4

Rapid Poverty Reduction

THE POOR IN INDIA: A PROFILE

4.1 India is a nation with over 300 million poor people, a number that has barely declined over the last three decades of development. It is therefore essential that the Eleventh Five Year Plan address the task of reducing the numbers of the poor frontally. It is clear that rapid growth will be essential to reduce the number of the poor and for sustainable poverty reduction, but for growth to benefit the poor disproportionately, it will have to be accompanied by more rapid employment expansion than hitherto, greater investment in health, education, water/sanitation, and child nutrition than so far, and directly targeted poverty-reduction programmes.

MEASURING AND PROFILING THE POOR IN INDIA

THE HEADCOUNT RATIO (HCR)

4.2 India has successfully reduced the share of the poor in the population by 27.4 percentage points from 54.9 in 1973 to 27.5 in 2004. Between 1973 and 1983, the HCR of the poor had declined from 54.9% to 44.5%, and it fell further to 36% in 1993–94 and to 27.5% by 2004–05 (Table 4.1). Thus, 60 years after independence, over a quarter of our population still remains poor. There is growing consensus that the poverty line (Rs 356 monthly per capita consumption expenditure for rural areas and Rs 539 for urban areas in 2004–05) in India is much too low, and continues to be based on a consumption basket that is too lean. If the poverty line was higher, the share of the population below the poverty line would be accordingly higher.

TABLE 4.1
Percentage of People Below Poverty Line in India (1973–2004)

Years	Rural	Urban	Combined
1973	56.4	49.0	54.9
1983	45.7	40.8	44.5
1993	37.3	32.3	36.0
2004	28.3	25.7	27.5

Source: Planning Commission.

4.3 Some States have been particularly successful in reducing the share of the poor in the total population. In 2004–05, the States with the lowest HCR were J&K (5.4%), Punjab (8.4%), Himachal Pradesh (10%), Haryana (14%), Kerala (15%), Andhra Pradesh (15.8%), and Gujarat (16.8%); at the other end of the spectrum are Orissa (46.4%), Bihar (41.4%), Madhya Pradesh (38.3%), and Uttar Pradesh (32.8%)—which also happen to be among the most populous States of India. The States that were formed recently (Chhattisgarh 40.9%, Jharkhand 40.3%, Uttarakhand 39.6%) also have among them the highest poverty ratio (Annexures 4.1 to 4.3).

THE ABSOLUTE NUMBER OF POOR

4.4 Over time, while the HCR of the poor fell, the number of the poor barely changed over the last three decades, remaining constant over two decades before falling (3213 lakhs in 1973, 3229 lakhs in 1983, 3204 lakhs in 1993–94) to 3017 lakhs in 2004–05 (Table 4.2). Therefore, number of poor in the country has declined over the last decade (1993–94 to 2004–05) by 1.86.

TABLE 4.2
Number of Persons Below Poverty Line in India (1973–2004)

(in Lakh)

Years	Rural	Urban	Combined
1973	2612.90	600.46	3213.36
1983	2519.57	709.40	3228.97
1993	2440.31	763.37	3203.68
2004	2209.24	807.96	3017.20

Source: Planning Commission.

4.5 In some States, the absolute numbers of the poor in the population has actually increased over the last three decades: in Uttar Pradesh (including Uttaranchal) from 535.7 lakhs in 1973 to 626 lakhs in 2004–05; in Rajasthan from 128.5 lakhs to 134.9 lakhs; in Maharashtra from 287.4 lakhs to 317.4 lakhs, and in Nagaland from 2.9 lakhs to 4.0 lakhs. The total number of poor has also increased in Madhya Pradesh (including Chhattisgarh) taken together from 276 lakhs to 341 lakhs and in Bihar (including Jharkhand) from 370 lakhs to 485.5 lakhs over the same period. There are many States where the number of poor overall has remained roughly constant over the last two decades: Haryana, Himachal Pradesh, Orissa, and Mizoram. However, there are also States that have succeeded in reducing the absolute number of the poor in rural areas over the three decades from 1973 to 2004–05: Andhra Pradesh from 178.2 lakhs to 64.7 lakhs; Karnataka from 128.4 lakhs to 75 lakhs; Kerala from 111.4 lakhs to 32.4 lakhs; Tamil Nadu from 172.6 lakhs to 76.5 lakhs; and West Bengal from 257.9 lakhs to 173.2 lakhs (Annexures 4.1 to 4.3), and Assam and Gujarat to a much smaller extent. These are the relative success stories in reducing the numbers of the poor in India.

4.6 Overall, the number of poor in *rural* areas in the country as a whole has declined from 2613 lakhs in 1973 to 2209 lakhs in 2004–05, i.e., by just 404 lakh people over a 31 year period. That means the rate of decline in the numbers of the poor has been 13 lakhs per year. But in *urban* areas the numbers of the poor has gone on increasing from 600.5 lakhs in 1973 to 808.0 lakhs in 2004–05 (Annexures 4.1 to 4.3); this is hardly surprising since the share of the urban population in India's total population has also gone on increasing, driven partly by rural urban migration.

4.7 The fact that the numbers of the poor have declined in rural areas, and increased in urban areas over the last three decades suggests that to escape rural poverty, the poor migrate to urban areas. In fact, the total number of *migrant workers* in India in 1999–2000 was 10.27 crore—a staggering number. The number of seasonal or cyclical migrants in India may be 2 crore or so. But migration, both rural–rural (from relatively poor to relatively richer States and districts) and rural–urban, has the effect of disenfranchising the poor, leaving them without a safety net. Nevertheless, rural–urban migration will, and should continue; the policy imperative is that migrants are provided the basic social services that all citizens are entitled to according to the Constitution of India.

4.7(a) While the earlier two subsections examined the headcount ratio and the absolute numbers of the poor, it is also useful to examine which States contribute most of India's Poor. Four States account for nearly 58% of India's poor population in 2004–05: Uttar Pradesh (19.6%), Bihar (12.23%), Madhya Pradesh (8.3%) and Maharashtra (10.5%). In 1983, these States (including undivided Bihar and Madhya Pradesh) accounted for 49% of India's total poor population (Annexure 4.1).

Composition of the Poor

4.8 The composition of the poor has been changing and rural poverty is getting concentrated in agricultural labour and artisanal households and urban poverty in casual labour households. Agricultural labour households accounted for 41% of rural poor in 1993–94 as well as in 2004–05. The share of self-employed in agriculture among the rural poor had fallen from 32% to 21.6%. Casual labour households accounted for 62.6% in 1993–94 in urban areas and 56.5% in 2004–05.

4.9 The occupational composition of rural poor varied across the States. In general, in developed States poverty was highly concentrated among agricultural labour households, and in contrast in backward States poverty extended to other occupational groups including self employed in agriculture.

4.10 Among social groups, SCs, STs, and backward castes accounted for 80% of the rural poor in 2004–05, considerably more than their share in the rural population (Working Group on Poverty, Planning Commission, 2006). In 2004–05, while the HCR of the poor in the total rural population was 28.3%, among the SCs it was 36.8%. In urban areas, the HCR overall was 25.7%, but among SCs it was even higher than in rural areas at nearly 40%.

4.11 The proportion of STs population among the rural population living in poverty is high. It is about 15% in 2004–05—double that of their share in the total population of India. For rural population, the incidence of poverty among STs had fallen from 51.94% in 1993–94 to 47.3 % in 2004–05 whereas it had fallen from 37.3% to 27.5% in the total population. In 2004–05, the incidence of poverty among the STs had barely fallen compared to a decade earlier and it was a good 20 percentage points higher for the STs than for the rest of the population.

4.12 The share of poor in the total urban population in 2004–05 was 25.7% but 33.3% of the STs in urban areas were poor. The HCR of the STs (47.3%) is higher than that of SCs (36.8%) in rural areas, but the situation is the other way around in urban areas, i.e., of all STs living in rural areas a higher proportion is poorer than all SCs living in rural areas. On the other hand, of all SCs living in urban areas, more SCs are poor than all STs. In rural areas SCs don't have access to land and therefore are forced to migrate to urban areas more often. On the other hand, STs (unlike SCs) in rural areas have much better access to land, especially in the forested areas, but the quality of that land, and its productivity is low, and yields low incomes. In terms of assets, unlike SCs, the STs have less of a problem in respect to land. Thus, in the total rural population, 63.2% of households held land, and that share was 61.3% for STs.

4.13 In terms of both income poverty and other indicators of human development (such as education and health) the STs are at the bottom. The increasing concentration of the tribals among those who suffer from multiple deprivations is a matter of concern.

Multiple Deprivations of the Poor

4.14 Deprivation of SCs and STs shows itself also in the form of inequalities of wealth. SCs own fewer assets than the rest of the population. Most SCs live in rural areas, where land is the main asset. In the overall population, 60% of the rural households were cultivator households. But SC households are more disadvantaged among rural households; only 47% were cultivators and a quarter of the SC households were agricultural labour households (Table 4.3). About 6% to 7% of the SC households were artisan households. If we examine the value of assets held by social groups in rural areas, we find that in the total population about 12% of the households in the 'Other category' (i.e., non-SC, non-ST, and non-OBC) have assets worth less than Rs 30000; but 22% of rural SCs have assets worth less than Rs 30000. Conversely, only 9% of SC households have assets worth Rs 3 lakh and above, while 37% of households in the 'Other category' (who are not either SC or ST or OBC) hold such assets. This difference in asset holdings becomes sharper in urban areas, with as much as 29% of SC households with assets less than Rs 30000. Only 16.7% of SC households hold assets worth Rs 3 lakh, while 43.5% of 'other households' hold such assets in urban areas.

TABLE 4.3
Percentage of Households by Asset-holding Categories, by Social Group

Social Group	Household Asset-holding (Rs in '000s)			
	Rural		Urban	
	less than 30	300 and above	less than 30	300 and above
ST	23.5	9.1	32.5	20.1
SC	22.1	9.0	29.1	16.7
OBC	13.3	24.4	23.7	28.5
Others	11.9	37.1	20.0	43.5
All	15.9	24.8	23.0	33.7

Source: All-India debt and investment survey, Ministry of Statistics and Programme Implementation, GoI, NSS 59th Round, 2003.

