Poverty Alleviation Programmes in India and Its Consequences

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Abstract
India is the home to above 40 crores of poor did not have incomes to access a consumption basket which defines the poverty line. Of these, 83.36 per cent were in the rural areas. India is home to 33 per cent of the poor fall below the international poverty line. 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 national and international goals. Agricultural wage earners, small and marginal farmers and casual workers engaged in nonagricultural 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. India’s anti-poverty strategy for urban and rural areas has three broad strands; promotion of economic growth; human development and targeted programmes to address the multidimensional nature of poverty. The role of economic growth in providing more employment avenues to the population has been clearly recognized. 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 internalized 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 but there no change in the life of Indian people. In the light of the above discussion in the present paper I have tried to focus the actual to poverty in India and also the efforts of the union government and its consequences.

Introduction
India is the home to above 40 crores of poor did not have incomes to access a consumption basket which defines the poverty line. Of these, 83.36 per cent were in the rural areas.
India is home to 33 per cent of the poor fall below the international poverty line. 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 national and international goals. Agricultural wage earners, small and marginal farmers and casual workers engaged in nonagricultural 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. India’s anti-poverty strategy for urban and rural areas has three broad strands; promotion of economic growth; human development and targeted programmes to address the multidimensional nature of poverty. The role of economic growth in providing more employment avenues to the population has been clearly recognized. 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 internalized 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. Antipoverty 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 Targeted Public Distribution System (TPDS) protects the poor from the adverse effects of rise in prices and ensures food and nutrition security at affordable prices.

**Poverty in India**

In India the last decade of the Twentieth century has seen a visible shift in the focus of development planning from the mere expansion of production of goods and services, and the consequent growth of per capita income, to planning for enhancement of human well being. The notion of human well being itself is more broadly conceived to include not only consumption of goods and services in general, but more specifically to ensure that the basic material requirements of all sections of the population, especially those below the poverty line, are met and that they have access to basic services such as health and education. This approach has resulted in the reduction in poverty along with overall improvement in the quality of life.

**Estimates of Poverty**

**Ojha,s Estimate of Poverty**

Mr. P.D. Ojha estimated the number of persons below the poverty line on the basis of an average calorie intake of 2.250 per capita per day.
This entailed monthly per capita consumption expenditure of Rs. 15-18 (1960-61) in urban areas and of Rs. 8-11 in rural areas. On this basis, Ojha estimated that 184 million persons in the in the rural areas (51.8 per cent of total rural population) and 6 million persons in the urban areas (7.6 per cent of urban population) lived below the poverty line. For the country as a whole, 190 million persons (44 per cent of total population) could be classed as poor in 1960-61. For 1967-68, Ojha estimated that 289 million persons (70 per cent of the rural population) lived below poverty line.

Dandekar and Rath’s Estimate of Poverty

Dr. V.M. Dandekar and Mr. Nilkantha Rath estimated the value of the diet with 2,250 calories as the desired minimum level of nutrition. They suggested that whereas the Planning commission accepts Rs. 20 per capita per month (or Rs. 240 per annum) as the minimum desirable standard, it would not be fair to use this figure for both the urban and the rural areas. Dandekar and Rath, therefore, suggested somewhat lower minimum for rural population i.e., Rs. 180 per capita per annum and a somewhat higher minimum Rs. 270 per capita per annum for the urban population at 1960-61 prices. However, at 1968-69 prices, the corresponding figures for the rural and urban population work out to be Rs. 324 and Rs. 486 per capita per annum. Interpolating at this basis Dandekar and Rath estimated that in 1968-69 about 40 per cent of rural population (i.e., 166 million) and a little more than 50 per cent of the urban population (i.e., 49 million) lived below the poverty line. The total number of persons living below the poverty line showed an increase from 1960-61 to 216 million in 1968-69, but there was no change in the percentage of rural and urban poor to the population in the two years it stood at 41 per cent.

Minhas’ Study of Rural Poor

Another estimate made by B.S.Minha on the basis of NSS data revealed that if one regards the level of per capita annual consumption expenditure as the bare minimum, then 50.6 per cent of the population lived below the poverty line in 1967-68. During the period 1956-57 and 1967-68, the proportion below the poverty line among the rural poor seems to have fallen in good harvest years but shot up again in bad harvest years. However, there has been a steady decline in the proportion of people below the poverty line, i.e., from 65 per cent in 1956-57 to 50.6 per cent in 1967-68. In other works, we had around 210 million poor people in rural areas in 1967-68, and the corresponding number in the earlier years varied between 206 and 221 million.

Bardhan’s Study of Rural Poor

Dr. P.K. Bardhan questioned the validity of the GNP deflator used by Dr B.S. Minha in his study. Bardhan suggested the use of agricultural labour price index as a more suitable deflator. His main argument was that the national income deflator covers both the agricultural and manufactured commodities and as such it is very likely to understate the rise in prices paid by the rural poor because the budget of the poor in the rural areas includes a much smaller proportion of the manufactures than the national average. Bardhan considered Rs. 15 at 1960-61 prices to be the national minimum as it was a conservative approximation to the minimum standard fixed by the Planning Commission’s Study. Bardhan's study brought out the conclusion the percentage of rural people below the poverty line as defined above has gone up from 38 per cent in 1960-61 to 54 per cent in 1968-69.

Montek Ahluwalia’s Study of Rural Poverty

Montek Ahluwalia studied the trends in incidence of rural poverty in India for the period 1956-57 to 1973-74.
He used the same concept of poverty line i.e.,
an expenditure level of Rs. 15 in 1960-61
prices for rural areas and Rs. 20 per person for
urban areas. The most important feature of
Montek Ahluwalia’s study is the marked
fluctuation over time in the extent or incidence
of rural poverty. The proportion of rural
poverty declined initially from over 50 per cent
in the mid-fifties to around 40 per cent in 1960-61,
rose sharply through the mid-sixties,
reaching a peak in 1967-68, and then declined
again.

Gaurav Datt and Martin Ravallions’ study
on Poverty Line and Poverty Gap
Gaurav Datt and Martin Ravallions’ are developed
the concept of poverty gap along with the poverty
line. The authors have also used Rs. 89 as the
poverty line. Since all NSS data on
consumption expenditure are in current local
prices, the study has used rural interstate price
relatives (ratio of rural prices in a state to all India
Prices) for 1973-74 constructed by Bhattacharya
updated to 1983 using Consumer Price Index for
agricultural labourers as the rural price deflator.
Similarly, consumer price Index for Industrial
Workers the interstate price relatives for urban
areas. According to his study, 43.9 per cent of the
population was below the poverty line 40.9 per
cent of urban population and 45 per cent of the
rural population was reckoned as poor in 1983.
He measured poverty gap as the distance from the
poverty line of average consumption expenditure
of the poor in each state as a proportion of the
national poverty line.

