CHAPTER - 2

IMPACT ASSESSMENT OF POVERTY ALLEVIATION PROGRAMME IN INDIA

2.1 Poverty Eradication in India

Poverty is a social-economic phenomenon in which a section of society is unable to fulfill even its basic necessities of life. The minimum needs are food, clothing, housing, education and other basic minimum human needs. Humanity faces pains and miseries if it does not attain a subsistence level of such needs. It is generally agreed that only these would fail to reach a certain minimum consumption standard should be regarded as poor. Poverty is about contradiction of opportunities and fulfillment of human potential. Poverty and inequality are closely related and inequality appears to have been on the rise worldwide in recent decades at both national and international levels. More than 80 percent of the world’s population lives in countries where income differentials are widening. The poorest 40 percent of the world’s population account for only 5 percent of global income. On the other hand, the richest 20 percent account for 75 percent of world income, according to the United Nations Development Programme. Poverty is the principal cause of hunger and under nourishment. According to most recent estimates of the Food & Agriculture Organization of the United Nations, the number of hungry people worldwide has reached 963 million or roughly 15 percent of the estimated world population (FAO, 2009).

2.2 Trends in Poverty in India

During five year plans, several programs have been introduced to alleviate poverty in India, yet there has been an increase in the number of poor persons in the country.
Pre-Independence: National Planning Committee (1936)

The National Planning Committee in 1936 under Nehru has made an economic review and recognised that “there was lack of food, of clothing, of housing and of every other essential requirement of human existence”. Against this assessment, the Committee declared that the development policy objective should be to “ensure an adequate standard of living for the masses, in other words, to get rid of the appalling poverty of the people”. Towards this end, the Committee defined goals for the total population in terms of nutrition (involving a balanced diet of 2400 to 2800 calories per adult worker), clothing (30 yards per capita per annum) and housing (100 sq. ft per capita) (Ravi, 2013).

Post – Independence

The poverty line which divides the poor from the non-poor is got by putting a price on the minimum required consumption levels of food, clothing, shelter, fuel and health care, etc. There have been various attempts to define poverty line in Indian context. The Expert Group recommended that the poverty line approach anchored in a calorie norm and associated with a fixed consumption basket (as recommended by the 1979 Task Force) might be continued. However, the Expert Group further recommended that the state – specific poverty lines be worked out. This was done in two steps.

1. To work out State-specific poverty line for the base year 1973–74 by taking the standardized commodity basket corresponding to the poverty line at the national level and valuing it at the prices prevailing in each state in the base year.

2. Updating the poverty line to reflect current prices in a given year by applying state-specific consumer price indices.
Other recommendation of the Expert Group was to abandon the pro-rata adjustment of NSS based total household consumption expenditure to National Accounts Statistics based total private consumption expenditure as the gap between the two had widened overtime. The Expert Group observed that it was better to rely exclusively on the NSS for estimating the poverty ratios. The Government of India accepted the recommendations of the Expert Group with minor modifications in 1997 (GoI, 2011).

There has been no uniform measure of poverty in India. The Planning Commission of India has accepted the Tendulkar Committee report which says that 33% of people in India live below the Poverty line (Jay, 2013). A brief analysis showing absolute trend in poverty in India is shown in Table - 2.1 about 32.1 crore persons living below poverty line in 1973-1974. It remained almost stagnant during a decade of 1973-1984 but it come down to 26 crore in 1999-2000. Poverty in rural sector always has been on higher side as compared to urban India. But it came down in 2007 in both rural and urban sector. By the end of 11th plan number of poor persons are expected to come down to 10 crore.

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Urban</th>
<th>India</th>
</tr>
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<tbody>
<tr>
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<td>6.0</td>
<td>32.1</td>
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<td>1993-94</td>
<td>24.4</td>
<td>7.6</td>
<td>32.0</td>
</tr>
<tr>
<td>1999-2000</td>
<td>19.3</td>
<td>6.7</td>
<td>26.0</td>
</tr>
<tr>
<td>2007</td>
<td>17.0</td>
<td>3.0</td>
<td>20.0</td>
</tr>
<tr>
<td>2011</td>
<td>-</td>
<td>-</td>
<td>10.0</td>
</tr>
</tbody>
</table>

**Table 2.1**

**Head Count Estimates of Poverty trends in India (Crore)**

**Sources:** Government of India (2002-03 & 2010-11). Economic Survey Eleventh Five Year Plan, Ministry of Finance
2.3 Various Poverty Alleviation Programme

Poverty alleviation is one of the guiding principles of the planning process in India. The role of economic growth in providing more employment avenues to the population has been clearly recognised. Poverty rates in India have declined over the last decade, but the incidence of poverty remains high at 28 percent. India’s rush forward in growth and rapid expansion in public spending in the past decade has created new possibilities for its social protection system. Basic subsistence needs and services remain the priority in some areas but with the need to re-examine delivery mechanisms for traditional safety nets in the changing economy. The Government spending remains focused on social protection programs to alleviate chronic poverty (Singh, 2007).

In the 19th century, formal establishment of Employment Guarantee Schemes (EGS) has been attached of relief policies in response to natural disasters and economic downturns worldwide. Contemporary schemes in many developed and developing countries have evolved Dreze and Sen (1991) made the four broad objectives:

a) To provide income relief by generating employment.
b) Construct and maintain public infrastructure.
c) Ameliorate endemic poverty.
d) Improve workers’ position to bargain in the private sector and to facilitate job search.

