

**Report of the
Planning Commission Research Project on:
Anti-poverty Programmes in Uttar Pradesh:
An Evaluation**

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EXECUTIVE SUMMARY

Objectives and Methodology

1. Anti-poverty programmes constitute an important dimensions of the public policy thrust to bring about rapid reduction in rural poverty, and absorb a significant chunk of financial resources. Two major changes have occurred in the poverty alleviation strategy in recent years. Anti-poverty programmes, such as those based on wage employment and credit-cum-subsidy self-employment have been rationalised and significantly modified. Further, these programmes are now the responsibility of the local bodies (panchayati raj institutions) which is expected to influence their performance. The purpose of this study is to evaluate selected anti-poverty programmes in the light of these changes.
2. The main objectives of the study are (i) to study the impact of selected anti-poverty programmes on the rural poor in Uttar Pradesh; (ii) to study the impact of recent institutional changes on the selection of poor beneficiaries, and the selection and implementation of schemes; (iii) to study the problems of especially vulnerable poor and the impact of anti-poverty programs on them; (iv) to evaluate the efficiency of the programs and to study the constraints which lower their efficiency. The categories of programmes taken up for study are (a) wage employment programmes; (ii) credit-cum-subsidy based self-employment programmes; (c) housing programmes; (d) land distribution programmes; (e) pension schemes for the old, the disabled and widows.
3. A two stage sampling design has been adopted for the selection of sample villages. In the first stage, ten districts have been randomly selected. In the second stage, two villages have been selected randomly from each of the sample districts. A number of study instruments such as (a) census survey of the households; (b) village schedule; (c) sample beneficiary survey; (d) focus group discussions; (e) case histories; (f) participatory wealth ranking, have been used in the study.

Coverage of Anti-poverty Programmes

4. The programmes taken together cover 27.1 percent of the rural households. But using a number of different indicators, we confirm that a sizeable proportion of the rural

poor have not been covered till date under any of the programmes. About 70 percent households in the lowest two quintiles in terms of per capita consumption, had not received any coverage. On the other hand, a sizeable proportion of those who have received coverage are not poor.

5. The participatory wealth ranking exercises and the detailed information on the sample beneficiary households also confirms these conclusions.
6. Among the individual programmes, the pension schemes were the best targeted among the poorest households, whereas the wage employment and land distribution programmes were also relatively better targeted among the poorer households. The self-employment programmes were the least well targeted. But in each case, a fairly large proportion of households covered was non-poor by any criterion.

Self-employment Programmes

7. The study largely covered individual beneficiaries, since only two self-help groups had been formed in one of the study areas and these, too had also not started any regular activity.
8. Although half the sample beneficiaries were from the SC/ST, several different criterion show that many of the beneficiaries were not poor. For instance, after excluding income from self-employment programmes, 29.8 percent households had annual incomes exceeding Rs. 20,000.
9. At the time of the survey, 41.3 percent of the assets acquired through the credit-cum subsidy loans were still surviving. The percentage of surviving assets was only 24.5 for loans taken before 1990 and 41.8 for loans taken between 1990 and 1995. For loans taken after 1995, nearly half the assets (49.5 %) were still reported to be surviving by the respondents. Asset survival was highest for irrigation assets (81.9 %) and lowest for trade related assets (23.8 %). In general, asset survival was also related fairly strongly to the socio-economic status of the beneficiary household (income, consumption, land ownership etc.)
10. The transactions costs for the borrowers were extremely high, mainly consisting of amounts paid for processing the loan application, deductions/payments for getting the loan sanctioned, and rounds made of the Block office and Bank. Bribes and deductions ranged from about 5 percent to 35 percent of the loan sanctioned in most cases. In some cases, the amount reached half or more of the loan sanctioned.

11. In about 55.7 percent of the cases, loans had been repaid in full and on time. In about 33.6 percent of the cases, there was partial default at the time of survey. In the remaining 10.7 percent cases, total default had occurred and *Chalans* had been issued. In a majority of such cases, defaulting borrowers had eventually sold existing assets or incurred fresh debt to repay the loans. In about a quarter of the defaulting cases, the defaulters had not been able to repay the loan, had been in jail, or had migrated. Thus, in a majority of cases, loans had to be repaid either through asset adjustments or further debt, increasing the vulnerability of poor households. This, together with the fact that the proportion of defaults was greater among the relatively poorer borrowers, constituted the single biggest weakness of the programme. The relationship between economic status of the beneficiary households and their default status shows that complete defaults are generally the highest for the poorest beneficiaries, in terms of income, per capita consumption, or land owned. Thus, these beneficiaries are exposed to the highest risks and the penalties associated with default to the greatest extent.
12. A total of 155 households out of the 447 beneficiaries analysed here reported any increase in household incomes during the reference year as a result of the credit. The average rate of return on loan was found to be 13.3 percent, with the return on trading enterprises again being the highest (16.3 percent) and that on manufacturing being the lowest (7 %). The rates of return obtained by poorer households are generally found to be lower than the average rates of return. Beneficiaries in the very poor category earned a return of only 5.5 percent compared to the average return of 13.3 percent. This was also true for the beneficiaries in the lowest income categories.
13. The survival of the enterprise and the possibility of high returns was found to be linked to (a) favourable market conditions; (b) familiar skills and entrepreneurial talent; (c) the nature of the enterprise; (d) the institutional environment.

Wage-employment Programmes

14. Among the wage employment programmes, the primary objective of the JGSY is the building of rural infrastructure, while the EAS focuses on employment safety net. The quality of material used in the public works was often sub-standard and the specification of the works were not maintained. In a few cases, renovations were shown as new works.

15. Less the 8 percent of casual labourers in the study villages received any employment in these programmes and the average days of employment for such beneficiaries was only 14.8. Hardly any female labourers were employed. Wages were higher than the legal minimum in some of the villages in the Western and Hill regions and lower than this level in the other study villages. There were several complaints of under- or non-payment of wages in these villages.
16. The main problem is that from the limited funds available, any thing from a quarter to half or more than half of the funds are not spent on meeting either of the two main objectives and are 'leaked'. This leads to compromises in both the quality of public works and the employment created. On the whole, the impact on employment and wages was naturally much less than what would have been the case if funds had been well spent. In fact, the burden of the distortions in the programmes ultimately fell on the potential employment and earnings of the labourers. This is apart from the fact that the total quantum of spending on employment was inadequate in providing an adequate measure of employment security to the labourers.

Housing Programmes

17. The housing programmes now absorb the second highest quantum of resources after the wage employment programmes. The India Awaas Yojana dominates the phalanx of housing schemes and was the only one observed in the study villages.
18. Although the programme was found to be reasonably well targeted among the SC/ST, by the income criteria, about 20 percent of the beneficiaries were ineligible. More than twice as many beneficiaries were above the State poverty line in terms of per capita consumption expenditure.
19. Most beneficiaries who had received assistance lately had been able to construct serviceable houses by addition of their cash and kind resources. But deductions were high (about 15 percent of the grant) and the quantum of grant was now considered inadequate by most beneficiaries.

Land Distribution

20. The land distribution programme covered the largest number of beneficiaries for any programme category in the study. Sixty-two percent of the beneficiaries were from

the SC/ST, while the OBC formed 31 percent of the total. Just over a quarter of the beneficiary households currently had a household income exceeding Rs. 20,000 while about two-third of the households had an income level below Rs. 15,000.

21. The main category of land received under the programme was gram samaj land. The land allotted was generally of poor quality. Government financial assistance was received in only 7.5 percent of the cases. Since allottees attach considerable value to the land allotted to them they had spent considerable resources, both in the form of their own or family labour, in improving the quality of land allotted. Allottees spent far more on land improvement from their own pockets than was received from the government.
22. Whereas the prescribed procedure to identify beneficiaries was followed in some villages, in many cases bribes paid the pivotal role in their selection. Thus, while some of beneficiaries got the patta without spending any money, most had to make payments to the Pradhans, the Lekhpal, other Tahsil officials, the Police, and other middlemen. Despite these and other problems, the programme is still valued by the poor who are able to improve the productivity of the poor quality land allotted to them through their labour and resources.

Pension Schemes

23. The study covered all the pension schemes operational in the rural areas – the State assisted Kisan Pension Scheme and widowhood pension scheme along with the disability pension scheme and the National Old Age Pension Scheme covered by the NSAPA total of 211 beneficiaries of pension schemes were interviewed in the study. These included 36.5 percent males and 63.5 percent females. The distribution of beneficiaries by household income level shows that 21 percent had incomes exceeding Rs. 20,000 per year while 58.1 percent fell in the poorest category with incomes below Rs. 10,000 per year.
24. On the whole, these schemes have provided some succour in the form of social protection to the old, the disabled and the widowed poor and has enhanced their self-esteem and economic status. However, several problems in the implementation of the programme were reported by the beneficiaries. Two-thirds of the beneficiaries reported some problem or difficulty in getting pensions regularly and in full. Among

these, sixty-two percent of such beneficiaries felt that these problems were substantial.

25. Financial resources are not available in the programmes to cover all the eligible beneficiaries which compounds some of the above problems. In the focus group discussions, it was generally felt that since the recipients of assistance under NSAP are from among the most poor and helpless people, and since the pensions were not indexed, there was a strong rationale for raising the amounts. Further, it was felt that all those who were eligible for these pensions should be able to get them.

Comparison of Programmes

26. Field observations, interviews and group discussion have been used to categorise village-wise and programmes-wise responses regarding the process of implementation of poverty alleviation programmes and their perceived benefits.
27. In terms of the 'process' indicators, only a small number of villages have been rated as 'good' with hardly any difference across programmes. The number of villages varies a little for 'satisfactory' rating, with 6 villages categorised as satisfactory in the case of the Indira Awaas Yojana, and five villages each falling in this category in the case of the SGSY, Land distribution and pension based programmes. The largest number of villages – ranging from 55 percent in the case of IAY to 70 percent in the case of JGSY are in the 'poor' category. Thus, although exceptions do exist, the programmes have generally functioned below par in most of the study villages.
28. In terms of the perceived benefits and impact, SGSY is the only programme which is assessed to have an overall negative impact in four of the study villages. JGSY is assessed to have had a low impact in as many as 15 (75 %) of the study villages with a moderate impact in two villages and a fairly high impact in three other villages. The assessed impact of IAY is far more positive, with a 'fairly high' impact on beneficiaries in 70 percent of the study villages and a significant impact in 10 percent villages. The impact of land distribution programmes is considered to be even better, with an overall 'fairly high' impact in 55 percent study villages and a 'significant' impact in 25 percent study villages. However, the impact of pension schemes has been assessed most favourably with a significant impact on beneficiary poor households in all the study villages.

The functioning and the Role of the PRIs and the Development Bureaucracy

29. The democratic functioning of the PRIs, which is the fulcrum of their activity, is still quite weak in most of the study villages, although there are some variations from panchayat to panchayat. Electoral malpractices lay down the foundation of weak democratic functioning. Gram Sabha and panchayat meetings are irregular, minutes are not properly recorded, and participation of the poor is low.
30. The weakness in the democratic process provides room for the Pradhan and the bureaucracy to manipulate the names of beneficiaries and to select schemes of their choice. In some of the study villages an initial list of beneficiaries was prepared in gram sabha meetings. In all other cases, lists were prepared by the Pradhan and in almost all the study villages, the Pradhan, the village-level government functionaries and other bureaucrats, and various other middlemen were the ultimate arbiters of who the beneficiaries would be. Except in four or five panchayats, names rarely found place on the list of beneficiaries of the IRDP, IAY or land distribution programmes unless the potential beneficiary happened to be exceptionally close to one of them or money had changed hands. Similarly, schemes to be taken up under the JRY or other programmes are rarely finalised in the gram sabha meetings, and exceptions to this are few and far between.
31. Panchayat receipts and expenditure, which are supposed to be boldly displayed by the gram panchayats, on banners/hoardings were shrouded in secrecy. There was hardly any respondent in the study villages, including some gram panchayat members who could accurately report on this. In some panchayats, issues relating to receipts and expenditure on schemes had been briefly raised in the gram panchayat meetings and there were some individuals who were aware of the broad details. In some cases the Pradhan claimed that even he was not aware of the details as the records and accounts were fully managed by the Panchayat Secretary.
32. Once the name of the beneficiary has been finalised (without payment of bribe in a minority of cases, as reported earlier), papers have to be processed and the loan/grant/pension is released through the bank in the case of SGSY/IAY or the post office. The final release is almost always subject to a hefty deduction by the various intermediaries – the Pradhan/Bank officials/Block functionaries/professional middlemen. In the case of public works executed under JRY or similar schemes, Pradhans have been almost invariably responsible for overseeing their execution. As

discussed earlier, the material used is often of poor quality, and labour is either not employed or is underpaid. However, the corruption and ineptitude of the panchayats should not be over-emphasised. In the two Hill panchayats, the Pradhans provided effective leadership over a strongly democratic village body, but faced constraints from the development bureaucracy. In another district, the woman Pradhan was able to inspire confidence among a large section of the village community and push forward a development agenda.

33. Going by the assessments made above, it is clear that the gram panchayats have done poorly on a number of counts. But it would of course not be fair to prejudge the issue and conclude that all panchayats have fared poorly. In fact, our study shows a range of experiences and dynamics, although it also highlights some of the general constraints. In order to examine this issue more closely, the study evolved some criteria for ranking the panchayats. Points were given to panchayats along three dimensions – democratic functioning, efficiency and transparency and the total marks obtained by each panchayat was used to rank each of the panchayats. Not surprisingly, most of the study panchayats (75 percent) rank in the ‘Unsatisfactory’ (12) or ‘Very Unsatisfactory’ (3) category. But two achieve a ‘Good’ rank while three achieve a ‘Very Good’ rank. Of the five well functioning panchayats, two were in the Hill region, and one each were in the Western, Central and Eastern regions. Notably, two of the best functioning panchayats in the sample were headed by women Pradhans. These two successful women Pradhans had significantly different profiles, yet they performed reasonably well as leaders of their respective panchayats.
34. Since panchayat funds were widely believed to have been mismanaged, we considered it important to find out whether people considered it better that these funds were managed by the Block officials, as was previously the case. In fact, most respondents were in favour of devolution of funds to the panchayats but supported joint management (by the pradhan and Block Development Committee member (BDC); by the Pradhan and the panchayat members etc.).
35. It is quite clear that despite the limited devolution that has occurred, the Block functionaries continue to have the upper hand in the selection of beneficiaries, and sanctions and disbursement of assistance.

Policy Suggestions

36. It is clear that significant changes are still needed in shaping the nascent devolutionary process. These include changes in electoral practices, training and capacity building of elected members and other functionaries, bringing the panchayat functionaries under the administrative control of the elected officials, setting up of an independent oversight body etc.
37. The *identification* of poor households forms the corner stone of the direct anti-poverty strategies. It is worthwhile seeing whether an indicator based criteria, built up through participatory exercises, can be used in place of the present income criterion, to identify poor (BPL) households by a body of surveyors working with the community. Once the gram sabhas prioritise beneficiary names, it should be ensured that these lists cannot be manipulated by the village or Block functionaries (which ultimately erodes the confidence of the community in these meetings).
38. There is an urgent need to expand the wage-employment based programmes in poor areas and address some of its design weaknesses, which have led to distortions and weaknesses. It is recommended that all such programmes, including the MPLAS and the MLALAS be integrated and progressively targeted. The funds available for such programmes should be enhanced and a minimum employment guarantee should be provided. Further village level schemes should be based on integrated five year planning exercises and the flow of funds should be smooth.
39. The self-employment programme should strictly avoid a target oriented approach for SHGs. The SGSY design also needs a review. In particular, the issue of whether public subsidies are best utilised as individual subsidy needs to carefully considered, both in the light of past experience which show that individual subsidies are prone to capture by the various intermediaries, and the experience of other programmes which show that other SHG based programmes have worked well without individual subsidies.
40. We have argued earlier that although the grant based housing scheme has worked well, the increasing expenditure on the scheme, without any specific goal, such as the provision of housing only to the shelterless, or those living in very poor housing conditions, is likely to lead to major distortions in the utilisation of public subsidies in

poverty eradication. This is because the individual subsidies in the case of housing are much larger than those available for any other type of anti-poverty programme. The extent of misutilisation of these subsidies (by including the less poor or the non-poor in the beneficiary lists) is also at least as large as in other programmes.

41. Finally, with respect to land reform programmes, it is evident that the poor value even the small, low fertility holdings acquired through the programme. The state still has a lot of cultivable fallow and absentee landownership. Steps taken to accelerate the transfer of land to cultivating small holders and the poor will undoubtedly impact on poverty and agricultural development. Moreover, steps should be taken on a priority basis to concurrently provide allottees with a package consisting of credit, complementary inputs and land improvement. However, the issue of land reform is linked to providing greater access to land to the direct producers through tenancy reform and other measures. Steps should be taken by the State to invigorate the sluggish land market and provide long term concessional credit to poor households to purchase land.
42. Finally, the enormous leakages, sometimes up to half or more of the public expenditure, run like a thread through all the anti-poverty programmes. This implies that in order to improve the efficiency of the anti-poverty programmes, governance issues have to be put centre-stage in the State.

1.

INTRODUCTION

India has an array of direct interventions which aim at bringing about an improvement in the living conditions of the poor. These interventions are the responsibility of both the Centre and the States. The Centre alone currently devotes about 11.5 percent of its expenditure to programs in these categories. The GOI and state governments have carried out evaluations of anti-poverty programs from time to time. There are, however, two important limitations of these evaluations. The first is that the methodology and the output indicators used in the study are often somewhat limited. The second, more important issue is that these programs tell us very little about the overall incidence and impact of these programs. Moreover, in the recent past, three major changes have taken place in anti-poverty interventions in India. First, there has been a rationalisation and merger, along with certain other changes, of the self-employment programmes on the one hand, and the wage employment programmes, on the other. In the self-employment programmes, the role of group credit mobilisation and productive income generation through self-help groups (SHGs) has expanded in scope. Second, since the Seventy-third Amendment has included anti-poverty programmes in the Eleventh Schedule, there has been a move towards decentralisation of rural development administration and an increase in the role and responsibility of local communities through the gram sabhas and the panchayats.

The present study aims at an evaluation of direct anti-poverty interventions in Uttar Pradesh in the light of the above recent changes.

Uttar Pradesh, straddling Northern and Eastern India, has, till recently, covered an area of 294,000 square kilometres with nearly 170 million population spread across 112,000 villages and numerous towns. Its population has been smaller to only six other countries in the world. As from 9th November, 2000, 13 of the state's 83 districts, comprising the former Hill region of the state along with one other district (Hardwar in the Western region), with 5.07 percent of the state's population, have been reconstituted into a new state – Uttaranchal. Though the Hill region comprises difficult terrain, with limited possibilities of agricultural

and industrial development, they have high rates of male outmigration and high employment in the armed forces. In terms of social indicators, their performance has been among the best in the erstwhile state and in terms of poverty, the hill region recorded the lowest poverty in the state in 1993-94. Thus, while the new state takes away a relatively small proportion of UP's population, its formation will have the consequence of further lowering its achievements. *It must be borne in mind that the discussion in this report pertains to the undivided state, but since the Hill region in the erstwhile state more or less coincides with the new state, discussion of this region may be considered to be coterminous with the new state of Uttaranchal.*

1.1 OBJECTIVES OF THE STUDY

Since a body of research already exists on anti-poverty programmes in Uttar Pradesh, this study focuses on the following key objectives:

- (1) To study the impact of selected anti-poverty programmes on the rural poor in Uttar Pradesh.
- (2) To study the impact of recent institutional changes on the selection of poor beneficiaries, and the selection and implementation of schemes.
- (3) To study the problems of especially vulnerable poor and the impact of anti-poverty programs on them.
- (4) To evaluate the efficiency of the programs and to study the constraints which lower their efficiency.

Of the major types of direct anti-poverty interventions, this study focuses upon (1) employment programmes, (2) self-employment and group credit programmes, (3) housing for the shelterless, (4) pension schemes for the old, widows and disabled, (5) land distribution programmes.

The major employment and self-employment programmes in Uttar Pradesh are in the nature of Centrally Sponsored Schemes, financed by the Central government and co-financed by the State government. The specific programmes have undergone metamorphosis from time to time which complicates the task of evaluation. Old Age Pension Schemes are also covered

by the Central National Social Assistance Programme of the Ministry of Rural Areas, whereas schemes of pensions for widows and disabled are under the purview of the State government and the Ministry of Social Welfare. Land Reform was earlier a State subject but has now been brought under the purview of the Concurrent Schedule and is covered by the Ministry of Rural Areas.

The motivation of studying these programmes, which are not exclusively within the purview of the Ministry of Rural Areas, is the diverse kinds of coverage which they are expected to provide to various sections of the rural poor and an *a priori* assessment of their importance to the rural poor.

The inter-regional disparities in UP are large, which are only to be expected in such a large and diverse state, but the striking nature of such differences has drawn considerable attention and has been the subject of scholarly and policy debates and attention for several decades.¹ One of the challenges of any study on Uttar Pradesh is to draw out the implications of such differences for the design and implementation of anti-poverty strategies. Within the constraint of resources, this study uses a sampling methodology which serves to highlight differences between the regions.

¹ There is also some evidence to show that, over time, intra-regional disparities (for instance, between districts) have become more significant. Hence the issue of the appropriate unit of analysis (and policy) if the concern is with high levels of disparity is an open one. At the very least, policy has to take into account both regional and intra-regional disparities.

2.

POVERTY IN UTTAR PRADESH

The word poverty is used in two main senses, as a broad blanket word to describe the whole spectrum of deprivation and ill-being, and in a narrow sense for purposes of measurement and comparison where it is defined as low income, or more specifically, as low consumption which is considered more stable and easier to measure. In common parlance, this (the second definition) is known as income poverty. Dreze and Sen (1995) make a similar distinction between 'poverty' which they describe "not merely as the impoverished state in which people live, but also to the lack of real opportunity" and 'economic poverty' ("low income, meagre possessions and other aspects").²

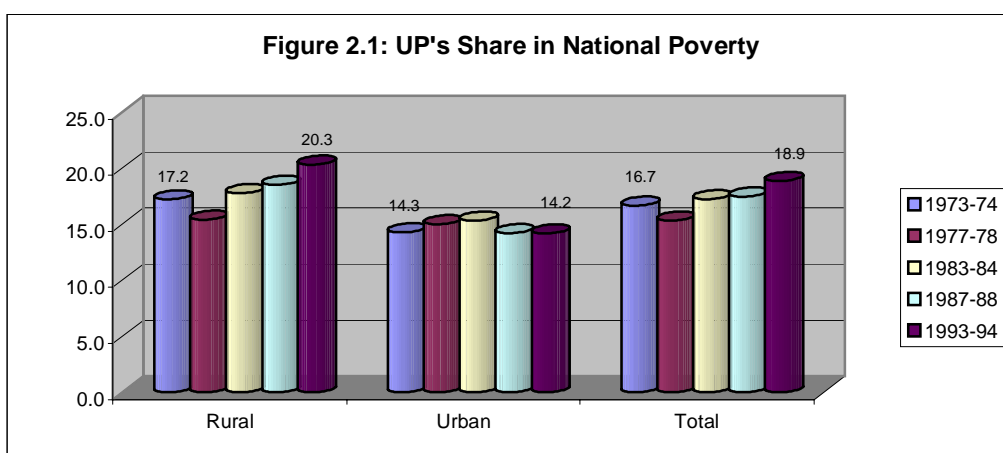
Chambers makes a further distinction between poverty and other forms of deprivation. He describes poverty as 'lack of physical necessities, assets and income. It includes, but is more than, being income poor. Poverty can be distinguished from other dimensions of deprivation such as physical weakness, isolation, vulnerability and powerlessness with which it interacts.'" (Chambers, 1983) Deprivation refers to lacking what is needed for well-being, and a full and good life. Its dimensions are physical, social, economic, political and psychological. It includes forms of disadvantage such as physical weakness, isolation, poverty, vulnerability and powerlessness. Well-being is the experience of good quality of life. Thus well-being and ill-being refers to experience, poverty more to physical lack and deprivation to a much wider range of lacks and disadvantages. 'Poverty and deprivation' is short for 'poverty and other forms of deprivation'. (Chambers, 1995, p. 5)

Chambers mentions eight criteria of deprivation, of which poverty (defined as lack of physical necessities, assets and income) is only one. The others include *social inferiority*,

² Dreze and Sen (1995) refer to the sequence of things a person does or achieves as a collection of 'functioning's'. 'Capability refers to the alternative combination of functioning's from which a person can choose. The notion of capability is essentially one of freedom - the range of options a person has in deciding what kind of life to lead. Poverty refers to the lack of real opportunity - given by social constraints and personal circumstances - to choose other types of living. Poverty is thus a matter of "capability deprivation". Economic poverty which refers to low incomes, meager possessions and other related aspects also has to be seen in its role in severely restricting the choices people have to lead valuable and valued lives (ibid. p.10-11).

isolation, physical weakness, vulnerability, seasonality, powerlessness and humiliation. In the case of the poor, many of these dimensions may be quite imperfectly correlated with income poverty.

The measurement of income poverty itself is fraught with problems. In the Indian context, the currently accepted estimation is based on the recommendations of the Expert Group on Poverty set up by the Indian Planning Commission. The poor are defined as those who fall below a ‘poverty line’ level of per capita monthly consumption expenditure, which is benchmarked in real terms to consumption expenditure consistent with a certain minimum level of calorie consumption in 1973-74.



Estimates of poverty in 1993-94 show that Uttar Pradesh has the highest number of people below the poverty line. An estimated 60 million people in the state live below the official poverty line, and over 80 percent of the poor are in rural areas. UP alone accounts for 18.9 percent of the poor in India, and an estimated 9 percent of the poor worldwide. Not only does the State have a large absolute burden of income poverty, it ranks low among Indian States in other indicators of deprivation.³

³ Estimates of poverty based on the results of the 55th Round of the NSS Consumption Expenditure Survey are also now available. However, differences in the methodology of successive rounds and the design of the 55th Round have created problems for comparison. We have, therefore mainly used the results of the NSS 50th Round and preceding ‘thick’ rounds in the discussions in this chapter (see Sen, 2001 for a discussion of the NSS 55th Round)

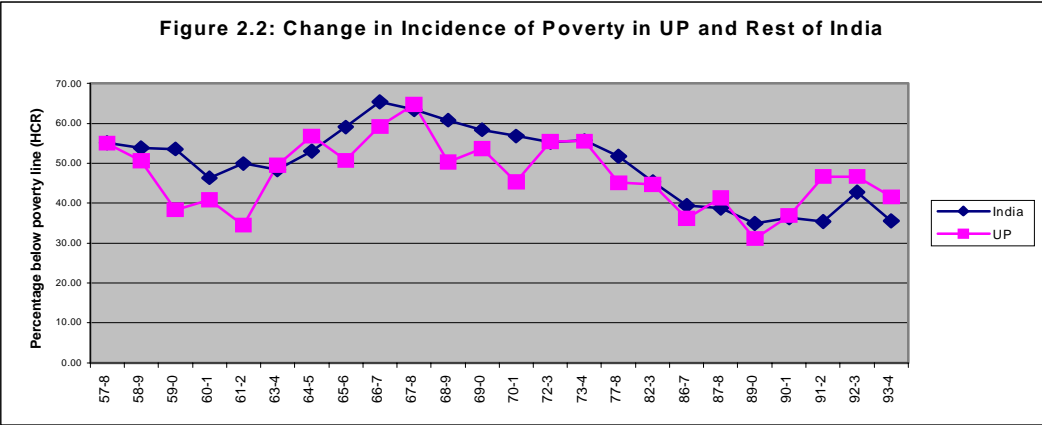
Table 2.1 below gives the rank of Indian states on the basis of alternative indicators of well being:

Table 2.1: Selected Indicators for Well-being for UP and Other States

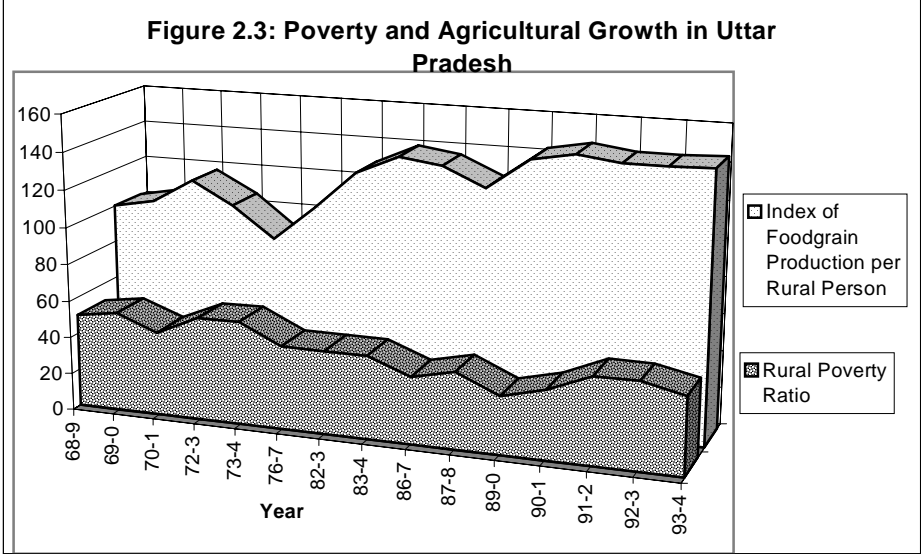
Sl. No.	States	IMR	Life Expectancy	Literacy Rate		Sex Ratio 0 to 6 yrs	Per Capita NSDP**	% Persons below Poverty Line
				Total	Female			
		1999	1999	2001	2001	2001	1995-98	1999-00
1	2	3	4	5	6	7	8	9
1	Andhra Pradesh	66	62	61.11	51.17	978	2440	15.8
2	Assam	76	56.2	64.28	56.03	932	1657	36.1
3	Bihar	63	59.4	47.53	33.57	921	1040	42.6
4	Gujrat	63	61.4	69.97	58.6	921	3764	14.1
5	Haryana	68	63.8	68.59	56.31	861	3901	8.7
6	Karnataka	58	62.9	67.04	57.45	964	2662	20
7	Kerala	14	73.1	90.92	87.86	1,058	2323	12.7
8	Madhya Pradesh	90	55.2	64.11	50.28	920	1918	37.4
9	Maharashtra	48	65.2	77.27	67.51	922	4764	25
10	Orissa	97	56.9	63.61	50.97	972	1597	47.2
11	Punjab	53	67.4	69.95	63.55	874	4335	6.2
12	Rajasthan	81	59.5	61.03	44.34	922	2153	15.3
13	Tamil Nadu	52	63.7	73.47	64.55	986	2931	21.1
14	Uttar Pradesh	84	57.2	57.36	42.98	898	1720	31.2
	Rank of UP	13	12	14	14	13	11	11
15	West Bengal	52	62.4	69.22	60.22	934	3391	27
New States:								
16	Chattisgarh*	78	-	65.18	52.4	990	-	-
17	Jharkhand*	71	-	54.13	39.38	941	-	-
18	Uttaranchal*	52	-	72.28	60.26	964	-	-
	India	70	60.7	65.38	54.16	933		26.1

Source: Census 2001; Reserve Bank of India 2001; RGI, 2001; Planning Commission 2001.

Between 1957-58 and 1993-94, according to figures based on World Bank (1997), UP's achievement in poverty reduction has lagged behind the rest of India by about 6 percent. Most of the slow-down in UP's comparative performance can be attributed to the most recent period. Between 1957-58 and 1987-88, UP achieved a reduction in poverty by 13.6 percent (from 55 percent to 41.6 percent). In comparison, the rest of the country achieved a reduction in poverty by 16.6 percent. Between 1987-88 and 1993-94, the rest of the country achieved a further reduction in poverty by 3.2 percent. During the same period, poverty in UP rose slightly by 0.2 percent.



Studies show that the trends and pattern of poverty in India is strongly influenced by the pattern of agricultural growth and changes in food prices. In the more recent period, non-agricultural growth and employment has also been an important determinant of poverty through its impact on employment and earnings and through its pull up effect on agricultural wages (Sen 1996).

