

Impact on Poverty Alleviation in Rural India

Kevin Infant F.

MBA, Department of Management Studies
Bharath Institute of Science and Technology,
Selaiyur, Chennai, Tamil Nadu 600 073
Bharath Institute of Higher Education and Research

ABSTRACT

The paper examine the poverty alleviation in rural India at the founding of the new millennium, 260 million people in the country did not have income to right to use 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.

1. INTRODUCTION

India is an emerging global super-power joining the elite club of acknowledgement of nuclear powers; and India has child malnutrition rates among the highest in the world. Poverty alleviation has been one of the guiding principles of the planning process in India. The role of economic growth in providing more employment avenues to the population has been clearly recognized. The growth-oriented approach has been reinforced by focusing on specific sectors which provide greater opportunities to the people to participate in the growth process. The various dimensions of poverty relating to health, education and other basic services have been progressively internalized in the planning process. Central and state governments have considerably enhanced allocations for the provision of education, health, sanitation and other facilities which promote capacity-building and well-being of the poor. Investments in agriculture, area development programmes and afforestation provide avenues for employment and income. Special programmes have been taken up for the welfare of scheduled castes (SCs) and scheduled tribes (STs), the disabled and other vulnerable groups. Antipoverty programmes that seek to transfer assets and skills to people for self-employment, coupled with public works programmes that enable people to cope with transient poverty, are the third strand of the larger anti-poverty strategy. The targetted public distribution system (TPDS) protects the poor from the adverse effects of a rise in prices and ensures food and nutrition security at affordable prices.

INCLUSIVE GROWTH

The inclusive growth approach takes a longer term perspective as the focus is on productive employment rather than an direct income redistribution as a means of increasing income for excluded groups. The concept of inclusive growth has three dimensions firstly in terms of segments of the economy i.e agriculture, industry, services; second –in terms of sections of population,

ex.rural-urban, male-female, children-senior citizens, different social groups categorized on the basis of social hierarchy, viz. forward and Scheduled Caste and Scheduled Tribe, economic status-

persons below poverty line, employment based groups like unorganized work force, literacy based groups, etc, and the third-in terms of regional balance in development. But the definitions provided by the World Bank, the Asian Development Bank and other international institution are mostly based upon the criterion of distribution of income of the countries among different regions that is growth with equal opportunities, accessible to all.

POVERTY REDUCTION IN INDIA

India is one of the fastest-growing developing economies in the world. GDP has grown by 9.6% in 2006-07 and at an estimated rate of 9% in 2007-08. As a result of the rapid growth in recent years, the percentage of people living below poverty line has declined from 55 % in 1973-74 to 36% in 1993-1994 to 27.5% in 2004-2005. The decline in the percentage of people living below poverty line in the rural areas in the corresponding period was from 56.4% to 37.3% to 28.3%. However, despite the steady growth and strong macroeconomic fundamentals, the gains have not been inclusive enough. Poverty and unemployment continue to be the central challenges confronting policymakers.

The sustainable expansion is to diminish the fixed poverty of the world's poor through providing lasting and secure livelihoods that minimize resource depletion, ecological poverty, cultural disturbance and social insecurity. Modern studies together with the UNDP 2008, have embrace the concept of multidimensional deficiency headcount ratios are used. The Planning Commission estimates the incidence of poverty at the national and state level on the basis of large sample survey on house hold consumer expenditure conducted by NSS report approximately every five year. The Tendulkar Committee Report (2009) Poverty headcount ratio for all India declined from 45.3% in 1993-94 to 37.2% in 2004-05. Thus based on these figures one can safely conclude that growth India has been pro-poor, as poverty has declined since 1993-94.

Eradicate rural poverty as a development method, rural society is hopeful to move from lower economic and lower social average to higher standard in the lives of the rural people. 'Rural poverty' is an enormously difficult subject to deal with because of a huge diversity of socio-economic and ecological situations in which it takes place. Thus, the policies for the eradication rural poverty have to be targeted at the rural poor, which have been at the receiving end of the ill effects of poverty over the ages. The broad strategy of rural development in India is reflected in our constitution. This strategy is based on the progressive elimination of inequalities among the different sections of the society in the country. India has strong hierarchical social system with different social and economical inequalities in rural areas. Keeping this in view, the Government of India has taken initiatives for rural poverty alleviation. The initiations have been taken from the First Five Year Plan, it is envisaged that the successive five year plans would create a better, richer and fuller life for the thousands of rural communities in India.

