INTRODUCTION

Chapter 1

Introduction

On being sworn in as the first Prime Minister of independent India in 1947, Nehru called for"the ending of poverty and ignorance and disease and inequality of opportunity." Mahatma Gandhi too always believed that India would become truly independent only when the poorest of its people would be free from human suffering.

The Millennium Development Goals adopted by United Nations at the onset of millennium call for reducing the proportion of people living on less than $1 a day to half the 1990 level by 2015. A total 1.2 billion people across the world are reported to be living below the internationally agreed poverty line (living on less than US $1 per day) Over 400 million of the same live in India making it one third of the world poor. Thus reducing poverty in India is seen as an essential step towards ending poverty world-wide.

1.1 Poverty in India

India's economy has undergone a substantial transformation since the country's independence in 1947. According to latest NSSO report, despite the advances in the economy, more than one fourth (26%) of population remains below poverty line. This is regardless of the fact that India has continuously strived to alleviate poverty and poverty alleviation has always been at the core of India's planned development ever since it gained independence in 1947. Indeed the country has traveled a long way in its drive towards struggle against chronic poverty, over the past 60 years. While the population grew from 350 million to 1 billion, food production went up from 55 to 210 million tones; literacy increased from 18 to 65 percent and life expectancy improved from 32 to 67 years (Planning Commission, 2002). However Progress against poverty in India has been highly uneven.

At the time of independence India had more than 60 percent of the population living below the poverty line. It took 20 years for the national poverty rate to fall below—and stay below—its value in the early 1950s. In the decade from 1983-84 to 1993-94 it declined at the rate of about 8.5% and almost same rate (8.4%) during the next eleven year period from 1993-4 to 2004-5. Over the 11 year period from 1993-4 to 2004-5, the poverty ratio has declined from 36% of population to 27.5% at the rate of 23%, the number of poor declined from 320 million to 301.7 million[1] i.e. at the rate of 6%.

	1993-94	2004-5	%
Poverty Ratio	36.0	27.5	23%
Number of Poor (Million)	320.4	301.7	6%

Demographers and policy planners in India are worried at the stagnating rate of poverty reduction, which is adamant in spite of appreciable growth in GDP. This calls for serious introspection and analysis of the approaches that have been followed.

1.2 Poverty Reduction approaches and programmes

Efforts to deal with poverty have been planned and implemented in various formats. Over the years, the country has tried out a variety of approached to address poverty. Tracing them over the period of country planned period, gives us insight about how the issue of Poverty reduction has been handled.

1.2.1 Trickle down approach

Initial approaches were based on the assumptions that overall macro economic growth would automatically result in improvements at the micro level. It was commonly termed

[1] Working Paper No. 2/2007-PC Planning Commission available at http://planningcommission.nic.in/reports/wrkpapers/wp07StJl12.pdf)

Trickle down approach as it assumed that the benefits of overall progress would trickle to the lowest level. But this did not happen uniformly and consistently. The progress made through Green Revolution was able to help large number of poor people out of poverty trap, but its influence was primarily restricted to irrigated and high potential rainfed areas while other states remained bereft of its benefits. Geographical inequalities got worsened, and incidence of poverty continued to be high in low potential rainfed areas.

The assessment of the approaches suggested **special targeted approach** which advocated the need to focus on the specific population segments. Since 80 % of the poor lived in rural areas, Indian poverty was unanimously equated with rural poverty and was addressed through various state sponsored rural poverty programmes. These targeted interventions aimed to benefit the rural poor directly. Some of these programmes are discussed below

1.2.2 Financial Assistance programme for Self-Employment

IRDP

The Integrated Rural Development Program (IRDP) was the largest ever anti-poverty program launched during the Sixth Plan. It was not only the largest financial assistance programme in the country but also by far the largest of such programmes in the world.

Development of Women and Children in Rural Areas (DWCRA),

With a view to involving the rural women more intensively in economic activities, DWCRA was launched in 1982-83 covering 50 districts as a sub-scheme of IRDP with exclusive focus on providing credit, training and management skills to poor women and was subsequently extended to all districts in 1994-95.

