CHAPTER 4

ELIMINATION OF POVERTY AND HUNGER IN INDIA: A STUDY OF POVERTY AND HUNGER ALLEVIATION PROGRAMS IN INDIA WITH SPECIAL EMPHASIS ON MGNREGA.

Poverty can be defined as a social phenomenon in which section of the society is unable to fulfill even its basic necessities of life. When a substantial segment of a society is deprived of the minimum level of living and continues at a bare subsistence level, that society is said to be plagued with mass poverty.¹

4.1. Poverty and Hunger Situation in India: An Analysis

India, like other third world countries is a low income developing economy. There is no doubt that nearly one-fourth of its population lives in conditions of misery. Poverty is not only acute, but is also a chronic malady in India. At the same time, there exist unutilized natural resources.² The process of economic stagnation in India has been attributed by the economic historians of colonial school to the restrictive role of the state structure, religious orthodoxy & social attitudes. There are others who explain the economic backwardness in terms of shortage of capital, lack of enterprise, heavy pressure of population and so on. Still there are many others who attribute the underdevelopment of India to the exploitation by the British during their two hundred year rule.³

² Ibid. p 5.
After the battle of Plassey, the British East India Company had succeeded in establishing its rule over the major part of India and with it began the period of colonial exploitation of the country. In this period there was massive drain of wealth from India to England and it resulted in pauperization of the country. Even the transfer of power from the East India Company to the British did not materially alter the situation. The colonial exploitation had continued; only its form had changed.  

Indian economy during the British rule was characterized by low per capital income, inequitable distribution of wealth, high incidence of poverty, predominance of agriculture and low level of human development. During the pre-independence period, National income accounts were not prepared and thus no official estimates of the national income of India are available for the British period. The first estimates of the national income were provided by Dadabhai Naroji for 1867-68 in his ‘Poverty and Un British Rule in India’. According to him, the national income of British India in this year was Rs.340 core. Since the population of the country was about 17 core, the per capital income turned out to be Rs.20 per annum. Apart from Nairoji, F.J. Atkinson, Major Baring, T. Richard, Horne, W. Digby, Lord Curzon and R. Giffen also provided their estimates of national income for different years in the last quarter of the 19\textsuperscript{th} century and the first decade of the 20\textsuperscript{th} century. Monu Mukherji, pointing out the limitation of these estimates of national income, has clearly stated that much reliance should not be placed on these for assessing the performance of the Indian economy during the period. To make these estimates more reliable & more useful, Monu Mukherji attempted readjustments in these estimates which are shown in table below.

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4 Ibid. p 48.
Table 58: Adjusted Per Capita Income

<table>
<thead>
<tr>
<th>Author of the estimate</th>
<th>Year</th>
<th>Per capita income at current prices (Rs)</th>
<th>Per capita income at 1948-49 prices (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naoraji</td>
<td>1867-68</td>
<td>23.5</td>
<td>142</td>
</tr>
<tr>
<td>Atkinson</td>
<td>1875</td>
<td>23.4</td>
<td>172</td>
</tr>
<tr>
<td>Major Baring</td>
<td>1881</td>
<td>27</td>
<td>184</td>
</tr>
<tr>
<td>Horne</td>
<td>1891</td>
<td>28</td>
<td>158</td>
</tr>
<tr>
<td>Atkinson</td>
<td>1895</td>
<td>31.5</td>
<td>178</td>
</tr>
<tr>
<td>Curzon</td>
<td>1902</td>
<td>30</td>
<td>148</td>
</tr>
<tr>
<td>Giffen</td>
<td>1903</td>
<td>30</td>
<td>167</td>
</tr>
</tbody>
</table>

Source: M. Mukherjee, National income in V.B. Singh (ed.), Economic History of India: 1875-1956 (New Delhi, 1975), P.672

After independence, the government wanted to give a ‘big push’ to the stand-still economy and for this purpose, it employed the technique of “democratic planning”. With the efforts of the government, some development has indeed taken place during six and the half decades of planning, but barring a few countries, the per capita income of the Indian people is the lowest in the world.⁹

The Planning Commission is the nodal agency in the government of India for estimation of poverty at national and state levels. The estimates of poverty are made using the large sample survey data on household consumer expenditure constituted by the National Sample Survey Organization (NSSO) of the Ministry of Statistics and Programme implementation. The state-specific poverty ratios are worked out from state-specific poverty lines and distribution of persons by expenditure groups obtained from the NSS data on consumer expenditure. The poverty ratio at all-India level is obtained as the weighted average of the state wise poverty ratios.¹⁰

A working group was formed in 1962 to attempt to set a poverty line for India. This working group used calories required for survival, and income needed to buy those calories in different parts of India, to derive an average poverty line of Rs.20 per

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months at 1960-61 prices. Several economists and organizations have conducted studies on the extent of poverty in India. Estimates of poverty in India during the 1960s varied widely. Dr. V.M Dandekar and Mr. Nilkantha Rath, on behalf of the then Indian government, estimated that the poverty rate in India in 1960s remained generally constant at 41%. Ojha in contrast, estimated that there were 190 million people (44%) in India below official poverty limit in 1961, and that this below-poverty line number increased to 28 million (70%) in 1967. Dr. P.K. Bardhan also concluded that Indian poverty rates increased through the 1960s, reaching a high of 54%. Those above the 1960s poverty level of Rs.240 per year were in fragile economic groups as well as not doing well either. Minhas estimated that 37.1% of Indian people live below poverty line in 1967-68. Montek Ahluwalia, using the same concept of poverty line found that 56.5% of people lived below poverty line in 1967.13

Table 59: Estimates of Poverty in India, Percent of Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Author of the estimate</th>
<th>Incidence of poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968-69</td>
<td>Dandekar and N.K. Rath</td>
<td>41</td>
</tr>
<tr>
<td>1967</td>
<td>P.D.Ojha</td>
<td>70</td>
</tr>
<tr>
<td>1967-68</td>
<td>P.K.Bardhan</td>
<td>54</td>
</tr>
<tr>
<td>1967-68</td>
<td>B.S.Minhas</td>
<td>37.1</td>
</tr>
<tr>
<td>1967-68</td>
<td>Montek Ahluwalia</td>
<td>56.5</td>
</tr>
</tbody>
</table>

Poverty alleviation has been a driver for India’s Planning Commission’s Task Force on Projections of Minimum Needs and Effective Consumption Demand of the Perspective Planning Divisions. This division, in 1979 took into account differences in calorie requirements for different age groups, activity levels and sex. They determined that the average rural dweller needed around 2400 calories and those in urban areas required about 2100 calories per person per day. To satisfy the food requirement, the Task Force estimated that a consumer spending in 1973-34 of Rs.49.09 per person per month in rural areas and Rs.56.64 in urban areas was appropriate measure to estimate

11 Wiki 55
12 Wiki
its poverty line.\textsuperscript{14} The Planning Commission has provided estimates of the incidence of poverty since the early 1970s. On the criteria using official methodology, the Planning Commission estimated incidence of poverty for several years during the period from 1977-78 to 1994-95. These estimates of the planning commission suggest spectacular decline in the incidence of poverty during 17 years period from 1977-78 to 1994-95. This success on poverty front was attributed by the Planning Commission mainly to the higher rate of growth, the increase in agricultural production and a substantial effort at providing employment on rural works. However, some economists point out serious flaws in the Planning Commission’s methodology to estimate poverty and have thus raised doubts about the claims of the planning commission.\textsuperscript{15}

In view of the criticism of the methodology followed by the Planning Commission to estimate the incidence of poverty, the need was felt to re-examine the whole issue of poverty estimation.\textsuperscript{16} Hence, the Planning Commission constituted in September 1989 an “Expert Group” to consider methodological and computational aspects of estimation of proportion and number of poor in India. Prof. D.T. Lakdawala was the chairman of the Expert Group. The report of the expert group was submitted in July 1993.

Taking into account various considerations, the Expert Group recommended the following criteria for determining the poverty line:

1. The poverty line recommended by the Task Force on projection of minimum needs and effective consumption demands, namely a monthly per capita total expenditure of Rs.49.09 (rural) and Rs.56.64 (urban) rounded respectively to Rs.49 and Rs.57 at all India level at 1973-74 prices be adopted as the baseline.
2. Regarding the choice of the base year, the Expert Group was of the opinion that since much systematic work has already been done with the base 1973-74, this base year may be continued for estimating the poverty line.
3. For the choice of the deflator, the Expert Group came to the conclusion that it would be most suitable to rely on the disaggregated commodity indices for Consumer Price Index for Agricultural Laborers (CPIAL) to update the rural poverty line and a simple average of suitably weighted commodity indices of

\textsuperscript{14} Wiki 59
\textsuperscript{15} Supranote 261. p 67.
\textsuperscript{16} Ibid. p 68.
Consumer Price Index for Industrial Workers (CPIIW) and Consumer Price Index of Non- manual employees (CPINM) for updating the poverty line.

The Expert Group estimated the proportion and number of poor below the poverty line at five points covering the 21- year period 1973-74 to 1993-94. These estimates reveal that the rural poverty ratio has declined from 56.4 percent in 1973-74 to 39.3 percent in 1993-94. As compared with this, there is relatively smaller decline in the urban poverty ratio which has come down from 49.2 percent in 1973-74 to 32.4 percent in 1993-94. An important revelation of the study is that for the first time, the urban poverty ratio has been estimated to be higher than rural poverty ratio.\textsuperscript{17}

The poverty lines and the number and percentage of population below poverty line based on Expert Group methodology of the Planning Commission is shown in table below:

\textit{Table 60: Poverty Line and percentage of Poor (Expert Group Methodology)}

<table>
<thead>
<tr>
<th>Poverty lines with base 1973-74 (Rs Per capita per month)</th>
<th>Population below poverty line (Expert Group methodology)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expert Group methodology</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Rural</td>
</tr>
<tr>
<td>1973-74</td>
<td>49.09</td>
</tr>
<tr>
<td>1977-78</td>
<td>56.84</td>
</tr>
<tr>
<td>1983</td>
<td>89.45</td>
</tr>
<tr>
<td>1987-88</td>
<td>115.43</td>
</tr>
<tr>
<td>1993-94</td>
<td>211.3</td>
</tr>
</tbody>
</table>


The 55\textsuperscript{th} Round of the National Sample Survey (NSS) (July 1999-june 2000) was a quinquennial large sample survey and was thus expected to generate data useful to prepare poverty estimates comparable with those from the previous large sample surveys. The Planning Commission made use of these data to prepare two separate estimates of the incidence of poverty. These are provided in the table below:

Table 61: Poverty estimates based on the 55th NSS Round year 1999-2000 (percent of population)

<table>
<thead>
<tr>
<th>Reference period</th>
<th>All India</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 day recall</td>
<td>26.10</td>
<td>27.09</td>
<td>23.62</td>
</tr>
<tr>
<td>7 day recall</td>
<td>23.33</td>
<td>24.02</td>
<td>21.59</td>
</tr>
</tbody>
</table>


The consumer expenditure data of the 55th round on a 30 day recall basis yields the poverty ratios for 1999-2000 of 27.09 percent in rural areas, 23.62 percent in urban areas and 26.1 percent for the country as a whole. The corresponding figure from the 7-day recall period is 24.02 percent in rural areas, 21.59 percent in urban areas & 23.33 percent for the country as a whole. The estimates based on 55th NSS round has been criticized as being incomparable with the earlier estimates of poverty due to the change in methodology of data collection.

Keeping in mind the lack of comparability in the methodology of the 55th round with the earlier large sample surveys, some studies have attempted to generate adjusted poverty estimates. Prominent among these are by K. Sundaram and S.D Tendulkar, Augus Deaton & Gaurav Datt, Valeria Kozel and Martin Ravallion.

All these studies show a decline in poverty between 1993-94 and 1999-2000 in varying degrees. At the same time, as emphasized by August Deaton and Jean Dreze, regional disparities as well as economic inequality within states increased during this period. According to them, “the overall decline of poverty in the nineties does not rule out the possibility of impoverishment among specific regions and social groups”.

NSSO results on the basis of large sample survey data on household consumer expenditure (NSS 61st round) for 2004-05 are the basis of poverty estimate. The data were collected on Uniform Recall Period (URP) using 30 days for all items. The data was also available using 360 days for frequently purchased non-food items namely, clothing, footwear, durable goods, education and institutional medical expenses and 30-days recall period for the remaining items, known as Mixed Recall Period (MRP). The

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Planning Commission, using the Expert Group methodology has estimated poverty in 2004-05 using both the distributions. The following results were obtained:

1. Poverty estimates based on URP indicate 28.3 percent of rural population and 25.7 percent of the urban population was below the poverty line. For the country as a whole, 27.5 percent of total population was below the poverty line in 2004-05.

