

POVERTY ERADICATION IN INDIA BY 2015

RURAL HOUSEHOLD CENTERED STRATEGY PAPER

**Department of Rural Development
Ministry of Rural Development
Government of India**

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Executive Summary

1. India entered the 11th Plan period with an impressive record of economic growth. After a lacklustre performance in the 9th Plan period (1997-98 to 2001-02), when GDP grew at only 5.5% per annum, the economy accelerated in the 10th Plan period (2002-03 to 2006-07) to record an average growth of 7.6%, the highest in any Plan period so far. Besides, there was acceleration even within the 10th Plan period and the growth rate in the last 4 years of the Plan averaged 8.6% making India one of the fastest growing economies in the world. The growth target for the 11th Plan is 9% with focus on broad-based inclusive growth. As a result of the global financial crisis, there is likely to be a slowing down of economic growth. Due to the inherent strength of economy, the impact of the global financial melt down is expected to be much lower than experienced by other countries. Various experts estimate growth rate to be around 7% to 7.5% per annum

2. The percentage of population below the official poverty line has declined from around 55% in the mid-1970s to 36% in the mid-1990s to 27.5% in the mid-2000s. In absolute terms, of the 30 crore persons below poverty line (BPL) in the country, about 22 crore, i.e. 73% live in rural areas. These translates into approximately 4.5 crore BPL households. The official poverty line based on consumption poverty (2400 Kcal) is estimated by NSSO 61st round at Rs 356.30 per capita per month in rural areas, i.e. Rs21,378 or say Rs 22,000 per annum for a household for five members.

3. In order to eradicate poverty by 2015, (based on national poverty line) as contrasted with mere poverty reduction, this paper examines the features of rural poverty, its magnitude, trends and geographical distribution, past and present programmes for poverty alleviation and proposes strategic interventions designed with rural households as a unit.

4. Some of the causes of rural poverty include: dependence of livelihoods on natural resources (land, forest, water) which are coming under increasing biotic and abiotic stresses, including climate change; fragmentation of land-holdings; low productivity of agriculture due to inadequate access to factors of production (land, irrigation, technology, extension, credit); unemployment and underemployment; inability of the secondary and tertiary sectors to draw away surplus agricultural labour into productive off-farm activities; lack of physical infrastructure such as roads, power, markets, communication etc.; weak social infrastructure such as education, health, drinking water, and sanitation.

5. While agriculture's contribution to GDP has declined to 18%, yet over 60% of population continues to depend upon agriculture for livelihoods pointing to low productivity and high unemployment and under-employment in the sector. The original poverty alleviation programmes designed as direct attacks on rural poverty – to counter the weak trickle down effects of growth -- in the mid-1970s in response to the call of *Garibi Hatao*, have since undergone several modifications. These programmes are broadly categorized as (i) wage employment (ii) self employment and skill development (iii) rural infrastructure – roads, markets, housing, sanitation, drinking water and (iv) social security and safety nets.

6. The wage-employment scheme has been transformed into a rights-based programme through the path-breaking, historic legislation, the National Rural Employment Guarantee Act, (NREGA) 2005, which guarantees 100 days of wage employment to every rural household whose adult members are willing to do manual work. Implementation of NREGA on an unprecedented scale, across the country has led to significant wage income increases in rural

households. It is estimated that about 4.5 crore rural households will seek and be provided employment in 2008-09. It is also estimated based on past two years trends that in 2008-09 the average wage income earned by a rural household working for 50 days and earning Rs. 85 per day would be Rs. 4250 per annum.

7. The National Social Assistance Programme (NSAP) has been universalized through the Indira Gandhi National Old Age Pension Scheme (IGNOAPS) launched in 2007 to provide a pension of Rs. 200 per month i.e. Rs. 2400 per annum to every person above 65 years in a BPL household. The universal coverage envisages about 1.6 crore persons to receive pension in 2008-09.

8 This paper highlights a strategic framework to eradicate rural poverty by 2015 with the rural household as the central unit. It is based on the premise that the livelihoods of rural households depend upon multiple sources of income. The strategic framework comprises of the following four pillars:

- (i) Generation of self-employment in credit-linked micro enterprises and salaried employment in placement linked, demand-driven skill development under the restructured Swarnjayanti Gram Swarozgar Yojana (SGSY) and the National Skill Development Mission (NSDM),
- (ii) Supplemented by wage employment under NREGA,
- (iii) Payment of pension to the elderly (IGNOAPS), weak and vulnerable sections under the NSAP, and
- (iv) Income generation and social security programmes of other Ministries.

9 The 4.5 crore rural BPL households would be reached as follows:

- enrolling at least one member of each of the 4.5 crore rural BPL households as a member of a Self Help Group (SHG) of which 1.4 crore members are expected to move above poverty line through the channel of self-employment in credit-linked micro enterprises under the restructured SGSY Mission Mode.
- bringing 1.7 crore rural BPL households, especially rural youth, under the purview of placement-linked, demand-driven skill development as part of the Skill Development Mission (NSDM) and placement linked skill development programme of the Ministry.
- reaching the remaining 1.4 crore through programmes of other Ministries/ Departments,
- supplementing income of 4.5 crore households through NREGA,
- paying pensions to 1.6 crore elderly through IGNOAPS
- creating enabling environment in the rural areas through other programmes of the Rural Development Ministry such as infrastructure development

10 The self-employment and skill development components are proposed to be expanded and universalized under the restructured SGSY and implemented henceforth in Mission Mode so as to ensure through self-employment or through skill development and placement an income of Rs. 3000 per month, thereby ensuring to every rural BPL household an annual income of Rs. 36,000 over and above the NREGA wage income, the pension mentioned in para 6 and 7 above.

11 Bringing 1.7 crore rural BPL youth under skill-development and placement by 2015 is in conformity with the vision and targets set under the National Skill Development Mission which envisages an ambitious target of 50 crore skilled persons by 2022. Skilled and employable

people, together with strong demand from productive sectors that are able to absorb the new young entrants into the labor force is the key to reap the country's demographic dividend and turn it into a development dividend.

12 The financial implication for establishment of micro-enterprises (1.4 crore persons) and placement-linked skill development (1.7 crore rural youth) programme of Rural BPL Households and the National Social assistance programme of the Ministry has been estimated at Rs 2,26,300 crore for the period 2008-16, i.e at an average of Rs. 28,300 crore per annum. The current annual budgetary allocation for these schemes is Rs 5650 crore. In addition to this, an amount of Rs1,40,000 crore would also be required as bank credit, i.e. an average of Rs. 15,000 crore per annum. The current credit mobilization under the scheme is Rs. 2760 crore (2007-08). Other programmes of the Ministry like NREGA, Pradhan Mantri Gram Sadak Yojana, Indira Awas Yojana etc. will continue as at present with periodic enhancement of budgetary allocation.

13 The increased financial requirement for the restructured SGSY Mission Mode is proposed to be met through a combination of (i) increased budgetary support (ii) National Skill Development Corporation/ Fund (iii) multilateral funding, (iv) coordination with schemes of other Ministries and (v) enhanced credit mobilization. Detailed information on activities and financial implications are being sought from other central Ministries.

14 The current poverty line as estimated by NSSO is taken to be Rs. 22,000 per annum per household of five members. The households below poverty line are about 4.5 crore. Rural BPL households subsist on livelihood strategies which incorporate multiple sources of income. In a rural BPL household (i) an income of Rs. 24,000 – Rs. 36,000 per annum is generated from credit-linked self-employment or skill development and placement under the SGSY Mission Mode, (ii) supplemented by wage income of Rs. 5000 – Rs. 8000 per annum from NREGA, (iii) further add-on of annual pension of Rs. 2400 for members above 65 years, widows and disabled[#], (iv) together with the normal agriculture and allied activities undertaken, such a strategy would enable the household to cross the poverty line. The estimates of poverty are those based on NSSO 61st Round and not on the \$1, \$ 1.35, \$ 2 estimates made by various other agencies.

15 Poverty eradication by 2015 is possible with the strategy proposed in this Paper. This will also ensure that the first Millennium Development Goal of “eradicating extreme hunger and poverty” will be achieved.

[#] Under consideration of Government of India

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RURAL HOUSEHOLD-CENTERED POVERTY ERADICATION

This Strategy Paper examines the features of rural poverty, its magnitude, trends and geographical distribution. It looks at past and present programmes for poverty reduction, and proposes a strategy for eradication of rural poverty by 2015. The proposed strategic interventions are designed with the rural households as a unit.

1 INCLUSIVE GROWTH: RURAL POVERTY ERADICATION

Rural Poverty: The Estimates

1.1 India is one of the fastest-growing economies in the world. GDP grew by 9.6% in 2006-07 and at an estimated rate of 9% in 2007-08. As a result of the rapid growth in recent years, the percentage of people living below poverty line has declined from 55 % in 1973-74 to 36% in 1993–1994 to 27.5% in 2004–2005. The decline in the percentage of people living below poverty line in the rural areas in the corresponding period was from 56.4% to 37.3% to 28.3%. However, despite the steady growth and strong macroeconomic fundamentals, the gains have not been inclusive enough. Poverty and unemployment continue to be the central challenges confronting policymakers.

1.2 The Planning Commission is the nodal agency in the Government of India for estimation of poverty at national and state levels. The poverty line used is per capita consumption expenditure level which meets the per capita daily calorie requirement of 2400 kcal in rural areas and 2100 kcal in urban areas along with a minimum of non-food expenditure. The monetary equivalent of these norms i.e. poverty line for the year 1973-74 was estimated as consumer expenditure of Rs.49.09 and Rs. 56.64 per capita per month in rural and urban areas, respectively. The national level rural and urban poverty lines were updated for subsequent years using state-specific Consumer Price Index of Agricultural Labourers (CPIAL) for rural poverty line and Consumer Price Index of Industrial Workers (CPIIW) for urban poverty line.

1.3 The estimates of poverty are made using the large sample survey data on household consumer expenditure conducted by the National Sample Survey Organization (NSSO) of the Ministry of Statistics and Programme Implementation. The state-specific poverty ratios are worked out from state-specific poverty lines and distribution of persons by expenditure groups obtained from the NSS data on consumer expenditure. The poverty ratio at all-India level is obtained as the weighted average of the state wise poverty ratios.

1.4 The national poverty line at 2004-05 prices is Rs.356.30 per capita per month (Rs.21, 378 or say Rs 22000 per household (HH) per annum) in the rural areas and Rs.538.60 per capita per month (or say Rs.32, 316 per HH. per annum) in the urban areas. Table -1 provides data on temporal profile of poverty reduction from 1973-1974 up to 2004-05. While poverty in the rural areas, in percentage terms, has declined to half from 56.4% in 1973-74 to 28.3% in 2004-05, in absolute terms, the reduction is not very significant.

The population living below the poverty line (BPL) in the rural areas is still unacceptably high, at over 22 crore.

Table- 1 Estimates of Poverty from 1973 to 2004

Years	Percentage of people below poverty line			Number of persons below poverty line (in crore)		
	Rural	Urban	Combined	Rural	Urban	Combined
1973	56.44	49.01	54.88	26.13	6.00	32.13
1983	45.65	40.79	44.48	25.20	7.09	32.29
1993	37.27	32.36	35.97	24.40	7.63	32.04
2004	28.30	25.70	27.50	22.09	8.08	30.17

Source: Planning Commission

1.5 Table – 2 provides information on geographical profile and concentration of rural poor. The rural poor in India are highly concentrated in select States of the country, viz., Uttar Pradesh, Uttarakhand, Bihar, Jharkhand, Madhya Pradesh, Chattisgarh, West Bengal, Maharashtra, and Orissa. The poor from these nine states together account for nearly 76.2% of the total rural poor in India in 2004-05 as compared to 62.3% in 1973-74. The concentration of poor has increased in these States.

