

CHAPTER 2
POINT 1 ATTACK ON RURAL POVERTY

2.1 Programme Design and Components:

2.1.1 Poverty eradication is at the top of our socio-economic development programme. Lack of economic assets coupled with lack of skill and poor infrastructure support are the major causes of rural poverty in India. High poverty levels are synonymous with poor quality of life, deprivation of basic needs, poor health, malnutrition, illiteracy and low human resource development. The eradication of poverty has been an integral component of the strategy for economic development in India. The poverty estimates based on 55th Round of Survey by the National Sample Survey Organisation reveals that the estimated poverty in rural areas is 27.09% and 23.62% in urban areas and 26.10% for the country as a whole. The incidence of poverty expressed as a percentage of people living below the poverty line has witnessed the speedy decline from 55% in 1973-74 to 36% in 1993-94 and 26% in 1999-2000. Though the poverty ratio has declined, the number of poor remained stable at around 320 million for two decades (1973-1993), due to a countervailing growth in population. The latest estimates for 1999-2000 reveal reduced number of poor, at about 260 million out of a total population of 997 million. Results of two annual surveys of household consumer expenditure conducted by NSSO for 2000-2001 and 2001-2002 have also become available. As per results of the 57th NSS round, at the all India level the proportion of chronically hungry households (not getting enough to eat during any month of the year) has declined to 0.5 per cent in rural areas and 0.1 per cent in urban areas. As for seasonal hunger, 16 per thousand households in rural areas and 3 per thousand households in urban areas reported getting enough food only in some months of the year.

2.1.2 Though poverty has declined at the macro-level, there are wide rural-urban and inter-state disparities in the improvement pattern. In 1999-2000 Bihar and Orissa continued to be the two poorest states. In 1999-2000, 20 States and Union Territories had povtry ratios below the national average. Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Punjab and West Bengal have significant declines of poverty during the period. The Tenth Plan (2002-07) has set a target of reduction in poverty ratio by five percentage points to 19.3 per cent by 2007 and by 15 percentage points by 2012. The targets for rural and urban poverty in 2007 are 21.1 per cent and 15.1 per cent respectively.

2.1.3 Since Fourth Five Year Plan (1969-74), a number of programmes have successfully been implemented with a view to alleviating rural poverty. Given the enormity and complexity of the problem, a multi pronged approach has been adopted. While high economic growth, with focus on sectors which are employment intensive, facilitates removal of poverty in the long run, the focus on building of capabilities through provision of basic services like education, health, housing etc. helps in improving the quality of life of the people. In addition, direct State intervention through targeted anti poverty programmes also forms a part of the strategy. Consequently, rural poverty has come down, albeit slowly. Items monitored under the 'Attack on Rural Poverty' are:-

Quantitatively Monitored Items:

1.

Swaranjayanti Gram Swarozgar Yojana(SGSY);

2.

Sampoorna Grameen Rojgar Yojana (SGRY);

3.

Handloom Production;

4.

Handicrafts

5.

Khadi & Village Industries

6.

Small Scale Industries (SSI) and Sericulture
1.

Qualitatively Monitored Items:
1.

Special Employment Programmes (of states);
2.

Local Bodies: Revitalisation and Involvement;

1. Swarnjayanti Gram Swarozgar Yojana (SGSY):

2.2.1 The single self employment programme of Swaranjayanti Gram Swarozgar Yojana (SGSY), launched with effect from 1.4.1999 has been conceived keeping in view the strengths and weaknesses of earlier schemes of Integrated Rural Development Programme, Development of Women and Children in Rural Areas, Training of Rural Youth for Self Employment, Supply of Improved Toolkits to Artisans, Ganga Kalyan Yojana and Million Wells Scheme. The objective of restructuring was to make the programme more effective in providing sustainable incomes through micro enterprises. SGSY is conceived as a holistic programme of micro enterprises covering all aspects of self employment, viz, organisation of the rural poor into self help groups (SHGs) and their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing. Micro enterprises in the rural areas are sought to be established by building on the potential of the rural poor. The objective of the programme is to bring the existing poor families above the poverty line. The SGSY lays emphasis on the following:

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Focussed approach to poverty alleviation

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Capitalising advantages of group lending

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Overcoming the problems associated with multiplicity of programmes.