2. The corresponding figure from MRP indicate 21.8 percent in rural areas, 21.7 percent in urban areas and 21.8 percent for the country as a whole was in poverty in 2004-05.¹⁹

Table 62: Poverty estimates based on 61st NSS round year-2004-05 (percent)

<table>
<thead>
<tr>
<th>Reference period</th>
<th>All India</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniform Recall Period (URP) method</td>
<td>27.5</td>
<td>28.3</td>
<td>25.7</td>
</tr>
<tr>
<td>Mixed Recall Period (MRP) method</td>
<td>21.8</td>
<td>21.8</td>
<td>21.7</td>
</tr>
</tbody>
</table>

Source: Government of India, Economic Survey, 2007-08 (Delhi, 2008)

The estimates of poverty given by NSSO 61st round were heavily criticized by many experts. The estimated urban share of the poor population in 2004-05, namely 25.7 percent at the all-India level is generally accepted as being less controversial than its rural counterpart at 28.3 percent that has been heavily criticized as being too low. Since the appropriateness of the poverty line was questioned in some quarters, the government appointed an Expert Committee under the chairmanship of late Prof. Suresh Tendulkar to review the methodology for estimation of poverty. The Tendulkar Committee submitted its report in December 2009 and computed poverty lines and poverty ratios for 2004-05. For comparison they also computed poverty lines and poverty ratios for 1993-94 with identical methodology.²⁰

The Planning Commission periodically estimates poverty lines and poverty ratios for each of the years for which large sample surveys on Household Consumer

²⁰ Ibid. p 371.
Expenditure have been conducted by the NSSO of the Ministry of Statistics and Programme implementation. These surveys are normally conducted on quinquennial basis. The last quinquennial survey in this series was conducted in 2009-10 (NSS 66th round). However, since 2009-10 was not a normal year because of a severe drought, the NSSO repeated the large scale survey in 2011-12 (NSS 68th round). The summary results of this survey were released on 20th June 2013.\textsuperscript{21}

Since several representations were made suggesting that the Tendulkar poverty line was too low, the Planning Commission in June 2012, constituted an Expert Group under the chairmanship of Dr. C. Rangarajan to once again review the methodology for the measurement of poverty. The Rangarajan committee is deliberating on this issue and is expected to submit its report by middle of 2014. Since the data from the NSS 68th round (2011-12) of Household Consumer Expenditure Survey is now available, and the Rangarajan Committee recommendations will only be available a few months later, the Planning Commission has updated the poverty estimates for the year 2011-12 as per the methodology recommended by Tendulkar methodology.

The NSSO tabulates expenditure of about 1.20 lakh households. Since these households have different number of members, the NSSO for purpose of comparison divides the household expenditure by the number of members to arrive at per capita consumption expenditure per month. This is called Monthly Per Capita consumption Expenditure (MPCE) and is computed on the basis of three different concepts:

- \textbf{a. Uniform Reference Period (URP),}  
- \textbf{b. Mixed Reference Period (MRP),}  
- \textbf{c. Modified Mixed Reference Period (MMRP).}

For 2011-12, for rural areas, the national poverty line using the Tendulkar methodology is estimated at Rs.816 per capita per month and Rs.1,000 per capita per month in urban areas.\textsuperscript{22}

Based on the estimates for 1993-94 & 2004-05, the Head Count Ratio (HCR) for the year 1990 has been estimated both at national and state levels. At the national level the HCR was estimated to 47.8 percent in 1990.\textsuperscript{23}


\textsuperscript{22} Best Current affairs .com/w/latest-official- poverty estimates of India/.
The percentage and number of persons in rural and urban areas at the national level as per Tendulkar methodology are given in the table below.

**Table 63: Poverty Estimates based on Tendulkar Methodology**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of poor</th>
<th>No. of poor (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>1990</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993-94</td>
<td>50.1</td>
<td>31.8</td>
</tr>
<tr>
<td>2004-05</td>
<td>41.8</td>
<td>25.7</td>
</tr>
<tr>
<td>2011-12</td>
<td>25.7</td>
<td>13.7</td>
</tr>
</tbody>
</table>

Annual average decline(%) 1993-94: 2004-05 = 0.75, 0.55, 0.74
Annual average decline(%) 2004-05: 2011-12 = 2.32, 1.69, 2.18

**Source:** Planning Commission

Based on the new estimate of HCR at the national level (47.8%), the country was required to achieve a HCR level of 23.9% by 2015 in order that MDG target 1 is achieved. The incidence of poverty declined from 47.8 percent in 1990 to 45.3 percent in 1993-94, to 37.2 percent in 2004-05 and further to 21.9 percent in 2011-12, suggesting that the country has already achieved the MDG target of halving the proportion of population living below national poverty line. The percentage of persons below the poverty line in 2011-12 has been estimated as 25.7 percent in rural areas, 13.7 percent in urban areas and 21.9 percent for the country as a whole. The respective ratios for the rural and urban areas were 41.8 percent and 25.7 percent and 37.2 percent for country as a whole in 2004-05. It was 50.1 percent in rural areas, 31.8 percent in urban areas and 45.3 percent for the country as a whole in 1993-94. In 2011-12, India had 270 million persons below the Tendulkar poverty line as compared to 407 million in 2004-05, that is a reduction of 137 million persons over the seven year period.

During the 11-year period 1993-94 to 2004-05, the average decline in the poverty ratio was 0.74 percentage points per year. It accelerated to 2.18 percentage points per year during the 7-year period 2004-05 to 2011-12. Therefore, it can be

concluded that the rate of decline in poverty ratio during the most recent 7-year period 2004-05 to 2011-12 was about three times of that experienced in the 11-year period 1993-94 to 2004-05.\textsuperscript{24}

Although the Indian economy has grown steadily over the last two decades, its growth has been uneven when comparing social groups, economic groups, geographical regions, and rural and urban areas. Though there was a decline of percentage of population in urban and rural areas, the huge rural-urban gap continues. The rural poor in India are highly concentrated in select states of the country viz., Uttar Pradesh, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Assam, Odisha, Manipur and Arunachal Pradesh. Besides, while some states have shown a declining trend in poverty ratio during 1993-2012, the above discussed states had poverty ratios above the national estimate in 2011-12.\textsuperscript{25}

The table below provides information on geographical profile and concentration of rural poor in select states and the overall poverty statistics:

**Table 64: Geographical concentration of rural poor in select states and total poverty ratio at the state level (%)**

<table>
<thead>
<tr>
<th>Name of the state</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arunachal Pradesh</td>
<td>38.93</td>
<td>20.33</td>
<td>34.67</td>
</tr>
<tr>
<td>Bihar</td>
<td>34.06</td>
<td>31.23</td>
<td>33.74</td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>44.61</td>
<td>24.75</td>
<td>39.93</td>
</tr>
<tr>
<td>Assam</td>
<td>33.89</td>
<td>20.49</td>
<td>31.98</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>40.84</td>
<td>24.83</td>
<td>36.96</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>35.74</td>
<td>21.00</td>
<td>31.65</td>
</tr>
<tr>
<td>Manipur</td>
<td>38.80</td>
<td>32.59</td>
<td>36.89</td>
</tr>
<tr>
<td>Odisha</td>
<td>35.69</td>
<td>17.29</td>
<td>32.59</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>30.40</td>
<td>26.06</td>
<td>29.43</td>
</tr>
<tr>
<td>Dadra and Nagar Haveli</td>
<td>62.59</td>
<td>15.38</td>
<td>39.31</td>
</tr>
</tbody>
</table>

*Source: Planning Commission*

As a country dependent, significantly on rain-fed agriculture, India has faced periodic droughts. Children and adults are vulnerable to malnutrition because of low dietary intake, infectious diseases, and lack of appropriate care and in adequate distribution of food within the household.\textsuperscript{26}

Malnourishment of children is a significant indicator of food insecurity. The undernourishment indicator in MDG 1: ‘Prevalence of Underweight children’ is the percentage of children under five years of age whose weight for age is less than minus two standard deviations from the medium for the reference population aged 0-59 months. In Indian context, data on this indicator for the reference age group are not available for all time points.

The National Family Health Survey (NFHS-2, 1998-99) collected data on the underweight children between 0-35 months of age in 1998-99, and between 0-35 months and between 0-59 months of age in NFHS-2 2005-06, while in the survey conducted in 1992-93, children between 0-35 months and between 0-47 months of age were considered. As such, results of the surveys are comparable only with reference to the age group of 0-35 months (or less than 3 years of age).

The proportion of children under three years of age who are underweight decreased from 43 percent in NFHS-2 to 40 percent in NFHS-3 and the proportion of severely underweight decreased from 18 percent to 16 percent. Stunting decreased by a larger margin, from 51 percent to 45 percent. Severe stunting also decreased from 28 percent to 22 percent. However, the improvement in height-for-age combined with a somewhat shower improvement in weight-for-age actually produced an increase in wasting and severe wasting over time. The decrease in stunting over time was greater in rural areas than urban areas. The prevalence of underweight children decreased slightly more in urban areas than rural areas, but there was very little improvement in the percentage of children who were severely underweight in urban areas.\textsuperscript{27}

\textsuperscript{26} Ibid. p 9.
**Figure 21: Trends in Nutritional Status of children**

*Source: NSS 61st round 2005-06*

The national level of Official Poverty lines, for the base year (1973-74) were expressed as monthly per capita consumption of Rs.49 in rural areas and Rs.57 in urban areas, which corresponded to a basket of goods and services that satisfy the calorie norms of per capita daily requirement of 2400 Kcal in rural areas and 2100 Kcal in Urban areas, which were considered minimum required dietary energy for healthy living. The cutoff lines have been updated for price rise for subsequent years. However, the new poverty lines thus calculated do not match the minimum dietary energy level as expressed by the calorie norms. This is revealed from the National Sample Survey (NSS) data of the 61st round (2004-05) for calorie consumption for each expenditure class. At the national official poverty lines (at 2004-05 prices) of Rs.356 per capita per month for rural areas and Rs.359 per capita per month for urban areas, the calorie intake works out to be about 1820 kcal for both rural and urban areas which is much below 2100/2400 kcal norms for healthy living or food security. Infact, it is also revealed from NSS results of the previous quinquennial rounds of consumption expenditure surveys that total calorie consumption of the bottom most quartile of per capita expenditure in rural population has similarly declined from 2863 kcal in 1987-88 to 2521 kcal in 2004-05. The proportion of population that has dietary energy consumption below 2100/2400 kcal in India tends to rise since 1987-88 with about 64 percent below the norm in 1987-88 increasing to 76 percent in 2004-05.

According to NSS data of the 66th round (2009-10), average dietary energy intake per person per day was 2147 kcal for rural India and 2123 kcal for urban India.
The proportion of households with calorie intake below 2160 kcal per consumer unit per day (80% of 2700 kcal, a level used in NSS tabulation for comparison) was 62 percent for rural and 63 percent for urban households in the bottom docile class. The proportion declined progressively with MPCE level. In the next decline class it was about 42.5 percent in the rural sector and 45 percent in the urban sector. The proportion was only about 2.5 percent for the top 10 percent of population ranked by MPCE.

Estimates of average calorie intake for India from six quinquennial surveys of consumer expenditure including the 66th round show a decline in average calorie intake between 1972-73 and 2009-10. The overall decline is substantially greater for rural than for urban India and appears to have been sharper in the period since 1993-94 (50th round), especially in the urban sector. The proportion of households with calorie intake below the level of 2700 kcal per consumer unit per day has grown more or less steadily since 1993-94: from under 52 percent in rural India to nearly 62 percent, and from 57 percent in urban India to about 63 percent.28

Food and good nutrition are basic human needs, the recognition of which is enshrined in the first Millennium Development Goal: the eradication of extreme poverty and hunger. However, developing sound ways to monitor progress towards the eradication of Hunger is vital to sustain the salience of hunger in global and policy discussions. The Global Hunger Index (GHI) is one approach to measuring and tracking progress on hunger and enabling widespread discussion about the reasons for and consequences of hunger. The GHI was developed by the International Food Policy Research Institute (IFPRI) in 2006 as a means of capturing three interlinked dimensions of hunger- inadequate consumption, child malnutrition and child mortality.29

With over 200 million people who are food insecure, India is home to the largest number of hungry people in the world. While there has been attention to the hunger and malnutrition at the central level, within India’s political system, states are important political units with regard to the planning and execution of development programs. Thus, unpacking the hunger index at the level of the state is an important tool to build awareness of the levels and disparities in hunger among states.

29 Wiesman et al. 2006.
The India State Hunger Index (ISHI) 2008 is calculated and presented for 17 major states in the country. These states cover 95 percent of the country’s population, according to the 2001 census in India. The ISHI is computed by averaging the three underlying components of the hunger index—viz; the proportion of underweight children, the under-five mortality rate, and the prevalence of calorie under nutrition in the population.\(^\text{30}\) Below table presents the India state hunger index as well as its underlying components for the 17 major states in the country.

