

Poverty in India: Concept, Measurement, Extent and Its Alleviation

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Abstract

The problem of poverty alleviation is still one of the biggest challenge before the world especially in underdeveloped and developing economies like India. Poverty means the denial of opportunities and choices most basic to human development such as long, healthy and creative life, decent standard of living, and enjoyment of dignity, self esteem and respect in life. Poverty is, therefore, multidimensional concept. The objective of planning in India has been to get rid of the mass poverty and to ensure at least minimum standard of living.

Various programmes have been launched over the years by the central and state governments for achieving the objective of poverty alleviation. Despite the implementation of these programmes, the problem of vicious circle of poverty continue to persist in all most all the states in the country. Hence, most of the anti-poverty programmes have been strengthened, redesigned and restructured through special programmes to provide more benefits for the poor and weaker sections of the society.

Key Words: *Human Poverty Index, Land reform measures, Multidimensional Poverty Index, Public Distribution System, Self employment, Wage employment.*

Introduction

Poverty alleviation has been one of the major objectives of planned economic development. Existence of high poverty levels are synonymous with poor quality of life, deprivation, malnutrition, illiteracy and low human resource development. The economic growth has been recognised as an important instrument for the eradication of poverty. However, the composition of growth and not the rate of growth, determines the pace of the “trickle down’ effect of growth.

Since high growth of incomes is not enough to improve the quality of life of the poor, the direct poverty alleviation programmes have been considered necessary to eradicate poverty in rural areas. Specific sectors have been focused to provide greater opportunities for the poor to participate in the growth process. Allocation under plans have been increased in areas of education, health, sanitation, rural development and other facilities to promote capacity building and welfare of the poor.

Objectives of the Study

- To study the extent and incidence of poverty in India.
- To discuss objectives and salient features of poverty alleviation programmes.
- To assess the overall performance of these poverty alleviation programmes.
- To high light the deficiencies and limitations of these programmes.
- To suggest certain measures for effective implementation of various poverty alleviation programmes.

Methodology

The present paper is primarily based on secondary sources of data. Published sources include government publications, annual report of MoRD, economic survey, and plan documents. Other publications like research articles published in journal and also available on websites are referred.

Extent of Poverty in India

Many economists like Dandekar and Rath, Minhas, Ojha, etc., have conducted studies and estimates the extent of poverty in India by adopting different methodologies and parameters. Tendulkar Committee has pointed out that the poverty line should meet expenditure on both the food requirements as well as the basic needs like health and education. The poverty line determined by the committee was Rs. 447 and Rs. 579 per capita monthly consumption expenditure in rural and urban areas respectively at 2004-05 prices. The poverty line has been updated by the Planning Commission to Rs. 673 for rural areas and Rs. 860 per capita monthly consumption expenditure for urban areas in 2009-10 to identify number and percentage of poor population.

Table 1: Number and Percentage of Poor as per Tendulkar Committee Methodology

Year	Number of Poor (In Million)			Poverty Ratio (In Percentage)		
	Rural	Urban	Total	Rural	Urban	Total
1993-94	328.6	74.5	403.1	50.1	31.8	45.3
2004-05	326.3	80.8	407.1	41.8	25.7	37.2
2009-10	278.2	76.5	354.7	33.8	20.9	29.8
2011-12	216.5	52.8	269.3	25.7	13.7	21.9

Source: Economic Survey 2013-14, Ministry of Finance, GOI, New Delhi, 2014.

The Planning Commission has updated the poverty lines and poverty ratios for 2011-12 using Household Consumer Expenditure Survey 2011-12 data of the NSS 68th round.

Accordingly, with the poverty line at monthly per capita expenditure of `Rs. 816 for rural areas and Rs. 1000 for urban areas in 2011-12, the poverty ratio in the country has declined from 37.2 per cent in 2004-05 to 21.9 per cent in 2011-12. In absolute terms, the number of poor declined from 40.71 crore in 2004-05 to 26.93 crore in 2011-12 with an average annual decline of 2.2 percentage points during this period. Wide disparities are also observed in the poverty ratios between rural and urban areas as the poverty ratio was veryhigh (25.7%) in rural areas than in urban areas (13.7%).

Major Rural Poverty Alleviation Programmes

The major poverty alleviation programmes launched and implemented by the government over the years in the country are discussed below.

(A) Self Employment Programmes for the Rural Poor

(1) Integrated Rural Development Programme

The government has initially adopted a strategy to provide employment through the self employment programmes for the rural poor people. The IRDP was launched in 1980-81 to promote self employment. It was known as a major poverty alleviation programme in rural areas. Under this programme, loan was provided by public sector banks to the people living below the poverty line. To start some business, shop, dairy, purchasing goats and milk cattle, stitching machines, electric motors, fishing, etc. Government granted 25% to 50% subsidy to the BPL borrowers.

