

**CENTRE FOR ADVANCED
STRATEGIC STUDIES**

The Centre for Advanced Strategic Studies (CASS), Pune was registered on 21st September, 1992 under the Society's Registration Act, 1860, and as a Charitable Public Trust on 28th October, 1992, under the Bombay Charitable Public Trust Act of 1950. The Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India have accorded recognition to CASS as a Scientific and Industrial Research Institution. The Centre has been granted extension of IT exemption U/S.80G from 01.04.2008 to 31.03.2011 vide letter No.Pn / CIT I / 12A (a) / 80G / 396 / 2008-09 / 4587 dated 30.01.2009 and U/S.10(23C)(iv) for AY 2004-2005 and onwards vide Government of India Notification No.80/2007 dated 26.03.2007. Section 10(23C)(iv) gives hundred percent exemption for income of the Centre, and Section 80G gives fifty percent exemption to the donors.



The Centre aims at undertaking research and analysis of subjects relating to national and international security and development through seminars, discussions, publications at periodical intervals and close interaction with the faculty members and research students in allied disciplines in the Universities/Institutions and the Armed Forces. It expects to award research fellowships as soon as its corpus builds up and makes it possible. It aims to generate and promote interest among the academicians and public in these subjects with a view to making them alive to national security concerns. It has received very valuable support from the University of Pune in all its activities, specially from the Department of Defence and Strategic Studies. It has an Memorandum of Understanding (MOU) with Yashwantrao Chavan Academy of Development Administration (YASHADA) enabling mutual collaboration for making available their infrastructure, publications and teaching and research activities. The Centre has held a number of seminars, panel and group discussions.

ADDRESS :

Centre for Advanced Strategic Studies
M..M.D.W.Potdar Complex, Pune University Campus
Pune - 411 007
Tele Fax No. : 020-25697516
Tel. No. : 020-25690182
Email : cass182@bsnl.in

YASHWANTRAO CHAVAN MEMORIAL LECTURE

BY

DR. YSP THORAT

**POVERTY ALLEVIATION IN INDIA :
CHALLENGES AHEAD**

13th January, 2011

**CENTRE FOR ADVANCED
STRATEGIC STUDIES**

MEMBERS OF GOVERNING COUNCIL	HONORARY LIFE MEMBERS
Dr. Madhav Godbole : President (Ex-Home Secretary, Govt. of India) M	Shri R.D. Pradhan : M (Ex-Governor, Arunachal Pradesh)
Air Chief Marshal (Retd) : M H. Moolgavkar (Ex-Chief of the Air Staff)	Shri Abhay Firodia Industrialist, Chairman, Force Motors Ltd.
Admiral (Retd) : FM J.G. Nadkarni : M (Ex-Chief of the Naval Staff)	Air Cmde (Retd) Jasjit Singh Director, Centre for Air Power Studies, New Delhi
Prof. Gautam Sen : FM (Former, DG & Member Board of Trustees, IIE) : M	Shri Atul C. Kirloskar Industrialist, Chairman & M.D. Kirloskar Oil Engines Ltd.
Shri MK Mangalmurti, : M IFS (Retd)	
Lt Gen (Retd) : M Noble Thamburaj (Former Vice Chief of the Army Staff)	
Lt Gen (Retd) : M Amitav Mukherjee (Former, DG, Air Def. Arty.)	
Lt Gen (Retd) : M D.B. Shekatkar (Former Comdt., The Infantry School)	
Air Marshal (Retd) : Director S. Kulkarni : M (Former Comdt., NDC)	
Gp Capt (Retd) S.G. Chitnis : Dy. Dir./Secy./Tr. : M	
FM : Founder Member M : Member	

CONTENTS

Item	Page
Welcome by Director :	Air Marshal S. Kulkarni
Yashwantrao Chavan Memorial Lecture :	Dr. YSP Thorat, Former Chairman, NABARD & Chief Executive Officer, Rajiv Gandhi Charitable Trust, New Delhi
Chairman's Remarks :	Dr. P.R. Dubhashi, Founder Director, Vaikunth Mehta National Institute of Co-Operative Management & Former Vice Chancellor of Goa University

Editor : Gp Capt (Retd.) S. G. Chitnis, VSM Deputy Director, CASS
Address : Centre for Advanced Strategic Studies, MMDW Potdar
Complex, Pune University Campus, Pune 411007.
Telefax : 020-25697516 / Tel. : 020-25690182
E-mail : cass182@bsnl.in / casspune@yahoo.com
Website : www.cfass.org.in

WELCOME BY DIRECTOR

AIR MARSHAL S. KULKARNI

Air Marshal S. Kulkarni welcomed every one present for the Yashwantrao Chavan Memorial Lecture : 2011 on “Poverty Alleviation in India : Challenges Ahead”. He said that in Yashwantrao Chavan Memorial Lecture series, we had “Probity and Propriety in Public Life” as the subject in 2006, “Social Unrest in India : Challenges Ahead” in 2007 and “Secularism in India : Meaning and Practice” in 2000.

He said that we are very fortunate to have Dr. YSP Thorat to deliver the Memorial Lecture and another dignitary, Dr. PR Dubhashi to chair the event. Dr. YSP Thorat who retired as Chairman, NABARD is presently the Chief Executive Officer of the Rajiv Gandhi Trust and the Chairman of the Advisory Panel of the Rajiv Gandhi Foundation. He is a member of the Governing Board of the NIBM, Member of the Senate and Academic Council of the Shivaji University, Kolhapur, Member on the Board of the Indian Society of Agricultural Professionals, TATAs and a number of other Corporates. He is Strategic Advisor to MicroEnsure and the GTZ which is the development funding arm of the German Government in India.

Dr Thorat has a wide experience in rural finance, microfinance and agricultural indebtedness. He was associated as Member of various International Committees like Advisory Committee for Microcredit Summit Campaign, Halifax (2006), Banking Specialist, UN-FAO Mission to Ethiopia (2001), Rural Banking Specialist UNOPS Mission to Maldives (2000), among others.

He holds a degree in Political Science and Law and a doctorate in Economics. Interestingly, notwithstanding his current preoccupations, he has a Ph.D in Progress from the University of Reading, U.K.

