

## CHAPTER 3.2

# POVERTY ALLEVIATION IN RURAL INDIA – STRATEGY AND PROGRAMMES

3.2.1 At the beginning of the new millennium, 260 million people in the country did not have incomes to access a consumption basket which defines the poverty line. Of these, 75 per cent were in the rural areas. India is home to 22 per cent of the world's poor. Such a high incidence of poverty is a matter of concern in view of the fact that poverty eradication has been one of the major objectives of the development planning process. Indeed, poverty is a global issue. Its eradication is considered integral to humanity's quest for sustainable development. Reduction of poverty in India, is, therefore, vital for the attainment of international goals.

3.2.2 Agricultural wage earners, small and marginal farmers and casual workers engaged in non-agricultural activities, constitute the bulk of the rural poor. Small land holdings and their low productivity are the cause of poverty among households dependent on land-based activities for their livelihood. Poor educational base and lack of other vocational skills also perpetuate poverty. Due to the poor physical and social capital base, a large proportion of the people are forced to seek employment in vocations with extremely low levels of productivity and wages. The creation of employment opportunities for the unskilled workforce has been a major challenge for development planners and administrators.

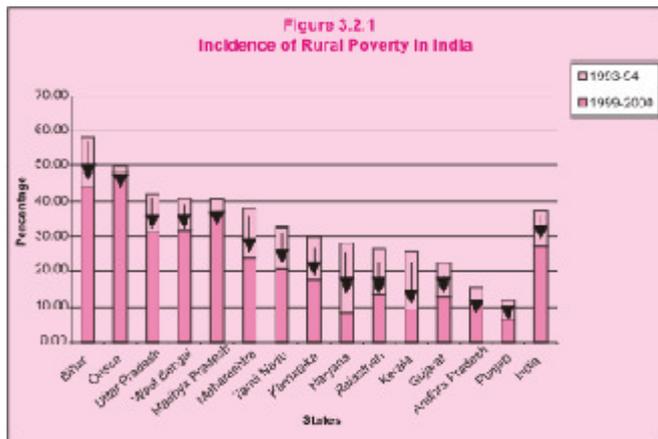
3.2.3 Poverty alleviation has been one of the guiding principles of the planning process in India. The role of economic growth in providing more employment avenues to the population has been clearly recognised. The growth-oriented approach has been reinforced by focusing on specific sectors which provide greater opportunities to the people to participate in the growth process. The various dimensions of poverty relating to health, education and other basic services have been progressively internalised in the planning process. Central and state

governments have considerably enhanced allocations for the provision of education, health, sanitation and other facilities which promote capacity-building and well-being of the poor. Investments in agriculture, area development programmes and afforestation provide avenues for employment and income. Special programmes have been taken up for the welfare of scheduled castes (SCs) and scheduled tribes (STs), the disabled and other vulnerable groups. Anti-poverty programmes that seek to transfer assets and skills to people for self-employment, coupled with public works programmes that enable people to cope with transient poverty, are the third strand of the larger anti-poverty strategy. The targetted public distribution system (TPDS) protects the poor from the adverse effects of a rise in prices and ensures food and nutrition security at affordable prices.

3.2.4 The success of the anti-poverty strategy can be gauged from the decline in poverty levels from 37.27 per cent in 1993-94 to 27.09 per cent in 1999-2000 in the rural areas. In absolute terms, the number of rural poor fell below the 200 million mark for the first time since 1973-74. However, this achievement falls short of the Ninth Plan projections. At the beginning of the Plan, it was projected that, with a growth target of 6.5 per cent per annum during the Plan period, only 18.61 per cent of the population would be below the poverty line by 2001.

3.2.5 This shortfall can be attributed largely to the uneven performance of states in poverty alleviation. The distribution of poor across states is also disparate, with Uttar Pradesh, Bihar, Madhya Pradesh, West Bengal and Orissa accounting for 69 per cent of the poor in 1999-2000. Figure 3.2.1 depicts broad estimation of rural poverty across major states between 1993-94 and 1999-2000.

3.2.6 Kerala, Haryana, Bihar, Himachal Pradesh, Karnataka and Rajasthan experienced a sharp reduction in poverty levels (a drop of more than 12



percentage points between 1993-94 and 1999-2000). Uttar Pradesh, West Bengal and Tamil Nadu also registered significant reduction in poverty (8-12 percentage points). However, Orissa and Madhya Pradesh have shown virtually no reduction in poverty levels. In fact, these are the states where the absolute number of poor has actually gone up between 1993-94 and 1999-2000.

## ANTI-POVERTY PROGRAMMES IN THE NINTH PLAN

### Integrated Rural Development Programme/ Swarnajayanti Gram Swarozgar Yojana

3.2.7 The Integrated Rural Development Programme (IRDP), introduced in selected blocks in 1978-79 and universalised from 2 October 1980 has provided assistance to rural poor in the form of subsidy and bank credit for productive employment opportunities through successive plan periods. Subsequently, Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Tool Kits to Rural Artisans (SITRA) and Ganga Kalyan Yojana (GKY) were introduced as sub-programmes of IRDP to take care of the specific needs of the rural population. These schemes were, however, implemented as 'stand alone programmes', an approach which substantially detracted from their effectiveness. The Mid-Term Appraisal of the Ninth Plan had indicated that these sub-programmes "presented a matrix of multiple programmes without desired linkages". The programme suffered from sub critical investments, lack of bank credit, over-crowding in certain projects,

and lack of market linkages. The programme was basically subsidy driven and ignored the processes of social intermediation necessary for the success of self-employment programmes. A one-time provision of credit without follow-up action and lack of a continuing relationship between borrowers and lenders also undermined the programme's objectives.

3.2.8 The marginal impact of self-employment programmes led to the constitution of a committee by the Planning Commission in 1997 to review self-employment and wage-employment programmes. The committee recommended the merger of all self-employment programmes for the rural poor and a shift from the individual beneficiary approach to a group-based approach. It emphasised the identification of activity clusters in specific areas and strong training and marketing linkages. The committee's recommendations were accepted by the Government.

3.2.9 On 1 April 1999, the IRDP and allied programmes, including the Million Wells Scheme (MWS), were merged into a single programme known as Swarnajayanti Gram Swarozgar Yojana (SGSY). The SGSY is conceived as a holistic programme 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. It seeks 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 implementation of the programme. The SGSY recognises the need to focus on key activities and the importance of activity clusters. The programme has in-built safeguards for the weaker sections. It insists that 50 per cent of the self-help groups must be formed exclusively by women and that 50 per cent of the benefits should flow to SCs and STs. There is also a provision for disabled beneficiaries. The programme is credit driven and subsidy is back-ended. The credit and subsidy ratio is pegged at 3:1. The subsidy is fixed at 30 per cent of the project cost subject to a maximum of Rs. 7,500 per individual beneficiary for those in the general category and 50 per cent of

**Box: 3.2.1****Self-Help Groups under Swarnjayanti Gram Swarozgar Yojana (SGSY) in Tamil Nadu**

I. In Mathur village of the Dharmapuri district of Tamil Nadu, 100 women from eight self-help groups were trained in fruit processing by a non-government organisation (NGO). They availed of assistance under SGSY to run a fruit processing unit registered under the name of Sathyamurthi Mahalir Mandram in May 2000. In addition, the unit was provided Rs.8 lakh under the SGSY infrastructure fund for purchasing pouching, shrink pack and other machines. The unit produces fruit squash, jam, ready-to-serve beverages, pickle, etc. made from mango, pineapple, grape, lemon and onion under the brand name of SWARNA. It has been granted a Fruit Products Order (FPO) licence. The unit has engaged the services of a food technologist and emphasis is laid on the quality of the products, proper hygiene and attractive packaging. SWARNA products are sold to local retail shops and in district and state-level exhibitions. The marketing of SWARNA products is done by two NGOs — Sarvodaya Sangam Vellore and Sarvodaya Sangam, Thirupattur. The group members maintain accounts themselves.

Members of the group engaged in processing activities are given employment on rotation basis and the monthly income of a member is not less Rs. 1,000. As a result of the high volume of sales, the group has been able to construct a new building for housing the unit at a cost of Rs. 10 lakh. Apart from raising the economic status of the group members, this venture has made the members more aware and they are actively involved in Government schemes, camps and campaigns. They attend gram sabha meetings and have made representations for provision of basic facilities in their village and overall development of the area.

II. In the Vilpatti village of Dindigul district, 45 below poverty line women from three self-help groups assisted by an NGO and aided under SGSY received training in dry flower arrangement from an art gallery. In November 2000, under the cluster approach, the three groups formed a confederation named BIRIJA and are engaged in the collecting, processing and selling dry flowers. BIRIJA has a marketing tie-up with an art gallery to conduct exhibitions and sell their finished products. Within six months of the commencement of this venture, monthly sales touched to Rs. 70,000. The members receive an average net income of Rs.1500 per month. Apart from improving their living conditions, the members have gained confidence and are actively involved in social work, participating in the movement against illicit arrack and in gram sabha meetings.