Training of Rural Youth for Self Employment (TRYSEM),

It aimed at training the rural youth for self-employment and had exclusive focus on poor. The training component for capacity building of the borrowers under IRDP and TRYSEM programmes was provided by TRYSEM which aimed at providing basic technical and managerial skills to the rural youth from families below the poverty line to enable them to take up self-employment in the field of agriculture, industries, services and business.

Swarnajayanti Gram Swarozgar Yojana: The GoI in April 1999 restructured the rural self-employment programmes like IRDP, DWCRA, TRYSEM etc., by launching a new programme known as Swarnjayanti Gram Swarozgar Yojana (SGSY) which was seen as a holistic self-employment programme. It had following objectives

- Focused approach to poverty alleviation.
- Capitalizing advantages of group lending.
- Overcoming the problems associated with multiplicity of programs
- 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
- Ensure that an assisted family has a net monthly income of at least Rs.2000;

The SGSY is a credit-cum-subsidy programme, with credit as the critical component and subsidy as a minor and enabling element. Accordingly, the SGSY envisages greater involvement of banks and promotion of multiple credit rather than a one-time credit injection. Subsidy under SGSY is provided at 30 per cent of the project cost, subject to a maximum of Rs.7500. In respect of SCs/STs, it is 50 per cent subject to a maximum of Rs.10000. For groups, the subsidy is 50 per cent subject to a ceiling of Rs.1.25 lakh. There is no monetary limit on subsidy for irrigation projects. Subsidy under SGSY is back ended to ensure proper utilisation of funds by the target group.

The Prime Minister's Rozgar Yojana (PMRY), launched in 1993, aimed at assisting educated unemployed urban youth in establishing self-employed ventures. The scheme was later expanded to cover rural areas also.

1.2.3. Wage and Self Employment Programmes

Government attempted to help the poor by implementing different poverty alleviation to improve the incomes of the disadvantaged sections of the society that promoted self-employment opportunities through asset creation. Several programmes for housing, drinking water supply, sanitation etc. were designed and implemented, not only as a means of providing basic services to the poor, but also for providing wage employment opportunities to them. Over the years, special poverty alleviation wage and self employment programmes like Jawahar Rozgar Yojana, Indira Awas Yojana, Employment Assurance Scheme,

Jawahar Rozgar Yojana (JRY) was launched in 1989, with the aim of generation of gainful employment or the unemployed and underemployed in rural areas, by merging two existing employment generation programmes. Evaluation studies of the programme have however revealed that employment generated per person was too inadequate to bring about any meaningful increase in the earnings of the beneficiaries.

Employment Assurance Scheme (EAS): was launched on 2nd October, 1993 in 1772 identified backward blocks of 257 districts situated in drought prone, desert, tribal and hill areas The programme was subsequently extended to more blocks and thereafter was universalized. The EAS was restructured w.e.f. 1999-2000 to make it the single wage employment programme. The primary objective of the EAS is creation of additional wage employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line. The secondary objective is the creation of durable community, social and economic assets for sustained employment and development. EAS is open to all the needy rural poor living below the poverty line. A maximum of two adults per family are provided wage employment. While providing employment, preference is given to SCs/STs and parents of child labour withdrawn from hazardous occupations who are below the poverty line. The main objectives of the EAS were:

- Creation of additional wage employment opportunities for the rural poor living below the poverty line through manual work, during periods of acute shortage of wage employment and
- Creation of durable community, social and economic assets, to sustain future employment and development.

1.2.4 Rural Assets/ Infrastructure Development Programme

Jawahar Gram Samridhi Yojana: The Jawahar Rozgar Yojana (JRY) has been recast as the Jawahar Gram Samridhi Yojana (JGSY) with effect from 1.4.1999 to impart a thrust to creation of rural infrastructure. While the JRY resulted in creation of durable assets, the overriding priority of the programme was the creation of wage employment. It was felt that a stage had come when rural infrastructure needed to be taken up in a planned manner and given priority. Jawahar Rozgar Yojana (JRY) was thus restructured as Jawahar Gram Samriddhi Yojana (*JGSY),* to be implemented by the Gram Panchayats. The objectives of GSY are:

- Creation of sustained employment by strengthening the rural infrastructure
- Creation community and social assets
- Creating assets in favor of the rural poor for their direct and continuing benefits
- Positive impacts on wage levels
- Overall improvement of the quality of life in rural areas.

