

# Poverty alleviation programs of rural India: comprehensive policy analysis

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## Abstract

The paper presents a critique of rural poverty alleviation programs especially on major programs like focus of analysis was put on The Integrated Rural Development Program (IRDP), The Training of Rural Youth for Self-Employment, Development of Women and Children in Rural Areas (DWCRA), Swarnajayanti Gram Swarajgar Yojana (SGSY), Jawahar Rozgar Yojana and Mahatma Gandhi National Rural Employment Guarantee (MGNREGA) Act and Debt Relief Scheme. Eradicating rural poverty' as an improvement process, rural society is aspiring to move from lower economic and lower social standard to higher standard in the lives of the rural people. 'Rural poverty' is an extremely difficult subject to deal with because of a huge variety of socio-economic and ecological situations in which it takes place. Thus, the policies for the eradication rural poverty have to be targeted at the rural poor, which have been at the receiving end of the ill effects of poverty over the ages. In this gap it explains pros and cons of the programs based on existing literature which has emerged from empirical and exploratory sources.

**Keywords:** Rural areas, poverty alleviation, policies

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The broad strategy of rural development in India is reflected in our constitution. This strategy is based on the progressive elimination of inequalities among the different sections of the society in the country. India has strong hierarchical social system with different social and economical inequalities in rural areas. Keeping this in view, the Government of India has taken initiatives for rural poverty alleviation. The initiations have been taken from the First Five Year Plan, it is envisaged that the successive five year plans would create a better, richer and fuller life for the thousands of rural communities in India (Vinod Kumar Lawania, 1992). The first ever rural development program in India was initiated by the Government of Uttar Pradesh in 1948. This was known as Etawah pilot project (Kavoori, J.C. and Singh, 1967). With the same basic philosophy, the National Extension Service was started in 1952 with

the establishment of 55 community development projects across the states of India. By the year 1963, the community development program was extended to cover the entire country by a network of 5,265 community development blocks (Chattopadhyay, B.C, 1985).

In the Five Year Plan seeks to a process of transformation of the social and economic life of the village is envisaged (Planning Commission, 2007). The Community Development Program is the method and Rural Extension is the agency. The community development program was the process by which the efforts of the people are to be united with those of governmental authorities to improve the economic, social and cultural conditions to integrate these communities in to the life of the nation and to enable them to contribute fully to national progress (Mukherji, B. 1967). The

major focus of this program was to induce people's participation in rural development and is aimed at utilization of local available natural resources (Singh, K. 1986).

The Government of India's poverty alleviation programs are broadly of five categories; they are Self Employment Programs, Wage –employment programs, Area Development Programs, Social Security Programs and other programs such as Integrated Rural Development Program, Jawahar Rozgar Yojana, Annapurna, Antyodaya Anna Yojana and Pradhan Manthri Gram Sadak Yojana, National Rural Employment Guarantee scheme and Farmers' Debt Relief Scheme.

As Katar Singh pointed out the Community Development Program proved to be one of the under achievement programs and the failure was more deplorable in the agricultural sector. This failure is due its diffused character, as it did not give sufficient and direct emphasis on agricultural production. The financial, material and administrative resources of Community Development Program were spread too thinly all over the countryside to provide any tangible impact on agricultural production (Singh, K. 1986).

The Community Development Program (Dak, T.M. 1957)<sup>1</sup> criticized on the ground that it has not been a poor people's program, benefited the richer sections and it has employed a large army of untrained workers who lacked coordination among themselves. They were less a source of help to the villagers and more a source of confusion. Lack of fundamental responsibility at the block level led to a good deal of confusion and interdepartmental jealousy. It is in this regard, the Government of India has given considerable importance to rural development (Dak, T.M. 1957).