(Source: Ministry of Rural Development, Government of India)

the project cost subject to a maximum of Rs. 10,000 in the case of SC/STs. In the case of group projects, the subsidy is 50 per cent of the project cost subject to a ceiling of Rs. 1.25 lakh. Funds under the scheme are shared between the Centre and state governments in the ratio of 75:25. The new approach to self-employment has made significant contribution to the empowerment of beneficiaries as evidence from the evaluation of SGSY in Tamil Nadu shows (Box 3.2.1).

3.2.10 Implementation of the programme between 1999-2000 and 2001-02 has highlighted many areas of concern. While the IRDP concentrated on individual beneficiaries, the SGSY

laid greater emphasis on social mobilisation and group formation. However, the DRDAs responsible for administering the programme did not have the requisite skills in social mobilisation. Linkages with NGOs, which could have facilitated this process, were also not in place. The programme, therefore, suffered in the initial years. Information on the physical and financial performance of IRDP/SGSY during the Eighth and Ninth Plans is given at Annexure-3.2.1. Central releases were substantially lower than the allocation as the field offices were not in a position to organise self-help groups which could be provided financial assistance. Credit mobilisation also suffered in the process. Against a target of Rs. 9,611 crore of credit, the achievement

during the last three years has been only Rs. 3,235 crore, i.e. 33.66 per cent of the target. In the last three years of the Ninth Plan, 7,67,141 self-help groups were formed. While 9,34,000 individuals were assisted in 1999-2000, 10,30,000 individuals were provided support in 2000-01. The coverage was considerably lower than around 2.2 million beneficiaries under IRDP every year during the Eighth Plan period.

### Wage Employment Programmes

3.2.11 Wage employment programmes, an important component of the anti-poverty strategy, have sought to achieve multiple objectives. They not only provide employment opportunities during lean agricultural seasons but also in times of floods, droughts and other natural calamities. They create rural infrastructure which supports further economic activity. These programmes also put an upward pressure on market wage rates by attracting people to public works programmes, thereby reducing labour supply and pushing up demand for labour. While public works programmes to provide employment in times of distress have a long history, major thrust to wage employment programmes in the country was provided only after the attainment of self-sufficiency in food grains in the 1970s. The National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programmes (RLEGP) were started in the Sixth and Seventh Plans.

### Jawahar Rozgar Yojana/Jawahar Gram Samridhi Yojana

3.2.12 The NREP and RLEGP were merged in April 1989 under the Jawahar Rozgar Yojana (JRY). The JRY was meant to generate meaningful employment opportunities for the unemployed and underemployed in rural areas through the creation of economic infrastructure and community and social assets. Initially, the JRY also included the Indira Awas Yojana (IAY) and the MWS. Both these schemes were made into independent schemes in 1996. Under JRY, 73,764.83 lakh mandays of employment were generated till 1998-99. Employment generation progressively declined over the years, partly due to lower central allocations in the Ninth Plan and partly due to the increasing cost of creating employment.

3.2.13 A major proportion of JRY funds was spent on roads and buildings. Over 47 per cent of the employment generated benefited SC/STs. The share of landless labourers among the beneficiaries was 36 per cent. The village community found the assets created under the programme useful. However, against 40 per cent of population in a village panchayat who sought work, only 15 per cent were actually employed.

3.2.14 The JRY was revamped from 1 April 1999 as the Jawahar Gram Samridhi Yojana (JGSY). It now became a programme for the creation of rural economic infrastructure with employment generation as a secondary objective. The 60:40 wage labour/material ratio in the JRY was relaxed. The programme is implemented by the village panchayats and provides for specific benefits to SC/STs, the disabled and the maintenance of community assets created in the past. Since inception it has generated 27 crore mandays of employment each year (on an average), a substantial drop from the 103 crore mandays generated under JRY in the year 1993-94.

3.2.15 The works taken up under JGSY have not been comprehensively evaluated for their quality and employment potential. Initial reports from the states, however, indicates that since every village panchayat has to be covered by the scheme, many panchayats get less than Rs. 10,000 per annum. Except for states like Kerala, West Bengal and Orissa, where village panchayats cover large areas and get substantial funds under the scheme, in other states most panchayats get less than Rs. 50,000 per annum. Benefits to the SC/STs and the disabled have to be earmarked. In addition, the administrative expenses of the panchayat and expenditure on assets already created are to be met from JGSY funds. In effect, panchayats are left with very little money to take up meaningful infrastructure projects.

### Employment Assurance Scheme

3.2.16 The Employment Assurance Scheme (EAS) was launched on 2 October 1993 covering 1,778 drought-prone, desert, tribal and hill area blocks. It was later extended to all the blocks in 1997-98. The EAS was designed to provide employment in the form of manual work in the lean

agricultural season. The works taken up under the programme were expected to lead to the creation of durable economic and social infrastructure and address the felt-needs of the people. The scheme prohibited construction of buildings for religious purposes, monuments, memorials, welcome gates, panchayat buildings, government office buildings and buildings for higher secondary schools and colleges. It also provided for maintenance of assets created in the past under the scheme. Initially, the scheme was demand-driven but from 1999, resources were allocated to states based on the incidence of poverty.

3.2.17 The EAS is a centrally-sponsored scheme, with the Centre providing 75 per cent of the funds and the states 25 per cent. The zilla parishads and panchayat samitis were the implementing agencies. Annexure 3.2.1 provides details of the physical and financial performance of the scheme during the Eighth and Ninth Plan periods. While 10,719.59 lakh mandays of employment were generated during the Eighth Plan, 4,717.74 lakh mandays of employment were generated in the first year of the Ninth Plan. Employment generation went down in subsequent years. The allocations between 1999-2000 and 2001-02 were also lower than the first two years of the Ninth Plan because watershed projects taken up for implementation under the EAS before April 1999 were transferred to Integrated Wasteland Development Programme (IWDP).

3.2.18 Though the creation of community assets has important spin offs for rural poverty and development, the impact of these programmes on employment and income has been limited. The universalisation of the scheme severely eroded its basic objective of providing assured employment in areas of extreme poverty and chronic unemployment. Allocations were based on a fixed criterion that did not specifically provide for regionally differentiated needs. This led to a very thin spread of resources across the country. As a result, even in the poorer regions, employment was provided for only 31 days (Programme Evaluation Organisation Study-2001). In many states, the works taken up were not labour-intensive. Cases of bogus reporting and fudged muster rolls have been reported. The efficacy of the programme was also affected by faulty project selection and the

absence of a coherent plan which integrated EAS projects in a long-term development strategy.

3.2.19 In spite of their many shortcomings, wage employment schemes have proved beneficial in some respects. They created much-needed rural infrastructure. The programmes are self-targeting in nature since only the poor come to work at minimum wage rates. The various works undertaken created demand for unskilled labour and exerted upward pressure on wage rates. The programmes have played a major role in protecting consumption patterns of the rural poor during natural calamities. A study conducted in four drought-affected districts of Rajasthan found that the consumption of foodgrains was higher in the drought years compared to normal years due to the wage employment programmes. Since PRIs were associated with the implementation of JRY /JGSY and EAS, government financing of panchayats strengthened these institutions and promoted better coordination between the village community and government departments. Box 3.2.2 summarises the findings of evaluation studies of EAS/JRY conducted in Rajasthan and Uttar Pradesh.

### Food for Work Programme

3.2.20 The Food for Work programme was started in 2000-01 as a component of the EAS in eight notified drought-affected states of Chattisgarh, Gujarat, Himachal Pradesh, Madhya Pradesh, Orissa, Rajasthan, Maharashtra and Uttaranchal. The programme aims at augmenting food security through wage employment. Food grains are supplied to states free of cost. However, lifting of food grains for the scheme from Food Corporation of India (FCI) godowns has been slow. Against an allocation of 35.31 lakh tonnes of foodgrains, only 21.26 lakh tonnes were lifted by the target states up to January 2002.

### Sampoorna Gramin Rozgar Yojana (SGRY)

3.2.21 Given the complementarity of the JGSY, EAS and Food for Work Programme, all of which aim at the creation of employment opportunities in the rural areas, they were revamped and merged

**Box : 3.2.2****Impact of rural infrastructure/wage employment programmes.**

A study conducted in Ajmer, Udaipur, Pali and Jaisalmer in Rajasthan for the period 1995-2001 observed that, Employment Assurance Scheme (EAS), Jawahar Rozgar Yojana (JRY) and Jawahar Gram Samridhi Yojana (JGSY) funds were utilised mainly to create school buildings, health infrastructure or economic infrastructure such as roads shops etc. The facilities created in the villages contributed to increased economic activities. School buildings have helped in human capital formation especially for girls. Soil and moisture conservation works had an impact on the availability of work as they increased the irrigation potential and land productivity in the village. While the villagers expressed satisfaction on the construction of such works and their usefulness, it was felt that these schemes have not addressed some basic needs like availability of drinking water. Employment opportunities generated under wage employment programmes were limited, with only five to six persons in the village getting employment for around 30 days. The area development programmes viz, the Desert Development Programme(DDP) and the Border Area Development Programme (BADP) in Pali and Jaisalmer districts have helped in meeting some of the basic needs like water. However, different works have been undertaken by different departments ignoring the advantages of complementarity of works.

