Challenges of Chronic Poverty in India

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Table of Contents

Topic **Page No.**

An Overview of Poverty in India

With a population of 1.21 billion, India is the world's largest democracy. In the past decade, the country has witnessed accelerated economic growth, emerged as a global player with the world's fourth largest economy in purchasing power parity terms, and made progress on most of the Millennium Development Goals.

However, poverty remains a major challenge. The World Bank, which defines poverty as survival on less than $1.25 per day, says India reduced poverty from 60% of the populace to 42% between 1981 and 2005. Putting the new method (Tendulkar Committee) to use, 37% population was poor in 2005 and it has reduced to 32.7% in 2010 – (about 350 million people still remains poor) making India home to one fourth of the world's 1.4 billion poor people.

Resources generated from recent growth are now being invested into a set of very ambitious programs to deliver services to the poor. These programs – providing elementary education, basic health care, health insurance, rural roads and rural connectivity, and other services – aim at realizing the fundamental rights of the people.

These programs have achieved partial results on the ground. Between 2003 and 2009, the number of out-of-school children declined from 25 million to 8 million (less than 5% for the 6-14 age group). Leprosy, polio, and TB are almost under control and the spread of AIDS has been kept in check. However, India still has a higher rate of malnutrition among children under the age of three (46% in year 2007) than any other country in the world, which is almost a third of the world's total.

World's Largest Slum

The world's largest slum, on 432 acres, is located in Dharavi, Mumbai.

Poverty Level across States and Communities

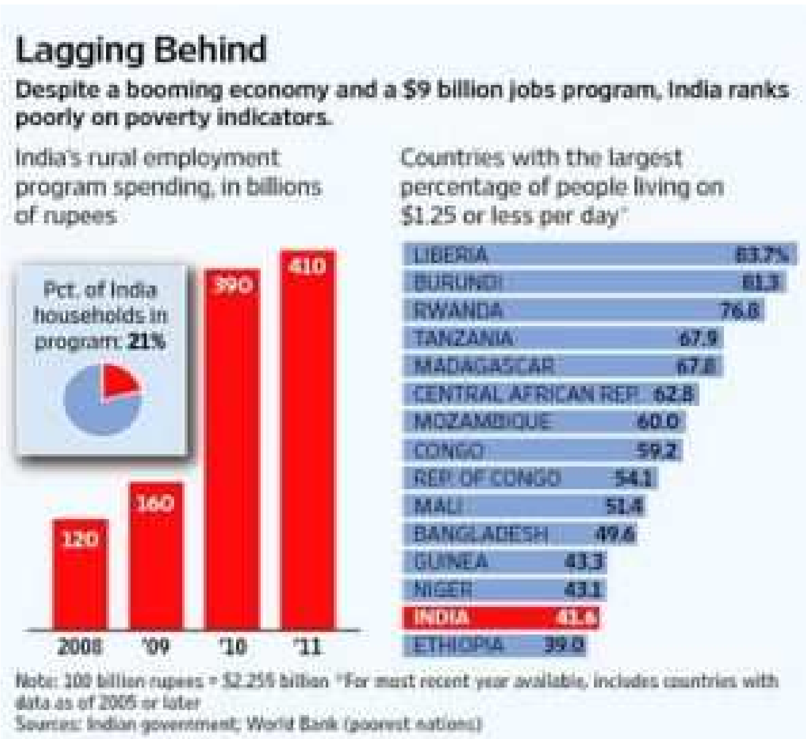
There is a wide variation in poverty level among States across the country. It is lowest (less than or around 10%) in Punjab, Delhi, Goa, Haryana, and Kerala. Poorest states are Orissa, UP and Bihar with over 40% people below poverty, followed by MP and Assam with over one third population in the category of poor. It is not a surprise that in Kerala, a girl child's life expectancy is 74 years, but only 54 years in UP.

Among the communities, SCs and STs have significantly lower literacy and higher child mortality rate than rest of the population. Three-forth poor live in rural areas and among them women, children, adivasis, and dalits are the worst-off.

UNDP's Poverty Profile of India

- 33 percent of population lives below the revised national poverty line
- 80 percent of the rural poor belong to marginalized caste and tribal communities.
- More than 90 percent of the overall workforce is employed in the informal economy.
- 96 percent of women work in the informal economy
- Only 27 percent of the rural households has access to formal credit.

How India Stands Globally?

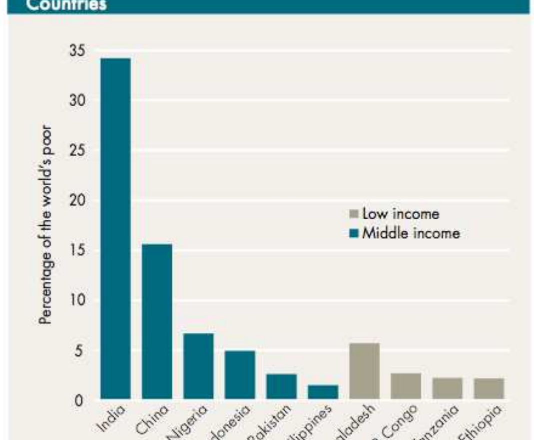


Looking from the angle of Millennium Development Goals, India is unlikely to meet the goal of halving poverty and extreme hunger by 2015. The progress is also slow on child mortality and maternal mortality rates (well short of the desired rate of 5.5% annual reduction). According to UNICEF India representative Karen Hulshof, on most of the MDGs, South Asia (read India and Pakistan) is closer to sub-Saharan Africa than to the advancing east or South-East Asia. This region also accounts for the bulk of under-nutrition in South Asia. India also has the highest malarial deaths in the world, 30,000 annually.