The origins of EGS can be traced back to the 1817, Poor Employment Act and the 1834, Poor Law Amendment Act in Great Britain (Bhatty, 2006) and the New Deal programs of the 1930's in the United States. Large scale poverty reduction remains the primary objective of more contemporary programs in the developing countries of (Latin America 1987, India 1978, Pakistan 1992, Bangladesh 1983,
Philippines 1990 and Africa 1992). One extraordinary aspect of these programs apart from their common objective of poverty reduction lies in the specific limits their enforced on reach and accessibility. The Youth Employment Guarantee Act of 1991 in the Netherlands and Egypt's employment guarantee program respectively aim at guaranteeing employment to young persons and college graduates. Special Public Works Programs was instituted within village limits with employment guarantee limited only to residents (Putzel, 1995). The widely debated National Rural Employment Guarantee Act (NREGA) of India (2005) is one of the most recent attempts to provide statutory basis for a government guarantee of employment initially in 200 rural districts. This wealth of government initiatives notwithstanding, conceptual understanding of the mechanics of employment guarantee schemes (EGS) in general and the difference that an official commitment has on the private labor market in particular has been in short supply. In terms of workings at the core of an EGS are three distinctive features, which clearly separate the workings of the program from other conventional policies that directly target the private labor market such as a minimum wage, or a wage subsidy.

Dreze and Sen (1991) have classified wage employment into the following characteristics which include:

a) An Employment Guarantee Scheme wage.
b) The ease of access to Employment Guarantee Scheme employment and
c) The degree of contestability that such a scheme introduces into the private labor market.

These has been the guarantee of EGS to alleviate poverty by delivering targeted transfers to the poor through workfare rather than welfare an accompanying empirical literature establishes the size of such direct transfer benefits. Firstly, the EGS wage, when viewed in this light is arguably like to direct transfers to the poor
rooted in the principles of self-selection subject to financing constraints. Secondly, EGS has been touted as an employment oriented approach to anti-poverty, policy-making such a guarantee alone has never implied universal elimination of unemployment. The effectiveness of EGS can be gauged is the ease of access to such programs. Lastly, employment guarantees have also been credited for their potential to induce positive labor market responses by improving the bargaining strength of workers. The usefulness of an EGS also depends on the extent to which the introduction of such contestability matters. Naturally, this final dimension of an EGS becomes relevant particularly in an imperfectly competitive labor market and should be expected to have no efficiency enhancing impact when a perfectly competitive framework is the relevant starting point. What is important to note is that in both rural and urban labor markets, there is evidence of market outcomes consistent with imperfect competition and market power (Manning 2005). Once these three individual building blocks of an EGS are spelled out, the question of a need for an official commitment to employment guarantees acquires added meaning.

Ambasta and Shah (2008) expressed, Poverty alleviation programmes have been designed from time to time to enlarge the income-earning opportunities for the poor. These programmes are broadly classified into:

a) Self-employment programmes

Creating self-employment opportunities began with the introduction of the IRDP in 1978-79, TRYSEM (1979), DWCRA (1982-83), supply of improved toolkits to rural artisans (1992) and the Ganga Kalyan Yojana (1996-1997). To remove conceptual and operational problems in the implementation of these programmes, a holistic programme covering all aspects of self-employment such as organisation of the poor into SHGs, training, credit, technology, infrastructure and marketing called Swarnjayanti Gram Swarozgar Yojana (SGSY), was started on April 1, 1999. Based
on the feedback provided and recommendations made by various studies, National Rural Livelihood Mission (NRLM) was launched during 2009-10 to facilitate effective implementation of the restructured SGSY scheme in a mission mode. NRLM aims at reducing poverty in rural areas through promotion of diversified and gainful self-employment and wage employment opportunities.

b) Wage employment programmes

The main purpose of the wage employment programmes is to provide a livelihood during the lean agricultural season as well as during drought and floods. Wage employment programmes were first started during the Sixth and Seventh Plan in the form of National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programmes (RLEGP). These programmes were merged in 1989 into Jawahar Rozgar Yojana (JRY). A special wage employment programme in the name of Employment Assurance Scheme (EAS) was launched in 1993 for the drought prone, desert, tribal and hill area blocks in the country. Different wage employment programmes were merged into Sampoorna Gramin Rozgar Yojana in 2001. NREGS, launched in 2006, aims at enhancing the livelihood security of people in rural areas by guaranteeing hundred days of wage-employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work. During 2008-09, 4.51 crore households were provided employment under the scheme.

c) Food security programmes: Under this, PDS is a very important poverty alleviation programme directly acting as safety net for the poor.

d) Social security programmes include National Social Assistance Programme (NSAP), Annapurna, etc. for the BPL.

e) Urban poverty alleviation programmes include Nehru Rozgar Yojana, Urban Basic Services for Poor (UBSP), etc. involving participation of the communities and non-governmental organizations.
Besides, other initiatives undertaken to alleviate poverty include price supports, food subsidy, land reforms, area development programmes, improving agricultural techniques, free electricity for farmers, water rates, PRIs, growth of rural banking system, grain banks, seed banks, etc. Such endeavors not only reduced poverty but also empowered the poor to find solution to their economic problems. For instance, the wage employment programmes have resulted in creation of community assets as well as assets for the downtrodden besides providing wage employment to the poor. Self-employment programmes, by adopting SHG approach have led to mainstreaming the poor to join the economic development of the country. But the focus on the sustainable income generation still remains elusive. A review of different poverty alleviation programmes shows that there has been slow destruction in the programmes in terms of resource allocation, implementation, bureaucratic controls, non-involvement of local communities, etc. NABARD has also been contributing in Rural Poverty Alleviation through its various schemes like SHG Bank Linkage Programme, Watershed Development Programme, Tribal Development, Community Development Programme, Rural Employment Development Programme, Rural Infrastructure Development Fund, Rural Development Fund, etc.