In Uttar Pradesh a study was conducted in 20 villages in 10 districts viz., Bareilly, Aligarh, Meerut/ Baghpat, Deoria, Jaunpur, Allahabad/Kaushambi, Fatehpur, Unnao, Hamirpur and Pithoragarh. The study revealed that during 1999-2000, some work was found to have been done in each of the villages under the employment generation programmes although the quantum varied. The most common work undertaken was earth work or *kharanja* (brick path) within the village or the construction of link roads. Panchayat buildings were constructed in some villages. Other works included installing of hand pumps, repairing of old wells for drinking water and school buildings and construction of drains. While the improvement in infrastructure enhances the development potential of the region, a very small percentage of casual labourers had benefited from the programmes. The average number of the days of employment available to the sample beneficiaries was 14.7 days only.

Source :

- (i) Countering Uncertainties – Strategies for Sustainable Livelihood : An assessment of the impact of poverty reduction programmes on the poor in Rajasthan – Institute of Development Studies, Jaipur.
- (ii) Anti-Poverty Programmes in Uttar Pradesh : An Evaluation – Institute of Human Development, New Delhi.

under the new Sampoorna Gramin Rozgar Yojana (SGRY) scheme from September 2001. The basic aim of the scheme continues to be generation of wage employment, creation of durable economic infrastructure in rural areas and provision of food and nutrition security to the poor. The amalgamation of the earlier schemes has led to an augmentation of resources for this programme. The works taken up under the programme are labour-intensive and the workers are paid the minimum wages notified by the states. Payment of wages is done partly in cash and partly in kind - 5 kg of foodgrains and the balance in cash. The Centre and the states share the cost of the cash component of the scheme in the ratio of 75:25. An

allocation of Rs. 3750 crore was made for the programme in 2001-02.

3.2.22 A review of various wage employment programmes during the Ninth Plan shows that there has been a considerable reduction in terms of allocation as well as in employment generation. This was largely due to changes in allocation for rural development schemes during the Plan period. The allocation by both the Centre and the states under JRY went down from Rs. 18,691 crore in the Eighth Plan to Rs. 11,688 crore in the Ninth Plan. As the EAS was launched only in 1993-94 and was initially a demand driven scheme, it would be difficult to compare EAS allocations in the Eighth

and Ninth Plan periods. However, even here it is seen that the allocations have fallen in the later half of the Ninth Plan period.

3.2.23 The allocation for wage employment programmes, at current prices, in the Ninth Plan was only 88 per cent of what they were in the Eighth Plan. In real terms, the allocations were much lower. A decline in allocation coupled with the increased cost of providing employment meant that as against 513 crore mandays of employment generated under JRY and EAS in the Eighth Plan, only 286 crore mandays of employment were generated under JRY/JGSY and EAS in the Ninth Plan.

3.2.24 The reduction in allocation for wage employment was compensated by increased allocation for some programmes and initiation of new schemes. For example, there was a substantial increase in allocation for IAY. Many other programmes taken up during the Plan period have generated employment in the rural areas. The construction of houses under IAY, programmes of rural connectivity and watershed development have fairly high employment elasticities. However, it is difficult to estimate whether these programmes were able to offset the reduction in employment generated through specific wage employment programmes.

### Rural Housing

3.2.25 Initiated in 1985-86, the IAY is the core programme for providing free housing to BPL families in rural areas and targets SC/STs households and freed bonded labourers. It was first merged with the JRY in 1989 and then spun off into a separate housing scheme for the rural poor in 1996. The Ninth Plan Housing Programme under IAY was framed in the light of the National Housing and Habitat Policy 1998, which set an ambitious target of providing shelter for all in the rural areas by the end of the Plan period. The allocations by the central and state governments for the programme during the Ninth Plan were substantially higher than in the Eighth Plan. In spite of this, the housing programme under IAY has not achieved the stated objectives. As against a requirement of 109.53 lakh new and upgraded houses between 1997-98 to 2001-02, the actual construction during the period is estimated at 45

lakh houses. This, however, is a quantum jump over the Eighth Plan achievement of 26 lakh houses.

3.2.26 An evaluation of the IAY shows that while the programme has certainly enabled many BPL families to acquire *pucca* houses, the coverage of the beneficiaries is limited given the resource constraints. In addition, there have also been high level of leakages with a large number of non-eligible beneficiaries getting houses. The fact that houses are provided free of cost under IAY has meant that there has been virtually no progress in the other sub-schemes of IAY such as credit-cum-subsidy scheme for rural housing. This scheme, introduced in 1999-2000 to provide assistance for construction of a house to people below double the poverty line income, provides a subsidy of Rs. 10,000 and a construction loan of up to Rs. 40,000 per household. However, it failed to pick up and only 42,000 houses were constructed under the scheme between 1999 and 2001. The Samagra Awas Yojana (SAY) was taken up in 25 blocks to ensure convergence of housing, provision of safe drinking water, sanitation and common drainage facilities. The achievements under this scheme were equally unsatisfactory. A mere 30 projects have been sanctioned since the inception of the scheme and only Rs. 7.07 crore disbursed. Similarly, progress under various innovative schemes for rural housing and habitat development, which seek to encourage the use of cost-effective, environment-friendly modern designs have been equally dismal.

3.2.27 The Housing and Urban Development Corporation (HUDCO) has extended its activities to the rural areas, providing loans at a concessional rate of interest to economically weaker sections and low-income group households for construction of houses. HUDCO's rural housing programme was given a major boost in the Ninth Plan. The Government provided equity support for the construction of rural houses and a sum of Rs.350 crore was released to the Corporation. In the 1997-2002 period, HUDCO sanctioned 799 schemes for the construction of 50.97 lakh dwelling units at a total cost of Rs. 3991.73 crore. The regional spread of HUDCO's sanctions indicates that only Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, Orissa and West Bengal took advantage of the scheme. States like Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan and Assam were not covered under the programme. One of the reasons for the lukewarm

response to the scheme could be the IAY itself, which is a 100 per cent subsidy programme. Besides, HUDCO's rural housing scheme consists of a loan component and a grant component. State governments prefer the grant-based programme to the loan-based programme.

### Social Security Programmes

3.2.28 Democratic decentralisation and centrally-supported Social Assistance Programmes were two major initiatives of the government in the 1990s. The National Social Assistance Programme (NSAP), launched in August 1995 marks a significant step towards fulfillment of the Directive Principles of State Policy. The NSAP has three components:

- National Old Age Pension Scheme (NOAPS);
- National Family Benefit Scheme (NFBS);
- National Maternity Benefit Scheme (NMBS).

3.2.29 The NSAP is a centrally-sponsored programme that aims at ensuring a minimum national standard of social assistance over and above the assistance that states provide from their own resources. The NOAPS provides a monthly pension of Rs. 75 to destitute BPL persons above the age of 65. The NFBS is a scheme for BPL families who are given Rs. 10,000 in the event of the death of the breadwinner. The NMBS provides Rs. 500 to support nutritional intake for pregnant women. Table 3.2.1 provides details of expenditure and the number of beneficiaries covered under the scheme since inception.

3.2.30 The coverage under NSAP is limited due to resource constraints. For example, against the target of 8.71 million eligible beneficiaries for old-age pension in 1999-2000, only about 5 million beneficiaries were provided assistance from central funds. Many states implement the pension scheme from their own resources. However, in the states that do not have their own scheme, a central pension of Rs. 75 per month is clearly inadequate to provide relief to old, indigent persons. A redeeming feature of the scheme, though, is that the benefits have indeed reached the poor and leakages under the scheme are low compared to many other government programmes.

3.2.31 In addition to NSAP, the Annapurna scheme was launched from 1 April 2000 to provide food security to senior citizens who were eligible for pension under NOAPS but could not receive it due to budget constraints. The scheme seeks to cover 20 per cent of persons eligible for NOAPS. These beneficiaries are given 10 kg of foodgrains per month free of cost. However, there have been major problems in the implementation of the Annapurna scheme. Haryana, Karnataka and Tamil Nadu did not agree to implement the scheme in its present form. Many other states wanted modifications before implementing it. During 2000-01, only 19,000 metric tonnes (mt) of foodgrains was lifted by ten states. As against an allocation of Rs. 99.05 crore in 2000-01, actual expenditure was only Rs. 17.44 crore. The performance in 2001-02 was equally unsatisfactory. Against a targetted coverage of 1.34 million persons, the actual

**Table: 3.2.1**  
**Financial and Physical Performance under the National Social Assistance Programme**

Sl.	Year	NOAPS		NFBS		NMBS	
		Expend. (Rs. crore)	No. of Beneficiaries	Expend. (Rs. crore)	No. of Beneficiaries	Expend. (Rs. crore)	No. of Beneficiaries
1	1995-96	109.88	2,937,677	43.44	2,84,260	24.50	6,57,891
2	1996-97	319.55	4,760,327	92.00	1,66,090	52.63	1,282,025
3	1997-98	365.19	5,087,830	130.56	2,18,456	54.70	1,557,292
4	1998-99	467.15	5,080,821	188.02	2,66,411	70.43	1,562,072
5	1999-00	456.25	5,017,542	194.98	2,15,815	73.40	1,299,719
6	2000-01	476.66	5,148,226	200.93	2,02,999	83.90	1,456,079
7	2001-02 (P)	362.08	5,052,568	97.96	1,04,298	Transferred to Ministry of Health and Family Welfare	

**Note :** (P) = Provisional

**Source:** Ministry of Rural Development

coverage was only 203,000 —15 per cent of the target.

