
UNIT 1 POVERTY ALLEVIATION PROGRAMMES— A RETROSPECT

Poverty Alleviation
Programmes – A
Retrospect

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1.0 OBJECTIVES

After studying this unit, you should be able to:

- define the concept of rural development and poverty;
- explain the need for poverty alleviation;
- critically examine the strategies adopted by the Government for poverty alleviation from time to time;
- list out the steps taken by the Government to alleviate poverty through various programmes; and
- explain what impact the various programmes have had on the poor and the rural areas.

1.1 INTRODUCTION

In the post-independence era, India has achieved commendable success on many fronts. In the case of agriculture, being importers at one time, we are now not only net exporters but also one of the largest donors of food in the world. In the field of science and technology, we are on the frontiers of many areas like space, communication and information technology. In spite of all this, our country has the largest number of the poor in the world and therefore rural development and poverty alleviation continues to be one of the major focus areas of the national development policy.

Rural development in India is identified largely with the poverty alleviation policies. Perhaps no country in the world has invested so much time and resources on poverty alleviation and achieved so little as India. Over the 25 year period, 1973-74 to 1999-2000, the poverty ratio, i.e. the percentage of the poor in the total population, has been halved from 55 per cent to 27 per cent. Though it is not a mean achievement given the magnitude and complexity of the problem but the fact remains that our performance vis-à-vis the performance of many other countries, especially China and East and South-East Asian countries, has been far from satisfactory to say the least.

1.2 NEED FOR DEVELOPMENT INTERVENTIONS

It is obvious that the problem of poverty in India is a major challenge and it needs priority in our development policy, if we want to improve the nation and also to compete with the developed nations.

It can be seen from Tables 1 and 2 that poverty in rural and urban areas is more or less similar, but in terms of numbers, the poor in rural India are nearly three times the urban population. About three-fourths of the total population of the country is rural and therefore majority of the poor are in the villages. It is why Gandhi Ji repeatedly said that *“India lives in villages and the development of the nation cannot be achieved without the development of the villages”*.

The real fruits of independence and democracy, in fact, cannot be enjoyed by the people unless they are freed from the clutches of poverty. Initially, it was thought that when the process of development started, the ‘trickle down’ effect would take care of the problem of poverty. This process did achieve results in countries where industries and the service sector developed faster and overtook the agriculture-based economies, but in countries like India, it did not work due to various reasons, some of the important ones are as follows:

- i) India continues to be an agrarian economy, which contributes less than one fourth of the GDP, but employs more than 70 per cent of the rural work force.
- ii) Nearly 80 per cent of the farmers have small and marginal holdings (less than two hectares) and most of them practice subsistence agriculture. Besides, a large number of landless people depend on agricultural labour. The majority of these people belong to socially weaker sections, who have little access to the various means of developing agriculture.
- iii) A high rate of population growth and a low level of literacy are other important factors which have adversely affected the developmental process.
- iv) Slow pace of development in industrial and service sectors and inability of the non-farm sectors to absorb excess labour from the farm sector, is also one of the important causes of poverty in India.
- v) Moreover, if there was any trickle down affect, it remained confined to the urban areas only.

In the given situation, it was necessary for the Government to initiate development of rural areas through various types of interventions to suite different types of regions, different social and economic classes of people with varying economic base as well as those without any economic assets. Thus, the Government of India introduced a number of programmes as part of its planned strategy to develop rural India and alleviate poverty.

1.3 POVERTY IN INDIA

Now let us look into the poverty situation in India. The most commonly used method to measure poverty is the *‘Head Count’* method, which only describes the number of poor people below a certain level of income/expenditure. It does not indicate the severity of poverty and therefore some efforts have been made to measure not only the extent of poverty but also its intensity.

The measurement of poverty in India is based on the consumption and expenditure data collected through National Sample Survey Organization (NSSO). Based on

NSSO data, the population below the poverty line at different time points as estimated by the Planning Commission is provided in Table 1.1. The methodology used by the Planning Commission, however, has some defects. Accordingly, they constituted an Expert Group to provide a more realistic estimate of poverty in the country. The poverty estimates by the Expert Group are provided in Table 1.2.

It is clear that the poverty estimates by the Expert Group are higher than those estimated by the Planning Commission. According to the estimates of the Expert Group, which are accepted by the Government, the overall poverty has declined from 54.9 per cent in 1973-74 to 26.1 by 2000 indicating an average of about one per cent decline per year. The rural poverty has declined from 56.4 per cent in 1973-74 to 27.1 per cent in 2000. The rate of reduction of poverty in rural areas is slightly more than that in urban areas as can be seen from the figures. In fact, urban poverty is also a reflection of rural poverty, as large numbers of the rural poor migrate to urban areas for better wages and thus add to urban poverty.

