

**NATIONAL COMMISSION TO REVIEW THE  
WORKING OF THE CONSTITUTION**

A

**Consultation Paper\***

on

***SOCIAL SECURITY AND EMPLOYMENT***

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## **Advisory Panel**

on

**Promoting Literacy; generating employment;  
ensuring Social Security; alleviation of poverty**

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### CHAPTER I

#### SOCIAL SECURITY AND CONSTITUTION

## 1.1 Introduction and Scope of the Study

The mark of all civilizations is the respect they accord to human dignity and freedom. Human development is a process of enhancing human capabilities – to expand choices and opportunities so that each person can lead a life of respect and value. The three essential capabilities for people are –

- (i) to lead a long and healthy life (life expectancy at birth);
- (ii) to be knowledgeable (educational attainment reflected in adult literacy which is reflected by the combined gross primary, secondary and tertiary enrolment ratio); and
- (iii) to have access to resources needed for a decent standard of living (reflected through GDP per capita. Income enters the HDI as a proxy for a decent standard of living and as a surrogate for all human choices not reflected in the other two dimensions.).

1.1.1 Human development is essential for realizing human rights, and human rights are essential for full human development. Human Rights and human development share a common vision and common purpose – to secure the freedom, wellbeing and dignity of all people everywhere. To secure:

- Freedom from discrimination – by gender, race ethnicity, national origin or religion
- Freedom from want – to enjoy a decent standard of living
- Freedom to develop and realize one's human potential
- Freedom from fear – to threats to personal security, from torture, arbitrary arrest and other violent acts
- Freedom from injustice and violations of the rule of law
- Freedom of thought and speech and to participate in decision making and form associations
- Freedom for decent work – without exploitation

1.1.2 A decent standard of living, adequate nutrition, health care, education, decent work, and protection against calamities are not just development goals, they are also human rights. Poverty eradication is only a development goal – it is a central challenge to human rights. But the realm of human development extends further; they include the following needed for being creative and productive and for enjoying self-respect, empowerment and a sense of belonging to a community

- security
- sustainability
- guaranteed human rights

1.1.3 The term “Social Security” is all encompassing and has wide connotation. Its dimensions are largely subjective, though in some cases objective criteria can be defined. It includes:

1. Alleviation of Poverty including Elimination of hunger and deprivation
2. Economic and Income Security
3. Food and Nutritional Security
4. Social equity including gender dimensions
5. Reaching the unreached
6. Empowerment of people at various levels including the individual and community, and elimination of voicelessness.

1.1.4 The Constitution of India, through the various articles of Fundamental Rights and Directive Principles of State Policy, has provided for ‘social security’ both directly and through implied provisions. Many of these areas are discussed in other Consultation Papers. This paper will specifically focus on Poverty Alleviation and Access to Food by providing for Income Security through Employment.

## 1.2 Right to work as a Fundamental Right

The Commission has proposed a constitutional obligation on the State to provide to the citizens “**Rural Wage Labour**” as a means of livelihood for a minimum of 80 days in a year as a Fundamental Right and has proposed the introduction of a new article namely, article 21B, in the Constitution.

1.2.1 Some explanation is necessary why the Commission proposes to introduce this idea of constitutional guarantee for Rural Wage Employment. Article 41 (in Part IV relating to Directive Principles of State Policy) already provides that the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public



assistance in case of unemployment, old age, sickness and disablement, and in other cases of undeserved want. Article 41, though not justiciable is nevertheless fundamental in the governance of the country. The performance of the State in discharge of this Constitutional duty has not been commensurate with the needs of society. Between 1950 to 1973, population below the poverty line remained consistently at 53%. With the explosion of population, the levels of poverty in terms of numbers reached unacceptable levels. It is only between 1973 and 1988 and thereafter, in the 1990s that there was a significant reduction in the percentage of population below the poverty line. That figure at present is estimated at 26%. However, in terms of numbers, 26% of billion population is significantly higher than the 53% below the poverty line in the fifties to seventies.

1.2.2 There is significant potential for employment-generation (and asset building such as afforestation, desilting of tanks, rain water harvesting, check-dams etc.) in rural India; though, however, some development-economists are pessimistic of the potential for employment generation in the agricultural sector. They point out that while employment generation in the rural sector was 2.04% during 1983-1988, it came down to 0.98% during 1994-2000. This perception involves the inevitability of increased rural de-population.

1.2.3 A large and significant potential still exists for rural employment as a source of livelihood. The mandate of article 41 has remained unfulfilled is obvious from the slow pace of reduction of poverty levels. Education, health, social-security and means of livelihood. These are not to be seen as the ultimate outcome of development; but are in themselves crucial to the process of development itself. If even the minimum expectations of people from a liberal democracy remain unfulfilled, the very survival of democracy will be imperiled.

1.2.4 Guaranteeing rural wage labour as a poverty alleviation measure has been achieved with some degree of success in several States by Employment Guarantee schemes, particularly in the State of Maharashtra. The choices of delivery systems for poverty alleviation programmes through employment guarantees are either the executive sponsored schemes or statutory. The case for making them constitutional rights through the Bill of Rights is a debatable issue.

1.2.5 Much of the criticism against including economic rights in the Bill of Rights is centered around heightened role of the Judiciary which an entrenched justiciable Bill of Rights implies. Criticism is rooted in democratic theory that such a thing shifts power from the executive branch to the judicial branch and away from the elected legislatures and places the power at the hands of 'unelected, unaccountable, unrepresentative and elite group' of judges.

1.2.6 It is argued that the adjudicative process on economic rights involves the court in the task of allocating of society's resources and infringes principle of separation of powers, essential to a democracy, giving at the same time the 'third branch of government the ultimate power over the purse'.

1.2.7 But these arguments, overlook the emerging importance, in any liberal formulation of rights, of the recognition of livelihood and individuals well-being as legitimate concerns of Bill of Rights.

“At the international level,” says an author<sup>1</sup> “the official policy position, reflected in all of the major international human rights instruments, is that the two sets of rights – civil and political, on the one hand, and economic, social and cultural, on the other – are indivisible, interdependent and interrelated. But this theoretical consensus evaporates, or at least shrinks dramatically and with remarkable speed, as soon as we move to the practical translation of these international standards into bills of rights”.

“... It must suffice here to add several elements which respond directly to the comments cited above. First, we should be clear that we are speaking of minimum standards of a basic core of rights and not of anything as grandiose or vague as Beatty’s right to ‘wholesome and cultured living’.<sup>3</sup> Access to life-sustaining water, adequate housing to enable life to go on, a primary education, essential medical services, and food sufficient to make a right to life meaningful, are hardly so exotic or beyond the reach of the sort of societies in issue here as to make minimum guarantees unrealistic. Secondly, while justiciability is often important, it is by no means the only way in which a bill of rights might foresee the realization of these rights. Thirdly, the old distinctions between costly and cost-free rights or between positive and negative rights, which underpin so much of these critiques, have by now been shown to be too simplistic to be hopeful, even in relation to American constitutional law.<sup>4</sup>

1.2.8 As to the apprehensions of the likely expansion of the judicial role, it is observed that there are limitations inherent in the nature of the rights itself. It is observed :

“Finally, courts have many options open to them in order to avoid getting too directly involved in budgetary matters. The role of the court would normally be limited to directing the executive to propose concrete but affordable measures which would address the problem identified.” (emphasis supplied).

1.2.9 Such a minimal right to a means of livelihood, through mechanism of Rural Manual wage employment for say 80 days’ in an year as an enforceable right does not seem too unrealistic an ideal. For such an opportunity for work for 80 days in a year needs no further justification. Indeed the Supreme court has declared the right to livelihood an emanation of the Right to Life. If the State had evinced adequate and active concern under article 41, the minimal expectations of people would have been re-quieted and the need for the present proposal would have been obviated. But things are otherwise.

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1 Bills of Rights in Comparative Perspective by Mac Darrow and Philip Alston p. 502-503

3 As Inoue’s work demonstrates, taking such a phrase out of its context in the Japanese Constitution is potentially quite misleading. See n. 171 above.

4 For the most recent analysis along these lines see Holmes and Sunstein, the Cost of Rights: Why Liberty Depends on Taxes (1999).

## CHAPTER II

### POVERTY IN THE EYES OF THE CONSTITUTION

2. Poverty and chronic deprivation have long been a tragic aspect of human society. Poverty, however, is neither natural nor inevitable. In modern economics, large-scale poverty imposes an enormous economic loss, wasting the talents and energies of hundreds of millions of man and women, diverted from socially productive activities that could create wealth for society to the struggle for mere survival.

#### 2.1 Poverty : its scope and dimensions

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Poverty is defined as the inability of an individual to secure a normative minimum level of living. A normative minimum was defined for the first time by an official working group as amount of consumer expenditure of Rs.20 per capita per month at 1960-61 all-India prices (and Rs.25 for urban areas). The minimum excluded expenditure on health and education, which are to be provided by the state as per the Indian Constitution [PPD 1962]. This is the amount considered enough to get food to meet minimum energy requirements for an active and healthy life and also minimum, clothing and shelter.

2.1.1 Corresponding to this all-India norm, Bardhan (1970) used Rs. 15 per capita per month at all-India rural prices as relevant for the rural sector. Dandekar and Rath, (1971), with reference to a calorie norm of 2250 calories per capita per day, arrived at the same poverty line for rural India. Till recently most of the studies on rural poverty were based on estimates made with reference to this norm of Rs.15 per capita per month at 1960-61 all-India rural prices. The Planning Commission Task Force on 'Projection of Minimum Needs and Effective consumption Demand' defined the poor as *"those whose per capita consumption expenditure lies below the midpoint of the monthly per capita expenditure class having a daily calorie intake of 2,400 in rural areas and 2,100 in urban areas"* [PPD 1981:81]. The poverty lines corresponding to these norms were worked out with reference to the NSS data for the year 1973-74. The poverty line turned out to be Rs.49.09 per capita per month at 1973-74 prices for rural India. The Expert Group [PPD 1993] has also recommended this poverty line.

2.1.2 The poverty line has to be updated to account for changes in prices since the consumer expenditure data are at current prices. The updating is generally done using deflators based on market prices. The Expert Group [PPD 1993] has recommended as price index obtained as a weighted average (to account for the relative importance of different items of consumption) of subgroup price indices of consumer price index for agricultural labourers (CPIAL) for rural all-India. The procedure outlined above involves the implicit assumption that the data set provides a reliable estimate of the underlying consumer expenditure distribution and that the institutional and behavioural parameters governing the choice of

poverty line remain the same. The validity of this assumption is conditional on the fulfillment of the following:

- (i) The items consumed by a household are recorded as its own consumption by the investigator.
- (ii) The times of consumption are reported correctly by all the households.
- (iii) The survey methodology remains the same over the years.
- (iv) Each item of consumption is valued uniformly at market retail prices across households so that a simple consumption weighted index of market retail prices would capture the impact of inflation for the household.
- (v) The transaction costs of obtaining items of consumption are similar (a) across households at a point of time, and (b) for a given household over a period of time.
- (vi) Techniques of production and efficiency with respect to calorie utilization remain the same. In other words, the minimum calorie norm remains invariant with respect to the structural developments in the economy like improvements in methods of production and in medical and health facilities.

2.1.3 A comprehensive All India consumer expenditure survey is undertaken roughly every five years which also forms the basis for estimating the level of poverty with community. Comparable estimates based on consistent methodology are data sets are available until 1993-94.

2.1.4 Per capita net national product at 1993-94 prices vary from Rs.3,687 in 1950-57 to Rs.10,204 in 1999-2000 registering an increase of 277%. Average annual growth rate of net national product at 93-94 prices has increased from 3.6% to 6.7% in eighth plan. (Please see Table 1 below)

**TABLE 1**

<b>Five year Plans</b>	<b>Year</b>	<b>Net National Products</b>	<b>Net per capita Product</b>
First plan	1951-1956	3.6	1.8
Second plan	1956-1961	4.1	2.0
Third plan	1961-1966	2.5	0.2
Forth plan	1969-1974	3.3	1.0
Fifth plan	1974-1979	5.0	2.7
Sixth plan	1980-1985	5.3	3.1
Seventh plan	1985-1990	5.9	3.7
Eighth plan	1992-1997	6.7	4.6

2.1.5 The estimated magnitude of poverty remains fairly high until 1970s; the proportion of people below the poverty line has declined since years 1980. The 55<sup>th</sup> round of the household consumer expenditure Survey (July 99-June 2000) indicate significant decline in poverty to 26% (This estimate may not be strictly comparable to the earlier estimation because of some changes in the methodology of data collection).

**TABLE 2**  
**Poverty Estimates**

Year	Percent		
	All India	Rural	Urban
1973-1974	54.9	56.4	49.0
1977-1978	51.3	53.1	45.2
1983	44.5	45.7	40.6
1987-1988	38.9	39.1	38.2
1993-1994	36.0	37.3	32.4
1999-2000 (300)	26.1	27.1	23.6
75	23.1	24.0	21.6

2.1.6 It has long been believed that economic growth is the specific remedy for the ills of poverty. Some economists argue that for a country like India, 7 to 8 per cent rate of growth per year over a period of 15 years can help in solving the problem of poverty. This is the famous '**trickle down theory of development**'. The argument is that a good growth rate over a reasonable time frame can have a trickle down effect, down to the lowest layers of poverty. Our own experience in this country as well as many others in the world show that this is not necessarily correct as discussed later on in this paper.

2.1.7 Nobel Prize laureate Amartya Sen in his interesting article "*Hunger and Public Action*" (1989) has analyzed the causes of famines and observed cases in which people starved to death in spite of food availability - because they had no "entitlement".

*"What we can eat depends on what food we are able to acquire. The mere presence of food in the economy, or in the market, does not entitle a person to consume it. In each social structure, given the prevailing legal, political and economic arrangements, a person can establish command over some alternative commodity bundles ... [i.e.] this person's entitlements. A person's entitlements depend on what she owns initially and what she can acquire through exchange. For example, a wage labourer owns her labour power, and by exchanging that for a wage ... she acquires some money, which she can exchange for some commodity bundle or other...."*

The above definition of "Poverty" is based entirely on economic criteria. Income is no doubt a very important factor in determining poverty but poverty has many other important dimensions. Probably Dr. Amartya Sen's definition of poverty is the most appropriate and acceptable one, which is that **poverty, is the deprivation of basic capabilities**. Dr. Sen argues that every person should have the substantive freedom to lead the kind of life he has reasons to value. Inadequate income is one of the principal

reasons for a person's capability deprivation. Sen distinguishes the standard income-based poverty approach from his proposed 'capability perspective' because capabilities are seen as *intrinsically* important whereas income is *instrumentally* significant. In order to eradicate poverty some thing more than income is necessary and that is the opportunity to develop one's basic capabilities which include opportunities for education, health care, sanitation, nutrition, clean drinking water, housing, etc.

2.1.8 Human Poverty Index Developed by UNDP is based on the following factors:

- People not expected to survive 40 years
- Adult illiteracy
- Not having access to water
- Not having access to health services
- Not having access to sanitation
- Proportion of under weight children

On this score, India ranks 58<sup>th</sup> among the developing countries.

## 2.2 Poverty and the Constitution

"Poverty" as a term has not found a place in any Part of the Constitution except in the 73<sup>rd</sup> and 74<sup>th</sup> amendments relating to Panchayats and Municipalities. There were, however, many articles under Fundamental Rights (Justiciable) and Directive Principles (non-Justiciable) if translated into action properly should have taken care of the poverty issues we are now debating. Right to life of article 21 of the Constitution implies many rights such as dignity, health, environment, clean water, free education and shelter. Article 47, one of the important Directive Principles, states that raising the level of nutrition and standard of living and improvement of public health are primary duties of the State. Synergy and convergence of the three components of article 47 is crucial for eliminating poverty as we are defining now.

Article 39 sets out policy principles to be followed by the state. They include:

- (a) That the citizen, men, women equally have the rights to adequate means of livelihood.
- (b) That the ownership and control of the material resources of the community are so distributed as best to subserve the common good.
- (c) That the operations of the economic system does not result in the concentration of wealth and means of production to the common detriment.
- (d) That there is equal pay for equal work for both men and women.
- (e) That the health and strength of workers, men and women and the tender of age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength.
- (f) That children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment.

Though "Poverty" issues are not explicitly discussed in the Constitution, the directive principles are meant to eliminate "Poverty" in any form. Raising the level of "nutrition", "standard of living", and "improvement of public health" are the primary duties of the State according to Constitutional mandate. All these are inter-related and require simultaneous attention.

2.2.1 These objectives were sought to be achieved through economic growth and with some modest distribution objectives along with economic growth in the five-year Plans. The following Section is a critical review of the rural development policies and poverty in India.

### 2.3 A Critical Review of the Rural Development Policies and Poverty in India

Alleviation of poverty has been one of the major concerns of India's planners and policymakers since Independence. Before Independence, poverty was largely attributed to the exploitation of the Indian economy by the British, coupled with the feudal mode of agricultural production. Therefore, the people from various social groups and classes joined the freedom movement with the hope that political independence would also bring freedom from hunger, malnutrition, illiteracy, etc. After achieving Independence, the Government was thus under obligation to overcome poverty by enabling the poor to participate in democracy and development as equal partners.

2.3.1 Towards this end, a series of measures have been undertaken. These include land reforms, infrastructure development, technological change, economic diversification and direct anti-poverty programs like IRDP, NREP, JRY, EAS, DWCRA, TRYSEM and MNP.

2.3.2 Despite various favourable factors like the attainment of Independence, abolition of feudalism and achievement of self-reliance in foodgrains production due to Green Revolution, the problem of rural poverty remained as acute as ever before. As seen from various surveys, though on a proportional basis, there has been a reduction in rural poverty, in absolute numbers, the number of poor people has increased over the years. The visible decline in the incidence of poverty after 1983-84 then could be largely attributed to factors not mentioned above, or the cumulative effects of various factors including

those mentioned. A clear understanding of the reasons for the failure of anti-poverty strategies even after five decades of planned efforts will enable us to suggest alternative ones to eradicate absolute rural poverty at least by the year 2020. To begin with, it would be useful to study the nature and extent of rural poverty in various regions of the country so that location-specific measures could be indicated.

2.3.3 An examination of the regional dimension of the rural poverty would indicate that nearly 48 per cent of the rural poor live in three States of Bihar, Uttar Pradesh and Madhya Pradesh, and the percentage of poverty has increased over the years. The poverty ratio declined more sharply in States like West Bengal, Tamil Nadu, Orissa, Kerala and Andhra Pradesh. In the agriculturally developed State of Haryana, the poverty ratio increased substantially and in Punjab, it declined only marginally. In the States of West Bengal, Tamil Nadu, Orissa, Kerala and Andhra Pradesh, the rural poverty ratio declined by 22.2 per cent, 21.5 per cent, 17.8 per cent, 13.2 per cent and 10.6 per cent respectively. It is true that Punjab continues to have a relatively lower incidence of rural poverty as compared to West Bengal, Tamil Nadu, Kerala, Andhra Pradesh and Orissa. But there has been virtually no change in the poverty scene in Punjab while the other states witnessed decline in the poverty ratio in recent years.

2.3.4 Detailed analysis by economic experts indicates that agricultural development may be a necessary, but not a sufficient condition for eradication of rural poverty. In the States of Punjab and Haryana, the poverty ratio was low at the dawn of Independence and remains low normally because of relatively higher levels of agricultural productivity and output growth. But, there is no significant decline in the poverty ratio in Punjab over time and there is an upward trend in rural poverty in Haryana in recent years, which indicates the limitation of the agricultural growth as such to contain rural poverty. But in West Bengal, the rapid agricultural growth in recent years, which was induced mainly by, land reforms, irrigation and credit has helped to reduce rural poverty substantially. Besides, other factors like growth of non-farm employment and PDS also contributed to poverty reduction.

2.3.5 During 1983-84 to 1993-94, West Bengal achieved the highest annual growth rate of agricultural output (about 5.4 per cent), followed by Rajasthan (5.0), Haryana (4.7), Madhya Pradesh (4.7), Tamil Nadu (4.6), Punjab (3.9) and Karnataka (3.9) respectively. In fact, the growth rates of agricultural output at relatively higher level of per-capita agricultural income in Punjab and Haryana should have contributed to poverty reduction significantly, but they did not. Conversely, the high growth rate of agricultural output at relatively lower level of per capita agricultural income in West Bengal could reduce poverty substantially because the growth process is more broad-based in which small and marginal farmers and share croppers also participate due to land reforms and other institutional changes. But the average real wage rate of farm labour in West Bengal increased only by 1.5 per cent, and the absolute daily wage rate in both Punjab and Haryana are higher than that in West Bengal. In fact, at the high wage rate and with 243 days of average annual employment, no agricultural labourer in Punjab should be below the poverty line. But as the NSS data indicates nearly 61 per cent of agricultural labour households in Punjab and 39 per cent in Haryana are poor. It certainly indicates that there are labourers who get less number of days of employment and also relatively lesser wages in certain areas of these States than the average wages and employment in the State and that they are poor. However, in most other States, the average wages are so low that even at full employment level, they will be forced to stay poor.

2.3.6 Orissa is another interesting case. During 1983-93, the rural poverty ratio declined by 21.5 per cent. This was the second highest decline in the poverty ratio in the country. But agricultural output growth was as low as 1.1 per cent and in fact, per capita agricultural income at constant prices declined. Also the state has not passed through any progressive land reforms. The poor people's access to PDS also is negligible. Then what made the poverty ratio to decline? In Orissa the growth of real agricultural wage rate (4.6 per cent per annum) both the absolute level and annual growth rate of per capita government expenditure on IRDP and Rural employment programs were one of the highest in the country. Most other States, which witnessed a modest decline in poverty, had also, modest growth of agricultural output and wages and no substantial redistributive land reforms. Further, it could also be seen that in several States including Bihar, Haryana, Madhya Pradesh, Orissa, Punjab and Uttar Pradesh, the PDS coverage in rural areas is very low. Besides, in the States of Bihar, Karnataka, Madhya Pradesh, Orissa, Punjab and Uttar Pradesh, the non-poor households lifted comparatively more



PDS than the poor households. During 1987-88 to 1993-94, several States including Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, Kerala, Madhya Pradesh, Orissa, Rajasthan and Tamil Nadu witnessed a decline in the proportion of rural workers engaged in the organised manufacturing sector. It is only in West Bengal that there was a significant rise in the proportion of workers in the organised manufacturing sector. Undoubtedly, this sector has relatively higher wage rates, which tend to reduce poverty.

2.3.7 On the basis of the available data, it is possible to infer that agricultural growth cannot always be relied upon as a major strategy for poverty alleviation under all situations. What is important is that the growth process has to be more broad based involving the participation of small and marginal farmers, tenants and agricultural labourers through various institutional reforms.

2.3.8 Factors like (i) growth in real wages, (ii) growth of real employment in the organised non-farm sector, (iii) poor people's increased access to land (iv) increased access to subsidised food and (v) increased expenditure on IRDP and employment programs under some situations help reduce rural poverty. In fact, there cannot be a single planning strategy for poverty alleviation. It has to be location specific, depending on the need and objectives situation of each region.

## 2.4 Anti-Poverty Programs of the Government

The various programs and schemes, thus evolved impinging on rural poor can be classified as follows:

a) Household oriented programs of income generation, through assets	ExIRDP, TRYSEM, DWCRA, Land Reforms
b) Programs of income transfer through Employment and infra-structure development	NREP, RLE GP, JRY, EAS, MWS, LAY
c) Programs for special areas to counter endemic poverty caused by hostile agro- climatic condition and degeneration of the eco- system	DPAP/DDP, RPDS, Wasteland Development, Micro watershed development (Natural Resource Management)
d) Programs designed to ensure access to basic amenities	MNP, (BMS Human Development)
e) Welfare Measures to compensate the poor for their inadequate access to growth.	Social Security, PDS

A more detailed listing of these programs along with its broad objectives and components as well as the achievements in brief are given in **Appendix I**.

## 2.5 Proliferation of anti-poverty programs

These strategies and policies adopted two approaches, one focusing on the overall economic development (through percolation/Trickle Down/ Spread Effect) and another poverty alleviation (direct intervention). Though these approaches reinforce each other, there was no effort to integrate them. IRDP continues to be a program for the improvement of the rural poor without any overall plan or conception of total development of the villages within a block. In fact, the Sixth Plan had categorically stated: "IRDP has been conceived essentially as an anti-poverty, poverty program", and by giving it the name IRDP, the overall development was considered critical. This, however, did not happen and the integration with other PAPS was not achieved. In fact, Hanumantha Rao (1992) states that "the failure to integrate the poverty alleviation objective with the overall development strategy resulted in the proliferation of poverty alleviation programs (PAPS) leading to inefficient use of a large chunk of resources on account of weak linkages with growth, low potential for sustained employment generation and inefficient impact on social development and protection of environment." However, the policy planners counter the argument on proliferation. Poverty has to be understood in a desegregated nature with a view to providing opportunities for different groups. The design of the PAPS, therefore, is deliberate. They further caution that any suggestion to merge the already available schemes could be used as a ploy to reduce the budgetary resource support under rural development which is far less compared to other ministries.

2.5.1 It was widely prescribed that public policies that accelerate economic growth will lead to a 'trickle down' and 'spread' effect benefiting the poor. In fact, this prescription remained the dominant ideology of development. By the early 1970s an increasing concern about poverty developed due to 'apparent failure of the trickle down strategy'. Despite some impressive achievement in aggregate terms, the process of economic growth in many developing countries appeared to bypass the poor. In some cases it even worsened their condition.

2.5.2 Two competing approaches for poverty alleviation evolved during this period. First, Redistribution With Growth Approach (RWG) aimed at increasing the productivity, incomes and output of the low income groups to improve their welfare. The strategies under RWG included – (i) Maximising the growth of GNP; (ii) Redirecting investments to poverty groups; (iii) Redistributing income or consumption to poverty groups and; (iv) transferring the existing assets to poverty groups. The second approach was most favoured because as Prof Vyas states, 'It did not disturb the social and political equilibrium and suited the convenience of all. Such an approach did not threaten the strategy of development nor the structural relationship in Society'. The Second approach - the Basic Human Needs Approach (BHN) involved targeting and addressing the core basic needs of the poor i.e., food, housing and health. Unfortunately, the BHN approach gained importance very late. Let us now examine the performance of certain crucial segments of economy and strategies, which were to contribute to poverty reduction.