People below the poverty line constitute the target group under the JGSY. Preference is given to members if Schedule Caste and Schedule Tribe and freed bonded labours. Another objective of this program is to generate supplementary employment for the unemployed rural poor. The wage employment under the programme is given to Below Poverty Lines (BPL) families.

The primary objective of the JGSY has undergone a change from employment generation to rural infrastructure. As such, the States have taken time to adjust their monitoring mechanism as per the new monitoring parameters from employment generation to number of works undertaken/completed

Rural Housing – Indira Awaas Yojana (IAY)

Taking off from the goals set in the National Housing and Habitat policy, 1998 and recognizing housing as a basic necessity, the government has redefined its role from being a provider to that of facilitator. The National Agenda for Governance has identified housing for all as a priority area with particular emphasis on the needs of the vulnerable groups. In the Ninth Plan, the Special Action Plan for Social Infrastructure identified 'Housing' as one of the priority areas.

The Indira Awas Yojana (IAY*)* addresses the problem of shelter faced by below poverty line (BPL) families. It aims at providing 'Housing for All' and facilitates construction of 20 lakh additional dwelling units, of which 13 lakh dwelling units were to be constructed in rural areas. The Indira Awaas Yojana (IAY) is a major scheme for construction of houses to be given to the poor, free of cost. However, an additional component has been added, namely, conversion of unserviceable kutcha houses to semi pucca houses. A Credit-cum-Subsidy Scheme for rural housing was launched from 1.4.1999 which targeted a rural family having annual income up to Rs.32, 000. The subsidy portion was Rs.10, 000/- and loan amount to Rs.40, 000/-. The loan portion is to be disbursed by the commercial banks, housing finance institutions etc.

The Pradhan Mantri Gramodaya Yojana (PMGY) *was* introduced with the objective of undertaking time bound programmes to fulfill the critical needs of the rural people. It addressed village level development in five critical areas: health, primary education, drinking water, housing, and rural roads for improving the quality of *life* of people in the rural areas.

a) **Central Rural Water Sanitation Program**: to supplement the States in their efforts to provide Safe Drinking Water to all rural habitations.

b) **The Pradhan Mantri Gram Sadak Yojana**, a major well funded national mission, was launched in December 2000, with a fund to provide connectivity of every village with a population of over 1000 persons and with a population of up to 500 persons by 2007.

c) **Rural Electrification:** A package of initiatives has been launched for completion of electrification of bulk of the villages within the next *six* years. States are to get I assistance for village electrification under the PMGY

d) **Non-Formal Education (NFE***)* program was launched to cater to school dropouts, girls, working children and those belonging to Schedule Caste and Schedule Tribes. Sarva Shiksh Abhiyan, a well funded national mission: proposes to implement universalisation of elementary education in a mission mode with a clear district focus to provide quality elementary education to children in the age group of 6-14 years with special focus on girls, children belonging to Schedule Caste and Schedule Tribe communities and low female literacy blocks.

1.2.5 Social Assistance to Vulnerable groups

The **National Social Assistance Program** launched in 1995, is a centrally sponsored scheme with the objective of providing social assistance benefit to poor households by old age, death of primary bread winner or need for maternity care (National Maternity

Benefit Scheme). The NSAP provides opportunities for linking social assistance packages to anti-poverty programmes and schemes for provision of basic needs e.g. the old age pension can be linked to medical care and other benefits for the old and poor, family benefit beneficiaries can be assisted under SGSY while maternity assistance could be linked with maternal and child care programmes. The main features of the three components of the NSAP namely; (i) National Old Age Pension Scheme (NOAPS), (ii) National Family Benefit Scheme (NFBS) and (iii) National Maternity Benefit Scheme (NMBS) are given below:

National Old Age Pension Scheme (NOAPS)

Old age pension of Rs.75 per month, per beneficiary is provided to person of 65 years and above who is a destitute in the sense of having little or no regular means of subsistence from his/her own sources of income or through support from family members or other sources.