**Table 63: Underlying components of ISHI and ISHI scores**

<table>
<thead>
<tr>
<th>State</th>
<th>Prevalence of under-nourishment</th>
<th>Underweight children under-5 years of age</th>
<th>Under five mortality rate</th>
<th>ISHI score</th>
<th>ISHI Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
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<td>38.5</td>
<td>5.9</td>
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</tbody>
</table>

**Sources:**
2. NFHS III Final data set (2006)
3. NSSO 61st round (2005-06)

\(^{30}\) *India State Hunger Index Report, 2008.*
The severity of hunger is reported in table 2, while the ranking of the 17 major states by the ISHI is displayed below in figure 1. What is disconcerting to note in table 2 is that not a single state is India falls in the ‘low hunger’ or ‘moderate hunger’ categories defined by the GHI 2008. Instead most states fall in the ‘alarming’ category with one state- Madhya Pradesh- falling in the ‘extremely alarming’ category. Four states Punjab, Kerala, Andhra Pradesh and Assam fall in the ‘serious’ category. 31

**Table 64: Severity of India State Hunger, by State**

<table>
<thead>
<tr>
<th>State</th>
<th>ISHI</th>
<th>State</th>
<th>ISHI</th>
<th>State</th>
<th>ISHI</th>
<th>State</th>
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<tr>
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<td>20.0</td>
<td>Punjab</td>
<td>13.6</td>
<td>Haryana</td>
<td>20.0</td>
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<td>U.P</td>
<td>20.9</td>
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<td>17.7</td>
<td>U.P</td>
<td>20.9</td>
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</tr>
<tr>
<td>AndhraPradesh</td>
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<td>19.5</td>
<td>TamilNadu</td>
<td>21.0</td>
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<td></td>
</tr>
<tr>
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<td>21.0</td>
<td>Assam</td>
<td>19.8</td>
<td>Rajasthan</td>
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<tr>
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<td>22.8</td>
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<tr>
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<td>23.7</td>
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<tr>
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<td>23.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gujarat</td>
<td>24.7</td>
<td></td>
<td></td>
<td>Gujarat</td>
<td>24.7</td>
<td></td>
<td></td>
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<tr>
<td></td>
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<td>Chattisgarh</td>
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<td>Chattisgarh</td>
<td>26.6</td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>Bihar</td>
<td>27.3</td>
<td></td>
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<td>Bihar</td>
<td>27.3</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Jharkhand</td>
<td>28.7</td>
<td></td>
<td></td>
<td>Jharkhand</td>
<td>28.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Sources:*
2. NFHS III Final data set (2006)
3. NSSO 61st round (2004-05)

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31 Ibid.
Poverty is often the root cause of insufficient food intake, child malnutrition and child mortality. ISHI 2008 shows that the association between the hunger index and the percentage of population below the poverty line is strong. A few states, however, deviate from the predicted line. Gujarat and Madhya Pradesh are clear “negative outliers”, meaning that they have a much higher hunger index than would be expected based on their poverty level; Punjab, Orissa and Kerala on the other hand, stand out as “Positive deviants”- that is, they have significantly lower hunger index scores than would be expected of states with their level of poverty.\textsuperscript{32}

The ISHI 2008 findings highlight the continued overall severity of the hunger situation in India, while revealing the variability in hunger across states within India. It is indeed alarming that not a single state in India is either low or moderate in terms of their hunger index scores; most states have a “serious” hunger problem, and one state, Madhya Pradesh has an extremely alarming hunger problem.\textsuperscript{33}

The Global Hunger Index (GHI) is designed to comprehensively measure and track hunger globally and by country and region. Calculated each year by the

\textsuperscript{32} Ibid.
\textsuperscript{33} Ibid.
International Food Policy Research Institute (IFPRI), the GHI highlights the successes and failures in hunger reduction and provides insights into the drivers of hunger. The GHI ranks countries on hundred-point scales. Zero is the best score (no hunger), and hundred is the worst although, neither of these extremes is reached in practice.  

The GHI report 2013, based on the hunger data between 2008 & 2012 states global hunger has fallen by a third since 1990, with South Asia and Africa being rated at rock bottom despite some improvements. India has fared poorly as compared to its South Asian counter parts when it comes to feeding its teeming millions. Ranked 63 in a list of 78 countries, India has been rated worse than Pakistan at 57, Nepal at 49, and Sri Lanka at 43 in a region that is ranked worse in the world. India reduced its hunger index from 32.6 in 1990 to 21.3 in 2013. Between 1990 & 1995, the score reduced by 5.5 points but after that the process slowed down.  

India, which recently passed a Food Security law in 2013, has the highest prevalence of under- weight children under- five within South Asia. The GHI 2013 cites social inequality and low nutritional, educational and social status of women as the major cause of child under- nutrition in India.  

India is one of the fastest growing economies in the world. After achieving unprecedented growth of over 9 percent for three successive years between 2005-06 & 2007-08, the country swiftly recovered from the global financial crisis of 2008-09. However, despite this progress, as of 2012, 21.9% of the population of the country is living under the country wide poverty line. Of late, a report was published by the Oxford Poverty and Human Development Initiative (OPHI). The report states that eight of the states in India are home to a poverty stricken population which is higher than the aggregate population of the 26 most underprivileged countries in the Africa continent.

35 Global Hunger falls, But South Asia performs Poor, International Food Policy Research Institute, 2013.
36 Supranote 282.
37 The state of the Economy, Indian Economic Survey- 2013-14, p 1.

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information provided by UNICEF demonstrates that one out of three kids who are suffering from malnutrition all over the world will be found in India. At the same time, around 42% of the kids of the country below the age of five years are underfed. The report also comes up with the fact that around 58 percent of the kids below the age of five were underdeveloped.  

The lack of a clear relationship between state level economic growth and hunger is alarming. The implications of this, taken along with the relationship between the ISHI 2008 and poverty, are that first economic growth is not necessarily associated with poverty reduction. Additionally, even if there is equitable economic growth that improves food availability and access, this might not lead immediately to progress on improving child nutrition and mortality, which need more direct investments to enable rapid reductions. Thus, in addition to wide scale poverty alleviation, direct investments in improving food availability and access for poor households as well as direct targeted nutrition and health interventions to improve nutrition and mortality outcomes for young children will be needed to impact the ISHI scores and rankings of Indian states. The experience of states whose rankings on nutrition index deteriorated on the ISHI 2008 scores in spite of consistent positive economic growth is indicative of the need to invest solidly in direct nutrition and poverty alleviation interventions even in the face of continued economic growth.

4.2. Hunger Eradication Programmes in India

The international community has pledged to halve poverty and hunger by 2015. Extreme poverty and hunger remains an alarming problem in the world’s developing regions, despite the advances made in the 1990’s. India, being one of the signatories of the Millennium Declaration has made a pledge to reduce poverty and hunger by half by 2015. In this direction, a range of strategies have been devised to address these issues. The major hunger eradication programs pursued by the government of India include:

40 Poverty Alleviation Programmes in India; The Independent Commission on Development and Health in India, NEW Delhi. p 1.
Public Distribution system

The Public distribution of essential commodities has been in existence in India during the inter-war periods. Public Distribution System (PDS), with its focus on distribution of food grains in urban scarcity areas, had emanated from the critical food shortages of the 1960s. PDS had substantially contributed to the containment of rise in food grains prices and ensured access of food to urban consumers. As the national agricultural production had grown in the aftermath of green revolution, the outreach of PDS was extended to tribal blocs and areas of high incidence of poverty in the 1970s and 1980s.42

Established by the government of India under Ministry of Consumer Affairs, Food and Public Distribution and managed jointly with state governments in India, it distributes subsidized food grains such as wheat, rice, sugar and Kerosene, through a network of Public Distribution Shops (also known as ration shops) established in several states across the country. In coverage and public expenditure, it is considered to be the most important food security network. Under the PDS scheme, each family below the poverty line is eligible for 35 kg of rice or wheat every month, while a household above the poverty line is entitled to 15 kg of food grains on a monthly basis.

The PDS is jointly regulated by the central and state governments. While the central government is responsible for procurement, storage, transportation and bulk allocation of food grains, state governments hold the responsibility for distributing the same to the consumers through the established network of Fair Price Shops (FPSs). State governments are also responsible for operational responsibilities including allocation and identification of families below poverty line, issue of ration cards, supervision and monitoring of FPSs.43

PDS, till 1992 was a general entitlement scheme for all consumers without any specific target. The Revamped Public Distribution System (RPDS) was launched in June 1992 with a view to strengthening and streamlining the PDS as well as to improve its reach to in the far-flung, hilly, remote and inaccessible areas where a substantial section of poor live. It was started in 1775 blocks where- in area specific programs such

42 Dr. R Chinnadurai, Impact of Antyodaya Anna Yojana on The Food Security of the Poorest of the Poor, Research Report Series 92. p 2.
43 Wikipedia.
as the Drought prone Area Program (DPAP), Integrated Tribal Development Projects (ITDP), Desert Development Program (DDP) and certain Designated Hill Areas (DHA) identified in consultation with state governments for special focus, with respect to improvement of the PDS infrastructure. Food grains for distribution in RPDS areas were issued to the states at 50 paisa below the Central Issue Price (CIP). The scale of issue was up to 20kg per card.

The RPDS included area approach for ensuring effective reach of the PDS commodities, their delivery by the state governments at the door steps of FPSs in the identified areas, additional ration cards to the left out families, infrastructure requirements like additional fair price shops, storage capacity etc. and additional commodities such as tea, salt, pulse, soap etc. for distribution through PDS outlets.44

Table 67: Performance of Public Distribution System (up to 1996)

<table>
<thead>
<tr>
<th>Proposed</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional fair price shops opened</td>
<td>10580</td>
</tr>
<tr>
<td>Additional ration cards issued</td>
<td>2675898</td>
</tr>
<tr>
<td>Bogus cards eliminated</td>
<td>-</td>
</tr>
<tr>
<td>Storage capacity in (MTS)</td>
<td>413400</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Total No of FPSs in identified</td>
<td>102713</td>
</tr>
<tr>
<td>FPSs covered under door step delivery system</td>
<td>54555</td>
</tr>
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</table>


The PDS in its original form was widely criticized for its failure to serve the below poverty line (BPL) population, its urban bias, negligible coverage in the states with the highest concentration of the rural poor and lack of transparent and accountable arrangements for delivery. Realizing this, the Government of India launched the Targeted Public Distribution System (TPDS) in June 1997 with focus on the poor. The scheme when introduced, was intended to benefit about 6 core poor families, for whom a quantity of about 72 lakh tons of food grains was earmarked annually. The

44 http://dfpd.nic.in/?g= nodel/101.
identification of the poor under the scheme was done by the states as per state wise poverty estimates of the Planning Commission for 1993-94 based on the methodology of the “Expert Group on estimation of proportion and number of poor” chaired by late Prof. Lakdawala. In keeping with the consensus on increasing the allocation of food grain to the BPL category and to better target the food subsidy, the Government increased the allocation to BPL families from 10kg to 20kg per month at 50 percent of economic cost from 1 April 2000. The allocation for above poverty line (APL) families was retained at the same level as June 1997 but the CIP was fixed at 100 percent of economic cost from that date so that entire consumer subsidy could be directed towards the BPL population.

The number of BPL families was increased with effect from 1.12 2000 by shifting the base to the population projections of the Registrar General as on 1.3.2000 instead of earlier population projections of 1995. With this increase, the total number of BPL families came to 652.03 lakh as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997. The allocation of food grains for the BPL category thus increased to 147 lakh tones per annum. In order to reduce the excess food grains stocks with the Food Corporation of India (FCI), the Government initiated the following measures under the TPDS from 12 July 2001:

a) The BPL allocation of food grains was increased from 20 Kg to 25 kg per family per month W.e.f. July 2001.

b) At Rs.4.15 per kg for wheat and Rs.5.65 per kg for rice, the CIP for BPL families is 48 percent of the economic cost. The government decided to allocate food grains to APL families at the discounted rate of 70 percent of the economic cost.

The CIP of wheat was reduced from Rs.830 per quintal to Rs.610 per quintal and the CIP of rice reduced from Rs.1, 130 per quintal to Rs.830 per quintal. In addition, 25 kg of food grains was to be provided to the poorest of the poor families under the Antyodaya Anna Yojana at a highly subsidized rate of Rs.2 per kg for wheat & Rs.3 per kg for rice. The Public Distribution System (Control) Order 2001 was also promulgated which seeks to plug the loopholes in the PDS and make it more effective. On 23 March 2002, the Government reduced the issue price for APL rice and wheat by Rs.100 per quintal for a period of three month. The scale of issue for APL, BPL and
Antyodaya households was also increased to 35 kg per month w.e.f. 1.4.2002 with a view to enhancing food security at the household level.

Cumulatively, the off take under TPDS between April 2002 and June 2002 has been 23.54 lakh tons for rice and 16.09 lakh tons for wheat against 18.46 lakh tons and 9.87 lakh tons, respectively for the corresponding period in 2001. Thus, there is a clear indication that off take under TPDS has improved at the national level. The urban bias has been completely eliminated as a large proportion of BPL families are living in rural areas. Though PDS is supplemented in nature, now the enhanced allocation of food grains fulfills around 50 percent of the monthly cereal requirement of an average BPL household.45

Integrated Child Development Services (ICDS) Scheme

Majority of children in India have under privileged childhoods starting from birth. The infant mortality rate of Indian children is 44 and under-five mortality rate is 93 and 25 percent of new born children are underweight among other nutritional and educational deficiencies of children in India.