2.2.2 Under the SGSY, the focus is on vulnerable sections among the rural poor with SCs/STs accounting for 50%, women 40% and the disabled 3% of the beneficiaries. The list of BPL households, identified through BPL census, duly approved by the Gram Sabha forms the basis for assistance to families under SGSY. The beneficiaries (also called Swarozgaris) could be individuals or groups. While the identification of individual beneficiaries is made through a participatory approach, the programme lays emphasis on organisation of poor into *Self-Help Groups* (SHGs) and their capacity building. The SHG may consist of 10 to 20 persons. In case of minor irrigation work and in case of the disabled, the minimum number is 5 persons. Under the SGSY, micro enterprises in the rural areas are to be set up with an emphasis on the 'cluster' approach. Four to five key activities are to be identified in each block based on the resource endowments, occupational skills of the people and availability of markets. The key activities are to be selected with the approval of the Panchayat Samiti at the block level and DRDA/Zilla Parishad at the district level.The SGSY is a credit-cum-subsidy programme, with credit as the critical component and subsidy as a minor and enabling element. Accordingly, the SGSY envisages greater involvement of banks and promotion of multiple credit rather than a one time credit injection. Subsidy under SGSY is provided at 30% of the project cost, subject to a maximum of Rs-7,500. In respect of SCs/STs, it is 50% subject to a maximum of Rs. 10,000. For groups, the subsidy is 50% subject a ceiling of Rs.1.25 lakhu.There is no monetary limit on subsidy for irrigation projects. Subsidy under SGSY is back-ended to ensure proper utilisation of funds.Funds under the SGSY are shared by the Centre and the States in the ratio of 75:25. The Central allocation is distributed in relation to the incidence of poverty in the States.However, additional parameters like absorption capacity and special requirements can also be considered. Under SGSY During the year 2003-2004, (uptoFeb.2004) 7.02 lakh Swarozgaris were assisted including 2.15 lakh SCs and 1.04 lakh STs, which is 30.65% and 14.87% of the annual achievement. The achievement share of women and disable was 3.62 lakh and 0.06 lakh respectively. The details are as per *Annexure-2.1*.

2.3 **Handlooms:** The handloom sector is providing employment to about 124 lakh persons, which is next to agriculture in terms of employment intensity. This sector is facing problems like, (i) obsolete technology and traditional production techniques, (ii) dependence on rebate, (iii) high price of hank yarn, (iv) inadequate availability of inputs like standard dyes and chemicals in small packs, new designs, training for upgradation of skills, etc. and (v) inadequate market intelligence and feedback. The handloom sector has inherent disadvantages like (i) unorganised structure and its dispersal throughout the country, (ii) weak financial base of the weavers, (iii) bureaucratisation / politicisation of cooperatives, etc. Inspite of these handicaps, it has the potential to be transformed into a self-reliant and export-oriented sector. As per Tenth Plan Targets of production and employment for handloom sector for the year 2003-2004 were 7,960 million square meters and 120 lakh persons. During the year 2003-2004, it is estimated that Handloom Sector had produced 5,536 million square meters of cloth (provisional).

2.4 **Handicrafts:** In the context of generating employment in rural non-farm sector, a major thrust of the Government has been to provide marketing opportunities to craft persons. This necessitated more efforts in organising exhibitions and fairs in all the States. Efforts were also made to provide permanent market structures at strategic places. As a measure of export promotion, greater attention has been and is being paid to those crafts which are relatively less known and have export potential. In order to achieve this, a number of schemes pertaining to training, design development, market promotion, exhibitions and publicity, export promotion are being undertaken. The training centres for craftsmen were mostly being operated departmentally,but during the last three years, this scheme was given a new dimension by expanding it to non-governmental organisations and cooperative socities. Studies have shown that 70 to 80 per cent of the trainees get gainful employment after completing the training. Four Regional Design and Technical Development Centres undertake the development of new designs and upgradation of tools and equipment. An Institute of Carpet Technology has been set up at Bhadohi (UP). There are two Common Facility Service Centres at Farukhabad and Ahmedabad in regard to Hand-Block Printing.The Metal Handicrafts Service Centre at Moradabad has been catering to hi-tech requirement of exporters. Two UNDP projects are also underway to develop jute and wood-based handicrafts. The major thrust in recent years has been on promoting grassroot organisations with the intention of organising production on the lines of market demand. In addition, financial assistance is provided to cooperatives and voluntary organisations for opening and expanding emporium to market handicrafts. The Craft Development Centres established in identified pockets, provide extension services in respect of design guidance, supply of raw materials, common facility services and marketing network. A number of schemes have been identified under the Tribal Sub-Plan and the Special Component Plan for SCs and STs. Special employment schemes for women have been initiated to provide employment exclusively to women. During the year 2003-2004 total value of production and export of handicrafts sector was Rs.23,483 crore and Rs.12,765 crore respectively. Total export, as percentage of total production in handicrafts sector for the period 2003-04 was 54.4 %. The details are as under:-

