Poverty Alleviation Programmes in India

Dr. M. Sreedhar

Academic Consultant, Dept. of Human Rights and Social Development, SV University, Tirupati, Andhra Pradesh

Abstract: In almost all underdeveloped countries where per capita income is very low, income inequality has resulted in a number of evils, of which poverty is certainly the most serious one. Poverty infact is a socio-economic phenomenon that is intimately associated with inequality. It adversely affects human health, efficiency and productivity which in turn affect their income. It deprives a segment of society of bare necessities of life-food, clothing, housing, education and health. Poverty is more of social marginalization of an individual, household or group in the community/society rather than inadequacy of income to fulfill the basic needs. Indeed, inadequate income is therefore one of the factors of marginalization but not the sole factor. The goal of poverty alleviation programme should aim merely increasing the income level of individual, household or group but mainstreaming marginalized in the development process of the country. Poverty is a social-economic phenomenon in which a section of society is unable to fulfill even its basic necessities of life. The minimum needs are food, clothing, housing, education and other basic minimum human needs. Humanity faces pains and miseries if it does not attain a subsistence level of such needs. It is generally agreed that only these would fail to reach a certain minimum consumption standard should be regards as poor. Poverty is about contradiction of opportunities and fulfillment of human potential. Poverty and inequality are closely related and inequality appears to have been on the rise worldwide in recent decades at both national and international levels. More than 80 percent of the world’s population lives in countries where income differentials are widening. The poorest 40 percent of the world’s population account for only 5 percent of global income. On the other hand, the richest 20 percent account for 75 percent of world income, according to the United Nations Development Programme. In order to eradicate poverty by 2015, (based on national poverty line) as contrasted with mere poverty reduction, this paper examines the features of rural poverty, its magnitude, trends and geographical distribution, past and present programmes for poverty alleviation and proposes strategic interventions designed with rural households as a unit.

Keywords: Poverty Alleviation programmes, Poverty, India

1. 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. Poverty is a social-economic phenomenon in which a section of society is unable to fulfill even its basic necessities of life. The minimum needs are food, clothing, housing, education and other basic minimum human needs. Humanity faces pains and miseries if it does not attain a subsistence level of such needs. It is generally agreed that only these would fail to reach a certain minimum consumption standard should be regarded as poor. Poverty is about contradiction of opportunities and fulfillment of human potential. Poverty and inequality are closely related and inequality appears to have been on the rise worldwide in recent decades at both national and international levels. More than 80 percent of the world’s population lives in countries where income differentials are widening. The poorest 40 percent of the world’s population account for only 5 percent of global income. On the other hand, the richest 20 percent account for 75 percent of world income, according to the United Nations Development Programme. Poverty is the principal cause of hunger and under nourishment. According to most recent estimates of the Food & Agriculture Organization of the United Nations, the number of hungry people worldwide has reached 963 million or roughly 15 percent of the estimated world population (FAO, 2009). Poverty is widespread in India, with the nation estimated to have a third of the world’s poor. The World Bank (2005) estimated that 41.6 percent of the total Indian population lived under the international poverty line of US $1.25 per day (PPP), reduced from 60 percent in 1981. Poverty eradication has been one of the major objectives of planned development in India. According to the criterion of household consumer expenditure used by the Planning Commission of India, 27.5 percent of the population was living below the poverty line in 2004–2005, down from 51.3 percent in 1977–1978, and 36% in 1993-1994 (Economic Survey 2009-10). The overwhelming fact about poverty in the country is its rural nature. Major determinants of poverty are lack of income and purchasing power attributable to lack of productive employment and considerable underemployment, inadequacy of infrastructure, affecting the quality of life and employability, etc. It means to understand the definition of poverty; one should have knowledge of poverty line.

