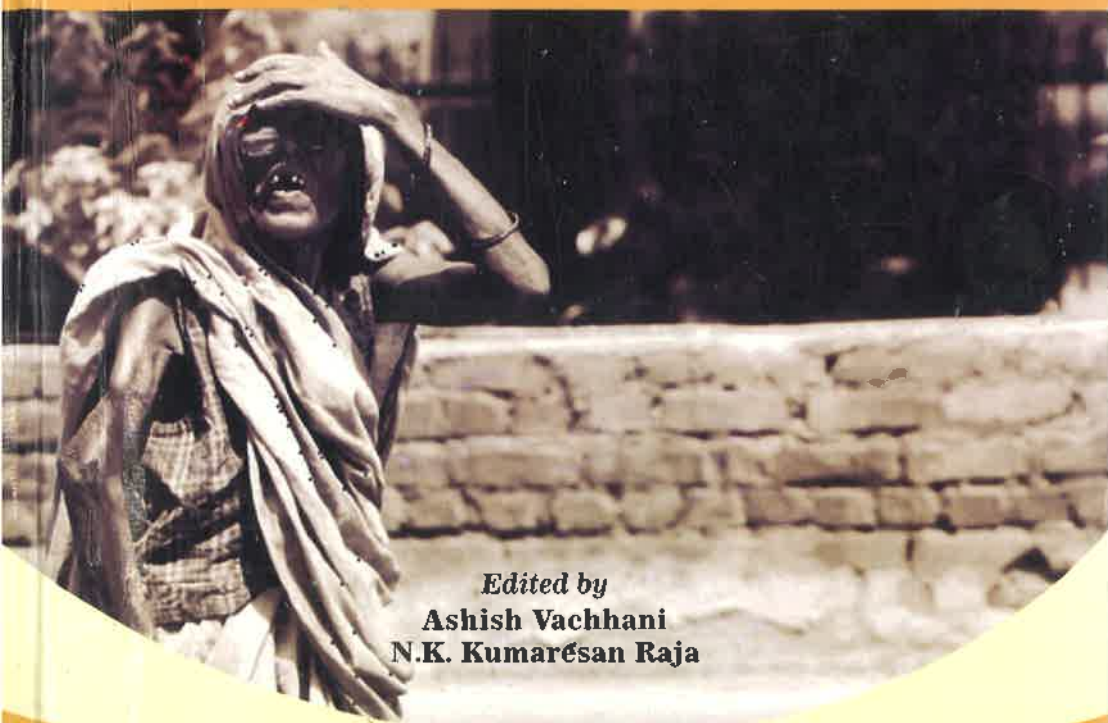




Poverty Unemployment and **Rural** Development Programmes



Edited by
Ashish Vachhani
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CENTRE FOR RURAL STUDIES
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POVERTY, UNEMPLOYMENT AND RURAL DEVELOPMENT PROGRAMMES

**Ashish Vachhani
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Preface

Poverty is a global issue. Its eradication is considered integral to humanity's quest for sustainable development. Reduction of poverty in India is therefore vital for the attainment of international goals. Rural Development in India has witnessed several changes over the years in its emphasis, approaches, strategies and programmes. Eradication of poverty can only be a long-term goal. The question of whether Economic Reforms have reduced poverty or not has fueled debates without generating any clear-cut answers and have also put political pressure on further Economic Reforms, especially those involving downsizing of labour and reduction of agricultural subsidies. The government has started, sustained and refined many programmes since independence to help the rural poor. It is incorrect to say that all Poverty Reduction Programmes have failed. Actually economic prosperity has indeed been very impressive in India but the distribution of wealth is not all even.

In agricultural sector due to seasonal operations, time disposition and availability of work is limited. In order to provide the rural people with better prospects for economic development, increased participation of people in the rural development programmes, decentralization of planning, better enforcement of land reforms and greater access to credit are envisaged. Poverty, Unemployment and Rural Development programmes are interrelated to each other. Unemployment leads to poverty and sometimes poverty leads to health problem and loss of employment. Where as Rural Development Programmes plays very important role in both alleviation of poverty and employment generation in rural areas.

Thus in the background as above the Centre for Rural Studies, Lal Bahadur Shastri National Academy of

Administration, Mussoorie has organized a National Level Workshop on "Poverty, Unemployment and Rural Development Programmes". It was organized between 6th-7th April, 2007. The basic objectives of the workshop were to identify the trends of poverty in rural India with a focus on Poverty-Levels, vulnerability and voice of poor. Current and future scenario of unemployment in rural India was also highlighted and discussions were also made on Integration of Rural Development Programmes and role of NGOs and local CBOs in rural development. Over all impact of Rural Development Programmes with problems emerged at planning and implementation level were intensively examined. The workshop was attended by senior government officials, eminent academicians, researchers and members of civil society. A wide range of papers were presented during the workshop. The book contains 15 papers. It examines various dimensions of Rural Poverty, interventions in Poverty Alleviation, Rural Development Programmes and role of NGOs, CBOs and PRIs.

The book also contains the policy recommendations drawn by the participants on the issues of poverty, unemployment and rural development programmes.

Ashish Vachhani
N.K. Kumaresan Raja

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The workshop on 'Poverty, Unemployment and Rural Development Programmes' has been an excellent learning opportunity for the Centre for Rural Studies, Lal Bahadur Shastri National Academy of Administration, Mussoorie, that facilitated the identification of issues concerned with Rural Poverty in India.

We take this opportunity to thank Shri Rudhra Gangadharan, IAS, Director-cum-Chairman, Centre for Rural Studies, Lal Bahadur Shastri National Academy of Administration, Mussoorie, for providing us all support for conducting the workshop and publication of this book. We are indeed thankful to the Joint Director-cum-Vice Chairman, Shri Padamvir Singh, IAS, whose presence and intellectual support made our task easy.

We are particularly thankful to Shri T.K. Manoj Kumar, IAS Deputy Director(Sr.) and former Co-ordinator-cum-Vice Chairman, Centre for Rural Studies, for his keen interest in conducting the workshop and bringing out this volume.

Our very special gratitude is due to all the contributors of this book. We express our sincere thanks to Dr. Saroj Arora and Dr. H. C. Behera whose active participation and support made this publication possible. We would also like to thank, Shri Ramesh Kothari who neatly formatted the manuscript.

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N.K. Kumaresan Raja
Varunendra Vikram Singh

Introduction

The present volume on "Poverty, Unemployment and Rural Development Programmes" is a revised version of the proceedings of a National Workshop held at Centre for Rural Studies, Lal Bahadur Shastri National Academy of Administration, Mussoorie in the year 2007. The Workshop was inaugurated by Shri T.K. Manoj Kumar, Deputy Director (Senior) and Coordinator cum Vice Chairman, CRS, LBSNAA. In his inaugural address Shri T.K. Manoj Kumar, mentioned that, the topic is very important and the Ministry of Rural Development is extremely interested in getting inputs from practitioners, academicians and other seniors. Since the Centre for Rural Studies is acting as a think tank for the Ministry of Rural Development our view is more important in policy making. He also informed that the Centre plans to conduct a series of Seminars on relevant topics in which CRS will convey the views of people by getting together the Seminar papers and publishing them in the form of a book for the use of Ministry of Rural Development.

He said that CRS also play a role in providing a platform for people to publish. There are several officers all across the country working as Civil Servants, academicians and they would be eager to be published by the Centre like this. CRS also have a series of internal publications, these books circulated widely among the policy makers, Ministry of Rural Development and in other Ministries and the other VIPs who visit this place. He told that CRS also provide inputs to the various probationers being trained in the National Academy as well as In-Service Participants of IAS Training Programmes. So the Centre prepares software for training and much of the software is generated from Seminars like this, different peoples come and present papers and clarify the ideas, so that training based latest views of academicians, voluntary Centres and officers are intimated through the publication and therefore the training keeps on

updating. He informed that paper presentation and discussion would be attempted in the technical sessions, which would follow the inaugural session. These sessions would be chaired by senior bureaucrats/academicians.

Shri Padamvir Singh, Joint Director, LBSNAA, in his welcome address explained that approach of poverty alleviation programme is shifted a little bit from the 70s and 80s. After 20-30 years the rural development programmes have slightly changed because new technology has started moving into rural areas at the much faster pace than before. With the normal kind of impact of technology there is also superimposed national e-governance plan project, envisaging setting up of few lakhs kiosks across the country serving the rural areas in variety ways. A lot of government services are being provided through these kiosks, such as *khasra ki nakal*, application form etc. But how it has really made an impact on the poor is something that needs more investigation. The impact that the ITC e-chaupal in the state is being studied in the different context of poverty alleviation. New technology has impact on *Mandis*, government procurements etc. Bharat Nirman Projects, PMGSY projects are building roads across the country. In Madhya Pradesh, PWD spend about 300 crores per year about 3 years ago, but this year they are targeting to spend 1700 to 2000 crores. Investing heavy money in rural areas, how will impact the poor is again something that needs to be looked deeply in addition to the rural landless employment guarantee programme etc.

About 40% of urbanization disturbs the profile of the rural areas, as the poor move into urban areas in search of jobs. The President's wish of *poora programme* providing urban facilities in rural areas, then reverse migration might take place. Is it possible that the people might move back into rural areas? How all this is going to have impact on agriculture, animal husbandry, education and health.

Dr. Deshpande talking on institutional reforms on the institutional sector governing poverty emphasised to develop an effective methodology for evaluating poverty, based on food intake of calories and for evaluating URP vs. MRP. The 61 round NSSO findings are being debated and lot is being come across the paper written by very revered economist Shri S. R. Hashim who has written number of articles and some of them also appeared in the EPW. He said that the 61 round findings rather cursory but going through some of these articles that this debate is going to get further wider and is going to open the debate for the further and take it away from the very conventional areas. One of the reasons is that some how using this URP and MRP debates. The cursorily some 8% vs. 21% that doesn't mean much but in time series as Prof. Hashim's article, Radhakrishna and Shobhan Ray they have come out with time series. The time series they look at these poverty figures of 73-74 and 2004-05 then you find a change of course. When you look at certain other aspects like one of the things that has happened that poverty tends to get concentrated in the certain areas. For instance in the state of Bihar there is a hardly watch of a difference used this head count method that number of poverty and particularly the number of poor because it is one things in terms of percentage that gives a lot of comfort but take the number of poor in absolute terms then you find that for instance in Bihar 3.7 crores in 1976-77 and 4.25 crores in 2004-05. The number of poor in absolute terms is rising and that is when one starts counting the statistics.

He pointed out that the first thing which one is compel to us that where are the poor, who are the poor and there is a lot of studies and data which says that almost 80% poverty overly concentrated in the rural areas. Mr. Somnath Chatterjee also wrote an article in The Hindu which says 80% of our poor are living in the rural areas. The second thing is that the rural areas worsened the urban areas. There is decline in the rural areas in terms of national

income, share of national income is going down and agriculture is the largest employer, employing about 64% of our main work force and the share of agriculture in our GDP has grossly declined to 18% and that is the fundamental cost that 70% of the people awaiting the agriculture sector for the rural sector out of that 64% of the main workers sharing 18% contribution and that is the cause of poverty.

He mentioned that the finding is very clear that the poor are concentrated amongst the landless agricultural labourers and some of the statistics taken from NSSO 50th and 55th round reveal that the agriculture labour and their share of poverty has increased. The number of poor in the agriculture labour has increased from 40.7% in 1994 to 46.8% in 1999-2000. Its a cause of concern for two reasons, one reason is that this also coincides with the post liberalization era and there are a lot of voices which are questioning. The free market operation conditions or under liberalization conditions the share of poverty and the number of incidence of poverty is going down drastically. But there is the evidence to the contrary that their incidence of poverty is declined but again artisans their incidence of poverty is increased marginally and non-agriculture labour of course it has declined slightly from 8.4% to 7.6%. Poverty is concentrated amongst the agriculture labour specifically in Scheduled Caste and Scheduled Tribe. The incidence of ownership of land among Scheduled Caste and Scheduled Tribe is both declined and that is the main cause of poverty. It is not only the Scheduled Caste and Schedule Tribe but there is also worrying factor of poverty amongst the minority communities. He pointed out on the article written by Dr. Jayant Verma, he has given two things first thing is that these are our estimates 211 rupees and 435 rupees for the rural and the urban areas respectively. But if you take the UN estimate of one dollar then you find that almost 50% of the population is below the poverty line. Second thing is that above the poverty line is another range in which 40% of the population is there. S.

Mahendra Dev in year 1995-96 has written an article on poverty in which he said that poverty is the factor of three things and later on I added a fourth to that. First is the number of days of employment which an agricultural labour is getting, second is the prices that he is facing, third is that what kind of an asset based that he is having and fourth I have added is that what are the wages he is getting and what kind of social security network that the country have envisaged.

He pointed out that we think in our terminology that the responsibility of eradicating poverty in this country lies upon the Rural Development Department. And there was an author Mr. Bhanu Pratap Singh and he used to write that poverty in the country is the result of the outcome of metro economy policies, trade policies, broad lanes policies, social policies. Percentage of GDP in the Rural Development Department is spending about 0.5% to 1% so through this 1% expenditure how we are going to address the poverty programmes. This is not a fair proposition and second thing is the conflict between macro economic policy and the micro economics. Look at the poverty figures from 1973 to 2004 in terms of 61 round. We found that there are two models which are emerged one model is that of West Bengal, Kerala, Karnataka or you can say this model has reduced poverty. All these states using one set of technology that is coaching in very vigorous land reforms and the rate of growth. So there has been a sharp reduction in poverty and rise in all other human development indices. The other model is also equally efficacious and surprisingly in terms of rather district that in Gujarat where productivity in the agriculture sector rise about 10% and there has been a sharp increase in poverty.

He suggested that we need to integrate all that in irrigation. Empowerment of the panchayats becomes a very critical issue and vote as a measure of micro policy and measure of macro policy. PRIs have a very important role in terms of three Fs that is

functions, functionaries and finances, there must be empowerment and the panchayats have to become the lead institutions. NREGA is devoted 50% of implementation directly through panchayats. The NREGA which is getting implemented by the panchayats they are doing relatively better, therefore, we need to strengthen as a measure of national policy and to root this panchayats have to become the rallying point and we have come out with the recent programme of BRGF (Backward Region Grant Fund) where the district plan for the entire region. There is no escape from trusting the panchayat and strengthening the panchayats. He concluded that certain battles might have been lost but the war is not lost and therefore we need to build up our strength in fact I would like to circulate a paper I have written "Learning from the People Experience" and there is so much that we need to learn from ourselves and the second thing is that let us look to our own capability.

Objectives and Sub-themes of the Workshop

At the beginning of the new millennium, 260 million people in the country did not have incomes to access a consumption basket, which defines the poverty line. Of these, 75 per cent were in the rural areas. India is home to 22 per cent of the world's poor. Such a high incidence of poverty is a matter of concern in view of the fact that poverty eradication has been one of the major objectives of the development planning process. Indeed, poverty is a global issue. Its eradication is considered integral to humanity's quest for sustainable development. Reduction of poverty in India is, therefore, vital for the attainment of international goals.

Although recent positive economic developments have helped the Indian middle-class a great deal, India still suffers from substantial poverty. The *National sample survey organisation* (NSSO) estimated that 22.15% of the population was living below the poverty line in 2004-2005, down from 51.3% in 1977-

1978, and 26% in 2000. The criterion used was monthly consumption of goods below Rs. 211.30 for rural areas and Rs. 454.11 for urban areas. Out of the 75% poor in rural areas mostly are daily wagers, self-employed households and landless labourers.

Since the early 1950s, government has initiated, sustained, and refined various planning schemes to help the poor attain self-sufficiency in food production. Probably the most important initiative has been the supply of basic commodities, particularly food at controlled prices, available throughout the country as poor spend about 80 percent of their income on food. Programmes like *Food for work* and *National Rural Employment Programme* have attempted to use the unemployed to generate productive assets and build rural infrastructure. Other anti poverty programs include *Rural Landless Employment Guarantee Programme*.

The Rural Landless Employment Guarantee Programme was instituted in Financial Year 1983 to address the plight of the hard-core rural poor by expanding employment opportunities and building the rural infrastructure as a means of encouraging rapid economic growth. There were many problems with the implementation of these and other schemes, but observers credit them with helping reduce poverty. To improve the effectiveness of the National Rural Employment Programme, in 1989 it was combined with the Rural Landless Employment Guarantee Programme and renamed Jawahar Rozgar Yojana, or Jawahar Employment Plan.

In August 2005, the Indian Parliament passed the *National Rural Employment Guarantee Act*, the largest programme of this type in terms of cost and coverage, which promises 100 days of minimum wage employment to every rural household, in 200 of India's 600 districts. The question of whether economic reforms have reduced poverty or not has fueled debates without

generating any clearcut answers, and has also put political pressure on further economic reforms, especially those involving downsizing of labour and reduction of agricultural subsidies.

Eradication of poverty in India can only be a long-term goal. Poverty alleviation is expected to make better progress in the next 50 years than in the past, as a trickle-down effect of the growing middle class. Increasing stress on education, reservation of seats in government jobs and the increasing empowerment of women and the economically weaker sections of society are also expected to contribute to the alleviation of poverty. It is incorrect to say that all poverty reduction programmes have failed. The growth of the middle class (which was virtually non-existent when India became a free nation in August 1947) indicates that economic prosperity has indeed been very impressive in India, but the distribution of wealth is not at all even.

In India, due to seasonal operations in the agrarian sector time disposition and availability of work have been the criteria for measuring employment. This accepted method of measuring employment is termed as the Usual Status Approach. Reliable estimates of employment/unemployment are generated through National Sample Surveys conducted once in five years by National Sample Survey Organisation (NSSO). The concept recognises time utilisation only. Quality of work or income does not get reflected in the approach.

As per the results of the National Sample Survey conducted in 1999-2000, total work force as on 1.1.2000, as per Usual Status approach (considering both principal and subsidiary activities) was of the order of 406 million. About 7 % of the total work force is employed in the formal or organised sector (all public sector establishments and all non-agricultural establishments in private sector with 10 or more workers) while remaining 93% work in the informal or unorganised sector. The size of the Organised Sector

employment is estimated through the Employment Market Information Programme of DGE&T, Ministry of Labour. The capacity of the organised sector to absorb additional accretion to the labour force, taking into account the current accent on modernisation and automation, is limited. In other words, an overwhelming proportion of the increase in the labour force will have to be adjusted in the unorganised sector. About 369 million workers are placed today in unorganised/informal sector in India; agriculture workers account for the majority of this work force. The employment and unemployment scenario as per this approach depicts the following picture.

1. The rate of growth of employment declined sharply from 2.04% per year in the period 1983-94 to only 0.98% per year in the period 1994 to 2000.
2. There was sharp deceleration in the growth of labour force from 2.05% in the period 1983-94 to only 1.03% in the period 1994-2000.
3. Growth rate of employment is less than the growth rate of the labour force indicating an increase in the unemployment rate.
4. Though, open unemployment is only 2.23% (9 million), the percentage of the population below the poverty line is as high as 26.1%. The fact of being employed is obviously no guarantee of escaping from poverty, which in our situation refers to a very basic level of subsistence.
5. Percentage of population below the poverty line which was of the order of 36% in 1993-94, has come down to 26.1% indicating that during the period 1994-2000 improvement in the income level of the employed had taken place.
6. There was substantial increase in the average daily wage earnings in the rural areas.

Rural development implies both the economic betterment of people as well as greater social transformation. In order to provide the rural people with better prospects for economic

development, increased participation of people in the rural development programmes, decentralization of planning, better enforcement of land reforms and greater access to credit are envisaged.

During the 9th Five-Year Plan, several anti-poverty Programmes have been restructured to enhance the efficiency of the Programmes for providing increased benefits to the rural poor. Self-employment Programmes have been revamped by merging the Integrated Rural Development Programme (IRDP). The Development of Women and Children in Rural Areas (DWCRA), the Supply of Improved Tool-Kits to Rural Artisans (SITRA), the Training of Rural Youth for Self Employment (TRYSEM), the Ganga Kalyan Yojana (GKY) and the Million Wells Scheme (MWS) into a holistic self-employment scheme called Swarnajayanti Gram Swarozgar Yojana (SGSY). The Approach Paper to the 10th Five-Year Plan has also set a target for reduction of poverty and creation of high quality gainful employment during the Plan period.

Poverty, Unemployment and Rural development programmes are interrelated to each other. Unemployment leads to poverty and sometimes poverty leads to health problem and loss of employment. Where as Rural Development Programmes plays very important role in both alleviation of poverty and employment generation in rural areas. But the impact of these programmes is still a question mark and raises many issues.

Thus, in the background as above, the Centre for Rural Studies, LBS National Academy of Administration, Mussoorie has conducted a National level workshop on "Poverty, Unemployment and Rural Development Programmes" which was conducted on 6-7 April, 07. Various sessions of the workshop were designed to focus on current scenario of poverty and

unemployment in rural areas and the impact of rural development programmes in improving the standard of living of poor villagers.

1. Trends of Poverty in rural India
2. Unemployment and Poverty
3. Measuring poverty-Levels, trends, vulnerability and voice of poor
4. Current and future scenario of unemployment in rural India
5. Strengthening of Poverty Alleviation Programmes (PAP) for poverty reduction
6. Future poverty threats - Strategies and Planning
7. Discourses on Integration of rural development Programmes
8. Role of NGOs and local CBO in rural development
9. Over all impact of Rural development programmes- Planning and Implementation
10. Open panel

Recommendations for Policy Formulation

All the participants were divided into three groups and asked to make policy recommendations for their group. The three groups were:

1. Standard Definition of Poverty and Poverty Alleviation.
2. Unemployment Reduction.
3. Measures for strengthening of various Rural Development Programmes.

Group-I on Standard Definition of Poverty and Poverty Alleviation has presented their recommendations and after the discussion following recommendations were finalized.

Recommendations for Standard Definition of Poverty and Poverty Alleviation

Standard Definition of Poverty:

“Non-accessibility to basic necessities of life for himself and for his family. Economic as well as social deprivation through assetlessness, social discrimination, lack of human capability, depleted skill base, high vulnerability to shocks and risks and poor capability to cope up with shocks and risks”.

During discussion it was decided that there should be standard and proper measure and scale for the poverty measurement.

Recommendations for Poverty Alleviation:

- Ceiling surplus land embroiled in litigation should be disposed off by fast track courts/ land tribunals.
- Sharecroppers should be recorded as done in West Bengal which has shown rise in agricultural productivity.
- Massive surveys should be conducted in tribal pockets to identify land alienation and ensure restoration of land to tribes.
- Improving the quality of land held by the poor and enriching through inputs and incentives.
- Re-emphasis on basic literacy, health and job skills should be improved among the poor to ensure jobs in agro-based industries to begin with. For ex. TVE – Town Village Enterprises models of China.
- Rural non-farm activities in the form of animal-husbandry, poultry, piggery, artisans, cottage industry, small business and tertiary sectors need to be developed.
- Strengthening, monitoring and evaluatory mechanism be developed to avoid the pitfalls of the existing rural development programmes.
- Increasing the productivity of agriculture through extension services and appropriate low cost and subsidized technology.
- Ensuring conservation and optimal use of available water.

- Scope of horticulture in dry and hilly areas may be explored and promoted through processing, storage and marketing network.

Group-II has presented their recommendations for *Unemployment Reduction*. The following recommendations were finalized after the discussion:-

General Principles:

- Non Farm rural employment is essential for poverty alleviation.
- Scope for basic employment in the farm sector.
- Different kinds of unemployment
 - Not willing to work
 - Not able to work
 - Disguised employment
 - Under employment
- Non-farm employment critical in poverty alleviation.
- Private capital investment necessary for rural areas to stimulate employment.
- Building up of partnership with private sector.
- Induction of panchayat in PPP Model for facilitation.

Farm Sector:

1. Diversification to upper end products necessary.
2. Use of fallow and waste land for higher value crops e.g. Jatropha.
3. Value addition to the farm produce
 - preliminary agro-processing
 - upgradation of skills
 - dissemination of skills/technologies
 - grading

- packaging
 - storage
 - transportation
 - marketing
- 4. Access to Finance**
- technology
 - information
- 5. Organization**
- SHGS
 - Cooperatives
 - Panchayats
- 6. Role of Panchayats**
- Enabling conditions
 - Linkage with farm/SHGs
 - Linkage with government
 - Negotiation
 - Enforcement of Contracts
 - Mobilization of public opinion
 - Conflict Management

Non Farm Sector:

1. Tourism

- Enormous scope
- Creating awareness
- Creating infrastructure
- Providing support services
- Training/ skill formation
- Inter-linkage with other industries
- Use of IT/ other
- Private sector/ NGO support

2. Micro Enterprise Development

- SHGs/Cooperatives/NGOs
- Support system
- Training/entrepreneurship
- Infrastructure support
- Linkages
- Marketing support
- Brand equity
- Use of IT/technology

3. Service Sector

- Marketing centre/work place
- Marketing of rural goods
- Building of infrastructure
- Training/skill formation
- Certification of training
- Creating information flow
- Innovative approach
- Flexibility in programme structure
- Learning from the people
- NGP/PPP
- Trusting the people

Group-III on *Measures for strengthening various Rural Development Programmes* has presented their recommendation. The following recommendations were finalized.

The following Thematic areas are identified for *strengthening various Rural Development Programmes*.

- Employment
- Resource base Activities
- Infrastructure
- Social Security

Employment:

- Wage Employment
-NREGA & SGRY
- Self Employment
-SGSY (microfinance)

Recommendations:-

Wage Employment

- Generate awareness mechanism
- Capacity building of all the stake holders
- Need based activities
- Realization of appropriate wages/ increase number of days

Self Employment

- Thorough exercise for the need based and appropriate enterprise
- System for marketing
- Special efforts to get poor on the board
- Capacity building

Resource Based Activities:

- Land-watershed, wasteland development programmes
- Water-Irrigation, APID
- Forest-Social forestry & JFM
- Road and Power

Recommendations:-

- Dove tailing of different schemes
- Institutional linkages
- Encourage collaboration
- Emphasis on development of CPRs

- Ensuring equal representation from women and weaker section

Infrastructure:

- Water & Sanitation
- Health
- Education (SSA)
- Road
- Energy

Recommendations:-

- Capacity building of PRIs to handle these programmes
- Monitoring and administrative flexibility
- E-governance at PRI level/GIS based P&M

Social Security:

- Insurance
- Old age pension
- Nutrition management
- SC, ST and minority welfare
- PDS

Recommendations:-

- Coverage of family benefit schemes to 100%
- PDS and procurement at PRI level
- Micro insurance should be facilitated, Insurance cover to be provided on pre-decided share of rural areas

Part I : Rural Poverty and Interventions in Poverty Alleviation

PRIVATIZING POVERTY ALLEVIATION: TOWARDS BUSINESS SOLUTIONS FOR POVERTY

Kalyan Sankar Mandal*

Introduction

Government is supposed to be the main actor in 'poverty alleviation' both under socialist and communist regimes. Capitalism works under the assumption that the individual is mainly responsible for his or her poverty. Under capitalism the government may play a role in alleviating poverty only for those who are considered as destitute. However, under 'welfare capitalism' again government plays an important role in poverty alleviation. Thus, the task of poverty alleviation as well as other social welfare measures by and large so far remained in the domain of government action in the countries which predominantly follow socialist or communist ideology as well as in the countries under welfare capitalism.

Apart from the government, the Non-Government Organizations (NGOs) also play a role in social welfare inclusive of poverty alleviation. But their role is always considered as subsidiary to government's role. Besides the government and the NGOs, private sector is another major player that shapes our life. However, till recently private sector was never thought of as an agency for poverty alleviation or social welfare. Of course, as a part of 'Corporate Social Responsibility' (CSR) at times private sector played a role in providing social welfare, but it is accused that CSR is often used by the corporate sector more for getting

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propaganda mileage than real welfare of the society¹. Besides, profit maximization is the main goal of any business venture. It was thought that profit maximization and poverty alleviation are antithetical to each other. Thus, the question of poverty alleviation or social welfare by the private sector does not arise at all except as a part of CSR, with a limited scope. Thus, before we entered the new millennium the world was happily living with the fact that private sector will only try to maximize profit and the task of poverty alleviation will remain primarily government's responsibility.

It may be mentioned here that in the 1990s a process of reform, involving liberalization, privatization and globalization started in our country. This process of reform is taking our economy from a predominantly Fabian Socialist past towards a pro-capitalist economy. This process particularly got strengthened with the collapse of the socialist economies of Eastern Europe and Soviet Russia. With this advancement of capitalist ideology in the recent past, there has been a reduction in the role of government and more free play of private sector in India as well as many other countries of the world. Thus, in our country we witnessed some move to privatize or to promote public private partnership and reduce government's role in social welfare. However, the task of poverty alleviation still remained a prerogative of the government. One of the reasons for this may be the view point that profit maximization, the main goal of private sector, is antithetical to poverty alleviation. Hence, how can private sector undermines its primary mission for existence and alleviate poverty? Against this backdrop, we argue that the need of the hour is to promote a prominent role of the private sector in poverty alleviation.

The paper is divided into two parts. The first part examines governmental efforts in poverty alleviation through a brief review of some important policy interventions in this regard. It points out to some inherent limitations of such governmental efforts. In the second part, it is argued that under the changed global scenario, we need to come out of the policy orthodoxy giving prime role to the government in poverty alleviation. We put forth a case of business solutions of poverty by discussing three models of business contributing to poverty alleviation.

Role of government in poverty alleviation

Post-independent India aimed at establishing a 'socialist pattern of society'. Socialist goal of a society can be advanced through various measures. Two important measures among them are: egalitarian measures and ameliorative measures. In the period following independence, policy makers gave more emphasis on egalitarian measures for advancing socialist goal of the society. Thus, egalitarian measure like land reform was given priority. Under land reform attempts were made to acquire land from those who possess land above prescribed land ceiling and distribute the acquired land to the landless. This can be considered as more substantive measure for poverty alleviation by augmenting the income generating resource base of the poor. Thus, in the period following independence, land reform has been the main measure for poverty alleviation as well as for advancing the socialist goal of the society. However, as land reform involved redistribution of landed property, it meant confronting the powerful section of rural community - the big landlords. As in the period following independence political parties were dependent on rural 'vote bank' under the control of big landlords, they were not willing to antagonise them and loose elections. Thus land reform mostly remained more as rhetoric in the agenda of the government and

little headway could be made in terms of its actual implementation with few exceptions². Besides, it was pointed out that there was a dearth of beyond ceiling land that could be made available for distribution to the landless who were too numerous to be provided with an economic holding (Minhas, 1974; Dandekar and Rath, 1971).

Thus, the egalitarian measure of land reform gradually lost its policy prominence and around 1970s ameliorative measures of poverty alleviation became more sought after measures for poverty alleviation. Unlike land reform, ameliorative measures do not involve direct confrontation with landed class. It involves redirecting government assistance in favour of the poor to enhance their earning. This is most commonly done by providing government subsidy and preferential credit to the poor to enable them to increase their income. Since 1970 various programmes were in operation in our country following such strategy of poverty alleviation. The Small Farmers' Development Agency (SFDA) programme (1971-79), the Integrated Rural Development Programme (IRDP) (1979-99), the Swarnjayanti Gram Swarozgar Yojana (SGSY) (1999 to present and continuing) are examples of such strategy. All these programmes mainly followed the approach of asset endowment for poverty alleviation. Besides asset endowment, providing direct employment is another strategy followed for poverty alleviation in our country. Apart from these some area specific programmes for the poor were also introduced. However, because of the pivotal position of the asset endowment as a means of poverty alleviation in our country, in this section we will briefly review the experience of the programmes which embodied asset endowment as a strategy for poverty alleviation, namely, the SFDA, the IRDP and the SGSY.

The Small Farmers' Development Agency (SFDA) Programme

The SFDA programme was in operation during 1970s. Under this programme attempts were made to assist small farmers, marginal farmers and agricultural labourers to increase their income. An administrative mechanism was devised so that these vulnerable groups, who failed to benefit from the process of development, get benefited. The main cause of poverty among the small and marginal farmers was that they were unable to use modern technology due to resource constraints. Thus, the major challenge before the SFDA was to enable small and marginal farmers to use modern technology. In its effort to enable small farmers and marginal farmers to use modern technology, it was realized that the scale of available modern agricultural technology was such that it was not possible for farmers with small and fragmented holdings to use modern technology fruitfully in their individual capacity. Thus, the need for group centered approach for using modern agricultural technology was felt. Thus, community irrigation schemes involving a group of farmers of a composite watershed were conceived for assisting small and marginal farmers with irrigation and other allied agricultural technologies. Such schemes were provided with subsidy and preferential loan from banks under the SFDA programme. However, often such schemes had to include small as well as big farmers whose land was contiguously located in the command area of such schemes. This paved the way for the big farmers to misappropriate the benefits of such group centered schemes (Mandal, 1989). Thus, big farmers misappropriated assistance of the SFDA programme through this and other means. The net result was that the small farmers, marginal farmers and agricultural labourers could get very limited benefit out of the SFDA.

The Integrated Rural Development Programme (IRDP)

The SFDA programme was in operation during 1970s in some selected districts throughout the country as a pilot project. It was felt that such programme should be expanded also to cover non-agricultural-poor like rural artisans, fishermen and others. Thus, on 2nd October 1979 the SFDA was merged with the IRDP. As the conceived programme was extended to cover non-agricultural poor also, 'poverty line', instead of landholding (as was done under the SFDA) became the criterion for identifying the target group of the programme and was conceived as a programme covering the entire population living below poverty line. The programme was extended to all the blocks of the country. Due to the failure of group centered approach under the SFDA, the IRDP emphasized more on individual beneficiary based schemes. It did not confine its focus only on agriculture and emphasized on non-agricultural income generating activities as a measure for poverty alleviation.

Apart from the problem of misappropriation of assistance by the non-poor, the main problem faced by the IRDP was that even when it was possible to deliver assistance to the poor, its scope of work ended their. The IRDP operated mainly up to the point of providing assistance to the poor. After that, the assisted household was expected to utilize the assistance to increase its income by operating in the market. Not every assisted household could be expected to have the required entrepreneurial competencies, and the market generally favoured those who were more resourceful (Mandal, 2004). Thus the IRDP assistance failed to benefit the poor who were more needy.

The Swarna Jayanti Gramin Swarojgar Yojna (SGSY)

The IRDP was in operation till 1999. In the new millennium it was replaced by the SGSY. It was observed that under the IRDP the poor people often were not able to succeed in income generating activities because of their weak socio-economic position. Thus, to overcome this problem again going back to group approach was resorted to. It was thought that if poor people form group to undertake income generating activities, they may be able to overcome the disadvantages they face in undertaking income generating activities. The Grameen Bank experience of Bangladesh, several similar experiments in our country and the success of micro-finance approach world over, prompted policy makers to emphasize on group approach under SGSY. Subsequently, the concept of 'social capital' also added to the faith in group oriented approach in poverty alleviation under the SGSY.

The most important aspect of the SGSY programme is that it emphasizes on a group centered approach. Under the SGSY, Self Help Groups are formed for mobilizing assisted poor families (Swarojgaries) for poverty alleviation. These Self Help Groups go through stages of evolution as mentioned below.

Group formation: It is suggested that groups should be formed on the basis of caste, sub-caste, region etc. which may help linking people on various common bonds, to facilitate group formation.

Group stabilization: This may be achieved through credit activity among members and building Group Corpus. At this stage this corpus is used by the group members for meeting their personal needs (Grade I).

Micro credit: The group corpus is supplemented with a revolving fund sanctioned by the bank (Grade II).

Micro enterprise development: Groups take up income generating activities.

Thus, under SGSY, Self Help Groups undertake income generating activities going through some stages. It should be kept in mind that scope of poverty alleviation happens only when income generating activities are undertaken.

Table 1
Self Help Groups in terms of stages of evolution under SGSY since inception i.e. 01.04.1999

Stages	Physical Progress						Lakhs
	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	Total
SHGs formed since 1.4.1995	2.9	5.15	9.5	13.4	17.4	19.0	
No. of SHGs passed Grade I	1.25	2.1	1.76	1.89	2.0	1.2	10.3
No. of SHGs passed Grade II	0.74	1.01	.94	.96	.90	.93	5.09
No. of SHGs taken economic activity	.29	.26	.30	.34	.50	.32	2.0
Of the SHGs formed the % of SHGs which took up economic activity	10.0	5.1	3.2	2.6	2.9	1.7	1.1

Source: Annual Report, 2004-05. Ministry of Rural Development, Government of India (taken from Table 1.1 in P. Purushothan, 2006: 5-6).

Table 1 presents the progress made by the Self Help Groups under SGSY in the first 6 years of its existence (1999-2005). These types of data may be taken with a pinch of salt. Anyway, the most important point to note in this table is that after 6 years of existence only 1.1 percentages of SHGs have undertaken economic activity. If the data reported in Table I in any indication, this reflects very meager performance under of Self Help Groups under SGSY.

Apart from the above, we would like to point out one limitation of the above mentioned target group oriented programmes of poverty alleviation, which undermines the very logic of this type of target group oriented approach of poverty alleviation. In the 1950s and 1960s growth was the main concern for agricultural development in India. As the growth-oriented approach mainly benefited the rural rich and the poor could not benefit much from growth oriented strategy, in the 1970s growth-oriented approach was replaced by growth-with-equity approach. The main feature of this approach was to identify the groups, which did not benefit from the process of development. Developmental programmes were then designed specially for those deprived groups of the rural society. Target group oriented anti-poverty programmes came into being as a result. These programmes have a target group whom they intend to benefit. The implicit assumption of these target group oriented programmes is that delivering assistance of the programme to the target group is their benefiting.

While conducting a study (Mandal,1981) in the context of the Small Farmers' Development Agency (SFDA) programme, it was found by the present author, that the benefit of target group oriented programmes do not remain confined to the intended target group only. It may benefit some others outside the target group of the programme. Let us take a look at some such examples from the study mentioned above.

(1) The most important contribution of the SFDA programme was that it enabled the small and marginal farmers to undertake intensive cultivation by providing irrigation pump-sets, improved agricultural implements, fertilizers, pesticides etc. with subsidy and bank loan. Thus, the SFDA, in the process of helping its

clients, also expanded market for the dealers of pump-sets, improved agricultural implements and agricultural input supplies. This expansion had contributed to their profit. Thus, SFDA assistance had indirectly contributed to the income of those dealers of agricultural inputs. But often assisted small and marginal farmers failed to benefit from assistance due to high cost of cultivation and inability to get remunerative price, which was largely caused by their disadvantaged position.

(2) It was found in the above-mentioned study that although the SFDA could not directly help the agricultural labourers much with its assistance, indirectly it had benefited agricultural labourers in a considerable magnitude by generating employment by promoting intensive cultivation among assisted farmers.

Similarly, we have observed the phenomenon of indirect benefit generation in the context of the IRDP also. We present below some such examples from a study conducted by the present author (Mandal, 1995):

(1) Under the IRDP, rural poor were provided with some assets for undertaking income generating activity. For instance, under a scheme called 'paddy to rice', which was most popular scheme (accounting for 40.6 per cent of the IRDP beneficiaries in our study district), beneficiaries were provided with a bicycle and a small capital so that they could buy paddy from the farmers and convert it into rice and earn by selling it in the market. The bicycle was provided so that they could transport the sack of paddy or rice in carrying out this business. They were provided with a small capital so that they could undertake the processing of paddy into rice. The main costly component of this scheme was the bicycle. Popularity of this scheme among the IRDP beneficiaries in the study area contributed to the sale of additional

bicycles. There were few selected dealers of bicycle in the nearby town from where the IRDP beneficiaries were required to buy the bicycle with IRDP subsidy and bank loan. Those dealers of bicycle, whose sale of bicycles increased considerably due to this IRDP scheme, earned an extra income. The extra income was created due to the extra market of bicycle created by the IRDP subsidy and bank loan. Those bicycle dealers were indirect beneficiaries of the IRDP. Similarly additional income was generated to some selected dealers of irrigation pump-sets, agricultural implements, sewing machine etc. through the sale of those items due to IRDP schemes. Some beneficiaries were assisted to undertake small business of cloth, grocery etc. Such beneficiaries were required to purchase their materials from some approved wholesalers. Those wholesalers got paid through arrangement under the IRDP for supplying materials to respective IRDP beneficiaries. Those suppliers were considered as indirect beneficiaries of IRDP. The indirect beneficiaries got benefited irrespective of whether assisted poor got any additional income or not.

(2) The IRDP assisted irrigation schemes and some other income generating activities have provided employment to some. Those households were also the indirect beneficiary of IRDP.

It is obvious in the above discussion that special programmes aiming at poverty alleviation of a target group, even if implemented properly, may not be able to remove poverty of the target group of poor. Due to the presence of indirect benefit generation, at times those programmes may end up generating substantial income to groups not originally intended to benefit and generating marginal or non income to the assisted poor. Thus is a serious limitation of target group oriented anti-poverty programmes.

Thus, a review of anti-poverty interventions by the government suggests that government's efforts have got very limited achievements in poverty alleviation so far. We also do not see much prospect for such efforts due to some inherent limitations in those strategies of poverty alleviation.

Often market forces determine who ultimately get benefited defying governments policy intervention to benefit the poor. There is a need to come out of our policy orthodoxy of looking only at the government as a saviour from poverty through its various policy measures. Particularly in the changed global scenario we need to look beyond the government to solve the problem of poverty. It is in this context in the section that follows we propose business solutions to poverty. We particularly look at three business models proposing solutions to the problem of poverty.

Role of private sector in poverty alleviation

In this section we highlight the poverty alleviating role of private sector by examining three business models, namely, i) 'Commercial' business model, ii) Base of the Pyramid (BOP) business model, and iii) Social Business Enterprise (SBE) model³.

i) Commercial business model

By using the adjective 'commercial' to this business model we are actually emphasizing on the profit maximization behaviour of the business. We are referring to the role of business as argued by the proponents of capitalist economy. Adam Smith (1937:508; org. 1776), for instance, argued that the individual pursuit of self-

the proponents of capitalist economy. Adam Smith (1937:508; orig. 1776), for instance, argued that the individual pursuit of self-interest helps the entire society to prosper. From narrow self-interest comes, to use Smith's famous phrase, "greatest good of the greatest number of people." Thus, it may be argued that under ideal capitalist economy the problem of poverty will eventually get solved through a 'commercial' business model. Hence, the question of government playing a role in alleviating poverty does not arise.

We mention below some other arguments highlighting poverty alleviating role of 'commercial' business model. For instance, Brainard and LaFleur (2006) in their article 'The Private Sector in the Fight against Global Poverty' highlighted how private sector can play a role in solving the problem of global poverty. They argue that by playing most important role in the development of the economy the private sector provides income and employment to people. It makes goods and services available to people. 'By generating jobs, serving the underserved, promoting innovation and spurring productivity, indigenous private sector development can raise living standards and promote opportunity'.

Secondly, it is argued that a free play of market forces and increased competition makes goods and services cheaper, benefiting poor as well as the rich (Brainrd and La Fleur, 2006).

Thirdly, it is pointed out that private sector being the major source of tax revenue supports social services like healthcare and education (ibid.).

Fourthly, it is argued that micro enterprise improves the lives of poorest members of the society and 'can provide bottom-up

growth and innovation, while large nationals and multinationals can link markets to broader, global opportunities' (ibid.).

Brainard and LaFleur (2006) further argue that to address the problem of global poverty what is required is empowering business to do business in the developing world. Here the three fundamental questions they ask are: 'How can the climate be improved for private enterprise in developing countries?' 'Do certain sizes or types of enterprises (they talked about micro enterprises, small and medium-size enterprises, large-scale national enterprises, and huge multinational firms) contribute more powerfully than others to productivity growth, innovation, and employment?' and 'How can more private capital investment be channeled to poor countries?'

In fact, with the initiation of the economic reform developing countries are addressing these questions. There have been attempts by governments in developing countries to facilitate investment by private sector and create environment so that private sector can flourish. There has been competition among developing countries and among provincial governments within developing countries to attract foreign investment.

It may be pointed out here that the basic assumption of the above steps is that capitalism is good for the society and if capitalism flourishes through economic reform ultimately poverty will get eradicated. However, two points can be mentioned here. Firstly, why the need for introducing anti-poverty programmes were felt? Anti-poverty programs were needed because the poor people failed to benefit from the process of development. One argument could be that poor people could not benefit from the earlier process of development because the environment then was not very friendly to private sector. What is the guarantee that a more

ensure that the process of reform brings prosperity not accompanied by greater disparity. Secondly, it has been argued that to make the process of reform work, developing societies should first attain a minimum level of social development which by facilitating economic development will enhance social development further. Countries which witnessed success of reform also testify this (Sen, 2003). In sum, our argument is that some amount poverty alleviation and social development should accompany the very process of expansion of the role of private sector. How that can be achieved? Following sections will address this question.

ii) Base of the Pyramid (BOP) business model

It has been argued that with the opening of the closed markets of many countries 'The real source of market promise is not the wealthy few in the developing world, or even the emerging middle-income consumers: It is the billions of aspiring poor who are joining the market for the first time' (Prahalad and Hart 2002). They are at 'the bottom of the pyramid (BOP)' 4. Prahalad (2005) explains, "The distribution of wealth and the capacity to generate incomes in the world can be captured in the form of an economic pyramid. At the top of the pyramid are the wealthy, with numerous opportunities for generating high levels of income. More than 4 billion people live at the BOP on less than \$2 per day". It is this BOP population whose poverty can be eradicated profitably, according to Prahalad.

Prahalad and Hammond (2002) made two assumptions: First, prosperity to the poor regions can come only through the direct and sustained involvement of multinational companies; and second, multinational companies can enhance their own prosperity in the process.

Prahalad and Hammond (2002) pointed out that it is not true as commonly assumed that the poor only spend on basic needs, they also spend on "luxury" items and they often pay much higher prices for most things than middle-class consumers. Thus, big corporations can have a huge market among the BOP population by offering higher quality goods at lower prices while maintaining attractive margins. Secondly, the various perceived barriers of doing business among the poor in the developing countries are also not real. Political reform, growing openness to investment, new information technology and communication s infrastructure – especially wireless – etc. are reducing the barriers and providing access to even the poorest city slums and rural areas.

Prahalad and Hart (2002) elaborated how to create a commercial infrastructure for the bottom of the pyramid market which will result in alleviating poverty. They have mentioned about the following four elements:

1. Creating Buying Power by providing access to credit, and increasing the earning capacity of the poor.
2. Shaping Aspirations through sustainable product innovations initiated in BOP population and promoted through consumer education.
3. Improving Access through better distribution systems and communication links for development of the BOP.
4. Tailoring Local Solutions to nurture local market and cultures, leverage local solutions, and generate wealth at the BOP.

It is important to note that the above mentioned four elements of the commercial infrastructure for the bottom of the pyramid are intertwined.

Prahalad and Hart (2002) observe that no firm can seek their fortunes and bring prosperity to the aspiring poor alone "Multiple players must be involved, including local governmental authorities, nongovernmental organizations (NGOs), communities, financial institutions, and other companies." However, they argue that MNCs are more favourably placed to take the lead in alleviating poverty through profit.

How poverty alleviation through profit happens? Prahalad and Hammond (2002) explain, "When MNCs provide basic goods and services that reduce cost to the poor and help improve their standard of living – while generating an acceptable return on investment – the results benefit everyone."

iii) Social Business Enterprise

Muhammad Yunus (2005) has developed a concept of 'Social Business Enterprise'. He talked about two types of people, one profit-maximizing type, the other not interested in profit-maximization. 'They are social objective driven. They want to give a better chance in life to other people. They want to achieve their objective through creating/supporting sustainable business enterprises. Their business may or may not earn profit, but like any other business they must not incur losses.' They may be referred as social entrepreneurs.

