Evaluation of the Strategies adopted for poverty alleviation in India

Dr Satyavrat Singh Rawat

Associate Professor, Department of Economics NREC College Khurja

Abstract

Poverty is a socio-economic phenomenon and which operates at various levels. The India is not developing up to its full potential due to the vicious circle of poverty is operating at a very large scale. Forty percent of our country population is still not been able to get basic minimum need for sustaining the life. Such a high incidence of poverty is a matter of grave cause of concern for countries polices planner and its eradication has been one of the major challenge in front of our country. The state as well as central government have launched plethora of schemes and programmes for eradicating the poverty but most programmes were neither remained unsuccessful in the financial inclusion of the poor nor could it lead to generate significant income for poor families. In India strategies for poverty alleviation evolved in a phased manner and it also changed with the economy. After the twenty five year of the economic liberalisation problem of poverty is still persisting at the massive scale in India. So there is a need for reviewing eradication strategies adopted in the various Poverty alleviation programmes.

Key words: *Alleviation, Eradication, Trickle down, Gross domestic product, Purchasing Power Parity.*

Objective, Methods and Sources

The basic objective of this paper is to analysis of different types of strategies adopted in India for the eradication or alleviation of the poverty. This paper will further suggests the remedial plan for better execution of the policies and programmes for poverty alleviation. Secondary data collected from internet, newspapers, published papers, books government report and publication various economic survey and paper published by various intellectuals academician in various conferences and seminars at the national and international level.

Introduction:

India has been a welfare state ever since her Independence and the primary objective of all governmental endeavours has been the welfare of its millions. Elimination of poverty, ignorance, diseases and inequality of opportunities and providing a better and higher quality of life were the basic premises upon which all the plans and blue-prints of development were built.The development of the sound methodology is necessary in understanding the relationship between various variables affecting the nature and incidence of the poverty.The methodology for estimation of poverty used by the Planning Commission has been based on the recommendations made by Working Group, Task Force and Expert Groups consisting of eminent experts in the field. Based upon the methodology adopted by the Planning commission States and Central governments developed various kind of strategies for the eradication of the poverty in India.

Inclusive and Integrated policy and strategy for economic and social development of poor had been adopted in the eleventh five year plan .The Government of India made a special effort to increase its support to socio-economic sectors and started a number of schemes aimed at the poor, particularly marginalised people, poor women, and workers in the informal sector. These programmes have addressed various sectors like poverty, employment, capacity building, health, education and welfare etc. Financial Inclusion of the poorer section of the society is essential for the purpose of the Inclusive growth but mere financial inclusion alone cannot break the vicious circle of poverty in the rural India.

Definition and dimension of the poverty:

Poverty is multidimensional concept and it includes both material and immaterial dimension (Misra and Puri, 2015).The incidence of poverty is measured by the poverty ratio, which is the ratio of number of poor to the total population expressed as percentage. It is also known as head-count ratio. The poverty ratio is measured from an exogenously determined poverty line quantified in terms of per capita consumption expenditure over a month and the class distribution of persons obtained from the large sample survey of consumer expenditure data of the National Sample Survey Office (NSSO).Poverty can be defined in a following ways;

- The all India poverty line first time defined in the 1973-74 was rupees 49.73 per capita per month for rural areas and rupees 56.64 per capita per month for the urban areas. Expert group on poverty submitted its report under the chairmanship of the former RBI Governor Dr C. Rangarajan has defined the poverty line as rupees 32 per day for rural areas and rupees 47 per day for the urban areas (Economic survey 2015-16)
- The Human resource development report (HDR) measure poverty in terms of a new parameter, namely multi dimensional poverty index (MPI). The MPI indicates the share of population that is multidimensionally poor adjusted by the intensity of deprivation in terms of living standards, health and education. According to this parameter India has a poverty index of 0.296 and poverty ratio of 41.6 percent (Economic survey 2009-10).
- The calorie norms based on which the Task Force (Alagh) poverty lines were derived, and which had been the basis for the poverty lines worked out by the Expert Group (Lakdawala), is 2400 kcal per capita per day in rural areas and 2100 kcal per capita per day in urban areas.
- The World Bank estimates of poverty are based on the poverty line of US $1.25 per person per day measured at 2005 international price and adjusted to local currency using PPP (Purchasing Power Parity) conversion factor computed in the World Bank(Planning Commission,2014).