In 2010, India ranks 119th in the Human Development Index (HDI) among 169 countries. In comparison, China ranked much higher at 89. India compares very poorly on all indicators such as life expectancy, education, and per capita income. Life expectancy of 64.4 years is below the world average of 69.3 years and much below the Chinese figure of 73.5 years. Likewise, the number of years an Indian has spent in school is a dismal 4.4 years compared to global average of 7.4 and 4.6 for South Asia.

Two major reasons of poor performance on HDI are: (a) High prevalence of gender inequality and (b) multi-dimensional poverty. As much as 55% of the population suffers multiple deprivations while an additional 16% are vulnerable to multiple deprivations.

Figure 3. Most of the World's Poor Live in Just a Few Countries



Source: Sumner 2010

Indian Poverty – Multidimensional Poverty Index (MPI)

In July 2010, a new measure of poverty, called Multidimensional Poverty Index (MPI), was released by the UK-based Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Program (UNDP). The new measure attempts to go beyond income poverty to give a broader understanding of the many types of deprivations the poor may face. It attempts to capture more than just income poverty at the household level.

It is composed of ten weighted indicators that measure education, health and standard of living: years of schooling and child enrollment (education); child mortality and nutrition (health); and electricity, flooring, drinking water, sanitation, cooking fuel and assets (standard of living).

The MPI measures both the incidence of poverty and its intensity. A person is defined as poor if he or she is deprived on at least 3 of the 10 indicators. By this definition, 55% of India was poor, much higher than the official figure of 27% (now stands revised to 32.7% for 2010 data). Almost 20% of Indians are deprived on 6 of the 10 indicators.

In also points to the fact that South Asia has the world's highest levels of poverty. Fifty-one percent of the population of Pakistan is MPI poor, 58% in Bangladesh, and 65% in Nepal; not very different from 55% in India.

There are more 'MPI poor' people in eight Indian states (421 million in Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, and West Bengal) than in the 26 poorest African countries combined (410 million). This is expected to provide a multidimensional picture of people living in poverty and should help policy makers design better anti-poverty initiatives.

MPI was used to analyze Indian States and sub-groups of castes and communities. A comparison of the MPIs for various Indian states with the MPIs of the 103 other developing countries in the report shows that the width of regional differences means that experiences within India may range from that of a reasonably well off Indonesian to that of a desperately poor Somalian.

Using MPI, the best performing state is Kerala and it resembles Paraguay and Philippines, next best is Goa, which is close to Indonesia, Punjab’s MPI is similar to that of the central American nation of Guatemala while HP is close to the north African Morocco, and TN is akin to Ghana, a sub-Saharan nation. Amongst the low performers, MPI of MP is similar to DR Congo and Rwanda, while Bihar and Jharkhand have the worst MPI and compare with Somalia.

The MPI replaces the Human Poverty Index (HDI), which had been included in the annual Human Development Reports since 1997.

Indian Poverty – Global Hunger Index (GHI)

The Global Hunger Index (GHI) is a multidimensional measure of malnutrition and hunger. It scores countries based on three equally weighted indicators: the proportion of people who are undernourished, the proportion of children under five who are underweight, and the child mortality rate. The International Food Policy Research Institute (IFPRI) in association with an Irish group, Concern Worldwide and a German group, Welthungerhilfe publishes it every year.

According to the 2010 GHI report, India is among 29 countries with the highest levels of hunger, stunted children, and poorly fed women. Despite the strong economy, it was placed at position 67 among 84 countries ranked on GHI; it faired worst than Sri Lanka (at 39) and Pakistan (at 52) and way behind China. Even Sudan, Zimbabwe and North Korea do better than India on this index. The hunger level in India (along with Pakistan and Bangladesh) is higher than per capita gross national income (GNI), suggesting very high level of inequality in income distribution.

The report pointed out that India scores badly on this index due to high levels of child underweight resulting from the low nutritional level and social status of women in the country. Because of large population, India is home to **42 percent** of the world's underweight children (Pakistan 5 percent) and **31 percent** of stunted children (whose height is low for their age). This is despite the fact that India runs the world's largest free-meal program for school going children.

However, there is an improvement compared with the 1990 data: the prevalence of underweight children dropped from 60 percent to 44 percent and the under-five mortality rate fell from 12 percent to 7 percent. The food insecurity and hence, under-five undernourishment is so rampant across the country that India finds company with Bangladesh and Yemen. Acknowledging it the Indian government is planning to bring in the national Food Security Act soon.

Hunger in Indian States

In 2008, the India State Hunger Index (ISHI) was published highlighting severe hunger situation in India. It is constructed similar to GHI and was calculated for 17 states, covering over 95% of population. None of the states had ISHI lower than 10: the ISHI score ranged from 13.6 ("serious") for Punjab to 30.9 ("extremely alarming") for Madhya Pradesh, reflecting substantial variability. Twelve states had scores in the range, 20 – 30, implying an "alarming" hunger level.

In fact, when compared with GHI rankings of different countries Indian states covered a wide range of hunger: from rather well-off Punjab (at rank 34) to Madhya Pradesh (at 82) where more people suffer from hunger than in Ethiopia or Sudan and where 60 percent children are undernourished. The other worst performing states – Bihar and Jharkhand – had index scores similar to Zimbabwe and Haiti.

The ISHI scores indicate thateconomic growth is not necessarily associated with poverty reduction. It clearly highlights that in India more efforts are needed to improve child nutrition, particularly in states like Madhya Pradesh, Jharkhand, Bihar, and Uttar Pradesh and improve strategies to facilitate inclusive economic growth.

