

## Management of Rural Poverty in India



### Commerce

**KEYWORDS :** Poverty in India is not merely an economic phenomenon

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### ABSTRACT

*Accordingly, the Government of India has launched various programmes form time to time with an aim to alleviate poverty and unemployment, and to create adequate livelihood opportunities for the poor through provision of employment and public services. Poverty and unemployment are interrelated problems and have a two way relation i.e., the cause and effect of the other. Poverty in India is not merely an economic phenomenon but a social one as well. While poverty is an outcome of multiple deprivations, its measurement has largely dealt with economic deprivation. The recent body of literature highlights the multidimensionality of poverty and also the heterogeneity of the poor. It also highlights the need to go beyond poverty by using indices of human development and overall welfare. Since, the determinates of poverty and unemployment are interrelated. A comprehensive approach is needed to address these two problems.*

### INTRODUCTION

Although a large number of multi faced and multipronged poverty alleviation and employment generation programmes were launched, the incidence of poverty continues to be wide spread and persistent, particularly among scheduled castes and scheduled tribes, landless labour force, small and marginal farmers, illiterates or literates at lower levels, females, and in rural areas (NREGS (1996).

Sundaram and Tendulkar, (2003): Even after five decades of sustained developmental efforts, India has the world's largest number of the poor i.e., over 260.25 million of whom as many as 193.24 million, accounting for 27.09 per cent, live in rural areas. At the all India level however, the percentage of people living below the poverty line declined from 54.90 per cent in 1973-74 to 26.10 per cent in 1999-2000 a decline from 56.40 per cent to 27.09 per cent in rural and from 49 per cent to 23.62 per cent in urban areas took place during the same period.

Although there has been a rapid reduction in the proportion of people living below the poverty line, a little over one-fourth of the population is deprived of their basic needs of life and more so in respect of SC's, ST's and OBC's as compared to others. The persistence of high poverty among the weaker sections of society has become a serious matter in view of Endeavour to achieve one of the millennium development goals that poverty should be shelved by 2015, in view of this, it is quite necessary to understand the mechanism through which poverty has been addressed and evolve an appropriate institutional and administrative support to realize our goals.

There are two important strategies of poverty alleviation that have been initiated in our country since the inception of the planning era. According to this hypothesis, the ideological thinking was that the benefits of economic growth in terms of more employment and income earning opportunities would automatically percolate down to the poor and improve their living standard. A large scale sample survey carried out in the mid 1970's however revealed that over a half of India's population continued to live below the poverty line.

### RURAL POVERTY IN INDIA

However, the major causes of poverty in India are to be found in the socio-economic structure prevailing in the country side. It is this reason why major policy measures to remove poverty have been under taken with a view to tackle rural poverty.

### PRODUCTION AND RURAL POVERTY IN INDIA

Rural poverty largely emanates from the semi-feudal relations of production in the agriculture. The land reform measures which were under taken after independence did not make substantial changes in the agrarian relations. Hence almost all agri-

cultural labour households and a large proportion of small and marginal farmers and landless non-agricultural rural labour households are poor.

This argument in the Indian context is substantially correct. However, in India's existing socio-political system one can hope in the short term neither for a radical change in the agrarian relations nor for a considerable decline in the rate of population growth.

### TECHNOLOGY CHANGE AND RURAL POVERTY

According to him the new technology reduces the cost of food production and thereby lowers down the food prices and increases the demand for labour. Because food is the major consumption item for the poor and because employment is the principal source of their income, the effects of the new technology are highly favourable to the poor .

The introduction of new technology is sometimes associated with past levels of intense poverty even while it causes a reduction in such poverty. In regions where non-farm employment is not growing rapidly population growth tends to neutralize the favourable effects of new technology according to Mellor, in such a situation an extraordinarily rapid change is needed to over balance normal population growth in India for various reasons acceleration in the pace of technological change in agriculture in different regions may not be possible.