PROBLEMS

In the major causes of poverty among India's rural people both individuals and communities are lack of access to productive assets and financial resources. High levels of illiteracy inadequate

health care and extremely limited access to social services are common among poor rural people. Microenterprises development which would generate income and enable poor people to improve

their living conditions has only recently become a focus of the Government. Inequality in earning has doubled in India over the last two decades, making it the worst performer on this count of all emerging economics.

2. OBJECTIVES

1. Sustainable rapid growth and making the process of economic growth more inclusive across sectors, across regions, and bringing the benefits of higher income and living standard to more people.
2. To know the study distribution resource to developing countries increased level income.
3. Providing finance to improve capacities of public sector institutions to ensure the effective delivery of core service.

3. METHODOLOGY

The present studies cover and analyzing the institutional changes in agriculture the impact of such change on the state economy. As the study focused on India particularly in Tamil Nadu this paper the research is based on secondary data. The data is taken from different research reports, journals, websites and research paper. The research is based on the study besides there is any significant difference in the ratio of area under of the poverty, employment, energy, agriculture and education.

EMPLOYMENT

The ability to generate an adequate number of productive employment opportunities will be a major factor on which the inclusiveness of growth will be judged. India is currently at a stage of demographic transition where population growth is slowing down but the population growth is slowing down but the population of young people entering the labour force continues to expand. The dependency ration declined from 0.8 in 1991 to 73 in 2011 and is expected to decline further to 0.59 by 2011. The five states Maharashtra, Andhra Pradesh, Tamil Nadu, West Bengal and Uttar Pradesh accounted for the maximum share of employment regardless of location urban rural or combined.

PROGRAMME AND PLANS FOR POVERTY ERADICATION AND EMPLOYMENT GENERATION

The Government of India has implemented various programs and plans to eradicate poverty and generate employment

- SwarnaJayanti Gram RojgarYojana (SJGRY)
- SwarnaJayantiSheharRojgarYojana (SJSRY)
- Prime Minister Employment Plan (PMRY)
- GraminRojagarAwasarKaryakram.
- Annapurna BimaYojana.

- Antodaya Anna Yojana
- Mahatma Gandhi National Rural Employment Gurantee Act (MGNREGA)
- Common Man Life Insurance Plan.

POVERTY: THE STATIC AND DYNAMIC SOLUTION

The eradication of poverty, ignorance, diseases and inequality of opportunity has been identified as a major priority in an independent India through our pledges, visions and plans but or all out efforts have little achievements. The Eleventh Five Year Plan’s ambition for inclusive growth and the Twelfth Plan’s emphasis for faster, more inclusive and sustainable growths as well as in the global contest the Millennium Development Goals (MDG) have left the deep concerns that the achievement in the field falls short of what is needed. Despite all the concerns in governments policy statements and programmes as well as UN document and statements regarding poverty reduction in India there remains a chasm between goals and targets and their achievement in terms of winning the fight to end poverty squalor ignorance and disease. While it is indisputable that poverty has declined, the reduction has been well below what was anticipated. Official statistics show that poverty measured in terms of headcount ratio (HCR) declined from 54.9% in 1973-74 to only 27.5% in 2004-05 shows table.

POVERTY TRENDS, 1973-74 TO 2009- 2010

YEAR	% OF POPULATION BELOW POVERTY LINE	TOTAL POPULATION IN POVERTY (MILLION)
1973-74	54.9	321.3
1977-78	51.3	328.9
1983	44.5	322.9
1987-88	38.9	307.1
1993-94	36	320.3
1999-00	26.1	260.2
2004-05	37.2	407.2
2009-10	29.8	354.68

TABLE NO 1

Further this estimate increased to 37.2% when the Tendulkar Committee applied a poverty line of Rs 446.68 per capita per month for rural areas instead of Rs 356.30 per capita per month and Rs 578.80 per capita per month instead of Rs. 538.60 per capita per month for urban areas at 2004-05 prices. In other words, small increases in the poverty line of Rs 90 and Rs 40per capita per month in rural and urban areas respectively lead to massive increases in the estimated population in poverty of almost 10 percentages points. The estimates for 2009-10 are that as much as 29.8% of

