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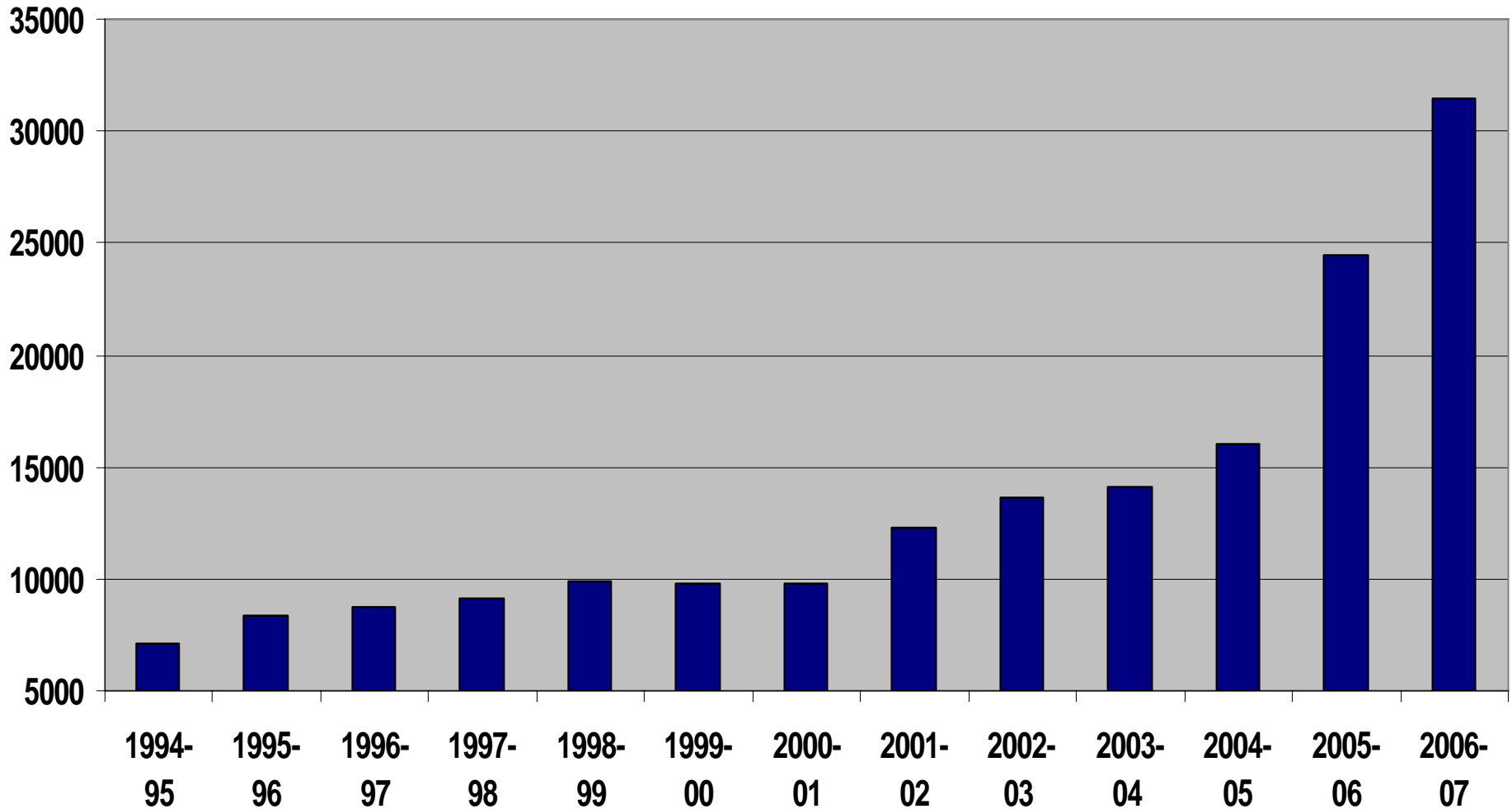
discussion in the NAC and do not, in all cases,