B.S. Minhas, L.R. Jain and S.D. Tendulkar’s
Study of Incidence of Poverty in India
B.S. Minhas, L.R. Jain and S.D. Tendulkar made a
study of incidence of poverty for the period 1970-
71 to 1987-88 with the help of NSS data, using
adjusted price relatives of the consumers’ price
index series for agricultural labourers (CPIIW)
for rural areas and the combined price relatives’ data
of consumer price index for industrial workers
(CPIIW) and for non-manual employees
(CPINM) for urban areas.

The data have been processed for 20 states and on
that basis, the all-India Headcount Ratios of the
poor have been computed and the inter-state
variations have been worked out. The study
revealed) the incidence of poverty in rural India
declined from 58.8 per cent 1970-71 to 50.8 per
cent in 1983 and further to 48.7 per cent in 1987-
88. In the urban sector, the corresponding decline
in the incidence of poverty was from 46.2 per cent
1970-71 to 39.7 per cent in 1983 and to 37.8 per
cent in 1987-88. For rural and urban India taken
together, the incidence of poverty declined from
56.3 per cent in 1970-71 to 48.1 per cent in 1983
and further to 45.9 per cent in 1987-88. ii) the
absolute numbers of the rural poor rose from 258
million in 1987-88. In urban India, the numbers
of the poor rose from 50 million in 1970-71 to 77
million in 1987-88. For the Indian union as a
whole, the population in poverty grew from 308
iii) for India as a whole, the population of the poor
grew at the annual rate of about 0.9 per cent
between 1970-71 and 1987-88, which may be
compared with the overall growth rate of
population of around 2.2 per cent since 1971.
This implies that development and poverty
alleviation programmes did have a healthy effect
in reducing the growth rate of the population of
the poor.

Planning Commission Expert Group Report
The planning Commission constituted in
September 1989 an Expert Group under the
chairmanship of Prof. D.T. Lakdawala to consider
methodological and computational aspects of
estimation of proportion and number of poor in
India and it was submitted its report in July 1993.
Taking into account various consideration, the
poverty line recommended by the Task Force on
projection of minimum needs and effective
consumption demand, namely a monthly per
capita total expenditure of Rs. 49.09 in rural and
Rs. 56.64 in urban rounded respectively to Rs. 49
and Rs. 57 at all-India level at 1973-74 prices be
adopted as the base line.
This was anchored in the recommended per capita daily intake of 2,400 calories in rural areas with reference to the consumption pattern as obtained in 1973-74. The Expert group recommended that these norms may be adopted uniformly for all states. The Expert Group Report highlighted the following related to the poverty in India.

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>49.09</td>
<td>56.96</td>
<td></td>
</tr>
<tr>
<td>1977-78</td>
<td>56.84</td>
<td>72.50</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>89.45</td>
<td>117.64</td>
<td></td>
</tr>
<tr>
<td>1987-88</td>
<td>115.43</td>
<td>165.58</td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Year</th>
<th>In Millions</th>
<th>Percentage of Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>1973-74</td>
<td>261.3</td>
<td>60.3</td>
</tr>
<tr>
<td>1977-78</td>
<td>264.3</td>
<td>67.7</td>
</tr>
<tr>
<td>1983</td>
<td>251.7</td>
<td>75.3</td>
</tr>
<tr>
<td>1987-88</td>
<td>229.4</td>
<td>83.3</td>
</tr>
</tbody>
</table>


**NSSO Rounds and Poverty study**

The NSSO has recently conducted the 61st round, which has large sample covering the period July to June 2000. Before this round the NSSO has conducted number of surveys since 1951-55 at all-India level. The details of the surveys are given in the following tables.

<table>
<thead>
<tr>
<th>NSS Round</th>
<th>Head count index (poor as % of total Population)</th>
<th>Number of Poor (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-8</td>
<td>1951-55</td>
<td>54.77</td>
</tr>
<tr>
<td>9-15</td>
<td>1956-60</td>
<td>53.96</td>
</tr>
<tr>
<td>16-19</td>
<td>1961-65</td>
<td>48.59</td>
</tr>
<tr>
<td>20-24</td>
<td>1966-70</td>
<td>60.44</td>
</tr>
<tr>
<td>25, 25, 28</td>
<td>1971-75</td>
<td>55.27</td>
</tr>
<tr>
<td>32, 38</td>
<td>1976-83</td>
<td>47.96</td>
</tr>
<tr>
<td>42-45</td>
<td>1984-90</td>
<td>37.94</td>
</tr>
<tr>
<td>46-48</td>
<td>1991-92</td>
<td>39.44</td>
</tr>
</tbody>
</table>

Source: Compiled from Gaurav Datt (1996), Poverty in India 1951-92: Trends and Decomposition’s (Mimeo) World Bank
Table-4: poverty in India 1973-97

<table>
<thead>
<tr>
<th>NSS Round</th>
<th>Survey Period</th>
<th>Headcount Index</th>
<th>Poverty Gap</th>
<th>Squared Poverty Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rural</td>
<td>Urban</td>
<td>Rural</td>
</tr>
<tr>
<td>28</td>
<td>Oct 73-Jun 74</td>
<td>55.72</td>
<td>47.96</td>
<td>17.175</td>
</tr>
<tr>
<td>32</td>
<td>Jul 77 – Jan 78</td>
<td>50.60</td>
<td>40.50</td>
<td>15.025</td>
</tr>
<tr>
<td>38</td>
<td>Jan 83-Dec 83</td>
<td>45.31</td>
<td>35.65</td>
<td>12.649</td>
</tr>
<tr>
<td>42</td>
<td>Jul 86 – Jan 87</td>
<td>38.81</td>
<td>34.29</td>
<td>10.013</td>
</tr>
<tr>
<td>44</td>
<td>Jul 88-Jan 89</td>
<td>39.06</td>
<td>36.60</td>
<td>9.504</td>
</tr>
<tr>
<td>45</td>
<td>Jul 89-Jun 90</td>
<td>34.30</td>
<td>33.40</td>
<td>7.799</td>
</tr>
<tr>
<td>46</td>
<td>Jul 90-Jun 91</td>
<td>36.43</td>
<td>32.76</td>
<td>8.644</td>
</tr>
<tr>
<td>Pre Economic Reform</td>
<td>Jul 89-Jun 91</td>
<td>35.37</td>
<td>33.08</td>
<td>8.222</td>
</tr>
<tr>
<td>47</td>
<td>Jul 91-Dec 91</td>
<td>37.42</td>
<td>33.23</td>
<td>8.288</td>
</tr>
<tr>
<td>48</td>
<td>Jan 92-Dec 92</td>
<td>43.47</td>
<td>33.73</td>
<td>10.881</td>
</tr>
<tr>
<td>50</td>
<td>Jul 93-Jun 94</td>
<td>36.66</td>
<td>30.51</td>
<td>8.387</td>
</tr>
<tr>
<td>51</td>
<td>Jul 94-Jun 95</td>
<td>41.02</td>
<td>33.50</td>
<td>9.285</td>
</tr>
<tr>
<td>52</td>
<td>Jul 95-Jun 96</td>
<td>37.15</td>
<td>28.04</td>
<td>8.098</td>
</tr>
<tr>
<td>53</td>
<td>Jan 97-Dec 97</td>
<td>35.78</td>
<td>29.99</td>
<td>8.312</td>
</tr>
<tr>
<td>Post Economic Reform</td>
<td>Jul 95-Dec 97</td>
<td>36.47</td>
<td>29.02</td>
<td>8.205</td>
</tr>
</tbody>
</table>