Trickle down strategies and poverty alleviation:

From the first five year plan to fourth five year plan was the initial phase of our planning history and in this initial phase focus was more on the all-around development of the countries and the basic strategies adopted for poverty alleviation was the "Trickle Down" method. It is now widely recognized that the process of growth in most countries, even if not as equitable as might be wished, has at least led to significant improvements in the conditions of living of the poor. So that the earlier phase of Indian planning more and more emphasis was given to the GDP growth rate. Initially, main thrust for development was laid on agriculture, industry, communication, education, health and allied sectors but later on it was realized that accelerated and all around development of over country will provide the desired thrust and momentum for the poverty alleviation at the grassroots level.However, it is also evident that in our country the correlation between poverty eradication and growth rate always remained much below than expectations.

Self employment programme during IRDP Phase:

From fifth plan onward direct attack on poverty and employment generation for the poor people. These programmes aim at providing financial and technical assistance to poor to start self employment units like Integrated Rural Development Programme(IRDP),Training of Rural Youth for Self-employment(TRYSEM),Socio-Economic Programme(SEP), Support of Training and Employment programme(STEP) .The Integrated Rural Development Programme (IRDP), introduced in selected blocks in 1978-79 and universalised from 2 October 1980 has provided assistance to rural poor in the form of subsidy and bank credit for productive employment opportunities through successive plan periods. Subsequently, Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Tool Kits to Rural Artisans (SITRA) and Ganga Kalyan Yojana (GKY) were introduced as sub-programmes of IRDP to take care of the specific needs of the rural population.

Wage employment:

Wage employment programmes, an important component of the anti-poverty strategy, have sought to achieve multiple objectives. They not only provide employment opportunities during lean agricultural seasons but also in times of floods, droughts and other natural calamities. There were several employment generating programmes for the rural working population of the country like Rural Works Programme (RWP) in 1961, Cash Scheme for Rural Employment (CSRE) and Food for Work Programme (FEWP) in the 1970s, National Rural Employment Programme (NREP) and Rural Labour Employment Guarantee Programme (RLEGP) in the 1980s, and the Jawahar Rozgar Yojana (JRY), the Employment Assurance Scheme (EAS), and the Sampoorna Grameen Rozgar Yojana (SGRY) in the 1990s. Primary objective of these programmes were to provide wage employment to the poor/vulnerable sections of population of the country, who for several reasons, were unable to get assimilated into the mainstream development process and were not ensured for their access to legitimate rights and entitlements.

MGNREGA Phase:

Post liberalization period witnessed high annual average growth rate but at the same time, the annual growth rate of employment registered declined from more than two percent to only one percent , which was much below the rate of growth of the labour force and growth of population .This jobless growth of the Indian economy triggered discussions among civil society members, academicians and policy makers that some policy

measures has to be adopted to protect the marginal and vulnerable families especially in rural areas from the negative consequences of liberalization. It was also realized that in the emerging situation, that the previous wage employment programmes were ineffective in solving the problems of unemployment in the rural areas. Thus, with a view to eliminate the weaknesses of the previous wage employment generating programmes, the Government of India introduced Mahatma Gandhi National Rural Employment Guarantee Act (But From fifth plan onward direct attack on poverty and employment generation for the poor people became the main objectives of over planning strategies MGNREGA) in 2005 and first time in the planning history government provided employment as a right to the person of below poverty line(Misra and Puri,2015). The significant aspects of this strategy are namely;

