

Poverty Alleviation Programmes in India



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Concept

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Foreword

Voluntary Health Association of India facilitated the setting up of the Independent Commission on Health in India in 1995, renamed as the Independent Commission on Development and Health in India, as a people's initiative to assess the current health and development status and facilitate the process of need based and people-centric, sustainable development and health. Through analysis of existing data and in-depth study the Commission, consisting of distinguished persons from the health and development sectors, identifies the maladies affecting the present health care system and development programmes and provides clear recommendations for future action.

The first Report of the Commission was released in 1998 by the Prime Minister and was also presented to the President of India. The Report was widely distributed, discussed and debated in different fora, including the Parliament, the Health and Family Welfare Ministry and the Planning Commission. In many ways the report has influenced current thinking on various issues of public health including the National Health Policy and the National Population Policy.

The first Report was a summarised version of voluminous reports prepared by the Commission over two long years of painstaking but rewarding process. Some of the significant chapters were published as separate monographs.

The second Report of the Commission particularly addresses the issues of *Poverty Alleviation and Governance of Social Sector*. This is particularly keeping in mind the poor performance of the Nation in both these areas. Besides these core areas ICDHI will also research on following areas of current concern:

1. Revamping and Re-energizing of Primary Health Care
2. Private Sector in Health Care and Medical Ethics
3. Human Resource Development in Health Care.
4. Health Sector reforms and external assistance for health
5. Role of Indian Systems of Medicine in strengthening health care practices.
6. HIV/AIDS and Reproductive and Child Health.

This monograph is an endeavour to analyse the nature of poverty in India in its various dimensions, particularly emphasising its social underpinnings, and Government initiatives to alleviate rural poverty. It discusses at length the various schemes and programmes, formulated by the Government for poverty alleviation, and the nature of public spending on poverty alleviation, and also attempts a critique of the same. Despite an array of poverty alleviation programmes, with a considerable amount of budgetary support, India is far away from reaching a comfort level as far as the performance of these programmes is concerned. While assessing the implementation and impact of the poverty alleviation programmes in India as well as the current scenario as reflected in the Tenth Five Year Plan the monograph seeks to chart out the priority areas for future, which deserves focused attention of both the Government and voluntary sector.

I thank Neepa for her painstaking work in putting together this important publication on an issue of national importance.

Alok Mukhopadhyay

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1 Introduction

Poverty is an unacceptable human condition that does not have to be inevitable. The main goal of development is to eliminate poverty and reduce social imbalances. Sustainable economic growth and appropriate social policies are keys to fighting poverty. At the same time, reducing poverty helps growth by enabling the poor to participate productively in the economy. Yet economic growth by itself does not guarantee success in eradicating poverty. Other important dimensions of poverty, such as quality of life and participation in decision-making, need to be addressed.

Poverty goes beyond lack of income. It is multidimensional, encompassing economic, social and governance perspectives. Economically, the poor are not only deprived of income and resources, but of opportunities. Markets and jobs are often difficult to access, because of low capabilities and geographical and social exclusion. Limited education affects their ability to get jobs and to access information that could improve the quality of their lives. Poor health, due to inadequate nutrition and health services, further limits their prospects for work and hampers them from realising their mental and physical potential. This fragile position is exacerbated by insecurity. Living in marginal conditions with no resources to fall back on, shocks become hard or impossible to offset. The situation is made worse by the structure of societies and institutions that tend to exclude the poor from participating in decision-making that affects social and economic development.

It is a point of concern that over a quarter of the world's poor are concentrated in India. An estimate by the Planning Commission (1999-2000) shows that more than 260 million people continue to live Below the Poverty Line (BPL), which is about 26 per cent of the country's population. There is still a high concentration of the poor in the rural areas. Out of

the total, 193 million poor – about 75 per cent of the total poor – live in rural areas. The poor are also concentrated mostly in backward regions like dryland, rainfed and drought prone, tribal, hill and desert areas. The concentration of the poor continues to be more among weaker sections of society particularly among SCs, STs, and backward classes.

Such a vast size of the rural population below the poverty line does have a telling effect on the country and its economy. It amounts to great wastage and underutilization of the human resources. There is also a great burden on the economy in terms of recurring relief investment at the time of drought, floods, cyclone, etc. since the poor are the most vulnerable to natural calamities. It also affects greatly the potential for saving of the economy for productive investment. Poverty also breeds many socio-cultural problems, which are to be tackled separately. It also affects the image of the nation globally.

“Growth with Social Justice” has been the basic objective of the development planning in India since independence, which have led to significant changes. Some of these changes are distinctly visible – especially in the economic sphere with the adoption of new technologies, diversified production, and sophisticated management. Changes have also taken place in the social sphere – with affirmative action for disadvantaged communities, with the weakening of untouchability and caste discrimination, and with women enjoying by and large more freedoms than ever before. On the political front, India has remained a vibrant democracy with increased participation by women and men in political decision-making.

In terms of achievements, however, India's performance during the last 50 years has been decidedly mixed. India today remains a country of stark contrasts and striking disparities. Some states and districts of

India report levels of social advancement similar to leading industrialised countries. Other parts of the country report achievement levels that are worse than the average of the poorest countries in the world. Women fare worse than men on most social indicators.

India has always had the intention to eradicate poverty. It is one of the few issues on which there exists a strong political consensus. The real issue is not the intent but the nature of public action. Much of it has been guided by displaced concerns and misplaced priorities. Despite the strong articulation of a multidimensional view of human poverty, India has been overwhelmingly concerned with income poverty.

This paper seeks to focus on the nature of poverty in India and Government efforts to tackle the

poverty situation. There has been an attempt to trace Government poverty alleviation measures since Independence as reflected in the Five-Year Plans and the various poverty alleviation programmes. Through a discussion of the evaluations of public interventions against poverty and public spending on anti-poverty programmes, the performance of the Government over the years has been assessed. The contribution of the voluntary sector in poverty alleviation has also been looked into. The current focus of the Government with regard to poverty alleviation and its commitment to the Millennium Development Goals can be seen in the Tenth Five-Year Plan. The impact of globalisation and liberalisation on poverty has also been analysed. Having looked into the achievements and shortcomings of the poverty alleviation efforts of the Government and the challenges ahead, there has been an attempt to indicate the trajectory of future priorities and course of action.

2 Incidence of Poverty

2.1 Poverty in South Asia

South Asia is home to the largest number of the world's poor. While the incidence of poverty as defined by head-count ratio has shown some decline in all South Asian countries over the years, a sizeable proportion of the population in all the countries still live in poverty. In spite of a reasonable growth over the recent decade, per capita GNP (with Purchasing Power Parity or PPP) of all countries and for the region as a whole remains low and is but a small fraction of that of middle-income countries. For a majority of countries in the region, average annual growth of GNP (at PPP) over the period 1989-99 has been higher than that in 1979-89, and has surpassed average rates for low-income and middle-income

countries. In spite of the general improvement in growth the pace of poverty reduction has slowed down in most countries in the region in recent years. (Poverty and Vulnerability in South Asia, The World Bank, June 2002)

44 per cent of the population of India lives below the international US\$ 1/day poverty line. In Nepal, Pakistan and Bangladesh the figures are also relatively high (at 38 per cent, 31 per cent and 29 per cent respectively affects – The Chronic Poverty Report, 2004-05). Internationally, South Asia has the worst indicators of stunting and female illiteracy and very poor rates of child mortality and female illiteracy. In terms of Human Development Index (HDI), India is ranked 127th in the 2004 Human Development Report, with a value of 0.595 while Maldives ranks first in the region, with a value of 0.752.

Summary of poverty indicators for South Asia

Table 1

	Per-centage of people living on less than US\$ 1/day	Average depth of pov-erty (the number of percentage points by which the poor fall below the pov-erty line)	Under-five mortal-ity rate (per 1000 live births) 2001	Infant mortal-ity rate (per 1000 live births) 2000	Pro-portion of chil-dren under 5 who are stunted	Life expec-tancy (female), 2000	Life expec-tancy (male), 2000	Adult illiteracy rate (female) 2000	Adult illitera-cy rate (male) 2000
Afghanistan	-	-	257	165	52	-	-	-	-
Bangladesh	36	22.5	77	54	44.8	59.5	59.4	70.1	47.7
Bhutan	-	-	95	77	40	63.3	60.8	54.6	31.6
India	44.2	27.1	93	69	45.5	63.8	62.8	-	-
Maldives	-	-	77	59	26.9	65.8	67.3	3.2	3.4
Nepal	37.7	25.7	91	72	54.1	58.3	58.8	76	40.4
Pakistan	31	20	109	85	-	59.9	60.2	72.1	42.5
Sri Lanka	6.6	15.2	19	17	17	75.3	69.5	11	5.6
Regional average	40.7	26.1	98.1	72.4	45.5	63	62.2	57.3	33.9

Source: The Chronic Poverty Report, 2004-05

2.2 Poverty in India

In India, there is a significant but incomplete overlap of areas with the highest poverty rates and those with the lowest human development indicators, and of poor regions, states and districts. At the regional level, the marginality of central and eastern India is explained largely by adverse agrarian relations. Poverty has persisted in these regions despite good endowment of natural resources and a relatively strong focus of Indian development planning on “backward areas”.

Over 70 per cent of India’s poor reside in six states: Uttar Pradesh, Bihar, Madhya Pradesh, Maharashtra, West Bengal and Orissa (including the new states of Uttarakhand, Jharkhand and Chattisgarh). In four of these states – Bihar, Orissa, Madhya Pradesh and Uttar Pradesh, plus Assam, persistently high levels of poverty in excess of 30 per cent have occurred for several decades (Mehta and Shah 2003).

Development progress has been varied in India. After the setback associated with the 1991 balance of payments crisis, economic growth picked up, income poverty continued to decline, and many social indicators, in particular literacy, continued to improve. Economic growth slowed after 1997/98, from an annual average of 6.7 per cent between 1992/93 and 1996/97 (Eighth Plan period), to 5.5 per cent between 1997/98 and 2001/02 (Ninth Plan). Growth slowed further in 2002/03, to an estimated 4.4 per cent due to the impact of poor rains on agricultural output. And fiscal performance deteriorated at the centre and in the states, while rising deficits and worsening public expenditure compositions limiting the prospects for accelerating growth and poverty reduction.

Social progress in India has been uneven. Education indicators have improved markedly, but progress in health has been mixed. For the first time since independence, the absolute number of illiterates in India declined between 1991 and 2001. Literacy rates

Macroeconomic trends over the past two decades

Table 2

	1980s	1990s	1992/93-1996/97 ^a	1997-98-2001/02 ^b	2002/2003 ^c
GDP growth (% a year)	5.6	5.8	6.7	5.5	4.4
• Agriculture, forestry, and Fisheries	3.4	3	4.7	1.8	-3.1
• Industry	7.0	5.8	7.6	4.5	6.1
• Services	6.9	7.6	7.5	8.1	7.1
Investment rate (% of GDP)	22.0	23.0	23.3	22.5	22.1
• Private	10.0	7.8	8.0	6.6	6.3
• Public	12.1	15.2	15.3	15.9	15.7
Inflation (Wholesale Price Index, % a year)	8.0	8.1	8.7	4.9	2.5
General government deficit (% of GDP)	8.1	7.8	7.2	9.3	10.4
Current account balance (% of GDP)	-2.1	-1.4	-1.2	-0.7	1.0
External reserves (months of goods and services imports, end of period)	3.3	5.6	5.9	7.0	11.0

a. Eighth Plan period

b. Ninth Plan period

c. Estimated

Source: Central Statistical Organisation

rose, particularly for women. Health indicators in the 1990s improved slowly or, in some cases, not at all. But there has been little progress in reducing India's high maternal mortality and under-five mortality

rates and in addressing malnutrition. Many of these outcomes have to do not only with health policy but also with slow progress in improving access to safe water and sanitation.