2.5.3 IRDP, which is considered a focal instrument of change in rural areas has, as various studies revealed, produced positive but small results. The ability of IRDP to make a long-term impact has always been limited. Though IRDP has created employment in agriculture, it has not been able to diversify the rural economy to any significant extent as the trades/ activities selected by IRDP beneficiaries are not productive ones, nor are focused on building 'permanent' assets. On the other hand, the wage employment programs, which use the surplus labour in the developmental process, are considered a sound PAPS strategy. JRY is a tremendous improvement over all the past employment programs. But like the earlier programs, it too suffered from the isolation from core planning process, poor coordination with other PAPS at various levels and also meagre resources. As a result neither the short-term nor the long-term gains have been significant. Though the positive lessons learnt from the Employment Guarantee Scheme were sought to be replicated through a nation-wide Employment Assurance Scheme since 1993, the outcome indicates yawning gaps in achieving the desired results of reducing the severity of poverty. Employment generation programs are able to provide only about 10-15 days employment in a year. At best, these programs seem to be 'reliefs' measure rather than a sustainable effort, as funds available to tackle the problem are meagre.

2.3.4 The adoption of a uniform strategy, rigidity of the program and standardisation of the operation and procedure have imposed a severe limitation on the effectiveness of the PAPS. Location-specific

schemes and preference to the marginally poor have higher chances of success. The acutely poor need a longer duration of assistance. Self-employment schemes particularly, TRYSEM, have a limited measure of success in backward areas, as neither the training and skills needed to operate such programs were available, nor sufficient funds available for providing motivation to the unemployed youth. Also, in some areas, the number of people trained for particular vocations were far above the employment and resource potential of the area. The program was not linked to any manpower needs study. Pravin Visaria of the Institute of Economic Growth, Delhi, in his study "Unemployment among youth in India" comments about the TRYSEM program: "TRYSEM is perhaps the largest scheme launched by the Government of India to address the problem of training the rural youth for employment. However, relative to the needs for training of rural youth, its role has been rather modest. Overall, almost 42 per cent of the trained persons reported themselves to be "incapable" of taking up independent activity as a self-employed person. However, there were marked inter-state differences in the percentage of trainees reporting incapability for self-employment; the percentage was much higher (60 or more) in Kerala, Bihar and Uttar Pradesh, and much lower in Andhra Pradesh, Assam, Gujarat, Haryana, Madhya Pradesh, Maharashtra and Orissa. The main reported reason for the incapacity to take up self-employment was "lack of funds" (reported by two-thirds), whereas only one-fifth reported "inadequate training" as the reason. According to a rough estimate, the number of rural youth aged 15-24 and in the labour force in India had increased by about 5 to 6 million between April 1, 1992 and April 1, 1997. In effect, therefore, the TRYSEM trainees during the Eighth Plan period formed only about 25 to 30 per cent of the net additions to the youth labour force over the period. Of course, we have focused on the age group 15-24, whereas the TRYSEM is open to persons up to the age of 35. The difficulties in proper reporting of ages raise serious problems in sharper targeting; and the shortcomings in the functioning of TRYSEM need to be eliminated, partly by involving the technically better-trained persons available in the various districts or elsewhere as trainers. The Draft Ninth Plan has described the TRYSEM program as "the weak link in the overall strategy for self-employment"; and has proposed to make training "an integral component" of the Intensive Rural Development Program (Planning Commission, 1998).

2.5.5 At the same time it needs to be pointed out that a study entitled "Public Intervention for Poverty Experience of Indian State" carried out in nine States across the country suggests that, if strategies for poverty alleviation are properly planned and implemented, even without a spectacular growth or a major overhaul of institutions and structures, poverty can be brought down significantly' (Economic & Political Weekly, Editorial, October, 1995) These studies revealed as follows:

- (i) Although there is a high degree of conformity in the approach and content of the poverty alleviation programs, there is a great variation across the State in the outcome.
- ii) While eradication of poverty has been a recurrent theme of the Five Year Plan, the proportion of those living below the poverty line has not declined significantly. The explanation for this must be sought in the political and administrative environment in which the poverty alleviation programs have been formulated and implemented.
- iii) Agricultural growth is an important factor in poverty reduction i.e., Andhra Pradesh and Haryana. The Haryana experience also suggests that the deliberate policy of income and occupational diversification is the most effective cure for poverty.
- iv) Increasing the awareness level of the people, mobilising them in the regions of socio-economic backwardness where institutional barriers of all type exist social, political, cultural, etc. may probably be an important instrument to improve the management and thus the outcome of anti-poverty programs, e.g. Bihar.
- v) Mere formulation of a large number of innovative schemes and programs for the poor may not provide the sufficient condition. A strong political commitment for the poor and

to a sustainable and the healthy development of the State economy is also important, eg: Gujarat.

- vi) Anti-poverty measures can be best being temporary. These measures should create conditions so that the program could phased out. This would mean that growth processes need to be invigorated, eg: Karnataka.
- vii) It is possible to alleviate poverty even when the rate of economic growth is slow, if the programs are well designed and implemented along with components of effective social protection schemes (PDS and others) for the most vulnerable groups eg., Kerala.
- viii) Decentralised planning and adequate resource support can have a positive impact on poverty as has been shown by the Employment Guarantee Scheme in Maharashtra.
- ix) In vastly arid zones, emphasis on infrastructure development especially watershed development and afforestation along with asset redistribution and employment programs can bring down poverty, eg: Rajasthan.
- x) Land reforms, decentralised decision-making through genuine and effective local institutions will ensure proper implementation of the poverty alleviation program and thus a cut down poverty, eg: West Bengal.

2.5.6 Gaurav Datta and Ravallion (1996) argue that reducing rural poverty requires both economic growth (farm and non-farm) and human resource development. They also point out that agricultural growth, higher per capita non-agricultural output, high real State development expenditure, low inflation rate, high female literacy, low infant mortality and irrigation intensity make a positive contribution towards poverty reduction in rural areas. Public spending in the social sector and infrastructure development is very important in poverty reduction.

## 2.6 Land Reforms

Land Reforms, an asset redistributive measure, figured prominently since Independence for about a decade but seemed to have receded to the background with the food crises in the 60s and the resultant importance given to food production. In the mid 80s, however, the interest in land reform got revived apparently because of increasing uneasiness among the planners and social scientist that attempts to integrate growth with poverty alleviation have remained largely ineffective. The experiences and impact of land reforms varied from region to region. Rao (1990), classified the regions as following:

- (a) Semi-feudal areas (Eg: Bihar), where barriers of reform inherent in the prevailing structure of society are too strong to be overcome by the scale and intensity of effort for land reform made so far. The Bihar experience suggests that land reforms, to succeed, need to be part of a broader long-term strategy based on a judicious combination of reform measures with growth policies and programs providing immediate relief and support to the poor.
- (b) Areas with less formidable barriers (Eg: Karnataka) and relatively stronger thrust to land reforms. The Karnataka experience shows that agricultural productivity / production, political mobilisation of the poor and Panchayati Raj are important determinants of success of land reforms.
- (c) Areas with a strong political mobilisation and effective land reforms but with a weak growth performance to complement the reforms (Eg: Kerala, West Bengal). In this experience land reforms

were successfully but did little to improve the economic status and viability of the rural poor, particularly the landless.

- (d) Green Revolution areas (Eg: Punjab), where capitalist farming is firmly entrenched and where reforms are needed mainly to improve wages, work environment, and economic conditions of labourers. Punjab, provides a convincing illustration of a situation here capitalist farmers though achieved agricultural prosperity have done so clearly at the cost of the rural poor and weak by hindering reforms.

2.6.1 In sum, in none of four situations, the reforms benefited the poor. On the other hand, in Bihar, the benefits of reforms have been diverted to the rich farmers. The rural poor may get direct and proximate benefits of land reforms but not an enduring improvement in their economic status despite political and social mobilisation.

2.6.2 The achievements under land reforms, therefore, are marked by a considerable variation between – (a) estimated surplus and acquired surplus; and, (b) acquired surplus and distributed surplus. The lands distributed were found to be marginal, infertile and non-arable. There were dissent and court cases on acquisition procedures and the compensation paid. The tenancy laws, by and large, were ineffective and scuttled by the powerful gulags. Despite these shortcomings, nearly one-fifth of these holdings was a result of land reform. These holdings, however, small and marginal, still enabled a modicum of security and social status. Studies by ICRISAT in 1970 and the National Academy of Administration have confirmed the importance of even modest land reforms in the livelihood strategies of the poor (World Bank, 1990).

2.6.3 With the advent of economic reforms and market economy, there arose differing views on continuing the strategy. It has been contended that the most effective measure to reduce poverty is land reforms without which other schemes cannot have impact. While one segment recommends a floor ceiling on the land holding size maintaining the present upper ceiling, the other advocates steps contrary to land reforms.

2.6.4 Poverty has two dimensions: Income poverty and Human poverty. Unless both are addressed simultaneously, no significant dent could be made on poverty scene. Social development, therefore acquires a special significance and merits urgent attention. Social development and human development have many facets including, social welfare, health, education, nutrition and a democratic institution to promote peoples' participation. Our experiences in this area are slow but not dismal.

## 2.7 Safety Nets / Food Security

Over the decades of planning, economic growth with some focus on distribution objective did not have the designed impact on the poverty reduction significantly. Focused intervention on these below the poverty line was considered necessary. Many programs were formulated and implemented. Over the years these programs underwent changes to make it more effective. These programs can be classified under three major heads, namely:-

1. Schemes generating employment opportunities to those below the poverty line;

2. Added asset creation in the poorer households; and
3. Skills development and training to improve the earning capacity of the poor.

2.7.1 There are many *safety net* programs to cover the poor households. They are:-

1. Public Distribution System;
2. Nutrition Programs - Mid-day meals, ICDS;
3. Social Welfare programs;
4. Special Programs for women & children in the poor house holds; and
5. Health care.

2.7.2 State interventions in foodgrains markets have been in existence in India for a long time. A Public Distribution System (PDS) that regulated the movement of foodgrains from the surplus production States to the deficit ones formed one of the core elements of the food management system. Over the years, there have been a number of attempts to modify the coverage and scope of PDS. While price stability for consumers in urban and food deficit areas were the focus in the early years, some form of equitable distribution was also envisaged in the subsequent Plans. The PDS System covered rice, wheat, sugar and kerosene. From the Seventh Plan, PDS was taken up as a permanent feature of the strategy to control prices, reduce price fluctuation and achieve an equitable distribution. The Food Corporation of India established in 1965 actively started procuring foodgrains to meet the PDS requirements. Over the years, the growth rate of procurement exceeded that of production: the share of procurement rose from about five per cent in 1965 to 19.7 per cent in 2000 (Economic Survey, 2000-2001).

2.7.3 From about 18,000 in 1957, the number of FPS had risen to over 4.61 lakhs. Of these 3.3 lakh were in rural areas. From about eight million tonnes in 1951, the foodgrains distribution in 2000 stood at 12.1 million tonnes with a peak of 20.8 million tonnes in 1991. Since 1978, our buffer stock has remained comfortable and much higher than the PDS requirement. Revamped Public Distribution System (RPDS) introduced in 1992 to give a special attention to backward remote areas, where predominately tribal populations live, covered 1750 blocks through 1.02 lakh FPS. The annual food subsidy rose from Rs. 2450 crores in 1990-91 to Rs. 9200 crores in 1999-2000 and to Rs. 13,000 crores in 2000-01.

2.7.4 PDS attracted much criticism. Singularly sharp was the criticism against urban regional and class bias arising out of the leaks affecting the food security for the poor. It was also found that the rich and the middle classes benefited more from PDS. The Planning Commission's Tenth Plan approach paper states that there is a 36 per cent diversion of wheat, 31 per cent diversion of rice and 23 per cent diversion of sugar from the system at the National level.

2.7.5 Some of the problems besides illegal diversion are:

1. The poor do not have cash to buy all the 20 kg at a time and they are not also permitted to buy in installments.
2. Low quality of foodgrains – a World Bank Report (June 2000) indicate that half of the stock is at least 2 years old , 30% of the stock below 2 to 4 years old and some grains are even older.
3. Weak monitoring, lack of transparency and inadequate accountability of officials implementing the scheme.
4. Price charged at the retail level exceeds the official price by 10 to 14%.
5. Poor also require quality grain lest there should be health problems.

2.7.6 Many economic analysts have felt that PDS is not a cost effective way of income transfer to the poor as compared to other nutrition programs or wage employment programs. The per capita income transfer to poor from all subsidies (food and non-food) in rural areas not tangible enough to make the program an 'attractive one' for the poor. Available data suggests that many of the poor States choose to draw a much lower share of PDS than what they are entitled to eg: Bihar, Uttar Pradesh, Madhya Pradesh (World Bank 1997). It has now been realised that from the concept of 'universal' coverage 'targeted' coverage is required to eliminate the class bias and also to contain the ever-increasing food subsidy:

2.7.7 The targeted PDS system follow a two tier subsidized pricing structure. Families below the poverty line receive rice and wheat at a much lower price (highly subsidized) whereas the households above the poverty line is supplied at a price which is much higher and closer to economic cost. The identification of this ultra poor is left to the States based on poverty estimates. In order to make the targeted public distribution system more focused, the Antyodaya Anna Yojana was launched in December 2000. This scheme is to identify 10 million poor families and providing them with 25 kg of food grains per family per month at a low price of Rs. 2.00 per kg for wheat and Rs. 3.00 per kg for rice. This scheme requires 30 lakh tons of foodgrains involving a subsidy of Rs.2315 crores. The identification of this very poor household for this scheme is best left to the Gram Sabhas and Panchayats instead of the bureaucratic machinery. This step was politically unacceptable to some States, while others argue that the targeted PDS may prove very expensive without a matching social achievement. The TPDS has come into operation in 1997 and the States have been given the freedom to modify the program in the manner they chose fit to suit the local requirements.

2.7.8 Social Security recognises the responsibility of society to relieve the economic distress faced by the people on account of contingencies beyond their control. Even the writings of Manu, Sankaracharya, Kautilya and Yojnavalkya are replete with references to payment of part of wages to a workman to compensate for loss of earning due to old age, disabilities, etc. Thus, the system of social and economic security is very ancient in India. Unfortunately, in modern India the State has been more concerned with the organised industrial welfare. Till recently the rural poor, including rural workers, suffered from 'benign neglect'.

2.7.9 Though social security systems have been in operation in almost all the States, early beginnings were made in Kerala and Andhra Pradesh (1960), Tamil Nadu (1962), Rajasthan and West Bengal(1964). However, there was a considerable difference in the quantum of assistance, eligibility, etc. A Study Group of the Report of National Commission on Rural Labour (1991) has recommended Old Age Pension, Maternity Benefits, Disability Benefit and Minimum Healthcare and Sickness Benefit. Though

several state-funded and Centrally-sponsored schemes for specific groups were formulated and implemented a substantial chunk of unorganised poor, particularly the rural poor, have been left out of the social security scheme. Realising this and also as a part of the 'Social Safety Net' in the wake of economic reforms, three major social security schemes were launched under the umbrella of the National Social Assistance Program (NSAP) in 1995. These are the National Old Age Pension Schemes (NFBS), and the National Maternity Benefit Scheme (NMBS) to be implemented by the Ministry of Rural Areas and Employment. About 42.4 lakh person benefited with a financial expenditure of Rs. 309 crores, against an allocation of Rs. 669 crores by March, 1997. There has been criticism that the provision under the Centrally-sponsored schemes is lower than the existing State schemes is also insensitive. Nevertheless, the three schemes are well conceived and the Centre, for the first time, assumed a role in helping the States to provide a package of essential social protection to the poor (Guhan, 1995 ). The States on their own have formulated a number of Schemes. Many of them are innovative and arise of location-specific concerns. A flavour of such programs sponsored by Tamil Nadu is given in **Appendix II**. In all more than about 100 programs were in operation. These programs are being implemented as end in themselves without synergy and convergence. Many, including Panchayat presidents are not aware of the programs. Every poor household is entitled for some set of eligible programs. Hardly they get one or two programs and that too not consistent. These programs result in some income transfer to the poor households. Government spends Rs. 6-10 for transferring Rs. One to the house holds through these welfare measures.

## 2.8 Decentralisation

Decentralisation as a concept was widely accepted and put into practice with the introduction of the Community Development Projects in 1952. Under this, a community block comprising about 100 villages covering one lakh population became the unit of planning for development. The Balwantrai Mehta Committee (1957) recommended the 'decentralised Administration' to be under the control of the elected bodies with the block as the basic unit of decentralisation. Thus Panchayat Raj Institutions (PRIs) got established throughout the country. The story of Panchayati Raj has been the story of ups and downs. It seems to have passed through five important phases: The phase of ascendancy (1957-64), stagnation (1965-69), of decline (1969-77), the revival 1 980-93) and the phase of consolidation (1 993 onwards).

2.8.1 Activities assigned and taken up by PRIs since the beginning were limited. Their resource base was weak, elections irregular or the PRIs were superseded as the political elite at higher levels (MLAs, MPs, etc.) were lukewarm to the idea of decentralisation. On the positive side, politically the PRIs initiated a process of democratic seed drilling in the Indian soil; socio-culturally facilitated the emergence of new local leadership; and from the development angle, it helped imbibe a development psyche among the rural people. The Ashok Mehta Committee (1978) suggested several measures to strengthen the PRIs. The failure of development strategies through PAPS and the declining levels of the people's participation in the development process has rekindled the interest in the PRIs, which culminated in the 73<sup>rd</sup> Amendment to the Indian Constitution giving a statutory status to the PRIs. Even though the PRIs have been constituted across the nation, many have not implemented the programs in letter and spirit. Devolution of financial and administrative powers to these grassroot institutions of self-governance has largely remained inadequate. Though reservation for women and socially weaker sections has been one of the greatest achievements of the modern PRIs, the social structure and influences still render these groups ineffective.



2.8.2 Human poverty need to be addressed through human development, which encompasses, education, health, drinking water, housing, rural infrastructure, etc. In the early 1960s along with general provision relating to basic needs, a well-defined approach called the '**Minimum Needs Approach Program**' (MNP) was evolved. The Planning Commission, for the first time, spelt out this approach and formulated a Perspective Plan 1961-75. In the Fifth Plan (1973-75), the 'Minimum Levels of Living' approach was introduced with two components: (a) a capital basis for specific target group i.e., the poorest 30 per cent of the population; and (b) notifying seven public services as the Basic Minimum Needs (BNP) and specific target were fixed. Except for the housing component, 90 per cent of the seven BNPs provision were addressing the needs of rural areas. Over the years, rural energy, sanitation, PDS were added to the list of MNP. Considerable improvement in the socio-economic infrastructure in the rural areas has been achieved and it has gained momentum since 1980 with the introduction of several employment generation and other human development programs. However, these approaches and strategies have had only marginal impact on the poorest sections of society. This has led to decentralised and participatory approaches to improve the efficiency and reach of MNPS. In 1979, the seven Basic Minimum services were identified whereby the target was to cover the entire country by 2000 AD. While the major responsibility in the regard rests with the Ministry of Rural Areas and Employment, the Ministry of Health, Welfare, HRD, etc., also have a role in fulfilling the MNP commitments. One major flaw still persisting is non-integration and convergence of the schemes of various ministries at the grassroots level. Awareness building exercises are also found to be inadequate.

## 2.9 Environmental Access to Food

Though physical and economic access to all nutrients is a necessary condition, it is not sufficient for ensuring orderly physical and mental growth to realise genetic potential. This requires enabling environment for securing effective biological utilisation of the nutrients consumed. At high levels of morbidity, the body's physiological or internal entitlement to food and nutrients is diminished, even in the presence of adequate external entitlement. Water borne diseases, infection and pollution affect the processing power of the body and the poor under nourished population suffer most. Nutrient loss from the body in such an environment is very considerable. Protected water supply, sanitation and proper waste disposal alone can ensure optimum biological utilization of nutrients consumed by the population.

## 2.10 Drinking Water

The responsibility of providing drinking water rests with the States. Though funds were allocated in the budgets, but in the mid-1960, it was found that these water schemes were provided only to those villages which had an easy access. The Centre entered the scene in the Fourth Plan with assistance to States to identify hard core problem areas. In 1972-93 in yet another effort to accelerate the pace of coverage the Central Government introduced the Accelerated Rural Water Supply (ARWS) with 100 per cent grant. Water supply hitherto looked after by the Urban Development Ministry got transferred to the Rural Development Ministry. Despite the total coverage reported at the beginning of the Eighth Plan, subsequent investigation showed that the many people of the previously covered villages has become 'no source' villages. This number was quite huge resulting in new efforts through the Rajiv Gandhi National Drinking Water Mission, which also addressed problem like quantity, contamination and community participation. The coverage of rural and urban population with drinking water facility increased rapidly between 1985 to 1999. Sanitation facility in rural areas covers only 9.00% of the rural population *vide table below*.

**TABLE 3****Population covered with drinking water and sanitation facility**

Unit/Area	1985	1990	1997	1999
<b>Drinking Water</b>				
Rural	56.3	73.9	86.74	98.0
Urban	72.9	83.3	85.0	90.2
<b>Sanitation Facility</b>				
Rural	0.7	2.4	6.37	9.0
Urban	28.4	45.9	50.00	49.3

Source: Economic Survey 2000-2001

2.10.1 Despite a massive allocation and effort, the situation continues to be critical in many villages especially during the summer owing to indiscriminate water mining.

2.10.2 As stated earlier, health, housing, sanitation, literacy and education are all linked with poverty and social security measures to tackle it. However, since these are discussed in detail in other related papers, these are not covered except mentioning them as important components, so that their importance does not go unnoticed.

2.10.3 There have been conflicting and varying opinions on the impact of the Structural Adjustment and Economic Reforms started in 1991. Some argue that rural poverty has increased which is also reflected by the increasing Foster Greater - Thorbecke measures of poverty (FGT). The poor people have very little purchasing power and hence they are peripheral to the structured market economy with which so much development thinking and activity is concerned. The 'Miracle of the market' paradigm, does not work in their favour. It has been generally realised that economic adjustment could adversely alter the living standards of the poor in the medium term at least until the beneficial provision of the new policies materialise. The stabilisation phase is likely to be accompanied by a decline in economic growth and employment. These might worsen the position of some of the vulnerable sections of the labour force. Of particular concern is that fiscal contraction is likely to result in reduction to outlays on subsidies and on budgetary outlays which are intended to benefit the poor. The financial reforms are feared because they lead to contraction of credit to the priority sector and PAPS. Significantly though, an extraordinary range of activities has come up in rural areas, real wage in agriculture is also increasing probably due to more diversified activities seen all over the country. The phenomenon has not been well captured leading to certain apprehensions on the effect of the New Economy Policy on employment and growth. The fact that the hope for future employment generation will primarily rest in the rural sector is discussed later in the Chapter on "Employment". Indian agriculture has some inherent strength; comparative advantage of some crops is very high for India. Horticulture and aquaculture offer great potential. Globalisation has also opened up possibilities of agro-processing. But this commercialisation process has lured several small and large farmers in the dispossession of land and pushed them in to the labour market.

2.11 Current Status of Poverty Alleviation Programs

On the positive note, poverty is declining slowly but still remains widespread. Despite methodological variations, the 55<sup>th</sup> NSSO Round has brought out the fact that there has been an appreciable reduction in poverty. Even when incomes do not appear to have improved, long term wellbeing has been noticed (World Bank, 1997). The female literacy has increased to 54.3 per cent in 2001 as compared to just 9 per cent in 1950-51. Life expectancy has risen to over 63 years and Infant mortality recorded a significant reduction. Rural investments including rural roads, irrigation, electrification, health and education have made inroads against rural poverty. For instance, the area under irrigation has gone up from 22 million hectares to 78 million hectares in 1996. The Central Plan Budgetary expenditure on Anti-Poverty Programs (food subsidy employment programs, IRDP Social Welfare Nutrition Welfare of the Scheduled Castes and the Scheduled Tribes and Basic Needs) has been steadily rising.

## 2.12 Areas of Concern

Despite the positive statements of the previous paragraph, our efforts at reducing poverty are far less effective than our neighbours. The absolute number of people below the poverty line has been increasing steadily. Though the infant mortality rate has declined considerably, it is still one of the highest in the world. The life expectancy at birth has doubled but still remains well below the countries who were worse off than India in 1950 (Eg. China, Sri Lanka). India accounts for a quarter of the maternal deaths world-wide. Female literacy is markedly lower than men. About 37 per cent of population still lack access to safe drinking water. Among 192 countries in the world, India ranks 128 in terms of the Human Development Index (HDI). Though in the recent years the participation of Centre in the social sector has been increasing, the share of expenditure by States is declining indicating a non-serious attitude or excessive dependence on Centre by States.

## 2.13 Lessons Learnt

The Department for International Development (formerly ODA) in Its white paper "Eliminating World Poverty; A Challenge for the 21st Century (1997)", has very succinctly put the challenges that face the world which may as well be the mission of India.

1. To see a society where everyone can live in peace and security; have a say in how their community is run; and have access to those things we so often take for granted like clear water, fresh air and the chance to earn a living and bringing up healthy, educated children.
2. To make the government accountable to the people; protect human rights and create human opportunities for economic growth.
3. To ensure that development is sustainable. This means we must meet our needs today and those of the future generation without sacrificing the resources we need now (without damaging the environment) and in the future.
4. To show progress in gender equality and the empowerment of women by eliminating gender disparity in education and other areas.

2.13.1 Economic growth reduces poverty. But growth alone does not provide sufficient conditions for reducing poverty. It is not enough to focus the intervention on the symptoms of poverty i.e. low income. The objective is to counter the marginalisation processes pushing a large number of the brink of subsistence. Measures to promote investment both public and private are very crucial. Employment programs, if well designed with sufficient thrust incorporating a guarantee (unlike the lean season focus as of now) of round-the year employment to the poor. Emphasis on improving the rural resources and infrastructure can have a strong, positive impact on poverty reduction. Wage employment programs are self-targeting in nature and therefore, are more effective in reducing poverty.

2.13.2 For empowering the rural poor in their quest for poverty reduction, a synergy need to e developed between the institutions and individuals and ensuring that they address issues of direct relevance to them directly.