2.4 Role Being Played by Poverty Alleviation Programme in Poverty Reduction

Economic growth has largely resulted in Poverty alleviation. Poverty reduction involves provision of basic needs of livelihood and improving the living conditions of people who are already poor. The planners and policy makers in India, as the beginning of development planning, have been grappling with the objective of merging growth with justice. ‘Justice’ may either be conceived of as ‘economic’ or ‘social’. Economic injustice arises from inequalities in distribution of income or purchasing power and social injustice is related to inequalities arising out of social and cultural institutions (caste, class, religion, gender, etc.). Thus, the first step
towards identifying whether growth has been pro-poor is through an assessment of the effectiveness of growth in ensuring both economic and social justice in terms of realisation of purchasing power and basic capabilities. After that, it could be required to look at whether growth has increased the purchasing power and capabilities of the poor more than non-poor. Such an examination is all the more necessary as the condition of pro-poorness is not just dependent on whether growth has been able to give out purchasing power evenly among the people but on whether it has actually led to an asymmetric improvement in command over resources and in realisation of basic capabilities for the poor and the admirable. The effectiveness and sustainability of pro-poor growth process is however, clearly contingent upon whether an enabling environment exists for the realization of purchasing power and basic capabilities like the capability of being free from hunger, ill health and illiteracy for the poor and the disadvantaged. Employment growth, both in terms of quantity and quality, in sectors which are more labour-intensive is critical for a pro-poor growth process (CDHR, 2005). Although unemployment was not a serious problem in the initial years of planning, the lack of employment assumed serious proportion in the late 1960s and 1970s. Moreover, the helpful growth period of 1980s had been jobless and the absorption of the increasing workforce in 1990s and in the first half of the millennium has primarily been confined to unorganized and informal sector and in the tertiary sector and exacerbated dualism and inequality in earnings.

While developments in the rural employment the movement towards an employment guarantee is highly creditable. Although, India’s policy pronouncements provide for people’s participation in development planning and administration, such participation has generally been useless. For instance, for rural poverty alleviation programmes, the gram sabha or village council is considered as an epicenter of participation. Mukherjee, (2005) highlighted the relationship between a right-holder and one or more duty bearers is important for all rights – moral, legal, contractual or
any others research documentation should also be encouraged to improve the understanding of the realization of development goals as entitlement and ways of budgeting and implementing the inclusion of such rights-based pro-poor norms in development policies. Such inclusion would also pave the way for a faster realisation of the foremost Millennium Development Goal (MDG) of halving poverty by 2015. The main reasons of the study delineates India’s poor record in poverty reduction is insufficient resource allocation to poverty alleviation programmes and social development. The natural tendency of announcing various programs and projects addressing an area of social concern, without proper financial planning and provision for adequate resources lead to thin spread of unnatural resources. The variety of this programmes also lead to wastefulness of resources on administering the programs at the cost of delivering the intended benefits to the poor. India’s bureaucracy, responsible for governing the development policies and programmes is crippled by non-transparency and corruption, leading to diversion of available resources, meant for the poor to unplanned beneficiaries.

“The minimum wage fixed by the State Government ... shall be considered as the [EGS] wage rate applicable to that area.”

This act specifies 60 Indian rupees per day per person as the absolute minimum EGS wage in any state (Subbarao, 1997). As addition this act all the way through Kiran, (2006) provides that leaving open to judgment therefore alleviate of access opposite workers who wish to participate. The Act contains additional terms that can similarly impact access. These include for example the provision of child care services for female workers, compensation for transportation and living expenses, minimum levels of work site safety regulations and entitlement to medical treatment in case of injury so happening.

“As far as possible, employment shall be provided within a radius of 5 kilo- metres of the village where the applicant resides at the time of applying”
An Act was to provide for the enhancement of livelihood Security of the households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household. Shovan (2005) observed wage employment programmes should be need based and cost effective to improve the life of rural people, especially poor families. The programme aimed at providing gainful employment to the rural poor to improve their income and nutritional level. Side by side it also expected at creation of durable community assets and increase rural infrastructure for higher production and ensuring better standard of living to the rural poor. In October 1980, the FWP was replaced with National Rural Employment Programme (NREP). The NREP required generating additional employment, creating durable assets and raising the quality of living of the rural poor. The NREP was a centrally sponsored programme with 50:50 sharing basis between the central and the state government. One of the important features of the NREP is that it was implemented through Panchayati Raj Institutions. The RLEGP was launched in 1983, aiming at providing employment to the landless families in rural areas, who are hard pressed with poverty and hunger particularly during the lean season. It was a 100 percent centrally sponsored scheme funded by the government of India. Employment is basic requirement to raise per capita income and eradicate family poverty. Poor employment opportunity is one of the key reasons for the survival of poverty in India. After independence and particularly from the fifth five year plan onwards, government of India has initiated several rural development programmes for raising rural employment for the alleviation of rural poverty. National Rural Employment Guarantee Act (NREGA) is one amongst them.

2.5 Decentralised Planning with Focus of Anti-Poverty Programmes

Resources allocated for poverty-reduction have increased diverse in the recent past. Several big schemes have been formulated by Government of India with direct focus on poverty. Dev (1995) consist of following anti-poverty programmes such as
livelihoods, minimum needs infrastructure, human development, social development and social security. While complex planning actions have been approved for most of these schemes, they are independent of each other with the end result that they operate. This has severely precious the usefulness of the huge financial investments. So, there is a critical need to converge these funds meant for the poor in accordance with their needs and priorities. This can be best achieved through participatory planning for poverty reduction by the people themselves under the leadership of PRIs leading to an incorporated anti-poverty sub plan. In favor of the important schemes there are expert staff support structures at the district and state levels. Now, it requires special support to focus on convergent planning as suitable to the local poverty position. This can be best done by a expert support unit at the district level.

