Chapter 4 - Analysis of the experience of these programmes

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Chapter 4 - Analysis of the experience of these programmes

4.1 Progress Achieved -

4.1.1 During the last 5 decades, the Indian planners have made many attempts at alleviating poverty, especially in the rural areas. However, poverty still persists in a significant measure. This gives the impression that the numerous efforts at alleviating poverty have hardly been able to dent the surface of this mammoth problem. Annexure-1 contains a series of tables that depict the factual position regarding the poverty alleviation campaign. Table 1 shows the progress that has been made in this direction.

4.1.2 Poverty is widespread in the country. Further, the position in respect of certain other key indicators is also not satisfactory. This is brought out by the statistics that are presented in Table 2.

4.1.3 The fact that the position in respect of poverty and some other social and economic indicators is highly alarming in India is very well-known. However, where India stands vis-à-vis some other countries of the world is seen in the figures that are depicted in Table 3.

4.1.4 The effort at poverty-alleviation in India, so far, has been two-pronged. On the one hand, several wage employment programmes have been implemented. On the other hand, programmes at directly alleviating poverty have also been implemented. Table 4 gives the details of Wage Employment Programmes and Table 5 throws light on the Poverty Alleviation
Programmes. The other Tables in Annexure-1 only serve to confirm that the poverty alleviation programmes have not yielded the desired results.

4.2 Analysis -

4.2.1 An analysis of the programmes of rural employment and poverty-alleviation reveal that they have not been successful on account of the following problems –

a) There have been numerous programmes. However, they have failed to take into account certain basic causes of poverty. These are –

- high population growth rate,
- low literacy,
- poor health coverage,
- weak institutional and
- infrastructural support in the rural areas.

Therefore, the policy should have attempted to improve the infrastructure and also to expand the educational and health and other facilities in the rural areas. In the absence of these infrastructural facilities, the programmes of employment and income-generation have not been able to sustain the development efforts.

b) The poverty strategy has also been quite flawed. It has concentrated on wage-employment and self-employment. However, it has not attached any importance to increased production leading to greater employment in the rural areas. This is an important shortcoming of the programmes.

c) The programmes, which have been formulated at the highest levels of Government have failed to understand and provide for the field-level
realities. Hence, the field-level functionaries have been left with hardly any options or alternatives while implementing the programmes.

d) The policy for poverty alleviation has not paid the required attention to the machinery that implements the policy, namely the delivery mechanism.

e) Further, for participatory planning and implementation, the establishment of a sound linkage with PRIs is a sine qua non. This is woefully missing in the policy.

f) The poor managerial capabilities of the functionaries at the cutting edge levels of Government have also contributed to the highly unflattering record of the programmes.

4.2.2 The latest Plan document carries an analysis which reveals that the more distribution-sensitive measures of poverty had declined progressively faster during the previous 20 years. Further, the depth and severity of poverty had reduced faster than the incidence and that over time there had been a trend towards a greater degree of clustering of the poor around the poverty line leading to a situation where economic growth was likely to have a considerably larger impact on poverty reduction than in the past.

4.2.3 However, in an over-all sense, the experience of the last fifty years has not been wholly satisfactory. In a word, the Plans have not succeeded in eradicating poverty in India. In fact, it as debatable as to whether and to what extent they have even alleviated poverty. The reasons for the failure of the Plans to deliver what they set out to do may be many.
4.2.4 Some of the more important reasons for this failure could be –

- The approach was to increase national income in the hope that this, along with policies of progressive taxation and public expenditure would raise the standard of living of the poor people.
- The production-oriented approach of planning without changing the pattern of ownership of the means of production would only result in the owners of those means of production gaining at the expense of all others.
- The fond hope that automatic transmission of the benefits arising from an increase in production to the poor, small and marginal farmers and landless labourers, without transferring the property or tenurial rights either to Government or the peasantry was not a reasonable one.
- The programmes failed because of certain premises that were made, which were not compatible with conditions in the field.

4.2.5 It must be said in support of the anti poverty programmes that some of them were, in fact, good, as far as the schemes themselves were concerned. However, they just did not take into account the conditions that prevailed in the field and hence, were rather impractical.

4.2.6 Further, owing to a whole lot of procedural and other requirements, the implementing machinery in the field decided that they would only push a few of the schemes. This was because there was no attempt at providing the linkages that were required for a number of activities.
4.2.7 The above argument can be substantiated by means of an example. The animal husbandry sector of most programmes, namely the acquisition of cows and buffaloes schemes found favour with the implementing machinery and the beneficiaries as the Operation Flood had ensured that milk collection centres were set up in almost every important village and it was not difficult for a beneficiary to sell his surplus milk at these centres and get money, on a regular basis.

4.2.8 However, the same was not true of other activities, like poultry and fisheries in the animal husbandry sector and other activities in the Industries-Services-Business sector of the much-vaulted Integrated Rural Development Programme (IRDP).