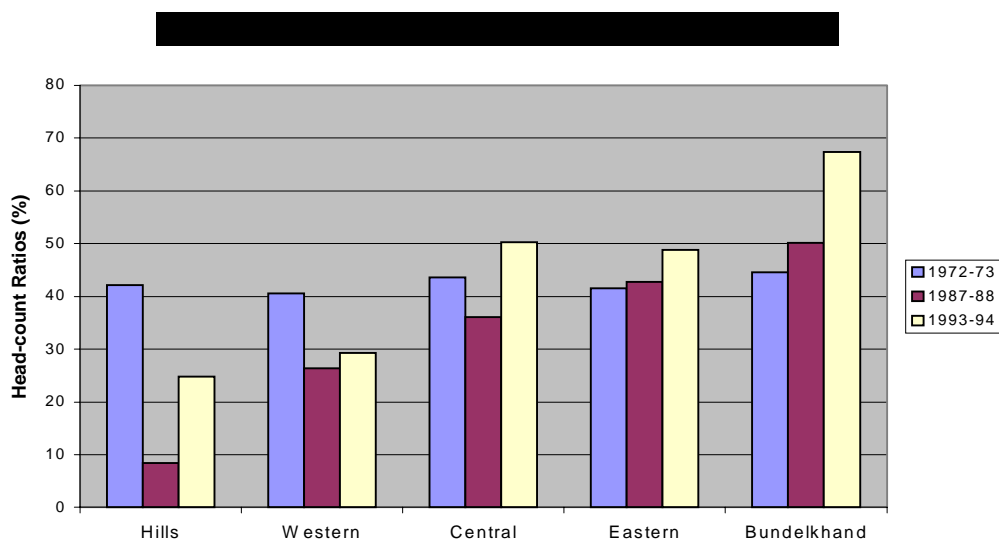


The relationship between index of foodgrain output per rural person and rural poverty in Uttar Pradesh is shown in figure 2.3. It can be seen that rural poverty increases in years when per capita food production – linked to food availability and rural incomes – is low.

Agricultural growth in UP has decelerated in recent years. The compound growth rate of foodgrain output in the State has decelerated from 3.64 percent per annum during 1967/70 to 1982/85 to 2.96 percent during 1982/85 and 1987/90 and further to 1.76 percent during 1987/90 and 1992/95. This is also true of major non foodgrain crops (Singh. 1997). Underlying the agricultural slow-down, is a slackening in the rate of capital formation in agriculture and (in the post 90s period) input use (ibid.). The growth in the non-farm economy and employment in the State has, generally speaking, been linked to sustained agricultural growth and has been more rapid in the Western regions of the State (also see chapter 3 below).

Regional Dimensions of Poverty in UP

While the slow-down in the overall growth and poverty reduction performance in the State are worrying, UP is characterised by large variations in growth and poverty reduction performance across regions, districts and sub-districts. The figure below gives the changes in rural poverty across regions in Uttar Pradesh for 1972-73, 1987-88 and 1993-94 (Dreze and Srinivasan 1995, Haque, World Bank, 1998): Notably, Bundelkhand and Eastern Uttar Pradesh were among only four regions in the country which experienced an increase in the incidence of poverty between 1972-73 and 1987-88 (Dreze and Srinivasan, ibid.).



The Table 2.2 below compares the incidence, depth and severity of poverty in UP's regions in 1993-94. Once again, the same results stand out. Poverty levels are lowest in the Himalayan and Western Regions, rise sharply in the Central and Eastern Regions, and are highest in the Southern Region. There are more than twice as many poor in Southern UP as compared to the Himalayan Region, even though the two have roughly equal populations. While there has been slow progress at reducing poverty in four of the five UP regions, in which consumption inequality has also declined, in the Southern Region, the incidence, depth and severity of poverty has remained virtually unchanged since the early 1980s.

Table 2.2: Regional Poverty in UP, 1993-94

Region/Sector	Poverty Ratio	Depth of Poverty	Intensity of Poverty	Share of Poor (%)	Contribution to Total Poverty
	(Poverty Gap Ratio)		(Squared Poverty Gap)		
Rural					
Himalayan	25.0	17.2	1.1	3.5	1.8
Western	29.6	20.4	1.8	22.3	16.7
Central	50.2	27.3	4.9	19.7	23.6
Eastern	48.6	24.5	4.0	47.1	47.0
Southern	66.7	30.2	8.0	7.5	10.9
Total	42.3	24.4	3.5	100.0	100.0
Urban					
Himalayan	17.5	18.1	0.9	4.1	2.3
Western	31.0	24.7	2.7	39.9	39.1
Central	34.9	27.0	3.5	21.0	23.5
Eastern	38.6	24.0	3.1	24.1	21.7
Southern	72.5	28.8	7.9	10.9	13.4
Total	35.3	25.3	3.2	100.0	100.0

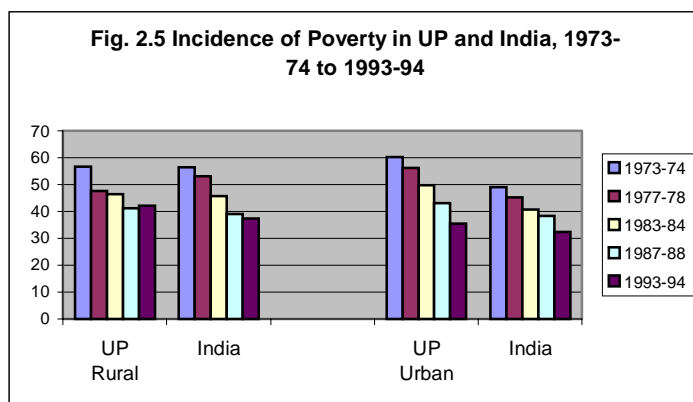
Source: Datta and Sharma, 2000.

The differences in consumption levels and poverty profile, resource endowments, levels of social development and social structure across UP's regions justifies a fairly decentralised approach in planning strategies for poverty alleviation in the State.

Urban and Rural Poverty

According to the 1993-94 estimates, rural poverty is higher compared to urban poverty in UP in terms of incidence, depth and severity. This marks a significant change over the previous decade. In 1983, urban poverty in UP was higher but between 1983 and 1993-

94, the decline in rural poverty has been relatively slower in the State. At each point of time, more than four-fifth of the State's poor reside in the rural areas of the State.



Other correlates of Poverty in UP

Caste status is considered to be a strong signifier of poverty in India, since certain castes, particularly scheduled castes and tribes often lack physical assets, and human and social capital, and are mainly confined to low paid occupations. The incidence of poverty is much higher among SC/ST, compared to other castes, both in rural as well as in urban areas (Singh, 2001 and Table 2.3 below).

Table 2.3: Poverty Incidence by Caste, 1987-88 and 1993-94

Year	Caste Group	Incidence of Poverty			Percentage of:	
		Urban	Rural	Overall	Population	Poor
1987-88	SC/ST	48.3	56.2	55.3	24	32
	Other	35.7	37.5	37.2	76	68
	Overall	37.4	42.3	41.5	100	100
1993-94	SC/ST	57.5	58.6	58.4	23	33
	Other	31.3	37.0	35.7	77	67
	Overall	35.0	42.4	40.9	100	100

Source: Kozel and Parker (2002).

Land is the principal productive asset in the rural areas and landed households have a stronger chance of entering remunerative non-agricultural occupations. As such one may expect a strong inverse correlation between land ownership and poverty. Analysis of NSS data shows that between 1983 and 1993-94, this correlation has, if anything, become

stronger. This could be for the reason discussed above, namely a stronger presence of landed households in non-agricultural jobs over time.

Table 2.4: Uttar Pradesh: Rural Poverty Incidence by Land Ownership

1983/84 Amt. of land owned	Poverty Incidence	Percentage of:		1993/94 Amt. of land owned	Poverty Incidence	Percentage of:	
		Popl'n	Poor			Popl'n	Poor
No land owned	37.6	3	2	No land owned	51.5	6	8
0 - 0.4 hectares	57.4	24	28	0 - 0.4 hectares	52.7	37	46
0.4 - 1 hectares	58.5	13	15	0.4 - 1 hectares	41.5	25	24
1 - 2 hectares	51.7	18	20	1 - 2 hectares	34.6	17	14
2 - 4 hectares	45.6	20	19	2 - 4 hectares	24.8	10	6
4+ hectares	30.7	23	15	4+ hectares	19.8	5	2
Overall	47.5	100	100	Overall	42.4	100	100

Source: Kozel and Parker (2002).

Table 2.5: Uttar Pradesh: Poverty Incidence by Occupation of Household Head

Rural Areas Main Occupation	Poverty Incidence	Percentage of:		Urban Areas Main Occupation	Poverty Incidence	Percentage of:	
		Popl'n	Poor			Popl'n	Poor
1983							
S.E. non-agriculture	52.3	13	14	Self-employed	51.6	52	60
Agriculture labor	66.3	16	22				
Other labor	48.2	4	4				
S.E. Agriculture	43.3	61	55				
Other	30.4	7	4	Other	37.1	48	40
Over all	47.4	100	100	Over all	44.7	100	100
1993-94							
S.E. non-agriculture	44.3	13	14	Self-employed	39.9	53	61
Agriculture labor	63.5	18	26	Reg. wage/salary	17.4	31	16
Other labor	52.3	5	6	Casual labor	66.7	11	20
S.E. Agriculture	36.4	58	50				
Other	25.9	6	4	Other	25.8	5	3
Over all	42.3	100	100	Over all	35	100	100

S.E. Self-employed

Source: Kozel and Parker (2002).

The incidence of poverty in the state is also related to the occupational status of the households. Poverty is the highest among casual labour households, both in rural and urban areas, whereas regular and salaried workers are the lowest poor. In the urban areas, the incidence of poverty among casual labourers is nearly four times as high compared to salaried

and regular workers. The access to well paid jobs is particularly restricted for certain groups, such as women and SC/ST, who form the bulk of the casual labour force and of those engaging in low paid activities.

Gender and Poverty

The relative deprivation of women in the state expresses itself in a number of ways – poorer health and education outcomes, insecurity, domestic violence, segregation, higher work burden and concentration in low paid or unremunerative work. Women often engage in the lowest paid activities – casual labour in fields, gathering firewood and dung to sell in nearby towns, piece-work and construction activities in urban areas. The UP/Bihar Poverty Study of 1998 found women in rural areas to be heavily represented in the agriculture sector: three-quarters women's employment-days were in agriculture, as compared to only 40 percent of men's. Women were also three times more likely than men to work as agricultural labourers. In contrast, women rarely held regular jobs nor were employed in the non-farm sector – this was left to the men – and when they were they were relatively underpaid and confined to unskilled activities. In 1991, female labour force participation in UP was only 7.5% -- less than half the national rate of 16%. There is little evidence that this rate has increased since the early 20th century (Dreze and Gazdar 1997). There are, however, significant regional variations. The female workforce participation figures are lowest in the Western region. In the Hill region, they are well above the national average (ibid.).

The UP-Bihar Survey brought out the following stark differences in work-participation and returns to labour between men and women in the Eastern and Southern regions of the state:

- Women are employed for fewer days and more often on part-time basis than men. Only 8.9 percent women (older than 15 years) were main workers, employed for more than 183 days a year, compared to 44.5 percent men. But, on the other hand, 35.6 percent women worked as marginal workers for less than 183 days a year, compared to 28.8 percent men, while another 6.1 percent women worked part-time (less than 4 hours) compared to 4.3 percent men.

- There are striking differences in the workforce participation rate for women (WFPR) across social groups/income. Using the main + marginal worker criteria, the WFPR ranges from 13.2 for upper caste women to 51.2 percent for SC/ST women.
- Women workers were far more likely to be in agriculture, and working as agricultural labourers than men - 84.8 percent of female workers were in agriculture, compared to 47.2 percent male workers and 43.2 percent female workers were employed as agricultural labourers compared to 12.8 percent male workers. Fifty-eight percent of all workers whose principal occupation was agricultural labour were women but only 6.7 percent of non-agricultural labourers were women. Along with the lower caste workers form the mainstay of the agricultural labour force. Women also had only 4.3 percent of regular wage or salary jobs and constituted 16.3 percent of the workforce in small enterprises, businesses and trade
- Women working as casual labourers were, on average, employed for fewer days compared to men (94 and 177 days respectively for female and male labourers respectively employed as non-agricultural labourers, and 90 and 194 days respectively for those working as non-agricultural labourers)..
- Female workers received lower wages and incomes compared to men in all major occupational groups. For instance, female agricultural daily wages are Rs 22 compared to Rs. 27 for men, while female non-agricultural wages were Rs. 31 compared to Rs. 45 for men. Female regular workers obtained an average monthly salary of Rs. 1913, compared to Rs. 2536 for men, while female workers who were self-employed in non-agriculture earned only Rs. 500 per month compared to Rs. 1124 for men.

Compared to several other states, the share of women in the organised labour force (which is generally better paid) is much lower in UP.

Table 2.6: Percentage of Female to Male Employees in the Organized Sector (1996)

	Public Sector	Private Sector	Total
UP	9.3	11.2	9.7
Karnataka	23.2	64.1	36.8
Tamil Nadu	32.0	40.5	34.8
Kerala	34.4	84.8	54.2
India	15.7	26.7	18.8

Source: Employment Reviews, Ministry of Labour, GOI.

Access to Basic Public Services and Poverty

Even though government policy aims at directing basic public amenities such as public hand pumps, stand posts, schools and health facilities towards the poor, the results in the state show that the location and/or utilization of these facilities is often skewed towards better-off households.

The UP/Bihar Poverty Study collected measures of community infrastructure as well as geographic access to basic facilities and services – including electricity, drinking water, public schools, public and private health care provider, the Anganwadi Centre (Integrated Child Development Services), and the PDS fair price shop. Even within the village, households living in poorer localities typically had far worse physical access to these facilities than did households living in better off localities.

Table 2.7: Location of Basic Services in Rural Uttar Pradesh

Services Available in the Dwelling Unit	Poorest 20%	Wealthiest 20%
Electricity	4%	28%
Drinking Water	25%	66%
Services Available in the Tola/Bustee		
(only if available in revenue village)	Poorest 20%	Wealthiest 20%
Primary School	59%	61%
Middle School	6%	83%
Anganwadi Centre	38%	60%
PDS Fair Price Shop	43%	57%

Source: Kozel and Parker (ibid.)

Transient Poverty and the Vulnerable Poor:

Even though it is known that fluctuations in production, employment, wages and prices affects the living condition of households, either temporarily pushing them below or above the poverty line, there are no empirical studies available in the state to help distinguish between chronic and transient poverty.

On the other hand, a little more is known through recent qualitative studies on poverty, about factors which push households into deep poverty or destitution. Macro-factors include factors such as recurrent crop failure. The other group of factors are idiosyncratic shocks which push households deeper into poverty, and often into destitution (Srivastava 1997b, Kozel and Parker 1998, Rao, Sharma and Srivastava, 1999). These factors include demographic shocks such as the loss of the breadwinner to death, injury or serious illness and partitioning of households reducing access to productive assets, and the burden of debt due to expenditure incurred on illness, marriages etc.

How the Poor View Poverty in the State

While poverty studies have mainly analysed poverty in the state in terms of measurable 'objective' indicators (consumption, education, health etc.), some recent participatory studies have focused on how the poor themselves perceive poverty (N. Srivastava 1997, R. Srivastava 1999, Kozel and Parker, 1998; Rao, Sharma and Srivastava, 1999). For the rural poor in UP, their social status (caste) and land ownership are the two most signifiers of poverty. In addition, the poor identify poverty with a number of other characteristics such as the nature of occupation, the participation of women and children in low paid work, nature of access to education, health etc. Most of all, the poor (men and women) equate poverty not only with material prerequisites but with *lack of human dignity*, which has multiple dimensions rooted in social, political and economic freedom.

These studies also identify a number of reasons which cause households to escape from poverty. These include greater access to land and increase in agricultural productivity, improved employment, particularly non-agricultural employment, and greater voice in political affairs, through greater horizontal solidarity and organization.

Together, these results imply that anti-poverty strategies which disempower the poor by increasing their dependence on the rich and the powerful, or on the government bureaucracy who have the discretion of dispensing 'benefits' carry a high cost in the eyes of the poor and have to be discarded in favour of a rights based approach resting on clear entitlements.

3.

GOVERNMENT POLICY AND POVERTY REDUCTION IN UTTAR PRADESH

3.1 STRATEGY FOR POVERTY REDUCTION AT THE STATE LEVEL

The broad aim of the state is to accelerate its rate of growth while at the same time, through a favourable composition of such growth, bringing about a reduction in regional disparity and poverty and achieving a high rate of growth of employment in the state (GOUP, 9th Plan). With this aim, the State's Ninth Plan (1997-2002) has set out the following principal objectives and priorities:

- (i) Development of critical infrastructure, particularly of irrigation and power, as a base for rapid and sustained development.
- (ii) Development of agriculture, more particularly in areas lagging behind, and of the rural economy, through diversification within agriculture from low value to high value crops and from agriculture to non-farm and more remunerative activities.
- (iii) Acceleration of the pace of rural development with the objective of generation of productive and gainful employment. More particularly for those living below the poverty line, eradication of poverty and reduction in regional disparities.
- (iv) Improvement in the economic and social condition of disadvantaged groups such as women, scheduled castes, scheduled tribes, other backward castes and minorities.
- (v) Provision of "Basic Minimum Services" to improve the quality of life of the rural population together with saturation of Ambedkar villages with identified programmes.
- (vi) Reduction of growth of population
- (vii) Promoting and developing people's participatory institutions like Panchayati Raj institutions, cooperatives and self-help groups.

The broad strategy envisaged in the plan is to

- achieve higher efficiency from investments already made or being envisaged and to ensure a better delivery system
- to secure and promote private investment
- to focus development strategies in order to maximise the impact of growth on poor areas and deprived groups.
- to encourage labour intensive growth
- to ensure a large share of investment in the state by Central government and financial institutions.
- To develop an institutional framework which is consistent with such growth.
- To encourage the growth of participatory people's institutions in the state.

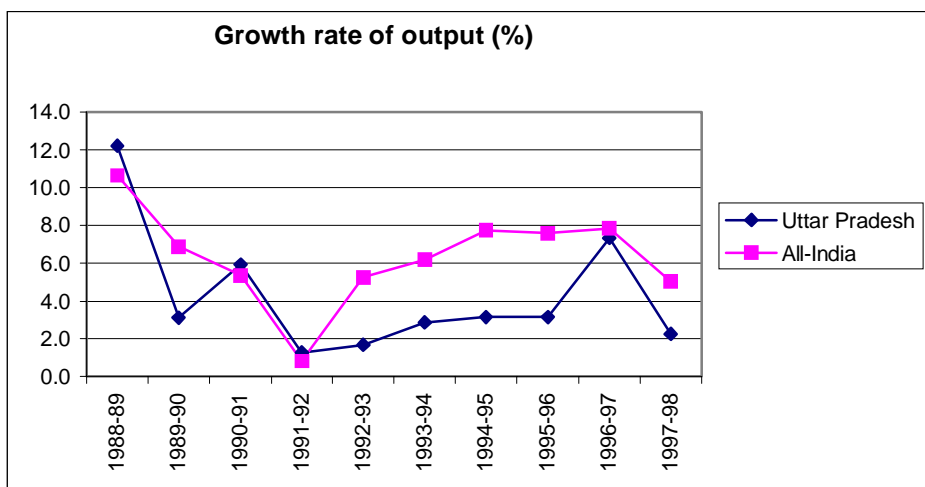
The state set a growth target of 7% annually during 1997-2002 based on a public sector plan outlay of Rs 46,300 in order to achieve the above objectives.

3.2 MACROECONOMIC SITUATION AND ITS IMPLICATIONS FOR POVERTY REDUCTION IN UP

The macroeconomic situation in the state has several important features, all of which have adverse implications for the poverty situation in the state.

First, the rate of economic growth in the state has been slow and has been considerably lower than the country as a whole. UP's growth rate has below the national growth rate for most periods since 1950-51. However, the State economy grew at a faster rate from the late 1970s achieving an overall growth rate of 4.95 percent during 1980-81 to 1990-91. During this period, all sectors of the economy grew at a faster rate, but manufacturing took the lead with a growth rate of almost 9.65 percent. During the 1990s, however, the growth of the State economy has decelerated quite sharply. The overall growth rate has been considerably below the national growth rate for almost all years except 1996-97.

Figure. 3.1



Second, both the agricultural and the industrial sectors have shared the burden of this decline in the state's growth. The growth rate of agriculture came down from 3.7 percent during 1985-90 to 1.2 percent during 1991-97 while industrial growth rate came down from 8.4 percent to 3.3 percent.⁴

The slowdown in agricultural growth rate in the 1990s is likely to have had particularly strong implications for the poor, who continue to derive the bulk of their income from the agriculture sector. The importance of agriculture in UP's economy has slowly declined but it still continues to be the predominant sector in terms of employment. Although the structure of the economy shows little change during the 1990s, the share of the primary sector in state income has come down – from about 60.2 percent in 1960-61 to 39.9 percent in 1997-98.

Analysis of the causes of recent agricultural stagnation shows that total real capital formation in agriculture has been stagnant and public investment has been declining in recent years. The state's Agricultural Policy document of 2000 correctly identifies a number of critical constraints and indicates the necessary thrust areas: improved productivity on degraded land, improved input management, shift towards high value crops, need for

⁴ Provisional estimates of growth rates up to 1998-99 show similar trends but show improved performance of the services sector. The trend growth rate of this sector appears to have improved marginally from 6.37 percent during 1980-81/1990-91 to 6.51 percent during 1990-91/98-99.

improving research on improving yields, better marketing support, area specific management etc. Many of these measures require changes in the policy regime as well as new investment.

Since per worker productivity and wages are higher in the non-agricultural sector, vigorous growth in this sector is also a precondition for more rapid and sustained poverty-reducing growth. Unfortunately the state has not been able to attract sizable industrial investment in recent years, and there is little evidence of labour force diversification (as found in many of the faster growing Indian states). In fact, official sources indicate a deceleration in growth of secondary sector employment while agricultural employment increased at a faster rate (Singh, 1998).⁵ There also has been a shift in the composition of the workforce towards casual employment in the informal sector and employment in the organized sector has remained stagnant since the mid 1980s.

Third, disparities between regions in UP are large and significant and there is evidence that these have grown during the 1990s. Per capita income from the six commodity sectors, are much lower in the two large and populous Eastern and Central regions compared to the more developed Western region. In 1970-71, the per capita income from the commodity producing sectors in the Eastern region was 32.4 percent lower than the Western region while the per capita income in the Central region was 17.1 percent lower. By 1992-93, the gap between these regions and the Western region had widened and per capita incomes in the Eastern and Central regions slid down to levels 44.6 percent and 30.7 percent lower compared to the Western region. But during the 1980s, there were some healthy signs relating to agricultural growth. Agricultural growth picked up in the poorer regions and both the Central and Eastern regions registered higher growth rates of foodgrains and all crops, compared to the Western region. During 1997/80 to 1987/90 foodgrain production in the Eastern region grew at an annual compound rate of 5.81 percent, higher than the Central region's growth rate of 4.99 percent and the Western region's growth rate of 4.57 percent. During 1980-83 to 1990-93, the Eastern region also experienced a growth rate in total crop production of 4.2 percent annually, compared to 3.72 percent in the Western region.

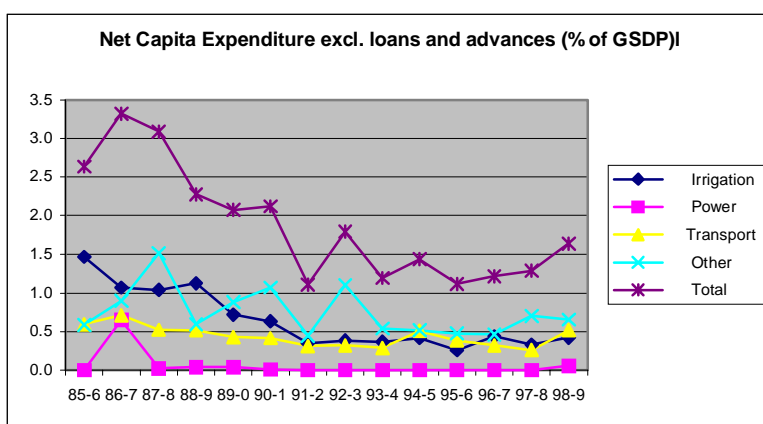
However, between 1987/90 to 1993/96, foodgrain output in the Eastern region grew at a compound rate of 2.68 percent, slightly lower than the growth rate of 2.89 percent

⁵ These findings relate to the period 1981-91 for the Census, and 1987-88/1993-94 for the NSS (Singh 1998).

experienced by the Western region. The growth rate in all other regions has also been lower than the Western region (Lieten and Srivastava, 1999). Preliminary evidence also shows that industrial investment is now more concentrated in the Western region and in areas close to the National Capital region (Singh 1998).

Fourth, the state has been under acute fiscal stress, with rising fiscal deficits and deficits on revenue account, and a rising debt burden. In 1985-86, the State budget showed a revenue surplus of 0.6 percent of Gross State Domestic Product. But since the late 1980s, the revenue deficit has been steadily mounting – from 2.2 percent of GSDP in 1989-90 to 3.6 percent in 1997-98 and 5.9 percent in 1998-99 (revised budget estimates). The total fiscal deficit in the State was as high as 5.8 percent of GSDP in 1997-98 and 8.2 percent in 1998-99. This deficit has been financed largely out of borrowings leading to a mounting debt burden on the State. This has compelled the state to launch fiscal and economic reforms in a vigorous way. But, in the meanwhile, as a result of the fiscal crisis, public investments are under squeeze. As a result, the state has been experiencing declining capital expenditure in physical and social infrastructure both in new investments and in O&M, and low rates of capital formation in agriculture. The share of capital expenditure as a proportion of total state expenditure and as a proportion of GSDP have been declining since the early 1980s under most heads (roads, power, irrigation, transport). Investment in irrigation declined from 1.5 percent of GSDP in 1985-86 to 0.4 percent of GSDP in the late 1990s. This low investment, combined with low productivity of existing investments, clearly linked to poor management and governance, is among the main causes of stagnant growth.

Fig. 3.2



Changing Framework of Governance and Poverty Alleviation

The 73rd and 74th Amendments to the Indian constitution have endowed urban and rural local bodies with substantially increased powers, and have constitutionally mandated a number of vital functions, placed in the Eleventh and Twelfth Schedule of the Constitution, relating to poverty alleviation, local planning, primary and secondary health and education, agriculture, small industry etc, to be carried out by the local bodies. Following the Constitutional Amendment, the state government has taken a number of steps to endow these institutions with greater financial and administrative powers and responsibilities. Many of these steps are of recent origin, and have not fully worked their way through the system. Nevertheless, they constitute a significant change in the delivery of social services and poverty programmes, particularly in the rural areas. Some of these steps include the following:

- Eleven percent of the States' tax revenue is being devolved to the local bodies (7 % to urban and 4 % to rural).
- Village level cadres of eight departments have been merged to provide each of the 58,000 rural panchayats in UP with a government functionary who will be under the administrative control of the elected officials.
- Panchayats and the village education committees have been given supervisory powers over village primary schools, including the powers to appoint para-teachers.
- Similar supervisory powers also extend to a number of other departments, and salaries of some of the functionaries (such as the Anganwadi worker at the ICDS centres) will be disbursed through the panchayats.
- The panchayats are responsible for the identification of beneficiaries and schemes under self-employment, wage employment, and other poverty alleviation programmes. Programmes which were previously centralised with the district bureaucracy (such as the Employment Assurance Scheme) have now been placed under the control of the panchayats at District and Block level.
- The elected president of the Zilla Parishad (the district level panchayat committee) has been made president of the District Rural development Agency, which is responsible for the execution of all the Centrally sponsored Anti-poverty programmes.

- The District Planning Committee (DPC) has been reconstituted, and as per the new Constitutional provisions, two-third of its membership will consist of elected local government official.

These are significant first steps which vital implications for the implementation of governmental programmes, particularly anti-poverty programmes and those in the social sector.

3.3 ANTI-POVERTY PROGRAMMES IN UTTAR PRADESH

India has an array of direct interventions which aim at bringing about an improvement in the living conditions of the poor. These can be considered to fall in four main groups: (1) programmes and interventions which stabilise and/or raise the employment and income of poor households; (2) programmes which focus on poor households and/or vulnerable individuals in order to improve their food or nutrition security status; (3) interventions which improve the access of poor households to basic minimum services through greater private or public provisioning; (4) social security interventions (pensions, accident benefit) which are intended to cover especially vulnerable poor individuals.

These interventions are the responsibility of both the Centre and the States. The Centre alone currently devotes about 11.5 percent of its expenditure to programs in these categories (GOI, Economic Survey, 1998-99). In the case of Centrally sponsored programmes, the states contribute a pre-determined proportion which in most cases has now been pegged at 25 percent. In addition, the states also sponsor a number of programmes of their own, especially those which fall in the social welfare category.

Despite the array of program available and their large scale, the extent of their impact on reducing poverty in India is not clearly established. Expenditure on poverty-reduction programmes in India stepped up since the Fifth Plan, and the subsequent period (till 1989-90) also witnessed a declining trend in poverty, But macro-studies on poverty confirm the significant role of other factors (such as agricultural growth, non-farm employment and inflation) or of broader categories of public expenditure through their impact on aggregate demand (Datt and Ravallion 1996; Sen 1996; for a review of this literature see Srivastava 1997b).

The GOI and state governments have also carried out evaluations of anti-poverty programs from time to time. The concurrent evaluations carried out by the Department of Rural Development of the GOI and Evaluation Studies of the Programme Evaluation Organisation of the Planning Commission provide useful insights regarding the impact of various anti-poverty programmes. The NSS 50th Round (1993-94) has also gathered some information on the incidence of a few programmes (IRDP, Public works employment, and PDS). These results, analysed in detail in a recent report (World Bank 1998) suggest a very low incidence with some variation between states and consumption quintiles.

At a more disaggregate level, micro-studies have been fairly successful in assessing the impact of these poverty alleviation programmes. A detailed evaluation of the anti-poverty programs, based on existing evidence, has been attempted by us elsewhere (Srivastava 1997b) and is not repeated here. The main conclusions of this study are: that: (1) inclusion errors tend to be quite sizeable; (2) while the programme impacts are generally positive, their effectiveness is quite low and considerably below official estimates; (3) there are significant variations across regions.

Changing Environment for Anti-poverty Programmes in India

Three major changes are underway in anti-poverty interventions in India.

First, the concern with the multiplicity of existing programmes and their low efficiency has led to changes in the programmes. The major changes which have taken place include a rationalisation and merger, along with certain other changes, of the self-employment programmes on the one hand (now called the Swarna Jayanti Gram Swarozgar Yojana or SGSY), and the wage employment programmes (now called the Gram Samridhi Yojana), on the other.

Second, as discussed above, since the Seventy-third Amendment has included anti-poverty programmes in the Eleventh Schedule, there has been a move towards decentralisation of rural development administration and an increase in the role and responsibility of local communities through the gram sabhas and the panchayats. This could have implication for the identification of beneficiaries and the selection of schemes as well as their efficiency and impact upon the poor.

Anti-Poverty Programmes in Uttar Pradesh

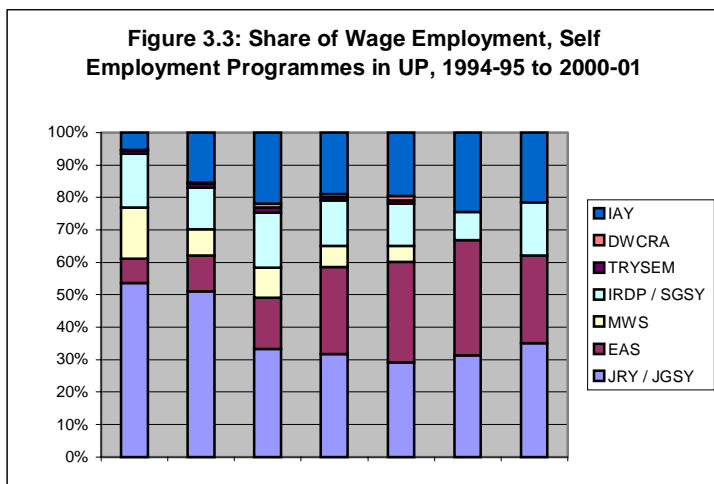
Uttar Pradesh has no state level anti-poverty schemes even though it does have some state level social welfare schemes. Overall the state's share in central resources for poverty alleviation are more or less in proportion to the percentage of the country's poor residing in the state (Subbarao 1998). The total transfer to the poor through five major programmes, including the PDS amounted to 6.5 percent of the poverty threshold income in 1997-98 (ibid.).

The expenditure incurred on the anti-poverty programmes administered by the Department of Rural Development is given in Table 3.1.

Table 3.1: Progress of Anti-poverty Programmes administered by the Department of Rural Development, Uttar Pradesh

A	Programme Expenditure (Lakh Rs.)	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
1	JRY / JGSY	58857.2	77168.6	42123.5	48122.1	55507.2	35804.8	43238.4
2	EAS	8185.3	16732.0	19833.0	40665.6	58816.7	40846.2	33312.9
3	MWS	17525.5	11988.8	11672.9	9629.9	9253.6		
4	IRDP / SGSY	18037.4	19267.0	21456.6	21266.4	24885.6	10094.0	19968.2
5	TRYSEM	1048.7	1971.0	1813.1	1548.9	1807.1		
6	DWCRA	237.0	579.9	1548.2	1346.3	2723.2		
7	IAY	5917.6	23283.7	27675.0	28841.8	37151.3	27957.7	26650.9
	All (incl. Other programmes)	109808.7	150991.0	126122.3	151420.9	190144.8	114702.7	123170.5
B.	Physical Progress	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
1	JRY (Lakh Mandays)	1129.4	1408.1	658.2	599.5	691.4	438.9	412.3
2	EAS (Lakh Mandays)	148.0	318.2	319.9	522.8	754.3	485.7	332.0
3	MWS (Lakh Mandays)	323.06	233.17	190.4	137.18	147.49		
4	IRDP (Nos.)	348983	355916	364552	351146	391832	60647	124064
5	TRYSEM (Nos.)	55380	63721	69272	65875	64829		
6	DWCRA	1709	2252	6005	6129	11600		
7	IAY (Nos.)	10162	192984	146870	137396	181274	155248	154697

It will be seen that, till 1994-95, the largest percentage of expenditure was incurred on the wage employment programmes, followed by the self-employment programmes. However, the Indira Awaas Yojana quickly grew in size from 1995-96 onwards and absorbed the second highest quantum of funds since that year. The inter se distribution of expenditure on wage employment programmes has also changed with the percentage of expenditure allocated to the Employment Assurance Scheme becoming higher from 1997-98 onwards.