Production and Export of Handicrafts					(Rs.in Crores)
Sl.No.	Items	Production	Export	Exports % of Production	
(1)	(2)	(3)	(4)	(5)	
1	Carpet	2553	2300	90.1	
2	Other handicrafts	20930	10465	50.0	
	Total	23483	12765	54.4	

2.5Khadi and Village Industries (KVI): The Khadi & Village Industries (KVI) sector is not only providing employment to people in rural and semi-urban areas at low investment per job but also utilises local skill and resources and provides part-time as well as fulltime work to rural artisans, women and minorities. Besides manufacturing of Khadi cloth, the KVI sector is also manufacturing paper bags as well as khadi and jute bags, herbal shampoos and face packs, honey, aggarbathis, toothpastes, papads, pickles, mustard oil made without using chemicals. During the first half of the financial year 2002-2003, the achievement in terms of number of village industries projects financed under REGP was provisionally estimated at 5564 and by the end of March, 2004 the number of projects touched 24,747. KVIC has also provided training under various KVI Programmes to persons through its Departmental and Non-Departmental Training Centres. By the end of 2003-04 the number of people trained are reported at 55139. During the year 2003-04 the target of production and employment was at Rs.9851.62 crores and 71.38 lakh persons respectively. In the Tenth Five Year Plan, a new scheme known as *Rural Industry Service Centre* (RISC) was formulated with the primary objectives of: (i) to provide backward linkages to Khadi and Village Industry activities in a cluster, (ii) to provide services like raw material support, skill upgradation, training, quality control, testing facilities, marketing promotion, design and product development.

2.5.1 The RISCs are intended to provide common facility units aimed to extend infrastructure and support necessary services to the local units to upgrade their production capacity, and also to promote market. The Common Facility Centres would be managed by the implementing agency for such clusters. Financing pattern for scheme is for North Eastern Region; KVIC will provide 90% of project cost, 10% own contribution or loan from bank/ financial institutions. For other areas the KVIC contribution/ loan component are 75% and 25% respectively, with a maximum ceiling limit of Rs.5 lakhs cost of project. The Tenth Plan strategies for the Khadi and Village Industries Sector would include: (a) generation of additional employment in rural areas; (b) adoption of market-oriented production plan; (c) creation of self employment in rural areas and building up of rural communities by fully utilising local resources, raw materials and manpower; and (d) adoption of 'no loss' practice by khadi and village industries units instead of the present 'no profit' policy. The Khadi and Village Industries (KVI) sector is not only providing employment to people in rural and semi-urban areas at low investment per job but also utilizes local skill and resources and provides part time as well as full time work to rural artisan including women, SC, ST, Minorities. During the year 2003-04, the achievement and percentage growth is as under.

Achivement and Percentage Growth of KVI					
Sl. No.	Items	2001-02	2002-03	2003-04	% Growth over previous year
(1)	(2)	(3)	(4)	(5)	(6)
1	Production (Rs. in Crore)	7557	8569	9716	13.39
2	Sales (Rs.in Crore)	8911	10193	11521	13.03
3	Employment (lakh Persons)	62.64	66.45	71.15	7.07

2.6 Small Scale Industries (SSI):-The Small Industries Development Organisation under the Ministry of Industries headed by the Development Commission (SSI) functions as an Apex Body and is the nodal agency for formulating, coordinating and monitoring the policies and programme for promotion and development of Small Scale Industries in the country. At the state level, the Director of Industries, the Small Industries Development Corporations and State Financial Corporations are the major institutions for promotion of Small Scale Industries. The District Industries Centres (DIC's) provide focal point at the district level for promotion of small, tiny, village and cottage industries. The DIC aims at providing essential services and support to small industries under one roof. The small-scale industries are registered with the State Directorate of Industries. The registration is not compulsory but voluntary. Indirectly it is compulsory because for availing facilities like shed, site, plot, building, raw material and loan from banks and financial institutions, registration of small-scale industry is essential. During the year 2003-2004, the total number of working SSI units registered and unregistered was 113.95 lakh. The Value of production and employment of small scale units in 2003-2004 was aggregated to Rs.3,51,427 crore, and 271.36 lakh persons respectively.

