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REACHING THE UNREACHED THROUGH INCLUSIVE GROWTH IN INDIA

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Abstract
Poverty eradication is one of the major objectives of planned development in India since independence. In India, the economic growth with a focus on employment generation has remained as a key element of the strategy for poverty reduction along with emphasis laid on provision of basic minimum services.Government is implementing some important poverty alleviation and employment generation programmes. But these programmes are not benefiting the poor in terms of increasing their income. Wage employment programme is caught in red-tapism and administrative delays leading to poor utilization of the allocated funds.

It is unfortunate to note that in an era of rapid economic growth, public funding for the social sector has come down drastically. Central funding as well as the State funding in many major States have decreased in the era of economic reform and rapid economic growth. In the post-economic reform era, the PDS became a very significant poverty alleviation programme of the government.

Economic upliftment alone cannot alleviate poverty but it must lead to social upliftment in terms of access to services, empowerment and independence. It should broaden their focus and goal in addition to increasing income to achieve the target of removing poverty.

There is no denial that poverty alleviation programmes should lead to high income to the poor but to come out of the culture of poverty, one needs to be empowered and also requires access to basic services. The rapid economic growth process should accelerate the access to services like education and health services for all, especially the marginalized citizens.

Key Words: Alleviation, Employment, PDS, Programme, Poor, Poverty.

Poverty Ratio in India
It is observed from poverty ratio based on Tendulkar Method for 1993-94, 2004-05 and 2011-12 estimated from Large Sample Survey of Household Consumer Expenditure data of 50th, 61st and 68th round that the percentage of persons below the Poverty Line in 2011-12 has been estimated as 25.7% in rural areas, 13.7% in urban areas and 21.9% for the country as a whole. The respective ratios for the rural and urban areas were 41.8% and 25.7% and 37.2% for the country as a whole in 2004-05. It was 50.1 % in rural areas, 31.8% in urban areas and 45.3% for the country as a whole in 1993-94. It is further observed that during the 11-year period of 1993-94 to 2004-05, the average decline in the poverty ratio was 0.74 percentage points per year. It accelerated to 2.18 percentage points per year during the 7-year period 2004-05 to 2011-12. Therefore, it can be concluded that the rate of decline in the poverty ratio during the most recent 7-year period 2004-05 to 2011-12 was about three times of that experienced in the 11-year period 1993-94 to 2004-05.

Table 1: Poverty Head Count Ratio Estimated by Tendulkar Methodology using Mixed Reference Period (MRP)

Year	Poverty Ratio (%)		
	Rural	Urban	Total
1993-94	50.1	31.8	45.3
2004-05	41.8	25.7	37.2
2011-12	25.7	13.7	21.9
Annual Average Decline: 1993-94 to 2004-05 (percentage points per annum)	0.75	0.55	0.74
Annual Average Decline: 2004-05 to 2011-12	2.32	1.69	2.18

Source: Planning Commission, 2013

Table 2: Number of Population below Poverty Line in India

Year	Number of Poor (in millions)		
	Rural	Urban	Total
1993-94	328.6	74.5	403.7
2004-05	326.3	80.8	407.1
2011-12	216.5	52.8	269.3

Source: Planning Commission, 2013

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Poverty eradication is one of the major objectives of planned development in India since independence. In India, the economic growth with a focus on employment generation has remained as a key element of the strategy for poverty reduction along with emphasis laid on provision of basic minimum services like health, education, water supply, sanitation, etc.

At present, the government is implementing some important poverty alleviation and employment generation programmes which are as follows:

1. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

The Ministry of Rural Development is the nodal Ministry for implementing the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). It is a legal guarantee that people can use to secure their entitlement of wage employment. The MGNREGA holds the government responsible for making this employment available to the people. It is a legal instrument in the hands of the poor based on the demand of the workers. This flagship programme of the Government of India touches the lives of the rural poor and promotes inclusive growth. It aims at enhancing the livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

2. National Rural Livelihoods Mission (NRLM)

India had experimented with numerous self-employment programmes. These were modified, consolidated and integrated into Swarnjayanti Gram Swarojgar Yojana (SGSY) in April 1999. The cornerstone of the SGSY strategy was that the poor need to be organised into Self Help Groups (SHGs) and their capacities built up systematically so that they can access self-employment opportunities. The programme aims at lifting the assisted rural poor families (swarozgaris) above the poverty line by providing them income-generating assets through a mix of bank credit and government subsidy.

3. Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched on 01.12.1997 after subsuming the earlier three schemes for urban poverty alleviation, namely Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP), and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP). The key objective of the Scheme was to provide gainful employment to the urban unemployed or underemployed by encouraging them to set up self-employment ventures or creating wage employment opportunities. The scheme has been revamped w.e.f. 1st April 2009 to overcome the difficulties faced by the States/UTs and address certain drawbacks in the implementation of SJSRY. The target population under SJSRY is the urban poor - those living below the poverty line, as defined by the Planning Commission from time to time.

4. Self-employment programmes like Integrated Rural Development Programme (IRDP) – The programme was started in 1970s in rural areas of the country in the name of to increase the source of income of small farmers and landless labourers. The beneficiaries were given subsidized credit, training, and infrastructure, so that they could find new sources of earning.

5. Food security programme: As passed by the Parliament, Government has notified the National Food Security Act, 2013 on 10th September, 2013 with the objective to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity. The Act provides for coverage of upto 75% of the rural population and upto 50% of the urban population for receiving subsidized foodgrains under Targeted Public Distribution System (TPDS), thus covering about two-thirds of the population. The eligible persons will be entitled to receive 5 Kgs of foodgrains per person per month at subsidized prices of Rs. 3/2/1 per Kg for rice/wheat/coarse grains. The existing Antyodaya Anna Yojana (AAY) households, which constitute the poorest of the poor, will continue to receive 35 Kgs of foodgrains per household per month.

Are this Poverty Alleviation And Employment Generation Programmes Helped to Reduce Poverty?

From various studies on review of poverty alleviation programmes, one gets the impression that these programmes are not benefiting the poor in terms of increasing their income. For example, the PDS is plagued with seepage, corruption, high administrative cost and targeting errors. Self-employment programmes like the micro-credit scheme is better utilized by the non-poor or those who are above BPL. Wage employment programme is caught in red-tapism and administrative delays leading to poor utilization of the allocated funds. All these factors have been used by some economists to argue against these programmes and to suggest the winding up the programmes.

Meeting the very basic need of access to food is a major challenge to the government in the post-economic reform era. 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. There is malnutrition in all age groups, especially among children. Problem of low birth weight due to undernutrition of mother during pregnancy and underweight of children are rampant in the country. 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 the post-economic reform era, the PDS became a very significant poverty alleviation programme of the government. The central government initiated a new PDS programme in June 1997 and called it targeted public distribution system or 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.

The cost of operating the PDS is three-fold. First cost component is the subsidy of the programme. The cost of procuring the food grain is higher than the price of selling it through the PDS. Second component of the cost is the administrative cost involved in procurement, transport and storing. The last component is the loss due to wastage and pilferage that occur at different stages of PDS-procurement to distribution.

Another problem is 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 programme, 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.

Policy Implications

The economic and social aspects of poverty alleviation are interlinked to one another. Economic upliftment alone cannot alleviate poverty but it must lead to social upliftment in terms of access to services, empowerment and independence. Therefore, the current poverty alleviation programmes in the country should broaden their focus and goal in addition to increasing income to achieve the target of removing poverty from the country.

During the period from 1993-94 to 2011-12, for which the poverty estimates were suggested by Tendulkar Method and the programmes implement by the Government to reduce the level of Poverty in India, the fruits of Economic reform did not bring in prosperity to the country, the benefits are not evenly distributed and some are even deprived of the benefits. It is also pertinent to understand that some of them are unable to be part of the economic reform and do not have the capacity to participate in the economic development process. Such groups need government intervention to ensure that they are not left behind in the development process and deprived of the benefits because they do not have the capacity to be part of the global economy. The government needs to develop safety nets for such groups and try to mainstream them in the development process. They need welfare measures in the form of poverty alleviation programmes to ensure that they survive if not prosper in this era of economic reform. Further, the poor are not a homogeneous population and their capacity to survive the economic reform varied from one group of poor to another. Especially, those who are below the poverty line or the poorest among the poor need more government help.

It is unfortunate to note that in an era of rapid economic growth, public funding for the social sector has come down drastically. Central funding as well as the State funding in many major States have decreased in the era of economic reform and rapid economic growth. The fruits of economic growth should be ploughed into the social sector to elevate the quality of life in the country by raising the economic and social status of the population. It makes good economic sense also, because better quality of human resource in terms of better health status, employable skills and better purchasing power will add on to the economic investment of the country.

Conclusion

There is no denial that poverty alleviation programmes should lead to high income to the poor but to come out of the culture of poverty, one needs to be empowered and also requires access to basic services.

The goal of poverty alleviation programme should aim merely increasing the income level of individual, household or group but mainstreaming marginalized in the development process of the country. The country cannot claim economic growth when a section of the people is marginalized to the periphery of the society. The rapid economic growth process should accelerate the access to services like education and health services for all, especially the marginalized citizens to reduce the poverty in India.

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