## Land Reforms

3.2.32 In an economy where over 60 per cent of the population is dependent on agriculture, the structure of land ownership is central to the well-being of the people. The government has strived to change the ownership pattern of cultivable land, but has had limited success. The abolition of intermediaries immediately after Independence, in spite of its many well-documented shortcomings and lack of implementation in certain parts of the country, was a significant achievement and covered close to 40 per cent of the cultivated area.

3.2.33 These achievements notwithstanding, the lack of progress in the other components of the land reforms programme, viz., implementation of land ceiling laws, security of tenure to tenants and consolidation of land holdings, remains a matter of serious concern. Agricultural workers did not benefit from the abolition of *zamindari*. The SC/STs, who constitute the bulk of the labour force, do not have either the assets or the skills to participate in the limited but emerging employment opportunities in different sectors of the economy. The problem is further compounded by the fact that though the contribution of agriculture to GDP has nearly halved from over 50 per cent in 1951 to around 25 per cent in 2000-01, a similar transformation of employment opportunities has not taken place. The number of people dependent on agriculture and allied activities has fallen only 12 percentage points — from 71 per cent of the population in 1951 to 59 per cent in 2001.

3.2.34 Land reforms seem to have been relegated to the background in the 1990s. More recently, initiatives of state governments have related to liberalisation of land laws in order to promote large-scale corporate farming. This is in sharp contrast to the policy environment soon after Independence when land reforms were meant to provide ownership rights to small and marginal farmers on equity considerations. Though the pressure of population has led to sub-division and fragmentation of land holdings, thereby considerably weakening the case for further lowering of land ceilings, the need for effective implementation of the existing land ceiling

laws cannot be over-emphasised. The Ninth Plan had laid strong emphasis on agrarian restructuring to make agriculture more efficient leading to increased “output and employment”. However, progress on different components of the land reforms package during the Plan has been extremely limited. At the end of the Eighth Plan, 74.9 lakh acres was declared as ceiling surplus and 52.13 lakh acres was distributed among 5.5 million beneficiaries. By the end of the Ninth Plan, the position was virtually the same. There has been no progress in the detection of concealed land and its distribution to the landless rural poor.

3.2.35 The case of tenancy reforms is equally unsatisfactory. Tenancy laws in the states follow different patterns, as land is a state subject. Several states, including Uttar Pradesh, Bihar and Orissa have either banned tenancy completely or have imposed such restrictive conditions that land leases are virtually impossible. Studies by the Lal Bahadur Shastri National Academy of Administration indicate that this has only resulted in concealed tenancy. It is estimated that over 34 per cent of land is operated under concealed tenancy in Bihar. The ban on tenancy, which was meant to protect tenants, has only ended up hurting the economic interests of the tenants as they are not even recognised as tenants. As a result, they are denied the benefits of laws that provide security of tenure and regulate rent.

3.2.36 The progress on the consolidation of land holdings has also been slow. Consolidation has to be a continuing process, but most states have stopped consolidation proceedings. As on 31 March, 2002, consolidation of holdings has taken place only in an area of 66.10 million hectares against a total cultivable area of 142 million hectares.

3.2.37 Alienation of tribals from their land is a major issue in tribal areas. States have passed legislation to restore alienated land to the tribal landholders. The progress in this regard, however, has been limited. The restoration proceedings have been challenged in courts, thwarting the restoration of land to tribals. During the Ninth Plan period, 1.63 lakh cases were decided by the courts in favour of the tribals and 1,75,286 hectares (ha) was restored

as a result of the governmental action. However, as on 31 March 2002, 57,521 cases were still pending in courts with 58,260 ha being under dispute in these cases.

3.2.38 A land record management system is a pre-condition for an effective land reform programme. In 1987-88, a centrally-sponsored scheme for Strengthening of Revenue Administration and Updating of Land Records (SRA & ULR) was introduced in Orissa and Bihar. The scheme was extended to other states in 1989-90. Survey and re-settlement operations, pre-service and in-service training to revenue and settlement staff, facilities for modernisation of survey and settlement operations and strengthening of revenue machinery at the village level are funded under the scheme. During the Eighth Plan, Rs. 8.23 crore was released to the states under the scheme, while Rs. 92.60 crore was allocated during the Ninth Plan under the Programme of SRA & ULR against which Rs. 85.74 crore were released to states/ Union Territories.

3.2.39 In addition to SRA&ULR, a centrally-sponsored scheme of Computerisation of Land Records (CLR) provides assistance to states for modernisation of record keeping operations. Activities funded under the programme include the screening and digitalisation of existing cadastral maps, computer processing of agricultural land holdings records for the purpose of consolidation of holdings and preparation of consolidated revenue settlement and installation of computer networks at the headquarters of states/Union Territories for revenue administration. During the Eighth Plan period, Rs. 9.42 crore was released to the state governments for covering 238 districts. In the Ninth Plan, 333 more districts were brought under the scheme, thus taking the total districts covered under CLR to 571 districts. A total of 2705 talukas/tehsils/blocks were taken up for computerisation. Against a total allocation of Rs. 178 crore, a sum of Rs. 167.52 crore was released. The resources provided under SRA & ULR and CLR programmes meet a small part of the total resources required for the modernisation of revenue administration. The states have to undertake modernisation of the land records management system on a much larger scale.

## STRATEGY FOR THE TENTH PLAN

3.2.40 The Approach Paper to the Tenth Plan has set a target for reduction of poverty and creation of high quality gainful employment during the Plan period. The projected GDP growth rate of 8 per cent for the period 2002-07, if achieved, would lead to reduction of incidence of poverty by 5 percentage points by 2007. Compared to 1999-2000, poverty is expected to decline by 15 percentage points by 2011-12. Effective implementation of anti-poverty programmes would be central to achieving the planned reductions in poverty. The challenge before the State is to provide employment opportunities which provide enhanced incomes. This becomes more important in view of the fact that substantial additions to labour force are expected to take place during the next five years. Enlargement of self and wage-employment programmes and their effective delivery becomes an imperative in such a scenario.

### Self Employment Programmes

3.2.41 The coverage of beneficiaries in the Ninth Plan was considerably lower than the coverage under SGSY. The formation of self-help groups by itself contributes to the empowerment and economic well-being of the poor by improving their collective bargaining position. The group formation also emphasises social capital and enables the poor to interact with other social groups from a position of strength. Group formation would continue to be the focus under the SGSY. The self-help groups move through various stages: social mobilisation and formation of groups (initial phase); savings and internal lending among the members of the group on their own, augmented by revolving fund grants from the government and linkages with banks and other credit agencies (second phase); obtaining micro finance (third phase) and setting up of micro enterprises (fourth phase). This is a long process and groups require time to mature as cohesive units.

3.2.42 Savings by members and internal lending help the group members to improve their economic position. A strong group acts as collateral for banks to provide micro finance to these groups. They get access to credit for a variety of consumption needs, seasonal activities and for undertaking petty production and trading activities. Setting up of a micro enterprise could be the objective of every

group. However, only those groups which possess special skills, technical know-how, establish marketing linkages and have access to the essential infrastructure needed for success of that particular activity can reach the stage of micro enterprise. The IRDP's approach of fixing targets and timeframes was given up under the SGSY in the Ninth Plan itself. This approach would continue in the Tenth Plan too.

3.2.43 The SGSY programme is intended to provide benefits to SCs and STs, disabled and women-headed households form the bulk of the rural poor. However, these sections would be excluded from the ambit of the programme if they are not listed in the below poverty line (BPL) census conducted at the beginning of every Five-Year Plan for inclusion of beneficiaries under different government programmes. Greater attention would, therefore, be given to identification of BPL families by clearly specifying exclusion and inclusion criteria. These would be published and subjected to periodic social audit in a transparent manner by the gram sabhas.

3.2.44 Self-help groups become cohesive in the long run only if they are homogenous. Social mobilisation is an important step in the formation of self-help groups. It requires a high degree of motivation, morale, expertise, management skills, time and pro-poor orientation on the part of the person who acts as a catalyst for group formation. SGSY is implemented through the DRDAs. These organisations would have to be supported by NGOs, PRIs and other community-based organisations in the formation of the self-help groups. The Small Industries Development Bank of India (SIDBI), National Bank of Agriculture and Rural Development (NABARD), Rashtriya Mahila Kosh (RMK) and many zilla parishads have emerged as important players in the promotion of self-help groups. Strong networks and linkages would be established with such institutions under SGSY. These organisations would act as self-help promotion institutions and would ensure a continuing relationship with self-help groups.