In the context of agricultural development in India, the trickledown theory has been interpreted to suggest that growth in the agricultural output without radical institutional reform will reduce the incidence of poverty. Real agricultural income, measured in terms of Net Domestic Product (NDP) in agriculture grew about 2 per cent per year from 1956-57 to 1977-78, which was slightly faster than rural population. As a result, agricultural NDP per head of the rural population showed significant trade . Keeping in view these facts.

The new technology has brought about a decline in the participation of women in the agricultural workforce and this has in most cases caused a decline in the earnings of the relatively poor households.

The increased political bargaining power of the rural rich has resulted in higher administered prices of food grains while wages of agricultural laboureres have shown a tendency to long behind to price rises.

### EMPLOYMENT OPPORTUNITIES

The central objective of economic planning in India was to initiate a process of development which would raise living standards and create new opportunities for a richer and more varied

life. In the earlier years of planning in India, maximization of employment opportunities was not considered to be an important objective in itself. Employment generation was looked upon as byproduct of the economic growth. It was clearly stated in the First Five Year Plan that full employment was not an end in itself and should be regarded as a corollary of development rather than a direct objective.

Expansion in rural employment opportunities, was held, would also relieve the pressure on urban employment. The Community Development Programme (CDP), launched in 1952, addressed itself more to decentralization of development efforts. Besides adding a development dimension to administration, whose focal point was the C.D. Block, the programme had succeeded, to some extent, in creating a viable infra-structure in the rural areas including the extension machinery.

The Second Plan strategy for mitigating unemployment suffered from inherent contradictions. In its employment chapter, it strongly advocated the adoption of labour-intensive techniques of production it talked of creating a 'milieu' for the small man. Even in the Second Five Year Plan, which placed relatively more emphasis on the creation of gainful employment opportunities, it was recognized that the problem of unemployment, especially in an underdeveloped country like ours, could be solved after a period of intensive development. The same view-point of treating employment as by-product of development persisted among the planning elite in the country even during the Third Five Year Plan period when the problem of unemployment had become acute. The Third Plan target of 3.5 million employment opportunities included estimates of 3.5 million employment opportunities in agriculture on the basis of physical targets of additional area brought under irrigation, soil conservation, land reclamation and schemes of a similar nature. potential of 20 to 21 millions was envisaged during the third plan period.

The Five Year Plans adopted employment generation as an important goal of economic planning. But since employment was

until recently treated as a derivative of growth, the plan strategy did not make much dent on the unemployment problem. Since the launching of the Fifth Plan, a direct attack had been made on unemployment as was done in the case of poverty. As a result, a number of specific wage and self-employment generating schemes have been formulated and implemented.

Apart from promoting the infra-structure for improving productivity and social development in rural areas, a strategy to reach the poorer sanctions of society through programmes of asset building, income generation and wage employment has been evolved over successive plan periods. This process culminated in a frontal attack on poverty with a high level of investment during the Eighth Plan. The strategy of poverty alleviation has centered on a package of programmes under three major streams, viz.

### 1. Self-employment 2. Wage employment and 3. Area development

The Sixth Plan laid emphasis on strengthening the socio-economic infra structure in rural areas under IRDP, aiming at reduction of disparities. The Seventh Plan emphasized creating new employment opportunities, special programmes for income generation, participation of people at the grass-root level. The Eighth Plan laid emphasis on building up of rural infra-structure. Priority for rural roads with the focus on tribal, hill and desert areas, minor irrigation, soil conservation, social forestry and participation of people in rural development programme.

A new welfare package to the poorer section of the society to bring them into the mainstream of national life was announced by the Centre in 1995. Launched on Independence Day, 1995, the package has become a new strategy for rural development. The component of the package, the National Social Assistance Scheme (NSAS) will provide old age pension, survivor benefits, million house scheme, pre and post natal assistance for mothers and a premium subsidy for Group Life Insurance-all targeted at families below the poverty line.

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