Initially, India adopted a development strategy which was based on the trickle-down concept. When that

1. T.M. Dak, *Social Inequalities and Rural Development*, National Publishing House, New Delhi, 1982, from Program Evaluation Organization, 1957, p.18., Dube, 1958, *India's changing Villages; Human Factors in Community Development*; Ront ledge and Kegan Pant, Ltd, Government of India, 1961, the Report of the study Group on the Welfare of the Study Group on the Village Community, Vol. I, New Delhi: Ministry of Community Development and Cooperation, Planning Commission, Third Five Year Plan, p.342.

development strategy failed to meet the basic needs of millions of rural poor, the need for direct intervention in favour of the poor was recognized. Consequently, the government embarked on the preparation and implementation of comprehensive antipoverty programs. Major focus of analysis was put on The Integrated Rural Development Program (IRDP), The Training of Rural Youth for Self-Employment, Development of Women and Children in Rural Areas (DWCRA), Swarnajayanti Gram Swarajgar Yojana (SGSY), Jawahar Rozgar Yojana and Mahatma Gandhi National Rural Employment Guarantee (MGNREGA) Act.

### Critical Analysis on Rural Poverty Programs

Government of India has taken care to help the poor and empower them. And appropriate schemes are incorporated in evaluation studies found that the Five Year Plans have not been fully helpful to serve the purpose (Minhas, B.S. 1974). It was also found that the needy sections of society could not enjoy the benefits of the development plans. The Government of India, especially under Prime Minister Mrs. Indira Gandhi announced the Twenty Point Program to give a new orientation to growth by emphasizing the welfare of the common man in general and weaker sections of the society in particular. The program stressed the core points of development like land reforms, irrigation and power. It was focused on every needy section of society like workers, land less, labourers, students, the unemployed and the middle class with an integrated approach development (Bhattacharya, Vivek Ranjan, 1983). Thus, the integrated poverty driven program was initiated. The program is popularly known as the Integrated Rural Development Program.

The Integrated Rural Development Program (IRDP) was a Centrally Sponsored Scheme which is in operation in all the blocks of the country since 1980. Under this scheme Central funds are allocated to States on the basis of the proportion of rural poor in a State to the total rural poor in the country. Subsequently, (Ganga Kalyan Yojana, Training of Rural Youth for Self Employment, Development of Women and Children in Rural Areas, Supply of Improved Tool Kits to Rural Artisans etc., were introduced as sub-programs of IRDP to address the needs of the rural population. These schemes were, however, implemented as 'stand alone programs', an

approach which substantially detracted from their effectiveness (Planning Commission, 2007).

The program has been financed partly by government subsidies and partly by bank credit. The District Rural Development Agency (DRDA) set up especially for the purpose of implement the program. The management of the program has been coordinated at the State level under the guidance of a High Power Coordination Committee. The responsibility for providing the policy frame and general guidelines for implementation has rested with the Ministry of Rural Areas and Employment at the national level.

There have been some modifications in the scheme as a result of feedback from the field as well as findings of the concurrent evaluations. There has been a shift in the program strategy towards achieving qualitative results and investment in infrastructure. A new category of beneficiaries has been identified for assistance under the program. This category comprises of educated unemployed rural youth living below the poverty line, who are eligible for subsidies of up to 50% of project costs, subject to a ceiling of ₹ 7,500. The IRDP suffered from several defects which include include 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, underemphasize on activities like trading, service and even simple processing, poor targeting and selection of non-poor (Planning Commission, 2000).

As regards the performance of Integrated Rural Development Program in Andhra Pradesh, leakages, retention of assets, employment and income gains have been noticed (Dev, S. Mahendra and P.Padmanabha Rao, 2002). The leakages of the IRDP have been assessed through three parameters viz., entry of non-poor, non-retention of assets by the poor and the expenditure incurred in obtaining the scheme. Entry of non-poor into the program is found. It is obvious from the empirical observation of the study that the retention of assets was very low among Scheduled Caste households (Dev, S. Mahendra and P.Padmanabha Rao, 2002:60).

As economically viable and technically feasible schemes, the programs have brought substantial changes in the lives of rural poor. It has aimed at improving the economic conditions of the rural poor,

generation of additional employment and sufficient assistance in the form of productive assets (Dev, S. Mahendra and P.Padmanabha Rao 2002:60). But, the study explored the some important issues relating to problems in the program implementation from selected villages.