Progress on Social Indicators, 1980-2000

Table 3

Indicator	1980s	1990s	2000
Poverty			
Poverty incidence (%)	44.5	36.0	26.1
Adjusted poverty incidence (%)	n.a.	n.a.	28.6
Demographics			
Population (millions)	685	846	1,027
Rate of population increase (%)	2.4	2.2	n.a.
Overall sex ratio, ages 0-4 (females per 1,000 males)	978	955	927
Education			
Overall literacy rate: 7+ years (%)	44	52	65
Female literacy rate as a percent of male literacy rate (%)	53	61	71
Net enrollment rate (NER): lower primary (%)	n.a.	71	77
Net enrollment rate (NER): upper primary (%)	n.a.	70	74
Female NER as % of male NER: lower primary (%)	n.a.	84	90
Female NER as % of male NER: upper primary (%)	n.a.	78	86
Dropout rate, grades 1-5 (%)	54	45	40
Health			
Life expectancy at birth (years)	56	60	61
Infant mortality rate 0-4 years (per 1,000 live births)	115	79	68
Under-five mortality rate (per 1,000 live births)	152	94	95
Maternal mortality rate (per 100,000 live births)	n.a.	424	540
Malnourished children, ages 0-3 (%)	n.a.	53	47
Prevalence of HIV (million people)	n.a.	3.5	4.0
Sanitation			
Share of people with access to improved water resources (%)	n.a.	68	78
Share of households with toilet facility (%)	n.a.	30	36

Notes: Poverty estimates are for 1983, 1993/94 and 1999/2000. Demographics and literacy rates are for 1981, 1991 and 2001. Enrolment rates are for 1981, 1991 and 2000. Dropout rates are for 1982, 1993 and 1999. Health and sanitation data are for 1992/93 and 1998/99. HIV prevalence is for 1998 and 2001. Improved water resources defined as access to piped drinking water and handpumps.

Sources: Poverty-India, Planning Commission based on National Statistical Survey; Deaton 2002. Demographics-India, Office of the Registrar General 1981, 1991, 2001. Education – national Statistical Survey; India, Office of the Registrar General 1981, 1991, 2001; India, Department of Education. Health-India, Office of the Registrar General 1981, 1991, 2001; National Family Health Survey, Sample Registration System. HIV- National AIDS Control Organisation. Sanitation-India, Office of the Registrar General 1981, 1991, 2001; National Family Health Survey.

3. Poverty Alleviation Programmes in India

3.1 Historical background

Much before poverty alleviation was put on the development agenda of developing countries and multilateral and international aid agencies, leaders of the independence movement in India had accorded it the status of one of the primary national objectives. There are various reasons for India's commitment to poverty eradication. The most important among these is the nature of the national struggle, which led to independence. The mainstream political movement in India was profoundly influenced by the Gandhian approach, which emphasised the need to uplift the social and economic status of the poorest of the poor or 'antyodaya'. Emphasis on an egalitarian social order was reflected in the policy documents produced by the Indian National Congress. Most notable among these was the report of the National Planning (Kumarappa) Committee. Drawing from the experience of a large number of experiments in rural development involving local communities, the Government of India soon after independence launched the Community Development Programme (CD) to rejuvenate economic and social life in rural areas. The emphasis was on infrastructure building at the local level and investment in human resource development through the provision of education and health services.

The frontal attack on poverty was pursued in three successive phases. In the first phase, lasting from the beginning of the 1950s till the end of the 1960s, the major emphasis was on redistribution of land and improving the plight of poor tenants, on abolition of functionless intermediaries, on tenancy reforms culminating in the principle of 'land to the tiller', on imposing ceilings on large holdings, sequestering surplus land and redistributing it among the landless agricultural labourers and marginal farmers.

By the late 1960s the second phase of Poverty Alleviation Programme (PAP) started with measures that promised to address directly and exclusively the poor in the rural areas. This target-group oriented approach started with the programme for backward regions, graduated to the programme for the development of small and marginal farmers, landless labourers, etc. and finally culminated in the Integrated Rural Development Programme and National Rural Employment Programme. The distinguishing feature of the poverty alleviation programme during this phase was the emphasis on creating employment opportunities and distributing renewable assets among the poor. Heavy emphasis was also placed during this phase of PAP on transfer of income to the poor in indirect ways, e.g., through food subsidies and 'dual pricing' of essential commodities.

In the third – the latest – phase starting from the beginning of the 1990s, emphasis has shifted to measures aimed at accelerating economic growth and on creating an environment for ensuring a 'spread effect'. In keeping with Indian traditions, lip-service is continued to be paid to structural change, as much as to the target-group oriented programmes, but the dominant thought is to create more wealth to enable the poor to benefit from the secondary effects of growth which, it is presumed, will percolate down and reach the poor.

3.2 Measuring Poverty – Poverty Line

A number of terms have been used to identify those who experience poverty most intensively – ultra poor, extreme poor, hardcore poor, destitute, poorest of the poor, and declining poor. There is a broad agreement that poverty occurs when someone experiences a fundamental deprivation – a lack

of some basic thing or things essential for human well-being. Until the 1990s, poverty was considered mainly in “material” terms – as low income or low levels of material wealth. More recently, vulnerability and multi-dimensional deprivation, especially of basic capabilities such as health and education, have been emphasized as key aspects of poverty.

Poverty may be measured either in relative or in absolute terms depending upon whether it is related to the relative or the absolute concept of deprivation. This involves some element of arbitrariness for making it operational. In the absolute concept, some absolute norm of income or consumption that determines the cut-off point or the line of demarcation between the poor and the non-poor is laid down and all persons below that line are considered as poor. The concept of relative poverty is related to inequality. Thus, whereas an absolute poverty viewpoint defines poverty as the inability of an individual's income to meet subsistence needs, a relativist viewpoint defines poverty as a situation in which an individual's income is low relative to some social standard.

Poverty reflects the deficiencies in the essential requirements of individuals. It refers to a situation in which the overall needs of an individual are not satisfied due to lack of adequate purchasing power. Poverty is not directly associated with regular cash income flow. On the other hand it is associated with the actual consumption of the household or the individual or household. Thus, consumption expenditure is considered to be more appropriate and relevant than income for the purpose of a directional idea on the level of poverty. The procedure followed is to define or fix a poverty line in terms of overall monthly per capita consumption expenditure, to update the same over time for price change employing price deflator and finally measuring the dimension of poverty in absolute terms utilizing the size distribution of Consumer Expenditure.

The concept of Poverty Line in India was introduced on the recommendation of the Task Force on ‘Minimum Needs and Effective Consumption Demands’ in 1979. The contribution of the Task Force was to estimate daily per capita calorie requirement separately for rural and urban areas on the basis of age, sex and activity-specific calorie allowance recommended by the Nutrition Expert Group (1968). Accordingly, norms of nutritional requirement for the rural and urban sectors were obtained as 2435 K-cal and 2095 K-cal respectively.

The official approach to measurement of poverty, therefore, started by fixing a standard of calorie intake and observing the level of per capita consumption expenditure with which on the average, this calorie intake level is associated. An allowance for non-food consumption also exists in the delineation of the poverty line though not on normative basis but on a behavioural basis. The poverty line at 1973-74 (base year) prices for the rural and urban sectors was worked out as Rs. 49.09 and Rs. 56.64 respectively utilizing National Sample Survey (NSS) data on consumer expenditure and using inverse interpolation method. The poverty line so defined was updated over time by taking care of change in the price levels.

The Planning Commission constituted an Expert Group in 1989 to look into the methodology of poverty estimation at national and state levels and also to go in to the question of redefining the poverty line. The group in their report submitted in 1993 recommended:

- i. Abandonment of NSS-NAS (National Accounts Statistics) adjustment procedure.
- ii. Derivation and application of state specific poverty lines as against an all India poverty line for rural and urban areas for working out state-specific poverty estimates and its aggregation to derive national level poverty estimate.

- iii. Use of state-specific cost of living indices for updating the poverty line separately for rural and urban areas.

The Planning Commission (1997) has accepted the recommendations made by the Expert Group in working out the poverty estimates for rural and urban areas at the state level and its aggregation at the national level. However, the constitution of the poverty line shows that the Government is primarily concerned with income poverty.

Much of the theoretical debate on the measurement of poverty has been on poverty measures rather than on the poverty line. While there has been considerable discussion on whether the poverty line should reflect an 'absolute' or 'relative' view of poverty, the literature is relatively thin on how to update the poverty line to account for inflation and changing consumption patterns and ensuring its accuracy in terms of the original definition. With inflation and changing consumer preferences, the 'official poverty line' in India that was anchored on the minimum energy requirements three decades ago, has ceased to be an accurate, or even a reasonable, indicator of the cost of acquiring the minimum energy requirement.

3.3 Anti-Poverty Programmes under the Five-Year Plans

3.3.1 Integrated Rural Development Programme/ Swarnajayanti Gram Swarozgar Yojana

Integrated Rural Development Programme (IRDP), introduced in selected blocks in 1978-79 and universalized from October 2, 1980 has provided assistance to the 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. These schemes were, however, implemented as 'stand alone programmes', an approach which substantially detracted from their effectiveness.

On April 1, 1999, the IRDP and allied programmes, including the Million Wells Scheme (MWS), were merged into a single programme known as Swarnajayanti Gram Swarozgar Yojana (SGSY). The SGSY is conceived as a holistic programme of micro enterprise development in rural areas with emphasis on organizing the rural poor into self-help groups, capacity-building, planning of activity clusters, infrastructure support, technology, credit and marketing linkages. It seeks to promote a network of agencies, namely, the District Rural Development Agencies (DRDAs), line departments of state governments, banks, NGOs and Panchayat Raj Institutions (PRIs) for implementation of the programme. The SGSY recognizes the need to focus on key activities and the importance of activity clusters. The programme has in-built safeguards for the weaker sections. It insists that women must exclusively form 50 per cent of the self-help groups and that 50 per cent of the benefits should flow to SCs and STs. There is also a provision for disabled beneficiaries.

3.3.2 Wage Employment Programmes

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. They create rural infrastructure which supports further economic activity. These programmes also put an

upward pressure on market wage rates by attracting people to public works programmes, thereby reducing labour supply and pushing up demand for labour. While public works programmes to provide employment in times of distress have a long history, a major thrust to wage employment programmes in the country was provided only after the attainment of self-sufficiency in food grains in the 1970s. The National Rural Landless Employment Programme (NREP) and Rural Landless Employment Guarantee Programmes (RLEGP) were started in the Sixth and Seventh Plans.

3.3.2.1 Jawahar Rozgar Yojana/ Jawahar Gram Samridhhi Yojana

The NREP and RLEGP were merged in April 1989 under the Jawahar Rozgar Yojana (JRY). The JRY was meant to generate meaningful employment opportunities for the unemployed and underemployed in rural areas through the creation of economic infrastructure and community and social assets. A major proportion of JRY funds were spent on roads and buildings. Over 47 per cent of the employment generated benefited SC/STs.

The JRY was revamped from 1 April 1999 as the Jawahar Gram Samridhhi Yojana (JGSY). It became a programme for the creation of rural economic infrastructure with employment generation as a secondary objective. The 60:40 wage labour/material ratio in the JRY was relaxed. The programme is implemented by village panchayats and provides for specific benefits to SC/STs, the disabled and provides for the maintenance of community assets created in the past.

3.3.2.2 Employment Assurance Scheme

The Employment Assurance Scheme (EAS) was launched on October 2, 1993 covering 1,778 drought-prone, desert, tribal, and hill area blocks. It was later extended to all the blocks in 1997-98. The EAS was designed to provide employment in the form of manual work in the lean agricultural

season. The works taken up under the programme were expected to lead to the creation of durable economic and social infrastructure and address the felt-needs of the people. The EAS is a centrally sponsored scheme, with the Centre providing 75 per cent of the funds and the states 25 per cent. The zilla parishads and panchayat samitis were the implementing agencies.

3.3.2.3 Food for Work Programme

The Food for Work programme was started in 2000-01 as a component of the EAS in eight notified drought-affected states of Chattisgarh, Gujarat, Himachal Pradesh, Madhya Pradesh, Orissa, Rajasthan, Maharashtra and Uttaranchal. The programme aims at augmenting food security through wage employment. Food grains are supplied to states free of cost. However, lifting of food grains for the scheme from Food Corporation of India (FCI) godowns has been slow.

3.3.2.4 Sampoorna Gramin Rozgar Yojana (SGRY)

Given the complementarity of the JGSY, EAS and Food for Work Programme, all of which aim at the creation of employment opportunities in rural areas, they were revamped and merged under the new Sampoorna Gramin Rozgar Yojana (SGRY) scheme from September 2001. The basic aim of the scheme continues to be generation of wage employment, creation of durable economic infrastructure in rural areas and provision of food and nutrition security to the poor.

3.3.3 Rural Housing

Initiated in 1985-86, the Indira Awas Yojana (IAY) is the core programme for providing free housing to BPL families in rural areas and targets SC/STs and freed bonded labourers. It was first merged with the JRY in 1989 and then spun off into a separate housing scheme for the rural poor in 1996. The Ninth Plan Housing Programme under IAY was framed in the light of the National Housing and Habitat Policy 1998,

which set an ambitious target of providing shelter for all in the rural areas by the end of the Plan period.