- A blend of devolution and collective action for natural resources management
- Delivery of financial services to the poor to enable them to access and secure financial assets
- Developing linkages with the NGOs and the private sector as partners for service delivery

**2.13.3 From the lessons that we have learnt in implementing programs to overcome rural poverty, the following areas may be identified as those needing priority attention:**

- Landlessness is closely associated with rural poverty. Land reform measures, therefore, are still valid in ensuring income gains to poor.
- Access to education, health and economic opportunity go hand in hand in reducing poverty, but the investment in these sectors is far lower to meet the magnitude of the problem. Investments in this sector should increase.
- Anti-poverty programs, -Including PDS have not been cost-effective in reducing poverty. There is an urgent need to reform the anti-poverty programs. Merging the plethora of schemes/programs into a well-defined and well targeted programs is one option. Wherever the local participation is ensured, the effectiveness of PAPs is relatively better indicating a large role for the PRIs and NGOs in planning, executing and monitoring the schemes with a view to reducing leakages and strengthening the delivery mechanisms.
- Welfare programs play two different but equally important roles in eradicating poverty. First they try to provide at subsidised cost or at no-cost a wide range of amenities and services which, in a way, compensate for the inadequate access to the benefits of growth and redistribution policies. Secondly, they help the poor to invest in themselves - health, nutrition, education, etc.
- In terms of the spatial spread and visibility, these programs have grown considerably over the years and it is necessary to continually lay emphasis on these compensatory measures to the poor. Economic reforms undoubtedly have an adverse impact on the poor in short and medium run (long run effect still untested) and therefore, social safety net has to be widened and strengthened.
- Management of inflation will be a critical factor in poverty alleviation.
- The agricultural sector cannot bear the burden of ever-growing population. Therefore, diversification of the rural economy through entrepreneurship development and strengthening of credit and marketing institutions would be essential.

- A properly designed watershed development program through effective participation of the people including the landless poor, can help alleviate poverty in rainfed areas.

2.13.4 As Fawzi H. Al-Sultan, President of IFAD, in the Conference on Hunger and Poverty, 1995 stated

“What we need now is to move from a system in which the poor participate in officially-led development programs towards one in which governments and external donors support people-initiated development. – the entitlement of the poor, allowing them to have greater control over their lives and futures”

2.13.5 Science has opened up vast opportunities for achieving a sustainable food security. Scientific strategies and priorities must be rooted in the principles of ecology and employment generation if they are to serve the cause of public good. We need more science, and technology, both in the public and private sectors, related to the agriculture for proving Neo-Malthusian predictions of widespread food and drinking water insecurity, wrong. Only then we can convert the 21st century into a Millennium of Hope. Eventually all future development approaches which keep poverty reduction as their core objective must recognise the significance of investing in human capital. Only such an effort could create the foundation for a greater participation of the poor in the over-all developmental process.

**2.13.6 International Experiences:** One of the most significant poverty reduction success stories by planned interventions comes from China. In this program, the Government of China had taken several critical measures to attack poverty like setting up goals, strengthening state institutions, providing additional funds and effectively utilising them, and mobilising the resources. The 8 -7 Poverty Reduction Programme (8 for 80 million people and 7 for seven years of the Plan) is a targeted intervention that strengthened state institutions, organised relevant training programs with a practical and income enhancing orientation and advances in new technologies, augmenting the provision of credit and farm inputs and facilitating labour mobility from endemically poor areas. The emphasis was on expanding the income generating activities among disadvantaged groups by strengthening crop, forestry and livestock production, developing transport and communication services, and in general, raising scientific knowledge, education, literacy, health and physical fitness.

2.14 Towards Hunger Free India

The Prime Minister released the Food Security Atlas of Rural India on April 24, 2001. While identifying areas of high food insecurity in the country, provides information on the availability, access and absorption of food and is thus a holistic approach to the problems of hunger and malnutrition. (“Towards Hunger Free India” – A Joint publication of the Planning Commission, MS Swaminathan Research Foundation and UN World Food Program). Success in eliminating endemic and transient hunger will ultimately depend upon our success in ending both unsustainable lifestyles and unacceptable poverty. The Prime Minister emphasized the fact that

“the responsibility of mitigating the hunger of the poorest of our brethren cannot be that of the Government alone. It requires the cooperative efforts of the Central and State Governments, local self-government bodies, non-governmental organizations, international organizations and above all, our citizens.”

A Ten-point Agenda for Action was adopted at the Closing Session of the Consultation, broad features of which are given in the succeeding sub-paragraphs.

**(i) Identification of the vulnerable individuals:**

The first step is to identify families and individuals suffering from endemic hunger and malnutrition. This is best done by the *Gram Sabha*. Usually, such families/individuals tend to have limited or no access to productive assets like land, cattle, fishponds and education. They often live by daily unskilled wage work. The methodology of the Food Insecurity Atlas of Rural India is a tool that can help in identifying the hotspots of hunger.

**(ii) Information Empowerment:**

Families/individuals identified as vulnerable to endemic hunger can be given *Household Entitlement Cards* which give information on all Government projects (both Central and State Government) relating to poverty and hunger elimination, to which they are entitled. The various government projects should be dis-aggregated by gender, age, class and caste and precise information provided on methods of accessing the benefits to which people are entitled. Land ownership records should be periodically updated and made available to all concerned. Such steps will enable all eligible persons to derive benefit from their entitlements, for which provisions exist in the budget of the Central and State Governments. Also the Panchayats / local bodies should be empowered legally, administratively and financially to assume the responsibilities assigned to them under the Eleventh Schedule to the Constitution.

**(iv) Eliminating Protein Calorie Malnutrition and Energy Deprivation:**

Existing projects like the targeted Public Distribution System and nutrition programs (eg. Integrated Child Development Services, Mid Day Meals and Antyodaya Anna Yojana) will have to be mobilised to ensure that they reach those who have so far been bypassed by such schemes. The PDS should include the distribution of nutritious cereals like *jowar, bajra, ragi* and millets because they have a low cost and high calorie / protein / micronutrient advantage. Knowledge on childcare and healthcare practices as well as support services should be targeted to pregnant and nursing mothers, so as to ensure effective protein-calorie nutrition of young children. ICDS should encourage increased involvement of women in the management of feeding programs. Greater attention is needed to appropriate supplementary nutrition for children in the 0-2 age group, the most critical period in terms of brain and body growth, and also the most neglected in ICDS, and the group with the highest established levels of malnutrition. This will

ensure better health and nutrition of both the infants and mothers. Reaching the unreached and giving operational content to Gandhiji's concept of Antyodaya are major challenges.

Food assistance agencies should accord priority to cost-efficiency and program-effectiveness. The large surplus food reserves available with Government provide unique and uncommon opportunities for establishing a national grid of Community Grain Banks. Such Banks administered by local self-help groups could become the vehicle for administering food for work, **Antyodaya Anna Yojana**, targeted public distribution system and all such schemes designed to assist the vulnerable sections of the population.

**(v) Eliminating Hidden Hunger caused by Micronutrient Deficiencies:**

A multi-pronged strategy consisting of direct interventions like the fortification of food, the administration of oral doses of vitamin A, iron and iodine fortified salt, as well as the promotion of the cultivation of vegetables and trees like *amla* in the small areas surrounding huts/homes (home garden), can be introduced in every village. 'India-mix' which is fortified with essential vitamins and distributed through ICDS centres in selected states should be extended to all States and Union Territories. The highest priority should go to the elimination of hidden hunger as soon as possible since this is an easily achievable task. The programs can be designed on a campaign mode as in the case of vaccination for important diseases.

**(vi) Safe Drinking Water and Environmental Hygiene:**

Environmental hygiene can be improved through co-operation among local communities. Every village and town should have a plan for the treatment and recycling of solid and liquid wastes. Waste recycling could also become a remunerative enterprise and self-help groups can be trained to take up such environment enhancing enterprises. Clean drinking water is necessary to ensure the efficient biological absorption and digestion of food in the body. In addition, the consumption of boiled water should be encouraged and facilitated. This one step could help in reducing infant and child mortality rates significantly.

**(vii) Enhancing Purchasing Power through Sustainable Livelihoods:**

There is need for synergy among the farm and non-farm employment programs in different agro-climatic zones. Efforts should include the corporate and business sectors in contract farming and buy back arrangements of the farm products. This will increase employment opportunities in the rural areas. Productivity enhancement and market development need priority attention. Livestock and agro-forestry are important to livelihood security in semi-arid and arid areas. Appropriate infrastructure for perishable commodities including livestock and poultry products as well as fruits, vegetables and flowers should be developed as soon as possible. The Rural Infrastructure Development Fund needs to be harnessed for this purpose. Every individual should be able to earn his/her daily bread through economically and ecologically viable means of self-employment. To this end, the organization of an innovative *National Program for Sustainable Livelihood Security* with provisions for both skilled and unskilled work and for value-added on-farm and non-farm employment should be considered for inclusion in the Tenth Five Year Plan. Assistance under such a program can take the form of food, cash and infrastructure.

**(viii) Special Attention to Women and Children:**

While all the above programs should accord equal attention to men, women and children, special steps are essential to attend to the needs of pregnant and nursing mothers and pre-school children. There are several national and state schemes intended to help adolescent girls, pregnant and nursing women. They can be listed in the Household Entitlement Cards, to ensure that the coverage of such projects includes the excluded. Education, social mobilisation and regulation are essential for overall empowerment of women including prevention of female foeticide and infanticide. The highest priority in Panchayat level monitoring should go to both the incidence of Low Birth Weight (LBW) children and the male-female sex ratio. The serious consequences of LBW in relation to brain development and subsequent health should become widely known. Sex ratio is an important indicator of the status of women in the society. Women's roles as nutritional caretakers as well as their work outside the house have to be equally acknowledged. Their educational level, nutritional status and control over food resources and assets are all determinants of household food security. Thus strengthening opportunities and options for women and making them key players is the first step to alleviate hunger.

**(ix) Strengthening Food Based Safety Nets:**

There is an immediate need to strengthen food based safety nets in a manner that food assistance plays an important role in ensuring minimum nutritional intake for the most undernourished people. ICDS and the Mid Day meal program are very relevant examples. The focus of food assistance should shift from merely appeasing hunger in the short term towards enabling development of human faculties. Programs such as FFW (Food for Work) should use food consumption to encourage investment and leave behind a lasting asset, which will continue to help the community, household or individual into the future. With



respect to natural resource management and disaster mitigation, FFW can be used to promote sustainable livelihoods for the food insecure. This requires action by concerned Ministries, Government and Non-Government Organizations, in a variety of sectors, integrated under a coherent policy framework for food assistance. Action with respect to geographic and gender targeting as well as to age and social status together with refocusing on specific nutritional gaps, will lead to greater and more speedy impact. Drawing from the best experience available there is an urgent need to develop more effective mechanisms for the delivery of food assistance programs.

**(x) Linking Disaster Mitigation with Development:**

Both at the national and global level there is an immediate need to link disaster mitigation with development. Without disaster preparedness, development itself is at risk. Increased attention is needed to find ways of mitigating the effects of natural disasters so that a single calamity does not push some people over the edge. An example of a mitigation activity is local level grain and water banks, which provide assistance at both the community and household level. Food Assistance is a powerful tool in tackling hunger at times of natural disasters: the challenge is to ensure that distributions are in accord with the demands of development, while at the same time safe-guarding the most vulnerable sections of society.

Where appropriate, additional food assistance should be targeted to disaster-prone areas that are home to many food insecure people. It should strengthen the ability of these households to cope better with short term shocks. Food assistance should combine with other investments under the umbrella of a broad food security strategy.

**(xi) Greater Market Access to Farm products:**

Industrialized countries must provide greater market access to the farm products of developing countries. If trade and not aid is to become the pathway for poverty reduction, trade should become not only free but also fair. At the same time, greater attention and investment will be needed to strengthen our efforts in the areas of ecotechnology, post-harvest technology, sanitary and phyto-sanitary measures and adherence to FAO **Codex Alimentarius** standards. Emphasis on food quantity and safety is vital not only for attracting and retaining global markets, but even more importantly to protect the health of the poor. In addition, restrictions on farmers selling their products anywhere in the country should be removed. If foreign farmers could enjoy the privilege of removal of quantitative restrictions on exports to India, Indian farmers should enjoy the same privilege not only abroad but also within the country.

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## APPENDIX-1

### Chronology of Events in Rural Development

( See para 2.4 )

Year & Programmes	Major Objectives & Components of the Program	Achievements & experiences in brief
<p><b>1. Early Years</b></p> <p>(a) Community Development Programme (CDP): and National Extension Service 1952.</p>	<p>Rejuvenate economic &amp; social life in rural areas through infrastructure building at local level and investment in human resource development through the provision of education and health. The programme was implemented in well defined geographical area i.e., Community Development (CD) Block.</p>	<p>During the pilot phase, remarkable results were obtained in a number of CD blocks. When the programme was expanded to cover the entire country the weakness of the socio-economic system came to the surface. The programme was not supported by appropriate technology and institutional reforms. Its impact on poverty alleviation was not conspicuous in any part country.</p>
<p>(b) Land Reforms 1956-66</p>	<p>Redistribution of land through land ceiling , tenancy reforms abolition of Zamindari allocation of surplus land to landless poor or marginal farmers.</p>	<p>The initial pace of reforms was slow as this was a state subject. Distribution of surplus land was far below expectation. Distributed lands were marginal and unproductive. Position of small tenants did not change much. Land reforms was as good as a forgotten strategy since 1970s.</p>
<p><b>II. Poverty Alleviation Programmes</b></p> <p>A) Area Development 1960-71</p> <p>(1) Intensive Agriculture Development Programme</p>	<p>Deficit in foodgrains in the late 50s led to the Grow more food campaign.</p> <p>Increasing agricultural production and productivity through introduction of High yielding varieties and increase in irrigation.</p>	<p>Green Revolution was a major achievement. But successes were confined to irrigated areas and better-off farmers. Regional imbalances and disparity was glaring.</p>

Year & Programmes	Major Objectives & Components of the Program	Achievements & experiences in brief
(IADP)  (2) Intensive Agriculture Area Development Programme (IAADP)  (3) High Yielding Varieties Programme(HYV)		
(4) Command Area Development Programme (CADA)1974	Faster & Optimum utilisation of irrigation potential created Farm Development with emphasis on Weaker section.	Initiated in 1974 the programme expanded to cover 47 irrigation projects administered by 36 Command in Area Development  Authorities in 12 States by 1984 Cover 102 district. All irrigation projects in India have CADA.
(5) Hill Area Development Schemes (HADS), 1972	Socio-economic development of Hill Areas in harmony with ecological development.  Promoting basic life support systems with sustainable use of resources.	Hill area were classified as special areas (all North Eastern State, J&K and Himachal Pradesh and general areas (Tamil Nadu, West Bengal, Maharashtra, Kerala, Goa, Karnataka, Uttar Pradesh).
(6) Drought - Prone Area Programme (DPAP) 1973-74	Creation of durable assets that would contribute towards reducing severity of drought, wage employment etc.	The programme is being implemented in 947 blocks of 155 districts in 13 states covering 746 lakh hectares as on March 97. Since inception about Rs. 1992 crores have been spent under DPAP.
(7) Desert Development Programme(DDP) 1978	Arresting environmental degradation and improving environment and productivity in Hot and Cold (J& K, HP) deserts.	By March 1997, DDP was being implemented in 227 blocks of 36 districts in seven states. DDP has covered 457 lakh hectares since inception till March 97 about Rs. 620 crores have been spent under DDP.
(8) National Watershed Development Project for Rainfed Areas (NWDPA) 1990.	To generate successful models in all the community Development blocks where less than 30% arable area in under irrigation to bring the benefits of Green Revolution to dry regions.	A cent per cent Centrally sponsored programme under the Ministry of Agriculture Required level of Public participation was lacking. 2554 model projects in as many blocks across 25 states Uts

Year & Programmes	Major Objectives & Components of the Program	Achievements & experiences in brief
		covering an area of 45.84 lakh hectares at a cost of 1.24 crores have been achieved by 1996.
(9) National Wastelands Development Board(NWDB) and Integrated Wastelands encompassing Wastelands.	Development of non-forest wastelands. Development of micro-Watershed encompassing Wastelands.	Established at the initiatives of the late Prime Minister, Rajiv Gandhi. Later merged in the Ministry of Rural Areas and Employment. By the end of March 1997, an estimated Rs. 216 Crores have been spent covering 2.84 lakh hectares.
<b>B. Target Group Development 1970-71.</b>  1. Small Farmers Development Agencies (SFDA)  2. Marginal Farmers and Agricultural Labourers Development Agencies (MFALDA).	Direct attack on poverty, improving productivity and access to productive resources and services to poorer sections of community in selected backwards areas. These schemes were fully funded by the Central Government.	Initially 46 SFDA's and 41 MPALDA's were started. In 1979 both the agencies were merged into SFDA and were in operation in 198 districts through 168 SFDA's.  Between 1971 and 1977, around 6.5 million rural households with a budgetary outlay of Rs.134.31 crores and credit support to the tune of Rs. 243 crores were covered. In 1979 this was merged into IRDP.
<b>C. Self-Employment</b>  1. Integrated Rural Development Programme 1979 (Self Employment Programme)	An integrated approach for both agriculture and other development targeting the poor. This programme imbibed the objectives of SPDA's also. Subsidy and credit were provided to poor households to take up self employment and income augmenting activities. The cost of the programme was to be shared equally between centre and state. National target of assisting 600 families per block annually was laid out.	Initiated as a pilot project in selected blocks, it was expanded to cover the whole country in 1980. During the Sixth Plan the programme covered 15.13 million families with Rs. 1,500 crores and a similar number in the Seventh Plan was covered. Rs. 1,186 crores for Central assistance was allocated in the seventh Plan. By the end of March 97, over 50 million families with 50,000 crores have been covered since inception.
2. Development of Women & Children in Rural Areas (DWCRA)- 1983	To provide income generating skills and activities to poor women in rural areas. Social and economic empowerment	Started as a pilot schemes in 50 districts in 1983, it is now implemented all over the country. As on January, 1997, 1.88 lakh groups with

Year & Programmes	Major Objectives & Components of the Program	Achievements & experiences in brief
	leading to improve d areas to health, education etc.	29.54 members have been assisted to the tune of Rs. 220.43 crores. This is one of the fairly successful scheme.
3. Training of Rural Youth in Self Employment (TRYSEM) 1979.	Providing technical and entrepreneurial skills to youth from the poor families to enable them to take up self employment.	Started as a centrally-sponsored programme on 15 August, 1979. As on December 96, 37.09 lakh youth have been trained but a very large number of them could not settle in the trades in which they were trained. Lack of credit facilities and demand for trade are some of the reasons.
4. Took Kits Programme (1992)	To improve the quality of work of rural artisan and thereby their income earning opportunities.	Started as a pilot schemes, it now stands extended to the whole country; 4.7 lakh tool kit as a cost of Rs. 84.0 crores have been provided.
<b>C. Wage Employment</b>		
1. Rural Man Power Programme (RMP) (1960-69)	First major wage employment programme aimed at providing 100 days of employment for at least 2.5 million persons at the end of the Third Plan in areas prone to pronounced employment.	Resource constrains curtailed the programme only to 20% of the outlays of Rs. 150 crores. The programme ended in 1960-69 generating 137 million man-days of employment.
2. Crash Schemes for Rural Employment –1971 (CSRE)	To provide employment to at least 1,000 persons in each of 350 districts every year through labour intensive work and creation of durable assets.	Started with Rs. 50 crores annual outlay in 1971, created employment to the tune of 360 millions man-days. The scheme marked considerable lack of planning an assets created were mostly non-durable in nature.
3. Pilot Intensive Rural Employment Programme (PIREP) 1972.	To provide additional employment for unskilled labour by creation of assets which have multiplier effect on employment generation through skill upgradation.	Implemented along with CSPST, Initiated as a pilot project in 15 CD Blocks ended 1975-76 creating 18.16 million man days of employment.
4. Drought-Prone Area Programme (DPAP) an Desert Development Programme.	Mitigating the severity of scarcity condition by organising labour-intensive and production-oriented works to generate employment in rural areas.	The RWP of 1971 was converted in DPAP and later redesigned to be an area development programme.

Year & Programmes	Major Objectives & Components of the Program	Achievements & experiences in brief
5. Feed For Work(FWP)- (1977)	To generate additional gainful employment to unemployed in rural areas with a view to improving their incomes and nutrition. Creation of durable community assets by utilising the surplus foodgrains.	The programme could not make much headway due to some constrains inherent in the schemes itself. During 1977-79, a total employment of 979.32 million days for generated.
6. National Rural Employment Programme(NREP) -1980	The FWP was redesignated to be NREP and the objectives of the extensive employment programme were continued. NREP became part of the sixth Plan since 1981 and implemented as a certainly sponsored programme on 50:50 cost sharing basis.	During the Sixth Plan Rs. 1,873 crores were spent on the scheme creating 1775.2 million man-days of employment. In the Seventh Plan Rs. 2,940 crores was spent to create 1477.5 million man-days.
7. Rural Landless Employment Guarantee Programme (RLEGP) 1983	To provide 100 man-days of employment in a year to at least one person in each landless household during the lean season. To be implemented alongside NREP covering the whole country	During the Seventh Plan, Rs. 2,412 crores were spent under this scheme creating 1,154.4 million man-days of employment. But both NREP and RLEGP could not provide the hundred days.
8. Jawahar Rozgar Yojana (JRY) 1989	Merging the objectives of both NREP and RLEGP, the scheme to be implemented as a centrally sponsored scheme on 80:20 (Centre : State) cost sharing basis covering the entire country.	Since inception till 1966-97 (December)., nearly Rs.240 billions were spend under the scheme creating 6.4 billion man-days employment.
9. Intensive JRY-IJRY Indira Awas Yojana (LAY) Million Wells Scheme (MWS) Innovative JRY.	All part of JRY but aimed employment generation through special efforts in some backward areas (JRY) housing for SC/ST (LAY) and irrigation facilities for SC/ST (MWS).	Since 1996, all these components have become independent schemes, while IJRY was merged with Employment Assurance Scheme. By November, 1996, 1.05 million wells at a cost of Rs. 3,671 crores have been constructed under MWS. By the 1996, about 30 lakh houses have been constructed.
10. Employment Assurance Scheme (EAS) 1993	To cater to employment in most difficult areas  * to provide 100 days of	Started in 1.752 backward blocks in 257 districts with Rs. 600 crores. It has since been expended gradually and now covers the whole



Year & Programmes	Major Objectives & Components of the Program	Achievements & experiences in brief
	employment for 2 members for each poor households through creation productive community assets.	country. As on February, 1997, Rs. 4,110 crores have been spend under the programme generating 853 million man-days of employment.
11. Member of Parliament Local Area Development Scheme (MPLADS)	The objectives are same as JRY. But MPs can decide the allocation of work as per their assessment.	Part of JRY and EAS funds and some additional budgetary allocation formed the resources of this scheme Rs. 790 crores per annum is the allocation for this scheme.
<b>D. SPECIAL GROUPS (SC/ST)</b>	Development of Welfare of SC by ensuring enhancement of flow of finds for SCs, through individual/family assistance and also improvement in social sector basic amenities.	From Rs. 361.16 crores (7.7%) of total plan outlay under SCP in VI Plan, the allocation increased to Rs. 5,518.30 crores in 1995-96 (11.8%). About 1.38 families were assisted economically by March, 96.
1. Special Component Plan (SCP) 1979-80 & Special Component Assistance (SCA).	To provide a link between SC/ST poor and financial institutions.	State and District level agencies have been established.
2. Scheduled Caste Development Corporation (SCDS), '80; National SC & ST Finance & Development Corporation (NSFDC), 1989.	To provide financial assistance to concessional rates for income generating activities both in farm and non-farm requirements.	By the end of December, '96 NSFDC has assisted 2.13 lakh beneficiaries to the tune of Rs. 314.2 crores.
3. National Commission for SCs & STs (1992)	To study safeguards, rights, socio-economic development.	Submitted its first annual report after the period ending December, 1993.
4. Tribal Sub-Plan (TSP) & Special Component Assistance (SCA)	Accelerating the pace of socio-economic development of STs and protecting them from exploitation.	In operation in 18 states and Uts. In the Seventh Plan Rs. 7,077 crores was allocated under TSP. From Rs. 1992 crores in 1991, it has risen to Rs. 3,867 crores in 1996.
a) Integrated Area Development Approach(ITDP)	Earmarking funds for TSP. One of the strategies of TSP. ITDPs are implemented in blocks, where 50% population is tribal.	194 ITDPs have been established. Separate Agencies ITDP have been set up to implement the programme.
b) Modified Area Development Approach (MADA)	MADA will come into force in a group of villages having a population of 10000 or more where 50%	252 MADA pockets have been formed. 79 clusters with 5000 population have

Year & Programmes	Major Objectives & Components of the Program	Achievements & experiences in brief
	are tribals.	also been formed.
c) Primitive Tribal Groups (PGTs)	Development of Pre-Agricultural level technology groups of tribals through micro projects.	75 PTGs in 15 states and Uts having been identified.
<b>III. Social Welfare Measures</b>  1. Public Distribution System (PDS), 1950	Regulate the movement of food-grains from surplus states to deficit areas.	PDS has become a permanent scheme since the Seventh Plan. PDS role from mere 80 million tonnes in 1951 to 15.3 million tonnes in 1995 with a peak at 20.8 million tonnes in 1991. Till about 1991, distribution was higher than procurement. There were 4.33 lakh FPS in 1995 of which 3.3 lakhs were in Rural Areas. The annual cost of subsidy rose to Rs.5250 crores in 96 from Rs. 117 crores in 1993.
2. Revamped Public Distribution System (RPDS), 1992	Backward and remote areas which are predominantly tribal are to be focused for special minimum under PDS.	RPDS covered 1750 blocks through 1.02 lakh FPS.
3. Targeted Public Distributed System (TPDS), 1997	To ensure that poor and needy get the maximum benefit of PDS	The universal coverage was to be replaced with targeted coverage through differential pricing. Many states were opposed to it. However, Some beginning has been more by the end of 1977.
<b>B. Social Security</b>  National Social Assistance Programme (NSAP), 1995  a) National Old Age Pension (NOAPs)	To fulfil the Directive principle in article 41 and 42 of Constitution to provide social Assistance to poor families.	A total of 42.4 lakh people benefited from these scheme of which 13.9 lakh under NMBS, 9.2 lakh under NFBs and 27.6 lakh under NOAPs. The scheme is yet to pick up.