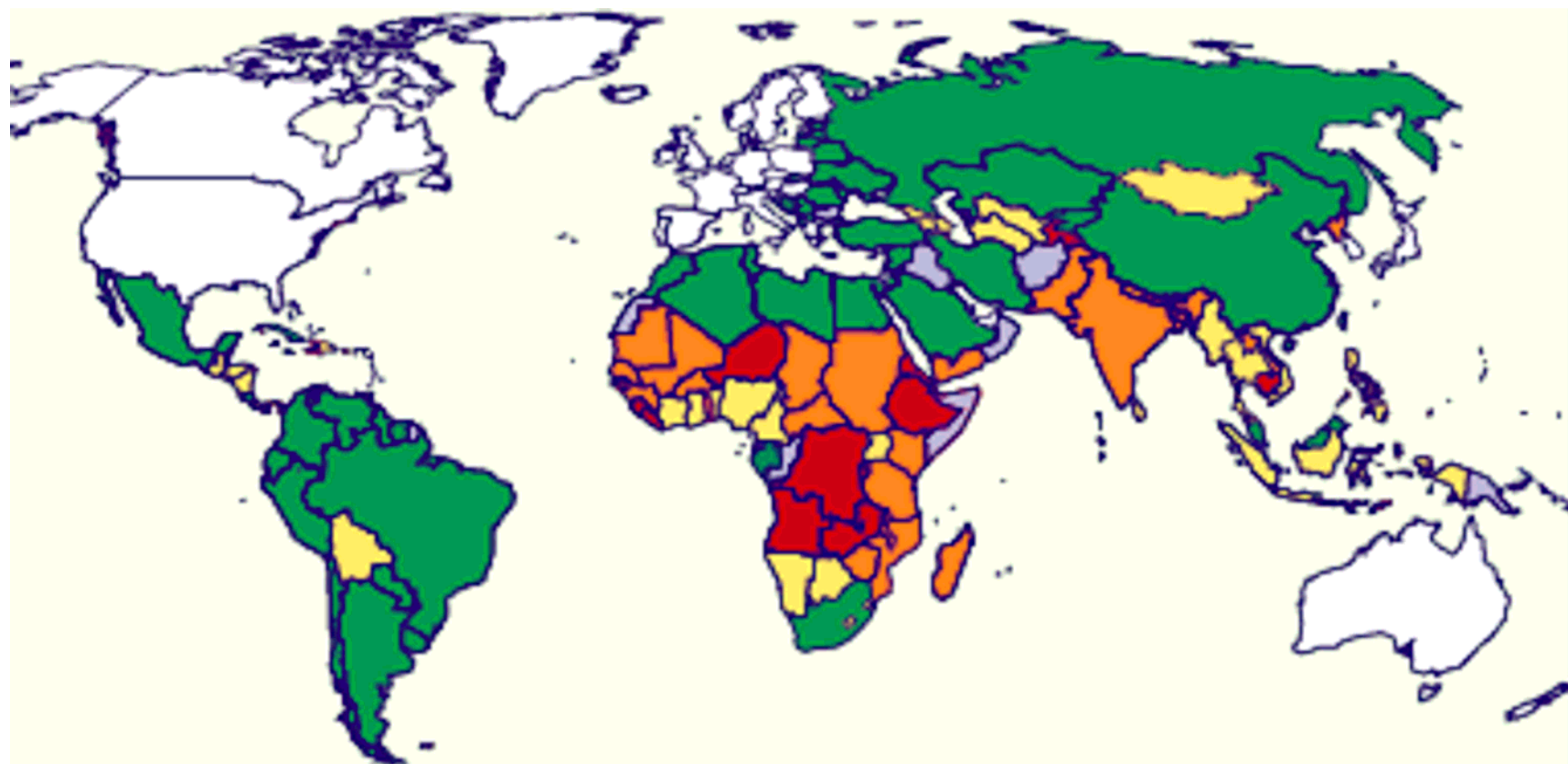
reflect settled conclusions of the NAC

Presentation in the NAC on Poverty Reduction Schemes by

Dr. N.C. Saxena
(13 March 2007)