Source: Gaurav Datt, Has Poverty Declined since Economic Reforms, Economic and Political Weekly, December 17th November 1999

NSSO 55th Round

The NSSO completed the 55th round which has a large sample covering the period July 1999 to June 2000. According to figures published in Economic Survey (2000-01), NSSO 55th round shows a significant decline in poverty to 26 per cent based on 30 days recall and 23.3 per cent on 365 days recall methodology. In all NSS rounds after the early 50s, the reference period has essentially been uniform the schedules were field by asking the respondents about their consumption for the past 30 days. During the 55th round, the question on consumption of clothing, footwear, education, health and durable goods were asked only by past 365 days and durable goods were asked only by past 365 days and for food, tobacco and intoxicants, all sample households were put both 30 day and one week questions.
Table-5: Estimates of Poverty (in Per cent)

<table>
<thead>
<tr>
<th>Year</th>
<th>All India</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>54.9</td>
<td>56.4</td>
<td>49.0</td>
</tr>
<tr>
<td>1977-78</td>
<td>51.3</td>
<td>53.14</td>
<td>45.2</td>
</tr>
<tr>
<td>1983</td>
<td>44.5</td>
<td>45.7</td>
<td>40.8</td>
</tr>
<tr>
<td>1987-88</td>
<td>38.9</td>
<td>39.1</td>
<td>38.2</td>
</tr>
<tr>
<td>1993-94</td>
<td>36.0</td>
<td>37.3</td>
<td>32.4</td>
</tr>
<tr>
<td>1999-2000</td>
<td>30 day Recall</td>
<td>26.1</td>
<td>27.1</td>
</tr>
</tbody>
</table>


Table-6: Poverty Lines: Rupees Per Capita Per Month

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>211.30</td>
<td>274.88</td>
</tr>
<tr>
<td>1999-00</td>
<td>327.56</td>
<td>454.11</td>
</tr>
</tbody>
</table>

Source: Planning Commission of India, Government of India.

The real issue is that while most of the research studies for the decade of the nineties led to a general consensus that rural poverty at the all-India level did not show any declining trend, the results of NSS 55th round suddenly indicate a sharp reduction even in rural poverty from 37.3 per cent in 1993-94 to 27.1 per cent in 1999-2000 on the basis of 30 day recall. Ironically, the reduction in rural poverty during the 6 year period (1993-94 to 1999-2000) is greater than the reduction in urban poverty a result, which is not in conformity with the research findings of other economists for the same period. While general consensus was being built that the second generation reform should change its strategy towards rural development, rather than having a narrow focus, the results of 55th round NSS only support the continuance of the reform process in its present form. This has been the subject of controversy in India.

Planning Commission Estimates of Poverty on the basis 61st Round of NSS-2004-05

NSSO results on the basis of large sample survey data on household consumer expenditure (NSS 61st Round) for 2004-05 are the basis of poverty estimates.

The data were collected on uniform recall period (URP) using 30 days for all items. The data was also available using 365 days for 5 frequently purchased non-food items namely, clothing, footwear, durable goods, education and institutional medical expenses and 30 days recall period for the remaining items, known as mixed recall period (MRP) the Planning Commission, using the Expert Group Methodology has estimated poverty is 2004-05 using both distributions. The following results were obtained:

1. Poverty estimates based on URP indicate 28.3 per cent of rural population and 25.7 per cent of the urban population was below the poverty line. For the country as a whole 27.5 per cent of total population was below the poverty line in 2004-05.
2. The corresponding figures obtained from MRP indicate 21.8 per cent in rural areas, 21.7 per cent in urban areas and 21.8 per cent for the country as a whole as in poverty in 2004-05.
The Planning Commission in its Approach to the 11th Five Year Plan (December, 2006) states; using the methodology of the Expert Group on Estimation of Proportion and Number of Poor 1993, the percentage of population below the poverty line is provisionally estimated at 27.8 per cent in 2004-05. Thus the average decline in percentage of population below the poverty line over the period 1993 to 2004 is 0.74 percentage points per year, much less than implied by the official 1999-2000 data. Because of the slower pace of reduction in the percentage of the poor, the estimated number of poor is now estimated be approximately 300 million in 2004-05, larger than the official estimate of 1999-2000. It may be recalled that the official estimate for poverty in 1999-2000 was 26.1 per cent for the country as a whole and 260 million were estimated as poor.

### Table-7: Poverty Estimates based on URP

<table>
<thead>
<tr>
<th>Area</th>
<th>1993-94</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>37.3</td>
<td>28.3</td>
</tr>
<tr>
<td>Urban</td>
<td>32.4</td>
<td>25.7</td>
</tr>
<tr>
<td>Total</td>
<td>36.0</td>
<td>27.5</td>
</tr>
</tbody>
</table>


### Dev and Ravi’s Study on Poverty

S. Mahendra Dev and C. Ravi have also analyzed in-depth the data of the 61st Round of NSS (2004-05) and compared it with the period 1983-1993. The study has estimated the very poor defined as those who are below 75 per cent of poverty line. There was a decline in the proportion of the very poor from 15.5 per cent in 1993-94 to 10.3 per cent in 2004-05. This implies the very poor accounted for 115 million among the total poor reckoned at about 316 million. Obviously, the share of hard core or chronic poor is quite high, around 37 per cent of the total poor.

### Table-8: Percentage and Poor and Very Poor in India (URP basis)

<table>
<thead>
<tr>
<th>Area</th>
<th>Poverty Ratios (in percent)</th>
<th>Chang in Poverty ( percentage points per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>45.8</td>
<td>37.3</td>
</tr>
<tr>
<td>Very Poor</td>
<td>25.5</td>
<td>15.4</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>42.3</td>
<td>32.3</td>
</tr>
<tr>
<td>Very Poor</td>
<td>22.5</td>
<td>16.0</td>
</tr>
<tr>
<td>All India</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>44.9</td>
<td>36.0</td>
</tr>
<tr>
<td>Very Poor</td>
<td>24.8</td>
<td>15.5</td>
</tr>
</tbody>
</table>

Table-9: Absolute Number of Poor and Very Poor in India on the URP basis (Millions)