Table 1.1: Poverty in India

Sector	1983-84	1984-85	1987-88	1989-90	1993-94
Population below poverty line (in Millions)					
1. Rural	221.5	222.2	196.0	168.6	141.1
2. Urban	49.5	50.5	41.7	42.2	27.1
3. Total	271.0	272.7	237.7	210.8	168.2
Poverty Ratio (%)					
1. Rural	40.0	39.9	33.4	28.4	21.7
2. Urban	28.1	27.7	20.1	19.3	11.6
3. Total	37.4	36.9	29.9	25.3	18.9

Source: Rural Statistics - 2002, NIRD, Hyderabad.

Table 1.2: Poverty in India as Measured by the Expert Group

Sector	1973-74	1977-78	1983-84	1987-88	1993-94	1999-2000
Population below poverty line (in Million)						
1. Rural	261.3	264.3	252.0	231.9	244.0	193.2
2. Urban	60.0	64.6	70.9	75.2	76.3	67.0
3. Total	321.3	328.9	322.9	307.1	320.3	260.2
Poverty Ratio (%)						
1. Rural	56.4	53.1	45.7	39.1	37.3	27.1
2. Urban	49.0	45.2	40.8	38.2	32.4	23.6
3. Total	54.9	51.3	44.5	38.9	36.0	26.1

Source: Rural Statistics - 2002, NIRD, Hyderabad.

Check Your Progress I

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

1) What are the various causes of poverty in India?

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1.4 APPROACHES TO POVERTY ALLEVIATION IN INDIA

We will now discuss as to how the problem of poverty was being tackled in the country and what approaches were adopted to achieve the goals of rural development.

Employment generation and poverty alleviation are dependent on one another as increase in employment is a determinant for the reduction in poverty. Employment does not mean engaging in work only, but it also implies gainful income or a remuneration for the work which is able to provide the minimum basic needs of the people for them to live a *minimum acceptable standard of life*.

1.4.1 Poverty Alleviation Programmes

The rural poor can be divided into three main categories: (i) those with land, (ii) those with skills and (iii) those without land and skills. During the initial stages of rural development through the *community development program* (CDP), a holistic approach to develop agriculture, infrastructure and basic facilities in the villages was adopted. It was assumed that as the process of development progresses, it would take care of each and every category of the rural population. During the 1960s, when the CDP was gaining momentum, the country was faced with food crisis and, therefore, the entire rural development effort was directed to the development of agriculture. As a result, we achieved green revolution towards the end of that decade and the country gained self-sufficiency in food production. While this event was most welcome, it was not without side-effects. The farmers with small and marginal holdings did not gain from the green revolution and they remained poor. The benefits of agricultural development did not percolate to the large numbers of agricultural labourers either. Introduction of modern farm technology and use of modern factory made equipment rendered a large proportion of rural artisans jobless. The overall situation was that a visible disparity between the rich and the poor emerged. There were many reasons for this situation. Some of the important ones are as follows:

- 1) Modern farming being cost intensive, the small and the marginal farmers could not adopt modern farm technologies due to the lack of credit facilities and thus remained poor.
- 2) The green revolution was confined to agro-climatically rich areas, while the other regions remained backward.
- 3) Intensive farming did increase the absorption of labour, but it was proportionately too low as compared to the supply of manpower in the labour market due to population explosion.
- 4) There was no appreciable growth in the non-farm sector to absorb surplus labour from the farm sector.
- 5) There was no attempt for upgrading the skills of artisans for them to stay in the job market. This resulted in vast unemployment among them.

In order to counter these maladies of the development process, a series of special rural development programs as corrective measures were introduced during the early seventies. The most important among them, which was directly focused on the small and marginal farmers, agricultural labourers and rural artisans, was *Small Farmers Development Agency* (SFDA), introduced in 1973-74. In 1974-75, *Marginal Farmers and Agriculture Labourers* (MFAL) Agency Program was also introduced to take specific care of the marginal farmers, the rural artisans and the agriculture labourers. The MFAL, which was similar to SFDA, was merged with SFDA in 1976. Though SFDA was supposed to take care of all categories of the rural poor, it mainly

concentrated on those with land assets and neglected labourers, causing serious problems of unemployment among them. Unemployment was severe among the assetless and the skill-less poor in the villages.