Table-2 Geographical Concentration of Rural Poor in Select States
(in lakh)

Sr. No.	Name of the State	1973-74	1983-84	1993-94	2004-05
1.	Uttar Pradesh & Uttarakhand	449.99 (17.2)	448.03 (17.7)	496.17 (20.3)	500.11 (22.6)
2.	Bihar & Jharkhand	336.52 (12.9)	417.70 (16.5)	450.86 (18.4)	439.91 (19.9)
3.	Madhya Pradesh & Chhattisgarh	231.21 (8.8)	215.48 (8.6)	216.19 (8.8)	247.25 (11.2)
4.	West Bengal	257.96 (9.9)	268.60 (10.6)	209.90 (8.6)	173.22 (7.8)
5.	Maharashtra	210.84 (8.1)	193.75 (7.6)	193.33 (7.9)	171.13 (7.7)
6.	Orissa	142.24 (5.4)	164.65 (6.5)	140.90 (5.7)	151.75 (6.7)
	Sub Total:	1628.76 (62.3)	1708.21 (67.7)	1707.35 (69.9)	1683.27 (76.19)
	Grand Total: All India	2612.90	2519.57	2440.31	2209.24

Source: Planning Commission. Figures in parenthesis denote percentages.

1.6 Poverty is complex and multi-dimensional in nature. It is reflected in multiple deprivations like inadequate resources/ assets/ capital required for a minimum living / livelihood; lack of access to skill development, education, health and other facilities/ amenities. The marginal farmers, landless labourers and casual worker households are the worst sufferers of these deprivations. Even within the category of the poor, scheduled castes, scheduled tribes, woman-headed households, the elderly and female children are the worst affected.

1.7 In pursuance to the Millennium Summit in September 2000 the world leaders adopted the United Nations Millennium Declaration, committing their nations to a new global partnership to reduce extreme poverty and setting out a series of targets with a deadline of 2015 known as Millennium Development Goals. The first Millennium Development Goal (MDG) “To eradicate extreme poverty and hunger” lays down the following targets:

- Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.
- Achieve full and productive employment and decent work for all, including women and young people.
- Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

The MDG have set a uniform reference poverty line at consumption levels of \$ 1 based on 1993 Purchasing Power Parity (PPP) per day for different countries. It has been suggested that for monitoring country poverty trends, indicators based on national poverty lines should be used, where available.

1.8 A recent World Bank paper¹ estimates, based on purchasing power parity (PPP), that 45.6 crore persons (42 % of total population) are living below poverty line in India if the new international poverty line of \$1.25 per day is taken as the standard. If \$ 2 per day level is considered, then about 75.6% population of India will fall below the poverty line. The Study also suggests that the proportion of the poor based on poverty line of \$ 1.25 (PPP) per day in India decreased from 60% in 1981 to 42 % in 2005. In absolute numbers, the poor have risen from 421 million in 1981 to 456 million in 2005. Furthermore, the Study argues on the basis of its new data that poverty in India declined faster between 1981 and 1990, from 60% to 51% than between 1990 and 2005, when it fell to 42%. Thus, 9 percentage points decrease in the first 10 years and the same 9 percentage points in the subsequent 15 years.

1.9 Whatever be the source of poverty estimates, whether the Planning Commission at 27.5% and 30.2 crore or the World Bank Study at 42% and 45.6 crore, both figures are very high and point to the need for a time-bound Mission Mode approach to poverty eradication. The Millennium Development Goal of reducing the proportion of poor by half by 2015 is likely to be achieved, as the proportion of poor in the 1990 was about 36%, which declined to 27.5% in 2004-05 and is likely to fall further to 18% in 2015, thereby achieving the MDG. However, the absolute number of poor even with 18% rural population below poverty will still be unacceptably high at 18.53 crore. Hence there is a need for more rapid reduction of poverty.

1.10 Planning Commission identified 27 monitorable national targets for the 11th Plan. The reduction in head count ratio of consumption of poverty by 10 percentage points is one of them. The projected population and the rural BPL population in India for

¹ New Global Poverty Estimate-What it means for India-Martin Ravallion, and Shaohua Development Research Group, World Bank, 2008.

the period 2008-15 are given in Table-3. It is evident from the figures that in 2015 there will be about 18.53 crore BPL population in rural areas. constituting 22% of the total rural population. Thus there is a need to make special efforts to reduce the rural BPL population in time bound manner.

Table-3 Projected rural BPL population by 2015

(in crore)

Year	Total Population	Rural Population	Rural BPL Population	Rural HH
2008-09	114.75	80.45	20.92	4.23
2009-10	116.25	81.13	20.50	4.12
2010-11	117.76	81.81	20.09	4.02
2011-12	119.27	82.49	19.69	3.94
2012-13	120.78	83.17	19.29	3.86
2013-14	122.29	83.85	18.91	3.78
2014-15	125.31	84.53	18.53	3.71

Assumptions (1) Based on the Annual Population Growth Rate 2008-2015 (1.3%)

(2) Based on the per annum decline ratio for rural poverty 2008-15 (2%)

2 RURAL POVERTY & UNEMPLOYMENT NEXUS

2.1 There is need to accelerate human capital development to take advantage of the demographic transition underway in the country - a rising youth population. Skilled and employable people, together with strong demand from productive sectors that are able to absorb the new young entrants into the labor force is the key to reap the country's demographic dividend and turn it into a development dividend.

2.2 The estimates of poverty are based on calorie intake requirement. Since BPL population is not able to get adequate income to achieve the required level of calorie intake, their capacity to work is low and they are caught in a vicious circle of poverty. Lack of purchasing power due to low level of income leads the BPL population into a food insecurity trap. In order to raise their level of income, there is imperative need to tackle problem of unemployment & underemployment among the rural BPL population

2.3 Table-4 shows annual growth rates of population, labour force, employment and unemployment. The annual growth rates of unemployed in rural areas increased significantly from a level of 1.72% during the period 1983 - 1993 to 4.57 % during 1993 - 1999 and further to 4.77 % during 1999-2005. Over the same period, there is also an increase in annual growth rates in employment but the pace is not as much as to meet the increase in labour force.

Table -4 Average annual growth rates of estimated population, labour force, and employed, unemployed as per usual status basis.

	1993-94/1983-84			1999-2000/1993-94			2005/1999-2000		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Population	1.77	3.16	2.12	1.50	3.08	1.93	1.64	1.88	1.71
Labour Force	1.73	3.23	2.05	0.56	2.56	1.03	2.73	3.66	2.97
Employment	1.73	3.34	2.06	0.51	2.58	0.98	2.70	3.71	2.95
Unemployment	1.72	1.32	1.50	4.57	2.07	3.23	4.77	2.65	3.70

Source: Selected Labour & Employment Statistics, Ministry of Labour & Employment

2.4 It is well recognized that employment leads to poverty alleviation if it is accompanied by a reasonable level of income. Workers in the unorganized sector, agricultural labourers and many self employed in agriculture and other informal activities constitute a majority of poor, not only because they are unemployed, but because their productivity and income are low and often irregular and uncertain. According to National Commission for Enterprises in the Unorganized Sector (NCEUS 2007), 78.7% of those working in the unorganized sector are poor and vulnerable. In case of wage earners in agriculture and the informal sector, wages must rise to alleviate their poverty. In the case of self employed, productivity of their enterprise should increase through improved access to inputs, technology, business services and markets.

3 PAST STRATEGIES FOR POVERTY REDUCTION

3.1 The Community Development Programme was launched in the First Five Year Plan with the objective of a holistic village development through creation of institutions both administrative and Panchayati Raj, creating 5005 administrative development blocks. The decade of the 1960s witnessed import of huge food grains in the face of food crisis necessitating launching of Intensive Agriculture Development Programme (IADP), Intensive Agriculture Area Programme (IAAP).

3.2 The introduction of modern scientific practices and the adoption of high yielding varieties ushered in the Green Revolution that brought in its wake self-sufficiency in food production by early 1970s. The Green Revolution technology benefited the better endowed regions. The technology was not suited to the arid and rainfed areas which could benefit from the Green Revolution. In order to address this problem, area development programmes such as Drought Prone Area Programme (DPAP), Hill Area Development Programme (HADP) and Desert Development Programme (DDP), Small Farmer, Marginal Farmer and Agricultural Labourers Development Programmes, Food for Work Programme, Minimum Needs Programme, were launched for arid, semi-arid and other eco-fragile regions and the targeted people.

3.3 In the 1970s and 1980s it was realized that an integrated approach was required. A holistic self-employment programme, viz., Integrated Rural Development Programme (IRDP) followed by Training of Rural Youth for Self-Employment (TRYSEM) and Development of Women and Children in Rural Areas (DWCRA) were launched in early 1980's. This strategy of direct attacks on rural poverty was launched as the normal 'trickle down' effects of growth did not appear to be reaching the rural poor. The direct interventions for addressing rural poverty comprised components which included (i) supply of income generating assets with subsidy, (ii) training of rural youth for self employment and development of women in rural areas for skill development, (iii) housing for rural poor, (iv) irrigation and shallow tube wells in the lands of the poor and (v) meeting the minimum basic needs. During the same decade Wage Employment Programmes, viz., National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) were launched which were later merged into Jawahar Rozgar Yojana (JRY). The Employment Assurance Scheme (EAS) and

Indira Aawas Yojana (IAY) were launched in early 1990's. The EAS focused on drought prone, desert, tribal and hilly blocks of the country. National Social Assistance Programme (NSAP), Tribal Sub Plan (TSP) were launched as social security measures.

3.4 By the 1990s it was realized that the programmes appeared to be conceptually sound but were not having the desired effect. The 73rd and 74th constitutional amendments were enacted to empower village panchayats (local self-governing bodies) and make development programmes more participatory, people centric, transparent and responsive. The *gram* (village) and *nagar* (town) panchayats have the power and responsibility to prepare plans and implement schemes for economic development including 29 subjects listed in the Eleventh Schedule (Article 243 G) in case of *gram* panchayats. Most of the rural development programmes are implemented by the Panchayati Raj Institutions (PRIs) and the selection of the beneficiaries in all Rural Development Programmes is done in the Gram Sabha.

3.5 In the late 1990s, various programmes in place for poverty reduction were reviewed and it was observed that there was a multiplicity of programmes. A number of separate programmes had resulted in lack of desired linkages among these programme thereby having a less than optimal impact on household income generation and poverty reduction. The wage and self-employment programmes at the were modified and restructured.

4 MAJOR POVERTY ALLEVIATION SCHEMES OF MINISTRY OF RURAL DEVELOPMENT

4.1 Self Employment -- Swarnjayanti Gram Swarojgar Yojana (SGSY)

4.1.1 Recognizing the importance of Self Help Group (SHG) and Micro-Enterprise (ME) approach, the Swarnjayanti Gram Swarojgar Yojana (SGSY) a major self employment scheme was launched in April, 1999 after merging the Integrated Rural Development Programme (IRDP) with allied programmes i.e. Training of Rural Youth for Self-Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Toolkits to Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY), Million Well Scheme (MWS). SGSY lays emphasis on group approach, key activity, cluster approach and envisaged awareness building, community mobilization through SHGs linkages to inputs such as technology, credit and markets required for successful Micro-Enterprise Development (MED). SGSY has a provision of special projects to ensure a time bound programme for bringing specific number of BPL above the poverty line through innovative and different strategies to provide long term sustainable self employment opportunities either in terms of organization of the rural poor, provision of support infrastructure, technology, marketing, training & skill development etc or a combination of these.

