

## Chapter 6

# Public Policy and Programs for Poverty Reduction

Indian public policy explicitly recognizes that there are multiple sources of deprivation, and the removal of these is enshrined in the Indian Constitution. At the conceptual and measurement level, there has been a shift away from using a scalar definition of poverty. The government has explicitly moved toward a more embracing concept of “human development” which includes a comprehensive multi-faceted definition of deprivation and poverty and this has been operationalized in the setting of targets relating to human development. The National Human Development Report produced by the Planning Commission also reflects this nuanced shift toward a multi-faceted understanding of human deprivation, with a focus on vulnerable groups (women, children, social groups, and so on).

Since income poverty is not a comprehensive *operational* definition of poverty, efforts are on to develop indicator based criteria for identifying poor households, as well as giving flexibility to States to develop such criteria. The indicators which have been developed so far are based on the recommendations of a Task Force of the Rural Development Ministry, which included experts, some of whom have been involved with the PPA studies. These indicators essentially relate to assets and occupational categories.

Another issue identified as perpetuating poverty is powerlessness and oppressive social relations. This is seen as a structural issue which may influence negatively the ability of the poor to obtain access to assets and opportunities. Empowerment of the poor and social mobilization have been key themes in India’s national development strategy, and devolution and improved governance are explicitly seen as important links to pro-poor development. The plans deal with this through a concept of disadvantaged and vulnerable groups who should be targeted by special programs.

Particularly backward areas also receive special attention. The emphasis in the various plans has been on social mobilization, community participation, gender empowerment, decentralization, and governance.

## The Strategy and Public Policy for Poverty Reduction

The broad aim of the state is to accelerate its rate of growth while at the same time ensuring a favorable composition of such growth, to bring about a reduction in regional disparity and poverty and achieve high rates of growth of employment.

### Public Policy for Poverty Reduction in India

- **Pro poor Growth:** Stimulate a pattern of growth that is labor intensive and focuses on regions and sectors that have the maximum impact on poverty.
- **Targeting:** Targeted programs to generate employment and livelihoods for poor people have been undertaken where necessary. These include asset distribution and asset creation programs, as well as employment generation programs.
- **Enabling environment through appropriate physical infrastructure investments:** Undertake investments to build basic physical infrastructure ( roads including rural roads, railways, energy investments) which create an enabling environment for growth and private sector investment.
- **Appropriate social infrastructure investments:** Undertake investments to build basic social infrastructure (schools, health facilities, drinking water) which fulfill the minimum needs of people and enable them to access opportunities. This has included emphasis on human and social development as envisaged by monitorable indicators in the areas of income poverty, infant mortality, gender parity, literacy, drinking water, and environment.
- **Governance and institutional framework:** Creation of an appropriate governance and institutional framework for poverty reduction and human development has been a significant area of focus. Devolution is part of this agenda. So is the empowerment of poor women through SHGs.
- **Social Security** programs for the poor. These include nutrition programs and subsidized access to PDS, old age and widow pension schemes, and accident and maternity benefits.

## Pro-poor Growth

A broad two way link between the achievement of development targets and overall growth has been hypothesized. Significantly, growth has been disaggregated by sector and region. The sectoral burden of achieving pro-poor growth has fallen on the agricultural sector, services, and a number of sectors that have been identified as being capable of providing “high quality” employment growth. Since the performance of states is crucial to good achievement, monitoring, and incentive, structures have been built in linking transfers to state performance.

### *Direct interventions to reduce poverty*

India has an array of direct interventions which aim at bringing about an improvement in the living conditions of the poor. These fall in four main groups:

- Programs and interventions which stabilize and raise the employment and income of poor households; (This category includes wage employment programs, programs which help the poor to acquire assets and raise asset based incomes, and land (re-) distribution programs).
- Programs which focus on poor households and vulnerable individuals to improve their food or nutrition security status; (This category of programs includes PDS, and nutrition assistance programs, especially for children, expectant mothers, and the elderly).
- Interventions which improve the access of poor households to basic minimum services through greater private or public provisioning; (This category of programs includes measures for increasing basic social and physical infrastructure (e.g., rural roads, drinking water, sanitation, health, and schools).
- Social security interventions (pensions, accident benefit) which are intended to cover vulnerable poor individuals. (This category includes old age pensions and widow pensions).

The various anti-poverty programs are the responsibility of both the center and the states. States also sponsor a number of programs of their own, especially those which fall in the social welfare category.

The major employment and livelihood anti poverty programs consist of **self-employment** and **wage employment** programs.