National Family Benefit Scheme (NFBS)

In case of BPL families, a sum of Rs.10,000 is provided in the case death of primary breadwinner due to natural or accidental causes. The family benefit is paid to such surviving member of the household of deceased who, after local enquiry, is determined to be the Head of the household. The primary breadwinner is defined as a member, whose earnings contribute substantially to the household income and who is more than 18 years and less than 65 years of age.

National Maternity Benefit Scheme (NMBS)

A lump sum cash assistance of Rs.500 is provided to pregnant women of households below the poverty line up to the first two live births provided they are of 19 years of age and above. The maternity benefit is to be disbursed in one instalment, 12-8 weeks prior to the delivery. In case of delay it can be disbursed to the beneficiary even after the birth of the child.

1.2.6 Food Security programme

Hunger being a major manifestation of poverty was directly addressed through Food security programme . Some of which are discussed here

Public Distribution programme is one of the oldest and largets programme ensuring public Distribution of essential commodities . Beginning from the critical food shortages of 1960, during the inter-war period, it substantially contributed to the containment of rise in food grains prices and ensured access of food to poor. Its outreach was extended to tribal blocks and areas of high incidence of poverty in the 1970s and 1980s. It remained as a general entitlement scheme till 1992 for all consumers

Revamped Public Distribution System (RPDS) was launched in June1992 with a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and inaccessible areas where a substantial section of the poor live. It covered 1775 blocks wherein area specific programmes such as the Drought Prone Area Programme (DPAP), Integrated Tribal Development Projects (ITDP), Desert Development Programme (DDP) and certain Designated Hill Areas (DHA) Food grains for distribution in RPDS areas were issued to the States at 50 paise below the Central Issue Price. The scale of issue was up to 20 kg per card. The RPDS included area approach for ensuring effective reach of the PDS commodities, their delivery by State Governments at the doorstep 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, pulses, soap etc. for distribution through PDS outlets.

Targeted Public Distribution System (TPDS) was launched in June 1997, with focus on the poor. Under the TPDS, States are required to formulate and implement foolproof arrangements for identification of the poor for delivery of food grains and for its distribution in a transparent and accountable manner at the FPS level. The scheme, when introduced, was intended to benefit about 6 crore poor families for whom a quantity of about 72 lakh tonnes of food grains was earmarked annually.

"Annapurna" In 1999-2000, the Government had announced the launching of a new scheme `Annapurna' to provide food security to those indigent senior citizens who are not covered under the Targeted Public Distribution System (TPDS) and who have no income of their own and none to take care of them in the village. `Annapurna' provided 10 kg. of food grains per month free of cost to all such persons who are eligible for old age pensions but are presently not receiving it and whose children are not residing in the same village.

"Antyodaya Anna Yojana" (AAY) In order to make TPDS more focused and targeted towards this category of population, the "Antyodaya Anna Yojana" (AAY) was launched in December, 2000 for one crore poorest of the poor families.

1.3 Impact and assessments of these Poverty-alleviation programmes

These programmes met with partial success because even though they were able to reducing poverty to some extent, the progress was not proportionate to the economic growth and was considered equitable and inclusive. While the Indian economy has been growing at about 6 % a year in the post-liberalization period, the decline in poverty has not been at the proportionate rate thereby widening the rift between the haves and have-nots. The rate of poverty reduction in the 1990s has been attributed to the characteristics of agricultural growth in the 1990s; the slowdown of growth in the poor states; indifferent performance of poverty alleviation programmes;, and weaknesses in governance and institutions .

One of the evaluation of Integrated Rural Development Programme (IRDP) pointed out: 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. 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. One discovered non-existent training centres and non-payment of stipend in some cases. However, the programme for women, DWCRA did well in some states (AP, Kerala, Gujarat).

Various committees were formed for evaluation and these pointed out that there are serious problems in both formulation and implementation with most poverty-alleviation programmes

Evaluation of the programmes for wage employment points: 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. Central norms of earmarking, 40 per cent of funds for watershed development and 20 per cent for minor irrigation, have not been followed. Today 60 out of Rs 100 in wage schemes is reserved for wages, but in reality only Rs 10 to 15 actually goes to the poor worker, the rest is illegal income for bureaucracy, contractors and politicians.

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.