Year & Programmes	Major Objectives & Components of the Program	Achievements & experiences in brief
b) National Family Benefit Scheme (NFBs) c) National Maternity Benefit Scheme (IMNBS)		
<b>Rural Water Supply/Sanitation</b> 1. Rural Water Supply Schemes(RWS), 1954; Public Health Engineering Deptt., PHED	Initiate planned supply of water Create an institutional mechanism to tackle the problem of sanitation and drinking water.	Since Independence this was under status First initiative by Centre. By mid sixties, only those easily accessible villages were covered
2. Accelerated Rural Water Supply Programme (ASRWSP), 1992	Provide adequate drinking water to all habitations. Provide financial support to State for coverage of problem Villages.	Coverage was reported to be 94.4 per cent.
3. Drinking Water Decade (1981-90)	Provide realistic standard of quality and quantity of water to rural and urban areas	
4. Drinking Water Deptt. Shifted from Urban Development to Rural Development Ministry (1985)		Installation and commissioning of 2.6 million handpumps.
5. Rajiv Gandhi National Water Mission (RGNDW), 1986	Accelerate the process of drinking water to rural population. <ul style="list-style-type: none"> <li>• Mini-mission in 55 districts</li> <li>• Sub-Mission to eradicate guinea worm, iron fluorosis etc.</li> </ul>	Failure to develop appropriate operation and maintenance system.
6. Habitation Survey on Status of Drinking water (1991-94)	To identify problem villages, uncovered villages.	Creation of HRD cells in states to implement and oversee the programme to achieve target by 2000.
Sanitation Programme in Health Sector, 1984	To convert dry latrines into cost effective sanitary latrines  To propagate hygienic and health practices and privacy to women to provide sanitary Monte.	Rural sanitation cells established in states.  Progress is very slow.  Inadequate space and non-availability of water kept

Year & Programmes	Major Objectives & Components of the Program	Achievements & experiences in brief
		most of the latrines unused.
<p><b>Rural Health</b></p> <p>Rural Health Service (RHS), 1952</p> <p>Primary Health Centre (PHC), 1952</p> <p>Multi-purpose Health Worker (MPHW), 1974</p> <p>Alma at a Declaration (1978)</p> <p>National Health Policy (1983)</p> <p>Community Health Centres (CHC)</p>	<ul style="list-style-type: none"> <li>• PHCs formed part of RHS and established in CD Blocks.</li> <li>• Access to medical care.</li> <li>• Family welfare.</li> <li>• To provide a package of services at doorstep.</li> <li>• Affordable, accessible, appropriate health service to all.</li> <li>• Health for all by 2000 AD.</li> <li>• To provide specialised medicare for every one lakh population.</li> </ul>	<p>Started in 1111952, PHCs increase in number and scope of work over the period and grown to 21854 by 1996 from a more 725 at the end of First Plan.</p> <p>Minimum Programme of Rural Health Care was implemented.</p> <p>Multi specialty staff were posted in June, 1996 2424 CHCs were functioning.</p>
Sub-Centres (SC)	TO provide clinic-based service to villages in its vicinity for a population of 5000-8000.	One SC to serve the areas of MPWS. 132730 Sub-Centres were functioning by June, 1996.
<p>Housing</p> <p>National Housing Policy (1953)</p>	<ul style="list-style-type: none"> <li>• Institutional base for housing</li> <li>• Long-term interest free loans</li> <li>• Provide information on low cost housing.</li> </ul>	State Government to implement the programmes.
Village Housing Scheme (1957)	<ul style="list-style-type: none"> <li>• Housing loans with subsidies</li> <li>• Research on low-cost housing</li> <li>• Rural sites distribution</li> </ul>	<p>Progress was slow, but in Fifth Plan major fillip was given to housing scheme.</p> <p>Lakh families got house site and about 16 lakh houses were built. The trend continued in Fifth Plan.</p>
Indira Awas Yojana (IAY),	Supply house free of cost	Structural progress was

<b>Year &amp; Programmes</b>	<b>Major Objectives &amp; Components of the Program</b>	<b>Achievements &amp; experiences in brief</b>
1985	to SC/ST and other poor.	made and allocation increased.
National Housing Bank, 1988  Rural Housing & IAY Merged (1996)	Housing Loans  Housing Finance through public sector institutions	Despite an increase in the housing stock the estimated gap is 29.8 million by 2001.

## APPENDIX II

### Welfare and Poverty Alleviation Schemes in Tamil Nadu

(See para 2.7.9)

<b>Sl. No:</b>	<b>Name of the Scheme / Program</b>
<b>Welfare-oriented Programs</b>	
1.	Free supply of books to widow's children
2.	Scholarship to physically handicapped students
3.	Elementary education
4.	Middle school education
5.	District Primary education programme
6.	Marriage Assistance
7.	Widow's daughter marriage
8.	Intercaste marriage
9.	Widow remarriage
10.	Orphan marriage
11.	Working women's hostel
12.	Marriage assistance scheme
13.	Maintenance grant to severely disabled persons
14.	High school and Higher Secondary school
15.	Family welfare
16.	Accident relief scheme
17.	Supply of drinking water in rural habitations
18.	Hut insurance scheme
19.	National control of blindness
20.	AIDS awareness programmes

21. District TB and leprosy programmes
22. Drinking water maintenance programme in Panchayat Union
23. Central Government village sanitation scheme
24. Dr. Jayalalithaa Girl Protection Scheme
25. 20 Point program

### **Safety Net Schemes**

1. Noon-meal scheme for preschool children
2. Health and Nutrient scheme
3. Scheme for pregnant and lactating mothers
4. Mother and child health care
5. Dr. Muthulakshmi Reddy Ninaivu Maghaperu Udavi thittam
6. Person security scheme
7. Distress Relief Scheme
8. Oil age pensioner's noon-meal programme
9. Old Age Pension (Normal)
10. Physically handicapped persons
11. Destitute widow pensions
12. Deserted destitute widow pension
13. Destitute agricultural labour pension
14. Tamil Nadu integrated nutrition project
15. Mid-day Meal Scheme
16. Integrated Child Development Service Scheme

17. Public Distribution System
18. Targeted Public Distribution System

### **Asset Creation Programs**

1. Integrated Rural Development Programme (IRDP)
2. Assistance for purchase of sheep and goats to SC families and tribal people
3. Agricultural land allotment
4. Purchase of cattle
5. Purchase of milch animals
6. National bio-gas scheme
7. Central assistance for installation of gobar gas plant
8. Integrated Rural Development Programme
9. Goat/Sheep rearing programme
10. Scheme for supply of milch animals

### **Employment-Oriented Programs**

1. Training of rural youth for self-employment (TRYSEM)
2. Development of women and children in rural areas (DWCRA)
3. Drought Prone Area Programme (DPAP)
4. Jawajar Velai Vaippu Thittam (JVVT)
5. Programme for assured employment (PAS)
6. Prime Minister's Rozgar Yojana (PMRY)
7. Tailoring work centers
8. Free supply of sewing machines
9. Vocational graining for girls
10. Co-operative societies for women
11. Stationary and printing society
12. Physically handicapped
13. Self employment assistance to physically handicapped
14. Rectification of tanks for fisheries development
15. Formation of ponds in own lands for fish production
16. Special animal husbandry development programme
17. Integrated Horticulture Development Programme
18. Integrated Horticulture Development Programme for Adi-Dravidas
19. Self employment



20. Self employment training Scheme
21. Small scale industrial loan Scheme
22. Assistance for starting individual industries
23. Supply of barbering tools, iron boxes, quarrying tools
24. Subsidy for mobile ironing carts and modernising saloons
25. Training for Youth and Self employment scheme
26. Seed loan for starting self industries
27. Prime Ministers' Self employment scheme

## **CHAPTER III**

### **EMPLOYMENT IN THE EYES OF THE CONSTITUTION**

#### **3.1 Constitutional Perspective**

“The economic and social pattern to be attained through planning is indicated in the Directive Principles of the State Policy enunciated in articles 36 to 51 of the Constitution. In terms of these Directive Principles the State Policy is to regard the raising of the level of nutrition and the standard of living of the people as among its primary duties. The economic policy of the State must be governed by the obligation placed upon it to secure that the citizens, men and women equally, have the right to adequate means of livelihood.

3.1.1 In regard to the provision of employment and social security, the most significant section of the Constitution of India is article 41 which states as under:

“Right to Work, to education and public assistance in certain cases: 41. The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and public assistance in cases of unemployment, old age and sickness and disablement, and in other cases of undeserved want.”.

3.1.2 Despite the commitment of the State to develop it into a Welfare State, this concern was not reflected in the plan Strategies during the first, second and third Five Year Plans, when employment *per se* did not receive much attention. ‘Right to work’ caught the imagination of the national government only in 1988 when it proposed to make ‘right to work’ a fundamental right. A national debate on ‘right to work’ was set and consummated at the meeting of the National Development Council (NDC) at the national

capital on 11<sup>th</sup> October, 1990, which was attended by all the Chief Ministers (and Governors) of the country. The NDC discussed the proposal to make the 'the right to work' a Fundamental Right. However, in view of the complexities of the issue, as brought out in the later sections of the discussion, no consensus could emerge and the amendment was not pursued.

The problems of absolute poverty and food insecurity are related to a massive and growing unemployment problem. Tackling the employment problem appears to be the most effective means of addressing the food and income security of the rural poor. Employment programs have both long-term and short-term direct and indirect effects on poverty reduction and food security. The immediate or short term effect of employment is "Income for the poor", which has a direct effect on household food security. On a longterm basis, if properly planned and executed, it builds assets of the community, contributes to creation of more jobs and thus has a long-term effect on poverty reduction. Since the problems of health, nutrition, and environmental hygiene are addressed, health of the labour force improves. Consequently, labour productivity increases and it acts as a catalyst to improved technology development. Employment is a human right, an entitlement that is in tune with the dignity and worth of human personality. Work is essential for so many reasons: for economic reasons; for personal reasons; for dignity; for income; for social integration. In fact, there was no sophistication in measuring unemployment in the country till the late sixties of the 20<sup>th</sup> century. A definition of 'full employment' in terms of standard person years of employment was adopted by the Census of India for the first time in 1971. A person who had work for 8 hours a day for a lower limit of 180 days in a year is considered to be fully employed (NSSO assumes 273 days) and others in the work force are underemployed. 273 days of employment at 8 hours a day is known as Standard Person Year (SPY) (NSSO).

[Note: A person who is working is a part of the work force of the country. A person who is seeking employment and waiting to get it is a part of the labour force. Unemployment is the difference between labour force and work force, at a point of time].

3.1.4 The Fourth Five-Year Plan (1969-1974) is a breakthrough in regard to generation of employment in the country. For the first time, the emphasis was shifted from 'growth' to 'growth with justice'. The Fourth Five Year Plan identified 9 programs (a tenth one was added later) as 'Minimum Needs Program' (MNP). Rural industries, housing, sanitation, health services, primary education, electrification and roads were identified as part of those 9 minimum needs. MNP are labour-intensive in character. Employment was also to be generated through Area Development Programs. Pilot Intensive Employment Guarantee Scheme, Integrated Area Development Scheme, Intensive Dry Land Area Development (IDLAD), Desert Development Program (DDP) were some of the schemes under the policy of rural labour – intensive infrastructure and area development programs. 'Poverty' was recognized as an important variable in the planning process. It was recognized that 20 years of planning did not alleviate poverty. Indira Gandhi's slogan of 'GARIBI HATAO' became quite popular. The Fourth Five Year Plan started a program called 'Food for Works' program. This was foundational strategy for various employment programs that came later.

3.1.5 The Fifth Five-year Plan (1974-1979) gave top priority to poverty, inequality and unemployment. Employment generation and asset creation were adopted as two strategies for the alleviation of poverty and removal of inequality. The Sixth Five-Year Plan (1980-1985) came up with a new approach known as Integrated Rural Development Program (IRDP). Two programs on employment viz., the National Rural Employment Program (NREP Central sector schemes) and the Rural Landless Employment Guarantee Programs (RLEGP, State sector schemes), were launched. Later they were integrated into a single package known as the Jawahar Rozgar Yojana (JRY) in rural areas and Nehru Rozgar Yojana (NRY) in

the urban areas. Further, the 'FOR ALL' programs of the Union Government also came in handy for generation of employment. These 'for all' programs are: 'Health for all', 'Education for all', 'Housing for all', 'Sanitation/Environment for all', etc. As such, the tempo for employment generation picked up.

3.1.6 Employment got the pride of place in development planning in the Seventh Five-Year Plan (1985-1990). Recognition of regional disparities and their redress assumed importance. Government of India announced that it intended to declare 'Right to Work' as a Fundamental Right. Approach Paper to the Eighth Five Year Plan (GOI, April 1990) gave a clarion call to 'full employment' and the 'right to work'. This was a new addition, introduced in the Eighth Five-year plan (1990-1995), to the mine of verbal grandeur in development literature, which had witnessed several other pleasing overtones. Decentralized planning, sectoral and sub-sectoral shifts in investment, adoption of labour-intensive technology, appropriate land legislation and its implementation and involvement of voluntary agencies are the strategies proposed by the Eighth Five Year Plan for 'full employment'. But, as stated earlier, the expected amendment to the Constitution could not come through, nor were the follow-up of some strategic interventions with a specific action plan implemented with conviction.

3.1.7 The Ninth Five-Year Plan accorded importance to the clearance of backlog of unemployment, quality of employment and balanced attention to regions in employment. Education and skills of the workers, productivity, security of work opportunities (no casual labour), are some of the indicators identified under quality of employment. Recognizing the fact that there will be a substantial increase to the labour force in terms of numbers, the Draft Approach Paper to the Tenth Plan sets forth "providing gainful employment to the addition to the labour force over the Tenth Plan period" as the monitorable target.

3.1.8 In sum, employment policy in India has passed through four stages: (a) employment as a by-product of growth (wherein the policy is invisible 1950 to 1969), (b) employment as a tool in removal of poverty and inequality (1969 to 1988), (c) employment as a candidate for Fundamental Rights ('right to work' 1988 to 1993) and (d) finally, upgradation of the quality of employment (1997 and beyond).

## 3.2 Strategic Interventions for Employment

Unemployment in India has been the concern for a long time. It has also been recognized that in a primarily agrarian country like ours, employment on a massive scale can come only from the rural areas. It is interesting that in an address on "*Unemployment in India : Its causes and cure*" delivered before the University Union, Bangalore, on September 8, 1932, Sir M. Visveswaraya suggested Three Emergency Schemes in order to increase production and enlarge employment. These are:

1. *Rapid Industrialization* by multiplying factories and industrial establishments;
2. *Rural Reconstruction* by increasing production from agriculture and from cottage and home industries in rural areas by the cooperative effort of the people; and

3. *Establishment of Practical Training Institutions* to provide the last stages of precise knowledge needed for the practice of callings connected with industry and agriculture, for educated youth and adult businessmen.

It is interesting how these principles hold good even today.

3.2.1 Growth process was expected to create employment opportunities. Investments in major irrigation projects generated employment in agriculture and allied rural sectors. Investment on heavy industries of public sector undertakings generated jobs in urban areas. Employment of skilled and unskilled labour was the spill-over benefits of the growth process.

3.2.2 Four types of resources are required for effective labour-intensive employment programs. They are investment capital for asset creation, labour availability, wage payments and organizational capabilities. Some of the earlier approaches have not looked at this as holistic requirements and one or the other components only have been stressed. This has led to a skewed emphasis.

3.2.3 A direct strategy for generation of employment began with the Food for work (FWP) programs during the fourth five year plan (1969-74). Employment became the chief tool for poverty alleviation. Employment was brought under greater relief during the fifth five year plan through the adoption of the target approach, targets being small farmers, marginal farmers and agricultural labourers. Target approach was intertwined with another complementary strategy of area development. Dry land area development, Desert development, Tribal Area Development were taken up with a sharper focus. Central sector schemes for infrastructure development were covered through National Rural Employment Programs. There was also a component of State sector known as Rural Landless Employment Guarantee Program. Both these programs got integrated under a scheme called "Jawahar Rozgar Yojana" (JRY) by the Seventh Five Year Plan (1985-90).

3.2.4 Multiplicity of schemes for rural development and employment therein reflects the complexity and diversity of the challenges of rural unemployment. It was at this time that the '**right to work**' was contemplated as a Fundamental Right, and was placed before the National Development Council in October 1990. While rejecting the proposal, the NDC recommended a new scheme of employment known as the Employment Guarantee Scheme (EGS). The States were given the autonomy to implement EGS with the flexibility as they may desire. The EGS scheme provides guarantee of at least 100 days of employment to all unemployed persons preferably in the lean agricultural seasons. Some States, notably Maharashtra, had launched programs with similar objectives earlier. Maharashtra became the first State in the country to guarantee work stating that "every adult person in the State shall have a right to work, that is, a right to get guaranteed employment.." The scheme is self-targeting in nature. By planning the work to be undertaken under this scheme innovatively, developmental works towards rural asset building were undertaken. The success of the horticultural programs in Maharashtra, which is one of the major export producers of fruits and vegetables, is attributed to the successful use of the concept.

3.2.5 The Maharashtra Scheme has been studied extensively and the lessons learnt were documented and debated. The International Food Policy Research Institute, in its publication “*Employment for Poverty Reduction and Food Security*” (1995) included a chapter on this scheme written by Mahendra Dev. According to various evaluations, the EGS has performed much better than other anti-poverty programs in India. Although all the anti-poverty programs are designed to provide a Safety Net, the EGS has been more successful than the others in controlling the type of works executed and the quality of the implementation. The EGS has reduced the intensity of poverty and increased food security in many households of Maharashtra, a reason for continuing the scheme in other areas, with modifications as needed.

3.2.6 The Employment Assurance Scheme (EAS) that began in 1993 has experienced several functional problems as per a view of the Program Evaluation Organization of the Planning Commission in April 2000. It is now (1996-97) being operated in 3165 revenue blocks of the country (nearly 60 per cent coverage). The scheme provides 100 days of assured manual employment to persons in 18 to 60 years age group.

3.2.7 There were 361 million persons in India in 1951 of whom 143.2 million were estimated as workers. Workers in the population in 1951 were around 40 per cent. 60 per cent were dependents, which included 38.42 per cent of children in the 0 to 14 age group. 81.51 million adults were dependent on 143.20 million workers apart from children. By 2000 AD, there are 1000 million persons of whom 400 million are estimated to be employed. 40 per cent of population are workers. Population in 0 to 14 age group has declined to 36 per cent. As such out of the 60 per cent dependents, adults constitute 24 per cent or 240 million persons.

3.2.8 Rural employment is the most effective intervention to overcome rural poverty. To compare the effectiveness of some policy interventions in alleviating poverty and hunger, Parikh and Srinivasan (1993) used the counterfactual policy simulations with a sequential applied general equilibrium model of the Indian economy for the period 1980-2000. They concluded that a *targeted policy of providing additional employment opportunities* for the rural poor, that is well designed and executed not only improves the welfare of the rural poor substantially, but the economy grows slightly faster. (Parikh, K, S, and T. N. Srinivasan, 1993: Poverty alleviation policies in India: Food production subsidy, food production subsidy, and employment generation in *Including the Poor* (Eds. M. Lipton and J. Van der Gaag, Johns Hopkins University Press).

#### TABLE 4

#### Work force and population

	1951 (%)	2000 (%)
Total Population	361.00	1000
No. of workers	143.20 (39.66)	400 (40)
Adult dependents	81.50 (21.92)	240 (24)
Child dependents	136.30 (38.42)	359.6 (36.00)
Total dependents	217.80 (60.34)	600 (60)

Source: (1) II Five Year Plan Approach Paper and (2) IX 5 Year Plan Vol.1

It may be observed that employment scenario in the country has not changed from 1951 to 1997. The percentage of workers in the population have not changed just as the dependants. While by 2000 AD, Children below 14 years have decreased, adults over 60 years have increased.

### 3.3 Growth rates

Growth rates in employment is a reflection of changes in investments, product choice, technology choice and domestic and international trade and services. It is also a reflection of the capacity of the economy to provide employment when these rates are viewed in regard to structure and quality of unemployment. Growth rates in employment have come down over the years. This is true of both the unorganized sector, which provides 90 per cent of employment, and the organized sector. Unemployment rates have been increasing over the years (labour force – work force). It used to be 6.09 per cent (Daily status) between 1983 to 1988 and projected to be at 7 per cent during 1997-2002.

### 3.4 Development of Employment Policies and Implementation Strategies

Employment policies and programs cannot be designed in a vacuum. Various aspects of development and social policies are directly related to it. They should not be conceived as separate programs and should be part of mainstream planning. Only those programs become successful where participatory planning and implementation is involved. The importance of local level institutions, therefore, cannot be ignored. The most essential requirement is that the program should generate tangible assets to which people have access on a long-term basis.

## CHAPTER IV

### LIVELIHOOD OPPORTUNITIES

4. Right to Livelihood: The Supreme Court has ruled in 1994: “Right to livelihood is an integral part of right to life” under article 21 of the Fundamental Rights. Under article 39, the Constitution further states that “that the citizens, men and women equally, have a right to an adequate means of livelihood”.

4.1 Conceptually, livelihoods connote the activities, entitlements and assets by which people make a living. Assets are not only natural/biological (i.e., land, water, common property resources, flora and fauna) but also social and political (i.e. community, family, social networks, participation, empowerment, human knowledge and creation of skills) and physical (material infrastructure).

Scoones (2000) recognized five key elements as directly related to sustainable livelihoods, the first three focusing on livelihoods linking concerns over work, employment, poverty reduction, well-being and capabilities, and the last two adding the sustainability dimension.

1. Creation of working days: Creation of a gainful employment for a certain portion of the year – either on on-farm or off-farm, so that they get an economic income to meet their daily requirements of food and other expenses.
2. Poverty reduction based on income or consumption levels, which addresses issues of poverty and inequality.
3. Well-being and capabilities which encompasses far more than the material concerns of food intake or income. This will include such diverse factors as self-esteem, security, happiness, stress, empowerment etc.
4. Livelihood adaptation, vulnerability and resilience which includes the ability to be able to cope with and recover from stresses and shocks, coping with temporary adjustments in the face of change or adapt to longer term shifts in livelihood strategies.

## 5. Natural resource base sustainability

### 4.2 Lessons from Previous Experiences

Fifty years of development experience in our country have yielded some valuable and critical lessons:

1. Macro-economic stability is an essential pre-requisite for achieving growth needed for development.
2. In largely agrarian societies like India, economic growth should ensure employment generation.
3. Growth does not trickle down; development should address human needs directly.
4. No one policy will trigger development; a comprehensive approach is needed.
5. The development orientation should be sustainable.
6. Sustained development should be rooted in processes that are socially inclusive and responsive to changing circumstances, where local empowerment and institutions matter.

4.2.1 It has further been demonstrated that increasing food production globally or even nationally will not solve the problem of poverty and malnutrition, but agricultural development in regions where poverty is predominantly local will help. The United Nations Hot Springs Conference, as far back as 1943, proclaimed: **“The first cause of hunger and malnutrition is poverty; and the first cause of poverty is lack of work”**. Hence the statement of Mahatma Gandhi: “To the poor and hungry, God is bread and appears in the promise of work.” No discussion on livelihood opportunities will, therefore, be complete without an analysis of productive employment opportunities. The problem of eliminating hunger, reducing poverty, enhancing livelihood opportunities and improving the quality of life requires the understanding, inventiveness, and interaction of farmers, industrialists, agricultural scientists, educators, environmentalists, health care workers, and policy makers, who share a commitment to development and change.

4.2.2 Food is so basic to human well being that sustainable agriculture is the oldest and best studied of all managed ecosystems. Sustainable livelihoods, especially of the rural population, should, therefore, envisage sustainable development of agriculture by widening employment opportunities, increasing income, improving health and enhancing the quality of life.



### 4.3 Current Scenario of Unemployment in the Country

One of the great failures of the Indian development strategy over the decades, along with the persistence of poverty and the slow rate of increase in human development indicators, has been inadequate employment generation. This is not just a problem of welfare, since it represents a huge waste of human resources that are crucial to building the economy, and suggests that Indian growth could have been both faster and more equitable if only the enormous labour reserves had been productively utilised.

4.3.1 Economists by and large agree to disagree over the nature of India's unemployment. In the Fifth Plan, unemployment estimates were made separately for rural and urban areas on the basis of the classification made in the National Sample Survey's (NSS) 27th Round of the National Sample Survey Organization (NSSO). These estimates are based on three-fold classifications: Chronic, weekly and daily.

4.3.2 Open and disguised unemployment characterises developing countries. Growing unemployment is directly proportional to the growth in urbanisation and the spread of education. But disguised unemployment is a salient feature of a large number of developing countries. Economists A. Navarrete and I. Navarrete say: "Underemployment may be described as a situation in which the withdrawal of certain quantity of the factor labour to other uses will not appreciably diminish the total output of the sector from which it is withdrawn". It also mentions that a person is considered underemployed if he is forced to take a job he thinks is not adequate for his purpose or commensurate with his training.

4.3.3 The NSSO's quinquennial survey on employment and unemployment in 1999-2000 throws much light on the employment situation. The NSS Report of the 55th Round provides an overall view of the employment situation. The number of persons employed per 1,000 population stands reduced to 417 in the rural areas and 337 in the urban areas in 1999-2000 from 444 and 341 respectively in 1997-78. This decline in the working population is not a positive indicator.

From the several surveys the NSS has conducted since the late 1970s, the worker population ratio in 1999-2000 was the lowest. The NSS Report, which gives the break-up for men and women and rural and urban areas, shows that this downtrend is across the board.

4.3.4 There was evidently a dip in the labour force participation rate between 1993-94 and 1999-2000 (between the 50th and 55th Round of the NSS) in both the rural and urban centres. However, the decline in the proportion of the population that is neither working nor looking for work does not reflect any involuntary withdrawal from the labour force. The detailed tables presented in the NSS Report indicate that the decline in labour force participation has been in the 10-14 and 15-19 age groups. It could be

inferred that the fall may be due to the greater attendance of boys and girls in schools. If so, it is a positive and desirable development that augurs well for the country's future.

4.3.5 The NSS' 55th Round has estimated unemployment based on the current daily status. The 1999-2000 survey indicates that in three out of the four categories, the unemployment rate worsened between 1993-94 and 1999-2000. Thus, the message of the report is clear. In the 1990s, there was a proportionately smaller number of people in work and higher unemployment rates in the rural and urban areas. This was true of both men and women. The reduction in unemployment of women to 94 in 1999-2000 from 104 in 1993-94 is an intriguing development.