(2) Swarnjayanti Gram Swarozgar Yojana

By merging IRDP and others programmes, SGSY was launched in 1999 as a single self-employment programme with an objective to provide sustainable income through self-employment and micro enterprises. The SGSY has focused on poverty alleviation, group lending and overcoming the problems of multiplicity of programmes. This scheme has covered all aspects of self employment like organisation of self help groups, their capacity building, planning of activities, building of infrastructure, provision of credit, technology and marketing facilities.

The BPL households are identified and approved by the Gram Sabha. SHGs are funded because of better chance of success, repayment of loans, easy back-up support and marketing linkages for group activities. This is a credit-cum-subsidy programme. Under this, subsidy is provided up to 30% of the project cost, subject to a maximum of Rs.7500. SCs/STs get 50% subsidy subject to a ceiling of Rs. 10000 and for groups, 50% subsidy and maximum of Rs. 1.25 lakh is given. Expenditure under the SGSY is shared by the Centre and States in the ratio of 75:25. In 1999-2000, an expenditure of Rs. 804 crore was incurred and over 3.40 lakh SHGs were assisted.

(3) The National Rural Livelihood Mission

The earlier SGSY was restructured as the NRLM and has been again renamed as Aajeevika since 2011. These programmes aims at poverty eradication by providing gainful self employment and skilled wage employment to rural poor households. This programme is implemented through the Panchayat Raj Institutions. At least one women from each identified rural poor households is selected as a member of SHG. Ultimate target is to cover 100% BPL fa Training is given for capacity building and skill development. Fund and capital subsidy is provided. Financial inclusion is ensured.

This is a centrally sponsored scheme where cost sharing between the centre and the states is 75:25. The total investment under this programme was Rs. 42,168 crore till 2013. About 42 lakh SHGs have been organised and 168 lakh self employed persons have been given bank loans and subsidies. The mission has covered 97,391 villages and mobilised around 20 lakh SHGs, of which 3.8 lakh SHGs are new. About Rs. 3560 crore has been allocated to NRLM during 2014-15.

(B) Rural Wage Employment Programmes

(1) Sampoorna Grameen Rozgar Yojana

The Jawahar Gram Samridhi Yojana and the Employment Assurance Scheme were merged and the Sampoorna Grameen Rozgar Yojana was launched in 2001. The objectives of SGRY are to provide additional wage employment, food security, creation of durable social, community and economic assets and development of infrastructure in rural areas. The cost of the scheme is shared in the ratio of 75:25 by the centre and states. It was proposed to create 100 crore mandays of employment in a year. During 2007-08, about 12 crore man days employment were generated. The government spent nearly Rs. 1150 crore as cash component and released 10 lakh tonnes of food grains to the states. Since 2008, this SGRY programme has been included and is now a part of MGNREGA.

(2) Mahatma Gandhi National Rural Employment Guarantee Programme

The central government has enacted the MGNREGA in 2005 to provide the livelihood security in rural areas. This act has given the right to employment to rural people. The act has given a legal guarantee to provide assured wage employment of 100 days in a year to rural people. Minimum of one-third participation of women is required. The works like forestation, drought relief works, soil conservation, water conservation, etc., are undertaken so that employment generation is sustainable.

About Rs. 1,29,000 crores have been disbursed directly as wage payments to rural labourers. Total 1348 crores person-day of employment have been provided. About five crores of households have received the benefits of employment every year. Scheduled Caste and Scheduled Tribes have accounted for 51% of the total person-days employment generated. Since 2006, the women participation has been 48 per cent every year. Nearly 146 lakh works have been taken up and completed. The wage rate varies from state to state from a minimum of Rs. 122 in Bihar Jharkhand to Rs. 191 in Haryana. During 2013-14, total outlay provided for MGNREGA was Rs. 33,000 crore.

(C) Food Subsidy Programmes**(1) Annapurna Yojana**

This scheme was introduced in 2000 with a aim to provide food security to meet the requirement of senior citizens who are not covered under the pension scheme. There are large number of senior citizens who are eligible for receiving pension under the National Old Age Pension Scheme, but they are not getting the pension due to one reason or another. Hence, this scheme is applicable to such type of senior citizens. It is 100% centrally sponsored scheme. Food grains are provided them almost free of cost or at a subsidised price.

(2) Antyodaya Anna Yojana

This scheme was launched in the year 2000 to provide food grains to the very poor families at a subsidised rates. Under this, wheat is supplied at Rs.2 per kgs. and rice is provided at Rs.3 per kgs. to the BPL households. The scheme is a part of the Targeted Public Distribution System. The quota of food was increased to 35 kgs. since 2002. This scheme has benefitted about 2 crore BPL families in rural areas. The allocation of food grains was made even to above poverty line (APL) families where the quota of food grains varies from 15 kg. to 35 kg. in various states.