A Planning Commission study has revealed that only about 42 per cent of subsidized food grain reaches targeted families. The study of the Targeted Public Distribution System, which covered 18 states, held that though the off take per household has shown improvement yet only about 57 per cent of the below the poverty line households are covered.http://in.rediff.com/money/2008/mar/12pds.htm

1.4 Need for paradigm shift

On the eve of the 11th Plan our economy is in a much stronger position than it was a few years ago. After slowing down to an average growth rate of about 5.5% in the 9th Plan period (1997-98 to 2001-02), it has accelerated significantly in recent years. The average growth rate in the last four years of 10th Plan period (2003-04 to 2006-07) is likely to be a little over 8%, making the growth rate for the entire 10th Plan period 7.2%. This is below the 10th Plan target of 8%, but it is the highest growth rate achieved in any plan period.
Yet, it is also true that economic growth has failed to be sufficiently inclusive, particularly after the mid-1990s The percentage of our population below the poverty line is declining but only at a modest pace. Malnutrition levels also appear to be declining, but the magnitude of the problem continues to be very high. Far too many people still lack access to basic services such as health, education, clean drinking water and sanitation facilities without which they cannot claim their share in the benefits of growth. Women have increased their participation in the labour force as individuals, but continue to face discrimination and are subject to increasing violence, one stark example

of which is the declining child sex ratio. (Approach paper to 11th plan, planning commission)

Thus despite good achievement on the growth front, India faces significant challenges and needs to take some difficult decisions of reorienting investment from non-functioning subsidies to improving governance and direct income transfer to the poor. Concerted policy action is needed to lift the poor, out of poverty. This requires not so much additional resources, as better policies and sound delivery mechanisms. Globalization is going to stay as a valid development paradigm. It is also bringing to fore: access to markets, new opportunities for on and off-farm employment and income generation; productivity gains and possibly increased flow of investments in the areas related to poverty alleviation. What is now important is its overall management by re-orienting our policy framework and their implementation mechanisms in support of the poor and marginalised.

Already, there is some directional shift at Planning Commission level which is evident through increased allocations on the social sector in the consecutive annual budgets. Re-appropriate the financial allocations, while continuing the enhanced budgetary support towards poverty alleviation (Saxena, 2002; Planning Commission Report 2002). Considering that the benefits of globalization must reach to the poor, it is now more critical to address appropriately the poverty alleviation issues with a holistic view and learning from the lacunas and learning lessons of earlier programme in the earlier

The evaluation of ninth plan it was suggested that during the 10th Plan

- "IRDP should become a micro-finance programme to be run by banks with no subsidy on the lines of Rashtriya Mahila Kosh."
- Plan should 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, which can be done if they are provided finance to start their craft

Access to financial resources enables the poor to exploit investment opportunities, reduces their vulnerability to shocks and promotes economic growth. But lack of credit at reasonable rates is a persistent problem, in large part, reflecting the collapse of the cooperative credit system. The failure of the organized credit system in extending credit has led to excessive dependence on informal sources usually at exorbitant interest rates. This is at the root of farmer distress reflected in excessive indebtedness. P 29 Approach to 11TH Plan

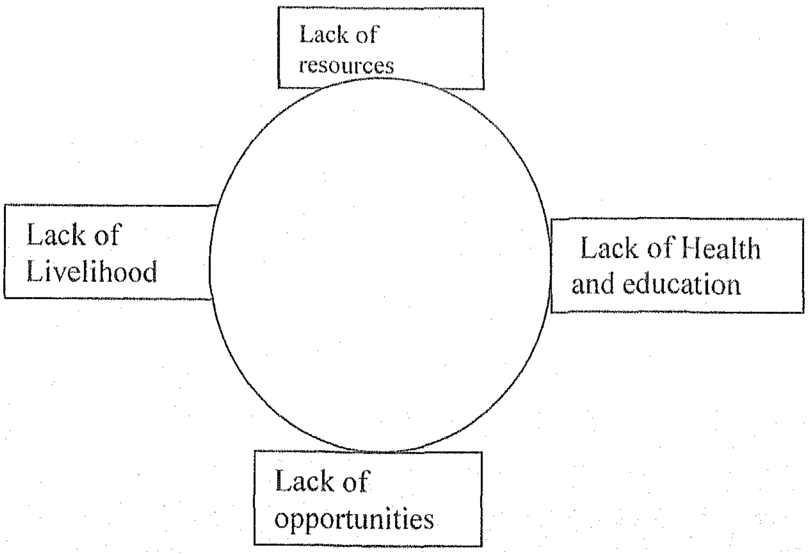
1.5 Poverty reduction: Need for Multidimensional efforts

Alleviation of poverty remains a major challenge before the Government. While growth will continue to be the prime mover, anti-poverty programmes supplement the growth effort and protect the poor from destitution, sharp fluctuations in employment and incomes and social insecurity.