'Some social entrepreneurs (SE) use money to achieve their objectives, some just give away their, time, labour, skill or such other contributions which are useful to others. Those who use money may or may not try to recover part or all of the money they put into their work by charging fee or price'.

Yunus then classifies SEs, who use money, into four types: i) No cost recovery, ii) Some cost recovery, iii) Full cost recovery and iv) More than full cost recovery.

'Once a SE operate at 100% or beyond the cost recovery point he has entered the business world ... He has moved from the world of philanthropy to the world of business'. To distinguish him from the first two types of SEs listed above, we'll call him "social business entrepreneur" (SBE).'

Yunus observes that 'businesses are of two kinds; a) business to make money, and b) business to do good for others.' He further says 'Making profit will not disqualify an enterprise to be a social business enterprise. Basic deciding factor for this will be whether the social goal remains to be entrepreneur's over-arching goal, and it is clearly reflected in its decision-making.' It may be mentioned here that, some of the case studies (e.g. Jaipur Foot; Arvind Eyecare) used by C. K. Prahalad in his book "Fortune at the Bottom of the Pyramid" as an example of BOP model, are actually examples of SBE and not BOP business model. There is a need of refining Prahalad's concept of BOP in the light of above conceptualization of social business enterprise.

We argue that 'social business enterprise (SBE)', as defined above by Yunus is an important form of 'business' organization which can significantly contribute in poverty alleviation as has been exemplified by the Grameen Bank of Muhammad Yunus.

To sum up, the main objective of BOP model is profit which happens in the very process of poverty alleviation. On the other hand, the main aim of Social Business Enterprise is to serve a social cause which may be done with profit. The 'commercial' business model with its preoccupation with profit differs from the

BOP model and SBE in the sense that it does not make any special effort to make the business model poor-inclusive, but argues that majority of the poor will get benefited through its operation under free play of market forces. Thus, all the three models proposes poverty reduction but through here different paths.

Conclusion

Because of very unequal social development in our country the process of reform initiated in our country is likely to bring disparity along with prosperity in the short run. But as the process of reform has been initiated in our country, now there is no opportunity to say that the reform should have preceded some amount of social development. We should now try to ensure that the very process of reform embodies some amount of social development. BOP model, and social business enterprise model can play a role here. Poverty alleviation and social welfare can be achieved through profit following BOP model and through social business enterprise. For instance, Bernstein (2003) reports "research commissioned by the IFC (International Finance Corporation, the private investment arm of the World Bank) shows that affordable, socially responsible, educationally effective and yet profitable private education companies are mushrooming all over the world, in both developed and developing countries. According to the IFC, in education, 'profit and development can go hand-in-hand' ". Lesson can be taken from such developments. It may be assumed that as reform takes us towards an ideal capitalist economy a 'commercial' business model would tend to bring "greatest good to greatest number of people". But for that to happen, required social development may come through the BOP model and social business enterprise.

So far, in poverty alleviation or in social welfare, mainly the role of government has been emphasized. We urge the policy makers to come out of any policy orthodoxy, take lessons from the emerging knowledge in the field of management and social entrepreneurship and look beyond the government and take into account the role of business in poverty alleviation and social welfare.

Notes:

1. It may be mentioned here, that irrespective of motive behind, Corporate Social Responsibility (CSR) projects often contribute to social developmental cause. However, in this paper we are concerned with social development through profit, and not philanthropy - the concern of CSR.
2. For instance, the Left Front Government of West Bengal was able to make good progress in land reform, by creating an alternative vote bank among the rural poor and remaining in power mainly depending on that vote bank.
3. Here we have identified three business models which claim to contribute to poverty alleviation and social development through profit. There could be some other business models with similar type of objectives. Our business model types are not exhaustive.
4. The term 'Bottom of the Pyramid (BOP)' has been coined by C.K. Prahalad and his co-authors. Later some researchers (Rangan et al, 2007) who are working on this concept used a modified expression 'Base of the Pyramid (BOP)' connoting same meaning as suggested by Prahalad and his co-authors.

We prefer the later expression, i.e., 'Base of the Pyramid (BOP)'.

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RURAL POVERTY AND AGRICULTURAL DEVELOPMENT – AN INTERFACE

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Rural poverty has always remained the subject of debate and discussion among the academicians and policy makers within and outside India. During the last fifty-five years of planned economic development a number of programmes under conventional growth approach and specialized target schemes have been implemented to alleviate poverty in the country. Studies reviewing the trickle down growth approach and different anti-poverty programmes have highlighted their limited success in reducing poverty in the country. What is observed, poverty continues to persist in a big way in rural India both in terms of magnitude and depth. As per the latest available data (61st NSSO Report), the total number of poor in the country is worked out to 315.48 million of which rural poor constitutes 232.16 million which comes to nearly 74 per cent. Among the rural poor about one-third (76.7 million) are in the very poor category. Poverty in rural India is more concentrated among certain sections of the rural community, the sub-marginal farmers, landless agricultural labourers and scheduled caste and scheduled tribe households.

On the rural poverty issues, we find a variety of studies by the scholars, while some are aggregative based on macro level data obtained from National Sample Survey Organization (NSSO) and National Accounts Statistics (NAS), others are empirical studies. Looking at the macro studies we find that there is less unanimity among the scholars in the changes in the incidence of poverty across time and regions. The findings of the studies on the

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poverty trends at the all-India level differ from that is observed at the individual state levels. The empirical studies give us varying results according to the area included, type of households selected, and programmes taken up for evaluation. Basically, we find two major streams of thought in the discussion on rural poverty. First group of scholars such as Ahluwalia, 1978, Saith, 1981, Eswaran and Kotwal, 1994, Datt and Ravallion, 1998, have discussed the rural poverty issue in relation agricultural development. From these studies the inference is drawn that poverty persists in rural areas due to low growth in agriculture. Some of these studies have also shown inverse relationship between agricultural growth and rural poverty. Singh (1989) reveals considerable poverty among farm households due to high instability in crop yield. Bhalla's study (2003) has brought out steep deceleration in the rate of growth of output in crop sector during 1990s as compared to 1980s heightening poverty in rural areas. In contrast to the above studies, scholars such as Dantwala, 1987, Shah et al, 1990 have discussed the rural poverty in relation with the development of non-farm activities in rural areas. These scholars are of the opinion that poverty persists in rural areas due to slow growth of non-farm employment opportunities. To them agricultural growth alone can not be sufficient in reducing rural poverty and there is need to develop non-farm activities in a large scale in rural areas. Rao (1989) opines that in the context of an agrarian structure characterized by the predominance of small holdings and concentration of land ownership in the hands of a few there is an inbuilt bias towards stagnating agriculture and there is less prospect of increasing agriculture in terms of output and employment.

In recent years, particularly after the Economic Reforms, we find agricultural growth has remained quite low. As it is worked out between 1993-94 to 2002-03 with one unit increase in GDP,

agriculture has grown by only 0.1 unit (Mathur et al, 2007). It is felt that our economic reforms have not made sufficient impact on agriculture as it is noticed in other sectors of the economy. Besides, in recent years we notice increasing distress in the agriculture sector and there has been rising farmers' suicide in different parts of the country. In view of this depressing situation prevailing in agriculture at present, doubts are raised by many on our current strategies in reducing rural poverty in the country. On this backdrop, the present study is an attempt to examine major trends in the rural poverty incidence at the all-India level, its inter-state disparity, the agricultural growth performance across states in the post-reform period and the possible linkage between the agricultural growth and changes in rural poverty at the state levels so as to suggest policy measures for reducing rural poverty in the country.

Data Base

Our study covers the period 1973-74 to 2004-05 and within this period the NSS data collected at four points of time: 1973-74, 1983, 1993-94 and 2004-05 are used for the analysis. Since the interest here is to compare the changes rural poverty incidence between pre and post- reforms period and its decadal trends, we have analyzed the available data between three time periods (i) first, the pre-reform period 1973-74- 1983, (ii) second, the years preceding and succeeding reform 1983-1993-94 and (iii) third, the post-reform period 1993-94-2004-05 for all-India and 15 major states. Log-linear growth model, namely $\log Y = a + bT$ is fitted to the data on food-grains production and agricultural NSDP for all-India and 15 major states to find out the growth in food-grains output and income from agriculture for the specified period-1993-94 to 2002-03. To find out inter-state variability in the yield rate of food-grains, the Co-efficient of Variation is worked out

across the states at two points of time 1993-94 and 2002-03. While the food-grains production data are obtained from CMIE document on agriculture, 2004, the state-wise data on agricultural NSDP are collected from RBI's Hand Book on Statistics of the Indian Economy, 2004-05.

Changes in the Level of Rural Poverty in India

Table-1 presents data on the changes in the size of rural poor and its ratio to the total poor and rural population in the country over time. Observation from the table reveals that the number of rural poor which was 261.3 million in 1973-74 has declined to 252 million in 1983, and further to 244 million in 1993-94 and 232.2 million in 2004-05. The decline in rural poverty has been 11.14 per cent over the period from 1973-74 to 2004-05. The ratio of rural poor to rural population which was 55.72 per cent in 1973-74 has gone down to 29.18 per cent in 2004-05. Rural poor constituting 81.3 percent of the total poor in 1973-74 has fallen to 73.6 per cent in 2004-05. Between the three time periods specified, the decline in the rural poverty has been faster during the post-reform period (1993-94-2004-05) than during the pre-reform period (1973-74-1983) and the period immediately preceding and succeeding reform (1983-1993-94). The percentage decline in rural poverty comes to 4.84 between 1993-93 to 2004-05 as compared to 3.56 per cent during 1973-74-83 and 3.17 per cent during 1983-1993-94. The behaviour of the total poverty level in the country during the last thirty-two years has shown a mixed trend- rising from 321.3 million in 1973-74 to 322.9 million in 1983 and then declining to 320.3 million in 1993-94 and further to 315.5 million in 2004-05. The overall trend in total poverty level however exhibits 1.8 per cent reduction during 1973-74 to 2004-05. All these findings reveal that incidence of rural poverty has no doubt fallen considerably in the country over

time yet there is still a very large chunk of rural population living below poverty line which requires urgent attention. More so, as the post-reform period gives a better results in rural poverty reduction than the earlier periods there is need for pursuing various reform measures in wider scale and with higher intensity in the country.

Rural Poverty across States

The results of data analysis on the changes in the incidence of rural poverty at the all-India level have exhibited a better performance and we find a faster decline in rural poverty ratios in the post-reform period. But as it is often pointed out the findings obtained at the all-India level on the poverty reduction may not be true at the state levels. So, taking into account this argument, we have examined here the changes in rural poverty ratios for 15 major states. Table-2 presents data in this respect. To measure inter-state disparity in the incidence of rural poverty we have worked out co-efficient variation. It is interesting to note that between 1973-74 to 1983 while in almost all states rural poverty ratios have fallen, in case of Bihar and Orissa a rise in its ratio is noticed. For Bihar and Orissa the rural poverty ratios have increased from 63 and 67.3 per cent in 1973-74 to 64.9 and 67.5 per cent respectively. Between 1983 to 1993-94 while Bihar and Orissa recorded a reduction in rural poverty ratio, in new states such as Assam, Haryana, it has increased. Between 1993-94 to 2004-05 the estimates reveal a decline in the rural poverty ratios in all the states, the rate of decline however shows some interesting trends across states. While in some poorer states like Assam, Bihar and Uttar Pradesh rural poverty ratio has fallen at a higher percentage points over the all-India average, in states under the same category such as Madhya Pradesh, Orissa and Rajasthan the reduction in rural poor ratios has been less than the all-India average points. For moderately developed states such as West Bengal, Kerala

and Tamil Nadu the decline in rural poor has been quite high. However, Andhra Pradesh taken under this category has witnessed slow decline in rural poor ratio. In better-off states such as Punjab, Gujarat, Maharashtra and Karnataka rural poverty ratio has fallen at a slow pace during the post-reform period. Haryana, however, shows an exception in this category of states. The reduction in rural poverty is quite high in this state during the post-reform period. Among the states, Assam and Bihar being the poorer states have achieved highest and second-highest reduction in rural poverty during the post-reform period. The coefficient of variations (CVs) of poverty ratios worked out among the selected states at four points of time reveal rise in C.V. values from 21.4 per cent in 1973-74 to 36.1 per cent in 1983, 36.3 per cent in 1993-94 and to 45.6 per cent in 2004-05 indicating increasing inter-state disparity in the incidence of rural poverty. This suggests that rural poverty is getting increasingly concentrated in fewer states in the country over time and the post-reform period has proved to be more conducive in reducing the incidence of rural poverty for some states, irrespective of categories.

Growth Performance of Food-grains in the Post-Reform Period

Cultivation of food-grains constitutes a major activity within agriculture in terms of providing employment and income to the vulnerable sections of rural community. As such the performance of this sub-sector has its impact on rural poverty reduction. Accordingly we have here examined the growth rate of this sub-sector at the state levels during the post-reform period by fitting a log- linear growth model to the data obtained from the CMIE document on agriculture, 2004 for the period from 1993-94 to 2002-03. Yield variability of food-grains across states at two point of time 1993-94 and 2002-03 is also worked out to draw some further inference in this regard. As it is worked out

(Table-3) the Compound Annual Growth rate (CAGR) for food-grains output for the all-India level comes to 1.23 during the period from 1993-94 to 2002-03. At the state level, of the fifteen states, only in seven states we find annual growth rate exceeding the all-India average during this period. Out of the remaining eight states, six states show negative growth rate and two states Assam and Tamil Nadu very low growth rate (less than 1 per cent) during this period. No specific trend in the growth rate of food-grains across the states is observed. Some poorer states such as Bihar, Madhya Pradesh and Orissa and better-off states such as Gujarat and Maharashtra have exhibited negative growth trend in food-grains production. Besides, as revealed from the values of co-efficient of variation (CVs), the variability in the yield rate of food-grains across states is not only high but also it has increased between the two points of time 1993-94 and 2002-03. All these findings amply demonstrate that there lies scope for improving yield and production of food-grains in the states having negative and /or low growth performance so as to increase the level of employment and income for the vulnerable sections of the rural community having considerable poverty.

Agricultural Development and Changes in Rural Poverty Post-Reform State Level Trends

We have already mentioned about the on-going debate over the relationship between agricultural development and changes in rural poverty. In the post-reform period as per the available data and findings of different studies, agriculture sector in the country has not fared well. The growth performance of food-grains production for different states in the post-reform period (as already indicated in Table-3) has been found to be quite low and negative for some states. Yield variability of food-grains across states has also increased over the years. However, as we are well

aware agriculture sector to-day has been more broad-based and covers along with crop sub-sector the activities like horticulture, allied activities etc. All these sub-sectors of agriculture taken together contribute significantly to provide employment and income to a sizeable chunk of rural population in our country even to-day. In view of the wider dimension of agricultural activities in recent years and increasing emphasis being given in Government Policy to develop agriculture, we have here worked out the trends in the growth rate in the agricultural NSDP and changes in rural poverty ratios in the post-reform period for different states so as to bring new insight into the current debate on rural poverty. Compound annual growth rate by fitting a log-linear function to the data on NSDP from agriculture alone and agriculture and allied sector taken together has been worked out for the period from 1993-94 to 2002-03. The rate of change in rural poverty ratios has been measured in terms of percentage points per annum over the period from 1993-94 to 2004-05. Table-4 presents the relevant exercise in this regard. Of the four states (Gujarat, Madhya Pradesh, Orissa and Uttar Pradesh) showing rise in rate of rural poverty ratios, Madhya Pradesh and Orissa record a negative growth in the agricultural NSDP in both terms. For Gujarat we find a negative growth in NSDP for agriculture and allied activities taken together and low positive growth for agriculture alone. In case of Uttar Pradesh the NSDP from agriculture alone is found positive and quite high and agriculture and allied activities (together) showing positive but low growth rate. All other 11 states record a decline in annual poverty percentage points. However, agricultural growth in these 11 states differs considerably during the specified period. States such as Andhra Pradesh, Assam, Kerala, Haryana and Punjab showing appreciable decline in rural poverty ratios (more than one percent point) exhibit positive agricultural growth (with exception of Kerala). Kerala showing highest decline in rural

poverty in annual percentage points records negative agricultural growth in both terms. Of the three states (Karnataka, Rajasthan and West Bengal) showing moderate decline in rural poverty (less than one percent point but more than the all-India average), while Karnataka and West Bengal show higher growth in NSDP in both terms, Rajasthan exhibits a very low agricultural growth. Both Bihar and Maharashtra recording a slow rate of decline in rural poverty ratio (less than the all-India annual percentage points), the growth in agricultural NSDP in case of former is found quite high (more than all-India average) while in case of latter it is found moderate (more than one per cent but less than all-India average).

Conclusion and Policy Implications

The findings of the study reveal that the magnitude of rural poverty remains quite high in the country in spite of steady decline in its incidence over time. Inter-state disparity in rural poverty incidence is found high and increasing over time. Rural poverty, as evidenced from the values of the co-efficient of variations, is found increasingly concentrated in fewer states. The post-reform period is found better in reducing rural poverty in the country than the pre-reform period. The growth rate in food-grains production across states during the post-reform period reveals wide variation and some states showing negative growth rate over time. Yield variability in food-grains across states is found quite high and increasing over time. The growth rate in the NSDP from agriculture and changes in the rate of rural poverty ratios across states in the post-reform period reveal mixed results. However, for majority of states agricultural growth (in terms of NSDP) has a favourable impact on the rural poverty reduction. Only Kerala is found to be an exception. The state showing highest reduction in rural poverty records negative growth in

agricultural NSDP. States recording a positive rise in rural poverty exhibit negative growth in NSDP from agriculture. All these findings provide enough support for giving more attention to agricultural development in the country in reducing rural poverty. This necessitates raising investment in agriculture and particularly on irrigation. Besides, in view of the wide diversity existing in the agro-climatic conditions in the country, area specific strategy should be taken up in developing agriculture and the Government has to play a big role in framing and implementing such strategies.

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Table 1
Trends in the Level of Rural Poverty in the Country (number in million)

Year	Total Poor	Rural Poor	% Rural Poor to Total Poor	% Rural Poor to Rural Population
1973-74	321.3	261.3	81.3	55.72
1983	322.9	252.0	78.0	45.76
1993-94	320.3	244.0	76.2	37.26
2004-05	315.5	232.2	73.6	29.18

Table 2
Trends in Rural Poverty across Major States (per cent)

States	1973-74	1983	1993-94	2004-05
Andhra Pradesh	48.4	27.3	15.9	10.5
Assam	52.7	41.9	45.0	23.0
Bihar	63.0	64.9	58.2	43.1
Gujarat	46.4	27.9	22.1	19.8
Haryana	34.2	21.8	28.0	13.4
Karnataka	55.1	37.5	29.9	23.7
Kerala	59.2	38.5	25.8	12.3

Madhya Pradesh	62.7	48.2	40.6	38.2
Maharashtra	57.7	45.0	37.9	30.4
Orissa	67.3	67.5	49.7	47.8
Punjab	28.2	14.3	11.9	9.6
Rajasthan	44.8	37.7	26.5	18.9
Tamil Nadu	57.4	56.2	32.5	23.0
Uttar Pradesh	56.5	46.4	42.3	34.1
West Bengal	73.2	61.6	40.8	28.5
All India	56.4	45.8	37.3	29.2
C.V.	21.4	36.1	36.3	45.6

Table 3
Trends in Production & Yield Rate of Foodgrains among Major States during 1993-94 to 2002-03

States	Production	Yield	
	1993-94 to 2002-03 (CAGR)	1993-94 (Qtl/ha)	2002-03 (Qtl/ha)
Andhra Pradesh	2.49	17.8	16.9
Assam	0.59	12.9	14.1
Bihar	-10.16	16.2	14.9
Gujarat	-1.66	9.5	11.3
Haryana	2.26	26.3	31.0
Karnataka	1.49	12.4	9.6
Kerala	-5.95	19.3	17.3
Madhya Pradesh	-0.92	11.0	9.5
Maharashtra	-1.38	9.5	8.5
Orissa	-1.16	12.6	7.1
Punjab	1.83	36.8	38.3
Rajasthan	2.97	6.1	8.8
Tamil Nadu	0.61	20.5	15.9
Uttar Pradesh	1.86	18.4	20.3
West Bengal	1.69	20.1	23.7
All India	1.23	15.0	15.6
C.V.	-	44.8	51.9

Table 4
Trends in Agricultural Growth Performance and Changes in Rural Poverty across States in the Post Reform Period

States	NSDP		Changes in Poverty Ratios (% points per annum)
	Agril + Allied (per annum)	Agriculture (per annum)	
	(1993-94 to 2002-03)		1993-94 to 2002-03
Andhra Pradesh	2.54	2.10	-2.07
Assam	0.84	0.84	-3.21
Bihar	2.97	2.67	-0.19
Gujarat	-1.14	0.29	+0.40
Haryana	1.09	1.38	-3.18
Karnataka	3.06	3.22	-0.92
Kerala	-1.96	-2.70	-4.04
Madhya Pradesh	-0.86	-1.51	+1.26
Maharashtra	1.77	1.77	-0.48
Orissa	-0.78	-1.77	+0.82
Punjab	2.17	1.89	-1.75
Rajasthan	0.45	0.22	-0.68
Tamil Nadu	-0.05	4.46	-2.86
Uttar Pradesh	2.20	8.01	+0.13
West Bengal	3.52	14.38	-0.78
All India	2.23	2.00	

VULNERABILITY AND RURAL POVERTY – ENLARGING THE SCOPE FOR MICROFINANCE IN INDIA

Sanjeev Kapoor*

Abstract

Risks are one of the key components of environment for rural people. The risky events may be of different type, affect the rural households in different capacity. Rural people manage these risks and crises, but at a huge cost, which are sometimes non-recoverable throughout their whole life. Over the past decade, micro-finance has yielded a positive impact on the poor in terms of increased household income. However, focusing only on static measures of household earnings and income ignores the other side of poverty, the vulnerability of the poor to risk. Without access to micro-insurance, many poor people seem to be trapped in vicious cycle of poverty where shocks and debt prevent them to rise in the ladder of economic prosperity. No doubt, micro-credit services are important instrument in helping the poor to build their assets, but without the ability to protect their assets, reducing the poverty through asset acquisition, can be a temporary for a large number of clients of MFIs

The potential role of insurance in social protection has been well appreciated all over the world. Under the liberalized economic scenario, many insurance companies are also entering in Indian rural segment. If micro-insurance has to become a business opportunity, the needs are two fold. First, to understand the type

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of risks which rural household face in their life, so that this becomes the basis to derive demand for insurance products. Second, to identify different dimensions of the design of the insurance products required to facilitate the supply of such products to the rural clients. Using the market analysis framework, the present study tries to understand the demand for micro-insurance in rural areas. It also points out the key requirements in developing the insurance product for rural sector, in terms of price, product, promotion, and delivery channel.

Introduction

Microfinance in India has brought a revolutionary shift in approach for providing financial services to poor since mid 90s. Over the past decade, it has been claimed vigorously that micro-finance has a positive impact on the poor in terms of increased household income. However, focusing only on static measures of household earnings and income ignores the other side of poverty, the vulnerability of the poor to risk. Unfortunately, in India microfinance remains primarily a supply-driven endeavor, with a limited number of methodologies applied to provide mainly working capital loans to poor female micro-entrepreneurs, who do not have tangible assets to offer as collateral. Over the past few years, the concept of vulnerability has been added to define the rural poverty. Accordingly, the focus of microfinance in India as well as in other developing countries has been shifted to providing financial services to a diverse group of vulnerable households engaged in complex livelihoods. With this perspective, practitioners in microfinance industry have recognized now that the poor require a wide range of financial services to manage the risks and thus, improve their economic condition. Simultaneously, the high prevalence of risk among the micro-finance clients has been well documented world wide

(Rutherford, 2000). The analyst has shown the relationship between client level risk and micro-finance at two interrelated levels: how these risks may affect the quality of a Micro-finance Institution (MFI) portfolio; and how designing market oriented financial products can reduce client risk. Feeble asset base and livelihood opportunities are widely-accepted determinants of poverty which have in turn severe repercussions on resilience and vulnerability to risks and risk management strategies at the household level. Households caught in the 'poverty trap' are vulnerable to various risks, and their poorly-backstopped responses to risks can further lead to lower quantities and qualities of assets, and subsequently to lower income flows and hence loss of welfare.

Assets can be tangible including natural, human, physical and financial assets or intangible such as social capital, proximity to markets and health and education facilities, empowerment, and political & institutional assets. Both tangible and intangible assets and their interplay are important in the context of risk management of vulnerable households. Assets interact with risks in several ways. First, the sources of risk affect households through their impact on the value and productivity of assets. Thus, risks are transmitted to households through their assets. Second, households reallocate their assets in response to risk. These allocations affect short-term returns and variability of returns. They also have an impact on the longer-term vulnerability of the households via their impact on savings and investments. Third, a household's risk attitudes and risk management capabilities are, to a large extent, influenced by its assets portfolio, with poorer households tending to be more risk averse, less efficient in resource allocation, and less able to handle risk-related losses. Fourth, poor households tend to pay higher cost for reducing, mitigating, and coping with risk. Fifth,

poorer households tend to adopt risk management strategies that concentrate on lower risk and lower return assets, which can lead to a poverty trap and exacerbate asset and income inequality. These five factors can contribute to a vicious cycle of poverty and vulnerability (Siegel et al, 2002).

Various risks may lead to different outcomes on households depending upon frequency, intensity, spread and capability of affected households to respond to risks. The outcome of risky event is conditioned upon risk management strategies made in anticipation of and in response to risky events (Ravallion, 1997). Risk management strategies include *ex ante* (risk reduction and risk mitigation) and *ex post* (risk coping) strategies. A poor household might be able to reduce, mitigate or cope with a risk or set of risks in a given period, but the process can result in limited ability to manage risk in subsequent periods, especially when assets are degraded. Actions to manage risk can take place in different forms and at different levels, and these actions can affect risk and vulnerability at other levels.

Risk mitigation appears to be the most desirable and effective risk management strategy to avoid the potential welfare loss. While micro-credit has proven to date to be a valuable and effective way to protect the poor against risk in *ex ante* sense (ahead of time), the few types of credit products offered by most of the MFIs in India are less suited to provide poor households the support needed after a shock (*ex post*). Being small size, Self-help Groups (SHGs) or Joint Liability Groups (JLGs) can provide a limited risk pool to poor women by providing small size of loans. Constrained by the regulatory environment, very few MFIs in India are able to offer saving products, which provide the poor a safety net to deal with *ex post* shocks.

In the absence of saving products, micro-insurance is another alternative for risk management among the poor. Micro-insurance, with proper design, enables the poor more proactive in managing the risk by reducing the chance of a loss resulting from unanticipated risk events. Micro-insurance is a subset of insurance that provides protection to the poor. The genesis of micro-insurance is similar to that of micro-credit. Like the credit products, the challenge with micro-insurance is to design products that are appropriate in terms of cost, terms and coverage. Till date, the experience with micro-insurance has been limited in India in terms of coverage and impact. The starting point of this study is the question of whether there is an insurance market among the micro-finance clients and if yes, how the formal insurance can go down the market?

Thus in the new micro-financial service area, there are significant opportunities to broaden and deepen the range of financial services (credit, savings, insurance and money transfer) as well as the number and nature of institutions that offer these services. Millions of people in rural India remain without access to high quality, appropriate insurance or saving services from formal financial institutions. They have now very limited access to saving services through compulsory or mandatory savings in SHGs/ JLGs. If formal or informal financial institutions have to develop required insurance or saving products for rural clients with least transaction cost, additional, practice-focused research is required to better understand both the needs of the poor for saving services and the details of the cost structures involved in meeting these needs. There is a pressing need to test market-led, alternative and innovative products and delivery systems to serve the poor. Understanding the demand for these products and services is the first essential step to responding to the needs of the poor – particularly for insurance services.

Objectives

The study sought to assess the potential demand for micro-insurance by poor households in the rural areas of U.P. An understanding of the nature and types of risk and risk management strategies forms the foundation on which options for micro-insurance can be derived. Accordingly, the study primarily aimed to identify the most common risks and crises that rural households face; ways and means of households' response to such crises and risks; to examine the effectiveness of these means (coping strategies); and to arrive at conclusions regarding the potential and demand for micro-insurance in rural areas.

Regulatory Environment for Micro-insurance in India

To understand the potential involvement of MFIs in delivering the insurance products, it is important to scan the recent regulatory context of micro-insurance in India. The Government of India liberalized the insurance sector in March 2000 with the passing of the Insurance Regulatory and Development Authority (IRDA) Bill, lifting entry restrictions for private players and allowing foreign players to enter the market with some limit on direct foreign ownership. Under the current guidelines, there is a 26 percent equity cap for foreign partners in an insurance company. Premium rates of most general insurance policies come under the purview of the government appointed Tariff Advisory Committee. The opening up of the sector is likely to lead to greater operating in both life and non-life segments. Companies have started selling their insurance policies since 2001 leading to widening and deepening of insurance in India and this may also cause restructuring and revitalizing of the public sector companies.

The creation of IRDA was one of the most important milestones in Indian micro-insurance sector. Two regulations promulgated by IRDA have laid the framework of micro-insurance in India. The first is related to regulations called "Obligations of Insurers to Rural Social Sector" passed in year 2002 and subsequently amended in July 2004. This is basically based on quota system, which forces the private insurers to transact a minimum percentage of their business in rural/social sector. In view of the guidelines issued by Insurance Regulatory and Development Authority, every insurer, who begins to carry on insurance business after the commencement of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall, for the purposes of sections 32B and 32C of the Act, ensure that he undertakes the following obligations (as given in Chart 1.1) during the first five financial years.

Obligations of Insurers to Rural Social Sector	
1. The insurer shall ensure that the minimum percentage of its business in the rural social sector is as follows:	
(a) For the first financial year, 10%	
(b) For the second financial year, 15%	
(c) For the third financial year, 20%	
(d) For the fourth financial year, 25%	
(e) For the fifth financial year, 30%	
2. The insurer shall ensure that the minimum percentage of its business in the rural social sector is as follows:	
(a) For the first financial year, 10%	
(b) For the second financial year, 15%	
(c) For the third financial year, 20%	
(d) For the fourth financial year, 25%	
(e) For the fifth financial year, 30%	

Chart 1.1: Obligations of Insurers to Rural Social Sector

(a) **Rural sector** (defined as population of not more than 5000, with a density of population not more than 400 per square kilometer and at least 75 percent of the male working population is engaged in agriculture)

(i) in respect of a *life insurer*,

- (I) five per cent in the first financial year;
- (II) seven per cent in the second financial year;
- (III) ten per cent in the third financial year;
- (IV) twelve per cent in the fourth financial year;
- (V) fifteen per cent in the fifth year;

of total policies written in that year;

(ii) in respect of a *general insurer*,

- (I) two per cent in the first financial year;
- (II) three per cent in the second financial year;
- (III) five per cent there after,

of total gross premium income written direct in that year.

(b) **Social sector** (defined as unorganized sector, informal sector economically vulnerable or backward classes both in rural and urban areas)

(i) in respect of all insurers, --

- (I) five thousand lives in the first financial year;
- (II) seven thousand five hundred lives in the second financial year;
- (III) ten thousand lives in the third financial year;
- (IV) fifteen thousand lives in the fourth financial year;
- (V) twenty thousand lives in the fifth year;

Provided that, in case of a general insurer, the obligations specified shall include insurance for crops.

The second regulation document is IRDA Micro-Insurance Regulation Act, 2005. This act has facilitated the MFIs and NGOs in India to get involved in delivering the insurance products. The salient features of this act are given in Chart 1.2.

Chart 1.2: Salient Features of IRDA Micro-insurance Regulation Act

1. In addition to an insurance agent or corporate agent or broker licensed under the act, micro-insurance products may be distributed through micro-insurance agents, namely NGOs, MFIs or SHGs on the specific remuneration basis.
2. The micro-insurance agents can perform one or more of the following functions:
 - a. Collection of proposal forms and self declaration form from clients.
 - b. Collection and remittance of premium amount.
 - c. Distribution of policy document to clients.
 - d. Assistance to the clients in settlement of claims.
3. Every insurer shall impart at least 25 hours of training at its expenses to all micro-insurance agents in the area of insurance selling, claim administration and policy holder servicing.

In order to meet the conditions under these obligations, private insurers have started innovations in developing new products and delivery channels in micro-insurance sector.

Methodology

The study is based on the clients of three major MFIs from the state of U.P of India. These MFIs are NEED, Lucknow, Shramik Bharati, Kanpur and CASHPOR, Varanasi. The field work for the study was conducted in the districts of Sitapur, Kanpur Dehat, and Varanasi. The sample has been taken from the places where people are engaged in different livelihood strategies with different socio-economic status of the rural population. Two villages were randomly selected from the service area of the concerned MFI within the district. Households of the sample villages were stratified into four groups, viz., marginal farmers (<1 ha), small

farmers (1-2 ha), large farmers (>2 ha) and landless or off-farm dependent households, and 20 percent households from each group were randomly selected as sample clients. The study employed broadly two major techniques to get the required information:

- Semi-structured household interview from 60 household, stratified by size of holding, from 2 villages from the area of operation of each MFI.
- Participatory research tools with different socio-economic groups within a village. These groups were divided into male and female separately in order to capture the effect of gender on various risks faced. The groups were also separated based on major livelihood activity (agriculture, wage, service, and small business) of the households.

Individual interviews, Focus Group Discussions (FGDs) and Participatory Rapid Appraisal (PRA) were the primary research tools. The FGDs assessed the key risks facing poor households, how they deal with these risks, and the effectiveness of the responses. The PRA tools were used for time series analysis of crises, lifecycle of risk, seasonality of income and expenditure, and seasonality of savings and credit.

Vulnerability Status of Rural Households

Findings have revealed that almost all households covered in the study faced one or other risk during last 5 years. Many of them faced some risks repeatedly. They also saw the short and long-term impacts of these risks and their responses to them. The most pertinent question is what these vulnerable households do to reduce or mitigate similar risks and their probable outcomes in future. As far as risk reduction efforts are concerned, people take some preliminary precautionary steps to safeguard their health, health of their livestock, safety and security of property, etc. But these steps

are part of normal course of life. They do not take these steps as conscious and informed risk reduction measures.

The major findings of the study have been summarized in Tables 1 (a) to 1 (c) to bring out clearly the potential for the micro-insurance.

Table 1(a)
Potential of Micro-insurance to Manage Vulnerability against Different Risks

Name of Risk	Sickness/ illness related	Death	Accident
Facing households (%)	71.9	12.3	7.4
Intensity of risk (number of incidents per facing HH)	1.24	1.16	1.20
Economic impact of Risk (Rs/facing HH)			
Increase in Expenditure	11443	14924	14433
Reduction in Income	1579	1340	1333
Loss of Assets	0	0	0
Total Economic Loss	13022	16264	15766
Response to risk/crisis (% facing HH)			
(a) Loan	40.4	48.0	53.3
(b) Past Savings	19.9	8.0	33.3
(c) Loan & Past Saving	32.9	44.0	13.3
(d) Other Measures	6.8	0.0	0.0
Contribution of Coping Strategies to Manage the Risk (% of mobilized money)			
(a) Loan	73.4	88.6	75.2
(b) Past Savings	19.6	11.4	24.8
(c) Other Measures	7.0	0.0	0.0
Is the risk/crisis insurable?	Yes	Yes	Yes
Has the household already insured?	No	Yes (49% HH)	No
If no, why?	- Unawareness - Lack of insurance culture	-	-Unawareness - Lack of insurance culture
If no, willing to insure in future?	Yes (12% HH)	Yes (73% HH)	No
If no why?	-	-	-Unawareness - Lack of insurance culture

Table 1(b)
Potential of Micro-insurance to Manage Vulnerability against Different Risks

Name of risk	Property Damage	Livestock Related	Nature Related
Facing households (%)	3.4	14.3	7.9
Intensity of risk (number of incidents per facing HH)	1.29	1.90	1.38
Economic impact of risk (Rs/facing HH)			
(a) Increase in Expenditure	8000	1334	894
(b) Reduction in Income	0	3828	14869
(c) Loss of Asset	12714	8248	500
(d) Total Economic Loss	20714	13410	16263
Response to risk/crisis (% facing HH)			
(a) Loan	71.4	37.9	37.5
(b) Past Savings	0.0	20.7	31.3
(c) Loan & Past Savings	14.3	37.9	25.0
(d) Other Measures	14.3	3.4	6.3
Contribution of Coping Strategies to Manage the Risk (per HH)			
(a) Loan	50.3	72.6	89.1
(b) Past Savings	2.7	23.7	9.7
(c) Other measures	47.0	3.7	1.1
Is the risk/crisis insurable?	No	Yes (only death)	Yes (crop insurance)
Has the household already insured?	-	No	No
If no, why?	-	Unawareness - Lack of services	Unawareness - Lack of services
If no, willing to insure in future?	Yes (15% HH)	Yes (46% HH)	Yes (18% HH)
If no why?	-	-	-

Table 1(c)
Potential of Micro-insurance to Manage Vulnerability against Different Risks

Name of risk	Fire	Theft	Litigation
Facing households (%)	2.5	3.9	2.5
Intensity of risk (number of incidents per facing HH)	2.00	1.38	1.40
Economic Impact of Risk (Rs/facing HH)			
(a) Increase in Expenditure	7800	12000	44000
(b) Reduction in Income	6800	2013	3400
(c) Loss of Assets	25320	10375	2000
(d) Total Economic Loss	39902	24388	49400
Response to risk/crisis (% facing HH)			
(a) Loan	40.0	50.0	60.0
(b) Past Savings	20.0	25.0	0.0
(c) Loan & Past Savings	20.0	25.0	40.0
(d) Other Measures	20.0	0.0	0.0
Contribution of Coping Strategies to Manage the Risk (% of mobilized money)			
(a) Loan	95.8	86.8	95.0
(b) Past Savings	2.4	13.2	5.0
(c) Other Measures	1.8	0.0	0.0
Is the risk/ crisis insurable?	Yes	Yes	No
Has the household already insured?	No	No	-
If no, why?	- Unawareness - Lack services	- Unawareness - Lack services	-
If no, willing to insure in future?	No	No	-
If no why?	Reasons not specified	Reasons not specified	-

The research clearly shows that not only the poor households face multiple risks but also pay heavily to cope against these risks. Unfortunately, they are usually paying after the event (ex post) to recover, but not paying in advance to protect themselves. All risk-affected households may be safely treated as potential buyers of insurance products in future.

Rural households face variety of risks spanning from idiosyncratic including illness-related, death, accidents, theft, livestock-related etc to covariate risks such as nature-caused crop failure. These risks have considerable bearing on livelihoods in terms of increased expenditure, reduced income and lost or damaged asset base. Such risks are coped with through using accumulated savings, borrowings from formal and informal sources, and selling of assets. Borrowing is observed to be the key risk coping strategy which causes persistent indebtedness and poor asset base among risk-affected households leading further to higher vulnerability. In spite of repeated events of risks households generally do not adopt sound ex ante risk management (reduction and mitigation) strategy, excepting for life insurance for one or two members of household. However, many households are willing to go for insurance provided they get easy and convenient access to services. Since formal insurance system has its own limitations in addition to constraints relating to rural households themselves, there is need for suitable micro-insurance schemes. Micro-insurance is likely to facilitate better articulation and prioritization of insurance needs, and organization and management of insurance funds on the line of microfinance.

One of the main constraints in introducing micro-insurance in rural areas of U.P is the poor's limited comprehension of the concepts of insurance. Hence, there is need to improve their awareness and understanding of insurance, especially with respect to non-life insurance, and its cost-worthiness and usefulness. Although, poor will continue to use a mix of risk management tools, but none of the existing strategies will provide 100 percent coverage. Since reach of poor households to the formal insurance seems to be quite weak, micro-insurance, on the line of micro-finance, can fill the gap and help them manage various risks.

The potential for micro-insurance arises from those very factors due to which poor households remain generally excluded from existing formal insurance schemes. First, formal insurers have not attempted much to reach out to those segments that are outside the mainstream formal economy. This reason is related to the viability of privately supplied insurance products in an environment characterized by imperfect information and high transaction costs. Under micro-insurance program (like microfinance or micro-credit), groups and associations households can be used to gather information and reduce transaction costs and make micro clients more attractive to private insurers and/or allow them to organize as insurance mutual. Secondly, poor people lack the empowerment and capacity to access formal insurance. This reason holds out promise that, in addition to better enabling clients to manage risk, micro-insurance can help empower groups and associations which helps them access improved insurance services and other benefits. Another dimension of empowerment is social inclusion, whereby households outside groups and associations might achieve improved access to risk management instruments either as individuals or as members of groups. Thirdly, there is a need to expand and strengthen risk and resource pooling at different levels to help excluded households take advantage of the potential benefits of risk and resource pooling. Poor households often lack access to broader risk and resource pools because of their economic or geographic remoteness and/or poverty and lack of information on the side of both households and potential insurers. Such households need assistance in form of improved access to risk and resource pools (Siegel et al, 2001).

Micro nature/design of micro-insurance is likely to facilitate households and their groups in revealing their needs and priorities

and to manage insurance transactions so that moral hazards (possibility of 'occurrence of the event and damage caused by the event' getting influenced by the insured's behaviour, i.e., in other words, the tendency of the insured to aggravate risk), adverse selection (inability of distinguishing high and low risk customers, and the resultant pricing of average risk which can only attract high risk customers), transaction costs, and other problems associated with asymmetric information are minimized. Micro-insurance can promote group management whereby each micro-insurance unit (i) defines its own insurable risk; (ii) organizes financing of the insurance; (iii) exercises control over the flow and management of its funds (McCord, 2001).

The results indicate that death, sickness, crop failure due to natural factor, and livestock are the best opportunities for micro-insurance. There are certain risks (litigation, forgery and dowry), which are non-insurable and thus, will remain unprotected.

Micro-insurance Product Design

Given the well established demand for micro-insurance, the challenge is responding this need with appropriate products to suit the requirements of rural clients. Increased product flexibility is the new mantra for micro-credit. The same should be applicable to micro-insurance. Product attributes for micro-insurance can be developed around the following parameters:

- Frequency of premium instalments
- Amount of each premium instalment
- Time of premium instalment
- Type of risk coverage
- Amount of claim compensation
- Formalities required getting the claim

Any micro-insurance product designed for rural poor must be based on the strength of existing system. Frequency of payments and variability in the size of premiums are important aspects of flexibility for rural clients. Given the seasonal nature of cash flows in rural livelihood systems, time of premium payments should match the cash in-flow of a particular livelihood system. Drawing the lessons from savings and credit products, small premium due per instalment would be more feasible for rural clients, rather than a large premium to be paid in once. The insurance products should cover the various costs associated with different types of risks. Accordingly, total economic loss to a household emanating due to a particular type of risk can be decomposed into different cost elements. It should be clearly spelt out in the policy document that the product would be covering which particular cost associated with the risks. Obviously, the product coverage should include all the major cost elements which a household had to incur or is liable to pay after the occurrence of that particular event.

Claim settlement has always been a bone of contention between the insurance company and its clients. Hassle free claim settlement has to be given top priority while designing the micro-insurance products to rural clients. This is an area where MFIs can play an important role. Instead of asking certificates from various Government Departments as a documentary proof needed for claim settlement, the insurance companies can rely on a necessary certificate from MFI. Non-price attributes of insurance products would definitely get an edge over premium rate for targeting rural clients.

Delivery Channel

Micro-insurance does not mean selling the existing policy cheaply; rather it requires new products and innovative distribution mechanisms. There are two important facts which have to be addressed while designing delivery channel for micro-insurance products to rural customers:

- (a) The clients are spread over a large geographical area, as the density of rural population is low, and premium collection is too frequent.
- (b) Business with each client is very small as micro-insurance products are low premium products.

Given these inherent nature of rural business, one has to design the distribution channel where the transaction cost both for clients and company is minimum. As more and more private players are entering to Indian rural market for insurance products, the nature of competition is rising. In a more competitive business environment, minimization of transaction cost both for clients and the company has become the key strategy for profit maximization. The profit for a company can be increased by cutting down the operating cost, and thus increasing the scale; as the scope to charge a higher premium is limited at least in rural segment.

After the introduction of micro-insurance regulations through IRDA legislations, insurers have started collaboration with MFIs/NGOs. Under partner-agent model, MFIs are becoming the agent for the insurance company for selling and servicing the insurance products to their existing micro-finance clients. This partnership is very advantageous for MFIs, clients and the company. The company gains

access to new market with reduced transaction cost; the MFI can expand the portfolio of its financial products and gains a new income source; and the clients get protected with risks and shocks. The limited experience so far indicates that this model of collaboration has worked well in India and other developing countries, and more and more MFIs are keen to join hands with private insurers.

Micro-insurance Promotion

If micro-insurance has to be developed as a viable financial product, insurance education to clients will have to be given high priority. In fact rural peoples' limited knowledge about insurance concept is major obstacle in introducing micro-insurance in rural India. Most of the people are more comfortable and familiar with sharing various risks among themselves informally. The concept of formal insurance as risk pooling mechanism has not been well communicated to them. Most of the rural people consider paying insurance premium as additional cost to them. With low and uncertain liquidity in their hand, paying anything extra for future events really becomes hard decision for them. This problem gets compounded when the household pays the premium, but does not face the risky event within the insurance term. This de-motivates the household for taking the insurance policy next time. Client's education in this regard will raise the acceptance and success of micro-insurance program.

Since the terms and conditions of insurance products are technical in nature, poor households find difficult to understand that how insurance works? Accordingly, practitioners will have to develop insurance products which are easily communicable and easy to understand for their rural clients. The literature for insurance products can be developed in local language to increase its acceptability among subscribers. The community leaders can be

trained initially to promote the insurance concept among their neighbours, as the trust on supplier also play a very important role in this business. The need for developing trust between buyer and seller arise more as the people think they are buying insurance as an intangible product to be available in future.

The conclusions of this study point to the importance of the design and delivery of the micro-insurance products based on a market analysis of the potential customers' preference for such products. The study argues that there is clear demand for providing the poor with insurance services to help them better manage risk both ex ante and ex post. The lessons of micro-credit products should be extended to insurance products also. Without access to micro-insurance, many poor people seem to be trapped in vicious cycle of poverty where shocks and debt prevent them to rise in the ladder of economic prosperity. No doubt, micro-credit services are important instrument in helping the poor to build their assets, but without the ability to protect their assets, reducing the poverty through asset acquisition, can be a temporary for a large number of clients of MFIs.