Defining Poverty and Poverty Line

There is no one single definition of poverty and every definition can be said to be arbitrary. However, probably the most common measure of poverty is based on income – a person is poor if his income level falls below some minimum level, usually called the "poverty line". Policy makers generally play with the designated minimum level to suit their interest. Each country uses lines appropriate to its level of development and societal norms and values.

There are basically three definitions of poverty in common usage: **absolute poverty**, **relative poverty** and **social exclusion**.

Absolute poverty is defined as the lack of basic human needs such as food, clothing, shelter, water, healthcare, education, etc because of the inability to afford them. It is also referred to as *destitution*.

Relative poverty defines income or resources in relation to the average, say income half the national average.

Social exclusion is a new concept: It is shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing which might arise say, due to stigmas of gender, caste, religion, region etc.

UN Definition of Poverty

Fundamentally, poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living in marginal or fragile environments, without access to clean water or sanitation.

Official Poverty Definition in India

India's official poverty measure has long been based solely upon the ability to purchase a minimum recommended daily diet of 2,400 kilocalories (kcal) in rural areas where about 70 percent of people live, and 2,100 kcal in urban areas. Rural areas usually have higher kcal requirements due to need of greater physical activity. The National Planning Commission, which is responsible for the estimate, currently estimates that a monthly income of about Rs. 356 (about US$7.74) per person is needed to provide the required diet in rural areas and Rs. 539 in urban areas. Factors such as housing, health care, and transportation are not taken into account in the poverty estimates.

A study from the Centre for Policy Alternatives point out that "the poverty line in India measures only the most basic calorie intake, recording not nutrition but only the satiation of hunger. The earning is just enough to buy 650 grams of food grain daily. When other essential needs are included in the poverty line calculation, as many as 68-84 per cent of Indians would qualify as poor."

The official poverty line definition is significant since it determines the number of people eligible for BPL identity cards. BPL card holders can avail benefits of subsidized food grain from PDS outlets and several other government schemes designed for them.

Just recently, the procedure set by the Tendulkar Committee has been adopted by the Planning Commission. As per the new system, the estimate of BPL people for 2004-05 data would be 37% (compared to 27% from the previous method); it has reduced to 32% for the 2009-10 data.

The income figures to calculate the BPL population have been widely ridiculed. Many experts felt that the *poverty line* is actually a *starvation line*. To address the issue, the Tendulkar Committee was set up in 2008, which reported its recommendations in November 2009. The committee has moved away from caloric intake to a broader definition that includes spending on food as well as education, health, and clothing. Based on these recommendations and prices of June 2011, the Planning Commission has submitted an affidavit in the Supreme Court suggesting that **32 rupees per day in the urban areas and 26 rupees in the rural areas** will be adopted as new poverty line definition**.**

Other Estimates of Poverty

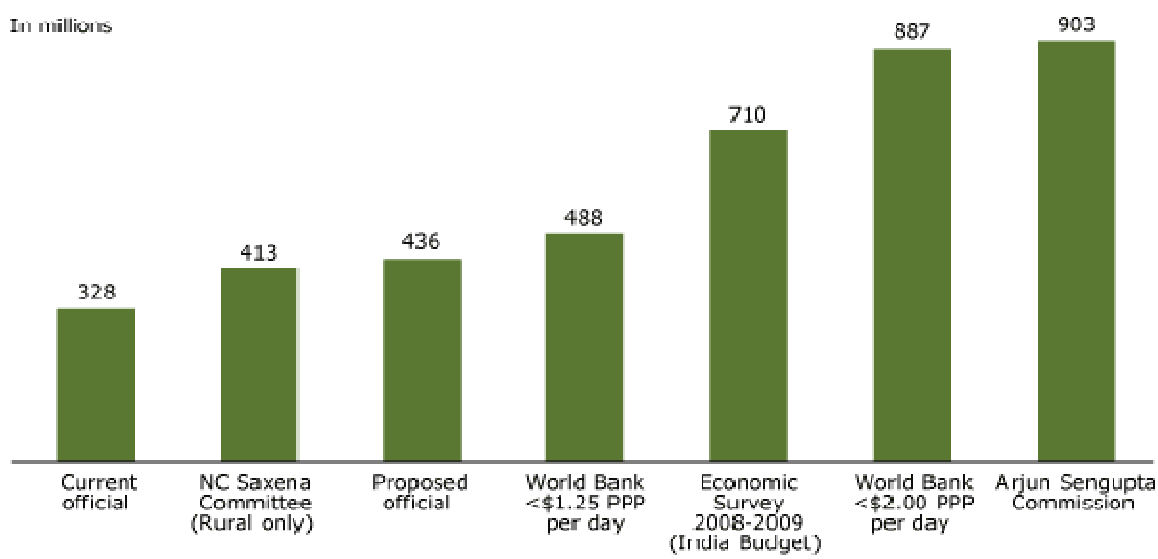
Using the survey data from 2005, different procedures give different estimates of poverty:

1. The Arjun Sengupta committee estimated number of poor in India as 77% using poverty line of Rs 20 per capita per day, without specifying the logic for choosing this number.

2. The N. C. Saxena committee puts the figure at 50%; it did not mention the poverty line or justification for the estimate.
3. The World Bank estimates that 41.6 percent of India's population lives below $1.25 per day and 75.6 percent live below $2 per day.

It is clear that even minute changes in the income cutoffs can add or remove crores of people from the poverty list.

Despite all these wildly varying figures, what does poverty in India actually mean? For those living in an developed countries it is really difficult to appreciate what it means to be poor in India. In the West, even those living in poverty can live in well-constructed dwellings, with heating, clean running water, indoor toilet facilities, access to health care, and even a vehicle. Such a life is a luxury even for the so called middle class in India, and a distant dream for the poor.