4.15 Land is the most important asset for rural people. Although SCs were 21.6% of the rural households, they held only 9% of the land (Table 4.4). On average SC households barely owned 0.3 ha of land in rural areas. Land distribution was even further skewed against the SCs in urban areas. Other Backward Classes (OBCs) on average held 0.758 ha (or approx. 1.5 acres) per household, although the share of total rural land held by them was comparable to their share in the population.

4.16 With fewer assets, it was also not possible for SCs and STs to borrow (Table 4.5), and thus emerge out of poverty. This is true for both sets of communities in both rural and urban areas.

4.17 SCs and STs have much worse health, education, and nutrition indicators than the rest of the population, followed by OBCs, and others (Table 4.6). While infant mortality rates (IMR) were 49 for Others, for SCs it was 66, for STs 62 and for OBCs 57. Their nutritional status is also worse; the mean body mass index (BMI) for SCs, STs, and OBCs is 5–10% below that for Others, and very close to the cut-off for malnutrition (>18.5). (BMI is a measure of a person's nutritional status [weight for height, measured in kg per square metre, sq m, of height.])

4.18 SCs and STs have Gross Enrolment Rates at primary level which are comparable with the general population (Table 4.7), as they have risen sharply for

TABLE 4.4
Land Owned per Household by Social Group, 2003

Characteristic	Rural				
	SC	ST	OBC	Others	All
Percentage of area of land owned	9.04	11.2	43.5	36.3	100
Average area (ha) owned per household	0.3	0.77	0.76	1.003	0.73
Percentage of households	21.6	10.6	41.6	26.26	100
	Urban				
	SC	ST	OBC	Others	All
Percentage of area of land owned	4.76	3.25	36.8	55.21	100
Average area (ha) owned per household	0.04	0.15	0.14	0.151	0.13
Percentage of households	15	2.91	34.5	47.57	100

Source: Household Ownership Holdings in India, Ministry of Statistics and Programme Implementation, GoI, NSS 59th Round, 2003.

TABLE 4.5
Incidence of Indebtedness by Social Group

Indicators	Rural				
	ST	SC	OBC	Others	All
Average debt per household (Rs)	3205	4641	8288	10437	7539
Debt asset ratio (%)	2.3	3.7	3.1	2.4	2.8
Incidence of indebtedness (%)	17.9	27.1	28.9	25.7	26.5
	Urban				
	ST	SC	OBC	Others	All
Average debt per household (Rs)	9233	7744	11200	13577	11771
Debt asset ratio (%)	3.8	4.2	3.4	2.4	2.8
Incidence of indebtedness (%)	12.2	19.2	21.2	15.3	17.8

Source: All-India debt and investment survey, Ministry of Statistics and Programme Implementation, GoI, NSS 59th Round, 2003.

TABLE 4.6
Health and Nutrition Indicators by Social Groups in 2005–06 (NFHS-3)

Indicators	Rural			
	SC	ST	OBC	Others
Infant Mortality	71.0	63.9	61.1	55.7
Under-five Mortality	94.7	99.8	78.7	68.2
	Urban			
	SC	ST	OBC	Others
Infant Mortality	50.7	43.8	42.2	36.1
Under-five Mortality	65.4	53.8	54.5	42.1
	Total (Combined)			
	SC	ST	OBC	Others
Fertility	2.92	3.12	2.75	2.35
Infant Mortality	66.4	62.1	56.6	48.9
Under-five Mortality	88.1	95.7	72.8	59.2
Nutritional Status				
Mean BMI for Men	19.7	19.3	20.2	20.9
Mean BMI for Women	19.9	19.1	20.4	21.3

Source: National Family Health Survey (NFHS-3), 2005–06, International Institute for Population Sciences, Mumbai.

TABLE 4.7
Gross Enrolment, Dropout at Primary Stage (I–V) by Social Groups, 2004–05

Indicators	SC		
	Boy's	Girl's	Total
Gross Enrolment Ratio (GER)	123.33	106.62	115.30
Dropout Rate	32.73	36.14	34.21
	ST		
	Boy's	Girl's	Total
Gross Enrolment Ratio (GER)	128.06	115.49	121.91
Dropout Rate	42.55	42.04	42.32
	General		
	Boy's	Girl's	Total
Gross Enrolment Ratio (GER)	110.70	104.70	107.80
Dropout Rate	31.81	25.42	29.00

Source: Selected Educational Statistics, Ministry of Human Resource Development (MHRD), GoI, 2007.

all sections of the population in the recent decade. However, their dropout rates, before they complete five years of schooling (a minimum if they are to retain literacy acquired during those five years), are higher than for the general population. ST children are dropping out far more. Thus, we have a serious situation, in that in 2004–05 not only were 29% of the entire nation's children dropping out before completing primary schooling, but the SCs and STs were doing even worse.

Poverty Among Women

4.19 The incidence of income poverty among females tended to be marginally higher in both rural and urban areas. The percentage of female persons living in poor households was 28% in rural and 26% in urban areas in 1993–94, and 29 and 23 respectively in 2004–05. In contrast, the percentage of male persons living in poverty was 27 in rural and 26 in urban areas in 1993–94, and 27 and 23 in 2004–05 . The lower percentage of female persons among the poor despite higher female poverty ratio was due to an adverse sex ratio—which itself is a reflection of the discrimination that women and girls face over their life-cycle. It should be noted that the above measure of gender poverty ignores intra-household inequalities in consumption. There are other dimensions of poverty such as food insecurity, malnutrition, and illness associated more with female members.

4.20 That women are much worse off in terms of most social indicators is quite well known. SC and ST girls are the worst off in terms of most educational outcome indicators. For instance, in the critical age-group of 15–49 years, when women are in their reproductive and most productive years, it is remarkable that 73% of SC women , 79% of ST women , and 61% of OBC women are illiterate. 61% of Muslim women were also illiterate; this percentage is relatively low, only because the rate of urbanization among Muslims is higher than for other social groups.

4.21 The nutritional status of SC and ST women remains a source of worry as well. A good 42% of SC women and 46% of ST women had a BMI less than 18.5, which is seen as the cut-off for malnutrition. The fact that as much as 30% of the 'Other' women were also malnourished clearly indicates that there is a serious problem of under-nutrition among most segments of the population, not just SCs and STs.

POVERTY AMONG CHILDREN

4.22 Child poverty is widespread in India both in rural and urban areas. The percentage of children below 15 years living in below poverty line (BPL) households constituted 39 in rural and 41 in urban areas in 1993–94 and 44 in rural and 32 in urban areas in 2004–05. Among the poor population, the percentage of children increased from 44 in rural and 39 in urban areas in 1993–94, to 46 and 42 respectively in 1999–2000. This rising tendency in the proportion of children among the poor contrasts with the proportion of children in the population which was a constant 44% in rural areas in 1993–94 as well as in 2004–05 and a marginal decline from 39% to 32% in urban areas during the same period. The high and rising level of child poverty is not only linked to a high incidence of child malnutrition, but also undermines their future capabilities and adversely affects equality of opportunity.

MEASURING AND IDENTIFYING THE POOR: A NOTE ON REVISION OF POVERTY LINES

4.23 There are two policy-relevant sets of issues about poverty in the country at present. First, there has been controversy around the measurement of poverty, as presented in the official statistics of the Planning Commission. Second, there are issues around the identification of the poor who are potential beneficiaries of government programmes, as carried out by the Union MoRD. The two are not unconnected, since for some programmes State Governments have to accept the HCR of poor as measured by the Planning Commission.

4.24 There are many unresolved issues regarding measurement of poverty in India and upon the question of poverty line itself, which necessitate a revisit of this entire question. Accordingly, an Expert Group has been constituted by the Planning Commission whose recommendations, hopefully, will provide acceptable measures of both poverty and the population below the poverty line.

4.25 The identification of the poor since 1992 has been done in quinquennial surveys carried by the MoRD. The first one (1992) used income to identify the poor, the second one (1997) used consumption. The third one (2002) adopted a 13-criteria questionnaire giving each criteria equal weightage. This survey has been questioned in the Supreme Court in Public Interest Litigation. Before commissioning a new BPL survey for identification of poor, which is due, there is need to constitute an Expert Group with representatives from States, academics, and civil society and evolve an acceptable criteria and methodology for the forthcoming BPL survey. Suitable adjustments of the district specific and State specific poverty population yielded from this survey should be negotiated with the State Governments so that this number is not out of sync excessively with the poverty as measured by Planning Commission based on National Sample Survey (NSS) data.

DIRECTLY TARGETED POVERTY REDUCTION PROGRAMMES AND THE STRATEGY FOR INCLUSIVE GROWTH

4.26 Given the chronic and multi-dimensional nature of poverty in India, it is imperative that the programmes to address poverty rely on a multi-pronged approach. The preceding analysis has identified that there is a geography of poverty, with poverty being concentrated in the rural areas of certain States. It also pointed out that there is a sociology of poverty, with certain social groups increasingly concentrated among those who are identified as poor. It also noted that there are identifiable occupational features of the poor: they are concentrated in agricultural labour and artisanal households in rural areas, and among casual labourers in urban areas. Casual labourers in urban areas are essentially distress migrants from rural areas in States where agricultural land-man ratio is very adverse, and where agricultural incomes have not been growing—reinforcing the need for both land reforms as well as measures to increase productivity. Accordingly, in the next section, the strategy and programmes directly relevant to the emerging features of poverty groups in India are discussed.

4.27 First, regions which have large number of chronic poor people include tribal in forests concentrated in arid, semi-arid, and sub-humid areas in central and eastern parts of the country. However, in many semi-arid regions, where agriculture is mainly rainfed rather than irrigated, located in the more industrial States of western and southern India, there has been more dynamism. Migration from semi-arid areas may result in improvement of economic conditions for people in the rainfed areas due to better investment opportunities and market functioning compared to the forest-based regions. In forest regions, poor people's access to the resources which are located there in those regions have been limited, and their own low human capital endowment (e.g., low literacy and poor health services) have resulted in their incorporation into labour markets at disadvantageous terms. It is for this reason that the strategies that are needed for each of these agro-climatic regions have to rely upon an area-development approach. This is particularly true of rain dependent water stressed areas, where watershed development has been neglected. Thus watershed development in rainfed agriculture has to take center-stage in the poverty reduction strategy for the Eleventh Plan. Watershed development is discussed in the chapter on Agriculture (Chapter 1, Volume III). Similar initiatives that hold promise to impart dynamism to Backward districts/regions are (i) the Backward Regions Grant Fund, (ii) Border Area Development Programme, and (iii) Hill Area Development Programme. These initiatives are discussed in the chapter on Spatial Development (Chapter 6, Volume I).