- MGNREGA provides statutory guarantee of wage employment,
- It provides a rights-based framework for wage employment. Employment is dependent upon the worker exercising the choice and applying for registration, obtaining a Job Card, and seeking employment for the time and duration that the worker wants,
- There is a 15-day time limit for fulfilling the legal guarantee of providing employment,
- Wages have been paid according to Minimum Wages Act 1948,
- Disbursement of wages has been done on weekly basis and not beyond a fortnight in any case,
- At least one-third beneficiaries shall be women who have registered and requested work under the scheme,
- Work site facilities such as crèche, drinking water, shade have to be provided,
- At least 50% of works will be allotted to Gram Panchayats for execution
- Permissible works predominantly include water and soil conservation, afforestation and land development works,
- A 60:40 wage and material ratio has to be maintained. No contractors and machinery will be used,
- Legal mandate of providing employment in a time bound manner is underpinned by the provision of Unemployment Allowance,
- The Act is designed to offer an incentive structure to the States for providing employment as 90 percent of the cost for employment provided is borne by the Centre. There is a concomitant disincentive for not providing employment as the States then bear the double indemnity of unemployment and the cost of unemployment allowance,
- Unlike earlier wage employment programmes that were allocation based, MGNREGA is demand driven. Resource transfer under MGNREGA is based on the demand for employment which in turn provides another critical incentive to States to leverage upon the Act to meet the employment needs of the poor,
- The payments are generally made either through bank accounts or through post office accounts across the states.
- The public delivery system has been made accountable and social audit by Gram sabha is necessary.

Self Help Group (SHGs) based credit strategies:

In India Self Help Group based strategies of micro finance and micro credit is initiated by NABARD and the SHGs may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogenous social and economic backgrounds; all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed.

The Swaranjayanti Gram Swarozgar Yojana (SGSY) was launched in 1999 with the objective of bringing the beneficiary families (*swarozgaris*) above the poverty line by providing them income-generating assets through a mix of bank credit and Government subsidy. It is envisaged that 50 per cent of SHGs in each block should be exclusively of women, who will account for at least 40 per cent of the swarozgari. To provide integrated social empowerment of women, the government initiated a scheme called as “Swayamsidha” in 2001 which helps them in establishing self-reliant Women’s self help groups(SHG's) **Inclusive development Policies:**

Inclusive and Integrated policy and strategy for economic and social development of poor had been adopted in the eleventh five year plan (2007-2012). The Government of India made a special effort to increase its support to socio-economic sectors and started a number of schemes aimed at the poor, particularly poor women, and women in the informal sector. The Union Government has launched in 2011 Swabhiman scheme

to make banking facility available to all citizens and to get 5 crore accounts opened by Mar 2012. **Pradhan Mantri Jan-Dhan Yojana**(P.M.J.D.Y) Prime Minister's People Money Scheme is India's National Mission for Financial Inclusion to ensure access to financial services, namely Banking Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner. This financial inclusion campaign was launched by the Prime Minister of India Narendra Modi on 28 August 2014(Economic survey,2015-16)..

Social Security Programmes

The National Social Assistance Programme (NSAP), launched in August 1995 marks a significant step towards fulfilment of the Directive Principles of State Policy. The NSAP has three components

- National Old Age Pension Scheme (NOAPS); The NOAPS provides a monthly pension BPL persons above the age of 65.
- National Family Benefit Scheme (NFBS); The NFBS is a scheme for BPL families who are given Rs. 10,000 in the event of the death of the breadwinner.
- National Maternity Benefit Scheme (NMBS); The NMBS provides support nutritional intake for pregnant women.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY) were simultaneously launched by Prime Minister of India Narendra Modi to provide the social securities to the workers of the unorganised sector(Economic survey,2015-16)..