Different Method of Calculations give Different Estimates of Poverty

It is clear that regardless of where the poverty line is drawn, a sizeable population lives close to the line, which should be a cause for grave concern.

The Tendulkar Committee Recommendation

The Tendulkar committee recommendations now form the basis of calculation of poverty line. Its suggestions have been accepted by the Planning Commission. The committee has suggested three major changes to the existing methodology.

1. It has decided to use one poverty line for all the residents of the country, correcting only for differences in cost of living.

2. It has done away with the calorie norms and incorporated food requirement anchored to malnutrition norms from the National Family Health Survey (NFHS).

3. It has redefined the normative criteria to include education and health, which now h have a significant share in a poor person's expenditure. Being rooted to contemporary norms and consumption patterns, the new methodology is more logical and realistic.

Understanding the Poor and Poverty

All causes for prevalence of poverty can be categorized in two groups – causes that are internal and external to the poor individual.

The internal causes of poverty come from individual's shortcomings such as lack of motivation, capability, relevant skills, and aptitude or laziness. Hence, the poor person is responsible for his own condition. This argument has served as an "automatic" justification of poverty for a long time and for many people this is the only reason why someone is poor.

Poverty researchers have in effect focused on who loses out at the economic game, rather than addressing the fact that the game produces losers in the first place. An analysis into this underlying dynamic is critical to uncover the doable parameters that help sustain poverty.

The external, situational, or structural factors of poverty are attributed to economic, political, and cultural factors operating on a higher, societal level. From a structural perspective, the argument is that most conditions of poverty can be traced back to factors inherent to either the economy or other institutional factors that serve to favor certain groups over others. Therefore, poverty is attributed to unfriendly social, political, cultural, and economic factors.

Structural Factors

"The basic set-up of society systematically denies opportunities to the vast majority of marginalized people in India."

It is rooted in the basic set-up of society — in an uneven distribution of wealth; continuing unequal social relations, say due to caste or religion; and in the processes of exclusion and marginalization. Hence, they were put in poverty by external forces. In other words, there is a web of structures in the societal set up that makes it hard for people to prosper or come out of poverty.

Simply expecting the poor to 'try harder' by turning into entrepreneurs and finding their way out of poverty, does not address such structural factors. Rather, we need to look at how the basic set-up of society systematically denies opportunities to a large number of marginalized people in India. Structural failings and inequality go hand in hand. Inequality exists in India in many forms, and structural poverty cannot be understood or tackled separately from inequality.

In India structural forces such as removal of subsidies, market reforms, increasing urbanization, rising income inequality, and increasing segregation of people on caste or religious lines, have produced pockets of concentration of affluence and poverty. The spatial concentration of affluence has enhanced the benefits and privileges of the rich by excluding the poor. In a system characterized by such factors, poor people have fewer choices and consequently become less effective in solving their problems.

Symptoms of Poverty

One way to investigate the causes of poverty is to examine the characteristics exhibited by poor people. These are both causes and effects of poverty and have the potential to precipitate the negative cycle of deprivation.

1. **Lack of sufficient income and assets** to obtain basic necessities like food, shelter, clothing, and basic healthcare and education.

   Economic growth is automatically associated with poverty reduction; however, how much growth translates into lowered poverty depends on the level of inequality in the distribution of income and how it changes over time. It also depends on sound and stable governance. Therefore, reducing socioeconomic inequalities and building healthy institutions is essential for both economic growth as well as reducing poverty.

2. **Sense of voiceless ness and powerlessness** in the institutions of state and society.

   Materially deprived have no voice, power, or independence. This helplessness subjects them to rudeness, humiliation, and exploitation at the hands of state institutions and society. Absence of the rule of law, lack of protection against violence and intimidation, and lack of civility and accountability on the part of the public officials further compounds their hardships and isolates them from the mainstream.

   Social norms and barriers can also contribute to voiceless ness and powerlessness. While local cultures have intrinsic value, they can also sometimes add to human deprivation. For instance, gender inequality between men and women and discrimination against women, discrimination based on caste, religious beliefs, and social status promote deprivation and curtail development.

3. **Vulnerability to adverse shocks** which may come from sudden fluctuations in market or weather conditions and social, communal, or political turbulence; and they are unable to cope with them.

   Vulnerability is a constant companion of people living in deprivation. If they are poor farmers, they have to live with uncertain rainfall. If living in urban slums, rains can wipe out their homes, strongmen harass them or authorities can ill-treat or demolish their colonies because it is illegal, they have temporary and uncertain employment, and so on. Since they lack sufficient means to cope with such shocks and don't have connections to people in power, they are forced to live in hardship. This can also set a vicious downward spiral when the actions, such as taking loans, sale of asset, or pulling children out of school to cope in the short term extend their misery in the long run.

A Rational Approach to Removing Poverty

Lack of money and resources is a symptom of poverty, not its cause as is generally believed by widely. Remove the hurdles that led to destitution by empowering them and providing opportunity and security, and they can come out of poverty. To understand the determinants of poverty, it helps to think in terms of assets poor people have. These are the assets they lack, namely:

1. Human or individual assets – the capacity for basic labor, skills, and good health
2. Fixed assets – land or property
3. Physical assets – access to infrastructure
4. Financial assets – savings and access to credit
5. Social assets – political influence and networking or social connections that can be called on in time of need.

The framework of action for poverty reduction must involve elimination of the three causes mentioned earlier and increasing assets of the poor in as many ways as possible. Economic growth is, of course, important but poverty has many other dimensions as mentioned above. It is the net result of the interaction of economic, social, political, and cultural processes that can either worsen or ease it.