An overview of the Five Year Plans indicates that poverty alleviation has always been a core concern of the development programs at least in stated terms . It also depicts a trend of priority attachment to poverty alleviation in terms of objectives and strategies. A follow-up review of these policy statements, however, manifests that, in effect, in most cases, no serious attempts have been made to translate such policies into concrete programs and projects within a coherent institutional framework. Poverty eradication remained more of the populist measure rather than a serious concern As a result the sectoral programs particularly in agriculture, health; social welfare, infrastructure development, water resource development etc. were designed in isolation and without having considerable focus on poverty alleviation. There were frequent changes in the nomenclature but the institutional mechanisms administering them remained same resulting in "new wine in old bottle" syndrome.

All these disparities and adamancy of poverty does call for serious thoughts on, how poverty is perceived, what is perceived to be the major determinants and causes of poverty and how it is addressed. We need to understand, how it is defined and what causes poverty? Understanding of poverty becomes a prerequisite for specific and focused attention, because then only the poor can be helped to break the vicious cycle of poverty.

Poverty is to be seen as cumulative deprivations on various fronts which are related in the cyclic manner. It is combination of deprivation of resources (income poverty) resulting in deprivation of access to services(health and education poverty) giving rise to deprivation of opportunities to improve their standard of life (livelihood)and thus coming full circle to income poverty again,



Poverty is a multidimensional phenomenon and thus requires tools that address multiple dimension of poverty unless they are able to capture the various related dimensions.

1.6 Significance and purpose of this research

The efforts of Poverty reduction refer to a situation where specific manifestations of poverty are systematically reduced through management approach, resulting in a change in conditions in both the short-term and long-term. Poor people trapped in this vicious circle need external assistance to break this cycle. Eliminating poverty requires a massive paradigm shift in addressing as well as acting toward poor where government and non-government organizations perceive them as assets and not as problems. They are not to be viewed merely as recipient of benefits but proactive partners in the process of poverty reduction. There were certain misconceptions about the poor people that they needed loan at subsidized rates of interest on soft terms. It was considered that they lacked education, skills, capacity to save, credit-worthiness and therefore were not bankable. Nevertheless, the experiences of several SHGs (self-help groups) revealed that rural poor are actually efficient managers of credit and finance. Availability of timely and adequate credit is essential for them to undertake any economic activity rather than credit subsidy. It is these experiences which form the rationale of micro-finance which have created trust that and confirmed the hypothesis that the poor can be relied upon to return the money that they borrow.. It is these existing, requirements and conditions that are tapped by micro-finance initiatives to pull people out of "poverty trap".

'Microcredit is a critical anti-poverty tool - - a wise investment in human capital. When the poorest, especially women, receive credit, they become economic actors with power. Power to improve not only their own lives but, in a widening circle of impact, the lives of their families, their communities, and their nations."

- Kofi Annan, Secretary General of the UN

The basic purpose of the research is to prove the hypotheses that micro credit as a tool for poverty reduction goes beyond the identity that it is most often given. The research aims to establish Micro credit as an integrated poverty management tool more than just economic tool. The study aimed to study the outreach and the impact (both tangible and non tangible) of the MFIs on reducing the level of helplessness and disempowerment of the poor. It did so by proving the hypotheses that micro credit contributes to reduction poverty by helping the poor to help themselves and supports them to break the vicious circle of poverty, ensuring availability and utilization of money by women, contributes to reducing the gender gap in the primary education, and improving maternal health and reducing child mortality and therefore address all dimensions of poverty and not just economic poverty.