**Dig. 2.1 Livelihood Strategies**

![Livelihood Strategies Diagram](image)

**Sources:** Nadel-eth, SDC – 2007 (adapted).
The sustainable livelihoods approach facilitates the classification of practical priorities for actions that are based on the views and interests of those concerned. It does not replace other tools such as participatory development, sector-wide approaches and integrated rural development. Still, it makes the link between people and the in general enabling environment that influences the outcomes of livelihood strategies. It brings concentration to accept on the natural latent of people in terms of their skills, social networks, access to physical and financial resources and ability to influence core institutions (Olivier, 2008). The strategy for poverty alleviation is basically two fold. Firstly, an attempt is in progress to provide greater opportunity for the poor to participate in the growth process by focusing on specific sectors toward offer such opportunities. Secondly, poverty alleviation and social sector programmes have been strengthened and modernized with special programmes for the weaker sections of society.

2.6 Genesis of the Poverty Alleviation Programmes in India

Guyana’s (1994), a first widespread survey was conducted of poverty was carried out as part of a National Food and Nutrition Survey 1994. The results were available in 1996 and showed with the intention of:

a) 38 percent of the population fell below the poverty line.

b) 50 percent of the population earned less than 55 percent of the mean income.

c) Overall, the population spent 69 percent of its cash income on food, but those earning less than the median cash income spent 87 percent on food, while those above it spent 44 percent.

d) In rural areas, total expenses exceeded cash income.

A decade and a half later, an approximate poverty line was drawn by Boyd in an IADB report, based on a food basket provided by a section of the trade union movement and prices widespread at the time. This survey indicated to:
a) 65 percent of the population had incomes below the poverty line in 1988.

b) One year later (1989) this was estimated at 75 percent, helpful the early impact of the stabilization measures introduced in that last year.

c) An income distribution in which the lowest quintile of income shares earned 7.5 percent of total income and the highest 43.4 percent.

Ramprakash (1991) takes the references of the reports of SIMAP (1991) which laid emphasis on the failure to satisfy official estimates of nutritional requirements with the calculation of 86 percent of the number of population fell below the poverty line in 1989. Diaz (2003) highlights the reports of the World Bank which gives the official estimates of 67 percent of the population lived below the poverty line with a tendency for an increase in this number because of the inflation of food prices in 1990. The most comprehensive summary of the evidence on historical trends of poverty is found in a report of 1994 World Bank. In spite of the absence of available data’s to make the precise measurement of the increase of poverty in the 1980s there are some reports which give stress that the low standard of living at a minimum mirrored the decline in real per-capita consumption. There is lots of information which clearly indicate about the decline of the real wages. The overall result is a considerable increase in poverty. Those who could once afford to support their families with public service salaries failed to afford even the minimum food basket now a day. The drop in living standards during the 1980s is verified by partial data on health and education. During this period infant mortality rates increased sharply, due to the various kinds of diseases spread by vectors and environmental problems also. These factors underline the scale of poverty strategies adopted and propose a policy plan required for poverty alleviation in India.

The various plans are to support the growth in agricultural productivity and non-farm rural activities. Public investment in rural infrastructure and agricultural
research are a great deal in day to day researcher. Agricultural research benefits the poor directly through an increase in farm production, greater employment opportunities and growth in the rural non-farm economy (GoI, 2010). Some important points are shown under:

a) Credit policies are to promote farm investment and rural microenterprises.

b) Policies to promote human capital to expand the capabilities of the poor.

c) Development of rural financial markets.

d) Self-Help Group approach to be strengthened as it is a proven method of empowerment of the poor.

e) Involvement of local communities and people’s participation in NRLM and MGNREGS.

f) Decentralization of the programmes by strengthening the PRIs.

g) Public Distribution System needs to be reformed and better targeted.

h) Provision of safety nets like targeted food subsidies, nutrition programmes and health.

The core objective of Indian planning is to alleviate poverty. Targeted poverty alleviation programmes continue as the poor of the developing world may not have the patience to remain for the trickle-down result. In this regard government has launched many poverty alleviation programmes. Even then no major change has been undergone in the ownership of assets, process of production and basic facilities to the poor. In this way poverty alleviation programmes have proved failure due to inadequate resources, lack of proper attainment, active contribution of poor, proper identification of poor and infrastructure. Poverty alleviation programmes have unspecified significance as it is proved globally so as to the 'trickle-down effect' does not work in all the societies. India is no exception to this. In modern times, there has
been a significant shift in focus in the poverty literature away from the ‘trickledown’ idea of growth towards the scheme of ‘pro-poor growth’, which enables the poor to actively contribute in and benefit from economic activities. Hence, the strategy of targeting the poor was adopted in India and the economic values after these special programmes were special privileged treatment were necessary to enable the poor to participate in economic development (Mukherjee, 2005).

2.7 Poverty Reduction Strategies in India over the Successive Five Year Plans

Economic reforms were introduced in India in 1991, after which there has been a great deal of dialogue on its impact on growth, employment and poverty in rural areas. Understanding in the last 15 years has exposed the adverse impact of reforms on domestic food security, income distribution and poverty. The pace of decline in rural poverty slackened after the 1980s. The reasons for this slowdown are not easy to find. Analyzing data over the 20-year period between 1973-74 and 1993-94, the more important determinants of rural poverty (relative price of food and the level of government expenditure) worsened the structural adjustment policies. After reforms, this get substantial fall in public spending particularly in the social sector, especially on education. The government’s expenditure on employment generation has remained inactive. As well, the development of infrastructure is very important for creating the positive initial conditions for workforce diversification into the higher wage sectors, suffered due to a decline in capital expenditure as a percentage of state or national income after the 1990s.