4.2.9 The schemes were formulated without giving much thought to the linkages in the field. Further, the procedural requirements were also not examined and simplified. Hence, the task of the implementing machinery was made difficult rather than being simplified. This was an important reason for the failure of the poverty alleviation programmes.

4.2.10 The Planning Commission, in a reaction to an Evaluation Report on poverty alleviation programmes during the earlier Plans, stated that poverty had declined substantially in 1980s. Proportion of people below poverty line declined from 54.9 % in 1973-74 to 36 % in 1993-94. However, recent estimates suggest that the projections on reduction of proportion and number of people below poverty line made in the Ninth Plan have not been realised in the first two years of the plan period.
4.2.11 This may be due to the following reasons:

(i) Sluggish agricultural growth which was also less well spread out;

(ii) Labour absorption did not increase hence slow down in growth of real wages;

(iii) Failure of poverty alleviation and watershed development schemes;

(iv) Continuance of certain policies that act against the interest of the poorest, especially tribals;

(v) Inadequate reach of TPDS; and

(vi) Fiscal crisis caused by Pay Commission that led to reduced ability of the States to spend on social sectors;

(vii) Limited growth of rural non-farm sector; and

(viii) Poor governance.

4.2.12 The following have been the comments on the various programmes – Integrated Rural Development Programme (IRDP): It had sub-critical investment; unviable projects; illiterate and unskilled beneficiaries with no experience in managing an enterprise; indifferent delivery of credit by banks; overcrowding of lending in certain projects such as dairy; under emphasis on activities like trading, service and even simple processing; poor targeting and selection of non-poor; rising indebtedness; and scale of IRDP
outstripped capacity of government and banks to absorb.

4.2.13 Integrated Rural Development Programme-Allied Programmes: TRYSEM was not dovetailed with IRDP; Non-existent training centres; non-payment of stipend; and DWCRA did well in some States.

4.2.14 Sawarnjayanti Gram Swarozgar Yojana: This programme aims at micro-enterprises with emphasis on cluster approach, credit-cum-subsidy programme; focus on self-help groups; and subsidy orientation may lead to corruption and distortion of objectives.

4.2.15 Jawahar Rozgar Yojana: The JRY did not provide adequate employment (11 days only provided); thin spread of resources; violation of material-labour norms; corruption (fudging of muster rolls); projects executed by contractors who sometimes hired outside labourers at lower wages; durable community assets; and empowerment of gram panchayats. The JRY was redesigned in April 1999 as Jawahar Gram Samridhi Yojana. Its primary aim now is rural infrastructure; and employment is secondary.

4.2.16 Employment Assurance Scheme: Initially demand-driven; Funds went to better-off States; scheme is being executed through contractors in violation of the guidelines; the norm of 60:40 for wage and material is not maintained; the genuine muster rolls are not being maintained by the Gram
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Panchayats; Family cards have not been issued; the system of registration of job seekers with Gram Panchayats is not in vogue; and Central norms of earmarking, 40 per cent of funds for watershed development and 20 per cent for minor irrigation, have not been followed. The EAS was restructured as a single wage employment scheme from April 1999. It became allocative; 30% of funds allocated to district reserved for areas suffering from endemic labour exodus/areas of distress; need to shift focus only to backward areas; and should not be a universal scheme.

4.2.17 NSAP: It was well-targeted; fewer leakages reported; and needed more resources.

4.2.18 Delivery mechanism: The major weakness in the implementation of poverty alleviation programmes has been the lack of adequate participation by the people; there should be greater emphasis on the role of PRIs and NGOs; and the governmental machinery should be trained to work with NGOs and peoples' groups. Further, there are certain inherent problems that face the functionaries in the delivery mechanism. Some of the problems are illustrated in the third case-study that is presented in Annexure-2.

4.2.19 There are a number of examples where State initiatives do better because of better ownership and flexibility in the design of programmes to suit local conditions. The programmes of poverty alleviation must contain flexibility for this purpose.
4.2.20 Rural Housing: Indira Awaas Yojana (IAY) became an Independent CSS from 1.1.1996. Houses are provided to families that are below the poverty line free of cost. Unit cost is Rs.20,000 in plain and Rs.22,000 in hill/tribal areas. Updation of existing houses at a unit cost of Rs.10,000 is also permissible. A new component of credit-cum-subsidy has also been added. In any given village/block/district it would take a long time before all the families are covered. This is dividing the poor instead of helping them to organise into groups. However, gram sabhas are not active in deciding beneficiaries.