<table>
<thead>
<tr>
<th>Area</th>
<th>1983</th>
<th>1993-94</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>252.0</td>
<td>247.2</td>
<td>232.2</td>
</tr>
<tr>
<td></td>
<td>140.6</td>
<td>102.0</td>
<td>76.7</td>
</tr>
<tr>
<td></td>
<td>55.8</td>
<td>41.3</td>
<td>33.1</td>
</tr>
<tr>
<td>Urban</td>
<td>72.3</td>
<td>77.4</td>
<td>83.3</td>
</tr>
<tr>
<td></td>
<td>38.4</td>
<td>38.0</td>
<td>38.4</td>
</tr>
<tr>
<td></td>
<td>53.1</td>
<td>49.1</td>
<td>46.1</td>
</tr>
<tr>
<td>All India</td>
<td>320.4</td>
<td>324.6</td>
<td>315.5</td>
</tr>
<tr>
<td></td>
<td>179.0</td>
<td>140.0</td>
<td>115.1</td>
</tr>
<tr>
<td></td>
<td>55.2</td>
<td>43.2</td>
<td>36.5</td>
</tr>
</tbody>
</table>


Data provided in Table 8 and 9 reveals that poverty continued to decline from 44.9 per cent in 1983 to 36.0 per cent in 1993 and further to 28.3 per cent 2004-05. This phenomenon was also observed in both rural and urban areas. However, it was noted that total poverty declined at the rate of 0.85 percentage points in the pre-reform period (1983-93), while the corresponding figure for the post-reform period was 0.70 percentage points per annum. From this, it can be inferred that the rate of decline in total poverty was slower in the post-reform period than in the pre-reform period. The same pattern was observed in the rural as well as urban areas. To understand slower rate of poverty reduction in the post-reform period, Dev and Ravi calculated Gini co-efficient for the urban and rural areas. The Gini co-efficient data has given in the table 10.

Table-10: Gini Co-efficient for Rural and Urban Areas

<table>
<thead>
<tr>
<th>Area</th>
<th>Povery and Inequality</th>
<th>Percentage change per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>30.79</td>
<td>28.55</td>
</tr>
<tr>
<td>Urban</td>
<td>34.06</td>
<td>34.31</td>
</tr>
</tbody>
</table>


From the data provided in table 10, it is evident that inequality of consumption represented by the Gini Co-efficient seems to have increased significantly for both rural and urban areas in the post-reform period, the rate of increase being much higher for the urban as compared to rural areas. Mahendra Dev and Ravi have made an attempt to calculate population below the poverty line by including expenditure on health and education. Though it is a partial attempt to redefine poverty line, but it only points out the difference if these expenditures which are basic expenditures for life are added. As a consequence, the following results are obtained:
Table-11: Population below Revised Poverty Line and Official Poverty Line

<table>
<thead>
<tr>
<th></th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.Official poverty line</td>
<td>356.30</td>
<td>538.60</td>
<td></td>
</tr>
<tr>
<td>2.Per capita expenditure on education</td>
<td>10.90</td>
<td>40.10</td>
<td></td>
</tr>
<tr>
<td>3.per capita expenditure on health</td>
<td>24.40</td>
<td>44.00</td>
<td></td>
</tr>
<tr>
<td>4.Adjusted poverty line (1+2+3)</td>
<td>391.60</td>
<td>622.70</td>
<td></td>
</tr>
<tr>
<td>5.Official poverty ratio</td>
<td>28.30</td>
<td>26.03</td>
<td>27.50</td>
</tr>
<tr>
<td>6.Revised poverty ratio including health and education</td>
<td>36.38</td>
<td>34.45</td>
<td>35.83</td>
</tr>
</tbody>
</table>

Source: Estimated on the basis of 61st Round of NSS on employment and unemployment

The study concludes that the private health and education expenditure, the rural poverty line increases from Rs. 356 to Rs. 392 while the urban poverty line increases from Rs. 539 to Rs. 623. The rural poverty ratio increased from 28.3 per cent to 36.4 per cent. Total poverty raised from 27.5 per cent to 35.8 per cent an increase of 8.3 percentage points due to inclusion of the minimum level of private expenditure on health and education.

Reserve Bank Survey

The Reserve Bank of India in its All-India Debt and Investment Survey for 1991-92 has provided data for asset distribution in rural and urban households separately. The survey data has summarized in the table 11.

Table-11: Percentage of Distribution of Households and Percentage Share of Assets Owned in 1991

<table>
<thead>
<tr>
<th>Asset Group (Rs. 000’s)</th>
<th>Rural Households</th>
<th>Urban Households</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of Households</td>
<td>Percentage share of assets</td>
</tr>
<tr>
<td>&lt; 5</td>
<td>7.5</td>
<td>0.2</td>
</tr>
<tr>
<td>5 to 10</td>
<td>7.4</td>
<td>0.5</td>
</tr>
<tr>
<td>10 to 20</td>
<td>12.1</td>
<td>1.7</td>
</tr>
<tr>
<td>&lt; 20</td>
<td>27.0</td>
<td>2.4</td>
</tr>
<tr>
<td>20 to 30</td>
<td>9.4</td>
<td>2.2</td>
</tr>
<tr>
<td>30 to 50</td>
<td>14.4</td>
<td>5.3</td>
</tr>
<tr>
<td>20 to 50</td>
<td>23.8</td>
<td>7.5</td>
</tr>
<tr>
<td>50 to 70</td>
<td>10.3</td>
<td>5.7</td>
</tr>
<tr>
<td>70 to 100</td>
<td>10.6</td>
<td>8.3</td>
</tr>
<tr>
<td>50 to 100</td>
<td>20.9</td>
<td>14.0</td>
</tr>
<tr>
<td>100 to 150</td>
<td>9.7</td>
<td>11.0</td>
</tr>
<tr>
<td>150 to 250</td>
<td>9.1</td>
<td>16.3</td>
</tr>
<tr>
<td>100 to 250</td>
<td>18.8</td>
<td>27.3</td>
</tr>
<tr>
<td>250 &amp; above</td>
<td>9.6</td>
<td>48.8</td>
</tr>
<tr>
<td>All classes</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The data reveal that 27 per cent of rural households, owning assets worth less than Rs. 20,000 accounted for only 2.4 per cent of total assets, and 23.8 per cent of households in the asset ownership range of Rs. 20,000-50,000 accounted for only 7.5 per cent of total assets. In other words, nearly 51 per cent of households owned only 10 per cent of assets. As against them, 9.6 per cent of households owning assets worth more than Rs. 2.5 lakhs accounted for 48.8 per cent assets. This indicates high concentration of assets by richer households and lack of asset ownership among very poor households. The situation appears to be worse for the urban households. 33.5 per cent of the poor households owning assets worth less than Rs. 20,000 accounted for only 1.4 per cent of total urban assets a case of extreme misery. 17.2 per cent of the households in the asset range Rs. 20,000 – 50,000 worth of assets merely owned 5.3 per cent of total assets. As against them, 14.2 per cent of the top households owning assets worth Rs. 2.5 lakhs and above accounted for nearly 66 per cent of total assets. This underlines that stark reality that there is a very high degree of concentration of assets among urban households at the top.