4.1.2 It is expected that ultimately the mature SHGs would grow as development units taking up multiple activities at village level including service activities such as distribution of old age pension, public distribution (PDS) items, procurement of

agriculture commodities including milk, on commission basis. The SHGs have emerged as vibrant, viable, self sustaining institutions and involved in addressing social evils in addition to ensuring sustainable livelihoods to the rural poor.

4.1.3 Wherever social mobilization was successful, the groups matured undergoing the process involving thrift / savings, internal lending, repayment, frequent meetings and record keeping. Such groups could act collectively for mobilizing the external sources of credit, purchase the input/ raw material, analyze the market, democratic decision making, selling the produce in the market acquiring greater bargaining power. After a decade of experience, the financial position of the SHG's improved substantially in some of the southern states.

4.1.4 Under SGSY about 29 lakh SHGs have been formed since inception of the scheme till August 2008. About 7 lakh SHGs (70 lakh beneficiaries) have been assisted (provision for subsidy & credit for micro enterprise) for taking up the economic activities. So far more than 110 lakh swarozgaries (about 40 lakh individual swarozgaries) have been assisted. Total investment is around Rs 23000 crore comprising of credit mobilized Rs-15500 Crore and subsidy disbursed Rs 7500 crore. The per capita investment has increased from Rs 17000 in 1999-2000 to Rs 28700 in 2007-08 showing an increase of about 70% over the same period.

4.1.5 Recently, a window under SGSY has been started through special projects for skill up-gradation & placement of rural BPL youth in the fast growing manufacturing & service sectors of the economy. The programme is demand driven and to bridge the gaps of emerging employment opportunities in the growing economy and availability of skilled manpower through imparting need based training through Public Private Partnerships (PPP) model. These 12 special projects covering 2.85 lakh beneficiaries at a cost of about Rs 160 crore have been sanctioned. More than 40 thousand beneficiaries have been trained of which 30 thousand got placements in private sectors like Apparel, service sectors etc.

4.2 Wage Employment -- National Rural Employment Guarantee Act (NREGA)

4.2.1 The National Rural Employment Guarantee Act (NREGA) was enacted in 2005. The Act provides a guarantee of 100 days of wage employment in a financial year to a rural household whose adult members are willing to do manual and unskilled work. This step is expected to provide wage employment to the rural poor and would act as a safety net below which no household would be allowed to fall.

4.2.2 The NREG Programme was designed based on the lessons learnt from the implementation of earlier wage employment programmes such as NREP, RLEGP, JRY, (SGRY) and (JGSY). Under this a minimum of 50% of the funds are transferred to the village panchayats which are responsible and accountable for generating wage employment. Various type of activities such as rural connectivity, water harvesting structures, drought proofing, minor irrigation, micro irrigation works, works for benefiting SCs/ STs are being implemented.

4.2.3 As on 31 October 2008, a cumulative sum of Rs 35,583 crore has been released, benefiting 8.60 crore households (2.10 crore HH in 2006-07, 3.39 crore HH in 2007-08 & 3.11 crore HH in 2008-09) . NREGA has provided a big impetus to financial inclusion of rural poor, and 4.7 crore wage earners' accounts have been opened in Banks and Post Offices. The average wage per day has gone up to Rs.83 in 2008-09 from Rs. 65 in 2006-07, and there is generation of over 116.78 crore person days till October 2008, an increase by 42% over the corresponding period of the previous year. In 2007-08 the average person-days per household were 42 in the 330 districts in which the scheme was operational. In 2008-09 it is expected to rise to about 55 person-days at an average in all the 615 districts it is now being implemented. The progress under NAREGA is given below.

Sl. No.		2006-07	2007-08	2008-09 (up to October 2008)
1.	Employment provided to households (in crore)	2.10	3.39	3.11 (4.5)
2.	Number of person-days per HH	43	42	39 (55)
3.	Average notified wage in Rs.	65	75	83
4.	Average wage income per HH in Rs.	2800	3150	3200 (4600)

In parenthesis figures estimates/expected by the year end

4.3 Social Security- NSAP and Indira Gandhi National Old Age Pension Scheme (IGNOAPS)

4.3.1 In accordance with the Directive Principles of State Policy, the Government of India introduced in 1995 the National Social Assistance Programme (NSAP) to lay foundation to a National Policy for Social Assistance for the poor. The NSAP aims at ensuring minimum national standard for social assistance in addition to the benefits that states are currently providing or might provide in future. At present NSAP comprises of Indira Gandhi National Old Age Pension Scheme (IGNOAPS), National Family Benefit Scheme (NFBS) and Annapurna.

4.3.2 Under IGNOAPS which was launched on 19 November, 2007, Rs. 200 per month per beneficiary is provided by way of central assistance to all persons who are 65 years or above and belongs to a family living below the poverty line. Earlier under National Old Age Pension Scheme, the pension was restricted to destitutes only. The amount of old age pension was increased from Rs. 75 to Rs. 200 per month with effect from 1 April 2006 and the States were urged to contribute at least another Rs. 200 so that an old age pension beneficiary could get at least Rs. 400 per month. At present 25 States/UT's are providing pension which is more than Rs. 200 per month.

4.3.3 Annapurna Scheme was introduced on 1 April 2000 to provide 10 Kgs of food grains per month free of cost to eligible beneficiaries who could not be covered under NOAPS. With the launch of IGNOAPS, it is proposed to bring the beneficiaries of Annapurna under the old age pension scheme. Under NFBS, Rs. 10000 is provided to a BPL family in case of natural or accidental death of a primary bread winner in the family while in the age group of 18 to 64 years.

4.4 Other Schemes

4.4.1 Indira Awas Yojana (IAY).

Indira Awas Yojana (IAY) enabling rural, BPL families to participate and involve themselves in construction of their houses is implemented as an independent scheme since 1-1-96. The beneficiaries construct the houses as per their own choice, design and technology and requirements. Selection of beneficiaries is done by the Gram Sabha from the BPL list/permanent IAY wait list. At least 60% of available funds are utilized for SCs/STs. Three percent of funds are reserved for disabled persons living below the poverty line in rural areas. During the 11th Five Year Plan, Rs. 26882 crore have been provided for rural housing. The financial assistance provided under IAY is Rs 35000 per unit in plain areas and Rs. 38500 for hilly and tribal areas. In order to help the landless poor who do not have house site, scheme called homestead site was launched in 2008-09 by earmarking Rs 100 crore for this purpose. In addition, dovetailing facilities under the Total Sanitation Campaign and Rajiv Gandhi Gramin Vidhyuthikaran Scheme is done to provide better living conditions.

4.4.2 Pradhan Mantri Gram Sadak Yojana (PMGSY).

4.4.2.1 A centrally sponsored programme titled “Pradhan Mantri Gram Sadak Yojana (PMGSY)” was launched in December 2000 with a view to provide connectivity to the targeted rural habitations through construction of good all weather roads in a phased manner covering highly populated villages in the first phase and subsequently those with a population of 500 to 1000 and less than 500. An important feature of the programme is that the contractor is responsible for maintenance of the roads after completion for a period of five years and thereafter, the responsibility of maintenance of the roads is to be transferred to the Village Panchayat.

4.4.2.2 The investment under the programme till 10th Five Year Plan (FYP) was Rs. 22,000 crore and estimated investment for the 11th FYP and 2012-15 is Rs. 1,09,751 crore. According to a research study carried out by International Food Policy Research Institute (IFPRI) {Research Report 110 by Fan, Hazell and Thorat, 1999} investment of Rs.1 crore in rural roads enables 1650 poor people to cross the poverty line. After adjusting for inflation, it is estimated that investment of Rs. 90,000 crore of net resources available excluding administrative expenses and loan repayment, would enable around 9.12 crore persons (approximately 1.8 crore households) in the rural areas to cross the poverty line.

4.4.3 Provision of Urban Amenities in Rural Areas (PURA)

The scheme of Provision of Urban Amenities in Rural Areas (PURA) was implemented on a pilot basis w.e.f. 2004-05 for a period of 3 years in 7 States by selecting one cluster of 10-15 villages in each of them. The scheme was aimed to provide physical and social infrastructure in the identified rural clusters to improve the quality of life in rural areas. The scheme of PURA is being restructured during the 11th Five Year Plan to have holistic and accelerated development of compact rural areas around the potential growth centers through multi-stake partnership and synergies for creation of sustainable livelihood opportunities and amenities thereby bridging rural urban divide. It will be implemented in public-private partnership mode. It will emphasize convergence of funds from other schemes so that holistic developments of selected cluster of villages are undertaken for improving quality of life. This will be an important component in the strategy for eradication of poverty in rural areas. The scheme will create livelihood opportunities by developing lead economic activities like agriculture, horticulture, animal husbandry, rural markets, rural industries etc. Further, it will provide urban amenities such as road and transport, telecommunication, banking facilities, education and health facilities and other civic amenities for improving the quality of life in rural areas. The Plan outlay of Rs. 248 crore during the 11th Five Year Plan will be leveraged with resources from private sector and convergence from other schemes for holistic development of selected clusters.

4.4.4 Rural Drinking Water

The States are primarily responsible for making the provisions of drinking water in the rural areas and Government of India supplements their efforts by providing financial assistance under the centrally sponsored Accelerated Rural Water Supply Programme (ARWSP), which has been under implementation since 1972-73. In 1986, the National Drinking Water Mission was launched, which was renamed as Rajiv Gandhi Drinking Water Mission (RGNDWM) in 1991. In 1999, the Department of Drinking Water Supply was created, to provide a renewed focus with mission approach to implement the programmes for rural drinking water supply. With the 73rd Amendment in the Constitution of India, Panchayati Raj Institutions (PRIs) are to shoulder the responsibility of drinking water supply and management in rural areas. The programme aims at ensuring coverage of rural habitations especially to cover uncovered, partially covered and slipped back habitations, sustainability of the sources and systems, and to tackle the water quality problem in the affected habitations. Under the programme, a number of support activities viz. Information, Education & Communication, HRD activities, Computerization, MIS, setting up of water quality testing laboratories, water quality monitoring & surveillance, etc. are taken up. In the Eleventh Plan Rs. 39,490 crore has been allocated for ARWSP, out of which Rs. 6500 crore in 2007-08 and Rs. 7300 crore in 2008-09 have been allocated.

4.4.5 Total Sanitation Campaign (TSC)

This centrally sponsored scheme aims at improving the quality of life in rural areas by accelerating the sanitation coverage and generating demand through awareness, health education covering all schools and anganwadis. The erstwhile “Central Rural

Sanitation Programme” (CRSP) was renamed as Total Sanitation Campaign (TSC) which is currently in operation in 587 districts. The thrust is on construction of household latrines, coverage of rural schools, solid waste management and provision of revolving fund to organizations that coordinate the activities.