Analysis shows that among the employment programmes, the EAS has been less well targeted to districts and regions in poverty (Srivastava 1998). Among the regions, the Hill region has received a larger share in the allocation of anti-poverty resources compared to its share of the poor (Subbarao 1998). There are several important issues regarding these programmes which recent studies highlight. An underlying issue is the relative importance given to employment versus building up of social/physical infrastructure. A recent study shows that the latter is now the driving force behind allocations, especially of EAS funds to local levels (Srivastava 1998b). In any case, the man-days of employment generated per employed persons is very low, and the participation of women is exceptionally low (GOI, JRY Concurrent Evaluation 1993-94; Srivastava 1998b, Subbarao 1998, World Bank 1998). This implies that these schemes may not have been very successful in achieving their objective of stabilising employment incomes during the lean season.

There is a third set of issues, which arise from the role of the community, the PRIs and the development administration in the selection and implementation of these schemes. Specifically, one would like to know whether scheme selection is in accordance with local priorities and whether the funds are optimally utilised. Existing evidence shows a fair amount of leakage in both the JRY and EAS and little community participation in the selection of schemes (Srivastava 1997a, 1998b, Kozel and Parker 1998). Finally, the impact of other implementation issues such as the number and timing of instalments and lack of flexibility in the labour-material component has still not been adequately studied.

Among the programmes, the IRDP has been studied in greater detail. Even though important design changes have recently taken place in the Programme (the back-ending of subsidy and highest investment allocations being the two major ones), the programme's performance varies between regions and economic groups and it has been shown to suffer from a number of problems. Simply put, the programme is best viewed as a transfer programme which has provided assets to the poor (and non-poor) in a proportion of cases rather than as a subsidised credit programme, but even then it does put the poor households through considerable risk (Rao and Rangaswamy 1988, Dreze 1990, Srivastava 1998, Lieten and Srivastava, 1999). However, two other related variants of the IRDP, namely the DWCRA and SHGs, both of which are based upon a group approach and are often facilitated by NGOs have been less well studied in UP's context.

The housing programme have been steadily growing in importance both nationally and in UP's context. These were essentially seen as labour intensive employment generation programmes, but there are no studies of the labour-capital components in these programmes. The size of the grant in these programmes dwarfs the grant size in other programmes and hence it is not surprising that they elicit a great deal of interest in the rural areas. Gram Sabha meetings to select the beneficiaries are generally the best attended but evidence indicates that beneficiary selection process is extremely difficult (Srivastava 1996, 1998b).

The final category of programmes which have an important impact on poor households are pension programmes for the aged, disabled and widows. UP was one of the first states to introduce pension schemes for these groups which now continue to supplement the national NSAP initiative which also aims to provide old age pension. These programmes, which require the absence of any other able-bodied working person from the household of the old/disabled (irrespective of income and size of family), appear to work mainly on an exclusionary criteria and their problems and welfare implications have not been well studied in UP's context. This is also the case with their administrative arrangements which the government has recently decentralised.

Overall, most of the programmes in UP have lower than national average efficiency and this is a matter of concern. While greater decentralisation has taken place, its impact has not been adequately studied.

4.

METHODOLOGY AND A DESCRIPTION OF THE STUDY AREAS

An evaluation of anti-poverty programmes has naturally to be centred around the poor. It should be able to assess the participation of poor households in specific programmes, and the impact of these programmes on them, using a number of 'subjective' and 'objective' criteria. A study of this kind must also find out the nature of involvement of the other 'actors' in these programmes – the developmental functionaries, financial institutions, panchayat officials, the 'non-poor', and so on. It can also hardly be assumed that those who have benefited from specific programmes are the 'poor'. Moreover, each of these 'actors' may not necessarily be forthcoming with accurate information on the required issues. But the nature of information transmitted may improve in certain participatory contexts. For all these reasons, this study has combined a large number of tools in order to evaluate anti-poverty programmes in Uttar Pradesh. It combines use of available secondary data with primary data; qualitative and quantitative methods, and surveys based on sampling techniques with a case study approach and focus group discussions.

The methodology used for the selection of sample districts and study villages consists of a two stage sampling procedure. (a) In the first stage, three districts each from the Western and Eastern regions of the state, two districts from the Central region, and one each from the Bundelkhand and Hill regions, were randomly selected from the list of districts in each of the regions (the 1991 administrative boundaries of the districts was the basis of the selection, although the State has undergone administrative reorganisation during the 1990s) (b) Two villages were selected randomly from each of the ten districts after excluding extreme-sized villages (number of households less than 100 or greater than 700).

Information from the sample villages and rural households were collected using the following instruments:

(1) Census and Village Listing:

A total of 6,070 households in the 20 villages were listed and a census questionnaire covering the demographic and socio-characteristics of the households and their coverage under the anti-poverty programmes was canvassed among all these households. Fairly detailed information was collected through this schedule on (a) the households composition, and educational status of the household members; (b) ownership of land and assets; (c) summary consumption expenditure; (d) type of house, cooking fuel, source of drinking water, availability of electricity; (e) participation and eligibility for specific anti-poverty programmes; (f) participation in panchayat activities (meetings, elections etc.)

(2) Village Schedule:

A village schedule was used to collect information regarding the socio-economic characteristics of each of the study villages. The characteristic on which information was collected including land utilisation and irrigation; caste composition; distance from various facilities and urban centres; presence or absence of basic physical and social infrastructural facilities, such as schools, health centres/sub-centres, roads, drinking water facilities, panchayat bhawan, public distribution system shop etc.

(3) Beneficiary Household Survey

A semi-structured questionnaire was canvassed among a sample of beneficiary households. The total estimated sample size was expected to be around 1000 households. Against this, a total of 1076 were canvassed. Information was collected from *all* the beneficiary households during the last year (1999-00) and half of the households in the preceding years (selected randomly for each programme) who had benefited from any of the schemes (except the employment schemes for which only 1999-00 was taken as the reference period).

The detailed household questionnaire collected information on the following dimensions (i) demographic features of the household; (ii) asset ownership; (iii) liabilities; (iv) income from various sources; (v) break-up of consumption expenditure; (vi) detailed information regarding the anti-poverty programme in which the household participated.

(4) Case Histories

Detailed case studies of beneficiaries and poor non-beneficiaries were recorded in a large number of cases in order to document their experience in accessing government anti-poverty programmes.

(5) Wealth Ranking:

A wealth ranking exercise carried out in one of the poor localities in each study village. A list of thirty villagers was randomly selected by the participant group using name cards. They were then asked to place these cards into four or five groups thus stratifying the list depending upon the economic status of the households to which the individuals belonged. The discussion which normally ensued among the participant group around the criteria for placing each individual in one or the other group was recorded in detail. The participant's attention was specifically drawn to the 'poorest' households in the village, even if these were not part of the randomly selected list. The wealth ranking procedure enabled the researchers to establish the criteria which the poor villagers used to stratify their fellow villagers.

(6) Focus group Discussions

Focus group discussions with the poor on issues such as (i) criteria used for selection of beneficiaries, are ineligible households included and eligible households left out? Why? (ii) Implementation and leakages; (iii) their participation in selection of beneficiaries and schemes; (iv) problems and suggestions.

(7) Open-ended interviews

Open-ended interviews were also held with elected PRI functionaries and village level development functionaries to identify their capacity and to elicit their views on various aspects of the anti-poverty programmes.

The analysis carried out in the subsequent chapters is self-explanatory. However, the use made of the consumption and income data in the analysis requires an explanation at this stage.

In the census survey, we have collected information on self-reported monthly consumption expenditure. Because of the summary nature of this information, we have used this information for relative ranking of households by classifying them into per capita consumption quintiles.

In the household survey, we have collected a fairly detailed break-down of household consumption expenditure, which has been used to compute monthly per capita consumption expenditure (PCME). Based on the State Poverty Line for 1999-00 provided by the Planning Commission, households have been classified into four groups: (1) Very Poor ($PCME < 0.75 \text{ SPL}$); (2) Poor ($0.75 \text{ SPL} \leq PCME < \text{SPL}$); (3) Not-poor ($1.25 \text{ SPL} > PCME \geq \text{SPL}$); (4) Well-off ($PCME > 1.25 \text{ SPL}$). Since the list of items on which data has been canvassed is much smaller than the National Sample Survey, we would expect expenditure to be understated, and hence poverty to be overestimated in these estimations.

As far as household incomes are concerned, we have collected fairly detailed source-wise information on gross income and costs/expenditure in order to enable us to compute (net) household income, which has been used to classify households.

4.1 A DESCRIPTION OF THE STUDY AREAS

As discussed in the methodological note above, a total of ten districts were selected for this study, three each from West and East UP, two from Central UP, one each from Bundelkhand and the Hill region. The sample districts were Bareilly, Aligarh and

Meerut/Baghpat in Western UP; Deoria, Jaunpur and Allahabad/Kaushambi from Eastern UP, Fatehpur and Unnao in Central UP; Hamirpur in Bundelkhand and Pithoragarh in the Hills. Further, two villages were randomly selected in each of the sample districts. In order to protect the identity of the informants in the sample villages, they are henceforth referred to as District-A and District-B villages with the name of the sample district used as prefix.

The twenty sample villages were found to have 6071 households, of which the smallest number of surveyed households (236 or 3.9 percent) were in the sample villages in the Hills, while 12.1 percent of the listed households were in the Bundelkhand villages. The largest number of surveyed households were in the Western region (31.2%), followed by the Eastern region (30.2 %) and the Central region (22.5 %).

Table 4.1: Selected Indicators for Deprivation Among Households in Study Villages

VILLAGE	Percentage of Households who are/have						
	In Kutcha Houses	In Lowest 2 Quintiles as per state-wide distribution	Landless	Using wood/dung for cooking	Un-electrified	No Latrine	No access to Potable Water
Allahabad-A	3.8	58.2	40.2	97.3	62.8	98.1	51.3
Allahabad-B	16.1	57.1	32.9	99.3	88.3	99.3	35.0
Jaunpur-A	5.5	42.8	19.9	96.9	80.4	96.9	59.9
Jaunpur-B	9.9	51.0	20.2	99.2	92.2	99.2	19.3
Deoria-A	23.0	27.7	23.4	97.1	65.8	88.5	0.4
Deoria-B	13.8	32.9	9.4	97.3	48.3	95.3	1.0
Unnao-A	35.9	43.0	13.6	99.5	99.8	97.1	30.0
Unnao-B	10.6	42.3	19.2	97.8	89.4	95.8	32.1
Fatehpur-A	3.2	54.2	41.6	97.2	76.6	74.1	31.5
Fatehpur-B	6.7	32.5	12.4	98.2	86.4	91.5	21.5
Meerut-A	0.7	12.0	50.2	71.9	18.7	71.9	0.7
Meerut-B	1.9	21.2	50.4	96.9	53.1	80.0	0.4
Aligarh-A	2.8	35.8	38.6	96.2	94.4	97.2	0.0
Aligarh-B	8.1	29.3	26.4	98.9	99.2	99.2	0.0
Bareilly-A	5.1	75.5	32.0	98.0	93.1	88.0	0.8
Bareilly-B	5.6	55.7	5.6	99.7	93.0	99.3	0.0
Pithoragarh-A	0.0	4.7	26.0	22.7	8.7	53.3	36.0
Pithoragarh-B	4.7	3.5	12.8	93.0	73.3	87.2	9.3
Hamirpur-A	0.0	38.8	12.9	99.5	84.0	98.1	26.1
Hamirpur-B	0.3	24.7	9.0	99.0	100.0	97.4	94.6
Total	8.8	40.0	24.7	95.0	78.9	92.0	23.0

Source: Census Survey of Households

Poverty was least among the surveyed households in the Hills, where only 4.2 percent of the households were in the bottom 40 percent (bottom two quintiles) in terms of per capita consumption expenditure, and 48.9 percent were in the highest quintile.

Among the surveyed households, 19.3 percent came from upper and middle castes, while the largest percentage (44.4) were from ‘other backward castes’; 26.3 percent were from the SC/ST and 9.9 percent were Muslims or belonged to other religions. Poverty was least among upper caste households and highest among Muslim and SC/ST households.

Table 4.2: Distribution of Households by caste and Per Capita Consumption Quintile

Caste group	Quintile					Total
	1	2	3	4	5	
Upper Caste	70	110	157	261	571	1169
	<i>6.0</i>	<i>9.4</i>	<i>13.4</i>	<i>22.3</i>	<i>48.9</i>	<i>100</i>
O.B.C.	580	652	592	518	354	2696
	<i>21.5</i>	<i>24.2</i>	<i>22.0</i>	<i>19.2</i>	<i>13.1</i>	<i>100</i>
SC/ST	400	310	333	342	213	1598
	<i>25.0</i>	<i>19.4</i>	<i>20.8</i>	<i>21.4</i>	<i>13.3</i>	<i>100</i>
Muslims	163	142	132	90	75	602
	<i>27.1</i>	<i>23.6</i>	<i>21.9</i>	<i>15.0</i>	<i>12.5</i>	<i>100</i>
Other Caste	1	0	0	3	1	5
	<i>20</i>	<i>0</i>	<i>0</i>	<i>60</i>	<i>20</i>	<i>100</i>
Total	1214	1214	1214	1214	1214	6070
	<i>20</i>	<i>20</i>	<i>20</i>	<i>20</i>	<i>20</i>	<i>100</i>

Source: Census Survey

Note: Figures in Italics denote row percentage.

Village-level social, demographic and infrastructural characteristics are summarised in Table 4.3. Upper caste households predominate in both the Pithoragarh villages, while upper and medium castes also predominate in the two Western districts of Meerut and Aligarh and in Unnao-A. Muslims form 30 percent or more of the households in four study villages. There are no OBCs in the Pithoragarh villages and they also comprise a low proportion of households in the Meerut villages and in Unnao-B. Pithoragarh-B is inhabited by the *Raje* Scheduled Tribe, which has been the object of special developmental focus.

Eight of the study villages were between 2 and 5 kilometres from the nearest urban centre, but four were at a distance of 30 kilometres or more. Three villages were connected by a pukka road and six others were connected by *khadanja*. Others were connected by mixed or kutch roads. Within the village, roads were pukka in the case of the two Pithoragarh villages, and *khadanja* in eleven others. In other cases, village roads were of mixed type or kutch.

All but two of the villages were electrified and all except one had a primary school. The distance from a middle school exceeded 3 kilometres in two cases. The percentage of boys enrolled in school varied from 5 in Aligarh-B to 95 in Jaunpur-A. The percentage of girls in school was even lower, the highest being 70 in Jaunpur A and Meerut-A. Twelve of the villages had an anganwadi, while eighteen had a PDS shop. A maternity facility was locally available in only four of the villages.

The percentage of area irrigated area was very low (less than 20 percent) in Pithoragarh and Hamirpur-A, and moderate (between 20 and 65 %) in Allahabad and Hamirpur-B. In all other villages, irrigation percentage exceeded 75 percent.

Table 4.3 also summarises a few of the deprivation characteristics of households in the study villages, based on the census survey of households.

About 9 percent of the households in the study villages were in kutcha houses. The highest percentage of kutcha houses were in the study villages of Unnao in Central UP and Deoria and Allahabad in Eastern UP. More than one-third houses were kutcha in Unnao-A.

The summary consumption figures reported by households show that the highest proportion of households in the lowest two quintile range were in Bareilly and Allahabad whereas the lowest proportion of such households were in the two Pithoragarh villages.

More than half the households were reported to be landless in both the Meerut villages. High landlessness was also reported in Allahabad-A, Fatehpur-A and Aligarh-A.

At the state level, for all the study villages taken together, 95 percent of the households used wood/dung for cooking fuel, 78.9 percent were unelectrified and 92 percent were without latrine facility. The lowest proportion of households using wood or dung as cooking fuel was in Pithoragarh-A, followed by Meerut-A. Both these villages also had the highest percentage of electrified villages. Again, the highest proportion of households with latrine facilities were also in Pithoragarh-A and Meerut-A, followed by Fatehpur-A.

Nearly a quarter (23%) of the households did not have access to potable water supply. The percentage of such households was the highest in Hamirpur-B (94.6%), Jaunpur-A (59%), Allahabad-A (51.3%) and Pithoragarh-A (36 %).

Thus, the sample villages and districts represent varied conditions under which the poor subsist in the State.

TABLE 4.3: KEY CHARACTERISTICS OF STUDY VILLAGES

VillageCharacteristics	Allahabad		Jaunpur		Deoria		Unnao		Fatehpur		Meerut		Aligarh		Bareilly		Pithoragarh		Hamirpur		
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	
A Demographic Features																					
1 Population	1702	2531	2138	1747	2037	2124	2585	1586	1756	1907	1997	1655	1593	1967	2254	1821	774	363	2524	1825	
2 Total No.of households	261	429	327	243	278	298	440	312	286	329	299	260	285	372	391	287	150	86	425	312	
3 Main Caste groups - Upper & Medium Caste	11.5	3.7	26.0	0.0	2.2	22.2	8.6	45.8	0.7	5.8	48.2	46.5	56.1	6.5	4.4	0.4	75.3	60.5	26.8	5.8	
OBC	81.6	59.0	42.5	68.7	42.8	45.6	52.7	1.0	26.9	77.6	10.7	1.5	11.6	48.4	58.8	82.2	0.0	0.0	54.8	49.4	
SC & ST	4.2	36.8	30.0	15.2	20.9	27.5	27.5	53.2	21.3	14.6	30.8	21.9	32.3	43.8	7.4	17.4	22.7	39.5	16.5	43.9	
Other Categories	2.7	0.5	1.5	16.1	34.2	4.7	11.2	0.0	51.1	2.1	10.4	30.0	0.0	1.3	29.4	0.0	2.0	0.0	1.9	1.0	
B Location Characteristics (Distance in km from)																					
1 District Headquarter.	20	30	35	42	51	38	68	26	48	60	8	28	80	40	30	27	3	70	33	55	
2 Tehsil	11	10	4	16	10	3	38	13	12	26	10	12	30	14	15	5	3	24	37	30	
3 Block	5	16	4	10	10	3	22	20	12	15	12	4	14	14	0	5	7	24	37	19	
4 Nearest urban area	2	8	4	16	10	3	16	13	48	3	10	4	80	14	2	5	3	70	17	30	
5 Town of more than1 lac population	20	55	35	25	51	40	100	50	97	60	10	65	80	40	15	27	250	320	102	107	
6 Rly.Station	2.5	10	4	16	10	23	20	26	12	23	10	12	10	23	2	6	151	220	17	10	
7 Bus stand	4	8	0	3	1	3	7	5	1	0	8	1	0	3	0	5	0	1	5	10	
8 Post Office	3	4	1	1	1	3	1	6	2	3	5	3	2	4	0	1	0	4	0	0	
9 Nearest market for the village	2	2	2	1	1	3	20	13	1	3	3	3	6	14	2	5	3	4	17	20	
10 Mandi managed by mandi samiti	4	17	4	3.5	10	23	20	13	12	3	15	3	6	14	10	27	250	320	17	20	
11 Weekly market	2	2	4	1	1	2	0	3	1	3	3	3	6	14	2	5	0	4	17	0	
C Area and Irrigation																					
1 Total area in acres	679.5	851.7	550.9	251.0	315.0	250.0	1150.0	1427.5	433.5	436.0	409.9	472.5	639.8	698.1	550.6	1099.2	395.3	271.2	3759.1	2394.1	
2 Culturable land in acres	478.5	704.4	397.9	195.5	270.0	230.0	1106.3	1218.8	299.8	367.0	327.6	407.5	519.4	536.1	488.8	1024.2	176.3	113.9	3033.9	1522.9	
3 Irrigated land percentage	42.3	65.0	75.0	95.0	79.4	100.0	100.0	82.0	80.0	95.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0	18.8	14.3	63.6	

Village Characteristics	Allahabad		Jaunpur		Deoria		Unnao		Fatehpur		Meerut		Aligarh		Bareilly		Pithoragarh		Hamirpur		
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	
D Infrastructure and Basic Services																					
1 Main Source of drinking water (Tap-1, Handpump-2, well-3, River/canal/pond -4)	4	2	2	2	2	2	2	2	2	2	2	2	1	1	2	2	1	1	2	3	
2 Is this village connected by road (Pucca -1 Khadanja -2, Kutcha road -3, Mixed -4, Nil - 5)	2	1	2	4	3	4	5	4	3	2	4	2	2	4	2	4	1	1	5	5	
3 Condition of village roads (Pucca -1 Khadanja -2, Kutcha road -3, Mixed -4, Nil - 5)	3	4	3	2	2	3	2	3	3	3	2	2	2	2	2	2	1	1	2	2	
4 Is this village electrified - Yes -1, No -2	1	1	1	1	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	2	
5 If yes, average hours of availability	10	5	10	10	5	3		12	6	4	8	6	6	4	6	6	10	20	16		
6 Distance of school 1 - Primary school	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	
7 2 - Middle school	3	3	0	1	1.5	3	1	4	1	3	0	3	0	3	0	1	0	4	0	3	
8 3 - High school & Inter	5	8	2	1	6	3	20	13	7	3	8	3	2	14	9	5	3	4	33	30	
9 % of boys & girls going to school : Boys	25	30	95	14	45	20	80	80	60	40	70	60	90	5	60	60	50	30	60	53	
10 Girls	5	20	70	7	55	25	40	60	40	35	70	60	70	2	40	40	50	45	40	27	
11 Is there an anganwadi - Yes -1, No -2	1	2	2	1	2	1	2	1	2	1	2	2	1	1	1	2	1	1	1	1	
12 Maternity facility (Nurse -1, PHC -2, Private centre -3, Nil -4)	4	4	4	4	4	4	4	4	1	4	4	1	4	4	2	4	4	4	1	4	
13 Availability of PDS (In village -1, In other village -2, Nil -3)	1	2	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	

Source: Village Survey and Census Survey.

5.

WHO DO THE ANTI-POVERTY PROGRAMMES REACH IN UTTAR PRADESH

The chapter analyses the reach of the anti-poverty programmes in Uttar Pradesh. It presents the results of the census survey of households in all the twenty study villages to ask the following two questions, of critical importance to any direct anti-poverty strategy: what percentage of poor households do these programmes reach and what is the proportion of non-poor households covered by these programmes? Since it is difficult to replicate the criterion used by the government to classify households as poor and eligible, alternative criteria of economic well-being are used (consumption expenditure, land and asset ownership etc.). Similar issues have been discussed by World Bank (1998) and Gaiha (2000) on the basis of NSS 50th Round data which collected information on the participation of households in broad categories of public programmes. Subsequent chapters again answer the same questions for sample households on the basis of more detailed information.

At one level, the reach of the individual anti-poverty programmes in Uttar Pradesh is quite exceptional. Of the 6,070 households surveyed, 27.1 percent had benefited from one of the programmes enumerated in the survey. What percentage of poor households were covered and what percentage of the households covered were poor? This was a difficult question to answer since the official criteria for inclusion/exclusion is the rather ambiguous one of household income.

On the whole, using a number of alternative socio-economic indicators, the survey found that, on average, beneficiary households were poorer compared to non-beneficiary households. But there were large differences among the selected beneficiary households. While the richest households were more likely to be excluded and the poor were more likely to be covered under one of the programmes, a large proportion of those benefiting tended from less poor/non-poor categories. Moreover, and more important, a significant percentage of the poorest were still not extended the benefit of any of the anti-poverty programmes

studied. Although the profiles of beneficiaries/non-beneficiaries pertain to an *ex-post* situation, for which an allowance has to be made, taken together with the subsequent analysis on the impact of the programmes, we consider the conclusions below to be reasonably valid for the prevailing situation.

5.1 CHARACTERISTICS OF BENEFICIARIES AND NON-BENEFICIARIES OF APPS

On average, households selected for coverage under the APPs are poorer compared to non-beneficiary households. The average monthly per capita consumption expenditure incurred by non-beneficiary households is higher than beneficiary households – Rs.1951 compared to Rs. 1674.

In terms of land owned, beneficiaries were worse off as compared to non-beneficiaries. The average amount of irrigated land owned by beneficiaries was 0.87 acres, compared to 1.47 acres among non-beneficiaries. Beneficiaries also own fewer agricultural and non-agricultural assets per household.

Beneficiaries are also worse off in terms of basic amenities. Only 6.3 percent use flush or septic latrines compared to 9.3 percent non-beneficiaries. Domestic cooking is based on LPG or electricity in the case of only 1.8 percent beneficiaries compared to 5.6 percent non-beneficiaries. For lighting, 23.6 percent non-beneficiary households used electricity compared to only 14.7 percent beneficiaries.

Fifty percent of the beneficiaries were scheduled castes, compared to 21 percent from the other backward castes, 18 percent from among Muslims and 14.1 percent from upper castes.

Table 5.1: Distribution of Beneficiary and Non-Beneficiary Households by Caste

Caste group	Beneficiary Hh	Non-beneficiary Hh	Total
Upper Caste	165	1004	1169
	<i>14.1</i>	<i>85.9</i>	<i>100.0</i>
O.B.C.	565	2132	2697
	<i>21.0</i>	<i>79.1</i>	<i>100.0</i>
SC/ST	801	797	1598
	<i>50.1</i>	<i>49.9</i>	<i>100.0</i>
Muslims	112	490	602
	<i>18.6</i>	<i>81.4</i>	<i>100.0</i>
Other Caste	3	2	5
	<i>60</i>	<i>40</i>	<i>100</i>
Total	1646	4425	6071
	<i>27.1</i>	<i>72.9</i>	<i>100.0</i>

Source: Census Survey.

Note: Figures in Italics denote row percentage.

Table 5.2: Number of Schemes Benefiting Households by Caste

Caste group	Number of schemes by which Household benefited					Total
	0	1	2	3	4	
Upper Caste	85.9	11.2	2.2	0.7	0.0	100.0
O.B.C.	79.1	18.2	2.6	0.1	0.1	100.0
SC/ST	49.9	30.7	14.0	4.6	0.8	100.0
Muslims	81.4	16.8	1.7	0.2	0.0	100.0
Total	72.9	20.0	5.4	1.4	0.2	100.0

Source: Census Survey

The incidence of benefits in terms of per capita consumption quintiles reveals an almost flat distribution in the lowest four quintiles.. In the lowest quintile, 30.7 percent households were covered under one of the programmes, and in the next three quintiles, 28.1, 29.0 and 29.2 percent of the households were covered. Only in the highest quintile, a lower percentage – 18.6 percent of the households were covered.

**Table 5.3: Distribution of Beneficiary and Non-Beneficiary Households
by Per Capita Consumption Quintile**

Quintile	Beneficiary Hh	Non-beneficiary Hh	Total
1	373	841	1214
	<i>30.7</i>	<i>69.3</i>	<i>100.0</i>
2	341	873	1214
	<i>28.1</i>	<i>71.9</i>	<i>100.0</i>
3	352	862	1214
	<i>29</i>	<i>71</i>	<i>100</i>
4	354	860	1214
	<i>29.2</i>	<i>70.8</i>	<i>100.0</i>
5	226	988	1214
	<i>18.6</i>	<i>81.4</i>	<i>100.0</i>
Total	1646	4424	6070
	<i>27.1</i>	<i>72.9</i>	<i>100.0</i>

Source: Census Survey

Note: Figures in Italics denote row percentage.

In terms of the principal sources of livelihood of the household, those drawing income from labour and cultivation were most likely to have been covered (about 34 percent households in each case), but even among salaried households, about 18 percent had been covered.

**Table 5.4: Distribution of Beneficiaries and Non-Beneficiaries according to Principal
Source of Livelihood**

Primary source of livelihood	Beneficiary Hh	Non-Beneficiary Hh	Total
Own Farming	809	2303	3112
	<i>49.2</i>	<i>52.1</i>	<i>51.3</i>
Casual Labour	449	806	1255
	<i>27.3</i>	<i>18.2</i>	<i>20.7</i>
Long Term Ag	1	1	2
	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>
Salaried	79	376	455
	<i>4.8</i>	<i>8.5</i>	<i>7.5</i>
Personal	9	22	31
	<i>0.6</i>	<i>0.5</i>	<i>0.5</i>
Petty Business	230	618	848
	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>
Major Business	0	8	8
	<i>0</i>	<i>0.2</i>	<i>0.1</i>
Others	0	0	0
	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Total	1646	4425	6071
	<i>100</i>	<i>100</i>	<i>100</i>

Source: Census Survey

Note: Figures in Italics denote column percentage.

In terms of conditions of housing, those who lived in kutcha houses were only slightly more likely to be beneficiaries - 31.1 percent of these were beneficiaries, compared to 28.7 of those who lived in kutcha houses with tiled roofs, 29.9 of those who lived in semi-pukka and 23.8 percent of those of lived in pukka houses.

Table 5.5: Distribution of Beneficiaries and Non-Beneficiaries by Type of Houses

House hold getting benefit of scheme	Type of house				Total
	Kutcha/Mud	Mud Walls/Tiled	Half Pukka/Tiled	Pukka	
Beneficiary	166	558	324	598	1646
	<i>10.1</i>	<i>33.9</i>	<i>19.7</i>	<i>36.3</i>	<i>100</i>
Non-Beneficiary	368	1384	761	1912	4425
	<i>8.3</i>	<i>31.3</i>	<i>17.2</i>	<i>43.2</i>	<i>100</i>
Total	534	1942	1085	2510	6071
	<i>8.8</i>	<i>32.0</i>	<i>17.9</i>	<i>41.3</i>	<i>100</i>

Source: Census Survey

Note: Figures in Italics denote percentage.

By implication, therefore, a large proportion of poor households – in terms of consumption levels, pattern of livelihood, or asset ownership had not obtained any benefit from the programmes discussed in this study. *In the lowest two consumption quintiles, 69.3 percent and 71.9 percent households respectively were not covered by any of the programmes.*

Table 5.6: Distribution of Beneficiary Households by Region and Per Capita Consumption Quintile

Region	Quintile					Total
	1	2	3	4	5	
Hill	5	2	19	38	34	98
	<i>5.1</i>	<i>2.0</i>	<i>19.4</i>	<i>38.8</i>	<i>34.7</i>	<i>100</i>
West	89	86	94	90	69	428
	<i>20.8</i>	<i>20.1</i>	<i>22.0</i>	<i>21.0</i>	<i>16.1</i>	<i>100</i>
Central	133	94	85	75	47	434
	<i>30.7</i>	<i>21.7</i>	<i>19.6</i>	<i>17.3</i>	<i>10.8</i>	<i>100</i>
Bundelkhand	33	40	45	46	18	182
	<i>18.1</i>	<i>22.0</i>	<i>24.7</i>	<i>25.3</i>	<i>9.9</i>	<i>100</i>
East	113	119	109	105	58	504
	<i>22.4</i>	<i>23.6</i>	<i>21.6</i>	<i>20.8</i>	<i>11.5</i>	<i>100</i>
Total	373	341	352	354	226	1646
	<i>22.7</i>	<i>20.7</i>	<i>21.4</i>	<i>21.5</i>	<i>13.7</i>	<i>100</i>

Source: Census Survey

Note: Figures in Italics denote row percentage.

In the Hill region (now Uttaranchal), 84 percent of the beneficiaries were from the top two consumption quintiles of the State, while in the Western region, 42 percent of the beneficiaries were in the top two quintiles. Thus, at a State-wide level, benefits were skewed in favour of the better-off households in the more prosperous regions.

5.2 CHARACTERISTICS OF BENEFICIARIES OF SPECIFIC ANTI-POVERTY PROGRAMMES

This section considers the characteristics and distribution of beneficiaries of specific types of anti-poverty programmes to consider the nature of outreach of these programmes in UP. As in the previous section, the analysis is based on the census survey. The discussion in this chapter complements the discussion in the chapters which follow, which are based on sample household characteristics.

Table 5.7: Household Consumption Quintile-wise Distribution of Beneficiaries according to Type of APP

Household consumption quintile	Self-employment	Wage employment	Housing schemes	Pension schemes	Land distribution
1 (Low)	88	67	52	101	151
	13.7	21.4	16.0	41.1	22.7
2	134	89	87	40	162
	20.8	28.4	26.7	16.3	24.3
3	146	80	91	45	127
	22.7	25.6	27.9	18.3	19.1
4	163	51	60	36	123
	25.3	16.3	18.4	14.6	18.5
5 (High)	113	26	36	24	103
	17.6	8.3	11.0	9.8	15.5
Total	644	313	326	246	666
	100	100	100	100	100

It will be seen that in the self-employment programmes, only 13.7 percent of the beneficiaries are in the lowest consumption quintile and 34.5 percent beneficiary households are from the lowest 40 percent households in terms of consumption level. The percentage of beneficiaries *rises* in the higher consumption quintiles, with 25.3 percent beneficiaries in the fourth consumption quintile. The top two quintiles claim more than 42 percent of the beneficiaries which is the highest for these two classes among all categories of anti-poverty programmes.