**Prof. S. D. Tendulkar Estimation of Poverty**

Former Chief Economic Adviser to Prime Minister, Prof. S.D.Tendulkar submitted the report of the Expert Group to Review the Methodology for Estimation of Poverty in November 2009. Prof. Tendulkar noted that the existing all-India rural and urban official poverty lines were originally defined in terms of per capita total consumer expenditure (PCTE) at 1973-74 market price and adjusted over time and across states for changes in prices keeping unchanged the original 1973-74 rural and urban underlying all-India reference poverty line baskets (PLB) of goods and services. These all-india rural and urban PLBs were derived for rural and urban areas separately, anchored in the per capita calorie norms of 2400 (rural) and 2100 (urban) per day.

However, they covered the consumption of all the goods and services incorporated in the rural and urban reference poverty line baskets. On the basis of new methodology adopted, Prof. Tendulkar, finds that in 2004-05, 37 per cent of Indian population was living below poverty line. This figure is significantly high as compared to figure of given by planning commission; according to which 27.5 per cent were living below poverty line. The Planning Commission of India has accepted the Tendulkar Committee report which says that 37 per cent of people in India live below the poverty line (BPL). The all-India HCR has declined by 7.3 percentage points from 37.2 per cent in 2004-05 to 29.8 per cent in 2009-10, with rural poverty declining by 8.0 percentage points from 41.8% to 33.8 per cent and urban poverty declining by 4.8 percentage points from 25.7 per cent to 20.9 per cent.

**Guruswamy and Abraham’s study**

Mohan Guruswamy and Ronald Joseph Abraham have highlighted the distinction between poverty and hunger. According to their poverty is an economic condition. Hunger is a physical condition that arises out of severe economic condition. While the definition of hunger in terms of calories can remain constant, the definition of poverty is relative to the present levels of general prosperity. The present official is based only on calories (650 grams of food grains per day) and hence accounts for little else but the sanitation of one’s hunger. It would have been more accurate to define this as a starvation line as that is exactly what it is. Guruswamy and Abraham have made the following components of basic human needs to arrive at a new poverty line for India which is claimed to be one of the fastest developing economies of world i.e., Nutritional Norms and Cost involved, expenditure on health, expenditure on clothing, energy consumption, and miscellaneous expenditure.
The minimum costs on the assumption of basic needs approach work out to be Rs. 840 per month or Rs. 4,200 per month per family; balanced nutritious diet Rs. 573; health insurance expenditure Rs. 30; clothing Rs. 17; energy consumption Rs. 55 and miscellaneous expenditure Rs. 164. On the basis of the holistic approach regarding the poverty line inclusive of basic needs, Guruswamy has calculated that 69 per cent of India’s population is below the poverty line i.e, over 71 crore persons. This has to be seen against the official figure of 26 per cent persons below the poverty line i.e, nearly 2.65 times. The situation in rural India is appalling with 84 per cent of the rural population below the more holistic poverty line, it is certainly better in urban India at around 42 per cent.

World Bank Report

Poverty in India is widespread, with the nation estimated to have a third of the world's poor. In 2010, the World Bank reported that 32.7 per cent of the total Indian people fallen below the international poverty line of US$ 1.25 per day (PPP) while 68.7 per cent live on less than US$ 2 per day.

United Nations Development Programme

According to 2010 data from the United Nations Development Programme, an estimated 29.8% of Indians live below the country's national poverty line.

Oxford Poverty and Human Development Initiative

A study by the Oxford Poverty and Human Development Initiative using a Multi-dimensional Poverty Index (MPI) found that there were 650 million people (53.7 per cent of population) living in poverty in India, of which 340 million people (28.6 per cent of the population) were living in severe poverty, and that a further 198 million people (16.4 per cent of the population) were vulnerable to poverty.

421 million of the poor are concentrated in eight North Indian and East Indian states of Bihar, Chattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal. This number is higher than the 410 million poor living in the 26 poorest African nations. The states are listed below in increasing order of poverty based on the Multi-dimensional Poverty Index.

Development Goals Report

According to 2011 poverty Development Goals Report, as many as 320 million people in India and China are expected to come out of extreme poverty in the next four years, while India's poverty rate is projected to drop to 22 per cent in 2015. The report also indicates that in Southern Asia, however, only India, where the poverty rate is projected to fall from 51 per cent in 1990 to about 22 per cent in 2015, is on track to cut poverty in half by the 2015 target date.

United Nation Children Fund

The latest UNICEF data shows that one in three malnourished children worldwide are found in India, whilst 42 per cent of the nation's children under five years of age are underweight. It also shows that a total of 58 per cent of children under five surveyed were stunted. Rohini Mukherjee, of the Naadi foundation one of the NGOs that published the report stated India is "doing worse than sub-Saharan Africa.

Global Hunger Index

The Global Hunger Index (GHI) Report places India amongst the three countries where the GHI between 1996 and 2011 went up from 22.9 to 23.7, while 78 out of the 81 developing countries studied, including Pakistan, Nepal, Bangladesh, Vietnam, Kenya, Nigeria, Myanmar, Uganda, Zimbabwe and Malawi, succeeded in improving hunger conditions.
Arjun Sengupta Report

The Arjun Sengupta Report (from the National Commission for Enterprises in the Unorganized Sector), based on data between the period 1993-94 and 2004–05, states that 77 per cent of Indians live on less than 20 a day (about $0.50 per day). The N.C. Saxena Committee report states, on account of calorific intake apart from nominal income, that 50 per cent of Indians live below the poverty line.

National Council of Applied Economic Research

Estimates by NCAER (National Council of Applied Economic Research) show that 48 per cent of the Indian households earn more than 90,000 (US$1,647.00) annually (or more than US$ 3 PPP per person). According to NCAER, in 2009, of the 222 million households in India, the absolutely poor households (annual incomes below 45,000) accounted for only 15.6 per cent of them or about 35 million (about 200 million Indians). Another 80 million households are in income levels of 45,000 – 90,000 per year. These numbers also are more or less in line with the latest World Bank estimates of the “below-the-poverty-line” households that may total about 100 million (or about 456 million individuals).

Major poverty alleviation, employment generation and basic services programmes

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.

Swaranjayanti 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.

Sampoorna Grameen Rozgar Yojana (SGRY)

SGRY, launched in 2001, aims at providing additional wage employment in all rural areas and thereby food security and improve nutritional levels. The SGRY is open to all rural poor who are in need of wage employment and desire to do manual and unskilled work around the village/habitat. The programme is implemented through the Panchayati Raj Institutions (PRIs).

Rural Housing – Indira Awaas Yojana (IAY)

The Indira Awaas Yojana (IAY) operationalised from 1999–2000 is the major scheme for construction of houses for the poor, free of cost. The Ministry of Rural Development (MORD) provides equity support to the Housing and Urban Development Corporation (HUDCO) for this purpose.

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.

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.

**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.

**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 modernizing rural roads has been included as an item of the NCMP. The programme is funded mainly from the accruals of diesel cases 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.

**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.

**Antyodaya Anna Yojana (AAY)**

AAY launched in December 2000 provides foodgrains 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.