4.4.6 Watershed Development Programme

Rainfed areas in the country account for 60% of the cultivated area and home to majority of our rural poor and marginal farmers. More than 400 million of the rural population lives in these rainfed regions. An insight into the rainfed regions reveals a grim picture of poverty, Water scarcity, rapid depletion of ground water table and fragile ecosystems. Land degradation due to soil erosion by wind and water, low rainwater use efficiency, high population pressure, acute fodder shortage, poor livestock productivity, under investment in water use efficiency, lack of assured and remunerative marketing opportunities and poor infrastructure are important concerns of enabling policies. The challenge in rainfed areas, therefore, is to improve rural livelihoods through participatory watershed development with focus on integrated farming system for enhancing income, productivity and livelihoods security in a sustainable manner. The watershed approach which aim at improving the natural resource base of villages with a clear focus on “area development” would be the ideal intervention for poverty reduction.

4.4.7 The above mentioned schemes (under 4.4) implemented by the Ministry of Rural Development have specific target oriented approach to provide infrastructure and basic amenities needed to create an enabling environment for the rural people including the BPL population. While they may not have an apparent quantifiable direct income generation impact but are likely to enhance entitlements, generate social and physical capital, improve human resources, rejuvenate the natural resource base, provide basic amenities, leading to increase in productivity and improved quality of rural life. The overall objective of the Ministry is to eradicate poverty and all the schemes in-place have direct or indirect impact on rural people intended to achieve the said objective.

5 EMPLOYMENT & SOCIAL SECURITY PROGRAMMES OF OTHER MINISTRIES

5.1 There are several livelihood generation and social security programmes administered by other Ministries/Departments to enhance productivity/ employment and income and thereby alleviate poverty. For enhancement of agricultural and natural resources productivity and allied activities, programmes like the National Food Security Mission (NFSM), Rashtriya Krishi Vikas Yojana (RKVY), National Horticulture Mission (NHM), Watershed Development Programmes & the proposed Rainfed Areas Development Programme, of the Department of Agriculture and Cooperation, National Agriculture Innovation Project (Livelihoods Component) of the Department of Agriculture Research & Education, schemes for development of Dairy, Poultry, Piggery, Goat & Sheep of the Department of Animal Husbandry, Dairying & Fisheries (DAHD&F), scheme for Repair, Renovation and Restoration of Water bodies, scheme for Dug Well Recharge, Accelerated Irrigation Benefits Programme (AIBP) & Command

Area Development Programme of the Ministry of Water Resources and Backward Regions Grant Fund (BRGF) of the Ministry of Panchayati Raj, are ongoing central sector and centrally sponsored schemes.

5.2 For direct interventions for poverty alleviation through wage and self-employment, central sector and centrally sponsored schemes like Prime Minister's Rozgar Yojana (PMRY), Rural Employment Generation Programme (REGP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI), Entrepreneurship Development Institutions Scheme & Khadi & Village Industries Commission (KVIC)–Marketing outlets, of the Ministry of Micro, Small & Medium Enterprises, Women Empowerment – Swayam Siddha (IWEP), Self Employment - Support to Training & Employment for Women (STEP) & Integrated Child Development Services (ICDS), of the Ministry of Women & Child Development, Capacity Building & Self Employment -- Welfare of Primitive Tribal Groups (PTG) & Scheme of Marketing Development of Tribal Products of the Ministry of Tribal Affairs, and Wage employment through National Afforestation Programme of the Ministry of Environment & Forests are currently under implementation. In addition for skill development, there are programmes for ITI, polytechnics and vocational schools under the Ministry of Labour and Ministry of Human Resource Development. Special interventions for the economically weak and vulnerable sections include schemes of the Ministry of Tribal Affairs, Social Justice, and Minority Affairs etc.

5.3 Ongoing interventions like Sarva Shiksha Abhiyan, Mid-Day Meal Scheme, Adult Literacy Programme (with skill development component), Kendriya Vidyalayas & Navodaya Vidyalayas of the Ministry of Human Resource Development, National Rural Health Mission & Janani Suraksha Yojana of the Ministry of Health & Family Welfare and ICDS of the Ministry of Women & Child Development aim to provide quality basic social services.

5.4 Ongoing schemes for Public Distribution System (Ministry of Consumer Affairs, Food & Public Distribution), National Agriculture Insurance (Department of Agriculture & Cooperation), Livestock Insurance & Fishermen's insurance scheme (DAHD&F), Janshree Bima Yojana & Rashtriya Swastha Bima Yojana (Ministry of Labour), Khadi Karigar Janshree Bima Yojana (Ministry of Micro, Small & Medium Enterprises) and Aam Aadmi Bima Yojana for Rural Landless (Ministry of Finance) aim to provide social security and risk management.

6 AREAS OF CONCERN

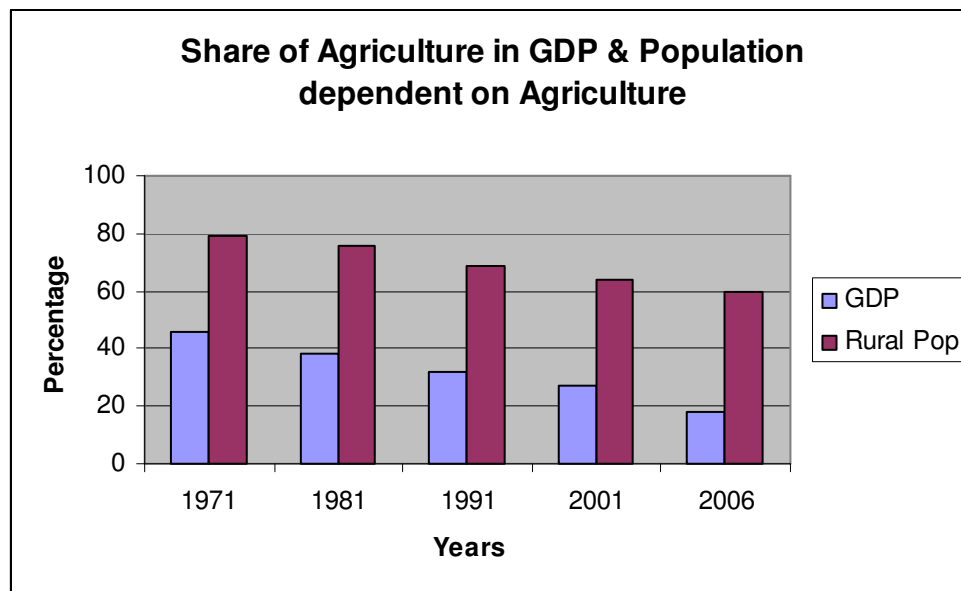
6.1 Lack/inadequate Access to Natural Resources (land, forest, water)

6.1.1 Access to the natural resources is one of the basic sources of livelihood to rural poor. Over the period, lack of implementation of land reforms in letter and spirit, loss of weak ownership rights of landless poor cultivating public land for a long period, and encroachment of community properties such as land and water bodies by the well off sections of the society thereby depriving the survival needs of the rural poor. In addition, the rural/tribal poor do not have access to forest & forest produce. Further non

sustainable use of natural resources (forest/mines), lack of implementation of latest technologies in watershed management has aggravated the problems of the rural poor.

6.2 Over dependence, low productivity, unemployment and underemployment in agriculture

6.2.1 Agriculture provides livelihoods to over 60% of the population. Agricultural growth decelerated to 2.4% per annum in 1990's compared to that of 3.5% in 1980's and further to 1.5% in 2004. It averaged 1.8 % during the 10th Plan period. Agriculture had been a major sector accounting for 46.1% of GDP in 1970, 38 % of GDP in 1980, and 27% in 2000, declining to 18 % in 2006, a decrease of 28 percentage points between 1970s and 2006. However, in terms of population dependent on agriculture, there is a decline from 79% to 60% in the same period. In other words, over 60% of workforce continues to be dependent upon agriculture for livelihoods, whereas the sector generates less than 20% of the national income. This indicates that there is overdependence, unemployment and under-employment in the agriculture sector and the per capita income from agriculture is very low.



6.2.2 The classical model of development has been the absorption of surplus agricultural labour into the industrial and services sector. But this classical model has not worked in India. The industrial - manufacturing sectoral growth has not been labour intensive. Hence surplus labour from agriculture has not been absorbed in the industrial – manufacturing sector. Even the services sector has been driven by a higher skill requirement, leaving the rural poor dependent on land -- increasingly fragmented and unviable land-holdings -- for eking out a livelihood. The persistence of huge amounts of labour in low productivity agriculture is the principal reason why poverty is so hard to remove.

6.2.3 In the rural areas, small and marginal farmers constitute major segment of the rural BPL population. About 84% of total land holdings belong to marginal & small farmers operating on 43% of total area of operational holdings in the country. The low levels of agriculture productivity due to inadequate use of inputs such as technology, fertilizers, etc and deficient infrastructure resulted into food insecurity as well as low level of income. Alternate employment provision to supplement farm income to strengthen their livelihood is one of the concerns.

6.2.4 The incidence of unemployment among rural agriculture households on Current Daily Status (CDS) basis showed continuous increase from 1983 onwards. The unemployment rate increased from 7.7 per cent in 1983 to 9.5 per cent in 1993-94, 12.3 in 1999-2000 and 15.3 per cent in 2004-05 (Planning Commission the 11th Five Year Plan Volume I). This shows that unemployment among rural agriculture households is 15.3 per cent. Thus there is need to absorb unemployed rural work force in the non farm activities.

6.3 Factors hampering access to non-farm activities

6.3.1 In the services sector, the ratio is reverse to the agriculture sector as 20 % of labour force produces 60 % of output. Thus a person in services produces nine times as much as a person in agriculture. The unemployed and under-employed rural population comprise of the illiterate and literate up to the level of primary education and lack skills for meeting the requirement of the services sector and thus unable to shift from farm to non-farm activities. Also there is a lack of opportunities for productive and remunerative work matching their level of education & skill to shift to other than the farm activities for livelihood.

6.3.2 The changing local requirements and the inability of rural people engaged in traditional occupations/crafts to upgrade their skill accordingly pushed many of them into poverty. Further lack/inadequate access to credit and conducive working environment for enabling them to have sustainable source of livelihood added to their miseries.

6.3.3 The availability and access to quality basic social infrastructure such as education, health, drinking water, and sanitation, physical infrastructure such as road, power, storage, communication etc improves the quality of life and enhances the capabilities. Large segment of rural poor are either deprived or unable avail such basic amenities. As a result their capability and capacity to work is low leading to low level of income and poverty. Also there are inadequate fall back systems available to rural poor in terms of pension, social security, insurance to manage the risk. Even the existing programmes are not able to cater to the needs of rural poor efficiently due to lack of dedicated, motivated, professional delivery mechanism.

6.4 Outlay and Investment for Rural Development

6.4.1 The importance of direct attacks on rural poverty through the various schemes of the Ministry of Rural Development over the Plan periods can also be gauged in terms of

the outlays earmarked for rural development. Greater priority was attached by the Government to the cause of poverty alleviation particularly during the recent plan periods as depicted in Table-3. However, the increased allocation of funds could not make a significant dent on the absolute numbers of BPL population with over 22 crore still below the poverty line. Among others, one of the main reasons for low coverage is due to non availability of adequate funds for rural development. Thus there is need to enhanced allocation of funds for investment in social sectors in general and rural development programme in particular to reduce rural poverty within a stipulated time frame.