4.28 Second, the poor are geographically concentrated in India. They also happen to be in States where a significant proportion of agriculture is irrigated, and not rainfed (and where the land-man ratio is the lowest in the country). In other words, without effective (i) land reforms and (ii) agricultural services, none of these regions are likely to be able to reduce poverty. There is also a need for programmes to modernize land relations in an era of rapid industrialization. We discuss agricultural services in the chapter on Agriculture, as we do land reforms including issues related to alienation of tribal lands.

4.29 Third, dependence on casual labour has grown, and a large proportion of the chronic poor are dependent on wage labour. There has been a steady increase in the share of the Indian population working as hired labour. All of the increase in recent decades has been due to the expansion of the share of casual hired labour. Most of these are SCs and STs. While male rural casual labourers have increasingly worked in the non-farm sector over time, women have increasingly been concentrated in agricultural casual labour and have lost jobs overall, especially in the 1990s. Growth in casual labour was strong among the landless and especially rapid after the 1987 drought. In the 1990s there was an explosion of self-employed people choosing to do subsidiary work as casual labourers. The incidence of poverty among rural casual workers is greatest among non-workers who do occasional casual work and especially among women. Most ST and 40% of SC casual workers are poor, the landless casual workers being the poorest. On an average, women are poorer than men casual labourers. Clearly, this calls for an effective wage employment programme in rural areas, especially focusing on women, of the NREG kind.

4.30 Fourth, the poor have to be enabled to increase their incomes by diversifying away from agriculture, and relying on non-farm sources for at least a subsidiary income. Casual labourers and artisans, especially women, can be brought together through social mobilization to form SHGs, and with credit support, to diversify their sources of income. In certain parts of India (e.g., Kerala, Andhra Pradesh, Gujarat) the success of such efforts have already borne fruit, and it is essential to make sure that this programme goes to scale in the country in regions which need it most—in the eastern and northern parts—where it has hardly taken root.

4.31 Finally, the poor need a safety net, if they are to escape the cycle of inter-generational transfer of poverty. At least 18 million rural people do not have a home over their heads, and the rural housing programme needs to focus on giving a homestead to at least those who are houseless. Homesteads will not only give them a home, but also provide a small plot of land where they can diversify their income by rearing goats and poultry and growing vegetables on the family plot. Similarly, the elderly destitute, widows, and disabled among the rural poor, need social assistance.

4.32 The poor also suffer from low human capital. Household size is closely related to both malnutrition of adults and children, and to the inter-generational transfer of poverty. The directly-targeted poverty reduction efforts of the government will fail in the Eleventh Plan if the quality of public health services and the integrated child development services do not improve, and also if the universalization of elementary education with quality does not happen. However, an inclusive growth strategy that focuses only on human capital formation or directly targeted poverty reduction is likely to fail. The structure of growth and also the pattern of production have to be employment-generating, especially outside agriculture. In other words, the simultaneous focus on a three-legged strategy—economic growth, income-poverty reduction through targeted programmes, and human capital formation—will put India on a sustainable growth path, since there is a recognized synergy between these outcomes.

GUARANTEED WAGE EMPLOYMENT—NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (NREGA)

4.33 Workfare programmes have been important programme interventions in India and elsewhere in developing countries since long. These programmes typically provide unskilled workers with short-term employment on public works. They provide income transfers to poor households during periods when they suffer on account of absence of opportunities of employment. In areas with high unemployment rates and under employment, transfer benefits from workfare programmes can prevent poverty from worsening, especially during lean periods. Durable assets that these programmes create have the potential to generate second-round employment benefits as requisite infrastructure is developed.

4.34 We have a long history and experience in implementing wage employment programmes. However, beginning with Jawahar Rojagar Yojana in 1989, the outreach of these programmes increased significantly as in the period 1989 to 2006, ultimately culminating in NREGA. These wage employment programmes implemented by State Governments with Central assistance were self-targeting, and the objective was to provide enhanced livelihood security, especially of those dependent on casual manual labour.

4.35 Based on the experience of these programmes the NREGA was enacted to reinforce the commitment towards livelihood security in rural areas. The Act was notified on 7 September 2005. The significance of NREGA lies in the fact that it creates a right based framework for wage employment programmes and makes the government legally bound to provide employment to those who seek it. In this way the legislation goes beyond providing a social safety net, and towards guaranteeing the right to employment. The experience with NREGA so far suggests that it is one of the main planks of rapid poverty reduction in the Eleventh Five Year Plan.

4.36 Starting with 200 districts across the country in Phase-I during 2006–07, NREGA was extended to additional 130 districts in Phase-II during 2007–08. From 1 April 2008 onwards the Act will cover the whole of rural India. As a district is notified under the Act, Sampoorna Grameen Rozgar Yojana (SGRY) is automatically merged in the NREGA and would therefore cease to exist with effect from 1 April 2008.

4.37 The objective of the NREGA is to enhance the livelihood security of the people in rural areas by guaranteeing 100 days of wage employment in a financial year to a rural household whose members volunteer to do unskilled manual work. The Act further aims at creating durable assets and strengthening the livelihood resource base of the rural poor. The choice of works suggested in the Act address causes of chronic poverty like drought, deforestation, soil erosion, etc., so that the process of employment generation is on a sustainable basis.

4.38 Employment is dependent upon the worker exercising the choice to apply for registration, obtain a job card, and then to seek employment through a written application for the time and duration chosen by her. The legal guarantee has to be fulfilled within the time limit prescribed and this mandate is underpinned by the provision of unemployment allowance. The Act is thus designed to offer an incentive structure to the States for providing employment as 90% of the cost for employment provided is borne by the Centre, and there is a concomitant disincentive for not providing employment, if demanded, as the States then bear the double indemnity of unemployment and the cost of unemployment allowance. Earlier wage employment programmes were allocation based.

However, NREGA is not supply driven but demand driven. Resource transfer under NREGA is based on the demand for employment and this provides another critical incentive to States to leverage the Act to meet the employment needs of the poor. The delivery system has been made accountable, as it envisages an Annual Report on the outcomes of NREGA to be presented by the Central Government to the Parliament and to the State Legislature by the State Government.

FUNDING

4.39 The Central Government bears the costs on the following items:

- The entire cost of wages of unskilled manual workers.
- 75% of the cost of material, wages of skilled and semi skilled workers.
- Administrative expenses as may be determined by the Central Government, which will include, inter alia, the salary and the allowances of the Programme Officer and his supporting staff and work site facilities.
- Expenses of the National Employment Guarantee Council.

4.40 The State Government bears the costs on the following items:

- 25% of the cost of material, wages of skilled and semi skilled workers (as a ratio of 60:40 is to be maintained for wages of the unskilled manual workers and the material, skilled/semi-skilled workers' wages, the State Government has to bear only 25% of the 40% component, which means a contribution of 10% of the expenditure).
- Unemployment allowance payable in case the State Government cannot provide wage employment on time.
- Administrative expenses of the State Employment Guarantee Council.

KEY ISSUES

4.41 The key issues that require focus in the Eleventh Plan so that NREGA can be optimally realized for supplementing wage employment opportunities are briefly highlighted here.

(i) Articulation of Demand for Employment

4.42 Since NREGA is a right-based programme, articulation of demand by the rural poor is the basic premise of its operation, especially if wage seekers are not literate and not organized. Generating awareness among local rural communities through Information, Education, and Communication becomes critical for enabling the rural poor to articulate demand. States have forged a variety of methods for communication and social mobilization that include preparation of communication material on NREGA processes in simple local language, one day orientations of sarpanches/ward members, convening gram sabhas, using district teams for village level interactions, local vernacular newspapers, TV and radio spots, pamphlets and brochures, local cultural forums, information counters on local market days, village information wall, fixing a Rozgar Day in a week, and establishing a helpline. Full knowledge of the rights that NREGA confers to the rural poor is the most important prerequisite to enable them to seek employment as per their choice of time and duration.

(ii) Preparing a Labour Budget, Annual Shelf of Projects, and Perspective Plan

4.43 The Act guarantees providing employment within 15 days of demand and the instrument for providing employment is unskilled manual work selected from the list of permissible works. This legal guarantee has implications for the way in which works have to be planned. A Labour Budget as stipulated under the Act is required to be prepared to facilitate advance planning, whereby districts estimate their labour demand for the ensuing financial year by December-end. The National Guidelines indicate the way in which the annual shelf of projects may be prepared to meet the estimated labour demand. Districts have attempted to prepare shelves of projects to keep a list of works ready to meet employment demand. Greater precision in planning works has been suggested through assigning a unique location code to each work and mentioning the plot numbers of the sites where works are to be executed. Estimated benefits in terms of person days need to be assessed, so that the employment expected to be generated through the works planned may be clearly matched with the estimated employment demand. Physical improvement envisaged (land/water conservation etc.) has to be quantified so that the focus remains on creating durable and productive assets that support further self sustaining employment. Displaying the list of approved works at the GP Office and the details of works taken up on the work site has been stipulated so that the workers know the work opportunities locally available.

4.44 National Guidelines lay down the broad principles of preparing a Five Year District Perspective Pan that must have the following components viz., village mapping of natural resources and social infrastructure, identification of gaps and works that can be taken up as per NREGA permissible list, assessment of works that respond to what local people want, what will build a livelihood base to enable them to move out of NREGA to sustainable employment, and assessment of labour demand.

4.45 The planning capacity of the PRIs and district level functionaries needs to be strengthened to infuse the Plans with a long term vision of sustainable livelihoods.