Given such a daunting challenge, Integrated Child Development Service (ICDS) scheme was first launched in 1975 in 33 development blocs of the country in accordance to the National Policy for children in India. Given its effectiveness over the last few decades, the scheme was extended to the entire country in 2005.46 The programme adopts a multi-sectoral approach to child well-being, incorporating health, education and nutrition interventions and is implemented through a network of over one million Anganwadi Centres (AWCS) and reaches more than 70 million children and 15 million pregnant and lactating mothers. The Department of Women and Child Development’s (DWCD) emphasis on a “lifecycle approach” means that malnutrition is fought through interventions targeted at unmarried adolescent girls, pregnant women, mothers and children aged 0 to 6 years. Eight key services are provided by the ICDS, including supplementary feeding, Immunization, health checkups and referrals, health and nutrition education to adult women, micro-nutrient supplementation and preschool education for 3 to 6 years olds. As the programme has developed, it has

expanded its range of interventions to include components focused on adolescent girls’
nutrition, health awareness and skills development, as well as income-generation
schemes for women.47

The scheme was initially 100 percent funded by the Centre except for nutrition
supplements, which were funded by states and Union territories. In response to resource
constraints faced by many states, the central government increased fiscal support to
cover half of the nutrition costs in 2006. For 2009-10, the central government proposed
that the sharing ratio be modified to 90:10 and 50:50 for general assistance and
supplementary nutrition, respectively, for all states (except the North- Eastern ones) and
90:10 for all components for North- Eastern states.48

Total government expenditure on the programme has grown sharply over time.
An average of 700 million rupees was spent per year on the programme between 1975
& 1992 but this amount rose more than six-fold to average 4,542 million per year
between 1992 and 1997. For 1999-2000, the budgetary allocation for the programme
was over 8,557 million rupees. Between 2000 & 2010 approximately Rs.35,000 core
has been allocated to ICDS by the Union government. The programme has been
supported by several donors, including World Bank, UNICEF, SIDA, WEP, CARE and
NORAD.49

Figure 23: Financial Progress of ICDS

Source: Union Budget 2000-10

47 The Integrated Development Services Programme (ICDS)- Are Results meeting
48 Integrated Child Development Services Scheme Brief, 2013. IFMR Research,
Centre for Development Finance, Chennai, India.
49 Supranote 295. p 36.
The ICDS programme has been the subject of a large volume of research. While some studies have found that the programme is associated with improvement in nutritional status, other studies have failed to find a positive result. The third round of NFHS conducted in 2005-06 found that only 80 percent of children in the 0-6 year age were in areas covered by an AWC and that only 28 percent had received any service from an AWC in the year preceding the survey. Additionally/only one in five mothers in areas having an AWC received any services from an AWC during pregnancy or lactation period.50

![Physical Progress of ICDS](www.indiastat.com)

**Figure 24: Physical Progress of ICDS**

*Source: www.indiastat.com*

As per the data from the NFHS III (2005-06), there has been a marginal decline in stunted and underweight children under 5 years of age of 6 and 3 percentage points, respectively. However, there was a 3 percent increase in wasted children. During the same period, children affected by severe anemia increased by 25 percent. Despite the moderated decline in infant mortality rates over the three national survey periods, more than one in 18 children die within the first year of life and one in 13 children die before they reach the age of 5 with the scheduled castes and scheduled tribes experiencing greater mortality rates.51

50 Supranote 296.
Despite the fact that ICDS has been in operation for almost four decades, states have made limited progress in tackling under-nutrition. There is a large inter-state variation with the phenomenon being concentrated in a few states; Bihar, Madhya Pradesh, Maharashtra, Orissa, Rajasthan and Uttar Pradesh account for more than 80 percent of the cases of child malnutrition. Challenges like in appropriate targeting, poor physical infrastructure, insufficient material and inadequate supplementary nutrition and immunization has been responsible for the poor performance of the programme.52

**Antyodaya Anna Yojana (AY)**

A National Sample Survey Exercise points towards the fact that about 5 percent of the total population in the country sleeps with out two square meals a day. Their purchasing power is so low that they are not in a position to buy food grains round the year even at BPL rates. This section of the population can be called “hungry”. In order to make TDPS more focused and targeted towards this category of population, the “Antyodaya Anna Yojana” (AY) was launched in December 2000 for one crore poorest of the poor families.53

From the inception, the scheme was expanded three times and at present, the target group has been increased to 2.5 crore families. Identification of 2.5 crore families out of the number of BPL families is the responsibility of the state governments and they would be provided food grains at the rate of 35 kg per family per month. The food grains have to be provided by the Government of India at the rate of Rs.2 per kg for wheat and Rs.3 per kg for rice. Allocation of food grains under the scheme is being released to the states/ UTs on the basis of distinctive AAY Ration cards to the identified Antyodaya families.54

As on 30.04.2009, 242.75 lakh AAY families have been covered by the states/UTs under this scheme.

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52 Supranote 296.
54 Ibid. p 20.
Annapurna Scheme

The National Old Age Pension Scheme (NOAPS), launched in 1995 seeks to provide pension @ Rs.75 per month to senior citizens of 65 years of age or above. The Annapurna scheme was started by the government in 1999-2000 to provide food to senior citizens who though eligible have remained uncovered under the NOAPS. Under the Annapurna scheme, 10 kg of food grains per month are to be provided ‘free of cost’ to the beneficiary. These beneficiaries are proposed to be covered in a phased manner depending on the availability of funds and the performance of the state authorities. The number of persons to be benefited from the scheme will in the first instance be 20% of the persons eligible to receive pension under NOAPS in states/ UTs.55

Allocation/ off take of food grains under the scheme during the 10\textsuperscript{th} plan period and during the first four years of the 11\textsuperscript{th} plan-2007-08, 2008-09, 2009-10, and 2011-12 are as under:

\textit{Table 68: Allocation/ off take of Food grains under Annapurna Scheme}

<table>
<thead>
<tr>
<th>Year</th>
<th>RICE (lakh tons)</th>
<th>WHEAT (lakh tons)</th>
<th>TOTAL (lakh tons)</th>
<th>RICE (lakh tons)</th>
<th>WHEAT (lakh tons)</th>
<th>TOTAL (lakh tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>0.54</td>
<td>0.24</td>
<td>0.78</td>
<td>0.53</td>
<td>0.62</td>
<td>1.15</td>
</tr>
<tr>
<td>2003-04</td>
<td>0.56</td>
<td>0.67</td>
<td>1.23</td>
<td>0.45</td>
<td>0.64</td>
<td>1.09</td>
</tr>
<tr>
<td>2004-05</td>
<td>0.90</td>
<td>0.77</td>
<td>1.67</td>
<td>0.64</td>
<td>0.68</td>
<td>1.32</td>
</tr>
<tr>
<td>2005-06</td>
<td>0.90</td>
<td>0.77</td>
<td>1.67</td>
<td>0.69</td>
<td>0.70</td>
<td>1.39</td>
</tr>
<tr>
<td>2006-07</td>
<td>0.90</td>
<td>0.77</td>
<td>1.67</td>
<td>0.61</td>
<td>0.29</td>
<td>0.90</td>
</tr>
<tr>
<td>2007-08</td>
<td>0.92</td>
<td>0.77</td>
<td>1.69</td>
<td>0.70</td>
<td>0.30</td>
<td>1.00</td>
</tr>
<tr>
<td>2008-09</td>
<td>0.92</td>
<td>0.77</td>
<td>1.69</td>
<td>0.64</td>
<td>0.31</td>
<td>0.95</td>
</tr>
<tr>
<td>2009-10</td>
<td>0.61</td>
<td>0.34</td>
<td>0.95</td>
<td>0.55</td>
<td>0.28</td>
<td>0.83</td>
</tr>
<tr>
<td>2010-11</td>
<td>0.40</td>
<td>0.17</td>
<td>0.57</td>
<td>0.16</td>
<td>0.08</td>
<td>0.24</td>
</tr>
<tr>
<td>2011-12</td>
<td>0.50</td>
<td>0.24</td>
<td>0.74</td>
<td>0.26</td>
<td>0.07</td>
<td>0.33</td>
</tr>
</tbody>
</table>

Source: http://dfpd.nic.in/?q=node/24

In 2002-03, the Annapurna was transferred from centrally sponsored scheme to state plan. The funds for Annapurna are allocated by Planning Commissions and are released as Additional Central Assistance (ACA) by the Ministry of Rural

The number of beneficiaries reported by various states from 2002-03 onwards is given in the following table:

**Table 69: Number of beneficiaries under Annapurna**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total No. of beneficiaries under Annapurna</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>776173</td>
</tr>
<tr>
<td>2003-04</td>
<td>1057155</td>
</tr>
<tr>
<td>2004-05</td>
<td>820587</td>
</tr>
<tr>
<td>2005-06</td>
<td>851654</td>
</tr>
<tr>
<td>2006-07</td>
<td>871424</td>
</tr>
<tr>
<td>2007-08</td>
<td>1051030</td>
</tr>
<tr>
<td>2008-09</td>
<td>1011240</td>
</tr>
<tr>
<td>2009-10</td>
<td>1015655</td>
</tr>
<tr>
<td>2010-11</td>
<td>958419</td>
</tr>
<tr>
<td>2011-12</td>
<td>778682</td>
</tr>
<tr>
<td>2012-13</td>
<td>824001</td>
</tr>
</tbody>
</table>

Source: [http://rural.nic.in/sites/downloads/programmes-schemes/Nationalsocial_Assistance.pdf](http://rural.nic.in/sites/downloads/programmes-schemes/Nationalsocial_Assistance.pdf)

**Mid-Day Meal Scheme**

With the twin objectives of improving health and education of the poor children, India has embarked upon an ambitious scheme of providing Mid-Day Meals (MDM) in the government and government assisted primary schools. The concept of supplementary nutritional support through educational institutions took its root in India when Madras Corporation developed a school lunch programme in 1925. In the post-independence era, Gujarat was the first state to start school lunch programme in 1984. However, it was only in 1995 that the National Programme of Nutritional Support to Primary Education (NP-NSPE) was launched at the national level. The then Union territory of Delhi followed suit immediately. The objective of this programme was to

56 National Social AAssistance Programmes. ([http://rural.nic.in/Sites/downloads/Programmes-Schemes/National_Social_Assistance.pdf](http://rural.nic.in/Sites/downloads/Programmes-Schemes/National_Social_Assistance.pdf)).


58 “About the Mid Day Meal Scheme”. ([http://mdm.nic.in](http://mdm.nic.in)).
give boost to universalization of primary education and to impact the nutritional intake of students in primary classes. Since then the programme was revised in 2004 and is popularly known as the Mid-Day Meal (MDM) scheme.\textsuperscript{59}

With early beginning in Madras presidency and followed by its introduction in Gujarat and Delhi; in that order, in the post- independence period, today the scheme is being implemented in most states. The scheme is important in terms of its potential for substantially improving the health of the younger generation of the country as also in terms of the enormity of spending of tax payer’s money. Infact, it is also an important instrument to encourage children to attend schools.\textsuperscript{60}

The Union government has allocated a good amount of money periodically for the successful working of the programme. The table below shows the year-wise Union Budgetary Allocations and releases for the MDM scheme:

\textit{Table 70: Year wise outlay under Mid-Day Meal Scheme (Rs.in crores)}

<table>
<thead>
<tr>
<th>Year</th>
<th>BE</th>
<th>RE</th>
<th>Releases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>7324.00</td>
<td>6678.00</td>
<td>5835.44</td>
</tr>
<tr>
<td>2008-09</td>
<td>80000.00</td>
<td>80000.00</td>
<td>6539.52</td>
</tr>
<tr>
<td>2009-10</td>
<td>8000.00</td>
<td>7359.15</td>
<td>6937.79</td>
</tr>
<tr>
<td>2010-11</td>
<td>9440.00</td>
<td>9440.00</td>
<td>9128.44</td>
</tr>
<tr>
<td>2011-12</td>
<td>10380.00</td>
<td>10239.01</td>
<td>9901.91</td>
</tr>
<tr>
<td>2012-13</td>
<td>11937.00</td>
<td>11500.00</td>
<td>10867.90</td>
</tr>
<tr>
<td>2013-14</td>
<td>13215.00</td>
<td>12189.16</td>
<td>10927.21</td>
</tr>
<tr>
<td>2014-15</td>
<td>13215.00</td>
<td>-</td>
<td>5295.23 (as on 30-09-2014)</td>
</tr>
</tbody>
</table>

BE – Budget estimates. RE Revised estimates

Source: mdm.nic.in

The MID day Meal scheme has benefited 10.45 crore children by serving hot cooked nutritious food in 11.58 lakh schools during 2013-14. 25.70 lakh Cook- cum-Helpers mainly from SC/ST/OBC communities have been engaged to provide MDM to

\textsuperscript{60} http://en.wikipedia.org/wiki/Midday_Meal_Scheme.
the school children. 6.70 lakh kitchens-cum stores have been constructed to ensure safety of food grains and ensure hygienic meals to the children.\footnote{Mid Day Meal Scheme. (http://mdm.nic.in).}

Despite the success of the MDM programme, child hunger as a problem persists in India. According to the current statics, 42.5\% of the children under 5 are underweight.\footnote{Lid of massive scam in Mid Day Meal Scheme: 2,760 sacks of rice seized”. The Tribune, Delhi. 20 January 2006} About 67.5 percent of children under 5 years and 69 percent of adolescent girls suffer from anemia due to iron and folic acid deficiencies. Infact, MDM scheme implemented in Delhi in the late nineties was found to be waiting on many evaluation parameters. A nation-wide study by the Planning Commission (2010) shows the MDM scheme to be wanting on several evaluation parameters. The performance of the scheme has been affected by scams, caste-based discrimination, pilferage and adulteration of grains, lack of appropriate budgets available etc. Hence to make the scheme more effective, these weaknesses should be rectified.\footnote{Satish Y. Deodhar, \textit{et al}, 2010; ‘An Evaluation of Mid- Day Meal Scheme’, \textit{Journal of Indian School of Political Economy, Vol.2, NOs. 1-4}.}

\textbf{National Food Security Act, 2013}

Another important step in the direction of ensuring food security in India is the National Food Security Act which was passed by the parliament on September 12, 2013.\footnote{“The National Food Security Bill, 2013 Receives the Assent of the President, Published in the Gazette of India as Act No. 20 of 2013” (Press release). \textit{Press Information Bureau}.} The legislation marks a paradigm shift in addressing the problem of food security from the current welfare approach to a right based approach.\footnote{Ashok Gulati and Surbhi Jain (May 2013). “Buffer Stocking Policy in Policy in the Wake of NFSB: Concepts, Empirics, and Policy Implications”. Commission on Agricultural Costs and Prices, Ministry of Agriculture, Government of India.} About two thirds (approximately 67\%) of the population will be entitled to receive subsidized food grains under Targeted Public distribution system. The beneficiaries are to be able to purchase 5 kilograms per eligible person per month of cereals at the following prices:

- Rice at 3 per kg
- Wheat at 2 per kg
- Coarse grains (millet) at 21 per kg
Some of the important features of the Act are:

(i) 75% of rural and 50% of the urban population are entitled for three years from the enactment to five kg grains per month at Rs.3, 2, Rs.2, Re.1 per kg for rice, wheat and coarse grains (millet) respectively;

(ii) The states are responsible for determining eligibility;

(iii) Pregnant women and lactating mothers are entitled to a nutritious “take home ration” of 600 calories and a maternity benefit of at least Rs.6,000 for six months;

(iv) Children 6 months to 14 years of age are to receive free hot meals or “take home rations”;

(v) The central government will provide funds to states in case of short supplies of food grains;

(vi) State Food Commissions will be formed for implementation and monitoring of the provisions of the Act.  