India’s population is in poverty based on the Tendulkar method. In terms of numbers, as many as 355 million people are below the poverty line and this is unacceptably high. As is well known, there is a sharp dichotomy between two very different realities in India: rapid growth and significant resilience in the face of immense global challenges on the one hand, and the exclusionary nature of growth and denial of the most basic amenities and development opportunities to a large proportion of the population on the other. Research on poverty has generally focused on the state of being poor, rather than on the dynamics of poverty movement in to and into of poverty, or lack of, and the persistently poor? What enables those who are poor to escape from poverty? Why do a large number of people who are not poor become poor? Studying poverty dynamics to answer these questions can bring new understanding of poverty and well – being. Large proportions of those who are poor in India are stuck in poverty or are chronically poor.

Additionally many of those who suffer poverty also suffer deprivation in several other dimensions such as access to education and knowledge, health care, nutrition, safe drinking water and other basic needs.

PERCENTAGE OF NUMBER OF POOR ESTIMATED BY TENDULKAR METHOD USING MIXED REFERENCE PERIOD

Rural –urban poverty by Tendulkar method for post liberalization period in 1993-94, rural poverty was 50.1 percent and 25.7 percent in 2011-12. Poverty is declining rapidly. Average annual rate of declining during 1993-2005 is 0.75 percent whereas it is 2.32 percent for the period 2005-2012. Urban poverty states that us was 31.8 percent in 1993-94 and it became 13.7 percent in 2011-12. It shows tremendous reduction in poverty.

POVERTY RATIO LEVEL IN RURAL TO URBAN

YEARS	POVERTY RATIO (%)			NUMBER OF POOR (MILLION)		
	RURAL	URBAN	TOTAL	RURAL	URBAN	TOTAL
1993-94	50.1	31.8	45.3	328.6	74.5	403.7
2004-05	41.8	25.7	37.2	326.3	80.8	407.1
2009-10	33.8	20.9	21.9	216.5	52.8	269.3
2011-12	25.7	13.7	0.74	---	---	---

TABLE NO 2

The poverty ratio was 45.3 percent in 2011-12. It shows tremendous reduction in poverty. Total poverty ratio was 45.3 percent in 1993-94 and declined to 21.9 percent in 2011- 12. As far as decline is concerned poverty has reduced in an unprecedented manner. Average decline in poverty was 2.18 percent per annum during 2004-2012, almost twice the rate of preceding decade. During this period, government launched 16 flagship programmes in both rural and urban areas for eleventh five year plan (2007-2012) like rural employment gurantee scheme. Industrial growth also has been highest creating production employment for young people.

INCLUSIVE GROWTH: RURAL POVERTY ERADICATION

A recent World Bank paper¹ estimates, based on purchasing power parity (PPP), that 45.6 crore persons (42 % of total population) are living below poverty line in India if the new international poverty line of \$1.25 per day is taken as the standard. If \$ 2 per day level is considered, then about 75.6% population of India will fall below the poverty line. The Study also suggests that the proportion of the poor based on poverty line of \$ 1.25 (PPP) per day in India decreased from 60% in 1981 to 42 % in 2005. In absolute numbers, the poor have risen from 421 million in 1981 to 456 million in 2005. Furthermore, the Study argues on the basis of its new data that poverty in India declined faster between 1981 and 1990, from 60% to 51% than between 1990 and 2005, when it fell to 42%. Thus, 9 percentage points decrease in the first 10 years and the same 9 percentage points in the subsequent 15 years.

Planning Commission identified 27 monitor able national targets for the 11th Plan. The reduction in head count ratio of consumption of poverty by 10 percentage points is one of them. The

projected population and the rural BPL population in India for the period 2008-15 are given in Table-3. It is evident from the figures that in 2015 there will be about 18.53 crore BPL population in rural areas. Constituting 22% of the total rural population. Thus there is a need to make special efforts to reduce the rural BPL population in time bound manner.

The national poverty line at 2004-05 prices is Rs.356.30 per capita per month (Rs.21, 378 or say Rs 22000 per household (HH) per annum) in the rural areas and Rs.538.60 per capita per month (or say Rs.32, 316 per HH. per annum) in the urban areas. Table -1 provides data on temporal profile of poverty reduction from 1973-1974 up to 2004-05. While poverty in the rural areas, in percentage terms, has declined to half from 56.4% in 1973-74 to 28.3% in 2004-05, in absolute terms, the reduction is not very significant. The population living below the poverty line (BPL) in the rural areas is still unacceptably high, at over 22 crore.