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भारत में गरीबी : कारण और निवारण

जयन्त वर्मा

विश्व के खरबपतियों की सूची में भारतीयों की बढ़ती संख्या, भारत की अर्थव्यवस्था में 9 से 10 प्रतिशत की वृद्धि दर तथा कुल सकल घरेलू उत्पाद की दृष्टि से भारत विश्व की आर्थिक महाशक्ति के रूप में उभर रहा है। इसके साथ ही साथ यदि भारत में निर्धनता पर दृष्टि डालें तो अत्यन्त विडम्बनापूर्ण स्थिति उभर कर सामने आती है। कृषि कार्यों में संलग्न सर्वाधिक आबादी वाले इस देश में पिछले वर्षों कर्ज के बोझ से दबे लाखों किसानों ने आत्महत्याएं की हैं। सम्पन्नता और निर्धनता की पराकाष्ठा के कारणों की पहचान करना और उसे दूर करना आज सबसे बड़ी चुनौती बन गया है।

1.1 फरवरी-2007 में संसद में प्रस्तुत आर्थिक समीक्षा के अनुसार वर्ष 2006.07 में भारत में वर्तमान मूल्यों पर देश का सकल घरेलू उत्पाद 4100 हजार करोड़ रूपए हो गया था। संविधान की प्रस्तावना में हमने भारत को सम्पूर्ण प्रभुत्व सम्पन्न समाजवादी पंथनिरपेक्ष लोकतन्त्रात्मक गणराज्य बनाने का संकल्प लिया है। समाजवादी समाज रचना में संसाधनों के समतापूर्ण बंटवारे का लक्ष्य होता है। भारत के सकल घरेलू उत्पाद को पांच व्यक्ति के परिवार में विभाजित करने पर प्रति परिवार प्रतिवर्ष दो लाख रूपए की हिस्सेदारी आती है।

1.2 राष्ट्रीय आर्थिक अनुसंधान परिषद, नई दिल्ली (NCAER) द्वारा वर्ष 2001 की जनगणना के आधार पर विभिन्न आय वर्गों में विभाजित भारत की आबादी की आर्थिक स्थिति का वर्गीकरण इस प्रकार किया गया है :-

भारत की आबादी - 2001 : 102 करोड़ 70 लाख

या : 18 करोड़ 7 लाख परिवार - इनमें से

- 32.8 प्रतिशत आबादी अथवा 5 करोड़ 93 लाख परिवारों की वार्षिक आय रु. 22,500/- से कम है जो गरीबी रेखा से नीचे जीवन व्यतीत कर रहे हैं। इन्हें 2200 कैलोरी प्रतिदिन की ऊर्जा युक्त खुराक नहीं मिल पाती।
- 40 प्रतिशत आबादी या 7 करोड़ 22 लाख परिवारों की वार्षिक आय रु. 22,500/- से रु. 45,000/- के बीच है।

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- 13 प्रतिशत आबादी या 2 करोड़ 35 लाख परिवारों की वार्षिक आय रु. 45,000/- से रु. 70,000/- के बीच है ।
- 7.5 प्रतिशत आबादी या 1 करोड़ 36 लाख परिवारों की वार्षिक आय रु. 70,000/- से रु. 96,000/- के बीच है ।
- 6.7 प्रतिशत आबादी या 1 करोड़ 21 लाख परिवारों की वार्षिक आय रु. 96,000/- प्रतिवर्ष से अधिक है ।
- 14 लाख परिवारों की वार्षिक आय 5 लाख रुपये से अधिक है ।
- विगत 10 वर्षों में मध्यम वर्गीय आमदनी वाली आबादी 18.4 प्रतिशत से 27.2 प्रतिशत हो गई है । अर्थात् मध्यम वर्गीय परिवारों की संख्या 2 करोड़ 96 लाख से बढ़कर 4 करोड़ 94 लाख हो गई है ।
- निम्न आय वर्ग की आबादी का अनुपात पूर्ववत् ही रह गया है ।

1.3 संयुक्त राष्ट्र संघ ने एक डॉलर प्रति दिन की कृय-शक्ति से कम आय वालों को गरीबी रेखा के तहत वर्गीकृत किया है । 627 करोड़ आबादी वाले विश्व में इस मानदण्ड के अनुसार एक चौथाई आबादी गरीबी रेखा से नीचे के स्तर पर जीवनयापन कर रही है । भारत में एक डॉलर प्रति व्यक्ति प्रतिदिन (45 रुपये प्रति दिन) के पैमाने पर 5 लोगों के परिवार की सालाना आमदनी लगभग 82 हजार रुपए होती है । इस पैमाने से देखें तो भारत की लगभग 85 फीसदी आबादी गरीबी रेखा से नीचे के स्तर पर जीवनयापन कर रही है ।

1.4 राष्ट्रीय नमूना सर्वेक्षण (एन.एस.एस.) द्वारा राष्ट्रीय आय और राज्य स्तरों पर प्रत्येक 5 वर्ष में गरीबी के प्रभाव क्षेत्रों का अनुमान लगाया जाता है । वर्ष 2004-2005 के लिए एन.एस.एस. के 61वें दौर के अनन्तिम आंकड़ों के अनुसार यूनिफार्म रिकाल पीरियड की गणनानुसार राष्ट्रीय स्तर पर निर्धनता का अनुपात 27.8 प्रतिशत था ।

1.5 भारत में गरीबी का आंकलन पर्याप्त मात्रा में ऊर्जा उपभोग न कर पाने की क्षमता के आधार पर किया जाता है । उस व्यक्ति को निर्धनता रेखा से नीचे माना जाता है जो ग्रामीण क्षेत्रों में प्रतिदिन 2400 कैलोरी व शहरी क्षेत्रों में 2100 कैलोरी भोजन प्राप्त करने में असमर्थ हैं । वास्तव में गरीबी की रेखा वह सीमा है, जिसके नीचे जाने का मतलब है जीवन जीने के लिए सबसे जरूरी सुविधाओं, सेवाओं और अवसरों का अभाव । यही वह अवस्था है जिसमें आकर जीवन पर संकट और दुखों की सम्भावना सौ फीसदी हो जाती है । जिस सीमा को हम गरीबी की रेखा कहते हैं उसे परिभाषित करने के लिए सरकार की ओर से कुछ मानदण्ड तय किये गये हैं । इन्हीं मानदण्डों के आधार पर यह तय होता है कि किसका जीवन संकटमय अभाव में बीत रहा है । यह तय किया गया है कि जिस परिवार की मासिक आय 1700 रुपये

अथवा वार्षिक आय 20400 रुपये से कम होगी उस परिवार को गरीबी की रेखा से नीचे माना जायेगा । मध्यप्रदेश के संदर्भ में यह प्रावधान है कि शहरी क्षेत्र में एक व्यक्ति यदि स्वयं पर प्रति माह 400 रुपये और ग्रामीण क्षेत्र में प्रति माह 300 रुपये से कम खर्च करके जीवनयापन कर रहा है तो भी उसे गरीबी रेखा के नीचे माना जावेगा । गरीबी रेखा के निर्धारण हेतु किसी भी परिवार की आय मापने के लिए उसके पास उपलब्ध सुविधाओं और सेवाओं का मूल्यांकन किया जाता है । जैसे - परिवार के पास रेडियो, सीलिंग पंखा, साईकिल, स्कूटर, कार, ट्रेक्टर या टी.वी. है अथवा नहीं । साथ ही सकान कैसा है - कच्चा, अर्ध कच्चा, किराये का या अन्य प्रकार का । परिवार के लोग क्या और कितना खाते हैं - दाल, सब्जी, मांस, दूध और फल ।

1.6 ग्रामीण समाज में गरीबी की अवस्था को मापने के लिए भूमि संबंधी मानदण्ड भी महत्वपूर्ण हैं । मध्यप्रदेश के लगभग 22 लाख उन परिवारों को गरीबी की रेखा से नीचे रखा गया है जिनके पास आधा हेक्टर से कम अथवा बिल्कुल भी भूमि नहीं है । एक हेक्टर से कम 9.45 लाख भूमिधारियों को सीमान्त कृषक की श्रेणी में रखा गया है किन्तु वे अति गरीब नहीं माने जाते, भले ही उन्होंने जमीन पर खेती नहीं की हो अथवा उनके खेतों पर पानी नहीं बरसा हो । गरीबों की पहचान करने में पशुधन भी एक सूचक है, गाय, बकरे, मुर्गे, बत्तख और बैल को विन्धित किया गया है ।

गरीबी के कारण

2.1 प्रकृति में केवल मनुष्य ही ऐसा जीव है, जिसकी जीविका के लिए जरूरी संसाधनों पर उसका नियंत्रण नहीं होता । लोकतांत्रिक राज्य व्यवस्था इसीलिए कायम होती है कि संसाधनों पर शक्तिशाली वर्ग का नियंत्रण न हो तथा समुदाय के भौतिक संसाधनों का स्वामित्व और नियंत्रण इस प्रकार बांटा जाय ताकि सामूहिक हित का सर्वोत्तम रूप से साधन हो । कानून ऐसे बनें ताकि धन और उत्पादन के साधनों का सर्वसाधारण के लिए अहितकारी संकेन्द्रण न हो । आज विश्व के अधिकांश देशों में लोकतांत्रिक व्यवस्था है । इसके बावजूद समाज में आर्थिक विषमता के आंकड़े चौंकाने वाले हैं । विश्व के 20 प्रतिशत सम्पन्न वर्ग की आय निर्धनतम 20 प्रतिशत आबादी की आय से 82 गुना अधिक है और यह 20 प्रतिशत धनाढ्य तबका विश्व के कुल संसाधनों के 86 प्रतिशत हिस्से का स्वयं उपभोग कर रहा है ।

2.2 भारत में गरीबी मूलतः असंगठित वर्ग के बीच विद्यमान है, जिनमें ग्रामीण किसान और मजदूर, आदिवासी, दलित, अपने कौशल से आजीविका चलाने वाले पिछड़े वर्ग के लोग, मुस्लिम आदि हैं । ग्रामीण क्षेत्रों में व्याप्त गरीबी के कारण भारी संख्या में लोगों का शहरों की ओर पलायन हो रहा है तथा शहरी झुग्गी-बस्तियों में हम ग्रामीण गरीबी का विस्तार देख सकते हैं ।

2.3 गरीबी अभाव की वह दशा है जो समुदाय के भौतिक संसाधनों जल, जंगल और जमीन पर नियंत्रण के छिन्न के कारण उत्पन्न होती है। ऐसी दशा में लोग मजदूरी करने के लिए निकलते हैं, किन्तु उनकी मेहनत का मूल इतना नहीं मिलता कि परिवार का भरण पोषण आत्मसम्मान के साथ हो सके।

महात्मा गांधी के शब्दों में — भारत अपने चंद शहरों में नहीं बल्कि सात लाख गांवों में बसा हुआ है। लेकिन हम शहरवासियों का खयाल है कि भारत शहरों में ही है और गांवों का निर्माण शहरों की जरूरतें पूरी करने के लिए ही हुआ है। हमने कभी यह सोचने की तकलीफ ही नहीं उठाई कि उन गरीबों को पेट भरने जितना अन्न और तन ढकने जितना कपड़ा मिलता है या नहीं और धूप तथा वर्षा से बचने के लिए उनके सिर पर छप्पर है या नहीं। — मैंने पाया है कि शहरवासियों ने आमतौर पर गांववासियों का शोषण किया है; सच तो यह है कि वे गरीब ग्रामवासियों की ही मेहनत पर जीते हैं। हमारी आबादी का 75 फीसदी से ज्यादा हिस्सा कृषिजीवी है। लेकिन यदि हम उनसे उनकी मेहनत का सारा फल खुद छीन लें, या दूसरों को छीन लेने दें तो यह नहीं कहा जा सकता कि हममें स्वराज्य की भावना काफी मात्रा में है। — यदि पूंजीपति वर्ग काल का संकेत समझकर संपत्ति के बारे में अपने इस विचार को बदल डालें कि उसपर उनका ईश्वर प्रदत्त अधिकार है, तो जो सात लाख घूरे आज गांव कहलाते हैं उन्हें आनन-फानन में शांति-स्वास्थ्य और सुख के धाम बनाया जा सकता है। मुझे दृढ़ विश्वास है कि यदि पूंजीपति जापान के उमरावों का अनुसरण करें तो वे सचमुच कुछ खोएंगे नहीं और सब कुछ पाएंगे। केवल दो मार्ग हैं, जिनमें से हमें अपना चुनाव कर लेना है। एक तो यह कि पूंजीपति अपना अतिरिक्त संग्रह स्वेच्छा से छोड़ दें और उसके परिणाम स्वरूप सबको वास्तविक सुख प्राप्त हो जाय। दूसरा यह कि अगर पूंजीपति समय रहते न चेतें तो करोड़ों जाग्रत किन्तु भूखे लोग देश में ऐसी गड़बड़ मचा दें, जिसे एक बलशाली हुकूमत की फौजी ताकत भी नहीं रोक सकती। — किसानों का — फिर वे भूमिहीन मजदूर हों या मेहनत करने वाले जमीन मालिक हों, स्थान पहला है। उनके परिश्रम से ही पृथ्वी फलप्रसू और समृद्ध हुई है और इसलिए सच कहा जाय तो जमीन उनकी ही है या होनी चाहिये, जमीन से दूर रहने वाले जमींदारों की नहीं।

2.4 आमतौर पर यह ज्ञात है कि मुगलकालीन भारत में गरीबी, भुखमरी और शोषण की वह दशा नहीं थी जो वर्तमान में हमें दिखती है। उस काल के भारत को सोने की चिड़िया के रूप में पहचाना जाता है। अंग्रेजी हुकूमत ने भारतवासियों को जिन तीन मूल सिद्धान्तों पर आधारित कानूनों से गुलाम बनाया था वे इस प्रकार हैं :-

1. आम जनता पर अविश्वास और तंत्र पर विश्वास;
2. समाज के अपनी व्यवस्था स्व-संचालित करने के नैसर्गिक अधिकार पर रोक;
3. समुदाय के भौतिक संसाधनों की लूट।

इन सिद्धान्तों पर बने कानूनों ने आम जनता के स्वाभिमान पर सीधा प्रहार किया। समाज में भय और अभाव का विस्तार हुआ जो गुलामी की अनिवार्य शर्त है। सोसायटी रजिस्ट्रीकरण कानून-1860, भारतीय पुलिस अधिनियम-1861, भारतीय दण्ड संहिता-1860, वाहक अधिनियम-1865, सराय अधिनियम-1867, प्रेस और पुस्तक रजिस्ट्रीकरण अधिनियम-1867, भारतीय साक्ष्य अधिनियम-1872, नाट्य/प्रदर्शन अधिनियम-1876, विधि व्यवसायी अधिनियम-1879, इंडियन टेलिग्राफ एक्ट-1885, इंडियन पोस्ट ऑफीस एक्ट-1898, भूमि अर्जन अधिनियम-1894, भारतीय मत्स्य क्षेत्र अधिनियम-1897, बंदी अधिनियम-1900, सिविल प्रक्रिया संहिता-1908, शासकीय गोपनीयता अधिनियम-1923, भारतीय वन अधिनियम-1927, आदि असंख्य कानूनों के माध्यम से ब्रिटिश हुकूमत ने भारतीय जनता को गुलाम बनाया और उन्हें कंगाल भी बना दिया था।

2.5 स्वाधीनता आंदोलन मूलतः इन गुलामी के कानूनों से मुक्ति की अभिव्यक्ति थी। 15 अगस्त, 1947 को सत्ता का हस्तांतरण हुआ तथा 26 जनवरी, 1950 को हमने संविधान को अपना लिया, जिसमें समस्त नागरिकों को सामाजिक, आर्थिक और राजनीतिक न्याय, प्रतिष्ठा और अवसर की समता प्राप्त करने तथा गरिमामय जीवन सुनिश्चित करने का संकल्प है।

2.6 संविधान के भाग-3 में नागरिकों को भय-मुक्त बनाने के प्रावधान दिए हैं जो न्यायालय से प्रवर्तनीय हैं। भाग-4 में नागरिकों को अभाव-मुक्त बनाने हेतु समुदाय के भौतिक संसाधनों के समतापूर्ण प्रबंधन तथा सभी नागरिकों को आजीविका के पर्याप्त साधन मुहैया कराने के बंधनकारी प्रावधान लिपिबद्ध हैं। ये शासन के मूलभूत तत्व हैं तथा विधायिका को निर्देश है कि कानून बनाकर इन तत्वों को लागू किया जाये। ये प्रावधान न्यायपालिका से प्रवर्तनीय नहीं हैं।

2.7 भारतीय वन कानून-1927, भूमि अधिग्रहण कानून-1894 जैसे समुदाय के भौतिक संसाधनों को जनता से छीन लेने के कानून संविधान के भाग-4 की कसौटी पर असंवैधानिक हैं किन्तु न्यायपालिका से प्रवर्तनीय नहीं होने के कारण उनकी संवैधानिक समीक्षा नहीं की जा सकी। आजादी के 60 वर्ष बाद भी आज ये कानून विद्यमान हैं तथा आम जनता अपने अस्तित्व की रक्षा के लिए इन कानूनों के विरुद्ध संघर्षरत हैं। गरीबी दूर करने के मार्ग में संसाधनों की लूट वाले उपनिवेश कालीन कानून सबसे बड़ा रोड़ा हैं तथा जन-आन्दोलन का सबसे बड़ा कारण भी ये ही कानून हैं।

2.8 डॉ. सर्वपल्ली राधाकृष्णन का यह कथन उल्लेखनीय है कि "जो गरीब लोग बेकार भटक रहे हैं, जिन्हें कोई मजदूरी नहीं मिलती, जो भूख से मर रहे हैं तथा जो

निरंतर कचोटने वाली गरीबी के शिकार हैं वे संविधान या उसकी विधि पर गर्व नहीं कर सकते”।

2.9 भारत के संविधान को अंतिम रूप देने के पूर्व संविधान सभा के अध्यक्ष तथा भारत के पहले खाद्य और कृषि मंत्री डॉ. राजेन्द्र प्रसाद उस दस्तावेज को लेकर महात्मा गांधी के पास गए तथा उनकी राय मांगी। गांधीजी ने गांव-गणराज्य की अपनी संकल्पना का स्मरण दिलाते हुए उनसे पूछा कि सात लाख गांव वाले भारत के संविधान में गांवों के संबंध में क्या प्रावधान रखे गए हैं। राजेन्द्र बाबू असमंजस में पड़ गए, उन्होंने बताया कि प्रस्तावित संविधान में गांव का कोई उल्लेख नहीं है। तब बापू ने कहा कि गांव का विचार किए बिना तैयार किए गए संविधान से कृषि और ग्राम प्रधान हिन्दुस्तान का कल्याण संभव नहीं है। बाद में संविधान के भाग-4 में अनुच्छेद-40 जोड़ा गया, जिसमें राज्य को निर्देश है कि राज्य ग्राम पंचायतों का संगठन करने के लिए कदम उठावेगा और उनको ऐसी शक्तियां और प्राधिकार प्रदान करेगा जो उन्हें स्वायत्त शासन की इकाईयों के रूप में कार्य करने के योग्य बनाने के लिए आवश्यक हों”।

2.9.1 संविधान प्रभावशील होने के 43 वर्ष बाद 73वें संविधान संशोधन से जो पंचायतीराज व्यवस्था भारत में कायम हुई है, वह भारतीय वन कानून-1927, भूमि अधिग्रहण कानून-1894 जैसे समुदाय के संसाधनों को समाज से छीन लेने वाले कानूनों के सामने पंगु बन गई हैं। आदिवासी और विकास की बलि चढ़ाए जा रहे ग्रामवासी इन कानूनों के जरिये आज भी हाशिए पर ढकेले जा रहे हैं।

हकदारी के दो सिद्धान्त

3.1 गरीबी की समस्या मूलतः उस व्यवस्था से जन्म लेती है जिसकी जड़ में विषमता तथा अन्याय होता है। अर्थात् गरीबी का कारण और निवारण दोनों ही राजनीतिक मुद्दे हैं। राज्य की इच्छाशक्ति हो तो बहुत आसानी से गरीबी से छुटकारा मिल सकता है। भारत के संविधान के अनुच्छेद-14 में यह प्रावधान है कि राज्य अपने राज्य क्षेत्र के भीतर किसी भी व्यक्ति को विधि के समक्ष समता से या विधियों के समान संरक्षण से वंचित नहीं करेगा। इस प्रावधान को व्यवहार में अपनाया जाये तो सभी नागरिकों के लिए हकदारी का समान सिद्धान्त होना चाहिये। भारत में संगठित वर्ग के लिए वेतन का निर्धारण परिवार के लिए रोटी-कपड़ा और मकान की जरूरत के मद्देनजर किया जाता है जबकि असंगठित वर्ग के मजदूर और किसान की मेहनत का मूल्यांकन काम करने वाले व्यक्ति के लिए स्वयं की भोजन की जरूरत के आधार पर किया जाता है। संगठित वर्ग के लोगों को वेतन के साथ तमाम तरह के अवकाश, सुविधाएं सेवानिवृत्ति के बाद पेंशन आदि के भी प्रावधान किये जाते हैं, जबकि असंगठित वर्ग को इनसे वंचित रखा जाता है।

3.2 10 दिसम्बर, 1948 को मानवाधिकारों की विश्वव्यापी घोषणा के अनुच्छेद-23(3) में स्पष्ट लिखा है कि "कार्य करने वाले प्रत्येक व्यक्ति को ऐसे न्यायोचित और अनुकूल पारिश्रमिक का अधिकार प्राप्त है, जो उसके लिए तथा उसके कुटुम्ब के लिए मानवीय प्रतिष्ठा से संगत जीवन सुनिश्चित कर सके और जिसे आवश्यकतानुसार सामाजिक संरक्षण के अन्य साधनों द्वारा अनुकूलित किया जाय"। भारत के संविधान में इस प्रावधान को अनुच्छेद-43 में इस प्रकार रखा गया है :- कर्मकारों के लिए निर्वाह मजदूरी आदि - "राज्य उपयुक्त विधान या आर्थिक संगठन द्वारा या किसी अन्य रीति से कृषि के, उद्योग के या अन्य प्रकार के सभी कर्मकारों को काम, निर्वाह मजदूरी, शिष्ट जीवन स्तर और अवकाश का संपूर्ण उपभोग सुनिश्चित करने वाली काम की दशाएं तथा सामाजिक और सांस्कृतिक अवसर प्राप्त कराने का प्रयास करेगा और विशिष्टता ग्रामों में कुटीर उद्योगों को वैयक्तिक या सहकारी आधार पर बढ़ाने का प्रयास करेगा"।

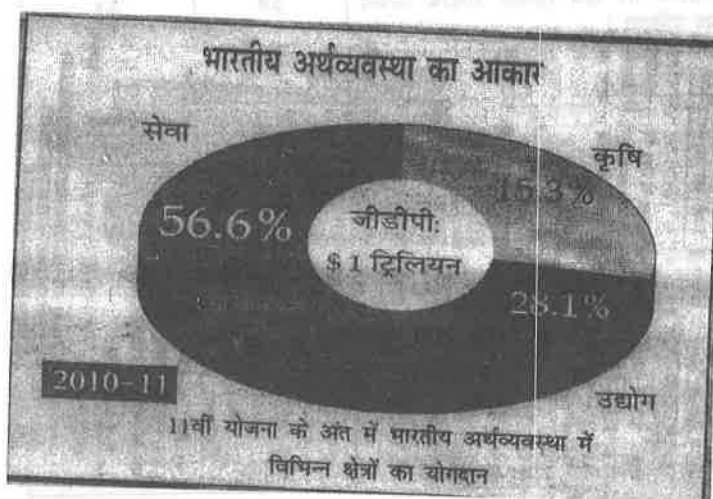
3.3 असंगठित वर्ग के कामगारों, किसान और खेत मजदूरों के लिए उनकी हकदारी तय करते समय मजदूरी की गणना संविधान के इसी प्रावधान के चलते स्वयं को जिदा रखने के लिए आवश्यक भोजन के बाजार मूल्य से की जाती है। अर्थात् राज्य की यह मान्यता है, कि असंगठित वर्ग के परिवार के हर सदस्य को जीवित रहने के लिए काम करना होगा। उनकी महिलाओं को रोज लेबर चौक पर खड़ा होना पड़ेगा तथा बच्चों को भी जीवित रहने के लिए मजदूरी करनी पड़ेगी। संगठित वर्ग के परिवार की महिलाओं और बच्चों की जरूरतों की पूर्ति उस परिवार में कमाने वाले एक व्यक्ति के वेतन से हो जाती है।

3.4 संगठित वर्ग और असंगठित वर्ग के लिए हकदारी के इन दो विरोधाभासी सिद्धांतों को खत्म कर संविधान के अनुच्छेद-14 के प्रकाश में एक ही सिद्धांत अपनाया जाये तो समाज में फैली आर्थिक विषमता खत्म हो जावेगी। महिलाओं और बच्चों के कल्याण हेतु चलाई जा रही योजनाओं की भी आवश्यकता नहीं रह जावेगी। वर्तमान स्थिति में समाज में संगठित और असंगठित वर्ग के बीच 1:10 के अनुपात में विषमता बढ़ रही है, और जब तक यह विरोधाभास कायम रहेगा गरीबी से मुक्ति के सारे प्रयास विफल होते रहेंगे।

किसानों की आत्महत्या

4.1 स्वाधीनता प्राप्ति के समय भारत की आबादी लगभग 40 करोड़ थी जिसमें लगभग 75 फीसदी लोग खेती किसानी और संबद्ध क्रियाकलापों से अपनी आजीविका चलाते थे। उस समय भारत में खाद्यान्न उत्पादन लगभग 30 करोड़ आबादी के लिए ही होता था। शहरी आबादी आयातित अनाज पर निर्भर होती थी। ऐसी स्थिति में भी भारत के सकल

घरेलू उत्पाद (1 km) में कृषि का योगदान लगभग 65 फीसदी था। भारत में हरित क्रांति आई। खाद्यान्न के मामले में देश आत्मनिर्भर हो गया। जबकि कृषि योग्य भूमि में से एक बहुत बड़ा हिस्सा शहरों के विस्तार तथा विकास परियोजनाओं में चला गया। किसानों का धंधा आत्मनिर्भर था। हरित क्रांति के साथ किसानों में बाजार की घुसपैठ हुई, खेती में लागत बढ़ी, समर्थन मूल्य में किसानों की मेहनत का मोल धीरे-धीरे घटने लगा और किसानों के लिए कर्ज लेकर खेती करना मजबूरी बन गया। साठ वर्षों में देश में खाद्यान्न उत्पादन चार गुना हो जाने के बावजूद बसवीं पंचवर्षीय योजना के अंत में वर्ष 2006-07 में देश के सघन में कृषि का योगदान घटकर 18.5 फीसदी रह गया है। योजना आयोग का यह अनुमान है कि ग्यारहवीं पंचवर्षीय योजना के अंत (2010-11) तक सघन में कृषि क्षेत्र का योगदान 15.3 प्रतिशत हो जावेगा (सारणी-1) और योजना आयोग द्वारा तैयार किए गए विजन 2020 के अनुसार वर्ष 2020 में भारत के सघन में कृषि क्षेत्र का योगदान 6 प्रतिशत रह जावेगा। (सारणी-2)



(सारणी-1)

(सारणी-2)

विकास के सूचक		2000 की स्थिति	2020 की संभावना
01.	गरीबी रेखा से नीचे की आबादी (प्र. में)	20 प्रतिशत	13 प्रतिशत
02.	बेरोजगारी की दर	7.3 प्रतिशत	6.8 प्रतिशत
03.	वयस्क पुरुष साक्षरता	69 प्रतिशत	96 प्रतिशत
04.	वयस्क महिला साक्षरता	44 प्रतिशत	94 प्रतिशत
05.	प्राथमिक विद्यालयों में दाखिला	77.2 प्रतिशत	99.9 प्रतिशत
06.	शिक्षा पर खर्च (सकल राष्ट्रीय उत्पाद का प्रतिशत)	3.2 प्रतिशत	4.9 प्रतिशत
07.	जीवन प्रत्याशा (जन्म के समय)	64 वर्ष	69 वर्ष
08.	5 वर्ष से कम के बच्चों में कुपोषण	45 प्रतिशत	8 प्रतिशत
09.	स्वास्थ्य पर खर्च (सकल राष्ट्रीय उत्पाद का प्रतिशत)	0.8	3.4
10.	प्रति व्यक्ति ऊर्जा खपत (किलो ग्राम तेल के सम तुल्य)	486.0	2002.0
11.	बिजली खपत (किलो वाट प्रति घंटे)	384.0	2460.0
12.	टेलीफोन (प्रति हजार आबादी पर)	34.0	203.0
13.	व्यक्तिगत कम्प्यूटर (प्रति हजार पर)	3.3	52.3
14.	अनुसंधान व विकास में लगे वैज्ञानिक व इंजीनियरों की संख्या (प्रति एक लाख आबादी में)	149.0	590.0
15.	सकल घरेलू उत्पाद में प्रतिशत हिस्सा -		
	(i) कृषि	28.0 प्रतिशत	6.0 प्रतिशत
	(ii) उद्योग	26.0 प्रतिशत	34.0 प्रतिशत
	(iii) सेवा क्षेत्र	46.0 प्रतिशत	60.0 प्रतिशत
16.	कुल पूंजी निर्माण में प्रत्यक्ष विदेशी निवेश का हिस्सा	2.1 प्रतिशत	24.5 प्रतिशत
17.	शिशु मृत्यु दर (प्रति 1000 जीवित जन्म)	71 प्रतिशत	22.5 प्रतिशत

विजन-2020 में यह भी अनुमानित है कि किसानों में भारत की आबादी के मात्र 40 फीसदी लोग शामिल रहेंगे। देश की इतनी बड़ी आबादी किसानों से हटकर किस क्षेत्र में और किस योजना के तहत अपनी गुजर का मार्ग तलाशेगी इस संबंध में भारत के योजनाकार मौन हैं।

4.2 सघउ में कृषि क्षेत्र का योगदान क्या होगा यह सरकार पर निर्भर करता है। जिन 20 कृषि उत्पादों का न्यूनतम समर्थन मूल्य सरकार द्वारा तय किया जाता है उनका मूल्य आधा कर दिया जाये तो सघउ में कृषि क्षेत्र का योगदान आधा हो जावेगा तथा यदि समर्थन मूल्य दोगुना कर दिया जाये तो सघउ में कृषि का योगदान दोगुना हो जावेगा। किसान को मिलने वाले समर्थन मूल्य में लगभग आधी लागत होती है — डीजल, बिजली, खाद, पानी, उर्वरक, कीटनाशक आदि, तथा बकाया श्रम मूल्य होता है। लागत निरंतर बढ़ रही है, क्योंकि बाजार सरकारी नियंत्रण में नहीं है। फलस्वरूप किसान के श्रम मूल्य में निरंतर कमी होती जा रही है। वर्तमान मूल्यों पर भारत की सघउ का एक फीसदी 41 हजार करोड़ रूपए होता है। सरकार प्रतिवर्ष कृषि क्षेत्र के योगदान में लगभग 1 से 1.5 फीसदी की कटौती कर रही है। अर्थात् वर्तमान मूल्य पर लगभग 40 से 60 हजार करोड़ रूपए की कटौती। किसान के श्रममूल्य में से कटौती करके जितना पूंजी निर्माण होता है बजट में प्रायः उससे कम धनराशि का आवंटन कृषि क्षेत्र में निवेश के रूप में किया जाता है।

4.3 श्रम मूल्य में हो रही इस प्रकार कटौती के कारण वर्ष 1990 के बाद से भारत में किसानों की घाटे का सौदा बन गई है। सरकार अपने फायदे के लिए किसान को घाटा पहुंचा रही है। घाटे की आपूर्ति के लिए किसान को कर्ज में फंसाने का चक्र चलाया गया है। किसानों ही एकमात्र ऐसा धंधा हो गया है जिसमें कर्ज लेना अनिवार्य है। कर्ज की अदायगी के योग्य समर्थन मूल्य नहीं मिलने के कारण किसान कर्ज के दुष्चक्र में फंसा चला जा रहा है। सरकारी तर्क है कि किसान साहूकारों के जाल में फंसा है जबकि वास्तविकता यह नहीं है। कोई किसान कर्ज लेना नहीं चाहता किन्तु उसकी मजबूरी है कि कर्ज के बिना खेती करना अब असंभव हो गया है।

4.4 वर्ष 2007.08 का बजट प्रस्तुत करते हुए केन्द्रीय वित्त मंत्री श्री पी. चिदंबरम ने संसद में कृषि ऋण बाबद जो प्रस्ताव किया है वह इस प्रकार है।

बजट भाषण (दिनांक : 28 फरवरी, 2007)

पैरा 43 — अब मैं हमारी मुख्य चुनौती कृषि पर चर्चा करूंगा। मुझे जवाहरलाल नेहरू के वे शब्द याद आते हैं जब उन्होंने कहा था “प्रत्येक अन्य इंतजार कर सकता है परन्तु कृषि नहीं”।

पैरा 44 — राष्ट्रीय किसान आयोग द्वारा प्रस्तुत राष्ट्रीय कृषक नीति का मसौदा विचाराधीन है। इसी बीच कृषि की आर्थिक क्षमता सुधारने और उनकी न्यूनतम निवल आय सुनिश्चित करने के लिए मेरे पास अनेक प्रस्ताव हैं।

कृषि ऋण -

पैरा 45 - कृषि ऋण संतोषजनक गति से बढ़ता जा रहा है। कृषि-ऋण तीन वर्ष में दोगुना करने का लक्ष्य दो वर्षों में प्राप्त कर लिया गया है। वर्ष 2006-07 के लिए निर्धारित 175,000 करोड़ रुपए का लक्ष्य आराम से पार हो जाएगा और इसके लिए 190,000 करोड़ रुपए तक पहुंचने की आशा है। इस वर्ष दिसम्बर, 2008 तक, 53.37 लाख नए किसानों को सांस्थनिक ऋण प्रणाली के अंतर्गत लाया गया है। वर्ष 2007-08 के लिए, मैं कृषि ऋण के रूप में 225,000 करोड़ रुपए का लक्ष्य निर्धारित करने और 50 लाख नए किसानों को बैंकिंग प्रणाली में शामिल करने का प्रस्ताव करता हूँ।

पैरा 46 - अल्पकालिक फसल ऋणों के लिए दो प्रतिशत ब्याज सहायता स्कीम 2007-08 में जारी रहेगी और मैं इस प्रयोजन के लिए 1ए677 करोड़ रुपए का प्रावधान कर रहा हूँ।

पैरा 47 - देश के चार राज्यों के 31 विशेष रूप से संकटग्रस्त जिलों में तीन वर्ष की अवधि के लिए एक विशेष योजना कार्यान्वित की जा रही है जिसमें कुल 16,979 करोड़ रुपए की धनराशि निहित है। इसमें से लगभग 12,400 करोड़ रुपए जल संबंधी कार्यक्रमों के लिए हैं। किसानों को अनूपूरक आय प्रदान करने के लिए विशेष योजना में अधिक दूध देने वाले पशुओं के संवर्धन और संबंधित क्रियाकलापों की एक स्कीम शामिल है। मैं इस योजना के लिए 153 करोड़ रुपए प्रदान करने का प्रस्ताव करता हूँ।

पैरा 48 - सरकार ने ऋणग्रस्तता के सभी पहलुओं की जांच करने के लिए डॉ. आर. राधाकृष्ण की अध्यक्षता में एक समिति का गठन किया था। समिति ने संपूर्ण देश में व्यापक रूप से परामर्श किए हैं और वह अपनी सिफारिशों को अंतिम रूप देने की प्रक्रिया में हैं। रिपोर्ट प्राप्त होते ही सरकार इस पर कार्यवाही करेगी।

त्वरित सिंचाई लाभ कार्यक्रम

पैरा 51 - शीघ्रतम संभावित समय में अधिक सिंचाई परियोजनाओं को पूरा करने के लिए त्वरित सिंचाई लाभ कार्यक्रम (एआईबीपी) का पुनर्सुदृढीकरण किया गया है। वर्ष 2006-07 में 35 परियोजनाओं के पूरा होने की आशा है और 900,000 हेक्टेयर की अतिरिक्त सिंचाई क्षमता का सृजन किया जाएगा। वर्ष 2006-07 में 7ए121 करोड़ रुपए के परिव्यय की तुलना में 2007-08 के लिए परिव्यय बढ़ाकर 11,000 करोड़ रुपए किया जाएगा। इसमें से राज्य सरकारों के लिए अनुदान का हिस्सा 3,580 करोड़ रुपए होगा, जो 2,350 करोड़ रुपए की तुलना में बढ़ा दिया गया है।

वर्षा सिंचित क्षेत्र विकास कार्यक्रम

पैरा 52 - जल संभरण विकास और भूमि उपयोग के अन्य पहलुओं से संबंधित सभी स्कीमों के समन्वय हेतु कुछ महीने पहले राष्ट्रीय वर्षा सिंचित क्षेत्र प्राधिकरण की स्थापना की गई। मैं नए वर्षा सिंचित क्षेत्र विकास कार्यक्रम के लिए 100 करोड़ रूपए के आबंटन का प्रस्ताव रखता हूँ।

4.5 वित्त मंत्री के बजट भाषण में किसानों से संबंधित उदाहरणों से स्पष्ट है कि कृषि ऋणग्रस्तता और किसानों की देशव्यापी आत्महत्याओं के मूल कारण से सरकार अभी तक पूरी तरह वाकिफ नहीं है। घाटे की किसानों का इलाज कर्ज देने से नहीं हो सकता है। किसान के श्रममूल्य की गणना संगठित वर्ग के श्रममूल्य के बराबर करते हुए खाद्यान्न का समर्थन मूल्य तय किया जावेगा तभी सघट में किसानों का न्यायपूर्ण योगदान दिखेगा, किसानों घाटे से उबरेगी और ग्रामीण भारत से गरीबी दूर हो सकेगी।

4.6 योजना आयोग द्वारा 2020 का जो दृष्टिपत्र तैयार किया गया है उसको लक्ष्य मानकर सघट में कृषि का योगदान घटाने का सिलसिला बंद होना चाहिए। किसान को उसका वाजिब श्रममूल्य मिलेगा और 72 फीसदी आबादी वाले ग्रामीण क्षेत्रों में किसानों के लिए सहायक - सिंचाई, बिजली, यातायात, कुटीर उद्योग, ग्रामोद्योग और रोजगार पर सघट का कम से कम दस फीसदी निवेश होगा तभी ग्रामीण भारत में व्याप्त गरीबी की समस्या से मुक्ति मिलेगी।

संविधान सम्मत वित्तीय प्रबंधन

5.1 भारत के संविधान में अनुच्छेद-38(2) के तहत राज्य को निर्देश है कि राज्य, विशिष्टता, आय की असमानताओं को कम करने का प्रयास करेगा और न केवल व्यष्टियों के बीच बल्कि विभिन्न क्षेत्रों में रहने वाले और विभिन्न व्यवसायों में लगे हुए लोगों के समूहों के बीच भी प्रतिष्ठा, सुविधाओं और अवसरों की असमानता समाप्त करने का प्रयास करेगा। इस प्रावधान को संविधान की प्रस्तावना, अनुच्छेद-14 तथा राष्ट्रपति की शपथ (अनुच्छेद-60) के साथ पढ़कर ग्रामीण भारत की समस्याओं को हल करने की दृष्टि से राजकोष का प्रबंधन होना चाहिए।

5.2 अनुच्छेद-37 के अनुसार संविधान के भाग चार में वर्णित उपबंध शासन के मूलभूत तत्व हैं तथा विधि बनाने में इन तत्वों को लागू करना राज्य का कर्तव्य है। राजकोष के प्रबंधन का कानून वित्त विधेयक होता है। वित्त विधेयक योजना आयोग के प्रावधानों को लागू करने के लिए बनाया जाता है। योजना आयोग

संवैधानिक संस्था नहीं है किन्तु उसके लक्ष्य संविधान के दिशा निर्देशों की अवहेलना वाले नहीं हो सकते हैं।

5.3 अनुच्छेद-38(2) के तहत ग्रामीण और शहरी भारत के बीच व्याप्त विषमता को कम करना, संगठित और असंगठित वर्ग के बीच आर्थिक विषमता को खत्म करना राज्य का संवैधानिक कर्तव्य है अतः राजकोष का प्रबंधन तदनुसार ही किया जाना चाहिए। संविधान के प्रभावशील होने के 57 वर्ष बाद आज हम देखते हैं कि संगठित और असंगठित वर्ग, ग्रामीण और शहरी क्षेत्रों के बीच विषमता बढ़ती जा रही है। राजकोष का प्रबंधन समता मूलक समाज रचना के लिए होगा तो ऐसी सामाजिक और आर्थिक विकृतियां सामने नहीं आवेंगी।

5.4 विगत वर्षों में केन्द्रीय बजट की दिशा का विश्लेषण करने पर ग्रामीण पिछड़ेपन और फलस्वरूप वहां व्याप्त गरीबी के कारणों को उजागर करने वाले वित्तीय आवंटन स्पष्ट दिखते हैं। दसवीं पंचवर्षीय योजना के अंतिम वर्ष 2006-07 के बजट में ग्रामीण भारत से संबंधी प्रावधान इस प्रकार थे।

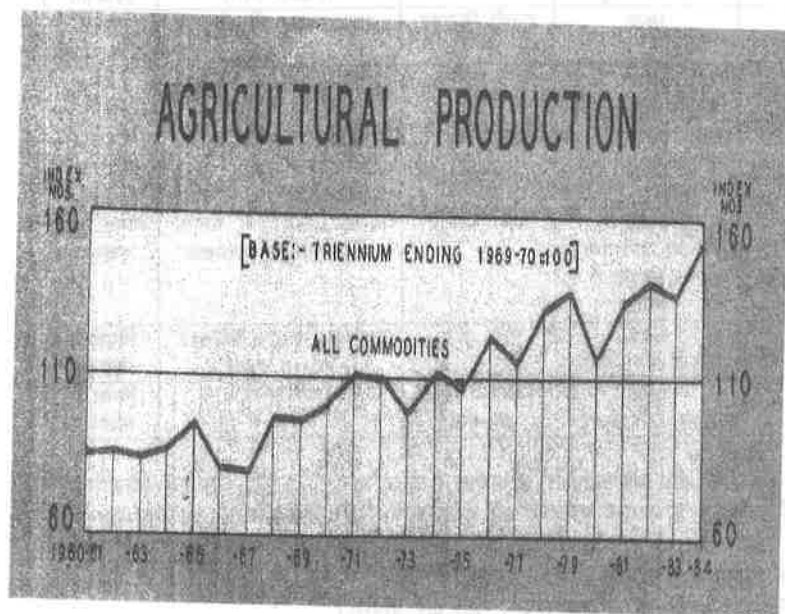
विषय	सकल घरेलू उत्पाद (जी.डी.पी.) का अनुपात
1) कृषि एवं संबद्ध क्रियाकलाप	1.01 प्र
2) सिंचाई और बाढ़ नियंत्रण	0.01 प्र
3) ग्रामीण विकास	0.61 प्र
4) ग्रामीण रोजगार की योजनाएं	0.33 प्र
5) पेयजल आपूर्ति एवं स्वच्छता	0.062 प्र
6) स्वास्थ्य एवं परिवार कल्याण	0.206 प्र
7) शिक्षा, खेल, कला और संस्कृति	0.5 प्र

5.5 गरीबी का निदान तभी संभव है जब गरीबी उन्मूलन को सर्वोच्च प्राथमिकता देते हुए राजकोष का प्रबंधन किया जावे। यदि ऐसा नहीं होता तो गरीबी उन्मूलन की योजनाएं और कार्यक्रम प्रभावी नहीं होंगे तथा आर्थिक विषमता से उपजने वाली सामाजिक समस्याएं कायम रहेंगी।

ग्रामीण गरीबी का लोकतंत्र पर प्रभाव

6.1 चूंकि भारत की 72 फीसदी ग्रामीण आबादी की आर्थिक स्थिति मूलतः वर्षा आधारित कृषि उत्पादन में होने वाले उतार-चढ़ाव से नियंत्रित होती है अतः लोकतंत्र में इसका बहुत महत्व है। 1952 के पश्चात् होने वाले सभी आम चुनावों का विश्लेषण

किया जाये तो यह सिद्ध होता है कि 1990 के पश्चात् किसानों का सौदा बन जाने के पूर्व कृषि उत्पादन में वृद्धि की दशा में लोकसभा के लिए निर्वाचन होने पर सत्तापक्ष की ओर मतदाताओं का आमतौर पर झुकाव होता है। कृषि उत्पादन में गिरावट की दशा में निर्वाचन होने पर मतदाताओं का झुकाव सत्ताधारी दल के विरुद्ध होता है। वर्ष 1990 के पश्चात् चूंकि किसानों का सौदा हो गई है इसलिए अब किसान और खेत मजदूर पहला अवसर मिलते ही सत्ताधारी दल के विपक्ष में मतदान करने लगा है जिसे आम तौर पर मीडिया में "एन्टी इन्कम्बेन्सी फेक्टर" के रूप में लिखा जाने लगा है।



(सारणी-3)

क्र.	चुनाव वर्ष	कृषि उत्पादन	चुनाव परिणाम	अन्य विशेषता
01.	1962 तीसरा आम चुनाव	पूर्वपेक्षा स्थिर	सत्तारूढ़ कांग्रेस को 494 में 361 स्थान	विपक्ष में बिखराव
02.	1967 चौथा आम चुनाव	हल्की गिरावट	सत्तारूढ़ कांग्रेस को 520 में 283 स्थान	विपक्ष में बिखराव
03.	1971 पांचवां आम चुनाव	तीव्र वृद्धि	सत्तारूढ़ कांग्रेस को 518 में 350 स्थान	विपक्ष में बिखराव
04.	1975	हल्की गिरावट	आपातकाल की घोषणा	विपक्ष एकजुट
05.	1977 छठा आम चुनाव	तीव्र गिरावट	सत्तारूढ़ कांग्रेस को 542 में 154 स्थान	विपक्ष एकजुट
06.	1980 सातवां आम चुनाव	तीव्र गिरावट	सत्तारूढ़ जनता पार्टी अल्पमत में कांग्रेस को 542 में से 352 स्थान	विपक्ष में बिखराव
07.	1983 आंध्र, कर्नाटक और त्रिपुरा में चुनाव	तीव्र गिरावट	विपक्षी तेलंगुदेशम, जनता और वाममोर्चा सत्तारूढ़	विपक्ष कुछ एकजुट
08.	1984 आठवां आम चुनाव	तीव्र वृद्धि	सत्तारूढ़ कांग्रेस को 517 में 415 स्थान	विपक्ष में बिखराव
09.	1989 नवम् आम चुनाव	किसानी घाटे का सौदा	नकारात्मक मतदान	विपक्ष में बिखराव

6.2 किसानों की अर्थव्यवस्था लोकतंत्र में निर्णायक है इसके बावजूद किसान और ग्रामीण भारत की उपेक्षा सरकार की प्राथमिकताओं में विसंगति को उजागर करती है। जब तक किसानों के कार्य को लाभकारी नहीं बनाया जावेगा, भारत का किसान पहला अवसर मिलते ही सत्ताधारी दल के विपक्ष में मतदान करेगा और देश में कोई भी सरकार 5 वर्ष से अधिक शासन नहीं कर पावेगी।

POVERTY ALLEVIATION AT THE GRASS ROOT LEVEL; SELF HELP GROUPS (SHG) AS AN INSTRUMENT

Bibhuti Bhusan Gadnayak*
Bijaya Kumar Ratha**

Abstract Orissa is endowed with rich natural resources in the form of vast mineral deposits, forest, fertile land, plentiful surface and ground water resources, long coast line, and picturesque tourist potential. But, such resources have not been exploited adequately for income generation activities. As a result, Orissa ranks very low among the Indian states in terms of per capita income, and it has become one of the poorest states of the country. Large proportion of people in the state have very poor living conditions. As per an estimate, among the fifteen major states of India, the position of Orissa with regard to living conditions or standard of living is fourteenth (Behera and Mitra: 1996). So, it becomes necessary to examine the poverty scenario and the formation SHGs in reducing the poverty.

In recent years eradication of abject poverty has been increasingly emphasized not only in academic discourses, but also in the development policy framework in India and also other parts of the world as well. The government of India, however till the end of the third five year plan displayed its concern on high rate of growth with an inbuilt supposition that economic growth would

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percolate down & poverty will be eradicated in the process of development. Despite launching so many developmental programmes, the incidence of poverty in the country is still high. Various policies and rural development programs from the government and NGOs are designed to ensure the generation of employment through creation of productive assets which takes a center stage especially in rural areas.