Performance of Small Scale Industries (Revised)

Year	Number of working units (in lakh)	Production (Rs. in crore)	Employment (in lakhs)	Export (Rs. in crore)	Export as % of production
(1)	(2)	(3)	(4)	(5)	(6)
1990-91	67.87	63518	158.34	9664	15.21
2000-01	101.10	261289	239.09	69797	26.71
2001-02	105.21	282270	249.09	71244	25.24
2002-03	109.49	311993	260.13	86013	27.57
2003-04 (P)	113.95	351427	271.36	NA	-

2.7Sericulture:- India is the second largest producer of silk in the world after China. It has the unique distinction of producing all the four varieties of silk: Mulberry, Eri, Tasar and Muga. Sericulture is an important labour-intensive and agro-based cottage industry providing employment to about 60 lakh persons most of them being small and marginal farmers, or tiny & household industry in the post cocoon hand reeling and hand weaving section. Sericulture is practised regularly in contiguous districts in the three Southern States of Karnataka, Andhra Pradesh and Tamil Nadu, in the NER in the tribal areas of Jharkhand, Chattisgarh, Andhra Pradesh, Orissa and in Jammu & Kashmir and West Bengal. Its expetence is underway in the other States of Uttar Pradesh, Uttaranchal, Himachal Pradesh, Punjab, Kerala and Pondicherry. Mulberry sericulture is being practised in traditional States like Jammu & Kashmir, Karnatak, Andhra Pradesh, Orissa, Tamil Nadu and West Bengal. Tasar sericulture provides livelihood for the tribal population of Andhra Pradesh, Bihar, Madhya Pradesh, Maharashtra and Orissa. Eri and Muga sericulture is practised in all the seven North-Eastern States. During the year 2003-2004, the production, employment and export of silk were 15700 metric tonnes, 57.50 lakh persons and Rs.2339 crorerespectively. The total export of silk as percentage of total production during the year 2003-04 was 14.9%.

Production, Employment and Export of Silk					
Sl. No.	Year	Production (MT)	Employment (lakh persons)	Export of silk (Rs. Crores)	Export as % of production
(1)	(2)	(3)	(4)	(5)	(6)
1	2000-2001	16740	65.22	1550	9.3
2	2001-2002	17351	55.00	2235	12.9
3	2002-2003	16319	56.00	2163	13.3
4	2003-2004	15700	57.50	2339	14.9

2.8 **Special Employment Programmes**
Sampoorna Grameen Rojgar Yojana (SGRY)

2.8.1 The Sampoorna Grameen Rojgar Yojana has since been launched with effect from 25th September, 2001 by merging the two wage employment schemes, namely, Employment Assurance Scheme (EAS) and Jawahar Gram Samridhi Yojana (JGSY).The new scheme aims at creation of additional wage employment opportunities during the period of accute shortage of wage employment through manual work for rural people living below the poverty line and also food security. The Scheme also aims at the creation of durable social and economic assets and infrastructural development in these areas.The programme is self-targetting in nature with special emphasis to provide Wage Employment to women, scheduled castes, scheduled tribes, and parents of children withdrawn from hazarous occupations. Allocation under programme is shared between the Centre and the State Governments in the ratio of 75:25. The programme is being implemented in two streams:-

(i) The first stream of the programme is being implemented at the District and Intermediate level Panchayats. 50% of the resources are earmarked out of the total fund available under the SGRY and distributed between the Zilla Parishad and the Intermediate Level Panchayats or Panchayat Samiti in the ratio of 40:60.

(ii) The second stream of the programme is being implemented at the Village Panchayat level. 50% of the SGRY resources are earmarked for this stream. The entire resources are released to the Village Panchayat through the District Rural Development Agencies(DRDAs)/Zilla Parishad.

2.8.2During the year 2003-2004, total 7288.84 lakh mandays of employment were generated under the scheme. Under the scheme, 50 lakh tonnes of foodgrains amounting to about Rs.5,000 Crore (at economic cost) is being provided every year, free of cost, to the State Government and Union Territory Administrations. Rs. 5,000 crore have been kept to meet the cash component of wages and material cost.During 2003-2004 under SGRY-I the annual achievement for employment generation was 3621.98 lakh mandays. SCs and STs accounted for 1079.90 lakh and 970.41 lakh mandays respectively. The share of women and landless labourers was 980.99 lakh and 1268.23 lakh mandays respectively. The details are as per Annexure-2.2. Under SGRY-II 3666.86 lakh mandays employment were generated during up to February 2004, SCs, STs and others accounted for 1137.57 lakh, 977.66 lakh and 1531.43 lakh mandays respectively. The share of women and landless labourers was 873.09 lakh and 1325.13 lakh mandays respectively. 24.24 lakh tonnes of foodgrains (wheat/rice) amounting to Rs.1470 crore was also authorised to the States/UTs. During the year 2003-2004, 818 thousand tonnes of wheat and 1605 thousand tonnes of have been recommended /authorised. The details are as per Annexure-2.3.