The Table 2.2 shows that 1999-2000 total expenditure of rural employment programme was 1.3 percent declined with a total expenditure of 0.9 percent in 2001. Rural employment programme rise along with and significantly increase in the total expenditure after 2001, which complete the principle wage employment in the
development of infrastructure namely SGSY, JGSY, NFFWP, EAS and NREGS. Poverty reduction requires higher labour productivity and real wage rates, but after reforms the labor force has long-drawn-out in the poorest groups and reduced in the relatively better paid labor force categories.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Rural Employment: SGRY, JGSY, NFFWP, EAS and NREGS</th>
<th>As % of Total Expenditure</th>
<th>As % of GDP</th>
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<tbody>
<tr>
<td>1999-00</td>
<td>3729</td>
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<td>12870</td>
<td>2.3</td>
<td>0.33</td>
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</tbody>
</table>


Agriculture only cannot take in the entire rural labour force at remunerative wages; the development of non-farm employment is very important. However, the opposite happened after reforms and there was de-industrialization of the rural workforce in the 1990s. The main barrier to remunerative non-farm employment is the infrastructural weakness especially in backward regions. Many poverty alleviation programmes that are IRDP, NREP, RLEGP, JRY, DWCRA, etc. have not borne fruit largely because of this. This re-emphasizes the vital role of public investment, precisely what the reforms assault. The workforce diversification that led to higher real agricultural wage rates from 1976-1990 was reversed in the 1990s with a downward pressure on rural wage rates. In figure government spending real wages
and relative price of food are by far the most statistically significant determinants of poverty. Unfortunately, economic reforms have increased the relative price of food, brought down government expenditure and resulted in jobless growth in the high-wage sectors. It is no wonder that even the undecided government estimates show a slowdown in the rate of poverty reduction in the period after 1990.

The First Five Year Plan (1951-56)

The First Five Year Plan (1951-56) was an effort to hit a balance between the widespread socio-economic conditions and the building up of a model society founded on the Indian Constitutional norms relating to the protection and development of the people belonging to the weaker sections. The plan document openly states, "Economic planning has to be viewed as an integral part of a wider process aiming not merely at the development of resources in a narrow technical sense, but at the development of human faculties and the building up of an institutional framework adequate to the needs and aspirations of the people" (GoI, 1951). This recognition led to the implementation of the nationwide programme of community development with the objective of facilitating socio-economic change primarily in the life of the rural population. The Community Development had also been measured as an instrument in tackling poverty during the first plan. The basic principle of this programme was founded on the supposition that hard work at the local level could be instrumental in motivating the community to participate in the development programmes. The introduction of the Panchayati Raj Institutions (PRIs) provided the much-needed force towards the implementation of the programme. The programme of community development upon which the planners in India were primarily banking to alleviate poverty failed to bring about the desired results in terms of improving the lives of the poor. However, an important institutional change that took place in the first plan period was the development of a comprehensive land
reform policy, which led to the eradication of intermediary institutions and systems of land holding like landlord etc. (GoI, 1952).

The Second Five Year Plan (1956-61)

The second five year plan emphasized on a strategy of development based on the two-sector closed economy model namely, capital goods producing sector and consumer goods producing sector. The objective of speeding up of economic growth as supposed and applied during this period was primarily based on higher investment in the domestic capital goods producing sector. Since private entrepreneurial capacity in the capital goods sector was inadequate and the political situation was more inclined towards a public sector expansion, the second plan heralded a huge industrial development programme with an emphasis on balanced regional development of the industrial and the agricultural economy (GoI, 1956).

The Third Five Year Plan (1961-66)

Continuation in view of the problems that cropped up in the second plan period was without bringing about any basic changes in the policy of public sector driven industrialization and protectionism. A major development that took place during the third plan period was the beginning of a broad programme of rural works with the objective of generating additional employment opportunities and utilizing the large reserve of rural labour force for accelerating the process of economic development. In spite of this positive development the performance of the third plan remained far below expectation. The growth rate plummeted down to 2.7 percent per year as compared to a targeted growth rate of 5.6 percent per year. The risk to national security triggered by wars with China (1962) and with Pakistan (1965) driven a distraction of resources to national defense at the cost of other development priorities. In the early 1960s itself, the Indian planners began to face serious criticism as the
modern empirical evidences exposed that the fruits of development had not percolated down to the masses and there were a large number of deprived and deserving communities whose basic needs remained unmet (GoI, 1961).

The Fourth Five Year Plan (1969-1974)

During the period a series of programmes were conceived and addressed to specific target group. The thump of development of reducing fluctuations in agricultural production as well as the impact of uncertainties of foreign aid was sought to raise the standard of living through programs designed to promote equality and social justice (GoI, 1974).

Fifth Five Year Plan (1974-79)

On the eve of the fifth five year plan, the policymakers realized that the institutional changes and the special programmes that had been in operation to complement the low economic growth rate could not succeed in making a significant impact on those prohibited from the growth process. It was observed that the set of people, who failed to derive the benefits from the growth process were much widespread and diverse in character than was originally anticipated in the previous five year plans. The contemporary empirical research evidences reaffirmed that poverty had been more sensitive among wage labourers, scheduled tribes and scheduled castes and people inhabiting the backward regions (GoI, 1979). These provided the rationale for complementing growth promoting policies with increasing number of direct measures in the form of targeted programmes anticipated for a much larger set of disadvantaged population groups. Thus, a number of targeted income and employment generation programmes were introduced as a component of the development policy of the fifth five-year plan with the objective of improving the living conditions of the disadvantaged section of the society. The decade of the seventies is thus considered as a landmark with the introduction of a series of
programmes based on a three-pronged approach to attack poverty and unequal distribution which included:

1. Creation of income-generating asset base for the rural poor.
2. Generation of opportunities for wage employment; and
3. Area development programmes in backward regions like dry land, rain-fed, drought prone, tribal, hills and desert areas.