On the one hand, India compared favorably with other Asian countries on indicators of governance between 1996 and 2004. In relation to China, it was consistently ahead on 'voice and accountability' and behind (but catching up) on 'government. On the other hand, there are persistent and powerful cultural barriers of empowering women and persons from scheduled castes and tribes, particularly in the northern and eastern states. There are wide variations in the incidence of poverty in different States. There are also considerable differences in opinion about methods of measuring poverty.

Talking about poverty alleviation and women empowerment the Micro finance plays a key strategy in a State like Orissa. Access to financial services and the subsequent transfer of financial resources to poor women enable them to become economic agents of change. Women become economic self-reliant, play a more active role in decision-making and are able to confront systemic gender inequalities.

Whatever may be the estimate, the people below the poverty line, even when defined in bare modest terms, comprise largely those whose consumption is very low and who have no or little physical resources of production. Quite often they are located in geographically unfavorable area with adverse disaster regions with low and fluctuating production and meager avenues of employment like the Cuttack District of Orissa.

Overview of Orissa

Orissa has gradually become India's poorest state, in terms of proportion of people living below the poverty line, and with much slower improvements in human development indicators than other parts of India (and even Bangladesh), and perennial reports of starvation deaths in southern and western parts of the state. But Orissa is not only poor, and stretched by fiscal crisis, it is also a very unequal state, with large disparities between regions, social groups and classes, and men and women. These disparities are multidimensional, and often – though not always – overlap and reinforce each other, with the regional and social group inter-nexus being particularly strong in this state in which Adivasis form 22% of the total population, concentrated in non-coastal areas.

The State is bestowed with rich minerals and bio-resources, a unique cultural heritage, luxuriant forest and wildlife, the sprawling Chilika Lake, a bountiful coastline and much more. Orissa has been successful enough in drawing global attention owing to its multi-dimensional splendour. Orissa is predominantly rural with a total of 86.62% rural population. Scheduled tribe and scheduled caste populations constitute 22.4% and 14.66% respectively of the total population of the State. Forests continue to be a source of income and food for a majority of the tribal population. The recorded forest area constitutes 36.73% of the geographic area of the State. The forest cover constitutes 30.21% as against the national forest cover of 19.29% (SFR 1999).

Cuttack an Overview

Cuttack district is highly prone to natural disasters like flood and cyclone due to its geographical location. An unprecedented super

cyclone affected this district during 1999 and flood in major rivers in the year 1972, 1973, 1975, 1978, 1980, 1982, 1984, 1991, 1999, 2000, 2001, 2003 and 2006 causing heavy loss to lives and property. It is one of the coastal districts of Orissa.

Dhenkanal, and Jaipur districts, on the south by Puri, Khurda and Nayagarh districts, on the west by Angul and Nayagarh districts and on the east by Kendrapara and Jagatsinghpur districts, bound it on the north. Cuttack district occupies the central and costal portion of Orissa and is situated between Longitude: 84°58' to 86°20' East, the Geographical Area is 3932 Sq.Km. The Rivers System of the district Mahanadi, Kathajodi, Birupa, Devi, Kandol, Chitratpola, Sapua, Genguti, Prachi, Sidhua. The district headquarters is located at Cuttack.

On present trends, the Millennium Development Goals of attaining 100% net primary enrolment and 100% primary completion will not be realized by the 2015 deadline. Overall, India will not realize the Millennium Development Goals without significant improvement in the poorest states principally, Bihar, Madhya Pradesh, and Uttar Pradesh, which between them accommodate almost half of India's poor. The gap in income per capita between these poor states and the band of better-off states has widened.

Objectives

The present study will, in general, take stock of one important development programmes implemented by the Govt. and make the assessment of the their impact on eradication of poverty in the district of Cuttack and will focus on following specific objectives;

- To asses the selection of SHGs for providing financial assistance actually been drawn to be supported by financial Institutions.

Sl. No.	Name of Block/ Urban Area	Block/Urban area wise population 2001	Total No. of H/H	Area in sq. km.
01	Athagarh Block	127407	25776	295.76
02	Tigiria Block	68364	13671	101.37
03	Baramba Block	134269	27637	226.85
04	Narasinghpur Block	138309	29592	333.74
05	Banki Block	99097	21315	187.16
06	Dompura Block	86393	18148	312.57
07	Sadar Block	130385	24467	136.00
08	Tangi Block	141838	27196	324.78
09	Baranga Block	84068	16349	125.40
10	Kantapada Block	81550	16566	119.33
11	Niali Block	132618	14,892	200.85
12	Salepur Block	174892	9,688	205.54
13	Nischintakoli Block	169670	34976	163.07
14	Mahanga Block	163321	32635	206.44

Methodology

1. Sample Design

The proposed study was conducted in Cuttack district of Orissa. The study used Participatory Rural Appraisal (PRA) method technique for gathering relevant information and studying the key characteristics of the SHGs. A self made interview schedule was also administered to collect the information.

2. Selection of Blocks

In the year of 1997, the Govt. of Oriss, Panchayatiraj Deptt. carried out a census of house holds which provides a block wise break-up of the number of families below poverty line. All the Blocks newly formed after division in 1993, were selected purposively for the study.

Sub-Division wise Population of the district

Sl. No.	Name of the Municipality/ NAC	POPULATION (2001 Census)			Percentage Decadal Growth 1991-2001	Sex ratio	Lite. rate
		Total	Male	Female			
01	ATHAGARH	15850	8140	7710	16.02	947	80.58
02	BANKI	15987	8320	7667	11.41	922	84.83
03	CHOUDWAR	42597	22870	19727	15.51	863	86.04
04	CUTTACK	535139	286192	248947	32.65	870	83.16

Source: District Statistical Officer, Cuttack (on 10.11.2003)

B.P.L. Scheme

The number of beneficiaries under B.P.L., Scheme in different Blocks/ Urban areas are as follows:

Sl. No.	Name of Block/ Urban Area	No. of BPL beneficiaries 1997 survey	Total No. of H/H	Percentage of H/H below poverty line
01	Athagarh Block	13,208	25776	51.24
02	Tigiria Block	7,460	13671	54.56
03	Baramba Block	16,983	27637	61.45
04	Narasinghpur Block	17,863	29592	68.36
05	Banki Block	10,100	21315	47.38
06	Dompara Block	7,276	18148	40.09
07	Sadar Block	8,071	24467	32.98
08	Tangi Block	9,663	27196	35.53
09	Baranga Block	7,722	16349	47.23
10	Kantapada Block	6,767	16566	40.84
11	Niali Block	10,391	14,892	39.38
12	Salepur Block	14,617	9,688	40.92
13	Nischintakolli Block	12,898	34976	36.87
14	Mahanga Block	19,041	32635	58.34

Source: Panchayatiraj Department, Orissa.

Self Help Groups & Credit Facilities In India

During 1980s a number of SHGs were created for providing credit facilities to the poor, especially women, in both urban and rural areas. These SHGs stumbled upon a surprising finding by targeting women, payment rates came in well 95 percent, which is higher than the most traditional banks. Impressed by those payment rates, institutions like; National Bank of Agriculture & Rural Development (NABARD) and Small Industries Development Bank of India (SIDBI) began increasing their leading to SHGs in India. However, the leading rates of SHGs of borrowers were not cheap. For example, SIDBI lent to NGOs at 9 per cent; NGOs were allowed to lend to SHGs at rates up to 15 per cent; and SHGs, in turn, were allowed to charge up to 30 per cent to individual borrowers. Although such high-interest credit is touted as a vehicle for poverty alleviation wherein the poor use the funds to undertake commercial ventures, studies have found that the loans are largely used by poor people to meet their daily consumption needs.



'AWARD AS MOTIVATION'
A SELF HELP GROUP IN BARANG BLOCK AWARDED BY INDIAN BANK FOR THEIR BEST
PERFORMANCE IN THE DISTRICT

Nature of Poverty in Cuttack

In Cuttack district poverty is absolute in its form & content. Since agriculture is the main occupation, we can broadly categorize the poor as poor in the following heads:

1. Agricultural laborer households.
2. Small & marginal farmer households &
3. Rural Laborer households engaged in non-agricultural activities.

The abject of poverty in Cuttack district mainly revolve around these three categories of population who do not have production assets, employment opportunities, land, health facilities, education, safe drinking water etc. Further, the situation of poverty is aggravated by the abundance of labor force & relatively restricted opportunities which tended to keep the wage levels low in the district. Secondly, at times of personal need, people generally resort to borrowing & the indebtedness of various sections of population has shown an upward trend. With poor repayment capacities & high rates of interest on the money borrowed from private money lenders, the loss of land & other assets due to indebtedness are the inevitable consequences, severely eroding subsistence bases of poor classes, and also encouraging distress sale of their produces to meet their immediate needs.

Moreover, the development process in the district of Cuttack displays a Paradoxical situation. While on the one hand, the district experienced a rise in the agricultural productivity, reduction in the mortality rate & increase in trade & commerce, on the other hand, the region as whole remained poor & majority of the population is deprived of the access to minimum

livelihood. This is because; the fruits of development are enjoyed by a small section of the local elite & the integration of Cuttack has been a process of extraction of resources & minerals which are utilized by the national & international firms for the so called national development.

As a result the semi-starved people of the region are forced to migrate cities & towns in neighboring & distant places in search of work. Thus, utilization of cheap national resources & cheap labor is built into the prevailing inhuman model of development which not only favors the rich & elite but also acts against the poor & the disadvantaged.

Therefore, the poverty in Cuttack district is caused by structural inequalities & underdevelopment, rather than failure of rains per se or non availability of locally produced food grains and adverse river conditions.

Causes of Poverty

There are many factors positively contributing to the perpetuation of poverty in Cuttack district. The most important among them are: unequal distribution of land & rural assets, recurrence of drought, the colonization by outsiders, depletion of forest resources decline of rights over community resources and all the recurrent disasters like flood:

1. Unequal distribution of Land
2. Erratic rainfall
3. Consumption of fertilizer
4. Sharing of available land & common property resources (CPRs)
5. Traditional pattern of cultivation

6. The saga of drought and calamities
7. Ineffective public action
8. Lack of entitlement
9. Migration
10. Education
11. Forest
12. Health
13. Socio-economic conflict

Self Help Groups Required At The Block Level

Sl. No.	Name of Block/ Urban Area	No. of BPL beneficiaries 1997 survey	No. of SHGs existing as on 2007	Required no. of SHGs
01	Athagarh	13,208	799	880
02	Tigiria	7,460	488	497
03	Baramba	16,983	1081	1132
04	Narasinghpur	17,863	995	1190
05	Banki	10,100	606	673
06	Dompara	7,276	509	485
07	Sadar	8,071	859	538
08	Tangi	9,663	671	644
09	Baranga	7,722	518	514
10	Kantapada	6,767	485	451
11	Niali	10,391	771	692
12	Salepur	14,617	890	974
13	Nischintakoili	12,898	791	859
14	Mahanga	19,041	1157	1269

(Source: Block Administration of Cuttack district)

Taken in to account the existing number of SHGs at block level visa-vis the required number of SHGs, there is a very close proximity of both the data. Further it is justified by the formula given by National Institute of Banking Management (NIBM) Pune such as -

Total BPL H/H = Required no. of SHGs

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Progress of SHGs and SHG self banking

Table explaining the progress of SHGs and Distribution of Micro Credit as on 31st March 2005

Sl. No.	Region	Cumulative No. of SHGs bank loan up to 31st March 2005	Cumulative No. of Bank loan up to 31st March 2005	Per capita credit per SHG
Eastern Region-C				
1	Orissa	123,256	2517.94	20428.5
2	Bihar	28,015	681.86	24339.1
3	Jharkhand	21,531	714.73	33195.3
4	West Bengal	92698	1262.77	13622.4
5	UT of AN Island	128	5.76	4500
Total		265628	5183.16	96085.3

Sl. No.	Region	Cumulative No. of SHGs bank loan up to 31st March 2005	Cumulative No. of Bank loan up to 31st March 2005	Per capita credit per SHG
1	Eastern Region-A	86018	2395.18	207204.3
2	North-Eastern Region-B	16440	453.58	2627.92
3	Central Region-D	197365	5014.56	184628
4	Western Region-E	96266	2950.77	133247.8
5	Southern Region-F	938941	52421.42	347380.1
Grand Total (A+B+C+D+E+F)		1600658	68421.57	1236338.7

Source: www.NABARD.org

Table 2.2: Cumulative Growth in SHG-Bank Linkage in Priority States (As on 31 March)					
State	2002	2003	2004	2005	2006
Assam	1,024	3,477	10,706	31,234	56,149
Bihar	0,957	8,161	16,246	28,015	46,221
Chhattisgarh	3,763	6,763	9,706	18,569	31,191
Gujarat	9,490	13,875	16,574	26,712	34,160
Himachal Pradesh	5,069	8,875	13,320	17,796	22,720
Jharkhand	4,108	7,765	12,447	21,531	30,519
Maharashtra	15,619	28,063	38,333	71,146	1,31,470
Madhya Pradesh	7,983	15,271	27,995	45,105	67,123
Orissa	20,533	40,372	77,148	1,23,256	1,80,996
Rajasthan	12,054	22,742	33,346	60,006	88,171
Uttar Pradesh	23,174	53,696	79,370	1,19,648	1,61,711
Uttarakhand	0,323	5,883	10,508	14,043	17,188
West Bengal	17,143	32,647	51,885	92,608	1,36,151
Total Priority States	1,41,804	2,49,462	3,97,464	6,67,761	10,95,172
	(31)	(35)	(57)	(61)	(65)

Figures in parentheses indicate percentage share of priority States to total number of SHGs credit linked.

Source: Annual report 2006, NABARD

The document of NABARD says per capita credit per SHGs in Orissa as on 31st March 2005 comes to Rs. 20428.00 as against the cumulative number of SHGs to the tune of 123256 of SHG. However the Annual growth of formation of SHGs by 31st March 2006 comes to 180896 no. of SHGs. This clearly gives an inference of annual increasing trend of 46.77 percent.

Sl. No.	Name of Block/ Urban Area	Total no. of SHGs	Total Savings	Credit advance	Total Investment per SHG
01	Athagarh	799	Rs.7042281.00	Rs.13892206.00	Rs.53846.00
02	Tigiria	488	Rs.3315307.00	Rs.11849000.00	Rs.91853.00
03	Baramba	1081	Rs.12963916.00	Rs.30778946.00	Rs.72421.00
04	Narasingshpur	995	Rs.4044216.00	Rs.34047500.00	Rs.117002.00
05	Banki	606	Rs.7341182.00	Rs.15402100.00	Rs.87512.00
06	Dampara	509	Rs.2338737.00	Rs.18300600.00	Rs.169450.00
07	Sadar	859	Rs.10347890.00	Rs.16981982.00	Rs.78620.00
08	Tangi	671	Rs.3833754.00	Rs.19692330.00	Rs.72935.00
09	Baranga	518	Rs.6231480.00	Rs.15895600.00	Rs.108133.00
10	Kantapada	485	Rs.7700961.00	Rs.12379400.00	Rs.51797.00
11	Niali	771	Rs.12655024.00	Rs.20840034.00	Rs.44530.00
12	Salepur	890	Rs.5389340.00	Rs.22503685.00	Rs.44299.00
13	Nischintakoili	791	Rs.5116020.00	Rs.14786500.00	Rs.72840.00
14	Mahanga	1157	Rs.6812214.00	Rs.14842500.00	Rs.58206.00

Source: DSWO Section of District Administration, Cuttack, 2007.

Credit up take

Sl. No.	Name of Block/ Urban Area	Total no. of SHGs	Credit advance	Average credit = Credit Adva No. of SHGs
01	Athagarh	799	Rs.13892206.00	17386.99
02	Tigiria	488	Rs.11849000.00	24280.73
03	Baramba	1081	Rs.30778946.00	28472.66
04	Narasinghpur	995	Rs.34047500.00	34218.59
05	Banki	606	Rs.15402100.00	25416.00
06	Dampara	509	Rs.18300600.00	35954.02
07	Sadar	859	Rs.16981982.00	19769.47
08	Tangi	671	Rs.19692330.00	29347.73
09	Baranga	518	Rs.15895600.00	30686.48
10	Kantapada	485	Rs.12379400.00	25524.53
11	Niali	771	Rs.20840034.00	27029.87
12	Salepur	890	Rs.22503685.00	25285.03
13	Nischintakoili	791	Rs.14786500.00	18693.42
14	Mahanga	1157	Rs.14842500.00	12828.43

Source: DSWO Section of District Administration, Cuttack, 2007.

The above table pertaining to credit uptake in all the 14 blocks of Cuttack district shows the average credit flow to the individual SGs which acts as an indicator is sustaining credit worthiness in the eyes of Micro financial Institutions. In a comparative analysis it reveals that the highest credit uptake is higher at Dampara block while the same is lowest in Mahanga block, where there is largest number of SHGs are existing.

Saving Mobilisation

Sl. No.	Name of Block/ Urban Area	Total no. of SHGs	Total Savings	Average Savings = Total Savings No. of SHGs
01	Athagarh	799	Rs.7042281.00	8813.86
02	Tigiria	488	Rs.3315307.00	6793.66
03	Baramba	1081	Rs.12963916.00	11992.52
04	Narasinghpur	995	Rs.4044216.00	4064.53
05	Banki	606	Rs.7341182.00	12114.16
06	Dampara	509	Rs.2338737.00	4594.76
07	Sadar	859	Rs.10347890.00	12046.43
08	Tangi	671	Rs.3833754.00	5713.49
09	Baranga	518	Rs.6231480.00	12029.88
10	Kantapada	485	Rs.7700961.00	15878.27
11	Niali	771	Rs.12655024.00	16413.77
12	Salepur	890	Rs.5389340.00	6055.43
13	Nischintakoili	791	Rs.5116020.00	6467.78
14	Mahanga	1157	Rs.6812214.00	5887.82

Source: DSWO Section of District Administration, Cuttack, 2007.

Savings by the beneficiaries clearly depend upon the socio-economic condition and the purchasing power of the individual enrolled in the SHGs. These two factors clearly manifests the highest savings mobilization in case of Niali block having very fertile and perennially irradiated land, while this rate is lowest in Dampara block of the district having propionately lower Agricultural production.

Growth In Formation Of Shgs In All The Blocks Of The District:

Sl. No.	Name of Block/ Urban Area	SHGs formed in the year 2006
01	Athagarh	799
02	Tigiria	488
03	Baramba	1081
04	Narasinghpur	995
05	Banki	606
06	Dompara	509
07	Sadar	859
08	Tangi	671
09	Baranga	518
10	Kantapada	485
11	Niali	771
12	Salepur	890
13	Nischintakoili	791
14	Mahanga	1157

Source: Block Administration of Cuttack district

Per capita flow of credit to SHGs in three Blocks from 2004 to 2006

Sl. No.	Name of Block/ Urban Area	Year 2006
1	Athagarh	Rs. 17386.99
2	Tigiria	Rs. 24280.73
3	Baramba	Rs. 28472.66
4	Narasinghpur	Rs. 34218.59
5	Banki	Rs. 25416.00
6	Dompara	Rs. 35954.02
7	Sadar	Rs. 19769.47
8	Tangi	Rs. 29347.73
9	Baranga	Rs. 30686.00
10	Kantapada	Rs. 25524.53
11	Niali	Rs. 27029.89
12	Salepur	Rs. 25285.03
13	Nischintakoili	Rs. 18693.42
14	Mahanga	Rs. 12828.43

Source: Block Administration of Cuttack district

**Block wise key Activities under taken by SHGs in
Study areas of Cuttack district**

Sl. No.	Name of Block/ Urban Area	Major income generating activity under taken
01	Athagarh	Pickup van, Gotaery, Tractor, Masala, Weaving
02	Tigiria	Handloom, Tailoring, Cane & Bamboo, Pisciculture, Gotaery
03	Baramba	Handloom, Tailoring, Cane & Bamboo, Pisciculture, Gotaery, Leaf plate
04	Narasinghpur	Handloom, Tailoring, Terakota, Dhokra Casting
05	Banki	Paddy processing, Poultry, Gotaery, Dryfish, Agarbati, Vegetables
06	Dompara	Handloom, Appliqué, Cane & Bamboo, Garments, Terracotta
07	Sadar	Poultry, Tailoring, Pisciculture, Terracotta, Phenyl, Book binding
08	Tangi	Readymade Garments, Tent House, Pisciculture, Masala, Rice
09	Baranga	Handloom, Tractor, Vegetables, Tent House
10	Kantapada	Tactor, Bodi, Papad, Vegetables
11	Niali	Bodi Papad, Soft toys, Pisciculture, Tailoring, Phenyl, Handicrafts
12	Salipur	Tailoring, Terracotta, Mushrooms, Pisciculture, Leather work
13	Nischintakoili	Paddy processing, Poultry, Pisciculture, Stone work, Dry fish
14	Mahanga	Bodi Papad, Handloom, Tractor, Spices, Appliqué, Agarbati

Source: Block Administration of Cuttack district

Discussion

1. The required number of SHGs and the number SHGs existing are complying to the need of the locality as per the formula of NIBM, Pune is concerned.
2. The document of NABARD says per capita credit per SHGs in Orissa as on 31st March 2005 comes to Rs.20428.00 as

against the cumulative number of SHGs to the tune of 123256 of SHG. However the Annual growth of formation of SHGs by 31st March 2006 comes to 180896 no. of SHGs. This clearly gives an inference of annual increasing trend of 46.77 percent.

3. This also have been substantiated in glancing through the figures collected from all blocks of the district in respect of formation of SHGs.
4. The credit uptake in all the 14 blocks of Cuttack district shows the average credit flow to the individual SHGs which acts as an indicator in sustaining credit worthiness in the eyes of Micro financial Institutions. In a comparative analysis it is observed that the highest credit uptake is higher at Dampara block while the same is lowest in Mahanga block, where there is largest number of SHGs are existing.
5. Savings by the beneficiaries clearly depend upon the socio-economic condition and the purchasing power of the individual enrolled in the SHGs. These two factors clearly manifests the highest savings mobilization in case of Niali block having very fertile and perennially irrigated land, while this rate is lowest in Dampara block of the district having propionately lower Agricultural production.
6. The growth of SHGs has not only confined with numbers but, there has been considerably raise in credit up-taken by the SHGs leading to more per capita flow.

Threats

1. During the study we came across the incidence of disintegration of the groups, revealed only after the group is injected with considerably Institutional Finance. In the most of cases, this takes place only when minority number of group members has major say in decision making. However the SHGs tenets aptly describes the inclusion and expulsion of group members in two third majority.
2. In some cases also it is observed that Banks are showing indifferent attitude in sanctioning as well as opening of new account by the SHGs
3. In some case the Banks are showing collateral security in sanctioning of loan.

How to strengthen the SHGs, some suggestions

- Identification of homogeneous group of people laying more emphasis on women groups
- Role of Self Help Promoting Institutions (SHPI) must not be ignored. Vibrant NGOs at the grass root level must be encouraged to act as SHPI in their respective areas of operation.
- Thrift & Credit habit among the SHGs member must be inculcated.
- The attitude and behaviour of financial Institutions must be liberal and people oriented.
- Adequate training and skill upgradation of the SHG members should be given due waitage so as to come under the ambit of appropriate technology.
- Accounting knowledge of the leading group member to be enhanced.

- While selecting an activity to be undertaken by an SHG, forward and backward linkages must be studied to make the project viable.

Conclusion

From the findings of the study it is realized that participation of the people in Rural Development although crucial but, has not given due importance. SHGs plays vital and integral role in organizing the rural poor into homogeneous group through Social Mobilisation. Any good programme may not be successful unless the people participate at different levels of programme implementation. However to ensure participation of the people, they must be made aware of the programme & well informed about their goals, purposes & the roles they have to play. During the study it is observed that many beneficiaries neither have clear understanding of various schemes nor do they have any relationship with implementing agencies at different levels. Thus, steps should be taken to minimize the communication gap & the local agencies should try to create awareness among the village people & explain the objectives of government programmes to them.

Functioning of Panchayati Raj Institutions particularly after 73rd constitutional amendment has created a favorable climate for mass public participation in the process of planning & implementation of rural development programmes "through panchayat". However, it is worth mentioning that, the government should take steps in a manner that people really enjoy the power & participate in decision making. In addition to the above general observations in the study area, we also observed many contradictions, paradoxes & missing links in each of the poverty eradication programmes selected for study.

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THE CHALLENGE OF RURAL POVERTY: A CASE FOR FRESH INTERVENTIONS

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Poverty has been commonly defined as an unacceptable deprivation in well-being. Its measurement is rather difficult as the notion of "well-being" itself has economic and non-economic dimensions. Access to free government services with respect to one family and the absence of such an access for another, will have differentiated outcomes vis-à-vis impoverishment, despite both the families having similar income levels. Imperfections in markets coupled with differential or discriminated behaviour, social or cultural, may lead to lop-sided economic growth. Hence, income and consumption based measures to grasp the magnitude of the problem may not be adequate. Steady diminution in human capabilities, dilapidated skills base, meager or no access to education, undernourishment and depleted health too count for the myriad facets of poverty, besides low incomes/ consumption levels.

The Impact of Economic Reforms on Poverty

The 1990s saw a major reorientation of economic policy, away from the control-oriented economic system with a dominant role for the public sector to a more liberal system with a much greater role for markets and the private sector, and a gradual opening of the economy to the world trade and foreign investment. The reforms of 1991 were initiated in the backdrop of a severe balance of payments crisis which began in late 1990s and reached critical proportions by mid-1991. In the aftermath of the reforms, the payment crisis was overcome within two years and there was also

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no relapse in any of the years since then. On the growth front as well, the performance was commendable. There was an acceleration in economic growth in the five years following the crisis compared to the five years preceding it, and the average GDP growth in the three years 1993-94 to 1996-97 actually exceeded 7 per cent per annum.

The key litmus test for the economic reforms, nonetheless, was their impact on poverty. Various sample surveys after 1991 appeared to show that despite the high rate of growth of GDP recorded in the national accounts, the percentage of population below the poverty line seemed to be unchanged. Critics argued that the economic reforms had promoted a type of growth that was distributionally malign, with benefits accruing only to the better off sections of the population, while the poorer groups experienced little, if any, progress. The debate on poverty measurement hinges principally on the estimates made by the NSS (National Sample Surveys) under the aegis of the Planning Commission as well as the studies made by the Periodic Market Information Surveys of Households (MISH) conducted by the NCAER (National Council of Applied Economic Research). Probably, we need better survey data and improvements in the methodology must be continuously attempted, though, efforts to improve the system could create problems of comparability. Parallel with improvements in survey data there must be an attempt to broaden the indicators by which poverty is measured. There are several indicators that are relevant in this context including literacy, primary and secondary school enrolment, infant mortality rates, life expectancy, maternal mortality rates, access to potable drinking water and sanitation services. Broad-based progress on all these fronts combined with progress on the traditional income or consumption poverty measures would provide the essential base for policy aimed at meeting the poverty challenge.

Factors of Rural Poverty

Rural poverty can be encapsulated with reference to the following factors:

1. Landlessness or possession of only poor quality, non-irrigated lands.
2. Availability of intermittent, casual wage employment—especially in the agricultural sector.
3. Lack of basic literacy, job skills
4. Limited access to jobs in the non-farm sector through networks that extend outside the village.
5. Chronic indebtedness
6. Ill health or disability, particularly of the primary breadwinner
7. Poor quality mud and thatch housing, insecurity of housing tenure
8. Desertion by male spouse, being widowed, or being a woman living alone without an adult male.
9. High dependency ratios, particularly in the case of those having young children, and widows without sons or with young children.
10. Low caste status as an indicator of poverty.

Deprivation of human resources is a critical dimension of poverty. Indicators of human development capture important dimensions of well-being and reflect not just the rate of growth in the economy but also levels and quality of public spending. They also broaden the picture of poverty and provide a wider arena for the fight against it. Effective public spending on basic services, e.g. education, health, water, and sanitation, can compensate for the limited ability of the poor to acquire these services through the market. However, because the impact of spending on public goods and services is not reflected in conventional measures of

income poverty, progress in this arena is better reflected in outcome measures such as education and health status.

Evidently, the reality of poverty goes beyond material deprivation and takes in its ambit the deprivation of human resources. Poverty goes further beyond the shortfalls in human development. One can identify factors like vulnerability, powerlessness, exclusion, social iniquities and destitution to capture the total profile of impoverishment.

Risk Factors

The poor are at risk because they lack the income, the assets, and the social ties that protect the better-off from the impact of unexpected setbacks. Vulnerability to adverse shocks is a fact of life for poor men and women. They are distressed not only by the current low levels of resources and incomes, but also by the possibility of falling into deeper poverty and destitution. Once destitute, it can be difficult to recover. Death, disability and disease have been cited frequently as factors linked to vulnerability. Widowhood, or more frequently, desertion by a spouse, often led to destitution in poor and low-caste women. Further, crops may fail due to poor weather conditions; agricultural wages move with the vagaries of the local economy, and land may become eroded or salinised due to flooding or emaciation of ground water. If shocks are severe, repeated or long-lasting, a household may be forced to sell or pawn its productive assets and, in the worst cases, may fall into chronic life-long debt. Perceptions of risk and concomitant fears of destitution strongly influences the economic behaviour of both the poor and the near-poor. The threats of deprivation, starvation and hopefulness are real, not imaginary. Even when potential returns are significant, the poor may shun certain ventures if

failure would exhaust their limited reserves, or draw them into debt. Relevant undertakings may include leasing cultivable land, purchasing a dairy cow, diversifying crops, or abandoning a subsistence level livelihood in order to seek a better employment.

Governance Factors

Poor public sector governance impinges disproportionately on the poor. The poor individuals and communities have access only to goods or facilities of inferior quality. The burden of a non-responsive bureaucracy falls particularly upon poor men and women. Corruption also impacts the poor disproportionately. Bribes require them to part with a larger share of their incomes than do the better-off groups. Collective action can improve the bargaining power of the poor. Even through the means of the poor are limited, they have a better chance of being heard if they work together, e.g. by forming community organizations for political actions. There is a little evidence that the rural poor have developed political awareness or strategies.

Social Iniquities and Economic Deprivation

Deep and continuing social iniquities plague the rural scenario. Individuals coming from a low-caste background are under-paid and often treated with derision. They are low-status agricultural labourers. They are by and large illiterate and their dwelling houses are not only extremely substandard, their access to potable drinking water and sanitation too is limited. Social iniquities erect barriers in the upward socio-economic mobility of the disadvantaged groups and have to be dealt with effectively in all policy formulations.

In varying degrees, countless groups ranging from indigenous populations in Bolivia and Guatemala to ethnic minorities in Sri Lanka and Vietnam, as well as groups and communities in such countries as Australia, Russia, and the United States, experience some form of social discrimination that impacts on economic well-being and limits the returns on the material, human and social assets which they possess. Throughout the world-again in varying degrees there occur gender biases. Exclusion based on gender and social identity is not only deeply ingrained, it is also a powerful contributing factor to the persistence of poverty. In fact, social identity is a strong predictor of who is and who is not poor, who is illiterate, who is employed in low-paid, low-status agricultural labour, and who lives in poor dwellings with limited access to basic amenities. A poor household is often identified as one at the low end of the castes hierarchy-most often a member of the scheduled caste and scheduled tribes. The SCs and STs tend to possess fewer private assets, in particular, less and poor quality land, as well as lower levels of human capital. The latter trend is particularly disadvantageous: in the light of difficulties in redistributing land and want of opportunities in the non-farms sector. Low-caste households are not only worse off in terms of levels of assets, out also experience lower economic returns to the minimal stock they do possess, including their human capital. There are lower returns to the land owned by the SCs/ STs, for instance.

Lack of homestead plot leaves homeless families at the mercy of the propertied landlords. Hamlets occupied by the SC/ST households tend often to be located at some distance from public facilities such as clean wells and paved roads, as well as schools, public health centres, including even Integrated Child Development Services (ICDS) and the PDS fair-price shops. Furthermore, utter landlessness, or a lack of access to fertile,

well-watered agricultural land has always been a cause and characteristic of rural poverty. The SCs and the STs rarely own land and even if they do, the quality is sub-marginal and non-sustaining. The inevitable recourse is to casual labour. A category of "attached labourers" receive a small plot of land from their land-owners and work on the latter's fields. The wages they receive is much less than rate of the un-attached labour. The attachment, falling into a perennial debt trap, often descends to the next line in the labourer's family.

The members of the low-caste groups are clustered in less desirable and lower paid activities. Except in the case of agricultural, where all workers earn equally low wages, the SCs/STs earn less on average than do the individuals from the upper castes in all other occupations in the rural areas. Other Backward Castes and Muslims face similar, if not as extreme earning differentials.

Gender Barriers

The gender barriers enhance the likelihood that women will fall into destitution in case of a shock such as desertion, disability, or death of the spouse. Many of the women are destitute because their gender forecloses many occupations and other opportunities to participate equally with men in political and economic life. A female agricultural labourer receives much less wages than the rate for the male counterpart for the same work. Particularly if her parents were poor, she is unlikely to be literate or to have any skills or qualifications for a viable non-agricultural employment. Female children are not enrolled in schools as educational benefits will go to the in-laws families on their marriage. Cultural taboos invariably dictate that respectable women should remain at the home and not engage in work for pay, while the low-caste

households improve their economic condition when their women supplement family income through employment in the fields or homes of others, much is required on the female-empowerment front. Cultural factors constrain women's ability to move freely in order to seek economic opportunity. In consequence there has been a feminization of the agricultural workforce, as there has been male migration in search of better-paid off farm employment. As men move away to seek higher wages, many of the women left behind take up casual low-paid employment in the agriculture sector. There has been little change in either the level or structure of women's employment over the past few decades. Women are typically engaged in the lowest-paid activities, including day labour in the fields, foraging for firewood and dung, piecework, or unskilled construction work.

Since land is the main source of income and food security for the majority of rural households in many countries, the principal challenges for land administration as regard gender equity are:

- a) to understand and acknowledge the complexity of property rights regimes as they relate to the dynamic roles of both men and women in today's societies; and
- b) to provide effective institutional structures that can protect and strengthen equitable access to land within the framework of a society's particular land policy goals.

The following indicators may help collecting gender disaggregated information:

- Rights granted by constitutions, statutes, and official tribunals
- Rights granted by other laws-customary, informal, secondary, temporary

- Security of the aforementioned rights in terms of enforcement and application
- Land-related or subsidiary rights that women and men are free to practice without specific mention in formal or informal laws
- Effective access to fair adjudication including the court systems or other dispute resolution processes
- Comparison by gender of the formal and informal inheritance systems and how they operate in distributing land rights and holdings.
- Effective access to and participation in the local decision-making bodies
- Social status in the community based on access to land
- Role in household decision making (e.g. on income strategies, provision of food and shelter)
- Relative percentages of male and female population holding secure (e.g. recorded) and insecure (at will) title to land

Examples of Indicators for Collecting Gender Disaggregated Information-Socio-Economic Factors

Characteristics of land holdings in an area:

- Origins of landholdings by gender (e.g. custom, statute, occupation, inheritance)
- Rural and urban demography by gender
- Size and relative location (e.g. to transportation and other services or amenities) of land parcels and housing by gender.
- Acquisition through inheritance of assets other than land, by gender
- Percentage of population depending on agriculture for their livelihood gender
- Heads of households by gender (de facto and de jure)

- Average number of dependants in male and female headed households

Benefits, roles, and responsibilities of land tenure by household:

- Traditional land-related responsibilities by gender
- Economic aspects of land assets by gender
- Effective access to credit based on land assets by gender
- Relative participation by gender in formal and informal housing and land markets (types of transactions, procedures taken, obstacles, etc.)
- Beneficiaries of land sales by gender (i.e. how were the proceeds of the sale used)
- Economic and physical resource allocation by gender within the household
- Proportion of household food produced directly by gender.
- Proportion of cash-crops produced by gender
- Percentages of paid and unpaid labour activities by gender.
- Access to and use of hired labour by gender.

A major indicator is legislation, such as laws for inheritance, divorce, or land use, such an indicator can be useful but it can also be misleading since the formal legislation may not reflect what actually is accepted practice on the ground. One example is the divorce law of socialist states that recognizes equal division of property. How well a spouse's rights might be protected on divorce, especially in impoverished rural regions, will also depend on the degree of access to the courts, ability to finance litigation, and the degree of support provided by the family or community. Similarly, calls for equal rights in constitutions can be quite meaningless in the light of the actual practice of local communities.

Other indicators include physical occupation or proof of the actual exercise of the rights. Again this has some difficulties in that it may not agree with the formal (legal) status and it may be difficult to observe, in a short time span, all of rights in play. Related to these indicators are measures such as: de facto head of household; primary food provider; community acceptance or agreement of someone's rights; or the share of financial and labour inputs. Even more difficult to measure objectively and completely are factors such as social status and decision-making power.

Delivery of Basic Services

Poverty is sought to be reduced indirectly by enhancing growth, and directly through the delivery of basic services, particularly in health and education and through anti-poverty programmes. Expenditure on roads, agricultural research, and education have been shown to make particularly strong impacts on rural productivity and poverty reduction. There is a strong evidence to suggest that local public goods- for example, roads, communication systems, irrigation, schools and health facilities influence returns to private capital. Primarily on account of under-investment in infrastructure and problems linked to the market environment, there is a lagging response by the agricultural sector. While agricultural terms-of-trade have improved in the 1990s, they have not resulted in improvements in productivity and product diversification or levels of output, now in lower incidence of impoverishments.

Social Relations and Networks

The poor are universally found to have atleast social capital (stock of relationships, networks and institutions where

investment is made and which act as support pillars in times of need), and in particular fewer horizontal social ties. Most networks are open only to those who have something to contribute, which means that the poor are generally excluded. In contrast, the better-off possess a strong network of high value ties and contacts that help not only to mitigate risk and ensure welfare but also to ensure the lion's share in the enjoyment of public goods and services.

Social capital can serve 'protective' function. Associates are often formed among groups of the poor for purposes of mutual protection. For illustration, women travel together when they go to the forest to collect firewood. Social ties can also be used for 'productive' purpose. For example, associations are often formed which help members obtain labour contracts or jobs. The poor tend to utilize the protective rather than the productive forms of social capital. Occasionally, they have banded together and built their own networks and organizations. Self Help Groups are being organized through the facilitation of the Government programmes as well as non-government organizations. Women in the group contribute a meager sum of money on a regular basis; the aggregate savings are eventually deposited in an account in a local bank. Women in the group can borrow from the aggregate savings in times of need, and some groups have even used the accumulated savings to set up a joint business.

However, in the overall analysis, we find that the poor rarely enjoy any advantageous ties or contacts outside their own poor neighbourhoods. There are patron-client relationships with landowners or employers and occasional exchanges within the peer groups inter se in times of need. The social capital of the rural poor is hardly of the type which can alleviate poverty.

Declining Calorie Intake in Rural India

The National Sample Surveys data reveal that in rural India, the average per capita calorie intake per day fall from 2,266 Kcal in 1972-73 to 2,183 Kcal in 1993-94, it further dipped to 2,149 Kcal by the close of the last century. Among the lowest 30 per cent of rural households in respect of the consumer expenditure, the per capita calorie-intake fell from 1,830 Kcal in 1989 to 1,600 in 1998. By the close of the last century almost 77 per cent of the rural population consumed less than the poverty line calorie requirement of 2,400 Kcal. The data clearly show a decline in cereal intake, a phenomenon so clearly driven by distress, since it has occurred in a situation of declining overall calorie intake and persistence of high levels of malnutrition.

India needs to urgently take into consideration the world food scenario to prepare itself. The world grain harvest has been falling since 2004. When it was 2.68 billion tonnes to 2.38 billion tonnes in 2005, and for 2006 the Food and Agriculture Organization estimates a harvest basely exceeding two billion tonnes. The United States Department of Agriculture (USDA) estimate is more conservative at 1,984 billions. The world will have to face a shortfall of more than 58 million tonnes of what it consumes. Harvest has failed in both the US and Australia, the main wheat producers. Poor people will find food more expensive, as we are already seeing in India. Compounding the situation is that coarse grain, such as maize, is being used for ethanol production. A "corn rush" is on in the US, where the crop is used to produce bio-fuel-ethanol, strongly supported by subsidies by the Bush administration to divert world criticism for its failure to ratify the Kyoto Protocol. Developed nations, as also rapidly developing countries such as China and India are eating more meat than grains and vegetables, and it is worth mentioning that it takes 14

kg. of grains to produce two kg. of beef and eight kg. of grains to produce two kg. of pork. More than six decades after Independence, India has more persons suffering from endemic or chronic hunger, measured in terms of either calorie intake or anthropometric indicators of malnutrition, than any other country in the world. This remains the paradox of the so-called Green Revolution.

India might draw a leaf from the Chinese approach. China has 69 per cent of the total arable land under grain crops and does not permit, on any account, the shrinkage from this size. In India, the prime agricultural land being gobbled up by land sharks for "development" - the IT parks, theme parks, five-star hotels, high-rise apartments and more importantly, the highways to accommodate more cars on the roads. In the rice-starved Kerala, prime paddy land in Palakkad district is being taken over by the cash-rich NRIs. Most disappointing, the Eleventh plan ignores the importance of food and nutrition security.

Food Security Spluttered

Keeping prices of foodgrains under checks is important for India, where an estimated 27% of its 1.17 billion population lives in poverty and some 240 million people depend on the farm sector directly for livelihood. With India resorting to wheat imports in 2006 for the first time since 2000, experts say it is an ominous beginning to what could eventually jeopardize the country's food security, painstakingly reached through the green revolution of 1970s. We are in a mess and we have been very indifferent on this issue at a time when hunger is on the rise. We are importing wheat at higher prices but not ready to pay the farmers. Private traders, in fact, outscored government procurement agencies in buying and stockpiling wheat.

A two-pronged policy approach to solving food insecurity and malnutrition is needed: continued and increased growth of the agricultural sector and the effective implementation of the safety nets including nutrition interventions. In addition to the importance of increased productivity of agriculture alluded to above; policies that encourage rural investment will attract more rural landless labourers and provide meaningful employment. Policies and Programmes that enhance the rural infrastructure to facilitate value addition of agricultural commodities through post harvest technologies are needed. Promotion of high value agriculture, such as livestock production, poultry, fisheries, dairy, and horticulture development particularly in the dryland regions will help improve the farm incomes. Further, it is worth pursuing the recent call by the National Commission on Farmers for diversifying sustainable livelihood opportunities along the line is of the Chinese model of Township and Village Enterprises (TVE) and for a "rural non-farm livelihood initiative" through agribusiness centres, food parks and other rural non-farm employment programmes.

Technology Generation vis-à-vis Poverty Alleviation

Although there is ample evidence that agricultural research has increased food production in India, there is an on-going debate whether agricultural research has been beneficial to the poor in alleviating poverty. Currently, the research is demand driven and caters mostly to the large or commercial farmers. Most of the technological interventions have been made in the developed countries. Many of these technologies are not affordable by the small farmers. There is skewed distribution of gains of the technologies developed in the past. The market demand for products too has changed, and product development has to take

into account the market demand. The question is "how would these developments influence the well-being of the rural poor and alleviate their poverty". In the present context there are many unanswered questions regarding the technology generation vis-à-vis poverty alleviation. Therefore, an assessment of the technologies for their viability is the need of the hour with the participation of all stake-holders.

The key issues that are to be kept in mind are as follows:

1. What is the potential of agricultural research to make the small farmer more viable?
2. How can agricultural research be made more focused to alleviate the poverty among the rural farmers?
3. What technologies are suitable for the rain-fed and fragile areas where many of the poor live?
4. Does the development of technologies under the diversification strategy address all the issues of the farmers?
5. What is the potential of the emerging technologies, such as bio-tech (production, processing and value addition) to enhance off- farm employment in poverty ridden areas?

Access of the Rural Poor to Food Vectors

Ideally a sufficient and balanced diet in a household should meet all macro and micronutrients of every individual in the household. Unfortunately, a large segment of the population below the poverty line do not meet all the nutrients through their limited diet, resulting in sub-optimal intake of vitamins and minerals exhibiting severe clinical nutrition deficiencies. To alleviate malnutrition in India it may be necessary to ensure physical and economic access to vector of foods containing all macro and micronutrient needs to all segments of the population as per the

ICMR norms. Over the years many food-based nutrition intervention programmes were planned and implemented such as Public Distribution System, Antyodaya Anna Yojana, Annapurna Scheme, ICDS, Mid-Day Meal and Food for Work. In addition, there are three major micro-nutrient intervention programmes: Distribution of Iron and Folic Acid Tablets; Vitamin A supplementation; Iodized salt distribution, paradoxically, inspite of all these, nearly 50 per cent of the children are stunted and anemia in pregnant and lactating mothers has 80 per cent prevalence causing public health concern. Increase in population size, shrinking of arable land resources, loss of momentum in the growth of food output, inefficient bio-utilization of the nutrients consumed by the poor have been the factors responsible for the persistence of micro-nutrient deficiencies in the country. Two questions emerge here:

1. Can commonly eaten food staple crops be enriched with essential bio-available minerals and vitamins at levels that significantly improve human nutrition at lower cost than existing nutrition interventions?
2. Can farmers be induced to grow such varieties?

New and innovative plant breeding technologies help to produce micro-nutrient rich high yielding varieties of rice, wheat, maize and the like. Harnessing emerging new technologies is the need of the hour to have second green revolution. Proven bio-fortification of rice with Vitamin A and Iron are available. Genetic engineering is a powerful tool and can help in higher productivity of vegetables and fruits with improved micro-nutrient content. The private sector in the west is currently making huge investment in using these technologies to produce new plant varieties for large scale commercial agriculture. Proven technology of fortifying salt with iron and iodine and other micro-

nutrients is available. Fortification of wheat flour with iron and folic acid, milk with Vitamin A is now currently used in some of the Indian States. Several industries have made use of fortification technology to produce and market a number of micronutrient enriched food products and drinks for middle and upper income groups.

The fortification technology, nonetheless, has not benefited the needy and undernourished population. The poor people cannot afford to buy the high cost micronutrient foods and drinks. For instance, salt fortified with iron and iodine has not been marketed or distributed to large segments of the poor population though proven technology has been available for the last 11 years. The benefits of such research in technology development should reach the community at large without which one cannot justify the investments made in the area of research especially in food technology.

Agro-Industry

India's promising agro-industry has failed to attract enough private sector participation with hardly any of the 60 proposed agri-export zones (AEZs) attracting minimal flow of funds. State-run Agricultural and processed Food Products Exports Development Authority (APEDA) has, with the help of the state governments, demarcated 60 AEZs in the last four years to promote horticulture produce. They have failed to take off due to lack of adequate private sector participation. The zones have been created depending on the strength of a region in growing fruits and vegetables like gherkins, pineapples, vanilla, rose-onions, mangoes, grapes and flowers. A sum of Rs. 500 million was earmarked by the Commerce Ministry in 2006 to kick-start the operations, under the Assistance to states for Developing Export

Infrastructure and Allied Activities (ASIDE) scheme to bridge critical gaps in facilities. The investment flow from the private sector has, however, not been in keeping with the projections. Against a projection of Rs. 150 billion these AEZs were expected to attract in the last four years there was an investment flow of around Rs. 8 billion till September, 2006.

India is one of the largest producers of vegetables and fruits, exporting around 10 million worth of fresh and processed produce annually. However, agri-exports have slumped from 18% of the total export basket in the 1990s to 10% at present.

Among the more active AEZs are those on gherkin and rose-onion in Karnataka, Mango in Chittoor district of Andhra Pradesh, grapes, grape wines and mangoes in Maharashtra and floriculture in Tamil Nadu, while West Bengal is witnessing good investment flow in the processing of pineapples, mangoes and vegetables. Some of the other AEZs expected to show promise with more investment and incentives are the Litchi AEZ in Uttaranchal and a zone for medicinal plants in Kerala.