Table -5 Central Outlays and Investment during Different Plans for Rural Development

(Rs. in crore)

S No.	Plan	Actual Investment in RD	Plan out lay	As % Total of Plan	As % of GDP
1	2	3	4	5	6
1.	6 th FYP	2,782.51	97,500	2.85	0.31
2.	7 th FYP	10,955.96	2,18,337	5.01	0.65
3.	8 th FYP	31,568.13	4,34,100	7.27	0.67
4.	9 th FYP	51,898.28	8,59,200	6.04	0.59
5.	10 th FYP	1,14,068.17	15,25,639	7.48	0.77
6.	11 th FYP	2,61,699.30*	36,44,718	7.18	

- 11th Plan Outlay

6.5 Areas related to effective implementation of programmes

6.5.1 Besides availability of funds, strong and efficient governance structure and other factors as mentioned below are essential to implement the programmes in a time bound manner to realize their visible impact.

- Increasing the awareness of programmes and access of rural poor to avail the benefits.
- Change in vision/outlook of rural poor
- Social mobilization for collective action and economies of scale
- Replication of successful experiments on mass scale
- Introduction of appropriate technologies and involvement of experts
- Removing the design defects of various schemes and programmes based on earlier experiences
- Availability of timely and adequate credit at low cost
- Emphasis on strengthening forward and backward linkages
- Setting up of dedicated, motivated and professional implementation structure
- Proper targeting through suitable poverty mapping mechanism
- Transparency and accountability of implementing structure
- Coordination with other Ministries and convergence and coordination of their programmes

6.5.2 Though various programmes have been put in place from time to time to improve the socio-economic condition and to strengthen the livelihood system of rural poor to enable them to cross the poverty line but 28% of rural population is still living below the poverty line. It has been realized that only time-bound out-come based focused approach by following well established strategic framework and dedicated machinery for implementation are prerequisites to tackle the poverty issue within stipulated time period. This is possible only through a Mission Mode approach for poverty reduction.

7 PROPOSED STRATEGY

7.1 Poverty is multidimensional and complex and needs to be tackled through a multi-pronged integrated comprehensive approach. The proposed strategy primarily envisages improving access to natural resources (land water, forest), physical (road, power, storage, communication), social (education, health, drinking water etc) & financial infrastructure. The people centric strategic framework with emphasis on social mobilization, productive and remunerative work, people's participation in choice of work & occupation, social security network to mitigate risk and financial inclusion along with dedicated motivated professional machinery is necessary to tackle the poverty in a time bound manner. Besides, macro-economic policies (monetary, fiscal, trade) have to be pro-poor through emphasis on labour intensive approach to the growth process. These issues have intra ministerial implications and thus need comprehensive integrated approach through convergence and coordination. Further, concerted efforts are required from all stakeholders i.e. Central/State Governments, private sector, community participation, NGOs/Civil Society Organizations, Financial Institutions, etc

7.2 With the minimum annual earnings for a household to cross poverty line estimated at Rs. 22,000 (at current prices), the short term strategy would be to accelerate the growth of agriculture sector through land improvement, increase in productivity etc Since the poor households have multiple sources of income, the core poverty reduction strategy has to ensure that each rural BPL household is provided with a combination of (i) self-employment (ii) skill development and placement (iii) wage employment and (iv) pension so that combination of them would be able to provide adequate income to rise above the poverty line. The core strategies are covered under various programmes implemented by the Ministry of Rural Development to project their impact in the terminal year of the 11th Plan (2011-12) and 2015 in two different scenarios (a) 'Scenario-I' (as at present) and (b) Scenario-II (Mission Mode)

7.3 It is expected that currently all the nine households categories with diverse portfolios (Annexure-A) would be availing the mix of self, wage employment and safety net/ social security programmes in various combinations based on the family/ household needs and opportunity for reducing their vulnerability, enhancing the coping mechanism for securing sustainable livelihoods.

7.4 In addition to the Core Poverty Reduction strategy as indicated above, it is also proposed to obtain estimated quantifiable impact of income generation schemes of other Ministries on rural livelihood in the two scenarios. This would be further add to the Core Poverty Reduction strategy to gauge the overall impact.

7.5 There are other schemes under the Ministry of Rural Development such as Pradhan Mantri Gram Sadak Yojana, Indira Awas Yojana, Rajeev Gandhi Drinking Water Mission, Total Sanitation Campaign and the Watershed Development Programmes which have impact on the quality of life of the rural households and the overall enabling environment. The impact of these programmes while not quantifiable directly in terms of income to the households but could be assessed in terms of the benefits provided to improve the quality of life and to strengthen the livelihood system of rural poor.

7.6 To achieve the envisaged target of alleviation of poverty by 2015, about crore 22 crore people (about 4.5 crore HH) need to be lifted above the poverty line. These are proposed to be covered under the Core Poverty Reduction strategy through Mission Mode approach.

8 EMPLOYMENT & INCOME FROM ON-GOING SCHEMES:

‘SCENARIO-I VS. SCENARIO-II (MISSION MODE)

The estimate of poverty worked out by the Planning Commission based on calorie intake as shown in Table-1 states that overall BPL population remained around 32 crore during the period 1973-1993. However, it reached a level of 30.17 crore in 2004. During this period, there is an increase in urban poor around 2 crore whereas number of rural poor declined from 26.13 crore in 1973 to 22.09 crore in 2004. Among others, migration could be one of the major factors for decline in the number of rural poor population. At present, various rural development and poverty alleviation programmes are being implemented as mentioned under “Scenario-I. If the present strategy as under Scenario-I continued, it will enable only 2.39 crore people above the poverty line by 2015 as indicated in the Table-3. Thus it may not be possible to attain the poverty eradication objective, until alternative approach as envisaged under Scenario – II is followed. In view of this, different outcomes under various programmes by following Scenario-I and Scenario-II to eradicate the rural poverty, have been estimated which along with major programmes under Scenario-II are discussed in the following paragraphs.

8.1 Self-employment – Swarnjayanti Gram Swarazgor Yojana

8.1.1 At present, there are about 4.5 crore rural households (rural population 22 crore) below poverty line. It is proposed to include from each BPL household, one adult as a member of a Self Help Group. Becoming part of a SHG and part of a financial network would be the first stage in the socio-economic empowerment of the BPL household. Recognizing that the process of income generation in a SHG comes as a third phase after the SHG has engaged in thrift and savings in the first phase of six months to reach Grade I, followed by use of revolving fund in the second phase to reach Grade II, then to the Bank credit in the third phase to reach Grade III.

8.1.2 Since inception of the SGSY scheme in 1999, the number of SHGs formed is 29 lakh having about 2.9 crore members (assuming on an average 10 members per SHG). Given that SHGs formed so far may also comprise of about 30 per cent members from above poverty line (APL), the coverage of BPL members in the SHGs may be around 200

lakh. This implies that about 2 crore households are already covered; presuming that one member from each BPL household is a member of the SHG. To cover all 4.5 crore BPL households, the SHG movement needs to be universalized in a time-bound manner i.e. the remaining households need to be brought under the SHG umbrella. While it has taken 10 years to form 29 lakh SHGs that includes 30% or more of APL families in some of the States and thus there is need to form about additional 28 lakh BPL SHGs, to reach the goal of universal coverage by 2012. If this is achieved, then economic activity of all the mature groups so formed could begin by 2015, the cutoff date by which poverty is to be eradicated. This can be achieved only if Scenario –II (Mission Mode) approach is adopted to form SHGs for poverty eradication.

8.1.3 That such a strategy can work has already been demonstrated by the successful case in some of the states where social mobilization through the SHG movement was undertaken on a large scale with the combined efforts of the State Government, World Bank and DFID since 1995.

8.1.4 Experience suggests that inclusion in SHG does not automatically ensure sizeable incremental income to cross the poverty line. This is primarily on account of the fact that the capacity of the rural economy to generate multitudes of viable and sustainable self employment opportunities for the first generation lowly skilled entrepreneurs is not unlimited. In order to bring the required number of BPL families above poverty line, Scenario-II (Mission Mode) approach is required to double (25% to 50%) the number of SHGs taking up economic activities out of the mobilized SHGs. By shifting more than 50% of the SHG's to economic activity zone will enable 2.8 crore BPL household to enter into economic activity zone, presuming that 50% (approximately 1.4 crore household) of the household entering in the economic activity zone will be above the poverty line.

8.2 Skill Development and Placement

8.2.1 With the economy registering a growth of nearly 9% during the 10th Plan and expected to achieve the targeted growth of 9 % as envisaged in the 11th Plan as well, there has been a growing demand for skill-based employment in many sectors of the economy. As a result of global financial crisis, the slow down process in the growth of Indian economy has been observed recently. Due to inherent strengths of the economy the impact is expected to be much lower than experienced by other countries. Thus, it is expected that Indian economy will still have annual growth rate of about 7% and hopeful to achieve the overall target of 11th Plan. However, slow down in some of the sectors having employment potential of rural BPL youth may increase the number of BPL population which also need to addressed. As a result, the number of households proposed to be addressed i.e. 4.5 crore in the paper to eradicate poverty may increase which could be addressed through the mission mode approach of some of the programmes/schemes of the Ministry.

8.2.2 In order to project the demand for employment, the following potential areas have been identified and the projected employment is presented below (Table – 6).²

Table -6 Magnitude of skilled-wage / self employment for Trained Rural Youth
(Employment in lakh persons)

Sub Sector (a)	Present Employment (Direct & Indirect) (b)	CAGR Projected (%) (c)	Expected Employment by 2011 – 12 (d)	Addl. Manpower Required (e)
Modern Agriculture & Allied	32	3.5	44	12
Energy Plantation	Nil	3	15	15
Bamboo	Negligible	3	20	20
Medicinal Plants	Negligible	3	10	10
Post harvest operations	3	6	5	2
Food Processing	48	5	58	10
Textile	87	5	105	18
Leather & Leather Goods	25	6	31	6
Construction	40	10	59	19
Hotel, Trade, Tourism & Restaurant	320	5	408	88
Transport & Communication	112	5	143	32
Health & Para-medical	14	6	19	5
Information Technology & IT Enabled Services	90	10	145	55
Automotive	105	6	140	35
Total	876		1202	327

Source: Basic Data from CII, FICCI, Special Group on targeting 10 Million Employment Opportunities per year (Dr. S P Gupta, Planning Commission)

8.2.3 The construction and services sector including tourism, hotel industry, transport and communication and health are the sub sectors having high potential to generate employment for rural BPL families. The increased disposable rural income, although distributed unevenly, is generating demand for various personal services such as health, recreation, education, travel, etc. The textiles and leather, the traditional manufacturing sectors are projected to generate employment for about four lakh rural BPL youth. Further, the IT and ITES sectors are registering an appreciable rate of employment generation.

8.2.4 In addition to the 14 sectors defined in the Table-6, new areas which require low level of education and skills but having high potential of employment for rural BPL youth also exist. These areas are House keeping, General Duty Assistants/Ward Boys, Drivers & Conductors, Security Services, and Retail Sector etc. The representatives of these sectors also endorsed the potential for employment of rural BPL youth during the Ministry's interface with the Industry.

² Data sources mentioned in Special Group on Targeting Ten Million Employment opportunities per year (Dr. S P Gupta), Planning Commission, GoI; FICCI Estimate of Manpower, July 2007, India Brand Equity Foundation (CII) were consulted.

8.2.5 The Sub-Group of the Working Group on Employment and Labour Force Projections for the 11th Five year Plan, Planning Commission has projected labour force of 55.6 crore (above 15 age) consisting of 37.4 crore persons from rural & 18.2 crore persons from urban areas by 2022. In view of the expected pace of growth of the economy, it is envisaged to train 50 crore people to meet the manpower requirement of various sectors by 2022. More than 50 % of these jobs are likely to be at lower end of the wage spectrum and require relatively low levels of education and skill and thus have good potential for absorption of rural BPL youth to earn adequate income to cross the poverty line.