1.7 Objectives

- The study traces various approaches and programme formulated by government to address poverty
- The study examined the efficacy of the MFI as a strategic tool in addressing poverty and its different dimensions
- The study traces the growth of MFI in the United Nations Framework
- The study traces the growth of policies to regulate and refine the MFI tool to address poverty in different countries
- The study explores the different facet of poverty address by this tool.

1.8 Overview

The study covers comprehensive literature review, which helps us to map the complete journey taken by MFI institutions since the initiation. The basic rationale of emergence of MFI as apoverty reduction tool is discussed in the first chapter which covers what are MFIs, Genesis of MFI, Growth and Evolution of MFIs, the difference between micro credit and Micro finance apart from the rationale and significance of research.

Second chapter discusses how MFIs can be used as a strategic tool for meeting the millennium development goals. How MFIs prove to be an economic tool for poverty alleviation at The Macro and micro level. The chapter also discusses how the realization of MFIs as a tool for gender equality & women empowerment harnesses wider acclamation. The chapter traces and maps how mFI has overall impact on integrated social development, including Health, HIV/AIDS and Education. Last but not the least the chapter also documents the recent realization that MFIs are being used as a tool for disaster management as distress mitigation among the poor who are most vulnerable.

Chapter three discusses Microfinance in Global perspectives covering U N Mandate, United Nations Decade for the Eradication of Poverty (1997-2006) and various international covenants. It discusses the outcomes of the World micro credit summit and Regional and Global Meetings 2004 –2006. It discusses in detail the vision, objectives, strategies and activities planned by the International Year of Microfinance. It also covers Microfinance operations of World Bank other Development banks like Inter American Development Bank, The African development bank, Asian Development Bank.

Chapter four comprises of the review of International policies and experience with respect to MFIs, which help us to trace the growth of MFIs as a poverty addressing tool. It covers the policy scan and review with respect to MFI policies and guidelines in various countries representing different continents. While Latin America represents South America, Indonesia, Philippines represent East Asia, Nigeria represent South Africa, Canada and United States representing North America.

In Chapter five focus of attention has been the growth and Experiences of MFIs in the Indian Context detailing Genesis, growth and structure of MFIs in India. Then Institutional mapping in Indian context comprises of policy review of eminent bodies which have taken the lead in India. lot of focus has been laid studying the growth of interest , policy tacking by NABARD, SIDBI, and Rastriya Mahila Kosh. Various NGO which have taken lead are represented by Myrada, SA-Dhan and Indian school of Microfinance.

In chapter six, an effort has been made to study the theoretical concepts of MFIs. It covers the types and models of MFIs, institutional mechanisms, impact assessment concerns as well as approaches and framework recommended by various esteemed organizations. It also covers Database issues and Regulatory issues and bodies

Chapter seven informs about the methodology of data collection both primary and secondary, the tools used and procedures of their applications in the field. It also informs about the data Analysis methods and the institution profile of FODRA, where the study was done, and Respondent profile of the women who formed subject part of data collection process. The analysis also highlights the inter group comparisons and various details of credit

Last but not least the chapter eight outlines the major findings of the study and relates the Impact of Micro credit on various dimensions of poverty like Household, Health, Education and women empowerment. At house hold level, it contains the various indicators about the changes in the standard of livelihood, like water, sanitation, electricity and ownership of household goods. At the level of health, the analysis covers correlation with overall health expenditure at the family level, maternal health (ante natal care, place of delivery) child health (colostrums feeding, immunization) and reproductive health (contraceptive usage). With respect to education the analysis covers the correlation of education of self and partners with the adoption of MFIs and then its impact on the education of children both boys and girls. Finally the empowerment indicators chosen for analysis are control over resources (bank account awareness and operation) involvement in decision making, confidence for mobility, awareness of various resources Finally the chapter nine summarizes the findings and conclusions.

MFIs – A Strategic Tool

Chapter 2 MFI: A strategic tool for Achieving Millennium Development Goals

2.1 MFI: An economic tool for reducing income inequality (Macro and Micro)

2.2 MFI: A strategic tool for poverty alleviation

2.3 MFI: A tool for gender equality & women empowerment

2.4 MFI: A tool for Integrated social development MFI & its relation with Health and HIV/AIDS and Education

2.5 MFI: As a social equity tool

2.6 MFI: A tool for disaster management