2. Review of the Literature

The National Planning Committee in 1936 under Nehru has made an economic review and recognised that “there was lack of food, of clothing, of housing and of every other essential requirement of human existence”. Against this assessment, the Committee declared that the development policy objective should be to “ensure an adequate standard of living for the masses, in other words, to get rid of the appalling poverty of the people”. Towards this end, the Committee defined goals for the total population in terms of nutrition (including a balanced diet of 2400 to 2800 calories per adult worker), clothing (30 yards per capita per annum) and housing (100 sq. ft per capita) (Ravi, 2013). There has been no uniform measure of poverty in India. The Planning
Commission of India has accepted the Tendulkar Committee report which says that 33% of people in India live below the Poverty line (Jay, 2013). The effectiveness and sustainability of pro-poor growth process is however, clearly contingent upon whether an enabling environment exists for the realization of purchasing power and basic capabilities like the capability of being free from hunger, ill health and illiteracy for the poor and the disadvantaged. Employment growth, both in terms of quantity and quality, in sectors which are more labour-intensive is critical for a pro-poor growth process (CDHR, 2005).

3. Methodology

This research paper tries to summaries the current state of knowledge about poverty, problems created by poverty and to study national policies, plans and programs for poverty eradication in India. The relevant secondary data is collected through various sources such as websites, Economic survey, books and journals.

4. Measuring Poverty – Poverty Line

The concept of Poverty Line in India was introduced on the recommendation of the Task Force on ‘Minimum Needs and Effective Consumption Demands’ in 1979. The contribution of the Task Force was to estimate daily per capita calorie requirement separately for rural and urban areas on the basis of age, sex and activity-specific calorie allowance recommended by the Nutrition Expert Group (1968). Accordingly, norms of nutritional requirement for the rural and urban sectors were obtained as 2435 K-cal and 2095 K-cal respectively. The official approach to measurement of poverty, therefore, started by fixing a standard of calorie intake and observing the level of per capita consumption expenditure with which on the average, this calorie intake level is associated. An allowance for non-food consumption also exists in the delineation of the poverty line though not on normative basis but on a behavioural basis. The poverty line at 1973-74 (base year) prices for the rural and urban sectors was worked out as Rs. 49.09 and Rs. 56.64 respectively utilizing National Sample Survey (NSS) data on consumer expenditure and using inverse interpolation method. The poverty line so defined was updated over time by taking care of change in the price levels.

5. Trends in Poverty in India

During five year plans, several programs have been introduced to alleviate poverty in India, yet there has been an increase in the number of poor persons in the country. A brief analysis showing absolute trend in poverty in India is shown in Table - 1 about 32.1 crore persons living below poverty line in 1973-1974. It remained almost stagnant during a decade of 1973-1984 but it came down to 26 crore in 1999-2000. Poverty in rural sector always has been on higher side as compared to urban India. It but came down in 2007 in both rural and urban sector. By the end of 11th plan number of poor persons are expected to come down to 10 crore.

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>26.1</td>
<td>6.0</td>
</tr>
<tr>
<td>1977-78</td>
<td>26.4</td>
<td>6.5</td>
</tr>
<tr>
<td>1983-84</td>
<td>25.2</td>
<td>7.1</td>
</tr>
<tr>
<td>1987-88</td>
<td>23.2</td>
<td>7.5</td>
</tr>
<tr>
<td>1993-94</td>
<td>24.4</td>
<td>7.6</td>
</tr>
<tr>
<td>1999-2000</td>
<td>19.3</td>
<td>6.7</td>
</tr>
<tr>
<td>2007</td>
<td>17.0</td>
<td>3.0</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Economic Survey 2002-3 & 2010-11, Eleventh Five Year Plan

Planning Commission identified 27 monitor able national targets for the 11th Plan. The reduction in head count ratio of consumption of poverty by 10 percentage points is one of them. The projected population and the rural BPL population in India for the period 2008-15 are given in Table-3. It is evident from the figures that in 2015 there will be about 18.53 crore BPL population in rural areas constituting 22% of the total rural population. Thus there is a need to make special efforts to reduce the rural BPL population in time bound manner.

