PRIs) for implementation of the programme. The SGSY recognises the need to focus on key activities and the importance of activity clusters. The programme has in-built safeguards for the weaker sections. It insists that 50 per cent of the self-help groups must be formed exclusively by women and that 50 per cent of the benefits should flow to SCs and STs. There is also a provision for disabled beneficiaries. The programme is credit driven and subsidy is back-ended. The credit and subsidy ratio is pegged at 3:1. The subsidy is fixed at 30 per cent of the project cost subject to a maximum of Rs. 7,500 per individual beneficiary for those in the general category and 50 per cent of the project cost subject to a maximum of Rs. 10,000 in the case of SC/STs. In the case of group projects, the subsidy is 50 per cent of the project cost subject to a ceiling of Rs. 1.25 lakh. Funds under the scheme are shared between the Centre and state governments in the ratio of 75:25. The new approach to self-employment has made significant contribution to the empowerment of beneficiaries as evidence from the evaluation of SGSY in Tamil Nadu shows (Box 3.2.1).

Implementation of the programme between 1999-2000 and 2001-02 has highlighted many areas of concern. While the IRDP concentrated on individual beneficiaries, the SGSY laid greater emphasis on social mobilisation and group formation. However, the DRDAs responsible for administering the programme did not have the requisite skills in social mobilisation. Linkages with NGOs, which could have facilitated this process, were also not in place. The programme, therefore, suffered in the initial years. Information on the physical and financial performance of IRDP/SGSY during the Eighth and Ninth Plans is given at Annexure-3.2.I. Central releases were substantially lower than the allocation as the field offices were not in a position to organise self-help groups which could be provided financial assistance. Credit mobilisation also suffered in the process. Against a target of Rs. 9,611 crore of credit, the achievement during the last three years has been only Rs. 3,235 crore, i.e. 33.66 per cent of the target. In the last three years of the Ninth Plan, 7,67,141 self-help groups were formed. While 9,34,000 individuals were assisted in 1999-2000, 10,30,000 individuals were provided support in 2000-01. The coverage was considerably lower than around 2.2 million beneficiaries under IRDP every year during the Eighth Plan period.

Wage Employment Programmes Wage employment programmes, an important component of the anti-poverty strategy, have sought to achieve multiple objectives. They not only provide employment opportunities during lean agricultural seasons but also in times of floods, droughts and other natural calamities. They create rural infrastructure which supports further economic activity. These programmes also put an upward pressure on market wage rates by attracting people to public works programmes, thereby reducing labour supply and pushing up demand for labour. While public works programmes to provide employment in times of distress have a long history, major thrust to wage employment programmes in the country was provided only after the attainment of self-sufficiency in food grains in the 1970s. The National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programmes (RLEGP) were started in the Sixth and Seventh Plans.

Jawahar Rozgar Yojana/Jawahar Gram Samridhi Yojana The NREP and RLEGP were merged in April 1989 under the Jawahar Rozgar Yojana (JRY). The JRY was meant to generate meaningful employment opportunities for the unemployed and underemployed in rural areas through the creation of economic infrastructure and community and social assets. Initially, the JRY also included the Indira Awas Yojana (IAY) and the MWS. Both these schemes were made into independent schemes in 1996. Under JRY, 73,764.83 lakh mandays of employment were generated till 1998-99 Employment generation progressively declined over the years, partly due to lower central allocations in the Ninth Plan and partly due to the increasing cost of creating employment.

A major proportion of JRY funds was spent on roads and buildings. Over 47 per cent of the employment generated benefited SC/STs. The share of landless labourers among the beneficiaries was 36 per cent. The village community found the assets created under the programme useful. However, against 40 per cent of population in a village panchayat who sought work, only 15 per cent were actually employed.

The JRY was revamped from 1 April 1999 as the Jawahar Gram Samridhi Yojana (JGSY). It now became a programme for the creation of rural economic infrastructure with employment generation as a secondary objective. The 60:40 wage labour/material ratio in the JRY was relaxed. The programme is implemented by the village panchayats and provides for specific benefits to SC/ STs, the disabled and the maintenance of community assets created in the past. Since inception it has generated 27 crore mandays of employment each year (on an average), a substantial drop from the 103 crore mandays generated under JRY in the year 1993-94.