**Swarna Jayanti Shahari Rozgar Yojana (SJSRY)**

The Urban Self Employment Programme and the Urban Wage Employment Programme are the two special components of the SJSRY, which, in December 1997, substituted for various extant programmes implemented for urban poverty alleviation. SJSRY is funded on a 75:25 basis between the Centre and the States.
Valmiki Ambedkar Awas Yojana (VAMBAY)
The VAMBAY launched in December 2001 facilitates the construction and up-gradation 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.

The government of India's poverty alleviation programmes can be broadly classified under five categories: (a) Self-employment programmes like the Swarnajayanti Gram Swarojgar Yojana; (b) Wage-employment programmes like the Sampoorna Grameen Rojgar Yojana and the National Rural Employment Guarantee (NREG) scheme; (c) Area development programmes like Drought Prone Area Programmes and the Rashtriya Sam Vikas Yojana; (d) Social security programmes like the National Old Age Pension Scheme; (e) Other programmes like the Indira Awaas Yojana.

Other self-employment programmes suffered from similar deficiencies.
In 1999, several self-employment programmes were integrated into the Swarnajayanti Gram Swarojgar Yojana (SGSY). The key feature of the SGSY is that it does not seek to promote individual economic activities. It seeks to promote self-help groups that are trained in specific skills so they can formulate microenterprise proposals. Such projects are based on activities that are identified for each block on the basis of local resources, skills and markets. The projects are supported by bank credit and government subsidies. While the SGSY is implemented by district rural development agencies through Panchayat Samitis, NGOs are expected to play a major role in the success of the programme.

Wage-employment programmes
The first major wage-employment programme was introduced in the 1960s to provide employment to the rural unemployed particularly during the lean agricultural season. Subsequently, several wage-employment programmes were launched by the Central and State governments. The largest of these was the Jawahar Rozgar Yojana (JRY), which was redesigned in 1999 as the Jawahar Gram Samridhhi Yojana (JGSY).

Other notable schemes were:
The Employment Assurance Scheme (EAS), and the Employment Guarantee Scheme of the Maharashtra government. According to a mid-term appraisal of the Ninth Plan done by the Planning Commission, the JRY suffered from the following defects: Provided inadequate employment (only 11 days as per concurrent evaluation); Resources were spread too thin; Violation of material-labour norms and corruption (fudging of muster rolls); Projects were executed by contractors who sometimes hired outside labourers at lower wages.

There were similar deficiencies in the EAS.
In 2001, the JGSY and EAS were merged to form the Sampoorna Grameen Rojgar Yojana (SGRY). The objective of the scheme is to provide additional wage employment with food security in rural areas. Beneficiaries are temporarily employed to build community assets and infrastructure. The cost of the scheme, which includes the distribution of food grain, is shared by the Central and State governments in a ratio of 87.5:12.5. In August 2005, the Indian Parliament passed the National Rural Employment Guarantee Act (NREGA), one of independent India’s most ambitious interventions to address rural poverty and empower poor people. The NREGA follows a set of legally enforceable employment norms.
Its aim is to end food insecurity, empower village communities, and create useful assets in rural areas. It is based on the assumption that every adult has a right to basic employment opportunities at the statutory minimum wage.

Under the scheme, one member of every poor rural family is guaranteed 100 days of work at the minimum wage of Rs 60 a day. All rural poor are eligible, not just those designated below the poverty line (BPL). One-third of the beneficiaries must be women. If five or more children accompany their mothers to any site, the implementing authority must appoint a woman to look after them on the site. Panchayats at district, intermediate and village levels will identify and monitor the project, together with a programme officer. Social audits of the work will be available at Gram Sabhas. Work will, as far as possible, be provided within a radius of 5 km. The work to be undertaken will be public works such as water harvesting, drought-proofing, and micro and macro irrigation works, renovation of traditional water bodies, flood control barriers and rural connectivity. Medical costs necessitated by injuries at work will be borne by the implementing authority.

**Area development programmes**

Drought Prone Area Programmes (DPAP), Desert Development Programmes (DDP), Hilly Area Development Programmes and Tribal Area Development Programmes were introduced in the 1970s to prevent environmental degradation and provide employment to the poor in these regions. In the mid ’1990s, the environment management aspect of these programmes was strengthened by the introduction of watershed development programmes. Currently, several Central government, State government and non-government watershed development programmes are being implemented.

The government has mooted a “single national initiative” under the National Watershed Development Projects for Rain-fed Areas (NWDSPA) programme. A new Department of Land Resources has been created by merging all area development programmes with the Department of Wasteland Development.

**Rashtriya Sam Vikas Yojana (RSVY)**
The Tenth Plan has a new scheme called the Rashtriya Sam Vikas Yojana (RSVY) to tackle the problem of extreme deprivation in backward pockets of the country. Started with an outlay of Rs 2,500 crore for 2002-03, the RSVY aims to promote focused developmental programmes for backward areas that would help reduce imbalances, speed up development and help backward areas overcome poverty. The programme also aims to encourage states to take up productivity-enhancing reforms.

**Social security programmes**

Social security programmes were launched, at the national level, in the 1980s with an old age pension scheme. Currently, there are four major national social security schemes:

- National Old Age Pension Scheme (NOAPS), which provides a pension to people above the age of 65 with no source of income or financial support.
- National Family Benefit Scheme, which provides Rs 10,000 to families living below the poverty line when their main earning member dies.
- National Maternity Benefit Scheme, which provides Rs 500 to pregnant women of families living below the poverty line.
- Rural Group Insurance Scheme, which provides a maximum life insurance of Rs 5,000 covering the main earning members of families living below the poverty line on a group insurance basis; the government pays half the premium of Rs 50-Rs 70.
Other programmes

The largest of the ‘other’ programmes is the Indira Awaas Yojana (IAY), which provides houses free of cost to below the poverty line scheduled caste and scheduled tribe families living in rural areas. Recently, several other poverty alleviation programmes have been launched, including Pradhan Mantri Gramodaya Yojana, which provides additional funds to States so that they can provide basic minimum services such as primary health, primary education and drinking water. Under the Pradhan Mantri Gramodaya Yojana there are two schemes, Gramin Awas for rural shelter and the Rural Drinking Water Project for water conservation in DPAP and DDP programme areas.

Pradhan Mantri Gram Sadak Yojana, launched in December 2000, to provide road connectivity to 1.6 lakh remote habitations with a population of over 500 by the end of the Tenth Plan period. Antyodaya Anna Yojana, launched in December 2001, to provide 25 kg of food grain at highly subsidized rates to 100 million of India’s poorest families living below the poverty line. In 2002, around 24 lakh tonnes of food grain were provided by the central government under this scheme.

The Annapurna Scheme to provide 10 kg of foodgrain per month free of cost to persons who are eligible for pension under the NOAPS but haven’t received any.

Jawahar Gram Samriddhi Yojna: The critical importance of rural infrastructure in the development of village economy is well known. A number of steps have been initiated by the Central as well as the State Governments for building the rural infrastructure. The public works programme has also contributed significantly in this direction.