4.2.21 Land Reforms: Access to land is still critical for employment and income generation in rural areas. Access to land is possible through liberalisation of leasing, but leasing-in should be limited to small and marginal farmers. In areas characterised by feudal/semi feudal modes of production, there is need to further strengthen the existing laws for security of tenure of the poor. Alienation of tribal land continues unabated but needs to be arrested. Gender inequality exists in both inheritance laws and land laws. Suitable Amendments are required to make inheritance laws to agricultural land more gender equal. There is need to update land records and to computerise them to make access to information easier.

4.2.22 Despite hefty increase in the annual food subsidy from Rs.2,450 crores in 1990-91 to Rs.9,200 crores in 1999-00, all is not well with Public
Distribution System in India. There is 36% diversion of wheat, 31% diversion of rice and 23% diversion of sugar from the system at the national level. TPDS does not seem to be working in the poorest States.

4.2.23 The allocation of poorer States got more than doubled, as a result of shifting to TPDS, yet due to poor off-take by the States and even poorer actual lifting by the BPL families, the scheme has not made any impact on the nutrition levels in these States.

4.2.24 There is lack of infrastructure and shortage of funds with government organizations in most States. Adequate infrastructural capacity, in addition to funds, should be ensured at the district and block levels, otherwise wasting scarce resources through leakages helps only contractors and corrupt Government staff, and does not in any way help the poor.

4.2.25 Some other problems associated with the public distribution scheme are – illegal diversion, poor do not have cash to buy 20 kg. at a time, weak monitoring, lack of transparency, inadequate accountability of officials in charge of the implementation of the scheme, and price charged often exceeds the official price by 10 to 14%.

4.2.26 In spite of foodgrain production going up from 175 million tonnes to 206 million tonnes in the 90s, the growth rate in availability of foodgrains
per capita has come down to (−) 0.28% per annum as compared to a growth rate in per capita availability of 1.20% per annum during the 1980s. Further, the food consumption of the poor in India has gone down in the last 10 years (and is at least 33% below as compared to per capita consumption of the top 10%). This is a very serious matter taking huge public stock of foodgrains into account. There is a strong case for using these stocks for reducing rampant malnutrition among the vulnerable sections of the society.

4.2.27 The challenge is to reduce foodstocks to roughly half its present level and use it for reducing malnutrition, without adversely affecting the food security. This would need several legal and policy changes, which would make markets less distorted than these are at present. To take full advantage of a common market, there is a need for Central Act to ban controls and restrictions on all kinds of trade in agricultural commodities within the country. Common markets, all over the world, are coming into vogue transcending the political boundaries of the nation States. Limiting the size of the common economic space of the vast country, is against the current economic trend and needs to be discouraged. The entire country should be treated as one big market.

4.2.28 While it would be expedient to continue with support price for agricultural produce like wheat, paddy, cotton, etc., the need to abolish or phase out levy or monopoly purchase should be considered. Levy acts as a tax on the processors which is then passed on to the producers/consumers.
4.2.29 Government should buy rice for its public distribution system through an open tender system. Remove licensing controls on Roller Flour Mills and other food processing industry in the States. Food Corporation of India should be allowed to intervene in the market for foodgrains within a predetermined price band with a view to moderate prices as well as to facilitate management of its surplus food stocks.

4.2.30 Essential Commodities Act may have to be scrapped at an early date. At least, wheat, rice and sugar should immediately be taken out of its purview. Sugar should be fully decontrolled and taken out of PDS. The ban on Futures Trading of agricultural commodities should be lifted. This will help in containing the wide fluctuations in commodity prices, besides cut down the cost of marketing by hedging their risk.

4.3 Impact of economic reforms on poverty -

4.3.1 The introduction of economic reforms in India in the early 1990s has had an adverse effect on the poor especially those in the rural areas.

4.3.2 There were doubts expressed even at the start of the reforms as to whether the poor could derive any benefit from the reforms. In fact, there were serious fears that they could become victims of the reforms.
4.3.3 It has been observed during the decade of reforms that there has been a great deal of fiscal austerity in Government. The decline in Governmental expenditure has severely affected sectors such as education, health, poverty alleviation programmes and the public distribution system.

4.3.4 Another phenomenon that is increasingly being noticed during the decade of reforms is that a sizable number of small and marginal farmers and agricultural labourers in different parts of the country are complaining bitterly that the market mechanism is literally driving them to death. Perhaps, the suicides of agriculturists, agricultural labour and landless persons, in some States, in the recent years only serves to confirm this fact.

4.3.5 However, there is a method by which the poor can be protected against the adverse effects of the economic reforms, globalization and the market economy. There should be social safety nets provided by Government to protect the poor. The social safety nets should ideally include entitlements such as employment opportunities, drinking water, education, health, public distribution and a fair price for the agricultural and other products produced by the poor.

4.3.6 The social safety nets should cover only the really poor, so that the burden on Government is minimized. Further, it should be made clear to the beneficiaries of the safety nets that they would be protected only for a limited period and that they should, during this period, enable themselves to become partners in the reforms process.