PAHAL scheme and Direct cash benfit:

Advancing the game-changing JAM (*Jan Dhan Aadhaar Mobile*) agenda. The PAHAL scheme of transferring LPG subsidies via DBT. The scheme reduced leakages by 24 per cent and seems to have excluded few genuine beneficiaries. LPG witnessed the world's largest direct benefit transfer program, with about 151 million beneficiaries receiving a total of Rs. 29,000 crore in their bank accounts. Cash transfers can directly improve the economic lives of India's poor, and raise economic efficiency by reducing leakages and market distortions. Implementing direct benefit transfers (DBT) at large-scale and in real-time remains one of the government's key objectives, and significant progress has been made in the past year(Economic survey,2015-16).

Conclusion and Suggestion:

On the basis of the finding of this paper following are important conclusion are suggestions;

- Wrong targeting is one of the major problem in the selection of the beneficiaries. As we knows that there are two kinds of error occurs in the testing of a hypothesis, Cronia and Stewert (1993) called it two error of targeting which commonly occurs in especially in the Government's programmes for the poor's. Like other government's developmental programmes poverty allevation programmmes also faces the problem of targeting where the poor is excluded from the benefits of micro credit (Type-I) and noon poor are can becomes its beneficiaries(Type-II) . This wrong targeting sometimes occurs deliberately and sometimes it is due to the institutional deficiency and the corruption prevailing in the system.So the exact targeting can be done by the help of the new technology.
- The problems in the self employment programme is that proportion of micro enterprises promoted under the poverty alleviation scheme are based on the flawed assumption that the BPL member only required help only in entrepreneurship development, skill up-gradation, technology transfer, market linkages, etc. Due to the Lack of awareness and ignorance self employment scheme potential remained underutilised.
- The GDP growth particularly in the post reform era is not significantly co related with the employment generation and the poverty eradication. The focus should now on the more job creation through pushing higher growth of the GDP in the country.
- There are so many irregularities and lack of transparency in the functioning of the poverty alleviation schemes. Bureaucratic hurdles, insensitiveness, apathetic attitude of the government officials and the lack of vision in the policies of the government system are major constraints in the proper implementation of these schemes. The sensitive Governance and people participation in this direction could provide better implementation of these schemes.
- Financial inclusion is an important aspect for the poverty alleviation .Instead of merely following technical definition of financial inclusion by way of opening of a bank account and access to credit. RBI and NABARD should consider financial inclusion in a broader perspective so as also to include lending by co- operatives, post offices, MFIs and other financial services by them under the term financial inclusion.
- Corruption is one of the major reason behinds the failure and wrong targeting of many government schemes and programmes. This is also true for the poverty alleviation programmes. In most cases

government officials, NGO and the politicians are only interested in serving their self interests. The benefits of the schemes are controlled by the influential persons while the actual participation of the poor people is almost negligible. These schemes are running only on the papers. There is a need for streamlining these schemes and unnecessary schemes should be shut down.

The poverty alleviation programmes and their strategies are often guided by the political compulsion instead of the rational socio-economic assumption in our country. The *Ad hocist* approach in these programmes reduced the effectiveness from the point of view of the poverty alleviation and only enhanced tokenism in the society. There is a need for undertaking comprehensive strategies for the targeted implementation of these programmes.

References:

Cornia,G.A. and Stewert ,F. (1993): *"Two Errors of Targeting"*, Economic.
Policy Series ,UNICFF International Child Development Centre
Himanshu,(2010): " Towards new poverty line in India", *Economic and Political Weekly*,2January.
Patnaik, Utsa (2007): " Neoliberalism and Rural Poverty in India" *Economic and Political Weekly*, 28July
Puri, V.K. and Misra, S.K.(2015),:"Poverty in India", *Indian Economy* ,Himalaya Publishing House , New Dehli.
Government of India , Economic survey 2010-11 to 2015-16,New Delhi
Government of India, Planning commission,(2014), " *Report on the evaluation of the MNREGA".* New Delhi.
Reserve Bank of India,(2010) *Handbook of statistics on the Indian Economy,* 2009-10,Mumbai,2010.
World Bank, (2012) *World Development Indicators* Washington.