Attacking poverty requires promoting **opportunity**, facilitating **empowerment**, and enhancing **security** with actions at local, national, and global levels. Making progress on all three fronts can generate the necessary dynamics for sustainable poverty reduction. Although specific steps depend on local conditions, it is generally necessary to consider scope for action in all three areas—opportunity, empowerment, and security—because they crucially complement each other.

Opportunity

Economic growth is essential for pulling people out of the poverty loop. A business environment conducive to investment, entrepreneurship, and technological innovation is necessary, as is political and social stability. The distribution of growth benefits is an important issue; a high level of inequality can undermine the stability and sustainability of overall growth. This is the problem with Indian reforms of last two decades; it has only concentrated wealth in the hands of a small fraction of the population, the high growth did not create proportionate number of jobs for the poor (particularly for rural poor) and the rich – poor divide only widened. The reforms did little to promote micro-enterprises and small and medium businesses which are better connected to ordinary and poor people than the mega companies. The National Commission for

Enterprises in the Unorganized Sector (NCEUS), in its reports, had noted that India's recent economic growth had simply bypassed the vast majority of the population, benefiting relative few.

The key to expanding economic opportunities for the poor is to help build up their assets. At the core is the human capabilities particularly health and education. Another important aspect is the easy access to financial services – this is an area that needs sustained attention. Absence or access to microfinance services forces them to turn to local money lenders who exploit them in as many ways as they can. Finally, increasing social assets, particularly social networks, is another vital area. This is the ideal space for civil society organization and NGOs to operate.

Empowerment

Empowerment means enhancing the capacity of the poor to influence the institutions that affect their lives, by strengthening their participation in political processes and local decision making. It essentially involves removing the social, cultural, and political barriers working against them. Governments are often more responsive to the concerns of the rich class than to the needs of poor groups. Therefore, organizing the poor into pressure groups to raise their concerns is a good strategy.

Petty corruption directly affects the poor and acts as a disempowering force. The customary practices and discrimination on the basis of gender, caste, religion, or social status are other forces that work in favor of poverty. Gender inequity in India is ubiquitous and cuts across the divides of caste and religion; it even permeates to non-poor class of the society. Studies show that promoting gender equity leads to faster growth and development.

There are studies to point out that social, economic, and ethnic divisions are often sources of weak or failed development. In the extreme, the vicious cycles of social division and failed development erupt into internal conflict as has been observed in many countries such as Bosnia.

Security

Enhancing security for poor people means reducing their vulnerability to risks such as ill health, economic shocks, and natural disasters and helping them cope with adverse shocks when they do occur. It involves strengthening risk management institutions at regional and national level; Disaster Management Act, 2005 is a welcome sign because storms, floods, and droughts are expected to become quite common due to global warming. These disasters are risks to everyone – of course; the poor are at bigger risk and most vulnerable.

Another way to provide security (and reduce vulnerability to risks) is by supporting the range of assets of poor people – human, natural, physical, financial, and social. Improving risk management institutions that help the poor manage risk should thus be a permanent feature of poverty reduction strategies. A modular approach is needed, with different schemes to cover different types of risk and different groups of the population. The tools include access to healthcare and education, old age assistance, unemployment allowance, microfinance programs, etc.

Access to information and participation can also reduce vulnerability. RTI is a potent weapon for the poor, say to get PDS benefits or fight against corruption in the welfare schemes designed for them.

Where Have We Failed?

We have been largely preoccupied with eliminating the symptoms of poverty and ignored the root causes. This is because we measure and understand poverty in economic terms ignoring the human, social, and political angles – the structural aspects of human poverty. How structural factors like gender inequality, discriminations based on caste, religion, or sex, government policies, corruption, etc sustain and promote poverty has largely remained un-acknowledged and ignored in India.

India is a rural based country highly dependent on the agricultural sector. Yet successive governments continued to neglect the rural sector while blindly wooing foreign investment and the corporate sector as the only way forward. *The pro-business market reforms have also encouraged migration of rural poor to business centers and cities in search of livelihood opportunities, further aggravating their hardships.*

For last two decades, we have embarked on economic growth through market reforms and assumed that it will take care of poverty by itself. In reality, it has only increased the riches of those who are already rich and capable. The GDP led growth did not help poor proportionately; on the contrary, MNCs and big corporations have displaced more people than the jobs they created. They achieve profits by downsizing the labor force in a country that needs more numbers of jobs, particularly at lower levels where the poor can fit in.

This is similar to the 1950 – 70 period when all government efforts went into building heavy industry and public enterprises rather than micro industry where the bulk of the poor are employed.

From the time of Independence, it was recognized that land reforms were necessary if real economic and social change was to take place. However, with the exception of Kerala and to some extent West Bengal, few other states bothered to implement agrarian reforms and land distribution. As a result, the stranglehold of landlords, zamindars, and the feudalistic set up of society prevailed leaving weaker and poor people with no choice but to slave the landlords who had been their only potential employers. Bonded labor is an extreme form of this exploitation. Where land distribution has taken place, social reforms too have occurred.

We have the most brilliant legislation in the world; we have pro-poor policies spelt out in the most moving rhetoric. Yet, implementation of these plans and strategies remained largely ignored because the political power also remained confined in the hands of social powerful upper caste and rich section of the society.

However, there is hope because things *have* changed. Revolution in the field of IT and communication technology, the ever increasing influence and reach of electronic media, and increasing penetration of computers and internet services have drastically changed the lifestyle of people across the economic and social divides.