The Housing and Urban Development Corporation (HUDCO) has extended its activities to rural areas, providing loans at a concessional rate of interest to economically weaker sections and low-income group households for construction of houses. HUDCO's rural housing programme was given a major boost in the Ninth Plan.

3.3.4 Social Security Programmes

Democratic decentralization and centrally supported Social Assistance Programmes were two major initiatives of the government in the 1990s. The National Social Assistance Programme (NSAP), launched in August 1995 marks a significant step towards fulfillment of the Directive Principles of State Policy. The NSAP has three components:

- ◆ National Old Age Pension Scheme (NOAPS)
- ◆ National Family Benefit Scheme (NFBS)
- ◆ National Maternity Benefit Scheme (NMBS)

The NSAP is a centrally sponsored programme that aims at ensuring a minimum national standard of social assistance that states provide from their own resources. The NOAPS provides a monthly pension of Rs. 75 to destitute BPL persons above 65 years. The NFBS is a scheme for BPL families who are given Rs. 10,000 in the event of the death of the breadwinner. The NMBS provides Rs. 500 to support nutritional intake for pregnant women.

The coverage of NSAP is limited due to resource constraints. In addition to NSAP, the Annapurna scheme was launched from April 1, 2000 to provide food security to senior citizens who were eligible for pension under NOAPS but could not receive it due to budget constraints.

3.3.5 Land Reforms

Land reforms, as a programme for ushering in a just social order was an important item on the national agenda even before independence. As a poverty alleviation measure, the main emphasis of land reforms until recently was on redistributive policies. The successive lowering of the ceiling on agricultural holdings (which was first introduced in the mid-1950's) in the early 1960's and again in the early 1970's was aimed at sequestering the surplus land and redistributing it amongst landless rural households or those who cultivated marginal holdings.

Successive Five-Year Plans have addressed the issue of secure rights in land for increased agricultural productivity under the land reforms programme. Land reform legislations, besides abolishing intermediaries and providing ownership rights to farmers, also provided for security of tenure to tenants and regulation of rent. Actual cultivators were brought into a direct relationship with the State. The abolition of intermediaries succeeded in providing ownership rights to a large number of tenants. The advent of the green revolution technology coupled with schemes of asset transfer under IRDP have contributed significantly to increased incomes not only from agricultural operations but also on account of diversification into animal husbandry.

A land record management system is a pre-condition for an effective land reform programme. In 1987-88, a centrally sponsored scheme for Strengthening of Revenue Administration and Updating of Land Records (SRA & ULR) was introduced in Orissa and Bihar. The scheme was extended to other states in 1989-90. Survey and re-settlement operations, pre-service and in-service training to revenue and settlement staff, facilities for modernization of survey and settlement operations and strengthening of revenue machinery at the village level are funded under the scheme. In addition to SRA & ULR, a

centrally sponsored scheme of Computerisation of Land Records (CLR) provides assistance to states for modernization of record keeping operations.

3.3.6 Public Distribution System

The Public Distribution System (PDS) in the country facilitates the supply of food grains to the poor at a subsidised price. With a network of more than 4.62 lakh fair price shops (FPS) distributing commodities worth more than Rs. 30,000 crore annually to about 160 million families, the PDS in India is perhaps the largest distribution network of its kind in the world. The PDS in its original form was widely criticized for its failure to serve the BPL population, its urban bias, negligible coverage in the states with highest concentration of the rural poor and lack of delivery. Realising this, the Government streamlined the system by issuing special cards to BPL families and selling food grains under PDS to them at specially subsidised prices with effect from June 1997. This is known as the Targeted Public Distribution System (TPDS). This was expected to benefit about 60 million poor families. The identification of the poor is done by the states. The emphasis is on including only the really poor and vulnerable sections of the society.

3.3.7 Education Programmes

3.3.7.1 Operation Blackboard

The Operation Blackboard scheme, started in 1987-88, aimed at improving the classroom environment by providing infrastructural facilities, additional teachers and teaching-learning material to primary schools and provision of a third teacher to schools.

3.3.7.2 Restructuring and Reorganisation of Teacher Education

The scheme of Restructuring and Reorganisation of Teacher Education started in 1987, aims to strengthen the institutional base of teacher training by taking up special programmes for training of teachers in

specified areas and other non-institutional training programmes. Other objectives of the scheme are: setting up District Institutes of Education and Training (DIETs) to provide academic and resource support to elementary school teachers and non-formal and adult education instructors; and establishment of Colleges of Teacher Education (CTEs) and Institutes of Advanced Studies (IASs) for pre-service and in-service training for secondary school teachers. The scheme also envisages strengthening State Councils of Educational Research and Training (SCERT); orienting teachers in the use of Operation Blackboard material; and implementation of Minimum Levels of Learning (MLL) strategy.

3.3.7.3 District Primary Education Programme (DPEP)

DPEP, launched in 1994, is assisted by the World Bank, European Commission, Department for International Development (DFID) of UK, the Netherlands and UNICEF. It aims at operationalising the strategies for achieving Universalisation of Elementary Education (UEE) through district-specific planning and disaggregated target-setting in low female literacy districts and builds on the successful Total Literacy Campaign (TLC) which has created a favourable climate for universalisation.

3.3.7.4 Shiksha Karmi Project and Lok Jumbish Project in Rajasthan

Two externally aided projects for basic education are the Shiksha Karmi and Lok Jumbish projects in Rajasthan. Both are innovative projects aimed at the universalisation of elementary education together with a qualitative improvement in remote and socially backward villages with a primary focus on gender. There is a special emphasis on community participation in these projects. The Village Education Committees (VECs) have contributed a great deal to the improvement of the school environment, augmentation of infrastructure and facilities, larger enrolment of children through school mapping and micro-planning in the Shiksha Karmi schools.

3.3.7.5 Mahila Samakhya

Another externally assisted programme with a specific focus on gender is Mahila Samakhya started in 1989 in five States. It aims to promote women's education and empowerment of women in rural areas, particularly women in socially and economically marginalized groups.

3.3.7.6 Mid-Day Meal Scheme

The National Programme of Nutritional Support to Primary Education, commonly known as the Mid-Day Meal programme, was launched in 1995. It aims to give a boost to universalisation of primary education by increasing enrolment, retention and attendance and simultaneously improving the nutritional status of students in primary classes. Under the scheme, cooked meals are served with calorie value equivalent to 100 gm of wheat or rice per student per school day. The Mid-Day Meal scheme was initiated in Tamil Nadu.

3.3.7.7 Non-Formal Education (NFE) and EGS & AIE

The non-formal education (NFE) scheme introduced in 1977-78 on a pilot basis and expanded in subsequent years, focused on out-of-school children in the 6-14 age group who have remained outside the formal system due to socio-economic and cultural reasons. The programme was revised and renamed the Education Guarantee Scheme and Alternative and Innovative Education (EGS & AIE) in 2000. It provided for opening EGS schools in habitations where there are no schools within a radius of one km.

3.3.7.8 Janshala (Gol-UN) Programme

This programme is a collaborative effort of the Government of India (Gol) and five United Nations (UN) agencies – UNDP, UNICEF, UNESCO, ILO and UNFPA. It provides

programme support to the ongoing efforts towards achieving UEE.

3.3.7.9 Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan was launched towards the end of the Ninth Plan to achieve the goal of UEE through a time-bound integrated approach, in partnership with states. The programme, which aims to provide elementary education to all children in the 6-14 age group by 2010, is an effort to improve the performance of the school system and provide community-owned quality elementary education in the mission mode. It also envisages bridging of gender and social disparities at the elementary level. The Sarva Shiksha Abhiyan has a special focus on the educational needs of girls, SCs and STs and other children in difficult circumstances.

3.3.8 Integrated Child Development Services

Integrated Child Development Services Programme (ICDS) is considered the largest child welfare programme in Asia and probably the largest in the world. Targeted at marginalized and neglected groups, the objectives of the programme include: improving the nutritional and health status of children; reducing mortality, morbidity and malnutrition; reducing the rate at which children drop out of school due to health reasons; and providing health education to enhance the ability of the mother to make correct choices for her children's health, etc. Immunisation of the mother and child; supplementary nutrition to pregnant and lactating mothers and their children; providing referral services, and non-formal education are some of the services provided under ICDS. Launched in 1975 with 33 projects on an experimental basis, ICDS has expanded considerably in subsequent years.

4 Discussion of the Impact of Public Interventions against Poverty

The overwhelming attention paid to measuring and monitoring income poverty has resulted in a gross neglect of other serious forms of human deprivation. Some of these deprivations are loud and visible – child labour, illiteracy, damaged environments. Others are largely silent but visible – caste discrimination, discrimination against women and girls, and child prostitution. Many other forms of deprivation are, to this day, silent and invisible. These include for instance issues of women's health, domestic violence, and child malnutrition. These deprivations are not related to income or income poverty levels in any predictable manner. For instance, Haryana is one of the richest and fastest growing states in terms of per capita income, yet infant mortality rate of Haryana is 62, which is more than six times higher than in income-poorer Kerala (SRS Bulletin 2002). And women in Haryana suffer systematic deprivation that gives them one of the lowest sex ratios in the country – 861 per 1000 males (Census 2001).

Since Independence, Indian governments have accorded great importance to poverty reduction. Poverty reduction has been a major goal of all Five-Year Plans. India has reduced the percentage of population living in poverty since the 1970s but progress has been uneven over time and across states and the number of poor has continued to rise, albeit at a slower rate. From 1951-55, the average headcount index of poverty was 53 per cent. From 1973-74 to the mid 1980s, poverty incidence declined fairly steadily to 38 per cent in 1986-87, a decline of about 2 per cent per annum. Poverty reduction slowed in the late 1980s but the PDS and anti-poverty programmes kept poverty from rising. Poverty incidence dropped sharply in 1990 but could not be sustained. In 1991-2, a transitory worsening of poverty incidence occurred with the 1991 BOP crisis

and decline in growth and stabilization measures. However, by 1993-94 the incidence of poverty had fallen to 35 per cent. Despite these successes, over 310 million people were living in poverty in 1993-94 – 50 per cent more than the poor in sub-Saharan Africa.

A wide disparity in poverty across Indian states and their uneven progress in poverty reduction is a key feature of the evolution of poverty in India. In most instances, better-off states remained relatively affluent and reduced poverty, while poorer states remained poor and made less progress in poverty reduction, but there are also cases where poorer states made major progress in poverty reduction and growth. In Kerala, for example, rural poverty declined at 2.4 per cent per annum between the early 1970s and early 1990s. Other states where poverty incidence fell substantially include West Bengal, Andhra Pradesh, Orissa, and, to a lesser extent, Gujarat and Tamil Nadu. Notably poor performers include Bihar and Uttar Pradesh.

4.1 Evaluation of Anti-Poverty Programmes

4.1.1 IRDP/SGSY

Implementation of the programme between 1999-2000 and 2001-02 has highlighted many areas of concern. While the IRDP concentrated on individual beneficiaries, the SGSY laid greater emphasis on social mobilisation and group formation. However, the DRDAs responsible for administering the programme did not have the requisite skills in social mobilisation. Linkages with NGOs, which could have facilitated this process, were also not in place. The

programme, therefore, suffered in the initial years. Central releases were substantially lower than the allocation as the field offices were not in a position to organise self-help groups, which could be provided financial assistance. Credit mobilization also suffered in the process.

4.1.2 Wage Employment Programmes

4.1.2.1 JGSY

The works taken up under JGSY have not been comprehensively evaluated for their quality and employment potential. Initial reports from the states, however, indicate that since every village panchayat has to be covered by the scheme, many panchayats get less than Rs. 10,000 per annum. Except for states like Kerala, west Bengal and Orissa, where village panchayats cover large areas and get substantial funds under the scheme, in other states most panchayats get less than Rs. 50,000 per annum. Benefits to the SC/STs and the disabled have to be earmarked. In addition, the administrative expenses of the panchayat and expenditure on assets already created are to be met from JGSY funds. In effect, panchayats are left with very little money to take up meaningful infrastructure projects.

4.1.2.2 Employment Assurance Scheme

Though the creation of community assets has important spin offs for rural poverty and development, the impact of these programmes on employment and income has been limited. The universalisation of the scheme severely eroded its basic objective of providing assured employment in areas of extreme poverty and chronic unemployment. Allocations were based on a fixed criterion that did not specifically provide for regionally differentiated needs. This led to a very thin spread of resources across the country. In spite of their many shortcomings, wage employment schemes have proved beneficial in some respects. They created much-needed rural infrastructure. The programmes are self-targeting in nature since only the poor come to work at minimum wage rates.