After 32 years of service with the Reserve Bank of India, he was appointed as Managing Director, NABARD in 2004 and retired as

Chairman NABARD in 2006-07. He was Dean, FLAME where he lectured in Indian and Western philosophy. As a visiting lecturer he has visited various Universities like University of Reading, UK, University of Manchester and University of Geneva. He has published various monographs and research paper during his carrier on various subjects like cooperative banks in India, primary non-agricultural credit societies, etc.

Dr. PR Dubhashi, M.A., Ph.D., D.Litt., IAS (Retd) is currently the Chairman, Bharatiya Vidya Bhavan (Pune Kendra). He has proved himself as an efficient administrator, academician, educationist, economist, cooperator and author. He was Secretary (coordination) Cabinet Secretariat 1986-88. He was Director (Studies) National Institute of Community Development, Musoorrie. Founder Director, Vaikuntha Mehta National Institute of Cooperative Management, he was the first Principal of College of Agricultural Bank, Reserve Bank of India, Pune. He was Director, IIPA, New Delhi. He was the Vice Chancellor of Goa University (1990-95). He is the external examiner for award of Ph.D. of several universities. He is a Visiting Fellow, Cornell University, USA and Vice President of International Association of Schools and Institutes of Public Administration.

Dr. Dubhashi has had negotiations with the World Bank, a series of UN assignments. He has authored a number of important reports and his voluminous publications cover a wide range of subjects like rural development administration, cooperative development, Planning in India, Regional, District, Block and Village, administrative reforms in perspective etc. We have a very experienced and knowledgeable person in Dr. Dubhashi to chair today's Memorial Lecture / Function.

YASHWANTRAO CHAVAN MEMORIAL LECTURE

DR. YSP THORAT

POVERTY ALLEVIATION IN INDIA : CHALLENGES AHEAD

Ladies and Gentlemen,

I am extremely thankful to have been invited to deliver the Yashwantrao Chavan Memorial Lecture today. After accepting Air Marshal Kulkarni's invitation to speak to you, I wondered whether the Centre for Advanced Strategic Studies, which has acquired a very credible reputation as a forum where issues relating to national security are discussed, was the appropriate platform for a discourse on Poverty. My conclusion is that it is. Research points out there is a direct correlation between poverty and extremist movements and perhaps national security needs to be understood more holistically in terms of this correlation as including the 'war' against poverty. It is on this assumption that I am speaking to you today.

There is another reason for my having accepted today's invitation. The late Yashwantrao Chavan was a dear friend of the family particularly of my father and I have some very happy memories of him.

My father was a soldier and after he retired, came back to Kolhapur to settle down. His stay in Kolhapur lasted 17 days. On the 18th day, Yashwantrao who was then Maharashtra's first Chief Minister, came home and asked him to chair the MPSC. My father tried to dissuade him by pointing out that on account of his opposition to Krishna Menon's Forward Policy in NEFA, his personal equation with Pandit Nehru was not what it used to be and that by appointing him as Chairman, Yashwantrao was running the same risk. Without

any hesitation whatsoever, Yashwantrao replied – and I quote – General Saheb, this is Maharashtra and not Delhi. Don't think I have not weighed this. I have. I am clear about what is in the interest of Maharashtra. If Delhi is unhappy, that's its problem.

At a more personal level, I had the benefit of his counsel on a few occasions in my life. The one I remember best was during the 1967 elections. Yashwantrao, was campaigning in Satara. Around that time I received word that he wanted to see me. I was doing law and was something of a student activist - very much 'left of centre' in my political beliefs and publicly critical of the establishment. However, in deference to his request I went. When I met him he asked me to address a public meeting which was scheduled for the next day. I told him with an arrogance which only the very young can have, that I didn't believe in the system and requested him to excuse me. He looked at me for a minute and then said “That's all right. But do you believe in India?” and when I replied in the affirmative, said “Then it doesn't trouble me at all whether you believe in the establishment or not. Go out there and speak your mind but remember now and all your life that it is India we have to serve and not the establishment.”

And it is this India, or a very large part of it, which is the subject of our talk because despite “India shining”, a sizeable proportion of our population continues to live in poverty. It is with a view to understand why this is so and what we can do about it, that we have met here today to share some thoughts on “Poverty Alleviation in India – The Challenges Ahead.” I am aware that it is customary to give a list of acknowledgements at the end of one's lecture. I would however like to depart from this practice and acknowledge that this lecture owes much to the work done by R. Radhakrishna and Shovan Ray in their 'Handbook of Poverty'. I am deeply grateful to them.

To begin, let me first deal with the concept of poverty. What is poverty? Who are the poor? Amartya Sen has defined the poor as those who are unable to meet nutritional requirements, to escape avoidable disease, to be sheltered, to be clothed, to be able to travel and to be educated. Many years ago, I was working in the Grameen Bank, Bangladesh, which as you know is one of the premier micro finance

institutions in the world providing loans to the poorest of the poor. One day I was having a discussion with Prof. Yunus as to how the poor were identified by the bank for purposes of credit. After a few minutes of theoretical exchange, Prof. Yunus got up suddenly, took me by the hand, led me downstairs and drove me 30 miles out of Dhaka to a village in the country side. After reaching the village, he pointed to a mud house and asked "Do you think these dwellings belong to the rich or the poor" and when I said they belonged to poor, he said "Then instead of wasting your life in idle discussions, why you don't use your time constructively by doing something for them?" The comment changed my entire approach to the subject. The point is that everyone instinctively knows what poverty is. However, for an academic discussion, let me labour the issue and define it.

The official definition of poverty is based on the normative consumption baskets suggested for rural and urban areas by the Task Force on Poverty in 1978. According to this, the rural consumption basket contains 2400 kcal per day per person and the urban consumption basket contains 2100 kcal per person per day. For operational purposes, the relative calorie intake is translated into monetary terms as that level of income which will be sufficient for keeping a person at a subsistence level in the rural and urban area respectively. Using these norms, the Planning Commission provides the official estimates of poverty in the country from time to time.

Personally, I concur with Amartya Sen and take poverty to connote two main ideas: Income poverty and Human poverty. Income poverty refers to the inadequacy of income or expenditure or consumption in relation to what is normatively required for leading a reasonably decent life. In recent years, however, the word poverty is used more holistically as human poverty to include – in addition to the above - factors such as shelter, clothing and access to assets such as education, health, etc, which ties up with the definition given by Amartya Sen.