While the Act has been hailed by the government as the “biggest ever experiment in the world for distribution highly subsidized food by any government through a ‘right based’ approach”, there are many who criticized the Act. One senior opposition politician, Murli Manohar Joshi, went so far as to describe the bill as a measure for “vote security” (for the ruling coalition government) rather than food security. Another political figure, Mulayam Singh Yadav, declared that the bill is early being brought for the elections.

Despite the broad based efforts of the central government from past decades to alleviate hunger in India, it still remains home to a large number of hungry people in the world. India is the world’s largest food insecure state, with more than 500 million people who are hungry, India State Hunger Index (ISHI) 2008 said. The 2013 global Hunger index (GHI) Report ranked India 63 in a list of 78 countries. A series of initiatives has been taken by the government with good intent, but the initiatives have

69 India State Hunger Index, International Food for Policy Research Institute.
failed to produce the set targets. In order to make India a hunger free-state, the initiatives already taken need to be streamlined and the weaknesses there in should be rectified.

4.3. Poverty Alleviation Programmes in India: An analysis with particular focus on MGNREGA

Poverty is an unacceptable human condition that does not have to be inevitable. The main goal of development is to eliminate poverty and reduce social imbalances. Sustainable economic growth and appropriate social policies are keys to fighting poverty. At the same time reducing poverty helps growth by enabling the poor to participate productively in the economy.\(^{71}\)

India has always had the intention to eradicate poverty. Much before poverty alleviation was put on the development agenda of developing countries and multilateral and international aid agencies, leaders of the independence movement in India had accorded it the status of one of the primary national objectives. There are various reasons for India’s commitment to poverty eradication.

The most important among these is the nature of the national struggle, which led to independence. The mainstream political movement in India was profoundly influenced by the Gandhian approach, which emphasized the need to uplift the social and economic status of the poorest of the poor or ‘Antyodaya’. Emphasis on an egalitarian social order was reflected in the policy documents produced by the Indian National Congress. Drawing from the experience of a large number of experiments in rural development involving local communities, the government of India soon after independence launched the Community Development programme (CD) to rejuvenate economic and social life in rural areas. The emphasis was on infrastructure building at the local level and investment in human resource development through the provision of education and health services.

The frontal attack on poverty was pursued in three successive phases. In the first phase, lasting from the beginning of the 1950s till the end of the 1960s, the major emphasis was on redistribution of land and improving the plight of poor tenants, on

\(^{71}\) Poverty Alleviation Programmes in India; The Independent Commission on Development and Health in India, New Delhi. p 1.
abolition of functionless intermediaries, on tenancy reforms culminating in the
principle of ‘land to the tiller’, on imposing ceilings on large holdings, sequestering
surplus land and redistributing it among the landless agricultural laborers and marginal
farmers.

By the late 1960’s, the second phase of Poverty Alleviation Program (PAP)
started with measures that promised to address directly and exclusively the poor in the
rural areas. This target- group oriented approach started with the programme for
backward regions, graduated to the programme for the development of small and
marginal farmers, landless laborers etc. and finally culminated in the Integrated Rural
Development Program and National Rural Employment Program. The distinguishing
feature of the poverty alleviation program during this phase was the emphasis on
creating employment opportunities and distributing renewable assets among the poor.

In the third- the latest phase starting from the beginning of the 1990s, emphases
has shifted to measures aimed at accelerating economic growth and on creating an
environment for ensuring a ‘spread effect’. In keeping with Indian traditions, lip service
is continued to be paid to structural change, as much as to the target- group oriented
programs, but the dominant thought is to create more wealth to enable the poor to
benefit from the secondary effect of growth which, it is presumed will percolate down
and reach the poor.\(^\text{72}\)

Planning in India has always assigned poverty reduction as an important goal.
Consequently, a number of anti-poverty programmes have been launched from time to
time to reduce the incidence of poverty in the country. Some of the important poverty
alleviation programmes under taken by the Government are:

**Integrated Rural Development programme (IRDP)**

India is a country which is basically rural in nature and the bulk of the
population lives in rural areas. About 72.22 percent of the total population lives in rural
areas (2001 census). A nation cannot achieve all-round development unless its villages

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\(^{72}\) Ibid. p 6.
are developed. Thus, the development of rural areas is crucial to the process of development of India.\textsuperscript{73}

The Integrated Rural Development Programme (IRDP) was launched in the financial year 1978-79 and extended throughout India by 1980. It is a self-employment programme intended to raise the income- generation capacity of target groups among the poor. The target group consists largely of small and marginal farmers, agricultural laborers and rural artisans living below the poverty line. It is stipulated that at least 50 percent of the assisted families should belong to scheduled caste and scheduled tribe categories. It is also required that at least 40 percent of those assisted should be women under this programme.\textsuperscript{74}

IRDP is a centrally sponsored scheme funded on 50:50 bases by the Centre and the States. The Programme was launched to provide self-employment to the rural poor through acquisition of productive assets or appropriate skills that would generate additional income on a sustained basis to enable them to cross poverty line. Assistance is provided in the form of subsidy and bank credit. The programme was to be implemented by District Rural Development Agency (DRDA) with the assistance from block level machinery.\textsuperscript{75}

Since the inception of the programme till 1996-97, 50.99 million families have been covered under IRDP at an expenditure of Rs.11434.27 crore. The total investment during this period has been Rs.280.47.65 crore which includes a subsidy component of Rs.9669.97 crore and a credit disbursement of Rs.18377.68 crore. During the Eighth Five year plan, the total allocation (Centre and state) under IRDP was Rs.5048.29 crore and the total investment amounted to Rs.11541.06 crore. In quantitative numbers, 10.82 million families were covered under IRDP against the initial target of 12.6 million families fixed for the entire eighth plan period.

During first two years of the Ninth plan (1997-98) and (1998-99), about 3.37 million families were covered of which 46 percent were scheduled castes/scheduled castes/tribes.


tribes and 35 percent women. The coverage of women was still lower than the target of 40 percent. The total investment during this period has been Rs.6,431 crore including a subsidy of Rs.2,266 crore.  

IRDP has been extensively evaluated by researchers, scholars, various national institutions and international organizations. They have all pointed out several conceptual and administrative problems with it. IRDP has several allied programmes like Training of Rural Youth for Self-Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Ganga Kalyan Yojana (GKY) and Supply of Improved Toolkits to Rural Artisans (SITRA). Together, they represented a matrix of multiple programmes without desired linkages. These were implemented as separate programmes without keeping in mind the overall objective of generating sustainable incomes. For instance, only 3 percent of IRDP beneficiaries received training under TRYSEM and only 23 percent of those trained thus were assisted under IRDP.

Not only are there no linkages between different programmes, there have been lack of coordination with other departments as well. IRDP and the allied ones are not sufficiently enmeshed in the overall strategy of sustainable agricultural development or rural industrialization strategy or with the resource base of the area. Another problem is that the average investment per family remained at sub critical levels, too inadequate to generate income of Rs.2,000 per family per month as programmes had set out to do. The delivery of credit by banks has also been a constraint. The fear of default meant that banks lent to better-off applicants who could make their projects work. Leakages, misappropriation of funds, violation of programme guidelines, selection of the non-poor as target group, absences of proper maintenance of accounts and poor quality of assets- all these have been documented in various studies.

Swaran Jayanti Gram SwarojgarYojana (SGSY)

SwaranJayanti Gram SwarojgarYojana (SGSY) was launched w.e.f. April 1999 with the merger of IRDP, TRYSEM, DWCRA, SITRA and MWS (Million Wells Scheme) into it with the following objectives:

1. Focused approach to poverty alleviation;
2. Capitalizing advantages of group lending; and
3. Overcoming the problems associated with multiplicity of programmes.\(^7^8\)

The SGSY is conceived as a holistic programme of micro enterprises covering all aspects of self- employment which includes organizing rural poor into Self- Help Groups (SHGs). It integrates various agencies like DRDA, banks, Panchayati Raj Institutions (PRIS), Non- governmental Organizations (NGOs) and other semi- government organizations. The objective of SGSY is to bring the existing poor families above the poverty line by providing them income generating assets through a mix of bank credit and government subsidy and to ensure that an assisted family has a monthly net income of at least Rs.2000. Subsidy under SGSY is uniform at 30 percent of the project cost subject to a maximum of Rs.7500/. In respect of SCs/ STs, it is 50 percent subject to a maximum of Rs.10,000. SGSY is funded by the Centre and states in the ratio of 75:25.\(^7^9\)

Under SGSY, about 29 lakh SHGs were formed since inception of the scheme till August 2008. About 7 lakh SHGs (70 lakh beneficiaries) have been assisted (provision for subsidy and credit for micro enterprise) for taking up the economic activities. Total investment is around Rs.23000 crore comprising of credit mobilized Rs.15,500 crore and subsidy disbursed Rs. 7,500 crore. The per capita income increased from 17000 in 1999-2000 to Rs.28700 in 2007-08, showing an increase of about 70% over the same period.

During 2010-11, 75% of the funds were utilized at the national level and during 2011-12, 72% of funds were utilized at the national level. 3.11 lakh SHGs were formed during 2010-11, out of which, 97% Swarozgars were assisted and 2.34 lakh SHGs were formed during 2011-12, out of which 80% swarozgars were assisted.\(^8^0\)

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78 Poverty Alleviation in Rural India- Programmes and Strategies, Planning Commission, Government of India. Chapter 4, p 1.
Table 71: Physical and Financial performance of SGSY

<table>
<thead>
<tr>
<th>Head</th>
<th>2010-11</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Financial Indicators (in crores)</td>
<td>Targets</td>
<td>Achievements</td>
<td>Targets</td>
<td>Achievements</td>
</tr>
<tr>
<td>Central allocation</td>
<td>2984</td>
<td>2665 (89%)</td>
<td>2681.29</td>
<td>2395</td>
</tr>
<tr>
<td>Funds Utilized</td>
<td>-</td>
<td>2804 (75%)</td>
<td>-</td>
<td>2318 (72%)</td>
</tr>
<tr>
<td>Credit</td>
<td>5210.63</td>
<td>4586 (88%)</td>
<td>6020</td>
<td>4399 (73%)</td>
</tr>
<tr>
<td>Per Capita Investment</td>
<td>25,000</td>
<td>31,378</td>
<td>25,000</td>
<td>38,179</td>
</tr>
<tr>
<td>B. Physical Indicators</td>
<td>Targets</td>
<td>Achievements</td>
<td>Targets</td>
<td>Achievements</td>
</tr>
<tr>
<td>Total No. of SHGs formed (in lakhs)</td>
<td>No targets</td>
<td>3.11</td>
<td>No targets</td>
<td>2.34</td>
</tr>
<tr>
<td>No. of SHGs passed Grade-I (in lakhs)</td>
<td>-do-</td>
<td>1.72</td>
<td>-do-</td>
<td>1.81</td>
</tr>
<tr>
<td>No. of SHGs passed Grade II (in lakhs)</td>
<td>-do-</td>
<td>1.86</td>
<td>-do-</td>
<td>1.48</td>
</tr>
<tr>
<td>SHGs taken up economic activities (in lakhs)</td>
<td>1.85</td>
<td>3.12 (182%)</td>
<td>1.88</td>
<td>2.43 (164%)</td>
</tr>
<tr>
<td>Total Swarozgaris assisted (in lakhs)</td>
<td>21.8</td>
<td>21.1 (97%)</td>
<td>19.8</td>
<td>15.9 (80%)</td>
</tr>
<tr>
<td>Women Swarozgaris assisted (in lakhs)</td>
<td>$</td>
<td>14.24 (67%)</td>
<td>$</td>
<td>11.03 (69%)</td>
</tr>
<tr>
<td>SC/ST Swarozgaris assisted (in lakhs)</td>
<td>@</td>
<td>10.96 (52%)</td>
<td>@</td>
<td>7.89 (49%)</td>
</tr>
<tr>
<td>Minorities Swarozgaris assisted (in lakhs)</td>
<td>3.27</td>
<td>2.44 (75%)</td>
<td>2.97</td>
<td>i.87 (63%)</td>
</tr>
</tbody>
</table>

$ 40% of the Swarozgaris assisted should be women.

@ 50% of the Swarozgaris assisted should be SC/STs.