Furthermore, in view of the fact that industrial development was considered as an avenue for large-scale labour absorption, the government also introduced Rural Industrialization Programme (RIP) and Rural Artisans Programme (RAP).

The Sixth Five Year Plan (1980-1985)

Elimination of poverty was the principal objectives of the sixth plan (1980-1985). The policies adopted were to move at the same time towards growth the infrastructure for both agriculture and industry. Stress was laid on tackling inter related problems through a systematic approach with greater management, efficiency and intensive monitoring in all sectors and active involvement of people in formulating specific schemes of development at the local level and securing the speedy of effective implementation (GoI, 1983).

The Seventh Five Year Plan (1985-1990)

This plan emphasized policies and programs, which aimed at rapid growth in food grains production, increased employment opportunities and productivity within the frame work of basic view of planning namely, growth, modernization, self-reliance and social justice. This seventh five year plan was taken to establish a harmony in all the sectors of the economy. Special concern was taken to spread
education among girls, improve telecommunication within the country (GoI, 1985). The government of India also strove to maintain a balance in the economy and by striking a balance within export and import.

**The Eighth Five Year Plan (1992-1997)**

In the eighth five year plan an important landmark in the development policy of the limitation of an income and commodity-centric notion of poverty and human well-being was predictable. Consequently, the eighth five year plan document underscored the human and social development policies as crucial components of the strategy for ensuring ‘development with social justice’. The focus was primarily on health care and education along with special component plan for scheduled castes or scheduled tribes (GoI, 1992). Over the late eighties a number of empirical studies brought out the deplorable conditions faced by some vulnerable sections of the society like women, children, the aged and the disabled, despite a promising growth performance and indicated the need for their inclusion in the development policies.

The emphasis in the planning process also changed accordingly with the introduction of a large number of programmes meant for these disadvantaged sections. The decade of the nineties emphasis on sustainable development to the forefront and influenced the planning and strategy spheres in addressing the conflicts between growth-promoting policies and degradation of the environment and their implications for the livelihood of the poor.

**The Ninth Five Year Plan (1997-2002)**

Ninth five year plan (1997-2002) aimed at pursuing a policy of fiscal consolidation whereby the focus was on sharp reduction in the revenue shortage of the government. The specific objectives of the ninth plan included:
1. Priority to agriculture and rural development with a view to generate adequate productive employment and eradication of poverty.

2. Accelerating the growth rate of the economy with stable prices.

3. Ensuring food and nutritional security for all particularly the vulnerable sections of society.

4. Providing the basic minimum services of safe drinking water, primary health care facilities, universal primary education, shelter and connectivity to all in a time bound manner.

5. Containing the growth rate of population.

6. Ensuring mobilization and participation of people at all levels.

7. Empowerment of women and disadvantaged groups such as Schedule Castes, Schedule Tribes and Other Backward Classes and minorities as agents of socio-economic change and development.

8. Promoting and developing people participatory institutions like Panchayati Raj Institutions, Cooperative and Self Help Group and strengthening efforts to build self-reliance (GoI, 1997).

**The Tenth Plan period (2002-07)**

This plan has experimental a healthy transformation in the policy subject with the emergence of a more vibrant civil society and media and the evolution of a more dynamic and sensible judiciary. These developments accompanied by social mobilization has encouraged the Supreme Court of India to concern a series of commands to the governments at the centre and the states to allocate adequate resources, ensure people’s participation in accomplishment and monitoring of poverty alleviation programmes and use excess food stocks to run food for work schemes in drought affected states and serve cooked mid-day meals to primary school children. In the wake of hunger deaths in states like Orissa, Rajasthan and Madhya Pradesh at the onset of the millennium, the apex court acted quite on time in response to an appeal
filed by People’s Union of Civil Liberty. The petition tried to link food security with the right to life, which is recognized as a fundamental right (under Article 21 of the Indian Constitution). The civil society also put demands on the government to initiate steps towards guaranteeing development benefits to the poor. The performance of ‘Right to Information Act, 2005’, the ‘National Rural Employment Guarantee Act, 2005’ and making education for children aged 6 to 14 a fundamental right are some of the important steps initiated by the Government of India towards that end. The development strategy in India has already been mentioned, is tuned to poverty alleviation in such a way that reduction in poverty is believed to be the outcome of increase in income accruing to the poor from the general growth process and from the direct income generation programmes complementing the general growth process. These factors included problems related to institutions, social norms and perceptions, governance and delivery of public services. This led to difficulties in the realization of basic capabilities by the poor and the disadvantaged and ultimately enabled these disadvantaged sections to enhance their purchasing power (GoI, 2002).