Having defined poverty and before going into the specifics, let us see what the big picture looks like in regard to poverty. The big picture is that poverty reduction has been a major goal of development policy

in India since independence and the achievement of a minimum standard of living for all citizens has been the objective of our efforts under the five year plans. Plan objectives were sought to be translated into reality by pushing for higher levels of growth, raising livelihood opportunities of the poor through endowment of land and non-land assets, generating employment opportunities and through public intervention for large scale food for work programmes. Poverty alleviation programmes specifically targeted at the poor were also designed to supplement market forces and generic growth strategies.

What have been the trends in poverty over the years? First of all, there are by now well laid down procedures to measure income poverty, monitor changes over time and space, identify the poor and evaluate the impact and outcomes of policies and programmes. There is also by now extensive literature on various aspects of poverty reduction and a better understanding of the efficacy of different policies. Recent literature has highlighted that poverty is multidimensional and stratified and that it is not enough to study poverty merely in terms of income or to view the poor as a single homogeneous lot.

Broadly, India's achievements in reducing poverty at the national level over the last six decades have been fairly significant. In statistical terms, the proportion of people below the poverty line remained above 50 per cent till the mid 70s but thereafter registered a declining trend with yearly fluctuations. It came down perceptibly in the late 1970s and 1980s and has settled at around a quarter of our population. The intensity of poverty has also declined in both rural and urban areas. However, even with the reduction in the poverty level, absolute poverty in India, even in income terms, remains unacceptably large.

What have been the contours of the decline in poverty over this time? First, that although poverty has declined in all states, this has been characterized by substantial differences across states. These differences have been attributed to the variations in their agricultural productivity improvement and initial endowments of physical infrastructure and human resources. To my mind, economic growth

and improvement in real wages – particularly growth in the agriculture which supports a considerable part of our population that has impacted the proportions of persons in poverty. Having said this, let me clarify that it is not income growth alone that has brought down the historical trends relating to poverty through the trickle down process.

There have also been direct interventions in regard to poverty alleviation in India. These programmes include self employment programmes, wage employment programmes, public distribution system and social security initiatives. Employment creation through investment in infrastructure development and pension schemes for the elderly are recent initiatives.

The poverty situation today is significantly different from what prevailed earlier. Broadly speaking, the spatial map and social base of poverty have changed over time. Unlike in the past, poverty today is getting increasingly concentrated in a few geographical locations and among specific social groups. In other words, the composition of the poor and the landscape of rural poverty has changed over time.

Thus, the percentage share of backward states in the rural poor has risen whereas the share of agriculturally prosperous states and the southern states has declined. This is more or less, obvious. What is not so obvious is that some of the better off states such as Maharashtra, Gujarat and West Bengal have relatively high shares in rural poverty notwithstanding their level of economic growth. Taken together, these three states accounted for one fifth of the rural poor a decade ago. In case of the urban poor also, states like Maharashtra, Gujarat Andhra Pradesh etc have emerged as focus centres for the urban poor.

The composition of the poor has also been changing over time. Rural poverty is now increasingly concentrated amongst agricultural labourers and artisans while urban poverty is concentrated in casual labour households. It needs to be recognized that the growing dependence of rural and urban households on the casual labour market exposes the poor to market risks and tends to increase transient poverty, whereby households move in and out of poverty

depending upon fluctuations in the labour market.

As you know, poverty in India is not merely an economic phenomenon but also a social one. Among social groups, SCs, STs and backward castes account for a large percentage of the rural poor. In fact, the SC/STs living in poverty in the rural areas account for considerably more than their share in the rural population. The poor among SCs in rural areas are concentrated in UP, MP, Bihar and West Bengal. As regards STs, their percentage in the rural population living in poverty has been increasing over time and this is worrisome. They continue to be focused in Maharashtra, Gujarat, MP and Bihar. Generally speaking, though tribal communities in the northeast of India have done relatively better for themselves, nevertheless, as a group, tribals in India are poor and deprived. Moreover, in states which have achieved good results in poverty reduction, the residual poor belong to these two disadvantaged groups.

The gender dimension of poverty is an emerging area of interest and concern. While all the members in a poor household suffer, it is women, particularly widows and girl members, who suffer the most. Women both in rural and urban India suffer from several known disabilities. First, virtual deprivation of ownership and control over the means of production due to traditional inheritance laws favouring the male. Second, division of labour by sex, lack of skill, training and of access to positions involving decision making in the society. Third, inadequate allocation of society's resources for improving the efficiency and productivity of occupations in which women are engaged and for meeting the special needs of women. Fourth, discrimination of women in the labour market. Fifth, weak bargaining position of women within the household in the 'conflict' situation. Sixth, traditions which sanction the legitimacy of the inferior position of the women and lastly, the adverse impact of certain forms of growth processes and marginalization of women. These disadvantages are neutral to all women but rural women in India suffer these disadvantages in a much more acute form than urban women. To make matters worse, women in the poorer households in rural areas are the worst victims since, in addition to the burdens of oppressive traditions, they bear the burdens of poverty disproportionately.

Gender carries a tremendous impact on women's literacy and health as it has a close association with poverty. Though the gender gap in literacy has declined, female literacy rates continue to be lower than male literacy rates. We now know that there is a strong linkage between literacy of women and health of the household. Thus low literacy rates among women tend to lower the health status of the household. There is little argument on the fact that ending illiteracy amongst women raises their capabilities, and involves them in the development process.

The relationship between education and development is also a dialectical one. Studies show that rising literacy rates in Kerala have been closely linked to falling barriers of caste, class, race, and religion and that the reduction of these barriers has been a key factor in furthering the spread of education. Studies have also linked education levels to lower rates of malnutrition, higher levels of economic empowerment and productivity, lower wage differentials and lower mortality rates. There are intrinsic benefits to education, not the least of which is that educated women are strong positive role models for female children and other mothers .

Poverty is not confined to adults. Child poverty is widespread in India both in rural and urban areas. This too is a cause of concern because a high level of child poverty is likely to lead to a high incidence of child malnutrition and undermine equality of opportunity. It may be noted that although the incidence of malnutrition decreases as poverty decreases, it nevertheless persists even when poverty is eradicated. This is so because, besides income, several other factors are also associated with malnutrition. Malnutrition is particularly high among poor households where mothers have poor nutritional levels, less education and poor access to pre natal care. It is interesting to note that the lowest incidence of child malnutrition is not in the richest states but in middle income states which have pursued progressive social policy agendas. I firmly believe that social and food security policies, which improve incomes of the poor as well as access of women to education and health care, would reduce both poverty and malnutrition. The experience of Kerala and some of the NE states illustrates how these policies have worked when implemented

faithfully.