The various works undertaken created demand for unskilled labour and exerted upward pressure on wage rates.

4.1.3 Indira Awas Yojana (IAY)

An evaluation of the IAY shows that while the programme has certainly enabled many BPL families to acquire pucca houses, the coverage of the beneficiaries is limited given the resource constraints. In addition, there has also been high level of leakages with a large number of non-eligible beneficiaries getting houses. The fact that houses are provided free of cost under IAY has meant that there has been virtually no progress in the other sub-schemes of IAY such as credit-cum-subsidy scheme for rural housing.

4.1.4 Land Reforms

In an economy where over 60 per cent of the population is dependent on agriculture, the structure of land ownership is central to the well being of the people. The government has striven to change the ownership pattern of cultivable land, but has had limited success. Except for one or two states, e.g., West Bengal and Kerala, this programme did not have any remarkable impact on poverty. For the country as a whole the picture that was obtained suggests that the land declared surplus was much less than what was anticipated; land acquired was much less than the land declared surplus; land distributed among landless labourers and marginal farmers was much less than the land acquired; and land which could actually be cultivated was much less than the land acquired. Leakage at every step was glaring and the reasons for this are also well known.

The lowering of concentration of land among the large landholders was not because of either effective implementation of land reforms by state bureaucracies, or the organization of the intended bureaucracies. However, redistributive land reforms

did contribute directly or indirectly to stopping the process of proletarianisation, in halting further expansion of large holdings, and in contributing to the emergence of a middle peasantry.

In regard to the impact of tenancy legislation, after the initial shuffle in the countryside, when a large number of tenants were evicted from land by landowners on the plea of resuming land for self-cultivation, things have started settling down. Even when allowance is made for concealed tenancy, the area under tenancy has declined, but those tenants who could formalise their tenancy agreements could be assured of legislative protection against eviction and enhanced rents. After the initial unsettling phase, most of the states have had a better record in tenancy protection compared to their performance in implementation of ceiling legislation. West Bengal has a most credible record in this respect.

Land reforms seem to have been relegated to the background in the 1990s. More recently, initiatives of state governments have related to liberalisation of land laws in order to promote large-scale corporate farming. Though the pressure of population has led to sub-division and fragmentation of land holdings, thereby considerably weakening the case for further lowering of land ceilings, the need for effective implementation of the existing land ceiling laws cannot be over-emphasized. The case of tenancy reforms is equally unsatisfactory. The progress on the consolidation of land holdings has also been slow. Alienation of tribals from their land is a major issue in tribal areas.

4.1.5 Public Distribution System

All is not well with PDS. The annual food subsidy involved in maintaining the system is huge. The level of food subsidies as a proportion of total government expenditure has gone up from a level of 2.5 per cent or below in the early 1990s to more than 5

per cent at present. The high carrying cost of stocks in excess of the buffer norms pushes up the food subsidy bill and actually amounts to subsidising the cereals producers/surplus farmers. Under the TPDS though there is a clear indication of improvement at the national level, the situation is not uniform across states and there are certain states where conditions need to be improved.

A serious contention has been that due to PDS, prices of commodities in the open market would be higher than in a situation where PDS is not operating. As a consequence, the poor are the net losers if they have to take recourse to the market for the bulk of their purchases. The weighted average price for purchases from PDS and from the open market would be unfavourable to them. The implication of this finding is not to dispense with PDS, but to enable the poor to obtain all, or nearly all, of their requirements of essential commodities. A corollary to this strategy is to discourage universal coverage by the PDS.

4.1.6 Education

The 1990s could be called the watershed decade as far as basic education is concerned. Provisional results of the 2001 Census show the highest jump of 13.17 per cent in the literacy rate since 1951, with the average literacy rate going up from 52.21 per cent in 1991 to 65.38 per cent in 2001. (The male literacy rate is 75.85 per cent and female literacy rate is 54.16 per cent.)

However, India's educational development is a mixed bag of remarkable successes and glaring gaps. Out of 200 million children in the age group of 6-14 years, 42 million children do not attend schools. There are problems relating to high drop out rates, low-levels of learning achievement and low participation of girls. Coupled with this are various systemic issues like inadequate school infrastructure, high teacher

absenteeism, large-scale teacher vacancies, inadequate equipment like teacher-learning material, etc.

The policy focus and public intervention in provisioning of educational services has not been given the attention it deserves. Even after 50 years of planned effort in this sector nearly one-third of the population or close to 300 million persons in the age group 7 years and above are illiterate. The literacy rates for the SC and ST population are much lower than the rest of the population. As against the overall literacy rate of 52.2 per cent in 1991, the literacy rate for SCs and STs was only 37.4 per cent and 29.6 per cent respectively. There is also rural urban variation in the literacy rates (59 per cent in rural areas as compared to 80 per cent in urban areas as per 2001 census). In addition, the inter-State variation in literacy rates also persists.

4.1.7 Integrated Child Development Services

A number of studies have been undertaken to look into the effectiveness and performance of the ICDS. These have revealed that ICDS operational areas are characterized by a better utilization of services, and a significant improvement in health indicators. An evaluation by the National Institute of Public Cooperation and Child Development (NIPCCD) revealed that while health services were being

utilized by only 30 per cent of expectant mothers in non-ICDS areas, the corresponding figure for ICDS areas was 50 per cent. The difference was even more pronounced in tribal areas: the percentage of LBW babies in ICDS areas was 43.3 as against 80 per cent in non-ICDS tribal areas.

However, critics of existing evaluation studies argue that considering the large budget for ICDS interventions and the manpower and infrastructure available to the scheme, the difference between indicators in ICDS areas and non-ICDS areas is negligible. Critics also argue that the indicators related to morbidity have been analyzed only in relation to ICDS presence and not in relation to other, very significant and influential variables.

Of serious concern is a 2001 report by the Comptroller and Auditor General (CAG), which highlights the failure of the ICDS to supply therapeutic food in nine states because severely malnourished children were not identified. The report also noted that in a majority of the states there was no supply of Vitamin A solution and iron and folic acid tablets from 1992 to 1999. In Tamil Nadu, the percentage shortfall in coverage of children for the first dose of Vitamin A ranged from 56 per cent to 75 per cent and for the second dose, from 79 per cent to 93 per cent. For a programme of such dimensions and importance, this state of affairs is unacceptable.

5. Discussion of Public Spending on Poverty Alleviation

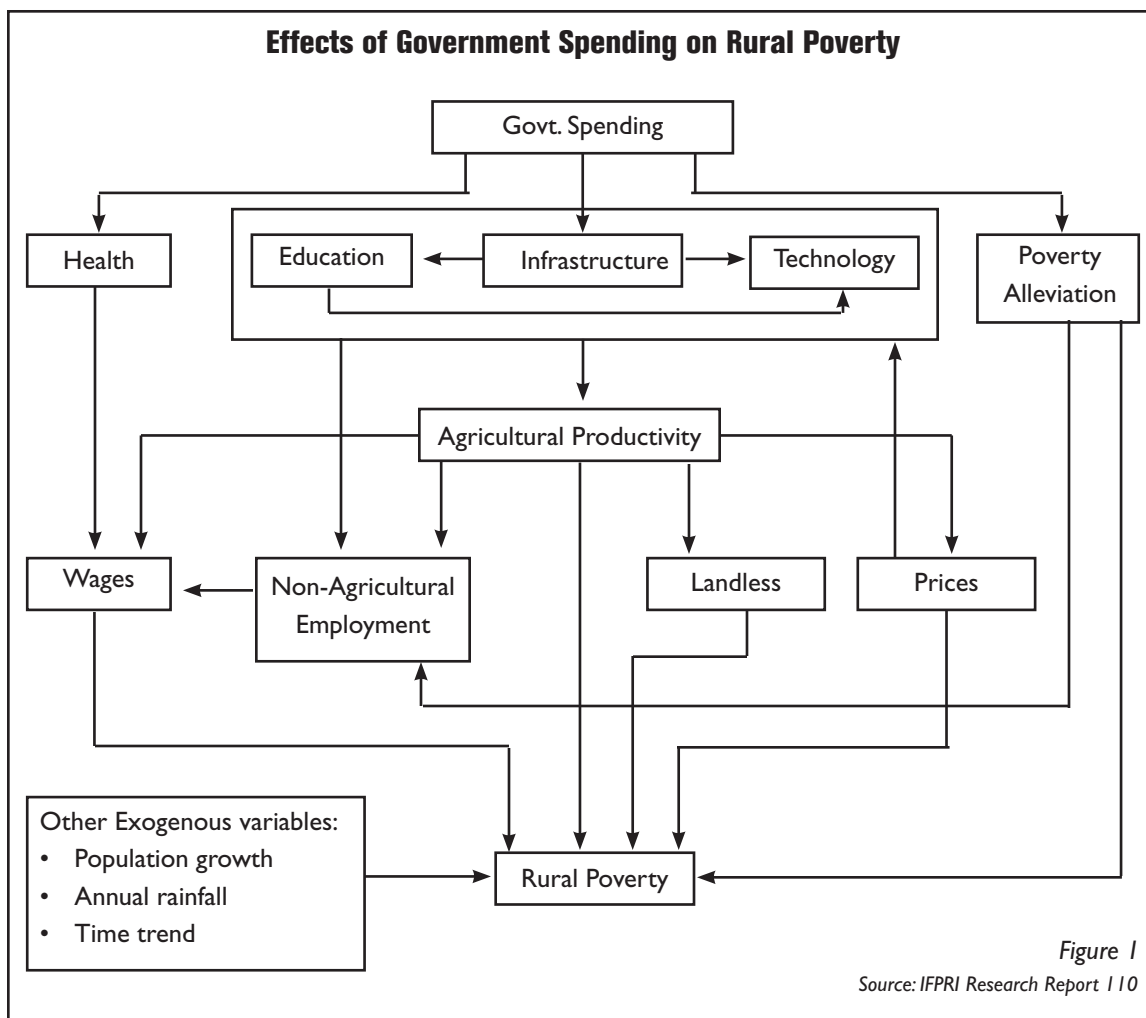
Public expenditures have played an important role in India's income poverty reduction. The period from mid 1970s to the end of the 1980s when income poverty showed marked reduction was also a decade when public expenditures rose phenomenally. This also corresponded to a period when Government introduced several new poverty alleviation programmes. There was an increased political commitment to poverty eradication, which was backed by an increased allocation of resources and by a set of new pro-poor policies. Nationalised commercial banks were required to assign 40 per cent of their lending to priority sectors – small farmers, small businesses, and artisans. New employment-creation and asset generation programmes for income poverty reduction were introduced. As a result, rural non-agricultural employment increased substantially, and real wages went up sharply. But most important, between 1976 and 1990, real per capita development expenditure increased at an annual rate of 6 per cent per annum compared with only a 3 per cent growth in real GDP per capita. In fact, the steep rise in government spending contributed to fiscal crisis that necessitated economic reforms in 1991. On the other hand, after economic reforms were introduced, real Government expenditure per capita fell 15 per cent during 1990-93, but increased again by 6 per cent in 1993-94. Income poverty too worsened in the initial years of the reforms but in 1994, showed improvement.

Government expenditures appear to have strong “trickle down” characteristics, much more distinctly than income growth. Practically all states that have succeeded in reducing poverty have made sizeable investments in poverty alleviation programmes.

The size of Government spending matters, but so does the efficiency of such spending. Leakage, corruption and inefficiency in management are frequently reported. Nevertheless, even with a poor record in programme implementation, states that have invested heavily in poverty alleviation programmes seem to do distinctly better in income poverty reduction. Thus, an enormous potential exists for accelerating income poverty reductions with improvements in the efficiency of spending. Improving the design, administration and management of poverty alleviation programmes is urgently required. With such improvements, overall government expenditures are likely to have larger multiplier effects and India could witness a more rapid reduction in income poverty.

5.1 Public spending and rural poverty

Although a large literature exists to explain changes in India's rural poverty, little attention has previously been paid to the role of government spending in alleviating poverty. Government expenditure has not only contributed to agricultural growth and hence indirectly to poverty alleviation, but it has directly created rural non-farm jobs and increased wages. The real significance of government development expenditure lies in the fact that it imparts a greater amount of ‘trickle-down’ benefits for the poor in the growth process than agricultural growth alone. Unlike agricultural growth, which often reduces poverty only by increasing mean consumption, government expenditure reduces poverty by increasing both mean income and improving the distribution of income (Sen 1997).