Wage employment programmes claim a higher proportion of poorer households, with 49.8 percent belonging to the two lowest quintiles and only 24.5 percent belonging to the two highest quintiles.

Surprisingly, the housing schemes which are specifically targeted at some of the most vulnerable sections in rural society i.e. the shelterless do not fare very well with only 16 percent beneficiaries belonging to the lowest consumption quintile. The highest percentage of beneficiaries of IAY come from the second and third quintiles, which together account for 54.6 percent of the beneficiaries. The highest two quintiles claim 29.4 percent of the beneficiaries.

Pension schemes have the best coverage among the poorest households with 42.1 percent belonging to the lowest quintile, but even here, nearly a quarter (24.4 percent) of the households were in the two highest consumption quintiles. This however is the lowest coverage in these classes among all categories of programmes.

Land distribution programmes claim 47 percent beneficiaries in the two lowest classes but also have a sizeable percentage (33.9) in the two highest classes.

Thus, with consumption levels as a criterion, beneficiary households in all programmes belong to all consumption classes. The lowest percentage beneficiaries in the two lowest quintiles is in the self-employment programmes, which also has the highest percentage of beneficiaries in the two highest quintiles. Land distribution programmes have the next highest percentage of households in the highest consumption classes.

Table 5.8 below shows the incidence of benefits of each category of programme for each of the consumption quintiles and for the programmes as a whole. Results are separately provided for all years and for the last reference year (1999-00).

The two programmes which show the largest coverage among rural households are the land distribution programme (11 percent households) and self-employment programmes (10.5 percent households). Housing and Wage employment programmes have covered 5.4 percent and 5.2 percent of the households in the study villages, while pension schemes provided coverage to 4.2 percent households.

However in the last reference year alone, wage employment programmes covered the largest percentage of households (3.5), followed by pension schemes (2.6 percent households). Land distribution programmes affected the smallest number of households (0.3 percent) in that year.

Since benefits are spread across all consumption classes, the coverage of the poorest consumption groups has been quite small. For instance the self-employment programmes provided coverage to only 7.2 percent of households in the poorest quintile and only 11 percent of the households in the next quintile.

Table 5.8: Incidence of Scheme-wise Benefits among Households

		Household Consumption Quintile					
		1	2	3	4	5	Total
Self Employment	All	7.2	11.0	12.0	13.4	9.3	10.6
	1999-00	0.7	0.8	1.1	1.2	0.7	0.9
Wage Employment	All	5.5	7.3	6.6	4.2	2.1	5.2
	1999-00	3.7	5.4	4.4	2.8	1.2	3.5
Housing	All	4.3	7.2	7.5	4.9	3.0	5.4
	1999-00	1.4	1.8	1.6	0.7	0.4	1.2
Pensions	All	8.3	3.3	3.7	3.0	2.0	4.1
	1999-00	5.8	1.9	2.6	1.6	1.2	2.6
Land distribution	All	12.4	13.3	10.5	10.1	8.5	11.0
	1999-00	0.3	0.3	0.3	0.2	0.2	0.3

Land distribution programmes provided the highest incidence of benefits to the poorest quintile but even then only 12.4 percent of households in this class had been covered. Pension programmes provided the next highest coverage of the lowest quintile, covering 8.3 percent households in this group.

In the next lowest group, land distribution programmes again provided the highest coverage (13.3 percent households), followed by self-employment, wage employment and housing programmes.

Table 5.9 shows the odds of inclusion of a household in a specific consumption category I any programme, compared to the average odds.

Table 5.9: Average Odds of Inclusion as Beneficiary in any Programme (By Household Consumption Quintile)

		Household Consumption Quintile					
		1	2	3	4	5	Total
Self Employment	All	0.7	1.0	1.1	1.3	0.9	1.0
	1999-00	0.7	0.9	1.2	1.4	0.7	1.0
Wage Employment	All	1.1	1.4	1.3	0.8	0.4	1.0
	1999-00	1.1	1.6	1.2	0.8	0.3	1.0
Housing	All	0.8	1.3	1.4	0.9	0.5	1.0
	1999-00	0.8	1.3	1.4	0.9	0.5	1.0
Pensions	All	2.0	0.8	0.9	0.7	0.5	1.0
	1999-00	2.2	0.7	1.0	0.6	0.5	1.0
Land distribution	All	1.1	1.2	1.0	0.9	0.8	1.0
	1999-00	1.1	1.1	1.1	0.8	0.8	1.0

It will be noticed that households in the poorest category have a lower than average probability of being included compared to the average, for two programmes (self-employment and housing). For all other programme categories except pension schemes, the probability of their inclusion has only been marginally higher than average. Pension schemes are the exception since the odds of inclusion of the poorest group of households is more than twice the overall average. It would also be noticed that the odds remain quite similar between all years and the last reference year.

In the next lowest quintile, the odds are favourable to households in that category for three programmes, wage employment, housing and land distribution but are unfavourable in the case of self-employment and pensions.

Thus, the scheme-wise distribution of benefits shows that (a) the Pension schemes are the best targeted among the poorest households. More than two-fifths of the pensioners were in the lowest consumption quintile. (b) three-quarters of the beneficiaries of the wage employment schemes were in the bottom three quintiles in terms of per capita consumption; (c) nearly 43 percent of the IRDP/SGSY beneficiaries were in the top two consumption quintiles while 34 percent of patta beneficiaries were in the top two consumption quintiles. However, this has to be judged against the fact mentioned earlier that these are *ex post* figures and both programmes aim at improving the income and consumption level of households.

5.3 CONCLUSION: REACH OF ANTI-POVERTY PROGRAMMES IN UTTAR PRADESH

On the whole, the extensive reach of the anti-poverty programmes among rural households is undeniable. However, many of those extended benefits were apparently not-so-poor, and a very large proportion of currently the poorest households have so far not gained any benefit from these individual beneficiary programmes.

The issue of inclusion of ineligible non-poor households in the coverage of different programmes is examined in detail in later chapters on the basis of information on income and consumption expenditure collected for sample beneficiary households. Moreover, the issue of inclusion/exclusion of poor households is examined on the basis of perception of the poor households themselves when we compare (in chapter 13) the wealth ranking of households done by the poor themselves to the list of households in the BPL list.

6.

STATUS OF CREDIT-CUM-SUBSIDY BASED SELF-EMPLOYMENT PROGRAMMES

6.1 INTRODUCTION

The Integrated Rural Development Programme (IRDP) was introduced in India in 1979 as a major package aimed at poverty alleviation. The strategy sought to provide productive assets to the “poorest of the poor” through a credit-cum-subsidy package, after a careful assessment of the requirements, both of the activity and the recipient household. The additional income thus derived was to suffice to raise the household above the poverty line level as estimated by the Government of India. The IRDP thus aims to provide additional income to the poor through *self-employment* rather than through *wage-employment*, on assets acquired through *transfer* rather than through *redistribution*. The Programme should be seen as a more systematic response to a set of *ad hoc* anti-poverty measures undertaken in India during the late 1960s and the 1970s. Initially conceived as an integrated approach to rural development with a focus on the rural poor, the Programme actually emerged as an integration of anti-poverty strategies based on asset transfer and target group approach within a unified framework (cf. Gupta 1984, Rath 1985).

The “target group” of the IRDP consisted of households below an income poverty line, as officially defined from time to time. Targets were also laid down for scheduled caste households (52 percent), women (30 percent), physically disabled (3 percent), and in some cases, religious minorities. Since the Seventh Plan, emphasis has shifted from the support of land based to non-land-based activities (defined as the ISB sector)

The Development of Women and Children in Rural Areas programme (DWCRA) was introduced in 1982 with UNICEF support as a sub-programme of the IRDP. Since

1994-95, the programme has been extended to all districts in the country. The focus of the programme was on women in groups rather than on the household. The objective of the programme was to raise the income level of women of poor rural households to enable their organised participation in social development towards self-reliance. The programme focused on the formation of groups of 10-15 women from poor households for delivery of services like credit and skill training, cash and infrastructural support for self-employment. It also aimed at improving the access of women to basic services of health, education, child care and nutrition. The women in the scheme were to be assisted through a package including subsidies (as in the IRDP), loans for skill upgradation (under TRYSEM), group revolving fund, group work (under JRY), and special extension staff. Other adjunct and complementary schemes have been the TRYSEM and the Ganga Kalyan Yojana.

The IRDP and the other self-employment programmes have been evaluated and critiques from time to time and changes introduced in their design and functioning. Based on a comprehensive review and the recommendations of Hashim Committee, with effect from April 1, 1999, the Self-employment programmes of IRDP, TRYSEM, DWCRA, GKY as well as the Million Wells Scheme were merged into the restructured Self-employment programme called the Swarnjayanti Gram Swarozgar Yojana (SGSY). Like its predecessor scheme, the IRDP, the SGSY is credit-cum-subsidy programme which aims to enable the identified rural poor families to cross the poverty line by providing them productive assets and inputs in the primary, secondary or tertiary sector through financial assistance by way of Government subsidy and term credit. The objective is to bring every assisted poor family above the poverty line in a period of three years. The share of funding for SGSY by the Centre has been raised to 75 % in uniformity with other anti-poverty programmes

The programme reserves 50 percent of its benefits for SC/STs, 40 percent for women, 3 percent for the handicapped, and gives priority to women headed households, freed bonded labourers. The stipulation regarding reservation of benefits to women will be achieved mainly through the mechanism of SHGs. At least half of the SHGs will be exclusively those of women.

The SGSY is conceived as a holistic programme, covering all aspects of self-employment, viz., organisation of swarozgaris, and their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing.

Unlike the IRDP, the SGSY focuses on the Group approach. Self-Help Group activity will be given preference and progressively, majority of the funding will be for SHGs. Moreover, the major share of SGSY assistance will be in activity clusters. However, a certain percentage (about 25%) may be made available for assistance to other activities, so as to give a certain flexibility.

Under the programme, each District is required to draw up a comprehensive plan and identify 4 to 5 activity clusters in each block based on the resources but also on the occupational skills of the people. The existing infrastructure for the cluster of activities is to be reviewed and gaps will be identified. Detailed project reports have to be prepared in association with banks and other financial institutions.

Groups (SHGs) are to be formed and steps taken to nurture and enable them to function effectively as well as to choose their economic activity. At the level of the Block, at least half of the groups will be exclusively women groups. Suitable entry points such as thrift and credit are identified at the local level. SHGs have to satisfy certain minimum norms before they can be considered for accessing credit. Revolving fund will be supplemented by expenditure to be incurred on the groups for capacity building.

The programme aims at developing close linkages with the credit mechanism in such a manner as would promote multiple credit rather than a one-time credit 'injection'. The programme provides for well-designed training courses for which 10 percent of the fund is set aside. Gaps in infrastructure which are crucial for the programmes success will be sought to be met from all existing sources as well as an allocation of up to 20 percent of the programme outlay. Upgradation of technology and transmission of new technologies which can facilitate value addition is also an aim of the Programme. SGSY is also intended to provide for promotion of marketing of the goods produced by the SGSY beneficiaries

through various channels such as provision of market intelligence, development of markets, consultancy services etc.

The subsidy admissible to the general individual beneficiaries under the integrated programme will be uniform irrespective of category or area at 30% (50% for SC/ST) of the project cost subject to a ceiling of Rs. 7,500/- (Rs. 10,000 for SC/ST). For Group beneficiaries, the subsidy is fixed at 50 % of the cost of the scheme, subject to a ceiling of Rs. 1.25 lakh.

6.2 PROGRESS OF SELF-EMPLOYMENT PROGRAMMES AND THE SGSY IN UTTAR PRADESH

Self-employment programmes constitute a large and important component of UP's strategy in combating poverty. As Table 6.1 shows, since inception, the State and central government together have spent Rs 2983 crores on IRDP and SGSY. Additional amounts have also been spent on adjunct and similar programmes like TRYSEM, DWCRA and Ganga Kayan Yojana. A total over one crore families are said to have benefited from the programme. The average nominal expenditure on the programme has shown a rise except during 1992-93 and the last two years after the launch of the SGSY. The number of beneficiaries however shows a decline in the 1990s compared to the earlier decade. The number of families assisted fell from 73 lakhs during the 1980s to 34.45 lakhs during the 1990s.

As outlined above, the programmes' approach has now shifted to encouraging self-help groups to come up and undertake micro-enterprise development at a later stage of their development. The programme's approach provides a subsidy to the revolving fund of the group and the micro-enterprise loan more or less on the same basis as before but the processes and stages involved in the development of the group receive greater emphasis than before. According to figures released by the Department of Rural Development of UP, 37,466 SGSY self-help groups had been formed in Uttar Pradesh. The total number of 'swarozgaris' as individual loanees stood at 124,064 while 'swarozgari' groups formed stood at only 2649 during the year. The numbers of SHGs reported in the study districts are

shown in Table 6.2. The highest number of individual beneficiaries were in Allahabad district (3426), followed by Jaunpur (2656). Only Meerut, among the study districts, reported the formation of ten groups.

Table 6.1: Progress of Self employment Schemes (IRDP and SGSY) in UP

Year	Expenditure (Rs. crores)	Families Benefited (Lakh nos)	Per Capita Subsidy (Rs.)
1980-81	29.62	9.99	296.5
1981-82	48.51	5.4	898.33
1982-83	65.45	5.56	1177.16
1983-84	75.59	6.43	1175.58
1984-85	92.44	6.95	1330.07
1985-86	78.14	5.81	1344.92
1986-87	111.39	6.67	1670.01
1987-88	131.23	7.94	1652.77
1988-89	147.34	6.88	2141.57
1989-90	153.78	6.3	2440.95
1990-91	169.7	5.09	3333.99
1991-92	170.55	4.62	3691.56
1992-93	143.95	3.88	3710.05
1993-94	201.97	4.45	4538.65
1994-95	193.35	3.7	5225.68
1995-96	193.67	3.56	5440.17
1996-97	214.57	3.65	5878.63
1997-98	212.66	3.51	6058.69
1998-99	248.84	3.91	6364.19
1999-00	100.94	0.61	16547.54
2000-01	199.68	3.56	5608.99
TOTAL	2983.37	108.47	2750.41

Source: Department of Rural Development, Government of Uttar Pradesh

Note: Figures for 1999-00 and 2000-01 relate to SGSY

**Table 6.2: Physical Progress Under Study Districts in S.G.S.Y
Upto March 2001**

Sl. No.	District/Division	Individual Swarozgaries	Swarozgaries in Groups	Total Swarozgaries
1	MEERUT	575	10	585
2	BAREILLY	1585		1585
3	ALIGARH	1147		1147
4	HAMIRPUR	805		805
5	FATEHPUR	2012		2012
6	ALLAHABAD	3426		3426
7	JAUNPUR	2656		2656
8	UNNAO	2366		2366
9	DEORIA	2319		2319
10	UTTAR PRADESH	121415	2649	124064

Source: Directorate of Rural Development, Govt. of UP

Of these, only 227 groups had received a loan subsidy. Of the total expenditure of Rs. 19968.23 lakhs on the programme, Rs 10259.41 lakhs ((51.5%) was spent as subsidy while Rs. 1736.93 (8.7%) lakhs was given out as revolving fund, Rs. 7079.89 lakhs (35.5%) on infrastructure, Rs. and 845.09 lakhs (4.3%) on training.

Table 6.3: Break-up of Expenditure under SGSY (Rs. in lakhs) in Study Districts till March 2001

Sl. No.	District/Division	Subsidy	Revolving Fund	Infrastructure	Training	Capacity Building	Risk Fund	Total Exp.
		2	3	4	5	6	7	8
1	MEERUT	36.84	11.9	165	6.84	2.21	0	222.79
2	BAREILLY	121.2	19.26	122.97	3.74	0	0	267.17
3	ALIGARH	179.94	46.94	118.17	9.41	0	0	354.46
4	HAMIRPUR	72.42	38.85	65.44	5.28	0	0	181.99
5	FATEHPUR	199.99	25.2	61.99	20	0	0	307.18
6	ALLAHABAD	276.04	56.97	165.45	24.1	0	0	522.56
7	JAUNPUR	217.88	22.5	135.76	14.89	4.16	0	395.19
8	UNNAO	170.27	33.4	82.34	6.12	0	0	292.13
9	DEORIA	185.75	33.6	111.22	26.05	3.6	0	360.22
10	UTTAR PRADESH	10259.4	1736.93	7079.89	845.09	46.91	0	19968.23

Source: Directorate of Rural Development, Govt. of UP.

Table 6.4 gives the physical and financial progress of the programme in the sample districts. Under the programme, the SHGs are required to be graded for satisfactory performance, six months after formation and are given the revolving fund if graded positively. Further grading is done after six months to qualify the SHGs for bank credit. As can be seen from the table below, 37.7 percent of the total SHGs formed had passed grade 1 by March 2001. Only 3.8 percent had passed grade 2 and very few SHGs in the study districts had qualified for credit. The amount of credit sanctioned and utilised was also very low.

Further, NABARD also reports that by March 2000, Uttar Pradesh had a total of 12,953 bank-linked SHGs (out of the national total of 114,775) and a cumulative bank loan of 92.22 million or 4.8 percent (out of a total of Rs. 1,929.82 million nationally). Nearly two-third of these were linked to the banks through an NGO facilitator while a little under were linked without such facilitation.

Table 6.4: District-wise Financial & Physical Progress of SHGs till March 2001 (Exp shown in Rs. Lakh)

Sl. No.	District/Division	Target	No. of SHGs Formed	No. of SHGs recd. DWCRA	No. of SHGs Passed Grade I	No. of SHGs Passed Grade II	Total Savings	Total Cash Credit Sanctioned	Total Cash Credit Utilised	Amount Lent to members
1	2	3	4	5	6	7	8	9	10	11
1	MEERUT	76	302	0	137	13	9.89	29.75	6.1	7.13
2	BAREILLY	354	385	0	165	7	13.6	0	0	0
3	ALIGARH	134	384	102	102	33	7.74	3.89	3.89	0
4	HAMIRPUR	195	301	17	265	35	2.64	0.58	0.36	0
5	FATEHPUR	355	780	0	210	0	11.4	0	0	0
6	ALLAHABAD	1036	1204	0	565	0	11.28	3.25	0	0
7	JAUNPUR	532	671	94	223	0	15.44	1.5	0.6	5.79
8	UNNAO	728	1403	207	289	0	16.14	1	0	4.42
9	DEORIA	333	856	0	350	0	18.03	0.5	0	0
10	UTTAR PRADESH	23757	37466	2848	14114	1407	638.9	809.57	228.84	489.99

Source: Directorate of Rural Development, Govt. of UP.

Thus, it could be surmised that the SHG component of the SGSY programme was in a nascent state at the time of survey. As during the IRDP years, the programme continued to be dominated by its individual beneficiary component. However, the development of the SHG component of the programme, as well as the success of its other components (infrastructure, training, capacity building etc.) will have to be watched with interest.

Table 6.5: State-wise and District-wise Position of Number of SHGs Linked As at March 2000

Sl. No.	District	No. of SHGs Linked
1	2	3
1	MEERUT	9
2	BAREILLY	45
3	ALIGARH	281
4	HAMIRPUR	0
5	FATEHPUR	374
6	ALLAHABAD	489
7	JAUNPUR	437
8	UNNAO	578
9	DEORIA	60
10	UTTAR PRADESH	10556

Source: NABARD, 2001

In the section below, the performance of the self-employment programmes is analysed on the basis of the field evidence gathered in this study.

6.3 SELF-EMPLOYMENT PROGRAMMES IN THE FIELD AREAS

(i) Individual Beneficiary Schemes

As discussed in chapters 4 and 5, a large number of individual beneficiaries of asset creation programmes were enumerated in the survey and 447 sample beneficiaries were selected for detailed interviews. Apart from questionnaire based information from respondents, case studies were compiled of the beneficiaries. Group discussions were used to elicit feedback on the programme Bankers, Block officials, Panchayat functionaries and middlemen (brokers) were interviewed about the programme. Some of the principal results emanating from an analysis of the programmes are discussed below.

The regional distribution of the sample beneficiaries shows that 46 (10.3 %) were in the Hills and 52 (11.6 %) were in Bundelkhand; 132 (29.5 %) beneficiaries were in the Western region, 97 (21.7 %) beneficiaries were in the Central region and 120 (26.8 %) beneficiaries were in the Eastern region.

Table 6.6: Regional Distribution of Individual Beneficiaries of Self-employment Schemes

Region	Number	%
Hill	46	10.3
West	132	29.5
Central	97	21.7
Eastern	120	26.8
Bundelkhand	52	11.6
Total	447	100.0

In terms of social group composition, nearly half the total sample beneficiaries of the self-employment programmes were Scheduled Castes, whereas 15.2 percent were upper caste and 27.5 percent belonged to the OBC castes. The target for SC/ST households was achieved in most regions, except the Hills and the Eastern region. In the Hill villages, 54.4 percent of the beneficiaries were from the upper castes.

Table 6.7: Social-group wise Distribution of Individual Beneficiaries of Self-employment Schemes

Region	Upper Caste	O.B.C.	SC/ST	Muslims	Other Caste	Total
Hill	54.4	0.0	41.3	0.0	4.4	100
West	15.2	18.9	59.1	6.8	0.0	100
Central	10.3	26.8	52.6	10.3	0.0	100
Bundelkhand	7.7	36.5	53.9	1.9	0.0	100
East	7.5	44.2	38.3	10.0	0.0	100
Total	15.2	27.5	49.7	7.2	0.5	100

At the state level, 18.6 percent beneficiaries owned more than 2.5 acres of land. In the Hills, beneficiaries in this category were nil, whereas 55.8 percent beneficiaries in the Bundelkhand villages (where large holdings were more common) were in this category. On the other hand, 26.2 percent of the beneficiaries were landless in the sample and the largest proportion of such beneficiaries were in the Western and Eastern regions.

Table 6.8: Distribution of Individual Beneficiaries of Self-employment Schemes acc. to Land Owned

Region	Land Owned (in acres)							Total
	<=.05	.05-.5	.5-1.24	1.24-2.49	2.49-4.99	4.99-10.0	> 10.0	
Hill	4.4	39.1	37.0	19.6	0.0	0.0	0.0	100.0
West	42.4	12.9	15.2	12.9	13.6	3.0	0.0	100.0
Central	19.6	14.4	23.7	21.7	17.5	2.1	1.0	100.0
Bundelkhand	5.8	0.0	5.8	32.7	32.7	13.5	9.6	100.0
East	30.8	22.5	21.7	15.0	7.5	2.5	0.0	100.0
Total	26.2	17.0	19.9	18.3	13.7	3.6	1.3	100.0

Household incomes are generally used to identify eligible beneficiaries as well as to chart progress of the Programmes. According to the field survey, nearly one-third of the beneficiaries had annual incomes above Rs. 20,000. The highest percentage of such beneficiaries were in the Eastern region (44.2%), followed by the Hill region.

Table 6.9: Distribution of Individual Beneficiaries of Self-employment Schemes acc. to Annual Household Income (Rs.)

Region	0-10000	10001-15000	15001-20000	20001-25000	above 25000	Total
Hill	32.6	19.6	13.0	4.4	30.4	100.0
West	53.8	11.4	7.6	6.8	20.5	100.0
Central	52.6	15.5	10.3	6.2	15.5	100.0
Bundelkhand	26.9	17.3	21.2	7.7	26.9	100.0
East	32.5	10.0	13.3	12.5	31.7	100.0
Total	42.5	13.4	11.9	8.1	24.2	100.0

On the other hand, 42.5 percent of the beneficiaries had annual incomes below Rs. 10,000 and another 13.4 percent had annual incomes between Rs. 10000 and Rs. 15000.

While low incomes can be interpreted as a failure of the Programme in achieving its stated objective (of raising poor households above an income poverty line), the presence of high income households could be interpreted both as an indicator of success (if household incomes have increased appreciably) or failure (if ineligible households have been identified) of the programme.

Fortunately, since the survey has collected information on separate sources of income, Table 6.10 below tabulates the income of the beneficiary households exclusive of the income from the Programme based investment.

Table 6.10: Regional Distribution of Household Income net of IRDP/SGSY Component

Region	Household Income net of IRDP/SGSY Component					Total
	<10000	10-15000	15-20000	20-25000	>25000	
Hill	17	11	4	2	12	46
	36.96	23.91	8.7	4.35	26.09	100
West	72	19	7	8	26	132
	54.55	14.39	5.3	6.06	19.7	100
Central	52	18	9	4	14	97
	53.61	18.56	9.28	4.12	14.43	100
Bundelkhand	17	10	8	4	13	52
	32.69	19.23	15.38	7.69	25	100
East	41	11	18	14	36	120
	34.17	9.17	15	11.67	30	100
Total	199	69	46	32	101	447
	44.52	15.44	10.29	7.16	22.6	100

It will be noted that even net of IRDP/SGSY incomes, 29.8 percent households reported incomes above Rs. 20,000 (used a qualifying income for identification of BPL households for the Ninth Plan) and in fact 22.6 percent beneficiary households reported incomes above Rs. 25,000. Hence it appears likely that a sizeable proportion of households may have been above the income poverty line designated by government and updated from time to time.

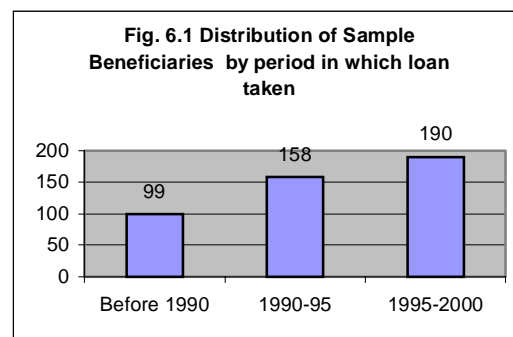
In relation to the poverty line based on consumption expenditure, exactly half the sample beneficiaries were currently below the poverty line, with 26.4 percent having consumption levels more than 25 percent below the poverty line. On the other hand, just over one-third of the beneficiaries (34.7 %) had per capita consumption expenditure more than 25 percent above the poverty line. The highest proportion of well-off beneficiaries were in the Hills (60.9%) where about four-fifth were currently above the poverty line. Although consumption based poverty line are not used for programme identification, they are universally used for identifying ‘poor’ households. By this criteria again, although we have used *ex post* expenditures, it seems likely (based on the discussion on the income impact of these programmes), that a sizeable proportion of beneficiary households may not have been ‘poor’ to begin with.

Table 6.11: Distribution of Individual Beneficiaries of Self-employment Schemes in Relation to Poverty Line

Region	Very Poor	Poor	Not Poor	Well off	Total
Hill	4.4	15.2	19.6	60.9	100.0
West	22.7	25.8	15.9	35.6	100.0
Central	34.0	28.9	8.3	28.9	100.0
Bundelkhand	28.9	25.0	15.4	30.8	100.0
East	31.7	23.3	15.0	30.0	100.0
Total	26.4	24.6	14.3	34.7	100.0

Period of Loan

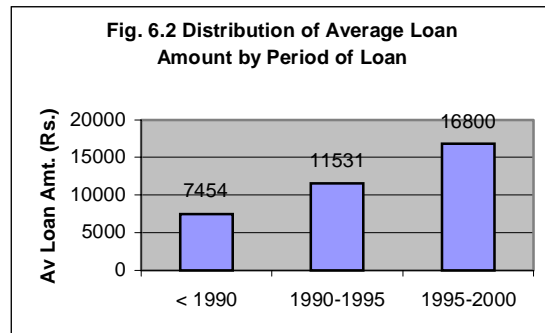
Ninety-nine sample beneficiaries had taken a loan before 1990 and 158 beneficiaries had taken a loan between 1990 and 1995, while 190 beneficiaries has taken a loan after 1995. The average amount of loan was Rs. 7454 before 1990. This increased to Rs. 11,531 between 1990-95 and further to Rs. 16,800 after 1995.



Demand for Loans

Our interviews revealed that the demand for IRDP SGSY credit varied from village to village. It was higher in villages where investments were likely to be remunerative. The demand for the credit arose from three main sources: the need to strengthen or expand an existing line of economic activity;

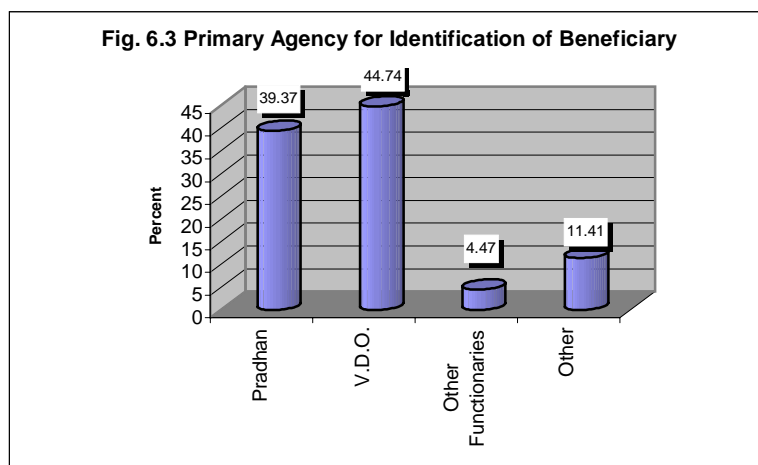
to undertake a new activity, and to meet consumption credit requirements. In a few cases, however, the credit was also imposed on the borrower by intermediaries.



The case studies show that the credit was utilised initially for the purpose sanctioned in about 70 percent of the cases. In about 10 percent of cases, the credit was utilized for productive purposes other than the ones sanctioned. In 20 percent of the cases, the credit was diverted to other ends. But in 20-30 percent cases, the asset initially acquired was disposed off after some time to meet other requirements (paying off old debts, consumption or other productive uses).

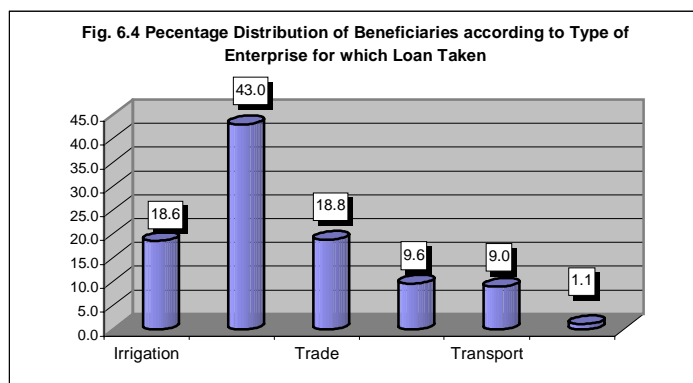
Facilitation of the Loan

The gram sabhas are not widely recognised as having played the key role in the identification of the beneficiaries. The Village Development Officers were the principal motivators and facilitators in 45 percent of the cases, followed by village Pradhans (39 percent cases). In several villages, professional middlemen played an important role in facilitating the loan.



Activities supported by the Loan

The maximum amount of credit was taken for the purchase of milch cattle and for animal husbandry (43 percent cases). This was followed by irrigation pumpsets and trade (19 percent each), transport (9 percent), manufacturing (10 percent) etc.



However, there are large inter-regional variations. In the Hills, credit had been taken for livestock (hybrid cows, and bullocks) in 80.5 percent cases, and in the Western region, credit for livestock (generally buffaloes) constituted 50.1 percent of the cases. In Bundelkhand, credit was taken for irrigation equipment in more than two-third of the cases, while in the Eastern region, the modal activity for which credit was taken was trade (34.1 percent cases).

Table 6.12: Type of Enterprise for which loan taken by Beneficiary, by Region

Nature of Enterprise	Region					Total
	Hill	West	Central	Bundelkhand	East	
Irrigation	2.2	10.6	20.6	67.3	10.8	18.6
Livestock	80.4	59.1	40.2	7.7	28.3	43.0
Trade	4.4	14.4	16.5	11.5	34.2	18.8
Manufacturing	6.5	0.8	8.3	11.5	20.8	9.6
Transport	0.0	14.4	13.4	1.9	5.8	9.0
Others	6.5	0.8	1.0	0.0	0.0	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Livestock has remained the most important activity supported by the credit in each of the sub-periods (before 1990, 1990-95, and after 1995). In fact, the period after 1995 shows that a higher percentage of beneficiaries utilised credit for livestock in the most recent period. If anything, the predominance of primary sector activities has shown an increase over time in our sample.