8.2.6. National Skill Development Mission (NSDM) envisages to provide 50 crore skilled & productive manpower by 2022. On a very lower side it can be easily estimated that about 5% of total skilled manpower available in India would be from rural BPL households mainly with the initiatives of Ministry of Rural Development and NSDM. It means that approximately 2.5 crore rural BPL youth would be trained in placement based skill development activities by 2022 and will be able to earn a decent income. It can be safely presumed that by 2015 approximately at least 1.7 crore skilled rural BPL youths would be absorbed in various sectors.

8.2.7 For those (Out of 4.5 crore BPL HH, 1.4 crore BPL HH under SGSY & 1.7 Crore under Skill Based placement programme) remaining 1.4 crore BPL households, unable to earn enough income through SHGs linked credit-oriented self employment programme and Skill Development and Placement programmes, a comprehensive focused approach comprising of wage employment, social security and other programmes of the ministry as well as other central ministries is required to enable them to move above the poverty line.

8.3 Wage Employment – National Rural Employment Guarantee Act

8.3.1 The National Rural Employment Guarantee Act (NREGA) guarantees 100 days of employment to all rural households whose adult members are willing to perform manual labour. It is expected that in 2008-09 about 4.7 crore workers will be provided wage employment under this Act. With an average wage rate of about Rs. 80 per day and an estimated average of 40 person days per household, each household would earn on an average about Rs. 3200.

8.3.2 Assuming that with further improvement in the administrative set up, if rural households are able to earn 100 days of employment from NREGA then an income of Rs. 8000 per annum at the present average wage rate could be earned. With the poverty line being Rs. 22,000 per annum per household, NREGA income itself could account for 22% with 60 days of employment, and 37% if the household is able to achieve the maximum of 100 days.

8.3.3 Through NREGA, whether the household earns a wage of Rs. 8000 per annum (Rs. 80 X 100 days) or Rs. 10,000 per annum (Rs. 100 X 100 days), this would be the base income or safety net income which would provide for a measure of food security. However, it would not be adequate in itself to lift a household above poverty line.

8.3.4 The Wage employment programme intends to cover all the rural BPL house holds (4.5 Crore) and thereby to supplementing their income ranging from Rs 8000 to 10,000 per annum. It will help the border line cases of rural BPL household to move above the poverty line and food security to those who are at the bottom.

8.4 Social Security – Indira Gandhi National Old Age Pension Scheme

8.4.1 Under the Indira Gandhi Old Age Pension Scheme (IGNOAPS), Rs. 200 per month is provided to all persons above the age of 65 years from BPL households. The State Governments have been advised to contribute Rs. 200 per month from their own resources. Several State Governments are doing so, some have provided even more than Rs. 200 per month.

8.4.2 It is expected that about 1.57 crore persons above 65 years of age will receive a minimum pension of Rs. 2400 per annum in 2008-09. In some states this would be more depending upon the additional amount supplemented by the States.

8.4.3 It would be justified in expanding the universe of IGNOAPS by bringing all those over 60 years of age and living below the poverty line under the pension scheme. This would add a further 0.75 crore persons making the total 2.32 crore.

8.4.4 It would be further justified if the pension scheme could be extended to rural widows and persons with disabilities. In the rural community, these two categories are the most vulnerable. A pension of Rs. 200 per month would provide them with some socio-economic relief. There are an estimated 0.39 crore widowed persons and 0.29 crore persons with disability. If they were to be included, the numbers of those receiving pension would increase to 3.00 crore.

8.4.5 Moreover, the pension amount would also need to be enhanced from time to time to be more meaningful for the beneficiary. The amount of pension needs to be raised from the existing amount of Rs. 200 per month per beneficiary up to at least Rs. 400 per month by 2012-13. The amount of assistance given may also be linked to the changing concept of poverty line and the cost of living associated with it.

8.4.6 The Old Age Pension Programme intends to enhance the coverage as well as quantum of assistance. It is expected to provide assistance of Rs 4800 per annum to 300 lakh persons from BPL households by 2012-13. This will provide social security and also supplement the income of the rural BPL household.

8.5 Small and Marginal Farmers Income

The situation assessment survey of farmers, 2003(SAS) conducted by NSSO (59Th round) indicates that the monthly per capita income accruing to a farmer household is very low as worked out by Srijit Mishra, IGIDR, Mumbai (September, 2007) The near landless (0-0.099 ha.) household, marginal farmers (0.1-1.0 ha.) and small farmers

(1.001-2.0 ha.) constitute 9.9 per cent, 55.6% and 18.1% of farmer household respectively. The average family size of the near landless, marginal and small farmers is 5.0, 5.2 and 5.7 respectively. The income of these categories of households has been estimated on the basis of return on rabi/ kharif crop per annum, return from farm animals and non-farm activity. The monthly income is estimated at Rs. 533 per household in case of near landless households, Rs. 804 for marginal farmers and Rs. 1449 in case of small farmer's households in 2002-03. These categories of farmers constitute a significant segment of the rural poor population and thus there is a need to supplement their income through various programmes.

8.5.1 The rural BPL households have multiple sources of income. This includes income from wages, cultivation, animal husbandry, and non-farm activity, etc. Large number of small and marginal farmers, especially in rainfed areas, falls under the BPL category. The households of farmers can be broadly categorized into nearly landless, marginal, small farmers, semi-medium, medium and large farmers according to size of their land holdings. The income from agriculture (Rabi & Kharif) to each of these categories of farmers is given in Table -7.

Table - 7 Returns to cultivation for farmer household, 2002-03

Land-size	Proportion of farmers HH %	Returns from Kharif per annum Rs.	Returns from Rabi per annum Rs	Total Returns per annum Rs.	Family size
Nearly Landless (<0.099 ha)	9.9	367	462	829	5.0
Marginal(0.1-1 ha)	55.6	3243	2667	5910	5.2
Small(1-2 ha)	18.1	8098	5922	14020	5.7
Semi-Medium (2-4 ha)	10.6	13880	10596	24476	6.2
Medium (4-10 ha)	4.8	22841	20940	43781	6.9
Large (> 10 ha)	0.9	33494	34600	68094	7.5

Source: Farmers, Suicides and Agrarian Crises in India" is there A Way Out ? by Srijit Mishra, IGIDR, Mumbai (September, 2007) , 67th Annual Conference of the Indian Society of Agricultural Economics.

8.5.2 The national poverty line at 2004-05 prices is Rs 22000 (per hh per annum) in the rural areas. The income from agriculture of nearly landless, marginal farmer households is Rs 829 & Rs.5910 per annum respectively which is much lower than the desired level. These families may also be having some income from agriculture & non agriculture labour but the total income will not enable them to move above the poverty line The income of small farmers is Rs 14020 from agriculture is also not up the required level. Among these, some of the families may also be beneficiaries of NREGA and IGNOAP to supplement their income. Income from NREGA & IGNOAPS at present at Rs. 3200 & Rs. 2400 per member per annum respectively and income from other sources like livestock, business etc will make their total annual income in the range of Rs 10000-15000 which may still be considerably lower than the required level of income. Thus, there is need for additional income to these households to cross the poverty line.

8.5.3 In order to attain the minimum desired level of income, approximately, the annual support of Rs 10,000 or more would be required to the BPL household. At present, about 65% of SHGs are involved in the primary sector engaged in the activities of dairy, poultry, fishery and other agricultural allied activities for their livelihood. The coverage of BPL households under credit linked micro-enterprises and placement based skill development programme will enable them to break the vicious circle of poverty. In this direction, universalization of SHGs and up scaling the job opportunities for rural BPL youth through skill development need to be accorded a priority in the poverty alleviation strategic framework. Thus, the Mission Mode approach to SGSY intends to provide additional income to the rural BPL household through self employment and placement based skill development in a time bound manner.

8.6 Comparing ‘Scenario-I with Scenario-II (Mission Mode)

8.6.1 The coverage and likely income from wage employment, self employment and social security programmes of the Ministry of Rural Development under Scenario-I and Scenario-II (Mission Mode) are presented in Table 8.

Table -8 Coverage & Income from Scenario-I & Scenario-II (Mission Mode)

Sl no.		(Rupees)					
		S-I	S-I	S-I	S-II	S-II	S-II
		2008-09	2012-13	2015-16	2008-09	2012-13	2015-16
1	SGSY Self Employment • Numbers* • Income	80 lakh 9500	120 lakh 10200	160 lakh 10800	100 lakh 9500	190 lakh 12000	280 lakh 14000
2	Skill Development & Placement • Numbers • Income	0.50 lakh 24000	2.50 lakh 24000	4.00lakh 24000	4 lakh 24000	60 lakh 24000	170 lakh 24000
3	NREGA Wage Employment • Numbers • Income	39 mandays 3200	80 mandays 6400	100** mandays 8000	100** mandays 8000	100** mandays 8000	100** mandays 8000
4	IGNOAPS Social Security • Numbers • Pension	160 lakh 2400	160 lakh 3600	160 lakh 3600	300 lakh 3600	300 lakh 4800	300 lakh 4800

* 28 lakh SHGs (about 280 lakh households) would enter in economic activity zone

** Under NREGA all BPL household would be covered under S-II

8.6.2 Table-8 above depicts comparative picture in terms of coverage & generation of income through Scenario-I as well as Scenario-II (Mission Mode) approach to poverty eradication by 2015-16. The NREGA envisages providing wage employment of 100 days to the entire rural BPL household thereby ensuring an annual income of Rs.8000 per household. Under SGSY 2.8 crore household will enter into the economic activity zone though Scenario-II (Mission Mode) approach of which 1.4 crore (50%) households would be able to get incremental incomes of Rs 14000 by 2015-16. Through Skill Development

and Placement programme 1.7 crore rural BPL youth will be able to earn at least Rs. 24000 per annum. The Social Security programme will cover 3 crore beneficiaries and thereby supplement the BPL family income by Rs 4800 per annum by 2012-13.

8.6.3 Out of 4.5 crore rural BPL households, around 3.1 crore (1.4+1.7) will be able to move above the poverty line as a result of mobilization through SHG and skill development and placement mode. The coverage of these households under NREGA and IGNOAPS would supplement their existing level of income enabling them to cross the poverty line. Besides, other programmes of the Ministry like PMGSY, IAY, Watershed Management, TSC etc will create conducive environment including better living conditions adding to the capacity of the BPL families to raise their income.

8.6.4 The Prime Minister Employment Generation Programme (PMEGP) of the Ministry of Micro, Small & Medium Enterprises envisages additional employment opportunities during 2008-12 in urban & rural areas. It has special provisions for BPL & marginalized sections of the society for promoting inclusive growth. In addition, the Ministry of Agriculture, Ministry of Textile, Ministry of Labour, Ministry of Social Justice & Empowerment, Ministry Human Resource Development, Department of WCD, Ministry of Health & Family Welfare, Ministry of Tribal Affairs etc are also implementing various programmes for rural people including BPL household.

8.7 Schemes of Other Ministries/ Departments

In addition to the schemes of the Ministry of Rural Development, the schemes of other Ministries will also have a bearing on rural livelihoods. These schemes are listed out in (Annexure-B). The Ministries will be requested to estimate and quantify, wherever possible, the employment and income likely to be generated as a part of their on-going schemes annually for rural BPL households. Wherever, quantification is not possible, the indirect impacts on employment, income and quality of life may be described, based on micro or macro studies/ research.