Table-3 Projected rural BPL population by 2015 (In Crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population</th>
<th>Rural Population</th>
<th>Rural BPL Population</th>
<th>Rural HH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>114.75</td>
<td>80.45</td>
<td>20.92</td>
<td>4.23</td>
</tr>
<tr>
<td>2010-11</td>
<td>117.76</td>
<td>81.81</td>
<td>20.09</td>
<td>4.02</td>
</tr>
<tr>
<td>2011-12</td>
<td>119.27</td>
<td>82.49</td>
<td>19.69</td>
<td>3.94</td>
</tr>
<tr>
<td>2012-13</td>
<td>120.78</td>
<td>83.17</td>
<td>19.29</td>
<td>3.86</td>
</tr>
<tr>
<td>2013-14</td>
<td>122.29</td>
<td>83.85</td>
<td>18.91</td>
<td>3.78</td>
</tr>
<tr>
<td>2014-15</td>
<td>125.31</td>
<td>84.53</td>
<td>18.53</td>
<td>3.71</td>
</tr>
</tbody>
</table>

Assumptions
(1) Based on the Annual Population Growth Rate 2008-2015 (1.3%)
(2) Based on the per annum decline ratio for rural poverty 2008-15 (2%)

6. Anti-Poverty Programmes in Ten Year Plans

From the inception of the development planning in India the policies of the government have continued to be guided by the firm conviction that rapid economic growth is the prime mover in uplifting the poor by offering them more productive employment and enhancing their income. However, the outcome of the first twenty years of planning in the country does not seem to have strengthened this conviction as there has been very tardy progress both in terms of economic growth as well as in terms of reduction of income poverty (Gol, 2002). It was not until the late seventies that the growth rate of the Indian economy actually picked up. The economy grew at the rate of more than 4 percent per annum in the late seventies, at about 5 percent during the early eighties and accelerated further since the mid-nineties. Currently, the growth rate is hovering around 8 percent. Table 2.7 above depicts India’s achievements on the growth front from the first to the tenth plan.
7. Poverty Alleviation Programmes in India

One of the important features of the implementing strategy of the 10th Five Year Plan is the crucial role given to the Panchayati Raj Institutions (PRIs) in the delivery of TPDS. Till the end of 11th plan, Govt. of India aims at bringing down people below poverty line to the extent of 10%. Following programmes have been introduced by the Govt. of India for solving the problems.

7.1 Prime Minister’s Rozgar Yojana (PMRY):

PMRY started in 1993 with the objective of making available self-employment opportunities to the educated unemployed youth by assisting them in setting up any economically viable activity. So far, about 20 lakh units have been set up under the PMRY, creating 30.4 lakh additional employment opportunities. The targets for additional employment opportunities under the Tenth Plan and in 2004-05 are 16.50 lakh and 3.75 lakh, respectively. While the REGP is implemented in the rural areas and small towns, (population up to 20,000) for setting up village industries without any cap on income, educational qualification or age of the beneficiary, PMRY is meant for educated unemployed youth with family income of up to Rs.40,000 per annum, in both urban and rural areas, for engaging in any economically viable activity.

7.2 Rural Employment Generation Programme (REGP)

REGP, launched in 1995 with the objective of creating self-employment opportunities in the rural areas and small towns, is being implemented by the Khadi and Village Industries Commission (KVIC). Under REGP, entrepreneurs can establish village industries by availing of margin money assistance from the KVIC and bank loans, for projects with a maximum cost of Rs.25 lakh. Since the inception of REGP, up to 31 March 2004, 1,86,252 projects have been financed and 22.75 lakh job opportunities created. A target of creating 25 lakh new jobs has been set for the REGP during the Tenth Plan. 8.32 lakh employment opportunities have already been created during 2003-04. For 2004-05, a target of creating 5.25 lakh job opportunities has been fixed.

7.3 National Social Assistance Programme (NSAP):

This programmes was launched in during 1995-96. It provides three types of services to poor people. (a) National Family Benefit Scheme (b) National Old Age Pension Scheme (c) National Maternity Benefit Scheme. Whole of expenditure on this scheme is spent by central government but since April 2001, NMBC has been handed over to ministry of health and family welfare.