RD Ministry's plan budget in crore Rs





Global Hunger Index

- ≥ 30.0 , extremely alarming
- 20.0 – 29.9, alarming
- 10.0 – 19.9, serious
- 1.5 – 9.9, low to moderate hunger
- no data
- excluded from GHI

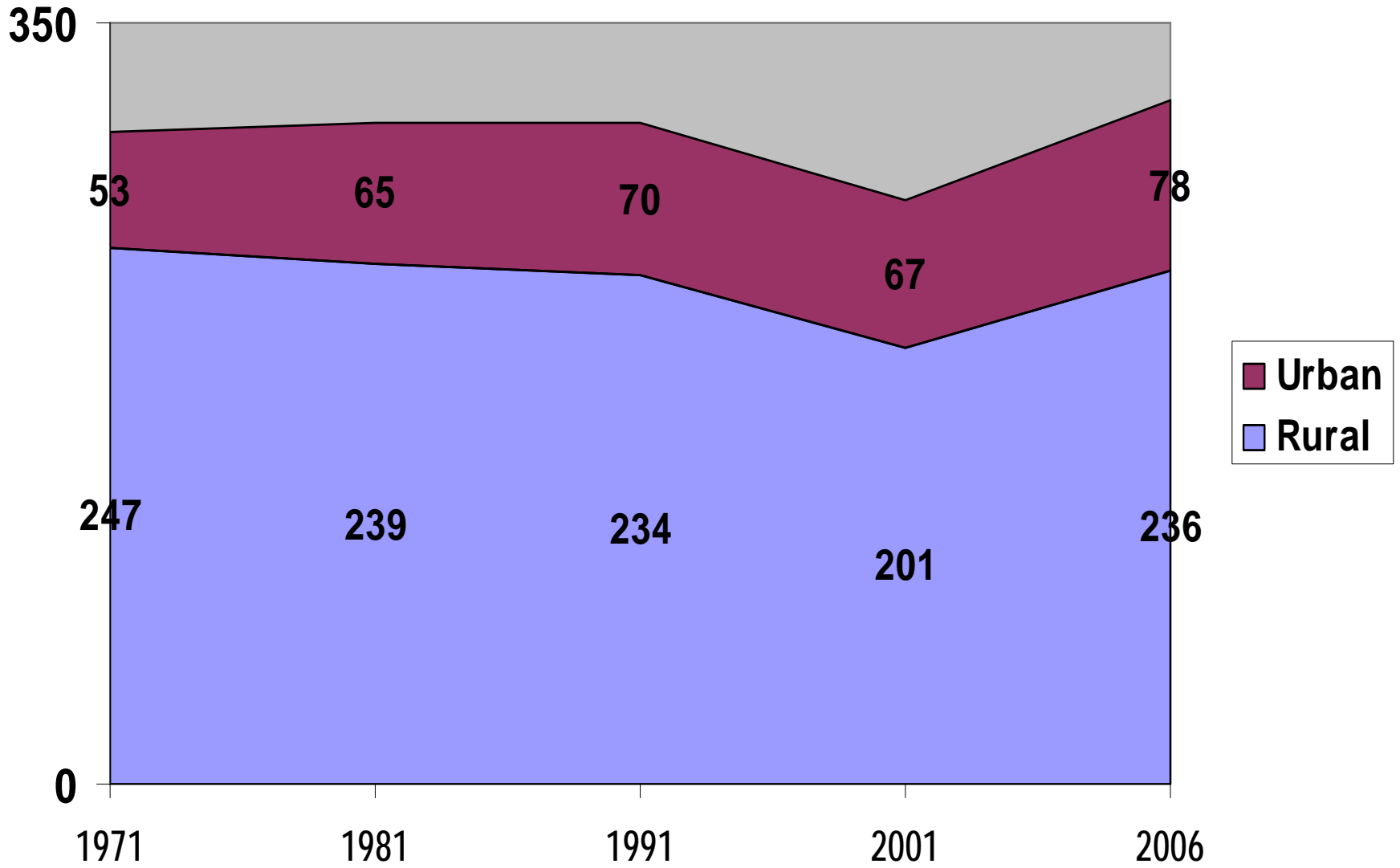
Sources: FAO 2005, WHO 2004, UNICEF 2005, and author's estimates calculated for 2002.