The major self-employment programs include:

*Swarnajayanti Gram Swarozgar Yojana (SGSY)*, launched in April 1999, aims at bringing the assisted poor families (*Swarozgaris*) above the poverty line by organizing them into SHGs through a mix of bank credit and government subsidy.

*Rural Employment Generation Program (REGP)* was launched in 1995 with the objective of creating self-employment opportunities in the rural areas and small towns. It is being implemented by the Khadi and Village Industries Commission (KVIC). Under REGP, entrepreneurs can establish village industries by availing of margin money assistance from the KVIC and bank loans.

*Prime Minister's Rozgar Yojana (PMRY)* was started in 1993 with the objective of making available self-employment opportunities to the educated unemployed youth by assisting them in setting up any economically viable activity.

*Swarna Jayanti Shahari Rozgar Yojana (SJSRY)* The Urban Self-employment Program and the Urban Wage Employment Program are the two special components of the SJSRY which, in December 1997, substituted for various existing programs implemented for urban poverty alleviation.

Wage employment programs included the:

- (a) *Sampoorna Grameen Rozgar Yojana (SGRY)*: SGRY, launched in 2001, aimed at providing additional wage employment in rural areas and thereby food security and improved nutritional levels. The SGRY is open to all rural poor who are in need of wage employment and desire to do manual and unskilled work around the village or habitat. The program is implemented through the Panchayati Raj Institutions (PRIs), and the
- b) *National Food for Work Program*: The National Food for Work Program aimed at intensifying the generation of supplementary wage employment in 150 most backward districts of the country to start with. Food grains form part of wages.

These programs have been subsumed under the **National Rural Employment Guarantee Program** in the poorest 200 districts with effect from February 2005.

*National Employment Guarantee Program* The National Employment Guarantee Program aims at providing 100 days of guaranteed employment

to unskilled labor in every poor household in rural and urban areas. The program is now being implemented in 200 poor districts in the country, in the first phase, with effect from February 2006. As per the guidelines under the Act:

- Every rural household needing employment in the implementation district can register with the gram panchayat and can obtain an identification card in the names of the adult members.
- The household should be provided employment, within 15 days of application, within a radius of 5km. In case, the employment site is more distant, higher wages (by 20% will be given).
- Failure to provide employment will entitle the applicant household to an unemployment wage, which will not be less than a quarter of the minimum wage for the first 30 days and half the minimum wage for the remaining period.
- Wages are payable every week, at the minimum rates fixed by the state governments, and should be equal for both men and women.
- Each work site has to be provided with minimum facilities for land improvement, soil and water conservation, and rural roads.
- The works can be executed by the gram sabhas or by line departments, or other government and nongovernment agencies.
- There are several provisions to ensure transparency and social audit so that the resources are spent effectively.

Area specific programs are also in operation.

**Drought Prone Areas Program (DPAP), Desert Development Program (DDP) and Integrated Wastelands Development Program (IWDP)** DPAP, DDP and IWDP are being implemented for the development of wastelands and degraded lands.

The concern with multiplicity of existing programs has led to changes in terms of rationalization and merger (for instance of self-employment programs under the *Swarna Jayanti Gram Swarozgar Yojana* or SGSY) along with certain other changes. There has also been a recast with major emphasis on the formation of women-centric SHGs, and the channeling of financial assistance through these groups.

## Targeting

There has been a focus on targeting of poorer groups in a number of programs. The food-grain security system, operative through the PDS, now has four tiers. Households above the poverty line (APL) are entitled to purchase cereals from the PDS at prices fixed at the economic cost. Those below the poverty line (BPL) can purchase specified quantities of cereals at prices which are roughly half the economic cost. The poorest households (designated as *Antyodaya* households) are entitled to purchase specified quantities at still lower prices. Finally, the old-age poor who are eligible for pensions are entitled to a free ration of cereals under the *Annapurna* program.

In the area of targeting, the need for proper identification of the BPL persons has been recognized. Toward this, options like direct credit of entitled amounts into savings bank accounts, and credit of old age pensions at post offices have been initiated. The introduction of smart cards and use of information technology for recording and monitoring lists of the poor are being contemplated for wider use and is a vital step in the right direction going by the feedback from the poor on performance of targeting during the PPAs.

## Enabling Environment through Appropriate Physical Infrastructure Investments

Several initiatives have been undertaken to create physical infrastructure. In addition to investments in national highways, railways, state roads, ports, energy, water resources and several other large investments, there have been programs for creating infrastructure to connect these to the ultimate users.

