

Inclusive Growth - Poverty Reduction Programmes in India

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Abstract : *Poverty exists when one is not able to get sufficient food and other necessities of life. Poverty and unemployment are the two major social problems causing sickness, personal, family and community disorganization. Another term used parallel to poverty is dependency, the condition of life in which one depends for his subsistence either in whole or in part upon some other agencies than his natural supporters. Poverty and richness are relative terms.*

Key words: Inclusive Growth, Poverty, Unemployment, Community, disorganization

1 Introduction:

Inclusive growth strategy suggests that people of all sections get an opportunity to participate in the growth process, which implies engendering the policy design that includes the people who get excluded in normal course as also to make a variety of provisions and services accessible to all sections including those who got excluded so far. There are sections that have remained relatively backward. While practically all sections in India might have advanced in absolute terms, growth experience has been widely different across sections.

The present paper is a theoretical paper divided in to two parts. In part I, the author tried to present the concept, meaning and dimensions of inclusive growth and Part II gives a picture on the concept, types and reasons of poverty. Finally the author tried to present the various developmental schemes and programmes taken up by the governments in power in order to reduce poverty and conclusions are drawn in the context of below discussions.

1.1 Inclusive growth – its concept and meaning:

Inclusive growth is a broad concept covering economic, social, and cultural aspects of development. It is often used interchangeably with a suite of other terms, including 'broad-based growth', 'shared growth', and 'pro-poor growth'. A growth, which is, broad-based across sectors, and

inclusive of the large part of the country's poor, disadvantaged, deprived and excluded sections of citizens. Some scholars treat 'inclusive growth' as synonymous with equitable development'. In their framework, there is complementarity between growth and equity. Economic growth can create opportunities for wider participation of people while equity can help to raise economic growth by harnessing physical and human resources on a broader scale.

Inclusive growth may be defined as "the process and the outcome where all groups of people have participated in the organization of growth and have been benefited equitably from it". It can be achieved by "focusing on expanding the regional scope of economic growth, expanding access to assets and thriving markets and expanding equity in the opportunities for the next generation of Indian citizens no matter whom they are or where they live".

The model was first spelt out in the Eleventh Plan Approach Paper suggestively titled as "Towards Faster and More Inclusive Growth" in 2004 and was further elaborated in volume I of the Eleventh Five Year Plan 2007-2012 specifically subtitled: "Inclusive Growth". It heralded the arrival of a new paradigm: the paradigm of Inclusive Growth. The paradigm involves fundamental and at times, radical changes in the very formulation of the required patterns of growth as also in the conventional economic models of distributive justice.

There are certain essential attributes and inter-related components of inclusive growth in India. These are opportunity, capability, access, security, agricultural growth, employment generation, poverty reduction, investment in social sector, and reduction in regional and other socio-economic and sectoral disparities. Inclusive Growth is a process in which economic growth measured by a sustained expansion in GDP, contributes to an enlargement of the scale and scope of all four dimensions mentioned above. Higher growth in agriculture is an important element of inclusive growth as the livelihoods of the majority of people depend on the performance of this sector. Since consumption

patterns of the population are shifting toward non-food grains, diversification of agriculture is important to match the changing demand⁴. From crop sector, higher growth in horticulture, livestock, and fisheries is needed to achieve four per cent growth in agriculture. For accelerating growth in agriculture, there needs to be a focus on (a) land and water management; (b) research and extension; (c) inputs including credit; and (d) marketing including price policy and above all land distribution and spread of irrigation facilities.

1.2 The Definitions and Concept of Poverty:

According to John L Gillin & Gillin poverty is 'A condition in which a person either because of inadequate income or unwise expenditures, does not maintain a scale of living high enough to provide for his mental and physical efficiency and to enable him and his natural dependents to function usually according to the standards of a society of which he is a member.

Poverty exists when one is not able to get sufficient food and other necessities of life. Poverty and unemployment are the two major social problems causing sickness, personal, family and community disorganization. Another term used parallel to poverty is dependency, the condition of life in which one depends for his subsistence either in whole or in part upon some other agencies than his natural supporters. Poverty and richness are relative terms.

1.2.1 Poverty line:

It is determined by the customs and mode of living. It is relative to the scale of living and conditions of others in a given group culture, or status. Further, the scale of living may be different in different social groups in the same culture and each group tends to formulate a standard of living, which is considered necessary for a decent living. The actual scale of living compared with the standard of living measures the extent of poverty.

Types of Poverty:

a) **Absolute poverty:** Individual is not able to maintain a minimum decent standard of living to maintain himself and his family.

b) **Relative Poverty:** A person may be relatively poor among the persons of his own group who are relatively rich.

1.3 **Measurement of poverty:** Measuring richness or poverty of a country is the availability of goods and services for consumption on a particular year. This is known as National income or Dividend of a Country. To measure national income expert economists are needed. It has some utility in measuring the standard of living of any country. Income is the result of productive activity. Payment of compensation received by a factor of

production for its productive use. An aggregate of all the income of the people in a community or country earns is called National income. It is the total annual value of all goods and services produced by a country measured in terms of money.