Indira Aawas Yojna: IAY is the flagship rural housing scheme which is being implemented by the Government of India with an aim of providing shelter to the poor below poverty line. The Government of India has decided that allocation of funds under IAY will be on the basis of poverty ratio and housing shortage. The objective of IAY is primarily to help construction of new dwelling units as well as conversion of unserviceable kutcha houses into pucca/semi-pucca by members of SC/STs, freed bonded labourers and also non-SC/ST rural poor below the poverty line by extending them grant-in-aid. IAY is a beneficiary-oriented programme aimed at providing houses for SC/ST households who are victims of atrocities, households headed by widows/unmarried women and SC/ST households who are below the poverty line. This scheme has been in effect from 1st April, 1999. IAY is a Centrally Sponsored Scheme funded on cost sharing basis between the government of India and the States in the ratio of 75:25 respectively.

DRDA Administration

District Rural Development Agency (DRDA) has traditionally been the principal organ at the District level to oversee the implementation of the anti-poverty programmes of the Ministry of Rural Development. Created originally for implementation of Integrated Rural Development Programme (IRDP), the DRDAs were subsequently entrusted with a number of programmes, both of the Central and State governments. Since inception, the administrative costs of the DRDA (District Rural Development Agency) were met by setting aside a part of the allocations for each programme. Of late, the number of programmes had increased and several programmes have been restructured with a view to making them more effective.
While an indicative staffing structure was provided to the DRDAs, experience showed that there was no uniformity in the staffing structure. It is in this context that a new centrally sponsored scheme DRDA Administration was introduced from April 1, 1999, based on the recommendations of an inter-ministerial committee known as Shankar Committee. The new scheme replaced the earlier practice of allocating percentage of programme funds to the administrative costs.

The objective of the scheme of DRDA (District Rural Development Agency) Administration is to strengthen the DRDAs and to make them more professional and effective. Under the scheme, DRDA is visualized as specialized agency capable of managing anti-poverty programmes of the Ministry on the one hand and effectively relate these to the overall efforts of poverty eradication in the district on the other. The funding pattern of the programme is in the ratio of 75:25 between the Centre and the States.

**Basic Minimum Services**

The Government of India launched this scheme in 1997 incorporating seven vital services of importance to common people. The State Government has opted to provide shelter to shelter-less below poverty line under this scheme. The objective of providing this scheme is to supplement the constitution of dwelling units for members of SC/ST, freed bonded labour and also non-SC/ST rural poor below the poverty line by providing them with grant. The Central government provides additional funds for Basic Minimum Services subject to the condition that the State government will provide 15% of the required funds.

Additional Indira Awas are being constructed with the guidelines analogous to that for the Awas Yojana. The salient features are:

- Rs. 20,000 is provided to the beneficiaries for construction of the houses in phases. Sanitary latrines and smokeless *chulah* are integral part of the houses.
- Houses are allotted in the name of female members of the family or in joint names of both spouses.
- Selection of construction technology, materials and design is left entirely to the choice of beneficiaries. Contractors, Middlemen or the Departmental Agencies have no role in the construction of houses.
- Cost effective and environment friendly housing technologies/design and materials are provided.

**Drought-Prone Areas Programme**

The Drought Prone Areas Programme (DPAP) aims at mitigating the adverse effects of drought on the production of crops and livestock and productivity of land, water and human resources. It strives to encourage restoration of ecological balance and seeks to improve the economic and social conditions of the poor and the disadvantaged sections of the rural community. DPAP is a people's programme with government assistance. There is a special arrangement for maintenance of assets and social audit by Panchayati Raj Institutions. Development of all categories of land belonging to Gram Panchayats, Government and individuals fall within the limits of the selected watersheds for development. Allocation is to be shared equally by the Centre and State government on 75:25 bases. Watershed community is to contribute for maintenance of assets created. Utilization of 50% of allocation under the Employment Assurance Scheme (EAS) is for the watershed development. Funds are directly released to Zila Parishads/District Rural Development Agencies (DRDAs) to sanction projects and release funds to Watershed Committees and Project Implementation Agencies.
Village community, including self-help/user groups, undertakes area development by planning and implementation of projects on watershed basis through Watershed Associations and Watershed Committees constituted from among themselves. The Government supplements their work by creating social awareness, imparting training and providing technical support through project implementation agencies.

**Credit-cum-Subsidy Scheme for Rural Housing:**

There were a large number of households in the rural areas which could not be covered under the IAY, as either they do not fall into the range of eligibility or due to the limits imposed by the available budget. On the other hand due to limited repayment capacity, these rural households cannot take benefit of fully loan based schemes offered by some of the housing finance institutions. The need of this majority can be met through a scheme which is part credit and part subsidy based. The objective of this scheme for rural housing is to facilitate construction of houses for rural families who have some repayment capacity. The scheme aims at eradicating shelter-lessens from the rural area of the country. The scheme provides shelter to rural families who have not been coveted under IAY and who are desirous of possessing a house. All rural households having annual income up to Rs. 32,000 are covered under this scheme. The funds are shared by the Centre and the State in the ratio of 75:25, respectively. Poor just above the poverty line are entitled to get the benefits of the scheme. A maximum subsidy of Rs. 10,000 per unit is provided for the construction of a house. Sanitary latrine and smokeless *chulha* are integral part of the house. Cost effective and environment friendly technologies, materials, designs, etc. are encouraged. Sixty per cent (60%) of the houses are allocated to SC/ST rural poor.

**Poverty Alleviation Programmes in Urban Area**

The first Credit Scheme for the urban poor began in 1997 with the Differential Rate of Interest (DRI) originally started in 1972 but expanded to include the urban poor in 1977. Subsidized credit was given by commercial banks for 3 years. The maximum loan amount was Rs.6500 at an interest of 4% to be repaid within 5 years, inclusive of the two-year grace period. SC/STs and the handicapped could obtain an additional loan of Rs.5000, the former for housing and the latter for aids and appliances for an entrepreneurial venture.

The Nehru Rozgar Yojana (NRY) was launched in 1989 to target BPL urban households, 30% of which should be women headed. SCs and STs were represented in proportion to their population. Up to 10 lakh urban unemployed and underemployed poor were expected to benefit from the schemes under NRY. The NRY Scheme of Urban Micro Enterprises (NRY-SUME) set up small enterprises related to servicing and small-scale manufacturing. Training was undertaken through ITI, and polytechnics run by the government, the private sector and the NGO sector at a per capita expenditure of Rs. 1200. Women and Rs.4000 by other beneficiaries, without collateral or a third party guarantee, may obtain a maximum of Rs.5000 as loan. Women, SC/STs and Rs.12000 for others, may obtain the remaining from a bank at a maximum of Rs. 15,000.

The NRY Scheme of Wage Employment for public assets creation (SUWE) was an employment guarantee to develop social infrastructure programme. Rs.15 per day was paid to unskilled labourers and Rs.25 per day to skilled labourers. The NRY-Scheme for employment through Housing and Shelter Upgradation (SHASU) targeted those of the urban poor with tenure security for at least 10 years.
The per capita training expenditure was Rs.1500. HUDCO loaned Rs.19,500 for the construction of each EWS house. This could be repaid in 10 years. 25% of the costs up to Rs.1000 were subsidized. The State Government was to appoint a nodal agency e.g. The State Slum Board for the implementation.