The *Pradhan Mantri Gram Sadak Yojana (PMGSY)*, launched in December 2000 aims at providing rural connectivity to unconnected habitations with population of 500 persons or more in the rural areas by 2007.

*Bharat Nirman*: The program, “*Bharat Nirman*” is to be implemented over a period of four years, for building infrastructure, especially in rural India. It includes six components, namely, irrigation, roads; water supply, housing, rural electrification and rural telecom connectivity. The goal of the *Bharat Nirman* Program is to increase rural infrastructure. It proposes to bring an additional ten million hectares under assured irrigation and connect all villages that have a population of 1000 (or 500 in hilly and tribal areas) with a road. The project also entails construction of 6 million houses for the poor, provision of drinking water to over 74,000 new habitations, reaching electricity to 125,000 villages that still lack such a facility, provision of electricity connection to 23 million households and giving telephone connectivity to over 60,000 villages.

*Jawaharlal Nehru Urban Renewal Mission (JNNURM)*: The mission is being initiated to cover 60 cities with a million-plus population in the next seven years. The emphasis is on providing basic services to the urban poor—housing, water supply, sanitation, slum improvement, community toilets and enhanced overall urban infrastructure. The mission has two objectives—urban infrastructure governance and basic services to the urban poor. JNNURM is a mission for integrated development of urban infrastructure services with the assistance of the Government and local bodies.

## **Appropriate Social Infrastructure Investments**

Programs and schemes to build basic social infrastructure (schools, health facilities, housing, and drinking water) which fulfill the minimum needs of people and enable them to access opportunities, have been created. This has included emphasis on human and social development as envisaged by monitorable indicators in the areas of income poverty, infant mortality, gender parity, literacy, drinking water and environment.

The provision of basic education and health and of basic social infrastructure has been an important component of public policy in India. Though this provision has been of a universal nature, special efforts are made to include the poorer and excluded sections of society.

### ***Universal elementary education***

Article 45 of the Indian Constitution stipulated provision of free and compulsory education for all children until they complete the age of fourteen years”. Although the Article was placed in Part IV (Directive Principles) of the Constitution, a decision of the Supreme Court of India interpreted the right to education as a fundamental right of every citizen. Following this decision, the Government of India amended the Constitution and the Right to Education is now a fundamental right. Thus the state is now under obligation to provide quality school education to every child in the age group 6 to 14 years.

Education was earlier a state subject per the Indian constitution. In 1976, it was made a concurrent subject (i.e., brought within the purview of both state and central governments). Since then, the role of the Central Government in the provision of elementary education has been steadily increasing. In 1987, the Central government decided to address the infrastructure and teaching requirements of elementary schooling through the “Operation Blackboard” program. After 1992, the externally assisted District Primary Education Program also became an important program for bolstering the efforts of the state governments to provide schooling to all children.

Together, the Central and State governments spend about 3.5 to 3.8% of the gross domestic product (GDP) on education with almost half that amount being spent on elementary education.

With universal elementary education becoming a constitutional imperative, the government stepped up its effort to universalize elementary education. After 2000-01, the *Sarva Shiksha Abhiyan (SSA)* became the flagship program of the government to address the needs of elementary education. The SSA's aim was to bring all children in the age group 6 to 14 into school by 2004, to provide all children in that age group about 5 years of schooling by 2007, and to ensure that by 2010, all children had received education up to the middle level. The SSA encompasses institutional reforms to improve delivery systems, sustainable financing, community ownership, community monitoring, accountability to the community, institutional capacity development, priority to the education of girls and other special groups, thrust on quality including teacher resources and public private partnerships.

Since July 2003, the Government of India is also implementing the National Program for Education of Girls (NPEGL) by providing additional support for the education of underprivileged girls. The program is being run in Blocks where the female literacy is below the national average and the gender gap in literacy is higher.

### *Provision of basic health care*

To provide basic health care, the Government has set up a three tier health delivery system, consisting of PHCs; community health centers (block or subblock level), based on a population norm; and secondary and tertiary hospitals at the district and higher administrative levels. The health subcenters are operated by the Auxiliary Nurse and midwives whose main objective is to take care of reproductive health.

There are also a number of disease control programs, such as the National Tuberculosis Control program or the National Leprosy Program, which are being implemented.

Health care reforms have focused on issues such as greater community role in the management and supervision of public health institutions, decentralized procurement systems, public-private partnership, greater public expenditure on health, and introduction of user charges, especially for the nonpoor.