(3) Public Distribution System

The Public Distribution System is one of the oldest anti-poverty programme for ensuring supply of certain essential commodities like wheat, rice, pulses, edible oil, sugar and kerosene at subsidised prices for the BPL households. Under this scheme, there is an assured supply of food grains and other essential goods in adequate quantity and at affordable prices.

PDS serve as a safety net for the poor people. The purchasing, procurement, storage, allocation and transportation of food grains is the responsibility of the central government, while the responsibility of distribution of food grains rests with the state governments. The PDS is operated through the largest distribution network of 4.74 fair price shops. In order to meet the needs of the poor and very poor, the Targeted Public Distribution System was introduced in 1997. The scheme intends to provide 35 kgs. of food grains per family per month at a heavily subsidised rates.

(4) National Food for Works Programme

The NFWP was launched in 2004 and was implemented in 150 most backward districts of the country to provide food security to the very poor. The selected districts were very backward and situated in the tribal areas of different states. The supplementary wage employment has been generated and provided to rural poor and needy manual and unskilled workers under this programme. Government provides minimum 100 days of employment in a year to at least one person from each poor household. It is a 100 per cent centrally sponsored programme. Food grains are supplied to state governments free of cost. During 2005-06, the centre has allocated Rs. 4,500 crore and 15 lakh tonnes of food grains for this programme.

(D) Other Programmes**(1) Land Reform Measures**

In the post independence period various land reform measures have been introduced by the government in order to achieve redistributive justice and attaining higher levels of production and income in the rural areas. Land Reforms include the abolition of zamindari system, tenancy reforms, land ceiling act, distribution of surplus land, consolidation of land holdings, providing access of government and waste land, preventing the transfer of tribal lands and providing land rights to women.

Land reforms have reduced the exorbitant rent, provided more security and some incentives to the cultivators. The progress of land reforms was very slow and disappointing. Causes for poor implementation of land reforms were snag in legislations, manipulation of land records, fraudulent land division, absence and incomplete land records, litigations in the courts, lack of political will and administrative deficiencies.

(2) Pradhan Mantri Gramodaya Yojana

The PMGY was introduced by the government all over the country in 2000-01 to achieve sustainable human development at the village level. The centre provides additional assistance to states and UTs for selected basic minimum services in rural areas. The programme has focused on five critical priority areas viz., primary education, primary health, rural shelter, rural drinking water and nutrition. Rural electrification was an additional component added since 2001-02. In 2004-05, the centre has allocated Rs. 2,800 as an additional central assistance for this scheme. The Planning Commission of India was entrusted with financial and physical monitoring of the PMGY.

(3) Pradhan Mantri Gram Sadak Yojana

The PMGSY was launched in 2000 in order to provide road connectivity to all the unconnected rural villages and inhabitants by constructing good all weather tar roads. It is a 100 per cent centrally sponsored programme. In the first phase till 2009, all the habitations with a population of 1000 or more in the plain areas, and of 500 or more population in the hilly, tribal and desert areas were expected to be connected by pucca roads. In the second phase, all the habitations with a population of 500 or less are to be connected under this scheme. Till 2012, about 3.64 lakh kms. road works in rural areas have been completed.

(4) Indira Awaas Yojana

This IAY was introduced in 1999-2000 as a centrally sponsored scheme with cost sharing of 75:25 between the centre and states. The objective of the scheme is to provide houses free of cost to SCs, STs,

freed bonded labourers and other persons living below the poverty line in rural areas. The financial assistance provided to construct of a dwelling unit under IAY has been revised from Rs. 45,000 to Rs.70,000 in a plain areas and from Rs. 48,500 to Rs. 75,000 in a hilly and difficult areas. Till 2012-13, more than 3 crore houses have been constructed under this scheme for BPL households in rural areas. During 2013-14, Rs. 13,894 crore were allocated for construction of 24.81 lakh houses in rural areas.

Conclusion

In spite of implementing various poverty alleviation programmes during different five year plans, the goal of poverty alleviation in India has mostly remained unattained. The government policies and expenditure explicitly oriented towards poverty eradication have been very modest in scale and ineffective. The government has hardly spent 6 to 7 percent of the budgetary expenditure or only 1 percent of GDP on all poverty alleviation programmes. Food subsidy account for about 55%, rural works account for 33 percent, self employment account for 5 percent, and remaining 7 percent of anti-poverty programmes spending was spent on other programmes. These programmes have failed to eradicate rural poverty due to one reason or another. Apart from other factors, lack of political will, unequal distribution of income and wealth and administrative inefficiency are other reasons for the poor performance of these poverty alleviation programmes.

The economic growth of the country has remarkably contributed to the eradication of poverty, while redistributive policies have contributed very little to the reduction of poverty in India. About 88 percent reduction in poverty ratio was accounted for the growth in real per capita income/consumption and only 12 percent poverty reduction was contributed to redistribution of income. The only efficacious long-term solution to the problem of poverty alleviation is accelerating economic growth and poverty alleviation programmes are only supplementary to growth.

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