3.2.45 Successful experiments in the promotion of micro finance and micro enterprise have revealed a strong partnership between NGOs and financial

institutions. NGOs have an inherent advantage in reaching the poor due to their proximity, the trust they generate by working in the area, their commitment, flexibility in approach, responsiveness and cost effectiveness. They have played a dynamic role as social animators and organisers in rural areas. Many NGOs have not only been instrumental in the formation of self-help groups but have also nurtured them over the years. Such NGOs have a strong presence in many states. However, voluntary and non-governmental action is weak in some of the poorer states. These are also the states where the spirit of cooperation and collaboration may be lacking because of poverty itself. Training of social animators would have to be promoted in such states. Departments of social sciences, social work, agriculture and rural development in universities and colleges could be engaged as facilitators in the process of group formation so that every rural habitation has at least one self-help group by the end of 2004. The institutions which promote self-help groups could be provided remuneration at different stages of the evolution of the groups so that they have an incentive in the formation of cohesive groups and in ensuring their success.

3.2.46 Micro enterprises succeed only if they cater to the specific needs of an area. The identification of key activities and planning of activity clusters is an important component of SGSY though it has been a weak link so far. It is necessary to identify livelihood opportunities, the constraints in the realisation of these opportunities and the investments that would have to be made to remove these constraints. The micro-level planning process would have to be strengthened in the districts for the programme to succeed. In this endeavour, the involvement of PRIs, banks, micro finance institutions, NGOs and district-level officers of different departments would have to be ensured. They would have to work in close coordination in the preparation of a District Plan for activities under SGSY.

3.2.47 Economic activities require high degree of skills. After the identification of key activities, it would be necessary to organise training programmes for upgrading skills of beneficiaries selected under the programme. Skill acquisition is a long-drawn

process; this requires not only short-term training in campus-based programmes, but also on-the-job training in existing enterprises. Campus-based training programmes under SGSY would only be a beginning of the process. The design of the curricula and method of training would have to correspond to the activities chosen. A basic foundation course to expose trainees to accounting procedures, management techniques, banking and marketing would be a part of the training programme. The training institutions would be expected to arrange for practical on-the-job training programmes and upgrade their syllabi in tune with changing market conditions. They would be continuously appraised to ensure that their faculty is well qualified and imparts training which is relevant and of high quality. They would also be expected to monitor the progress of their trainees in the trades that they pursue.

3.2.48 It would be necessary for training institutions to forge partnerships with technical and management institutes to facilitate greater interaction and learning. In the coming years, the corporate sector is expected to play a larger role in the rural areas. Industry associations have indicated their willingness to adopt villages and regions. The corporate sector could associate itself with training institutes, enabling the latter to keep abreast of the market requirements and revise their curricula. The trainees could also set up ancillary units to supply components to industry.

3.2.49 The SGSY programme would be credit driven. The outreach of the credit delivery system in the country continues to be limited, despite several measures to streamline it. The legitimate demands for credit remain unfulfilled as a vast majority of the poor remain outside the purview of the formal credit system. The mismatch between demand and supply of credit arises out of an inadequate and inefficient delivery system. The policies of direct lending, administered pricing of credit and lack of freedom in the selection of borrowers have resulted in the high cost of credit delivery for the formal credit institutions and, consequently, to the borrowers. A system would have to be put in place which is flexible and responsive to the financial needs of the poor and is capable of supplying timely and adequate credit.

3.2.50 The inadequacies of formal credit institutions could be overcome by combining the strength of commercial banks with the intermediation capabilities of NGOs to effectively link the poor with the commercial banking channels. This would be a cost-effective alternative for providing credit to the poor as banks would be able to reach a larger number of small borrowers with lower transaction costs. The risk of default on loans would be lower due to group pressure and the groups would also monitor the end use of credit. Access to banks through self-help groups would reduce the transaction cost of the borrowers. In the credit delivery system under SGSY, financial intermediation by NGOs would be encouraged. The experience of Self Employed Women's Association (SEWA) and other organisations would be replicated on a larger scale.

3.2.51 Since the commercial banking network has its limitations in reaching the rural poor in every part of the country, other formal institutions that cater to the specific credit needs of the rural population could be integrated into the credit delivery structure for self-employment programmes. Primary Agriculture Credit Cooperative Societies (PACS) have an extensive network in the country and possess detailed knowledge of the borrowers. Regional Rural Banks (RRBs) and other credit organisations, presently outside the purview of micro finance activities, could be associated with self-employment programmes.

3.2.52 It would be the Government's endeavour to leverage funds under different self-employment programmes to enable the rural poor to diversify into non-agricultural activities. Different government agencies have, in the past, attempted to promote rural non-farm employment. Khadi and Village Industries Commission (KVIC) and District Industries Centres (DICs) were set up to promote non-farm activities. In spite of this, the rural non-farm sector continues to lag behind. Only 16 per cent of the rural population is engaged in non-farm activities and that too largely in village or cottage enterprises. Economic census data shows that 77 per cent of rural enterprises are own account enterprises that do not engage hired labour. These enterprises are unable to attract capital and technology since they are small, family-based

enterprises. Many of these enterprises use obsolete technology and are highly vulnerable to market fluctuations and competition from the organised sector.

3.2.53 The inadequate availability of micro infrastructure relevant to the service or trade has been a major constraint in the rapid development of the rural non-farm sector. For example, dairy activity was one of the main activities financed under IRDP. Often the beneficiaries were constrained by the absence of small equipment like milk cans and fat testing machines. Provision of milk collection vans, bulk coolers, chilling plants and pasteurisation facilities were also not a part of the programme. There is, therefore, a need to identify the type of infrastructure required for a particular activity while planning an activity cluster. Provision would have to be made for the creation of infrastructure either under SGSY or by convergence with the other sectoral programmes and to ensure that the missing infrastructure is provided at the planning stage itself.

3.2.54 Marketing strategy is an integral part of every self-employment venture. Market intelligence has to be developed. Survey of local and urban markets to understand product demand is necessary. Rural *haats* or village markets have to be set up to position the products of self-help groups. Such *haats* would also be promoted at the taluka level, district centres and other larger towns. The construction of permanent spaces and pucca sheds along with the provision of storage facilities/godowns would be taken up under SGSY and transport links provided to such centres. Metropolitan cities and export markets are important from the point of view of higher value realisation. Linkages to these would have to be developed largely through private channels, industrial enterprises and export houses. This model was successfully demonstrated in Andhra Pradesh where Phillips India and Hindustan Lever had forged links with DWCRE groups for marketing their products. Intermediate aggregate mechanisms like producer cooperatives and marketing agencies could facilitate the transaction between dispersed producers and industrial enterprises/export houses.

3.2.55 Products would be positioned through KVIC outlets, State Emporia and Handlooms and Handicrafts Trade Fairs. SGSY groups from a

cluster of villages could also form a federation. Such federations, producing a single product, can take advantage of the economies of scale, undertaking collective purchase of raw materials to reduce the cost of production. They could ensure better marketing, quality control and promote their brand name through aggressive advertisement campaigns. Greater attention to quality control, standardisation and packaging would be required for products of rural areas to find a market in the urban centres. Efforts would be made to create a market niche for rural products that require specialised skills.

3.2.56 Rural enterprises need technology support for product development, quality improvement and standardisation. India has large research and development facilities in national laboratories, universities and other specialised institutions. Suitable linkages between the rural enterprises and these institutions would be developed so that technological assistance can be extended to the self-help groups. Advances in information technology and communication would be harnessed to benefit the self-help groups.

3.2.57 Self-employment programmes are likely to have an uneven regional spread, succeeding in areas that have a tradition of artisanship, developed road and rail infrastructure, banking facilities and a skilled human resource base. The negative relationship between the incidence of rural poverty and land access is well-established. The landless face the greatest risk of poverty. Access to even small pieces of land which may not be sufficient for providing income to a family for subsistence can significantly reduce poverty and food insecurity by providing an essential component in a diversified livelihood system. Their impact may be less visible in under-developed, backward and tribal regions. The SGSY programme would continue to promote land-based activities for individual and group beneficiaries in the backward regions. Diversification into other land-based activities such as sericulture, aquaculture, horticulture and floriculture would be encouraged. The programme would, therefore, support the purchase of land and its distribution to the landless rural poor. Women *swarozgaris* would be sole owners or joint owners of redistributed land. The *swarozgaris* provided land would be organised to access inputs and credit

facilities that enhance productivity of land. In addition to the provision for purchase and redistribution of land, self-help groups will be encouraged to explore prospects of leasing or purchasing land in joint ownership. Schemes that give subsidised credit for land purchase and leasing would be converged with the SGSY programme in these areas. Convergence would also be attempted with schemes that provide subsidised credit for farm equipment such as tractors, tube-wells, fertilisers, seeds and other inputs. The Government would make special efforts to provide information and give financial and infrastructural support to SGSY groups engaged in land-based activities in such areas.