Government expenditure in India is divided into non-development and development spending, and the latter is further subdivided into spending on social and economic services. Social services include health, labour, social welfare and other community services, while economic services include such sectors as agriculture, industry, trade and transportation. Most expenditure on agriculture and rural areas is undertaken by the state governments. In addition to expenditures financed from the state's own revenues, the states are also conduits for most of the central government's expenditure on agriculture and rural development.

Total state government expenditure increased fivefold in real terms over the period 1970 to 1990. But the rate of increase has slowed in recent years. After growing at about 8 per cent per year during the 1970s and 1980s, it slowed to 3.14 per cent per year in the early 1990s. Development expenditure has followed a similar pattern, though the recent drop in the rate of increase is more dramatic, from 13 per cent in the 1970s to 7 per cent in the 1980s, and only to 1 per cent in the early 1990s. Within development expenditure, expenditure on social services grew the least in the 1990s (only 0.42 per cent per year, compared

with about 9 per cent in the 1970s and 1980s). Expenditure on education also grew at a low rate in the 1990s (0.22 per cent per year, compared with 7 to 8 per cent during the 1970s and the 1980s). Expenditure on irrigation also grew at a very low rate in the 1990s, only 0.12 per cent per year.

The expenditure items that grew most rapidly during the period 1970-93 were welfare and rural development. The growth in rural development expenditure (consisting of wage employment schemes and integrated rural development programmes) was particularly rapid; it is the one item that continued to grow at a respectable 5.1 per cent per year even during the early 1990s.

In terms of composition of state government spending, development of expenditure accounted for 75 per cent of total government expenditure in 1993, and the remaining 25 per cent went to non-development expenditure. Social and economic services accounted for 47 per cent and 53 per cent

of the total development expenditure, respectively (or 35 per cent and 40 per cent of total state government expenditure in rural areas).

Since 1980, agriculture's share in total state expenditure on economic services has declined from 30 per cent to 20 per cent, and irrigation's share has also declined. In contrast, expenditure on rural development programmes has expanded from 6.3 to 16.4 per cent of total economic services, causing some concern that resources have been reallocated away from productivity-enhancing investments to those that have a much smaller impact on agricultural productivity and production growth.

Large regional variations exist in government expenditure. In per capita terms, poorer states like Assam, Bihar, Madhya Pradesh, Orissa, Uttar Pradesh and West Bengal spend much less than more advanced states like Gujarat, Haryana, Maharashtra, Punjab and Tamil Nadu. The difference between these two groups is substantial.

6. Current Scenario

6.1 Strategy of the Tenth Five-Year Plan

The essence of the Tenth Plan is to change the role and improve the effectiveness of government, so as to better support the private sector and ensure widespread improvements in well-being. The strategy has four core components.

First, governance and service delivery are to be improved. Greater reliance is to be placed on the private sector and on public sector reforms to deliver accountability, reduce opportunities for corruption and improve the speed and effectiveness of government at all levels.

Second, poverty is to be reduced, particularly in the lagging states, through the implementation of policies that encourage growth, employment generation and access to elementary education (especially for girls) and to primary health care (especially for women).

Third, the growth rate is to be increased, including through greater public investments.

Finally, improvements in infrastructure and the productive base are at the heart of the Tenth Plan.

The Approach Paper to the Tenth Five Year Plan has set a growth rate target of 8 per cent during the Plan period. The projected GDP growth rate for the period 2002-07, if achieved, would lead to reduction of incidence of poverty by 5 percentage points by 2007. The various poverty alleviation programmes under the Tenth Five-Year Plan have been enumerated below:

6.1.1 Self Employment Programmes

The formation of self-help groups by itself contributes to the empowerment and economic well being of the poor by improving their collective bargaining position.

Group formation would continue to be the focus under SGSY. The self-help groups move through various stages: social mobilization and formation of groups (initial phase); savings and internal lending among the members of the group on their own, augmented by revolving fund grants from the government and linkages with banks and other credit agencies (second phase); obtaining micro finance (third phase) and setting up of micro enterprises (fourth phase).

The SGSY programme is intended to provide benefits to SCs and STs, disabled and women-headed households forming the bulk of the rural poor. However, these sections would be excluded from the ambit of the programme if they were not listed in the BPL census conducted at the beginning of every Five-Year Plan for inclusion of beneficiaries under different government programmes. Strong linkages and networks would be established with NGOs and financial institutions like the Small Industries Development Bank of India (SIDBI), National Bank of Agriculture and Rural Development (NABARD), Rashtriya Mahila Kosh (RMK), etc. under SGSY. These organizations would act as self-help promotion institutions and would ensure a continuing relationship with self-help groups.

Micro level planning process would have to be strengthened in the districts for the programme to succeed. In this endeavour, the involvement of PRIs, banks, micro finance institutions, NGOs and district level officers of different departments would have to be ensured. They would have to work in close coordination in the preparation of a District Plan for activities under SGSY. Training programmes would be organised for upgrading skills of beneficiaries selected under the programme. A system of credit would have to be put into place, which is flexible and responsive to the financial needs of the poor and is

capable of supplying timely and adequate credit. The inadequacies of formal credit institutions could be overcome by combining the strength of commercial banks with the intermediation capabilities of NGOs to effectively link the poor with commercial banking channels. It would be the Government's endeavour to leverage funds under different self-employment programmes to enable the rural poor to diversify into non-agricultural activities.

Provision would have to be made for the creation of infrastructure either under SGSY or by convergence with the other sectoral programmes and to ensure that the missing infrastructure is provided at the planning stage itself. Marketing strategy has also been recognized as an integral part of every self-employment venture. Rural haats or village markets have to be set up to position the products of self-help groups. Suitable linkages between the rural enterprises and technological institutions would be developed so that technological assistance can be extended to the self-help groups. The SGSY programme would continue to promote land-based activities for individual and group beneficiaries in the backward regions. Diversification into other land-based activities such as sericulture, aquaculture, horticulture and floriculture would be encouraged. The programme would, therefore, support the purchase of land and its distribution to the landless poor. Women swarozgaris would be sole owners or joint owners of redistributed land.

6.1.2 Wage Employment Programme

The SGRY would be the single wage employment programme. Allocations to the programme would be stepped up. The programme would seek to provide productive employment opportunities in employment-intensive sectors. The Government would endeavour to generate a shelf of projects for execution under SGRY that fits into the overall development plan of an area.

The SGRY would have three streams. One to address the need for rural infrastructure in all states; the other to provide focused attention to areas facing poverty while the third would respond to natural calamities. The general stream universalized across states would be for the creation of local infrastructure. Water tanks, anganwadis, primary school buildings, sanitation facilities, primary health centres, multi-purpose community halls and other projects required in the village would be taken up under the universal stream.

The second stream would seek to provide an employment guarantee of at least 100 days for areas facing chronic unemployment and poverty. Districts and blocks would be selected on the basis of an objective criterion and efforts would be made to create at least minimum infrastructure in these areas by ensuring convergence of other government programmes.

The third stream would be an enabling mechanism for the Government to respond to natural calamities such as floods, droughts, earthquakes and other contingencies that require quick response to mitigate the hardships faced by people.

A specific proportion of allocations under SGRY would be used for the maintenance of village assets. PRIs would play a major role in the planning, implementation and monitoring of wage employment programmes and allocations under the SGRY would be routed through them. A rational criterion would have to be evolved for distribution of funds between the three tiers of the PRIs to ensure balanced development of villages, blocks and districts.

6.1.3 Rural Housing

During the Tenth Plan period, free houses under IAY would be provided largely to SC/ST BPL families. For other BPL families, there would be a gradual shift to a

credit-linked housing programme. The need to create institutional capability in the rural housing sector with reference to designing of houses, supply of raw materials and construction has been recognized. Rural communities have to be involved in the layout and design of the houses. The houses should have provisions for rainwater harvesting, water supply and sanitation.

6.1.4 Social Security Schemes

While the NSAP and state-level welfare schemes have provided some succour to the poor by way of assistance to the old and the bereaved, a large section of people have not been covered under the schemes because of limited resources. The NSAP needs to be enlarged in scope to cover all eligible beneficiaries. The content and coverage of social welfare schemes would have to be strengthened during the Plan period to provide meaningful protection to the poor.

6.1.5 Land Reforms

Agricultural workers have neither assets nor skills to participate in the limited but emerging employment opportunities in different sectors of the economy. Horticulture, floriculture and vegetable cultivation on small plots of land, including homestead lands, have proved beneficial for the poor. Agricultural labourers, therefore, need to be provided access to land to improve their economic and social well being. During the Tenth Plan period, states have to concentrate on the detection of concealed land and strive for the speedy disposal of cases so that the land acquired under ceiling laws becomes available for distribution to the poor. Changes in the agrarian economy warrant a fresh look at tenancy laws. States are at different stages of agricultural transformation. Patterns of semi-feudal agriculture in some states co-exist with corporate and commercial farming practices in others. Therefore, the tenancy laws need to be revisited.

The influx of non-tribals into tribal areas as a result of various developmental projects, exploitation of natural resources and industrial activities has led to the alienation of tribal land. Among other reasons, improper land records have facilitated alienation. Concealment of land, which has hampered the land reforms programme, has been due to the lack of a comprehensive land rights database. The CLR and SRA & ULR schemes have placed emphasis on modernization of cadastral survey procedures and strengthening of training facilities for revenue, survey and settlement staff. Provision of computers and other infrastructure has been made under these schemes. This process will be carried forward more vigorously in the Tenth Plan not only to detect concealment of land but also to reduce scope for litigation in rural areas.

6.1.6 Public Distribution System

While the provision for food subsidy is made in the non-plan budget of the Central Government, the Planning Commission provides funds under its Plan programmes for the following schemes to strengthen the operational machinery of the PDS: construction of godowns; purchase of mobile vans/trucks; and training, research and monitoring. The godowns scheme was intended to assist State Governments and Union Territories in the construction of small godowns of up to 2,000 tonnes capacity. The mobile vans scheme provided financial assistance for the purchase of mobile vans/trucks for distributing essential commodities in rural/hilly/remote and other disadvantaged areas where it is not feasible or viable to set up regular Fair Price Shops (FPS). The training scheme aims at strengthening and upgrading the skills of personnel managing the PDS and to improve the management of supplies.

6.1.7 Education programmes

6.1.7.1 Sarva Shiksha Abhiyan

This will totally subsume all existing programmes, barring the mid-day Meal scheme and the scheme of Restructuring and Reorganisation of Teachers' Education.

Objectives of Sarva Shiksha Abhiyan:

- ◆ All children to be in schools, Education Guarantee Scheme centres, alternate schools, back-to-school camps by 2003
- ◆ All children to complete five years of primary schooling by 2007
- ◆ All children to complete eight years of schooling by 2010
- ◆ Focus on elementary education of satisfactory quality with emphasis on education for life
- ◆ Bridge all gender and social disparities at the primary stage by 2007 and at the upper primary level by 2010
- ◆ Universal retention by 2010

6.1.7.2 Gender-Specific Programmes

The Tenth Plan would also rely on some women-centric programmes such as the existing Mahila Samakhya, and two new schemes, the Kasturba Gandhi Swatantra Vidyalaya (KGSV) and the National Programme for the Education of Girls at the Elementary Level (NPEGEL). Mahila Samakhya will be expanded both in terms of geographical reach and activities like the Mahila Shikshan Kendras.

6.1.7.3 Mid-Day Meal Scheme

A Supreme Court order in 2001 made it obligatory for states to provide cooked meals instead of dry rations within the stipulated time frame, under the Mid-Day Meal scheme. Further, in order to achieve the goals set in the Sarva Shiksha Abhiyan programme, modifications would be made in the scheme in the light of feedback gained from the working of the scheme, and the opinion of experts.

6.1.8 Delivery Mechanism

Poverty alleviation programmes have been designed to address different facets of rural poverty. An effective delivery system has to ensure people's participation at various stages of the formulation and implementation of the programmes, transparency in the operation of the schemes and adequate monitoring. The increasing integration of India in the global economy, the budget constraints faced by both central and state governments and inefficiencies in the administrative structure led to the development of a consensus to devolve powers to local institutions to enable people's participation in administration. The 73rd and 74th Constitutional Amendments that conferred statutory status on PRIs and urban local bodies did not have only democratic decentralization as their objective. These institutions were also seen as a process for harnessing and channelising the people's innate abilities to bring about rural transformation in a way that every individual acquired his/ her rightful place in the social, economic and political arena.