2.9 **Local Bodies : Revitalisation & Involvement**
Panchayati Raj
Villages since the beginning of recorded histroy. Gandhiji's dream of every village being a republic and Panchayats having powers has been translated into reality with the introduction of the three-tier Panchayati Raj system to enlist people's participation in rural reconstruction. April 24, 1993 is a landmark day in the history of Panchayati Raj in India, as on this day the Constitution (73rd Amendment) Act, 1992 came into force to provide constitutional status to the Panchyati Raj Institutions. This Act provides constitutional status to the Panchayati Raj Institutions (PRIs) and almost all the States/UTs, except NCT Delhi has enacted their legislation. The constitution (73rd Amendment) Act, 1992 has not been extended to the state of Jammu & Kashmir. Moreover, except Jharkhand, NCT Delhi and Pondicherry, all other States/ UTs have held elections. The main features of the Act are: (a) Three-tier system of Panchayats Raj for all States having population of over 20 lakh; (b) Regular elections to Panchayats every five years; (c) Proportionate seat reservation for SCs/STs; (d) Reservation not less than 1/3 seats for Women; (e) Appointment of State Finance Commissions (SFC) to make recommendation as regards the financial powers of the Panchayats; (f) Constitution of District Planning Committees to prepare development plans for the district as a whole; (g) Gram Sabha at the Gram Panchayat level.

2.9.2 Consequently, 2,34,340 Panchayats at village level; 6081 Panchayats at intermediate level; and 537 Panchayats at district level have been constituted in the country. These Panchayats are being manned by about 25 lakh elected representatives of Panchayats at all levels. This is the broadest representative base that exists in any country of the world- developed or under developed. As per the constitution (73rd Amendment) Act, Panchayati Raj Institutions (PRIs) have been endowed with such powers and authority as may be necessary to function as institutions of self-government and contains provisions of devolution of powers and responsibilities upon Panchayats at the appropriate level with reference to (a) the preparation of plans for economic development and social justice; and (b) the implementation of such schemes for economic development and social justice as may be entrusted to them.

Enactment of State Panchayati Raj Act:

2.9.3Barring the States of Jammu & Kashmir, Jharkhand, Pondicherry and NCT of Delhi, all the States/UTs have enacted State Legislation in pursuance of the Constitution 73rd Amendment Act, 1992. The provisions of the Constitution 73rd Amendment Act, 1992 has not yet been extended to the State of Jammu & Kashmir. The Ministry of Home Affairs requested the Government of J&K to convey the concurrence of the State Legislature for extension of provisions under Part IX of the Constitution to the State, which is still awaited. Jharkhand, being a newly created State, is yet to sort out the issue of reservation for Scheduled Tribes in Scheduled V areas and hence there is delay. The UT of Pondicherry could not hold elections, as the matter was sub-judice. The NCT of Delhi is yet to take a decision on revival of Panchayati Raj systemin Delhi.(Annexure-2.4)

The Provisions of the Panchayats (Extention to the Scheduled Areas) Act, 1996
2.9.4 This Act which came into force on 24th December 1996, extends Panchayats to the Schedule-V areas of States such as Andhra Pradesh, Chhattisgarh, Jharkhand, Gujarat, Himachal Pradesh, Maharashtra, Madhya Pradesh, Orissa and Rajasthan. It intends to enable tribal society to assume control over their own destiny to preserve and conserve their traditional rights over natural resources. The State Governments were required to enact their legislation in accordance with the Provisions of Act before the expiry of one year i.e. 23rd December 1997. All the States have enacted State Legislation to give effect to the provisions contained in The Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996.

Devolution of funds, functions and functionaries:
2.9.5 Almost all the States and Union Territories have stated that they have transferred a number of subjects in varying degrees to the PRIs. However, the statutes enacted by the States in conformity with the 73rd Constitutional Amendment Act have not significantly altered the functional domain of the Panchayats. Some States have devolved more powers upon District and Intermediate Panchayats, whereas some other has devolved powers only upon Gram Panchayats and Intermediate Panchayats ignoring the District Panchayats. Most of the States after devolving several responsibilities upon the PRIs, have not transferred the requisite staff and funds in respect of the 'subjects' transferred to the Panchayats which are essential to carry out the responsibilities entrusted to them. Besides, Panchayats should have given the responsibilities to levy and collect certain taxes, fees, duties or tolls. They must be granted appropriate powers to generate their own resources.

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The provision of the Constitution (73rd Amendment) Act, 1992 are not applicable to the States of J&K, Meghalaya, Mizoram and Nagaland.