Source: http://rural.nic.in/sites/Downloads/general/SGSY_NRLM
In spite of the achievements of SGSY, several studies revealed certain shortcomings like lack of capacity building of the beneficiaries, less number of community institutions and weak linkages with banks. It was also found that several states like Bihar, Chhattisgarh, Goa, Gujarat, J&K, Jharkhand, and U.P. etc. have not been able to fully utilize the funds provided by the SGSY. Besides, the coverage of SC/ST, women and minorities in many states has been below the norm of 50%, 40% & 15% respectively. 81

National Rural livelihood Mission (NRLM)

The cornerstone of the SGSY strategy was that the poor need to be organized and their capacities build up systematically so that they can access self-employment opportunities. In the ten years of implementing SGSY, there has developed a widespread acceptance in the country of the need for poor to be organized into SHGs as a pre-requisite for their poverty reduction. 82

Comprehensive reviews of SGSY have brought into focus several shortcomings already discussed earlier. It was in the background that the government has approved the restructuring of SGSY as the National Rural Livelihood Mission (NRLM) in June 2010 and is effective from April 2013.

The core belief of NRLM is that the poor have innate capacities and a strong desire to come out of poverty. They are entrepreneurial, an essential coping mechanism to survive under conditions of poverty. The challenge is to unleash their capabilities to generate meaningful livelihoods & enable them to come out of poverty. NRLM works in three pillars- enhancing and expanding existing livelihoods options of the poor; building skills for the job market outside; and nurturing self-employed and entrepreneurs. 83

The NRLM has been designed to be implemented in a phased manner (table 4) specially keeping this experience in mind to ensure quality of outcomes and to avoid spreading resources too thin, too quickly. In each phase, select districts and blocks will

83 Supranote 329. pp 1 & 3.
be identified for intensive implementation of NRLM activities. All states/ UTs would have to transit to NRLM within a period of one year from the date of formal launch of NRLM. Further, funding under SGSY ceases thereafter. NRLM would be a demand driven programme and the states will formulate their own poverty reduction action plans under it based on their past experiences, resources and skills base. Universal social mobilization through formation of SHGs under NRLM will ensure that at least one member of each rural BPL household, preferably a women member of the household, is brought under the SHG net. NRLM will focus on setting up of federations of SHGs from village panchayat to district level. To meet the requirement both in terms of consumption and taking up the income generating activities, revolving fund is provided to the extent of Rs.10,000- Rs.15,000 Per SHG. Interest subsidy will be provided to SHG for prompt repayments of loans to banks.84

The NRLM is the largest poverty reduction initiative on the world with its goal of reaching 7 crore rural poor households, across 600 districts, 6000 blocks, 205 lakh Gram Panchayats and 6 lakh villages in the country through self- managed SHGs- and federated institution and support them for livelihoods collectives in a period of 8-10 year.85

Sampoorna Grameen Rozgar Yojana (SGRY)

The Jawahar Rozgar Yojana (JRY) was launched w.e.f April 1,1989 by merging the two erstwhile wage employment programmes National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Guarantee Programme (RLEGP). The main objective of the yojana was to generate gainful employment for the unemployed and underemployed persons in rural areas.86 The JRY was revamped from 1,April 1999 as the Jawahar Gram Samriddhi Yojana (JGSY). It became a programme for the creation of rural economic infrastructure with employment generation as a secondary objective.

Another programme in the direction of wage employment- Employment Assurance Scheme (EAS) was launched on october 12,1993 covering 1,778 drought –

84 http://planning commission.gov.in/hackathon/Rural_Development.pdf. p 29..
85 http://aajeevika.gov.in/
86 Jawahar Rozgar Yojana: A Quick Study, Planning Commission, Government Of India. PEO Study No. 147, p 1.
prone, desert, tribal and hill area blocks. It was later extended to all the blocks in 1997-98. The EAS was designed to provide employment in the form of manual work in the lean agricultural seasons.87

The two programmes- JGSY &EAS contributed to a great extent in alleviating rural poverty and in improving quality of rural life. To meet an unusual high demand for wage- employment and food security due to concurrence of calamities ,the Food for Work Programme was introduced in January 2001 and was also continued in the year 2001-2002.88

Given the complementarity of the JGSY, EAS and Food for Work Programme, all of which aim at the creation of employment opportunities in rural areas, they were revamped and merged under the new Sampoorna Gramin Rozgar Yojana (SGRY) scheme from September 2001. SGRY reflected the core objectives of JGSY and EAS and sought to address food insecurity. With the launch of NREGA in 2006, the right to employment was put into practice, eventually phasing out SGRY until it was discontinue in April 2008.

The centre and states contributed funds for SGSY in the ratio of 75:25 .The annual outlay of the programme was Rs.10,000 crore , which included 50 lakh tons of food grains paid by the Central Govt. directly to the Food Corporation India (FCI). State Governments bore the cost of transporation of food grains from FCI warehouses to public distribution shops, and their handling and distribution. According to this wage employment scheme, the wages were paid as a combination of cash (at least 25%) and food grains (a minimum of 5kg of food grains per person per day)

The annual outlay budget on SGRY was Rs 10,000 crore , while the outlay increased from Rs 3,996 crore in 2002-03 to Rs 4,590 crore in 2004-05, an increase of 14% , it was drastically cut by 21% in 2005-06 due to the introduction of NREGA. The allocation continued to decrease until SGRY ceased to operate in 2008 and all the

unspent funds under SGRY were transferred to NREGA. The figure below shows the budget allocation to the scheme during its operation.\(^8^9\)

\[\text{Figure 25: Budget Outlays for SGRY (Rs. in crores)}\]
\[\text{Source: Compiled data from Ministry of Rural Development, Govt. of India}\]

The scheme has performed well during its operation. Close to 75 crore person-day were generated in 2002-03 and this increased by 14% during 2003-04. In contrast, an increase of two percent in the budget allocation in 2004-05 decreased the person-days generation rate by 1.5%, in 2006-07, the number of person-days generated decreased to 40.87 crore because of decline in out reach of the scheme. Due to the introduction of NREGA in 200 of the country’s most backward districts, the number of districts under SGRY also decreased. The figure below shows the physical performance of the SGRY\(^9^0\)

\[\text{Figure 26: Physical Progress under SGRY (Persondays Generated in Crores)}\]
\[\text{Source: Compiled data from Ministry of Rural Development, Govt. of India}\]

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\(^8^9\) Sampoorna Grameen Rozgar Yojana, Scheme Brief 2010-11; Centre for Development Finance, IFMR Research, pp 1-2.

\(^9^0\) Ibid. p 2.
In addition to creating infrastructure in rural areas, the scheme also addressed the problem of food insecurity by distributing food grains to the beneficiaries. The data reveals exponential increases of allocation of rice and wheat between 2001 and 2003. Decline in the food grains allocation since 2004, at an exponential rate, is due to pilot implementation of NREGA in numerous districts.\textsuperscript{91}

**Indra Awas Yojana (IAY)**

Housing is a fundamental human need; it is a basic requirement for human survival as well as for a descent life. Indra Awas Yojana (IAY) is essentially a public housing scheme for the houseless poor families and those living in dilapidated and kutch houses with a component for providing house sites to the landless poor as well.\textsuperscript{92} The genesis of IAY can be traced to the programme of rural employment, which began in the early 1980’s. Construction of houses was one of the major activities under the National Rural Employment Programme (NREP) which began in 1980, and the Rural Landless Employment Guarantee Programme (RLEGP), which began in 1983. There was however, no uniform policy for rural housing in the state. As a result, IAY was launched during 1985-86 as a sub-scheme of RLEGP by earmarking a part of funds for construction of houses for SCs/STs and freed bounded laborers. When Jawahar Rozgar Yojana (JRY) was launched in April, 1985, 6% of the funds was allocated for housing for the SCs/STs and freed bounded Labourers. From the year 1993-94, the scope of IAY was expanded to cover below the poverty line Non-Scheduled Castes/ Shedled Tribes families in rural areas by increasing the earmarked funds for housing under JRY to 10% subject to the condition that the benefits to Non – SCs/STs poor should not exceed 4% of the total JRY allocation.\textsuperscript{93}

Indira Awas Yojana (IAY) was delinked from JRY and made an independent scheme w.e.f. 1\textsuperscript{st} January 1996. It is now a flagship programme of the Ministry of Rural Development as part of the largest strategy of rural poverty eradication, in order to

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91 Ibid. p 3.
reduce the rigours of poverty and to provide the dignity of and address to the poor households to enable them to access different rural development programmes.  

The funding of IAY is shared between the Centre and states in the ratio of 75:25 respectively. In the case of North-Eastern states and Sikkim, funding is shared in the ratio of 90:10. In the case of Union territories, entire funds for IAY are provided by the centre. Under IAY w.e.f. 1.4.2010, a BPL family is given grant of Rs.45000/- for new construction in plain areas and Rs.48500/- for construction in hilly/difficult areas. Government has decided to enhance the Unit assistance under IAY from Rs.45,000 to Rs.70,000 in plain areas and from 48,500 to Rs.75,000 in hilly difficult areas with effect from 1.4.2013. In addition, the IAY beneficiary is also eligible to avail loan up to Rs.20,000 per housing unit at an interest rate (DRI) of 4% per annum. Further, IAY funds can also be utilized for upgradation of a kutch house for which a subsidy of Rs.15,000/- per unit is provided.

The Government is making all efforts to bring down the housing shortage in the rural areas of the country and the size of the scheme has increased substantially in recent years. In the present form, IAY is one of the popular schemes of the Ministry of Rural Development. Since inception of the scheme, about 301.64 lakh houses have been constructed with an expenditure of Rs.93357.64 crore (upto 31.1.2013).

### Table 72: Physical & Financial Achievements of IAY

<table>
<thead>
<tr>
<th>Year</th>
<th>Central Allocation</th>
<th>Central Release</th>
<th>Utilization</th>
<th>Target No. of houses</th>
<th>Houses constructed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>165640.00</td>
<td>162852.00</td>
<td>279496.46</td>
<td>13.14 lakh</td>
<td>15.49 lakh</td>
</tr>
<tr>
<td>2003-04</td>
<td>187050.00</td>
<td>187107.78</td>
<td>258009.69</td>
<td>14.84 lakh</td>
<td>13.61 lakh</td>
</tr>
<tr>
<td>2004-05</td>
<td>246067.00</td>
<td>288310.02</td>
<td>326208.64</td>
<td>15.62 lakh</td>
<td>15.21 lakh</td>
</tr>
<tr>
<td>2005-06</td>
<td>273240.00</td>
<td>273822.58</td>
<td>365409.05</td>
<td>14.41 lakh</td>
<td>15.32 lakh</td>
</tr>
<tr>
<td>2006-07</td>
<td>290753.00</td>
<td>290753.06</td>
<td>425342.45</td>
<td>15.33 lakh</td>
<td>14.98 lakh</td>
</tr>
<tr>
<td>2007-08</td>
<td>403270.00</td>
<td>388237.01</td>
<td>546454.30</td>
<td>21.27 lakh</td>
<td>19.92 lakh</td>
</tr>
<tr>
<td>2008-09</td>
<td>564577.00</td>
<td>879579.39</td>
<td>834834.33</td>
<td>21.27 lakh</td>
<td>21.34 lakh</td>
</tr>
<tr>
<td>2009-10</td>
<td>849470.00</td>
<td>863573.99</td>
<td>1329236.40</td>
<td>40.52 lakh</td>
<td>33.86 lakh</td>
</tr>
<tr>
<td>2010-11</td>
<td>1005370.00</td>
<td>1013945.40</td>
<td>1346572.75</td>
<td>29.08 lakh</td>
<td>27.15 lakh</td>
</tr>
<tr>
<td>2011-12</td>
<td>949120.00</td>
<td>986477.80</td>
<td>1292632.74</td>
<td>27.26 lakh</td>
<td>24.71 lakh</td>
</tr>
<tr>
<td>2012-13</td>
<td>10513.20</td>
<td></td>
<td>30.10 lakh</td>
<td>13.88 lakh</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Annual Report 2012-13, Ministry of Rural Development, Govt. of India

### Swaran Jayanti Shahri Rozgar Yojana (SJSRY)

The Swaran Jayanti Shahri Rozgar Yojana (SJSRY) was launched on 01.12.1997 after subsuming the earlier three schemes for urban poverty alleviation, namely Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP) and Prime Minister’s Integrated Urban Poverty Eradication Programme (PMIUPEP). The key objective of the scheme was to provide gainful employment to the urban unemployed and under-employed through the setting up of self-employment ventures or provision of wage employment. To overcome the difficulties faced by the states/UTs and address certain drawbacks in the implementation of SJSRY, the guidelines of the scheme have been revised w.e.f. 1.4.2009. The objectives of the revised SJSRY are:

- Addressing urban poverty alleviation through gainful employment to the urban unemployed or under-employed poor by encouraging them to self-employment ventures (individual or group), with support for the sustainability; or under take wage employment;
- Supporting skill development and training programmes to enable the urban poor opened up by the market or under take self-employment;

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97 Swaran Jayanti Shahari Rozgar Yojana. (http://mhupa.gov.in/programs/upa/nsdp/).
Empowering the community to tackle the issues of urban poverty through suitable self managed community structures like Neighbourhood Groups (NHGs), Neighbourhood Communities (NHC), Community Development Society (CSD), etc.  