(iii) Record of Work Done and Payment of Wages

4.46 The legal guarantee of the Act mandates that wages due to workers be paid within 15 days of work completion. This requires that a fair record be maintained for the work done. To ensure that authentic muster rolls are used, numbered muster rolls are to be issued for each sanctioned work by Programme Officer and maintained on the work site by the executing agency. Muster rolls must mention Job Card numbers of workers, days worked, quantum of work done, amount paid and must have space for recording inspections. Muster rolls should be read out on the work site during measurement and wage payment to prevent bogus records. Entries of the muster roll should be correspondingly recorded in the job cards of the workers. Updating of muster roll data at the Block level computers in a 15-day cycle needs to be ensured. Regular measurement and supervision of works should be done by qualified technical personnel on time. There is a need for stricter compliance of all the provisions of the Act so that payment to the labourers can be made in time.

(iv) Vigilance and Transparency

4.47 NREGA places a strong emphasis on vigilance and transparency. A web enabled management information systems (MIS) *www.nrega.nic.in* has been developed that seeks to place all information in public domain. It is a household level database and has internal checks for ensuring consistency and conformity to normative processes. All critical parameters get monitored in the public domain.

4.48 The field verification of NREGA processes is through external and internal agencies and the feedback is shared with the States for follow up. Independent concurrent studies have also been taken up. Monitoring at the State level needs to be strengthened and States are expected to ensure 100% verification at block, 10% at district, and 2% at the State level especially of works muster rolls, and records. Guidelines for muster roll verification have been evolved and need to be rigorously followed. The setting up and training local vigilance and monitoring committees is also required for bringing in lateral transparency.

(v) Public Accountability

4.49 The Act contains specific provisions for public accountability. This has to be accomplished through the provisions made in the Act and guidelines regarding Right to Information, proactive disclosure of information, and a transparent social audit process.

4.50 The Right to Information should be followed in both letter and spirit in all matters relating to NREGA as stipulated in Section 4 and Schedule I, Para 17 of the Act.

4.51 The Section 17 of NREGA provides for social audit of all works in a GP by the Gram Sabha and the GP has to provide records for social audit. This necessitates a need for creating capacity for social audit among officials, GP members, and the Gram Sabha. A significant feature here is the active role played by civil society organizations in facilitating social audit processes in partnership with State Government as well as independently.

(vi) Grievance Redressal

4.52 Enforcement of the right to employment requires setting up an effective grievance redressal system. The Act vests the responsibility for grievance redressal with the Programme Officer. To ensure prompt grievance redressal certain basic arrangements must be ensured, such as setting up a grievance redressal cell at the Programme Officer/District Programme Co-ordinator (DPC) offices, preferably with a toll free helpline. The Programme Officer and DPC must review the disposal of complaints on a monthly basis and the persons concerned must be informed.

(vii) Strengthening Administrative Systems

4.53 Technical Resource Support Groups are required to bring in multidisciplinary professional expertise in MoRD, to provide resource support in critical areas, inter alia, assisting the Ministry in formulating and codifying standard operating procedures for setting measurable outcomes, for laying down standards of programme delivery, for designing appropriate management information systems (MIS) for monitoring programme outcomes. They would also carry out training needs assessment for capacity building at the State, district, and sub-district level and formulate the framework for training and capacity building at various levels.

4.54 Another issue critical to strengthening administrative systems pertains to training of different stakeholders. The requirements of training are considerable at all levels and include functionaries, PRIs and the local vigilance committees. The challenge is to design training programmes calibrated in content and process according to different target groups and to manage large scale training needs without compromise on quality.

(viii) Financial Management

4.55 A non-lapsable Central Employment Guarantee Fund has been set up to ensure that availability of funds match working season demands. Districts have dedicated accounts for NREGA funds and submit their proposals based on clearly delineated guidelines so that funds may be devolved efficiently at each level, and adequate funds may be available to respond to demand.

4.56 The funds are released on the basis of demand for employment received in a district and are based on an appraisal of both financial and physical indicators of outcomes. To meet the norms for fund release, districts need to strengthen their capacity for both preparing a Labour Budget to project an annual requirement of funds based on an estimation of labour demand, and undertake rigorous monitoring of funds spent and the physical outcomes to track current trends of employment generation, so that adequate funds can be demanded and deployed efficiently.

Road Ahead

(i) Empowering Workers

4.57 NREGA is a right-based statute and its effectiveness lies eventually in the extent to which wage seekers can exercise their choice and assert their rights to claim entitlements under the Act. The issues involved in empowering workers are in the range of enhancement of knowledge levels, development of literacy skills, organizing workers, and enhancing social security levels of workers. Opening savings accounts of workers' in banks and post offices that has been initiated needs to be supported on a larger scale so that thrift and small savings can be encouraged among workers. The inclusion of NREGA workers under the cover of various life and health insurance schemes will also raise their security thresholds.

(ii) Linkages with Other Development Programmes

4.58 Empowerment of workers and creation of durable assets depend to a great extent on the linkages between NREGA and other development programmes. Linkages with human development programmes such as National Rural Health Mission (NRHM), National Mission for Literacy and Elementary Education, and other livelihood and infrastructure initiatives are needed to ensure basic human entitlements to the workers and to strengthen the natural resource base of livelihoods. The full potential of the kind of works permissible under NREGA can be tapped if planning for these works is coordinated with other development projects, for example watershed management, agricultural pro-grammes, horticultural projects, etc. Initiatives for NRM also need to be dovetailed with income generation projects to enable workers to move from wage employment to self-sustaining employment.

(iii) Exploring the Possibility of Other Works

4.59 The list of permissible works under NREGA recognizes the possibility of a need arising for works other than those specifically indicated in Schedule I which may be notified by the Central Ministry in consultation with the States. The Ministry may consider formulating guidelines for the States that may enable them to identify other works in conformity with the general principles of the Act and the rationale for them.

4.60 The allocation for the Eleventh Plan (at current price) is tentatively provided at Rs 100000 crore. However, since NREGA is a demand driven programme and the government is legally bound to provide employment mandated under the act, this figure is only indicative.

SELF-EMPLOYMENT—SWARNJAYANTI GRAM SWAROZGAR YOJANA (SGSY)

Rationale

4.61 Persistent efforts made by the government to fine-tune the self employment programmes during various Plan periods, especially oriented towards improving the implementation quality, yielded some new concepts that emerged at various times and got consolidated. The need to integrate the cluster approach, capacity building, skill upgradation, infrastructure including marketing development and technology penetration were felt more acutely with every passing year. Emphasis also was necessary to be laid on micro enterprise development with effective forward and backward linkages, so as to ensure best returns on the investment. Therefore, the SGSY was launched with effect from 1 April 1999 to bring the assisted poor families above the poverty line by ensuring appreciable sustained level of income over a period of time. This objective was to be achieved by organizing the rural poor into SHGs through the process of social mobilization, their training and capacity building and provision of income generating assets. The SHG approach helps the poor to build their self-confidence through community action. Group processes and collective decision were to enable them in the identification and prioritization of their needs and resources. This process would ultimately lead to the strengthening and socio-economic empowerment of the rural poor as well as improve their collective bargaining power.

4.62 The SGSY is, by design, meant to create widespread income generating activities, through the empowering mechanism of SHGs, where group dynamics are expected to compensate for the basic weaknesses of the individual rural poor and present them as credit worthy and financially accountable units. The system of grading the SHGs through a rigorous process is expected to separate the more vibrant of the SHGs and eventually give them a capital subsidy assistance so that they undertake self-employment oriented livelihood opportunities.

4.63 The SGSY scheme has been successful in delivering the outcomes in terms of poverty alleviation wherever capacity building and beneficiary mobilization have been carried out. Thrift, multiple lending, participatory process of identification, and pursuit of economic activities have succeeded in States like Andhra Pradesh, Tamil Nadu, and Kerala substantially because the basic processes had been grounded.

4.64 The higher performance parameter of multiple lending and increased quantum of lending have been achieved in States like Andhra Pradesh due to the SHGs having been federated at different levels from the village to the district. With the emergence of a well federated organizational base, the SHG network has been observed to acquire dynamism and versatility in activities in States like Kerala and Andhra Pradesh. There have been diverse models of Self Help in various parts of the country, most important among them being the Kudumbashree in Kerala with active linkages with the PRIs, and the AP model that relies on the fulcrum of federations of SHGs that have grown into organizations of the poor. The NABARD also sponsors SHGs.

Key Issues

4.65 The SGSY is being implemented since 1999. Close to 2.6 million SHGs have been formed under the SGSY since its inception. Of these SHGs 16 lakh have already crossed the Grade-I stage. About 8 lakh SHGs have passed the Grade-II stage and of them, slightly less than five lakh SHGs have taken up economic activities. About 60% of the Grade-II SHGs have taken up economic activities, the balance number waiting for financial assistance. Of the nearly Rs 25000 crore credit flow targeted under the programme, less than 50% has been achieved. SHGs have several in-built strengths, most of which are intangible, such as group cohesion, enhanced ability for articulation of common demands, better and efficient use of available local resources, etc. While it would be necessary to work on the strengths of the SHGs, it is equally necessary to learn the lessons from the experience of implementing the SGSY over the past eight years. There are several issues—some conceptual ones pertaining to larger aspects of the programme, such as the role and utility of the subsidy component, and some programme specific second generation issues such as forming federations, provision of interest subsidy, social mobilization issues, etc. Some such issues are highlighted below:

- Diverse views are being expressed in various quarters about the relevance or otherwise of subsidy-driven programmes. A rational response would have to be found for such positions. Subsidy is a form of support to the poor and stopping it entirely would be unwarranted. However, the idea of directing the subsidy flows properly and to examine if there was any case for putting conditionalities to the system of subsidy flow so that the targeted populations are better served, merits examination.
- The number of SHGs formed under the SGSY is very large, but there is a feeling about whether such large numbers mean anything from the point of view of poverty alleviation. Agencies such as NABARD, Small Industries Development Bank of India (SIDBI), and Rashtriya Mahila Kosh (RMK), and Ministries such as Women and Child Development have their own models of SHG formation and their sustenance. Some State Governments such as Andhra Pradesh and Kerala have their own models. There is therefore, a need for placing the SGSY programme on this large canvas and fitting it in the broader context of the SHG movement of the country.
- There is tremendous shortage of manpower in the area of technical support for rural development. Andhra Pradesh continually engages about 6.00 lakh SHGs through a separate structure, Society for the Elimination of Rural Poverty that has independent units that deal with Risk Mitigation, Food Security, Micro Finance, Institution Building, Marketing, and Livelihood Promotion. At the district level too they have equivalent units that go upto the Mandal level. The dedicated institutional machinery seems to have made a difference. There is a case for similar efforts from other States as well.
- Going by the experience of the States like Andhra Pradesh, Kerala, and Tamil Nadu, federating the SHGs appears essential for improving the bargaining power of the SHGs and better sustainability of the SHG movement. Encouraging the inter-state, inter-district networking of the SHGs/SHG Federations for marketing of the SHG products would be the next step. Current institutional arrangements for social mobilization and livelihood generation are somewhat limited in scope. Therefore, a mission mode approach to enhance facilitation, institutional building, and hand holding support to SHG movement is required over a long period of time to secure sustainability of SHGs and their apex organizations. The social mobilization aspect of the SGSY programme has hitherto not been given due attention. Social mobilization is both a means and an end in itself. Expansion of political rights of the mobilized poor will have tremendous intrinsic value, not always measurable. A few of the SHGs that acquire the characteristics of good entrepreneurs may be encouraged to become entrepreneurs. SGSY is actually lagging behind in keeping pace with the SHG movement sweeping the country.
- Credit is a very important issue. It would be necessary to enhance the credit flow to the SHGs in a more creative manner than what has been possible so far. The credit achievement, in terms of the total volume as well as the rate of flow, in Andhra Pradesh model seems to be much higher than the national achievement. An issue that requires to be looked into is also the possibility of introducing interest subsidy as an alternative to the capital subsidy. There are no two opinions about the utility of financial intermediation for making the lending under the programme cost effective for the banks. Federations of SHGs having their own corpus can work as intermediaries. An investment on making the SHGs credit-worthy cannot be wished away. In terms of

priority, saving followed by risk mitigation and then credit would be the natural sequence for financial intervention. Federations acting as financial intermediaries is a high skill activity and it is essential that investments are made on enhancing the skill base of the Federations. There is a need to promote institutional partnerships between the SHGs/Federations with the bankers. Enhancing the credit flow to the poor may call for grounding several strategies and partnerships and not just one. The country is also on the threshold of a major initiative for micro finance. Again, there are diverse views on the role, utility, and relevance of micro finance in poverty alleviation. The issue of harmonizing the SGSY and the micro finance models also requires to be looked at.

- New areas are emerging in view of the changes in the economy due to liberalization, privatization, and globalization. It may not be possible for the SGSY, a pure self-employment programme to capture all the aspects of poverty. Purely from a family's economic security point of view, BPL families might want to have at least one wage earner among them, so as to provide the requisite certainty to their family incomes. In such a situation there may be a case for introducing a placement-oriented skill enhancement model for youth as a sub-set of the SGSY. This programme will be a hybrid of the wage-employment and self-employment programmes.
- Special projects of the SGSY, that were expected to ground innovative and alternative ways of reducing poverty do not seem to have actually made much difference. The higher quantum of subsidy available through special projects appeared to have driven large number of projects. Often activities proposed are eligible to be funded by different schemes of the line departments of the concerned sectors. Even then funds are sought in the project proposals through special projects. States and other agencies follow up proposals vigorously till the sanction of the project and thereafter virtually no monitoring of projects seemed to have been undertaken. Of the 231 special projects that have already been sanctioned, only about 29 have been completed. Due to the indifferent performance it does not appear that there is a case for continuing with the special project component under the SGSY. There have been very wide inequities in the sanction of special projects among the States so far.

THE WAY FORWARD—STRATEGY FOR THE ELEVENTH PLAN

4.66 Eleventh Plan strategy for SGSY would have to necessarily take the best out of what has evolved in the Self Help movement across the country over the last few years and integrate it with the programme. Likewise a few aspects of the SGSY programme that have failed to give the desired results require a fresh look and if necessary, dropped.

4.67 One of the most important aspects that requires examination is the institutional mechanism that had been erected to undertake the poverty alleviation programmes. The District Rural Development Agency (DRDAs) in their current form and content do not appear to have the requisite wherewithal to handle a complex issue such as poverty. The current administrative setup at the national level is unequal to a large task such as poverty elimination across the geographical and social complexity and it requires a different order of involvement of the MoRD. It is therefore, necessary to set up a National Agency outside the ministry to manage the National Rural Poverty Elimination Programme to achieve the objectives of the programme meaningfully and comprehensively. The need for setting up a national level agency with a flexible administrative structure, for better planning, organizing, and coordinating the poverty elimination effort cannot be overstated. The national level organization will be the intellectual backbone and provide requisite technical expertise and capacities, while the ones at the level of the State Governments will be the functional bodies. These organizations would have to be manned by people with an active commitment to poverty alleviation as well as an undertaking from the States to assure minimum tenures to the officials prior to making any funding arrangements, if necessary, through a MoU. The administrative set-up could essentially be a society attached to the MoRD. The national organization will co-ordinate with the poverty elimination agencies established by the State Governments for implementing the SGSY in its revised form. It will also be the agency to document and be the clearing house for the best practices with respect to the poverty elimination programmes and strategies of the country. It should devolve funds to the State Governments based on rational formulae, evolving and working out the MoUs with the State Governments for the implementation of the poverty elimination programmes. The national and State level organizations so created will systematically address the key subjects of poverty alleviation like livelihood generation, capacity building, skill upgradation, credit, and international assistance .

4.68 Considering the experiences and lessons learnt from various development projects, the revised SGSY programme should aim at promoting and strengthening member-owned, member-controlled, and member-managed institutions of the poor that enable them to secure sustainable livelihoods and better quality of life. These institutions should provide a wide range of services to their members as per their demand. The revised SGSY should promote and nurture a large cadre of activists and leaders from the poor for providing support services to the institutions of the poor on a sustainable basis. The approach for organizing the poor stems from the conviction that there is an immense desire and latent capability among the poor to come out of poverty. They have a tremendous potential to help themselves and the potential of each member can be harnessed by organizing them. Social mobilization enables the poor to build their own organizations in which they participate fully and directly and take decisions on all issues concerning poverty elimination.

4.69 The current mechanism of fund flow to the SHGs through a graded system requires a comprehensive review. The current scheme allows a Revolving Fund entitlement of upto Rs 10000 for the Grade-I SHGs, that will also entitle them to draw cash credit from a financial institution. The rate of attrition between the Grade-I and II indicates that a large number of SHGs fizzle out mid-way after availing the Revolving Fund. Further, the SHGs that have cleared the Grade-II stage seem to wait for long periods before getting an opportunity to avail the subsidy assistance. Close to 3 lakh such SHGs are waiting in the wings for such assistance. The overall credit achievement under the programme is abysmally low. The overall credit targets are achieved only by about 50%. More importantly in a capital subsidy mechanism there is little scope to leverage higher credit flow because of the subsidy entitlements. The volume of credit extended to SHGs in one State, Andhra Pradesh, alone is higher than the national credit achievement under the SGSY. This calls for serious scrutiny.

4.70 The SHGs can be further strengthened and stabilized by federating them at, say village or cluster of villages or block level depending upon the number of SHGs and their spatial distribution. The federations shall be formal organizations registered under the most appropriate Acts (Societies Registration Act, State Cooperative Act, Trust, Mutually Aided Cooperative Societies Act, or Mutual Benefit Trust) that exist in the State. The second tier of Institution Building phase is the federation of SHGs either at village or at cluster of villages' level. The Village Level Federations (VLFs) are vital for demonstrating solidarity, initiating collective action on various poverty related issues and reducing dependency on the external agency for information, technical support and resolving conflicts. The VLFs provide a forum to voice the problems of the poor in the village, exchange of experiences including flow of information from various government departments, and raises resources required to take up the appropriate development interventions in poverty reduction. It generates income by collecting share capital, membership fee, savings, interest margins and penalties, and become financially sustainable in a period of 3–4 years. Based on the proposals of the VLFs, the district level agency sanctions fund for on-lending to SHGs. Once the VLFs attain a certain level of maturity, the Block Level Federation is promoted. The Block Level Federation provides solidarity to all the VLFs and SHGs. It plays a vital role in bringing all the BPL families into the SHG fold, building the capacities of the SHGs and VLFs, framing required policies and ensuring the quality of institutions, etc.

4.71 However, in order to strengthen the existing programme an effort should be made to graduate the allocations in such a manner that all further increases in the allocations to the SGSY should be based on demand-driven model, with attendant commitments of the State with respect to erecting institutions of the poor, dedicated implementation machinery and adhering to the framework provided by the national level agency. The current allocations to the SGSY can taper off over the balance Plan period so that at the end of the Plan period the new model will be firmly in place.

4.72 To capture the opportunities that are emerging in the economy due to the processes of globalization and liberalization, it will be necessary to launch a new sub-set of the SGSY—that can be known as the placement-linked skill enhancement programme. The Ministry's experience of the Reddy's Labs initiative of the SGSY and more recently with the Infrastructure Leasing and Financial Services (IL&FS), are worthy models for institutionalization and systemic action. The sectors that can be looked at are Textiles, Leather, Gems and Jewellery, Retail Chains, etc., where there is a shortage of supply of trained labour. Skill formation, by use of in-house programmes, evolving specific curriculum, independent accreditation, and placement are the essential components of this process. It is suggested that a definite component of the skills programme be included in the revised SGSY programme.

Rural Housing for the Houseless

4.73 Housing is a basic human need. A roof over her head endows a shelterless person with an essential asset and improves her physical and mental well-being.

4.74 The importance of housing has been acknowledged and housing as a human right was recognized way back by the Universal Declaration of Human Rights adopted by the General Assembly of the United Nations on 10 December 1948. Article 25 of this declaration states: 'Everyone has the right to standard of living adequate for the health and well being of himself, and his family, including food, clothing, housing. . . .'

4.75 Article 11 of the International Covenant on Economic, Social and Cultural Rights, 1966 also required the States Parties to the Covenant to recognize the right of everyone to an adequate standard of living for herself and her family, including adequate food, clothing, and housing and to the continuous improvement of living conditions. It further asked the States Parties to take appropriate steps to ensure the realization of this right.