3.2.58 In the Ninth Plan, both IRDP and SGSY were subsidy-driven programmes. This subsidy itself has become a major obstacle in the promotion of self-employment ventures. The experience of institutions providing micro finance shows that the poor are capable and also willing to pay for the credit and other financial services rendered by NGOs and financial institutions without depending on the government for subsidy. Financial resources in the Tenth Plan, therefore, would be directed towards providing infrastructure and other support facilities which increase the returns to households and reduce their risks. It would be used in innovative ways to lower the transaction cost for both the *swarozgaris* and the lenders and to create a strong and viable partnership with NGOs and other organisations working for the economic well-being of the rural poor.

### Wage Employment Programme

3.2.59 The SGRY would be the single wage employment programme. Allocations to the programme would be stepped up. The programme would seek to provide productive employment opportunities in employment-intensive sectors. The Government would endeavour to generate a shelf of projects for execution under SGRY that fits into the overall development plan of an area.

3.2.60 The SGRY would have three streams. One to address the need for rural infrastructure in all states; the other to provide focused attention to areas facing endemic poverty while the third would respond to natural calamities. The general stream

universalised across states would be for the creation of local infrastructure. Water tanks, *anganwadis*, primary school buildings, sanitation facilities, primary health centres, multi-purpose community halls and other projects that are required in the village would be taken up under the universal stream. In agriculturally developed areas, it may be necessary to allow upward adjustments in wages to attract unskilled labour. Village communities could augment the resources under the universal stream by mobilising contributions from within the community.

3.2.61 The second stream would seek to provide an employment guarantee of at least 100 days for areas facing chronic unemployment and poverty. The districts and blocks would be selected on the basis of an objective criterion and efforts would be made to create at least minimum infrastructure in these areas by ensuring convergence of other government programmes. Thus, the second stream would, in essence, correspond to the EAS, which was started with the objective of providing employment for 100 days in drought-prone, desert-prone, hilly and flood-prone blocks of the country. Such an assurance would ensure a minimum level of employment and stability to the incomes of the poor and give them an opportunity to develop their collective strength. It would improve their economic position, reduce vulnerability and discourage migration to facilitate their continued access to health, education and welfare facilities available in the village. The allocation under this second stream would be enhanced to meet the target of 100 days of employment for every able-bodied person willing and seeking work.

3.2.62 The third stream would be an enabling mechanism for the Government to respond to natural calamities such as floods, droughts, earthquakes and other contingencies that require quick response to mitigate the hardships faced by people.

3.2.63 The wage employment programmes provide only short-term relief to the poor. Long-term sustainable poverty reduction in the under-developed regions can come about only if other sectors of the economy grow rapidly. It is imperative, therefore, to ensure that the growth process is

inclusive and pro-poor. Agricultural growth still holds the key to poverty alleviation in the Indian context. There is considerable scope for increasing agricultural productivity through expansion of irrigation, better land and water management practices and infrastructure support. The planning of works under the SGRY would be undertaken keeping this in mind.

3.2.64 A large number of rural facilities have been built under various programmes over successive Plan periods. However, they have degenerated either due to their initial faulty design and construction, or lack of maintenance. Therefore, a specific proportion of allocations under SGRY would be used for the maintenance of assets.

3.2.65 PRIs would play a major role in the planning, implementation and monitoring of wage employment programmes and allocations under the SGRY would be routed through them. A rational criterion would have to be evolved for distribution of funds between the three tiers of the PRIs to ensure balanced development of villages, blocks and districts.

### Rural Housing

3.2.66 As noted earlier, though the IAY is one of the successful programmes being implemented by the Ministry of Rural Development, it has certain weaknesses. The provision of free houses has meant that other loan-based schemes have not been able to take off. The scheme has also been open to misuse. Public funds have to be utilised for the promotion of economic activity and growth. The creation of employment opportunities, both self-employment and wage-employment, has to receive a higher priority than provision of free houses. During the Tenth Plan period, free houses under IAY would be provided largely to SC/ST BPL families. For other BPL families, there would be a gradual shift to a credit-linked housing programme.

3.2.67 There is a need to create institutional capability in the rural housing sector with reference to designing of houses, supply of raw materials and construction. The rural communities have to be involved in the layout and design of the houses. The houses should have provisions for rain water harvesting, water supply and sanitation.

### Social Security Schemes

3.2.68 While the NSAP and state-level welfare schemes have provided some succour to the poor in the form of assistance to the old and the bereaved, a large section of people have not been covered under the schemes because of limited resources. The NSAP needs to be enlarged in scope to cover all eligible beneficiaries. The content and coverage of the social welfare scheme would have to be strengthened during the Plan period to provide meaningful protection to the poor. There are a plethora of welfare schemes in both the central and state sectors. They lead to avoidable overlap and confusion and need to be rationalised. Since welfare is basically a state subject, these schemes are best administered by state governments. The NSAP has been transferred to states with earmarked funds in the Tenth Plan.

### Land Reforms

3.2.69 Successive Five-Year Plans have addressed the issue of secure rights in land for increased agricultural productivity under the land reforms programme. Land reform legislations, besides abolishing intermediaries and providing ownership rights to farmers, also provided for security of tenure to tenants and regulation of rent. Actual cultivators were brought into a direct relationship with the State. The abolition of intermediaries succeeded in providing ownership rights to a large number of tenants. The advent of the green revolution technology coupled with schemes of asset transfer under IRDP have contributed significantly to the increased incomes not only from agricultural operations but also on account of diversification into animal husbandry.

3.2.70 Agricultural workers, however, did not gain from *zamindari* abolition. Scheduled Castes and Scheduled Tribes constitute bulk of the agricultural labour force. These people have neither assets nor skills to participate in the limited but emerging employment opportunities in different sectors of the economy. The problem is further compounded by the fact that employment opportunities in non-farm sector have not increased over time to absorb the rural labour force.

3.2.71 Ownership of even a small plot of land enables a family to raise its income, improve its nutritional status, have access to credit facilities and lead a more dignified life. Studies of economies of scale in farm operations show that modern agricultural technology is scale neutral in the case of a majority of food and cereal crops which the poor tend to grow. Horticulture, floriculture and vegetable cultivation on small plots of land, including homestead lands, have proved beneficial for the poor. Agricultural labourers, therefore, need to be provided access to land to improve their economic and social well-being.

3.2.72 The scope for lowering land ceilings, which were fixed in 1972, and redistribution of surplus land is limited. The total area declared ceiling surplus after 1972 was less than 2 per cent of the net sown area. National Sample Survey Organisation (NSSO) data for 1992 shows that 72 per cent of rural households had less than one hectare of land. Therefore, further reduction in land ceilings and acquisition of land for distribution to the poor is not a credible policy option any more. However, this is not to underplay the need to acquire the land declared ceiling surplus. The record of most states in implementing the existing laws is dismal. Concealment of land is widespread. Land acquisitions have been disputed, with cases piled up in courts for years without resolution. During the Tenth Plan period, states have to concentrate on the detection of concealed land and strive for the speedy disposal of cases so that the land acquired under ceiling laws becomes available for distribution to the poor.

3.2.73 The reform of tenancy in the post-Independence period was taken up as a part of the land reforms agenda. Its basic thrust was to stop eviction of tenants and fixation of rent. Conferment of ownership rights to the tenants was the ultimate goal of tenancy laws. The policy attempted to reconcile twin objectives of protection to existing tenants and resumption of land for personal cultivation by the medium, small and marginal farmers. However, the prohibition of tenancy has not really ended the practice. On the other hand, it has resulted in agricultural practices that are not conducive to increased production. This, in turn, also depresses employment opportunities for the

landless agricultural labourers. Mechanisation of agriculture has enabled families to keep land under personal cultivation even in the absence of able-bodied persons to take care of agricultural operations. The fear of tenant eventually taking possession of the land in these areas has resulted in agricultural practices which are not conducive to increased agricultural production. This, in turn depresses employment opportunities for the landless agricultural labourers.

3.2.74 The changes in the agrarian economy over the past three decades warrant a fresh look at tenancy laws. States are at different stages of agricultural transformation. Patterns of semi-feudal agriculture in some states co-exist with corporate and commercial farming practices in others. Where agriculture has reached the commercial farming stage, middle and large farmers lease land from small and marginal farmers. NSSO surveys show that area owned by the marginal and small farmers is greater than the area they cultivate. These developments indicate the need to revisit the tenancy laws.

3.2.75 One option could be to completely free tenancy laws of all restrictive conditions. Farmers owning land below the ceiling limit may be provided a guarantee that their land would not be taken away. The fixation of rent could be left to the market forces. Given the extent of concealed tenancy in states that have banned tenancy, it is not likely to increase area under tenancy dramatically in the short run. However, in the medium to long run, more land would be expected to come on the land lease market which can be accessed by the rural poor.

3.2.76 Civil society organisations have attempted innovative experiments to rectify inequities of land ownership in the rural areas. Access to land for the landless has been built into their programmes. The Pani Panchayat in Ralegaon Siddhi in Maharashtra is a case in point. Every member of the village has a proprietary right over the harvested water. Every member, irrespective of the size of his land holding, has a share in the harvested water for irrigation. As the water available to each member is limited, members with large land holdings have been persuaded to lease their land to small and marginal

farmers and agricultural labourers who have water rights but no land. The arrangement has allowed landless access to land. The large landholders have also benefited as they receive rent for land which would otherwise have remained fallow for lack of irrigation.