Eleventh Five Year Plan (2007-2012)

The government of India’s eleventh Five-Year Plan (2007-2012) aims to address these challenges by focusing on measures of ‘inclusive growth’ through a three-pronged approach: economic growth, income poverty reduction through targeted programmes and human capital formation. MGNREGA is seen to have an important role to play in meeting this objective, by transforming rural livelihoods and agricultural productivity in India. Though, as India’s economy is not only growing but also changing different pathways out of poverty require to be mobilized for the poor. This may include opportunities in farming, employment in agriculture and the rural non-farm economy, as well as migration (World Bank, 2007).
2.8 Growth, Employment, Income & Achievement in India

According to the experiences derived from agricultural growth of rural areas. The last 15 years witnessed the deterioration of food security, employment and labour productivity have done inadequately. Agricultural production and income growth had been decelerated from 1990. Growths of agricultural production destroy from 3.5 in the 1980s to 2.0 per cent per annum in the 1990s and real income growth fell from 4.5 to 2.5 per cent per annum in the same period. This implies the annual growth of rural per capita income and output less than 1 and 0.5 per cent. The real agricultural per capita income have declined after 1996-97 due to excessive low yielding growth and adverse prices for non-cereal crops (Ghosh & Chandrashekhar, 2006).

Table 2.3 explained the year 1990s, 2000s and 2004s, there was far speedier decline in agriculture's share in GDP than agriculture's share in employment. This was implying a falling per worker productivity in agriculture and higher disparity between the agricultural-non agricultural sector’s labour productivity. There is a shift of workers out of agriculture and low and falling employment elasticity in agriculture. This failure to productively attract rural workers in cultivator and agricultural labour households is resulting in a massive increase in low-paying self-employment, especially with women. Through no increase in productivity in agriculture and remunerative work in the non-farm sector, this trend is likely to grow. Workforce participation rates in rural areas declined till the end of the 1980s decade, more for rural women than men. Agriculture and allied activities continue to control the work in rural India, though this has declined in the 1980s.
Table 2.3
Trends in the Shares of Agriculture and Non-agriculture in Employment and GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>Non-Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employment</td>
<td>GDP</td>
</tr>
<tr>
<td>1980</td>
<td>70.90</td>
<td>40.00</td>
</tr>
<tr>
<td>1990</td>
<td>64.00</td>
<td>32.00</td>
</tr>
<tr>
<td>2000</td>
<td>60.30</td>
<td>24.00</td>
</tr>
<tr>
<td>2004</td>
<td>60.10</td>
<td>22.00</td>
</tr>
</tbody>
</table>


GoI (2002) reports a fall in employment growth from 2.04 per cent during 1983-94 to 0.98 per cent during 1994-2000 largely on account of agriculture and community social and personal services, which together account for seven-tenth of total employment. Even though this was accompanied by a deceleration in the rate of growth of labour force from 2.29 percent in 1987-94, to 1.03 percent in 1993-2000, unemployment has grown since labour force growth outstrips the growth of employment. The results of the NSSO (the 61st Round, covering 2004-05) indicate that aggregate employment growth has recovered, but is still below the period 1987-88 to 1993-94. The recovery is more in rural areas than urban areas. There has also been an increase in labour force participation rates and work force participation rates, though to a lesser extent in case of the latter.

The Table 2.4 examined increased in employment growth is accompanied by a substantial fall in wage employment at the percentages of (-3.18). Workers are therefore not finding paid work, on a regular or casual basis. There is instead a huge increase in self-employment across all workers, most substantially among rural workers. The hold of this programme is that most of this employment programme is not remunerative and can very easily be considered residual employment. In fact, a majority of the respondents themselves reported remuneration to be below their not
enough monthly requirements. High performance of the unorganised, non-farm sector raises the issue of this being a residual sector and the growth reflects in rural areas rather than betterment. The large share of the unorganised sector has also been growing.

Table 2.4
Growth Rates of Employment (Annual compound rates %)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural self-employment</td>
<td>-0.53</td>
<td>2.89</td>
</tr>
<tr>
<td>Agricultural wage employment</td>
<td>1.06</td>
<td>-3.18</td>
</tr>
<tr>
<td>Total agricultural employment</td>
<td>0.03</td>
<td>0.83</td>
</tr>
<tr>
<td>Rural non-agri self-employment</td>
<td>2.34</td>
<td>5.72</td>
</tr>
<tr>
<td>Rural non-agri wage employment</td>
<td>2.68</td>
<td>3.79</td>
</tr>
<tr>
<td>Rural total non-agri employment</td>
<td>2.26</td>
<td>5.27</td>
</tr>
<tr>
<td>Urban non-agri employment</td>
<td>3.13</td>
<td>4.08</td>
</tr>
<tr>
<td>Secondary employment</td>
<td>2.91</td>
<td>4.64</td>
</tr>
<tr>
<td>Tertiary employment</td>
<td>2.27</td>
<td>4.67</td>
</tr>
<tr>
<td>Total non-agricultural employment</td>
<td>2.53</td>
<td>4.66</td>
</tr>
</tbody>
</table>


Over half of the total workforce in all sectors was engaged in employment programme in 1999-2000. Women, where it has gone up to about 65 per cent of all work the proportion was 56 per cent in rural areas and 42 per cent in urban areas. Labour productivity or GDP per worker and wages are far higher in non-agriculture than agriculture (Ghosh, 2006).

Table 2.5
Labour Productivity (at Constant Prices)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>8305</td>
<td>10690</td>
<td>11931</td>
<td>12925</td>
</tr>
<tr>
<td>Industry</td>
<td>16746</td>
<td>22764</td>
<td>33068</td>
<td>38654</td>
</tr>
<tr>
<td>Services</td>
<td>16429</td>
<td>23464</td>
<td>33375</td>
<td>39139</td>
</tr>
</tbody>
</table>

The above Table 2.5 showed that Services have the highest and improving productivity levels since 1980, closely followed by industry with low and stagnant agricultural productivity. The result is that non-agricultural productivity has increased from four times the agricultural productivity in 1980 to five times. Furthermore, the high productivity segments are located in the urban areas and these productivity trends imply that urban-rural disparities are growing.