4.76 India also embarked on the path of making 'housing for all' a reality. The conference of Chief Ministers, 1996 recommended the Basic Minimum Services (BMS) Programme. One of the seven BMS requiring priority attention was 'Provision of Public Housing Assistance to all shelterless poor families'. Consequently, the BMS programme became part of Ninth Five Year Plan and concerted efforts in a focused manner were initiated to make these basic services accessible to every one. Later, the National Housing and Habitat Policy, 1998 stated that the ultimate goal of the policy was to ensure 'Shelter to all' and better quality of life for all citizens.

Indira Awaas Yojana (IAY)

4.77 Though the earliest housing programme taken up by the GoI was for rehabilitation of refugees immediately after the partition of the country, the government started implementing its major housing scheme of IAY as an independent scheme only from 1 January 1996.

4.78 In the present form, IAY is one of the very popular schemes of the MoRD and has caught the imagination of the rural people. The popularity can be attributed to the fact that the scheme enables beneficiaries to participate and involve themselves in construction of their home. The role of the State Government is confined to mere facilitating use of local, low cost, environment-friendly, and disaster-resistant technology and also in encouraging construction of sanitary latrine and smokeless *chulha*. There is no prescribed design or technology and no contractors are involved. Funds are released in installments directly to the beneficiaries and there is no credit portion as part of the assistance which enable timely release of funds. The beneficiaries construct the houses as per their own choice of design, technology, and requirement. Not surprisingly, evaluation studies reveal high levels of occupancy and satisfaction.

4.79 In spite of criticism from certain quarters about IAY being a full subsidy scheme, experience reveals that houses get completed more or less on time which may not have been the case if credit was part of the assistance. Moreover the unit assistance of Rs 25000 per dwelling in the plain areas and Rs 27500 in the tribal and hilly areas is not adequate and beneficiaries have to contribute at least by way of their own labour for completion of the house. This participation makes the scheme even more meaningful.

4.80 The funds for the IAY scheme are shared between the Central and the State Government in the ratio of 75:25. The Central budget is allocated to the States based on a 75% weightage to housing shortage and 25% weightage to poverty ratio. Similarly the district allocation is based on a 75% weightage to housing shortage and 25% to the share of SC/ST population. To introduce transparency, the selection of beneficiaries which was being done through the gram sabhas is now expected to be from the permanent IAY waitlists. These lists are prepared based on the ranking given to families as part of the BPL Census 2002. Further, 60% of the IAY funds are earmarked for SC/STs, 3% for persons with disability, and 15% for minorities. It is expected that all houses will be sanctioned in the name of women or jointly with the husband. These provisions have enabled effective targeting of the weaker sections and the scheme has succeeded in empowering the poorest.

Adequacy of Houses and Tackling Shelterlessness

4.81 Based on building materials used for construction of structure, houses have been classified as per Census 2001 as *pucca* houses (the walls and roof of which are made of permanent materials), semi-*pucca* houses (either the wall or the roof is made of permanent material and the other is made of temporary material), temporary house (both walls and roof are made of materials which have to be replaced frequently), serviceable temporary houses (wall is made of mud, unburnt bricks, or wood), and non-serviceable temporary houses (wall is made of grass, thatch, bamboo, plastic etc).

4.82 Trends indicate that share of pucca houses has increased. However, *kutcha* houses account for 26.5 million, and the next important cause of shortage is congestion (10.18 million houses).

4.83 For the Eleventh Plan, however, focus could be on targeting the poorest of the poor as far as IAY is concerned while targeting the remaining shortage with other interventions. Hence for the purpose of IAY the shortage emerging due to factors of (i) houseless, and (ii) unserviceable kutcha house could be tackled. With these factors, the estimate of housing shortage for 2001 stands at 148.6 lakh houses and for 2007 at 159.5 lakh houses. Hence a target of constructing about 150 lakh houses under IAY needs to be fixed for the Eleventh Plan.

KEY ISSUES AND STRATEGIC INTERVENTIONS

IAY

(i) Selection of Beneficiaries

4.84 Though selection had to be done by the gram sabhas, studies have revealed that 25% to 50% of the beneficiaries are not being selected through the gram sabhas. Further, the selection as well as allocation among Panchayats has been influenced by the PRIs/MLAs. The vocal and active segments of beneficiaries influence the selection process because of the limited allotment under IAY. In the process, the poorest among BPL households are left out, and non-BPL families also get selected for the IAY houses. Besides, collection of illegal gratification of selection by PRIs is a common complaint often heard at the field level, as brought to light by the several studies. Moreover, only beneficiaries who have house-sites are selected and thus, the very poor who do not have a plot of land get out from the purview of the scheme. This is a serious problem, since these are the people who are the most vulnerable. Some 8 million of the 14 million houseless are actually those who have no land, or live on homes located on land belonging to others (e.g., landlords, public land, etc.). The focus of the IAY programme must be on the houseless (e.g., such communities as the Saharyas, Musahars, the so called de-notified tribes, those living on canal bunds or roads, and other such who are seen to be at the bottom of the social ladder.

4.85 A more accurate targeting may result by the preparation of permanent IAY waitlists. These waitlists have to be based on scores given to families as part of

BPL Census 2002. This can bring about more transparency and tackle the problem of illegal gratification. Regarding provision of plots and homesteads for the landless both State Government and Panchayats have to be encouraged to play a major role. State government need to be incentivized and Panchayats have to be appropriately empowered.

(ii) Adequacy of Unit Cost

4.86 Inadequacy of cash assistance for construction has resulted in poor quality of house, non-fulfillment of requirements of the disaster-prone areas, and debt trap on account of the beneficiaries having to borrow funds to complete the construction of a pucca house. Several examples have been reported of poor quality of construction, sagging foundation, use of temporary materials for roofing or leaving the construction incomplete because of inadequate finance. Even after contributing their labour and borrowing from local sources, a significant number of families are not able to complete the house in all respects, and most houses remain without plastering or flooring.

4.87 There is an urgent need to increase the unit cost from the present level of Rs 25000 for plain areas and Rs 27500 for hilly areas.

(iii) Structural Facilities and Provision of Infrastructure

4.88 Studies have revealed that only about 50% of IAY houses have sanitary latrines and even a lesser percentage have installed smokeless chullas. This is a serious problem. Over a million women and children not only suffer from upper respiratory tract infections due to inhaling of indoor smoke but many die as a result. In addition, India is one of the countries in the world with much of its population not having access to sanitary means of excreta disposal (despite the existence of TSC, another CSS, which is part of the Bharat Nirman set of pro-grammes). Houses built as part of the Central Government's own programmes, like IAY, need to succeed in building of smokeless chulhas and of sanitary latrines.

4.89 The quality of life may not improve despite the construction of new houses unless there is provision for infrastructure. There is a need to provide a minimum level of infrastructure such as internal road, drainage, water supply stand post, along with the provision of houses by way of convergence of schemes.

(iv) Ownership Issues

4.90 It is found that the title of the house site tends to be in the name of the male member of the household. Hence the benefit to accrue to women by allotment of the scheme is restricted only for the purpose of the scheme sanction. Some effort to ensure clear cut ownership in the name of women needs to be made.

Other Strategic Interventions

4.91 Other than the IAY, the States have rural house construction programmes usually targeting the poor. While IAY can focus on eliminating the backlog of houselessness and temporary and unserviceable houses in rural India, the States should take responsibility for addressing any emerging needs. It is necessary to have the right kind of interventions so that the programme objective of tackling shelterlessness is achieved within the target time. Hence, the following strategic interventions are suggested:

- Encourage primary lending institutions to enhance their credit flow to the rural population and actively involve the existing institutional mechanisms of SHGs and micro finance institutions to extend loans to the rural population.
- Encourage new, flexible financial products through commercial banks geared to payback cycles of rural families to bring about a higher degree of inclusivity in institutional lending for rural housing.
- Encourage small and medium developers to take up housing in rural areas through a mix of fiscal incentives and business volumes after necessary environment and social impact assessments and clearances from the PRIs.
- Create institutional mechanisms to address the higher risk perception in rural areas.
- Consider housing at par with rural infrastructure as far as funding and concessions are concerned, in order to encourage investments in the sector.

4.92 Based on the aforementioned multidimensional approach and strategic interventions, specific initiatives can be taken up, as listed below.

- The IAY funds are being released directly to DRDAs for further disbursement. But it has been observed that there is no uniformity in disbursing the amount to the beneficiaries. To streamline the process as well as also speedy disbursement to the beneficiaries which may also speed up physical progress, implementing agencies of IAY at district level may be advised to disburse the amount directly to beneficiaries by depositing in bank accounts as far as possible.
- To ensure transparency and fair selection of beneficiaries, all State Governments have either finalized or are in the process of finalizing permanent IAY waitlist in such a manner that the poorest of the poor get the top slot. Further, implementing agencies should introduce the system of social audit to ensure proper utilization of funds and to make the system leakage proof. In addition to this the database of the IAY beneficiaries may also be prepared by the States and put on the website for information of IAY beneficiaries.
- It is gratifying to note that many State Governments are already implementing State-run schemes to supplement the efforts of the Central Government to provide houses to the poor. Still the gap between the demand and supply is huge. Hence to cover up the shortage of houses for the rural poor, the States which do not have State-run schemes may be incentivized to have their own State-run schemes.
- Even though 164.00 lakh houses have been constructed under IAY till date to provide shelter to the poor, still the poorest of the poor may fail to take benefit under the scheme because of their being landless people in the rural areas. To ensure social and economic equity, it is necessary to reach out to these people. State should acquire land and distribute homestead plots. Funds for this may be provided by the government.

National Rural Housing Consortium

4.93 A consortium could be created comprising nodal organizations such as National Housing Bank (NHB), NABARD, nationalized and premier commercial banks and apex microfinance institutions to provide equity and debt for rural housing for small and marginal farmers, small village artisans, self employed, etc. MoRD could play the role of a Key Facilitator.

Incentivizing Lending Institutions

4.94 Presently, Housing Finance Companies (HFCs) registered with NHB are allowed to create a Special Reserve to the extent of 40% income earned through long term mortgage financing (mortgage loans for more than 5 years) under Section 36(1) (vii) of the IT Act. This fiscal incentive is, however, not available to banks, who are presently the leaders in the housing finance market. At present, the rural housing loan portfolios of banks and HFCs, comprise only 10–12% of their total housing loans. There is need to incentivize these institutions to increase their lending in rural areas. It is, therefore, proposed that the limit under this provision should be increased from the present level of 40% to 60% for HFCs, banks, and NHB. The additional 20% provisions will exclusively be for lending in rural areas. It is proposed that banks may also be allowed to create the Special Reserves on the lines of HFCs for long term mortgage financing in rural areas. This will encourage banks and HFCs to aggressively lend for housing in rural areas. SHGs and micro finance institutions (MFIs)could also be encouraged to be actively involved in extending housing loans.