7.4 Swarna Jayanti Shahri Rozgar Yojana (SJRY)

This programme was launched in Dec. 1, 1997. Its main object is to provide self employment to unemployed youth of urban areas. It includes youth educated up to 9th standard yet living below poverty line. It is also based upon 75% centre and 25% state’s contribution in expenditure required for the scheme. The expenditure during 2003-04 was Rs.103 crore. For 2004-05, the allocation is Rs.103 crore, out of which Rs. 90.38 crore were utilized by December 31, 2004. In 2008-2009, 9.47 Lakh beneficiaries were covered under it. Rs. 541 crore was spent on this plan in 2008-09.

7.5 Swaran Jayanti Gram Swarozgar Yojana (SGSY):

SGSY, launched in April 1999, aims at bringing the assisted poor families (Swarozgaris) above the poverty line by organizing them into Self Help Groups (SHGs) through a mix of Bank credit and Government subsidy. In this scheme IRDP and other programmes have been included. Under this scheme, poor are granted bank loans and subsidies to establish small enterprises. This scheme is centrally sponsored on 75: 25 basis, by centre and states. From this programme about 121 lakh self-employed persons were benefited up to 2009. Rs. 27183 crore was spent on this plan in 2008-09.

7.6 Indira Awaas Yojana (IAY):

This is a major scheme for construction of houses of unserviceable kutcha houses to semi- pucca houses has also been added. From 1999-2000, the criteria for allocation of funds to states/UTs has been changed from poverty ratio to the housing shortage in the state. Similarly, the criteria for allocation of funds to a district have been changed to equally reflect the SC/ST population and the housing shortage. During 2007-08 Rs. 4033 crores have been earmarked for constructing 21.27 lakh houses. As per information by the states 9.40 Lakh houses have been built upto 2008. The Ministry of Rural Development (MORD) provides equity support to the Housing and Urban Development Corporation (HUDCO) for this purpose.

7.7 Antyodaya Anna Yojana (AAY)

AAY launched in December 2000 provides food grains at a highly subsidized rate of Rs.2.00 per kg for wheat and Rs.3.00 per kg for rice to the poor families under the Targeted Public Distribution System (TPDS). The scale of issue, which was initially 25 kg per family per month, was increased to 35 kg per family per month from April 1, 2002. The scheme initially for one crore families was expanded in June 2003 by adding another 50 lakh BPL families. During 2003-04, under the AAY, against an allocation of 45.56 lakh tonnes of foodgrains, 41.65 tonnes were lifted by the State/UT Governments. Budget 2004-05 expanded the scheme further from August 1, 2004 by adding another 50
lakh BPL families. With this increase, 2 crore families have been covered under the AAY.

7.8 Pradhan Mantri Gram Sadak Yojana (PMGSY)

The PMGSY, launched in December 2000 as a 100 per cent Centrally Sponsored Scheme, aims at providing rural connectivity to unconnected habitations with population of 500 persons or more in the rural areas by the end of the Tenth Plan period. Augmenting and modernising rural roads has been included as an item of the NCMP. The programme is funded mainly from the accruals of diesel cess in the Central Road Fund. In addition, support of the multi-lateral funding agencies and the domestic financial institutions are being obtained to meet the financial requirements of the programme. Up to October, 2004, with an expenditure of Rs 7,866 crore, total length of 60,024 km. of road works has been completed. The National Rural Roads Development Agency (NRRDA), an agency of the Ministry of Rural Development registered under the Societies Registration Act, provides operational and technical support for the programme. In 2008-09, Rs. 46807 crores were spent on this plan. About 2.14 Lakh kms road length was completed. According to this scheme, Rs. 60000 crores are to be spent in seven years. It is expected that by the end of this scheme, 10 crores of rural villagers will be uplifted from poverty line.