In light of the discourse so far, what are the dimensions of the emerging scenario?

The first point is that since the mid 1970s, poverty has been declining. However in the 1990s, the urban – rural disparity widened. This contributed to differential performance in the urban and rural sectors in regard to poverty reduction. While urban poverty declined steadily, the performance of rural areas in poverty reduction was not so impressive. This can be attributed, among others, to the shift in focus away from agriculture, reduced public investment in irrigation and the low priority given to R&D in the spread of agricultural growth. The low agricultural R&D is a matter of great concern because since the green revolution, the cutting edge of agricultural technology has steadily got blunted and the source of growth exhausted. Coupled with this there has been a slow down in the rural non- farm employment growth although this is in part, the result of decelerating agricultural prosperity itself.

The second point is that the Indian experience in poverty reduction differs markedly across states. In the last three decades the record of poverty reduction was better in states which had experienced higher agricultural growth and had better initial endowments of physical infrastructure and human resources. For instance, the higher agricultural growth in Punjab and Haryana and better initial endowments of human resources in Kerala and some of the NE states, contributed to rapid progress in the reduction of poverty and malnutrition. By the same token, states with poor human resources and slow agricultural growth such as Bihar and Orissa did not perform so well.

The third point is that the regional variation of poverty reduction during the last three decades has a marked agro – ecological specificity. Thus, the irrigated zone comprising the upper Indo – Gangetic plains along with parts of the southern peninsular delta experienced agricultural prosperity through green revolution even among small holder cultivators. These are also the areas where the

incidence and severity of poverty is amongst the lowest. In contrast, vast areas of the country described as 'rain fed' remain largely agriculturally backward and the worst forms of poverty are found in abundance in this zone.

It appears to me that if we are serious about poverty reduction, we must, in the long run, step up agricultural growth with a special focus on the hitherto bypassed regions of central and eastern India. In the medium term, a fresh emphasis needs to be laid on irrigation development, agricultural technology and infrastructure development. Having said this, I must point out that India is a country of small farm holders where more than 80 percent farm operations are done by marginal and small holders. It is the successful integration of these small holders in the development process that will provide a major leverage to growth and poverty reduction in India.

Having noted the main characteristics of poverty, let us now turn to the initiatives taken so far to tackle the problem of poverty. The first such initiative was the Community Development Programme started in 1952. The Programme was aimed at integrated development at the local level through cooperation of people and convergence of technical knowledge in various fields. The second initiative was introducing measures for abolition of intermediary institutions and iniquitous systems of landholdings such as zamindari, jagirdari, etc. This was followed by attempts to have a comprehensive policy of land reform. The third initiative was the emphasis during Third Five Year Plan on foodgrain production through introduction of new technology which resulted in the green revolution. While the achievements as a result of these efforts was significant, the impact of the initiatives was far from satisfactory to tackle the problems of poverty. Thus for example, abolition of intermediary system of land tenure was completed with success, but land reforms which are still an on-going process have not yielded the desired results either in terms of growth or social justice.

In the 1970s, an exercise was undertaken to reconceptualise the existing programmes and policies. This led to a felt need for a direct attack on poverty. This happened in the Fourth Plan and resulted in

many new programmes being tried in the rural sector - including programmes for rural works, those in desert and drought prone areas and for small and marginal farmers. The 1980s was an era of proliferation of centrally sponsored poverty alleviation programmes in the country though thereafter there have been significant efforts to rationalise these programmes by the Government.

At this stage it would be worthwhile, from a generic point of view, to look at some of the programmes presently under implementation which are designed to directly help the poor. Such programmes are called 'targeted poverty alleviation programmes'. The main objective of these programmes is to directly help the poor to improve their economic, physical (nutrition, health) and social conditions. The benefits accruing from these programmes are in addition to those that accrue to the poor as part of normal economic activities.

In this context it may be pointed out that 'targeting' is now regarded as an attractive way of alleviating poverty in many developing countries which face the necessity of reducing the number of poor and of limiting public spending. The rationale for targeting is that the benefits or social returns are higher for the population at the lower end of the income distribution than at the upper end.

Identification of the poor has, therefore, become an important issue for the success of targeted poverty alleviation programmes. The approaches to identify the poor can be grouped under three broad categories: Income criterion, Indicator targeting, and self-targeting.

To put it simply, information on 'income' is generally used as a test that ascertains whether income of a household is below the cut-off point or not. However, on account of informational and administrative constraints, income testing may not be the appropriate criteria under all conditions, may induce costly leakages and create adverse incentives. These considerations have led to a variety of schemes contingent on some correlates of poverty like landholding, profession, or social class. Finally, self-targeting is generally suggested for poverty alleviation because of its simplicity in administering the programme.

Self-targeting occurs where a programme is ostensibly available to all but is designed to discourage the non-poor from participating. For example, participants can be required to do manual work, as in public employment programmes, but in fact the objective is to deter higher income groups from participating.

The major programmes for the poor in India presently in vogue can broadly be classified into four categories:

- a) Self-employment programmes
- b) Wage-employment programmes
- c) Public distribution System (PDS) and Nutrition programmes
- d) Social Security programmes.

Theoretically, self-employment programmes are conceived as holistic initiatives for micro-enterprise development in rural areas. Social mobilization of poor in rural areas is an important feature of these programmes. These programmes are premised on social mobilization of the poor as a pre condition to their being provided with assistance to take up economic activities. Such programmes seek to cover all aspects of self employment namely, organization of the rural poor into SHGs, capacity building, planning of activity clusters, building up of requisite infrastructure, technology, credit, and marketing and safeguards for the weaker sections.

For a long time, anti-poverty strategies have looked at poverty reduction in minimalist terms of bringing the poor above the poverty line by focusing on their income improvement through employment programmes targeted at the individual. Such an approach might help the poor near the poverty line to cross the poverty line but they leave behind the hard core poor who suffer from multiple deprivation. It is now widely recognized that while income poverty reduction is relatively easy, elimination of multiple deprivation is more difficult to achieve. Clearly, poverty reduction strategies should go beyond income poverty and consider inadequate access to both productive assets and social infrastructure.