Poverty

Percentage below poverty line

| | |
|------|-----|
| 1973 | 56 |
| 1987 | 39 |
| 1994 | 35 |
| 1999 | 26? |
| 2004 | 28 |

number of poor people in millions



Macro-policy framework

- Essential Commodities Act
- Mandi Acts
- Land laws
- Forest laws
- Protection for migrant workers

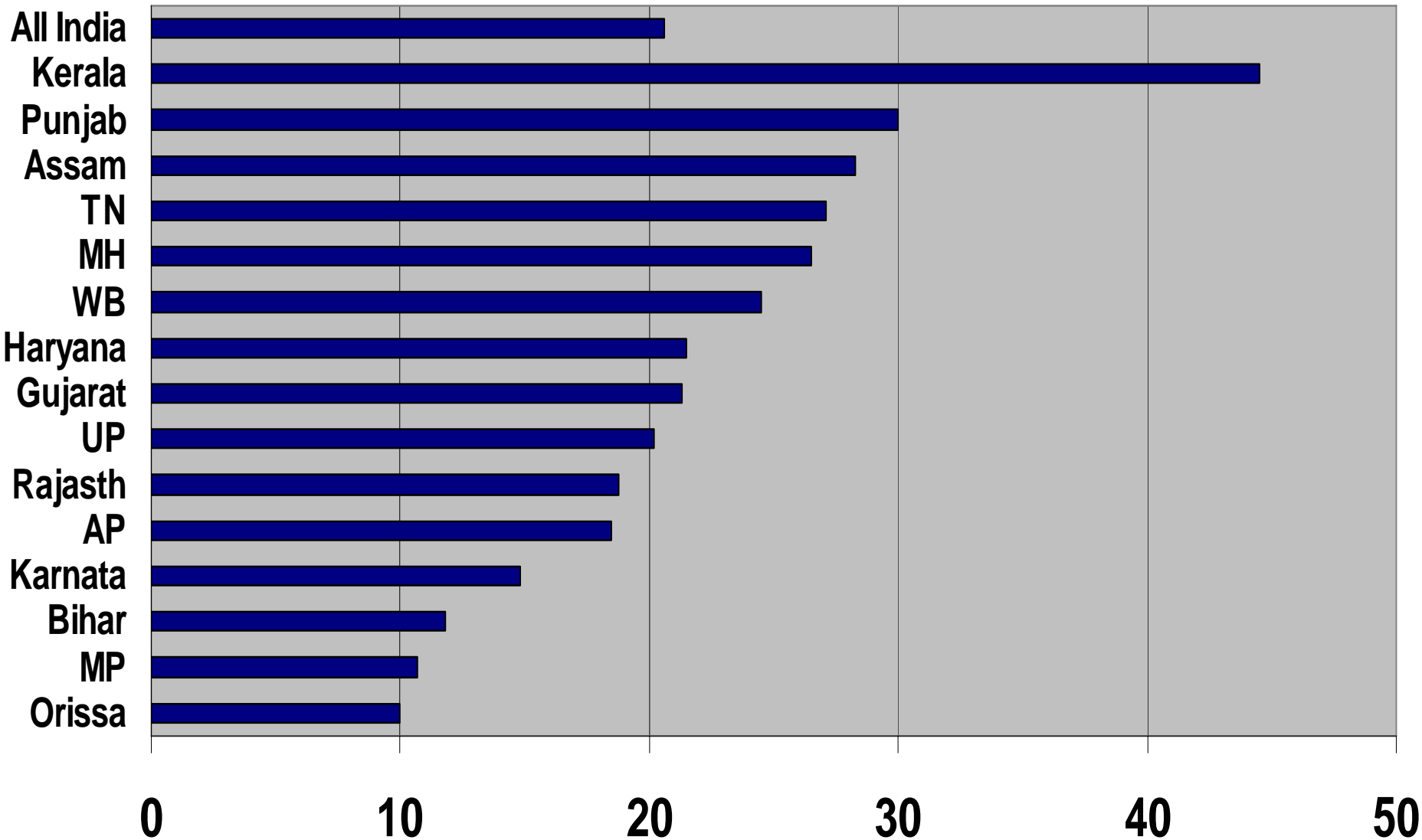
Ministries equate planning with budgeting
Many anti-poor regulations must be given up