Kerala has achieved poverty reduction, despite slow economic growth, by providing education for all and by political activism that curbed rampant exploitation. Other states failed to learn any lesson from the Kerala example of achieving development through human growth.

Birth of Zamindari System

British laid the foundation of exploitative zamindari system through ehe Permanent Land Settlement Act in 1793, by which individuals loyal to the British were awarded huge tracts of land. They were turned into landlords or zamindars overnight, provided they collected revenue for the British Crown. This was the beginning of the zamindari system and life for the peasantry became immensely worse. It also laid the foundation for the huge discrepancies in the Indian economic system and an inequitable, exploitative pattern of land distribution, which kept the poor perennially oppressed.

Are Market Reforms Anti-Poor?

We call rising Sensex senseless. The number of suicides by farmers alone will soon beat it's 18000 mark.

The pro-market economic reforms were started in 1991 when the exchequer was empty and India pledged its gold reserve to receive loans from IMF and the World Bank. Since then the conditions attached by the two money lenders have been dictating what type of market reform are to be followed by the Indian government. The reforms are certainly "pro-rich" and an important dimension is to provide access to the huge middle class market and natural resources to global companies.

Given the nature of reforms favoring rich corporate houses, the benefits to the poor could only be due to what is called the "trickle down effect" – a vertical flow of income from the rich to the poor. In this process, the benefits of economic growth are reaped first by the rich, and subsequently by the poor after the rich starts spending their gains.

Reforms at the Cost of Poor?

The poorest people of India live in far and remote areas that are forests rich with various resources and minerals and in the countryside. These people have historically remained ignored by the governments and exploited by a handful of local landlords. Now, under the open policies governments are acquiring their lands and handing over to corporate houses or builders whose only interest is to make money. This has been leading to increasing displacement of a large number of people. Their neglect for decades has also precipitated the Naxal problem, which has further compounded hardships of these marginalized poor people and they are sandwiched between the Naxals and Government forces involved in Operation Green Hunt (OGH) for last three years. Informed people widely believe that OGH is actually designed to facilitate land acquisition smoother for market reforms.

Poverty and Market Reforms

Economic liberalization has certainly improved the purchasing power of the middle class and is reflected in the increasing sale of toothpastes, toilet soaps, cell phones, and personal cars; but has done little for reducing poverty. It is simple commonsense that poverty has nothing to do with what and how much non-poor people consume.

Author Arup Mitra, in a paper titled '*The Indian Labour Market-An Overview*', explained why recent economic growth has not helped the poor people of the country.

Economic growth and employment generation have both remained confined to the upper income strata of the society than the poor. Modern economy is technology driven and not labor-intensive. High volume of high quality goods and services are produced with fewer labor hands. Stating differently, employment has been generated more for the educated labor force than for the poor who have limited skill and education. It has often replaced labor with machines and tools, thus downsizing the work force. Therefore, the economic expansion has only widened income inequality rather than removing poverty.

Agriculture continues to be primary source of employment for more than half the population and the share of manufacturing has experienced only a marginal rise over the past two decades. Comparatively, the service sector has generated more employment and value addition for the people at lower income levels.

It must also be remembered that market reforms have happened alongside downsizing of the public sector. As a result, the employment growth in recent years has been only around 3% compared to the almost 9% GDP growth.

Therefore, policies of liberalization and market reforms may convert India to the status of emerging superpower and ultimately enable a seat in UN Security Council, but ironically it does not much help the cause of poverty reduction.

Governmental Efforts to Tackle Poverty

Governments both at the center and states have launched a variety of programs for the benefit of poor throughout the country. The programs have been broadly classified into

1. Self-employment programs,
2. Wage employment programs,
3. Food safety program,

4. Social security programs, and
5. Miscellaneous Schemes

Here only the central government schemes are highlighted, although there are similar or additional programs at state levels.

For an exhaustive list of government development program, click this link: http://www.gktoday.in/current-gk/archive-india-development-programmes_28/

1. Self-employment programs

The first program, in the name of Integrated Rural Development Program (IRDP), was launched in 1970s in rural areas of the country to augment the income of small farmers and landless laborers. It involved giving subsidized credit, training, and infrastructure to the beneficiaries, so that they could find new sources of earning. They were imparted new skills other than cultivation; for example, fishery, animal husbandry, and forestry. In the 1980s, this scheme was extended to schedule castes and tribes, women and rural artisans.

However, the program did not perform well as the attempt to turn unskilled landless poor laborers into entrepreneur proved difficult. Banks were also indifferent to provide credits to the poor. Another problem was targeting poor, many non-poor managed to get the benefits. Looking at its shortcomings, IRDP was replaced by Swarnjayanti Gram Swarozgar Yojana (SGSY) in 1999. It also replaced the following programs:

Development of Women and Children in Rural Areas (DWCRA) started in 1978 – 1979,
Ganga Kalyan Yojana (GKY) started in 1997,
Million Wells Scheme (MWS) started in 1989,
Training Rural Youth for Self Employment (TRYSEM), and
Supply of Toolkits in Rural Areas (SITRA).

The SGSY is implemented by the District Rural Development Agencies (DRDAs) with the active involvement of Panchayati Raj Institutions, the Banks, the Line Departments and the Non-Government Organizations. It aims at establishing a large number of micro enterprises in rural areas based on the ability of the poor and potential of each area. It is also a credit-cum-subsidy program. It did away the enterprise development of individuals and focused on self help groups (SHGs) to lend money and develop enterprises. It covers all aspects of self-employment of the rural poor, namely organizing them into SHGs (of 10 – 20 members) and their capacity building, training, selection of key activities, planning of activity clusters, infrastructure build up, technology, and marketing support. So, SGSY is more empowering and helps mainstreaming of the poor. Banks also find SHGs more credit worthy than individuals.