In contrast, wage employment programmes are basically rural work programmes. Such programmes have become important instruments for alleviating poverty and hunger in many developing countries. Philosophically, the concept of 'public works' dovetails into the ideas of Nurkse (1955) whose basic theory was that surplus labour in low income countries is a potential 'saving' useful for capital formation. Rural work programmes seek to provide employment and to generate public goods such as physical infrastructure. Their primary objective is to generate additional gainful employment for unemployed men and women in the rural and urban areas. The secondary objective of such programmes is to create productive assets which in turn generate sustainable employment for the poor. Generally in such programmes, priority is given to directly productive and economic infrastructure rather than social infrastructure.

Let us now turn to the Public Distribution System as a poverty alleviation programme. Public Distribution System (PDS) is one of the instruments for improving food security at the household level in India where a very large number of the poor suffer from persistent poverty and mal-nutrition. Under this arrangement the Government supplies essential commodities at below market prices to consumers through the PDS. Till as late as 1997, the access to the PDS was universal. During the first few decades of its existence, the PDS did not operate as an anti-poverty programme but merely as an instrument of price stabilization. Till the late 1970s, the PDS was mainly restricted to urban areas and food deficit regions. Its main emphasis was on price stabilization and as an alternative channel to private trade. After the Sixth Five Year Plan, however, the welfare importance of the PDS was recognized and in the 1990s, the Government decided to restructure the PDS in the form of a revamped and targeted PDS.

In impact evaluation there is adequate empirical evidence to support the finding that the PDS has been effective during drought years for example during 1979-80 and 1987-88. It has also been effective in transferring foodgrains from surplus areas to a few deficit regions like Kerala. Notwithstanding this, the present system of public distribution has many problems. First, it benefits the poor only marginally. Second, over time, there has been considerable decline in

the share of the consumer in the food subsidy due to high costs of procurement and carrying costs. And lastly there have been significant leakages into the open market and diversion of PDS commodities. A study conducted by the Tata Economic Consultancy Services to determine the quantity of PDS goods diverted from the system indicated that there was a diversion of 36 per cent of wheat supplies, 31 per cent of rice and 23 per cent of sugar. The diversion was more in the northern, eastern and north-eastern regions and comparatively less in the southern and western regions.

It is interesting to note that as distinct from the sustained income growth route, there is another possible route to effective poverty reduction. It is here that poverty reduction in the NE provides a different perspective. In the NE region, other than Assam, literacy rates are high and many other indicators of development are positive. This state of affairs has been partly contributed by history whereby education to the masses has been imparted with a missionary zeal as a separate and autonomous process. Resultantly, despite large tribal habitations, the incidence and severity of poverty and malnutrition among these tribal groups has been remarkably low. This is an achievement rarely encountered among the tribal populations in other states. For instance, there is no incidence of the very poor in Meghalaya, Mizoram and Nagaland. Here, besides better indicators of human development, they have inalienable rights that they exercise on various assets including land and these tribals are not displaced or dispossessed as easily as their counterparts elsewhere. Perhaps it is their dominant status and the political power that they have enjoyed over many years, that has ensured their escape from poverty. Whatever the truth, there is ample evidence that tribal communities in other parts of the country have been deprived similar privileges.

There is another dimension of poverty which I would like to touch. I have already stated that poverty is an outcome of multiple deprivations. This being the case, it follows that 'empowerment of the poor' should be considered as a critical factor in accelerating poverty reduction. Empowerment is achieved by giving a role to the poor in governance and in development decisions. Presently, NGOs, activists, and donor agencies have a substantial presence in the field. They exert

pressure on policy-makers to involve all stakeholders in the project cycle of poverty alleviation programmes and advocate activating panchayats, promoting self-help and users groups, and mobilising the poor for collective action. Their basic thinking – and I agree with that thinking – is that poverty is a product of livelihood systems and the forces that shape it. This being the case, the solution for accelerating poverty reduction lies in designing multidimensional interventions around land and related rights, better bargaining power for improved wage rates, holistic health care, micro-insurance and physical and social security. The key issue is to weaken the strangle hold of the rich and facilitate the participation of the poor in the governance of local institutions. The growing access to micro-finance and basic social services when coupled with awareness campaigns, capacity-building endeavours and community action, is expected to bring about a positive synergy between socio-economic empowerment and increased well-being of the disadvantaged.

Before I close, let me outline 12 key issues and the solutions as I see them.

First, the complex nature of poverty in India and its poverty reduction endeavours are unique in several respects. While efforts to reduce income poverty are laudable and effective, the fact remains that the absolute number of poor in our country accounting for a significant number of the poor in the world is unacceptable. Achievements in reducing nutrition and human poverty are even less impressive than that of income poverty reduction. Therefore, future policy concerns should revolve around the issues of human poverty including nutrition poverty, social deprivations, and human rights instead of talking about income poverty alone.

Second, it is evident that the pace of reduction of poverty in India has been slow despite high growth rates indicating that the link between economic growth and poverty is getting weakened. This points to the fact that future poverty reduction strategies should pay greater attention to non-growth interventions.

Third, the regional poverty scenario brings out a few distinct

typologies. Developed states like Gujarat and Maharashtra with high levels of per capita expenditure have not been able to make a significant dent on poverty perhaps on account of the lack or failure of mechanisms which ensure that the benefits of growth percolate down. However, the southern states with lower per capita expenditure have made remarkable progress through poverty reduction measures and special efforts to mainstream the marginalized. The achievements of backward states like Orissa, Uttar Pradesh, and Bihar have been moderate on account of the inadequacy of resources for poverty alleviation coupled with inefficient delivery systems.

Fourth, the differential performance of rural and urban sectors in regard to poverty reduction indicates that employment generation and social development in rural areas should receive priority to avoid exodus of the rural poor to urban areas. It has been seen that efforts at poverty reduction in many areas have been accompanied by a widening of inter regional and interclass variations and persistence of gender related poverty. These experiences, therefore, need to be factored in while designing region and group specific programmes for poverty reduction.

Fifth, the spatial dimensions of poverty suggest that we should give greater attention to the development of backward areas through greater resource flow. In doing so we should integrate the poor with mainstream economy through production and marketing linkages and technologies for resource conservation and augmentation. Likewise, employment programmes need to be dovetailed better with the infrastructure needs of the poor to ensure that in the future, accelerated economic growth comes from lagging regions and from marginalized groups.