The Scheme of Liberation and rehabilitation of Scavengers (SLRS) in 1993 was an attempt to provide scavengers especially the SCs and STs with alternative employment. The 50% subsidy was subject to a maximum of Rs.10,000. Loans up to Rs.6500/- were to be treated as DRI and were repayable in 3-7 years inclusive of the 6-month grace period.

The Prime Minister’s Rozgar Yojana was an attempt to provide self-employment to the educated unemployed in the industrial, service and business sectors. 15% of the project was subsidized subject to a ceiling of Rs.7500/- per entrepreneur and Rs.15,000 per entrepreneur in the N.E. States. No collateral was required for industrial loans below Rs.2 lakh and Rs.5 lakh in case of partnership projects. Service loans below 1 lakh could be obtained without collateral. Repayment ranged from 3-7 years. Training expenses were Rs. 1000 per capita.

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched in 1997. It identified BPL households residing in town for at least 3 years and not having defaulted on any loan from a nationalized bank, as per state-specific poverty lines. In addition to these, other beneficiaries were identified by the following parameters: The condition of roof, floor, water, sanitation, education level, type of employment, and the status of the children in a household. It formed Neighborhood Groups (NHGs) in areas where 10-40 women lived in a neighborhood in homogeneous circumstances. One was elected as Resident Community Volunteer (RCV) to coordinate the activities and to act as a conduit between the NHGs and the Neighborhood Communities (NHCs).

An NHC was formed of RCVs from NHGs in the same area and representatives from other community programmes. It addressed local problems through training with NGOs and CBOs. A convener was selected to represent the NHC in a Community Development Society (CDS) a formal association of NHCs at the town level. It ensured repayment of loans and tried to build small community assets.

The SJSRY Urban Self Employment Programme (USEP) targeted the urban poor BPL in all towns, unemployed and underemployed youth, 30 per cent of which are women, and 3 per cent disabled. SCs and STs were represented on basis of their proportion in the population. Women headed households were prioritized. The objective of the SJSRY-USEP was to generate self-employment through micro enterprise and skill development. Some entrepreneurial ventures would require no skills- e.g. Setting up a teashop, laundry work, vending but some would- electronic repairs, construction works, small units manufacturing garments, furniture, food processing, agriculture and allied business.

The Maximum unit cost to be incurred in setting up each unit is Rs.50,000 per person. 15% of the project was subsidized and the beneficiaries as cash provide 5 per cent. 95 per cent could be obtained as a bank loan without collateral at priority sector loan interest rates. Loans were to be repaid within a period of 3-7 years after an initial moratorium of 6-18 months. The CDS was to ensure repayment. The SJSRY-USEP also tried to up-grade vocational and entrepreneurial skills, at a cost of Rs.600 per beneficiary per month. The SJSRY-USEP Development of Women and Children in Urban Areas (DWCUA) carried out self-employed ventures for groups of 10 women (18-60) from identified BPL families.
Appraisal of Anti-poverty programmes

On review of all the poverty alleviation programmes, one gets the impression that these programmes are not benefitting the poor in terms of increasing their income. For example, the PDS is plagued with seepage, corruption, high administrative cost and targeting errors. Self-employment is better utilized by the non-poor or those who are above BPL. Wage employment programme is caught in redtapism and administrative delays leading to poor utilization of the allocated funds. All these factors have been used by some economists to argue against these programmes and to suggest the winding up the programmes.

Looking at purely narrow economic point of view is not the right approach to poverty alleviation. Poverty does not mean not having enough income alone. Poverty means not having access to a whole lot of services like education, health services, water supply, sanitation and so on. It also means loss of status in the community, exclusion from certain social functions, and a sense of inferiority in the group or community. In short, poverty means marginalization of an individual or household in the community.

There is no denial that poverty alleviation programmes should lead to high income to the poor, but to come out of the culture of poverty, one needs to be empowered and also requires access to basic services. While some of the poverty alleviation programmes may not be performing well in terms of utilizing the allocated funds and increasing the income of the poor, these programmes have contributed to the social arena of poverty. For example, wage employment programme was not very successful in terms of utilizing the allocated resources and generating additional employment for the BPL. But this programme has created village level assets and infrastructure in terms of schools, health centers, roads and ponds.

Similarly, Self-help Groups (SHGs) formed by the women has given them tremendous confidence and empowered them to become entrepreneurs. Today, SHGs are not only active in creating micro-enterprises but also they are involved in implementing community programmes like immunization programmes, literacy programmes and so on. Some of them have empowered to the level of contesting Panchayat elections and become members of Panchayat Raj Institutions (PRI). Again, there is no denial that all these cannot be achieved without an increase in income. Therefore, the economic and social aspects of poverty alleviation are interlinked to one another. Economic upliftment alone cannot alleviate poverty but it must lead to social upliftment in terms of access to services, empowerment and independence. Therefore, the current poverty alleviation programmes in the country should broaden their focus and goal in addition to increasing income to achieve the target of removing poverty from the country.

Also, involvement of the local communities is key to the success of poverty alleviation programmes. In the absence of community involvement, the programmes are plagued with bureaucratic muddle and corruption at every level. Unfortunately, States still lag behind handing over these programmes to Panchayati Raj Institutions (PRIs). While PRIs are created in most of the States and elections are held, these institutions are not given the financial resources, administrative powers and the capacity to run programmes. State governments still hold the financial powers and the PRI is not in a position to plan and decide based on their needs. The administrative machinery of the PRI is very weak to carry out these national level programmes. Also, the PRI does not have the capacity to handle resources and technical capacity to implement programmes. These issues have to be addressed immediately to strengthen PRI to implement poverty alleviation programmes.
Apart from decentralization and community involvement, participation of the poor in the programme that affects their welfare, is important. Some of the self-employment schemes failed to take off because no effort was made to involve the poor in identifying the skills which they can learn easily. Some of the skills imbibed may not have job potential in the community. On the positive side, micro-enterprise under the self-employment programme was successful because of the role of SHGs. The SHG members actively participated in the whole process and decided for themselves for the kind of skills they wanted to learn and also the kind of credit they needed from the bank to start the microenterprise. Many well-intentioned programmes fail to take off because of lack of understanding of the ground realities due to lack of participation of the beneficiaries.

At the macro-level, there is a need to co-ordinate a myriad of poverty alleviation programmes of the central government and the State governments. The transfer of central funds to the States for different programmes should be efficient. Currently, such funds and goods like foodgrains are not fully utilized by the States. There is a need to strengthen the financial management capacity of certain States to use the funds efficiently. These are the States where the percentage of the BPL is more than the national average.

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 one of the factors of marginalization, but not the sole factor. The poverty alleviation programmes should not aim merely to increase the income level of individual, household or group, but mainstreaming marginalized in the development process of the country.
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