ESTIMATES OF POVERTY FROM 1973 TO 2004

YEARS	PERCENTAGE OF PEOPLE BELOW POVERTY LINE			NUMBER OF PERSONS BELOW POVERTY LINE (IN CRORE)		
	RURAL	URBAN	COMBINED	RURAL	URBAN	COMBINED
1973	56.44	49.01	54.88	26.13	6.00	32.13
1983	45.65	40.79	44.48	25.20	7.09	32.29
1993	37.27	32.36	35.97	24.40	7.63	32.04
2004	28.30	25.70	27.50	22.09	8.08	30.17

Source: Planning Commission

TABLE NO 3

PROJECTED RURAL BPL POPULATION BY 2015 (IN CRORE)

YEAR	TOTAL POPULATION	RURAL POPULATION	RURAL BPL POPULATION	RURAL HH
2008-09	114.75	80.45	20.92	4.23
2009-10	116.25	81.13	20.50	4.12
2010-11	117.76	81.81	20.09	4.02
2011-12	119.27	82.49	19.69	3.94

2012-13	120.78	83.17	19.29	3.86
2013-14	122.29	83.85	18.91	3.78
2014-15	125.31	84.53	18.53	3.71

Source: Planning Commission

TABLE NO 4

4. CONCLUSION

This Paper proposes a strategy for poverty eradication by 2015 based on the rural household as a unit. The rural poor primarily comprise of small and marginal farmers, especially in rainfed areas, landless labourers, fisher-folk, herders, women-headed households. Households below poverty line subsist on multiple sources of income. The current poverty line is of the order of Rs. 22,000 per annum for a household of five members. The proposed strategy envisages that through a Mission Mode approach to implementation of the poverty reduction schemes it is possible to lift the 4.5

crore BPL households above poverty line by 2015. Poverty has been current issue in Indian economy forever after independence. There are various estimates and measures of poverty. Different policies and programmes are implemented to eradicate poverty. Various committees gave their estimates. It is concluded that there is difference between poverty level given by Tendulkar committee and Lakdawala committee. According to Tendulkar committee, poverty level is higher than Lakdawala ever. Rural Urban poverty analysis showed that rural poverty has been higher than urban poverty over the study period. Social group analysis that ST population is suffered highly by poverty and forward caste is affected least. Recently planning commission told that hither to almost 65 percent are underprivileged and living under poverty level. State wise poverty also has been discussed. In 2012, Bihar, Orissa, and Madhya Pradesh were observed as having lower level of poverty. Poverty is not being affected by growth and employment. So there is need to identify the reasons which are helpful to remove this retarding growth led poverty and sustain balanced growth.

5. REFERENCES

- [1] Anand Kumar, Navneet Anand, (2006), Poverty Target programs for the Elderly in India, February 2006.
- [2] GoI-CSO (2012), Millennium Development Goals- India country Report 2011, New Delhi: Government of India, Central Statistical Organization, Ministry of Statistics and Programme Implementation.
- [3] Himanshu (2008) , growth, Employment and poverty Reduction: Post – Reform Indian experience Asia Research center working paper 23.
- [4] India chronic poverty Report: Towards solutions and new compacts in a dynamic context.’ New Delhi: Indian Institute of public Administration .P.56.
- [5] Nagaraj, R (2005), Industrial Growth in China and India: A Preliminary Comparison,” Economic and Political Weekly, May 21, pp.2163-2179.
- [6] Pangariya A. and Mukimmegha (2013) A comprehensive analysis of poverty in development Network planning commission. Nic. In
- [7] Ravallion, Maatin and Dutt, Gaurav (2002) “Growth and structure of Employment in India Long term and Post-Reforms performance and the emerging Challenges” ICSSR, New Delhi.

- [8] Sing S (2002) Contracting out Solutions: Political Economy of Contract Farming in the Indian Punjab, *World Development*, Volume No.33, Issue No.9.
- [9] Singh Surjeet (1991); *Rural Credit; Issues for the Nineties*, Institute of Development studies Oxford and IBH Publishing company.