3.2.77 Another variant of this approach has been adopted in a few watersheds. While the landholders get water for irrigation, the non-land owning families get a larger share of output from the Common Property Resources (CPRs) which get rejuvenated after the successful completion of the project. This has enabled many families to take up animal husbandry as an occupation and meet their fodder and fuel requirements from the CPRs. Fishing rights on ponds constructed as part of the watershed project are only given to self-help groups of the

landless. These arrangements effectively increase the access of the poor to the land and other sources of livelihood and improve their standard of living.

3.2.78 Successful projects change the nature of agricultural land from un-irrigated to irrigated. In such cases, the ceiling laws of the state could come into force and the ceiling surplus land could be distributed to the landless poor. Alternatively, the guidelines for watershed development projects could be modified to give priority to those watershed projects where the village community, through a resolution, agrees to provide land access to the landless labourers on a continuing basis.

3.2.79 In addition, outright purchase of land from farmers willing to sell their holdings also needs to be explored. In many parts of the country, families

#### **Box 3.2.3 :**

##### **Land Purchase Scheme**

The NSFDC, set up in 1989, has emerged as a major promoter of economic activities for SC/ST families living below double the poverty line limits. The Corporation finances state agencies working for the development of the SC/STs. It also finances individuals for setting up enterprises. The Corporation financed the Land Purchase Scheme for the first time in Tamil Nadu in 1991. The driving force behind the scheme were two NGOs – Land For Tillers Freedom (LAFTI) and Dr. Ambedkar Peoples' Society (DAPSY) – which organised people in the Thanjavur district to secure land to the tillers through democratic means.

The two organisations identified land owners willing to sell land as well as SC/ST families who were to be provided land after acquisition. The project was appraised and sanctioned by the NSFDC which released money through the Tamil Nadu Adi Dravidar Housing and Development Corporation (TADHCO). Part of the project cost was funded by the IRDP subsidy.

LAFTI purchased 951.33 acres of land and distributed it to 1,018 landless SC/STs families at a total cost of Rs. 71.29 lakh. DAPSY purchased 556.64 acres of land and distributed it to 550 families. A subsidy of Rs. 28.03 lakh was provided under IRDP for LAFTI beneficiaries. Subsidy was made available to DAPSY beneficiaries also. The land rights were given either solely to women or jointly with their husbands. The land was mortgaged to TADHCO for an initial period of 10 years and TADHCO charged 6 per cent interest for the loan provided to the beneficiaries. Ownership rights were to be restored after the loan was repaid.

The scheme was later appraised by the Agricultural Finance Corporation Ltd (AFCL). It concluded that the status of the beneficiaries had improved after they acquired land. The project had a far-reaching social impact. The average income of the beneficiaries increased considerably, with family incomes almost doubling. As a result, 45 per cent of the beneficiary families had crossed the poverty line. The asset retention was close to 98 per cent. The families were able to take up dairy activity as a result of their access to land. There were, however, some problems in the repayment of loans, especially in the case of DAPSY beneficiaries since their loan amount was higher than that of LAFTI beneficiaries.

The NSFDC has sanctioned similar projects in Andhra Pradesh and Karnataka. Though it has sanctioned schemes in other states, the coverage of beneficiaries is extremely limited. Given the changes that are taking place in the agrarian sector and the migration of people to urban centres in search of better opportunities, land purchase could emerge as an attractive proposition for providing land to the landless.

Source :- National Scheduled Caste Finance and Development Corporation.

have migrated to urban areas but continue to hold on to their land holdings in the absence of an efficient land market due to restrictions on the lease, sale and mortgage of agricultural land. The Government could create an enabling environment for the emergence of land markets or itself enter the land market as a major player. The National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) has a scheme for providing assistance to SC/ST families to purchase land. The scheme received an enthusiastic response in Tamil Nadu, Andhra Pradesh and Karnataka (Box 3.2.3).

3.2.80 While the provision for purchase of land in the erstwhile IRDP continues in the revamped SGSY, the main focus of the scheme is on the creation of self-help groups and setting up of micro enterprises. Land could be purchased and distributed to landless under SGSY and they could be organised under a cooperative society to provide other support services for agricultural operations.

3.2.81 There has been an increasing feminisation of the agricultural labour force in the country. NSSO (50<sup>th</sup> round) estimates for 1993-94 show that 75.3 per cent of women workers were engaged in agriculture compared to only 58 per cent of male workers. In the rural labour force, 84.7 per cent of women were engaged in agriculture as compared to 73.8 per cent male workers. Data on incremental additions to the rural labour force show that the rural male worker has a greater chance of getting absorbed into non-agriculture pursuits than the rural female worker. Besides, migration of able-bodied men to urban areas in search of employment, break-up of the joint family system and other social factors such as death of husbands and desertion by husbands have resulted in an increase in the number of female-headed households. However, in the case of land holding families headed by women, if male descendants are present, the ownership right does not devolve on the women. Protecting social cohesion and prevention of fragmentation of land holdings are some of the major arguments advanced against allowing women to inherit land. These gender-biased land laws put women-headed households at a disadvantage. Without proper title to land, they are denied access to credit and other facilities available to farming communities. This not only affects the income

generating capacity of the households but also impacts adversely on agricultural production. Therefore, both on grounds of equity and efficiency, land Inheritance laws need to be gender neutral.

### Alienation of Tribal Lands

3.2.82 The influx of non-tribals into tribal areas as a result of various developmental projects, exploitation of natural resources and industrial activities has led to the alienation of tribal land. It is extremely paradoxical that while outsiders/non-tribals have come into the Scheduled areas in the name of development, the local tribal population gets displaced and migrate to urban areas in search of employment. This has given rise to severe discontent in the tribal areas.

3.2.83 The process of alienation has taken place because of lack of legal awareness about land rights among both tribals and government officials and ineffective administrative structures. Inherent deficiencies in legal provisions such as the absence of any machinery to initiate *suo motu* action, general period of limitation for adverse possession, lack of provision against trespass and against fraudulent and collusive transfer of land to non-tribals continue to exist. Alienation has also been facilitated by improper land records. An in-depth scrutiny of the methods for preparation of land records, and the maintenance and updating of such records must, therefore, be carried out at the earliest. Computerisation of land records in tribal areas should also be accorded the highest priority.

3.2.84 The Panchayats (Extension of Scheduled Areas) Act (PESA), 1996 extended the provisions of 73<sup>rd</sup> Constitutional Amendment Act, 1992, to the Scheduled Areas in the states of Andhra Pradesh, Chattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa and Rajasthan. The PESA enables tribals to assume control over their own destiny and to preserve and conserve their traditional rights over natural resources, including land. However, the stringent provisions of this law have remained only on paper and have not been operationalised by state governments. PESA would be effectively implemented during the Tenth Plan period to resolve the issues of tribal exploitation and alienation.

3.2.85 One of the main reasons for the concealment of land, which has hampered the land reforms programme, has been the lack of a comprehensive land rights database. The CLR and SRA&ULR schemes have placed emphasis on modernisation of cadastral survey procedures and strengthening of training facilities for revenue, survey and settlement staff. Provision of computers and other infrastructure has been made under these schemes. This process will be carried forward more vigorously in the Tenth Plan not only to detect concealment of land but also to reduce scope for litigation in rural areas.

### Delivery Mechanism

3.2.86 Poverty alleviation programmes have been designed to address different facets of rural poverty. Micro credit-linked programmes provide a package of services including credit and subsidy to set up micro enterprises. Wage employment programmes address the issue of transient poverty. Besides, schemes for infrastructure development and provision of basic services contribute to the well-being of the rural people. Successful implementation of these programmes requires an appropriate policy framework, adequate funds, and an effective delivery mechanism. Past experience shows that the mere availability of funds is not likely to eradicate rural poverty. Nor is the design of the rural development programmes, no matter how refined, a sufficient condition. The success of these programmes ultimately depends on the capability of the delivery system to absorb and utilise the funds in a cost-effective manner. An effective and responsive district-level field machinery with a high degree of commitment, motivation, professional competence and, above all, integrity has been recognised as one of the prerequisites for successful implementation of anti-poverty programmes.

3.2.87 An effective delivery system has to ensure people's participation at various stages of the formulation and implementation of the programmes, transparency in the operation of the schemes and adequate monitoring. International experience shows that greater functional and financial devolution to local governments results in higher allocation of resources for social sectors and more

efficient use of resources. Such trends in social spending have been witnessed in many Indian states as well.

3.2.88 The increasing integration of India in the global economy, the budget constraints faced by both central and state governments and inefficiencies in the administrative structure led to the development of a consensus to devolve powers to local institutions to enable people's participation in administration. The 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments that conferred statutory status on PRIs and urban local bodies did not have only democratic decentralisation as their objective. These institutions were also seen as a process for harnessing and channelising the people's innate abilities to bring about rural transformation in a way that every individual acquired his/her rightful place in the social, economic and political arena.