Sixth, there has been a qualitative shift in Government policies of poverty alleviation from 'individual' to the 'group' approach; from asset transfer to capacity building and empowerment of the poor. A new process has been set in motion through the SHG movement. The rise in awareness levels and qualitatively better participation of marginalized groups in socio-economic efforts in states of Andhra Pradesh, Madhya Pradesh, Maharashtra, Tamil Nadu and Kerala,

once consolidated, can generate long term positive effects on the livelihoods of the poor.

Seven, there has clearly been tardy progress in regard to certain basic institutional reforms (such as land reforms) in the wake of liberalization, and globalization. This has resulted in the creation of a large mass of vulnerable groups, most of whom belong to the landless agricultural labour and unorganized labour classes. Therefore, future policy should address two things. It should facilitate a major shift of agriculture labour to non-farm activities and revitalise the unorganized and small scale manufacturing sectors through technological up-gradation and market support.

Eight, the flow of institutional credit to agriculture and rural development has been sluggish thereby affecting the volume of funds available to the poor. However, the micro-credit movement of the SHGs has helped in containing the negative consequences of declining institutional credit. Mobilization of micro-credit by SHGs has largely helped in meeting the consumption needs of the poor but has not been able to ensure SHG-bank linkage for entrepreneurial activities on a large scale.

Nine, while poverty levels have been reduced in almost all the states, much of the current poverty is of a hard-core nature and some of the very poor are located in inaccessible remote areas. Therefore, special efforts have to be made to reach these unreached and vulnerable groups.

Ten, the composition of the poor reveals that the most vulnerable among the poorer sections comprise women, scheduled tribes, and asset less labour. Hence, future poverty initiatives should focus on participation of women and other deprived sections in decision making, provision of safety nets (including insurance) to minimize vulnerability levels and imparting of appropriate skills to ensure occupational mobility.

Eleven, to enhance the level of social development, the expenditure on social services has to be raised significantly. Therefore,

overall growth of the economy emerges as a necessary condition for addressing crucial aspects of poverty in the future in a sustainable manner. By the same token, the commitment of the state for poverty alleviation is equally important and higher allocations in this regard assume prominence, especially when growth is low and percolation of the benefits of economic progress is weak.

Twelve, it should be clearly recognised that poverty in India cannot be tackled without improving the quality of governance. The answer is not more governance, but governance with greater pro-poor concern which ensures as part of its design, the convergence of resources and efforts.

To conclude, I have made an effort in the discussion today to enumerate what needs to be done to strengthen the thrust of programmes to reduce poverty and to reach the benefits of these programmes to the groups and areas which have been by-passed so far and which are emerging as hard core poverty strata in the society. In this context, increase in the resources allocated to the programmes for the poor, improvements in delivery systems and participatory arrangements at the grassroots level will no doubt hasten poverty reduction. However, that will not be the end of the poverty story. Poverty reduction, as now understood in minimalist terms, can only be a step in the direction of confronting the far graver problem of worsening rural urban disparities and the emergence of privileged groups in developing societies like India which tend to receive a disproportionately large share of the fruits of development. I believe that as the multiple deprivations of the poor are healed, they would be in a position to better organize themselves to claim their due place in mainstream society. I also believe that the current phase of poverty reduction is elite-driven and cannot by itself lead to a society which is free of inequities and distress. At best, it can prepare the ground for the poor to emerge as major partners in building a society in which harmony prevails and productivity and equity reinforce each other.

Thank You.

CHAIRMAN'S REMARKS

DR. PR DUBHASHI

It is a pity that “Challenge of poverty alleviation” should be the subject of a public lecture even more than sixty years after the attainment of independence. It is a sad commentary on our performance as an independent nation.

It is even more disturbing that after 1991 when Indian Economic policy took a U-turn replacing planning with a free market economy, the issue of poverty alleviation was put in the background. The goal of the new economic policy was stepping up growth rate through privatization, deregulation and globalisation. High growth rate, it was believed by those at the helm of government, would eventually solve the problem of poverty because fruits of development would trickle down to the poor by creating employment opportunities for them. Though this new policy was ushered in by the Congress Government under Prime Minister Narasimha Rao (Dr. Manmohan Singh was appointed by him as Finance Minister), it proved to be irreversible and successive non Congress Governments that followed continued with the policy of liberalization.

It was believed that poverty alleviation would be a by-product of economic development and 'direct assault on poverty' talked about in 1970's under the “Garibi Hato” slogan given by Indira Gandhi was no longer necessary. The Prime Minister Manmohan Singh and the Finance Minister Mukherji of UPA Governments all the time talk about 9% growth rate and so do the Chairman of PM's advisory committee Dr. Rangarajan and Deputy Chairman, Planning Commission, Dr. Monteksingh Ahluwalia. All the time they make fine calculations about the growth rate.

It appears that, there is a consensus amongst economists that free market approach is the right approach and Government should not directly involve itself in economic activity. Rather it should promote private enterprise and big business and corporates through helpful policies, including tax concessions. The Free Market Policy, to

replace interventionist state such as that advocated by Keynes, was the product of economic philosophy of the 'Chicago School' headed by Milton Friedman and his associates. That became the corner stone of what came to be known as the 'Washington Consensus' i.e. the consensus of US Treasury, Multinational Corporates and the international institutions like the World Bank, the IMF and WTO. The International institutions under the US influence, which became forceful when Ronald Reagan was US President and his supporter Margaret Thatcher, the British Prime Minister. The World Bank and IMF imposed SAP (Structural adjusted programme) on all countries which approached them for assistance. The SAP included reduction of public expenditure, free scope for private enterprise and the multi-nationals, open economy, deregulation and minimalist state Any welfare or poverty alleviation programme undertaken by the state including subsidies were strongly discouraged. Just as during Nehru's days all Indian Economists were in agreement with the agenda of a planned economy and welfare state, now all Indian economists (no doubt they had come under the influence of Chicago School) agreed on Free Market Economy. The SAP was imposed by the World Bank in the eighties of the last century on several Latin American Countries and African Countries and in 1991 came India's turn when in a state of economic and financial crisis, India had to approach the World Bank and IMF for assistance.