4.4 Poverty Alleviation in the Tenth Plan -
4.4.1 N.C. Saxena, formerly of the Planning Commission has remarked that there are serious problems in both formulation and implementation with most poverty-alleviation programmes, except the scheme for old age pensions.

4.4.2 Saxena’s comments on the evaluation of the schemes for promoting self employment and the Integrated Rural Development Programme (IRDP) are that there has been sub-critical investment; unviable projects; lack of technological and institutional capabilities in designing and executing projects utilising local resources and expertise; illiterate and unskilled beneficiaries with no experience in managing an enterprise; indifferent delivery of credit by banks (high transaction cost, complex procedure, corruption, one-time credit, poor recovery); overcrowding of lending in certain projects such as dairy; poor targeting and selection of non-poor; absence of linkage between different components of the IRDP; rising indebtedness; and scale of IRDP outstripped capacity of government and banks to absorb.

4.4.3 A disturbing feature of the IRDP in several States has been rising indebtedness of the beneficiaries of IRDP. There is still an under-emphasis on activities which require no fixed assets at all such as a large number of trading, service and even simple processing activities. Besides, the programme for upgrading skills, TRYSEM, was not dovetailed with IRDP. There were non-existent training centres and non-payment of stipend in some cases. However, the programme for women, DWCRA did well in some States. The first and second real life case-studies that are presented in
Annexure-2 only bring out the problems that have accompanied these programmes very vividly.

4.4.4 The evaluation of the programmes for wage employment have revealed that there has been inadequate employment and thin spread of resources; violation of material-labour (60:40) norms; fudging of muster rolls; schemes implemented universally through contractors who sometimes hired outside labourers at lower wages; and guidelines of earmarking, 40 per cent of funds for watershed development and 20 per cent for minor irrigation, not been followed.

Saxena has remarked that though Rs. 60 out of Rs 100 in wage schemes is reserved for wages, in reality only Rs 10 to 15 actually goes to the poor workers. The rest is the illegal income for bureaucracy, contractors and politicians.

4.4.5 The programme for rural housing, although quite popular because of 100 percent subsidy of Rs 20,000 per beneficiary, has led to strengthening of dependence of the rural poor on the elite. Given the large number of potential beneficiaries awaiting the allotment of a free house and limited resources a situation has been created wherein the poor are divided among themselves. There would also be pressure from the local MLAs and MPs to ensure that their followers are given a house on priority at the earliest possible. Thus the scheme dis-empowers the poor collectively while providing them individually with a valuable asset. Instances of corruption to
the tune of Rs 5000 to 8000 out of the approved amount of 20,000 also came to light.

4.4.6 In the light of these observations, Saxena has recommended the following strategy for the Tenth Plan -

- IRDP to become a micro-finance programme to be run by banks with no subsidy on the lines of Rashtriya Mahila Kosh.

- Funds to gram sabha only when the people contribute 25 percent.

- Employment programs to be replaced by food for work programme to be run only in areas of extreme distress. Jobs to be created elsewhere through productive works and their maintenance, such as rural roads, watershed development, rejuvenation of tanks, afforestation & irrigation.

- RD funds should also be used for enhancing the budgetary allocation of successful rural development schemes that are being run by state governments, or for meeting the state contribution for donor assisted programmes for poverty alleviation.

- Focus on strengthening the economy of the marginal and small farmers, forest gatherers, artisans, unskilled workers etc. The poor should not merely benefit from growth generated elsewhere, they should contribute to growth.

- Today there is huge budget for safety net programmes (7000 crores annually for poverty alleviation, 10,000 crores for food subsidy,
10,000 crores for kerosene subsidy), and very little for asset creation – only 1700 crores for irrigation, 400 crores for afforestation, and little for maintenance. The priority needs to be reversed.

4.5 Summary of the chapter -

4.5.1 It is certainly to be acknowledged that India has come a long way, in the field of poverty alleviation, since planning commenced in 1951. The progress that has been achieved has also be described in some detail.

4.5.2 The results of the numerous programmes, strategies and approaches are analyzed in some detail and conclusions drawn from the experience.

4.5.3 It is very important to also study the economic reforms, the globalization and opening up of the economy that have been taking place during the period from 1991. The impact of all these steps on the poor people is also examined. It is generally felt that the poor have become even more vulnerable than before, after the reforms process was introduced. Hence, a recommendation is made for social safety nets to be introduced for the benefit of the really poor people.

4.5.4 The Ninth Plan winds down in the early part of the year, 2002 and the country is getting ready to enter the Tenth Plan period. At this juncture, it is relevant to see what should be some of the priorities of the Plan in respect of the goal of poverty alleviation. The views of a former member of the Planning Commission of India are examined with a great deal of interest.
The author also shares many of the perceptions of that expert in rural development.

4.6 References -