#### **4.4 Rural employment and Sustainable Livelihoods**

**About seventy per cent of the 1006 million people in India live in the rural areas and derive their livelihoods directly or indirectly from the 329 million hectares of land resources. Small and marginal farmers dominate Indian agriculture. Of the total number of farming families, more than 78 % are small and marginal with less than two hectares of farming land. They cultivate about 32 % of the arable land. There are over 111 million cultivators, who are further supported by over 75 million landless workers. Agriculture will be the primary absorber of this workforce, and this situation is not likely to change much in the foreseeable future. The availability of employment in this important sector throughout the year is dismally poor. Except in about 53.5 million hectares of the irrigated arable land, where the conditions may be marginally better, 90 m ha of rainfed arable lands hardly provides 100 days of employment in the year. It is interesting to note that this land area still produces 90 million tons of foodgrains out of about 200+ million tons that we produce; however, since the activity is highly seasonal, the availability of on-farm work is irregular and uncertain.**

4.4.1 It has been estimated that at the national level, the average days worked per adult wage earner in the agriculture wage work is 137 (145 for male and 124 for female). This figure varies very widely depending on the region and the nature of agriculture that is practiced. Thus, in the arid and semi-arid regions with limited rainfall, the work available is highly seasonal and is limited in extent. For example, in Rajasthan, agricultural work is available only for 53 days in a year, while it is about 190 days in the NorthEast Region. Since crop-based agriculture alone cannot support them, it is necessary for agricultural labour to look for additional income-generating opportunities. Multiple livelihood opportunities, if developed at the farm / community level, will help to increase the number of employment days, diversify activities, enhance total income and minimize risks. This is especially true for women who perform multiple tasks at the farm level.

4.4.2 Livelihood security will have to be provided to this huge workforce. The ability to pursue different livelihood strategies is dependent on the basic material and social, tangible and intangible assets that people have in their possession. These include –

**(a) Natural capital of soil, water, air, genetic resources etc. and environmental services (hydrological cycle, pollution sinks, etc.) from which resource flows and services useful for livelihoods are derived;**

**(b) Economic or financial capital including cash, credit/debt, savings, and other economic assets, as well as basic infrastructure and production equipment and technologies which are essential for the pursuit of any livelihood strategy;**

**(c) Human capital the skills, knowledge, ability to labour and good health and physical capability important for the successful pursuit of different livelihood strategies; and**

**(d) Social capital or the social resources upon which people draw when pursuing different livelihood strategies requiring coordinated actions. In order to create livelihoods, therefore, people must combine the `capital' endowments that they have access to and control over.**

**4.4.3 In an analysis of youth unemployment in India, Chadha (2000)\* presents data to show that in rural India, self-employment and casual labour, rather than salaried jobs which is the major employment pattern in urban areas, are the only major avenues of employment, especially for those in the job-seeking age group of 15 – 29. Planning for what combinations are most appropriate in a particular site presents major challenges. Only a rationally integrated agrarian participation and involvement can identify site-specific problems and develop solutions.**

## **4.5 Employment Generation and Additional Jobs**

The Eighth Five Year Plan document identified the need to generate approximately 100 million new jobs for the period 1991-2000 to ensure full employment for all, based on the number of unemployed at that time and the increments to the labour force during the decade. This meant approximately ten million new livelihoods per year. Impetus was, therefore, provided for creation of a large number of additional jobs both in the on-farm and non-farm activities. However, the Government of India's Economic Review recognizes that not more than six million additional workers could be absorbed per year increasing thus the number of unemployed, especially in the rural sector.

**4.5.1** The question is "Where can we create these additional livelihood opportunities?" On-farm employment can be generated only by increasing agricultural activities through increasing cropping intensities, crop diversification, development of horticulture including fruits, vegetables and flowers, as well as from investments in soil and water conservation on watershed-based development programs. The Vision 2020 document of the Ministry of Agriculture of the Government of India, envisages not only increasing the agricultural production potential but also generating employment.

**4.5.2** In his paper on "Sustainable Rural Livelihoods: The Challenge of the Decade", Vijay Mahajan (2000) details some of the activities that would be needed to generate additional livelihoods in the rural non-farm sector (RNFS). Apart from agriculture, allied activities such as dairying, poultry, fisheries, horticulture, floriculture, plantations, etc. provide the basis for RNFS livelihoods in processing,

manufacture, storage, distribution, transport and trade. Forests, specially agro-forestry and social forestry, also add to this list, even though timber and timber-based forest produce have declined in quantity. Mining, quarrying and support services such as farm equipment manufacture, supply and repair services are emerging as important activities.

#### 4.6 Population Growth and Demographic changes

India's population, which has already passed one billion according to the latest Census, is poised to increase to 1646 million by 2051. This change in the total population will also introduce changes in the demographic age distribution, which will have considerable influence in planning for development. The Population Foundation of India has done a detailed exercise of not only estimating the total population for the next several decades, but also of categorizing them by age, gender, regions etc. Since the age profile will be directly relevant to employment opportunities, the relevant information is summarized in the Table given below:-

**TABLE 5**

#### Projected changes in the population in the country

Year	Projected Population (in millions)	Population	Population
		Age Group 15 –64 years	Age Group Above 65 years
1996	934.2	541.6 (58.0 %)	39.9 (4.3 %)
2001	1011.8	618.4 (61.1 %)	45.8 (4.5 %)
2006	1092.4	706.8 (64.7 %)	52.8 (4.8 %)
2011	1176.8	783.2 (66.6 %)	62.1 (5.3 %)
2016	1264.0	844.0 (66.7 %)	74.4 (5.9 %)
2021	1344.8	901.7 (67.1 %)	89.7 (6.7 %)
2026	1413.9	957.2 (67.7 %)	108.9 (7.7 %)
2031	1472.9	1010.0 (68.6 %)	131.1 (8.9 %)
2036	1526.5	1050.7 (68.8 %)	156.5 (10.3 %)
2041	1577.5	1077.9 (68.3 %)	181.6 (11.5 %)
2046	1619.5	1091.7 (67.4 %)	207.9 (12.8 %)
2051	1646.3	1089.5 (66.2 %)	243.5 (14.8 %)

**Source:** K. S. Natarajanj & V. Jayachandran: *Population Growth in 21<sup>st</sup> Century India*. In **Population-Development Nexus in India – Challenges for the new millenium** (K.Srinivasan & Michael Vlassoff (Editors) Tata Mcgraw-Hill Publishing Company Limited, New Delhi – January, 2001.

**4.6.1** The most significant increase will be noticed in the working age group of 15 – 64 years. The population will increase from 546.1 million in 1996 to 1089.5 million in 2051. Most of them will be in the labour market. Providing employment to such a huge population will be the biggest challenge India will face in the first half of this century. Very significant increase will also take place in the old age population, i.e., in the age group of 65 years and over. Their number will increase more than six times from 39.9 million in 1996 (or 4.3 % of the population) to 243.5 million (14.8 % of the population). Providing old-age security in addition to utilizing productively those who are able bodied and in good physical and mental health will be another challenge.

#### **4.7 Rural – Urban Migration**

The demographic distribution pattern between the urban and rural areas is undergoing a major change all over the world, with the people moving from the rural areas and conclaves to urban areas and urban fringes. In 1995, 46 per cent of the world's population lived in urban areas. Just after 2000, and for the first time in history, the number of urban dwellers will outnumber the rural populations. By 2030, three out of every five persons in the world will be living in cities. In India, the situation will record an even more dramatic change. By 2015, more cities will join the group of cities with a population greater than 10 million, and the number of cities with a population of one million will increase exponentially. Urbanization is by far the most important social transformation of our times. The consequence of this will be that there will be more charge and pressure for goods and services; more employment and livelihood opportunities will be demanded. This will be especially significant in the developing countries like ours, where we will be faced with the extreme situation of facing not only rural poverty and unemployment, but also the problems of urban slums and their life styles.

#### **4.8 Avenues for Employment and Income Generation**

**4.8.1** Providing Multiple Livelihood Opportunities: All efforts in overcoming poverty at the micro level of the household have to be essentially by the committed efforts of the people themselves, though assisted by community at large. Since most of the ultra-poor are either landless workers or people with very small land holdings that are not economically viable, income enhancement can arise only through multiple livelihood opportunities. These include:

- (a) Primary value addition of commodities at the household level like production of semi-processed foods, pickle making, sun drying and packaging, etc.;**
- (b) Utilization of locally available resources like paddy-straw for mushroom growing, sericulture, goat rearing, dairying and milk production, backyard poultry for eggs and meat;**
- (c) Horticulture that includes production of fruits and vegetables;**

- (d) *Floriculture, including production of flowers for domestic market as well as export;*
- (e) *Aquaculture including integrated fish farming and utilization of Community ponds and proper use of marine wealth; and*
- (f) *Effective use of common property resources, use of waste and degraded lands, specially community ponds for community aquaculture.*

Most of the activities require only the relatively small external financial input, but in terms of income, provide attractive returns. Micro-credit need to be provided for this activity to initiate action. However, what is probably most important is, ensuring adequate market opportunities for these products, since individual efforts at marketing will not only be difficult and unsuccessful, but also, exploitative of the farmer.

4.8.2 Protecting community biodiversity: It is the rural families, with their tradition of farming and conservation activities, who have preserved the rich biodiversity. It is, therefore, necessary to ensure that the benefits of commercial and economic exploitation of these resources benefit the community, specially the poor and the ultra poor, who might have contributed substantially for their preservation and conservation.

#### 4.8.3 Establishment of rural industries

To provide income enhancement and employment, primary industries that utilize the products and by-products arising from the agriculture sector that includes crops and horticulture, animal husbandry, fisheries, poultry and aquaculture. This can be easily accomplished by organization of a consortium of rural industries that can synergise each other to provide for optimal utilization of the resource base of the community.

4.8.4 Strengthening the capital formation in the agricultural sector: Despite the large increases in production and productivity that the country has recorded in the last 50 years, the capital formation in the rural sector has remained dismally low. Investments in agriculture as percentage of GDP in the 1990s are given in the Table below:-

**TABLE 6**

**Investment in Agriculture**

(as percentage of GDP)

	Public	Private	Total
1990-91	0.6	1.6	2.2
1996-97	0.4	1.1	1.5
1997-98	0.3	1.1	1.4

1998-99	0.3	1.1	1.4
1999-2000	0.4	1.1	1.5

Source: *Planning Commission*.

**TABLE 7**

**Gross Capital Formation : Public and Private**

Year	Total	Public	Private	Percent Share	
				Public	Private
1993-94	13523	4467	9056	33.0	67.0
1994-95	15021	4971	10050	33.1	66.9
1995-96	15876	4928	10948	31.0	69.0
1996-97	16610	4689	11921	28.2	71.8
1997-98	16344	4240	12140	25.9	74.1
1998-99	16457	3876	12581	23.6	76.4

Source: *Planning Commission*

Several studies have highlighted the need for enhancement of this activity, if meaningful gains in agriculture sector were to occur. The strategies for this to happen will include:-

- 1) Investment for development and improvement of land as well as development of efficient water use technologies that will improve substantially contribute agricultural growth and development.
- 2) Availability of credit for agricultural operations, giving agriculture the status of industry.
- 3) Development of employment opportunities in the rural sector through strengthening the rural industries sectors.
- 4) Establishment of primary processing facilities in the rural areas for value addition of commodities produced at the farm level.

**4.8.5 Agriculture to be given industry's status:** One of the poor reasons for development of agriculture including utilization of agricultural by-products and establishment of agro-industries, is the lack of adequate capital formation. This can be partly rectified by according a industry's status to agriculture and providing it with the necessary policy support for its development, as has happened in the industrial sector. While ensuring a more equitable treatment for development, this will also mobilize resources,

reduce risk and commit the financial resources of financing institutions for overall development. Credit flow for agro-based enterprises as well as micro-credit for farm activities would increase helping stabilization of production.

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#### 4.8.6 Market interface and promotion of value added agro-food production.

Wide fluctuations in the market prices of agricultural commodities act as deterrent to production of low value agricultural products like cereals, oilseeds and even cash crops like sugarcane and cotton. Demand/supply need to be stabilized so that, over-production in one year does not bring in distress sales, while lower production in another year pushes the prices to unreasonable levels. Market information and demand need to be synchronized through networking systems of information sharing and supply-demand projections. Interventions by government agencies to stabilise prices cannot be the only solution. A close nexus between demand, production, market, availability and economic prices should develop.

4.8.7 Value addition to agricultural products: The Department of Food Processing, Ministry of Agriculture, Government of India, has estimated that turnover of the food processing industry in the country is in the region of Rs. 14,000 crores, more than three fourths of which is contributed by the unorganized sector. In India, the value addition to food fortification is only 7 %, as compared to 23 % in China, 45 % in Philippines, and 188 % in UK.

The scope for value addition to basic food materials is very high. The inherent strength of the country is in the availability of a large and wide variety of raw materials, as well as a ready consumer market for the products. In view of the burgeoning population and variations in the economic status of the people, any developed product of hygiene and quality will have a viable market. For value addition and agro-processing in the rural areas, the approach should be to create farm-level infrastructure and develop capabilities at the rural level. Networking cottage, small and medium industries should viably provide the facilities for the primary and secondary processing for the take off by the large-scale industries. **An integral model is envisaged wherein the cottage, small and medium scale industries act as input conduits for further development of products by the larger industries.** For continued sustenance, there should be well-planned backward and forward linkages.

#### 4.8.8 Support Services / Activities for Sustainable Livelihood Systems

As has already been mentioned, sustainable livelihood development is not a single activity but a process of change. It is thus influenced by a number of factors and activities, some of which are indicated below:

##### (a) ***Education and Literacy***

There is a direct relationship between literacy and livelihood opportunities. Education enables people to get a better skill orientation, promotes self-confidence and encourages them to recognize their rights and



responsibilities. States, which have a higher literacy also generally, have better awareness about their entitlements and rights, which contribute to improve living standards.

**(b) *Health and Nutrition***

Consumption behavior indicates that 47.7 % households have calorie inadequacy and 19.8 % households have protein inadequacy. This has caused low birth weight babies, stunting and underweight in children. 40 % of the males and 41 % of the females have Body Mass Index value below 18.5, indicating chronic energy deficiency. Besides micronutrient malnutrition and vitamin deficiency are manifest especially among women and children. Even though required only in small amounts, their deficiency causes disability, impairs work capacity and brings illness, affecting seriously gainful employment opportunities.

**(c) *Environmental Hygiene and Sanitation***

Contaminated drinking water and poor sanitary environment are the causes for many health disorders especially in the rural areas. It has been estimated that less than 18 % of the rural households in or country have access to clean drinking water facility through taps. Those having access to safe toilets are even lower. The cascading effect that these have on health and work efficiency, and thus on sustainable livelihoods cannot be underestimated.

**(d) *Gender Perspectives in work force***

Women play a significant role in the conservation and optimal use of basic life support systems such as land, water, fauna and flora. They have protected the health of the soil through organic recycling and the first land care movement was initiated by them. They have promoted crop security and preserved biodiversity exhibiting traditional wisdom and adopting practices, which analyzed scientifically, exhibit pragmatism and simplicity. With increasing migration of men from rural to urban areas, management of agriculture in many cases is done by women. Further, sociologists state that women tend to look at problems in their totality and hence important promoters of an economically and ecologically sustainable agriculture.

**(e) *Empowerment of women***

The burden of poverty often falls heavily on women. They have less access to education, remunerative activities, and other supporting opportunities. Agriculture, animal husbandry, health and nutrition, environmental sanitation and a large number of households related activities are attended to by women. Any attempt to development focussed on these activities should, therefore, target upliftment of women and their empowerment. Conventional approaches to women's empowerment are based on the twin assumptions that alleviation of poverty would automatically lead to their employment and that the major constraint on programmes for their upliftment is monetary. The results of five decades of development have shown that economic assistance by itself does not necessarily improve the status of women. *The most vital inhibiting factor leading to the disadvantaged position of women is gender discrimination, powerlessness, vulnerability and being unorganised.* Women belonging to SC and ST are even more *disadvantaged* because of their social discrimination. Empowerment needs to be *Human-Centred* with women and children, who suffer largely, to play the central role. There is a growing need to integrate women into the economic development process. One way to do this is to ensure their access to education, technology, land rights and credit. Credit especially micro-credit for micro-enterprises has proven its value in the alleviation of poverty and in promoting livelihoods. *It also provided women the dual benefit of empowerment and better quality of life.* Experience till date has shown that micro credit has a powerful role to play in promoting Sustainable Human Development, provided it is linked market-driven micro-enterprises and production-oriented marketing.

Local level institutions play an important role in providing the needed security, self-confidence and handling the local level issues and problems.

**(f) Skill upgradation through local-specific training**

The primary asset of the rural poor is the human resource. Science and technology should come together to utilize this resource successfully by upgrading their knowledge and skills in specific areas. CAPART, KVK and other organizations have been working on appropriate technologies for utilizing local resources effectively and providing location-specific training. These should be further augmented.

**(g) Community Resource Management**

The landless people will have to depend upon common property resources like community grazing land, wastelands, community ponds etc. to eke out their livelihoods. Since these resources do not technically belong to any specific individual, there is a general tendency to overexploit them to get short term benefits. Also these are most times appropriated by the more vocal powerful sections of the community depriving the needy of even these limited resources. Local level institutions committed to the cause of the community should take leadership to ensure that: (i) a strategic plan for the development of these resources is prepared and implemented; (ii) sustainability concerns are properly reflected in the development of the plan; (iii) the disadvantaged and un-reached sections of the community, specially the women, have access to them.

**(h) Traditional wisdom, Indigenous Technical Knowledge and practices**

Traditional wisdom and indigenous knowledge have preserved agriculture as the oldest living activity. They reflect years of practical field-based experience and the local conditions under certain activities and practices have survived. This is especially valuable during periods of stress and shocks like drought, floods, natural catastrophes etc. Since most of these practices are cost-effective and socially acceptable, modern science should analyze these practices and knowledge and should see how they can be improved upon to suit local conditions.

**(i) Social Organization and formation of Self-Help Groups**

Since organization of micro-credit and micro-enterprises are important to address the issues of poverty, social and cultural dimensions of local-level problems, at the same time attending to the needs of the community, organization of the unorganized group are very relevant and shown to be a very successful attempt.

Social mobilization represents a collective effort to bring about social changes and establish a new order of social thought and action. Above all intensive efforts will have to be made in the area of technological and skill empowerment of women, so that there is greater economic value to their time and labour. Self-Help Groups (SHG) is an informal credit delivery system where its members are able to generate their own capital and lend it among themselves in times of need with low interest rates and easily payable policies. Today for any development work to be initiated in any village it is imperative to route the activities through SHGs.

**(j) Advantages of SHGs**

- The SHGs provide a degree of security to the members, protect them the exploitation of moneylenders, able to have access to credit in times of emergency and other household consumption purposes without any collateral security.
- SHGs promote a sense of *building* together as a group; *belonging* to each other and develops a *bond-ship* among them.
- It provides them an opportunity to be bankable by linking their groups with the formal credit system and prove that they are credit worthy and bankable.
- It is found that only women SHGs are better able to address the specific needs and problems of the women members.
- SHGs have had a wide range of impacts, economic, social and political on the lives of its members. In some cases it has given the women members new confidence to express their views on matters of social importance.

Since accessibility to financial resources is the most important limitation for many rural development activities including entrepreneurship efforts, specially by women, a redesigning of the institutional framework for rural lending needs to be done in our country in the context of re-engineering, re-structuring, re-organization of the banking industry. *There is also a need for a Special Venture capital Fund for micro-enterprises.*

Organization of the micro-enterprise groups provide market support for the participants by establishing direct linkages with the consumers and by providing them the power of scale in collective bargaining and ensuring that they get the maximum share of the prices paid by the consumer.

## CHAPTER V

### A STRATEGIC PLAN FOR 80 MILLION JOBS

5. A paradigm shift from the conventional, environmentally devastating and socially unsuitable approach for development to an effective strategy which pays concurrent and integrated attention to resource conservation, production improvement and poverty alleviation for fostering job-led economic growth is the theme of the presentation in this section. It is possible to introduce innovative development pathways to bring about economic and social changes in the rural areas by implementing a variety of eco-friendly, employment and income generating interventions.

5.1 When the high growth rate is based upon good growth rates in the primary and secondary sectors, poverty and disparity between rural and urban areas declines sharply. However, when high growth levels are led by exports and the services sector, the impact on poverty levels is minimal and even negative. In India, in recent years the growth is led by Services sector including Information Technology and exports. Also, as analyzed earlier investments in agriculture have been declining. This could be one of the reasons for high levels of rural poverty (Expenditure Reforms Commission, 2001).

5.1.1 The expectation that growth in the industrial sector will be the major source for employment generation, has been belied. The growth of the services sector in recent years has been relatively fast but employment growth in this sector has been rather sluggish. A GDP growth of about 6 per cent was achieved during 1980-81 to 1986-87 (as against around 4 per cent during the 1970s) but employment growth during this period has been of the order of around 2.5 per cent only. This trend suggests that productivity has shown an increase and the service sector has not grown merely as a residual low productivity sector. Still, this sector has significant potential for employment generation both in rural and

urban areas. A decline in employment elasticity of the industrial sector has primarily been caused by the declining employment potential of output growth in the organized sector. Employment elasticity is estimated to be as low as 0.15 per cent for the organized manufacturing sector, but it is between 0.5 to 0.6 for the unorganized sector. A larger contribution of the small and unorganized sector is, therefore, likely to raise the employment elasticity and employment growth in the manufacturing sector significantly. The small industry sector currently contributes about one-half of value added and four-fifths of the total employment in manufacturing. If this segment of manufacturing can be made to grow at 10 per cent per annum, with the organized sector growing at about 5 per cent, the overall employment growth in the manufacturing sector will be about 4 per cent as against 2 per cent in the recent past.

5.1.2 It might also be relevant to examine the recent analysis of Prem Shankar Jha (*The Hindu*, July 24, 2001) on the likely scenario that may develop as a result of free import of many consumer goods items as a result of WTO agreements and liberalization trends. While the average annual growth of job seekers has risen from 2.3 per cent in the 1970s and 80s to above 2.5 per cent the average growth of employment has fallen to 0.8 per cent in the 1990s. This is particularly disturbing when one notices that it fell to 0.46 per cent during 1998, to 0.04 per cent in 1999 and to minus 0.15 per cent in 2000. To depend upon industrialization alone for further job markets becomes, therefore, a fallacy and the main thrust of this paper that the rural sector alone holds promise, gets reinforced.

5.1.3 As has been discussed earlier, the country's current problem is not just production of food, but economic access to food. Employment and thereby income generation, both at the individual and community level, will have to be the main focus. It is also recognized that most of the jobs of the future will have to come in the rural sector, which means agriculture and allied occupations including agri-business and processing. India's potential in agriculture and agri-business are enormous and only a small part of them have so far been tapped. The strategy focuses on but is not confined to the agriculture sector. The growth generated by these programs will create a greater demand for farm and agricultural machinery, equipment, inputs, transportation, distribution, storage, marketing and supporting services. The increasing purchasing power generated by increased income of the rural families will create a greater demand for a wide range of consumer goods and services. The multiplier effect of these activities will be creation of assets and stimulation of a higher growth rate.

5.1.4 Further, employment generation needs to be seen not merely in terms of creation of new opportunities for wage employment. An equally important thrust will need to be laid on creation of necessary conditions for an increasingly larger number of people to undertake activities on a self-employment basis, as well as raise the productivity and income levels of those already self-employed so as to see that they are not compelled to leave them and join the ranks of the openly unemployed. Infrastructure and accesses to credit and market linkages are found to be the most crucial factors in the development of a vibrant self-employment sector. Institutional arrangements for supply of these services along with suitable programs for the development of technical skills and entrepreneurship would need to be evolved.

5.1.5 Given the variegated nature of work requirements of different workers, particularly the underemployed, and also the varied nature and structure of work in different activities, the goal of providing work to all can only be achieved on the basis of detailed local level planning. Since a major part of unemployment and underemployment is to be found in rural areas where variations of these kinds are particularly marked across regions and areas and among activities, employment planning on a

decentralised basis assumes special significance. While a certain degree of mobility, particularly among the openly unemployed and the educated, should be expected and even be encouraged, for a large mass of underemployed and unemployed, particularly, women, marginal farmers and those engaged in seasonal activities, work needs to be generated locally, in the villages or nearby small towns. An exercise to assess and plan for work opportunities within an area to match the labour supply characteristics of the unemployed and the underemployed workers can only be effectively undertaken on an area-specific basis.

5.1.6 The premises on which this paper is developed are:

1. Poverty alleviation and sustainable development towards a decent standard of living is possible only with an assured economic access to food.
2. Such assured economic access to food is possible only through employment opportunities.
3. Industrialization and establishment of heavy industries offer limited solutions only to the urban population and hardly touches the rural sector, where much of the problems of poverty and unemployment are critical.
4. The problem of unemployment can be mitigated only through creation of job opportunities in the rural sector.
5. Sustained agricultural growth is central to development of employment opportunities. This has to come by improved production and productivity and application of modern advances in technology.
6. Both on-farm and off-farm employment should be considered so that jobs are available for a minimum number of days throughout the year.
7. Primary processing of agricultural products and their value addition should take place at the rural level. This will enhance the income of the farmer and generate primarily off-season employment.
8. Employment planning at the rural level should focus on generation of both individual and community assets – both short term and long term - so that the initiatives are sustainable.
9. The programs planned should be locally relevant and should be undertaken with the support of the people and the community.

5.1.7 The high-potential programs suggested here are not new or unknown. Horticulture including fruits, vegetable and flowers, aquaculture, sericulture, goat-rearing, poultry and dairy, commercial forestry and wasteland development, small and medium cottage industries including value addition of agricultural products, are mentioned in every plan and many new programs have been formulated. What was however, lacking was the people's involvement in the programs and sustained follow-up.