Labour Market Reforms: Equity Concerns

When the focus is on improving overall welfare and reducing poverty, labour market interventions may act as a double-edged sword by protecting the income levels and security of those covered by the policies, the insiders, while increasing the vulnerability of the rest of the population, the outsiders, who may face increasing barriers to employment and have access only to jobs in the uncovered sector. It will leave some members of the society worse off while improving the living standards of others and will therefore have an important distributional impact. The deciding factor will be the turn of the reforms-more intervention

versus liberalization. This implies that an unregulated labour market would lead to outcome that are inequitable and inefficient and that some forms of intervention is required to increase the efficiency of the labour market and enhance the equity of its outcomes.

Reforms of the minimum wage are expected to have a typically ambiguous impact on the poverty rate. An increase in the minimum wage, for example, will typically raise the earnings of the low-paid workers who maintain their jobs, and *ceteris paribus*, this will bring the poverty rate down if these individuals are the lone earners within their households and if all low-paid earners within households maintain their employment at the pre-reform level. However, the increase is also likely to reduce employment in the covered sector, and this will result in lower labour income at the household level if any wage earners lose their jobs because of the policy or are forced to transfer to the lower-paying, uncovered sector. This may increase the vulnerability to the poverty of households that are close to the poverty line.

Reforms reducing the generosity of unemployment benefits (or raising the rewards of labour market participation) provide incentives for the unemployed to increase the intensity of their job searches. Furthermore, evidence supports the positive effect on employment and on earnings of the provision of assistance in job hunting. Evidence also points to the cost savings arising from the increased flows of people from unemployment to employment generated by the imposition of job-seeking requirements.

Wrap up & Recommendations

Farm Growth: The Key to Sustained Development-

For the overall national economy to maintain its growth momentum on a sustained basis, the farm sector would have to play a more important role. The real GDP growth in the farm sector in recent years has been low and volatile. Against the Tenth Plan GDP growth target of 4 per cent per annum for the sector, the actual farm growth during the first four years of the plan period averaged only 2 per cent per annum.

Hence, the most formidable challenge is to rejuvenate the agriculture sector through concerted efforts aimed at stepping up investment to improve irrigation facilities, use of water resources and rural infrastructure. The time is now ripe for a second Green Revolution with an emphasis on diversifying the farm sector further to capture new market opportunities. Agricultural growth in the years ahead will have to largely come from improvements in the productivity of diversified farming systems with regional specialization and sustainable management of natural resources, especially land and water.

As regards water, in actual fact, irrigated area has stopped growing in this decade. In 1999-2000, the net irrigated area was 57 million ha; the gross area was 78 million ha. It was 56 million and 77 million ha in 2001-02 and 53 million and 71 million ha in 2002-03. The debacle implies the failure of the Advanced Irrigation Benefit Programme. Under the first programme in 1975-76, the irrigated area went up by 5 million ha. Reinvented in 1987-88, it again worked and, over a brief period, the irrigated area went up by around 5 million ha. There has been very little progress since. We need a serious professional evaluation of the

AIBP's failure. One reason for its failure appears to be not including a component to cover the last mile of water deliveries. Yet another reason is bringing in a loan component and not keeping it a Central Plan Scheme.

Managing Risks in Agriculture-

Without state controlled prices, the farmers can respond to the opportunities provided by the market. But this normally happens with a lay Farmer's choice of a crop is influenced by prices before they start sowing. When prices of a particular crop are high they all tend to move towards that crop. This invariably leads to overproduction so that prices crash, leading farmers to move away from that crop the next year. This, in turn, leads to a shortage forcing prices up and attracting farmers in the succeeding year. This cycle that has been well established in sugar is now set to dominate other crops, including wheat.

If a farmer knows what price he will get at the time of harvest, he would not have to go simply by the price at the time of sowing. But for this system to work well there would have to be a continuous link between the farmers and the futures markets. Prices in the future markets will drop when the sowing of a certain crop goes beyond a certain level, thereby discouraging more farmers from opting for the same crop. Without such a link futures markets tend to be dominated by speculators alone, who tend to push up the prices of commodities when they are rising and push them down when they are falling. There is already a vociferous demand for a ban on futures markets.

Farmers will then be left without the protection of either guaranteed procurement or an effective futures market. They will have to absorb the entire risk. And their ability to absorb risk is

being continually weakened by one unavoidable natural factor: the limited availability of land. The net area available had been stagnant for decades. The scope to increase gross area by going in for more than one crop is also limited by the growing pressure on water resources. And since the percentage of population dependent on agriculture is not declining as sharply as this sector's share of the GDP, the buffer available to each farming family to absorb risk is, in fact, under constant pressure.

Risk absorption could be done by reducing the number of family members dependent on farming. The National Rural Employment Guarantee Scheme (NREGS), for instance, could link the employment of one member of each family not just to state projects but also private industry, if need be, by providing training to the worker and incentives to industry. The crisis in agriculture demands a vision that extends not just to the entire sector but also to its potential links with the rest of the economy,

The Government of India has almost succeeded in advocating the states to free marketing of agricultural produce from governmental regulation. Various states have been asked to amend their Agricultural Produce Marketing Committee (APMC) Acts and many states have already done so. The Centre's intention is to enable private sector participation in a big way in the procurement, marketing and selling of farm produce, with the retail bandwagon catching up. Industry bigwigs like Reliance intending to benefit from the huge market potential- vegetables and fruits- hold for a burgeoning urban and urbanized middle class and up market consumers. Whether the Centre's enthusiasm to help private participation proves to be beneficial to the farmers as well, is a big question.

The farmers are already at the receiving end where private speculators operate as in the forward and futures commodities markets. The spot markets have not been linked with the forward and futures markets to receive price signals. This linkage seems to be poor due to the domination of the speculators. The recent ban on forward contracts in rice and wheat announced by the Union Finance Minister in his budget speech (February, 2007), was necessitated by a frightening trend of price rise.

Employment Activation Policies-

Empirically, activation policies for women returning to the labour market have been found to be the most successful, especially when they take the form of assistance in job-seeking, counseling, and training directed at facilitating an immediate return to employment. In particular, there is evidence that training per se has very little effect; constant monitoring and testing of employment activity are crucial.

Over and above the effects of financial incentives, the Canadian Self-Sufficiency Project and the Minnesota Family Investment Project in the United States (both targeted at welfare recipients) were designed specially to test the incremental effects of policies aimed at early reintegration into employment, primarily assistance in job-seeking, then short-term training and counseling. The incremental effect of these policies on employment seems large: up to a 7 percentage point increase in employment rates in the case of the Self-Sufficiency Project and nearly a 10 percentage point in the case of the Minnesota Family Investment Project. These are also positive effects on earnings. Assistance in job-seeking and related activities is also being regarded as cost-effective.

Building Capabilities and Enhancing Opportunities-

People need capabilities, opportunities and functional institutions of various kinds. The broader the base of building individual and institutional capability and enhancing varied opportunities, the better it is for all participants. This process will necessarily entail structural change of the economy. Agriculture accounts for 18% of GDP now, but 61% of all workers live off it. Urbanization, food processing industries involving shortage, transportation and cold Chains and organized retail will diversify the occupational structure of rural India fairly fast. Such diversification will break the traditional correlation between caste and occupation and attack the basis of caste. The modern economy also reconfigures group identities, breaking up traditional notions of community and forging new ones.

To sum up, agricultural production in India has been under pressure for a while, but food shortages are now beginning affect prices. Agriculture with less than a fifth of the GDP has to prove livelihoods for around three-fifths of the population. The political fall-out of this imbalance has now reached a point where the entire SEZ policy has had to be put on hold. There has been an official recognition in the budget speech (February 2007) of the Union Finance Minister that the crisis in the farming sector cannot be ignored. How best to translate this concern into a meaningful strategy remains the challenge. The way out of the land conundrum lies with farmer's groups, stakeholder organizations and cooperatives playing a larger role in strategic partnerships with business groups. The more we encourage organizations of smaller producers to organize their interests and strategize their relations with large companies, the better and more enduring will be the systems we create. Relocation from land will be the most vexed questions in India in the years to

come. The more we build up transparent institutions at the local level in working out the details of the solutions to these questions, the better anchored will be a sensible re-hap policy that has to be both dynamic and responsive.

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STATE POLICY, POVERTY AND RURAL DEVELOPMENT

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Introduction

During the last five decades, Indian State has undergone substantial policy changes. In the current phase of liberalization the role of the State has emerged as a significant issue in the academic discussions specifically from the politico-economic perspective. In the wee years after the independence, the intervention by the State power was taken as a matter of routine as there was no significant departure in the procedure of governance after the British rule. The authority to make and change the policy always vested with the State (Federal or the Provincial governments) with a little participation from public at large, except of course the elected representatives. Attention was focussed on welfare of the population and poverty alleviation that continued at the focus of the State policy. Our interest in analysing the role of the State policy stems out of the nexus between policies and the consequent steps towards alleviation of poverty utilized to provide social justice in India.

The role of the State as perceived in the literature has two significant standpoints. Firstly, the state is visualised as a

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developmental catalyst wherein its role is understood more as an institution inducing entrepreneurial capabilities while ensuring social justice. Here, the concept of the State should be understood more as an abstraction differentiated in its structure along with the dynamic role of the political institutions. The second angle persistently emerging in the discussions regarding the perception of the Indian State from the point of the developmental initiatives, is the interventionist role of the State. As Pranab Bardhan puts it "Almost all states in developing countries, successful or otherwise, are interventionist, and the important question is not really about the extent but the quality of such intervention" (Bardhan, 1990:5). This brings forth both positive and negative interventionist strategies, from the viewpoint of the results, on the part of the State institutions and State Policies. Consequently, quality as well as density of intervention certainly becomes a crucial variable for the study of political and economic changes.

The logic of State intervention in poverty alleviation stems out of the need to direct the developmental initiatives towards the most deserving groups and regions. Indeed the process of intervention emerges more because of the probable 'outliers'¹ in the process of development from the perspective of the failure of market and comparative advantages of the Government (Krueger, 1990). It is at this juncture that the 'outliers' (the bypassed regions or social groups) are identified as objective functions while dealing with and framing the development policies. It has been the endeavor of the Indian State to assimilate the outliers in the mainstream process of development, though with marginal success. The interventions, therefore, have to be treated more as consequences in the context of differential development experiences.

¹ By 'Outliers' we mean the individuals and groups that remained out of the mainstream development either by the design of the developmental programmes or by their inherent inability in participating in the programmes.

Any empirical investigation of the role of the State policies in poverty alleviation therefore requires an understanding of a few important features. First and foremost comes on such a list is the

Box 1

Differentiating Characteristics

Across Regions

- i. The historical emergence of the polity and the quality of the process of politicisation (Social politicisation vis-à-vis developmental politicisation)ⁱ,
- ii. The ideological leaning,
- iii. Quality of intervention,
- iv. Bureaucratic effectiveness,
- v. Process of development adopted over the years specifically with region/locally suitable alternatives,
- vi. The force of entrepreneurship,
- vii. Capital formation and fiscal discipline,
- viii. Diversification of economic activities and Participation of the ultimate beneficiaries.

federal character of the Indian State, which poses a challenging situation. This causes complications to understand the focus and the role of the State, as the efforts towards poverty alleviation are widely differentiated across regions (Provinces). We find a large number of experiences across the country mainly due to the variety of interventionist strategies and fragmented role-perception by different provincial governmentsⁱⁱ in a federal structure. More often, the

success or failure of the State intervention thus hinges upon the effectiveness of the political and bureaucratic methods adopted while formulating the policy. In the Indian context, "distribution of development" has been one of the important features of our policy composition right from the First Five-Year Plan. The

ⁱⁱ In Indian context Federal government is always referred to as Central Government and the Provincial Government is called State Government. We have used the words Province and State interchangeably. Similarly we used the words Central Government to represent Federal government or vice versa.

policy making during this phase is referred to in the mainstream political science literature as 'Distribution of spoils/gains' and as 'Politics of Patronage' or 'Politics of Development'. However, one can visualise marked divergences in the approaches under various political regimes even within a country. Thanks to the democratic institutions, ultimate goal enshrined in the Indian Constitution has remained fairly unaltered. This needs to be appreciated as the federal policy regimes coexisted in an exceptionally diverse ideological set-up starting from extreme left through the central-socialistic and up to an ultra capitalistic viewpoint. The ideologies, political equations, organisational structures, individual cults, local constraints, and the performance indicators together caused the variance in the policy. It will be fruitful to recollect here the "big ground in the middle of circle of circles" analogy of Kaviraj, quoted by Bardhan (1997). We find a large number of experiences across the country mainly due to the variety of interventionist strategies and fragmented role-perception by different state governments in a federal structure. No doubt, the Central (federal) Government's focus got fairly reflected in the policies across the sub-national governance. Yet, the intensity and the administrative skills in different provinces (states) made a vast difference across the regions, a factor often ignored in the analysis of inter-state variation in poverty levels. External donor institutions are more concerned with this feature while picking the 'winning horses' for development aid. Union government seems often contended with mild threats, although political party loyalties may decide the quantum of support. The variety of situations in the country therefore, stems more or less out of a few important differentiating characteristics across regions in India. (See Box 1)

First, although poverty alleviation features on the list of the national government's agenda more prominently and followed by

the state governments in the same design the outcomes are not the same either in magnitude or direction. The qualities of sub-national governments as well as the recent emergence of Non Governmental Organisations on the scene have a significant influence on the effectiveness of anti-poverty programs as a policy.

Second, the structure of administration and public accountability of the policies assumes greater importance in this context. Often, the policies are framed in isolation from the group for which those are intended. Paradoxically, even in a regime of decentralised governance, failures or partial success of such policy shifts find elaborate explanations, but, often the feed back is relegated to a corner in favour of fresh policy alternativesⁱⁱⁱ. In this process, the reputation of the earlier intervention as well as the ground covered by these in terms of achievements get a bad beating^{iv}. There are two types of clefts that feature in measuring the effectiveness of any government policies in India. First, there is difference between the policy and the process of implementation that stems out of the interface the policy has with the bureaucracy and second, between the processes envisaged in the policy and the actual on ground implementation due to the second level interface of policy with the stake-holders. Often, the quantum of the second gap is determined more by the earlier, as

ⁱⁱⁱ An example of this can be found in completely shelving of the Jayaprakash Narayan Committee on Community Development, submitted to the Government of India during mid fifties.

^{iv} Very recently this has happened in the case of the initiative undertaken by the Planning Commission of India during 1988-89 on getting the Plans of agricultural sector following the Agro-Climatic Regional Planning Approach. The program was launched with a great fan-fare and enthusiasm but over the decade it faded away after spending a large amount of money in getting the plans prepared. The success achieved under this program does not find mention in the official documents of the recent past.

also it is likely to be wider than the first one. It is very clear that these gaps are mutually interdependent. Hence, we encounter criticism of limited effectiveness of the policies – be it land reforms, anti-poverty programmes, area development programmes or employment assurance programmes. Such gaps occur more or less predictably. As Bardhan pointed out “State directed technocratic development projects which do not involve the people but simply treat them as objects of the development process often end up primarily as conduits of largess for elite groups- middlemen, contractors, officials, politicians and favoured special interest groups” (Bardhan 1997:189). In Indian context the role of the State and the process of making a policy along with responsibility to act upon the feedback became more incidental than deliberate.

At an empirical level, one can identify different aspects of the role of the State in the context of poverty alleviation. The prerequisite of such analysis of course involves the understanding of the political development. The federal character of the Indian State and the differential entrepreneurial skills of each of the regions (province/state) at the time of independence (initial conditions) have a greater influence on policy. The history of development across the Indian states (provinces) clearly reflects from the differential performance of these regions on the scale of poverty alleviation. We seldom come across a region, which performed extremely poorly in the process of economic development during British India but has excelled during the last five decades. More or less the regions which had been historically the vanguards of economic development during British India continued to be so even after independence (exceptions are sporadic). Thus the structural conditions dominated the policy scenario. An obvious issue emerging in this context questions the very effectiveness of the State policy in meeting the challenge of

poverty. In order to understand this we probe into the politics of policymaking and the results of policy making towards poverty alleviation in India.

Phases in Rural Development

Immediately after the independence, there was an enviable consensus among the national leadership leading to a cohesive thinking towards policy framework for the weaker sections and backward regions. Strong dissenters not to the policy but for the coalition and method of policy making opted to remain out viz. Ram Manohar Lohia, Acharya Kripalani, Chakravarty Rajgopalachary, Jayaprakash Narayan, Moulana Abul Kalam Azad and B R Ambedkar. The ruling polity as also the opposition was firmly committed to the ethos of the Constitution of India and struggled to get to the core of the developmental issues. This required overcoming a large number of systemic hurdles and deciding about a long-term philosophy of development. Those were the years during which, industrialization of the Soviet type as against capitalistic mode of development of the Western economies, were prominent among the immediately available alternatives. A group of industrialists responsible for the 'Bombay Plan' of 1944 (Which included the policy suggestions to the Government of India from a group comprising of mainly the industrialists) were insistent upon the need for a mixed economy. Pandit Jawaharlal Nehru, as the first Prime Minister of independent India and leader of the Congress party, accepted this lead and could muster the support of national leadership across party lines for a mixed economy path. This was effectively used to follow a developmental policy with public sector as the main engine of growth and chose a mixed path more due to the requirement of the consensus. The Nehru-Mahalanobis strategy assigned the role of development initiator to the State (Central

Government). This was the beginning of the pattern involving policies and programs being prepared and administered by the Central (federal) government. One can mark four phases in the poverty alleviation program initiatives. First, the philosophy of Community Development based on the Gandhian ideology of Village Swaraj^v was taken up with a great enthusiasm. This was followed by the second phase of policy initiatives with area development programs, wherein focus was on bringing the lagging regions of the country in the mainstream of development. Incidentally, these two phases along with a large number of institutional reforms (Land Reforms, Price Policy Reforms, Nationalization of Commercial Banks and Administrative reforms) had addressed to the question of poverty from an indirect angle but probably quite effectively. The third phase was marked with the direct onslaught on poverty with Integrated Rural Development Program and the likes. The emphasis here was to reach the poor directly at their doorstep and this approach also demonstrated fairly good success. The fourth and the current phase began with the commitment to the IMF and the World Bank due to the economic crisis of the early nineties. Again the philosophy of addressing poverty alleviation changed from the direct onslaught to the emerging paradigm of 'growth taking care of the distribution'. Though the earlier programs are not fully withdrawn the emphasis on them is reshaping in different forms^{vi} under the current policy regime.

^v The ideological thinking ascribed to Mahatma Gandhi, wherein he perceived a village as a closed economy and initial emphasis needs to be placed on attaining self-sufficiency at the village level.

^{vi} There are changes observed in natural resource management giving emphasis on peoples' participation. Examples of such programmes can be identified in Joint Forest Management and Participatory Irrigation Management. However, success of these programmes is sporadic.

From the political perspective the failure or mixed success of the policies therefore was an obvious and expected outcome. It is in the initial phase, that the role of the State (Represented by the Federal Government) became prominent with a large number of State led initiatives under a unified and strong political power. The provincial governments merely followed the lead as the political and administrative power was concentrated at the centre. The most powerful leaders in India's independence movement were consolidated at Delhi, as it was the traditional base of power. Obviously the federal (central) government assumed a more powerful role as compared to the provincial governments. Thus, one can call the foundation phase as the 'consensus phase' of the state wherein the political leaders had a general concordance in their framework for poverty alleviation. This was followed by a short phase of "within party conflicts". The hiatus between the traditional development philosophy as against the view of the new radical elements in the ruling party formed the platform for imminent changes. This was also the time when Sir Robert McNamara the then President of the World Bank, emphasized an onslaught on poverty and target group oriented approach for poverty alleviation (World Bank, 1975). The slogan of 'Garibi Hatao' meaning 'Remove Poverty' gained a popular currency in India during seventies. This became handy for the leading political party to steer through the phase of 'within party' conflicts to consolidate power and emerge as a major political force. This was also the time when a good number of amendments to the Indian Constitution were taken up, most of which were justified on the ground of necessary steps towards retaining an image of India as a 'Welfare State'. The focus was directed more towards the lowest strata of the economy following the spirit of the preamble of the Indian Constitution. However, the achievements as judged by social analysts and academicians in the subsequent years did not come up to the expectations. In

the process, the paradigm of 'growth taking care of distribution' was relegated to the backyard of the developmental philosophy and direct interventionist approach was the word of the day. The direct interventionist phase helped to consolidate the power of the State and a spectrum of reforms could be seen. But, as viewed from hindsight now, by 1976, a kind of mechanism of excessive appropriation of the State power by certain interest groups got operationalised. A period marked by declaration of national emergency by the Central government. The strong authoritarian rule of the central government for more than a year was resented throughout the country. Immediately in the following year, in the parliamentary elections, this led to a complete collapse of the then Congress led political regime as a negative externality of the very process under which it had promoted such appropriation of power. This collapse gave rise to the typical coalitions enmasking the traditional ideological traits of the polity and brought together the groups from extreme leftists to the ultra rightists. History has it now that a few political parties got together to form a short-lived coalition government probably having a little role for their earlier political ideologies. This was probably reflected in the differential policy performance during this phase. We find a myriad of programs initiated during this period of political instability. Certainly various pressure groups made their presence felt. The developmental policies took a back seat and the driving force was the politically suitable policy step favored by the pressure groups. Here onwards, the remaining two phases represented only different shades of coalitions. These varied from 'left of the centre' to the 'right of the centre' type of coalitions. Accordingly, philosophy of development also changed in the country in very quick successions with the changes in polity and probable maneuvering by the interest groups (often giving an impression of little sense of direction). Quite pertinently among a group of academia the need for

redefining the role of the State in the context of failure of implementation was strongly felt (See Jalan, 1998). This should be read with the background of the inter-mixed political structure.

In gist, the democratic nature of the Indian State provided three specific situations. First in which, the state power, the development philosophy and the resultant policy were reflected more by personalities involved in the process of decision making rather than representing a well-set goal of the policy. The similarities between the Constitutional goals and the miniscule achievements during the early phase were purely coincidental. Any analyst of the role of State feels a conspicuous absence of a long term development philosophy from the beginning and finds that more often the policy was influenced more by the immediate reactions to the developmental environment and imminent politico economical constraints rather than any pre-meditated long term goal. We hasten to add that the Indian Constitution provides with clear and certain goals. And it was essential to communicate effectively with these goals while working on the policy alternatives. A look back at the Indian experience does not allow much room to conclude positively about that. Fortunately, the experiences of the last five decades do not mark any significant departures from these but at the same time there is also a subtle feeling that we have not kept the promises either. Secondly, locating the influence of polity as an aggregate group, on the development philosophy and poverty alleviation is difficult mainly due to confusing inconsistency provided during the last five decades. More often such changes occur due to the influence of individuals, those inside or outside the political structures, on the process of policy making. A more painful consequence of this is the policy cliques operating within political, bureaucratic and even academia either within or outside the systems, many times causing departure from the earlier-set goals. Bardhan expressed

this as heterogeneous interest groups fighting and bargaining for their share in the spoils of the system (Bardhan, 1992). Thirdly, the federal character of the State confounds the difficulty in understanding the influence of State on developmental philosophy. The federal character was expected to bring ease in the policy formulation representing heterogeneous situations. More often with the mosaic of state governments (provincial governments) where the development initiatives differ according to the local conditions, level of entrepreneurship, political response, economic resource base and people's participation do not allow any firm judgement about the role of the federal state vis-à-vis the state (provincial) governments.

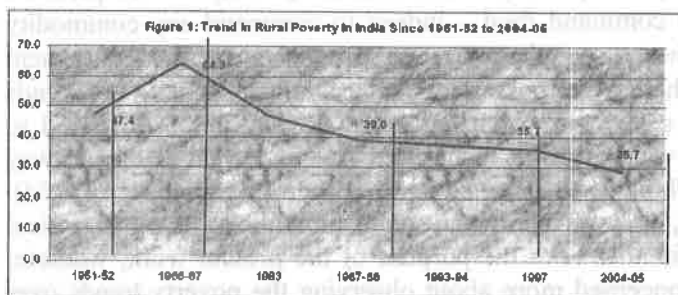
Poverty, Policy and Rural Development

In this section we plan to review the empirical experience of the policy towards poverty alleviation in India. The data are available at aggregate as well as at the provincial level. But to limit ourselves we plan to address to the issues at the country level. Poverty as a concept has been treated always as synonymous to under-nourishment. The Indian Association of Medical Research defined a level of balanced diet in terms of calories. This is taken as the normative consumption level and converted into a food basket. This normative level of consumption expenditure is termed as poverty line. Any household spending below such recommended food basket is considered as poor household. For about three decades most of the studies used the given poverty line and updated it with the help of price rise (GDP deflator). The debate that ensued among the Indian academic forums with V.M.Dandekar on one side, and V.K.R.V.Rao and P.V.Sukhatme on the other, focussed on the concept of under-nourishment, intra-group variations and the non-food requirements of the poor (the debate was reported in Economic and Political Weekly during 1979-80). Another view expressed in the poverty debate related

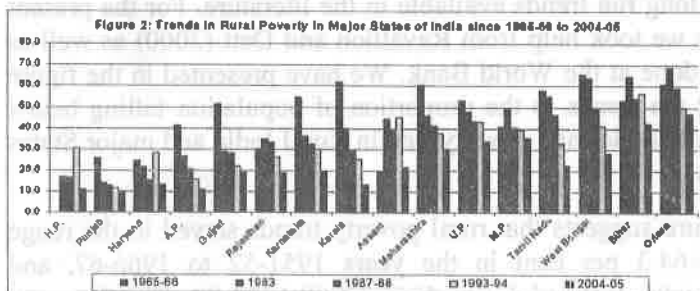
group variations and the non-food requirements of the poor (the debate was reported in Economic and Political Weekly during 1979-80). Another view expressed in the poverty debate related to the updating the Poverty ratios erroneously based on price indices irrespective of changes in the composition of the diet of the poor (Parikh, 1999). It is argued that this has led to wrong perceptions about poverty. Therefore, it was not surprising to find under-nourished persons above the poverty line across states in India. Along with this, the concept of entitlement developed by Amartya Sen became more prominent in the literature as an important development and an acknowledged step in clarifying the concept of poverty. Sen defined poverty as "A person's ability to command food – indeed to command any commodity s/he wishes to acquire or retain – depends on the entitlement relation that govern possession and use in that society. It depends on what s/he owns, what exchange possibilities are offered to her/him, what is given to her/him free and what is taken away from her/him" (Sen's earlier work reproduced in Sen, 1999: 154). However, there is hardly any data to build a strong empirical support for this. For the purpose of the present work, wherein, we are concerned more about observing the poverty trends over the last 50 years and commenting upon its behaviour we used the exiting long run trends available in the literature. For the present purpose we took help from Ravallion and Datt (2000) as well as studies done at the World Bank. We have presented in the figure 1 and 2 the trends in the proportion of population falling below the officially defined poverty line in Rural India and major States of India.

The figure suggests that rural poverty trends stayed in the range of 47.4-64.3 per cent in the years 1951-52 to 1966-67, and substantially declined during 1966-67 till 1987-88. The first span was quite known for the food insecurity faced in the nation, whereas the second period is associated with the technological

change in Indian agriculture popularly known as the period of 'Green Revolution'. This sharp decline in rural poverty beginning with 1966-67 till 1987-88 can be associated with the institutional changes and the policy directives in the agricultural sector as reflected from the increased growth rates in the agricultural sector. During the third phase the poverty ratios in rural areas has declined but at a lower rate. Among the causative pointers we may direct to the deceleration in the public investment in agriculture resulting into downward trends in Gross Fixed Capital Formation, large amount of subsidies and the Macro-economic crisis of early nineties.



Source: Indiatat.com and Himanshu (2007)



Source: Based on the data from S. Mahendradev (1987) and Himanshu (2007)

There are of course, various issues that underlie the observations made above. First of all, the debate that encompasses the decline/increase in the poverty ratio centres around the 'across year' comparability of NSS data (thin sample vis-à-vis a wide spread sample)^{vii}, comparison between NSSO and National Accounts Data or use of price indices with unchanged weights and state specific characteristics^{viii}. Among these issues probably the most significant one relates to the increase/decline in poverty during late nineties. Datt's estimates show a decline whereas Gupta's estimate (1999) records an increase during the ending years of the decade. The policy focus however, should relate to the trends in poverty ratios at least for five years and therefore we utilized Ravallion and Datt's estimates on the count of availability of a longer time series and common method of computing over years. Our inference however does not corroborate Datt's findings (Datt, 1999). The inferences that we mentioned above therefore fairly represent the results of policy interventions. Further Dev and Ravi conclude with the recent evidence from NSSO that the extent of decline in the post reform period in poverty is not higher compared to the pre-reform period in spite of higher overall growth (Dev and Ravi, 2007), but they do not deny decline. This is also reported by Himanshu, "First, on a mutually comparable basis, URP poverty from CES has come

^{vii} One of the crucial aspects historically covered by the NSSO has been the Household Expenditure on Consumption. These data are available over a substantially long time period. Each of these yearly surveys is called as a Round and there are two types of sample Rounds used to estimate the consumption expenditure viz., thin sample (covering limited number of households) and wide spread sample covering a usual sample frame followed by the NSSO. Some authors have challenged the comparability between the two types of samples.

^{viii} See Desai and Namboodiri (1998), Deaton and Tarozzi (1999), Mahendra Dev (2000), Ahluwalia (2000).

down in all states between 1993-94 and 2004-05, but the annual poverty reduction is slower than in the previous decade of 1983 to 1993-94." (Himanshu, 2007, p. 506).

The observations from the empirical data point towards the fact that the decline in rural poverty was mainly during the phase of technological and institutional changes witnessed in the country after 1967-68. Beyond 1986-87 the policies seem to have had a little effect on the rural poverty trend. Ahluwalia (1998) related the decline in poverty with agricultural performance in India, which stands out clearly as a sound exposition. But methodologically, the causal relationship was estimated with the help of cross-section data across states (provinces of the country). The differential policy frames across states (provinces) probably contributed to the decline in poverty ratios. It is quite clear now that the provinces that had initial advantages in the process of development could achieve remarkable success in dealing with poverty. While commenting on this, Ravallion and Datt (2000) clearly indicated that the sectoral composition of growth definitively matters in the aggregate reduction of poverty and therefore quality and location of growth becomes an important component of any poverty alleviation strategy. They also argued that the differences in the initial conditions covering rural development and human resource development induced the decline in rural poverty. In addition to this, analysts have indicated several factors associated with decline in poverty^{ix}. Among the determinants of poverty; irrigation, landlessness, agricultural output per hectare, non-farm product per person, state development expenditure, female literacy and urban-rural consumption ratio, are sighted as important ones in these

^{ix} See Ravallion and Datt 1996 & 2000, Datt 1998, and Rath 1998 for clear expositions.

studies. Most of the analyses available however, are based on the cross section data at a point of time using the across states comparisons. Therefore, often the testable hypothesis relates to the static condition of the state at a point of time for different poverty determinants as against the incremental change in the level of poverty at that point. Incidentally this also happens to be a close proxy of the provincial efforts in directing the federal program as well as the province specific conditions apart from the distinct policies at these two levels. Basically the hypothesis involved here relates more in seeking the explanation of decrement or increment rates in poverty with the help of increment or decrement rates in the explanatory factors. Therefore, often, in time series or even in a cross-section context the explanation of reduction in poverty is credited to the most obvious economic parameters like initial region specific conditions, agricultural output growth, and size of the agricultural sector. Recently in an interesting study, Fan, Hazell and Thorat hypothesized the government spending as an important determinant of poverty variation across states in India. They noted that improvement in agricultural productivity; higher agricultural wages and increased non-agricultural employment have contributed towards poverty reduction in the country. Major explanation of this study however comes from the expenditure on infrastructure rather than the poverty alleviation programs (Fan, Hazell and Thorat, 1999). As field observers, we strongly feel that the 'calorie norm based' number of persons below poverty line and the associated ratio has been coming down during the last two decades. But, this alone cannot be considered as a holistic representation of poverty. As argued by V.M. Rao (1999), it is essential to look at poverty as a wider concept incorporating food and non-food basic requirements, participation as also stake of the poor in the process of program implementation,

their empowerment and their right to decide the self-reliant strategy for the family. Often, the food and non-food requirements are met out of the compulsions imposed due to scarcity and non-availability of the preferred food basket, and as regards to empowerment and choice of strategy, poor as a group always remained at the receiving end. This points an accusing finger at the process of policy formulation rather than policy itself.

When we look at the picture of poverty from the angle of human development indicators at the outset the performance seems to be satisfactory at least at an aggregate level. The human development indicators taken here represent the results of pre-meditated policy goals in the political and bureaucratic circles both at Central as well as State levels. We have indicated below the progress on the count of four major indicators of human development namely; (i) Life expectancy at birth, (ii) Literacy rate, (iii) Morbidity rate, and (iv) Infant Mortality Rate (IMR). A clear improvement in the health status can be seen from the first three columns.

Table 1
Trends in Human Development Indicators

Year	Life Expectancy at birth (Years)	Death Rate	Infant Mortality Rate	Literacy Rate (%)
1951	32.1	27.4	146.0	18.3
1961	41.3	22.8	146.0	28.3
1971	45.6	14.9	129.0	34.5
1981	50.4	12.5	110.0	43.6
1991	59.4	9.8	80.0	52.2
1996	62.4	9.0	72.0	NA
1999-03	62.7	7.6	58.0	64.8

Note: NA - Data not collected or not available for these years.

Source: Economic Survey 1999-2000 and 2006-07, Govt. of India

Similarly, the literacy rates are also improving at a faster rate. The decline in IMR was quite sharp during 1976-90 and stabilized after that (See Figure 3). All of these observations point to a fact that the efforts towards improving the quality of life were substantial but certainly not adequate enough when posted with the time span of full five decades of an independent country in a comparative perspective. In this context the converse of these data are quite revealing if stated in terms of 38 per cent of illiteracy, one among the words high IMR, morbidity rates and lower life expectancy compared with similar countries. Therefore it is underscored here that such aggregate picture masks the large inter-regional, intra-group variations. Often we see wide variations across regions in the country fueled by various factors coexisting with absence of provincial level policies. Such variations occur due to the policy changes brought forth by different State governments and the specific reactions of the people to such policy changes. Therefore, this picture is at times quite misleading especially from the point of view policy formulation.

Poverty and Social Groups

It is more often said that the poor in India are located largely in rural areas and specifically among agricultural laborers as an occupation. It is also observed that the density of labour is highest among the Scheduled Castes and Scheduled Tribes. It is necessary here to bring forth one of the specific aspect of the Indian society. Traditionally in India, a hierarchical social system based on Varnas^{*} and Castes was prevalent. The

^{*} Varna is a hierarchical social system dividing the society in to four classes namely: Brahmins-Assigned the work of priests and teaching; Kshatriyas – Assigned the work as protectors and warriors; Vaishyas – Assigned the work of looking after the business and Shudras: Largely subservient to the other three

Scheduled Castes specifically were forced to remain at the lower rung of the economic hierarchy with a forced occupational immobility whereas Scheduled Tribes remained the outliers as most of the development initiative either did not reach them or they were the communities which suffered the most in terms of displacement due to major developmental initiatives. As a result at the time of Indian independence the poverty was largely concentrated in this group of the society.

It can be observed from the table 2 that the main occupation of these social groups is agricultural labour. The proportion of cultivators is declining in all the groups and such decline is sharper among the workers belonging to Scheduled Castes. The sharp increase in the proportion of Scheduled Caste workers working as agricultural laborers can also be noted. The increase can not be explained simply with the help of demographic factors but a sizeable portion of that occurs due to occupational mobility, unfortunately downwards in the hierarchy among cultivators and agricultural laborers. No efficient policy steps are undertaken to arrest this. Similarly, marginalisation of Scheduled Caste workers can be seen from the structure of changing work force.

The data available from the National Sample Survey (1993-94) indicated that 52.17 per cent of the Scheduled Caste population is below poverty line whereas 48.00, per cent of the Scheduled Tribes are living under the bare minimum consumption threshold. These proportions when compared with other groups (other than SCs and STs) clearly bring out the intensity of the problem of poverty among the Scheduled Castes and Scheduled Tribes. We have indicated in table 3 the proportion

groups and suppressed in economic and social terms. (For details see Thorat and Deshpande, 2000).

of households below poverty line as per National Sample Survey data of 1993-94 across the social groups. It is quite clear from the table 3 that the highest share of poor is concentrated in the category of agricultural laborer households as well as other labour households. Poverty is relatively less in the households belonging to the category of other household occupations and self-employed in non-agricultural sector.

Table 2
Proportion of workers by occupation groups (Rural Male)
1961-2001

Years	Scheduled Castes		Scheduled Tribes		Others	
	Cult	A L	Cult	A L	Cult	A L
1961	42.9	32.83	69.69	18.59	63.74	12.12
1971	34.94	50.24	64.67	27.51	59.27	19.19
1981	36.7	46.82	62.52	26.72	58.44	18.3
1991	33.11	49.27	61.97	27.2	54.74	20.14
2001	25.59	46.48	50.98	31.96	44.72	22.15

Note: Cult: Cultivators, A. L: Agriculture Labour Source: India Population Census Reports for respective years. We have taken here male labour as representative as proportion of female cultivators is very small and the trends are similar across sexes.

Table 3

State-wise Rural Poverty Ratio across the Social Groups

(Per cent to the total population of the respective groups)

States/ Social groups	SC		ST		Other		All	
	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00
Bihar	80.9	59.8	74.9	59.7	59.6	38.4	64.4	44.2
Orissa	75.8	51.8	86.0	73.9	56.4	33.2	67.5	48.2
West Bengal	72.0	35.1	76.0	49.6	55.6	28.7	63.0	31.9
Maharashtra	59.3	33.3	62.2	43.6	41.0	17.3	45.2	23.8
M.P.	58.4	41.3	66.4	56.3	37.7	26.9	48.9	37.1
U.P.	57.2	43.7	NA	34.1	43.4	27.0	46.4	31.2
Karnataka	52.7	26.2	57.7	25.4	30.9	14.1	36.3	17.4
Assam	43.1	44.0	47.2	38.7	42.1	39.9	42.6	40.2
Rajasthan	40.8	19.6	61.6	25.3	25.1	8.5	33.7	13.6
Gujarat	39.2	17.8	57.8	29.1	20.5	8.3	29.8	13.2
A.P.	37.2	16.5	34.9	23.8	23.3	8.1	26.5	11.1
All India	58.1	36.2	63.8	45.9	37.0	21.6	45.6	27.1

Source: Sukhadeo Thorat & Motilal Mahamallik (2005), 'Persistent Poverty-Why do Scheduled Castes and Scheduled Tribes stay chronically poor', paper presented at CPRC-HPA Seminar on 'Chronic Poverty: Emerging Policy Options and Issues' on 29th and 30th September 2005, Indian Institute of Public Administration, New Delhi.

Interestingly, between 1983 and 1999-00 the decline in poverty among Scheduled Caste households is about 7 per cent in the rural areas but it has increased by 13 per cent in the urban areas. The poverty trend in the non-Scheduled Caste

households however, shows a decline in the rural as well as urban areas consistently. The State policy towards Scheduled Castes and Scheduled Tribes is quite clear and has a clear emphasis on positive discrimination. But that has only been beneficial to a myopic proportion. Those depended on agricultural labour as mainstay remained at the same relative position of poverty. It signifies a clear failure of designing the policy towards weaker sections. Even though the majority belonging to poor strata came from agriculture labor group no clear policy programs were designed specifically focussing on them. It is also equally true that as a stake holder interest group the agricultural laborer belonging to Scheduled castes could never plead their case due to lack of organization. Policy towards agricultural labour is in the purview of the policy by the provincial governments but nothing substantial has been done except promulgating the Minimum Wages Act, which is more on the paper than in practice^{xi}.

^{xi} Table: State-wise Rural Poverty Ratios in India

State	1965-66	1983	1987-88	1993-94	2004-05
H.P.		17.0	16.7	30.4	10.9
Punjab	26.0	14.3	12.8	11.7	10.0
Haryana	24.7	21.9	15.3	28.3	13.6
A.P.	41.2	26.8	21.0	15.9	10.8
Gujarat	51.0	28.9	28.3	22.2	19.4
Rajasthan	30.0	35.0	33.3	26.4	19.0
Karnataka	54.4	36.3	32.6	30.1	20.0
Kerala	61.6	39.6	29.3	25.4	13.2
Assam	20.1	44.6	39.4	45.2	21.7
Maharashtra	60.5	45.9	40.9	37.9	30.0
U.P.	53.2	47.8	43.3	43.1	33.9
M.P.	40.7	49.0	40.1	39.2	35.8
Tamil Nadu	57.8	54.8	46.3	32.9	22.7
West Bengal	65.4	63.6	48.8	41.2	28.5
Bihar	53.0	64.7	54.2	56.6	42.2
Orissa	60.9	68.5	58.7	49.8	46.8

Table 4
Availability of Amenities by Social Groups: 2001

(Proportion of Households to the total)

Sl. No.	Amenities	SCs	STs	All Social Groups
1	Drinking water facility -tap	23.53	13.80	24.3
2	Electricity facility	35.08	30.41	43.5
3	LPG	1.90	1.29	5.7
4	No latrine	84.91	88.92	78.1

Note: Proportions are to the total number of HHs from social groups.

Source: Analytical Report on Housing Amenities, Census of India 2001 and Tables on Housing, Household Amenities and assets (for SCs and STs), Census of India 2001.

Fifty years of independence has made a little progress even in terms of availability of amenities to the rural areas and especially so to the Scheduled Castes and Scheduled Tribes. It can also be noted that only about 15 per cent of the Scheduled Caste and Scheduled Tribe households have proper toilet facilities. State led programs to provide these facilities have failed miserably and the plight continues even today. Unfortunately no community efforts were taken up to set this right. All these factors point out clearly indicates to an urgent need for larger investment towards development of infrastructure sector especially covering the weaker sections with utmost priority. Presently when India is at the crossroad of changing towards a liberalized economy, finding the poor well placed regarding the basic requirements for life should be at the top of the policy. The question of providing quality of life becomes an important aspect at this juncture. Investment may be required both from private as well as public sector resources for the provision of basic amenities. Efforts towards

seeking such investment may have to be stepped up through the welfare-oriented programs.

Growth – Employment: Understanding the Nexus

When we take a wider view of GDP growth over the five decades, there are about 20 years in which the GDP originating from agriculture was growing higher than 5 per cent per annum. In other words, only 40 per cent years could record reasonably good rates of growth in GDP originating from agriculture. The situation in employment is however, quite different. We can see from Table 3; that the rates of rural unemployment increased till 1987-88 to drop down in the following period to a low of about 1 per cent. The urban rates are higher than the rural areas. It is very clear that growth seems to be having some influence on employment till 1987-88, but failed to connect in the later period.

Table 5
Rural and Urban Unemployment Rates in India
1983 to 2004-05

Year	As Proportion of Labour Force							
	Usual Status (adjusted)				Daily Status			
	Rural Male	Rural Female	Urban Male	Urban Female	Rural Male	Rural Female	Urban Male	Urban Female
1983	1.4	0.7	5.1	4.9	7.5	9.0	9.2	11.0
1987-88	1.8	2.4	5.2	6.2	4.6	6.7	8.8	12.0
1993-94	1.4	0.9	4.1	6.1	5.6	5.6	6.7	10.4
1999-00	1.7	1.0	4.5	5.7	7.2	7.0	7.3	9.4
2004-05	1.6	1.8	3.8	6.9	8.0	8.7	7.5	11.6

Source: Government of India (2006): "Employment and Unemployment Situation in India 2004-05", NSSO Report No. 515 (Part-I).

As a beginning of our investigation into growth-employment nexus we present the growth rates in working population in agricultural sector as reflected through population census.

These rates of growth are juxtaposed with the growth rates of GDP from agricultural sector to give a broad macro picture. It comes out from Table 6 that there is no prima facie relationship between the two when we take the last three decades. It was certainly far from this during the first two decades after independence.

Table 6
Decadal Growth Rates of Agricultural Working Population in India

Decade	Growth Rate of Agricultural Working Population	Growth Rates in Agriculture GDP
1971-81	1.64	1.69
1981-91	2.27	3.61
1991-2001	2.36	2.50

Source: Calculated from the Population figures in Census Reports & Economic Survey, Govt. of India for Various Years

Table 7
Growth Rates in Population and Employment of Current Daily Status in India

	1983-1994			1994-2000		
	Aggregate	Rural	Urban	Aggregate	Rural	Urban
Population	2.0	1.8	3.0	1.9	1.7	2.7
Labour force	2.4	2.2	3.3	1.3	1.0	2.4
Workforce	2.7	2.4	3.6	1.1	0.7	2.3
Unemployment	6.0	5.6	7.2	7.3	7.2	7.6

Source: Brajesh Jha (2004), "Economic Policies for Augmenting Rural Employment in India", Institute of Economic Growth, Delhi, Based on NSS data.

One can see that the growth in workers engaged in agricultural sector has been increasing across the decades. That shows the supply side is fast increasing and the growth rates of GDP

fluctuated, making it difficult to establish any relationship. This is also borne out by the National Sample Survey data as can be seen from Table 5. It is quite surprising that the growth rates in population, workforce and labour force have gone down during 1994-2000, and unemployment rates have increased during the second phase despite growth. The dismal growth in employment during 1993-2000 is quite sharp when one looks at the 'usual status' figures published by NSS. Growth in employment has gone down in rural as well as urban areas but while there is still some employment generation in rural sector the joblessness is fast increasing in urban areas (Table 7). Even though this cannot be directly connected with agricultural development, the failure of Harris-Todaro kind of framework causes increased density of workers in agriculture thereby constraining the growth in real wages. A curious situation wherein the wages in urban sector are increasing at a faster rate with decelerating growth in real wages in rural areas. Growth rates in real wages during 1983 to 1987-88 were 4.59 and 4 per cent per annum for males and females whereas these here come down to 2.8 and 2.95 per cent per annum during 1993-94 to 1999-2000 (Bhalla et al, 2004 p.62).

Table 8

Growth of Employment in Agriculture (Usual Status) in India

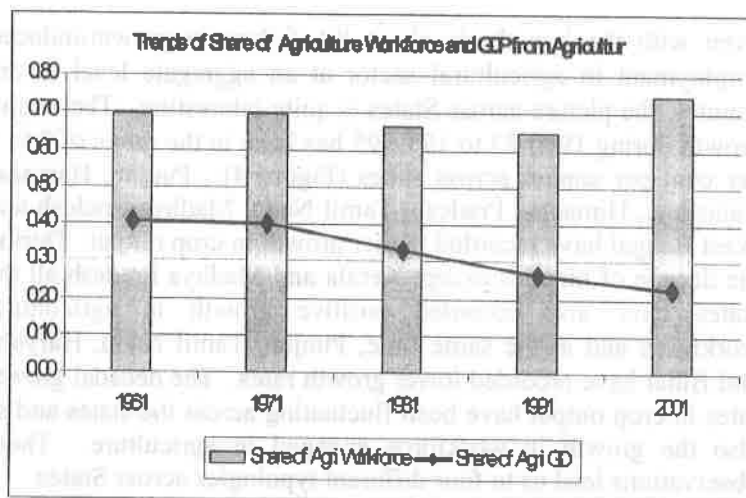
Period		Growth of Employment in Agriculture
1983-1993-94	Rural	1.38
	Urban	1.54
1993-94 to 1999-00	Rural	0.18
	Urban	-3.4

Source: Brajesh Jha (2004). "Economic Policies for Augmenting Rural Employment in India", Institute of Economic Growth, Delhi

Indian agricultural sector has typical experience of declining share in GDP as in any other developing economy. This is indicative of the increased contribution by manufacturing and service sectors. But similarly, it is expected that the workforce in agricultural sector also declines (if not with the same rate as that of the share in GDP). Many development economists have theorized this process. Harris-Todaro postulated "The distinguishing feature of this model (Harris-Todaro Model) is that migration proceeds in response to urban-rural differences in expected earnings, with the urban employment rate acting as an equilibrating force on such migration" (Harris & Todaro 1970: p. 126). But we can clearly see a little presence of this process in Indian context. The share of agricultural sector in the GDP is declining but the share of workforce more or less remained the same and in fact increased during 2001 census (see Figure 3). The increase in the urban workforce is certainly not influencing the supply of labour from rural areas. It is paradoxical that the wage differentials between the rural and urban wages have been widening and not reducing over the years.