The Training of Rural Youth for Self-Employment (TRYSEM) was launched in 1979, aimed at providing basic technical and managerial skills to the rural youth from families of below the poverty line to enable them to take up self-employment. The program, especially, focused on, in broader sense, agriculture and allied sectors, industries, services and business activities. In 1983, objectives were subsequently enlarged to include wage employment for trained youth (Dev, S. Mahendra and P.Padmanabha Rao, 2002:60).

The TRYSEM program was evaluated for the first time in a Quick Study by Planning Commission (June to August 1993) conducted through independent research institutes/organizations. The main findings of the evaluation study are area skill surveys were not carried out, of the total number of beneficiaries, who got training under TRYSEM, roughly 47.19% were unemployed after the training and 32.54% took up self-employment after training of whom 12.41% took up employment in trades other than those in which they were trained, a majority of the beneficiaries were faced with lack of funds as a major reason for not taking up self-employment independently after the training, a major proportion of TRYSEM trainees did not apply for loan under IRDP, inadequate number of assistance and most of the beneficiaries felt no improvement in their socio-economic conditions as a result of TRYSEM training (Planning Commission, 2002). The report also speaks in terms of targeted goals that TRYSEM has been a weak link in the overall strategy for self-employment in rural areas.

The program was targeted to improve the employability skills for the youth through trainings. But, the training imparted in several instances was not related to the capacity or aptitude of the trainees not to demand for the respective skills. According to the study of Ankita Gupta (2006), many TRYSEM beneficiaries viewed that the program simply is a means of receiving a stipend during the training period and not as a way of developing genuine

skills which would help in self employment (Ankita Gupta, 2006). A study of D.K. Ghosh (1993) in West Bengal noted that the program resulted in limited success of the program, lack of supportive actions to make viable to combat rural unemployment and poverty is noticed (Ghosh, D.K. 1993). In general the results have been mixed and there is large scope for improvement.

Development of Women and Children in Rural Areas (DWCRA) was launched in 1982 as a third sub-program of IRDP. Initially, it was implemented in only 50 districts as a pilot scheme. Later, it was extended to all districts of the country. The basic objective is to provide income generating skills and activities to poor women in rural areas, thereby improving their social and economic status.

The Document of Ninth Five Year Plan found several shortcomings which has hindered its successful and effective execution in some States. Several Self-Help Groups (SHGs) have become defunct over time. The reasons include improper selection of groups; lack of homogeneity among the group members; and selection of non-viable economic activities which are mostly traditional and yield low income. The linkages for supply of raw material and marketing of production are either deficient or not properly planned. The result is DWCRA groups have become vulnerable to competition (Ghosh, D.K. 1993).

In Andhra Pradesh and newly formed Telangana as well, the DWCRA program is intended to improve the survival of young children and women and the quality of lives of women and children, and to achieve a significant growth in the income of poor women through appropriate interventions and to organize women in groups to create a demand pool on the existing delivery system along with creation of awareness to strengthen their bargaining capabilities. Available research found that there has been slight improvement in the levels of household income of most of the beneficiaries studied. However, in majority of cases, the improvement does not seem sufficient to enable them to cross the poverty line. Even though a majority of the beneficiaries could not derive much income from the activities, a few of them have made marked improvement in their asset position (S. Mahendra Dev P. Padmanabha Rao, 2002:86).

The Government of India has introduced SGSY merging several self-employment programs in 1999 to rectify the situation of lack of proper social intermediation, absence of desired linkages which were targeted earlier on self-employment programs such as Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Toolkits to Rural Artisans (SITRA), and Ganga Kalyan Yojana (GKY).

The scheme of SGSY is funded by the Center and the States in the ratio of 75:25. The SGSY is conceived as a holistic program of micro enterprise development in rural areas with emphasis on organising the rural poor into self-help groups. Capacity-building, planning of activity clusters, infrastructure support, technology, credit and marketing linkages are also emphasized the program to promote a network of agencies, namely, the District Rural Development Agencies (DRDAs), line departments of state governments, banks, NGOs and Panchayati Raj Institutions (PRIs) for the implementation of the program.