The works taken up under JGSY have not been comprehensively evaluated for their quality and employment potential. Initial reports from the states, however, indicates that since every village panchayat has to be covered by the scheme, many panchayats get less than Rs. 10,000 per annum. Except for states like Kerala, West Bengal and Orissa, where village panchayats cover large areas and get substantial funds under the scheme, in other states most panchayats get less than Rs. 50,000 per annum. Benefits to the SC/STs and the disabled have to be earmarked. In addition, the administrative expenses of the panchayat and expenditure on assets already created are to be met from JGSY funds. In effect, panchayats are left with very little money to take up meaningful infrastructure projects.

Employment Assurance Scheme The Employment Assurance Scheme (EAS) was launched on 2 October 1993 covering 1,778 drought-prone, desert, tribal and hill area blocks. It was later extended to all the blocks in 1997-98. The EAS was designed to provide employment in the form of manual work in the lean agricultural season. The works taken up under the programme were expected to lead to the creation of durable economic and social infrastructure and address the felt-needs of the people. The scheme prohibited construction of buildings for religious purposes, monuments, memorials, welcome gates, panchayat buildings, government office buildings and buildings for higher secondary schools and colleges. It also provided for maintenance of assets created in the past under the scheme. Initially, the scheme was demand-driven but from 1999, resources were allocated to states based on the incidence of poverty.

The EAS is a centrally-sponsored scheme, with the Centre providing 75 per cent of the funds and the states 25 per cent. The zilla parishads and panchayat samitis were the implementing agencies. Annexure 3.2.I provides details of the physical and financial performance of the scheme during the Eighth and Ninth Plan periods. While 10,719.59 lakh mandays of employment were generated during the Eighth Plan, 4,717.74 lakh mandays of employment were generated in the first year of the Ninth Plan. Employment generation went down in subsequent years. The allocations between 1999-2000 and 2001-02 were also lower than the first two years of the Ninth Plan because watershed projects taken up for implementation under the EAS before April 1999 were transferred to Integrated Wasteland Development Programme (IWDP).

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Though the creation of community assets has important spin offs for rural poverty and development, the impact of these programmes on employment and income has been limited. The universalisation of the scheme severely eroded its basic objective of providing assured employment in areas of extreme poverty and chronic unemployment. Allocations were based on a fixed criterion that did not specifically provide for regionally differentiated needs. This led to a very thin spread of resources across the country. As a result, even in the poorer regions, employment was provided for only 31 days (Programme Evaluation Organisation Study-2001). In many states, the works taken up were not labour-intensive. Cases of bogus reporting and fudged muster rolls have been reported. The efficacy of the programme was also affected by faulty project selection and the absence of a coherent plan which integrated EAS projects in a long-term development strategy.

In spite of their many shortcomings, wage employment schemes have proved beneficial in some respects. They created much- needed rural infrastructure. The programmes are self-targeting in nature since only the poor come to work at minimum wage rates. The various works undertaken created demand for unskilled labour and exerted upward pressure onwage rates. The programmes have played a major role in protecting consumption patterns ofthe rural poor during natural calamities. A study conducted in four drought-affected districts of Rajasthan found that the consumption of food grains was higher in the drought years compared to normal years due to the wage employment programmes. Since PRIs were associated with the implementation of JRY /JGSY and EAS, government financing of panchayatsstrengthened these institutions and promoted better coordination between the village community and government departments. Box Summarises the findings of evaluation studies of EAS/ JRY conducted in Rajasthan and Uttar Pradesh.

Food for Work ProgrammeThe Food for Work programme was started in 2000-01 as a component of the EAS in eight notified drought-affected states of Chattisgarh, Gujarat, Himachal Pradesh, Madhya Pradesh, Orissa, Rajasthan, Maharastra and Uttaranchal. The programme aims at augmenting food security through wage employment. Food grains are supplied to states free of cost. However, lifting of food grains for the scheme from Food Corporation of India (FCI) godowns has been slow. Against an allocation of 35.31 lakh tonnes of foodgrains, only 21.26 lakh tonnes were lifted by the target states up to January 2002.

Sampoorna Gramin Rozgar Yojana (SGRY) Given the complementarity of the JGSY, EAS and Food for Work Programme, all of which aim at the creation of employment opportunities in the rural areas, they were revamped and merged under the new Sampoorna Gramin Rozgar Yojana (SGRY) scheme from September 2001. The basic aim of the scheme continues to be generation of wage employment, creation of durable economic infrastructure in rural areas and provision of food and nutrition security to the poor. The amalgamation of the earlier schemes has led to an augmentation of resources for this programme. The works taken up under the programme are labour-intensive and the workers are paid the minimum wages notified by the states. Payment of wages is done partly in cash and partly in kind - 5 kg of foodgrains and the balance in cash. The Centre and the states share the cost of the cash component of the scheme in the ratio of 75:25. An allocation of Rs. 3750 crore was made for the programme in 2001-02.