Table 6.13: Distribution of Loans by Type of enterprise and period

Nature of Enterprise	Year of receiving the grant			Total
	< 1990	1990-1995	1995-00	
Irrigation	19.2	22.8	14.7	18.6
Livestock	34.3	35.4	53.7	43.0
Trade	21.2	24.1	13.2	18.8
Manufacturing	14.1	8.9	7.9	9.6
Transport	11.1	7.0	9.5	9.0
Others	0.0	1.9	1.1	1.1
Total	100.0	100.0	100.0	100.0

Primary sector activities are more predominant for beneficiaries with land. This is particularly true for irrigation equipment. On the other hand, secondary and tertiary sector activities are more important for households with less land.

Table 6.14: Distribution of Loans by Type of enterprise and Land Ownership

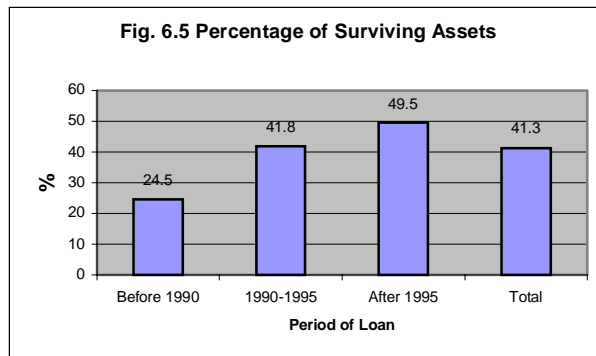
Type of work	Own land group							Total
	<=.05	.05-.5	.5-1.24	1.24-2.49	2.49-4.99	4.99-10.0	> 10.0	
Irrigation	0.0	1.3	10.1	31.7	52.5	62.5	83.3	18.6
Livestock	47.0	56.6	48.3	37.8	26.2	25.0	0.0	43.0
Trade	29.1	26.3	16.9	12.2	4.9	12.5	0.0	18.8
Manufacturing	14.5	7.9	12.4	7.3	3.3	0.0	16.7	9.6
Transport	9.4	6.6	7.9	11.0	13.1	0.0	0.0	9.0
Others	0.0	1.3	4.5	0.0	0.0	0.0	0.0	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Household Survey

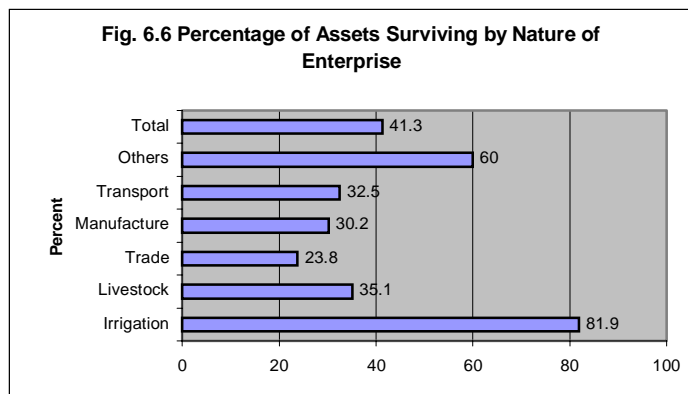
Asset Survival and Mortality

The survival of the asset acquired through the subsidised loan is a key indicator of programme performance since only a surviving asset can ensure returns to beneficiaries. Asset survival is affected by a number of factors including the genuineness of the borrower, inherent risks of asset mortality and business performance.

At the time of the survey, 41.3 percent of the assets acquired through the credit-cum subsidy loans were still surviving. The percentage of surviving assets was only 24.5 for loans taken before 1990 and 41.8 for loans taken between 1990 and 1995. For loans taken after 1995, nearly half the assets (49.5 %) were still reported by the respondents to be surviving.

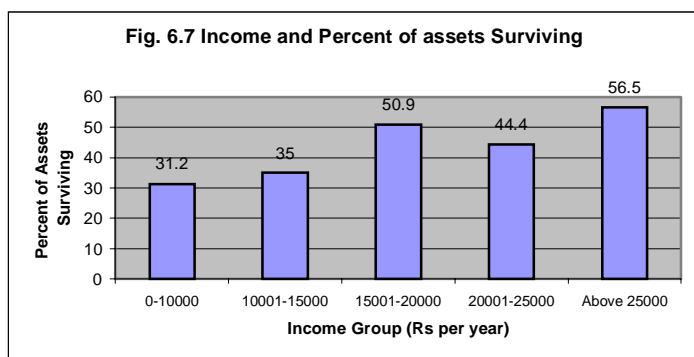


Asset survival was highest for irrigation assets (81.9 %) and lowest for trade related assets (23.8 %). In the case of livestock, transport and manufacturing, assets were shown to be surviving in about one-third of the cases.

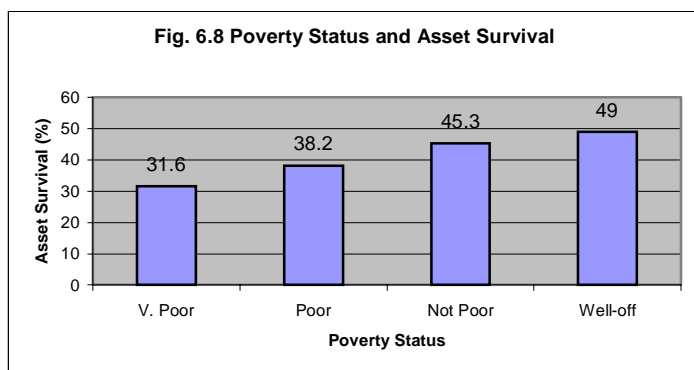


In general, asset survival was related fairly strongly to the socio-economic status of the beneficiary household.

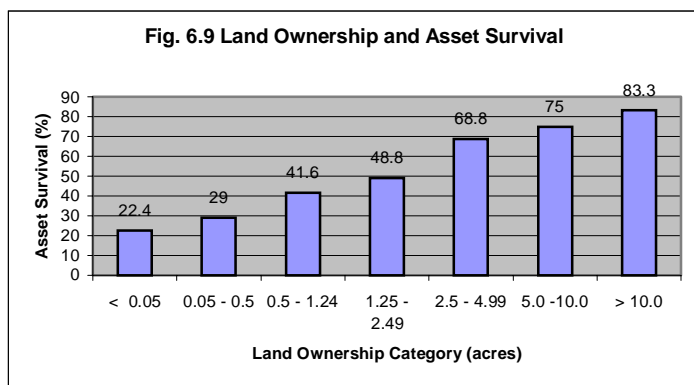
For example, asset survival was lowest for households having very low annual incomes. For households having an annual income less than Rs. 10,000, asset survival rates were only 31.2 percent. On the other hand, households having an annual income of more than Rs. 25000 had the highest asset survival rates (56.5 %).



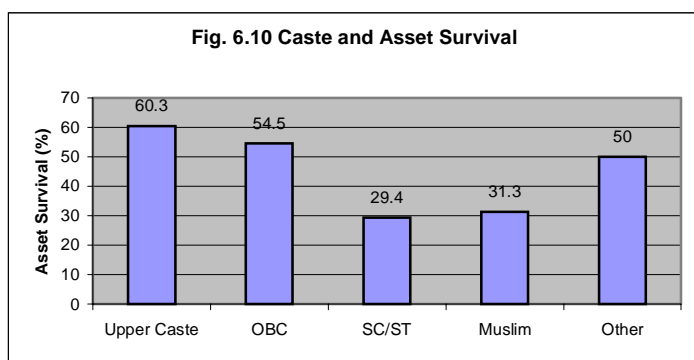
A similar relationship was observed when households were classified according to their position below or above a poverty line level of per capita consumption expenditure. Very poor households (having an average consumption level more than 25 percent below the poverty line level) showed the lowest asset survival rates (31.6 %). Poor households (up to 25 percent below the poverty line) showed an asset survival rate of 38.2 percent, while ‘not poor’ households reported an asset survival rate of 45.3 percent. “Well-off” households viz. those having per capita consumption exceeding 25 percent of the poverty line level showed 49 percent asset survival rates.



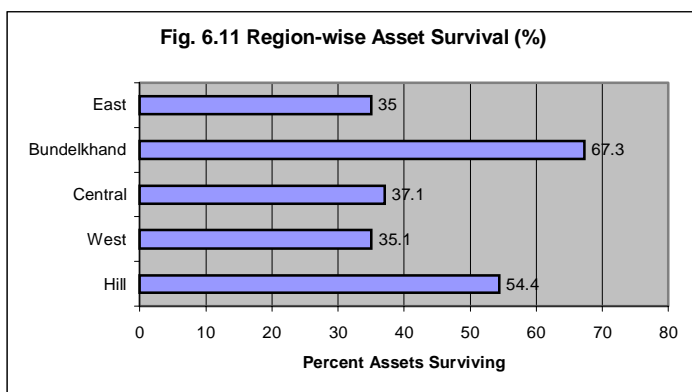
The strongest positive association was observed between the land ownership status of beneficiary households and asset survival rates. Among landless households, asset survival rates were only 22.4 percent. These improved to 29 percent for households owning less than half an acre of land and to 41.6 percent for households owning between half and 1 acre land. Beneficiary households owning more than 10 acres of land showed asset survival rates of 83.3 percent.



Finally, asset survival is also related to the social status of the beneficiary household. The highest percentage of surviving assets are reported by upper caste beneficiary households while the lowest survival percentage is reported by SC/ST households.



The regional survival rates are a function of several factors, including the nature of enterprise for which the loan is taken. Irrigation assets show a high rate of survival in the sample. For this reason, the highest rate of asset survival was in the Bundelkhand (67.3 percent) followed by the Hill region (54.3 percent), while the Eastern and Western regions reported the lowest survival rates (35 % and 35.1 % respectively).



Deductions and Transactions Costs

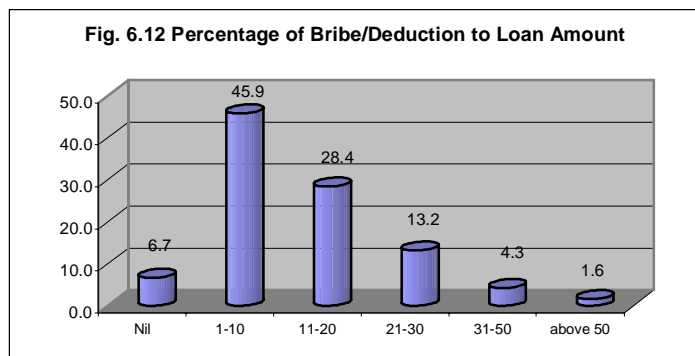
The transactions costs for the borrowers were extremely high, mainly consisting of amounts paid for processing the loan application, deductions/payments for getting the loan sanctioned, and joining made to the Block office and Bank.

Deductions were due to a host of intermediaries, ranging from the VDO, the Block officials, the Bank functionaries, the Pradhan, the veterinary doctor, and in a number of villages, a class of professional brokers ('dalal') who mediated the loan.

Bribes/deductions were made in 94.4 percent of the cases at some stage or another. In 27.3 percent of the cases, bribes were made before the loan was received in order to facilitate identification of the beneficiary and/or processing of the loan. Bribes/deductions were made after the loan was sanctioned in 30.9 percent of the cases and both before and after the loan sanction in 41.9 percent cases. In 68 percent cases, these took the form of deductions from the loan amount.

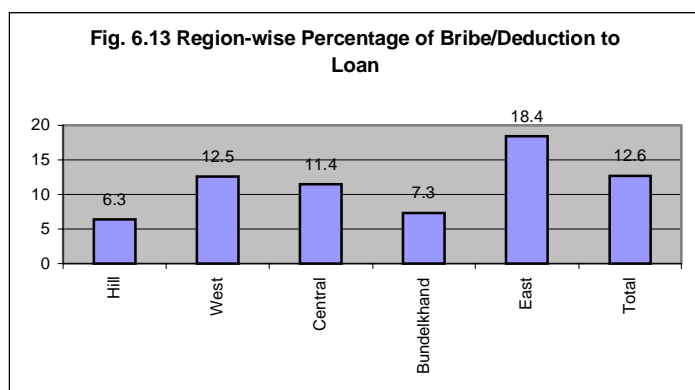
Bribes and deductions ranged from about 5 percent to 35 percent of the loan sanctioned in most cases. In some cases, the amount reached half or more of the loan sanctioned. Bribes/deductions were less than 10 percent of the loan amount in 45.8 percent of the cases and between 10 and 20 percent in 28.4 percent of the cases. Bribes/deductions ranged between 21 and 30 percent in 13.2 percent cases and between 31 and 50 percent in

4.3 percent cases. In 1.6 percent of the cases, these even exceeded 50 percent of the loan amount.



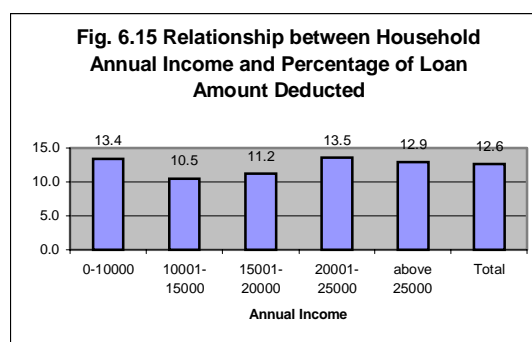
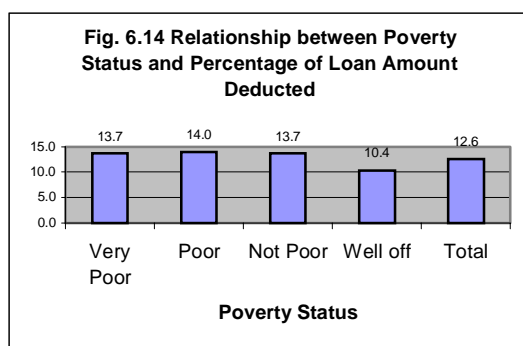
The average amount of bribes/deductions, which could be quantified in the study, were Rs. 4150 per loan. Beneficiaries receiving loans before 1990 paid Rs. 2257 on average, while those receiving loans between 1990-1995 paid Rs. 2947. Beneficiaries after 1995 paid Rs. 5477 per loan.

The total amount reportedly paid or deducted amounted to 12.6 percent of the loan amount. The deductions /cost were lowest in the Hills (6.3 %) and the Bundelkhand region (7.3 %) and the highest in the Eastern region (18.4 %).



Although the relationship between deductions/bribes and the economic status of the borrower does not appear to be systematic, the burden of deductions/bribes borne by the poorest beneficiaries was higher than the average. Thus, compared to the average deduction (12.6% of loan amount), 'very poor' beneficiaries paid 13.7 percent. Beneficiaries with the

smallest incomes (below Rs. 10000) paid 13.4 percent of the loan amount as bribes/deductions and landless or near landless beneficiaries paid almost 16 percent of the loan amount as bribe/deductions.



Repayment of Loans and Defaults

In about 55.7 percent of the cases, loans had been repaid in full and on time. A small proportion of these were cases where banks had secured the condition for full repayment in collusion with the borrowers by calculating and making a fixed deposit in their names in advance which could cover their loan repayment and allow them to pocket a part of the subsidy at no cost. In 10 percent cases, loans had been paid after initial default (but before revenue *challans* had been issued) generally through fresh borrowing or sale of assets.

Table 6.15: Percentage of Defaulting Creditors by Nature of Default and Period of Loan

Period	Defaulter Group			Total
	Nil	Partial	Total	
Before 1990	78.8	14.1	7.1	100
1990-1995	59.5	34.8	5.7	100
After 1995	40.5	42.6	16.8	100
Total	55.7	33.6	10.7	100

Source: Household Survey

In about 33.6 percent of the cases, there was partial default at the time of survey. In the remaining 10.7 percent cases, total default had occurred and RCs had been issued. In a majority of such cases, defaulting borrowers had eventually sold existing assets or incurred

fresh debt to repay the loans. In about a quarter of the defaulting cases, the defaulters had not been able to repay the loan, had been in jail, or had migrated. Thus, in a majority of cases, loans had to be repaid either through asset adjustments or subsequent debt, increasing the vulnerability of poor households. This, together with the fact shown below, that the proportion of defaults was greater among the relatively poorer borrowers, constituted the single biggest weakness of the programme.

A break-up of loan repayments and defaults by period of loan shows that in the case of loans taken before 1990, total defaults had occurred in only 7.1 percent of the cases, while in the case of loans taken during 1990-95, complete defaults had occurred in 5.7 percent of the cases. Defaults were higher in the case of recent loans.

There was some variation in the percentage of overdues according to the nature of the enterprise for which the loan was taken. Total defaults were the highest for manufacturing loans (42%), followed by loans for trade (39%), irrigation (24%), animal husbandry (23 percent) and lowest for transport (11%) and others (nil).

Table 6.16: Relationship Between Economic Status and Loan Repayment of Household

	Default Status			Total
	Nil	Partial	Total	
I. Annual Income Group				
0-10000	52.1	35.3	12.6	100
10001-15000	65	21.7	13.3	100
15001-20000	52.8	39.6	7.6	100
20001-25000	52.8	41.7	5.6	100
above 25000	59.3	31.5	9.3	100
II. Poverty Status				
Very Poor	50.9	33.1	16.1	100
Poor	55.5	37.3	7.3	100
Not Poor	54.7	32.8	12.5	100
Well off	60	31.6	8.4	100
III. Land Ownership Group				
<=.05	49.6	35.9	14.5	100
.05 - .5	55.3	31.6	13.2	100
.5 - 1.24	60.7	32.6	6.7	100
1.24 - 2.49	65.9	25.6	8.5	100
2.49 - 4.99	47.5	41.0	11.5	100

4.99 - 10.0	68.8	25	6.3	100
> 10.0	16.7	83.3	0	100
Total	55.7	33.6	10.7	100

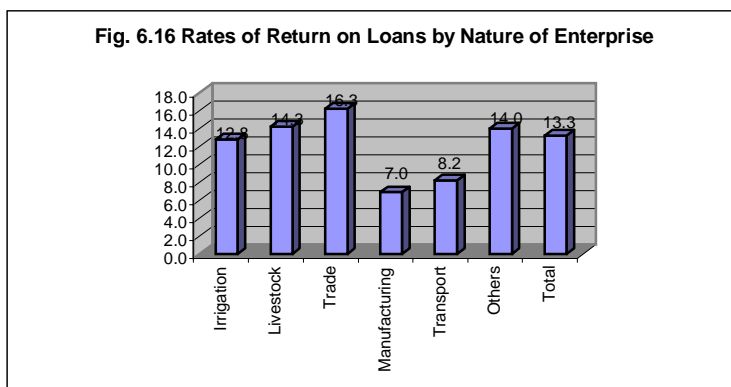
The relationship between economic status of the beneficiary households and their default status shows that complete defaults are generally the highest for the poorest beneficiaries, in terms of income, per capita consumption, or land owned. Thus, these beneficiaries are exposed to the highest risks and the penalties associated with default to the greatest extent.

Returns and Impact on Incomes

Estimated annual incomes for surviving enterprises has been estimated in the study as gross income net of paid out costs.

Even in cases where assets had survived, the impact on incomes was not found to be large. Estimated annual incomes (net of cost) per surviving enterprise were the highest in trade and small businesses (Rs 5876), followed by animal husbandry (Rs. 3382), others (Rs. 3133), transport (Rs. 2521), irrigation (Rs.1712), and manufacturing (Rs. 1607). These can be compared with a poverty line consumption expenditure of Rs. 16,176 for a family of four in rural UP in 1999-00. Moreover, these net incomes are not exclusive of loan repayment.

The average rate of return on loan was found to be 13.3 percent, with the return on trading enterprises again being the highest (16.3 percent) and that on manufacturing being the lowest (7 %).



However, net income per enterprise was found to be larger for recent investments. For loans taken before 1990, net income was found to be Rs. 3386. For loans taken in the period 1990-95, net annual income was Rs. 3539, whereas for loans taken after 1995, average net income was found to be Rs.5987. The rate of return on loan amount also showed an increasing trend: 7.3 percent on loans before 1990, 10.7 percent on loans between 1990-95 and 16.1 percent for loans after 1995.

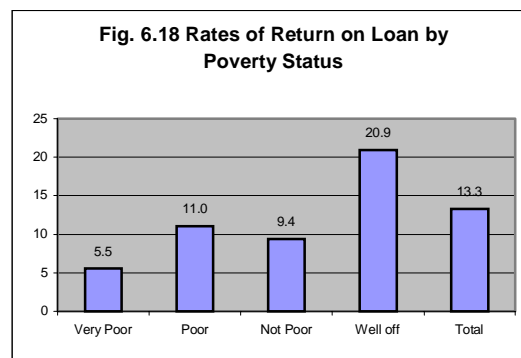
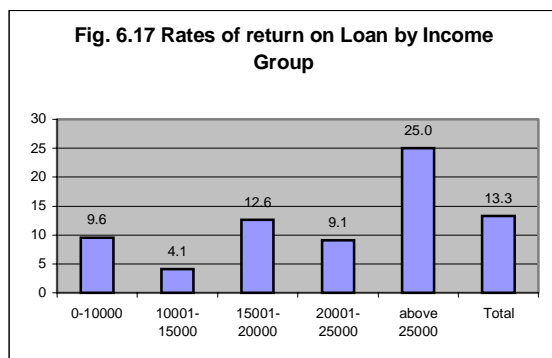
As can be seen from Table 6.17, net income per enterprise are highest in the Eastern region, followed by the Hills, while the Bundelkhand region shows the lowest average returns. But there is considerable variations across regions for each type of enterprise.

Table 6.17: Average Annual Income Per Household, by Region and Type of Enterprise

Region	Type of Enterprise						Total
	Irrigation	Livestock	Trade	Manufacturing	Transport	Others	
Hill	9280	4837	24000	2183		1950	5232
West	3068	3445	7500	1500	1950		3559
Central	2811	4441	4000		5000	5500	3910
Bundelkhand	2088		12500	3967			3191
East	2365	21550	7354	3080	1250		8051
Total	2618	6426	8227	2946	3209	3133	4864

Source: Household Survey

The rates of return obtained by poorer households are generally found to be lower than the average rates of return. Beneficiaries in the very poor category earned a return of only 5.5 percent compared to the average return of 13.3 percent. This was also true for the beneficiaries in the lowest income categories.



One may finally ask: to what extent have the subsidy-cum-credit programmes succeed in raising the incomes of households above poverty? A total of 155 households out of the 447 beneficiaries analysed here reported any increase in household incomes as a result of the credit.

The following table shows the gross income of households as well as their income excluding the income earned from IRDP/SGSY/DWCRA activity.

Table 6.18: Relationship between Total Household Incomes and Incomes Net of IRDP/SGSY Component

Total Income	Income Net of IRDP/SGSY Component					Total
	<10000	10-15000	15-20000	20-25000	>25000	
<10000	190	0	0	0	0	190
	100	0	0	0	0	100
	95.48	0	0	0	0	42.51
10-15000	4	56	0	0	0	60
	6.67	93.33	0	0	0	100
	2.01	81.16	0	0	0	13.42
15-20000	1	12	40	0	0	53
	1.89	22.64	75.47	0	0	100
	0.5	17.39	86.96	0	0	11.86
20-25000	0	1	5	30	0	36
	0	2.78	13.89	83.33	0	100
	0	1.45	10.87	93.75	0	8.05
>25000	4	0	1	2	101	108
	3.7	0	0.93	1.85	93.52	100
	2.01	0	2.17	6.25	100	24.16
Total	199	69	46	32	101	447
	44.52	15.44	10.29	7.16	22.6	100
	100	100	100	100	100	100

A total of ten households improved their incomes in the reference year to levels exceeding Rs. 20000 after including IRDP/SGSY incomes. Of these 5 (50%) had incomes below Rs. 15000 exclusive of IRDP incomes while the remaining five had incomes between Rs 15000 and Rs 20000 without the IRDP/SGSY activity. Going by these estimates, while only 35 percent of beneficiary households witnessed *any* increase in income due to the credit, a minuscule proportion of the households actually achieved income levels higher than the designated income poverty line.

Self-Help Groups

With the focus of the new programme, SGSY, shifting to SHGs, the present study also attempted to capture the impact of the shift. According to secondary sources, a number of self-help groups had come into existence in the State. But as far as the study villages were concerned, SHGs were found to have been formed in two villages but they had not yet started functioning . One of the groups had been formed by a village broker. The members of the groups were not enthusiastic about the SHG and felt that it had been imposed on them. No. functioning DWCRA also came to our knowledge. Interviews with Bank officials and the development functionaries revealed that the predominant view was that the formation of SHGs was a slow process and a target orientation would not be helpful. However, following newspaper reports during June 2001 that the Chief Minister had placed renewed emphasis on SHGs and that functionaries and banks had been asked to facilitate their formation, it was considered necessary to launch a follow-up survey to study the impact of the new policy initiatives.

The following are the main observations based on the follow up survey:

- Block-wise targets have been fixed for the formation of self-help groups, with the help of Block functionaries and NGO facilitators. A fairly massive effort had been launched to form SHGs. In the Blocks studied, about 40 percent of the annual target had been achieved in a period of about four months. In some cases, defunct memberships were allowed to continue to achieve the minimum membership norm. In a few other cases, Block functionaries were prepared to pay the monthly savings amount of non-existing membership in order to meet laid down targets.
- The groups which existed consisted of men only, women only or both men and women. Savings varied from Rs. 10 to Rs. 50 per month. Members generally belonged to the less poor category. However, some groups comprised poor members. Groups were socially and occupationally homogenous to some extent. Very poor villagers were rarely part of the SHGs. About two-third of the groups had opened accounts in Banks. A few of them had entertained credit transactions. Records were not being properly maintained in most cases. But in some cases (for instance, those supported by a NGO facilitator), records were immaculately maintained on paper, and fake transactions were also recorded.

- Norms for grading SHGs had been internally relaxed. A few SHGs had been successfully graded for receiving the revolving fund only three months after their formation, but none of them had so far been funded.
- It is too early to evaluate the functioning of these newly formed SHGs. The motivation to form these groups did not appear to be high and appeared to be linked to the anticipated receipt of the revolving fund (which carried a subsidy) and future loan/subsidy. Business plans of the SHG members, where they existed, revolved around expansion of existing individual businesses.

6.4 CONCLUSION: CREDIT-CUM-SUBSIDY PROGRAMMES AND THE POOR IN UP

Earlier studies by this researcher (for instance, Srivastava, 1991, 1996 and 1998b, Lieten and Srivastava 1999) as well as other researchers (for a review, see Srivastava 1997b) have highlighted the various weaknesses of the credit-cum-subsidy programmes in UP. The performance of the programme has been found to be related to the level of development of the region and to the economic status of the borrower, many of whom were not eligible to receive the credit-subsidy. The poor borrowers have been exposed to a higher degree of vulnerability due to inherent risks of business and their need for consumption related credit. The state was conspicuously absent in providing backward and forward linkages, training and other adjunct services. Because of this, the performance of the programme(s) fell back upon the market forces. The programme was essentially seen as a transfer programme by many of the beneficiaries, who were encouraged in believing this by the intermediaries and the functionaries.

Even before the SGSY was introduced, several changes had been made in the IRDP. These included increasing the size of investment, providing a second dose of investment, 'backending' of subsidy to provide an incentive for repayment etc. The increased role of gram panchayats was expected to improve the beneficiary selection process.

The SGSY basically represents a continuation of the old credit-cum-subsidy approach but hopes to overcome the weaknesses of the earlier programmes while building on their strengths. The major improvements constituted by the SGSY is its linking a modified credit approach to the building up of Self-Help groups and the focus on activity clusters and a project approach. This change in emphasis has led to identification of requirements in infrastructure, training, technology, capacity building etc. which could be met through the programme.

As mentioned earlier, this field study has focussed on beneficiaries, irrespective of the period of their loan, but greater weightage has been given to current (SGSY) beneficiaries. The slow growth of the self-help groups in the study areas meant that the study was not able to focus attention on this important dimension of the self-employment programme. A rapid survey carried out in 2001 observed some of the features of their development and concluded that there were risks of a target and subsidy driven approach overwhelming the development of SHGs.

As far as the individual beneficiary component is concerned, we found a large number of cases in the survey villages and our conclusions bear a great deal of similarity to the studies cited earlier. A sizeable proportion of borrowers would appear to be ineligible by any criteria. Performance in the programme is clearly related to the economic status of the household and to the development features of the village/region. Compared to earlier studies, eventual default on loans has declined but this is due to enforcement of repayment which poor households often achieve at very high cost. Our case studies brought out a number of case where poor borrowers took flight after failing to repay, or had to sell their meagre assets in order to do so. There was no evidence in this field study, that adjunct and complementary inputs provided by the State had played any role in the programme. On the other hand, as shown in Lieten and Srivastava (1999), a proportion of the credit does not reach the borrower and is leaked away to intermediaries.

We have shown that as measured by various criteria such as the survival of the enterprise (leading to positive net incomes), and timely repayment of the loan, the loans may have had a positive impact in only about one-third of the cases. But there were significant

regional variations. The largest proportion of surviving enterprises were in the Hill region (where other conditions – such as the availability of fodder, existence of market etc. – were distinctly unfavourable), followed by the Western region.

The continuation and the viability of the enterprise depended upon a number of factors:

- (i) Assurance of reasonable returns due to proximity to a large market or other factors, increased the chances of business survival. Investment in milch animals in Meerut, Fatehpur and Bareilly was profitable due to milk routes or proximity of urban markets. Similarly, investment in pumpsets in Hamirpur and Unnao were also considered profitable; Borrowers in Pithoragarh-A (close to the city) chose to invest in hybrid cows, again because of a large and assured market for milk. In the remote Pithoragarh village, the credit was often taken for bullocks for which there was a ready market.
- (ii) Familiarity with the line of business and skills required also increased the chances of survival. Weavers in Jaunpur, who took loans to expand their carpet enterprise fell in this category.
- (iii) The initial or subsequent personal circumstances of the borrower often dictated the use that the borrower made of his/her asset. Adverse circumstances led to sale of the asset.
- (iv) The institutional environment affected the chances of survival. In an environment, where corruption was endemic and the borrower was induced to take a loan, he/she was less likely to make productive use of it, either because of the high costs imposed by corruption, or because the poor were coerced or enticed into making wrong decisions. On the other hand, where institutions were relatively efficient and conducive (as in Pithoragarh), loans were more likely to be put to productive use and enterprises survived in a larger proportion of cases.

In sum, the following main conclusions relating to the credit-cum-subsidy based self-employment programmes need to be reiterated: First, it is clear that the rural poor need a line of credit, both for consumption and production purposes. While the old IRDP was too narrowly conceived to meet this requirement, the new SHG based focus could be potentially more promising. In our limited assessment, however, the new approach still retains several features of the old programme which deserve scrutiny. Second, the role of the government in taking care of the externalities which could impact positively on programme performance has been minimal and bureaucratic functionaries along with others have contributed to the high transactions cost imposed on the borrower. Third, in the

absence of such a role, the success of schemes has been linked to individual and market-linked characteristics which are in general related to the risk bearing capacity of the household and links and existence of assured/high returns. Fourth, poor borrowers have often wittingly or unwittingly compounded their risk and vulnerability as result of borrowing from the Programme. Clearly, the programme was not suitable for such borrowers in the light of their individual or household characteristics, or the economic characteristics of the activity.

It therefore appears that while the credit-cum-subsidy programmes have contributed to the diversification of the rural economy, this has been achieved at a high cost to a sizeable proportion of some of the poorest borrowers. Therefore, the analysis of our fieldwork data corroborate some of the principal conclusions of the Hashim Committee and the lessons learnt by the SGSY.

7.

EMPLOYMENT SCHEMES

7.1 INTRODUCTION

Employment generation schemes in India have traditionally jointly pursued the two major objectives of employment generation and public asset creation. Recognising that giving primacy to the employment generation objective may sometimes conflict with the objective of creating durable community assets, the Committee to review and rationalize Centrally Sponsored Scheme for Poverty Alleviation and Employment Generation, set up by the Planning Commission under the Chairmanship of Prof. S. R. Hashim , Member, Planning Commission (Hashim Committee), recommended that the new JRY Yojana (JGSY) give primacy to the objective of public asset creation. Following the recommendations of the committee, there are currently two major employment generation programmes – the JGSY and the Employment Assurance Schemes. However, several other schemes of the government, such as the MP Local Area Scheme, also retain the objective of employment creation and pursue similar guidelines.

Jawahar Gram Samridhi Yojana: The precursor of the JGSY has been the Jawahar Rozgar Yojana (JRY) which came into operation from April, 1989 when the two wage employment programmes namely the National Rural Employment Programme and Rural Landless Employment Guarantee Programme (RLEGP) were merged. The programme was restructured in 1993-94, when Intensified JRY (the second stream of JRY) and Innovative JRY (the third stream of JRY) were introduced .Intensified JRY was implemented in 120 identified backward districts of the country and under Innovative JRY, innovative and special projects in the most backward areas of the country were taken up for implementation. Rs.700 crores were earmarked for Intensified JRY and Rs.75 crores or 5% of JRY funds were kept apart for innovative schemes. The JRY was again restructured and streamlined with effect from 1-1-1996 when two of its sub-schemes viz. Indira Awaas Yojana and Million Wells

Scheme became separate and independent schemes and Intensified JRY or the second stream of JRY was discontinued by merging it with Employment Assurance Scheme.