To provide relief to the rural poor, who mainly depended on daily wages, a **Crash Employment Programme** was introduced in 1974-75 in selected districts followed by another wage employment programme called **Pilot Intensive Rural Employment Programme** (PIREP). It was introduced during 1975-76 in the blocks which had chronic unemployment problem. These programs emerged with two distinct characteristics: (a) programs for self-employment, mainly focused on those with assets and/or skills; and (b) programs for wage employment targeting those who did not have any source of income other than their physical labour. During 1978-79, SFDA and the beneficiary oriented element of all other programs were merged into one and a new programme for self-employment, called **Integrated Rural Development Programme** (IRDP) was introduced in 2000 blocks, initially with a provision to bring 300 blocks under the programme every year. Similarly, all programmes aimed at wage employment were merged and brought together under the Food for Work Programme. In 1980, IRDP was expanded to all the blocks in the country and simultaneously the Food for Work Programme was also reorganized as the **National Rural Employment Programme** (NREP) and extended to all the blocks of the country.

In order to upgrade the skills of the rural artisans and also develop skills among those without any skill, a sub-programme of IRDP called **Training of Rural Youth for Self-Employment** (TRYSEM) was introduced in 1981. Though the provision of covering 40 per cent of women under IRDP and TRYSEM was already there, a new programme called **Development of Women and Children in Rural Areas** (DWCRA) was introduced on a pilot basis in 50 selected districts, again as a sub-programme of IRDP. Towards the end of the eighties, DWCRA covered all the districts of the country. The main purpose of DWCRA was to organize the poor women into groups and help them in self-employment by providing them income generating activities.

In the case of wage employment, it was realized that NREP was not able to provide the minimum guaranteed wage employment to the rural labourers and therefore a programme fully financed by the Ministry of Rural Development, Government of India, called **Rural Labour Employment Guarantee Programme** (RLEGP) was launched in 1983 with universal coverage.

The year 1987 was the worst drought year of the century and the small and the marginal farmers suffered most. For relieving them from the vagaries of the monsoon, a programme called Jeevan Dhara (later named **Million Wells Scheme** – MWS) with hundred per cent subsidy to the small and the marginal farmers, belonging to Scheduled Castes and Scheduled Tribes mainly, was introduced.

The NREP and RLEGP, with similar objectives, caused overlapping and therefore the Ministry of Rural Development, Government of India, decided to merge these two into one programme in 1989. It was named **Jawahar Rozgar Yojana** (JRY) and the Village Panchayats were assigned the task to implement it.

Again, to supplement the wage employment efforts, a new programme called **Employment Assurance Scheme** (EAS) was introduced in about 1700 blocks with chronic unemployment problems during 1992-93. Later EAS was extended to cover all the blocks of the country during 1996-97.

During 1991-92, another programme for self-employment with specific focus on rural artisans was introduced. It was called **Supply of Improved Tool-Kit to Rural Artisans** (SITRA). In 1994-95, a minor irrigation programme called **Ganga Kalyan Yojana**

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(GKY) was introduced for those small and marginal farmers who were not eligible under MWS. While MWS was a fully subsidized programme, GKY was only partly subsidized. A detailed list of programmes and the events related to rural development in India is provided in *Annexure-I*.

Towards the end of nineties there were six programs for self-employment and two programs of wage employment being implemented by the Ministry of Rural Development (see the boxes).

Box 1

Programmes for Self-Employment (IRDP and its sub-programmes)	
i)	IRDP (Integrated Rural Development Programme)
ii)	TRYSEM (Training of Rural Youth for Self-Employment)
iii)	DWCRA (Development of Women and Children in Rural Areas)
iv)	MWS (Million Wells Scheme)
v)	SITRA (Supply of Improved Tool-Kit for Rural Artisans)
vi)	Ganga Kalyan Yojana

Box 2

Wage Employment Programmes	
i)	JRY (Jawahar Rojgar Yojana)
ii)	EAS (Employment Assurance Scheme)

Since the target group for all the self-employment programmes was the same and the procedure of selection of beneficiaries was also more or less the same, the multiplicity of the programmes created a number of problems in their execution. The more troublesome ones were as follows:

- 1) Due to multiplicity, many influential persons were able to get the benefit of more than one programme at the cost of many poor families.
- 2) Since considerable amount of subsidy was involved, in some cases hundred percent subsidy (MWS & SITRA), it encouraged the involvement of middlemen and local leaders and even senior politicians in the selection of beneficiaries resulting in considerable number of non-eligible families taking the benefits of these programmes.
- 3) Lack of proper planning was another cause of low performance.
- 4) Poor recovery of loans made banks reluctant to advance loans causing significant set-back to these programmes.
- 5) Marketing of the produce by the beneficiaries was also a major problem which led to the failure of a large number of income generating schemes taken up by the beneficiaries.