9 Strategic Intervention and Action Plan

9.1 SGSY under Scenario –II (Mission Mode)

9.1.1 The SGSY is being restructured to incorporate the goal of universalization of the SHG movement in a time-bound manner. It is targeted that by 2011-12 at least one adult person of each BPL household would be a member of a SHG. The SHGs thus formed would be assisted in capacity building through various training institutions including, Krishi Vigyan Kendras, Rural Development Self Employment Training Institute (RUDSETI) type institutes and NGOs. For the SHGs to integrate in the market economy, they will be facilitated to forge backward and forward linkages. While the SHGs are involved in a wide variety of economic activities, which can be broadly categorized as (i) agriculture, horticulture and allied (ii) agro processing (iii) small manufacturing (iv) handloom & handicrafts (v) services and (vi) others, over 65% of SHGs are in the field of agriculture and allied activities. The institutional convergence of SHGs with related

Departments of Agriculture, Animal Husbandry, Fisheries, Industry, Forest at the state and district levels is being incentivized.

9.1.2 One of the major inputs into the SHGs for generating adequate income to lift the members above poverty line is the infusion of capital through institutional credit. While the average credit per individual under the SGSY is of the order of about Rs. 25,000 at present, this needs to be doubled by 2013. To incentivise the credit institutions to extend credit to the BPL households, the SGSY has an inbuilt subsidy component. The Ministry is also examining other instruments such as interest subsidy to ensure adequate and timely credit to the beneficiaries.

9.1.3 The establishment of one RUDSETI type institute in each district will not only help to build capacities, but also provide the vital credit linkage with the Banks. The RUDSETIs are institutions formed through a partnership between the Central and State governments and the Lead Bank of the district. The state governments provide the land, the central government one time assistance for infrastructure and management of the institutions is with the banks. The trained persons would then receive credit from the same Bank to start the economic activity.

9.1.4 Marketing of SHG products has remained one of the weakest links in the SGSY scheme. Several steps for marketing of the SHG products are being taken including the public-private partnership, facilitation of formation of Federation of SHGs. This will strengthen their bargaining power and bring economies of scale to the SHG movement.

9.1.5 The success of any programme depends on the efficiency and effectiveness of its implementation. With the existing governance structure dealing with multifarious activities concerning various stakeholders, it will be difficult to achieve the intended objectives. The delivery mechanism of the SGSY is being strengthened through infusion of professionals into the DRDA's as well as inducting dedicated functionaries at the sub-district level and simultaneously strengthening the monitoring processes.

9.1.6 Special programmes/ projects for the most vulnerable and poorest of the rural poor such as primitive tribes , naxalite effected area need to be put in place to remove regional disparities etc.

9.2 Skill Development & Placement Mission for Rural BPL

9.2.1 In spite of growing demand for skill-based employment, the BPL rural youth are unable to take advantage of the opportunities emerging in the fast growing sectors of the economy. In the current scenario, imparting of lower end skills takes place through an institutional network dominated by the Industrial Training Institutes (ITIs), polytechnics and similar institutions in public and private sector. The rural BPL youth are unable to enter that stream due to their low levels of education and monetary support for fees. Nearly 80% of the semi-skilled/skilled labour in industry is sourced from informal channels where the candidates are trained in-house by the employer in the industrial unit itself and absorbed subsequently. A skill development exercise based on vocational

training through short duration courses with guaranteed placements, is therefore, appropriate for the rural BPL youth. It is cost effective and outcome oriented with a shorter gestation period depending on the type of skills.

9.2.2 The training infrastructure and its network is at present inadequate for both coverage of the rural poor and for taking advantage of the quantum jump in the opportunities provided by the multi sector growth momentum in the country. Participation of industry and financial institutions in skill development is inadequate and in most places, non-existent. Facilitating mechanisms in the form of workable Public-Private Partnership arrangements are not yet widespread.

9.2.3 Enabling rural youth to avail the job opportunities in the rapidly growing, labour-intensive sectors needs to be undertaken on a very large scale and in an organized and systematized manner. Identifying, those sectors where the demand for labour will increase, conducting the skill gap analysis, training the rural BPL youth in those skills and then matching the demand and supply will be undertaken in a mission mode. Suitable linkages will be forged with the National Skill Development Mission and the Skill Development Corporation. NSDM envisages skill development of 50 crore persons by 2022. For this purpose a National Skill Development Corporation and a National Skill Development Fund. In the process of upscaling the operations of skill development and placement the restructured SGSY will take recourse to the NSD Corporation/ Fund to supplement its resource requirement.

9.3 Expansion of National Social Assistance Programme

9.3.1 Article 41 of the Constitution of India directs the State to provide public assistance to its citizens in case of unemployment, old age, sickness and disablement and in other cases of undeserved want within the limit of its economic capacity and development. Thus apart from the older persons who are more than 65 years, there is a need to further expand the Social Assistance to other vulnerable groups of society i.e. widows, physically disabled persons as indicated earlier. Further, National Policy on Older Persons recognizes a person above the age of 60 years as a senior citizen who also need to be extended benefits under the scheme. Such an expansion will be an appropriate government response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable in a given society and will also promote welfare of people who have lost out in the processes of social and economic changes and development

9.3.2 Keeping this in view, a proposal has been made to further expand NSAP to cover widows (18-59 years) physically disabled persons (18-59 years) and persons between 60-64 years. This is expected to benefit 39 lakh widows, 29 lakh disabled persons and 76 lakh persons between 60-64 years. The additional annual financial requirement on this account is estimated to be Rs. 3500 crore.

9.3.3 The Social Assistance Programme needs to be made a demand driven Programme rather than constrained by budget allocation or numerical restrictions. There is a case for universal coverage of all persons living below the poverty line according to prescribed

criteria. Social Assistance is to be considered as legal entitlement on the part of beneficiary and not as a dole by the Government.

9.3.4 NSAP is the only cash transfer scheme compared to other Rural Development Programme but an equally important one in eradication of poverty and want. The implementation machinery therefore needs to be strengthened at district level with adequate and trained staff. At present the implementation is done by various departments across the country from revenue to social welfare to women and child developments. Only in a few States the programme is implemented by the rural development department. Computerization of the details of all the beneficiaries with a bank or post office account for each of the beneficiary will enhance transparency and accountability apart from improving the efficiency and effectiveness of the programme

9.4 Other Schemes

9.4.1 Indira Awas Yojana, drinking water and sanitation facilities, old age pension schemes, Rashtriya Swasthya Bima Yojana and other welfare schemes in operation are expected to improve the living conditions of the rural poor and thereby enhance their capacity to work and thus increase income.

9.4.2 Besides, rural poor focused approach of the Ministry of Rural Development, other central Ministries/Departments and state Governments are implementing numerous schemes as well for the benefit of rural people including BPL families. Among these, programmes implemented by the Office of DC (HL/HC), Ministry of Textiles, Department of AHD &F, Department of Women and Child Development, M/O Social Justice and Empowerment, HRD, Agriculture, Tribal Affairs, etc have direct bearing on the rural people directly and indirectly benefiting and adding to the income of the rural BPL families.

10 Expected Coverage from Scenario-II (Mission Mode)

The proposed strategic framework envisaged to cover entire BPL households under various programmes implemented by the Ministry and other Ministries/departments to eradicate poverty by 2015. The tentative number of rural BPL households likely to be covered under the self-employment, wage employment & social security net are given in the table-9

Table -9

Sl.No	Programme/Scheme	Number of BPL household to be brought above the poverty line (In crore)
1.	SGSY	1.4
2.	Skill Development & Placement	1.7
3.	NRGEA & IGNOAPS	*To supplement income of BPL HH
4.	Schemes of other Ministries/Departments	1.4
	Total	4.5

Broadly 22 crore rural BPL population belong to 4.5 crore households. These households are proposed to be covered under various programmes by 2015 through Scenario-II approaches as mentioned below:

10.1 SGSY

The regular flow of income to at least one member of BPL household either through self-employment or gainful employment through placement linked skilled development would enable the BPL household to move above the poverty line. About 28 lakh SHGs to be formed making a total of 45 lakh SHGs (450 lakh members @ 10 member in each SHG & one member from each BPL family). Out of 45 lakh SHGs efforts will be made to take up 28 lakh SHGs in economic activity zone. 50% of SHGs taken up in the economic activity zone i.e 14 lakh SHGs will be able to earn reasonable amount by which they can move above the poverty line. The SHG formation & taking them up to economic activity zone would be done in Scenario-II approach. Therefore, 1.4 crore households will be able move above the poverty line through SGSY

10.2 Skill Development & Placement Mission for rural BPL youth

The Sub-Group on Employment & Labour Force Projections for the 11th Plan, Planning Commission projected 52.1 crore labour force consisting of 36 crore persons in rural and 16.1 crore persons in urban areas by 2017. In view of this, Government has taken initiatives through coordinated action for skill development by augmenting capacity to create 50 crore certified and skilled technicians by the year 2022. To achieve this, broad institutional structure consisting of a National council for Skill Development, a National Skill Development Coordination Board and National Skill Development Corporation have been set up. It is expected that at least 1.7 crore rural BPL youth would be able to take benefit of skill development programme of the Ministry and other institutional arrangements made under the National Skill Development Mission.

10.3 NREGA & IGNOAPS

A considerable portion of rural BPL households are marginal & small farmers of which large numbers would have level of income near to the poverty line. The supplementary income through NREGA & IGNOAPS will enable them to get at least desired level of income.

10.4 Schemes of other Ministries/Departments/Agencies

Various programmes implemented by other Ministries/ Departments/Agencies are directly or indirectly providing benefits/opportunities for the rural BPL household to strengthen their livelihood support. Such target oriented focused programmes for certain groups like handloom weavers, craft persons, small & marginal farmers, fisherman, dairy development etc will help the rural BPL households to generate reasonable level of income at least to cross poverty line. It is expected that with the initiative of other

Ministries/ Departments/Agencies, the remaining 1.40 crore rural BPL household will be able to earn adequate level of income to support their livelihood by 2015.

11 ESTIMATED FUND REQUIREMENTS FOR THE PROGRAMMES OF MINISTRY OF RURAL DEVELOPMNET

11.1 Fund requirement under SGSY in Mission Mode

11.1.1 Under universalisation of SHGs in the proposed restructured SGSY, about 28 lakh additional BPL SHGs are to be formed during the 11th Plan period. The universalisation process would require expenditure on formation of SHGs, provision of revolving funds and as well as their basic training. The estimated investment for these processes is Rs. 12,500 crore. Assuming that about three lakh SHGs are required to be assisted for taking up economic activities every year up to 2015-16, estimated investment on providing subsidy, capacity building and skill development would be Rs. 42,000 crore. In addition, associated infrastructure, marketing set up and other processes may require a total investment of Rs. 19,000 crore. The dedicated & professional implementation machinery for the restructured SGSY at the central and state level for implementing the programme in mission mode is estimated to cost Rs.13,200 crore. An investment of Rs. 300 crore is estimated for providing one time corpus fund for federations at various levels. Thus the total estimated fund requirement for SGSY in a mission mode is estimated to be about Rs.87000 crore.

11.1.2 The fund requirement can be met through budgetary provisions and external aid from World Bank under programmes being implemented or proposed to be implemented in some states.