Role of HUDCO

4.95 Housing Urban Development Corporation (HUDCO) started its rural housing activity from 1977–78 by extending assistance for construction/upgradation of rural houses. As part of its commitment to rural housing, HUDCO makes available financial assistance to State Governments and their agencies like Housing Boards, District Taluka, and Panchayat Development Boards nominated by the State Government for undertaking housing schemes with its assistance.

4.96 HUDCO's normal rural housing programme by and large caters to Economically Weaker Sections (EWS) (with a monthly household income less than Rs 2500). In rural areas, the three types of schemes financed by HUDCO include:

(i) EWS rural housing schemes for landless persons,
(ii) EWS rural housing schemes for land owning persons and,
(iii) The village abadi scheme including house repair.

4.97 Under the first two schemes, the cost ceiling per dwelling unit is Rs 60000. The maximum extent of finance is 90% of the project cost or Rs 40000, whichever is less. Under the first scheme HUDCO supplements effort of State Governments to provide free house sites by extending loans at low interest rates. The third scheme envisages improvement of existing houses as well as environmental improvement of surrounding areas by providing for sanitation, drainage, water supply, link roads, etc. Most of the HUDCO's sanctions pertain to the second scheme.

4.98 Over the last 28 years, HUDCO has sanctioned 2472 schemes with a loan amount of Rs 5807 crore for construction of 86.11 lakh dwelling units in various States in the country (as on 31 March 2006). There is an urgent need to strengthen the role of HUDCO and provision of its services to enhance construction activity in rural areas, especially to cater to EWS.

4.99 The allocation for the Eleventh Five Year Plan (at current price) is tentatively provided at Rs 26882 crore.

Social Protection—National Social Assistance Programme (NSAP) and Associated Programmes

4.100 The Constitution of India (Article 41) states: 'The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want'. Social protection refers to public assistance in all cases of underserved want. It provides human security to the poor and the destitute.

4.101 For the first time in India, the NSAP was launched on 15 August 1995. The basic aim of this programme was to provide social assistance benefit to the rural poor in case of old age, death of primary breadwinner, and for poor women during maternity. It aims at providing them with a modicum of dignity and support, thereby ensuring a minimum quality of care and attention from the community. It provides an opportunity for linking the social assistance package to schemes for poverty alleviation and provision of basic needs. It was a CSS with 100% Central assistance provided to States/UTs. This programme is implemented through a synergistic partnership with State Governments and under the direct supervision of DRDAs in close collaboration with the various PRIs. This programme included three schemes viz., National Old Age Pension Scheme (NOAPS), National Family Benefit Scheme (NFBS), and National Maternity Benefit Scheme (NMBS).

- Under NOAPS, old age pension of Rs 75 per month was provided to persons of 65 years and above who are destitute. This amount has since been enhanced to Rs 200 per month from the year 2006–07. The response for this scheme has been overwhelming from the poor as well as the State Governments. Many States are matching these pension amounts equally and many more are extending the coverage of this scheme to all those identified from among BPL families.
- The NFBS provides a lump sum family benefit of Rs 10000 to the bereaved household in case of the death (natural or accidental) of the primary breadwinner (male or female) whose earnings contribute substantially to the total household income. This scheme is applicable to all the eligible persons in the age group 18 to 64. The bereaved household should belong to BPL families to qualify for this benefit.
- Under the NMBS there is a provision for payment of Rs 500 per pregnancy to women belonging to poor households for pre-natal and post-natal maternity care upto the first two live births. This benefit is provided to eligible women of 19 years and above. The objective of the scheme is to extend financial assistance to pregnant women from BPL households, for the first two live births. To ensure better linkage with nutrition and national population control program-mes, NMBS was transferred to Department of Family Welfare and is renamed as Janani Suraksha Yojana in 2001–02. It is now part of the NRHM.

4.102 On the recommendations of the Group of Ministers (GoM) a new scheme called Annapurna was launched on 1 April 2000 as a CSS. It aims to providing food security to meet the requirement of those senior citizens who though eligible, have remained uncovered under the NOAPS. Under the Annapurna scheme the beneficiaries should be 65 years or above and must be destitute. The beneficiaries are entitled to 10 kg of food grains per month free of cost. The ceiling on the total number of Annapurna beneficiaries will be at least 20% of the persons eligible to receive pension under NOAPS.

4.103 These schemes continued to be administered by the MoRD upto 2001–02 as CSS, and during 2002–03 these schemes were transferred to Central Assistance for State Plans on the recommendation of the National Development Council (NDC) with the requisite flexibility in the choice of implementation.

Key Issues

4.104 Various studies conducted in respect of the NOAPS indicate that the criteria of destitution are difficult to apply. Many States have adopted the poverty line itself to define destitution. This is, in fact, reasonable since a BPL family can hardly support itself and would not be in a position to support the aged. Therefore, the NOAPS has now been extended to all old persons above 65 years of age in BPL families with effect from 2007–08. Consequently the Annapurna Scheme which provides 10 kg of foodgrains to senior citizens uncovered under NOAPS would be discontinued soon after these beneficiaries are covered under NOAPS.

4.105 The National Policy for Older Persons, 1999 recognizes that a person becomes a senior citizen at the age of 60 and would be eligible for the facilities and concessions available to senior citizens. Indeed, the aged over 60 years, from among the poor families, can hardly participate in the workforce and support given to them will be more useful when above 60 years, than if given only after 65 years. Therefore, the scheme of NOAPS needs to be made applicable to persons of the age of 60 years or more.

4.106 The rate of pension under NOAPS has recently been enhanced to Rs 200 per month. The State Governments have been urged to top it up with another Rs 200 so that every pensioner would get a minimum of Rs 400 per month. Currently, ten States/UTs are already providing an additionality of Rs 200 per month or even more. Other States need to be encouraged to supplement the Central Government's Old Age Pension, so that a minimum of Rs 400 per month is provided to the deserving aged.

4.107 NSAP requires to be extended to two more categories of deserving poor in dire need of this assistance viz., persons with severe/multiple disabilities and widowed women. Similarly, national schemes for maintenance of orphans, street children, and other sections of the poor in distress are needed.

4.108 The scope of the NFBS needs to be extended to cover instances of death of any adult member of the family without limiting to the death of breadwinner.

4.109 At present, there are two life insurance schemes operated by Life Insurance Corporation (LIC) that are making headway among the people below and marginally above the poverty line viz., 'Janashree Bima Yojana' for the rural poor and the 'Aam Aadmi Insurance Scheme' for the landless agricultural labour. These two schemes under which the premium is contributed by the Centre and the State Governments in equal proportions provide significant supplementation to the Family Benefit Scheme with enhanced benefits on death, accidental death, and disability for the persons insured in the BPL families.

4.110 The poor require comprehensive access to strengthened public health system and facilities. In addition, they need suitable instruments in the form of health insurance in cases involving serious illness requiring hospitalization, which are not provided in institutions of public health.

4.111 In the execution of NSAP, greater professional support is needed for ensuring quality, delivery and for suitable monitoring and evaluation purposes, both at the Centre and State levels. Advisory Committees comprising of professionals and voluntary organizations should be set up at Central, State, and district levels for continuous review of policy and performance of NSAP. Technical support groups should also be established at all level to ensure smooth implementation and closer monitoring of NSAP.

ANNEXURE 4.1
Headcount Ratio and Number of Poor Persons Below Poverty Line in India (Combined)

States/UTs	Headcount Ratio				Number of Poor Persons (in Lakh)			
	1973–74	1983	1993–94	2004–05	1973–74	1983	1993–94	2004–05
Andhra Pradesh	48.9	28.9	22.2	15.8	225.7	164.6	154.0	126.1
Assam	51.2	40.5	40.9	19.7	81.8	77.7	96.4	55.8
Bihar	61.9	62.2	55.0	41.4	370.6	462.1	493.4	369.2
Delhi	49.6	26.2	14.7	14.7	22.8	18.4	15.5	22.9
Goa	44.3	18.9	14.9	13.8	4.2	2.2	1.9	2.0
Gujarat	48.2	32.8	24.2	16.8	138.4	117.9	105.2	90.7
Haryana	35.4	21.4	25.1	14.0	38.3	29.6	43.9	32.1
Himachal Pradesh	26.4	16.4	28.4	10.0	9.7	7.4	15.9	6.4
Karnataka	54.5	38.2	33.2	25.0	170.7	149.8	156.5	138.9
Kerala	59.8	40.4	25.4	15.0	135.5	106.8	76.4	49.6
Madhya Pradesh	61.8	49.8	42.5	38.3	276.3	278.0	298.5	249.7
Maharashtra	53.2	43.4	36.9	30.7	287.4	290.9	305.2	317.4
Orissa	66.2	65.3	48.6	46.4	154.5	181.3	160.6	178.5
Punjab	28.2	16.2	11.8	8.4	40.5	28.6	25.1	21.6
Rajasthan	46.1	34.5	27.4	22.1	128.5	126.8	128.5	134.9
Tamil Nadu	54.9	51.7	35.0	22.5	239.5	260.1	202.1	145.6
Uttar Pradesh	57.1	47.1	40.9	32.8	535.7	556.7	604.5	590.0
West Bengal	63.4	54.9	35.7	24.7	299.3	318.7	254.6	208.4
Chhattisgarh	–	–	–	40.9	–	–	–	91.0
Jharkhand	–	–	–	40.3	–	–	–	116.4
Uttarakhand	–	–	–	39.6	–	–	–	36.0
Chandigarh	28.0	23.8	11.4	7.1	0.8	1.2	0.8	0.7
Dandra & Nagar Haveli	46.6	15.7	50.8	33.2	0.4	0.2	0.8	0.8
J&K	40.8	24.2	25.2	5.4	20.5	15.6	20.9	5.9
All India	54.9	44.5	36.0	27.5	3213.4	3229.0	3203.7	3017.2

Note: 1. Poverty Ratio of Assam is used for Sikkim, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland, and Tripura.
2. Poverty Ratio of Tamil Nadu is used for Pondicherry and Andaman and Nicobar Islands (A&N Islands).
3. Poverty Ratio of Kerala is used for Lakshadweep.
4. Urban Poverty Ratio of Punjab is used for both rural and urban poverty of Chandigarh.
5. Poverty Line of Maharashtra and expenditure distribution of Goa is used to estimate poverty ratio of Goa.
6. Poverty Line of Maharashtra and expenditure distribution of Dadra & Nagar Haveli is used to estimate poverty ratio of Dadra & Nagar Haveli.