Concentration of poverty

- Eastern India – East UP, North Bihar, North Bengal, Coastal Orissa, Assam & Tripura (fertile plains, with plenty of groundwater)
- Central Tribal India - Bundelkhand, South Bihar, Vidarbha, Madhya Pradesh, Rajasthan, Western Orissa, Telangana (plateau regions of low agriculture productivity with plenty of degraded & forest lands)

Critical factor is sustainable land and water management

NF Emp as % of Farm Emp



Share of four poorest states (UP, MP, Bihar, Orissa) in poverty is 54.5%, but in

| Scheme | share in allocation | share in releases |
|--------------|---------------------|-------------------|
| SGSY 2003-04 | 50.5 | 50.2 |
| SGRY 2002-04 | 52.7 | 50.9 |
| IAY 2004-05 | 50.6 | 56.5 |

Bihar, Jharkhand, West Bengal, Assam, Punjab, & Maharashtra are poor spenders, whereas AP, UP, Rajasthan, TN collect their quota in full

SGSY- Expenditure, and Achievement

| | Expenditure crore Rs (Centre+State) | Beneficiaries Lakh Families |
|---------|-------------------------------------|-----------------------------|
| 1992-93 | 694 | 20.7 |
| 1993-94 | 957 | 25.4 |
| 1994-95 | 1008 | 22.2 |
| 1995-96 | 1077 | 20.9 |
| 1996-97 | 1132 | 19.2 |
| 1997-98 | 1110 | 17.1 |
| 1998-99 | 1162 | 16.8 |
| 1999-00 | 960 | 9.3 |
| 2000-01 | 1116 | 10.3 |
| 2001-02 | 970 | 9.4 |
| 2002-03 | 921 | 8.26 |
| 2003-04 | 1044 | 8.93 |
| 2004-05 | 1291 | 11.15 |
| 2005-06 | 1338 | 11.5 |

Problems of Self Employment Programmes

- Lakhs of poor have become indebted
- Subsidy driven large scale corruption
- Poor have little business skills or literacy
- Lack of markets & infrastructure
- Group formation (target driven)
- Obsession with asset formation
- Consumption needs not addressed
- Problems of existing micro enterprises not addressed
- High transaction cost for bankers/Govt.

Suggestions for SGSY

- No subsidy
- Give grants to micro-finance institutions (MFI), encourage banks to set them up
- SHGs should help in consumption loans, as well as give loans for setting up of family enterprise
- Establish market linkages for inputs and outputs
- The scheme should be open to all non-rich people
- Involve private sector in skill development, hand over some ITIs to them (Malaysia pattern)
- Encourage digging of shallow wells and pedal pumps
- Regulate the use of groundwater in semi-arid regions

Wage Employment Schemes.

- Same works are taken every third year
- No funds for operations and maintenance
- Poor monitoring
- Acute shortage of technical staff
- Extensive use of outside contract labour & heavy machinery
- Planning commission estimated only Rs. 15 of every 60 Rs expenditure reached the beneficiaries

[corruption SGRY.doc](#)



EXCAVATOR IN OPERATION AT RELIEF SITE
Village: LANGDI MOHADI, BARWANI DISTT., M.P.



USE OF TRACTORS
SEGVI PANCHAYAT, DAWARIA FALIA
BARWANI DISTT., M.P.