1.4 **Net National Product:** It is the aggregate of economic activity during a specified period together with the net income from abroad.

a) **Economic welfare:** The amount of national income accrued in a particular period.

b) **Gross National Product:** The value of output or the sum of gross income shares. The market value of the output of goods and services produced by nation's economy during a stated period of time is equal to personal consumption plus gross private investment plus government purchases of goods and services. GNP is also considered as the sum of the shares of gross national income according to the different members of the community. From GNP if we subtract the value of capital goods produced we get net national product. $NNP = GNP - \text{Depreciation}$.

c) **Per capita income:** It refers to the average income per head in a country. Divide the National income by the population. As population increases the national income increases substantially but the per capita income does not increase. High population growth of India is reflected by the Low per capita income of the country.

1.5 Causes of Poverty:

a. Incapacity of the individual

- Hereditary weakness of an individual
- Depressing aptitudes and attitudes towards work as a result of early Conditioning.

- Physical handicaps because of accident or disease.

b. Adverse physical environment

- Poor natural resources
- Adverse climate and weather
- Insects, pests
- Natural disasters

c. Economic factors

- Shortage of capital.
- Uneven distribution of wealth.
- Business depression.
- Technological changes which may replace labour.
- Defects in social organization.
- Rapid technological changes (when it is difficult to make economic and social arrangement to cope with new situations).

- Educational shortcomings.
- Inadequate health machinery for the protection of new occupational diseases.
 - Bad housing.
 - Employment of husband and wife outside home leaving little time for Socialization of children and difficulties of youth to final employment because of in expenditure.

War: Most active and strong are skilled some are disabled many women become widowed, inflation affects standard of living.

Personalfactors: Physical weakness, sickness (Hereditary or accidental) poverty and sickness form a vicious partnership each helping the other to add to the miseries of the most unfortunate of mankind. Due to sickness, a man is unable to work and his income decreases, a major portion of his income is also spent on the cure of the disease. Thus sickness increases poverty; poverty also increases sickness since hard labour in the absence of sufficient nutrition increases many diseases among the labourers.

Mental diseases: With mental disease a person becomes incapable of doing anything. This decreases his income and increases poverty. On the other hand, poverty also increases mental disease since it is difficult to maintain the balance of the mind is a state of poverty. Poverty alone directly produces in sanity among the indigent poor.

Accidents: They make the person entirely incapable of work or it reduces his capacity for it. Eg: If the earning member of a family is involved in some serious accident the whole family becomes poor.

Illiteracy: It increases poverty since the capacity to earn of an illiterate person is very low, on the other hand many persons are compelled to remain illiterate because of poverty. Thus poverty and illiteracy together form a vicious circle to increase the troubles of the poor people.

Idleness: Many persons, in spite of sufficient opportunity to work do not work because of idleness and hence remain poor.

Extravagance:

An extravagance person can waste any amount of money in not time. In fact the cause of poverty is not a lower income. In India, extravagance on the festivals and marriages can be easily observed everywhere, with the result, that sufficient money is not available for education, sanitation, light, medicine, and other necessities of life.

1.6 Developmental Programmes and Inclusive Growth:

There have been several programmes, introduced by Central Government, State Governments, and NGOs, for the benefit of poor people in India. Following are the some of such programmes

introduced by the governments in power to achieve the inclusive growth.

Anti-poverty Programmes:

The Fifth Five Year Plan (1974-79) accepted 'Removal of Poverty' as its main goal. In Seventh Five Year Plan poverty alleviation programmes have to be viewed in the wider perspective of socio-economic taking place in the country.

Socio-economic Programmes:

To provide work and wages to the economically backward, physically handicapped and socially maladjusted families, it provides financial assistance to voluntary bodies that want to organize income-generating activities. Voluntary bodies will give grants and loans up to Rs.20, 000/- to 3 lakhs for setting up production units of small industries, dairies, animal husbandry projects, self-employment units like vegetable vending, supply of sewing machines, assistance to handlooms, etc.

Drought Prone Area Programme:

The midterm appraisal of the fourth plan, the rural works programme was re-designated as the 'drought prone area programme'. In this orientation is towards area development. A criterion to select the areas is: Low extent of irrigated areas, low level of rainfall, erratic distribution of rainfall, and high periodicity of drought, etc. it is entrusted to the DRDA.

Training of Rural Youth for Self-employment (TRYSEM):

To equip the rural youth in 18-35 years of age group, who are below the poverty line with necessary skills and technology to enable them to seek self-employment?

Integrated Rural development programme (IRDP):

IRDP was launched in all the blocks of the country linked self-employment programme for poverty alleviations as a centrally sponsored scheme funded on 50:50 basis by the centre and state. Assistance will be given in the form of subsidiary and credit from banks to households living below the poverty line in order to enable them to acquire assets or skill for taking self-employment venture. 40% of the total assistance is reserved for the women. IRDP is being implemented by the district rural development agency (DRDA).

Employment Guarantee Scheme (EGS):

To generate employment among villagers and create assets in the rural areas. Villages are selected from dry and drought prone areas where the agriculture labourers are without any job due to failure in rainfall.