The government is now proposing to re-design the SGSY into National Rural Livelihood Mission (NRLM) to bring every BPL household into the SELF HELP GROUP net, 50%

swarojgaris would be SC/ST, 40% women, 15% minorities, and 3% disabled and remove other shortcomings of SGSY.

Prime Minister's Employment Generation Program (PMEGP) is a credit linked subsidy program of Government of India. It has been introduced by merging the two schemes, namely, Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Program (REGP). The scheme was launched on 15th August, 2008.

Hunar Se Rozgaar Tak is an employment scheme launched by the Tourism Ministry, Govt. of India in 2009 for youth in the 18 - 25 years age group and who are at least 8th pass. There are training programs to create employable skills in hospitality sector under the Capacity Building Scheme of Ministry of Tourism. The program will target the youth of weaker sections of societies who are interested in joining the hospitality industry and are in need to acquire skills facilitating employment.

The Swarna Jayanti Shahari Rojgar Yojana (SJSRY) originally launched in Dec 1997 is a unified Centrally Sponsored Scheme launched a fresh in lieu of the erstwhile Urban Poverty Alleviation Programs viz., Nehru Rojgar Yojana (NRY), Prime Minister's Integrated Urban Poverty Eradication Program (PMIUPEP) and Urban Basic Services for the Poor (UBSP). The SJSRY has been comprehensively revamped in April 2009. The revamped SJSRY has five major components, namely

1. Urban Self Employment Program (USEP)
2. Urban Women Self-help Program (UWSP)
3. Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)
4. Urban Wage Employment Program (UWEP)
5. Urban Community Development Network (UCDN)

2. Wage employment programs

The main purpose of the wage employment programs is to provide a livelihood during the lean agricultural season as well as during adverse conditions of drought and floods. Under these programs, villagers work to improve the village infrastructure such as deepening the village ponds, constructing village schools and improving the rural roads. Thus, the programs not only provided employment to the villagers but also improved village infrastructure and created village public assets.

Wage employment programs were first started during the Sixth and Seventh Plan in the form of National Rural Employment Program (NREP) and Rural Landless Employment Guarantee Program (RLEGP). These two programs were later merged in 1989 into more well known Jawahar Rozgar Yojana (JRY). The JRY was supposed to produce employment for the unemployed and the underemployed and to improve the village infrastructure and assets. The performance of JRY program declined over a period of time. As a result, fewer jobs were generated. One of the reasons was lower allocation of funds for this program during the Ninth Plan period.

The JRY was revised and re-launched in April 1999 under the name Jawahar Gram Samridhi Yojana (JGSY). The secondary objective of the JRY has become the main objective, i.e., creating economic assets and infrastructure for the village and the creation of employment is a by-product of the main objective. This new incarnation did not do well in terms of wage employment. Since the program was implemented by the panchayats, many did not have the capacity and experience to implement the program. Further, the allocation of funds was inadequate to manage the program.

A special wage employment program in the name of Employment Assurance Scheme (EAS) was launched on October 2, 1993 for the drought prone, desert, tribal and hill area blocks in the country. It was later expanded to all the blocks in 1997-1998. The EAS is also meant for providing employment during lean season. While the scheme emphasized on creating economic and social assets in the village, it prohibited construction of panchayat buildings, secondary school and college buildings and religious structures. The Food for Work Program was started as part of EAS in 8 drought prone States in 2000-2001. Here part of the wage was provided in the form of food grains. Though food grains were supplied free of cost to these States, the uptake of the food grains was very poor.
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Considering the fragmented efforts of different wage employment programs in the country, all these programs were merged into one program, called Sampoorna Gramin Rozgar Yojana (SGRY), in 2001. The three-fold objective of this program is generation of employment for the rural poor, creation of community assets and infrastructure, and ensuring food and nutrition security for the rural poor.

A review of different wage employment programs revealed that there was steady decline in employment generation in these programs. The allocation for these programs also came down from Eighth Plan to Ninth Plan and still the funds were under utilized. Being a fully government sponsored program, there were corruption and red-tapism and the poor is merely a passive beneficiary of the scheme without any voice.

The Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) is a job guarantee scheme. The law was initially called the National Rural Employment Guarantee Act (NREGA) when launched in 2005 but was renamed on 2 October 2009. The scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage of rupees 120 per day. The Central government outlay for scheme is rupees 40,000 crore in FY 2010-11.

This act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or un-skilled work to people living in rural India, whether or not they are below the poverty line. Around one-third of the stipulated work force is women.

Comaprison between the self-employment programs and wage employment programs

A comparison between the self-employment programs and wage employment programs bring out contrasting results. While the performance of self-employment programs improved over a period of time by adopting SHG approach, the wage employment program declined over a period of time even after merging different programs into one program.
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The major difference between the two programs was participation of the poor in the program. While the SGSY (self-employment program) was highly participative in nature and empowered the poor to a great extent, the SGRY (wage employment program) was

implemented by the government and the poor in the community were the passive beneficiaries. The administrative cost was high and the scope of corruption was also high. As a result, fewer jobs were created benefiting fewer poor persons. There were incidences of non-poor receiving the benefits and ghost laborers were enrolled by fudging the muster rolls. Also the SGSY was totally managed by the SHGs and the government played a supportive role. The lesser involvement of the government administration surely reduced the administrative cost and increased the number of beneficiaries of the program. The scope of corruption was comparatively less in the SGSY, as the SHGs were empowered and were aware of their rights and benefits.

Currently, there is talk of converting MNREGA into something like a self-employment scheme to make it more effective.