The Hashim committee proposed some further steps to restructure and streamline Jawahar Rozgar Yojana. The programme has subsequently been modified and renamed the Jawahar Gram Samridhi Yojana (JGSY) and the new scheme was launched in April, 1999. The JGSY is implemented by the Gram Panchayats at the village level. The primary objective of the programme is the creation of demand driven village infrastructure such as :creation of durable assets the village level and the creation of assets in favour of the rural poor for their direct and continuing benefits. Its secondary objectives are (i) the generation of supplementary employment for the unemployed men and women in the rural areas; (ii) the creation of sustained employment by strengthening the rural economic infrastructure; (iii) improvement in the overall quality of life in the rural areas.

In providing wage employment, the programme gives preference to Scheduled Castes/Scheduled Tribes, freed bonded labourers and parents of child labourer withdrawn from hazardous / non-hazardous occupation for employment. Further, 30% of the employment opportunities under the Yojana will be reserved for women.

The scheme should preferably be started during the agricultural lean season. It is implemented as a Centrally sponsored scheme on cost sharing basis between the Centre and the States in the ratio of 75:25 and is implemented through the Village Panchayats.

The allocation of central assistance is made according to a progressive formula on the basis of proportion of rural poor in a State to the total rural poor in the country. From States to the districts, the allocation of funds will be made on the index of backwardness formulated on the basis of equal weightage to the proportion of rural SC/ST population in a district to total SC/ST population in the State and inverse of per capita population of the agricultural workers in that district. For the purpose of allocation of funds to the village panchayats,. 60% of the resources earmarked for village panchayats is distributed on the basis of adjusted SC/ST population and 40% on the basis of adjusted total population (including SC/ST population). The Central assistance is to be released every year to the States/UTs in two instalments. The opening balance of the district i.e. the aggregate balance with the

DRDA/Zila Parishad and village panchayat should not exceed 20% of the district allocation during the previous year.

The Village Panchayats may spend upto a maximum of 7.5% of the funds or Rs.7500/- whichever is less during a year on the Administration/ Contingencies and for technical consultancy. Up to a maximum of 15% may be spent on maintenance of the public assets of the panchayat within its geographical boundary. There is no sectoral earmarking of resources at the Village Panchayat Level except that 22.5% of the annual allocation must be spent on individual beneficiary schemes for SCs/STs. Preference shall be given to works (I) having potential of maximum direct and continuing benefits to the members of poverty groups, who in the normal course, would have been left out of the process of development; (ii) which are, or can be, owned by or are assigned to such groups of beneficiaries either for direct use of the assets by the group(s) or for sale of the services/facilities created by the assets to ensure continuing income or the groups. Priority may also be given to works which are required for providing infrastructure for other poverty alleviation programmes like IRDP, DWCRA, DPAP, DDP and construction of primary school buildings in those revenue villages which have Primary schools without buildings.

As the emphasis of JGSY will be on the creation of durable assets at the village level, the condition of maintaining the ratio between wage and material component at 60:40 has been relaxed to 50:50. In case there is need for supplementary requirement of funds for material components, it can be provided by dovetailing resources available from other relevant Government Plan/non-plan programmes. The supplementary requirement of material component can also be provided by dovetailing funds by drawing on own funds of panchayats, cooperatives, other public bodies and community contribution.

The implementing agencies may select one person from amongst the beneficiaries group as animator/leader/facilitator for maintenance of muster-rolls, payment of wages, monitoring of quality of works etc. and pay minimum wages as applicable to unskilled workers.

The Village Panchayats are required to prepare an Annual Action Plan equivalent of value of 125 per cent of its share of funds allocated in the preceding year before the beginning of each financial year. No work can be taken under JGSY unless it forms the part

of the Annual Action Plan. Works to be taken up during the year should have the approval of the Gram sabha which should be informed of progress at least twice a year. Under the guidelines, the Panchayats will have the power to execute works/schemes upto Rs.50,000/- with the approval of Gram Sabha. No other administrative or technical approval will be necessary. The village panchayat should appoint a vigilance committee for each village under its jurisdiction to oversee, supervise and monitor the implementation of works under the programme. Contractors and middlemen are not permitted to be engaged for execution of any of the works under the programme.

Employment Assurance Scheme: The Employment Assurance Scheme (EAS) was initially launched in October 1993 for implementation in 1778 identified backward Panchayat Samitis of 257 districts situated in the drought prone areas, desert areas, tribal areas and hill areas in which the Revamped Public Distribution System (RPDS) was in operation. The scheme was subsequently extended to the remaining Panchayat Samitis of the country in phased manner and finally universalised in 1997-98 to cover all the 5448 rural Panchayat Samitis of the country. Since April 1999, the EAS has been retained as the single wage-employment programme with certain modifications.

The primary objective of the EAS is creation of additional wage employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line. Its secondary objective is the creation of durable community, social and economic assets for sustained employment and development.

EAS is open to all rural poor who are in need of wage employment. Since the programme is self-targeting in nature and only the minimum wages are to be paid, it is expected that only persons below the poverty line would come for the unskilled work. While providing employment, preference is to be given to Schedule Caste/ Schedule Tribes and parents of Child Labour withdrawn from hazardous occupations who are below the poverty line.

The EAS is a Centrally Sponsored Scheme. Funds for this programme are shared in the ratio of 75:25 between the Centre and the States. The Central share is allocated to the States/UTs. on the basis of proportion of rural population in a State to the total rural poor in the country. From out of the State allocation, allocation of funds to the districts would be

based on an index of backwardness. Two indicators would be used for working out the index of backwardness namely the proportion of SC / ST population of the district and the inverse of agriculture production per agriculture worker. Equal weightage is given to both these indicators. The rural population of the district as weighted by these indicators separately is the basis of allocation of funds to the districts within the overall allocation of the state. 98% of the annual budgetary allotment is distributed among the States/districts as per the principle listed above. The Ministry retains 2% for utilisation in the areas of acute distress arising out of extraordinary seasonal conditions. In the event these funds are not fully utilised, the balance will be distributed among the States towards the end of the year keeping in view the requirement of different States.

80% of funds is to be released to the district as per normal procedure, the remaining 20% is released as an incentive only if the state has put in place elected and empowered Panchayati Raj Institutions.

The programme is now implemented through the Zilla Parishads. 70% of the funds allocated for each district would be allocated to the Panchayat Samitis (Intermediate Panchayat). 30% of the funds will be reserved at the district level to be utilised in the areas suffering from endemic labour exodus/ areas of the distress.

The implementing agencies of EAS within a district can be any line department, corporation of the State Government and Panchayati Raj Institutions at all three levels. The Implementing agencies may utilize one person from among the beneficiaries group as animator / leader / facilitator in maintenance of muster roll, payment of wages, monitoring of quality of works etc. Such animator / leader / facilitator can be paid wages applicable to the skilled workers. Contractors and middlemen are not permitted to be engaged for execution of any of the works under the programme.

An Annual Action Plan (AAP) shall be prepared every year. The responsibility for preparation of the Annual Action Plan shall be that of the Implementing Authority namely the Zilla Parishad. The Zilla Parishad should obtain from Panchayat Samitis, list of works for the 70% portion of the funds. Similarly they may formulate proposals at the district level for the 30% portion. Based on these proposals the Zilla Parishads would prepare an Annual Action

Plan, separately for 70% of funds Panchayat Samiti-wise and for 30% of the funds for the distress/ endemic labour exodus areas of the district.

All works started under EAS are required to be labour intensive works only. Labour intensive works are defined as those, which have a ratio of wages of unskilled labour to equipment, material and other skilled work of not less than 60:40.

The works taken up under the programme should result in durable assets. However, further strengthening or upgradation of such works can be done by utilising funds from other schemes. However, it is not open to the implementing agencies to use EAS to fund part of the works (e.g. foundation work of a building with EAS and the remaining works with departmental funds) or to use EAS funds for making payment for the wages for their departmental works.

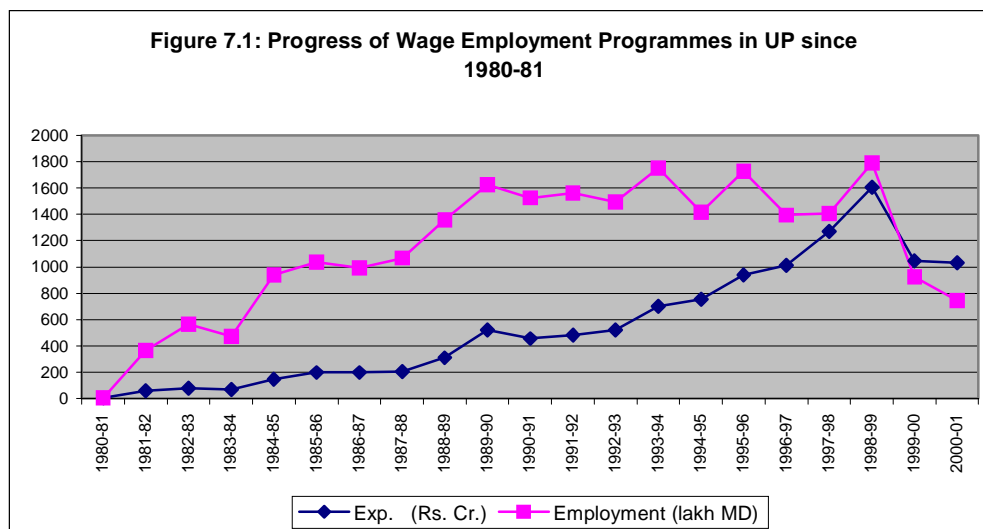
The employment registers maintained by the Panchayat Samitis shall be made available to public on demand, after charging a small fee if necessary. Muster rolls shall be maintained for every work separately, showing the details of wages paid to workers. Muster Rolls are also required to be made available for scrutiny by the Gram Sabha of the Gram Panchayat where the work is located and to the public on demand. A scheme of social audit of Employment Assurance Scheme works by the Gram Sabhas in a transparent manner is included in the guidelines of the scheme.

7.2 PROGRESS OF WAGE-EMPLOYMENT PROGRAMMES IN UTTAR PRADESH

The total expenditure and employment generated since 1980-81 are shown in figure 7.1. Table 7.1 gives the detailed break-down of expenditure incurred on all the employment generation programmes since 1980-81 and the man days of employment generated in UP.

It will be seen the mandays of employment generated are estimated to have touched 1624 lakh mandays in 1989-90. Thereafter, there has been a fluctuating trend with average employment generation being 1564 lakh mandays. The estimated employment generation (on

account of EAS and JGSY only, excluding the IAY) are considerably lower during 1999-00 and 2000-01.



While all major programmes have been currently clubbed into two – the JGSY and the EAS, the Department of Rural Development has traditionally been including the employment component of several other programmes such as the IAY and the MWS in estimating the total volume of employment generated, although the difficulties in doing so are well recognised. With the launch of the JGSY, schemes such as the MWS have, in any case been merged with the programme and the employment generation through the IAY is no longer computed.

A review of these programmes has been carried out by Kripa Shankar (1994), Rao (1999), Srivastava (1996, 1997b, 1998b), Lieten and Srivastava (1999) and N. Srivastava (2001). The main conclusions of these reviews is that the employment generated by these programmes is small. The selection of schemes and their management is often in the hands of the Pradhan, the Panchayat Secretary or a small coterie, which also leads to a mismanagement of funds. In the case of the EAS, which was managed by the District Magistrate, the schemes were contracted out often leading to underpayment of wages. The employment potential was minimised through reduced labour intensity and ‘dovetailing’ with other schemes. At the State level, the Scheme was also less well targeted than the JRY. However, Srivastava (1999) has noted that there are several secondary labour market impacts of the employment programmes, specially in areas where rural wages are below the stipulated

minimum wages. The principal impact is the firming upwards of reservation wages. It was, however, also noted that contractors/managers of schemes tend to minimise these impacts by lowering public sector wages to be in line with the prevailing rural wages.

Table 7.1: Progress of Wage Emp. Schemes in Uttar Pradesh

Year	NREP		RLEGP		J R Y/IAY/MWS		EAS		Total	
	Exp. (crores)	Emp. Generated (LMD)	Exp. (crores)	Emp. Generated (LMD)	Exp. (crores)	Emp. Generated (LMD)	Exp. (crores)	Emp. Generated (LMD)	Exp. (crores)	Emp. Generated (LMD)
1980-81	3.65	6.82							3.65	6.82
1981-82	58.39	367.15							58.39	367.15
1982-83	79.29	565.54							79.29	565.54
1983-84	68.96	459.8	1.45	11.92					70.41	471.72
1984-85	83.21	516.7	65.47	421.99					148.68	938.69
1985-86	82.96	501.9	115.95	535.95					198.91	1037.85
1986-87	80.23	465.23	117.5	527.61					197.73	992.84
1987-88	94.97	553.51	110.18	515.84					205.15	1069.35
1988-89	181.57	812.95	129.65	544.72					311.22	1357.67
1989-90					523.1	1624.93			523.1	1624.93
1990-91					457.56	1525.27			457.56	1525.27
1991-92					481.47	1562.14			481.47	1562.14
1992-93					522.57	1496.29			522.57	1496.29
1993-94					695.31	1739.18	6.48	15	701.79	1754.18
1994-95					666.5	1250.47	89.08	165.63	755.58	1416.1
1995-96					771.69	1408.13	167.32	318.23	939.01	1726.36
1996-97					814.73	1074.41	198.33	319.91	1013.06	1394.32
1997-98					865.94	884.2	406.65	522.76	1272.59	1406.96
1998-99					1019.12	1038.28	588.17	754.31	1607.29	1792.59
1999-00					637.61	438.89	408.46	485.73	1046.07	924.62
2000-01					698.88	412.29	333.12	331.96	1032	744.25
Total	733.23	4249.6	540.2	2558.03	8154.48	14454.48	2197.61	2913.53	11625.52	24175.64

Source: Department of Rural Development, Government of Uttar Pradesh

Note: Employment generated by JGSY/IAY during 1999-00 and 2000-01 includes figures for JGSY only.

The fieldwork carried out in the survey villages throws light on some of the earlier conclusions in view of the changes that have occurred in the employment generation programmes.

7.3 EMPLOYMENT GENERATION AND EMPLOYMENT SECURITY IN UP: RESULTS FROM FIELDWORK

All the employment programmes observed in the 20 villages surveyed were implemented with funds deployed through the gram panchayats. While public works under

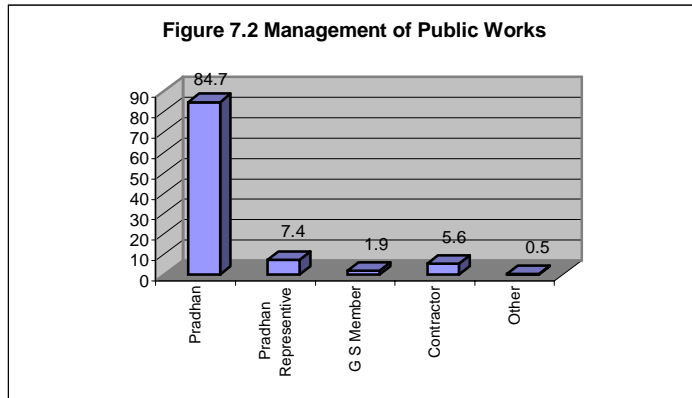
the Jawahar Gram Samridhi Yojna were implemented in all the villages (though some villages did not report any employment in the reference year), the gram panchayats also took recourse to other sources of funding, including the Employment Assurance Scheme, the Tenth Finance Commission and the State Finance Commission.

The findings reported here are based on interviews with all the 196 beneficiaries of employment programmes in the study villages during the reference year (1999-00), focus group discussions, interviews with elected representatives of panchayats, physical inspection of the public works etc. The conclusions below relate to the two major objectives of the programme – public asset creation and employment security.

PUBLIC ASSET CREATION

In each of the villages, some work was found to have been done although the amount of work varied from panchayat to panchayat. Most commonly, the work undertaken was earth work or making of *kharanja* (brick path) within the village or the construction of link roads. In one sample village, a Panchayat building was also constructed. Some hand pumps had been installed and repair of old wells for drinking water had also been taken up. Construction of drains and repair of school buildings were also found. The nature of public assets created by the panchayats through the JGSY and other employment programmes are described in greater detail in chapter 12. As far as the employment of the respondent labourers was concerned, 89.8 percent of employment days in the reference year were in road construction while 4.7 percent were in building construction and 5.5 percent employment days were in other types of construction.

Inspections by the research team and discussions with villagers showed that except in a few panchayats, in most cases materials used were not of the desired quality and the technical specifications were not adhered to. In some cases, used materials were used to repair/reconstruct old lanes which were shown to have been newly constructed.



In almost all cases, the work was supervised by the Pradhan, his agent or the panchayat secretary. In six percent of the cases, the work was supervised by a contractor. Only in one district (Pithoragarh), ward members were responsible for supervision in their respective wards and were also responsible for recruitment of labour and purchase of materials.

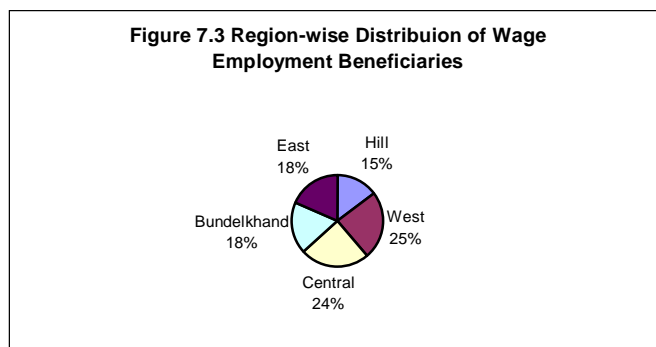
The funds were not fully spent for the purpose intended. The extent of shortfall is discussed in greater detail in chapter 12. According to several of the Pradhans, a sizable percentage of funds (20 to 40 percent) had to be given to the Block officials. They also said that while their services were not paid, they had to incur a lot of expenditure on government officials and visitors and in carrying out their public duties. All this expenditure had to met from somewhere. However, in several of the study villages, the dominant perception among the villagers was that most of the funds were misappropriated by the Pradhans.

EMPLOYMENT

In comparison to the 2528 persons who were listed in the census schedule with casual labour as their principal occupation, only 196 or 7.7 percent reported having received employment under any one of the employment generation programmes.

No beneficiary was identified during the survey in 3 of the 20 study villages – two in Western UP and one in Eastern UP. Fifteen percent of the beneficiaries were in the Hill district and 18 percent were in the Bundelkhand district. The two districts of Eastern UP also

accounted for only 18 percent of the beneficiaries, while the study districts of the Western and Central regions accounted for 24 percent and 25 percent respectively of the beneficiaries.



Of the beneficiaries, 3.1 percent were from the upper castes and 32.1 percent were from the Other Backward Castes. Scheduled Caste/Tribe beneficiaries formed 62.8 percent of the beneficiaries while 2 percent were Muslims.

Table 7.3: Distribution of Wage Employment Beneficiary Households by Region and Caste

Region	Upper Caste	O.B.C.	SC/ST	Muslims	Total
Hill	20.7	0.0	79.3	0.0	100
West	0.0	53.2	40.4	6.4	100
Central	0.0	25.0	72.9	2.1	100
Bundelkhand	0.0	22.2	77.8	0.0	100
East	0.0	50.0	50.0	0.0	100
Total	3.1	32.1	62.8	2.0	100

Source: Household Survey

The region and caste-wise distribution of beneficiaries shows that upper caste beneficiaries were confined only to the Hill region. SC/ST beneficiaries predominated in all regions except the Eastern and Western regions where OBC beneficiaries were as, or more, significant.

Twenty-five percent of those who had received employment were landless, while 22 percent owned less than half an acre of land. About 91 percent of the beneficiaries owned less than one hectare of land. Four percent of the beneficiaries came from female headed households.

Landlessness among the beneficiaries was most acute in the Western region, whereas in Bundelkhand (where land quality is also the poorest), a higher proportion of beneficiaries came from the larger land owning groups.

Table 7.4: Distribution of Wage Employment Beneficiary Households by Region and Land Ownership

Region	Size of Ownland Group							Total
	<=.05	.05 - .5	.5 - 1.24	1.24 - 2.49	2.49 - 4.99	4.99-10.0	> 10.0	
Hill	20.7	37.9	27.6	13.8	0.0	0.0	0.0	100.0
West	36.2	21.3	8.5	23.4	6.4	2.1	2.1	100.0
Central	27.1	18.8	25.0	20.8	8.3	0.0	0.0	100.0
Bundelkhand	11.1	0.0	19.4	41.7	22.2	2.8	2.8	100.0
East	27.8	38.9	16.7	16.7	0.0	0.0	0.0	100.0
Total	25.5	22.5	18.9	23.5	7.7	1.0	1.0	100.0

Source: Household Survey

When adjustment is made for land quality, for instance when only ownership of irrigated land is considered, beneficiaries are more concentrated in smaller land holdings and only 4.1 percent owned more than a hectare of irrigated land.

In terms of household income levels, 56.5 percent of the labourers had an annual income of less than Rs. 10,000 and more than three-quarter (76.5 %) had an income below Rs. 15,000. Only 15.8 percent beneficiary labourers had an annual income exceeding Rs. 20,000.

The highest proportion of income-poor labourers (those with annual incomes below Rs. 15,000) were in the other-wise prosperous Hill and Western region. In the former, 77.5 percent of the labourers had an annual household income below Rs. 15,000 whereas in the Western region, 83.4 percent labourers had an annual income below this level.

Table 7.5: Distribution of Beneficiaries of Employment Schemes acc. to Annual Income Group

Region	0-10000	10001-15000	15001-20000	20001-25000	above 25000	Total
Hill	37.5	40.0	2.5	10.0	10.0	100.0
West	68.8	14.6	6.3	8.3	2.1	100.0
Central	64.2	9.4	11.3	7.6	7.6	100.0
Bundelkhand	50.0	18.4	10.5	2.6	18.4	100.0
East	56.8	16.2	13.5	10.8	2.7	100.0
Total	56.5	19.0	8.8	7.9	7.9	100.0

In relation to the poverty line (based on consumption expenditure), the picture is somewhat different with 41.7 percent beneficiary households above the poverty line. Moreover, fewer beneficiary households were below the poverty line in the Hill region (27.5 %) and in the Western region (56.3 %).

Table 7.6: Distribution of Beneficiaries of Employment Schemes in relation to Poverty Line

Region	Very Poor	Poor	Not Poor	Well off	Total
Hill	12.5	15.0	25.0	47.5	100.0
West	27.1	29.2	20.8	22.9	100.0
Central	39.6	32.1	13.2	15.1	100.0
Bundelkhand	42.1	21.1	18.4	18.4	100.0
East	46.0	24.3	16.2	13.5	100.0
Total	33.3	25.0	18.5	23.2	100.0

Their were no clear criteria for the selection of labourers for work. While in most cases local labour was employed, in some cases outside workers had been employed. In very few cases, the poverty of the person was explicitly taken into account. Only in 25 percent of the cases, did the beneficiaries feel that poverty was a criterion. In several cases, proximity to the Pradhan was the determining criteria.

Only 11 percent of the labourers employed said that they were registered but only 3 percent said that they possessed the registration cards.

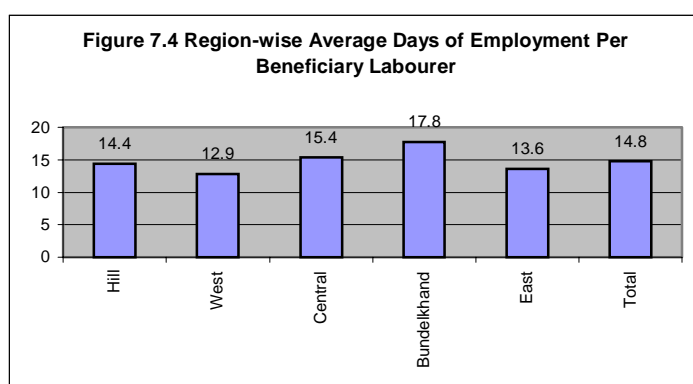
Quantum of employment:

As pointed out earlier, the number of beneficiaries who had received employment in the study villages during the reference year was minuscule. The days of employment generated per person was also small – varying from a minimum of two days to a maximum of 49 days. The average number of days of employment which was available to the 196 beneficiaries was 14.7 only. Almost four-fifths of the beneficiary labourers received employment for less than 15 days in the reference years while 18.5 percent secured employment in the public programs for a period between 15 and 30 days. Only 1.4 percent of the labourers secured employment for more than 30 days.

Less than 2 percent of the employment created in the study villages was taken up by women labourers. In fact, women labourers were employed in only two of the villages.

As stated above, in three of the study villages (one in Eastern UP and two in Western UP), no labourer reported receiving any employment. Apart from these three villages, the average days of work ranged from a minimum of 3 days in Bareilly-1 village to a maximum of 21 in Hamirpur – 2.

The number of days of employment created per beneficiary labourer shows only a small variation across regions – 14.4 and 12.9 days per worker in the Hills and in Western region; 15.4 and 13.6 days per worker in the Central and Eastern region respectively, and 17.8 days per worker in Bundelkhand.



In most cases, the works were carried out during the winter agricultural lean season (December to February).

Table 7.7: Distribution of Average Days of Wage Employment by Sex and Months

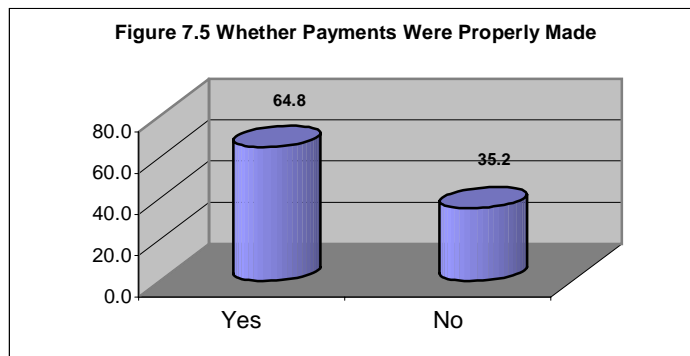
Sex	Month Group						Total
	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec	
Male	5.6	4.7	0.8	0.5	0.8	2.4	14.7
Female	9.7	0	0	0	0	7.7	17.4
Total	5.7	4.6	0.8	0.5	0.8	2.4	14.8

Source: Household Survey

Payments and Wage Rates

Falsification and inflation of muster rolls and wages was common in most of the panchayats, although the extent was difficult to establish in the study.

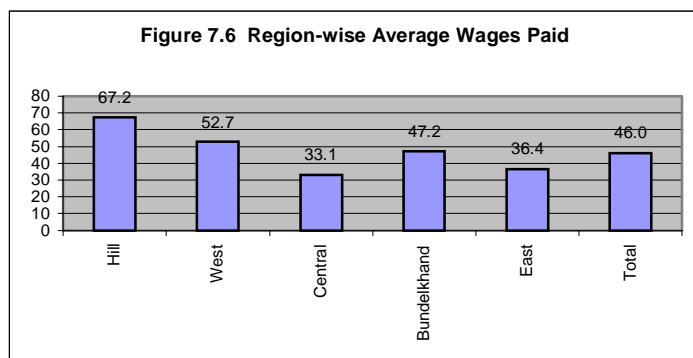
Some workers were paid for all days they worked but some worked for several days but were not paid on one pretence or another.



In most of the panchayats, for works carried out in the poor and low caste areas, it was usual for the Pradhans to provide low quality material and to ask the locality to use voluntary labour (“Shram Dan”), thus side-stepping the need to make any wage payments.

The average wages paid ranged from Rs. 27 (Jaunpur –1 and Unnao-2) to Rs. 71 (Pithoragarh-2) and Rs. 75 (Bareilly-2). The last figure was based only on two observations including a skilled labourer. Wages ranged from Rs. 27 to Rs. 51 in the districts of Central, Eastern and Southern UP and were below the minimum wage (Rs. 47) then prevailing in ten of the eleven villages studied in these regions.

Region-wise, labourers employed on a daily basis (i.e. excluding those who performed labour gratis or were unpaid) were paid Rs. 33 and Rs. 36 per day in the Central and Eastern regions and Rs. 47 in Bundelkhand. In the Western and Hill region, average wages paid were Rs. 52 and Rs. 67 respectively. In these regions, since prevailing rates were higher than the legal minimum, workers had to be paid at higher rates and the normal practice in some of the villages was for the muster rolls to show at least three workers for every two workers actually employed.



CONCLUSION: IMPACT OF EMPLOYMENT PROGRAMMES IN UP

Employment programmes have two major objectives: providing a safety net, particularly in the lean season, and strengthening rural infrastructure. The JGSY has now been specifically redesigned with the building of rural infrastructure as its primary objective.

The impact of the employment programmes was observed to vary from panchayat to panchayat depending upon the functioning of the rural institutions. Regionally, the most efficient implementation of the programmes was in the Hill region.

The main problem is that from the limited funds available, any thing from roughly a quarter to half or more than half of the funds are not spent on meeting either of the two main objectives and are 'leaked'. This leads to compromises in both the quality of public works and the employment created.

On the whole, the impact on employment and wages was naturally much less than what would have been the case if funds had been well spent. In fact, the burden of the distortions in the programmes ultimately fell on the potential employment and earnings of the labourers. This is apart from the fact that the total quantum of spending on employment was hardly likely to provide an adequate measure of employment security to the labourers. Moreover, although the funds are progressively targeted, at the panchayat level there is no mechanism to ensure that poorer panchayats would be able to ensure a higher quantum of employment or asset creation.

8.

INDIRA AWAAS YOJANA (IAY)

8.1 INTRODUCTION AND BACKGROUND

According to 1991 Census, the total rural housing shortage is 137.2 lakh in rural areas. There are about 103.1 lakh unserviceable kutchha houses which require up gradation in the rural areas. The Government of India announced, in 1998, a National Housing and Habitat Policy which aims at providing 'Housing for All' and facilitating the construction of 20 lakh additional housing units (13 lakh in Rural Areas and 7 lakh in Urban Areas) annually, with emphasis on extending benefits to the poor and the deprived. An Action Plan for Rural Housing has, accordingly, been prepared. A total allocation of Rs. 1710 crores had been made during 2000-2001 under 'rural housing' to implement the Action Plan, which has been approved with the objective of providing "Shelter for All" by ending shelterlessness by the end of the Ninth Plan period and conversion of all unserviceable kutchha houses to pucca/semi pucca by the end of the Tenth Plan period, through the construction of additional 13 lakh houses annually. The Action Plan consists of a number of schemes such as the Indira Awaas Yojana (IAY); the Pradhan Mantri Gramodaya Yojana- Gramin Awaas, the Credit-cum-Subsidy Scheme for Rural Housing; and the Samagra Awaas Yojana. The equity contribution by Ministry of Rural Development to HUDCO has also been enhanced.

The **Indira Awaas Yojana** (IAY) is being implemented since the year 1985-86 to provide grant based assistance for construction of dwelling units to members of Scheduled Castes, Scheduled Tribes and freed bonded labourers and non-Scheduled Castes/Scheduled Tribes living Below the Poverty Line in the rural areas. The scheme initially functioned as a sub scheme of erstwhile JRY. From the year 1993-94, the scope of the scheme was extended to cover non-Scheduled Castes and Scheduled Tribes rural poor subject to the condition that the benefit to non SC/ST would not be more than 40% of the IAY allocation. The benefits of the Scheme have also been extended to the families of ex-servicemen of the armed and

paramilitary forces killed in action and Below the Poverty Line disabled persons living in the rural areas. From January 1996, the IAY became an independent Scheme.

The funding pattern of IAY is on 75:25 basis between the Centre and the States. During 1999-2000, the allocation of funds under Indira Awaas Yojana to the States/UTs had been made, based on poverty ratios, as approved by the Planning Commission and rural housing shortage (Census 1991). Both parameters have been accorded equal weightage. Similarly, allocation from States to Districts have been made on the basis of proportion of SC/ST population and housing shortage. The ceiling on construction assistance under the Indira Awaas Yojana currently is Rs.20,000/- per unit for plain areas and Rs. 22,000/- for hilly/difficult areas.

The District Rural Development Agencies (DRDAs)/Zilla Parishads decide the number of houses to be constructed in each panchayat under IAY, during a particular financial year, on the basis of allocations made and targets fixed. Thereafter, the Gram Sabha is required to select the beneficiaries restricting its number to the target allotted from the list of eligible households, according to the guidelines and as per priorities fixed.

As the need for upgradation of unserviceable kutcha houses in the rural areas is acutely felt, with effect from April 1999, 20% of the IAY allocation had been earmarked for conversion of unserviceable kutcha houses into pucca/semi pucca houses. A maximum assistance of Rs. 10,000/- per unit is provided for conversion of unserviceable kutcha houses into pucca/semi pucca.

Further, the allotment of dwelling units is to be made in the name of a female member of the beneficiary household or alternatively, in the name of both husband and wife. Sanitary latrine and smokeless chullah are integral parts of the IAY house. The construction of the house is the responsibility of the beneficiary. The IAY house is not to be constructed and delivered by any external agency such as government departments, NGOs, etc. No specific type design has been stipulated for an IAY house. Choice of design, technology and materials for construction of an IAY house is the sole discretion of the beneficiaries.