## **5.2 Rural Employment Generation through Eco-Friendly Enterprises**

The International Commission on Peace and Food (ICPF), under the Chairmanship of Prof. M. S. Swaminathan, was established in 1988, with the objective of capitalizing on the uncommon opportunities created by rapid and radical changes in the international environment, and to redirect humanity's efforts and precious resources to accelerate development at the national and international level. In 1991, the ICPF undertook a study in India with the objective of evolving strategies to eradicate poverty and unemployment. After examining the issues in detail and considering various options available, the Study Team developed a strategy to generate 100 million new jobs in India by 2000. The essence of the approach was to utilize India's competitive advantage in commercial agriculture and agro-industry as an engine to propel growth in incomes and employment opportunities throughout the economy. The late Shri C. Subramaniam presented the report to the then Prime Minister Shri P. V. Narasimha Rao and the Planning Commission. The Government of India formally decided to adopt the strategy and incorporate it in India's Eighth Five-Year Plan. A Small Farmers Agri-business Consortium (SFAC) was constituted to centrally coordinate the Government's role as a catalyst for the implementation of the Strategy. Unfortunately, the initiatives that were taken and the momentum with which it was started soon lost appeal and there was very little progress that were taken except some bureaucratic steps that were taken to ground the Consortium. No meaningful liaison with Industries, funding agencies, local institutions and producers were established to implement the proposal at the rural level. Despite the time lapse, most of the components of the proposal are still valid and if the Government's strategy is to consider generation of rural jobs to mitigate unemployment, the strategy with modifications as needed should be pursued.

The following are some of the suggested activities for development that will serve the triple purpose of (a) asset development (b) income enhancement and (c) employment generation.

### **5.2.1 Productivity Improvement in Agriculture**

As discussed elsewhere in this Paper, the country achieved remarkable improvement in production and productivity of foodgrains, thanks to the revolutionary technologies that the advent of the Green Revolution witnessed. However, there is still a wide gap between potential yields and actual yields at the field level. It is possible to close this by adopting even the existing technologies more extensively and making use of new and emerging technologies. The Vision 2020 document of the Ministry of Agriculture, Government of India, outlines the strategy under two initiatives: (a) consolidating the gains already made; and (b) planning for and making new gains. A number of interventions to utilize the untapped potential are suggested and it may not be necessary to outline them all here. Suffice to say that we can have immense optimism in our hopes for the future, as the following table will show. Increased agricultural production will activate a chain of activities towards increased income and employment opportunities.

**TABLE 8**

<b>Proposed intervention / Untapped potential</b>	<b>Expected additional production</b>
Enhancing fertilizer use efficiency	30 million tonnes
Water management including drainage	30 million tonnes
Soil health care including reclamation of salinity/acidity/alkalinity	40 million tonnes
Realignment of cropping patterns on ecological principles	30 million tonnes
Regain productivity of command areas of wells and tanks, and small and medium irrigation projects.	120 million tonnes
Total increase in production expected from all the above interventions	250 million tonnes

Source: Sankaram A. Unpublished -1999

The above interventions proposed are in terms of Natural Resources Management. Technological advances in other areas like biotechnology, genetic improvement, integrated pest management, better storage and processing –all these hold promise of increased total production, which in turn generates additional entrepreneurial activities. It is this optimism and hope that make us venture propose an integrated development plan for the rural areas.

### **5.2.2 Integrated Horticulture**

Cultivation of fruits and vegetables, for which Indian topography and agro-climate are well suited, is an ideal method for increasing the labour intensity and income generation potential of agricultural lands while meeting the growing need for these essential food items. Net income can range from Rs. 20,000 to 30,000 per hectare, which, even on a conservative estimate is five to ten times more than conventional farming of cereal crops. However, in the case of some fruit crops, the initial waiting period may range from three to five years, during which period, some support will be needed. As an income generating



activity, even during this period employment will be available. Further, horticulture can use ten to twenty times more labour per ha than cereals. In order to create more jobs, Netherlands shifted its emphasis to production of flowers and vegetables after World War II and this has enabled the country to become one of the most important exporting countries in these products. It has been estimated that even a shift of 5 % of irrigated lands from cereals to fruits, vegetables and flowers can produce 50 per cent more productive jobs in agriculture. In order to meet the basic nutritional requirements of the population, India's production of fruits and vegetables has to quadruple. Horticulture also represents the enormous export potential for India, because of the favourable tropical, subtropical and temperate climate conditions prevailing in the different parts of the country.

The additional economic benefits that one can get by switch over to horticulture and adoption of modern technology for production, is, however, offset by the saturation of the markets at the time of harvesting and consequent plummeting of prices. The establishment of integrated horticulture projects can overcome these impediments. The following elements constitute the program:

- (a) Selection of an appropriate large area for the enterprise, development of mixed cropping patterns to avoid over-production of a particular commodity only, and the linkage of production with processing and organized marketing.
- (b) A professionally managed society of cultivators (like the Biovillage Society in the Biovillages Model proposed elsewhere) will carry out functions related to farmer education, production of seed and planting material, processing and marketing, including gathering of market intelligence and information.
- (c) Establishment of a Processing Plant for about 1000 ha or so of production area for primary processing of the commodities.
- (d) Marketing of the fresh products through a producer-owned marketing organization feeding into a regional or national grid, as in the case of the dairy products.

Establishment of the Bio-Processing Industry at the rural locations has several advantages. It would remain near the people, and would fulfill their need for rural employment and income generation. Otherwise, it may become exploitative in nature and would uplift only the entrepreneur. Details of Income generation, and capital requirements for the same are discussed in the Document "Prosperity 2000" published by the Bharatiya Vidya Bhawan. It is estimated that the Project will generate full-time employment of **6 million** persons in agriculture, **350,000** in food processing and seed production units including 130,000 skilled and 30,000 technical persons.

### 5.2.3 Floriculture

### (a) Flower Production:

Flower Production is one of the important constituents of horticulture, which can be practiced by both small and large farmers. The flowers find an important role in all social functions whether it is joyous festival or mourning ceremony. The requirement of flowers for the different purposes is increasing gradually. There is demand for flowers for the traditional loose flower trade as well as modern cut flower trade. Flower crops are labour intensive and can provide employment for unskilled rural women and also high return for unit area. The marginal and small farmers who can employ the family labour for harvesting of flowers early in the morning will stand to gain very high profit as the harvesting charges alone constitute about 50% of the cost of the production. Flower growing for loose flower trade is also already a flourishing enterprise. This can be further expanded and made more remunerative by encouraging flower cultivation in backyard and small areas available with marginal and small farmers.

**In view of the seasonal nature of agricultural labour performed by the resource-poor women of marginal farmer households, flower production can be introduced as a profitable and labour-intensive venture without hindering their main occupation. On an average, the resource-poor women could generate an income of around Rs.1500 and employment for 40 days in one year from two cents of cultivable land. Flower nurseries that were established by constructing mist chambers generated an average income of Rs.5000 per year from two cents of land.**

### (b) Production of Cut-flowers

Cut-flower trade promises to be a viable income enhancing and employment generating enterprise. The demand for cut flowers is increasing everyday, and specially in the urban areas, use of flowers for many occasions and domestic demand even for aesthetic beauty has grown by leaps and bounds. In the fringes of urban areas, commercial flower cultivation is becoming a welcome feature. Many flowers can be grown for this purpose, depending upon regional demand, agro-climatic suitability and resource availability. Roses, gladiolus, orchids, tuberose, Asters, Golden Rod etc. have traditionally a good market. Exotic flowers are also finding a ready market. Anthurium is a popular cutflower tropical plant cultivated for its colourful spathi. Anthurium andreanum and Anthurium scherzerianum are the two species widely cultivated for their attractive flowers. Parts of Kerala and Karnataka have congenial climatic conditions for growing Anthurium without the need for costly green houses for climate control.

Orchids are high value flowers and have scope for export to other areas. There are over 35,000 species of orchids and the hybrids outnumber the species. India is the home for as many as 1300 species. The important tropical species are Dendrobium, Vanda, Oncidium and Arachnis. Of these, Dendrobium species claim great demand in the world market. Successful cultivation of Dendrobiums in the coastal plains has been demonstrated. Though the cultivation techniques and conditions are highly demanding and stringent, they can be easily accomplished once training is given. Well-grown plants will start flowering in 6 months. The plant can live up to 7 - 8 years if properly maintained. The backup research needed for advanced production technology of orchids including new varieties is available with Regional Agricultural Universities.

#### **5.2.4 Medicinal Plants Production**

According to the report of WHO, more than 70% of the world's population still depend upon plants for their health care and remedy. In our country the indigenous system of medicines viz. Ayurveda and Siddha systems which are based on herbs have been found to be effective in curing many of the human ailments without any side effect or after effect. The use of herbal medicines is increasing in the recent years. Many herbal products are used as nutraceuticals, which are both nutritional and medicinal. A few medicinal plants like senna, poppy, psyllium, etc., are grown in large scale and exported to European countries. Many other species are collected from the wild and marketed in the West. The actual employment generation by this activity has not been precisely estimated, but it can be considerable as the number of plants and the areas suitable for their cultivation are large.

#### **5.2.5 Production of Seeds and Planting Materials**

Another potential area of activity requiring intense labour is production of vegetable and flower seeds and horticultural planting materials. Both for vegetables and flowers, hybrid seeds have a large market. Elite planting materials for vegetatively-propogated fruit trees are very much in demand and this is one of the problems in horticultural expansion. New production technologies have opened up this as an important venture and private sector has entered this area in a big way. However, only some of the highly profitable markets have been marginally covered by their programs and there is ample scope for expansion of this activity. One study estimated the rate of growth of this sector to 300 per cent for the next ten years. Being labour-intensive and largely rural-based, this activity needs to be pursued with vigour.

#### **5.2.6 Animal Husbandry Programs**

An activity naturally allied to agriculture and crucial for rural income and employment generation is animal husbandry. The potential of this sector for income and employment generation can hardly be over-emphasised. Based on some recent studies by the National Dairy Development Board (NDDB) and the earlier estimates by the National Commission on Agriculture, it is estimated that the animal husbandry sector, even with the existing stock, can generate employment equivalent to 86 million person years inclusive of employment in processing and marketing of milk and milk products. The phenomenal success of the Operation I & II programs, as well as the fact that India has now emerged as the largest producer of milk in the world, is a tribute to the contribution of the organized rural communities in achieving a seemingly impossible task. Besides the fact that it has contributed to the rural economy, what has to be appreciated is the fact that it has contributed to rural employment in a big way. It is claimed by experts that a much higher growth than in the past can be attained in this sector, raising productivity and income levels of those engaged in it as well as creating new employment opportunities.

#### **5.2.7 Integrated Program Of Intensive Aquaculture**

Intensive aquaculture technology can be utilized to provide high protein food for the rural and urban populations, generate new jobs and self-employment opportunities for the poor, and use the common property resources effectively. Aquaculture technology, which is based on environmentally sound practices for conserving and recycling water and organic wastes and effluents, also has a strong ecological component. Improvements in production technology of culture fishes, which includes proper pond maintenance and feed schedules, has demonstrated that five to ten more production is possible. With the high prices of animal protein products and proper education on the advantages of fish meat, the domestic demand for fish will increase enormously. Though capital intensive, the program has a promise of success. In the Biovillages Model, it has been demonstrated that rural common property resources can be effectively used, specially to benefit landless families and women. The study above estimates 50,000 ha of fish pond area being available for development of this activity. It will generate a total of 1 million jobs, including 250,000 for educated unemployed entrepreneurs and 750,000 farm workers.

### **5.2.8 Sericulture**

The production of raw silk, which involves the cultivation of mulberry leaves, raising of seed worms, cocoon rearing, reeling and twisting of yarn, is a labour intensive handicraft with a vast untapped potential for further development in India. Presently about six million persons are directly involved in cultivating mulberry and silk production. This figure can easily be doubled. Although sericulture is already a well-established industry in the country, there is enough scope for improving production by using modern intensive production technology.

Though there are State and Central Developmental Organizations to help the sericulturists, there is a felt need for one or more voluntary organizations to provide the essential inputs of high-quality disease-free silk worm layings, cuttings of improved varieties of mulberry, effective chemicals for the control of the pests and diseases, technical help in scientifically carrying out chawki-rearing, cocoon production and silk reeling. Model Sericultural Villages including the setting up of a viable Grainage Unit can be established in locations already identified by the Central Silk as suitable in terms of climate and other conditions. A village or a cluster of hamlets and villages within walking distances, with about 50 ha of irrigated and about 125 ha of rainfed area under mulberry may be considered to be a Model and viable unit for a comprehensive program to develop sericulture to develop leaf production, grainage, chawki-rearing, adult worm rearing and cocoon production, and reeling and twisting of silk yarn.

Dr. Rangaswami's report, referred to earlier, has estimated that the cost of establishing five Model Villages will be 536 lakhs for five years, including 360 lakhs for buildings and infrastructure and recurring expenditure of 176 lakhs. The return has been calculated to be Rs. 835 lakhs per year.

Among the labour-intensive rural occupations, sericulture is by far the best and India is as the climatic and environmental conditions are most suited for developing this agro-based rural small-scale industrial program. It will provide year-round employment opportunities for all employable, adults specially women, village youths, landed and landless poor, and also help leadership qualities in organizing the cultivation of

mulberry, rearing of cocoon, and reeling and marketing the same. Even on conservative calculations, It is estimated to provide direct employment opportunities to 700,000 farm families, as this is an enterprise, which involves the inputs from the entire family at the various stages of the production process.

### **5.2.9 Afforestation**

Another area with large scope for employment generation, that has only been marginally recognized so far, relates to regeneration of natural resources such as land and forests. Programs of afforestation, regeneration and restoration of degraded land are not only likely to generate large volumes of employment in general, but also benefit, in particular, such disadvantaged sections of the society as tribals and women who are most adversely affected by the degradation of eco systems.

#### **Afforestation by regeneration and planting new areas**

Forests have immense potential for employing society's unemployed and underemployed rural and tribal human power in many forest-related activities. Since both timber and non-timber forest assets are involved, it has the strategic importance of materialising the socio-economic objective of "employment for all". Forests provide three types of employment viz., (1) Direct employment; (2) Self-employment and (3) Indirect or secondary employment (Pant, 1986; Indurkar, 1992). Direct employment from forest management activities is provided for both salaried personnel discharging technical, planning, monitoring and administrative activities, as well as for the section of the rural and tribal force that performs arduous physical labour in connection with the development and maintenance of the forests. These include: planting and regeneration of forests; collection and primary processing of minor and major forest products; plantation activities including preparation of nurseries; soil working; inter-cultivation; fencing; felling and transport. Modern forest plantations require roads, buildings and other infrastructure, which also provides employment for skilled and semi-skilled labour. Self-employment is provided in the form of resource-based activities whose output is wholly or partially consumed by the persons employed. Self-employment is generated by availing of privileges provided to local residents under the Forest Act, like firewood removal by head-loads, fodder cutting, grassing and lopping, availing of concessions and entitlements and collection of minor food items. The secondary employment arises out of the processing activities through primary and secondary forest activities. The primary forest industries cover saw-milling, sawing and planing of woods, and pulp and paper industries. Secondary forest industries comprise of manufacturing of wood articles including packing boxes, crates, and other containers, furniture and cabinets, agricultural tools and household construction items like doors and windows.

**Forest Resources:** On the basis of the estimates by the National Remote Sensing Agency, the total forest cover in the country is about 19.27 per cent of the geographical area. The recorded forest area (area notified as forest) is 76.52 m ha of which 54.44 per cent is reserved forest, 29.18 protected forest and 16.38 per cent is unclassified forest. Dense forest cover is much less and estimated to be only 11.17 per cent.

TABLE 9

Class	Area (m ha)	Percent of Geographical area	Percent of forest area
Dense Forest (Canopy density 40% & above)	36.73	11.17	57.98
Open Forest (Canopy density 10 to 40%)	26.13	7.95	41.25
Mangroves (Salt tolerant forest eco-system)	0.48	0.15	0.75
Total Forest Cover	63.34	19.27	
Scrub (stunted trees and shrubs)	5.72	1.74	
Non-forest	259.66	78.99	

An ideal forest cover for any country would be about 33 per cent area. We shall not be able to achieve this level ever, but it is proposed that this forest cover be increased by *four per cent*. This means that an additional area of 12-13 million ha will have to be planted by forests. Visualized as a Five-year Plan, this will involve planting of about 2.5 million ha per year. Later in this text, in the Section on Wasteland Development, it is indicated that this activity alone will generate 50 million new jobs. Currently for afforestation and soil conservation activities, the Government provides for Rs. 5000/ha for hilly areas, and Rs. 4000/ha for non-hilly areas. This involves cost of labour for nursery raising, planting and maintenance cost including earthwork, as well as managerial and supervisory costs. This is generally found to be insufficient, and the casualty is therefore maintenance of planted areas. Increasing allocation for this activity alone will not solve the problem. What is required is the people's involvement wherein a feeling develops that what is planted with care should also be maintained with care.

There are some very interesting success stories that one would like to mention here. Mangroves which are the natural vegetation in the coastal saline lands are facing threat of extinction because of indiscriminate felling and inappropriate checks for their preservation. When a Joint Mangrove development program was being developed in the States of Tamil Nadu, Andhra, Orissa, West Bengal and Andaman Nicobar Islands, the welfare of the people as well as their needs and aspirations were assessed and built into the program. This included providing them livelihood security from the very environment which they were destroying. The awareness created has ensured community involvement in reaping the benefits without detriment to ecology.

One of the major advantages of afforestation is that they provide permanent assets to the community. A number of non-timber products like fuel-wood, honey, Sal leaves, tamarind, lac, resins, gums and waxes are produced. It is estimated that even at present, the value of non-timber forest produce alone is about Rs. 28,000 crores per year. While the Government can have control over timber to prevent unauthorized and illegitimate felling of trees, the Forest Policy should have clear guidelines about the sharing of non-timber products so that the rights of the people living there are also recognized. The Joint Forest Management Program, initiated recently, envisages such interventions, but this will have to be pursued through educational and community involvement programs more intensely.

### 5.3 Wasteland Development:

The Ministry of Rural Development, Department of Land Resources, in collaboration with the National Remote Sensing Agency, has prepared a Wasteland Atlas of India. A Wasteland is described as “degraded land which can be brought under vegetative cover with reasonable effort, and which is currently underutilized and land which is deteriorating due to lack of appropriate soil and water management or on account of natural causes.” Approximately twenty per cent of the total geographical area (about 64 million ha) is under various categories of wastelands. Several surveys have indicated the limitations in utilizing this entire land area for one type of productive use or the other, partly due to encroachments, use restrictions etc. But on a conservative estimate, about forty per cent of this area can be put to productive use. It is possible to reverse land degradation through participatory management and turn around dry, barren and eroded lands into lush green regions. To deal with “economic poverty”, especially in the rural sector, it is necessary to deal with “ecological poverty”. Regeneration of the environment leads to economic wellbeing, as a result of greater resource availability, improved agriculture and animal care, and consequently increased incomes. People’s management is necessary for ecological restoration, with people empowered as decision-makers.

5.3.1 The National Wasteland Development Society had prepared a massive program of afforestation and utilization of wastelands. In the Seventh and Eighth Five-year Plans, the program was given a considerable importance. However, due to lack of political will in some States, and implementation difficulties faced at the grassroots level, the program did not have the measure of success that was anticipated. Where people’s participation was sought and the program followed up with commitment, as it happened in parts of Tamil Nadu, the Social Forestry Program undertaken in these lands has met with success. As an employment generation scheme, it is a great success.

5.3.2 It is estimated that development of *one hectare of wasteland will generate 128 mandays of employment* with a wage component as high as 70 per cent of the outlay. Importance of wasteland development from the point of view of employment generation arises not only from the employment intensity of the development phase involving earth work, etc., but also from the sustained employment opportunities likely to be generated in the utilization of the reclaimed land for afforestation and watershed development. A study by the, National Council of Applied Economic Research (NCAER), for instance, shows that one hectare of planted area provides employment of the order of 600-700 mandays per year. This scheme would like to develop two basic assumptions: (1) about 20 per cent of the estimated wasteland area will be available for development and (2) about 120 to 150 mandays of work in the rural areas will be considered as full employment for one person. On the basis of the NCAER study, each ha will generate employment for five persons. On the basis of these two assumptions, development of about 12 million ha of wastelands alone for afforestation will develop **50 million** jobs.

5.3.3 However, if wasteland development has to achieve these objectives beyond the stage of asset formation, due attention should be given to (a) securing the active participation of the rural poor in wasteland development and (b) allocation of the developed land to the rural poor with legal titles. There is an interesting experimental study in the Mahboobnagar District of Andhra Pradesh. Village Community Land and *Puramboke* land were taken up for cultivation of economic fruit trees, but to ensure that the trees were cared for and nurtured, *tree pattas* were given to each individual household with the promise that a large part of the economic outcome will be theirs when the trees come to bearing. Large orchards of mango, guava and other fruit trees are flourishing in that area. Since it has now become a community

asset, landless labour are also able to get wage employment on a regular basis on this activity and many subsidiary activities like marketing, etc. have developed.

#### 5.4 Soil Conservation

It has been estimated that about 173 million ha of land is under some threat of degradation, and conservation measures taken will not only save the top soil from erosion, but will also improve the groundwater resources of the area. Large-scale soil erosion control works had started off as famine relief work for rural employment, duly codified by the Royal Commission on Agriculture. Soil conservation works are looked upon everywhere as suitable for rural employment because the employment is near people's homes, needs no skills, nor even elaborate implements, and conserves water, a precious commodity in these areas. New tanks are dug; old ones are desilted; thus permanent assets are created. Soil and water Conservation has thus become one of the important programs in the country. About Rs. 33,378 million has been spent on this program so far, with about eighty per cent of the expenditure going for creation of Rural Employment (please see Table Below). The list does not include foreign-aided or NGO Projects. This is probably the largest Rural Employment-oriented Program of the Government.

TABLE 10

Rural Employment through Soil and Water Conservation and Watershed Programs

Programs	Area Treated (million ha)	Expenditure (million Rs.)	Rural employment (million mandays)
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1. Soil & Water Conservation in the States (up to 1993-94)	33	27,036	10,814
2. Centrally sponsored Scheme for Soil Conservation in Catchments of River Valleys and Flood-prone Catchments (up to 1993-94)	4.5	1,539	616
3. Drought-prone and Desert Development Programs (up to 1998-99)	-	2,493	997
4. National Watershed Development Project for Rainfed Areas (up to 1998-99)	7.3	2,310	924
<b>Total</b>	<b>44.8</b>	<b>33,378</b>	<b>13,351</b>

## 5.5 Water Conservation and Tank Rehabilitation

Agricultural water management encompasses those models, systems and techniques of water conservation, remediation, development, application, use and removal of excess water. Appropriate water management is the selection and adoption of the right techniques to meet the site specific agricultural water needs. Rainwater conservation and utilization is the backbone for the success of rainfed agriculture. Even after the development of full irrigation potential of about 139.5 m ha, about 60 m ha will remain rainfed. About 800 cubic km of water is available as surplus runoff. Since rainwater can be effectively conserved, managed and utilized based on a hydrological unit, the watershed approach has been adopted.

5.5.1 In the arid and semi-arid regions which receive limited amounts of rainfall (300mm to 750 mm per year), water is a precious natural resource, and needs to be preserved at any cost. In traditional systems, this was sought to be done by storing the rainwater in small and medium size tanks or mini-lakes. The stored water could be used for agricultural purposes as well as for domestic use. In addition, the storage of water in these tanks helped to recharge the wells in the area and augmented the groundwater aquifers. The tanks, located at suitable intervals in the region, were also interconnected where possible, so that the excess water from one tank will flow into the other and so on. Most of these tanks have now become non-functional and have silted up. Since rainfall is received in flushes during the monsoon months, in the absence for proper storage of the runoff water, most of this water is lost.

5.5.2 Desilting of these tanks and their restoration will serve two primary purposes: (1) they will store water, a precious resource, and help to recharge the wells in the area (2) provide off-season employment to a large number of people. Since this paper deals with employment generation, rural employment opportunities will be discussed here.

5.5.3 Recently, with assistance from the European Economic Community (EEC), Pondicherry Government has proposed to rehabilitate 86 tanks in phases. Desilting the ponds or lakes, conserving the

bunds through suitable vegetative and protective covers, and social mobilization to develop it as a 'peoples' activity' are all integrated in the implementation of the project. The project is expected to have multiplier effects in terms of not only economic and social benefits, but also promote harmony within the community as everybody works for common good. The plan is not only to rehabilitate the tanks, but also create a sense of awareness and ownership among the users so that the continued maintenance of the tanks will be ensured. It is estimated to provide off-season employment to 30,000 to 50,000 persons for about six months in a year. The expected economic gains to the community in the form of more water for irrigation, and mitigation of drinking water problems in drought prone areas are also considerable. The program should be considered as a 'permanent asset-building' activity that will have both short-term and long-term gains. The Tamil Nadu Government has also launched a similar program and is looking for funds to strengthen the program.

## **5.6 Compost Preparation, Vermiculture and Organic Farming**

Animal wastes and crop residues form important organic materials that are available for crop production and for maintaining soil health. It is estimated that about 1000 million tonnes animal dung is produced in India every year, which yields about 500 million tonnes of farm yard manure. It is estimated that annual production of crop residues is about 300 million tonnes. A part of it is used as animal feed. In addition to this, there is also production of domestic wastes, quite a large part of it can be used as manure after due processing. The organic materials generated on the farm can be enriched by further processing through vermicomposting. Vermicomposting or Vermiculture, as it is termed, improves the quality of the otherwise poor organic matter by concentrating the nutrients in the end product. Earthworm castings are rich in ammonium, urea and nitrate besides containing plant growth promoters. Regular application of vermicomposts to cultivated lands has been found to improve the physical, chemical and biological properties of the soil.

5.6.1 Vermiculture, as the technique of using indigenous species of earthworms systematically to turn farm wastes into valuable biofertilizers (vermicompost), can be a rewarding avocation to the resource-poor farmers. It is basically an eco-friendly technique, which yields rich organic manure, with 0.72% nitrogen, 0.25% phosphorous and 2.74 % potassium. Besides supplying nutrient-rich manure, it can help in safe and profitable disposal of farm as well as urban wastes. Awareness has to be created among the farmers on the benefits of vermicomposting and they need to be trained in vermiculture techniques.

5.6.2 The Vermiculture programme is essentially focussed on resource-poor, both men and women, unemployed youth and landless agricultural labourers. Vermiculture offers one of the multiple livelihood opportunities to these people by way of additional employment and income generation. In the Biovillages program at Pondicherry, this micro-enterprise was successfully introduced as an employment and income-generating activity. The cost of production including family labour works out to about Rs, 3500 per ton while the prevailing cost of vermicompost is Rs. 5000 per ton.