The strengthening of forces that facilitate political empowerment of rural communities would be an important area of action in the Tenth Plan period. Issues of transparency, accountability and development would require greater attention. States, which have lagged behind in devolving functions and finances to panchayats, would have to be encouraged to empower the panchayats. The gram sabhas in most states have been entrusted with only ceremonial functions. The power and functions of gram sabhas need to be enlarged by giving them effective powers of implementation and monitoring of developmental plans. Social audit of all development programmes by the gram sabha would be mandatory. The committee system adopted in many states to facilitate a more participative decision-making process in the panchayats should be incorporated in the State Panchayat Acts.

Administrative and financial devolution by the states to the PRIs remains an area of major concern. Financial devolution is also desirable as the control of investment decisions by local communities leads to better utilization of scarce resources. Panchayats would need greater powers of taxation and avenues for non-tax revenue. Apart from funds that flow to panchayats for centrally sponsored and state sector schemes, untied grants could also be provided to the Panchayati Raj Institutions (PRIs). The PRIs need to raise resources from the local community and end their dependence on government funds. The onus of devolving functions, functionaries and financial resources to the PRIs rests with the state governments. PRIs have to be trained in planning, budgeting and accounting tasks. An elaborate system for auditing of panchayat finances has to be put in place.

The delivery of programmes would improve only if the PRIs emerge as strong players in the social and economic life of the country. NGOs and other civil society organizations can facilitate the evolution of PRIs as institutions geared to promote the well being of the rural poor.

6.2 Seeking to address the Millennium Development Goals

In September 2000, world leaders adopted the UN Millennium Development Goals, committing their nations to stronger global efforts to reduce poverty, improve health and promote peace, human rights and environmental sustainability. The Millennium Development Goals that emerged from the Millennium Declaration adopted by 189 countries are specific, measurable targets, including the one for reducing - by 2015 – the extreme poverty that still grips more than 1 billion of the world's people. These Goals, and the commitments of rich and poor countries to achieve them, were affirmed in the Monterrey Consensus that emerged from the March 2002 UN Financing for Development conference, the September 2002 World Summit on Sustainable Development and the launch of the Doha Round on international trade.

The Millennium Development Goals (MDGs) address many of the most enduring failures of human development. The Goals and the promotion

Status of Millennium Development Goals in South Asia

Table 4

Country	Proportion of Population Below \$1 Per Day at 1993 Purchase Power Parity (%)		Ratios of Girls to Boys (Primary Education)		Under-Five Mortality Rate (per 1000 live births)		Infant Mortality Rate (per 1000 live births)	
	1990	2000	Early 1990s	Late 1990s	1990	2001	1990	2001
Afghanistan	-	-	0.52	0.47	260	257	167	165
Bangladesh	35.9	29.1	0.81	0.92	144	77	96	51
Bhutan	-	-	0.74	0.82	166	95	107	74
India	52.5	44.2	0.71	0.81	123	93	84	67
Nepal	37.7	-	0.56	0.72	145	91	100	66
Pakistan	47.8	31	0.48	0.55	128	109	96	84
Sri Lanka	4.0	6.6	0.93	0.94	23	19	20	17

Not available

Source: ESCAP and UNDP, *Promoting the Millennium Development Goals in Asia and the Pacific*, 2003

of human development share a common motivation and reflect a vital commitment to promoting human well being that entails dignity, freedom and equality for all people. The MDGs are as follows:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

In the Tenth Five Year Plan the Planning Commission has outlined India's human development goals and targets for the next 5-10 years, which seeks to address the MGDs. The targets are as follows:

- ◆ Reduction of poverty ratio by 5 percentage

points by 2007 and 15 percentage points by 2012

- ◆ Providing gainful and high-quality employment at least to the addition to the labour force over the Tenth Plan period
- ◆ All children in school by 2003, all children to complete 5 years of schooling by 2007
- ◆ Reduction in gender gaps in literacy and wage rates by at least 50 per cent by 2007
- ◆ Reduction in the decadal rate of population growth between 2001 and 2011 to 16.2 per cent
- ◆ Increase in literacy rates to 75 per cent within the Tenth Plan period
- ◆ Reduction of Infant Mortality Rate (IMR) to 45 per 1000 live births by 2007 and to 1 by 2012
- ◆ All villages to have sustained access to potable drinking water within the Plan period
- ◆ Cleaning of all major polluted rivers by 2007 and other notified stretches by 2012

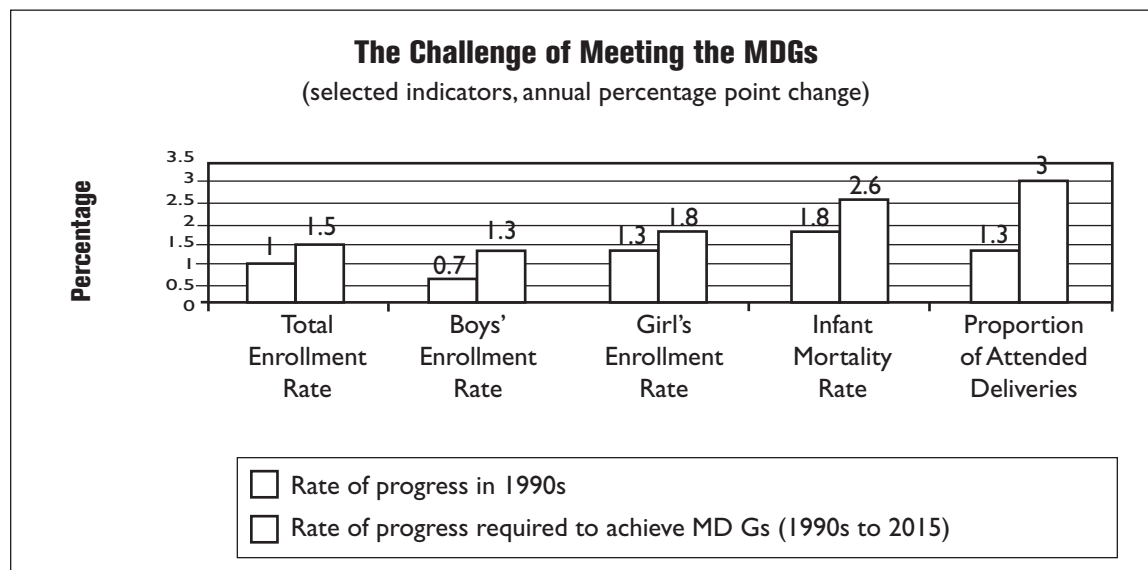


Figure 2

Source: NSS 50th and 55th Round, Schedule 10 for enrollment estimates; NFHS-1 (1992-93) and NFHS-2 (1998/99) for IMRs and attended birth estimates.

7 Role of the Voluntary Sector in Poverty Alleviation

Participation of people in poverty alleviation programmes is crucial to their success. And, the voluntary sector can play an instrumental role in promoting people's participation. Participation is based on people's awareness of their social entitlements and economic opportunities, which moves them away from dependency to self-reliance and to gives them a role in decision-making.

Government perception towards the voluntary sector as an important actor in developmental activities has moved through various stages and also changed over the period of time. During 1950s and 1960s, it was assumed that the state-led capital intensive economic growth in the industrial and agricultural sectors was the answer to poverty through trickle-down effect, accompanied by community development and welfare programmes for those which were thought to be incapable of participating in the programmes aimed at economic growth. The Government set up the Central Social Welfare Board and Khadi and Village Industries Commission to channel funds to NGOs for implementing welfare programmes (health, education, shelter homes for the destitute, old age homes, etc.) and vocational programmes.

During the 1960s, it was found that economic growth-oriented strategies, combined with welfare activities at the micro-level, were not adequate to alleviate poverty. In this context, the United Nations called for a frontal attack on poverty through the basic needs strategy. Simultaneously, during this period, alternative perspectives on development and the role of NGOs were also emerging. The rise of Marxism, the JP (Jayaprakash Narayan) movement and subsequently the Emergency – all these movements paved the way for the emergence of NGOs working around issue-based struggles in different parts of the country.

By the early 1980s, the government gave considerable importance to the banking sector in direct poverty alleviation, by fixing targets in achieving the desired direction in lending activities. Integrated development models replaced the fragmented and compartmentalised development models that still had charity and welfare components. The priorities and agenda of donor agencies also influenced the development perspective and programmes at the grassroots level.

These trends contributed to the emergence of two distinct types of grassroots NGOs. Development NGOs sought to work around concrete sectoral activities relevant to different poverty groups in the countryside. The other type of NGOs that came into existence was empowerment NGOs, which formed organizations for different poverty groups in the countryside and strengthened their efforts to address the structural causes of their poverty. By late 1980s there were four different grassroots NGOs, which often co-existed in the same locality, viz., welfare NGOs, development NGOs, empowerment NGOs and social action groups.

Since 1991, macro-policies aimed at growth with equity, linking the economy with global markets, reduced the role of the state. Privatisation of development (by involving NGOs in development work) and decentralisation in administration was brought in. During the last five decades, a number of local organizations have been created, administration decentralised and space provided for NGOs so that the macro-policies are implemented, the interests of the poor represented and a broad-based development, poverty alleviation and reduction made possible.

There is a widespread belief in India that NGOs by virtue of being small in scale, flexible, innovative,

participatory, focusing on development and relatively independent, are more successful in reaching the poor and in poverty alleviation. This has contributed to the increasing popularity of NGOs among government and external aid agencies and their rapid growth.

With growing numbers and increased funding, NGOs have been able to create a vast social infrastructure. It is estimated that there are 20,000 NGOs active in rural development today. If we assume that each of these NGOs is working in 10 villages, the NGOs together will be covering half of the villages in India. If we assume that each of the NGOs have five trained workers, the number of qualified persons engaged in rural development will be quite large. A majority of NGOs have formed people's organizations at the village level, provided education and training to the people on various issues, and most of them work with the marginalized groups such as women, dalits and adivasis. This social infrastructure provides ample opportunities for NGOs not only for making service provision but also to enable the poor to access the resources from the government, to enter into gram panchayats, in improving their capacity as panchayat members and in making gram panchayats pro-poor and people-centred, to represent the interests of the poor in decision-making bodies at various levels.

Many studies carried out on NGOs and overall assessments of their work in alleviating rural poverty have shown positive results. Broadly speaking, NGOs work on a people-to-people basis; are concerned with processes as much as, if not more than, outcomes; can reach the poor, and sometimes claim to reach the poorest of the poor; have found ways to involve beneficiaries as participants in development; are flexible, innovative, and experimental; can and do support, create and foster local institutions; and are cost-effective, at least relative to other development agents.

Some NGOs have provided shining examples for a very long time in the fight against rural poverty and

their efforts have ranged from relief to development and empowerment of the poor. Their activities, even if local and financially modest, have strongly influenced the quality and scope of development strategies and the techniques of project design. They have also contributed to a radical change in the concept of development by means of small-scale projects aimed directly at the rural poor.

7.1 Snapshots of NGO activity in India

7.1.1 SEWA-Gujarat

In India, poor women workers are mainly engaged in the informal economy. A labour force of women contributes significantly to the national economy but their work remains invisible, unaccounted and unrecognized. These are women who are not protected by labour laws or any formal employer-employee relationship; women who work long, hard hours but do not get the basic benefits of social protection and healthcare.

More than three decades ago, a movement to empower and protect these women workers was initiated by Ela Bhatt. Based in Ahmedabad, Gujarat, since 1972, SEWA – The Self Employed Women's Association is a labour union with more than 7,00,000 members today. Members of SEWA come from four broad occupational categories – home-based workers, small producers, street vendors & manual labourers and service providers. SEWA's main goals are to organize women for full employment at the household level and for self-reliance – and through this create a framework that provides security – work security, income security and social security (health care, child care, insurance and shelter). Moving towards these goals, SEWA organizes a wide range of activities with, for, and by its members. These range from unionizing to policy development, from cooperative development to insurance and banking, from health care and childcare to housing.

7.1.2 Khoj-An initiative by Voluntary Health Association of India

The concept of Khoj evolved out of Voluntary Health Association of India's deep concern to find a breakthrough in health status of poverty-stricken people living in remote and difficult areas. These projects were initiated in 1993 with financial support from EZE (now EED), Germany as model projects in some of the least developed and difficult areas of the country. The interventions had an innovative approach to tackle health and development issues. They aimed at effecting a holistic change in the lives of beneficiaries by simultaneously improving their health and socio-economic status in a manner which was appropriate to local scenarios of the respective project areas. There are 19 Khoj projects in some remote and difficult areas of less developed North and North Eastern states. These projects have done extremely well in presenting successful models of health and development in remote and unreachable areas to inspire thousands of committed voluntary organisations in the country.