The Central allocation under IAY for 2000-2001 is Rs. 1613.69 crore for construction of 1244320 houses. Out of this 20% of the funds amounting to Rs. 322.78 crore, have been

earmarked for upgradation of unserviceable kutcha houses into pucca/semi pucca houses. About 64 lakh houses have been constructed under IAY since inception of the Scheme. Around Rs. 10662.55 crore expenditure have been incurred since inception of the Scheme under IAY.

Indira Awaas Yojana has been evaluated by the Programme Evaluation Organisation of the Planning Commission which carried out a Quick Study of the IAY in 1992-93. According to the evaluation done by the Planning Commission 86.4% of the houses constructed under the Yojana were occupied and lived in. Again about 84% of the households expressed satisfaction/partial satisfaction with the houses given to them. The main reasons for their satisfaction with the IAY houses were able to satisfy socio-cultural needs' suits life style, good construction, etc. Concurrent Evaluation on IAY is in progress.

The **Credit-Cum-Subsidy Scheme for Rural Housing**, was launched in 1st April, 1999 for households having annual income upto Rs.32,000/-. While subsidy is restricted to Rs.10,000/-, the maximum loan amount that can be availed is Rs.40,000/-. The subsidy portion is shared by the Centre and the State in 75:25 ratio. The loan portion is to be disbursed by the commercial banks, housing finance institutions etc. During 1999-2000, an amount of Rs. 60.69 crore was released under the scheme. Rs.150crore has been allocated under the Scheme for construction of 1.09 lakh houses during 2000-2001.

8.2 PROGRESS OF THE IAY IN UP

The expenditure in U.P under Indira Awaas Yojana was Rs. 266.5 crore during 2000-2001 for the construction of 154,697 houses. Over the cumulative period of the scheme (1985-86 to 2000-2001), a total expenditure of Rs. 2026 crores was incurred in the State on the construction of approximately 1.26 million houses.

Table 8.1 shows the progress of the scheme in UP, since it's inception in 1985-86. During the period 1985-86 and 1992-93, the number of units constructed under the programme varied from 16487 (year of inception) to 32947 (1989-90). There was a sharp increase in the expenditure as well as the number of houses constructed in 1993-94 and 1995-96, with the number of houses constructed rising to 47,722 in 1993-94 and 50,908 houses in 1994-95. From 1995-96, there was another sharp jump in the expenditure on the programme

as well its physical achievement. Between 1994-95 and 1995-96, the expenditure on the programme jumped from Rs. 64.12 crores to Rs. 232.83 crores. The numbers of houses constructed increased to 192,484. The unit costs were increased in the following year to Rs. 20000 which resulted in a fall in the number of houses constructed which, however, remained over 1.5 lakh units for most years.

Table 8.1: Progress of Indira Awaas Yojana in U.P

Sl. No.	Year	Expenditure (Crores)	No. of Constructed Houses	Unit Cost in Gen./Diff (Rs.)
1	1985-86	13.29	16467	9000/10800
2	1986-87	22.18	25191	9000/10800
3	1987-88	23.6	25709	9000/10800
4	1988-89	24.65	23871	9000/10800
5	1989-90	29.53	32947	9000/10800
6	1990-91	25.56	25300	12700/14500
7	1991-92	23.03	20262	12700/14500
8	1992-93	29.33	22218	12700/14500
9	1993-94	55.85	47722	14000/15800
10	1994-95	64.12	50908	14000/15800
11	1995-96	232.83	192984	14000/15800
12	1996-97	276.75	146870	20000/22000
13	1997-98	288.41	137396	20000/22000
14	1998-99	371.51	181274	20000/22000
15	1999-00	279.57	155248	20000/22000
16	2000-01	266.5	154697	20000/22000
	Total	2026.71	1259064	

Source: Department of Rural Development, UP

The IAY is one of the most popular schemes of the Government for the poor and, through successive modifications, has achieved its objective reasonably well. In the initial phase, the scheme started with the plan of constructing house and allotting it to the selected beneficiaries, but the houses constructed were so poorly built, with poor quality materials that most of them were not fit for residential purposes. Subsequently, the selected beneficiaries are given direct assistance in two instalments to construct houses as per their own

requirement. This has led to an improvement in the quality of houses constructed with beneficiaries supplementing the assistance in cash or kind.

8.3 RESULTS FROM FIELD SURVEY

The field survey covered 298 beneficiaries of Indira Awaas Yojana and recorded case histories of a number of them. The largest proportion of these beneficiaries were in the sample villages of Western UP (30.2%), followed by the Eastern region (25.5 %). Although the Hill region and Bundelkhand are similar in population, 14.4 percent of the beneficiaries came from the former and 9.3 percent from the latter.

Table 8.2: Regional-wise Distribution of Beneficiaries of Housing Schemes

Region	Total	%
Hill	43	14.4
West	90	30.2
Central	60	20.1
Bundelkhand	29	9.7
East	76	25.5
Total	298	100.0

Source: Household Survey

Table 8.3: Social-group wise Distribution of Beneficiaries of Housing Schemes

Region	Upper Caste	O.B.C.	SC/ST	Muslims	Other Caste	Total
Hill	20.9	0.0	76.7	0.0	2.3	100.0
West	0.0	22.2	70.0	7.8	0.0	100.0
Central	5.0	8.3	80.0	6.7	0.0	100.0
Bundelkhand	6.9	0.0	89.7	3.5	0.0	100.0
East	7.9	21.1	68.4	2.6	0.0	100.0
Total	6.7	13.8	74.5	4.7	0.3	100.0

Source: Household Survey

Since the programme is specifically targeted towards the SC/ST, nearly three-quarter of beneficiary households came from this background and only 6.7 percent were from the upper castes. SC/ST beneficiaries predominated among the beneficiaries in all the regions.

Upper castes had a higher representation only in the Hills where they formed 20 percent of the beneficiaries.

Only 7.3 percent of the beneficiaries of the housing schemes owned more than 2.5 acres of land. The highest proportion in this category were in the Bundelkhand region (37.9%). Landless households (owning less than 0.05 acres of land) comprised 29.9 percent of the sample beneficiaries and predominated in the Western region (43.3 percent)

Table 8.4: Distribution of Beneficiaries of Housing Schemes acc. to Land Owned

Region	<=.05	.05-.5	.5-1.24	1.24-2.49	2.49-4.99	4.99-10.0	> 10.0	Total
Hill	16.3	41.9	30.2	11.6	0.0	0.0	0.0	100.0
West	43.3	12.2	20.0	18.9	5.6	0.0	0.0	100.0
Central	26.7	23.3	21.7	21.7	5.0	1.7	0.0	100.0
Bundelkhand	24.1	0.0	6.9	31.0	24.1	10.3	3.5	100.0
East	26.3	34.2	26.3	10.5	2.6	0.0	0.0	100.0
Total	29.9	23.2	22.2	17.5	5.7	1.3	0.3	100.0

Source: Household Survey

The distribution of beneficiaries by household income level shows that 20.4 percent had an income level above Rs. 20,000, whereas more than half had an income below Rs. 10,000 and 69.2 percent has an income below Rs. 15,000.

Table 8.5: Distribution of Beneficiaries of Housing Schemes acc. to Annual Household Income (Rs.)

Region	0-10000	10001-15000	15001-20000	20001-25000	above 25000	Total
Hill	39.5	25.6	7.0	9.3	18.6	100.0
West	54.4	14.4	12.2	8.9	10.0	100.0
Central	60.0	18.3	11.7	5.0	5.0	100.0
Bundelkhand	37.9	34.5	10.3	0.0	17.2	100.0
East	50.0	13.2	9.2	14.5	13.2	100.0
Total	50.7	18.5	10.4	8.7	11.7	100.0

Source: Household Survey

The highest proportion of low income beneficiary households (income below Rs 15,000) were in the Central and Bundelkhand regions, while the highest proportion of high income households (income exceeding Rs. 20,000) were in the Hill and Eastern regions.

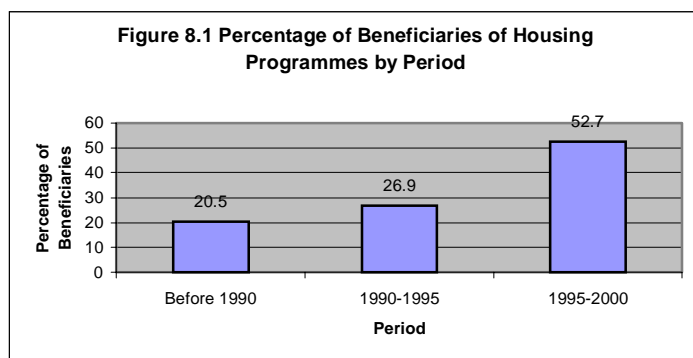
In relation to poverty line, 29.2 percent of the sample beneficiaries currently had per capita consumption levels 25 percent higher than the threshold poverty line level and another 13.4 percent also had consumption levels above the poverty line level. The proportion of beneficiary households above the poverty line was highest in the sample in the Hill region (79.1 % of beneficiary households) and the Western region (44.5 %).

Table 8.6: Distribution of Beneficiaries of Housing Schemes in Relation to Poverty Line

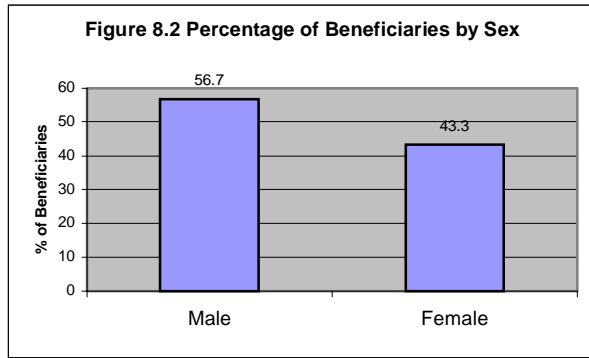
Region	Very Poor	Poor	Not Poor	Well off	Total
Hill	4.7	16.3	14.0	65.1	100.0
West	28.9	26.7	16.7	27.8	100.0
Central	40.0	30.0	13.3	16.7	100.0
Bundelkhand	37.9	34.5	6.9	20.7	100.0
East	38.2	26.3	11.8	23.7	100.0
Total	30.9	26.5	13.4	29.2	100.0

Source: Household Survey

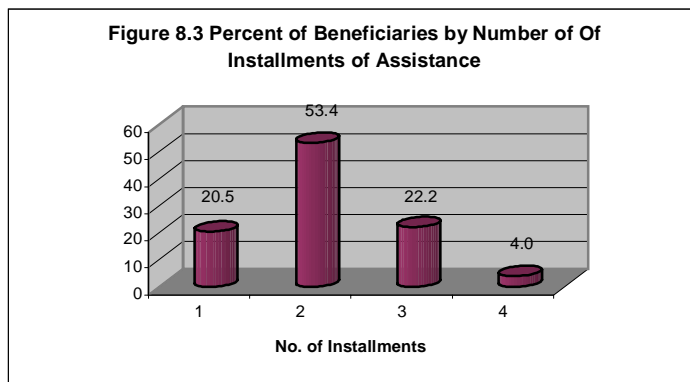
Of the total 296 sample beneficiaries, 61 or 21.5 percent received benefits before 1990 while 80 (26.9 %) received benefits between 1990 and 1995. The expansion of the programme after 1995 is suggested by the fact that 157 or 52.7 percent of the sample beneficiaries received assistance after 1995.



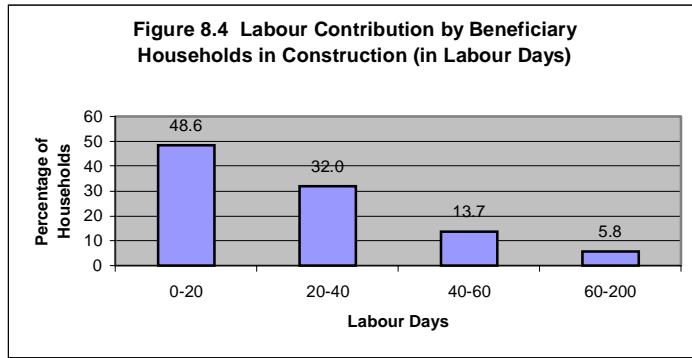
The proportion of female beneficiaries is also the largest among the poverty alleviation programmes. Of the total sample beneficiaries, 129 or 43.3 percent were women.



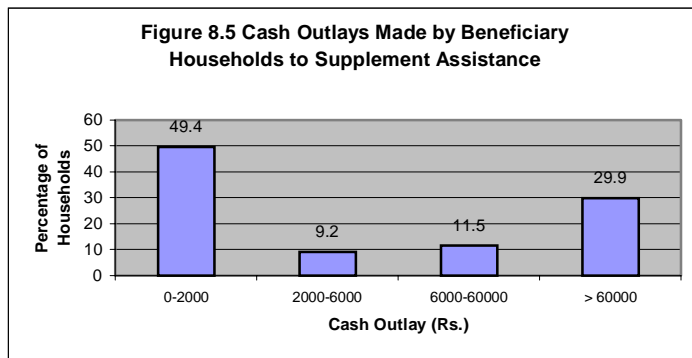
The programme has made a transition from the provision of houses to beneficiaries to the provision of assistance in cash giving greater flexibility to the beneficiary to utilise the grant according to his/her own preference. In the sample as a whole, one-third of the beneficiaries in cash while two-third of the beneficiaries received assistance in kind. The number of instalments in which the grant has been received has also been reduced. Among the sample beneficiaries, more than half received the assistance in two instalments. But more than one-fifth of the beneficiaries had received only one instalment till the date of survey.



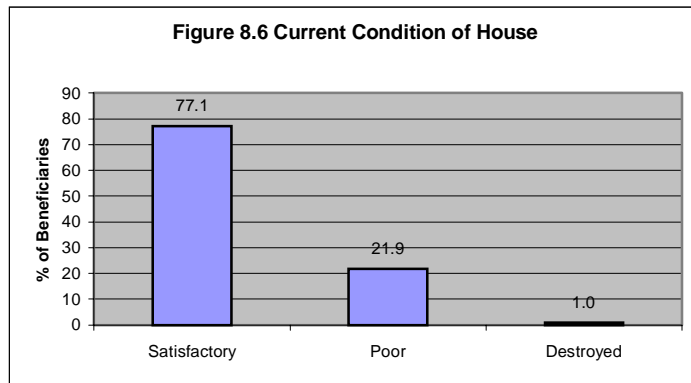
A large proportion of the beneficiaries contribute their own labour in the construction their houses. However, the labour contribution does not appear to be very major.



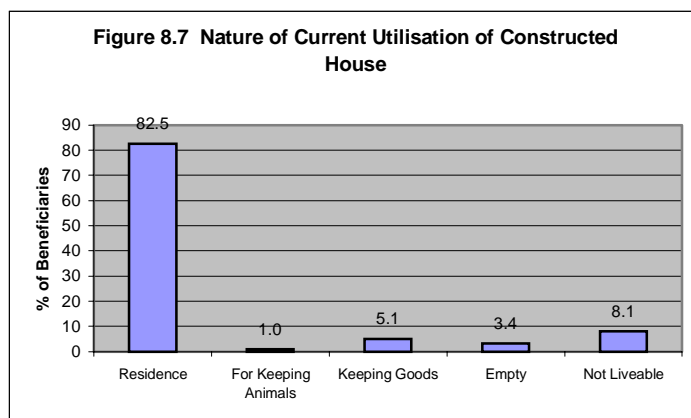
Only 5.4 percent of the beneficiaries contributed more than 60 labour days. On the other hand, many beneficiaries also supplement the governmental assistance with their own financial resources which is often a major component of the cost incurred in the construction. In fact, in a proportion of the cases, governmental assistance plays a role in subsidising the cost of construction of an apparently well-to-do household. In nearly 30 percent cases, the household's financial contribution exceeded Rs. 60,000 while in another 11.9 percent cases, it was between Rs 6,000 and Rs. 60,000. Field observations naturally show that the best constructed houses are those where beneficiaries have added substantial contributions of their own.



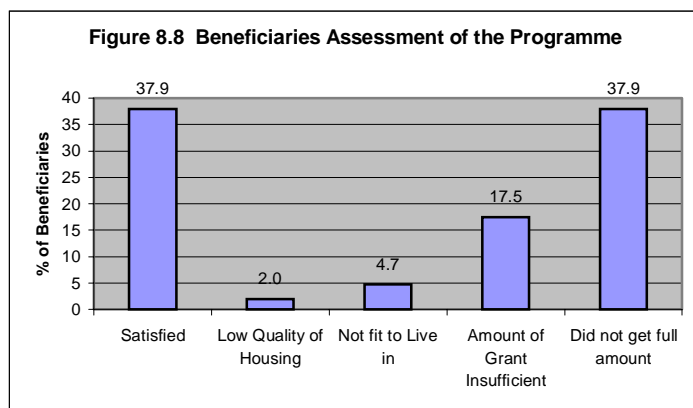
It is apparent that despite leakages and other problems, the housing programmes have made a significant contribution in providing shelter to a number of poor households who otherwise might have remained without adequate shelter. More than three-quarters of the houses constructed or upgraded were still considered to be in a satisfactory condition.



More than four-fifth of the houses constructed were being currently used for human habitation purposes. The remaining were being used as cattle sheds, for storing goods, or were kept empty or were completely unserviceable.



But the overall level of satisfaction of the programme is not high. Only about 38 percent of the beneficiaries were satisfied with the programme as a whole. Three major sets of reasons were cited for low satisfaction with the programme. First, in about 7 percent of the cases (old beneficiaries) the houses were of very low quality. Second, in 17.5 percent of the cases, the assistance was considered to be too low. Third, in about 38 percent of the cases, the respondents were dissatisfied with the programme on account of the high level of deductions which were made by the intermediaries.



Payments and deductions are rife in the scheme. The beneficiaries spent money at various stages to get the assistance: some to get their names sponsored, some to get the money sanctioned and some to get it encashed. Only a handful of beneficiaries reported not having to pay any money and having received the full amount of the grant. The amount of payment/deductions ranged from Rs. 2000 to Rs. 7000 in these cases. Those who received the payments included the development functionaries, the Bank functionaries, elected officials (Pradhan or Block Development Committee member) or other middlemen.

As discussed earlier, not all the beneficiaries selected under the scheme were from below the poverty line (BPL), nor were they among the poorest families the village. Since the selection process was vitiated by bribes, many less deserving households were able to get their names included and grants sanctioned.

In a few cases, previously constructed houses were shown to be constructed under the scheme. In some other cases, beneficiaries could not complete the construction of their houses because of shortage of finance and deduction from the grant or non-receipt of instalments.

8.4 CONCLUSION: AN ASSESSMENT OF THE IAY IN UP

The only housing scheme of the poor evaluated here is the IAY since no cases of credit-cum-subsidy schemes were found. With the increase in flexibility that has been incorporated in the scheme, most recent beneficiaries have been able to construct serviceable houses, after supplementing state assistance with their own contributions in cash or labour.

However, deductions made either for inclusion in the beneficiary list or for sanction of the grant, combined with grants that are already considered inadequate has led to a low level of satisfaction with the programme. In the focus group discussions, a general refrain of the beneficiaries was that the existing amount of grant was no longer adequate for constructing a house. Further, it was emphasised that some way had to be found to check corruption and ensure that the full amount of assistance was received. It was also felt that the grant should be paid in one or, at the most, two instalments. The procedure of disbursement of grants should be simplified and made more transparent. Beneficiaries felt that the prescribed procedure of disbursing money to groups of beneficiaries by arranging *melas* could be helpful in this respect.

9.

DISTRIBUTION OF LAND ON PATTa

U.P is one of the States where allotment of gram sabha or ceiling surplus land has made a significant dent on landlessness. Studies have shown that even meagre amounts of land allotment add to the economic security of the allottees and enhance their social status. For this reason, the allotment of *patta* land is considered to be one of the most popular programmes by the rural poor. The allotment of homestead land is similarly valued by those sections of the poor who are shelterless due to lack of the homestead land.

The significance of the land distribution programme in U.P is also shown by the fact that the programme covered the largest number of sample households (398) in the sample. Out of these, the highest proportion of the sample beneficiaries were in the Western region (26.3%), followed by the Central region (24.8 %) and the Eastern region (23.3 percent). The two sample villages in the Bundelkhand region claimed 17.5 percent beneficiaries.

Table: 9.1 Regional Distribution of Beneficiaries of Land Distribution

Region	Total	%
Hill	33	8.3
West	105	26.3
Central	99	24.8
Bundelkhand	70	17.5
East	93	23.3
Total	400	100.0

Source: Field Survey

Sixty-two percent of the beneficiaries were from the SC/ST, while the OBC formed 31 percent of the total. The highest proportion of SC/ST beneficiaries were in the sample villages in the Hill region, followed by the Bundelkhand.

Table: 9.2 Social-group wise distribution of Beneficiaries of Land Distribution

Region	Upper Caste	O.B.C.	SC/ST	Muslims	Total
Hill	9.1	0.0	90.9	0.0	100.0
West	0.0	41.9	55.2	2.9	100.0
Central	4.0	23.2	66.7	6.1	100.0
Bundelkhand	2.9	28.6	68.6	0.0	100.0
East	4.3	39.8	49.5	6.5	100.0
Total	3.3	31.0	62.0	3.8	100.0

Source: Field Survey

Just over a quarter of the beneficiary households currently had a household income exceeding Rs. 20,000 while about two-third of the households had an income level below Rs. 15,000. The largest proportion of income poor households were in the Bundelkhand region (71.4 percent) and the Central region (71.7 %).

Table: 9.3 Distribution of Beneficiaries of Land Distribution acc. To Annual Household Income (Rs.)

Region	0-10000	10001-15000	15001-20000	20001-25000	above 25000	Total
Hill	27.3	27.3	6.1	3.0	36.4	100.0
West	54.3	17.1	3.8	3.8	21.0	100.0
Central	60.6	11.1	9.1	6.1	13.1	100.0
Bundelkhand	54.3	17.1	7.1	2.9	18.6	100.0
East	43.0	14.0	10.8	7.5	24.7	100.0
Total	51.0	15.8	7.5	5.0	20.8	100.0

Source: Field Survey

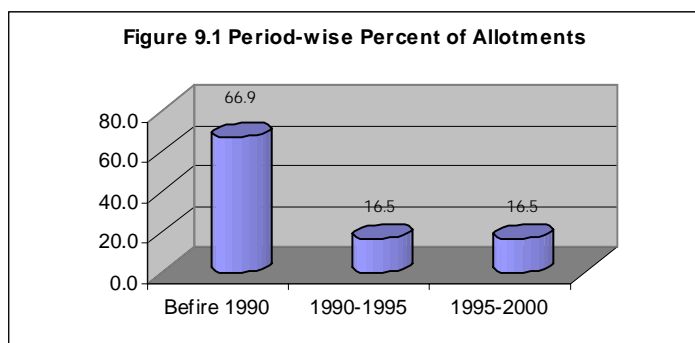
Table. 9.4 Distribution of Beneficiaries of Land Distribution in relation to Poverty Line

Region	Very Poor	Poor	Not Poor	Well off	Total
Hill	3.0	12.1	24.2	60.6	100.0
West	16.2	25.7	22.9	35.2	100.0
Central	38.4	25.3	14.1	22.2	100.0
Bundelkhand	37.1	32.9	12.9	17.1	100.0
East	41.9	23.7	11.8	22.6	100.0
Total	30.3	25.3	16.5	28.0	100.0

Source: Field Survey

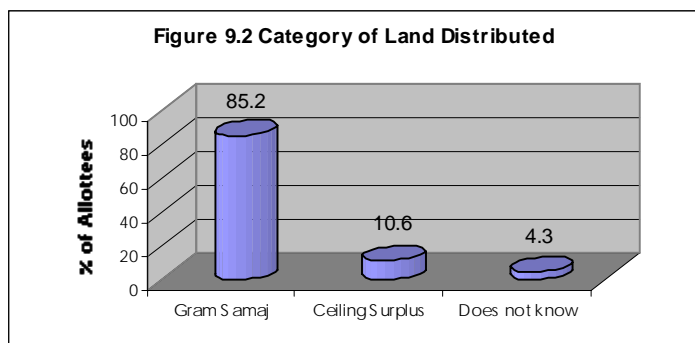
Currently 44.5 percent of the beneficiary households were below the poverty line and 28 percent had consumption levels exceeding the poverty line level by more than 25 percent. The highest proportion of sample beneficiary households above the poverty line were in the Hill region (84.8 %) followed by beneficiary households in the Western region (48.1%).

Two-thirds of the allotments had been made to the beneficiary households prior to 1990. One-sixth each of the allotments had been made between 1990 and 1995 and after 1995.



The main features of the land distribution programme in U.P, based on the present study are discussed below.

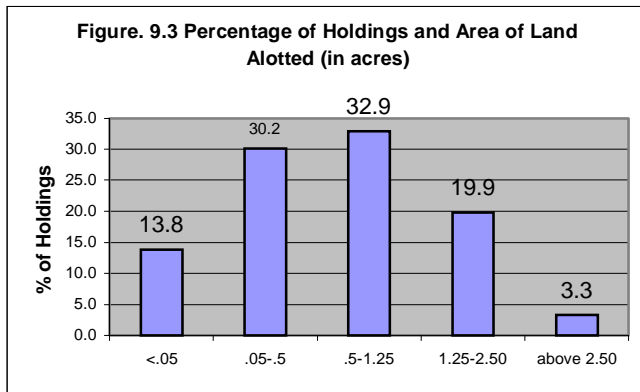
Current policy requires that the pattas are distributed either in the name of female beneficiaries or jointly in the name of female and male beneficiaries. Of the total number of beneficiaries in the sample, 87 percent were reported to be male and 13 percent were female.



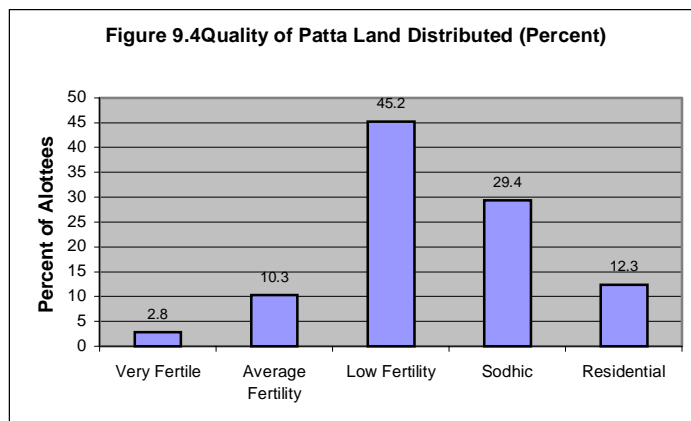
The principal category of land received under the programme was gram samaj land. In the sample, eighty-five percent beneficiaries received Gram Samaj land while about 11 percent received ceiling surplus land. Nearly 4 percent beneficiaries did not know the category of land received under patta.

Fourteen percent of the pattas were for homestead land while 86 percent were for cultivated land.

Forty-four percent of the pattas were below half acre, while another 33 percent were between 0.5 and 1.25 acres. Twenty percent of the pattas were for holdings between 1.25 and 2.50 acres. Only 3 percent pattas were for holdings above 2.5 acres (approximately 1 hectare).

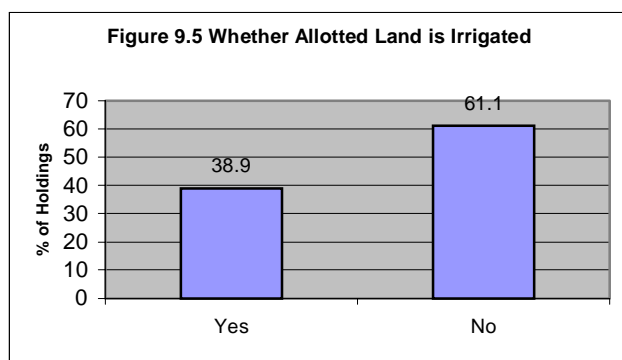


There were a number of cases in which allottees had still not been able to take possession of the patta land or the process had taken several years. At the time of survey, 7.3 percent of the allottees (30) had not been able to take possession of their patta land. This was often because the land allotted to them was in the adverse possession of a dominant person. In some cases, the same piece of land had been allotted to several persons. There were a few cases where allottees had to enter into a protracted legal battle to try and gain possession of the land.



The land allotted was generally of poor quality. Of the land allotted, only 13 percent was of average quality. Forty-five percent of the holdings were of low fertility, while 29 percent of allotments were on *usar* (sodic) land (12 percent allotments were of homestead land).

Although improvements had taken place in the allotment holdings, a much lower percentage of patta holdings were irrigated compared to the average.



The distribution of land is taken to be the first stage in the land reform process and government policy envisages a further role for itself through the provision of financial assistance so that the landless cultivator can undertake necessary land improvement and purchase cooperant inputs for starting production. However, the study shows that government financial assistance was received in only 7.5 percent of the cases. The total financial assistance received by the allottees was less than Rs. 500 in 36.7 percent of the cases, and between Rs. 500 and 1000 in 40 percent of the cases.

Table:9.5 Amount of Government Assistance Received

Amount of govt. assistance	Number	Percent
Less than Rs. 500	11	36.7
500-1000	12	40.0
1000-1500	3	10.0
1500-3000	4	13.3
Total	30	100.0

Source: Household Survey

Some among the allottees who received patta on unculturable land, *were* assisted by the Government to develop the land under the *Usar Sudhar Yojana*. They were given guidance and necessary materials to make the land culturable. Most of these allottees belonged to one study village, Kudikapur, where the World Bank assisted Sodic Lands Programme was being implemented.

Although government financial assistance was very limited, since allottees attach considerable value to the land allotted to them, they had spent considerable resources, both in the form of their own or family labour, in improving the quality of land allotted. For instance, two-fifth of the allottees spent more than 30 days in land improvement.

Table 9.6: Labour Days Spent in Improving Land

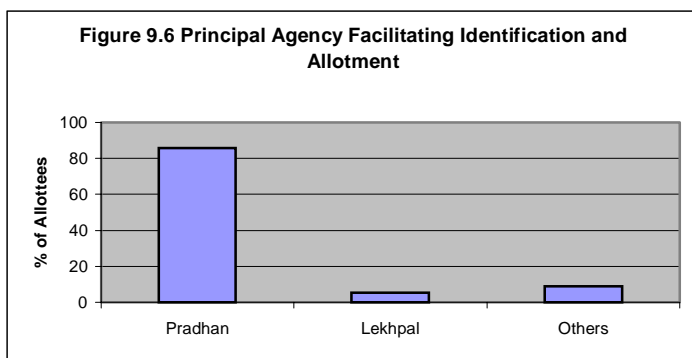
Labour Days	Number	Percent
0-10	107	40.5
20-30	50	18.9
30-35	31	11.7
35-40	12	4.6
More than 40	64	24.2
Total	264	100.0

Source: Household Survey

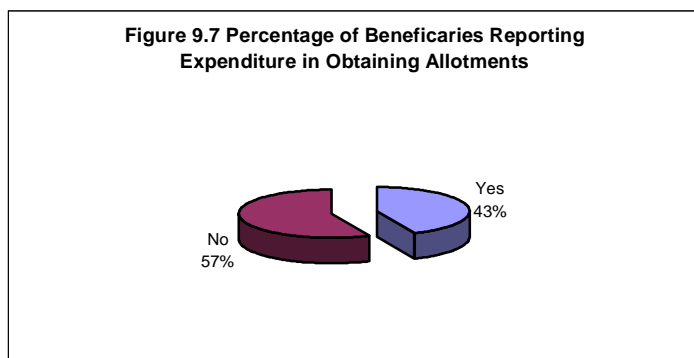
Cash outlays were also made by the allottees for land improvement. Sixty-one percent of the allottees spent more than Rs. 500 in land improvement, while 38 percent spent more than Rs. 1000 and 12.4 percent spent more than Rs. 4000. Thus, allottees spent far more on land improvement from their own pockets than was received from the government.

Table 9.7: Cash spent in Land Improvement

Cash investment	Number	Percent
0-500	47	38.8
500-1000	28	23.1
1000-2000	16	13.2
2000-3000	8	6.6
3000-4000	7	5.8
More than 4000	15	12.4
Total	121	100.0



Whereas the prescribed procedure was followed in some villages to identify beneficiaries, in many cases bribes paid the pivotal role in their selection. Thus, while some of beneficiaries got the patta without spending any money, most had make payments to the Pradhans, the Lekhpal, other Tahsil officials, the Police, and other middlemen.



The sums paid ranged from a paltry Rs. 100 to Rs. 5000 for a single patta. Payments were made for inclusion in the list of beneficiaries, for measurement of land, for gaining possession etc. Failure to pay the Lekhpal resulted in the allotment remains on paper only.

Table 9.8: If any amount paid, to whom?