11.1.3 Other Ministries/Departments like Women & Child Development, Social Justice & Empowerment, Tribal Affairs, Textile etc implementing various programmes through the group approach or SHG movement or other wise having direct implication on income generation of rural poor have to work out fund requirements for their respective programmes

11.2 Fund requirement under Rural Skill Development & Placement Mission

11.2.1 Estimates of Fund requirement to support training of 1.70 crore rural BPL beneficiaries for placement linked skill development in Scenario-II involving financial implication of Rs 25500 Crore (@Rs 15000 per beneficiary including cost of training, boarding, lodging etc) by 2015. This would be done through Government institutions such as Private partnerships forged with MoRD, ITI and polytechnics, SIRDs, and RUDSETIs,. The National Skill Development Mission (NSDM) to provide skilled & productive work force to Indian companies to make them globally competitive envisaged providing training to more than 1 crore people every year. The facilities created under NSDM would also be utilized to impart training to BPL household to the extent possible.

11.2.2 Skill development is one of the priority areas in the 11th Plan for inclusive growth & various Ministries have made provisions for it. The 11th Plan projections at current price for skill development/vocational training including establishment of new & strengthening of polytechnic etc is around Rs 8000 Crore.

11.3 Fund requirement under National Social Assistance Programme

The annual requirement of funds under NSAP at present is Rs. 4200 crore per annum which includes Rs. 3800 crore for old age pension and Rs. 400 crore for National Family Benefit Scheme. If the Programme is further expanded to include other vulnerable groups as proposed, the annual requirement will rise to Rs. 7300 crore per annum. If the Pension amount is increased from Rs. 200 per month to Rs. 300 per month per beneficiary the requirement will be Rs. 10950 crore per annum and further go up to Rs 14600 crore per annum when increased to Rs 400 per month per beneficiary.

11.4 Total Fund Requirement

The fund requirement under the Mission Mode approach for SGSY and NSAP programmes of Ministry of Rural Development for the period 2008-09 to 2015-16 is mentioned below.

Table-10

(Rs. In Crore)

Sl.No	Programme/Scheme	Fund Requirement		
		11 th Plan 2008-09 to 2011-12 (four years)	12 th Plan 2012-13 to 2015-16 (four years)	Total
1	Restructured SGSY in Mission Mode	52000	35000	87000
2	Rural Skill Development & Placement Mission	11250	11250	22500
3	National Social Assistance Programme	58400	58400	116800
	Total	121650	104650	226300

The implementation of aforesaid schemes in Mission Mode by the Ministry will involve the total financial implication of Rs.226300 Crore during the period 2008-09 to 2015-16. In addition to this, an amount of Rs140000 Crore would also be required as bank credit. Other programmes of the Ministry like NREGA, PMGSY, IAY etc will continue as usual at present with periodic enhancement of budgetary allocation..

12 CONCLUSION

12.1 This Paper proposes a strategy for poverty eradication by 2015 based on the rural household as a unit. The rural poor primarily comprise of small and marginal farmers, especially in rainfed areas, landless labourers, fisher-folk, herders, women-headed households. Households below poverty line subsist on multiple sources of income. The current poverty line is of the order of Rs. 22,000 per annum for a household of five members. The proposed strategy envisages that through a Mission Mode approach to implementation of the poverty reduction schemes it is possible to lift the 4.5 crore BPL households above poverty line by 2015.

12.2 Under the Mission Mode approach the SGSY scheme would be restructured to provide self-employment to at least one member from about 1.4 crore households. In addition one member, especially youth, from about 1.7 crore households would be provided skill development and placement. The latter would be made possible partly through the up-scaled SGSY scheme and partly through the National Skill Development Mission. Moreover, one member from each of 1.4 crore households would be self-employed as a result of on-going schemes of Ministries other than the Rural Development Ministry.

12.3 It is envisaged that as a result of the SGSY restructured scheme wherein self-employment created from credit-linked micro-enterprises and the skill-development based placement in labour-intensive fast-growing sectors of the economy would yield income of around Rs. 24,000 - 36,000 per annum. In addition, this income would be supplemented by wage employment from NREGA. The average supplementary income could be around Rs.5000- 8000 crore per annum per household. The number of households under NREGA expected to be employed in a year is about 4.5 crore. If there are persons above 65 years of age in a household, the pension under IGNOAPS is about Rs 2400 per annum. This support from the Government of India poverty alleviation schemes would be over and above any programmes of the state governments as well as from normal income generation from agriculture and allied activities. The income effects of schemes of infrastructure creation, namely, PMGSY, IAY, TSC, Drinking Water Mission, though not directly quantifiable, lead to income benefits through improved access to education and health facilities, input and output markets etc.

12.4 The additional fund requirement over the next seven year period can be met through a combination of additional budgetary support to the restructured SGSY, better coordination with employment generation and social security schemes of other Ministries, project support from multi-lateral funding agencies, enhanced credit mobilization, National Skill Development Corporation/ Fund and Public Private Partnerships.

POSSIBLE NINE HOUSEHOLD DIVERSE CATEGORIES AMONG THE BPL

Poor can be categorized based on caste, religion, personal characteristics, skill, education and so on. However, in this exercise categorisation was done on the basis of asset holding and personal characteristics. On the basis of asset holding, three categories are identified (a) extremely poor (b) very poor and (c) poor while on the basis of personal characteristics they could be (i) young households (ii) middle aged households and (iii) woman headed households. All these nine categories would be accruing Rs.356.30 per capita per month at 2004-05 prices (Rs.21,378 / year) annual family income by 2015 through the proposed strategy. The categories are given here under -

- (i) Young households/ couple with dependent parents and single or pair of children. Among them there could be the three categories of poor, i.e., extremely poor***, medium poor** and poor*.
- (ii) Middle aged households with grown up children and with or without aged dependents.– with three levels of poverty (extremely poor***, medium poor** and poor*).
- (iii) Woman headed households with children / aged dependents - with three levels of poverty (extremely poor***, medium poor** and poor*).

*** denotes a family extremely poor characterized by assetlessness without any resource base, i.e., illiterate, landless, unskilled

** denotes households with a kutchra homestead, illiterate with marginal holding (dry land)

* denotes a family with kutchra homestead, illiterate/ literate with small land holding and livestock.

Annexure-B**Schemes/Programmes of other Ministries**

Sl No.	Schemes/Programmes
	Ministry of Agriculture
1.	National Food Security Mission (NFSM) & Rashtriya Krishi Vikas Yojana (RKYY)
2.	National Horticulture Mission (NHM)
3.	Watershed Development
4.	Insurance for agricultural crops
5.	Development of Marketing Infrastructure
6.	Grameen Bhandaran Yojana
7.	Rain fed areas development programme (Proposed)
	Department of Agriculture Research & Education
1.	National Agriculture Innovation Project (Livelihood Component)
	Department of Animal Husbandry, Dairying & Fisheries
1.	Livestock Insurance
2.	Assistance to State Poultry Duck Farms
3.	Intensive Dairy Development Programme
4.	Strengthening infrastructure for quality and clean milk production
5.	Dairy venture capital fund
6.	Fodder Development
7.	Development of Inland Fisheries and Aquaculture
8.	National Scheme for Welfare of Fishermen
	Ministry of Water Resources
1.	Accelerated Irrigation Benefits Programme (AIBP)
2.	Command Area Development & Water Management Programme (CADWM)
3.	National Project for Repair, Renovation and Restoration of Water bodies (NPRRR)
4.	Scheme for Dug Well Recharge
	Ministry of Panchayati Raj
1.	Backward Regions Grant Fund (BRGF)
	Ministry of Micro, Small and Medium Enterprises
1.	Prime Minister Rozgar Yojana (PMRY)
2.	Rural Employment Generation Programme (REGP)
3.	Regeneration of Traditional Industries
4.	Entrepreneurship Development Institutions Scheme
5.	Khadi & Village Industries Commission – Marketing outlets
	Ministry of Environment and Forests
1.	National Afforestation Programme
2.	Wasteland Development

3.	Mechanism for Minimum Support Price for MFP
	Ministry of Women & Child Development
1.	Integrated Child Development Services (ICDS)
2.	Women Empowerment – Swayam Siddha (IWEP)
3.	Self Employment – Support to Training & Employment for Women (STEP)
	Ministry of Tribal Affairs
1.	Boys Hostel and Girls Hostel for Scheduled Tribes
2.	Ashram Schools
3.	Vocational Training Centres (State as well as NGOs)
4.	Educational complex for enhancing women literacy in tribal areas
5.	Article 275 (I) of the Constitution of India
6.	Special central assistance to Tribal Sub-Plan
7.	Post Matric Scholarship
8.	Capacity Building & Self Employment-Welfare of Primitive Tribal Groups (PTG)
	Ministry of Human Resource & Development (School Education & Literacy)
1.	Sarva Shiksha Abhiyan
2.	Mid-Day Meal Scheme
3.	Adult Literacy Programme (with skill development component)
4.	Kendriya Vidyalayas
5.	Navodaya Vidyalayas
	Ministry of Power
1.	Rajeev Gandhi Grameen Vidyut Yojana (RGGVY)
	Department of New and Renewable Energy
1.	Renewable energy for Rural Applications
2.	Remote Village Lighting Programme
3.	Village Energy Security Tests Projects
4.	Family Type Biogas Projects
5.	Solar Energy
	Ministry of Health
1.	National Rural Health Mission (NRHM)
2.	Janani Suraksha Yojana
	Department of Tele-Communications
1.	Rural Telephones
	Department of Food & Public Distribution
1.	Public Distribution System
	Ministry of Labour
1.	Janshri Bima Yojana
2.	Rashtriya Swasthya Bima Yojana

ACRONYMS

BPL	Below Poverty Line
CPIAL	Consumer Price Index of Agricultural Labourers
CPIIW	Consumer Price Index of Industrial Workers
DDP	Desert Development Programme
DPAP	Drought Prone Area Programme
DWCRA	Development of Women & Children in Rural Areas
DWS	Drinking Water Supply
EAS	Employment Assurance Scheme
FYP	Five Year Plan
GKY	Ganga Kalyan Yojana
HADP	Hill Area Development Programme
HYV	High Yielding Varieties Programme
IAAP	Intensive Agriculture Area Programme
IADP	Intensive Agriculture Development Programme
IAY	Indira Awaas Yojana
IGNOPS	Indira Gandhi National Old Age Pension Scheme
IRDP	Integrated Rural Development Programme
ITIs	Industrial Training Institutes
IWDP	Integrated Watershed Development Programme
JGSY	Jawahar Gram Samridhi Yojana
JRY	Jawahar Rozgar Yojana
ME	Micro Enterprises
MED	Micro Enterprise Development
MDG	Millennium Development Goals
MF	Marginal Farmers
MWS	Million Wells Scheme
NREGA	National Rural Employment Guarantee Act
NREP	National Rural Employment Programme
NSAP	National Social Assistance Programme
PDS	Public Distribution Scheme
PDS	Public Distribution System
PMGSY	Pradhan Mantri Gram Sadak Yojana
PRIs	Panchayati Raj Institutions
RLEGP	Rural Landless Employment Guarantee Programme
RUDSETI	Rural Development and Self Employment Training Institutes
SF	Small Farmers
SGRY	Sampoorna Grameen Rozgar Yojana
SGSY	Swarnjayanti Gram Swarozgar Yojana
SHG	Self Help Groups
SITRA	Supply of Improved Toolkits to Rural Artisans
TRYSEM	Training of Rural Youth for Self Employment
TSC	Total Sanitation Campaign
TSP	Tribal Sub Plan