The failure of the Harris – Todaro process has various factors behind it and four of them are of immediate relevance. First, it is the quality of growth that dictates the process of labour transfer and not growth per se. Probably, the growth in the non-agricultural sector is more due to capital-intensive production process and that left little room for the transfer of manpower out of agriculture. Second, the Harris-Todaro process assumes manpower of a particular quality for the purpose of transfer and the prevailing conditions in Indian rural sector fail this assumption.

Figure 3
Share of Workforce and GDP from Agriculture



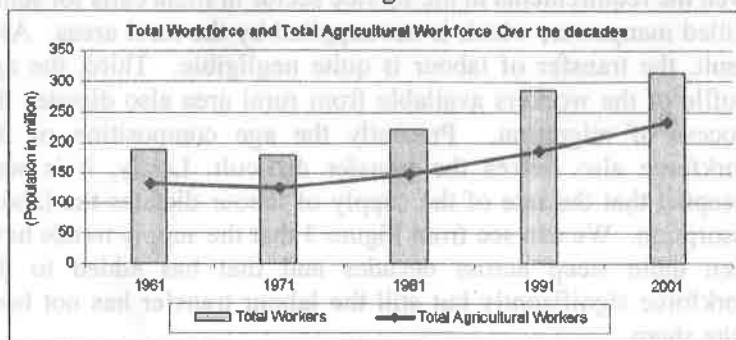
Source: India Population Census Reports for respective years and indiastat.com

Even the requirements in the service sector in India calls for semi-skilled manpower, which is not supplied by the rural areas. As a result, the transfer of labour is quite negligible. Third, the age profile of the workers available from rural area also dictates the process of migration. Presently the age composition of the workforce also makes the transfer difficult. Lastly, it is well accepted that the rate of the supply of labour dictates the labour absorption. We can see from Figure 3 that the supply trends have been quite steep across decades and that has added to the workforce significantly but still the labour transfer has not been quite sharp.

Growth-Employment Nexus: A Cross-Section Analysis

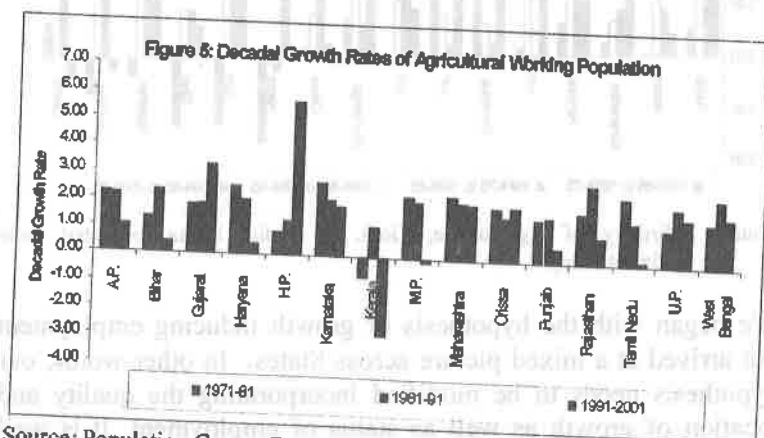
Even with the hypothesis about the failure in growth-induced employment in agricultural sector at an aggregate level in the country, the picture across States is quite interesting. The output growth during 1980-83 to 1992-95 has been in the range of 2 to 5 per cent per annum across states (Figure 4). Punjab, Haryana, Rajasthan, Himachal Pradesh, Tamil Nadu, Madhya Pradesh and West Bengal have recorded higher growth in crop output. During the decade of nineties except Kerala and Madhya Pradesh all the states have also recorded positive growth in agricultural workforce and at the same time, Punjab, Tamil Nadu, Haryana and Bihar have recorded lower growth rates. The decadal growth rates in crop output have been fluctuating across the states and so also the growth in workforce engaged in agriculture. These observations lead us to four different typologies across States.

Figure 4
Total Workforce and Total Agri Workforce over the decades



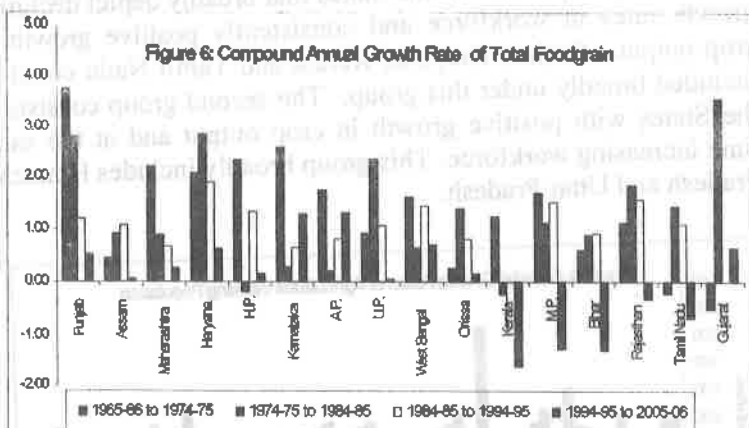
Source: India Population Census and Indiatat.com

In the first group, we have the States that broadly depict declining growth rates in workforce and consistently positive growth in crop output. Punjab, Haryana, Kerala and Tamil Nadu could be included broadly under this group. The second group consists of the States with positive growth in crop output and at the same time increasing workforce. This group broadly includes Himachal Pradesh and Uttar Pradesh.



Source: Population Census Reports

There are a few states that come under the third group where the growth in crop output has not been consistent and but the workforce has been increasing steadily. Bihar, Orissa, Assam and other eastern states come under this typology. Lastly, there are quite a few states that show mixed pattern across the decades. One clear observation emerges out of this analysis that the growth-employment nexus operates differently across regions and that the quality of growth as well as location of growth-inducers matter significantly in the process.



Source: Ministry of Agriculture, Govt. of India, (Data extracted from indiastat.com)

We began with the hypothesis of growth inducing employment but arrived at a mixed picture across States. In other words, our hypothesis needs to be modified incorporating the quality and location of growth as well as status of employment. It is well recognized fact that largely, foodgrain led growth pattern do not seem to be employment inducing with paddy cultivation as an exception. These regions show different trends. Employment is generated under plantation crop economy as well as in the states predominantly having commercial cropping pattern. More than that the presence of allied agricultural activities also reveals influence on the employment generation. Therefore, one needs also to look into the sectoral growth in employment.

Table 9
State-wise Growth of Compound Annual Growth Rate of
Total Foodgrains

	1965-66 to 1974-75	1974-75 to 1984-85	1984-85 to 1994-95	1994-95 to 2005-06
Punjab	3.77	2.82	1.21	0.52
Assam	0.44	0.92	1.06	0.07
Maharashtra	2.22	0.89	0.67	0.26
Haryana	2.08	2.87	1.89	0.62
H.P.	2.35	-0.18	1.33	0.16
Karnataka	2.59	0.29	0.65	1.28
A.P.	1.75	0.22	0.81	1.31
U.P.	0.92	2.38	1.08	0.06
West Bengal	1.61	0.64	1.44	0.70
Orissa	0.27	1.38	0.81	0.16
Kerala	1.22	-0.23	-0.97	-1.62
M.P.	1.68	1.12	1.51	-1.27
Bihar	0.60	0.89	0.90	-1.30
Rajasthan	1.13	1.85	1.56	-0.30
Tamil Nadu	-0.21	1.44	1.10	-0.68
Gujarat	-0.50	3.59	-0.01	0.65

Source: Ministry of Agriculture, Govt. of India, (Data extracted from indiastat.com)

a. Sectoral Growth in Employment

It is well acclaimed fact that employment growth differs across sectors. The production process across sectors as well as the requirement of the quality of labour dictate demand for labour. Table 10 includes the growth rates in employment across sectors over various NSS rounds. The all sector employment growth rates have been consistently falling except in the period 1987-88 to 1993-94. The fall in employment growth was quite sharp in

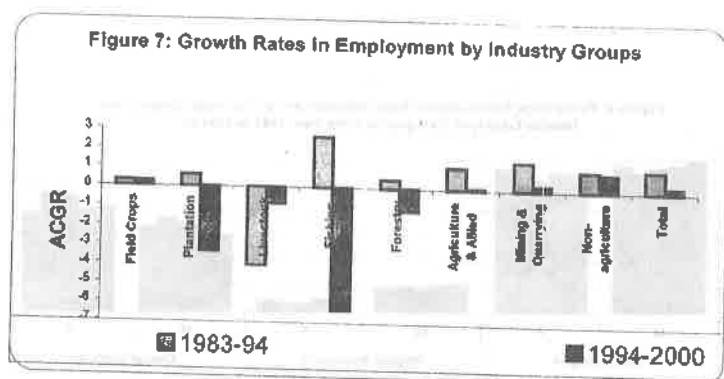
the agricultural sector. The only positive signal seems to be coming from construction, trade and transport sectors. Even in the services, after a sudden high growth during eighties, the employment rate has been declining at 0.7 per cent per annum during the decade of nineties.

Within the agricultural sector, we find that the sub-components have also not been generating the expected rate of employment. It comes out clearly from figure 5 that the growth in employment across the sub-sectors, within agricultural sector has not been very encouraging. A little growth is seen under field crop sector and allied agricultural sectors, but otherwise plantation crops, livestock, fisheries and forestry have recorded decline in the employment rates. This is despite the fact that these sectors have posted good growth in output during the period under consideration.

Table 10
Rates of Growth of Employment by Sectors

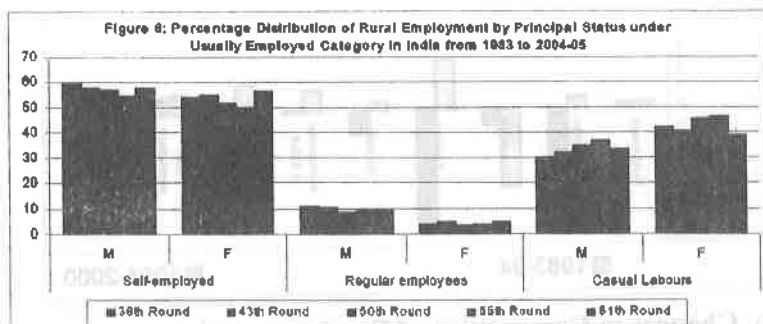
Sectors	Rate of Growth			
	1977-78 to 1983	1983 to 1987-88	1987-88 to 1993-94	1993-94 to 1999-2000
Agriculture	1.45	0.33	2.17	0.18
Mining	6.14	5.57	2.14	-2.3
Manufacture	3.53	2.61	1.59	1.59
Electricity	1.70	11.10	2.19	-5.67
Construction	6.36	18.43	-3.51	6.41
Trade	3.03	4.51	3.21	3.73
Transport	8.10	5.12	3.78	7.28
Services	3.57	1.95	4.25	-0.7
All Non-agricultural Sectors	3.97	4.86	2.02	2.34
All Sectors	1.89	1.23	2.14	0.66

Source: Originally from Sen and Jha (2001) quoted in Maithreyi Krishnaraj and Amita Shah (2004). 'Women in Agriculture', State of the Indian Farmer: A Millennium Study, Academi Foundation, New Delhi.

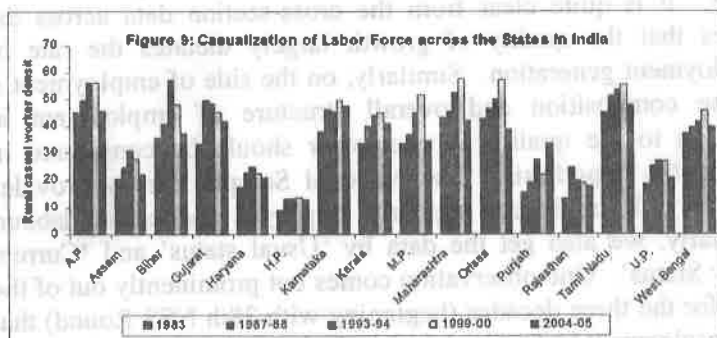


b. Changes in Composition of Employment

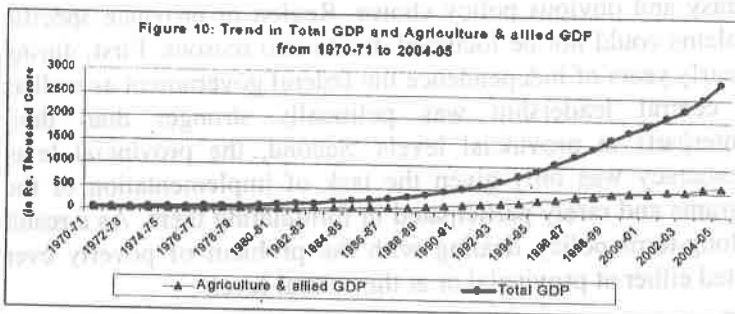
While modifying the hypothesis about growth-employment nexus in agriculture, we brought in the quality of growth as an additional factor standardising the growth side component of the issue. It is quite clear from the cross-section data across the States that the quality of growth largely dictates the rate of employment generation. Similarly, on the side of employment it is the composition and overall structure of employment in addition to the quality of manpower should be considered in testing the hypothesis. The National Sample Survey provides data on self-employed, regularly employed and casual labour. Similarly, we also get the data by 'Usual status' and 'Current Daily Status'. One observation comes out prominently out of the data for the three decades (beginning with 38th NSS Round) that the employment in 'usual status' is declining but that under 'daily status' does not depict any sharp downward trend. Figures 7 and 8 also show that 'self-employed' in the sector are also declining but casualisation of workforce is increasing at a very fast rate and specifically in the states which recorded high growth rates in agriculture.



Source: Government of India (2006): "Employment and Unemployment Situation in India 2004-05", NSSO Report No. 515 (Part-I).



Source: Based on the data from Bhalla et al (2004) p. 83-84 and "Employment and Unemployment Situation in India 2004-05", NSSO Report No. 515 (Part-I).



Source: Handbook of Statistics on Indian Economy, Reserve Bank of India (www.rbi.org.in).

Conclusions

The formidable challenge confronted by India at the time of independence was in the form of a large proportion of its population being poor. During the last five decades, India's tryst with poverty was met only with checkered responses. These were characterized through policy interventions in terms of programs drafted at the central government level. Most of these interventions were designed at the bureaucratic level having specific situation in mind. These could therefore be categorized as 'fire fighting' in nature and probably just tinkered with the problem. The lessons and evaluations of some of these programs hardly found any translation in any of the subsequently drafted schemes. Looking back, it is very clear that the polity, bureaucracy and the interest groups did not depict any well-meditated policy view about the problem of poverty. In the Indian constitution the subject is dealt by the central government and hence most of the policy interventions are of very general nature. In all the interventions the concept of poverty was taken as 'homogenous' across the length and breadth of the country.

Therefore, operating similar schemes across different states was an easy and obvious policy choice. Region or province specific problems could not be focussed due to two reasons. First, during the early years of independence the federal government as well as the central leadership was politically stronger than their counterparts at provincial levels. Second, the provincial level bureaucracy was only given the task of implementation of the programs and rarely participated in formulating them. As a result no long-term policy dealing with the problem of poverty ever existed either at provincial or at the central level.

The experience of the five decades on this background shows quite interesting results. The bright period corresponds with the phase marked with technological change in agricultural sector and the direct poverty alleviation programs. The poverty ratio dropped down from about 65 per cent to about 35 per cent, truly a formidable task achieved in a span of two decades. But the results are asymmetric across groups, regions and sectors. Therefore, the inter-regional differences persisted and the lagging regions as well as depressed social groups continued with their marked presence among the poor. Achievements on the count of human development indicators are not neither impressive nor focussed. A large ground needs to be covered under this. The experience of the last decade is not very encouraging. The downward trends in the poverty ratios seem to have changed in fluctuating series in the range of 30 to 45 per cent. The intriguing part of the analysis is that the depressed groups have not gained much in relative terms and it will not be wrong if we say that they have not even got their due share. All this points towards a need for the fresh look at the policy.

In the context of the new liberalized economic policy adopted by government of India, it will be necessary to formulate a medium

to constitute a task force to have a look at the heterogeneous nature of poverty across regions in India. The state specific problems as well as the policies for the depressed groups must be on the top of the agenda. The focus on providing incremental employment seems to have worked well in the past. This can be the major policy plank but the agricultural laborers belonging to the Scheduled Castes and Scheduled Tribes need specific safety net programs and a well-directed alternative.

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Part II : Unemployment and Poverty Scenario in Rural India

GROWTH, POVERTY AND EMPLOYMENT IN UTTARAKHAND

R. P. Mamgain*

I. Uttarakhand Economy: A Brief Comparative Overview

Uttaranchal (now renamed as Uttarakhand) came into being as the 27th state of the Indian Union on 9 November, 2007 by carving out 13 districts of Uttar Pradesh. With a population of 8.48 million in 2001, Uttarakhand accounts for 0.82 per cent of the Indian population. According to 2001 Population Census, nearly three-fourths of Uttarakhand's population lives in its rural areas. The state has comparatively higher ratio of urban population as compared to its neighbouring states of Himachal Pradesh and Jammu and Kashmir (Table 1). Likewise the national pattern, the population growth rate of the state has decelerated since the 1980s and is now lower than the national average.

Uttarakhand has achieved commendable success in attaining relatively high level of literacy in comparison to many regions of the country. More than 72 per cent of population of the state is literate and thus it ranked at 9th place in India. There is a big gender gap in literacy levels in the state—nearly 60 per cent females are literate as compared to over 84 per cent males (GoI, 2002). This type of gap is more pronounced in the hill districts of the state (Mamgain, 2004). Yet the state has comparatively much lower literacy rate than Himachal Pradesh. Similarly, Uttarakhand is relatively better-off in attaining higher enrolment in primary and elementary level of education in comparison to the national

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average. The state also has relatively better social indicators such as infant mortality rate (Table 1).

While looking at economic indicators such as per capita gross state domestic product (PCGSDP), Uttarakhand has relatively higher income than national average as well as states like Jammu & Kashmir and Uttar Pradesh. However, PCGSDP for the state is substantively less than Himachal Pradesh which has almost similar geographical features (Table 1). Similarly, the percentage of economically active population is much lower in Uttarakhand as compared to Himachal Pradesh. This is true for both males and females as well as for rural areas of the state. Rate of unemployment is relatively low in Uttarakhand in comparison to national average. Other states depicted in Table 1 also follow the same league.

Table 1
Development Indicators for Selected States

Indicator	Uttarakhand	Himachal Pradesh	Jammu & Kashmir	Uttar Pradesh	All-India
Per capita GSDP (2004-05) (Rs.) (At 1993-94 prices)	22425	30880	18768	13179	
% of workers (UPSS) in population (2004-05)					
Total	43.9	52.4	39.4	36.3	42.0
Female-Total	35.7	48.5	22.8	21.6	28.7
Rural	47.4	53.0	41.6	37.1	43.9
% of urban population	25.67	9.80	24.81	20.78	27.82
Literacy rate (2001)	71.6	76.48	55.5	56.3	64.8
Gross enrolment ratio (2004-05)					
Classes I-V (6-11 yrs)	117.7	108.9	83.7	107.5	108.6
Classes VI-VIII (11-14 yrs)	88.1	108.5	60.3	52.4	70.5
Infant mortality rate	42.0	49.0	50.0	73.0	58.0
% of population below poverty line (2004-05)	31.8	6.7	4.2	25.5	21.8
Unemployment rate (CDS) (2004-05)					
Rural	4.1	5.7	5.6	3.7	8.2
Urban	6.8	4.9	6.0	6.3	8.3

Growth and Structure of GSDP

Since its formation Uttarakhand has witnessed an impressive increase of over 11.6 per cent per annum in its gross state domestic product (GSDP) during the period 1999-00 to 2004-05. As a result, it has achieved an accelerated pace of increase in its per capita GSDP over two periods of time. This is in contrast with the states like Himachal Pradesh, Jammu & Kashmir and Uttar Pradesh (Table 2). This growth is largely resulted by a rapid growth of GSDP in secondary and tertiary sectors of the economy of Uttarakhand.

Table 2
Growth of Per capita GSDP, 1993-94 to 2004-05
(At 1993-94 Prices)

State	Per capita GSDP (Rs.)			Growth rate		
	1993-94	1999-00	2004-05	1994-00	2000-05	1994-05
Uttarakhand	7674	12967	22425	9.14	11.58	10.24
Himachal Pradesh	8857	20410	30880	14.93	8.63	12.02
Jammu & Kashmir	7545	14180	18768	11.09	5.77	8.64
Uttar Pradesh	5745	10287	13179	10.20	5.08	7.84
All-India						

Source: CSO (2006).

The secondary sector has registered a highest compound annual growth rate of over 14 per cent in Uttarakhand. The registered organized manufacturing has been the major driver of growth in the GSDP as it registered highest annual increase of over 17 per cent during the period. The annual growth of GSDP in services sector almost doubled to 10 per cent during the period. The growth in GSDP has been appreciable in trade and transport sectors. The process of growth could hardly touch the agriculture

sector, as it remained lowest at about 2 per cent per annum during the period 1999-2000 to 2004-05. If we compare the growth of GSDP in the state during the earlier period of 1993-94 to 1999-00- prior to its formation- a definite impact of the policies of the new state is clearly visible in all sectors of the state's economy except agriculture (Table 3).

Table 3
Annual Compound Growth of GSDP (At 1993-94 Prices) by
Industry in Uttarakhand

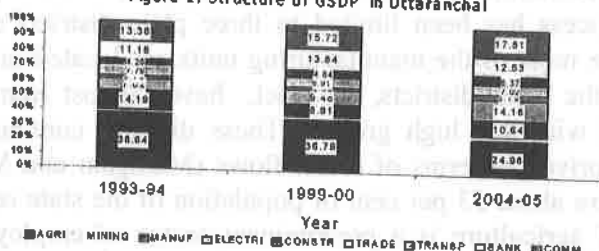
Industry	Growth rate	
	1993-94 to 99-00	1999-00 to 2004-05
Agriculture & allied activities	2.33	1.81
Mining & quarrying	3.75	29.18
Manufacturing	-4.52	13.99
Electricity, gas & water supply	8.46	19.23
Construction	2.00	20.42
Trade, hotels & restaurants	1.19	10.39
Transport, storage & communication	5.39	16.28
Banking & insurance	6.92	7.87
Community and social services	6.01	12.81
All	3.17	10.03

Source: CSO (2006).

The structure of GSDP has changed considerably in the state particularly over a period of last five years. The share of agriculture in GSDP declined by about 12 percentage points-- from 36.8 per cent in 1999-2000 to 25.0 per cent in 2004-05. The relative share of secondary sector increased by over seven percentage points with nearly 2 percentage points in manufacturing and 4.7 percentage points in the case of electricity, gas and water supply. The share of services sector has increased

marginally by 2.4 percentage points, yet it remains the largest contributor to GSDP (43.7 per cent in 2004-05) (see Figure 1).

Figure 1: Structure of GSDP in Uttarakhand



A comparative picture of the structure of GSDP among Uttarakhand, Himachal Pradesh, Jammu & Kashmir and Uttar Pradesh shows a fairly large share of manufacturing in Himachal Pradesh (Table 4). This also explains to a certain extent the high per capita GSDP in Himachal Pradesh. In fact, manufacturing provides opportunity for a wide spectrum of skills not only within the sector but also outside the sector such as induced demand for services. On the other hand, the services sector is predominated by low skills (mainly relating to trade and services) which are hardly able to generate any induced demand for goods and services.

Table 4

Structure of GSDP, 2004-05: A Comparison among Selected States

State	Primary	Secondary	Tertiary	Total
Uttarakhand	27.96	27.27	44.77	100.00
Himachal Pradesh	25.40	35.59	39.01	100.00
Jammu & Kashmir	29.59	17.82	52.59	100.00
Uttar Pradesh	34.39	21.92	43.69	100.00
All-India				

Source: CSO (2006).

In brief, the economy of Uttarakhand has steadily followed a path of higher economic growth since its formation. However, this growth process has been limited to three plain districts of the state. Since most of the manufacturing units are located in these districts, the hill districts, in fact, have almost remained untouched with this high growth. These districts continued to remain deprived in terms of credit flows (Mamgain and Mehta, 2006) where about 53 per cent of population of the state resides. Low yield agriculture is a predominant sector of employment, more so in hill districts of the state. In fact, lack of gainful employment opportunity had been one of the major reasons for the demand for a separate state of Uttarakhand. In such situation, understandably poverty is widespread in the state. This is discussed in the next section.

II. Poverty

For the first time Planning Commission has provided the estimates of poverty for Uttarakhand based on the recent 61 Round data of the NSSO. According to these estimates, nearly 40 per cent of population in the state is living below poverty line during the year 2004-05. This is very high (about 12 percentage points) as compared to national average. The state, thus, has the dubious distinction of being the fifth largest state in India in terms of poverty. In contrast, the percentage of poor is as low as 10 per cent in Himachal Pradesh and Jammu & Kashmir (Table 5).

Uttarakhand	39.75	17.82	22.70	100.00
Himachal Pradesh	10.39	11.92	42.89	100.00
Jammu & Kashmir	10.39	17.82	22.70	100.00
All India	27.55	17.82	22.70	100.00

Table 5
Poverty in Uttarakhand and Other Selected States, 2004-05 (Based on Uniform Recall Period)

State	Rural	Urban	Combined
Uttarakhand	40.8	36.5	39.6
Himachal Pradesh	10.7	3.4	10.0
Jammu & Kashmir	4.6	7.9	5.4
Uttar Pradesh	33.4	30.6	32.8
All India	28.3	25.7	27.5

Source: Planning Commission, 2006

It merits mention here that poverty estimates based on calorie intake norm (consumption expenditure) generally remain at lower side and are inadequate in explaining various forms of poverty, particularly in the context of hill/mountain regions. Mountain conditions, terrain, and climate make it absolutely necessary that people have a higher minimum energy and calorie intake, in their food, for survival than in the plains and that they have minimum clothing, including warm clothing and permanent shelter, to protect themselves from the extremities of weather and climate. Use of common consumption norms to measure the well-being of the people in these aspects, therefore, may place many people in hills/mountains above the poverty line even though their basic needs have not been fulfilled. Poverty ratios based on consumption, using common 'poverty line' are likely to indicate that many people who are not able to meet their basic survival needs according to local conditions are non-poor; and thus the incidence of poverty is shown to be lower in mountain areas that even in relatively better-off regions in the plains (Papola, 2002). Papola (2002) shows how a poverty line taking into account (i) higher energy/calorie intake, (ii) greater non-food needs for clothing and shelter for survival, and (iii) higher prices prevalent in mountain areas, becomes much higher (about 70 per cent) for mountain areas. In case of Uttarakhand it is also seen how

poverty ratio was very low (17.1 per cent in 1999-2000) by applying the state average poverty line expenditure of Uttar Pradesh—the parent state. Now there is a steep jump in poverty ratio (39.6 per cent in 2004-05) simply because of applying consumer price index prepared by the new state of Uttarakhand. The poverty ratios based on state price index again are unable to capture the poverty in hill/mountain areas of the state. This can be seen in a marginal difference in poverty ratios between rural (mostly in hilly areas) and urban (mostly in plains). In fact, poverty ratio is likely to be much less in plain districts of the state if one applies the consumer price index for plain districts separately.

This anomaly in poverty measurement can be further argued if one compares the availability of land as a productive asset in hill and plain districts of the state. There is comparatively a very less incidence of landlessness among rural households in the hill districts as compared to plain districts (Mamgain, 2004). However, the average size of land holdings in hill districts is very low as compared to plain districts. More than one-tenth of land holdings in hill districts are less than 0.25 hectare size, which could be termed almost landless; another half of the land holdings are between 0.25 to 0.5 hectare sizes. Similarly, the productivity of land is abysmally low (less than half) in hill agriculture as compared to plain areas (Mamgain, 2004). Thus, the condition of most of those working in agriculture in hill districts is not different than those working as agricultural labour in plain districts.

In fact Uttarakhand is largely facing a problem of working poor, which does not appear to be so in the case of Himachal Pradesh and Jammu & Kashmir. This can be seen in the relatively lower rate of unemployment and higher incidence of poverty in

Uttarakhand than Himachal Pradesh and Jammu & Kashmir. This type of syndrome can be noticed both in rural and urban areas of Uttarakhand.

III. Growth And Structure Of Employment

It will be appropriate to understand the growth and structure of employment in Uttarakhand in the context of a very high rate of economic growth accompanied by high incidence of poverty in the state.

1. Growth in Employment

We have calculated the growth in employment in Uttarakhand by using both Census and NSS sources. The Census data show a decline in employment growth during 1991-2001. In fact, there has been an absolute decline in the number of main workers in the state (from 2.16 million to 1.97 million) during 1991 to 2001. Though there has been a decline in the case of both male and female workers, the decline is more pronounced in case of female workers during the period. The absolute decline in the number of main workers is observed only in rural areas of the state. As against this pattern, in urban areas female employment increased by 3.8 per cent per annum and that for males by about 1.4 per cent during the same period. However, during 1981 to 1991, there has been a positive growth of more than 2 per cent in the case of the main workers in the state (Table 6).

Taking both the main and marginal workers in the state together, their number increased from 2.49 million in 1991 to 2.71 million in 2001, recording a compound annual growth rate of 1.07 per cent. The growth was comparatively higher (1.2 per cent) in the case of male workers as compared to female workers (0.81 per

cent). If we compare the earlier decade i.e. 1981-1991, there was a higher growth rate (2.25 per cent) of total workers in Uttarakhand. However, the decline in the growth rate of female workers was much steeper — from 2.8 per cent during 1981-1991 to 0.8 per cent during 1991-2001. The rural areas witnessed a steep deceleration in employment growth during 1991-2001.

Table 6
Annual Compound Growth Rate of Workers in Uttarakhand

Area/ Sex	Main workers		Main plus marginal workers	
	1981-91@	1991-2001	1981-91@	1991-2001
Rural				
Person	1.80	-1.28	1.99	0.55
Male	1.38	-1.17	1.45	0.74
Female	2.46	-1.47	2.65	0.33
Total				
Person	2.10	-0.65	2.25	1.07
Male	1.84	-0.45	1.89	1.22
Female	2.61	-1.12	2.78	0.81

Note: @ Excluding Hardwar district.

Source: Computed from Census of India, 1981, 1991 and 2001.

The decade of 1990s witnessed an accelerated pace of marginalisation of the workforce both in Uttarakhand and India. The percentage of marginal workers in population almost doubled to 10 percentage points in Uttarakhand during the period 1991-2001. The degree of marginalisation was however more pronounced for rural male workers in the state. Thus, the decade of 1990s witnessed deteriorating employment opportunities for stable employment in the state, and more so in its rural areas (Mamgain, 2004).

The growth rate in employment calculated on the basis of NSS data also corroborates a faster deceleration in employment growth in Uttarakhand during the 1990s. The fall was even more pronounced among the females. While at all-India level compound annual growth of employment was positive at about 1.25 per cent (Table 7).

Table 7
Employment Growth in Uttarakhand and All-India during 1983 to 2004-05

Period	Uttarakhand			All-India		
	Person	Male	Female	Person	Male	Female
1983-88	0.62	0.84	0.36	0.94	1.18	0.45
1988-94	2.83	1.97	3.88	2.92	3.06	2.65
1994-00	-1.44	-0.29	-2.84	1.06	1.42	0.27
2000-04	3.48	4.65	1.84	3.09	2.65	4.04
1983-04	0.51	0.65	0.34	1.25	1.43	0.87

Source: Various Rounds of NSSO.

There has been a significant uptrend in the annual growth rate of employment during the period 1999-00 to 2004-05, both in Uttarakhand and all-India—3.5 per cent and 3.09 per cent, respectively (Table 7). This growth is witnessed both in the case of males and females and also in rural and urban areas of Uttarakhand as well as all-India. However, four distinct features of growth of employment in Uttarakhand as compared to all-India during the period 1999-2004 are as follows. First, growth in male employment has been much higher in Uttarakhand (4.7 per cent) whereas that for females was higher in all-India (4.04 per cent). Second, urban areas of Uttarakhand witnessed a much higher growth of employment for both the sexes as compared to its rural areas. Third, growth in female employment in rural areas of Uttarakhand is comparatively much low (1.4 per cent) as compared to that at all-India level (3.8 per cent). Fourth, the gap

in growth rates between rural and urban areas, in fact, is comparatively very high (2.5 percentage points) in Uttarakhand than all-India. These trends clearly show faster increase in employment opportunities for males in Uttarakhand since its formation in 2000. The growth in urban areas of the state has definitely resulted in the growth of employment opportunities both for males and females therein. However, such opportunities are yet to percolate to rural women in the state, particularly in its hill districts.

Sectoral Pattern in the Growth of Employment

The decade of 1990s witnessed an absolute decline in the number of workers in agricultural sector in Uttarakhand, and thus, witnessed a negative growth (-0.42 per cent per annum). Other sectors witnessed a substantive growth in employment. Both manufacturing and construction witnessed a compound growth rate of over 7 per cent per annum. Growth of employment in trade and transport was 4 and 5 per cent, respectively during the decade 1991-2001. However, this growth was not adequate enough to absorb the huge decline in employment in agriculture, thus, restricting the overall employment growth at about 1 per cent during the period, 1991-2001 (Table 8a).

Table 8a
Sectoral Growth in Employment in Uttarakhand
during 1991-2001

Sector	Compound annual growth rate		
	Rural	Urban	Total
Cultivator	-0.36	-4.94	-0.42
Agriculture labour	0.53	-3.92	0.20
Livestock, forestry, etc.	4.28	-5.80	2.06
Mining and quarrying	16.42	10.24	15.45
Manufacturing HH	9.67	8.35	9.39
Manufacturing non- HH	9.46	3.86	6.56
Construction	10.09	4.76	7.93
Trade and commerce	5.28	3.50	4.19
Transport, storage and communication	6.44	3.07	4.65
Other services	-2.29	2.30	0.01
All	0.75	2.50	1.08

Source: Census of India, 1991 and 2001.

The NSSO data also provides almost similar features of sectoral growth of employment during the 1990s, barring an exceptionally higher annual rate of decline in agriculture sector (-3.1 per cent). But unlike the earlier period, i.e., 1993-94 to 1999-2000, employment in agricultural sector grew at 3.5 per cent per annum during the later period, 1999-2000 to 2004-05. The growth of employment in trade and transport has been impressive-- about 10 per cent and 8.4 per cent, respectively during this period. Manufacturing also registered a moderate growth of 2 per cent in its employment during the period 1999-2000 to 2004-05 (Table 8b).

Table 8b

Sectoral Growth in Employment in Uttarakhand

Industry	Compound annual growth rate		% distribution of additional employment generated during 1999-00 to 2004-05
	93-94 to 99-00	99-00 to 2004-05	
Agriculture and allied activities	-3.12	3.47	64.68
Mining & quarrying	-		0.00
Manufacturing	17.01	1.98	3.06
Electricity, gas & water supply	34.26	-12.92	-2.73
Construction	11.11	-0.12	-0.27
Trade, hotels & restaurants	15.7	10.32	22.23
Transport, storage & communication	11.78	8.44	6.65
Banking & insurance	15.25	-6.29	-2.45
Community and social services	2.11	3.12	8.51
All	-1.44	3.48	100.00

Source: Various Rounds of NSSO.

In brief, the impressive growth in employment (over 3.45 per cent) in Uttarakhand during the period 1999-2000 to 2004-05 has been largely confined to agricultural sector. This can be seen in Table 8b. Agricultural sector alone generated a highest 65 per cent of the total additional employment over the period. Trade, hotels and restaurants generated another highest 22.2 per cent of the additional employment. In all, the services sector generated 38 per cent of the additional employment; and manufacturing sector

generated about 3 per cent additional employment in the state during the period, 1999-2000 to 2004-05 (Table 8b). In other words, the growth process of the state is not releasing its workforce from largely subsistence agriculture to non-agricultural sector. This pattern of sectoral growth in employment may have serious implications for growing sectoral inequalities in the earnings of the workers in the state.

2. Structure of Employment

The NSS 61st Round data (2004-05) on employment and unemployment shows agriculture still a dominant sector of employment. It employed over 60 per cent of the state's workforce in 2004-05. While comparing with all-India, the share of agriculture in employment is relatively higher by 6.6 percentage points in Uttarakhand in 2004-05. Next to agriculture is the services sector, which employed about one-fourth of the workforce in the state. The remaining 12.7 per cent workforce is employed in the secondary sector. Within the services sector, public administration and trade are the main sub-sectors each employing nearly one-tenth of the total workforce. The share of manufacturing in employment in the state is abysmally low at about 5.5 per cent (Table 9).

Table 9
Structural Shifts in Employment in Uttarakhand

Industry	1993-94	1999-00	2004-05
Agriculture and allied activities	58.56	64.46	61.69
Mining & quarrying	0.25	0.00	0.00
Manufacturing	2.12	5.50	5.54
Electricity, water etc.	0.18	1.06	0.48
Construction	3.29	8.23	7.16
Trade, hotel and restaurant	2.83	6.75	10.06
Transport and Communication	1.26	2.43	3.33
Finance, insurance and business etc.	0.73	1.70	1.05
Public administration, education & community services	8.09	9.87	10.66
Total	100.00	100.00	100.00

Source: Various Rounds of NSSO.

In the case of rural areas in Uttarakhand, an overwhelmingly large majority (78.4 per cent) of workers (UPSS) are employed in agriculture and allied activities in 2004-05 and the remaining 21.6 per cent in rural non-farm activities. The share of rural non-farm employment is thus comparatively much lower in Uttarakhand than the national average, Himachal Pradesh and Jammu & Kashmir – 5.5, 8.8 and 14.5 percentage points, respectively (NSSO, 2006). Within the non-farm sector construction is a dominant activity in rural areas as it employed about 6.1 per cent of the rural workforce in the state during 2004-05. The next largest employer is ‘other services’ sector--mainly public

services-- accounting for about 5 per cent share in rural employment. Trade also provides employment to 4.4 per cent of the rural workforce in the state.

Gender-wise, about 37 per cent of rural male workforce is employed in the rural non-farm sector. On the other hand, more than 96 per cent of rural female workers are employed in the agricultural sector during the year 2004-05. Thus, rural non-farm employment is mainly the domain of males, with limited access to female workers.

The NSS data show a marginal decline in the share of agricultural employment during the period 1999-2000 to 2004-05. If we look into a longer period, i.e. 1993-94 to 2004-05, there has been a decline of over 12 percentage points in the share of agriculture (Table 9). This pattern has been repeated in rural areas. This also shows the importance of agriculture acting as a cushion for absorbing the excess supply of labour by the households. Self-employment is still a predominant mode of employment. As stated earlier, the structural shift has been mainly observed in the case of male workers in the state.

Yet another important feature of structural shift in employment is a steady increase in the share of trade, hotels and restaurants in employment in the state over the past 10 years. The share of this sector in rural employment more than doubled between 1999-00 and 2004-05 (Table 9).

The structure of employment significantly varies across hill and plain regions of the state, even if we see it for the rural areas. The percentage of workers in rural non-farm sector is comparatively much lower at 23.1 per cent in hill areas. The

corresponding figure for plain regions is much higher at 38.6 per cent during the year 2001 (Table 10).

In brief, the structure of employment in Uttarakhand, particularly in its rural areas (and that too in hill regions), is predominated by low yielding employment in agriculture. This is seen in the following section, which examines the pattern of per worker GSDP across nine major industrial categories.

Table 10
Structure of Employment in Hills and Plain regions of
Uttarakhand, 2001

Region		Farm			Non-farm		
		Person	Male	Female	Person	Male	Female
Hills	Total	69.33	49.29	90.91	30.67	50.71	9.09
	Rural	76.92	59.25	93.12	23.08	40.75	6.88
	Urban	3.59	1.65	16.18	96.41	98.35	83.82
Plains	Total	41.16	38.42	53.91	58.84	61.58	46.09
	Rural	61.37	59.61	67.93	38.63	40.39	32.07
	Urban	5.03	4.81	6.75	94.97	95.19	93.25

Source: Population Census of India, 2001.

3. Quality of Employment

(i) Predominance of Multiple Employments

The higher incidence of poverty, particularly in rural areas of Uttarakhand can be traced in the quality of employment. Substantive percentages (more than one-fifth) of principal workers also undertake cultivation as their secondary activity (Mamgain, 204). Since agriculture and animal husbandry are major occupations among the rural workforce, these are interchangeably reported by the bulk of the sample workforce. Nearly 30 per cent of cultivators undertake animal husbandry as their secondary occupation and 54 per cent of principal workers

in animal husbandry also work as cultivators as their secondary activity. About 12 per cent of cultivators work as casual wage labourers and 5.5 per cent as self-employed in petty trade and business as their secondary activity (Mamgain, 2004).

As is obvious, the extent of multiplicity of activities is highest among wage labourers—about 81 per cent of agricultural labour and 68 per cent of non-agricultural labour pursue secondary activity. Among the agricultural labourers, 40 per cent do cultivation, 10.7 per cent practice animal husbandry and 29.3 per cent work as casual wage labour in the non-farm sector. Similarly, more than half the non-agricultural wage labourers also cultivate land and 13.3 per cent work as agricultural labourers. Among the self-employed in trade and business, about 70 per cent also take up secondary employment—more than two-thirds alone are engaged in cultivation and another 1.2 per cent also work as casual wage labourers. This also suggests that trade and business is mainly being pursued as a survival strategy. Understandably, a very high percentage of workers in regular salaried jobs (more than 84 per cent) do not take up secondary employment, the remaining are mainly engaged in cultivation (Mamgain, 2004). Livelihoods among the rural households in mountain region of Uttaranchal are highly diversified. However, this kind of diversification has been mainly in low yielding activities thus serving merely as a coping mechanism for nearly 60 per cent households (Mamgain, 2004)

(ii) Low Levels of Earnings

As emerges from earlier sections, a very large percentage (nearly 62 per cent) of the agricultural work force contributes only 28 per cent of the GSDP in Uttarakhand. Accordingly,

per worker GSDP in agriculture is lowest at Rs. 11,164 (at 1993-94 prices), which is almost 2.5 times lower than the average of the state. Construction, which employs nearly another 7 per cent of the workforce, is yet another sector with marginally higher per worker GSDP (Rs. 12950) than agriculture (Rs. 12950). If we exclude electricity, gas and water supply, and banking (these sectors have a significant contribution to the GSDP of the state), per worker GSDP is highest in manufacturing (Rs. 59981). This is closely followed by transport, storage and communication sector (Rs. 58841) during the year 2004-05 (Table 11).

Table 11
Relative Difference in per Worker GSDP (%)

Industry	1993-94	1999-00	2004-05
Agriculture and allied activities	100	100	100
Manufacturing	949	293	508
Electricity, water etc.	5,566	1,719	8,030
Construction	97	43	113
Trade, hotel and restaurant	384	195	188
Transport and communication	474	353	507
Finance, insurance and business etc.	2,155	1,550	3,196
Public administration, education & community services	235	301	448

Source: 1. CSO (2006); 2. NSSO, Various Rounds.

A look into growth rate in per worker GSDP brings out some interesting features. Growth in per worker GSDP turned to negative in the agriculture sector---a major employment-providing sector-- during the period 1999-2000 to 2004-05. This has happened due to relatively rapid growth in employment in agriculture during this period. This reflects the distress situation of workers who are forced to work in agriculture sector despite

declining real income levels therein. On the other hand, per worker GSDP increased steadily in the services sector except trade. It increased at a fastest rate in construction and manufacturing sector during the period 1999-2000 to 2004-05 after an initial negative growth during the earlier period, i.e. 1993-94 to 1999-2000 (Table 12).

Table 12
Industry-wise Growth Rate of GSDP
per Worker in Uttarakhand

Industry	Compound annual growth rate	
	1993-94 to 99-00	1999-00 to 2004-05
Agriculture & Allied	5.62	-1.61
Mining & Quarrying		
Manufacturing	-18.40	11.78
Electricity, Gas & Water Supply	-19.22	36.92
Construction	-8.20	20.56
Trade, Hotels & Restaurants	-12.54	0.06
Transport, Storage & Communication	-5.72	7.23
Banking & Insurance	-7.22	15.12
Community and Social Services	3.82	9.40
All	4.67	6.33

Source: Various Rounds of NSSO.

The situation in the hill areas of the state is more serious where productivity in agriculture is very low (even less than half in case of major crops such wheat and rice) as compared to plain areas (Mamgain, 2004). Furthermore, the hill's agriculture which largely depends on climatic conditions is subject to large fluctuations and uncertainties in production. A recent study by

Mamgain et al. (2005) also shows that nearly half of the labour input in agricultural sector (employing nearly 70 per cent of the rural workforce) in hill districts of Uttarakhand could not fetch up even a minimum wage level (Rs. 60) during the year 2004 (Table 13). This only indicates a very high incidence of underemployment among those engaged in these two sectors.

Table 13
Percentage Distribution of Total Person days by Range of per Person day Average Earnings in Hill districts of Uttarakhand

Range of per person day earnings (Rs.)	Self-employed in agriculture	Self-employed in animal husbandry	Casual wage labour	Self-employed in non farm activities
Upto 30	14.85	23.25	0.16	10.36
30-60	33.16	30.14	10.06	14.77
60-90	22.14	25.82	54.75	17.84
90-150	19.80	15.60	34.74	26.70
150+	10.05	5.18	0.29	30.33
All	100.00	100.00	100.00	100.00

Source: Mamgain et al. (2005).

In sum, it appears that the benefits of a fairly higher growth in income in Uttarakhand has yet to reach to hill districts of the state, which are predominantly agrarian with extremely low levels of productivity. This precarious situation needs to be reversed through appropriate policies and programmes with a special focus on the development needs of such regions.

4. Impact of Government Employment Programmes

A number of government programmes have been evolved over the years to alleviate poverty and unemployment both in rural and urban areas. One set of programmes is aimed at improving the

income levels of poor households by providing them productive assets. Another set of programmes provides wage employment to poor households. These two sets of employment generation and poverty alleviation programmes are also in operation in Uttarakhand. A study by Mamgain et al. (2005) has assessed the impact of these programmes in all the hilly districts of Uttarakhand in terms of employment and income generation. In case of self-employment programmes, the study finds a large gap that exists between the demand for self-employment programmes and availability of funds-- only 38.1 per cent of the SHGs could qualify for the first grading. Among those qualifying first grading, a very low proportion (21.2 per cent) could be eligible for the second grading where they are declared eligible for bank loans.

In fact, there is a complete lack of knowledge among villagers about income potential activities except dairy work. Many of the SHGs are functioning as thrift and credit societies. No instrumental help comes either from block officials or NGOs in identifying income potential activities and the markets available for their products. In fact, most of the village development officers do not have any knowledge about the potential of activities in their area. They have not been adequately trained to promote income potential activities.