Source: Planning Commission.

ANNEXURE 4.2
Headcount Ratio and Number of Poor Persons Below Poverty Line in India (Rural)

States/UTs	Headcount Ratio				Number of Poor Persons (in Lakh)			
	1973–74	1983	1993–94	2004–05	1973–74	1983	1993–94	2004–05
Andhra Pradesh	48.4	26.5	15.9	11.2	178.2	114.3	79.5	64.7
Assam	52.7	42.6	45.0	22.3	76.4	73.4	94.3	54.5
Bihar	63.0	64.4	58.2	42.1	336.5	417.7	450.9	336.7
Delhi	24.4	7.7	1.9	6.9	1.1	0.4	0.2	0.6
Goa	46.9	14.8	5.3	5.4	3.2	1.2	0.4	0.4
Gujarat	46.4	29.8	22.2	19.1	94.6	72.9	62.2	63.5
Haryana	34.2	20.6	28.0	13.6	30.1	22.0	36.6	21.5
Himachal Pradesh	27.4	17.0	30.3	10.7	9.4	7.1	15.4	6.1
Karnataka	55.1	36.3	29.9	20.8	128.4	100.5	96.0	75.1
Kerala	59.2	39.0	25.8	13.2	111.4	81.6	56.0	32.4
Madhya Pradesh	62.7	48.9	40.6	36.9	231.2	215.5	216.2	175.7
Maharashtra	57.7	45.2	37.9	29.6	210.8	193.8	193.3	171.1
Orissa	67.3	67.5	49.7	46.8	142.2	164.7	140.9	151.8
Punjab	28.2	13.2	12.0	9.2	30.5	16.8	17.8	15.1
Rajasthan	44.8	33.5	26.5	18.7	101.4	96.8	94.7	87.4
Tamil Nadu	57.4	54.0	32.5	22.9	172.6	181.6	121.7	76.5
Uttar Pradesh	56.5	46.5	42.3	33.4	450.0	448.0	496.2	473.0
West Bengal	73.2	63.1	40.8	28.6	258.0	268.6	209.9	173.2
Chhattisgarh	–	–	–	40.8	–	–	–	71.5
Jharkhand	–	–	–	46.3	–	–	–	103.2
Uttarakhand	–	–	–	40.8	–	–	–	27.1
Chandigarh	28.0	23.8	11.4	7.1	0.1	0.1	0.1	0.1
Dadra & Nagar Haveli	46.9	14.8	52.0	39.8	0.4	0.2	0.7	0.7
J&K	45.5	26.0	30.3	4.6	18.4	13.1	19.1	3.7
All India	56.4	45.7	37.3	28.3	2612.9	2519.6	2440.3	2209.2

Note: 1. Poverty Ratio of Assam is used for Sikkim, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland, and Tripura.
2. Poverty Ratio of Tamil Nadu is used for Pondicherry and A&N Islands.
3. Poverty Ratio of Kerala is used for Lakshadweep.
4. Urban Poverty Ratio of Punjab is used for both rural and urban poverty of Chandigarh.
5. Poverty Line of Maharashtra and expenditure distribution of Goa is used to estimate poverty ratio of Goa.
6. Poverty Line of Maharashtra and expenditure distribution of Dadra & Nagar Haveli is used to estimate poverty ratio of Dadra & Nagar Haveli.

Source: Planning Commission.

ANNEXURE 4.3
Headcount Ratio and Number of Poor Persons Below Poverty Line in India (Urban)

States/UTs	Headcount Ratio				Number of Poor Persons (in Lakh)			
	1973–74	1983	1993–94	2004–05	1973–74	1983	1993–94	2004–05
Andhra Pradesh	50.6	36.3	38.3	28.0	47.5	50.2	74.5	61.4
Assam	36.9	21.7	7.7	3.3	5.5	4.3	2.0	1.3
Bihar	53.0	47.3	34.5	34.6	34.1	44.4	42.5	32.4
Delhi	52.2	27.9	16.0	15.2	21.8	18.0	15.3	22.3
Goa	37.7	27.0	27.0	21.3	1.0	1.1	1.5	1.6
Gujarat	52.6	39.1	27.9	13.0	43.8	45.0	43.0	27.2
Haryana	40.2	24.2	16.4	15.1	8.2	7.6	7.3	10.6
Himachal Pradesh	13.2	9.4	9.2	3.4	0.4	0.3	0.5	0.2
Karnataka	52.5	42.8	40.1	32.6	42.3	49.3	60.5	63.8
Kerala	62.7	45.7	24.6	20.2	24.2	25.2	20.5	17.2
Madhya Pradesh	57.7	53.1	48.4	42.1	45.1	62.5	82.3	74.0
Maharashtra	43.9	40.3	35.2	32.2	76.6	97.1	111.9	146.3
Orissa	55.6	49.2	41.6	44.3	12.2	16.7	19.7	26.7
Punjab	28.0	23.8	11.4	7.1	10.0	11.9	7.4	6.5
Rajasthan	52.1	37.9	30.5	32.9	27.1	30.1	33.8	47.5
Tamil Nadu	49.4	47.0	39.8	22.2	66.9	78.5	80.4	69.1
Uttar Pradesh	60.1	49.8	35.4	30.6	85.7	108.7	108.3	117.0
West Bengal	34.7	32.3	22.4	14.8	41.3	50.1	44.7	35.1
Chhattisgarh	–	–	–	41.2	–	–	–	19.5
Jharkhand	–	–	–	20.2	–	–	–	13.2
Uttarakhand	–	–	–	36.5	–	–	–	8.9
Chandigarh	28.0	23.8	11.4	7.1	0.8	1.1	0.7	0.7
Dadra & Nagar Haveli	37.7	27.0	39.9	19.1	0.0	0.0	0.1	0.2
J&K	21.3	17.8	9.2	7.9	2.1	2.5	1.9	2.2
All India	49.0	40.8	32.4	25.7	600.5	709.4	763.4	808.0

Note: 1. Poverty Ratio of Assam is used for Sikkim, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland, and Tripura.
2. Poverty Ratio of Tamil Nadu is used for Pondicherry and A&N Islands.
3. Poverty Ratio of Kerala is used for Lakshadweep.
4. Urban Poverty Ratio of Punjab is used for both rural and urban poverty of Chandigarh.
5. Poverty Line of Maharashtra and expenditure distribution of Goa is used to estimate poverty ratio of Goa.
6. Poverty Line of Maharashtra and expenditure distribution of Dadra & Nagar Haveli is used to estimate poverty ratio of Dadra & Nagar Haveli.

Source: Planning Commission.

ANNEXURE 4.4
Percentage of Population Below Poverty Line by Social Groups—2004–05

States	Rural			Urban		
	SC	ST	OBC	SC	ST	OBC
Andhra Pradesh	15.4	30.5	9.5	39.9	50.0	28.9
Assam	27.7	14.1	18.8	8.6	4.8	8.6
Bihar	64.0	53.3	37.8	67.2	57.2	41.4
Chhattisgarh	32.7	54.7	33.9	52.0	41.0	52.7
Delhi	0.0	0.0	0.0	35.8	9.4	18.3
Gujarat	21.8	34.7	19.1	16.0	21.4	22.9
Haryana	26.8	0.0	13.9	33.4	4.6	22.5
Himachal Pradesh	19.6	14.9	9.1	5.6	2.4	10.1
J&K	5.2	8.8	10.0	13.7	0.0	4.8
Jharkhand	57.9	54.2	40.2	47.2	45.1	19.1
Karnataka	31.8	23.5	20.9	50.6	58.3	39.1
Kerala	21.6	44.3	13.7	32.5	19.2	24.3
Madhya Pradesh	42.8	58.6	29.6	67.3	44.7	55.5
Maharashtra	44.8	56.6	23.9	43.2	40.4	35.6
Orissa	50.2	75.6	36.9	72.6	61.8	50.2
Punjab	14.6	30.7	10.6	16.1	2.1	8.4
Rajasthan	28.7	32.6	13.1	52.1	24.1	35.6
Tamil Nadu	31.2	32.1	19.8	40.2	32.5	20.9
Uttar Pradesh	44.8	32.4	32.9	44.9	37.4	36.6
Uttarakhand	54.2	43.2	44.8	65.7	64.4	46.5
West Bengal	29.5	42.4	18.3	28.5	25.7	10.4
All-India	36.8	47.3	26.7	39.9	33.3	31.4

Note:
1. Poverty Ratio of Assam is used for Sikkim, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland, and Tripura.
2. Poverty Ratio of Tamil Nadu is used for Pondicherry and A&N Islands.
3. Poverty Ratio of Kerala is used for Lakshadweep.
4. Poverty Ratio of Goa is used for Dadra & Nagar Haveli and Daman & Diu.
5. Urban Poverty Ratio of Punjab is used for both rural and urban poverty of Chandigarh.
6. Poverty Line of Maharashtra and expenditure distribution of Goa is used to estimate poverty ratio of Goa.
7. Poverty Line of Maharashtra and expenditure distribution of Dadra & Nagar Haveli is used to estimate poverty ratio of Dadra & Nagar Haveli.
8. The poverty ratio among the ST population in some States may be treated with caution due to the smallness of the sample household based on which the class distribution of persons have been obtained in the NSS. These States are: in the rural areas Haryana and Punjab, where the number of sample households among the STs is 10 or less. Similarly, in the urban areas, the States are: Bihar, Haryana, Himachal Pradesh, J&K, Kerala, and Punjab, where the number of sample households among the STs is 10 or less, and Delhi, Tamil Nadu and Uttarakhand, where the number of sample households is 20 or less.

Source: Planning Commission.