Economists started stating 'facts' to fit with the theory of free market economy induced high growth rate. An economist comfortably placed in Columbia University in USA Prof. Jagdish Bhagwati visited India to deliver Hiren Mukherji Lecture and gave statistics to 'prove' that the policy of liberalisation has infact reduced poverty. Such 'armchair' economists comfortably ensconced in an American University have hardly any first hand awareness of stark poverty and abominable conditions of living in both urban and rural areas. Another great economist Nobel Prize winner Amartya Sen had propounded the theory that there could be no starvation deaths during famines in a democracy because of accountability of the government to the people but he has not one word to say about suicides of more than two lakh farmers during the period of liberalization. At the same time, India is boasting that it has more billionaires than even Japan !

(Amongst the billionaires is Shahed Balva a young upstart who amassed fortunes through real estate business and is now in police custody in 2G spectrum case) Billionaires and their luxurious five star living on one side and acute distress caused by poverty and unemployment are indicative of acute inequalities and disparities during the era of liberalization.

But instead of working out policies and programme to reduce disparities and alleviate poverty our economists are engaged in defining and measuring poverty and drawing the poverty line with a fine sophisticated statistical analysis. But they seldom agree about the measurement of poverty. Planning commission has one estimate, the late Arjun Sengupta another, Tendulkar Committee the third and N.C. Saxena Committee the fourth and confused by the varying estimates, the actual implementation of anti poverty programmes gets held up or jeopardized.

The only concession the free market economists are prepared to make, is to provide, for some time 'Safety nests' in the shape of welfare programmes. It was because of the insistence of the National Advisory Committee that the Government had to introduce legislation giving the 'right to work' and introduce a nationwide works programme guarantying 100 days work to every individual who is without job and who wants to work. Not that this is a new programme. Way back Dandekar and Rath's book on poverty (the first effort to measure poverty in India) had suggested it and Government of Maharashtra had already introduced and implemented the programme over several years. Reports from several areas of the country regarding the actual implementation of the nation-wide schemes are not always satisfactory. The Chairperson of the National Advisory Committee has herself expressed her dissatisfaction after reports she received regarding absence of worksheets.

Payments which were found bogus, cornering of benefit by contractors and corruption by lower level functionaries and Panchayat office bearers. Obviously rigorous supervision is needed. But a basic defect of the works programme is that it is not properly integrated with local development plans and expenditure on works

does not produce productive assets.

National Advisory Committee has taken yet another initiative regarding right to food. There was considerable difference of opinion between PAC and Food Minister Pawar who said that the scheme of free distribution of food grains was not practical. The supreme court passed strictures on the minister and the government had to announce some programme.

Recently the poor have been badly hit by the inflationary spiral of food and other essential items, for example, wheat have gone beyond the reach of the common people viz. food grains, pulses, milk, sugar vegetables let alone fish and meat. The government authorities went on talking of 'core inflation', 'food inflation', 'wholesale prices', 'consumer prices' etc. distinction which make no meaning to the common man. The violent fluctuations of onion prices were unprecedented. The government apparently has no clue to causes of inflation. Imports and exports controls did not make much difference. Now a theory has been promoted that because of universal works programme there is more money in the hands of the poor and so prices have gone up. This is adding insult to injury caused to the poor.

What is needed for alleviating poverty is a 'root and branch' change in economic policy. The poor cannot be left to the vicissitudes of the market forces or the market to correct itself. The government must take the responsibility. The adviser to Finance Ministry, Dr. Kaushik Basu openly said that government has no instrument to control inflation. This is admission of the utter failure of the policy of 'laissez faire' which led to dismantling public distribution system. A network of producers' - co-operatives linked with consumer co-operatives would have provided the instrumentality to control inflation.

The so-called economic reforms introduced since 1991 have benefited only the rich and powerful. Now inflation has hurt not only the poor but even the middle class. What are needed are the economic reforms for poor who are neglected. They should include the following

–

- 1) Curbing the luxury sector : Audi Car of each costing Rs. 1 crore 30 lakhs has a list of buyers while the poor do not have the minimum wherewithal's of living. The unconscionable payments for buying 'cricketers' in IPL' or payment made in crores to Bollywood actors are unacceptable.
- 2) Public and co-operative systems should be strengthened to act as the shield of the weak.
- 3) Public housing for the poor and the middle class should be provided in a big way. The speculative activities of unscrupulous builders should be controlled.
- 4) Programmes for employment intensive growth should be taken up. There should be much greater investment in agriculture and allied activities. The government has now woken up and Finance Minister in his budget has paid greater attention to this sector.
- 5) Infrastructure like rural roads, rural water supply, rural electrification should be built up in a big way.
- 6) Work programme should be related to a huge programme of soil and water conservation works on a nationwide basis.
- 7) Public transport should be expanded and improved while use of cars specially big luxury cars should be curbed.
- 8) Co-operative network should be stronger to provide agriculture credit, marketing, storage including cold storage
- 9) The penetration of multinational companies like Monsanto (American seed distribution company) in rural areas should be monitored.
- 10) Cottage industry, handlooms and handicrafts should be organised through a co-operative system with liberal

government support.

- 11) Education and health facilities of good quality should be made universally available at reasonable cost.
- 12) Remote areas, arid areas and forest areas where tribals live should be given special attention. The example of the young Collector of Malkangiri who was recently abducted by the Maoists should be a source of inspiration to all.
- 13) Corruption, black marketing, parking of black money in banks abroad should be severely punished.
- 14) Loot of public resources, like building land in cities, productive agricultural land given to SEZ, award of mining right and spectrum rights at throw away prices should be stopped.

The success of such programmes in the interest of the country requires honest government and dedicated administration.

**CENTRE FOR ADVANCED STRATEGIC STUDIES
CASS PUBLICATIONS**

Sl. No.	SEMINAR PROCEEDINGS	Date of Seminar
1.	“Defence and Industry”	17 May 93
2.	“Use of Force in Internal Peace Keeping”	04 Dec.93
3.	22-23 Nov.94	
4.	“First SLK Memorial Lecture?”	05 Jun. 95
5.	“Human Rights : Law and Order in India”	30 Sep. 95
6.	“The Emerging Security Environment in South East Asia with Special Reference to Myanmar : Political, Economic and Military Implication for India”	02-03 Dec.95
7.	“India 2020 : An Agenda for the Nation” by Maj Gen (Retd) KS Pendse.	Feb. 96
8.	by Lt Gen (Retd) EA Vas, Maj Gen (Retd) KS Pendse, Dr. Col (Retd) AA Athale.	Mar. 96
9.	“Challenges to India's National Security And India's Defence Preparedness”	20-21 Apr. 96
10.	“Citizens Rights and Indian Democracy” “Second SLK Memorial Lecture” by Dr. P.C. Alexander, Governor of Maharashtra	20 Jul. 96
11.	“Challenges of Comprehensive Test Ban Treaty Implications for India”	28 Aug. 96
12.	“Regional Security Environment To The North-West of India With Special Reference To Afghanistan.”	21-22 Mar. 97
13.	“Changing Scenario of The Constitutional Values” “Third SLK Memorial Lecture” by Justice AM Ahmadi, Former Chief Justice of India	02 Aug. 97
14.	“Information Warfare”	24 Sep. 97
15.	“Laws of War”	09 Jan. 98