A review of various wage employment programmes during the Ninth Plan shows that there has been a considerable reduction in terms of allocation as well as in employment generation. This was largely due to changes in allocation for rural development schemes during the Plan period. The allocation by both the Centre and the states under JRY went down from Rs. 18,691 crore in the Eighth Plan to Rs. 11,688 crore in the Ninth Plan. As the EAS was launched only in 1993-94 and was intially a demand driven scheme, it would be difficult to compare EAS allocations in the Eighth and Ninth Plan periods. However, even here it is seen that the allocations have fallen in the later half of the Ninth Plan period.

The allocation for wage employment programmes, at current prices, in the Ninth Plan was only 88 per cent of what they were in the Eighth Plan. In real terms, the allocations were much lower. A decline in allocation coupled with the increased cost of providing employment meant that as against 513 crore mandays of employment generated under JRY and EAS in the Eighth Plan, only 286 crore mandays of employment were generated under JRY/JGSY and EAS in the Ninth Plan.

The reduction in allocation for wage employment was compensated by increased allocation for some programmes and initiation of new schemes. For example, there was a substantial increase in allocation for IAY. Many other programmes taken up during the Plan period have generated employment in the rural areas. The construction of houses under IAY, programmes of rural connectivity and watershed development have fairly high employment elasticities. However, it is difficult to estimate whether these programmes were able to offset the reduction in employment generated through specific wage employment programmes.

Rural Housing Initiated in 1985-86, the IAY is the core programme for providing free housing to BPL families in rural areas and targets SC/STs households and freed bonded labourers. It was first merged with the JRY in 1989 and then spun off into a separate housing scheme for the rural poor in 1996. The Ninth Plan Housing Programme under IAY was framed in the light of the National Housing and Habitat Policy 1998, which set an ambitious target of providing shelter for all in the rural areas by the end of the Plan period. The allocations by the central and state governments for the programme during the Ninth Plan were substantially higher than in the Eighth Plan. In spite of this, the housing programme under IAY has not achieved the stated objectives. As against a requirement of 109.53 lakh new and upgraded houses between 1997-98 to 2001-02, the actual construction during the period is estimated at 45 lakh houses. This, however, is a quantum jump over the Eighth Plan achievement of 26 lakh houses.

An evaluation of the IAY shows that while the programme has certainly enabled many BPL families to acquire pucca houses, the coverage of the beneficiaries is limited given the resource constraints. In addition, there have also been high level of leakages with a large number of non-eligible beneficiaries getting houses. The fact that houses are provided free of cost under IAY has meant that there has been virtually no progress in the other sub-schemes of IAY such as credit-cum-subsidy scheme for rural housing. This scheme, introduced in 1999-2000 to provide assistance for construction of a house to people below double the poverty line income, provides a subsidy of Rs. 10,000 and a construction loan of up to Rs. 40,000 per household. However, it failed to pick up and only 42,000 houses were constructed under the scheme between 1999 and 2001. The Samagra Awas Yojana (SAY) was taken up in 25 blocks to ensure convergence of housing, provision of safe drinking water, sanitation and common drainage facilities. The achievements under this scheme were equally unsatisfactory. A mere 30 projects have been sanctioned since the inception of the scheme and only Rs. 7.07 crore disbrsed. Similarly, progress under various innovative schemes for rural housing and habitat development, which seek to encourage the use of cost-effective, environment-friendly modern designs have been equally dismal.

CONCLUSION

The Housing and Urban Development Corporation (HUDCO) has extended its activities to the rural areas, providing loans at a concessional rate of interest to economically weaker sections and low-income group households for construction of houses. HUDCO's rural housing programme was given a major boost in the Ninth Plan. The Government provided equity support for the construction of rural houses and

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a sum of Rs.350 crore was released to the Corporation. In the 1997-2002 period, HUDCO sanctioned 799 schemes for the construction of 50.97 lakh dwelling units at a total cost of Rs. 3991.73 crore. The regional spread of HUDCO's sanctions indicates that only Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, Orissa and West Bengal took advantage of the scheme. States like Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan and Assam were not covered under the programme. One of the reasons for the lukewarm response to the scheme could be the IAY itself, which is a 100 per cent subsidy programme. Besides, HUDCO's rural housing scheme consists of a loan component and a grant component. State governments prefer the grant-based programme to the loan-based programme.