The SGSY recognizes the need to focus on key activities and the importance of activity clusters. The program has in-built safeguards for the weaker sections. It insists that 50% of the Self-Help Groups must be formed exclusively by women and that 50% of the benefits should flow to SCs and STs. There is also a provision for disabled beneficiaries. The program is credit driven and subsidy is back-ended. The key feature of the SGSY is that it does not seek to promote individual economic activities. It seeks to promote self-help groups that are trained in specific skills so that they can formulate micro enterprise proposals. Such projects are based on activities that are identified for each block on the basis of local resources, skills and markets. The projects are supported by bank credits and government subsidies.

Under the program, the families of Below Poverty Line (BPL) are identified through BPL census duly approved by the Grama Sabha for assistance. The objective of the program is to bring every assisted family, especially women above the poverty line within three years, by providing them income generating assets through mix of bank credit and

government subsidy. Another important objective was that the identified and assisted family should be able to earn ₹ 200 per month in a period of 2 to 3 years. The program envisages promotion and marketing of goods produced by the SHGs through institutional arrangements, consultancy services and development of markets. Until the end of 2004, more than nine million SHGs have been formed in India (Anil Bhumali, 2005).

Evaluation studies, mainly of Karmakar (1999), Gurumurthy (2000), Ojha (2001), Vijayanthi (2002), Chatukalam (2003) and Sen (2003) highlighted the prospects, programs and impact of the program with focus on the formation of SHGs. They emphasized that the formation of SHGs have helped poor women to develop both economic and social strength. It's also demonstrated that the SHGs have enhanced the status of women as participants, decision makers and beneficiaries in democratic, economic and social spheres of life. There have been problems in marketing of products. Funding pattern is not transparent and it was also obvious that the income generated by the programs is only supplementary but not a substantial for the households' consumption.

Jawahar Rozgar Yojana as a rural wage employment scheme was initiated by merging the National Rural Employment Program (NREP) and the Rural Landless Employment Guarantee Program (RLEGP) in 1989. The main feature of the JRY was that the implementation functions were devolved to the Grama Panchayats to ensure better utilization of funds. According to a mid-term appraisal of the Ninth Plan done by the Planning Commission, the JRY suffered with providing the adequate employment, lack of resources and violation of material-labour norms and corruption (Planning Commission, 2000) and could not provide adequate employment.

The second stream of JRY was merged with Employment Assurance Scheme at the end of 1995. Under the third stream, special and innovative projects such as those aimed at the prevention of labour migration, the enhancement of women's employment, special programs through voluntary organizations for drought-proofing and watershed development. A review of the program after 1992-93 revealed that the employment of the person was inadequate in terms of requirement and did not provide enough income to the poor (Planning

Commission, 2000). The program gave preference to communities of SCs and STs and free bonded labourers in Andhra Pradesh. The types of works undertaken under JRY are building construction, laying of roads and side drains (S. Mahendra Dev P. Padmanabha Rao, 2002). The study found that JRY has benefited the poor sections of the society. It is also observed that there is substantial increase in the family income of the SCs beneficiaries. But, in case of STs, and BCs, there is not much increase of the family income in this study (S. Mahendra Dev P. Padmanabha Rao, 2002).

Employment guarantee scheme was experimentally started in 1965 and was subsequently expanded as part of an Integrated Rural Development Program (IRDP) (Hema Arora, 2005). To implement a basic set of social and an economic objective, the Common Minimum Programs (CMP) was announced in 2004 to address the hunger and food security in rural areas. In August 2005, the Indian Parliament passed the Mahatma Gandhi National Rural Employment Guarantee (MGNREG) Act. This is hailed as one of independent India's most ambitious interventions to address rural poverty and empower poor people. The NREGA follows a set of legally enforceable employment norms. Its aim is to end food insecurity, empower village communities, and create useful assets in rural areas. It is based on the assumption that every adult has a right to basic employment opportunities at the statutory minimum wage. Under the scheme, one member of every rural poor family is guaranteed 100 days of work at the minimum wage of ₹ 60 a day. All rural poor are eligible, not just those designated below the poverty line (BPL). One-third of the beneficiaries must be women. If five or more children accompany their mothers to any site, the implementing authority must appoint a woman to look after them on the site.