Sl. No.	SEMINAR PROCEEDINGS	Date of Seminar
16.	"Indian Ocean - The Challenges Ahead"	06-07 Mar. 98
17.	"The Changing Pattern of India's Relations with America" "Fourth SLK Memorial Lecture" by Dr.Abid Hussain, Vice Chairman, Rajiv Gandhi Institute of Contemporary Studies.	03 Jul. 98
18.	"Pokhran II and its Implications"	01 Sep. 98
19.	"Nuclear India And The World"	08 Sep. 98
20.	"The Challenge of Terrorism"	29 Oct. 98
21.	"Foreign Policy Imperatives For Nuclear India"	26-27 Feb. 99
22.	"On Building a Globally Competitive Indian Industry : The Role of Research & Technology?" "Fifth SLK Memorial Lecture?" Scientific & Industrial Research,	22 Jul. 99
23.	"Challenges of J&K"	04 Feb. 00
24.	"Indo-Pak Relations : Challenges Ahead"	30-31 Mar. 00
25.	"Insurgency In India - Causes & Perspectives"	28 Dec. 00
26.	"Self Reliant Defence and Indian Industry" "SLK Memorial Lecture – 2000" by Shri K. Subrahmanyam, Convener, NSAB	18 Jul. 00
27.	"Governance In India : Challenges Ahead"	25 Jan. 01
28.	"India and China by 2020 : Political, Economic Sociological and Military Perspectives"	14-15 Mar. 01
29.	"Global Terrorism And India's Response"	19-20 Mar.02
30.	"Globalization And Its Impact" "SLK Memorial Lecture – 2002?" by Dr. C. Rangarajan, Governor, Andhra Pradesh	24 April 02
31.	"Governance In India" "Shri N.K. Firodia Memorial Seminar : 2002"	03 Oct.02
32.	"Globalisation And India"	19 Mar.03

Sl. No.	SEMINAR PROCEEDINGS	Date of Seminar
33.	"Elections And Democracy in India" "Shri N.K. Firodia Memorial Seminar : 2004" by Mr. J.M. Lyngdoh, former Chief Election Commissioner, Justice B.P Jeevan Reddy, former Justice of Supreme Court	17 Feb.04
34.	"Comprehensive Security : Need of the Hour"	25-26 Feb.04
35.	"Ombudsman, Lokayuktas, Lokpals ; Concept and Working, with Special Reference to State of Maharashtra"	25 Mar.04
36.	"Comprehensive Security II : Economic And Internal Security"	03 Mar.05
37.	"India And Its Neighbours : A Regional Security Perspective"	04 Jan.06
38.	"Probity And Propriety In Public Life" "Yashwantrao Chavan Memorial Seminar:2006" by Shri Milind Gadgil, Journalist.	3 Feb.06
39.	"Yashwantrao Chavan Memorial Seminar:2007" by Dr.DN Dhanagare, former Vice Chancellor, Shivaji University, Kolhapur; Ambassador PV Joshi, IFS Addl.Secy., MEA and presently with Home Ministry for last two years	13 Mar.07
40.	"Emerging World Order And Sino Indian Relations"	21 Mar.07
41.	"Aerospace Power in a Changing National Security Environment" "Air Marshal YV Malse Memorial Lecture:2007" by Air Chief Marshal FH Major, PVSM, AVSM, SC, VSM, ADC, Chief of the Air Staff	28 Jul.07
42.	"Future Environment, Perceived Threat Perceptions and Imperatives in Response" Brigadier N B Grant Memorial Lecture : 2007" by Lt Gen N. Thamburaj, SM, G.O.C.in.C., HQ, Southern Command	02 Dec.07

Sl. No.	SEMINAR PROCEEDINGS	Date of Seminar
43.	"Indian Democracy : Its strengths and weaknsses" Professor S. V. Kogekar Memorial Lecture" by Dr. Dileep Padgaonkar,	25 May,08
44.	"India's Strategic Environment And Its Implications for Military Modernisation" Air Marshal YV Malse Memorial Lecture by Dr. Bharat Karnad	08 Jul.08
45.	"Indo-US Relations : The Changing Perspective"	22 Oct.08
46.	"Challenges Before the Fifteenth Lok Sabha" "Professor S.V. Kogekar Memorial Lecture" by Dr. Madhav Godbole, former Home Secretary, Govt. of India	26 May,09
47.	"Secularism in India : Meaning and Practice" "Yashwantrao Chavan Memorial Lecture" by Justice Narendra Chapalgaonkar	14 May,10
48.	"Right to Information : Reality and Rhetoric" "Professor S.V. Kogekar Memorial Lecture" by Mr. Wajahat Habibullaj, Chief Information Commissioner, Govt. of India	26 May,10
49.	"West Asia : A Factor in India's Security and Foreign Relations"	21 Apr.10
50.	" Essentials of an Aerospace Power : India Context" "Air Marshal YV Malse Memorial Lecture by Air Marshal PK Barbora, PVSM, VM, ADC, Vice Chief of the Air Staff, IAF	09 July 10
51.	"Naxalism and Maoism and Indian Army"	26 Aug.10
52.	"Indo-Pak Relations and The USA"	17 Sep.10
53.	"The Kashmir Imbroglio"	29 Oct.10
54.	"Value System in the Armed Forces" "Brigadier NB Grant Memorial Lecture" by Lt Gen (Retd) Ashok Joshi, PVSM, AVSM	18 Dec.10

Sl. No.	SEMINAR PROCEEDINGS	Date of Seminar
55.	"Poverty Alleviation in India : Challenges Ahead" "Yashwantrao Chavan Memorial Lecture" by Dr. YSP Thorat, Former Chairman, NABARD & Chief Executive Officer, Rajiv Gandhi Charitable Trust, New Delhi	13 Jan.11