Given the higher incidence of underemployment and low income levels among the population in the mountain districts of Uttarakhand, the demand for wage employment programmes is fairly high. A study by Mamgain (2004) shows a fairly higher participation of rural households (39 per cent) in government wage employment programmes in the hill districts of Uttarakhand. But the average days of employment in a year do not exceed 16 days. Another study (Mamgain et al., 2005) also shows a dismal picture of

wage employment programmes. On an average, a household participating in SGRY could get 14 days employment in a year. This is a minuscule in the existing situation of underemployment and unemployment in the hill districts of Uttarakhand. There is, therefore, a need for a meaningful employment strategy to ameliorate the problem of underemployment and poverty among rural households in the hill districts. The National Employment Guarantee Scheme, in fact, needs to be operated in all the districts inflicted with the high incidence of poverty in an earnest manner.

IV. Summing Up

The pattern of growth in employment has been disappointing in Uttarakhand as it appears to be largely distress-driven, particularly in the hill districts of the state. Agriculture still remains a last resort by absorbing the major share of additions in the workforce. Though the structure of employment has been shifting in favour of non-agricultural sector over the years, this has been mainly in the case of male workforce. There has been hardly any shift in the structure of female employment in the state, particularly in its rural areas. They continue to remain the back bone of agriculture in the state, particularly in the hill region.

The double-digit growth in GSDP in the state since its inception could hardly reach to agriculture and more so to rural areas in the hill districts. In fact per worker real GSDP in agriculture sector—a major employer of the workforce—declined in absolute terms during the period 1999-2000 to 2004-05. Similar pattern is also observed in the case of 'trade, hotel and restaurants' sector. Other sectors witnessed a faster growth in GSDP per worker. In brief, the income inequalities between agriculture and non-agricultural sector have further widened over the years. This only shows a distress situation

prevailing in the rural areas of the state. This is also reflected in higher incidence of poverty in the state.

The state government has initiated a number of policy measures since its formation to promote the overall development of Uttarakhand including generation of productive employment opportunities. Since the state is nearly seven years old and various policies initiated have yet to be implemented on a full scale, it is too early to comment on the impact of such policies on employment generation. However, first hand field experience in rural areas and discussions with various line departments of the state government indicate that there is a big gap between the productive employment needs of rural households and the efforts that are being made by the government towards this end. The bias in credit flow for priority sectors is yet another example where the banking sector prefers to finance only developed districts and is hesitant to take risks in the hilly districts. In this process, the gap in development is bound to increase. The New Industrial Policy of the state, therefore, should ensure balanced industrial growth by attracting more capital to backward districts, particularly in the hill areas.

There are several constraints towards generating remunerative employment opportunities within and outside the farm sector. These need to be addressed by policy planners. The biggest challenge is to improve the productivity of agriculture in hill region of the state through its diversification from the existing subsistence cereal based production to market oriented enterprise. The efforts made so far in this direction need to be geared up on a larger scale along with developing strong market linkages. Yet another major challenge is to educate and train people of the state, particularly females in the hill districts of Uttarakhand to switch over to the commercial mode of farming. Since Uttarakhand is endowed with relatively a higher

human capital stock, it will be easier to train them in market oriented skills on a larger scale. This will improve their employability both within and outside the state. More importantly, there is a need to develop entrepreneurship among the youth in Uttarakhand, which they generally lack. The basic tendency is to search for wage employment, even at abysmally low wages. This needs to be corrected through developing area-based entrepreneurship development training programmes.

In sum, the process of higher growth in Uttarakhand must percolate to its hill areas which have yet to witness a remarkable improvement in employment and income opportunities for their population. The development dreams of people of Uttarakhand as they visualized at the time of demand for new state, particularly those residing in hill districts must be addressed on a priority basis in the 11th Plan of the state.

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ROLE OF POVERTY ALLEVIATION PROGRAMMES IN PUNJAB: SOME FIELD LEVEL OBSERVATIONS REGARDING IRDP AND SGSY PROGRAMMES

Sukhdev Singh*

"Poverty is the curse of God. It deprives you of everything: food, clothing, shelter, your self-respect, and your humanity, even your soul. In poverty you suffer not only hunger, nakedness, the cruelty of cold and heat, the blind fury of nature's wild elements, you also suffer from humiliation, loss of human dignity"

-Gandhi Ji

"The Poor need both material and moral help. They are hungry for bread but they are perhaps even more hungry for love, sympathy, equality and brotherhood - you must give them both."

-Lala Hardyal

The alleviation of poverty has been on the prime agenda of various political parties that came into power after independence with ever changing rhetoric, resonance, and required refinements from time to time (Joshi: 1998, Hirway 2003, Sahota 2002, Ray 2000, Sundaram 2003, Sharma 1987). Broadly, various planned and poverty eradication programmes indicated a clear shift in their thrust areas and implementing mechanisms at various times. During the first phase, upto Third Five Year Plan, the emphasis was on the overall growth involving the entire population. In the

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Second phase the stress has been on food production largely through application of new technologies, seeds and chemical fertilizers, and now in the last phase, rural development is being viewed as a strategy designed to develop backwards areas with specific time-bound targets and groups largely through self employment opportunities. More than 60 programmes, besides the regional and state level efforts, have been chalked out and implemented notwithstanding bearing lot of questions marks on them.

In this paper a modest effort has been made to highlight the role of Integrated Rural Development Programme (IRDP) and Swarn Jayanti Gram Swarojgar Yojana (SGSY) which has come up with the amalgamation of previous Self Employment Programmes like IRDP, TRYSEM, DWCRA and MNS etc. A shift in development process is emerging from individual to group approach.

Poverty in Punjab

Punjab is considered as one of the economically advanced state of India having less population below poverty line. However, the real situation does not match the official figures. Many studies conducted by the various scholars indicated that prevalence of poverty is on much higher side than the official data. Singh (2007) reports "a survey (2004-05) of 140 small and marginal farmers household belonging to eight development blocks Bathinda district in Punjab exhibits the plight of poverty ridden households. If we go by the World bank parameters, those household who earn less than one U.S dollar per day, per person, are considered to be living below the poverty line the 86.46 per cent small and marginal farmers live below the poverty line". Maninder et. al. in her study of Sidhwanbet block also found high level of prevalence of poverty which inter-alia is evident from

high drop out rate, consumption patterns and health of the respondents.

Table 1
Population Below Poverty Line in Punjab And India

Year	Punjab	India
1973-74	28.08	54.93
1977-78	19.36	51.81
1983-84	16.29	44.76
1987-88	12.70	30.34
1993-94	11.77	35.97
1999-2000	6.16	26.10

Source: Planning Commission, Government of India

Theoretical Backdrop

Culture is one of the important aspects in analyzing and interpreting the relations in groups, communities and society. Culture is what a person learn as a member of any community and society. The culture is a product of man-made parts of the environment and subsumes an ensemble of knowledge systems, beliefs, traditions, language, arts, literatures coalescing into a collective world view (Harshe: 2006). The cultural patterns emerged overtime are value system which greatly influence the behaviour of inhabitants are slow-paced with regard to change as they resist changes in the old structure. This study is seen in the light of this process as the beneficiaries/ loanies are not isolated entities rather their behaviour is influenced by the community values, beliefs and its needs. As most poverty eradication programmes are focused on the lower sections of population, the attitudes and belief system of these loanies towards new enterprises and participation in development process may be marked by success or mar by disturbing failure (Thudipara 1994,

Alexander & Kumaran 1992, Kaur et. al. 1996, Beteille 2003, Pattanaik 2003). Beteille writes that social isolation creates its own habits and practices. Absenteeism, irregularity and a casual attitude to work become the norms. Kaur et. al. note that the poor are socially alienated as they live in a separate colonies and are not able to get much benefits of development process. Thus the behaviour of the respondents is one of the referents of the study providing rationale and theoretical-perspective of the study.

Data and Base of Discussion

The observations made in this paper are based on data collected for studies on Integrated Rural Development Programme (IRDP) and SJSY. The Study on IRDP was conducted in the villages of Patiala district by the author. The lists of loanies, who took loans under IRDP were obtained from the branches of various concerned banks. Out of 130 randomly selected respondents, 45 each had obtained loans for dairy and small business, while 20 each for piggery and poultry. The respondents were classified according to their caste category, income and land etc. Some tables of data are avoided for sake of brevity of the presentation. The author has worked in Centre For Studies in Rural Development for about 10 years, at Punjab Agricultural University and remained associated with various empirical studies conducted on various issues of rural life, such as role of PRIs in village life, rural cooperatives, rural industrialization, rural poverty, rural education, problems of scheduled castes etc. So the experience gained though these studies proved helpful to discuss the issue of poverty alleviation. Also Lessons learnt from Hambran experiment under the guidance of Dr. D.S.Dev helped to view the development work with a close look. The discussion on SJSY is based on data collected from nine self help groups of Ludhiana district, interviews with the bankers and the studies

conducted by scholars of department of economics, PAU, (Singh 2006, Vatta 2001, Rangi et al. 2002) . Also relevant secondary data are used. Further, to get the feed back on various issues of developmental programmes the author interviewed about 80 farmers during Kissan Mela (Farmers Meeting) on 17th & 18th March 2007 at PAU, Campus by virtue of his duty.

Table 2
Progress of IRDP since its Inception Regarding Assistance & Funds

Period	Physical Target (in lacs)	Achievement (in lacs)	Allocation (in crore)	Utilization (in crore)	Total Credit (Subsidy + Credit) (in crore)
1980-85	151.2	165.62	1766.81	1661.17	4762.78
1985-90	160.38	181.77	3000.27	3315.82	8080.56
1990-97	111.83	162.43	6499.21	6379.32	15186.31

Source: Pub. Div. Ministry of Information and Broadcasting, Government of India

Role of IRDP

The study on IRDP was initiated to assess the nature of beneficiaries, problems and constraints faced by the beneficiaries, utilization patterns and effect of loans on socio- economic status of the beneficiaries.

Identification of Beneficiaries

The first question was focused on the characteristics of the beneficiaries, with a view to find out as to whether or not the loans went to the really deserving persons. Sixty per cent of the respondents hailed from scheduled caste, whereas 23 per cent were from backward and less than 1/5th were from general caste

categories which indicated loans, by and large, went to the stratum of population for which those were intended to. 38% of the loanies had no land, while 18% and 32% belonged to the marginal and small farmer categories which shows that by the large loans were advanced to the deserving ones. From income side data indicated that loans were taken by the deserving ones. However, 12% of the undeserving people also managed to get the loans. Education does not seem to have much to do with obtaining the loan as 58% of the loanies were illiterate. On the issue of indebtedness it came out that most the respondents were under debts ranging from Rs 5000 to 50000 taken largely from informal sources. Many other studies in Punjab also support the high prevalence of indebtedness among the poor.

Sources of Information

Who made aware the respondents regarding IRDP programmes? To the query it turned out that 20 per cent each of them got information Gram Sewak and panchayat secretary (VLW) of the concerned villages. The other important sources were fellow villagers (21%), through DRDA camps (5.38), landowners (4.62%) and relatives (4%). DRDA itself proved to be a very weak source for providing information to the rural poor.

Time and effort spent on getting loans

Obtaining loans under IRDP programmes, however, was not an easy task. One has to run after the officials and go to city several times in order to get loans. Table 3 shows that on the average one has to visit the city 29 times to get loans. It also shows that the higher caste have to pay lesser number of visits to the city than lower ones. It also shows that one third of the loanies from scheduled castes have to pay more than 40 visits and one fifth had

to pay more than fifty visits. The average time for getting loans through DRDA was about 6 months with minor deviation where general caste took more time in receiving loans.

Illegal gratification to officials

Besides patience one requires ability to tackle the officials involved in the process of loan advancement. In this case it is mostly the money that moves these mares, 32% per cent paid bribe to the patwari who testify the economic position and the land that one owns, 60 per cent gave money to the veterinary doctor who has to testify the health of the milch animal and 16 per cent to cooperative secretary, who has to report about the loans availed by the applicant, and 54 per cent other like block and bank officials who have to provide loans. Recent interview with the farmers also testified that corruption is highly prevalent in various development works. One Sarpanch lamented that corruption has become a compulsion in overall development process. They cited lot of example from rural development programmes, PRIs and the rural cooperatives.

Table 3
Visits, Time spent and bribe to get the loan

A		B		C	
Visits City	Nos.	Time Spent	Months	Bribe to Officials	
Upto 10	12 (09)	General Caste	6.28	Patwari	41 (32)
11-20	25 (19)	Backward Caste	5.83	Veterinary Doctor	79 (60)
21-30	36 (28)	Scheduled Caste	5.83	Cooperative Secretary	21 (16)
31-40	31 (24)	Average Time	5.91	Others	70 (54)
41+	26 (21)				
Average visits	29				

Multiple Response (Figures in parentheses are %age)

Table 4
Utilization of Loans

Caste Categories	No.	Proper	Marriage	Litigation	Debt Removal	Other Purposes
General	23	11 (44)	2 (9)	1 (4)	2 (9)	8 (34)
Backward	30	13 (43)	1 (3)	--	4 (13)	12 (41)
Scheduled	77	29 (26)	6 (8)	1 (1)	6 (8)	44 (57)
Total	130	43 (33)	9 (7)	2 (2)	12 (9)	64 (49)

Utilization of loans

Only in one third of the cases the loans were utilized for the purpose for which those were procured. The extent of proper use of the loans was positively related to the caste position and the land ownership. On the whole over 2/3rd of the cases the loans were used for some other purposes. Marriage of the wards, removal of old debt, and consumption of loans for households work were major areas for utilizing loans. During field work it was noted many a time people apply for loans not to start the enterprises rather to use the money for other purposes. Surprisingly, many respondents obtained training certificates to get only loans.

Table 5
Effect of loans on the income and status of respondents

Caste	Nos.	Effect on Income			Effect on Status		
		Increased	Decreased	No Change	Rose	Fell Down	No Change
General	23	7 (30)	5 (22)	11 (48)	--	6 (27)	17 (74)
B.C.	30	7 (23)	6 (20)	17 (57)	4 (14)	9 (30)	17 (56)
S.C.	77	17 (22)	37 (48)	23 (30)	1 (1)	23 (30)	53 (69)
Total	130	31 (24)	48 (37)	51 (39)	5 (4)	38 (29)	90 (57)

One of the main question of research effort was to see the effect of these loans on the incomes of the loanees? Could they improve their lots? If so, to what extent. The findings showed that on the whole less than one-fourth told that their incomes increased and

loan proved to be helpful to them, while 37 per cent felt that their income decreased due to borrowing. This happened largely in the cases where more failure of business was reported and also in those cases who consumed the loans for meeting the other domestic needs. However 39 per cent respondents opined that loan amount could not cast any impact on their income.

How far did this borrowing lead to the improvement in status. Only 5 persons (about 4%) said that their status improved while 29 per cent said their status fell as a result of borrowing and a big part (58%) of the respondents did not experience any change due to borrowing. These people opined that due to failure of business they came under debt and many a times they are warned by the bank officials for repayment and they felt offended.

Satisfaction with subsidy and repayment of loans

Out of 130 respondents 26 percent opined that subsidy provided with loans was sufficient while more than one half (52%) told that subsidy was not sufficient. Some of them held that subsidy component of the loan was usurped by the officials. 22 per cent of the respondents did not respond either way.

Query regarding the repayment of loan indicated that 30 per cent of the respondents were not repaying the loans at all, while 35 per cent were repaying but not regularly. One forth of them told that they were repaying the loans installments regularly and 12 % had repaid the whole loan amount.

Adoption of Schemes

So far as the question of adoption of schemes was concerned it was found that caste status and adoption of dairy were

significantly positively associated i.e. higher the castes showed greater tendency to adopt dairy and small business; while piggery and poultry were started by scheduled castes. During field work it was noted that caste feelings and cultural pattern strongly effects the adoption of schemes. Still caste people hesitate to purchase the consumable items from the karyana shop of scheduled castes. Further it was noted that attitude towards self employment is not encouraging as most people wanted to join any private or Govt. job from where a regular flow of income may come.

Success of Schemes

Dairy was the most successful scheme in which no problem of feed and marketing was faced. However, almost all of those who started poultry faced the problems of procuring feed, shed problem and problems of marketing and hence the total failure of this scheme. The piggery scheme also suffered from all these problems to the same extend hence largely failed. Those adopting small business like karyana shops, mule cart, electrical works etc, however, showed more success. Study led to the conclusions that 'need-based' ventures were more successful rather the imposed ones. During the course of study author also interview some of the young persons who joined TRYSEM schemes. Most of them were found very casual toward adoption of self employed schemes. Most of the ventures started under TRYSEM were found totally failed.

Self Help Groups Under Swarnjayanti Gram Swarozgar Yojana (SGSY)

National Bank for Agriculture and Rural Development (NABARD)

The idea of self help group is largely came from Grameen Bank of Banglades, started by Mohammad Yonus to bridge the gap between formal and informal system. The first official interest in

group lending in India took shape during 1986-87 when national Bank for Agriculture and Rural Development (NABARD) supported and funded research project on saving and credit management of self-help groups of Mysore Resettlement and Development Agency. The basic objectives of promoting SHGs among poor is to develop the habit of saving and thrift among the members, capacity building, planning of activity of clusters, infrastructure build up, technology, credit and marketing. Micro enterprises in the rural areas are sought to be established by building on the potential of the rural poor enabling them to come above poverty line.

Table 6
Cumulative Number of SHGs under NABARD and SGSY in Punjab

	2000-01	2003-04	2005-06
SHGs under SGSY	1223	2328	4108
SHGs under NABARD	91	1648	4561
Total	1314	3976	8669

Table 7
Cumulative Credit Advanced to SHGS

	2001-02	2003-04	2005-06 (Rs. Million)
Under NABARD	19.05	82.99	216.86
Under SGSY	48.90	227.41	380.56
Total	67.95	310.40	597.42

Sources: Various annual reports of NABARD & Min. of Rural Development

Table 6 show at the total number of SHGs formed in Punjab from 2000-01 to 2005-06 is 8669. The point emerges from data is that the formation of groups over time is of slow paced. If one see the total number of groups in proportion to the total population and even poor population, only less than 1% of the population is being covered by these SHGs for assistance. Consequently, the finance being sanctioned under SHGs is also showing not big amount (Table 7).

Interview with the bankers, anganwadi workers, and beneficiaries gave an idea that formation of the workable group for carrying out development activity is very difficult largely due to non-cooperative attitudes of the people and glaring social barriers existing in the society. Heterogeneous social set up couched in caste structure is one of the big issues in formation of groups. Also SHGs are becoming gender specific as most (above 90%) are women.

Beneficiaries of SHGs

Author's own visits to various self help groups under SGSY led to conclusions that by and large, the group members deserve loans under SGSY similarly Singh (2006) study of 60 respondents from various SHGs of Hoshiarpur District indicated that the beneficiaries under self help groups mostly women of middle aged group, having no land most having little education, deserve assistance. Vatta's study also of Hoshiarpur district concluded that during 2000-01 there were 352 SHGs of which 199 belonged to below poverty line 153 above poverty line categories.

Ventures adopted by SHG

Most of the groups started various enterprises such as dairying, embroidery, stitching, suit painting, knitting, football making, beauty parlor, Duri Khes ban making, surf powder making, Achaar and squash making, preservation of vegetables noodle and toys making etc.

Contribution

Most of group member contribute 50 to 100 per member monthly and mostly a group consists 15 members. In the pre and post situation analysis it turned out most of the members have started saving.

Economic Impact

Most of the respondent interviewed by the author held that functioning self help group is proving a helpful economic activity in their family. Singh (2006) concludes that after joining SHGs, the average amount of annual income increase to Rs 54474 showing about 76 per cent increase than pre SHG situation. Rangi et al conclude that 44 per cent of the respondents borrowed from internal sources of the self help groups while 62 per cent of them had taken loans from the banks with the help of self-help groups. The internal loans from the SHGs generated an additional income of Rs.514. This figure was Rs 614 per month of external borrowings from the banks. Both types of loans to members have benefited them directly and indirectly for the economic empowerment. Moreover, these rural women have been saved from social and economic exploitation by the moneylenders, arthiya and others. Singh (2006) found that members under SGSY saved Rs 938 per month in post SHGs situation.

Social Impact

Most of the beneficiaries of the self help group agreed that their improved economic position, have incurred more respect in family and groups. Relations outside houses and accruing skill of finance management also boosting their morale. Singh (2006) writes 52 per cent of the respondents reported that increased availability of credit through SHGs had inspired them to start new income generating activities and it has increased their standard of living also. Availability of durable items in the houses of group members, including mobile phones with many, testify the fact.

Occupational Shifts

Joining SHGs has greatly help the beneficiaries to shift their occupation. Not even a single member worked as agriculture labour after joining the SHGs.

Problems of SHGs

(Problems with sponsoring agency and bankers): The most crucial problems, told by various officials, were; non formation of workable groups, lack of people's attitude in cooperative ventures, lack of skill and training at the level of the beneficiaries, culture of dishonesty at various levels, Consuming the subsidy parts and non creation of assets etc.

Problems of Beneficiaries

Non cooperation from branch heads, less amount for starting new enterprises, too many formalities with banks, non availability of training facilities, problem of marketing of the products and threat to the local products from big companies on reasonable

prices were major problems as told by most respondents. DRDA is not helping the beneficiaries to overcome these problems.

Concluding Remarks

Loans under IRDP went by and large to the deserving ones. However, lot of time and efforts were made by the beneficiaries to get loans and also they bribed various officials concerning to process. Only in third of the cases the loans were utilized in proper business while about half of respondents misutilized the loans for other purposes. Only one forth of the loanies could increase their incomes after these borrowings. The improvement in the status as a result of borrowing is not much encouraging as only less than 4% of the respondents could improve their status. No change was reported in about 69% of the cases. Repayment position of loans was found unsatisfactory. Adoption of schemes and their success is also correlated with socio cultural patterns.

Result of the studies on SHGs indicated that the formation of workable self help groups is on slow pace. Social barriers, unfavourable attitude towards common asset creation, lack of training are some major problems of SHGs which demand careful attention. However, the group approach activities started under SGSY and NABARD indicated that after joining the SHGs a sense of saving has emerged among members of groups. Besides, reasonable monthly income, the members have also been able to change their occupations. None remained as agricultural labour. Social status has also increased of most of the members. Keeping in view the above facts it can, therefore, be concluded that SHG approach has considerable potential, which should be tried with a positive attitude.

Suggestions

Providing rigorous training before starting the ventures, adequate institutional support from DRDA and bankers, encouraging people to join SHGs, and attitudinal change among the people and creating a 'work culture' in rural areas, conducive role of village leadership, establishing NGOs, are some of the suggestions which may further strength the development process. Understanding of changing rural society, migration patterns, urge of the deprived for respectable jobs are also crucial ones while framing policy regarding poverty alleviation programmes in the country.

"The village in India, where life was once portrayed as 'unchanging' and 'idyllic', has in recent decades seen profound changes. The twin shackles that once decided matters for India's villagers, caste and agriculture, no longer exercise their vigorous hold. While a break in caste rigidities has fostered greater fluidity in occupational choices, agricultural stagnation has ensured the constant march, in increasing numbers, of employable people in the villages towards urban areas. At the same time, vote bank politics, means that parties and politicians continue to pay lip-service to the cause of villages, chiefly to the poor and farmers. It is in the light of these changes that the 'culture' surrounding agriculture and villages needs to be understood." Dipankar Gupta: 2005

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REALIZING RIGHTS: THE NATIONAL RURAL EMPLOYMENT GUARANTEE PROGRAMME

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Historical Backdrop of the National Rural Employment Guarantee Act (NREGA)

Drought means that there is lack of homegrown food. Consequently, to get food people need to work. And with little work available during the lean hunger period, people look forward to work opportunities provided by the state. Food for survival and employment or work, thus get intermittently linked. The struggle of the civil society to ensure work and food during drought created history through the passage of the NREGA.

The summer of 2001 witnessed a severe drought in Rajasthan. Several groups from all over the state came together under the banner of Akal Sangharsh Samiti, Rajasthan, demanding that every adult who desired work be provided with work as stated in the Famine Code of the State, subsidized grain be provided to all people through ration shops irrespective of whether they were APL or BPL and that gratuitous relief in both cash and grain be provided on a monthly basis to the aged, infirm and the physically and mentally challenged. Importantly, this was the time when FCI godowns were full: 40 million metric tones in 2001 the volume of grain in the FCI Godowns increased to 65 million metric tonnes by 2002. This fueled the demand of the campaign for ensuring

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right to food¹ of the deprived. As the campaign intensified through the consecutive years, protesting on the streets and picketing outside the FCI godowns, little they knew that they were laying a foundation of a campaign on the right to food and work in the country that would play an effective role in ensuring people their food and work entitlements.

As the demand for the right to food was denied by both the Central and State Governments, under the banner of the People's Union for Civil Liberties, Rajasthan the 54 organizations that constituted the Akal Sangharsh Samiti, moved the Supreme Court in order to get the claim on the grain as payment for the employment works for the 4 crore people who were suffering from drought and as subsidized food from the PDS, irrespective of whether the families were BPL or APL.

The Supreme Court responded favourably in July of 2001 and since then has issued more than fifty orders relating to food entitlements for the whole of India and the case continues to be heard. The various Supreme Court orders made several Government schemes entitlements.

- Nutrition and hunger of children and thus the provision of hot, cooked Mid Day meals to all primary school children and the setting of an Anganwadi centre in every settlement through the ICDS scheme.

¹ Prof Jean Dreze brought centre stage the issue of hunger amidst over flowing FCI godowns. He made interesting calculations that if the number of sacks of grain that constituted the forty million metric tonnes were piled up one on top of the other, they would actually reach the moon and come back. Or if the sacks were put next to each other, they would go 26 times around the world that was the amount of grain that lay in the Godowns.

- Corruption free and transparent mechanism of providing subsidized food through the PDS through the implementation of Antyodaya Ann Yojana (AAY), and the Targeted PDS (cheap food for the BPL and APL beneficiaries at different prices).
- Implementation of the National Family Pension Scheme, National Maternity Benefit Scheme and the National Old Age pension Scheme and the Annapurna scheme (providing ten kgs. of free grain if not selected as a NOAPS beneficiary).
- Provision of employment at minimum wages through the SGRY.
- It also instructed that there be complete transparency of records of all food and work related schemes be maintained and it also gave the right to obtain copies of the required documents.

The Supreme Court through its orders in the PUCL case have connected the right to food Art 21 (right to life and liberty) of the Indian Constitution to Article 47 (right to nutrition), to Art 21 A (right to education - through mid day meals), Art 19 (right to freedom of Speech and Expression – through the notion of the right to information), Art 14 & 15 (right to equality and right to not be discriminated- by openly taking on the issue of dalit cooks for mid day meals).

Subsequent to the Supreme Court orders, several grassroots groups from around the country came together to work on the implementation of these orders. The Right to Food campaign grew out of this response. The campaign conducted several public hearings on hunger and starvation. Various groups in Jharkhand, Rajasthan, Madhya Pradesh and Maharashtra organized social audit of various food related schemes. The network of organizations organized the first convention on the right to food

in 2004. When the new Government led by the Congress party came into power the campaign started building pressure to ensure right to food for the poor by providing entitlements like the Employment Guarantee Act, increasing budgets for the ICDS and the Mid Meal Scheme, particularly providing appropriate money as conversion costs for the meal, addressing the issue of expansion of the PDS and addressing the right to food of vulnerable groups, land rights of Dalits and Adivasis.

The campaign successfully included formulation of an Employment Guarantee Act for rural and urban areas, strengthening and expansion of ICDS and Mid Day Meal in the Common Minimum Programme of the UPA Government. The National Advisory Council (NAC) which included two key persons of the campaign, namely, Aruna Roy and Jean Dreze brought the issue of a National Rural Employment Guarantee Act, the issue of increase in budgets of Mid Day Meals and ICDS among other issues centre stage in the NAC meetings. The campaign continued its activities until the National Rural Employment Guarantee Act was passed in 2005.

The NREGA

The NREGA works towards gradual realisation of several rights to the people of the country. The EGA gives a legal guarantee of employment of 100 days per household per year to anyone who is willing to do casual manual labour at the statutory minimum wage for Agriculture labour. The Act provides entitlement to being employed on public works without delay. Thus, an Employment Guarantee Act provides a universal and enforceable legal right to the most basic form of employment and an assurance of the fundamental right to live with dignity. The Act

provides for an approval of the gram sabha of various works to be undertaken in the panchayats.

This paper is based on the experience of the author regarding implementation of the National Rural Employment Guarantee Programme (NREGP) in two districts of Rajasthan, Dungarpur and Udaipur. Some findings relating to participation in planning, demanding work as a right, implementation processes, work wages, right to information and social audit as well as a preliminary analysis of the impact of the progress is presented below.

1. Ensuring the Right to Make a Choice

Though the decentralized governance and the Panchayati Raj provides for people's control over village resources, and more so in notified tribal areas, the mind-sets have not changed. For the tribals who have been systematically disempowered, it is difficult to realize that they own the forests and the lands, despite the constitutional mandate.

Lack of free, meaningful and active participation of people in planning the works to be undertaken makes the passive recipients like in any poverty reduction programme in the past and also the present. Though the gram sabha does make a decision on what work to be undertaken, the gram sabha itself is not very participatory and could keep voice of the marginalized groups out. And they could exit early on in the programme. Also the state has little experience of planning where people are allowed to make a choice. This is all the more important in tribal areas where work could also be undertaken on private lands. Exactly this has happened in the gram sabhas of Dungarpur and Udaipur. Though each asset created is great value to the community, it has

happened without much deliberation and participation. A number of road projects have been taken up but very few are bitumen roads. The gram panchayats have failed to assert with the Programme Officers to make provisions for pucca roads. And this is where the state government fails to fulfill its financial responsibility of providing 25 per cent material costs. Moreover, lack of information about works in private lands has resulted in no such proposals.

This then is also the failure of civil society organization who claim to work with people and the panchayats. Ideally, civil society organizations with technical support from Line Departments could involve people into a planning process where people actually make a choice. Beginning could made with few panchayats in one district and tying the planning with actual implementation. Learning from the experience, the strategy for further action could be devised. As the planning process brings people together in the first instance, it could possibly result in greater transparency when works are actually executed. Planning could be very detailed with number of person days required to accomplish the task and which particular households would commit to work in the task. If the right to make a choice is realised in this manner, it is hypothesized that most of the other issues detailed below would become irrelevant.

2. Ensuring the Right to Demand Work

Social Audit in Rajasthan has revealed that people are not exercising their right to demand work: they are unaware of the fact that they could demand work and the government is duty bound to provide them work. In practice, the applications seeking work are filled in just before the work commences (or may be even later to fill in the files). However, it is also to the credit of

district administration to have spent around Rs. 100 crore in each district in a single year (which is 50 per cent of the notional allocation made for a district), giving little space to civil society to plead for more work. the civil society has been engaged in the social auditing process and revealing cases of corruption, rather than addressing basic issues with the people to ensure their rights to make a choice and the right to demand work

Civil society organizations need to devise strategies to make people demand work as and when needed and address all such issues as to why applications are not received by the officials and devise appropriate mechanisms with the state to ensure that procedures are met, that unemployment allowance is paid for whenever guaranteed employment is not provided. Ex ante civil society engagement is as much as or rather more important than ex post concerns of social audit.

3. Right to Minimum Wage

In the two districts, only in the payments made by the Forest Department did the labour receive the full minimum wage of Rs 73 for a day's work. The same labour working on other works received significantly less than the minimum wage. This therefore, should lay to rest the argument about unwillingness of labour to work or a free-rider attitude in public works.

Thus, there could be two reasons for non-payment of minimum wage: (a) labour and its supervisor is not exactly aware of the amount of work they are expected to accomplish in the given time period. This is an implementation problem and could be easily overcome; (b) inadequacy in the Basic Schedule of rates and would require time motion studies to establish accurate wage rates for different works in disparate conditions.

Regarding (b) the government is aware of the problem and is carrying out time-motion studies. Regarding (a) the government takes the responsibility of not being able to recruit civil engineers for the purpose. Loss to the labour force due to these lapses is enormous, as is evident from what happened in Udaipur district.

In current financial year (upto January wages were paid for around 189 man days in Udaipur district. If full minimum wages were paid, the total disbursement would have been 138 crores but only 92 crores were disbursed as wages. The labour lost to the tune of Rs 64 crore. In this manner only two third of the wages were paid to the labourers, one reason being that the government could not appoint a few civil engineers or make alternative arrangements for measurement of the task undertaken. Social audit could highlight anomalies related to disbursement, measurement of task and quality of works undertaken. The labourers could get full wage if the present system of task measurement was corrected.

4. Right to Information and Social Audit

The social audit processes in two districts revealed a number of issues related to implementation of the programme. In several places job cards were distributed only a few days before the announced social audit. Fake names were present in muster-rolls. Over invoicing was done in purchase of material. Such anomalies are usually found in social audit.

The recent social audits in the state show that right to information has now extended beyond the demand for muster-rolls to demand for technical layouts, sanctions and material registers. Though access to these has been ensured by the RTI, understanding these

and translating these into a language comprehensible to the labour is a challenging task. Besides, the Government of India along with the state governments and civil society organizations is in the process of institutionalizing the social audit processes.

The important aspect however is that some people do voice their grievances, but some do not. That the social audit instills fear among panchayat officials has also been found. In Dungarpur district where social audit processes have been conducted more than in Udaipur, less leakages are reported. So much so, that Aruna Roy goes on record saying that the Rajiv Gandhi statement of 10 paisa out of every rupee spent reaching the poor has been reversed: 90 paisa reaches the poor but still that is unsatisfactory.

5. Ensuring Right to Association

A fall out of NREGP in many states is the emergence of labour unions of NREGP workers. Somehow, this has not happened in Rajasthan, perhaps, due to historical reasons. Organizing labour could not only empower the labour but also help realize the rights to make a choice, ensuring correct measurement of work and thereof minimum wages, ensure transparency and above all change the power relations that would make the NREGA sustainable. Such organizations could also be a springboard for other social security demands.

The civil society organizations and labour unions would be failing in their duty if they miss this opportunity of organizing and educating the labour force.

6. Analysing the Economic Impact of NREGP

It is almost a year now that the NREGP was launched and the impact of the programme could now be assessed. The assessment could be at the household and the macroeconomic level.

A positive impact of the NREGP is beginning to be felt at the household level as well as at the macro level where the Act is being implemented. Field level investigation suggests that the incremental benefits to poor households is significant (one third to one fourth of the total household earnings of the poor households) and is reflected in smoothening of consumption with storage of grain , repayment of household debt, expenditure on health care and also investment in children's education. That a very small proportion of households purchased any assets or made small savings from the wages earned bears the fact that the households are so poor that they have spent mainly on meeting their unfulfilled basic needs (Table 1). The second-generation benefits in terms of earnings from assets created are also discernable.

Table 1
Per Cent Households Reporting Expenditure on Items from
Additional Earnings from NREGP

Storing food grains	70
Repayment of household debt	25
Health care	30
Children's education	20
Farm activities	20
Purchase of assets	2

Source: Based on information collected from 128 households in Udaipur district

While poor meet their basic needs buying goods and services from the market, the small traders and service providers gain from increased incomes of the large inflow of cash into the rural economy. Though a direct linkage is to be established, the multiplication of a number of two wheelers in rural Dungarpur by

1.5 in a single year could be attributed to this money flow to small traders and entrepreneurs.

7. Analysing the Social Impact of NREGP

According to field reports, despite a large programme, a number of marginalised people such as old men and women and people with different abilities are left out, as shown in the recent social audit. Some large families with 8-10 adults have only one job card. A large number of women, erstwhile unemployed, have found employment in the NREGP. It remains to be seen how this changes gender relations particularly of decision making in the household. Besides, the PRIs have more money in their control, which raises issues of governance and changes therein.

Further Agenda

The civil society campaign for ensuring right to food and work has given the country the NREGP. The NREGP has envisaged part payment in grain and part in cash. The dwindling grain reserves with the FCI and the over all food policy do not permit payment in kind. Grain prices being high in the open market, part of the gains to the labour from NREGP are lost by paying a high price for grain. This then is an issue that civil society needs to advocate for. Let us remind ourselves that the basic demand is for ensuring the right to food.

There are grey areas as highlighted by a limited social audit of the programme. There is little consciousness about rights and duties both among the labour and the programme implementers. Both perceive the NREGP like any other development programme. People hardly perceive their right to work and in the absence of

that, programme implementers do not feel duty bound to the people but to the officers in their hierarchy.

The civil society would be failing in its duty if it were not organizing the labour force and educating them on how their various rights could be realized. The civil society needs to draw a concerted plan of action and take the opportunity to create history.

The burden of this slow down in agricultural growth and growth not being matched by employment is reflected in the poverty figures. The recent 61st round figure reveals that 80% of the incidence of poverty is concentrated in the rural areas and that too although the landless labour. Since there is a slow down in agriculture the cropping intensity has not increased and there has been an expansion in employment.

The Indian Labour Commission Report clearly indicates a declining trend in continuing employment available to the rural labour force. This trend is mainly on account of the new commands joining the labour force with the growth in population. The 11th Plan document estimates that approximately 1.70 crore people will have joined the labour force during the 11th Plan

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RURAL UNEMPLOYMENT FUTURE STRATEGY

A.A.A. Faizi, BAS*

The rural areas are beset with the problem of employment in all its forms – unemployment, under-employment, disguised employment, unproductive employment and negative employment. Admittedly, there is a growth in agriculture sector even if it is on the low side. The base of growth in the decade of 80s has declined from almost 5% to 1.6% in 2003-04. Even this growth is not attended by employment gains. In fact in some of the States, there is a negative growth in employment.

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period and Government has to provide employment for the labour force.

The main employer in the rural areas is agriculture. The crisis in agriculture is as much a creation of macro policies as it is of weather. The green revolution has come to a standstill. The Government despite all its Commission on Farmers has no clue as to how to get out of this trap of low profitability and high factor cost.

The declining opportunities of employment in the rural areas particularly in the urban sector are also responsible for the rising incidents of poverty in the rural areas.

We can categorize the rural poverty in three distinctive classes:

- Unskilled Agricultural or Casual Labour: This constitutes the major portion of the rural unemployed people in the rural areas.
- Semi skilled or traditional artisans: This also constitutes a sizeable portion of the rural unemployment.
- Middle level educated youths having no skills.

The three categories have been addressed by different strategies to fight against the unemployment and poverty.

1. Strategies for unskilled labour

The Government have set up a Ministry of Rural Development which has very impressive portfolio of anti-poverty programmes for rural unskilled people. The principal anti-poverty programme is a wage employment programme in the form of National Rural Employment Guarantee Scheme in 330 district of the country

under the guise of National Rural Employment Guarantee Act 2005 (NREGA) with Sampoorn Grameen Rozgar Yojana (SGRY) in the rest of the district. NREGA provides for the first time not only in the country but in the subcontinent, the right to work. However, the potential of this programme is limited in the sense that it provides 100 days of employment in a year to each family who applies for the job when one demands. Considering the wage parameters and others a family can maximum earn Rs. 6000/- in a year. This will only raise his consumption level in terms of nutrients but not afford any capital formation in the household. Still this programme has its effect in, reduction of poverty and in prevention of starvation and in prevention of migration to a limited extent. In future when this NREGS will be implemented in every district of the country it will solve the unemployment of unskilled labour but not the disguised unemployment or unemployment of semi skilled labour. It has also been told by the economist that the productive infrastructure created by this scheme will improve the economy of the area which subsequently raise the absorption capacity of the labour in agriculture and allied activities. Almost one hundred crore rupees is expended in the first year of its implementation in each district. This is a huge amount pouring directly in rural areas which will certainly have a very positive impact on rural economy.

The rural urban migration, the National Rural Employment Guarantee Act as it is a major of anti-poverty programme instituted by the market mechanism. There is migration from low wage low employment areas to high wage high employment areas. It serves the convenience of both the parties as in the areas of destination it keeps the wages under control and provides an inexhaustible supply of labour at depressed wage rates. A person will not migrate unless the employment offered and the wage rates are higher than that of the place of origin and they cover the

cost of transportation above the margins. They also allow absorption of technology, creation of assets and permits gross savings to the household. However, the condition of the migrants can be extremely poor and harsh in the urban areas. The choice is between migration and starvation.

There are some areas of concern with this scheme, primarily awareness about the scheme to all the stakeholder is necessary which has not been achieved as yet. Secondly, transparency and accountability is one of the most important aspects for its success. In the policy aspect, the family should be redefined and unit family having two adult and minors should be considered as the family for the Act.

2. Strategies for Semi skilled or traditional artisans

The Rural Development Ministry has already taken up this issue since 1952 through IRDP, TRYSEM, DWACRA etc. Under these scheme the individual were selected and provided with training and credit with subsidy for establishing small enterprises as self employment. By 1980s a movement of group formation for micro-financing was taken off in the subcontinent called as Grameen Bank system in Bangladesh and Self Help Group in India. This provides more confidence not only to the financier or banker but to the beneficiary also. The system of Self Help Group for providing assistance to the rural unemployed men and women for self-employment was adopted by the Ministry of Rural Development in 1999 through a scheme termed as Swarna Jayanti Gram Swarozgar Yojana. It seems to be one of the major areas where productive employment can be generated in the rural areas.

The SGSY is meant for productive self employment permit group formation and entrepreneurship. However, the overall strategy

about selection of activities, branding marketing tie has not been taken seriously as yet. Moreover there is a need to integrate the small self employment programme of Self Help Groups in the national economy.

Under the depressed economic environment entrepreneurship, individual or group will only have a limited scope. Still group action is definitely leads its members out of the poverty trap.

3. Strategies for middle level educated youths having semi-skill or no skills

This class wants wage employment in organized sector. The Indian urban sector looks in much better health as compared to the Indian rural sector. However, the growth is mainly in the service nature and not in the manufacturing sector. The knowledge sector is still limited to about 4.5 to 4.6 % of the total GDP. Employment in knowledge sector is highly specialized in nature and is mostly available to the middle and lower middle class. The rural sector has low share in the employment in the knowledge sector.

There are more than one crore semi skilled persons are projected to be required in the next couple of years in construction sector. Likewise in textile sector there are requirements of more than one crore semiskilled person .Even then, the expansion of job market is not large enough to accommodate the youth who are coming to the job market and the lower command of the market certainly does not accommodate the youth from the lower strata of the society.

There are serious shortage of need base training infrastructure at the door step of the rural unemployed youth and the facilities of

their placement. SGSY has a component for a need based quality training with assured placement .Some experiment has been done on pilot basis through CAPART, Dr. Reddy Lab Training center, RUDSETI etc. but yet to take off in a massive scale.

Conclusion

Poverty and Unemployment are two faces of same coin especially in rural areas. Poverty and unemployment is a complex issue and there is no one solution. The fact that we have not been able to eliminate poverty in the last 60 years of our independence is severe indictment of our entire governance system. It is not fair to presume that 5.5% of the GDP invested in the Rural Development Ministry would be able to solve the problem of unemployment and cure poverty at the national level. Every sector of the society and every ministry/department has to fight jointly to wash this black spot on the face of the nation.

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Part III : Rural Development Programmes and Role of NGOs, CBOs and PRIs

TRIGGERING RURAL DEVELOPMENT: COMPLEMENTARITIES BETWEEN NGOs AND SHGs

N. Narayanasamy*

Introduction

The objective of development is "well-being for all". Well-being is described as the experience of good quality life. It is open to the whole range of human experience, social, mental and spiritual as well as material. It includes living standards, access to basic services, freedom from fear, health, and good relation with others, friendship, love, peace of mind, choice, creativity, fulfillment and fun. The means to achieve the well-being are 'livelihoods security' and 'capability'. Livelihood is defined as the adequate stocks and flows of food and cash to meet basic needs and to support well-being. Security refers to secured rights and reliable access to resources, food and income and basic services. Capabilities refer to what people are capable of doing and being. They help in achieving livelihood security. Capabilities can be enhanced through learning, practice and training. They are the means to better living and well-being.

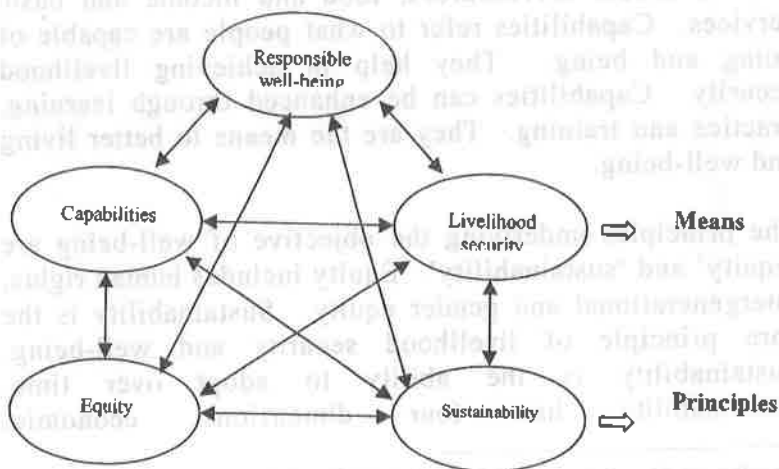
The principles underlying the objective of well-being are 'equity' and 'sustainability'. Equity includes human rights, intergenerational and gender equity. Sustainability is the core principle of livelihood security and well-being. Sustainability is the ability to adopt over time. Sustainability has four dimensions: economic,

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environmental, institutional and social. Economic sustainability is achieved when a given level of expenditure can be maintained over time. Environmental sustainability is attained when the productivity of life supporting natural resources is conserved or enhanced for use by future generation. Institutional sustainability is ensured when prevailing structures and processes have the capacity to continue to perform their functions over the long run. Social sustainability is realized when social exclusion is minimized and social equity is maximized. The objectives, means and principles of development are present in Fig.1

Well-being, capabilities, livelihood, equity and sustainability are inter-connected. The overarching end, in the figure, is well-being, with capabilities and livelihood as the means. Equity and sustainability are principles which qualify livelihood to become livelihood security and well-being to become responsible well-being.

Figure 1: The web of well-being



NGOs and CBOs are institutions which play a significant role along with the Government to realize the objectives of well-being for all. They strive to realize the objectives i) by helping the rural households to have access to livelihood opportunities and ii) by building up and upgrading the capacity and capabilities of the rural poor households. Of course they do keep in view the principles of equity and sustainability.

Both NGOs and CBOs are civil society institutions. They work in close collaboration with each other. One cannot think of a situation where NGOs work independently without the support and help of CBOs. Similarly, one cannot think of a situation where CBOs work independently without active facilitation and guidance by NGOs.

SHG is a predominant CBO in rural areas. They have been promoted and nurtured by NGOs. Their roles are complementarily in nature. This paper makes an attempt to highlight the role of two types of civil society institutions namely NGOs and self help groups (SHGs) in development and the complementarities between NGOs and SHGs.

Non-Government Organizations

Non-Government Organizations often referred to as voluntary organizations or voluntary agencies, are the manifestation of voluntarism or voluntary action. NGO's are entities that are entirely or largely independent and have humanitarian or cooperative rather than commercial objectives. NGOs are private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services and undertake community development.

Features of NGOs

The main features of the NGOs are:

- They are voluntary organizations
- They are registered, legal entities
- They are autonomous and independent organization
- They are flexible in nature. They are not governed by rigid rules and regulations.
- They are not-for-profit organization
- They are neither self-centered nor self-serving. They are promoted for the benefit of the people in need.
- They enjoy maximum freedom in their work and in carrying out development activities.
- They are value-driven in nature. They cherish certain social and humanitarian values through which they try to promote value-based society.
- They are people-centered. People were heart of the NGOs. They plan and implement activities through people.