The SJSRY has five components:

a) The Urban Self- Employment Programme (USEP), which targets individual urban poor for setting up micro enterprises;

b) The Urban Women Self- Help Programme (UWSP), which targets urban poor women Self- Help Groups (SHGs) for setting up group enterprises and providing them assistance through a revolving fund for thrift and credit activities;

c) Skill Training for Employment Promotion amongst Urban Poor (STEP-UP), which targets the urban poor for imparting quality training so as to enhance their employability for self employment or better salaried employment.

d) The Urban Wage Employment Programme (UWEP), which seeks to assist the urban poor by utilizing their labor for construction of socially useful assets, in towns with less than 5 lakh population as per the 1991 census; and,

e) The Urban Community Development Network (UCDN), to assist the urban poor in organising themselves into self- managed community structures to gain collective strength to address the issues of poverty facing them and to participate in the effective implementation of urban poverty alleviation and social development programmes.

The SJSRY scheme is being implemented on a cost- sharing basis between the centre and the states in the ratio of 75:25. The central share under SJSRY will be tentatively allocated between the states/UTs in relation to the incidence of poverty estimated by the planning commission from time to time. However, additional parameters like absorption capacity (based on the past trend in utilization of SJSRY

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funds) and special requirements will also be taken into consideration during the course of the year.99

Table 73: Financial performance (Cumulative) under SJSRY 1997-2011

<table>
<thead>
<tr>
<th></th>
<th>Central</th>
<th>State</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening balance (as on 1.12.1997) (Rs. in lakhs)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>25172.73</td>
<td>31296.32</td>
<td>310798.84</td>
</tr>
<tr>
<td>State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Funds Released</strong></td>
<td>310798.84</td>
<td>102443.02</td>
<td>413241.86</td>
</tr>
<tr>
<td>Central</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure Reported</strong></td>
<td>240615.11</td>
<td>98474.08</td>
<td>339089.19</td>
</tr>
<tr>
<td>Central</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Housing and Urban Poverty Alleviation, Govt. of India

Table 74: Physical performance (cumulative) under SJSRY (1997-2011)

<table>
<thead>
<tr>
<th></th>
<th>Central</th>
<th>State</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Community Structure (CS)</strong></td>
<td>No. of Towns under CS 3940</td>
<td>No. of Towns UPE cell formed 3623</td>
<td>No. of beneficiaries identified under CS (in lakhs) 1555.24</td>
</tr>
<tr>
<td></td>
<td>No. of CDs formed 6857</td>
<td>No. of Towns BPL surveys conducted 3807</td>
<td></td>
</tr>
<tr>
<td><strong>Urban Self Employment Programme (USEP)</strong></td>
<td>No. of beneficiaries assisted under USEP 1136636</td>
<td>No. of persons trained (STEP-UP) 1869309</td>
<td>No. DWCUAs formed 100454</td>
</tr>
<tr>
<td></td>
<td>No. of women beneficiaries under DWCUAs (UWSP) 443846</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Urban Wage Employment Programme (UWEP)</strong></td>
<td>No. of Man-days created (in lakhs) 761.31</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Housing and Urban Poverty Alleviation, Govt. of India

Table 75: Financial/Physical Progress under SJSRY (2012-13) (Rs in crores)

<table>
<thead>
<tr>
<th>Financial Progress</th>
<th>Opening Balance as on 01.04.2012</th>
<th>Funds Released 2012-13</th>
<th>Total amount available with states</th>
<th>Expenditure Reported as on 01.04.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>595.77</td>
<td>771.46</td>
<td>1367.23</td>
<td>829.48</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Physical Progress</th>
<th>S. No.</th>
<th>Components</th>
<th>Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.</td>
<td>No of Beneficiaries provided skill Training (STEP-UP)</td>
<td>85,000</td>
<td>85,565</td>
</tr>
<tr>
<td></td>
<td>2.</td>
<td>No of Beneficiaries placed (STEP-UP)</td>
<td>1,50,000</td>
<td>1,56,049</td>
</tr>
<tr>
<td></td>
<td>3.</td>
<td>No of Beneficiaries assisted for setting up group micro enterprises (UWSP)</td>
<td>60,000</td>
<td>56,642</td>
</tr>
<tr>
<td></td>
<td>4.</td>
<td>No of beneficiaries assisted through revolving food for T&amp;CS (UWSP)</td>
<td>1,25,000</td>
<td>1,86,054</td>
</tr>
</tbody>
</table>

Source: Ministry of Housing and Urban Poverty Alleviation, Govt. of India

The revised Swaran JayantiShari RozgarYojana guidelines lay special focus on persons belonging to SC and ST. It provides that the SC and ST must be benefitted at least to the extent of the proportion of their strength in the city/town BPL population. A separate budget earmarking for SC & ST under SJSRY has been made from 2011-2012.100

Table 76: Financial and physical achievements under Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan under SJSRY (for 2011-12 & 2012-13)

<table>
<thead>
<tr>
<th>Scheduled Caste Sub Plan (SCSP)</th>
<th>Financial (Rs.in crore)</th>
<th>Physical Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Allocation</td>
<td>Released</td>
</tr>
<tr>
<td>2011-12</td>
<td>220.28</td>
<td>220.28</td>
</tr>
<tr>
<td>2012-13</td>
<td>227.03</td>
<td>215.91</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tribal Sub Plan (TSP)</th>
<th>Year</th>
<th>Allocation</th>
<th>Released</th>
<th>Individual and group self- employment</th>
<th>Skill Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>23.50</td>
<td>23.50</td>
<td>3,281</td>
<td>15,382</td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>23.78</td>
<td>24.46</td>
<td>3,920</td>
<td>27,992</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Housing and Urban Poverty Alleviation, Govt. of India

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The SJSRY, started in 1997 and revamped in 2009 has been an effective scheme in reducing urban poverty and providing gainful employment to urban unemployed. However, the scheme was beset with several problems like poor identification and targeting of beneficiaries, limited focus on mobilizing urban poor into groups for poverty alleviation and employment, lack of human resources for effective implementation of the scheme at the Central, State, District, city and community level etc. With a view to remove these weaknesses, the SJSRY was replaced by the National Urban Livelihood Mission (NULM) in 2013.

**National Urban Livelihood Mission (NULM)**

The National Urban Livelihood Mission (NULM) was launched by the Ministry of Housing and Urban Poverty Alleviation in the 12th five year plan w.e.f. 24th September, 2013 replacing the existing SJSRY. Urban poverty being multidimensional, various vulnerabilities faced by the poor in cities and towns: occupational, residential and social needs to be addressed simultaneously in a comprehensive and integrated manner with a targeted focus on the vulnerable groups so that a definitive impact can be made on ground. It is in this context that a mission- mode approach to urban livelihoods is considered necessary in the form of the NULM.

The NULM focus on organizing urban poor in self- help groups, creating opportunities for skill development leading to market based employment and helping them to set up self- employment ventures by ensuring easy access to credit. The Mission aims at providing shelter equipped with essential services to the urban homeless in a phased manner. In addition, the mission will also address livelihood concerns of the urban street vendors. The NULM has six major components:

1. **Social Mobilizations and Institutional Development (SM&ID):** NULM envisages mobilization of urban poor households into thrift and credit- based self- help groups and their federations/collectives.
2. **Capacity Building and Training (CB&T):** A multi- prolonged approach is planned under NULM for continuous capacity building of SHGs and their federations/collectives, government functionaries at Central, state and city/Town levels, bankers, CBOs, NGOs and other stake holders.

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3. Employment through Skill Training and Placement (EST&P): NULM will focus on providing assistance for skill development/ up-grading of the urban poor to enhance their capacity for self-employment or better salaries employment.

4. Self-Employment Programme (SEP): This component will focus on financial assistance to individuals/groups of urban poor for setting up gainful self-employment ventures/micro-enterprises, suited to their skills, training, aptitude and local conditions.

5. Support to Urban Street Vendors: This component will cover development of vendors market, credit enablement of vendors, socio-economic survey of street vendors and convergence with social assistance under various schemes of the government.

6. Shelter for Urban Homeless (SHU): The construction of permanent shelters for the urban homeless equipped with essential services will be supported under this component.  

In the 12th five year plan, NULM will be implemented in all District headquarter towns and all other cities with a population of 100,000 or more as per 2011 census. However, other towns may be allowed in exceptional cases on request of the states. The target of NULM will be the urban population identified as below poverty line population in urban areas by the states/UTs. The coverage may be broadened to include families of disadvantage group like SCs, STs, women, minorities, disabled etc. subject to a maximum of 25 percent of the above urban poor population.  


Table 77: Financial and Physical progress under NULM for 1st Jan. 2013-31st March 2014

Financial Progress (Rs. in crores)

<table>
<thead>
<tr>
<th>Central Funds Released (2013-14)</th>
<th>989.96</th>
</tr>
</thead>
</table>

Physical Progress

<table>
<thead>
<tr>
<th>Total No. of Urban Poor assisted to set up Micro-enterprises</th>
<th>132109</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total No. of women SHGs formed</td>
<td>76237</td>
</tr>
<tr>
<td>No. of women beneficiaries assisted under women SHGs for setting up Micro enterprises</td>
<td>534846</td>
</tr>
<tr>
<td>Urban poor imparted Skill Training</td>
<td>960586</td>
</tr>
<tr>
<td>No. of urban minority poor assisted in setting up individual micro enterprises</td>
<td>24113</td>
</tr>
<tr>
<td>No. of urban minority poor imparted skill training</td>
<td>144007</td>
</tr>
</tbody>
</table>

Source: Ministry of Housing and Urban Poverty Alleviation, Govt. of India

Table 78: Financial and physical achievements under SCSP and TSP from 1st Jan 2013 to 31st March 2014

<table>
<thead>
<tr>
<th>Scheduled Caste Sub Plan (SCSP)</th>
<th>Physical Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial (Rs. in crore)</td>
<td>Physical Achievement</td>
</tr>
<tr>
<td>Allocation</td>
<td>Released</td>
</tr>
<tr>
<td>360.37</td>
<td>264.29</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tribal Sub Plan (TSP)</th>
<th>Physical Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial (Rs in crore)</td>
<td>Physical Achievement</td>
</tr>
<tr>
<td>Allocation</td>
<td>Released</td>
</tr>
<tr>
<td>37.37</td>
<td>27.10</td>
</tr>
</tbody>
</table>

Source: Ministry of Housing and Urban Poverty Alleviation, Govt. of India

For Individual and Group Self-Employment and Skill Training components of SJSRY/NULM, a special provision of 3% has been reserved for the disabled category. For the period of 1st Jan. 2013-31st March 2014, under Individual and Group Self
Employment out of total 1, 27,606 beneficiaries, 8,72 belong to disabled category, which is about 0.68% of the total beneficiaries assisted. Under Skill Training Programme, out of total 9,29,001 beneficiaries, 2,537 belong to disabled category, which is about 0.27%.

4.4. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA): A right based initiative towards poverty alleviation through employment generation

Evolving the design of the wage employment programmes to more effectively fight poverty, the Central Government formulated the National Rural Employment Guarantee Act (NREGA) in 2005. With its legal frame work and right-based approach, NREGA provides employment to those who demand it and is a paradigm shift from earlier programmes. Notified on September 7, 2005, the Act was implemented in a phased manner. In its first phase, implemented on February 2.2006, the Act covered 200 districts. In the second phase in 2007-08, the Act was extended to 130 additional districts and, in its third phase, all the remaining rural areas have been notified w.e.f. April 1.2008. The UPA Government on 2nd October, 2009 renamed NREGA as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on the occasion of Mahatma Gandhi’s 140th birth anniversary.

Targeting poverty through employment generation using rural works has had a long history in India that began in the 1960s. After the first three decades of experimentation, the government launched major schemes like JRY, EAS, FFW, JGSY and SGRY that were forerunners to MGNREGA. The theme of the government approach has been to merge old schemes to introduce new ones, while retaining the basic objective of providing additional wage employment involving un-skilled manual work and also to create durable assets. In contrast to the earlier wage employment programmes, MGNREGA, as per its definition guaranteed employment as a legal right. The objective of MGNREGA is to enhance livelihood security in rural areas by

providing at least 100 days of guaranteed wage employment in a financial year, to every household whose adult members volunteer to do unskilled manual work. In addition to this, the aim of MGNREGA is to create durable assets that would augment the basic resources available to the poor. At minimum wage rate and within 5 km radius of the village, the employment under MGNREGA is an entitlement that creates an obligation on the government failing which an unemployment allowance is to be paid within 15 days. Priority is given to women, such that at least one-third of the beneficiaries under the scheme are women. Along with community participation, the MGNREGA is to be implemented mainly by the Gram Panchayats.108

The Act stipulates the permissible works. These include water conservation and water harvesting; watershed management; drought proofing including afforestation; irrigation works; restoration of traditional water bodies; land development; flood control; rural connectivity; development of fallow or waste lands to bring it under cultivation; creating infrastructure for promoting live stocks such as poultry, goat shelter, piggery shelter etc.; rural sanitation related works, such as, individual household latrines, school toilet units, Anganwadi toilets; construction of play fields; etc. Recent amendment to the Act to permit MGNREGA works on individual land of small and marginal farmers who constitute 89% of the farming community, in addition to the individual land of SC/ST/BPL/IAY land reform beneficiaries will augment the impact on agricultural productivity and household income.109

The legislation details the financing pattern between the Central and the state government and the establishment of the ‘Employment Guarantee Funds’ at both levels. The Act provides that 60% of the total funds are to be spent on wages and 40% on material cost. The funding is shared between central and state government in the following manner:

**Central Government:**

- The entire cost of wages of unskilled manual workers.

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• 75% of the cost of material, including payment of wages to skilled and semi-skilled workers.
• Administrative expenses as may be determined by the central government.
• Expenses of the Central Employment Guarantee Count.