## **5.7 Organically produced foods:**

Inorganic fertilizers, pesticides and a host of other agricultural chemicals are considered necessary inputs for any system of high-tech agriculture. In the nutrition and health-conscious western world, there is an increasing demand for natural foods – a synonym for food produced using natural organic materials substituting for inorganic chemicals. The premise is that inorganic chemicals and pesticides leave toxic residues or metabolic products injurious to health. Such organically produced agricultural products have a good export market, while their demand even in the domestic urban markets is also on the rise. The current certification procedures are, however, complex. The assistance of the NGOs in training the interested farmers can be sought and this venture will open up an entirely new vista of handling sophisticated agriculture.

## **5.8 Establishment of Agro-Industrial Complexes**

Since primary value addition and development of ancillary industries based on agricultural raw materials is important for enhancing income but also generating employment opportunities, the Government should consider establishing Agro-Industrial complexes for the processing of agricultural products, on the lines of Industrial Estates for Small Scale Industries. Even though even now there is no bar on the establishment of agro-based industries in these Estates, their location near Urban centres and the facilities being provided to them for the handling of raw materials, are not conducive for their establishment there. Exclusive Centres at the right locations will certainly help promote these industries.

5.8.1 Some of the earlier efforts made by the Government may be mentioned here. Multi-purpose Cooperative Societies (LAMP) had been established earlier in a large number of Centres with support from the National Cooperative Federation. Some of them had even excellent infrastructure developed for activities that were relevant to the local needs. Most of them do not function properly because they never developed properly as people's institutions and were essentially bureaucratically controlled institutions more wedded to rules and regulations than committed to serving the poor. It is possible to restructure them and motivate local institutions to run them. An attempt on these lines was made in Kolli Hills, a pineapple producing tribal location in Tamil Nadu.

5.8.2 The Report of the International Commission on Peace and Food, referred to earlier, had given a framework for the establishment of a Tapioca-based Industrial Complex. The project envisages use of tapioca for starch extraction and preparation of Sago. A number of byproducts are also produced. An integrated scheme for the preparation of all these components is proposed for the industrial complex. The project will provide (a) a ready market for the tapioca produced by the farmers (b) utilizes all the commercially viable components from the product (c) ensures quality certification of the products to the required standards (d) provides skilled and semi-skilled employment to a large number of local people.

5.8.3 The institutional framework already developed for establishing liaison between the producer and business establishments, viz, Small Farmers Agri-business Consortium (SFAC) should be activated.

## **5.9 Expected Outcomes and Impact**

The total number of additional jobs that will be created as a result of the activities outlined above is summarized in the Table below:

TABLE 11

Summary Table indicating additional jobs that would be created

Sl. No.	Enterprise	Jobs Created
1	Productivity Improvement in Agriculture	7,000,000 <sup>1</sup>
2	Integrated Horticulture	6,327,000 <sup>1</sup>
3	Floriculture	
4	Medicinal Plants Production	
5	Production of Seeds and Planting Materials	
6	Animal Husbandry Programs	
7	Integrated Program Of Intensive Aquaculture	13,700,000 <sup>5</sup>
8	Sericulture	1,117,500 <sup>1</sup>
9	Afforestation and Wasteland Development	700,000 <sup>1</sup>
10	Soil And Water Conservation	50,000,000 <sup>3</sup>
11	Water Conservation and Tank Rehabilitation	
12	Compost Preparation, Vermiculture and Organic Farming	1,000,000 <sup>2</sup>
13	Establishment of Agro-Industrial Complexes	5,00,000 <sup>4</sup>
	<b>Total</b>	1,000,000 <sup>1</sup>
		About 80 million additional jobs

1 Estimates by G. Rangaswami for the International Commission on Peace and Food "Prosperity 2000". Bharatiya Vidya Bhawan

2 From Estimates included in the EEC documents

3 From NCEAR estimates

4 From Experiences in the Biovillages program at Pondicherry

5 From NDDB Estimates

Operationalization of the plan through implementation of various interventions will result in improved living standards of the rural poor (in terms of nutrition, health and education) by augmenting their income and employment opportunities without seriously damaging the natural resources and environment.

#### **5.10 Compounding Services needed for the Implementation of the Plan**

While the above proposal has been primarily concerned with employment generation and income enhancement, a number of other services also need to be expanded if the program is to be successful. This includes organization of micro-credit for the enterprises, dissemination of modern and efficient production technologies, training and development of human resources, strengthening of the markets including sensitization for the products from these enterprises etc. Some activities at the local level like mushroom production, floriculture, community aquaculture etc. will generate products, which are likely to have a local market and can, therefore, be handled by organization of self-help groups and limited cooperative marketing strategy. However, products like silk production, value added products from rural industries etc. will have to be considered on a wider canvas of both domestic consumption and international exports. The former specially, will require planned government support and intervention as domestic markets and international requirements will have to be integrated. Ventures started at a few places without such commitment and support from government have run into problems. This aspect needs to be carefully woven into the Plan.

## **CHAPTER VI**

### **A BETTER DEAL FOR THE VERY POOR**

#### **6. Need for a scheme**

A calorie intake of 2400 kcal per person per day in rural areas and 2100 kcal per person per day in urban areas defines the poverty line.

6.1 In monetary terms, based on a consumption basket, the 1999-2000 NSSO survey places the poverty line at Rs. 377 per capita per month in rural areas and at Rs. 454 per capita per month in urban areas.

6.1.1 Depending upon the methodology adopted the total number of people below the poverty line is estimated at 260 million (with 193 million in rural areas) under one method and at 232 million (with 171 million in rural areas) under the other. The sceptics place the figure at around 30% of the population or over 300 million.

6.1.2 Whatever the exact figure the fact remains that the number of people below the poverty line in India i.e. those who do not get two full meals a day continues to be alarmingly high. The fact that 53% of the under four year olds i.e., 60 million children are moderately or severely malnourished amply proven this point. (National Family Health Survey 1992-93). All these data relate to abject poverty. If the lack of access to minimum levels of education, health facilities, civic amenities, employment etc. are taken into account i.e. if the index is to be human poverty which relates to quality of life the number will be much larger.

6.1.3 In these circumstances what is necessary is not so much a debate about the numbers but doing something upfront, and in a big way to address the problems of abject poverty as well as human poverty.

6.1.4 For achieving this, a two pronged strategy is necessary. The first strategy should be to put the economy on a high growth path along with time bound programmes for increasing literacy, health facilities, civic amenities, employment opportunities etc. by giving higher priority in the country's economic planning and development. As more and more people share in the growth and the other benefits, both human poverty and abject poverty, will come down.

6.1.5 Experience of China clearly establishes that when the high growth rate is based on good growth rates in the primary and secondary sectors not only does the total levels of poverty come down sharply but also that the gap in poverty levels as between rural and urban areas backward area and forward areas poverty levels and between ethnic groups also comes down. However, when high growth levels are led by exports and service sector, the impact on poverty levels is minimal or even negative. In India, in the recent years the growth is led by service sector, including Information Technology and exports. Investments in agriculture have, however, been coming down steadily and speedily in the last two decades – from a high of 4.1% of GDP in 1978-79 to about 1.5% now. This could be a major contributory factor to the high incidence of rural poverty. The growth in the secondary sector has also been somewhat muted in the last few years.

6.1.6 The second is a targeted programme, which will provide relief to the abject poor, even as they wait for the trickle down effect of the good growth rate and emphasis on various aspects of human resource development. Here the main problem is the extent of leakages, placed at 85% by one of the former Prime Ministers a good 15 years ago. In the leakages, corruption in direct money terms is only one part, the other aspects being the administrative and institutional inability to deliver the benefits to the targeted sections, diversion for commercial purpose, diversion of the benefits to the better off sections of the society and so on.

6.1.6 Thus, in the package of measures to be taken up, two of the elements would be: (i) to increase investments in Agriculture sharply – at least doubling it to 3% of GDP – and (ii) launching a targeted programme in which leakages would be least. A massive employment programme, linked to labour incentive schemes aimed at increasing productivity of land and marketability of outputs, like, command area development programmes, renovation and maintenance of minor irrigation works and irrigation channels, soil conservation programmes, rural roads, watershed programmes, afforestation, etc. would appear to be the answer.

## 6.2 The Scheme of Employment Guarantee Programme

Taking the number of people below the poverty line as 250 million, this works out to 50 million families. If two adults in each family, one man and one woman, are to be given employment for one day at Rs. 60 per head (it will be necessary to keep the wage level slightly below the off season wage rate in rural areas), the funds required pr annum would be 50 million x 2 x Rs. 60 or Rs. 600 crores. To provide one days work, every month it would cost Rs. 7200 crores. Thus to provide 5 days work every month to two adults in every BPL family the amount required would be Rs. 36000 crores.

6.2.1 Two comparisons are relevant. First, the provision for Employment Guarantee Programme in the current year's Budget of the Ministry of Rural Development is Rs.1600 crores i.e., equivalent to less than two days wage per annum for two adults in each BPL family. Even if it is assumed that the entire Budget provision for all schemes of the Ministry of Rural Development (Rs. 9200 crores) is made available for such wage employment, it would suffice to provide just a little more than one day's work every month for two adults below BPL family.

6.2.2 Second, at 20 kg of food grains per family per month at half the economic cost the food subsidy to each BPL family works out to Rs. 100 a month, provided (i) there are adequate arrangements to reach the subsidised food grains to the BPL families in all areas and (ii) the BPL families do have the other Rs. 100 to be pad for the purchase of the subsidised food grains. Both are seriously in doubt in many states.

6.2.3 Against these numbers, the proposed employment programme, should, at least on paper, enable each BPL family to get about Rs. 600 per month; a level at which they can get more than 20 kg of food grains plus other required food items, all at market prices.

6.2.4 Given the fiscal constraints, the resources necessary for this programme have to be found from within. This will have to be through a twin process of abolition of subsidies and use of funds earmarked for the benefit of these sections of the society under numerous programmes, each having certain other objectives, as well, though often rather minor in nature. Considering the inevitable time lags in taking decisions covering a large number of subsidies and on going programmes, the scheme could start with a

target of providing 3 days work every month for one member in each BPL family. The funds required for this purpose would be Rs. 21,600 crores and this order of funds could be generated by abolition of -

- (i) Consumption Subsidy part of Food Subsidy (Rs. 7200 crores)
  - (ii) Kerosene Subsidy (Rs. 6500 crores) and
  - (iii) LPG Subsidy (Rs. 6500 crores);
- and utilising
- (a) the savings in Fertiliser Subsidy – Rs. 3000 crores in the first year if the ERC's recommendations are accepted
  - (b) a part of the allocations for the various programmes of the Department of Rural Development, including that for Jawahar Gram Samridhi Yojana, Employment Assurance Scheme etc. and
  - (c) the entire provision set apart for MP's Local Area Development Programme.

(For the reasons explained in the Annexure, the total savings from abolition of kerosene and LPG subsidy taken together will be only Rs. 10,000 crores)

6.2.5 In order to ensure that such wage employment is used for productive purposes, it can be stipulated that at least 75% of this has to be linked to programmes like Watershed Development Projects (over Rs. 300 crores), Soil Conservation Projects (Rs. 120 crores), village roads programme (Rs. 2500 crores), repair and maintenance of minor irrigation works and channels (Drought Prone Area Programme (Rs. 210 crores), Desert Development Programme (Rs. 160 crores), programmes of afforestation of NWDB (Rs. 430 crores) and NAEB (Rs. 130 Crores) and provisions in the budgets of the States for similar schemes and for maintenance of minor irrigation works and irrigation channels. The amounts provided for these programmes can be used to the extent necessary for the material component, so as to 'absorb' a much larger amount of the wage component that will be available under the Employment Guarantee Scheme. To illustrate, the outlay for afforestation projects under NAEB is over Rs. 130 crores, while, of the allocation of Rs; 430 crores for NWDB, the amounts that could be spent in the 1,70,000 villages adjoining reserved forests could be placed at, say Rs. 150 crores. If these amounts exceeding Rs. 250 crores – could be utilised for planting materials, pick axes and shovels, baskets, water cans, water supply etc. then it would be possible to put through a programme of more than Rs. 2000 crores on such afforestation programmes in these 1,70,000 villages adjoining reserved forests, as the EGS amounts availability for these villages would be Rs. 8000 crores or more. This will secure a ten fold increase in afforestation, soil conservation and moisture conservation in the villages where such efforts are mostly required.

6.2.6 An utilisation level of 75% for such productive purposes could be prescribed as there may be areas in which, in the seasons when such Employment Schemes are most required, it may be difficult to identify productive programmes. In metropolitan and large urban areas the scope for public works with large labour component may be limited and it may be necessary to look for suitable rural/agricultural



programmes in the adjoining rural areas. Within this 75% level, the mix of schemes to be taken up could vary from state to state and from district to district depending upon its requirements and the funds allocated for different purposes in that area. Likewise the demand for employment schemes will also vary from month to month in each place depending on the other and more lucrative employment opportunities that may be available in the normal course. Thus it will be necessary to use the 36-60 days figures of employment for the year as a whole as a benchmark and allow for month to month variation.

6.2.7 It will be best to announce that this new initiative would be launched from, 1.4.2002, so as to give the states enough time to (i) identify and publicly announce the BPL families at the village and locality levels (in urban and metropolitan areas); (ii) identify the various productive works to be taken up at the district and sub district level utilising the amounts set apart for such schemes and the funds available under the EGS (which is to be used only for the wage component); and (iii) complete necessary 'Budget accountability' formalities to ensure that funds are available from day one for utilisation at the field level. A time gap of this order would also be necessary to put through the decisions for locating and diverting, to this Scheme, the necessary resources.

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### **6.3 Areas of Concern**

Any reduction in expenditure, including by way of reduction/abolition of subsidies, by government *ipso facto* leads to a reduction in incomes/benefits for some groups of people. The larger the benefits that they lose, the more vocal will be the protests from such vested interests.

6.3.1 Over 30% of the subsidised supplies in the case of kerosene gets diverted for use as fuel in transport (particularly lorries) while in the case of LPG a similar proportion gets diverted for use in dhabas, restaurants and three wheelers. As such diversion is unauthorised there cannot be any formal protest from such lobbies when subsidised sale of these products are abolished.

6.3.2 The consumption of these products is much more in those states which have better arrangements read – better administered States!) for the effective distribution of these products. Thus when these subsidies are abolished and the funds for the Employment Guarantee Schemes are based on the proportion of BPL populations in the different States, there will in fact be a diversion of funds from the "better off" states to the 'comparatively backward' states. The better off states will thus be in the forefront in objecting vociferously to the abolition of the subsidised sale of LPG and kerosene.

6.3.3 In both LPG and kerosene bulk of the sales take place in metropolitan and urban areas, with the proportion being much more in the case of LPG than in the case of kerosene. In the case of LPG, the BPL sections may not be able to afford the high cost, even if they could access it. On the other hand, the BPL sections do use kerosene as a fuel whenever they are able to access it. Thus with the abolition of these subsidies the BPL sections may lose about Rs. 50 per family per annum (assuming that about 30% of the 13 million kilolitre of kerosene, with a subsidy of Rs. 5 per litre does reach them and that virtually no LPG is used by them). But then it could be argued that the gains from assured employment that they get

would be substantially higher. On the other hand the loss for the middle and upper class in the metropolitan and urban areas will be real. Thus after the category of the "better off" states the next in line among the vociferous protestors would be the metropolitan and urban areas and then the rich and the middle classes!

6.3.4 As far as the fertiliser subsidy is concerned its gradual elimination over a period of 5 years on the lines recommended by the ERC will ultimately be in the interest of the farmers as at that stage the market can be totally freed and imports allowed at zero duty. However, there would be vociferous protests, particularly from states like Punjab and Haryana, which are maximum consumers of the subsidised urea. It should not be difficult to convince them through constant and concerted efforts that the move is in the right direction and in their own interest. Thus the difficulties in phasing out of the fertiliser subsidy, though difficult in itself, will be some what less than the difficulties likely to be faced in the abolition of kerosene and LPG subsidies.

6.4.5 Food Subsidy is even today limited only to the BPL sections. Still the abolition of the food subsidy could lead to objections from the BPL sections in metropolitan and urban areas if enough avenues for providing them with employment opportunities under the EGS are not put in place straightaway. One way out would be to announce that the new arrangements would come into force from 1.4.2002, thus allowing adequate time for all necessary arrangements to be put in place in this regard.

6.4.6 Yet another problem relates to those of the BPL sections who are not in a position to avail of the employment programme due to old age, being physically handicapped etc. If during the transition period if these persons could be identified, then for them and for them only the arrangements for subsidised supply of food grains at subsidised rates on payment of the equivalent amount in cash in lieu could be continued and for this purpose an amount set apart – say Rs. 2000 crores – which would be distributed to the states in cash, with reference to the number of such persons in each state.

## **6.5 Resource Requirements for Implementation**

The above discussion has focussed on the possible avenues for employment generation. The question naturally arises, "What will be the resource requirements for such a scheme, and from where can it be mobilized? Should some of these ventures be considered as an on-going activity and resources mobilized from existing programs? Is it possible to club / modify existing programs so that there will a more focussed attention to the problem at hand?"

6.5.1 As has already been pointed out, there are a number of Government Programs addressing these or related issues, which form part of the Five-year Plans. The problem is, therefore, not the lack of programs, but their implementation and reaching the target groups. The brief discussion here only are indicative of the possible resources for the proposed employment generation schemes; the actual amounts available will have to be worked out in each State according to their programs and activities.

6.5.2 For the enterprise on “Productivity Improvement in Agriculture”, which is expected to generate an additional 7 million jobs, there are already a number of schemes in operation funded both centrally and by the states. Agriculture being a State subject, the primary responsibility for addressing agricultural issues rests with the State governments. Since the project is essentially on the application of newer technologies for increased production, the State and Central Agricultural Extension Agencies with support from NGO organizations, can implement the program from out of existing funds and resources, with only marginal additions and focus, where needed.

6.5.3 Integrated Horticulture with emphasis on cultivation of fruits, vegetables, flowers and medicinal plants, is a high-income generating activity. Private sector funding should be mobilized for this purpose, if necessary with support from financial institutions. Assistance from the Government will essentially be needed for support facilities and infrastructure. The National Dairy Development Board has estimated that expansion of the Animal Husbandry programs will be self-supporting. The precise financial support needed for this activity will have to be worked out.

6.5.4 Improved Sericulture is expected to provide additional 700,000 jobs. However, there are sensitivities in the issue as some activists are against destruction of worms to keep the cocoons in tact. Specifications for the domestic demand and international requirements vary; consequently the development plan should attempt to integrate them so that marketing problems do not loom large.

6.5.5 The major employment generation activity considered here is Afforestation and Wasteland Development including Soil and Water Conservation and Tank Rehabilitation. This enterprise, which is expected to generate about 50 million jobs, will require massive governmental support, even though there is scope for involving the private and industrial sector for this purpose. The Ministry of Environment and Forests, Government of India has prepared a National Forestry Action Program- India, which is a 20-year Plan. The program two types of activities: (1) Improving forest cover density and productivity of about 31 million ha of existing forest lands and (2) Bringing under forest plantation an additional 29 million ha of non-forest and farm lands. By the latter step, the total forest cover in the country is likely to go up to 33 %. The resources needed for this activity has been estimated to be Rs. 133,000 crores. Even when this activity is considered as an asset-building enterprise with a large potential of generating income and contributing substantially to GDP over a period of time, given the current levels of allotments to this sector, the program will be considered as too ambitious. The employment generation that this author has outlined above considers afforestation (includes regeneration planting and new areas from wasteland) only to the extent of 12 million ha and may be a more feasible proposition. It is the conviction of this author that the needed resources for this activity can be found by (1) merging many of the non-productive rural development programs into a focused activity (2) by involving the private sector in undertaking economic plantations and (3) involving local communities and assigning to them the rights for non-timber products and developing it as an asset-building exercise to the community. .

6.5.6 The Planning Commission estimates that the various Ministries of the Government of India spend roughly Rs. 35,000 crores on Programs that are meant to achieve Poverty Alleviation. The State Governments spend probably much more than this for the schemes developed by them.

6.5.7 The thread running through the entire discussion here is that the people should not depend on the Government alone for generating jobs. The majority of the jobs will have to come from Private sector and through self-employment and entrepreneurship opportunities. The Government can, at best, provide seed money for some programs, provide infrastructure support and activate a program. The Expenditure Reforms Commission is seized of the matter and has suggested the need for integrating the various schemes of the government into a holistic integrated program.

## **6.6 Revised targets if only “limited resources” are available.**

The proposals in this document for employment generation and income enhancement are modular in nature. Depending upon the resources available and location-specific suitability, they can be undertaken.

## **6.7 Implementation Strategy**

New policies, new institutions and new modes of organization will be needed to implement such a program successfully. Effective implementation of an ambitious program of this nature and magnitude requires:

1. Political will on the part of the Government;
2. Able administration to formulate conducive policies and guidelines;
3. Efficient Government machinery for extending necessary technical and logistic support;
4. Whole-hearted support of the financial, local and private institutions to assist in funding and input supply;
5. Cooperation of the NGOs for providing services;
6. Local level institutions to aid the area-planning and execution strategies and above all
7. The conviction, involvement and committed participation of the people as the ultimate partners and producers.

6.7.1 Programs of a similar nature have been implemented at the micro-level and there are innumerable success stories. The key to the success of these programs have been committed individuals who have been able to plan program suitable to the specific community and implementing them with the people's involvement and commitment through motivating people. Formal bureaucratic structures may not be suitable for this since formal organized structures of the Government do not provide for a system to sustain the enthusiasm and initiative for a follow-up to logical successful steps.

6.7.2 The entire plan is built on the basic framework provided by the human-centered development pathway. Development of resource-poor in the rural areas by empowering them with knowledge, information, skill and eco-friendly technology is the crux of the whole approach. Whatever programs are promoted, should be accepted, acted upon, managed and owned by the people for whom they are intended. Creating a sense of ownership among the rural poor is the essence of the approach.

6.7.3 Although Government's support is paramount for operationalizing the program effectively, there is an imminent danger if it is construed as yet another program of the Government fully loaded with subsidy, loan, gifts, and what not. It may be effective for short-term gain, but will not be sustainable on the long run. The intention is not to undermine the importance of support provided by the Government, which is channeled through its various development programs, but strengthening it through alternate and complementary pathways. If the sense of ownership is not developed among the people, groups and organizations, and if the enterprises are not economically viable, dependency syndrome will continue to persist. Initial support, both financial and institutional, will certainly act as a catalyst by facilitating the development process to start. Once this is achieved, efforts need to be made to internalize the whole process in the resource poor by slowly withdrawing the material support and concentrating in their capacity building through intellectual support by way of training and service providing. It will go a long way in building confidence in their own capability and innovativeness. Withdrawal strategy should, therefore, be built in as part of the project development itself, so that a phased withdrawal of the inputs and technical support is possible.

6.7.4 The twin development problems of natural resource degradation and poverty alleviation can be effectively overcome by ensuring people's participation, while operationalizing this plan through implementation of various interventions in a participative action mode, towards realizing sustainable agriculture and rural development. It can be achieved very effectively through concerted efforts on social mobilization. Depending on the nature of the intervention practiced and the existing social fabric in the village, the mobilization process should start with the establishment of Self-Help Groups (SHGs). The Self-Help groups can be formed either on the basis of enterprises or micro-credits.

6.7.5 It is interesting to note that the Ministry of Rural Development has recognized the importance of Self-Help groups both for savings and for micro-enterprises. In a recent meeting of State Rural Development Ministers, it was agreed that promotion of formation of Self-Help groups would be one of the major strategies that will be adopted for the implementation of rural development plans. All these efforts will enable the farmers to come out of the clutches of subsidy-ridden mind-set; it facilitates them to become self-reliant eco-preneurs.

6.7.6 Development is an outcome of efficient institutions rather than the other way around. Focus must be shifted from maximizing the quantity of development funding to maximizing development outcomes and effectiveness of public service delivery. A novel idea of implementing such development programs through a Consortium approach where, the Government, People's organizations at the grassroots level, Educational and training institutes, and Non-governments Organizations (NGOs) are partners, should be tried. While governmental interventions are necessary for ensuring that there is no misuse of funds, the implementation should be shorn of bureaucratic controls and procedures, which may delay activities at the critical stages. We have success stories in the functioning of such a setup in the National Dairy

Development Board, the People-controlled Cooperative Institutions and the Panchayat Raj Institutions in Madhya Pradesh.

6.7.7 In order to bring about greater transparency in the functioning of these institutions, and to ensure proper utilization of funds, there is a need to put into place a system of "Social Audit". Under this system, it should be ensured that all concerned have complete information on the release of funds, and the way it is budgeted and spent.

## **6.8 Vista of the Future**

In the Vision-2020 Document that was prepared by the MS Swaminathan Research Foundation for the Ministry of Agriculture, Government of India, the following were identified as some of the critical activities that should be undertaken by the government.

### **6.8.1 Strengthening the capital formation in the agricultural sector**

Despite the large increases in production and productivity that the country has recorded in the last 50 years, the capital formation in the rural sector has remained dismally low. Several studies have highlighted the need for enhancement of this activity, if meaningful gains in agriculture sector were to occur. The strategies for this to happen will include:

- a) Investment for development and improvement of land as well as development of efficient water use technologies that will improve substantially contribute agricultural growth and development.
- b) Availability of credit for agricultural operations, giving agriculture the status of industry.
- c) Development of employment opportunities in the rural sector through strengthening the rural industries sectors.
- d) Establishment of primary processing facilities in the rural areas for value addition of commodities produced at the farm level.

### **6.8.2 Providing multiple livelihood opportunities**

All efforts in overcoming poverty at the micro level of the household has to be essentially by the committed efforts of the people themselves, though assisted by community at large. Since most of the ultra-poor are either landless workers or people with very small land holdings that are not economically viable, income enhancement can arise only through multiple livelihood opportunities, which include:

- a) *Primary value addition of commodities at the household level like production of semi-processed foods, pickle making, sun drying and packaging etc.*
- b) *Utilization of locally available resources like paddy-straw for mushroom growing, sericulture, goat rearing, dairying and milk production, backyard poultry for eggs and meat.*
- c) *Community aquaculture, floriculture, horticulture that includes production of fruits and vegetables etc.*

6.8.3 Most of the activities require only the relatively small external financial input, but in terms of income, provide attractive returns. Micro-credit need to be provided for this activity to initiate action. However, what is probably most important is, ensuring adequate market opportunities for these products, since individual efforts at marketing will not only be difficult and unsuccessful, but also, exploitative of the farmer.