Role of NGOs

The NGOs play a crucial and critical role in all conceivable aspects of development. Policy makers as well as people attribute varied roles to NGOs and presume that the activity of NGO is a remedy to many problems of the society. The role of NGOs itself has been changing over the years, as a result of changing function and philosophy of other development organization. The role of the government for instance has changed from a police state to welfare state and subsequently, to a development state. Correspondingly, NGOs had undergone various generations of changed role such as charity, relief, welfare, development and empowerment. NGOs in India perform five broad categories of role. They are:

- i) **Public service contractor**
- ii) **Collaborator**
- iii) **Innovator**
- iv) **Social critic and**
- v) **Builder of civil society institutions.**

Public Service Contractor- An NGO is a service provider. While it performs this role, it normally provides service in return for a fee. NGOs are being invited to play this role for two obvious reasons. First, they do the job better than the government organization. Second, the government, is winding down its role due to wide-spread inefficiency or budgetary constraints.

Collaborator- NGOs have been assuming the role of collaborators in the activities of government and private corporate sector, especially when such activities warrant community participation. The popular examples are watershed management, forest protection and resettlement of project affected people. NGOs with their close rapport and cordial relation with local community can effectively facilitate the community into the participatory process through which the primary stakeholders (people) influence and share control over development initiatives, decisions and resources that affect them.

Innovators- NGO are social innovators. Innovation depends on creativity. Creativity of the NGO depends on blending government programmes and global trends. It also relies upon linking micro level with macro trends and programmes. NGOs, over a period of time, have been effectively playing this role. They have experimented with local indigenous appropriate technologies. They have been instrumental for experimenting and stabilizing new services such as savings and credit through self-

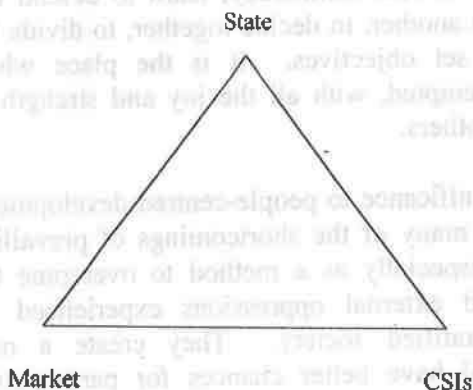
help groups. They are also mostly responsible for discovering or rediscovering new methodologies of working with people such as Participatory Rural Appraisal (PRA). They are also largely responsible for devising new methodologies of social organization (Joint Forest Management). Government and donor agencies have liberally supported the NGOs in their innovation experiments.

Social Critic- This is one of the major roles undertaken by NGOs. NGOs have conclusively proved that they could play a meaningful role in bringing about certain desired change in selected fields. For instance, the Cooperative Development Foundation, in collaboration with a group of progressive minded bureaucrats and politicians, have been able to bring about a major change in cooperative legislation in Andhra Pradesh which has greatly cut down the scope for government and political interference in cooperatives. Similarly, Self Employed Women's Association (SEWA) has combined working with poor women in Ahmedabad city and rural Gujarat with national and global level policy advocacy work. Quite a large number of NGOs get involved in protecting the right of children. They have played a constructive role in protecting the environment (Chipco movement, ANDOLAN).

Builder of Civil Society Institutions- The fifth role is that of building civil society institutions. The civil society institutions are various formations between the level of family/household and the formal institutions of the state and the market. It is an intermediate realm situated between state and household, populated by organized groups which are separate from the state. They enjoy some autonomy in relation with the state. They are formed voluntarily by members of society to protect or extend their interests, values or identities.

The public arena can be conceptualized as a triangle whose three vertices are the state, the market and the civil society institution (See Fig.2). Twentieth century witnessed a major tug-of-war between the state and the market. State institutions dominated in the first half of the century whether in communist or capitalistic world. Market institutions reasserted themselves in the last two decades of the twentieth century. This had largely led to disintegration of communist states, privatization of public sector, dismantling of welfare state and so on. However, unbridled market resulted in serious problems which include increased homelessness, disparities among the poor and the rich, reduction in quality of health care, increased hard core unemployment, and the rise of 'mafia capitalism' in countries like Russia.

Figure 2: Three institutions in Public arena



But then, increased state regulation to control the market is not the right answer. The twenty first century has to avoid the folly of the reassertion of the state to control the excesses of market. What is the alternative? The role of civil society institutions need not be overemphasized. The CSIs need to be strengthened such that they act as balancing force between the state and market institutions. The NGOs do play and have to play a major role in building, strengthening and sustaining civil society institutions.

Self-Help Groups

SHGs are people's organizations. SHGs undertake community level works and become responsible for the ongoing operation and maintenance of such works. They can be defined as organization of the members, by the members and for the members. Members are the owners, workers and managers. They are called first part organizations. They are the place where people learn the praxis of real democracy; learn to defend one position and to listen to another, to decide together, to divide the work to be done, to set objectives. It is the place where experiments can be attempted, with all the joy and strength of work in solidarity with others.

SHGs are of special significance to people-centred development. SHGs are a remedy to many of the shortcomings of prevailing development process, especially as a method to overcome the internal inhibitions and external oppressions experienced by powerlessness in a stratified society. They create a new development vision and have better chances for participative development process.

The SHGs have emerged as a strong movement through a unique process of socio-economic engineering in India. All the villages in India, by and large, are interlaced with a thickening web of SHGs. Each village on an average has 3 to 5 SHGs. SHGs as an institution of deprived, isolated, vulnerable sections of the community have made tremendous discernible impact on the latter's life. They are instrumental in organizing the unorganized poor into institutions, thereby facilitating the poor to have security of access to both consumption and production credit. They have helped in building up the capability of millions of illiterate women. Equally they have succeeded in marginalizing the money lenders. Thus, they have created a space for the poor to voice their concerns and priority. They have institutionalized the participation and mainstreamed the poor in development process.

NGOs and SHGs

Both NGOs and SHGs are voluntary organizations. Both are civil society institutions. However, there are certain differences between the two (See Table1). NGOs mostly act as intermediaries. It supports works at the grassroots, and organization of individuals within a particular community. They act as facilitators, enablers, motivators and catalysts. They play a significant role in forming the SHGs, building the capacity of the groups, linking the groups with outside world, guiding them in their day-to-day activities, sustaining their enthusiasm and so on. It should be remembered that SHGs can emerge by themselves and manage their activities. But then, in actual practice one could see NGOs playing a very predominant role in promoting, nurturing, strengthening and sustaining SHGs.

Table 1
NGOs and SHGs

	NGOs	SHGs
Structure	Registered	May be registered or unregistered
Promoters	Members of NGO; sometimes by the government	Mostly by NGOs; sometimes spontaneous
Members	Professional from different background	People; mostly deprived, isolated, marginalized and poor
Objectives	Service	Social/ economic well-being
Jurisdiction	Large area of operation	Small; sometimes restricted to street/ ward
Level of operation	International, national community-based	Community
Nature of organization	Intermediary organization	Grassroots organizations.
Orientation	Welfare, development and empowerment of the poor and deprived	Social and economic emancipation of themselves

Complementarities between NGOs and SHGs

Self-help groups have emerged as major civil society institution. NGOs are the prime movers and facilitator of SHGs. Why do NGOs take active interest in promoting SHGs? The reasons are obvious: i) NGOs plan and implement their activities mostly through SHGs; SHGs act as conduit between NGO and the community. ii) NGOs strive to translate their ideas and ideologies into action through SHGs. iii) Mobilization of community for development-oriented or advocacy-oriented

programme is easier when there are viable and strong SHGs. iv) Rapport and relationship of the NGO with the community is closer and cordial with the presence of SHGs. v) Working through and with the group is cost-effective and also helps in saving time and energy. vi) SHGs do lend a helping hand to the NGOs when the NGOs face challenging situation in the field.

With the active facilitation and support of NGOs, SHGs have emerged as major civil society institution in rural areas. However, the growth, performance and sustainability of the SHGs largely depend on growth and performance of NGOs. Both their performance are closely interlinked and intertwined. A weak NGO cannot promote viable and sustainable SHGs. Similarly a weak SHG may not help promote the activities of NGOs even if such NGOs are strong. Hence, the healthy growth of SHGs does depend on the healthy and vibrant NGOs. NGOs need to possess certain skills and capacity to promote the groups and to enable the groups to perform and sustain. There are three stages through which an NGO has to pass through in promoting self-governing, self-supporting and self-reliant SHGs over a period of time. The stages are i) Preparatory, ii) Facilitation and iii) Accompanying.

In each of the stages, the NGO needs to possess a profile, develop skills and capacity, and perform certain tasks and jobs. We would briefly examine them.

Preparatory Stage

Profile of the NGO

- The NGO at this stage should possess legal status. It should have been registered under a suitable Act.

- They should be acknowledged and recognized for its work in the area by the local government.
- They should be acknowledged as a potential organization by the bank in the area.
- They should have the official identity of a certified auditor supporting the NGO.
- They should have field staff - SHG ratio of 1:10-15

Skills and capacities required

- They should possess group formation skills.
- They should have clarity of thought on the concept and procedures related to SHGs
- They should have adequate knowledge on banking aspects related to SHGs.
- They should have communication skills both in vernacular language and English to interact with groups, bank and staff.
- They should have established public relation with banks and government.

Roles expected

- They should start groups as per the criteria.
- They should be prepared for grading the groups.
- They should maintain savings / loan account as per the requirements of the bank.
- They should accompany the groups through grading and subsequently in getting loan.
- They should help the SHGs in processing loan applications.
- They should help identify and promote income generation programmes for individual beneficiaries.

Facilitation Stage

NGOs' Profile

- They should have been acknowledged for their track record on implementing government schemes.
- They should have been recognized for their work by taluk level administration of the government.
- They should be able to work with the federation of SHGs; should have ability to work out role division.
- They should have established an organizational system for finance account and audit.

Skills and capacities required

- They should have skills in promoting community-based organizations
- They should possess training skills; they should have a full-time trainer.
- They should possess expertise in formulating projects on economic development.
- They should have experience in implementing the government projects.
- They should possess documentation and reporting skills.
- They should be able to liaise with government departments, public sector institutions and banks.

Roles expected

- They should identify innovative projects in the sphere of economic development
- They should get sanction for innovative group projects from the bank and the government

- They should be prepared to help the SHGs in implementing the projects approved

Accompanying stage

NGOs Profile

- They should be acknowledged for their work by the government at the district level
- They should be able to establish coordination between government departments, public sector institutions, banks and market.

Skills and capacities required

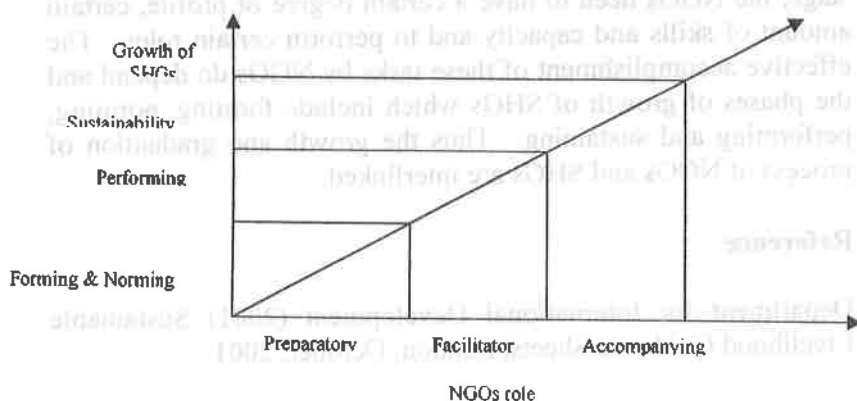
- They should possess knowledge of costing
- They should have established capabilities in promotional documentation (brochures, fliers etc.)
- They should be capable of using electronic information

Roles expected

- They should mainstream economic development projects.
- They should have expertise in public relation in the field of market both local and regional.
- They should establish link with government resource organizations in the field of entrepreneurship development, training and marketing.

Thus, the growth and graduation process of NGOs is closely related to the development of SHGs provided the NGOs take up promotion of SHGs as one of their main activities. The growth and development of NGOs and SHGs are interlinked (See Fig. 3).

Figure 3: Complementarities between NGOs and SHGs



Conclusion

The objective of Rural Development is well-being for all. The NGOs and CBOs have emerged as major institutions along with the government to realize the objectives of rural development. NGOs perform multi-dimensional role. They are the public service contractors, collaborators, innovators, social critic and builder of civil society institutions. SHGs are the organizations of member, by the members and for the member. They have emerged as a strong socio-economic movement. They are instrumental in institutionalizing participation and mainstreaming the poor in development process. Both NGOs and SHGs are

voluntary organizations. However, they differ in terms of structure, objective, level of operation, nature of organization, orientation etc. NOGs and SHGs can play a complementary role in realizing the objectives of development. There are three stages through which are NGO has to pass through in promoting self-governing, self-supporting and self-reliant SHGs. The stages are: i) preparatory ii) facilitation iii) accompanying. In each of this stage, the NGOs need to have a certain degree of profile, certain amount of skills and capacity and to perform certain roles. The effective accomplishment of these tasks by NGOs do depend and the phases of growth of SHGs which include forming, norming, performing and sustaining. Thus the growth and graduation of process of NGOs and SHGs are interlinked.

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INTEGRATING COMMON LANDS IN WATERSHEDS

Kulranjan Kujur*
Shailendra Tiwari**

Several pieces of writing have elaborated the importance of common lands on the livelihoods of rural communities, especially on those of small and marginal farmers. These studies also point to the critical role that common property resources play in the lives of the poorest and on their livestock. Further, during periods of drought common land can become a critical cushion.

The proportion of common lands in a watershed area differs from region to region. In hilly, tribal regions the proportion of these common lands could be as high as 50 to 70 percent of the total watershed area. For the purpose of this note, and from the point of discussion on watersheds, we have considered the following lands coming under the category of common lands: pasture, forest and revenue lands. Proper development and management of these common lands is critical to the success of the watershed, and for providing returns to the poorer households. Since these categories of lands not only constitute a significant proportion of the total watershed but are also often located along the watershed ridges, proper treatment and management of these lands are important technical and ecological considerations. Further, when it comes to the landless and the poor, it is these common lands which can be used as levers for equity. The greatest potential of these common lands lies in promoting and sustaining cohesion and solidarity within the village. The requirements of managing these common

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properties are such that the village has to necessarily cooperate. These lands, if properly developed provide a most attractive stake for communities to come together. The returns of working on common property resources are, therefore, indeed extremely significant and can be summarised as ecological, equity, solidarity and sustainability returns.

However, due to common lands being highly contested and in a state of deterioration, their significance on sustaining local livelihood and in protecting the community fabric is plummeting. The issue of land Rights is more intricate and it is not possible to deal with the issue without involving the local community. Though there might be varied experiences of different organisations in dealing with the issue, a more pragmatic and suitable approach is needed. Keeping in mind the sensitivity and magnitude of the problem, we infer that resolving the issue of illegal privatisation of common lands needs to be converged with other land development initiatives, especially with watershed programmes. This would help in having an integrated land development approach.

The foremost reason for common lands being inaccessible is encroachment. A macro level study (EERN Study, 2003) carried out in Rajasthan highlighted that out of the total panchayat pastureland sites in the state, 69 per cent of them had encroachments and were contested. Another study done within Udaipur district revealed that the proportion of encroachment on forest, panchayat and revenue lands are 27, 54 and 100 per cent respectively (Bhise et. al. 2004). The book highlighted that of the total encroachers 62 per cent are economically sound. There is ample proof that encroachment is not only a manifestation of poverty but, more often, of social status and power of the encroacher.

However, it is possible to break out of this slide and conflict situation. This requires clear and consistent regulation on the part of the government and involvement of the community in the process of resolving these disputes.

The Way Out

Keeping in mind the sensitivity and magnitude of the problem a more pragmatic stance is required to protect the Rights of people and the ecology. More deliberation is needed on the issue for systematically involving the community in the whole process. Creating awareness about the issue would reinforce the village community for dealing with the issue. Moreover, there is a fraction of people who abide with the law and oppose any approach that further leads to plight on the community. Hence, devolution of authority to the community for dealing with the issue can expedite the process of access to common lands.

Watershed treatment programmes must respect the property Rights regime in relation to land. So far, watershed development has been done, mostly ignoring the perspective of common lands. In the region where majority of land is common land, a different approach has to be followed. The common land should be delineated on the ground and its entitlement should be well established before undertaking any interventions in a watershed region. This will bolster the significance of common lands in the watershed programme. Fostering common lands in a watershed programme would underpin the ridge-to-valley notion of watershed programme.

Additionally, if joint forest management is implemented in a proper way by the department/non-government organisations, so

that regular benefits are accrued from the developed area, it could provide necessary impetus for dealing with the issue. It can help in checking further encroachment. Apparently, no fresh encroachment in the region is reported where village level forest protection committees are registered for joint forest management. In fact, these committees do not allow people from outside to encroach on their land, whilst also restricting local people from doing the same. By constituting more than 3,000 committees in Rajasthan the forest department has morally bound people from encroaching government lands. Finally, further reinforcing this programme could contribute in tackling the issue of encroachment in forest lands.

Eventually, it is high time that government comes up with firm policy on encroachment –on panchayat, forest, revenue and wastelands to avoid further worsening of the situation in relation to common land. The cooperation of concerned departments is solicited in resolving land related conflicts.

Community's Approach towards the Issue

In the discourse on common lands, village institutions play a central role. Effective participation of village institutions in the discourse helps in resolving any inter- or intra-village conflict. These institutions enter into a dialogue with the encroacher and try to evict encroachments from common lands for the interest of the village. Seva Mandir, from its long experience of working on land, infers that addressing the issue of land governance in the country is of utmost importance before initiating any intervention on common lands.

To initiate development of these lands in the village, it is imperative that the ownership disputes are resolved at the initial

stage. During the course of Seva Mandir's association with the common land, there are many instances where encroachments have been evicted under pressure from the community for equitable distribution of benefits from the land. Some of the effective strategies followed by the community are listed here.

Sometimes a threat by the community members to take legal action, or actually going in for legal action, has been fruitful. Forest protection committees have been successful in evicting encroachments after much persuasion and sustained lobbying with the forest department to initiate legal action against the encroachers. Though the process is in compliance with government rules, it is tedious and time-consuming. Moreover, intricate administrative procedures and socio-political considerations affect the process.

In a few cases community members have negotiated with the encroachers to have land evicted, suitably compensating them on a case-by-case basis after ascertaining the socio-economic condition of the encroachers. More importantly, in the whole process of negotiation the village community acts as a catalyst. Therefore, this method of evicting encroachments if adopted with an appropriate strategy is effective. The incentive component either can be monetary or through developing productivity of existing land (agricultural fields, private waste lands, etc.).

Networks and federations of village institutions such as forest protection committees and their federation or watershed committees often provide an additional input in dealing with the issue of common property resources, especially forest lands which constitute the bulk of common lands in the country. Such networks can help in advocacy at multiple levels and also in

interfacing with government departments. However, building up such networks takes time.

Legal issues to be addressed

Forestland

(1) There is provision of treating forestland under joint forest management by the project-implementing agency through constitution of forest protection committees. However, the process of sanction of joint forest management is tedious – it takes a year or two to get sanction from the forest department. The implementing agency should have legal access to treat the forestland falling under the watershed. The sanction to treat such forestland in the watershed should be granted in a time-bound manner on priority basis.

(2) A few months back, Indian parliament has passed the Forest Rights Bill, which aims at regularization of encroachments on forestland. The process to formulate rules and bylaws is on the way. Under the bill, encroachments up to 4 ha till 13th December 2005 would be regularized. It is believed that enactment of the bill will govern the future shape of forests in India. It will also have deep economic, political and social implications, which are literally being ignored by the larger discourse of our society.

Nevertheless, we should try to prevent the possible distortions, which are expected to arise out of the bill. Regularization of possessions in a scattered manner should be avoided. Stress should be given on making the settlements moving out from core, biodiversity rich area, towards fringes. Also one should try to have the allotments concentrating only in a few blocks.

In addition to above, no claim should be entertained on the already developed site under JFM or any other such initiative where community, civil society or state has successfully removed the encroachments. It is important to maintain the sanctity of such forests lands where the property relations have been altered in favour of common forestlands.

From the ecological point of view, the forests are considered as reservoirs of water. Moreover, since the location of forests is on uplands, leaving forestland untreated would reduce the longevity of watershed treatment benefits downstream. It is suggested that priority should be given to treat forestlands for the larger interest of the tribal and respecting the notion of watershed concept.

Revenue Wasteland

1. There is a provision under which by digging of trenches and construction of check dams, revenue wastelands can be treated under watershed programmes. However, if the community or project-implementing agency wants to enclose these lands, it is not permitted to do so. Such lands cannot be made productive by planting of trees or other sort of vegetation, since they cannot be enclosed.
2. There is a legal provision under which the revenue land can be converted into village pasture. However, this process of conversion is very tedious and time consuming. This process can be made simple so that investments can be made to make revenue lands more productive.

Village Pastures

1. The authority on these lands is the gram panchayat, which generally is reluctant in giving sanction for their development. Sharing of benefits from pastures is a bone of contention between the village and the gram panchayat. It is

- recommended that the legal authority of village pasture be transferred to the gram sabha to avoid these complications.
2. The jurisdiction of a gram panchayat is spread over several hamlets and several pieces of pasture lands. Different hamlets in a village have traditional rights over these pieces of pasture lands. It would indeed be better if authority over these pastures is vested with the concerned gram sabha rather than the panchayat.

To sum up, considering the importance and magnitude of common lands which covers a significant portion of a watershed area, it is necessary to have appropriate arrangements for its treatment. It is also important to voice the concerns of the community, and to have a legal framework for inclusion of developing common lands in watershed regions.

Eventually, it is recommended that the entire watershed land under the purview of different state departments should be legally accessible to project implementers. In some states such as Maharashtra, collaborative approach of government departments and non-government organisations has sanctioned access to forestlands to project implementing agencies for treatment under government order. Therefore, such provision can be made in all the states covering all sorts of land falling in a watershed region. It is also recommended that a single window legal clearance to treat all sorts of public lands for treatment on watershed basis would be effective.

The attitude of community, state and civil society towards governance and sustainability of common lands has so far been either indifferent or tricky. This has led to shrinkage all sorts of common lands to an alarmingly low state resulting in to loss of livelihood of the poor. Watershed development offers the mainstreaming and integration of common lands. Hence, we should not miss the bus.

POVERTY, UNEMPLOYMENT AND DEVELOPMENT PROGRAMMES – A CASE STUDY OF COMMUNITY FOREST MANAGEMENT IN ANDHRA PRADESH

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1.0 Introduction

More than one-fourths of the Indians (260 millions) live below poverty line of which 193 millions live in rural areas. The problem of poverty is multidimensional with numerous causes some of which are illiteracy, lack of resources, and degradation of natural resources, poor infrastructure, and dissipation of resources in non-productive activities, failure to channelize the human energies in appropriate directions, ineffective governance and corruption.

Developing of Natural resources offers tremendous opportunity to eradicate poverty in rural communities. Of various natural resources forests have great influence on the welfare and economy of human society. The interference between forests and the people is more intense due to higher dependence for the fulfillment of daily needs. But today the forest ecosystems have become fragile and are much less productive and under an acute form of degradation.

In India, of the 576 000 villages approximately, 175 000 villages are located in and around forests and the predominantly tribal population consisting of about 350 million people has a symbiotic

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relationship with the forests. They are substantially dependant on the nearby forests for their livelihood requirements. Over the years, more than half of India's 76.53 million ha of forests have become degraded resulting in ecological crisis and immense hardships for the forest-dependent people in and around the forest areas. As a result though 19.27 percent of the landmass in India is under forests, only 11 percent is under good forest cover. With 1.8 percent of the world's forests, we have to meet the needs of 17 percent of the world's human and 18 percent of the livestock population. One-third of the country's area is stipulated to be brought under tree cover and to achieve this area of 29.70 million ha has to be brought under plantation.

Since the change in Forest Policy of India, the participation of rural communities in Forest Management has assumed an important place. The Joint Forest Management Programme in India has given a new thrust for not only managing the natural resources in an effective manner but also resulted in aligning the forest development priorities along with poverty eradication goals.

2.0 Andhra Pradesh Community Forest Management

Andhra Pradesh Community Forest Management was launched in the year 2002 with the main objective of reducing the rural poverty through improved forest productivity and through decentralized community forest management. The project is being implemented in 5,000 villages, spread over 14 selected districts of the state.

The project objective is to be achieved through the implementation of three inter-linked components:

- (i) Creating enabling environment for CFM
- (ii) Forest Management
- (iii) Community development

Creation of enabling environment for CFM

- Strengthening the capacity of VSS groups to undertake CFM with the aim to achieve financial stability and institutional self-reliance.
- Reducing the vulnerability of marginalized groups by facilitating their inclusion in community institutions and diversification of their livelihood base.
- Provision of NGO support for the VSS groups.
- Strengthening the institutional capacity of forest department to regulate and support CFM through training, development of infrastructure, policy and regulatory revisions, and an improved extension and publicity approach.
- Facilitating suitable policy changes to usher in planned development of the forest dependent communities duly providing adequate safe guards,
- Monitoring the performance of various project activities and initiatives and periodic evaluation of impacts.

Forest management

- Improving the productivity and sustained yield of forests under the management of VSS groups using appropriate silvicultural and management practices to rehabilitate degraded forests, rejuvenate degraded bamboo forests, and promote natural regeneration of Red Sanders forests and conversion of scrub forests with high yielding and short rotation species.
- Development of forest resources outside forests through promotion and support for farm and community forestry.

- Improving the physical and genetic quality of planting materials through wider adoption of tree and seed improvement.
- Improving the silvicultural prescriptions for management of degraded forests through applied research.
- Developing mechanism of periodic inventory of forest resources for realistic assessment of impacts,
- Development of a comprehensive Forest Management Information System.

Community development

- Supporting development of community infrastructure (on a limited scale) for VSS groups.
- Supporting the processing and marketing of wood and non-wood forest products (NTFPs) through APFD and NGO extension and training.
- Supporting poor, landless, women and other vulnerable groups especially the tribals by improving livelihood opportunities based on forest and non-forest activities through income generation activities and micro-enterprises.
- Encouraging and facilitating Participatory planning through micro-planning exercise for development of holistic plans,
- Facilitating livestock development and augmenting fodder resources.
- Evolve and implement suitable mitigation measures to ward off adverse impacts if any on any person due to Project implementation.

In line with these components, VSS specific action plans and micro plans were evolved by forest department for implementation of various project interventions.

3.0 Data Source

The data used in this paper has been compiled from the data bank maintained by Centre for Public Perception and Policy which is an M&E Agency for the project. The author is the principal coordinator of the M&E project which is continuously tracking the progress of the project since its inception.

4.0 Impact of APCFM on Natural Resources and Rural Livelihoods

4.1 Institutional frame work for forest dependent communities

The project has facilitated creation of an institutional frame work for the forest dependent communities. 5000 communities have been organized to undertake forest management, planning, conservation, development and sharing of natural resources. VSS communities in the project areas conduct regular meetings and take decisions pertaining to key areas of forest management that affects their livelihoods.

Capacity Building of VSS groups for managing forest resources is one of the important factors in ensuring institutionalization of community role in managing their forest beyond project period. In this regard the evaluation studies² conducted for APCFM found that there has been consistent improvement in efforts by forest Department such as training, workshops and field visits to build

² CENPAP, (2004) "First round of Concurrent Monitoring and Evaluation of APCFM"

CENPAP, (2005) "Second round of Concurrent Monitoring and Evaluation of APCFM"

CENPAP, (2006) "Third round of Concurrent Monitoring and Evaluation of APCFM"

community capacity in managing forests. This is also reflected in increased coverage of VSS leaders under various training program and their awareness levels in key information regarding the forest resources they were managing under the VSS. Participation of VSS members in various forest activities such as treatment, creation and SMC works was evident in many villages.

4.2 Forest treatment

The project has treated 3, 15,800 ha of VSS forest areas. The treated forests were of various types including teak, bamboo, Red sanders and non teak. In addition as much as 2686 ha of area were planted with seedlings of species chosen by VSS communities. So far an area of 3,337 ha of community land was treated and planted with fodder and fuel wood species. Community land plantations were taken up in VSS villages (non-forest areas).

The seedlings used in forest and non-forest treatment activities were produced and supplied by R&D units after adoption of modern nursery techniques. As result of these activities, 65 percent increase in dense forest growth 5 percent change in open forest and reduction of 53 percent of scrub and blanks was found by the canopy study conducted for the project.

The intervention of VSS in protection and management of forest has resulted in development of forest and increase in the productivity of the forest. The revenue from the harvest and thinning of plantations, bamboo and NTFP produces showed increase of productivity of forest areas managed by VSS communities. The increase of productivity is more than 21/2 times in case of NTFP from 2002-03 to 2005-06. The revenue from forest management had increased from Rs. 1318 lakhs in 2002-03 to 3027 lakhs during 2005-06.

4.3 Village and Tribal Development

Village development activities contributed to not only building a healthy rapport among the VSS members but also helped in building such a relationship and trust with the Department Staff. Under Village development, village infrastructure development as identified under Micro Planning exercise and Income generating activities were taken up. VSS communities were provided with minimum of one infrastructure of their choice (community hall, roads, irrigation or IG unit) per village and skill development training programs for the poor VSS members in the village. These activities were carried out separately for tribal and non-tribal villages so that disadvantaged groups among VSS members are not left out of project benefits.

4.4 Increase in NTFP income

Studies conducted under the project found that the project activities had resulted in increased NTFP income by way of increase in the productivity of forest area allotted to VSS. The increase was estimated to the tune of Rs.7, 490.48 lakhs.

4.5 Employment

One of the most impressive gains made by the project was found to be Employment generation in VSS villages. Within four years of implementation, as much as 134.78 lakh person days of employment was generated in VSS villages at an average of 110 person days per VSS member, a feat that was not achieved by any Employment Generation programme in India. Of the total employment provided 37% was ensured to SC members while 45% was provided ST members of VSS.

4.6 Income and Reinvestment of VSS

Majority of the VSS formed under the project have started earning revenue by way extraction of old plantation, improved productivity of NTFP and ensure value addition of NTFP. The total amount of revenue generated was estimated to be Rs.462.27 lakhs of which as much as 7 percent was reinvested by VSS in the forest areas allotted to them.

4.7 Reduction in encroachment

Community Forest Management has helped reduce area under illegal encroachments. For instance, nearly 12 percent of the encroached forest land (38,158 ha) has been vacated since the JFM/CFM programme was initiated (Mukherjee and Rangachari 2000). The project also substantially reduced Podu cultivation in project villages and rehabilitation measures are currently underway for all those VSS families who had given up Podu cultivation and surrendered their lands.

Impact of APCFM in Sample Project Villages³

Sl.	Indicators	Unit	2002	2006
			First Round	Mid term
A. Income Sources (Percentage of contribution to total HH income)				
1	Agriculture	%	32.6	32.8
2	Agri.Wages	%	33.2	27.6
3	Non farm Wages	%	15.8	18.9
4	NTFP & Forest Based	%	3.3	10.1
5	Livestock	%	2.5	3.6
B. Average Income (in Rs. Per month)				
1	SC Households	Rs. per month	1121	1300
2	ST Households		980	1210
3	Poor landless		954	1040
4	Women Headed Household		1157	1310
C. Percentage of household earning below poverty line				
1	Total poor households	%	63	50.5
2	SC Households	%	65	54.5
3	ST households	%	65	51.3
D. Employment (per annum) Generated by VSS households				
1	Average Employment per household	Person days	170	254
2	Share of agri employment to total	%	36	32
3	Share of Non agri employment to total	%	12	17
4	Forestry works	%	3	10.1

³ CENPAP, 2006 " Concurrent Monitoring and Evaluation of APCFM : Mid term Review, Final Report, Report submitted to APFD, Govt. Andhra Pradesh

E. Asset status (Percentage of households by ownership household and productive of assets)				
1	Total landless(%HH)	%	38.6	30.4
2	SC Landless	%	29.1	23.1
3	ST Landless	%	35.9	28.3
4	HHs with irrigated lands	%	49.5	59.5
5	House	%	98	98
6	Milch animals	%	22.3	24.1
7	Poultry	%	34.5	46.1
8	Sheep & goat	%	8.2	16
9	Livestock	%	50.1	62.4
F. Share of women in Wage Employment				
1	Total	%	44	48.1
2	Agri	%	47	44.5
3	Non agri	%	46	48.3
4	Forestry works	%	19	28.7
G. VSS Households having access to Savings & Institutional Credit				
1	Access to credit	%	21.2	32.7
2	Membership in savings and thrift group	%	14.4	16
3	Regular savings	%	4.1	6.5

The Mid-Term review conducted for the study found that share of NTFP and forest based income as a proportion of total household income had increased from pre project period to Mid-Term period. Similarly average household income had increase for SC, ST and women headed households substantially as a result of project interventions. There has been a drop of 15 percentage points in families living below poverty line in project villages. The project also contributed to substantial increase in Employment as shown in the Table above. From an average of 170 person days of employment per household, employment

generation had increased to average of 250 person days per household during the project period.

There has also been reduction in total landless households and increase in percentage households with irrigated lands. All productive assets of VSS members had significantly increased during the project period. The share of women in wage employment had increased substantially even in forest based works and so is the parity in payment of wages among the gender. Access to institutional credit and saving habits have seen improvement in project areas.

5.0 Conclusions

Among the many poverty alleviation programs and rural employment programs that have been implemented in the state and elsewhere the APCFM experiment was unique. Many of the project districts were reeling under frequent droughts, poor productivity of natural resources - forests and agricultural lands, mass out-migration in search of livelihoods, and illegal and illicit withdrawal of forest products, when the forest department undertook the Joint Forest Management Programme. This programme not only attempted to tackle problems of forest destruction, but was also aimed at generating options for poverty eradication and employment as a crucial step for reducing pressure on natural resources.

The enhancement of the quality of life of forest dependent communities, through efficient, participatory, multiple-use management, equitable distribution of returns and establishing long lasting demand-spurred systems of environmental governance and justice, is possible by:

- integrated development of land based resources rather than individual benefits as seen under employment programs
- ensuring institutional, financial and ecological sustainability by necessary changes in policy, legal and governance mechanisms;
- establishing accountability and transparency across all stakeholders;
- creating institutional mechanism for empowering local communities to meet the objectives poverty alleviation and local needs for development
- capacity building of local communities in forest and financial management practices

The need is to have a holistic approach to forest and related natural resource management. Dr C.H. Hanumanth Rao Committee, which looked into the working of the Drought Prone Area and Watershed Development Programme in the country during the last 30 years, found that it had not worked primarily because people were not involved in the planning, implementation and management and the programs made no provision for capacity building.

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A NRDMS APPROACH TO EVALUATION AND MONITORING OF GOVERNMENT SCHEMES A CASE STUDY: ALMORA AND RANCHI DISTRICTS

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Abstract

Natural Resources Database Management System (NRDMS) is a multi-disciplinary program of DST and aims at developing an integrated database in order to facilitate decentralized planning for effective rural development.

The NRDMS centers in Almora and Department of Remote Sensing, BIT, Mesra, Ranchi have generated a number of thematic layers providing district, block and village level information (Spatial) with integration of census data (non-spatial) in GIS domain. This database along with the Decision Support System (DSS) would help the planners in identifying the gaps and to adopt a GIS based e-Governance approach towards decentralized planning.

This paper attempts to evaluate the outcomes and trends in developmental activities under "Sampurna Grameen Rojgar Yojna" (SGRY) and "Rashtriya Sum Vikas Yojna" (RSVY) schemes using NRDMS approach. It also appraises the usefulness of NRDMS approach as an evaluative tool in rural development. The paper also reflects upon the gap areas of the project.

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Key words: NRDMS - Natural Resources Database Management System, SGRY – Sampurna Grameen Rojgar Yojna, RSVY-Rashtriya Sum Vikas Yojna, Geo-informatics – Computational Geography, Geo Computation and Geographical Information Science, DSS - Decision Support System, DST – Department of Science and Technology, Govt. of India.

Introduction

Good governance goals i.e. (e-administration, e-citizens and e-services can be achieved by the new information and communication technologies and building external interactions (e-society). The gap areas are more, countries are facing strategic and tactical challenges; required best practice in e-governance projects in order to avoid failure and to achieve success by Heeks, R.B. (2001).

E-governance is not a substitute to Good Governance, it is an important tool/ aid in that direction. In short, there is no escape from more and more use of modern technology. To reach at better level of Governance, the system should be effective and result oriented.

District planning now well over decade old in India and accepted by majority of states. A district has been considered a viable unit for planning at micro level. With the emergence of the new tools and technology i.e. Remote Sensing (RS) and Geographical Information System (GIS). It is being felt and also suggest the use of RS and GIS in developmental exercises by National Commission on Urbanization (Report, 1988). The use of GIS in planning is being used as a viable tool by local level planners in decentralized planning (Report, 1992). The present study is based on the broader concept of information system and therefore it

would be pertinent to discuss in brief the concept of Natural Resource Database Management System (NRDMS).

To mobilize and to activate decentralized planning, the DST, GOI, launched the NRDMS programme for potential users. NRDMS started in 1982 as an R&D programme. Goal of the programme is to develop Decision Support System (DSS). The work on data integration according to their importance in decision making has also been performed by Rawat et. al. (2004a), Mili Ghosh et. al. (2001) and Nathawat et. al. (2005). The objectives of the project are: to develop integrated database at different levels, i.e., from district to village level and to generate information and sectoral plans needed by the line departments, to provide assistance as and when required, to develop decision support system, to develop technology basket and adopt GIS based e-Governance towards decentralized Planning.

Literature Review

Many workers contributed on various aspects of district planning. According to Gadgill (1997); that the several pitfalls of the centralized planning devoid of involvement of several studies have favored district as a planning unit. Sundaram (1990) has also advocated to revitalize panchayati Raj and encourage of participation of local population in district planning and proposed an ecosystem approach in this regard. There are many conceptions of e-Governance by Malkia et. al. (2004). Gaps in data/ information at micro level are a crucial matter to be looked on for development of an area (Minhas, 1991). The other important studies at district level within various states include the works of Nathawat et. al. (2005), Rawat et. al. (2004b), Ghosh et. al. (2001) and Chattopadhyay (1982). With above perusal it is assed that, the advocacy for the need of database for any planning exercise is still in infant stage with their

limitation. The present paper proposes some preliminary outputs to evolve a model for district planning.

Database Used

Primary data: Survey of India toposheets of District Ranchi on 1:50,000 scales.

Secondary data:

- Census data of Year 1991 and year 2001
- Digital out line map of district Ranchi.
- Data of user departments i.e. Medical, Education, Municipal Corporation and District Planning.
- Village level information from the district administration.

Study Area

District Almora (area 3146 km²) one of the thirteen districts of Uttaranchal is thickly populated (147-persons/km²) District. Presently it has four Tehsils and eleven developmental blocks, 95 Nyay panchayat and 2244 villages. Whereas district Ranchi having an area of about 7698 sq. km in the chotanagpur platue. According to the census-2001, Ranchi district comprises of 20 blocks, 372 panchayats, 2057 villages and 9 census towns. Because of the large concentration of ST population (45 per cent), all the 20 blocks come under the tribal sub-plan in the district.

Methodology

In district Almora and Ranchi the database is being developed in indigenous GIS software i.e., GRAM++ (Geo Referenced Area Management System) with Vec-Viewer and Arc-View GIS

domain respectively in five tier system i.e. District, Tehsil, Block, Nyay Panchayat and Village levels in Almora and Ranchi respectively. The following flow chart (Fig. 1) depicts the overall approach.

- ❖ Information Need assessment
- ❖ Group assessment and participatory survey
- ❖ Data generation- village level
- ❖ Data integration- in lab
- ❖ Action plan generation by the people
- ❖ Documentation

A multi facet strategy is adopted to identify the data needs for performing GIS analysis. The available data has been converted to digital mode. Based on the assessment of the regional planning for identifying intra district disparities and sectoral development information needs, the relevant information has been generated in GIS domain.

Both the Centre's are performing with two methodology i.e. Lab and field Approach. Under field methodology the centre has established the liaison with district administration by creating District Coordination committee and Project monitoring Committee. The line departments have to perform with coordination of Nodal officers for database sharing and collection from the Centre. The detail working device can be understood through the flow chart as shown below in Figure 1. FIELD DEVICE

Master Database (MDB) File creation: MDB files of following has been created in MS-Access

1. District Level Database of District Almora (42 fields).
2. Tehsil Level Database of District Almora (42 fields).
3. Block Level Database of District Almora (42 fields).
4. Nyay Panchayat Level Database of District Almora (42 fields).
5. State Level Database of Uttaranchal (17 Tables)
6. Divisions Level Database of Uttaranchal State (4 tables)
7. District Level Database of Uttaranchal State (4 tables)

NRDMS Almora had taken a precious step for village level mapping (Figure 2). In which following methodology had been adopted:

1. Orientation of villagers with cadastral map and toposheets
2. Conduct of workshop and preparation of villagers' team with experts from NRDS and district administration
3. Ground survey by participants
4. Preparation of base map by villagers
5. Integration of details in GIS lab
6. Preparation of resource map by the villagers
7. Finally the village infrastructural map



Initiatives from NRDMS Ranchi

Although the static outputs are there as a resource profile of the districts but the NRDMS centre Ranchai has also worked on the dynamic outs are as follows:

Under static and dynamic forms the resource profile along with queries and criterion based analysis (Weighted Index Method) of integrated data has been performed specially in Ranchi which also involves;

- Spatial representation of non-spatial data to reflect the Intra-district disparities in economically and socially i.e. population density, SC/ST population, literacy, marginal workers, participation ratio etc.
- Assessments of Village development Index.

Dynamic Outputs (integrated spatial database, queries and intra-district disparities): The integration of socio-economic data of census 2001 from district to the Village level has been generated. The 1991 and 2001 census data have been used for the intra district disparities. Different non-spatial parameters have also been used to derive different themes. The main trend of development occurred along major transportation network. The following parameters have been used to define the disparities specifically in the Ranchi district.

Percent Marginal Workers; at block level, the increase in marginal workers was observed. In spite of good development, the poverty has also been noticed because of the increase of marginal workers.

Static Outputs: Structured organization of the relevant datasets on an inventory is an essential pre-requisite to the preparation the resource profile. Till now the centre has created number of static layers at District, Tehsil, Block, Nyaya Panchayat and Village levels.

Percentage Literacy; pattern for the 2054 villages was observed. Population above six age is taken for calculate the population literacy. Where a higher number of literates are considered to be an impetus to development. It is used for measuring the level of socio-cultural progress of a society.

Population Density; depicts the village wise density pattern and distribution of population. It is observed that the density of population distribution is widely varied in the district. Where a higher density is an indicator of a higher level of development. In urban areas, it shows high density.

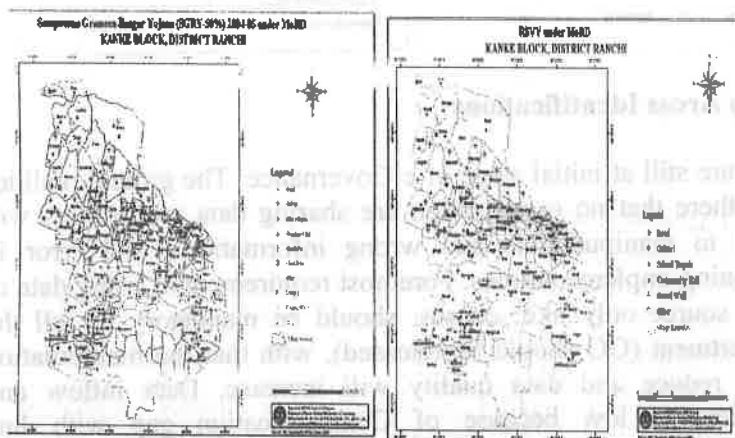
Percentage Participation Ratio; were taken for certain classes of workers i.e. Construction, trade and commerce, Transported and storage, manufacturing and household industries, and workers involved in other services.

SC/ST Population- The block wise percentage of schedule caste/scheduled tribe population has also been calculated. In spite of above the Centre has worked out with the district development commissioner (DDC) office and used the updated data for village level schemes. The data for Sampurna Gramin Rajgar Yojna (SGRY), Rashtriya Sum Vikas Yojana (RSVY), Initially the centre has established the scheme wise preliminary outputs as desired by the DDC office as follows:

SGRY (Sampurna Grameen Rojgar Yojana)- Under this scheme the generation of employment of villagers is the main priority. In the first phase of the study of few blocks have been considered to find out the gap areas. Basically the scheme is divided into 20-30% for block and district development and 50% funds utilized for Panchayat level. The outputs have been delivered to the concerning department for the updation and the

rectification. Results show that many villages are there which have not been covered under the schemes.

RSVY (Rashtriya Sum Vikas Yojana)- The scheme is introduced for the upliftment of the backward district or areas. It is noticeable that in the state there are 16 districts which come under this scheme. The outputs have shown the lacking areas (villages) which are still require the implementation of the schemes as shown in figures for different Blocks of District Ranchi (Figure 3).



Under Capacity building both the centre's are involve to give training to the line department officials for which the need assessment workshop had been conducted previously in which departments had participated and discussed on formulation of DCC and PMC, proposed identified needs and creation of nodal officers from different line departments. The data collection and database generation (query cell generation) is being done through requirement formats as follows (Figure 4).

REQUIREMENT FORMAT

Formal for submitting information from the Line Department, Local towards the preparation of Action Plan
"Data Collection"

Application No: _____ Code Number: _____ Department: _____
 Defined by: GDC Date: _____

Project and Description: _____

Sl. No.	Block Code	Block Name	Phy. Index	Village Code	Scheme	Other
1	001	001	001	001	001	001
2	002	002	002	002	002	002
3	003	003	003	003	003	003
4	004	004	004	004	004	004
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7	007	007	007	007	007	007
8	008	008	008	008	008	008
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Source: Department of Planning, Government of India, 2001-2002

Prepared by: _____ Approved by: _____ Date: _____

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degree of coordination and exchange of information; by taking initiative to share data base in all over the country's NRDMS center's. The need is required for zonal, regional and district Level workshops on geo-spatial database. The ambiguity related to use of software's 9Arc/info, Arc view and GRAMM++ for NRDMS activity should be rectify as early as possible. Considering above facts, implementation should be done for the whole subcontinent for implementing the technology of GIS based e-governance.

Approach For Enterprise Gis; Nrdms Vision

There is a requirement of 6 Zonal Training Centre's at All India basis i.e. North East, East, West, North, South and Central Zone. The thrust should be given on the basic training on the common software will be used by the user departments and the citizens. The main thrust should be on: Need Assessment, Database Generation and on Utilization of Results under DSS.

Regional Training Centre's

Regional Training Center's Should Conduct the Two Days Intensive Awareness Training of Higher Officials of the Regions like; for the top level district authorities, middle order district authorities. The same can be repeated and updated with the district center's of NRDMS; Two days training for the Block level officers, for the Panchayat level and for Gram sabha level.

Uniform Database Generation

The different database centres are creating data on different platforms. This is creating chaos among the scientific communities during sharing of data. Data formats should be same

for all database centres to avoid any ambiguity during data sharing.

Conclusion

With e-governance information's will be available at any front office to users beyond office hours and on holidays like service available to us from Indian Railways regarding availability in waiting list. India is going with e governance with infant stage and Government must make more and more use of modern technology. In short, there is no escape from more and more use of modern technology. Every sector of Government should take part in evaluation and monitoring of their schemes through e-Governance as it will certainly reduce increase revenues, costs and also increase accountability.

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