3. Food safety program

Those who are below poverty line are faced with the problem of meeting this very basic need. Starvation and hunger have been reported in different parts of the country, even in economically advanced States like Maharashtra. The purchasing power of certain section of the society is so low that they cannot access food at the market price. They need the safety net of food subsidy. In this context, public distribution system or PDS assumes importance.

The PDS was originally a Universal Public Distribution System (UPDS). The original UPDS was not conceived as an anti-poverty program and was meant to provide food grains at subsidized prices to people. In the post-economic reform era, the PDS became a very significant poverty alleviation program of the government. The central government initiated a new PDS program in June 1997 and called it targeted public distribution system (TPDS). Under this scheme, the States are to identify households below poverty line and provide them 10 kg of food grains at highly subsidized price and this amount was raised to 20 kg in April 2000. In addition, some States have provided additional quantity of food grains or increased the food basket by adding edible oil, sugar and cereals to the BPL households.

Although PDS is a very important poverty alleviation program directly acting as safety net for the very poor, its implementation is filled with practical difficulties. The biggest problem with this program is diversion of food grains to open market. Another problem was the purchasing power of the poor. The food grain is supplied to them once in a fortnight. It is difficult for the families living below poverty line to buy food grains for 2 wk in one go. Under the TPDS program, the quota of food grains was increased to 20 kg. The very poor do not have the purchasing power to buy such large quantity of food grains at a time. This resulted in many not availing the PDS and the unutilized food grain was diverted to the open market.

Selection of right beneficiaries is another problem for the local authorities, thus often people above poverty line make their entry in this scheme. In urban areas, the issue of “residency” played a role. Those who are not “residents” but living in the slum are not considered for the food subsidy. They are mainly migrants. Further, those who are not living in dwellings but on the roadside (pavement dweller) are the poorest among the poor but they are excluded from the TPDS because they do not have an address in the city.

Annapurna Yojna provides food grains to poor people over 65 who could not get benefits of old age pension for whatever reason. On the other hand, Integrated Child Development Services (ICDS) administered through the vast network, better known as "Anagnwadis", address the health and nutrition needs of children under six.

4. Social security programs

Social security programs are meant for those who are at the bottom of the BPL facing destitution and desertion. The central government launched the National Social Assistance Program (NSAP) in August 1995. Under NSAP, there are three schemes.

The first one is the National Old Age Pension Scheme (NOAPS). A pension amount of Rs. 75 per month is given to those who are above the age of 65 yr and are destitute, without any regular source of income or support from any family members or relatives. Though it is a very useful scheme for the elderly destitute, the coverage of the program was not satisfactory.

In addition to NOAP, the government launched another program called Annapurna. This program did not take root in many States. As a result, fund utilization was poor or some state governments did not allocate enough funds.

The third scheme under NSAP is National Family Benefit Scheme or NFBS. Under this scheme, a lump sum of Rs. 10,000 is paid to a family, where the breadwinner of the family died of natural or accidental causes. The total amount is given to a member of the deceased family who has assumed the role of head of family. This scheme is available to BPL families only.

NSAP also includes two other schemes Introduced in 2009: (1) Indira Gandhi National Widow Pension Scheme (IGNWPS). This scheme is applicable to BPL widows in the age group of 40 – 64 years, and (2) Indira Gandhi national Disability Pension Scheme (IGNDPS). It is meant for BPL persons with severe multiple disabilities in the age group of 18 – 64 years.

5 Miscellaneous Programs

Other than the above broad categories, there are a host of other programs that provide relief to the poor. They cover facilities of health, education, housing etc, which the poor would not be able to afford otherwise. Therefore, their roles are as significant as the above mentioned programs. The prominent programs can be mentioned here:

National Rural Health Mission (NRHM) (2005 – 2012)
Sarva Siksha Abhiyana (SSA)
Mid Day Meal Scheme (MDMS)

Rajiv Awaas Yojna (RAY) for urban poor
Pradhan Mantri Sarvodaya Yojna (PMSY) and Indira Awaas Yojna (IAY) for rural poor
And a host of other schemes targeting specific groups like women, SC, ST, minorities, etc.

The Way Forward – Concrete Steps

The current economic policies of Central Government are definitely pro-rich, meant to sustain the high rate of GDP growth. Rural poor are basically left out from this development model that mainly focuses on the wealth centers that exist in the cities. The poor are expected to benefit from the "trickle down effect" under the liberalization policies influenced by the World Bank and IMF.

Land laws in India seriously need reconsidering, particularly in the light of economic reforms, so that the poor are not unjustly removed from their property. Corporate houses and builders, through collusion with government officials and politicians, are routinely acquiring forest or farm lands in the name of "development". Farmers, tribals, and the poor get evicted from their property with ceremonial compensation and later, the land is often sold and resold at exorbitant prices. This is not only encouraging migration towards cities, but is also increasing hardships of people barely managing their lives.

Strengthening Panchayat Raj Institutions (PRIs) as well as the District Planning Committees (DPCs) will go a long way in empowering rural people so that they can make their own developmental plans. This will not only ease their sense of despondency but will also help them stay in their homes and prosper. Plans imposed from the top are actually not improving their status. Giving teeth to the Panchayat (Extension of Scheduled Areas) Act (PESA) 1996 and making its provisions superior to other laws will stop tribal exploitation and alienation. Social audit of all development programs by the gram sabha would be made mandatory.

Empowering women and efforts to remove gender inequality will go a long way in reducing poverty. Hence, special attention should be paid to all programs related to women and girls, particularly education and health.

NGOs and civil society must take the role of vigilante to see that the benefits are actually reaching the targeted poor, without corruption. They can use RTI to expose wrong doings.

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