7.9 Annapurna Yojana

This scheme was initiated on 1st April, 2000. It is 100% centrally sponsored plan. It provides food grains to senior citizens. It involves those citizens who come under old age pension scheme, yet do not get any pension and 10 kgs of food grains, free of cost is given to each individual. Since 2002-03, this scheme has been handed over to states.

7.10 Pradhan Mantri Gramodaya Yojana (PMGY)

PMGY launched in 2000-01 envisages allocation of Additional Central Assistance (ACA) to the States and UTs for selected basic services such as primary health, primary education, rural shelter, rural drinking water, nutrition and rural electrification. For 2003-04 as well as 2004-05, the annual allocation of ACA for PMGY was Rs.2, 800 crore.

7.11 Valmiki Amsdekar Awas Yojana (VAMBAY):

The VAMBAY launched in December 2001 facilitates the construction and upgradation of dwelling units for the slum dwellers and provides a healthy and enabling urban environment through community toilets under Nirmal Bharat Abhiyan, a component of the scheme. The Central Government provides a subsidy of 50 per cent, the balance 50 per cent being arranged by the State Government. Since its inception and up to December 31, 2004, Rs. 753 crore have been released as Government of India subsidy for the construction/up gradation of 3,50,084 dwelling units and 49,312 toilet seats under the scheme. For the year 2004-05, out of the tentative Central Fund allocation of Rs.280.58 crore, up to December 31, 2004, an amount of Rs. 223.66 crore has been released covering 1,06,136 dwelling units and 20,139 toilet seats.

7.12 National Food For Work Programme

In line with the NCMP, National Food for Work Programme was launched on November 14, 2004 in 150 most backward districts of the country with the objective to intensify the generation of supplementary wage employment. The programme is open to all rural poor who are in need of wage employment and desire to do manual unskilled work. It is implemented as a 100 per cent centrally sponsored scheme and the food grains are provided to States free of cost. However, the transportation cost, handling charges and taxes on food grains are the responsibility of the States. The collector is the nodal officer at the district level and has the overall responsibility of planning, implementation, coordination, monitoring and supervision. For 2004-05, Rs.2020 crore has been allocated for the programme in addition to 20 lakh tones of food grains.

7.13 National Rural Employment Guarantee Scheme (NREGS):

This scheme was introduced on February 2, 2006. for this scheme national rural employment guarantee act was passed on 7th September, 2005. in this scheme two schemes have been included (a) Sampooran Gramin Rozgar Yojana and (b) National Food For Work Programme. This NREGS scheme was started in 200 districts in the beginning. It will be launched in all the districts throughout the country within periods of 5 years. The main objective is to provide at least 100 days employment to every family in a year. Under this scheme 56 Lakh people got employment in 2006-07. This scheme will be expanded from 200 in 2006-07 to 596 districts in 2008-09. in the budget of 2009-10 Rs. 30,100 crore has been fixed. According to the need budget can be exceeded.

7.14 Public Distribution System

Poor people are provided food grains on cheaper rates through 4 Lakh fair price shops so as to assure food security to them. In some states, this scheme is implemented in both rural and urban areas. Almost 3% of government budget is spent on this scheme. Public distribution system has helped the poor people to some extent. For the success of this plan PDS system has been computerized in 2007-08. Under this scheme, there was a provision of Rs. 32667 Crore for food subsidy in 2008-09.

7.15 Prime Minister Employment Generation Programme (PMEGP):

This programme was introduced by the govt. in 15th August 2008. In it two employment programmes have been merged. (i) Prime Ministert Rozgar Yojana (ii) Rural Employment Generation Programme. The main objective of the programmes is to generate new employment opportunities through micro enterprises. About 37 Lakh opportunities would be generated. For this purpose Rs. 740 crore would be spent in 2008-09 and Rs. 4485 Crore during next four years.
7.16 Drought Prone Areas Programme (DPAP), Desert Development Programme (DDP) And Integrated Wastelands Development Programme (IWDP)

DPAP, DDP and IWDP are being implemented for the development of wastelands/degraded lands. During 2004-05 allocation of Rs. 300 crore, Rs. 215 crore and Rs. 368 crore were provided for DPAP, DDP and IWDP, respectively. So far, during 2004-05, 2,550 projects covering 12.75 lakh hectares, 1,600 projects covering 8 lakh hectares and 165 projects covering 8.32 lakh hectares, have been sanctioned under DPAP, DDP and IWDP, respectively.