3.2.89 The Ninth Plan had called for the devolution of functional responsibilities, administrative control on government functionaries dealing with subjects listed in the Eleventh Schedule of the Constitution and financial resources for taking up developmental programmes to the PRIs. There has been mixed progress on this front. Political devolution has taken place. Elections have been held and women, SC/STs and other marginalised groups have got political representation in the rural areas. Problems encountered in the process of evolution of panchayats has been taken care of with the intervention of courts, civil society organisations and increased public awareness. The strengthening of forces that facilitate political empowerment of rural communities would be an important area of action in the Tenth Plan period. Issues of transparency, accountability and development would require greater attention. States which have lagged behind in devolving functions and finances to panchayats would have to be encouraged to empower the panchayats.

3.2.90 The gram sabhas in most states have been entrusted with only ceremonial functions. The power and functions of gram sabhas need to be enlarged by giving them effective powers of implementation and monitoring of developmental plans. Social audit of all development programmes by the gram sabha would be made mandatory. The committee system

adopted in many states to facilitate a more participative decision-making process in the panchayats should be incorporated in the State Panchayat Acts. The powers entrusted to a gram sabha in a Scheduled V area could be extended to gram sabhas in non-scheduled areas as well.

3.2.91 Administrative and financial devolution by the states to the PRIs remains an area of major concern. The Constitution has placed onerous responsibilities on PRIs. They require financial resources to discharge the tasks assigned to them and emerge as viable institutions of self-government. Financial devolution is also desirable as the control of investment decisions by local communities leads to better utilisation of scarce resources. Panchayats would need greater powers of taxation and avenues for non-tax revenue. States could provide matching grants to panchayats to take up specific projects. Apart from the funds that flow to panchayats for centrally sponsored and state sector schemes, untied grants could also be provided to the PRIs. The PRIs need to raise resources from the local community and end their dependence on government funds. The functional domain of the PRIs can be enlarged only if they pay adequate attention to their resource base.

3.2.92 The onus for devolving functions, functionaries and financial resources to the PRIs rests with the state governments. Though the states have, slowly, transferred functions and finances to the PRIs, these institutions are hampered by lack of administrative support. PRIs have to be adequately staffed and the functionaries must be trained in planning, budgeting and accounting tasks. An elaborate system for auditing of panchayat finances has to be put in place. At present, adequate safeguards against the misuse of resources by elected functionaries do not exist in many states. These issues need to be tackled on a priority basis.

3.2.93 The 74<sup>th</sup> Constitutional Amendment Act provided for the constitution of District Planning Committees (DPCs). However, the Constitutional provision on DPCs is rather weak as it provides for the preparation of only draft Plans by the DPCs. State governments have not given adequate attention to the DPCs and the Government of India's

guidelines on district planning have not been fully operationalised. DPCs should be set up and its functionaries must be trained in the basics of planning. The gram sabha/panchayat should be associated with the preparation of village development Plans based on the felt needs of the people. These Plans should be integrated with the panchayat samiti and district-level plans to make the grassroot planning process a reality in the Tenth Plan period.

3.2.94 The voluntary sector has witnessed a phenomenal growth in the country in the last 20 years. These institutions have played an important role in community mobilisation, providing technical support to the community for developmental projects, especially in the areas of health and education. It has been clearly established that where panchayats, community organisations and user groups have worked in close cooperation, people have benefited immensely from developmental projects initiated either by the government or the communities themselves. People's organisations, whether in the form of an NGO or a group of experts, provide expertise and competence to the panchayats that they otherwise may not possess. However, in many places, the emergence of Constitutionally-mandated PRIs has led to a conflict of interest as both voluntary organisations and these institutions occupy the same space. The voluntary agencies have to recognise that PRIs are institutions of governance and must work in close cooperation with them. The PRIs, for their part, have to recognise the critical role that voluntary organisations can play in enhancing their capabilities.

3.2.95 The delivery of programmes would improve only if the PRIs emerge as strong players in the social and economic life of the country. NGOs and other civil society organisations can facilitate the evolution of PRIs as institutions geared to promote the well-being of the rural poor.

3.2.96 The preceding paragraphs have described the content and direction of anti-poverty programmes in the Tenth Plan period. The financial allocations for the Tenth Plan period for these programmes have been stepped up considerably. As against a total expenditure of Rs. 35,866 crore in the Ninth Plan,

the allocation for the Tenth Plan period has been increased to Rs. 56,748 crore, the schemewise break-up of which is given in the Appendix. Resources for the SGRY and for rural connectivity under Pradhan Mantri Gram Sadak Yojana (PMGSY) have been substantially enhanced. These are expected to provide assured wage-employment, enhance incomes and ensure nutritional security. The allocations for direct anti-poverty alleviation programmes would be complemented by investments in other sectors which have a strong bearing on the incidence of poverty.

## THE PATH AHEAD

3.2.97 Rural poverty alleviation programmes were revamped and re-focused during the Ninth Plan to increase their effectiveness. Programmes that provide self-employment and wage employment to the poor would be implemented with greater vigour during the Tenth Plan.

- Social mobilisation for formation of self help groups;
    - Savings among the group and internal lending among its members and Provision of a revolving fund;
    - Micro finance; and
    - Micro-enterprise development.
  - Access to land will be an important element in the poverty alleviation strategy. Tenancy reforms, record of rights of land owners and tenants, computerisation of land records, prevention of alienation of tribal lands, and issue of land rights for women will be the major tenets of the land reform agenda.
  - The promotion of a movement which enhances social capital and forges linkages with other formal and informal stakeholders engaged in developmental activities would be a major thrust during the Plan. PRIs have created a space for the involvement of the community in governance. There is a need to provide greater attention to effective empowerment of PRIs. The Government recognises the necessity of building capabilities at the local levels for planning, implementation and monitoring of development programmes. These would be undertaken on a large scale during the Plan period.
- The SGRY would be the single wage-employment programme. The programme would have three streams which would seek to address the need of rural infrastructure at the village level, ensure guaranteed employment of at least 100 days in areas facing chronic unemployment/migration and provide relief in natural calamities such as floods, droughts, earthquakes and other contingencies. The projects under SGRY would be chosen with a view to taking up schemes that enlarge the scope for increased economic activity.
  - Special attention would be paid to provide technical support for upgrading technology and standardisation of products. Use of information and communication technology would be promoted during the plan period in this regard.
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- Network of institutions that promote the self-help movement would be created during the Plan period. Partnership would be forged between NGOs and other community-based organisations, government agencies and other financial institutions. There would be a system of identifying and training local facilitators.
  - Key activities would be planned to respond to the needs of the area. Training programmes for beneficial linkages with training institutions would be forged.
  - Greater attention would be paid to marketing. Rural haats/markets at the taluka/district level

**Financial & Physical Performance under Poverty Alleviation Programmes IRDP / SGSY, JRY / JGSY and EAS during Eighth and Ninth Plan - Yearwise**

(Rs. Crores)

SI	Years	IRDP/SGSY			JRY/JGSY			EAS		
		Total Allocation (Centre+State)	Total Expenditure	Lakh Families Swarozgaris	Total Allocation (Centre+State)	Total Expenditure	Employment in Lakh Mandays	Total Allocation (Centre+State)	Total Expenditure	Employment in Lakh Mandays
1	2	3	4	5	6	7	8	9	10	11
<b>Eighth Plan</b>										
1	1992-93	662.22	693.88	20.69	3169.05	2709.59	7821.02	0.00	-	
2	1993-94	1093.43	956.65	25.39	4059.42	3878.71	10258.4	0.00	183.75	494.74
3	1994-95	1098.22	1008.31	22.15	4376.92	4268.33	9517.07	0.00	1235.45	2729.56
4	1995-96	1097.21	1077.16	20.89	4848.70	4466.91	8958.25	0.00	1720.61	3465.27
5	1996-97	1097.21	1131.68	19.24	2236.79	2163.98	4006.32	0.00	2160.41	4030.02
	Total	5048.29	4867.68	108.36	18690.88	17487.52	40561.06	0.00	5300.22	10719.6
<b>Ninth Plan</b>										
1	1997-98	1133.51	1109.54	17.07	2499.21	2439.38	3955.89	2460.48	2904.97	4717.74
2	1998-99	1456.28	1162.28	16.77	2597.03	2525.48	3766.41	2485.15	2882.18	4279.36
3	1999-2000	1472.34	959.86	9.34	2205.58	2032.45	2683.08	2431.46	2182.61	2786.17
4	2000-2001	1332.50	1116.27	10.30	2192.96	1929.23	2683.17	2082.27	1861.11	2183.92
5	2001-2002	774.50	555.15	6.25	2493.01	699.07	860.79	1730.92	530.92	666.27
	Total	6169.13	4716.17	56.92	11687.93	9625.61	13949.34	11190.28	10361.79	14633.5

**Note** : 2001-02 - SGSY - upto January, 2002  
2001-02 - JGSY - upto October, 2001  
2001-02 - EAS - upto September, 2001

**Source** : Ministry of Rural Development