State Government:

• 25% of the cost of material, wages of skilled and Semi-Skilled workers.
• Unemployment allowance payable in case the state government cannot provide wage employment in time.
• Administrative expenses of the State Employment Guarantee Council.

Performance Evaluation

Starting from 200 districts in February 2006, and extended to all the remaining rural districts from 1 April, 2008, MGNREGA has ensured social protection to a large number of beneficiaries. It provides employment to around 5 crore households, on an average every year. Since its inception MGNREGA has generated 15,575 crore person-days of employment upto December, 2013. From the financial year 2006-07 upto financial year 2013-14 (upto December 2013), over Rs.1, 55,000 crore has been spent on wages. The scheme’s notified wages have increased across all states since 2006. The average wage earned per beneficiary has risen from Rs.65 per person day to Rs.124 by 2013.

To ensure transparency in wage payments and prevent misappropriations, the Government of India mandated that all MGNREGA wage payments should be made through banks/ post office accounts opened in the name of the worker unless exempted by the Ministry of Rural Development. As a result, nearly 9.3 crore bank/post office accounts of rural people have been opened under MGNREGA and around 80 percent of the MGNREGA payments are made through this route.

Evidence suggests that the MGNREGA is succeeding as a self-targeting programme, with high participation from marginalized groups including the Scheduled Castes (SCs) and Scheduled Tribes (STs). At the national level, the share of SCs and

110 Mahatma Ghandi NREGA. (http://nrega.nic.in/netnrega/forum/2 - MGNREGA. pdf).
STs in the work provided under MGNREGA has been high and ranged between 40-60 percent across each of the years of the scheme’s implementation. The scheme has also positive impact on the economic wellbeing of the women. From FY 2006-07, up to FY 2013-14 (Dec. 2013), the women participation rate has ranged between 40-51 percent of the total person-days generated, much above the statutory minimum requirement of 33 percent. The NSSO 66th round indicated that MGNREGA has reduced traditional wage discrimination in public works.

With its focus on activities related to water harvesting, ground water recharge, drought proofing and flood protection, eco-restoration and sustainable livelihood, MGNREGA has led over the time, to an increase in land productivity and aided the workers in moving from wage employment to sustainable employment. A study conducted by Indian Institute of Science, Banglore during 2012-13 has indicated that such works taken up under MGNREGA have contributed to improved ground water levels, increased water availability for irrigation, increased area irrigated by ground and
surface water sources and improved drinking water sources for humans and livestock.\textsuperscript{112}

\textit{Table 79: Financial Performance of MGNREGA from 2006-07 to 2013-14 (up to December 2013)}

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget out lay</th>
<th>Central Release</th>
<th>Total available fund including Opening balance</th>
<th>Expenditure against available fund (%)</th>
<th>(Rs in crore Exp. on wages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>11300</td>
<td>8640.85</td>
<td>12073.55</td>
<td>8823.35 (73%)</td>
<td>5842.37</td>
</tr>
<tr>
<td>2007-08</td>
<td>12000</td>
<td>12610.39</td>
<td>19305.81</td>
<td>15856.89 (82%)</td>
<td>10738.47</td>
</tr>
<tr>
<td>2008-09</td>
<td>3000</td>
<td>29939.60</td>
<td>37397.06</td>
<td>27250.100 (73%)</td>
<td>18200.03</td>
</tr>
<tr>
<td>2009-10</td>
<td>39100</td>
<td>3350.661</td>
<td>49579.19</td>
<td>37905.23 (76%)</td>
<td>25579.32</td>
</tr>
<tr>
<td>2010-11</td>
<td>40100</td>
<td>35768.95</td>
<td>54172.14</td>
<td>39377.27 (73%)</td>
<td>25686.53</td>
</tr>
<tr>
<td>2011-12</td>
<td>40000</td>
<td>29189.77</td>
<td>48805.68</td>
<td>33072.82 (76%)</td>
<td>24306.22</td>
</tr>
<tr>
<td>2012-13</td>
<td>33000</td>
<td>30009.96</td>
<td>45051.43</td>
<td>39657.04 (88%)</td>
<td>27128.36</td>
</tr>
<tr>
<td>2013-14</td>
<td>33000</td>
<td>29885.92</td>
<td>37084.76</td>
<td>24848.75 (67%)</td>
<td>17832.19</td>
</tr>
</tbody>
</table>


**Table 80: Physical Performance of MGNREGA (2006-07 to 2013-2014 (Dec. 2013))**

<table>
<thead>
<tr>
<th></th>
<th>06-07</th>
<th>07-08</th>
<th>08-09</th>
<th>09-10</th>
<th>10-11</th>
<th>11-12</th>
<th>12-13</th>
<th>13-14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total job cards issued in (crore)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.78</td>
<td>6.48</td>
<td>10.01</td>
<td>11.25</td>
<td>11.98</td>
<td>12.50</td>
<td>12.79</td>
<td>12.72</td>
</tr>
<tr>
<td><strong>Employment provided to Households (in crores)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.10</td>
<td>3.39</td>
<td>4.51</td>
<td>5.62</td>
<td>5.49</td>
<td>5.06</td>
<td>4.98</td>
<td>3.81</td>
</tr>
<tr>
<td><strong>Person days (in crore)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>90.5</td>
<td>143.59</td>
<td>216.32</td>
<td>283.59</td>
<td>257.15</td>
<td>218.76</td>
<td>229.86</td>
<td>134.80</td>
</tr>
<tr>
<td>SCs</td>
<td>22.95 (25%)</td>
<td>39.36 (27%)</td>
<td>63.36 (29%)</td>
<td>86.45 (30%)</td>
<td>78.76 (31%)</td>
<td>48.47 (22%)</td>
<td>50.96 (22%)</td>
<td>31.53 (23%)</td>
</tr>
<tr>
<td>STs</td>
<td>32.98 (36%)</td>
<td>42.07 (29%)</td>
<td>55.02 (25%)</td>
<td>58.74 (21%)</td>
<td>53.62 (21%)</td>
<td>40.92 (19%)</td>
<td>40.75 (18%)</td>
<td>21.09 (16%)</td>
</tr>
<tr>
<td>Women</td>
<td>36.40 (40%)</td>
<td>61.15 (43%)</td>
<td>103.57 (48%)</td>
<td>136.40 (48%)</td>
<td>122.74 (48%)</td>
<td>105.27 (48%)</td>
<td>117.93 (51%)</td>
<td>73.33 (54%)</td>
</tr>
<tr>
<td>Others</td>
<td>34.56 (38%)</td>
<td>62.16 (43%)</td>
<td>97.95 (45%)</td>
<td>138.40 (49%)</td>
<td>124.78 (48%)</td>
<td>129.38 (59%)</td>
<td>138.14 (60%)</td>
<td>82.18 (61%)</td>
</tr>
</tbody>
</table>

Figure 27: Works Break up Under MGNREGA 2006-07-2013-14 (in Lakhs)

Table 81: Performance of MGNREGA during FY 2014-15

<table>
<thead>
<tr>
<th></th>
<th>FY 2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total no of households registered (in crore)</td>
<td>13.2</td>
</tr>
<tr>
<td>Total no of workers on job cards (in crore)</td>
<td>28.4</td>
</tr>
<tr>
<td>No. of ongoing works (in lakhs)</td>
<td>82.8</td>
</tr>
<tr>
<td>Total no of works taken up (New + spill over) in lakhs</td>
<td>89.8</td>
</tr>
<tr>
<td><strong>Total Expenditure (in crore)</strong></td>
<td></td>
</tr>
<tr>
<td>Wages (in crore)</td>
<td>16046.6</td>
</tr>
<tr>
<td>Material and skilled wages (Rs. in crore)</td>
<td>4957.6</td>
</tr>
<tr>
<td>Administrative Exp.</td>
<td>1081.8</td>
</tr>
<tr>
<td>Labor v/s Material (%)</td>
<td>76.4</td>
</tr>
<tr>
<td><strong>Wage Employment provided (in lakhs)</strong></td>
<td></td>
</tr>
<tr>
<td>House holds</td>
<td>333.2</td>
</tr>
<tr>
<td>Individuals</td>
<td>491.1</td>
</tr>
<tr>
<td>Men</td>
<td>237.8</td>
</tr>
<tr>
<td>Women</td>
<td>253.2</td>
</tr>
<tr>
<td>SCS</td>
<td>110.3</td>
</tr>
<tr>
<td>STS</td>
<td>90.2</td>
</tr>
<tr>
<td>Person with disabilities</td>
<td>3.5</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----</td>
</tr>
</tbody>
</table>
| **Person days**
| **(in crore)** |
| Person days generated so far | 105.3 |
| SC Person days | 24 |
| ST Person days | 17.1 |
| **Wages** |
| Average wage rate per day per son | 178.2 |
| Average days of employment provided per Household | 31.6 |
| Total No of HHs completed 100 days of wage Employment (in lakhs) | 7.5 |
| % payment generated within 15 days | 20.1 |
| % payment Disbursed through EFMS | 70.9 |

**Source:** [http://mnrega.web4.nic.in/netnrega/all\|v\|details-dashboard-new.aspx](http://mnrega.web4.nic.in/netnrega/all\|v\|details-dashboard-new.aspx).

Many critics and skeptics of MGNREGA who were extremely vocal during the years leading up to its passage by parliament and in the early years of its implementation have been silenced, especially after it was recognized that the purchasing power the programme created in rural areas and the operation of the Keynesian multiplier played a crucial role in generating demand for industry during the dark day of the recession and assisted in our comparatively faster emergence out of it.\(^{113}\)

Since the inception of MGNREGA in 2006, Rs.2, 66,845.7 crore have been spent on the scheme and 1765.97 crore person days have been generated. Today, (as per e- Muster Roll), 30,09,848 workers are expected on 1,69,303 work sites. MGNERGA has led to major increase in wages of rural workers and when we recognize the fact (attested by NSSO data on ‘landed laborers’) that the majority of MGNERGA workers are impoverished small and marginal farmers especially in tribal areas, we can see the direct impact MGNERGA has made on raising incomes of our small and marginal farmers.

A comprehensive time series of rural wage data- both agricultural and non-agricultural- put together by the Ministry of Statics and Programme implementation indicates that the advent of MGNREGA has resulted in a significant structural break in

\(^{113}\) “MGNREGA at a Glance.”([http://mnregaweb4.nic.in/netnrega/all\|v\|details_MGNREGA_at_a_glance](http://mnregaweb4.nic.in/netnrega/all\|v\|details_MGNREGA_at_a_glance)).
rural wage increase. Between 1990 and 2005, pre-MGNREGA, nominal wages in the rural economy grew at an annual rate of 2.7 percent (year on year average). Post-MGNREGA, the rate of average wage increases almost quadrupled to 9.7 percent between 2006 & 2009. And between January 2010 and May 2011, annual nominal wage growth averaged almost 18.8 percent.

The tightening of the labor market post-MGNREGA is a positive indicator of poverty alleviation and also signals a pressure technology advances that raise farm productivity in areas of relative labor shortage. This is the process of agrarian transformation of the world order.

What is more since a very large proportion (80 percent) of the works under MGNREGA are also focused on soil and water conservation of the lands of the small and marginal farmers, it is clear that MGNREGA is making a potential contribution to raising their incomes through improved agricultural productivity and also reducing the need for small and marginal farmers to continue to work on MGNREGA sites.114

However, there is no denying the fact that the true potential of MGNREGA as an instrument of rural transformation is yet to be fully realized. Since the programme marks a radical departure from earlier efforts of a similar kind, there have been many problems in infusing the system with a new culture of demand-driven, right-based, decentralized decision making. The MGNREGA provides a historic opportunity for strengthening Panchayati Raj in India, but the experience so far also alerts us to the need for doing much more in this direction.

Large proportion MGNREGA workers are small and marginal farmers, the productivity of whose lands has been so decimated over the years that they have been compelled to work under MGNREGA. The real success of MGNREGA will lie in raising the agricultural productivity of millions of these farmers who will then be able to return once again to farming and will no longer need to depend on MGNREGA for their survival.

The single most important distinguishing feature of MGNREGA from employment programmes of the past is that provision of work is triggered by the demand for work by wage-seekers and provided as their legal right. The major

114 Supranote 361.
weakness so far has been that states have not set up effective systems of recording demand. The new MGNREGA guidelines in operation from the twelfth plan take major steps to overcome this weakness.

As demand gets better recorded, there needs to be a corresponding increase in supply of work. This requires strengthening of capacities at the cutting edge level of implementation. Unfortunately, the main implementing agency under MGNREGA, the Gram Panchayat, is badly lacking in capacities to plan and implement high quality works under MGNREGA.

Delays in wage payments have emerged as one of the main weaknesses of MGNREGA over the last seven years. According to section 3 (3) of MGNREGA, ‘it is essential to ensure that wages are being paid on a weekly basis, and in any case within a fortnight of the date on which work was done’. An important cause for delay of wage payments is non-availability of sufficient funds at district/block/GP level. To tackle this problem, the Ministry of Rural Development has initiated “Electronic Fund Management System (e-FMS), for directly crediting wages into beneficiary accounts using core banking system.

One of the major causes which have affected the performance of MGNREGA is the large scale corruption at all levels. To strengthen transparency and accountability in the operation of MGNREGA, the Mahatma Gandhi NREGA Audits of Schemes rules have been notified in June 2011. The rules make it necessary to have a social audit conducted by the Gram Sabha according to the prescribed procedure under the Act, at least twice a year. All states are required to set up Social Audit units and eight states have set up Social Audit units.