Manoj Srivastava IAS on EAS in WB

We found that both smaller, labour-intensive, and bigger, more material-intensive EAS projects were mainly employing contract labourers from other blocks or districts. When they were employed at all, local labourers were paid 20 per cent below the statutory rate (of which, in turn, just as they were unaware that they were working on an EAS scheme). Villagers told us that contractors liked to employ outside labourers because they showed little concern for the quality of the work performed, and didn't care about the accuracy of the accounts. Claims about corruption are always difficult to substantiate, but a comparison of the official records with our own observations of a small pond-digging project in West Bengal suggested that as much as 60-80 per cent of earmarked funds were being skimmed off by the over-reporting and underpaying of contract labourers – a rate of 'leakage' that was significantly higher than we found in Bihar.'

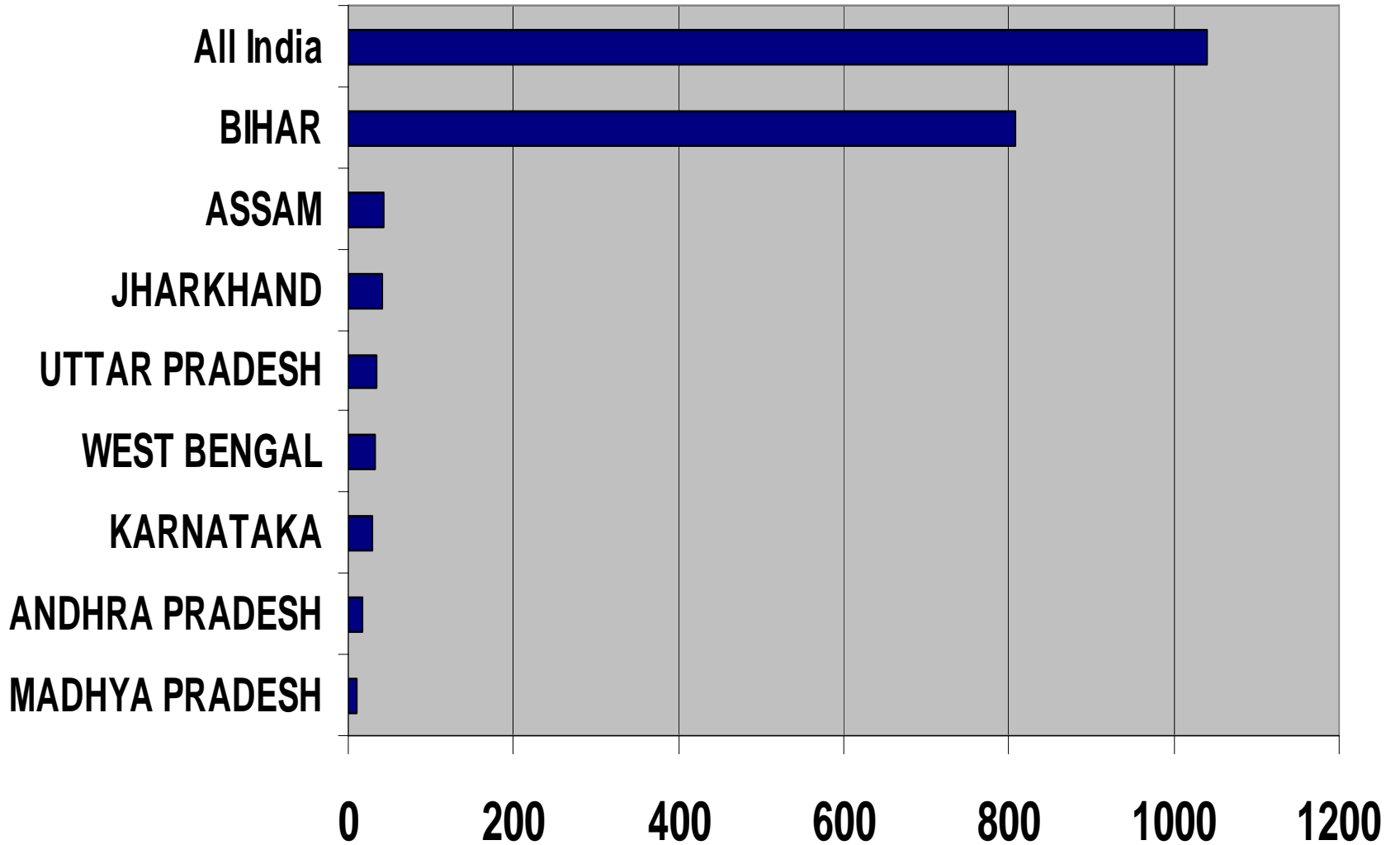
Suggestions

- Earmark SGRY funds for drought proofing & afforestation and planting of fruit trees on the lands of STs/SCs etc. Guidelines? Time horizon?
- Monitor quality of completed works, and not just employment
- Put the list of registered labourers, the muster of all works, payments made, absentees, etc. on website
- Use of call centers by having toll free number. STD/PCOs can provide the citizen interface mechanism.
- Payment of wages is made by account payee cheque.
- Use laminated cards to reduce leakages
- Appoint civil society for monitoring & audit

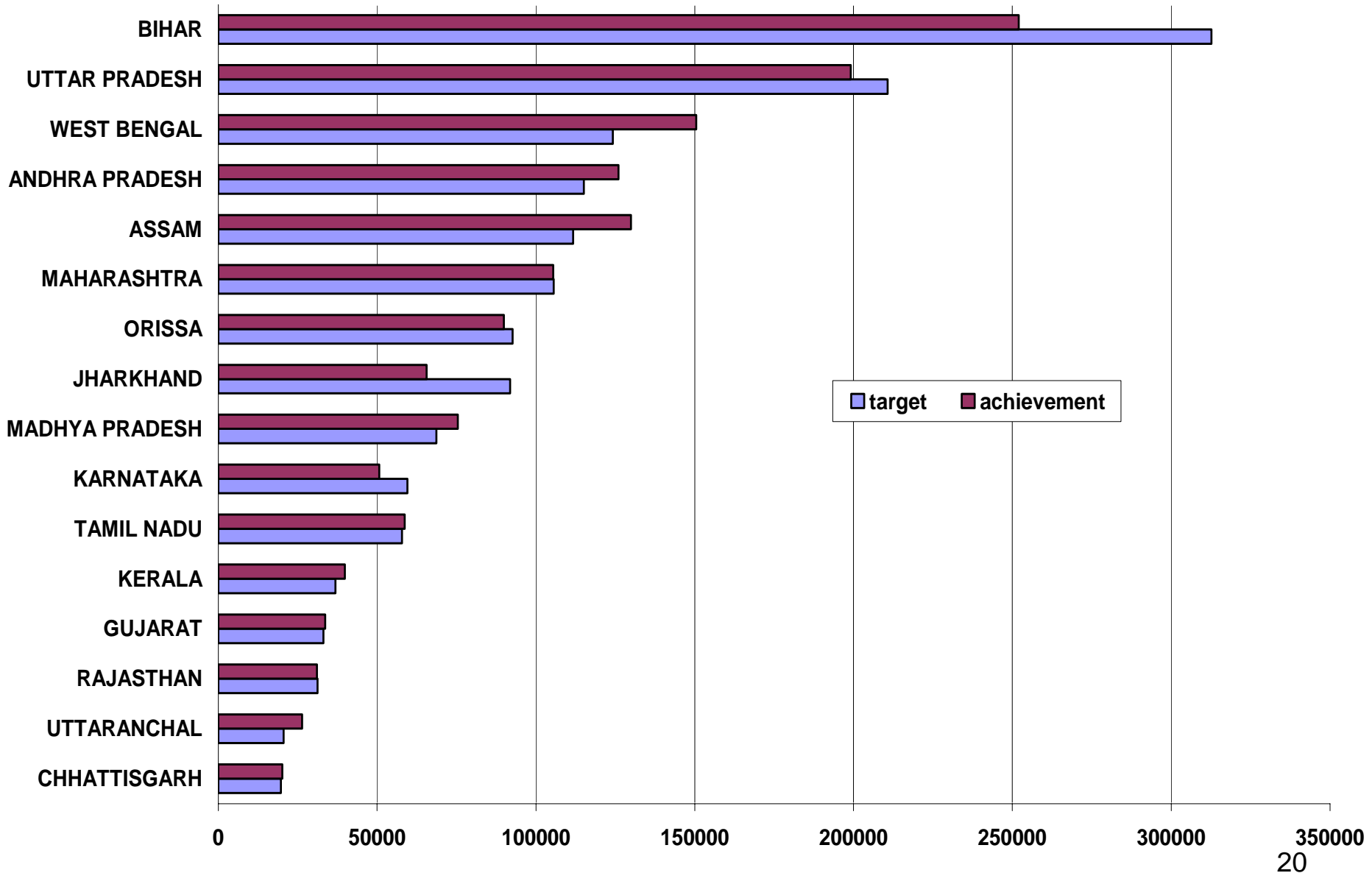
Indira Awaas Yojana (IAY)