Keeping the above factors in mind, the Ministry of Rural Development, Government of India, decided to restructure the self-employment and wage employment programmes. Accordingly, all the six self-employment programmes namely, IRDP, TRYSEM, DWCRA, SITRA, MWS and GKY were merged into a single programme

called Swarnjayanti Gram Swarozgar Yojana (SGSY) made operative on the first April, 1999. Also, JRY was redesigned and named Jawahar Gramin Rozgar Yojana (JGSY) on April, 1999. In 2001, however, JGSY and EAS were also merged into a single programme called *Sampoorna Grameen Rojgar Yojana* (SGRY).

Check Your Progress II

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

1) What were the main programmes introduced for poverty alleviation?

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1.4.2 Impact of Poverty Alleviation Programmes

In the foregoing details we have discussed the various programmes for rural development and poverty alleviation. Here, let us examine the impact of these programmes on the poverty reduction.

Based on the 55th round of the NSSO estimates, the percentage of people below the poverty line in 1999-2000 has, for the first time fallen below the 30 per cent mark. The Rural poverty ratio was 27.1, the urban 23.6 and the overall poverty ratio for the country was 26.1 by 1999-2000. The rate of decline in poverty was highest during 1993-94 and 1999-2000, as it fell from 36.0 per cent to 26.1 per cent recording an average annual rate of decline to a little above 1.6 per cent (see Table 2). In the field of human development also, there has been favourable trends of improvement. Indicators like health status reflecting in Crude Birth Rate, Crude Death Rate, Infant Mortality Rate (IMR), and Life Expectancy reveal encouraging trends. The literacy status, particularly the female literacy, of the rural people too shows an upward trend. Even in the states like Rajasthan, where gender discrimination is high, the literacy levels show upward trends.

The process of reduction in poverty, however, has not been uniform all over the country. Some states have done exceptionally well, while a few states have not recorded much change in their poverty status. Table 1.3 below provides state-wise percentage of the population below the poverty line. It is clear from the Table that

Table 1.3: State-wise Poverty Ratios (% of population below the poverty line) During 1999-2000

States	Rural	Urban	Combined
1. Andhra Pradesh	11.05	26.63	15.77
2. Arunachal Pradesh	40.04	7.47	33.47
3. Assam	40.04	7.47	36.09
4. Bihar	44.30	32.91	42.60
5. Goa	1.35	7.52	4.40

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States	Rural	Urban	Combined
6. Gujarat	13.17	15.59	14.07
7. Haryana	8.27	9.99	8.74
8. Himachal Pradesh	7.94	4.63	7.63
9. Jammu & Kashmir	3.97	1.98	3.48
10. Karnataka	17.38	25.25	20.04
11. Kerala	9.38	20.27	12.72
12. Madhya Pradesh	37.06	38.44	37.43
13. Maharashtra	23.72	26.81	25.02
14. Manipur	40.04	7.47	28.54
15. Meghalaya	40.04	7.47	33.87
16. Mizoram	40.04	7.47	19.47
17. Nagaland	40.04	7.47	32.67
18. Orissa	48.01	42.83	47.15
19. Punjab	6.35	5.75	6.16
20. Rajasthan	13.74	19.85	15.28
21. Sikkim	40.04	7.47	36.55
22. Tamilnadu	20.55	22.11	21.12
23. Tripura	40.04	7.47	34.44
24. Uttar Pradesh	31.22	30.89	31.15
25. West Bengal	31.85	14.86	27.02
26. A & N Islands	20.55	22.11	20.99
27. Chandigarh	5.75	5.75	5.75
28. D & N Haveli	17.57	13.52	17.14
29. Daman & DIU	1.35	7.52	4.44
30. Delhi	0.40	9.42	8.23
31. Lakshadweep	9.38	20.27	15.60
32. Pondicherry	20.55	22.11	21.67
ALL INDIA	27.09	23.62	26.10

Source: Rural Statistics - 2002, NIRD, Hyderabad.

the states and the Union Territories with poverty ratios below 10 are Goa, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Chandigarh, Daman & Diu and Delhi. The states between 10-20 per cent interval are Andhra Pradesh, Gujarat, Kerala, Mizoram, Rajasthan, D & N. Haveli and Lakshadweep. The states with poverty ratio between 20-30 are Karnataka, Maharashtra, Manipur, Tamilnadu, West Bengal, A & N Islands and Pondicherry. The remaining states, which include most of the North-Eastern states, Orissa, Bihar, Uttar Pradesh and Madhya Pradesh continue to show a poverty ratio above 30 per cent—Orissa (47.15 %) and Bihar (42.60 %) being the poorest states in the country. Some of the reasons for not achieving the desired impact of these programmes are as follows:

- 1) Implementation of the programmes was not effective.
- 2) Lack of area specific and integrated planning which was essential to sustain the benefits of the poverty alleviation programmes.
- 3) Most of the income generating schemes provided to the poor families did not match with their capability and hence the beneficiaries were not able to sustain them.
- 4) Lack of supporting infrastructure including marketing facilities.
- 5) Inadequate investment on the beneficiary projects.
- 6) At some places there was poor participation of the people in these programmes.
- 7) Corrupt practices in identifying, selecting and funding the beneficiaries have also had adverse effect on the programmes.

Check Your Progress III

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

1) Why did the poverty alleviation programmes not achieve the desired level of success?

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1.5 LET US SUM UP

In this unit we have learnt about the definition, types and the related aspects of poverty in India. Further, a detailed account of policies and the programmes of rural development introduced by the Government of India in the post-independence period has also been provided. India has followed basically two approaches to overcome the problem of poverty: (a) Reliance on ‘Trickle Down’ or ‘Spread Effect’ of rapid growth, and (b) Direct Public Intervention. During the first two decades (the 1950s and the 1960s) of the post-independence period, it was noticed that there was no visible impact of *trickle down effect* in rural areas. Realizing this, a series of special programmes were introduced during the 1970s onwards focusing on different regions as well as specific socio-economic groups as direct intervention to alleviate poverty. Accordingly, to meet the challenges of rural poverty, various programmes for rural development and poverty alleviation were introduced in the country from time to time. Some programmes, particularly those aimed at area and infrastructure development, were focused to enhance the capital base in rural areas. The overall impact of all these initiatives has already been discussed in the preceding sections. This section will therefore help you in understanding the rationale and the need for the programmes introduced in the country.

1.6 KEY WORDS

- Trickle Down Effect** : The effects of development, such as employment spreading wider to benefit more and more people.
- Human Poverty** : It relates to social aspects like poor housing, illiteracy, lack of health care facilities, safe drinking water, sanitation and other such services which are directly related to living conditions and human develop.
- Economic Poverty** : It relates to the income of a person or a family and its adequacy to meet minimum food and other requirements.
- Poverty Line** : This is the monetary value of the average calorie intake of 2400 Calories per person per day used as the poverty line income.
- Integrated Area Development** : Holistic development of an area covering all aspects of social, economic and infrastructural development.

1.7 REFERENCES AND SUGGESTED READINGS

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1.8 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress I

- 1)
 - Modern farming being cost intensive, the small and the marginal farmers could not adopt modern farm technologies due to the lack of credit facilities, and thus they remained poor.
 - The green revolution was confined to agro-climatically rich areas, while other regions remained backward.
 - Intensive farming did increase the absorption of labour, but it was proportionately too low as compared to the supply of manpower in the labour market due to population explosion.
 - There was no appreciable growth in the non-farm sector to absorb surplus labour from the farm sector.
 - There was no attempt for upgrading the skills of artisans for them to stay in the job market. This resulted in vast unemployment among them.

Check Your Progress II

- 1) Main programmes introduced for poverty alleviation were as follows:
 - a) Programs for Self-Employment (IRDP and its sub-programmes)
 - i) IRDP (Integrated Rural Development Programme)
 - ii) TRYSEM (Training of Rural Youth for Self-Employment)
 - iii) DWCRA (Development of Women and Children in Rural Areas)
 - iv) MWS (Million Wells Scheme)
 - v) SITRA (Supply of Improved Tool-Kit for Rural Artisans)
 - vi) GKY (Ganga Kalyan Yojana)
 - b) **Wage Employment Programmes**
 - i) JRY (Jawahar Rojgar Yojana)
 - ii) EAS (Employment Assurance Scheme)

Check Your Progress III

- 1) The main reasons for the poor performance of the poverty alleviation programmes were :
 - a) While the programmes were well designed, the implementation was not effective.
 - b) Lack of area specific and integrated planning which was essential to sustain the benefits of the poverty alleviation programmes.
 - c) Most of the income generating schemes provided to the poor families did not match their capabilities and therefore the beneficiaries were not able to sustain them.
 - d) Lack of supporting infrastructure including marketing facilities also caused problems for the beneficiaries.
 - e) In majority of the cases, the size of investment on the beneficiary projects was not adequate.
 - f) In some of the programmes, the participation of the people was very poor.
 - g) Corrupt practices in identifying, selecting and funding the beneficiaries have also had adverse effect on the programmes.

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