The project is implemented through Self-Help Groups (SHGs). Thrift and credit was the entry point for initiating work with SHGs and has been its mainstay. Income generating activities undertaken by SHGs can be divided into four broad categories: (1) Agriculture, horticulture and vegetable cultivation; (2) Livestock keeping; (3) Handicrafts and (4) Petty trading and vending. SHGs have made a positive difference in decision-making capacities of the people, especially women. They have emerged as powerful empowering tools.

7.2 Snapshots of NGO activity in Bangladesh

7.2.1 BRAC

BRAC was founded as the Bangladesh Rural Advancement Committee in 1972. Its initial

focus was relief and assistance for refugees returning from Bangladesh's Liberation War. In 1973, with the emergency relief work complete, BRAC turned to the issues of poverty alleviation and the empowerment of the poor, especially women and the landless, in rural areas of the country. The organisation moved into the area of community development, providing health, and economic support to different segments of the rural population. BRAC operates in more than 60,000 villages and 2,300 urban slums in 460 of the 460 Thanas, or sub-districts, in Bangladesh. More than 4.3 million people belong to BRAC's village organisations, and nearly 4 million were active borrowers in 2001, making it the MFI with largest outreach in Bangladesh. Almost 100 per cent of BRAC's clients are women.

7.2.2 Grameen Bank

Grameen Bank Project was born in 1976. In 1983 it was transformed into a formal bank under a special law passed for its creation. The bank, owned by the poor borrowers, mostly women, works exclusively for them. Borrowers of Grameen Bank at present own 94 per cent of the total equity of the bank while the government owns the remaining 6 per cent. Grameen Bank now operates through 18 zonal, 125 area and 1195 branch level offices. A basic principle of the Bank is that it goes to the poor people, since it is difficult for the poor people to come to the bank. All banking transactions are done in the centre meetings at the village level, attended by borrowers and the centre manager who is a bank staff. The bank's services have reached 43,681 villages, out of a total of about 68,000 villages in the country. The services offered by the bank include micro-enterprise loans, higher education loans and scholarships, loan insurance, housing for the poor and life insurance among others.

8. Globalisation, Liberalisation and Poverty

Globalisation can be summarised as the global circulation of goods, services and capital, but also of information, ideas and people. It has shaped all of the 20th century, albeit with large cyclical variations, and has become an increasingly visible force in recent decades. Although there are many factors that have spurred and in turn have been reinforced by globalisation, two have played a particularly important role in contributing to its accelerating pace in the 1980s and 1990s. The first is technical progress especially in information technology, international communication and global transportation. The second major development is the shift in policy orientation as governments everywhere have reduced barriers that had curbed the development of domestic markets and their links to the international economy.

Experience, especially in East Asia, demonstrates that developing countries benefit from participation in the global economy through higher economic growth and living standards, and thus have reduced poverty. Increased openness to trade creates opportunities for new investments and jobs, and promotes more efficient use of resources and higher productivity. The liberalisation of capital flows permits greater access to the external resources needed to finance such investments, and foreign direct investment can also encourage the transfer of technology, managerial expertise and skills. Open markets also provide consumers with access to a wider range of better-quality goods at lower prices.

Globalisation can increase the flow of investments, trade and technology. These flows, however, tend to concentrate on a few geographical areas and on a few countries within them. Increasing the number of countries that attract and benefit from investment, trade and technology flows require policy responses by both developing and developed countries. The

challenge for developing countries is to enact domestic policies that attract more foreign direct investments of a relatively long and stable nature, as well as adopting structural reforms to enable domestic adjustment when necessary.

Greater openness to a global economy increases risks and exposure to economic and financial shocks. Recent financial crises have highlighted the vulnerability of countries to sharp fluctuations in capital flows, and the negative impact on the poor. Strengthening the international financial system will help developing countries reap the benefits of globalisation while minimising the associated risks. Crisis prevention through sound domestic policies and institutions in all countries remains the first line of defence against financial instability.

The impact of globalisation and liberalisation led to a series of economic reforms in India. The first generation of reforms in India concentrated on the industrial economy and agricultural and rural sectors were neglected. The Government withdrew developmental expenditure on the rural economy owing to the fiscal correction exercise as part of the structural adjustment programme. In fact, the 1990s were marked by the dominance of deflationary macro-economic policies and falling public development expenditure. These led to an unparalleled and comprehensive crisis in rural India, resulting in impoverishment, food shortages and hunger. The per capita availability of foodgrains fell to such low levels as were seen during the worst famines of the colonial period. An important reason for this state of affairs is the declining agricultural growth rate. Rural economy is still the mainstay of India and it cannot be ignored. If the problem of poverty is to be tackled the next generation of reforms cannot afford to overlook rural development.

The other contributory factors are the fall in purchasing power owing to the contraction of the public works programmes and employment generation activities of the state. Farm incomes too have fallen thanks to rising input costs, a simultaneous fall in prices and also the withdrawal of the state from areas such as credit, extension services, procurement, price support and infrastructure. Indebtedness and land alienation have grown, particularly amongst small and marginal farmers.

Workforce participation rates in rural areas have declined, more for rural women than for men. There is a growing gender-based division of labour in rural areas, with lowly paid menial and arduous work going to women. This is compounded by the overall decline in women's employment in the post-reform phase, from 1.41 in 1983-1993 to a mere 0.15 per cent in 1994-2000.

The claims made during the beginning of reforms that it is going to bring about employment growth does not seem to be true after studying the data for the post reform period. With more than 90 per cent working in the unorganised sector and the employment opportunities declining there seems to be an urgent requirement for policy changes to revitalize employment generation in the economy. The Planning Commission reports a fall in employment growth from 2.04 per cent during 1983-94 to 0.98 per cent during 1994-2000 largely on account of the crisis in agriculture and community social and personal services, which together account for seven-tenths of total employment. Even though this was accompanied by a deceleration in the rate of growth of the labour force from 2.29 per cent in 1987-94 to 1.03 per cent in 1993-2000, unemployment has grown because the growth of the labour force outstrips the growth of employment. The extreme manifestations of this distress are the unabated starvation deaths and suicides by farmers.

Prior to the banking sector reforms rural banking and rural credit supply were mandatory on financial institutions. The rural banking sector suffered from severe non-payment of debts, which deteriorated the financial viability of the institution. Consequently, banking sector reforms have substantially changed the institutional arrangement for rural credit. The organised financial sector in India is either unable or unwilling to finance a range of activities that are of crucial importance for growth and development. Credit availability being a key factor in helping the poor to escape poverty, it is of vital importance to explore the possibilities of reaching credit to the poor, especially the rural poor.

The central and state governments are faced with severe financial constraints that restrict them from incurring expenditure on infrastructure building. The economic reforms had opened up many state-monopolised sectors for private investment. But the rural infrastructural sector gets very marginal attention from private investors. The lack of attention from the state and the private sector may be deteriorating the rural infrastructural facility. The growth of the rural economy is intricately linked to the infrastructure availability, which strengthens modern economic institutions that are vital to employment generation and income growth.

The solution in this case is not, however, to reject globalisation and liberalisation but rather to create an effective system of compensation for those who did not initially gain from it. To achieve a fair market economy, the state needs to ensure equal possibilities for the participation of all citizens. This is a clear assignment to the political leaders for public investment in human and physical infrastructure. Human infrastructure mainly means the provision of basic education and basic health care. Further, public investment in physical infrastructure is needed in the form of power supply, roads and irrigation measures.

Globalisation has put a premium on good governance, because of the need to put in place policies and institutions demanded by an increasingly competitive global market place, because of pressures on governments to be transparent and more accountable to their citizens, and because of the higher costs of mismanagement. Policies at the country level remain crucial for poverty reduction even in an age of globalisation. Combating poverty involves much more than fostering sound market-oriented growth. The World Development Report 2000/01 highlights the importance of actions in three main areas:

- ◆ First, to enhance the capabilities of the poor, particularly through the improved provision of education and health, which are fundamental to well being and which promote participation in market opportunities.
- ◆ Second, to facilitate empowerment by making institutions more responsive and accountable to the poor, by strengthening the participation and influence of the poor in political processes and by removing social barriers. A particularly important dimension relates to gender.
- ◆ Third, to understand better and reduce the vulnerability of the poor to ill-health, economic shocks, natural disasters, violence, and transitional costs arising from market reforms.

All of these policies must be designed in a way that takes account of financial constraints and local realities – with special attention to the impact on the poor and on transitional losses – and secures ownership of key stakeholders through participatory processes.

9. Conclusion

Supported by wide-ranging reforms, India has experienced rapid growth by most standards over the past decade (averaging about 6 per cent per year between 1992-3 and 2003-4). The external position of India's economy has also improved dramatically. In parallel with this faster growth, India has made impressive progress towards reducing income poverty. Continued progress has also been made on many social indicators, particularly literacy, which rose from 52 per cent in 1991 to 65 per cent in 2001 (NSS, Office of the Registrar General, India).

However, while India's economic and social performance has been impressive on many counts, it has also been uneven and has fallen behind the performance of a number of countries in East Asia. Despite the emergence of tens of millions from poverty during the 1990s, average incomes across India remain low and there has been little movement on some critical social indicators. A great concern is that both maternal and under-five mortality have hardly improved. In addition, HIV/AIDS is spreading quickly, with risk factors that put the country in danger of a growing epidemic.

In the 1960s, the levels of income in Botswana and Indonesia were lower than in India. But by 1993, the situation was reversed. During this period, Botswana and Indonesia also recorded significantly more rapid advances in health and education than India did. China, Indonesia and Thailand have all achieved and sustained higher levels of per capita incomes than India because they have done much better in terms of expanding human capabilities. If human poverty is to be eradicated, India must, as a priority, invest in its people – in their health and education. India needs to strike a balance in its development. A balance is needed between economic growth and an expansion of social opportunities. And the Government has to play a more proactive role in expanding social

opportunities. Opportunities must be created and expanded for women to participate more fully in economic and political decision-making. Further, economic growth has to be participatory. It must be planned and managed by people whose lives it affects. Civil society involvement is absolutely vital, PRIs should be strengthened and the voluntary sector should play an instrumental role in reaching the benefits to the people.

In India today, there also remains a substantial and persistent disparity of opportunity, particularly in the education, health and economic prospects of women and other vulnerable groups such as the SC/ST populations. A symptom of this disparity is the strikingly low ratio of girls to boys, which rather than improving with India's development progress, appears to be worsening. A growing gulf has emerged as well in growth between the richer and the poorer states within the country – with the result that poverty is increasingly geographically concentrated. Today, almost half of India's poor, approximately 133 million people, live in Uttar Pradesh, Bihar or Madhya Pradesh. Over three quarters of the poor live in rural areas.

Given these disparities and the increasing concentration of poverty by region and by state, it can be said that India occupies two worlds simultaneously. The first, where economic reform and social changes such as improved education for girls, have begun to take hold and where growth has had an impact on people's lives and opportunities – and the other, where some people appear almost completely left behind by public services, employment opportunities and brighter prospects. Bridging the gap between these two worlds is perhaps the greatest challenge faced by the Government today.

The Tenth Plan targets an average growth rate of 8

per cent per year. Accelerating growth towards 8 per cent a year depends greatly on changes taking place in India's lagging states. If the trends of the past few years continue, i.e., if growth continues to be divergent across states (with poorer states growing no faster than 5 per cent per year), then richer states would have to grow at near 10 per cent per year on average to reach an all-India average of 6.5 per cent over the Tenth Plan period. Since this is unlikely, implicit in projections of rapid aggregate growth is an acceleration of growth in the lagging states. To achieve this, major policy and governance reforms will be needed in the poorer states. The role of the Centre in both catalysing and setting the pace for reforms at the state level will be critical.

Policies to increase the productivity of agriculture, which declined between the 1980s and 1990s will also be of particular importance for poverty reduction and increased rural incomes. It is also important to note that a number of factors weaken the link between India's economic growth and poverty reduction. These factors range from the skewed ownership of, and access to productive assets (e.g. land, credit) and ineffective delivery of government programmes, to restrictive social groupings that cause exclusion (e.g., caste, kinship) and systems of patronage. Measures aimed at empowering poor people, both as economic agents and as service users, appear to be vital for success in sustained poverty reduction. As highlighted in the 2004 World Development Report "Making Services Work for Poor People", more effective delivery of health and education services and provision of social safety nets would help to empower the people to both contribute to, and benefit from, strong economic growth.

An extremely important issue is the identification of the poor towards whom the welfare programmes and services are directed. As per the procedure, state governments undertake surveys to identify the households living below the poverty line.