In the last several years, state governments have undertaken reforms of the public health systems with external support. Among the study states, MP and West Bengal have undertaken health sector reforms with the support of the World Bank and the Department for International Development of the

Government of United Kingdom. The Central government has launched the Reproductive and Child Health (RCH) program with external support.

The Rural Health Mission was launched to improve the availability of, and access to quality health care by people, especially for those residing in rural areas, the poor, women and children. The National Rural Health Mission (2005–2012) seeks to provide effective health care to rural populations throughout the country, with a special focus on 18 states that have weak public health indicators and/or weak infrastructure. These 18 States are Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Jammu and Kashmir, Manipur, Mizoram, Meghalaya, Madhya Pradesh, Nagaland, Orissa, Rajasthan, Sikkim, Tripura, Uttaranchal, and Uttar Pradesh. The mission is an articulation of the commitment of the Government to increase public spending on health from 0.9% of GDP to 2–3% of GDP. The mission also seeks to revitalize local health traditions. It aims at effective integration of health concerns with determinants of health like sanitation and hygiene, nutrition, and safe drinking water through preparation of district health plans. It seeks decentralization of programs for district management of health.

### *Water supply*

Water is a state subject but the efforts of the states to provide adequate drinking water facilities are supplemented by the center. The two major Central programs have been the Accelerated Rural Water Supply Program and the Pradhan Mantri Gramodaya Yojana. The latter has now been subsumed in the Bharat Nirman Program. In the urban areas, the Accelerated Urban Water Supply Program is being implemented through the Rajiv Gandhi Drinking Water Mission. It aims at providing sustainable potable water supply to all rural habitations with a population of 100 or above. With the operation and maintenance of water supply sources becoming a problem, the government has increasingly sought community participation in the management of water sources and to this end, the *Swajaldhara* scheme was taken up in 2003.

### *Rural sanitation*

Rural sanitation is yet another major issue to be addressed. Only a small percentage of rural households have access to sanitation facilities. The Central Rural Sanitation Programme of the Central government, launched in 1986, was restructured in 1999 with the introduction of the Total Sanitation Campaign (TSC). The TSC has introduced greater flexibility, and works on a demand based project mode, with greater household involvement.

## **Rural housing**

The Indira Awaas Yojana (IAY) operationalized in 1999–2000 is a major scheme for construction of houses for the poor, free of cost. The Ministry of Rural Development provides equity support to the Housing and Urban Development Corporation for this purpose.

*The Valmiki Ambedkar Awas Yojana (VAMBAY)* launched in December 2001 facilitates the construction and up-gradation of dwelling units for slum dwellers and provides a healthy and enabling urban environment through community toilets under *Nirmal Bharat Abhiyan*, a component of the scheme.

## **Governance and Institutional Framework**

Creation of an appropriate governance and institutional framework for poverty reduction and human development has been a significant area of focus. Changes in the policy and governance environment and institutions have been emphasized.

In the last few years, significant changes have occurred in the framework of governance of anti-poverty programs as well as the nature and orientation of these programs. Some of these changes have the backing of the Constitution as well as the apex judicial court.

Since 1992, a major change has been with respect to strengthening of local bodies by devolving more powers and responsibilities on to them. The 73<sup>rd</sup> and 74<sup>th</sup> Amendments to the Indian constitution have endowed urban and rural local bodies with substantially increased powers, and have constitutionally mandated a number of vital functions, placed in the Eleventh and Twelfth Schedule of the Constitution, relating to poverty alleviation, local planning, primary and secondary health and education, agriculture, small industry etc, to be carried out by the local bodies. Following the Constitutional Amendment, these institutions have been endowed with greater financial and administrative powers and responsibilities. Many of these steps are beginning to have a large impact on the way a number of programs are implemented at the ground level.

## **Social Security**

**Social Security** programs support poor people in vulnerable situations from accessing support. These include nutrition programs and subsidized access to PDS, old age and widow pension schemes, and accident and maternity benefits.

---

*Antyodaya Anna Yojana (AAY)* launched in December 2000 provides food-grains at a highly subsidized rate of Rs2/kg for wheat and Rs3/kg for rice to the poor families under the Targeted Public Distribution System (TPDS). The program is intended to cover 200 lakh families.

A large number of measures have been proposed to improve the conditions of deprived groups. These include women, the poor, socially vulnerable, the disabled, elderly without means of support, laborers in the informal sector of the economy and so on. The initiatives envisaged include both direct social security-type support; support to group-based credit schemes for deprived women, and implementation of already existing legislation for protection and positive discrimination of deprived groups.