Development of Women and Children in Rural Areas (DWACRA):

It is a sub-scheme of IRDP. As a pilot basis in 1982 it has started in 50 districts, later in 1994-95 extended to all districts of the country.

Employment and Income Generating Training cum Employment cum Production Units:

Trains the people in trades, electronics, printing, binding, watch manufacturing, handlooms, computer programming, etc., for the weaker section of the society and provide them employment on a sustained basis. It is carried out through public sector undertaking/corporations/voluntary organizations. Norwegian agency for International development will assist the activities like stipend for trainees Rs.250/- per month, cost of equipment, salary of instructors, rent of the building.

Self-Employment to Educated Unemployment Youth (SEEUY):

To provide opportunities of employment and income through creating productive assets to educated unemployed youth. To encourage educated unemployed youth to undertake self-employment ventures in industry, service, and business by providing package of financial assistance.

- Youth who studies matriculation and above years of age.
- Family annual income should not be more than Rs.15, 000/-
- Women and technically trained persons are given due consideration.

Self-Employment Programme for Urban Poor (SEPUP):

In consultation with the Reserve Bank of India this scheme was formulated. To provide self - employment to the urban poor, living in metropolitan/urban/semi - urban centers covering 10,000 people. Assistance will be given in the form of bank credit and subsidiaries for families below the subsistence level. It promotes activities like bookbinding, show/cycle/stove/pressure cooker repairing, paper/polythene bag vendors, new paper shops, tailoring, ready-made garment shops. Composite loan of Rs.5, 000/- is sanctioned.

Support to Training cum Employment Programmers for Women (STEP):

To improve and strengthen the component of women, in the sectors of agriculture, animal husbandry, dairying, fisheries, handlooms, handicrafts, Khadi, village industries and sericulture. Women will be given special training on health, literacy. Training will be given in new technical skills, management and basic accounting. Ninety percent of assistance will be given by the implementing agency for the project.

Jawahar Rozgar Yojana (JRY):

- Generates additional employment for the unemployed and under employed men and women in the rural areas.

- Strengthens rural economic infrastructure by sustaining employment.
- Creates community and social assets for their direct and continuing benefits.
- For positive impact on wage levels.
- Promotes quality of life among rural population.

Employment Assurance Scheme (EAS):

- To provide assured gainful employment during the lean agriculture seasons of 100 days of unskilled manual work to the rural poor, who are in need of employment and seeking it.
- To create economic infrastructure and community assets for sustained employment and development.
- Beneficiaries are 18-60 years of age, a maximum of 2 adults per family are provided employment under the scheme.

Swarnjayanti Gram Swarozgar Yojana (SGSY):
Holistic programme covering all aspects of self-employment.

Eg: Organization of the poor women into self-help groups, training credit, technology, infrastructure, and marketing. Funded by centre and state with a ratio of 75:75.

Self Help Groups (SHGs):

All for all' is the basic concept. Mainly concerned with poor (weaker sections concerning to women) and it is for the people, by the people and of the people. It is working under micro level, and generates self-confidence, self-security, self-reliance and social defense. It encourages the women volunteers to organize themselves in a group for eradication of poverty of its members. Every month each member of the group should save a minimum of Rs.10 to 15/- or more till six months and thus become eligible to apply for a loan to start income generating activities like dairy farming, agriculture, sericulture, poultry, goat and sheep rearing.

Development of Women and Children in Urban Areas (DWCUA):

- It provides revolving fund of Rs.25, 000/- to the group (10-15 women) belonging to poverty group for undertaking economic group activities and ancillary services. E.g.: nutrition, health, childcare, family welfare, immunization, literacy, adult education facilities.
- Establishes crèche, balwadies, etc., facilities for working women.
- Fosters a collective approach to their problems.
- Enhances their power and to resist exploitation.

- Generates income for the urban poor by inculcating productive activities.

2 Conclusion:

Despite introduction of several anti poverty programmes to achieve inclusive growth in the post- independence period through the five-year plans, there is no evidence of higher rate of decline in poverty in India. In addition to this, income inequality has been increased significantly in the context of liberalized economic policies initiated from 1991 onwards.

Higher overall growth increases in agriculture and rural non-farm sector growth and reduction in regional, rural-urban, and social disparities is essential for faster reduction in poverty as well as inclusive growth. Besides, relatively low food prices are also important for reducing poverty. In this context, there is also a need for interventions focused on the hard core poor numbering 115 million.

Effective working of social safety nets, examined with the help of macro data as well as micro-level studies, can help reduce rural poverty. A large number of people do not have proper food, shelter, clothing, health and educational facilities in India. More than 90 percent of them are from the backward excluded sections. There have been several programmes, introduced by Central Government, State Governments, and NGOs, for the benefits of rural and urban poor people. But they cover only a small proportion of poor.

There is a need to review and reexamine issues relating to Poverty and it is the primary responsibility of the governments in power to take up appropriate programmes and policies in the context of liberal economic reforms in order to reduce the poverty and achieve the inclusive growth in India.

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