Panchayats at district, intermediate and village levels are entrusted with the work of identifying and monitoring the project, together with a program officer. Social audits of the work are expected to be done at gram sabhas. Work will, as far as possible, is to be provided within a radius of 5 km. The work includes water harvesting, drought-proofing, and micro and macro irrigation works, renovation of traditional water bodies, flood control barriers and rural connectivity (<http://www.empowerpoor.com>, 2007).

But, The World Bank (2009) has described the National Rural Employment Guarantee (NREGA) scheme as a policy barrier hurting economic development and poverty alleviation. It is also noted that various schemes of the Indian government like NREGA, watershed programs and schemes for development of small and medium towns are acting as "policy barriers to internal mobility". The internal mobility, the report argued, is necessary as "lifting people out of poverty requires shifting populations from villages to cities". The World Bank has also insisted that the process of migration should be encouraged (World Bank, 2009). It is clear from the Report of World Bank that the process of urbanization from rural areas is also a development. It is obvious, based on Report of World Bank 2009 that the NREGA and other programs of rural development and eradication of poverty are highly focusing on rural settlements.

Farmers' Debt Relief Scheme was intended to contribute to poverty reduction. The World Bank has also suggested that the debt relief is essential in 21 poor countries especially in Highly Indebted Poor Countries (HIPC) (The World Bank, 2006). But, in India, the debts were highly in the agriculture sector. Thus, The Government of India has recently (i.e. in February 2008) announced the scheme of Debt Relief for the small and marginal farmers. The scheme is targeted to benefit nearly 3 crores of small and marginal farmers and 1 crore 'other farmers' (Press Information Bureau, Government of India, 2008). The cost of the scheme of the Government of India is about ₹ 60,000 crore. Under the scheme, credits facilitated are provided by banks to the farmers for their operational cost of agriculture. The banks of credit facilitated are commercial banks, the regional rural banks and the cooperative credit societies. Marginal farmer is defined as one cultivating agricultural land up to 1 hectare or 2.5 acres. Small farmer is defined as cultivating between 1 hectare and 2 hectares i.e. less than 5 acres will get full debt waiver of their short term crop loans as well as all the overdue installments on the investment credit. The other farmers, i.e. owning more than 5 acres or more than 2.5 acres or more than 2 hectares, will get OTS relief. In the state of Andhra Pradesh, the worth of debt relief is ₹ 12000 crores.

## Conclusion

Poverty alleviation programs constitutes an important dimension of the public policy thrust to bring about rapid reduction in rural poverty. In recent poverty eradication phenomena, two major changes have occurred. Wage employment and credit-cum-subsidy self employment have been formulated and notified. Further, these programs are now targeted to enhance the income generation opportunities for poor families. A review of various developmental programs taken up since independence indicated the need for a new comprehensive program for the eradication of poverty in rural areas. Though a number of programs have been in operation yet, expected results were at for distant from its targeted objective. Moreover, most of the studies revealed that the Proaroms have in large elevent fented to include poorest of the probe fa.... . The studies also indicated that much of the programs have been corrupted by administrative mal practices. It was, therefore, proposed that such target oriented, especially with pro-poor concept, and community based organization's involvement for the self-sufficiency and economically vibrant schemes has to come up.

Some of the field level evaluation studies on poverty alleviation programs explored the loopholes in implementation in terms of negligible assistance, lack of supervisory staff at field, absence of coordination with different authorities and communication problems, insufficiency of supervisory staff, wrong selection of beneficiaries, lack in timely funds released, lack of education and skill development initiatives among the poor families and lack of awareness on different schemes among people. The selection procedure of the beneficiaries is mostly biased and wrong. There are malpractices in the programs have emerged from the evaluation studies.

Some revised programs are being implemented all over the country to empower and provide basic amenities such as employment, housing, education, rural infrastructure and health. But, according to various evaluation reports of the Planning Commission, and academic and independent researches most of the programs were not up to the mark in achieving the structured objectives.

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