However, studies have shown that such surveys are fraught with design and implementation problems. The indicators used to determine the level of poverty are inadequate. One possible solution may be that the rights of identification of the poor be vested with the local bodies and people's organisations with regulations defined by the state. Also the state needs to adopt sensitive and pro-poor social indicators.

Poverty alleviation efforts in India have, unfortunately, been plagued by corruption, which have had deleterious effects on its outputs. From former Prime Minister Rajiv Gandhi's famous off-the-cuff remark that only 15 paise of rupee, allocated for welfare schemes, reaches the poor, to startling surveys by the Planning Commission members on how only 20 paise out of Re 1 spent on rationed grain reaches the target and of Rs. 60 meant to go as wages in a poverty scheme how only Rs. 10-15 gets there – studies are aplenty.

Recently, the Independent South Asian Commission on Poverty Alleviation (ISACPA) has pointed out that poverty in India, Bangladesh and Pakistan can be reduced by 25 per cent if they can curb existing corruption level to those prevailing in nations with the highest reputation of honest dealing. Further, according to the report, countries in South Asia need to develop a common database on best practices in poverty alleviation in order to reduce the incidence of poverty and improve human development. They need to focus on tapping regional economic opportunities that are largely unexploited. The report goes on to add that countries in the region need to mainstream the informal economy, mobilise the poor, and focus on sustainable development and prudent macroeconomics in order to alleviate poverty.

There is an array of anti-poverty programmes but unfortunately, they are not delivering the desired goods. The Government needs to take a fresh

look at them so that development does not take place only on paper. Development should not be measured in terms of statistics but by a qualitative difference in people's lives. Lack of employment, in spite of the existence of various employment schemes has emerged as an important cause of poverty.

The National Rural Employment Guarantee Bill has sparked a debate on the desirability and feasibility of extending the innovative Employment Guarantee Scheme (EGS) in Maharashtra to the poorest 150 districts in India. The provisions relating to offer of work within 15 days of demanding it and not exceeding a distance of 5 km, a minimum of 100 days of work to an adult in a household, medical entitlements, and a key role for village panchayats and gram sabhas in its design, implementation and monitoring are laudable. But whether it will contribute to poverty reduction is to be seen.

Prof. Amartya Sen has endorsed the EGS and greater state outlays on education and health. He described the Employment Guarantee Bill as an "enormously important instrument". According to him it would deal with some of the poorest people in the

country and give them a reliable source of income through 100 days' employment. He also pointed out that successive Indian governments have been "underactive" in the field of education and healthcare. Therefore, expenditure on these two areas should be stepped up.

Poverty alleviation programmes can work only if the benefits accruing from them reach the targeted people, i.e. the actually poor. More often than not the benefits are squandered away by the relatively affluent. Therefore, it is extremely important to ensure access of the poor to the programmes. The main focus should be to bring about long-term poverty reduction and not short-term relief. Public spending on rural infrastructure and agricultural R & D has been found to have a greater and long-term impact on poverty incidence than wage employment and other rural development programmes.

In spite of periodic appraisals, constitution of various committees and commissions, the poverty situation in India is still grim. But one is hopeful that a synergistic effort between the Government and the voluntary sector can make a positive difference to the lives of the millions of poor people in this country.

10. Appendix

10.1 Five-Year Plans and Poverty Alleviation

“Growth with Social Justice” has been the basic objective of development planning in India since independence. At the beginning of the First Five-Year Plan, almost half of the Indian population was living below the poverty line, 80 % of which lived in the rural areas. The incidence of poverty in villages was widespread. This problem was further aggravated by disparities that existed among the states, between men and women and among different social groups. The magnitude of poverty and disparities that existed between various social groups, such as Scheduled Castes, Scheduled Tribes, other backward castes, women, children, the physically handicapped and the disabled was considerable.

Planning in India was intended, in the words of the Government Resolution of March 1950, “to promote a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country, increasing production, and offering opportunities to all for employment in the service of the community.”

In December 1954, Parliament adopted a resolution, which contained the following clauses:

1. The objective of economic policy should be a Socialistic Pattern of Society; and
2. Towards this end the tempo of economic activity in general and industrial development in particular should be stepped up to the maximum possible extent.

The central objective of the **First Five Year Plan** (1951-56) was to create conditions in which living standards are reasonably high and all citizens, men

and women, have full and equal opportunity for growth and service. The major focus areas were:

- ◆ Employment generation
- ◆ Reduction of economic inequalities
- ◆ Agricultural infrastructure
- ◆ Establishment of a distributive system

Within the broad objective of establishing a socialistic pattern of society, the **Second Five Year Plan** (1957-62) had the following objectives:

- ◆ Sizeable increase in national income so as to raise the level of living in the country
- ◆ Rapid industrialization with particular emphasis on the development of basic and heavy industries
- ◆ Large expansion of employment opportunities
- ◆ Reduction of inequalities in income and wealth and a more even distribution of economic power

The principal aims of the **Third Five Year Plan** (1963-65) were:

- ◆ To secure an increase in national income of over 5 per cent per annum, the pattern of investment being designed also to sustain this rate of growth during subsequent Plan periods
- ◆ To achieve self-sufficiency in foodgrains and increase agricultural production to meet the requirements of industry and exports
- ◆ To expand basic industries like steel, chemical industries, fuel and power and

establish machine-building capacity, so that the requirements of further industrialisation can be met within a period of 10 years or so mainly from the country's own resources

- ◆ To utilise to the fullest possible extent the manpower resources of the country and to ensure a substantial expansion in employment opportunities
- ◆ To establish progressively greater equality of opportunity and to bring about reduction in disparities in income and wealth and a more even distribution of economic power

The **Fourth Five Year Plan** (1969-73) aimed at accelerating the tempo of development in conditions of stability and reduced uncertainties. It was also proposed to introduce safeguards against the fluctuations of agricultural production as well as the uncertainties of foreign aid. Together with programmes of increased agricultural production the Plan provided for the building of sufficient buffer stocks to even out the supplies of food grains and other measures to stabilize food grain prices and the price level in general. The other major areas of focus were:

- ◆ Reduction of concentration and a wider diffusion of wealth, income and economic power
- ◆ Rapid growth of the economy, greater diffusion of enterprise and the ownership of the means of production, increasing productivity of the weaker units and widening opportunities of productive work and employment to the common man and particularly the less privileged sections of society.
- ◆ Local planning- In agriculture schemes for area development planning and for helping small farm economy were included. Special

attention was given to the development of rural industries in the local area plans.

- ◆ Problems of weaker sections –
 - (i) A programme was introduced to make the weaker producers viable, and then start them on the path of development schemes of technical and financial assistance, and of cooperative or other organizations for production, credit and marketing.
 - (ii) Special programmes for SC/ST (economic, social and educational development) and the landless labour (rural works programme).
- ◆ Balanced regional development
- ◆ Strengthening of Panchayati Raj Institutions and Cooperatives
- ◆ Nationalisation of banks

The underlying objectives of the **Fifth Five Year Plan** (1974-79) were removal of poverty and achievement of self-reliance. The areas of focus were agriculture, energy and critical intermediaries and the creation of additional employment opportunities.

The strategies for long term planning of the agricultural sector centred around detailed assessment and exploitation of ground and surface water, intensification in application of new technologies in agriculture, extension mechanisms and programmes for supply of inputs, apart from attention to the special needs of the problem areas and vulnerable sections of the society.

For the purpose of devising an appropriate employment policy, three inter-related aspects were taken into account – focus on irrigation and agricultural extension involving the use of high

yielding varieties, rural employment generation inter-woven with a local development strategy, and creation of a secure rural tenancy and a productive small farmer base by means of tenancy reform.

Land reforms were prioritized as per the 20 Point Programme i.e., grant of proprietary rights or ensuring security of tenurial arrangements to the small farmers and share croppers together with production support. Agricultural planning was carried out on the basis of a comprehensive area approach for generating additional employment through ancillary activities involving animal husbandry, better utilization of conventional waste materials, etc.

The major task of economic policy set out in the **Sixth Five Year Plan** (1980-84) was to create necessary conditions for the mobilization of resources for development in a non-inflationary manner. The principal objectives of this Plan were:

- ◆ A significant step up in the rate of growth of the economy, the promotion of efficiency in the use of resources and improved productivity.
- ◆ Strengthening the impulses of modernization for the achievement of economic and technological self-reliance.
- ◆ A progressive reduction in the incidence of poverty and unemployment.
- ◆ Improving the quality of life of the people in general with special reference to the economically and socially handicapped population, through a minimum needs programme whose coverage is so designed as to ensure that all parts of the country attain, within a prescribed period, nationally accepted standards.
- ◆ Strengthening the redistributive bias of public policies and services in favour of the poor

contributing to a reduction in inequalities of income and wealth.

- ◆ A progressive reduction in regional inequalities in the process of development and in the diffusion of technological benefits.

Three major anti-poverty programmes started during this plan period were National Rural Employment Programme (NREP), the Integrated Rural Development Programme (IRDP) and Rural Landless Employment Guarantee Programme (RLEGP). The various anti-poverty programmes were designed to supplement and strengthen the favourable impact of faster agricultural growth on the level of living of the rural poor.

The central element in the development strategy of the **Seventh Five Year Plan** (1985-89) was the generation of productive employment, through increase in cropping intensity made possible by increased availability of irrigation facilities, extension of new agricultural technologies to low productivity regions and to small farmers, through measures to make rural development programmes more effective in the creation of productive assets, through the expansion of intensive construction activities for providing housing, urban amenities, roads and rural infrastructure, through the promotion of primary education and basic health facilities and through changes in the pattern of industrial growth. Efforts were made to integrate various beneficiary-oriented programmes, sectoral programmes and area development schemes into a consistent design of comprehensive development of each district/block taking into account its specific resource endowment needs and development potential.

The development strategy of the plan sought to accelerate the rate of poverty reduction. The anti-poverty programmes of the previous plan period, viz., NREP, IRDP and RLEGP were continued and expanded. They were considered particularly

important in providing additional incomes to landless labour households who lack a resource base in the form of land.

The approach to the **Eighth Five Year Plan** (1992-96) had the following fourfold focus:

- (i) Clear prioritization of sectors/ projects for investment in order to facilitate operationalisation and implementation of the policy initiatives taken in the areas of fiscal, trade and industrial sectors and human development
- (ii) Making resources for these priority sectors available and ensuring their effective utilization
- (iii) Creation of a social security net through employment generation, improved health care and provision of extensive education facilities throughout the country
- (iv) Creation of appropriate organisations and delivery systems to ensure that the benefits of investment in the social sectors reach the intended beneficiaries.

The Approach Paper to the **Ninth Five Year Plan** (1997-2002) had accorded priority to agriculture and rural development with a view to generating adequate productive employment and eradication of poverty, accelerating the growth rate of the economy with stable prices, ensuring food and nutritional security for all, particularly the vulnerable sections of society, providing the basic minimum services of safe drinking water, primary health care facilities, universal primary education, shelter, and connectivity to all in a

time-bound manner; containing the growth rate of population; ensuring environmental sustainability of the development process through social mobilization and participation of people at all levels, empowerment of women and socially disadvantaged groups such as SC/ST and OBC and Minorities as agents of socio-economic change and development; promoting and developing people's participatory bodies like Panchayati Raj institutions, co-operatives and self-help groups; and strengthening efforts to build self-reliance.

10.2 Summing up

Thus, poverty alleviation has been one of the guiding principles of the planning process in India. 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 open avenues for employment and income. Special programmes have been taken up for the welfare of SCs and STs, the disabled and other vulnerable groups. The Targeted Public Distribution System (TPDS) protects the poor from the adverse effects of a rise in prices and ensures food and nutrition security at affordable prices.

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The Independent Commission on Development and Health in India (ICDHI), formerly known as The Independent Commission on Health in India (ICHI), was formed in 1995, facilitated by Voluntary Health Association of India. The commission, comprising of distinguished people from the development and health sectors, aims at assessing the development and health situation of the country through policy research and analysis, in-depth surveys, focus group discussions, public hearings, round table conferences with developmental workers, policy makers and people, particularly disadvantaged community at large. By means of participatory process, the Commission seeks to identify the maladies impeding the development and progress of the country and come out with clearly defined solution to the problems identified. The Commission works closely with the Prime Minister's Office, Ministry of Health & Family Welfare and Planning Commission within the government, and reputed Research organizations, Non-government organizations, Panchayati Raj Institutions at the grassroots as well as other relevant forums. The first report of the Commission was released by the Prime Minister and was presented to the President. The report was discussed in the Parliamentary forum. ICDHI's constant endeavour has been to facilitate the process of need based and people-centric sustainable development.

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