The Task Force on Employment Opportunities reports the rapidly declining employment elasticity to GDP in the 1990s, from 0.53 in the period 1977-78 to 1983 and to 0.41 in the period 1983 to 1994 to 0.15 in the period 1993-2000 (Mahendra, 2006). Employment absorption in the economy has declined, essentially on account of increased capital intensity. This has resulted in jobless or even job-displacing growth.

### Table 2.6

**Growth Rates of Real Wage for Casual Labourers in Rural India Sector**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>Male</td>
<td>4.59</td>
<td>1.43</td>
<td>2.80</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>4.00</td>
<td>2.40</td>
<td>2.95</td>
</tr>
<tr>
<td>Non-Agriculture</td>
<td>Male</td>
<td>3.31</td>
<td>1.42</td>
<td>3.67</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>7.80</td>
<td>1.33</td>
<td>5.13</td>
</tr>
</tbody>
</table>

**Sources:** Wages in Rural India: Sources (2001). Trends and Comparability, April-June

It is clear for the Table 2.6 indicated rural real wage rates in the non-farm sector are about one and a half times real wages in agriculture, and are rising at a faster pace. After peaking in the 1980s, real wage rates for casual labourers in agriculture slowed down in the early 1990s, to rise again after the mid-1990s. The improvement in real wages was more for farm sector wage rates, and for females, resulting in a reduction in male-female wage disparity. This has got altered after 2000, when the rate of growth of wages has declined. According to Himanshu (2005), only
farmers operating areas above 4.0 hectares can meet their consumption expenditure exclusively from farm incomes. This covers only 6 per cent of Indian farmers. Low profitability of agriculture has made 40 per cent farmers did not like agriculture. Sen (2002) express to deceleration in agricultural growth and rural non-agricultural employment growth, poverty reduction has also slowed down. The 1980s and 1990s saw a significant fall in the pace of urbanization, which coincided with a distinct increase in the rate of GDP growth. The decade of 1990s witnessed a growing disparity across states in the growth rate of SDP. Inter-state inequalities have increased in the 1990s and there is divergence rather than convergence. Rural-urban disparities too grew and rural areas have a concentration of labour in low productivity work. Better performing states in terms of SDP have lower agricultural growth and higher dependence of the population and concentration of the labour force in the stagnant or decelerating agricultural sector. The high growth of the rural population in states with low SDP growth and a lower initial average per capita income was extremely disturbing. There was therefore little correspondence between reforms and rural development or between urban economic development and rural development. There has been a great deal of discussion on the relationship between growth, employment, income and poverty. The preceding section demonstrates the disjunction between growth and poverty reduction as well as growth and employment.

From the inception of the development planning in India the policies of the government have continued to be guided by the firm conviction that rapid economic growth is the prime mover in uplifting the poor by offering them more productive employment and enhancing their income. However, the outcome of the first twenty years of planning in the country does not seem to have strengthened this conviction as there has been very tardy progress both in terms of economic growth as well as in terms of reduction of income poverty (GoI, 2002). It was not until the late seventies that the growth rate of the Indian economy actually picked up. The economy grew at
the rate of more than 4 percent per annum in the late seventies, at about 5 percent during the early eighties and accelerated further since the mid-nineties. Currently, the growth rate is hovering around 8 percent. Table 2.7 above depicts India’s achievements on the growth front from the first to the tenth plan.

Table 2.7
Growth, Targets and Achievements (% per year)

<table>
<thead>
<tr>
<th>Plan</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Plan (1951-1956)</td>
<td>2.1</td>
<td>3.6</td>
</tr>
<tr>
<td>Second Plan (1956-1961)</td>
<td>4.5</td>
<td>4.2</td>
</tr>
<tr>
<td>Third Plan (1961-1966)</td>
<td>5.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Fourth Plan (1969-1974)</td>
<td>5.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Fifth Plan (1974-1979)</td>
<td>4.4</td>
<td>4.8</td>
</tr>
<tr>
<td>Sixth Plan (1980-1985)</td>
<td>5.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Seventh Plan (1985-90)</td>
<td>5.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Eighth Plan (1992-1997)</td>
<td>5.6</td>
<td>6.7</td>
</tr>
<tr>
<td>Ninth Plan (1997-2002)</td>
<td>6.5</td>
<td>5.7</td>
</tr>
<tr>
<td>Tenth Plan (2002-2007)*</td>
<td>8.0</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Source: Government of India (2007). Various report from Ahluwalia adopted Table, Planning Commission

2.9 Conclusion

Poverty is defined in terms of income, expenditure and nutritional value (calorie intake). Poverty is more of social marginalisation of an individual, household or group in the community or society rather than inadequacy of income to fulfill the basic needs. The goal of poverty alleviation programme should aim merely at the increasing of the income level of individual, household or group but generally marginalised in the development process of the country. The country cannot claim economic growth when sections of the people are marginalised to the periphery of the society (Strohschein, 2005). Poverty, therefore, is a complex phenomenon of many
dimensions but not merely the economic dimension. So, the government should provide better development programme facilities, so that people living below poverty line can improve their livelihood. It also suggests that Poverty alleviation programmes should also take up the issue of poverty from the social and economic perspectives. Impact assessment offers potential as the tools for lowering poverty, increasing energy and for renewing the field of development cooperation. More analytical assessment can be employed to support worldwide local democracy in the face of the globalized corporate power. Such assessment can be used to measure and promote substantial, sustainable gains of the poor in terms of money and power. Resent works on impact indicators at the micro and macro levels especially in the areas of local economic development, gendered development and institutional capacity building can be consolidated and extended in the service of impact assessment. This can also be used to strengthen the design methods to place full control or at least shared control in the hands of citizens at the best in the evaluation of development interventions and more especially in poverty alleviation assessments.
References