#### **6.8.4 Protecting community biodiversity**

It is the rural families, with their tradition of farming and conservation activities, who have preserved the rich biodiversity. It is, therefore, necessary to ensure that the benefits of commercial and economic exploitation of these resources benefit the community, specially the poor and the ultra poor, who might have contributed substantially for their preservation and conservation.

#### **6.8.5 Establishment of rural industries**

To provide income enhancement and employment, primary industries that utilize the products and by-products arising from the agriculture sector that includes crops and horticulture, animal husbandry, fisheries, poultry and aquaculture. This can be easily accomplished by organization of a consortium of rural industries that can synergise each other to provide for optimal utilization of the resource base of the community.

#### **6.8.6 Limited mechanization to remove drudgery**

Certain agricultural operations are physically tiresome and impose heavy strains on the physical energy of the workers. Mechanization can be introduced in these areas, so that, the drudgery of work is minimized; however, it is to be ensured that such mechanization does not displace people from job opportunities that provide a steady income. The problem has to be studied holistically within the rural

community, so that, people displaced by this limited mechanization can be absorbed in newer job opportunities created. This will have to be studied and carefully planned at each community level.

#### **6.8.7 Development of Peri-urban agriculture:**

Agriculture to serve the urban communities has to be more specifically tailored to meet their requirements and demands. It has been estimated that by 2010, about 50 % of the population will be living in urban or peri-urban communities. Their requirements specially vegetables, fruits, semi-processed foods, poultry, meat, fish etc. will have to come from the rural farms surrounding these communities. To make this activity commercially viable and of benefit to the farmer, information centres that will provide demand estimates of requirements of different commodities, prices, marketing systems besides improved technologies for production will be required. The market and credit infrastructure for this activity needs to be carefully framed and implemented. Storage and transportation facilities will have to be improved. In other words, a whole set of programs on capital formation, market information, storage, supply and inputs will have to be developed to meet this requirement. Many of the developed countries have expertise in handling this activity. India could benefit a lot by drawing on their experience and expertise.

#### **6.8.8 Agriculture to be given industry's status**

One of the poor reasons for development of agriculture including utilisation of agricultural by-products and establishment of agro-industries, is the lack of adequate capital formation. This can be partly rectified by according a industry's status to agriculture and providing it with the necessary policy support for its development, as has happened in the industrial sector. While ensuring a more equitable treatment for development, this will also mobilise resources, reduce risk and commit the financial resources of financing institutions for overall development. Credit flow for agro-based enterprises as well as micro-credit for farm activities would increase helping stabilisation of production.

#### **6.8.9 Market interface and promotion of value added agro-food production**

Wide fluctuations in the market prices of agricultural commodities act as deterrent to production of low value agricultural products like cereals, oilseeds and even cash crops like sugarcane and cotton. Demand/supply need to be stabilised so that, over-production in one year does not bring in distress sales, while lower production in another year pushes the prices to unreasonable levels. Market information and demand need to be synchronised through networking systems of information sharing and supply-demand projections. This is particularly important in the context of changes in international trade introduced by the World Trade Agreement (WTO). Specially in the area of value added products, market variations could be a disaster when goods are permitted to be imported freely and cheaper and better quality products are likely to invade the market. Manufacturers would then like to develop a niche for their particular products and market intelligence would then be valuable not only to market their products but also for developing strategies for modification of their products. For example, when Sericulture activity was intensified in Tamilnadu and silk production increased, producers had problems of finding a proper market for their goods. Based on market information provided by the government, the product range was widened. Interventions by government agencies to stabilise prices cannot be the only solution. A close nexus between demand, production, market, availability and economic prices should develop.



## CHAPTER VII

Report of  
**“The Task Force of the Planning Commission  
on Employment Opportunities”**

7. Since this Paper was prepared, the Task Force appointed by the Planning Commission on Employment Opportunities has presented its Report (Report of the Task Force on Employment Generation, Planning Commission, Government of India-June 2001), This is a fairly exhaustive report on the Employment and Unemployment Situation in the country, analyzing the role of economic growth on employment generation, sectoral policies on employment promotion including the role of special employment programs, and the requirements of labour force skills and training. The Report also makes suggestions on the reforms in labour laws required to promote employment opportunities since it is felt that the existing laws and regulations need to be rationalized/modified.

7.1 The data sources used in this paper as well as the Task Force Report to assess employment/unemployment status are the same viz. NSS data. A detailed analysis of this survey data has been included in the Task Force's Report and is a valuable background material for the propositions made in this paper. Even though an analysis similar to that undertaken by the Task Force, was also done to arrive at the background conclusions, this was not included as part of this paper as the emphasis of the paper was slightly different. One of the significant points that has come out from these surveys is that the rate of growth of employment declined sharply from 2.04 % per year in the period 1983 to 1993 to only 0.98 % per year in the period 1994 to 2000. This has raised the question whether this deceleration is because the economic progress during this period is of the 'jobless' growth. While the methodological issues on the basis of which such conclusions are drawn may be debatable, the fact remains that the employment growth has been inadequate. Further, the unemployment rates in relative terms (percentages of population) in our country may even compare favorably to some of our neighbors or other developing countries; but in absolute numbers, the numbers of unemployed persons in this country is very large because of the size of the population.

7.2 The conclusions drawn by the Commission in this Paper as well as the in the Report of the Task Force are broadly in agreement and the Commission may endorse many of their recommendations. This Paper is limited in scope to employment generation in relation to social security and thus have covered essentially rural employment.

7.3 While reviewing the lessons learnt from previous experience, the Commission has emphasized that the industrial and manufacturing sectors alone will not be able to adequate additional employment opportunities. Most of the additional jobs will come from the rural sector. The Task Force says: "Agriculture accounts for just 0 % of total employment and what happens in this sector is therefore extremely important for the employment situation in the economy". The Commission fully agrees with the statement, and emphasizes that in the "Sectoral Policies for Employment Promotion", agriculture should receive adequate attention.

7.4 The prime concern in our future planning for social well being should be 'eradication of rural poverty'. This can be achieved only through ensuring food and economic security. The former can be partly achieved through increased production, nay provide availability but not access. The latter (economic security) can be achieved only through employment generation and income enhancement through provision of livelihood opportunities. This paper on "Social Security and Employment", therefore, focussed on the livelihood and multiple livelihood opportunities. This Paper on "Social Security and Employment" has, therefore, focused on the livelihood and multiple livelihood opportunities of the rural poor.

7.5 In their projections on employment elasticities, the Task Force noticed that employment elasticity for the Agriculture Sector was very low. They have made the comment "Although employment elasticity in agriculture was zero for the period 1993-94 to 1999-2000, we have assumed a small positive elasticity of 0.1 for the future, primarily because the higher growth rate being projected for agriculture, implies a structural shift towards non-cereal agriculture, which is more labour-using". We do not fully agree with projections for the following reasons-

(i) It is true that traditional, non-organized, subsistence cereal farming is neither profitable enough to encourage capital formation in agriculture, nor labour-intensive h to promote healthy growth in employment opportunities. What is called for is a shift from the traditional farming practices and schedules that will lead to crop diversification that takes into account emerging consumer preferences and current requirements; primary value addition at the farm level to increase farm-gate prices of agricultural commodities; labour-intensive but drudgery-avoiding farming technologies improve both on-farm and off-farm employment opportunities; and innovative approaches to rural credit and organization. As has been detailed in the various s of this document, the strategy proposed in this paper include:-

1. Increases in agricultural production through eco-friendly technologies and their widespread adoption.
2. Crop diversification to meet emerging demands of domestic and exports requirements.
3. Shift in emphasis from cereal-farming to labour-intensive and income-enhancing farming schedules like Floriculture, Fruit and Vegetable production, Organic farming, Intensive aquaculture, etc.

4. Value addition to agricultural commodities through primary and secondary processing.
  5. Development of common property resources of village communities to enable landless labour get the benefit of community living.
  6. Community asset-building through soil and water conservation measures as well as through restoration/rehabilitation of tanks and water storage units to facilitate eco-restoration and better natural management. These initiatives will ultimately trigger improvements in land and water availability and thus increase land-prod activity.
  7. Rural asset-building through activities like intensive afforestation, farm and social forestry, utilization of wastelands etc., and ensure community participation in this activity through benefit-sharing scheme of non-timber products.
  8. Social organization of communities through Self-Help Groups, participatory decision-making, and strengthening of local institutions through their empowerment. Incidentally, this may also reduce the conveyance costs of the special programs of the Government by plugging leakages and ensuring that they reach the target groups.
  9. Improving knowledge dissemination and market information, and assist in better marketing of the farmer's produce through organized efforts, better storage, etc.
- (ii) The specific activities and programs that could be initiated / strengthened to implement the above are given in the Summary Table (Table 11) in Chapter 5. It is emphasized that the programs are modular in nature and can be modified depending upon resource availability and local requirements. The Expenditure Reforms Commission has indicated that a large part of the resources needed can be mobilized by a multiple approach of rationalization of resource use, reducing subsidies, merger of several schemes and programs with broad similar objectives, and through higher financial accountability and reduction of conveyance costs. The Task Force Report also brings home this point in Chapter 5 on "The Role of Special Employment Programs". We cannot agree more on these statements, and feel that where there is a will and commitment, resources alone will not be a constraint if innovative approaches are adopted.

## **QUESTIONNAIRE**

**ON**

## **SOCIAL SECURITY AND EMPLOYMENT**

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## General

1. Article 39 sets out policy principles to be followed by the State. They include:

- (a) That the citizen, men, women equally have the rights to adequate means of livelihood.
- (b) That the ownership and control of the material resources of the community are so distributed as best to subserve the common good.
- (c) That the operations of the economic system does not result in the concentration of wealth and means of production to the common detriment.
- (d) That there is equal pay for equal work for both men and women.
- (e) That the health and strength of workers men women and the tender of age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength.
- (f) That children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment.

Should in your opinion, this article require any amendment and if so, in what way?

## ***Poverty Alleviation Programs***

2. The Government of India has developed many Poverty Alleviation programs targeting the poor. In addition, the State Governments have also many such programs for specific target groups. Many of them are listed in the documents in Annexures I and II of Chapter 2. In your opinion, how many of these programs are relevant and have reached the target population.

**Relevance of the Programme**

**Reached the targeted population**

- |               |                          |               |                          |
|---------------|--------------------------|---------------|--------------------------|
| a. None       | <input type="checkbox"/> | a. None       | <input type="checkbox"/> |
| b. about 20 % | <input type="checkbox"/> | b. about 20 % | <input type="checkbox"/> |
| c. about 40%  | <input type="checkbox"/> | c. about 40%  | <input type="checkbox"/> |
| d. about 75%  | <input type="checkbox"/> | d. about 75%  | <input type="checkbox"/> |
| e. All        | <input type="checkbox"/> | f. All        | <input type="checkbox"/> |

3. Despite the fact that successive Five Year Plans are supposed to address the issues involved in **Human Development Index** (which includes Life Expectancy at Birth, Literacy and Real GDP per capita) and **Human Poverty Index** (which includes percentage of people not expected to survive 40 years, Adult illiteracy, not having access to water, health services and sanitation, proportion of underweight children), the country ranks very low in both these indices. Do you consider that the steps taken by the Government to address these issues are:

a. Properly formulated and sufficiently focussed

Yes  No

b. Properly formulated but insufficiently focussed

Yes  No

c. Improperly formulated and insufficiently focussed

Yes  No

If your answer is No, how should they be reoriented and refocused?

**Social Security Issues**

4. The Public Distribution System (PDS) is the most important “Safety Net” to aid the poor. Recently this has been modified to exclude the ‘Above-the-Poverty-Line’ group from benefits for certain items supplied through the PDS. A number of lacunae in the scheme has been observed and discussed in the text. In what ways you would like to see the PDS modified so that it serves the poor as a “Safety Net”?

5. (a) Currently the PDS supplies the following items: Rice, Wheat, Sugar, Edible oils, Kerosene. Should all these items be considered as essential and supplied through the PDS (especially in view of the Targeted PDS)

Yes  No

- (b) Should some of them be dropped?

Yes  No

- (c) If so, which of them should be retained and which ones dropped? Please give details.

6. The Government operates a number of 'subsidy schemes' like subsidies on food, cooking gas, petroleum products, fertilizers and agricultural inputs etc. They are a big drain on the public exchequer and need to be severely curtailed. Which of these programs would you consider should be deleted from the subsidy items and which should be included, specifically when the target group is the Rural Poor?

7. A Ten-point "Agenda for Action" has been proposed for developing a Hunger-free India by 2007. Would you suggest to make any additions / deletions to this list? If yes, please give details.

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**Employment Issues**

8. (a) The Government has launched many employment-oriented schemes, the notable among them being: 1) Employment Assurance Scheme (EAS) 2) Jawahar Rozghar Yojana (JRY) 3) Swarnjayanthi Gram Swarozghar Yojana (SGSY). Massive investments have been made on these schemes. Should, in your opinion, have these programs have been properly focussed?

Yes  No

(b) If your answer is "No", what modifications would you suggest to these programs?

9. (a) Should the "State" guarantee the "Right to Work" as a Fundamental Right?

Yes  No

(b) If yes, what should be the minimum number of days of work in a year for which employment should be guaranteed?

(a) 50 – 60 days

(b) 80-100 days

(c) 100 – 150 days

(d) more than 150 days



10. (a) Should wage employment in rural areas should be considered as a “Safety Net” for Poverty Alleviation.

Yes  No

(b) If so what should be the minimum number of days in a year, a person should be guaranteed wage employment?

(a) 50 – 60 days

(b) 80-100 days

(c) 100 – 150 days

(d) more than 150 days

11. If “Wage employment” for unskilled labour is regarded as a “Safety Net” program, and not as a replacement program for other avenues of employment (including self-employment) which may be more remunerative, what should be the wage rates that should be provided?

(a) Open market rates, which are usually below the minimum wages for the area

(b) 50 % of the minimum prescribed rates of the area

(c) 75 % of the minimum prescribed rates of the area

12. (a) Since the main purpose of wage employment programs is to eliminate Hunger and alleviate poverty, should the wages for employment be paid in kind in the form of food?

Yes  No

(b) If so, what percentages of wages should be paid in kind?

(a) Entire wages in kind

(b) 50% of wages in kind

(c) 25 % of wages in kind

13. Chapter IV of the Paper lists several “*Avenues for Employment and Income Generation*”. Do you have any specific additional suggestions to make? If so, give details.

14. The Paper outlines a broad Strategic Plan for generation of 80 million additional jobs over five years. Some components have been identified. Do you have any comments / suggestions on these components?

15. Two of the major components identified are “Afforestation and Wasteland Development” and “Soil and Water Conservation and Tank Rehabilitation”. Except for the targets set and suggestions on mode of operation, these are not new programs. If you are aware of the limitations of the earlier programs, would you like to suggest changes / modifications? If so, please give details.

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**Technology issues**

16. Agriculture is viewed in a broad sense to include all terrestrial activities including plants, animals and fisheries, In that sense, agriculture is the backbone of our economy and will continue to influence all our programs. Technology backup for improvement of production and productivity and its diffusion are critical. What improvements / modifications would you like to see in these programs for intensification of agricultural development? Please give details.

17. One of the problems facing agricultural development is Capital Formation in the Agriculture Sector, which has been dismally low. Do you have any specific suggestions for strengthening Capital formation in the Agricultural Sector.

**Implementation issues**

18. People's Participation in the development of Poverty Alleviation and Employment Generation programs is considered as very important. What should the mechanisms for their involvement?

- a) Discussions at elected local bodies
- b) Discussions in the Gram Sabhas
- c) In consultation with NGOs working in the areas
- d) In consultation with BDO and VLWs
- e) Identification of local needs through Participatory Rural Appraisal

19. According to you which agency should coordinate implementation of the Employment Generation programs of both government and non-government agencies (both of the organized and non-organized sectors) ?

- (a) Government Agencies through the Rural Development Department of the State Government
- (b) Local Bodies like Panchayat Raj Institutions and Gram Sabhas
- (c) NGOs working in the area
- (d) A consortium of these agencies

**Financing Rural Wage Employment Programme**

20. The pattern of consumption of LPG and kerosene shows that a large metropolitan/urban people divert them for non-domestic purpose. Do you consider it appropriate to divert the subsidy on these items for rural wage employment programmes?

Yes  No

21. A Small Farmers Agri-business Consortium (SFAC) was constituted to centrally coordinate the Government's role as a catalyst for the development of entrepreneurship and establishment of a liaison between industry and producer. If this organization is to function effectively, how would you like it to be organized?

22. Globally and even nationally, programs of Poverty Alleviation and Creation of Rural Assets have been successful only when there is a committed leadership and people's involvement. How would you ensure that this is available?

23. Organization of the Rural Poor into Self-Help Groups (SHG) and their capacity building both for micro-enterprises and micro-credit has been suggested as a Implementation Strategy. Do you have any experience in the operation of these groups, and do you have any comments on the suggestion? Please give details.

## MODELS FOR THE DEVELOPMENT OF SUSTAINABLE LIVELIHOODS

Several models have been tried in different parts of the country and at different locations for sustainable livelihoods, which is another term for ensuring income enhancement, employment generation and poverty alleviation. Most of these conceptually correct models have been success stories, which have been developed and implemented by committed people or organizations with community support and governmental patronage. It has also to be recognized that all these projects are location-specific and have taken into account the assets and resources available at the local level. As such, the choice of the model will depend upon the location and other factors like resources available. Three such models are discussed in this section.

### **A. HUMAN-CENTERED DEVELOPMENT MODEL**

#### ***“Biovillages Program at Pondicherry implemented by the MS Swaminathan Research Foundation”***

The program is developed on the concept that asset building and community development have to be the pathways for poverty eradication, which have to be on a genuine partnership with the poor, *enabling* them to *earn* their living. The term ‘Biovillage’ is derived from the Greek word **bios** which means living, and is thus a human-centred development paradigm. With a pro-poor, pro-nature and pro-women orientation, the program pays concurrent attention to: (a) Natural Resources conservation and enhancement; (b) Poverty eradication and (c) Women’s empowerment.

The principal components of the programme are:

- Eco-farming leading to the substitution of chemical and capital with knowledge and biological inputs like vermiculture, bio-fertilizers and bio-pesticides; this in turn creates new eco-jobs in villages.
- Increased avenues for rural non-farm employment based on opportunities for remunerative marketing.

Thus, integrated attention is paid to on-farm and non-farm employment. The new livelihood opportunities are based on an analysis of the resources available to the family. Thus, landless labour families take to household mushroom cultivation, ornamental fish rearing, coir rope making, rearing small ruminants under stall fed conditions and other enterprises which are within their resource capability. Those with a small plot of land take to hybrid seed production, floriculture, dairying, poultry and other high value enterprises. Groups of assetless women take to aquaculture in community ponds. The asset building exercise is based on micro-level planning, and micro-enterprises supported by micro-credit.

Multiple livelihood opportunities help to enhance total income and minimize risks. The key inputs are education and training, social mobilization and producer oriented marketing. The self-help groups operate a Community Banking system, which makes available credit to its members on terms decided by them. The system involves low transaction costs and a high percentage of loan recovery. Over a period of time, the training is done by local women or men. The pedagogic methodology is learning by doing and hence formal literacy is not a pre-requisite for admission to the training courses. A fundamental principle guiding the biovillage movement is **inclusion** and not **exclusion**. The women and men who become trainers are inducted into a **Biovillage Corps of Rural Professionals**. Most of the nearly 100 Biovillage corps members inducted so far, are either semi-literate or even illiterate. They are the prime-movers and doers of the biovillage movement. They have demonstrated that the rural poor can take to new technologies like fish to water, provided they are enabled to learn through practical work experience and not through class room lectures.

The Biovillage model of sustainable human development helps to bridge at the same time the demographic, digital, economic and technological divides. It promotes harmony with nature and with each other. It is based on ecotechnologies which are environmentally benign, economically viable and socially equitable. It shows the path to an ever-green revolution in agriculture, where productivity advances can take place in perpetuity without associated ecological or social harm. The choice of technologies is flexible depending on local desires, capabilities and opportunities. While the concept has certain ground rules like “a pro-nature, pro-poor and pro-women” orientation to technology dissemination and a partnership and not a patronage approach to poverty eradication, the precise action plan is developed by the people of the village in partnership with professionals.

The program funded by several organizations, but primarily by the Government of India and the UNDP, operated in 19 villages in Pondicherry. The biovillages project was a rich and exciting learning experience for all those involved in the program, viz. Farm families especially farm women, scientists associated with the implementation, the Pondicherry Government, the financial institutions and other NGOs. Its success can be measured in terms of the following achievements:

- a) Creating awareness among farm families on their rights and responsibilities
- b) Improving income and employment at the village level
- c) Access to improved technologies in crop and animal husbandry and associated activities
- d) Natural resources conservation and management
- e) Better utilization and management of common property resources
- f) Better health and environmental sanitation
- g) Better organization within communities and formation of micro-enterprise and micro-credit self-help groups (SHG)

- h) Building up of self-confidence and empowerment of women as well as creating an entrepreneurship spirit in them

In view of the success of the program, Pondicherry Government is interested in extending the program to the entire State and a Detailed Development Plan has now been prepared. Details of the Operational design of the program and methodology are available in the Project Report and other publications on the subject.

## ***B. RURAL ENTERPRISES-ORIENTED MODELS OF DEVELOPMENT***

### ***I. The Spark Program of the Government of China***

The Government of China launched a very significant program of rural employment towards rural prosperity in 1978 and the progress of the program has been remarkably successful. It was realized that if the economic conditions of the rural areas were to improve, then processing of agricultural commodities at the primary level will have to be undertaken at the village level. Rural industrial development was put on the top of the national developmental agenda. Between 1978 and 1992, the number of rural enterprises from 1.52 million to 20.78 million, the number of employees in the sector from 28 million to 10.23 million and the share of rural industries to GNP from 7 % to 31.0 %. It has been claimed that Rural Enterprise has become the backbone of the rural economy as well as a mainstay of small and medium enterprise. Further, besides providing rural employment to many who were in the throes of hunger and poverty, the development of rural enterprises has strongly supported agricultural modernization through the process of capital input. The benefits that have accumulated from the promotion of rural industries have been many.

It is interesting to note that, when the program was initially started, the bureaucrats and the urban planners were not too supportive of the program and were deeply apprehensive about its success. However, the farmers themselves took up the program with a conviction and commitment because they saw clearly the many kinds of benefits that can result from it. Now it has become a movement.

### ***2. The Bio-Industrial Watershed Model***

A 'Bio-Industrial Watershed Model' was developed by J.S. Bali, and the Ministry of Rural Development – Department of Soil Conservation. This has some notable features in promoting rural employment. The concept aims at a dynamic convergence between Land and Water Development, the Biomass Production System (Agriculture, Horticulture, Animal Husbandry, Forestry, Agro-forestry, etc.), and Processing and Marketing of surplus biomass within the area. The program has to be backed by Infrastructure (roads,



transport, communication, power, market information and facilities etc.) and People's Institutions at the grassroots level (Panchayat Raj, Gram Sabha, Self-help Groups etc.).

For ensuring sustainable livelihoods, 'sustainable production systems of plants and animals' will have to be developed. These include Agriculture, Horticulture, Agri-horticulture, Animal Husbandry, Forestry, Agro-forestry, Agrostology, Aquaculture, Sericulture, Apiculture, Mushroom Production etc. Home processing and value addition to marketable biomass products, where employment will be available mainly to women, Central Bio-Processing units with backward linkages with farmers and labour, and forward linkages with the Marketing Enterprises will be established within the community.

Soil and Water Conservation Programs in the States (including Centrally-sponsored Schemes of Soil Conservation in Catchments of river-valleys, Drought-prone and Desert Development programs, and National Watershed Development Project for rainfed area) have generated over 13,000 million man-days of rural employment. As a matter of fact, this is the largest employment generation scheme of the government, despite its problems in implementation due sometimes to improper administration. This has been discussed earlier in the Report.

## **Annexure**

(See para 6.2.4)

### **LPG & Kerosene Subsidies**

At present (sale) prices of products and an imported crude price of US\$25 per barrel, the subsidy on Kerosene at Rs. 5 per litre on a total utilisation of about 13 million kilo litres in the current year is estimated at Rs. 6500 crores on LPG. The subsidy outgo at Rs. 123 per cylinder on LPG is also estimated at Rs. 6500.

In both items the consumption pattern show a large metropolitan/urban bias. In both items the order of diversion for non-domestic purposes is estimated at over 30%.

HSD is also subsidised (Rs. 0.58 paise per litre) at a crude price of US\$25 barrel. However as consumption is quite large (nearly 48 million kilo litres) the subsidy amount is quite substantial – over Rs. 2800 crores.

As against these subsidies totalling nearly Rs. 16000 crores, the surcharge on domestic crude would yield nearly Rs. 10,000 crores while the cross subsidy from Petrol would be under Rs. 4000 crores leaving a net deficit of over Rs. 2000 crores in the oil pool accounts. Government have already announced that the Administered Price Mechanism will be abolished at the end of this year. In other words from 1.4.2001 free market conditions are to prevail in the sale of these commodities. Thus if any of these commodities are to be sold at a subsidised price for any particular groups of consumers than a dual prices system will have to be introduced which will not only lead to increased 'diversion' but also defeat the very purpose behind the dismantling of the Administered Price Mechanism.

Thus as things stand today in the subsidy on kerosene and LPG would have to be abolished from 1.4.2002. The present proposals involve abolition from an earlier date i.e. with the introduction of the enlarged employment programme.

When this abolition takes place, arrangements can be put in place for the present level of crude surcharge (Rs. 10,000 crores) to flow direct to the Budget, so that this amount is available as a source of financing for the Enlarged Employment Programme. The cross subsidy from Petrol as also the additional inflows from the; surcharge on domestic crude whenever the international price of crude goes over US\$25 per barrel, could be credited to a separate Stabilization Fund for cross subsidising diesel price, thus protecting these consumers from large price increases in prices whenever crude price shoot up in the international market.

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1 Bills of Rights in Comparative Perspective by Mac Darrow and Philip Alston p. 502-503

3 As Inoue's work demonstrates, taking such a phrase out of its context in the Japanese Constitution is potentially quite misleading. See n. 171 above.

4 For the most recent analysis along these lines see Holmes and Sunstein, the Cost of Rights: Why Liberty Depends on Taxes (1999).

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