7.17 Small and Cottage Industries:

Government for alleviating poverty and unemployment has paid special attention for the development of small and cottage industry. This sector is already providing employment to 238 Lakh people. It encourages self employment schemes by spending heavy expenditure on it. In 2006-07, business limit for small entrepreneurs has been raised from Rs. 3 crore to Rs. 4 crore. In the budget of 2007-08 excise duty exemption has been raised from Rs. 1 crore to 1.5 crore. It will help in raising employment opportunities in small scale industries.

7.18 Integrated Child Development Scheme (ICDS)

Under this scheme mothers and children below 6 years have got some financial aid. Govt. has approved 5959 (ICDS) projects in 2007-08. For this purpose Rs. 6300 crore has been allocated in 2008-09 and 6705 crore in 2009-10.

7.19 Mid Day Meals Scheme (MDMS)

Under this scheme, school children are provided with free mid day meals. The children in primary classes have been covered under this scheme. Under this scheme, 2.5 crore additional children got benefit. Children in primary classes and upper primary classes have been covered in 2008-09 (Verma and Pardeep, 2010). For this purpose Amount of rs. 8000 crore was spent in 2009-10.

7.20 Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

MGNREGA was started in 2006-07 and extended to cover the whole country during the 11th Plan. With a peoplecentred, demand-driven architecture, completely different from the earlier rural employment programmes, MGNREGA has directly led to the creation of 987 crore person-days of work since its inception in 2006-07. In financial year 2010-11, MGNREGA provided employment to 5.45 crore households generating 253.68 crore person-days. It has also successfully raised the negotiating power of agricultural labour, resulting in higher agricultural wages, improved economic outcomes leading to reduction in distress migration. This is not to deny that with better project design, implementation leakages could be greatly reduced; and the assets so created could make a larger contribution towards increase in land productivity.

7.21 Poverty Alleviation Programmes in Eleventh Plan

Under this plan following programmes were adopted for poverty alleviation:
1) Special efforts were made for the development of small and rural industries so as to provide employment in rural sector in non agricultural areas.
2) Special efforts were made for consolidating economic conditions of marginal and small farmers, artisans and untrained laborers.
3) Under NREGS 100 days employment were provided soon after the registration of 15 days.
4) Aam Adami Bima Yojana has been launched from October 2, 2007.

8. Conclusion

Poverty is defined in terms of income, expenditure and nutritional value (calorie intake). Poverty is more of social marginalisation of an individual, household or group in the community or society rather than inadequacy of income to fulfill the basic needs. The goal of poverty alleviation programme should aim merely at the increasing of the income level of individual, household or group but generally marginalised in the development process of the country. The country cannot claim economic growth when sections of the people are marginalised to the periphery of the society. Poverty, therefore, is a complex phenomenon of many 77 dimensions but not merely the economic dimension. So, the government should provide better development programme facilities, so that people living below poverty line can improve their livelihood. It also suggests that Poverty alleviation programmes should also take up the issue of poverty from the social and economic perspectives. Impact assessment offers potential as the tools for lowering poverty, increasing energy and for renewing the field of development cooperation. More analytical assessment can be employed to support worldwide local democracy in the face of the globalized corporate power. Such assessment can be used to measure and promote substantial, sustainable gains of the poor in terms of money and power. Resent works on impact indicators at the micro and macro levels especially in the areas of local economic development, gendered development and institutional capacity building can be consolidated and extended in the service of impact assessment. This can also be used to strengthen the design methods to place full control or at least shared control in the hands of citizens at the best in the evaluation of development interventions and more especially in poverty alleviation assessments.

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