- According to 1991 Census- 3.4 M households without shelter & 10.3 million in unserviceable houses. IAY constructs 1.5 million houses every year. Why is shortage continuing?
- Scope for substantial corruption/political manipulation
- Only 30% toilets are used
- Joint ownership of male/female family members not implemented fully.
- Special Package for Bihar (June 2004)- allocation increased from Rs. 488 cr. to Rs.915 Cr

IAY Balances on 1/4/2005 in crore Rs



Achievement and Target under IAY in 2004-05 in unit houses



Conceptual problem with IAY

- Is our goal to improve social capital within the village, or is it to increase conflict within the poor?
- Rather than give only a few houses, one should saturate the poorest villages first, and give IAY houses to all deserving cases
- Link it with their performance in other schemes, SHG etc
- Put the names of beneficiaries and villages to be selected on websites
- Houses should only be in the name of the wife

At present the scheme has degenerated into a quota scheme, with huge payoffs

NSAP

- Against a requirement of 1373 crores upto 2005-06, actual allocation fell from 850 cores in 1999-00 to 650 crores for subsequent years
- The ceiling for NOAPs should now be about 90 lakhs
- The unit cost for IAY has been increased from 10,000 to 27,500 Rs, pension amount remained at Rs 75 pm for the last ten years!
- RD refuses to monitor this scheme!!

| Scheme | Ceiling | entitlement | Required funds in crore Rs |
|------------------|------------------|---------------------------------------|-----------------------------------|
| NOAPS | 68,81,000 | 75 per month; 200 from 2006-07 | 1720 |
| NFBS | 5,71,500 | 10,000 | 572 |
| Annapurna | 13,76,200 | 10 kg per month | 181 |

NSAP - suggestions

- Happily, pension amount has been increased to Rs 200 per month, but no corresponding increase in allocation
- Computerize pensions & payment records
- Transfer the money on the 1st of every month to their bank /post office account
- Involve civil society in verification of names

Ask RD or Planning Commission to monitor the progress

General issues

- Should the states have discretion in deciding the mix of poverty alleviation programmes?
- Pre-requisite is a panchayat structure that is responsive and inclusive of the poor
- No mechanism in the Planning Commission for effective monitoring of ACA schemes
- Link schemes with reforms, but reform component is either weak or not rigorously enforced, it remains a paper tiger
- Number of CSS increased from 45 in 1969 to 360 in the Ninth Plan
- Frequent changes in the names/guidelines schemes bring in confusion

To sum up

- Rural livelihoods will improve if development programmes make long-lasting changes in five key areas. These are:
- higher agricultural growth, esp. foodgrains
- Innovative poverty alleviation schemes
- improved natural resources;
- better health and education services;
- improved social capital and gender equality; and
- improved rural infrastructure (such as irrigation, power, and roads).

And above all, GOVERNANCE

Thank you