	Number	Percent
Pradhan	36	20.8
Lekhpal	132	76.3
Others	5	2.9
Total	173	100.0

Source: Household Survey

CONCLUSION: LAND DISTRIBUTION AND SCOPE FOR FURTHER LAND REFORMS IN UP

Wealth ranking exercises carried out for this study (see chapter 13) show that there is a strong correlation between the land owning status of a household and its general economic status. UP is one of the leading states in terms of the total government land distributed to land-poor households. However, most of the land distributed is government land and there is still a large gap between the ceiling land which could have been potentially acquired and distributed and actual ceiling land distributed. In many of the study villages, land available for distribution has virtually been exhausted but landlessness still exists and there is considerable demand for patta land. This has created a strong sense of discrimination among those landless households who have not received land on patta. As with all the other programmes, the process of beneficiary identification and the allotment/demarcation of land is often marred by hefty demand for deductions which the genuine claimants for such land are often not able to meet. Possession is also difficult to secure in a number of cases. Complementary state assistance has also not been forthcoming. Despite all these problems, the programme is still valued by the poor who are able to improve the productivity of the poor quality land allotted to them through their labour and resources.

It is evident, that in the absence of alternative secure employment, the rural poor in UP value ownership and access to a small plot of land. It is therefore important that the issue of land reform be revisited with a view to increasing the access of the poor to cultivable land. Different aspects of this problem such as tenancy reform, improving the land market and improving the access of the poor to purchased through provision of long-term credit, the issue of absentee ownership, and land ceilings, should be comprehensively reviewed on an urgent basis.

10.

PENSION SCHEMES

Although U.P does not have a comprehensive social protection policy for the rural poor, it was one of the first States to introduce an old age pension, in addition to a widowhood pension scheme and a disability pension scheme.

At the Central level, the government of India introduced the National Social Assistance Programme (NSAP) in 1995-96, which consists of three separate Schemes, namely, National Old Age Pension Scheme (NOAPS), National Family Benefit Scheme (NFBS) and National Maternity Benefit Scheme (NMBS). The NSAP Programme introduced a national policy for social security assistance to the poor families and represented a significant step towards the fulfilment of the Directive Principles in Articles 21 and 22 of the Constitution, recognising the concurrent responsibility of the Central and State Governments in the matter. The NSAP is a Centrally Sponsored Programme to extend 100 per cent Central assistance to the States/UTs to provide the benefits under it in accordance with the norms, guidelines and conditions laid down by the Central Government.

The Central Scheme allows for an old age pension of Rs. 75. By merging this with the State scheme, the State government has been able to raise the amount of pension to Rs. 125 and uniformity has been achieved in the level of payment in the three pension schemes.

This study covered all the three pension schemes operational in the rural areas – the State assisted widowhood pension scheme along with the disability pension scheme and the National Old Age Pension Scheme covered by the NSAP.

Under the National Old Age Pension Scheme (NOAPS) the coverage extends to old persons who are destitute in the sense of having no regular means of subsistence from their own sources of income or through financial support from family members or other sources. The age of the applicant (male or female) should be 65 years or above. The applicant must be a destitute in the sense of having little or no regular means of subsistence from his /her own

sources of income or through financial support from family members or other sources. The amount of pension is Rs.75/- per month per beneficiary. The State Government may add to this amount from their own sources. An upper ceiling on the number of beneficiaries for a State/UT is prescribed by the Central Government.

As stated above the U.P State government, has in addition, a number of schemes to provide protective social security to selected vulnerable groups.

Under the *Old Age/Kisan pension* scheme, persons who are above 60 years and have a monthly income of less than Rs. 225 or own land less than 2.5 acres can be provided a pension of Rs. 125 per month (known as Kinas pension in the rural areas). The State government has fixed a target of 250,173 persons to be provided pensions under the State plan budget. During 2001-02, an outlay of Rs. 4011 lakhs has been made to cover the existing beneficiaries.

Under the *Viklang Pension* scheme, destitute handicapped having a monthly income of less than Rs. 225 are provided a pension of Rs. 125 per month. During 1997-98/1998-99, 138,680 persons were covered with a sum of Rs. 2008.69 lacs. In 1999-2000, 65480 persons were covered with an expenditure of Rs. 1195.63 lakh. During 2000-01, 83,265 persons have been benefited with an expenditure of Rs. 1248.98 lakh. For 2001-02, an allocation of Rs. 1154.62 lakh has been proposed to meet the committed liabilities and will benefit 96975 persons.

Destitute widows whose annual income is less than Rs. 12000, are given a maintenance grant of Rs. 125 per month. Currently there are 504,495 widow pensioners, of whom 328,656 are paid pensions from non-plan funds while the remaining are paid out of plan funds. In selecting beneficiaries, priority is required to be given to destitute widows of an younger age. The responsibility of sanctioning and implementing the scheme has now been delegated to the panchayats. The cheques are handed over to the panchayats who are expected to distribute it to the pensioners in an open meeting.

Results from Fieldwork

A total of 211 beneficiaries of pension schemes were interviewed in the study. These included 36.5 percent males and 63.5 percent females.

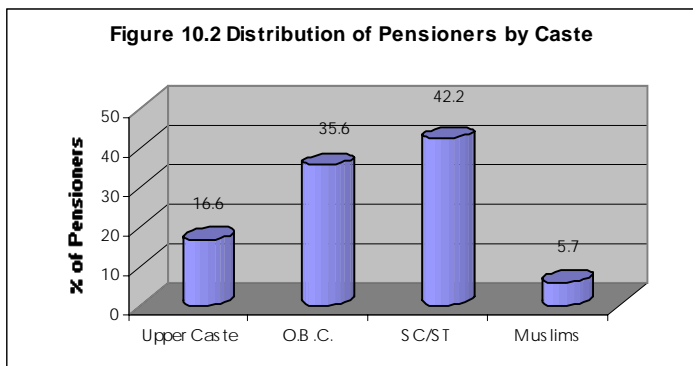


The highest percentage of the beneficiaries came from the Western region (40 percent), followed by the Eastern region (26.8 percent).

Table: 10.1 Region-wise Distribution of Beneficiaries of Pension Schemes

Region	Total	%
Hill	23	11.2
West	82	40.0
Central	30	14.6
Bundelkhand	15	7.3
East	55	26.8
Total	205	100.0

Source: Field Survey



About forty-two percent came from scheduled castes/tribes while 36.6 percent were from the Other Backward castes. Upper caste beneficiaries constituted 16.1 percent of all beneficiaries. In the Hills, upper castes constituted 65.2 percent of the beneficiaries.

Table. 10.2 Social-group wise Distribution of Beneficiaries of Pension Schemes

Region	Upper Caste	O.B.C.	SC/ST	Muslims	Total
Hill	65.2	0.0	34.8	0.0	100.0
West	8.5	36.6	51.2	3.7	100.0
Central	16.7	26.7	36.7	20.0	100.0
Bundelkhand	13.3	46.7	33.3	6.7	100.0
East	7.3	54.6	34.6	3.6	100.0
Total	16.1	36.6	41.5	5.9	100.0

Source: Field Survey

Land ownership among the beneficiary households is small with only 11.2 percent owning more than 2.5 acres of land. As with other schemes such beneficiaries were more predominant in the Bundelkhand region (33.4 percent). More than a quarter of the beneficiary households was landless with landless households forming the largest chunk of beneficiary households in the Western region.

Table 10.3. Distribution of Beneficiaries of Pension Schemes acc. to land ownership category

Region	<=.05	.05-.5	.5-1.24	1.24-2.49	2.49-4.99	4.99-10.0	> 10.0	Total
Hill	17.4	30.4	26.1	26.1	0.0	0.0	0.0	100.0
West	42.7	22.0	19.5	8.5	4.9	1.2	1.2	100.0
Central	20.0	13.3	26.7	20.0	16.7	0.0	3.3	100.0
Bundelkhand	6.7	6.7	0.0	53.3	20.0	6.7	6.7	100.0
East	14.6	40.0	23.6	10.9	5.5	5.5	0.0	100.0
Total	26.3	25.4	21.0	16.1	7.3	2.4	1.5	100.0

Source: Field Survey

The distribution of beneficiaries by household income level shows that 21 percent had incomes exceeding Rs. 20,000 per year while 58.1 percent fell in the poorest category with incomes below Rs. 10,000 per year. Such households were the most numerous in the Bundelkhand (73.3%) and in the Central region (63.3 percent) but they formed a relatively low proportion of beneficiary households in Eastern UP (49.1 percent).

Table 10.4 Beneficiaries of Pension Schemes by Annual Income Group (in Rs. per hh)

Region	0-10000	10001-15000	15001-20000	20001-25000	above 25000	Total
Hill	60.9	17.4	8.7	8.7	4.4	100.0
West	58.5	17.1	4.9	6.1	13.4	100.0
Central	63.3	16.7	6.7	6.7	6.7	100.0
Bundelkhand	73.3	6.7	6.7	0.0	13.3	100.0
East	49.1	12.7	5.5	9.1	23.6	100.0
Total	58.1	15.1	5.9	6.8	14.2	100.0

Source: Field Survey

But in terms of consumption levels, more than half the pensioner's households (52.3 %) were above the poverty line and more than one-third (34.2 %) had consumption levels exceeding the poverty line level of expenditure by more than 25 percent. The highest proportion of households above the poverty line were in the Hills (95.7%) and in the Western region (57.3 %), followed by the Eastern region (41.7 %) and Bundelkhand (40%). Only the Central region had a low proportion of such households (26.6%). Both in the Central and Bundelkhand regions, more than half the beneficiaries of the pension schemes were in the very poor category.

Table 10.5: Beneficiaries of Pension Schemes in Relation to Poverty Line

Region	Very Poor	Poor	Not Poor	Well off	Total
Hill	0.0	4.4	26.1	69.6	100.0
West	19.5	23.2	20.7	36.6	100.0
Central	56.7	16.7	13.3	13.3	100.0
Bundelkhand	53.3	6.7	6.7	33.3	100.0
East	32.7	23.6	16.4	27.3	100.0
Total	28.8	19.0	18.1	34.2	100.0

Source: Field Survey

Although the state schemes have been in operation for time, the programme coverage seems to have expanded since the launch of the National Social Assistance Programme. In the sample, 14.2 percent of the beneficiaries were receiving pensions from before 1990. Another 25.1 percent of the pensioners received pensions for the first time in the period 1990-1995. Almost 60 percent of the sample started receiving benefits only after 1995.

However, the number of fresh beneficiaries has fallen in the last two years (1998-99 and 1999-00). During 1995-96, 1996-97 and 1997-98, benefits were extended to 15.2 percent, 17.5 percent and 22.8 percent beneficiaries respectively in the sample. But in the subsequent two years, the percentage of beneficiaries covered was only 3.8 percent and 1.4 percent of the sample respectively.

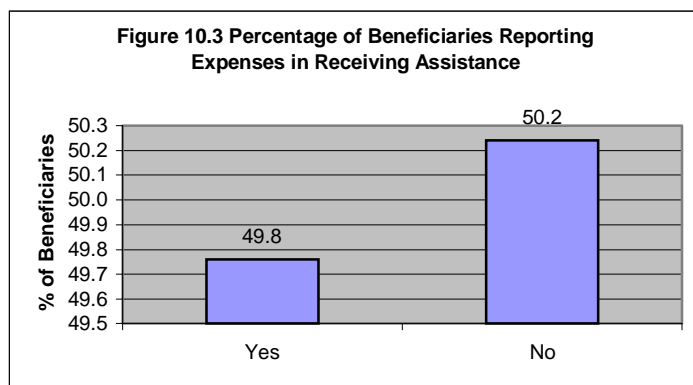
Table 10.6: Percentage of (New) Beneficiaries by Year of Receipt of First Pension

Period	% of Pensioners
Before 1990	14.2
1991-95	25.1
1995-96	15.2
1996-97	17.5
1997-98	22.8
1998-99	3.8
1999-00	1.4
1995-00	60.7
Total	100

Source: Field Survey

On the whole, these schemes have provided some succour in the form of social protection to the old, the disabled and the widowed poor and have enhanced their self-esteem and economic status. However, several problems in the implementation of the programme were reported by the beneficiaries. Two-thirds of the beneficiaries reported some problem or difficulty in getting pensions regularly and in full. Among these, sixty-two percent of such beneficiaries felt that these problems were substantial.

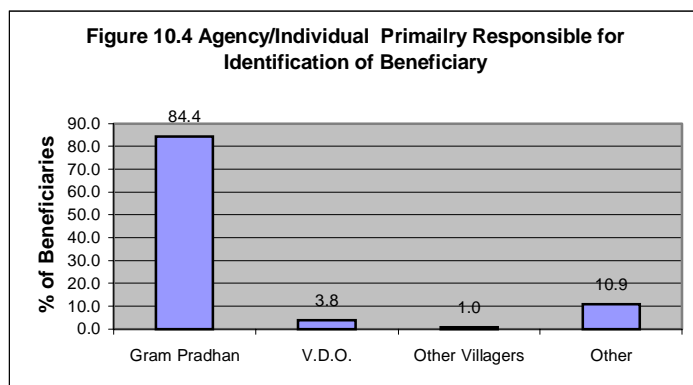
Fifty percent of the beneficiaries had to pay an initial amount of bribe either to get their names included or to get their applications processed. Some among the beneficiaries had to pay amounts ranging from Rs. 100 to 500 to the Pradhan., Panchayat Secretary, or other Block officials to get their names included.



A quarter of the beneficiaries complained of irregular disbursement of the money from the Government. Many of them had not got the pensions since 1999 for reasons unknown to them. The pension amount should be disbursed twice a year but in many cases it is given in a single annual instalment. In some cases, the beneficiaries reported receiving only half the amount in the single instalment.

In a number of cases, amounts were reported to be deducted from the pension by the disbursement agencies - Banks or the post office. In one of the villages, the Pradhan was reported to be collecting Rs. 150 before handing over the cheque. In a few cases, the Block officials also took money to hand over the cheque. In all, something like 10 to 30 percent of the meagre pension amount goes to middlemen involved in the process of disbursement

As with other programmes, the Pradhan has played a central role in the identification of the beneficiary in nearly 85 percent of the cases. But here again, middlemen are also involved in the process of selection of beneficiaries. In one of the villages, two widows were able to secure widowhood pension with the help of a middleman. The middleman took one year's pension amount from both of them. In some of the villages, however, charitable organisations like the Lions Club had helped in securing disability pension and equipment to some villagers.



A number of deserving beneficiaries (23 in our sample) have not been able to avail of pensions because of shortage in the number of pensions that could be granted and because they lacked the influence to be included at an earlier stage.

CONCLUSION

Social protection forms an important component of a comprehensive social security policy in a welfare state. The UP government took an early lead in initiating a pension scheme for some of the most vulnerable social sections, the old, the disabled and the widows. These actions received a fillip when the Central government launched the NSAP as a Central Scheme. There is no doubt that the schemes are well received among the poor (see chapter 11 for an overall assessment of beneficiary responses). But assistance in applying and in getting selected comes at a cost and so also the receipt of assistance. A major problem is irregularity in the receipt of the pension.

Financial resources are not available in the programmes to cover all the eligible beneficiaries which compounds some of the above problems. In the focus group discussions, it was generally felt that since the recipients of assistance under NSAP are from among the most poor and helpless people, and since the pensions were not indexed, there was a strong rationale for raising the amounts.¹ Further, it was felt that all those who were eligible for these pensions should be able to get them.

¹ The quick evaluation of the programme (Centre for Management and development, 2000) had also found that 90 percent of beneficiaries hold highlighted the low amounts of pensions

11.

A COMPARATIVE ASSESSMENT OF ANTI-POVERTY PROGRAMMES IN U.P

As discussed in chapter 4, a comparison of different anti-poverty programmes is fraught with methodological problems. Different programmes have different, and often multiple, objectives which are difficult to compare. The vantage points with which such comparisons can be attempted are also different. The poor themselves may have expectations from public programmes which are not compatible or feasible within a public policy perspective. On the other hand, they may situate these programmes within their multiplex different needs and requirements which public policy makers and even analysts may find difficult to incorporate because they habitually deal with a more limited number of goals.

This chapter attempts to bring together these two different strands. In the first part, we have attempted a comparison of the programmes, between themselves and across villages. This section relies heavily on how the poor and the beneficiaries view the programmes. It draws heavily on case studies and group discussions. The second part discusses the strength and weakness of the programmes and compares them from a public policy perspective. This draws heavily from the analysis in the fieldwork chapters.

11.1 INTER-VILLAGE DIFFERENCES IN ANTI-POVERTY PROGRAMMES

The analysis presented in the preceding chapters establishes that there are considerable variations in the implementation of anti-poverty programmes and in the assessed impact of these programmes on (beneficiary) poor households.

In order to study these differences, an attempt has been made to assess the implementation performance of these programmes in the study villages along certain dimensions.

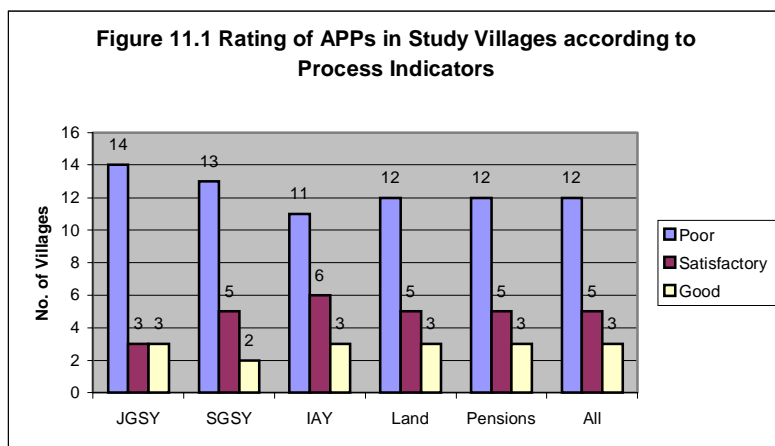
The dimensions that have been used to study implementation are (i). extent to which beneficiaries are assessed to be BPL and selection reflects need/relative deprivation; (ii). extent to which processing, sanction and disbursement are facilitated and require less time and effort from the beneficiary; (iii). Extent to which leakage occurs from the sanctioned account; (iv). whether schemes have been selected in accordance with village level priorities and pro-poor content; (v) whether schemes have been selected and support provided to maximise gains for poor households; (vi). whether Programmes have been implemented to the extent feasible.

Field observations, interviews and group discussion have been used to categorise responses on a 3-point scale. It should be mentioned that not all dimensions are relevant for each of the programmes. For example, responses to (iv) relate only to JGSY, whereas responses to (v) relate only to self-employment programmes.

Further, it should also be mentioned that responses obtained here are not only on account of PRI functioning (examined in chapter 12) but also other agents/functionaries (such as development functionaries, bank functionaries, middle-men etc.) able to influence the poverty alleviation process.

The scores for different dimensions have been aggregated and the aggregate performance has again been categorised into “good”, ‘satisfactory’ and ‘poor’.

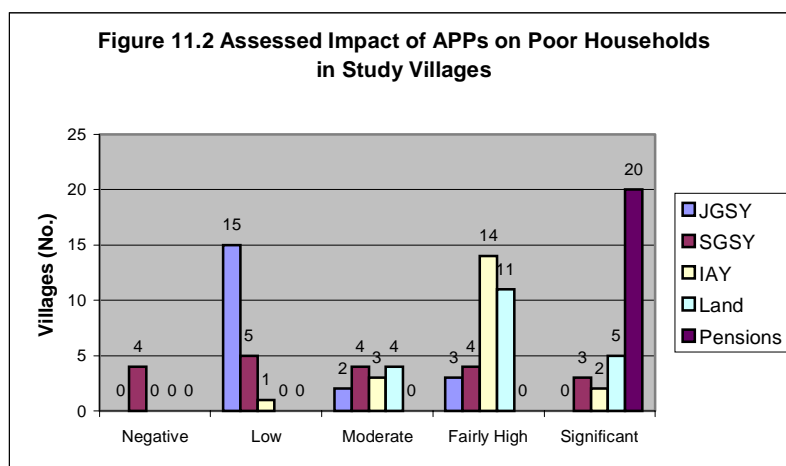
The village-wise responses are presented in Table 11.1 and summarised in Figure 11.1.



It would be noted that the villages are rated as ‘good’ as per these process indicators in only a small number of villages with hardly any difference across programmes. The number of villages varies a little for ‘satisfactory’ rating, with 6 villages categorised as satisfactory in the case of the Indira Awaas Yojana, and five villages each falling in this category in the case of the SGSY, Land distribution and pension based programmes. The largest number of villages – ranging from 55 percent in the case of IAY to 70 percent in the case of JGSY are in the ‘poor’ category. Thus, although exceptions do exist, the programmes have generally functioned below par in most of the study villages.

We have further analysed the assessed impact of the programmes on beneficiary poor households, based on field observations, focus group discussions and interviews. The assessed impact has been grouped into five categories: 1. negative; 2. low; 3. moderate; 4. fairly high; 5. significant.

Figure 11.2, which summarises the assessed impact shows the differences across the programmes.



SGSY is the only programme which is assessed to have an overall negative impact in four of the study villages. This is on account of the impact of the increased debt on poor households. But the programme is assessed to have a ‘fairly high’ impact in four study villages and a ‘significant’ impact on beneficiary households in three study villages.

JGSY is assessed to have had a low impact in as many as 15 (75 %) of the study villages with a moderate impact in two villages and a fairly high impact in three other villages.

The assessed impact of IAY is far more positive, with a ‘fairly high’ impact in 70 percent of the study villages and a significant impact in 10 percent villages.

The impact of land distribution programmes is considered to be even better, with an overall ‘fairly high’ impact in 55 percent study villages and a ‘significant’ impact in 25 percent study villages.

However, the impact of pension schemes has been assessed most favourably with a significant impact on beneficiary poor households in all the study villages.

Table 11.1: Village-wise Assessment of Implementation and Impact of Poverty Alleviation Programmes

Village	Performance on the Basis of Process Indicators						Performance on the Basis of Assessed Impact				
			IAY	Land	Pensions	All	JGSY	SGSY	IAY	Land	Pensions
Allahabad-A	Poor	Poor	Poor	Poor	Poor	Poor	Low	Neg.	Moderate	Moderate	Sig.
Allahabad-B	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Low	Moderate	Moderate	Sig.	Sig.
Jaunpur-A	Satisfactory	Satisfactory	Poor	Satisfactory	Satisfactory	Satisfactory	Moderate	Low	Moderate	fairly High	Sig.
Jaunpur-B	Poor	Poor	Poor	Poor	Poor	Poor	Low	Neg.	fairly High	fairly High	Sig.
Deoria-A	Poor	Poor	Poor	Poor	Poor	Poor	Low	Neg.	fairly High	fairly High	Sig.
Deoria-B	Poor	Poor	Satisfactory	Satisfactory	Poor	Poor	Low	Low	fairly High	fairly High	Sig.
Unnao-A	Good	Satisfactory	Good	Good	Good	Good	fairly High	fairly High	fairly High	Sig.	Sig.
Unnao-B	Poor	Poor	Poor	Poor	Poor	Poor	Low	Neg.	fairly High	Sig.	Sig.
Fatehpur-A	Poor	Poor	Poor	Poor	Poor	Poor	Low	Low	fairly High	fairly High	Sig.
Fatehpur-B	Poor	Satisfactory	Satisfactory	Satisfactory	Poor	Poor	Low	Low	Low	Moderate	Sig.
Meerut-A	Poor	Poor	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Low	Moderate	fairly High	fairly High	Sig.
Meerut-B	Satisfactory	Satisfactory	Satisfactory	Poor	Poor	Satisfactory	Low	Sig.	fairly High	fairly High	Sig.
Aligarh-A	Poor	Poor	Poor	Poor	Poor	Poor	Low	Moderate	fairly High	fairly High	Sig.
Aligarh-B	Poor	Poor	Poor	Poor	Poor	Poor	Moderate	Moderate	fairly High	Moderate	Sig.
Bareilly-A	Poor	Poor	Satisfactory	Poor	Satisfactory	Satisfactory	Low	Low	fairly High	Moderate	Sig.
Bareilly-B	Poor	Poor	Poor	Poor	Poor	Poor	Low	Sig.	fairly High	fairly High	Sig.
Pithoragarh-A	Good	Good	Good	Good	Good	Good	fairly High	Sig.	Sig.	Sig.	Sig.
Pithoragarh-B	Good	Good	Good	Good	Good	Good	fairly High	fairly High	Sig.	fairly High	Sig.
Hamirpur-A	Poor	Poor	Poor	Poor	Poor	Poor	Low	fairly High	fairly High	fairly High	Sig.
Hamirpur-B	Poor	Poor	Poor	Poor	Satisfactory	Poor	Low	fairly High	fairly High	Sig.	Sig.

It is obvious that, on the basis of various criteria, the programmes have not done well in a number of villages in terms of their implementation. But in terms of relative impact, some of the programmes are seen by the poor households in the study villages to have had a

significantly positive impact. Pension schemes, followed by Land distribution and the housing schemes are seen as the ones having had the most significant impact. On the other hand, the two major planks of the anti-poverty strategy, viz. wage employment programmes and credit-cum-subsidy asset programmes are seen to have a relatively lower impact in most of the study villages.

11.2 COMPARATIVE EVALUATION OF ANTI-POVERTY PROGRAMMES IN UP - A SYNOPTIC OVERVIEW

The programme-wise analysis presented in the earlier chapters and the comparative village-wise assessment of the programmes carried out in the preceding section allow us to reach certain overall comparative evaluation of the anti-poverty programmes. These are briefly discussed below.

1. All the programmes studied here suffer from similar distortions due to the malfunctioning of institutions - local bodies as well as the developmental machinery. This, we have seen also has resulted in the loss of sizeable proportions of public subsidy in one form or another, which are roughly comparable. All programmes also impose significant transactions cost on the beneficiaries which, however, vary somewhat between programmes. Since the 'malfunctioning of institutions and 'leakage' is similar between programmes, we focus here on their other comparative characteristics.
2. It is clear from the field study that employment generation programmes have provided very little in U.P in terms of employment and wage security. A very small percentage of casual labourers have benefited under the programmes. In the poor areas of the State, man days of employment created per beneficiary is no higher than the other areas, and wages received are lower. Further, no major labour market impacts can be expected on the whole from the small amount of employment created.
3. The programmes have relatively been more successful in the creation of infrastructure, particularly village roads and link roads, although the leakages here have constrained the growth of infrastructure to the extent possible. The improvement in infrastructure would, no doubt, also impact on the development potential of the region and the social consumption of the poor households, but the impact on poverty is difficult to quantify.

4. The asset creation programmes have been an important component of the anti-poverty strategy since 1978-79. The conclusions of this study, however, corroborate the conclusions of several other studies. First, returns per household from the investments are low except where market opportunities are significant, where investments have been used to upscale to size of the existing enterprise; and there are pre-existing skills which can be used. Second, the poor household's needs and strategies and the existing incentive structure of the loans do not encourage entrepreneurial growth. Third, in any case, poor households are excessively vulnerable to the risks of business. Fourth, all the above problems are compounded by the corruption and the high transaction costs for the households.
5. The one major conclusion where the results of the present study are different from a number of other studies is the question of default. This phenomenon is not pervasive. A majority of loans have been returned. But in the process, and because of the factors enumerated earlier, households have often lost assets or compounded their liability. All this suggests that asset creation strategies had a more limited role for the poor than was initially envisaged in these programmes and subsidies have played a small role, if any, in ameliorating risks and raising returns.
6. It is a moot point whether and to what extent the SHG strategy envisaged by SGSY will work better in UP. In principle, SHGs provide a route to groups to pool savings and other resources, internalise scale economies to some extent, and access the formal banking and business sector. Group cohesion can strengthen problem solving and further reinforce social capital. But SHGs have to be nurtured through a protracted stage-by-stage process. And the constraints on business success and expansion discussed earlier will also apply to them. The field study was able to observe SHGs only in their infancy. The quick fostering of SHG expansion (the 'Big Bang' approach) does not seem to be conducive to their long term growth and seems to be more geared towards a capture of financial subsidies still being offered.
7. Social assistance is the third prong of the existing anti-poverty strategy. Even with its existing share of problems, it has contributed to the well-being and self-esteem of some extremely vulnerable sections of rural society. But the pensions are small, a number of eligible beneficiaries are not covered, the deductions are quite significant in relation to the small amounts.
8. The provision of housing grant to the shelterless under IAY is now financially one of the largest programmes. The modality of the scheme has significantly improved over

time and its benefit are widely perceived. Yet, the scheme is the single largest grant-based scheme for individuals (with subsidies almost three times as large as in the case of the SGSY). Many of the beneficiaries of the IAY are, strictly speaking, neither shelterless, nor among the poorest.

9. Land distribution is, strictly speaking, neither an asset creation programme, nor, in the sense that it has been practised, is it an asset-redistribution programme. It has affected the largest number of beneficiaries in the study villages. Although there are limits to its continuance in the present form, it impacts on the economic livelihood status and the social status of the beneficiary household and despite problems, is viewed quite positively by the poor.
10. On the positive side, both housing assistance and land distribution suffer less from a 'agency' problem. Once grants/land have been received, beneficiaries have been willing to add their own resources to make the optimum use of the State assistance.
11. Within the existing shelf of anti-poverty programmes, the government needs to follow a more cautious approach towards the expansion of SGSY (because of its process orientation) and the free housing programme (because the subsidy transfers here tend to overwhelm other programmes, and because of the possibility of capture of benefits by the relatively less poor). In view of the shortage of village lands for distribution and the fierce competition for such lands, the expansion of the land reform programme in its present form is becoming progressively more difficult and its future shape need to be carefully considered.. There is, however, a rationale for the expansion of two programmes – the employment based programmes and the Social Assistance programme (interpreted here, broadly, as pensions to various groups needing this). In the former case, the direct and indirect benefits are quite high. In the case of the latter, the three major groups covered by the pension schemes in the State are among the most vulnerable.

These issues are taken up again in the concluding chapter.

12.

ROLE OF PANCHAYAT RAJ INSTITUTIONS

After the JRY was introduced in 1989, PRIs had been given powers to draw and disburse funds, to select schemes and beneficiaries in gram sabha meetings, and to oversee the implementation of these schemes. But with the passage of the 73rd Amendment, the panchayats are now constitutionally mandated to draw up plans for development and anti-poverty programmes have been brought under their purview. In UP, the amendments to the PR Act have provided reservations not only to women and SCs but also to members of the OBCs. The first elections under the amended Act were held in 1995, while the second was held in June 2000, just before the start of the fieldwork for this study.

Since the 73rd Amendment envisages a shift of the planning and implementation of anti-poverty programmes from the bureaucracy to a local democratic institution, in which the local community, including the poor can have greater say, the impact of this change have to be watched with great interest. Moreover, this study has been able to observe the first five years of the PRIs after the 73rd Amendment as well as the transition to the second elected period. As such, our conclusions should be of some interest to all those concerned with the role of democratic institutions in anti-poverty interventions.

In fact, in the period preceding our study, several important changes took place marking a new phase in the devolution of administration, functions and resources. The panchayats in U.P now have access to financial resources from a number of sources – Centrally Sponsored Schemes and Central Sector schemes such as the JGSY and the Central Sanitation Scheme, the Tenth Finance Commission, funds devolved by the State government under the recommendations of the State Finance Commission and the Employment Assurance Scheme (EAS). Besides, each gram panchayat has now, for the first time, a panchayat functionary attached to it from a new cadre formed by merging village level functionaries of eight different departments. The Panchayats and its Standing Committees

have been given powers to oversee the functioning of primary schools, anganwadis, sub-centres, veterinary centres and so on.

What do these changes mean for design and implementation of anti-poverty strategies? Below we document some of our observations on the gram panchayats in the study areas.

12.1 DEMOCRATIC FUNCTIONING OF THE GRAM PANCHAYATS

The fieldwork took place immediately preceding, and in the aftermath of, the second panchayat elections (after the 73rd Amendment) in U.P in 2000. It could therefore collect evidence on the functioning of the first post Amendment panchayat and closely observe the transition to the second.

The broadening of the base of the formal panchayat leadership which has occurred is the most striking change in post-73rd Amendment Scenario. A high proportion of the elected leadership is from the lower castes and from among women. The lower level of educational attainment of the Pradhans is an important problem, although the proportion of illiterates is lower than the population at large. The problem is also more acute among OBCs and lower castes. There seems to be very little shift between the first and second rounds in the extent of the elected leadership's attainment.

Table12.1: Social and Educational Profile of Sitting Pradhans

Caste group	Sex	Total	Educational Attainment				
			Illiterate	Primary	Middle	Secondary	BA or Higher
Upper Caste	Male	4		1	1	1	1
	Female	2		1			1
OBC	Male	4	1		2		1
	Female	4	2	1		1	
SC/ST	Male	6		1	3	2	
	Female	0	0				
Total	Male	14	1	2	6	3	2
Total	Female	6	2	2	0	1	1

Source :village Schedule

Table 12.2: Social and Educational Profile of Previous Pradhans

Caste group	Sex	Total	Educational Attainment				
			Illiterate	Primary	Middle	Secondary	BA or Higher
Upper Caste	Male	6		1	1	2	1
	Female	2		1			1
OBC	Male	8		2	3	2	1
	Female	2	1	1			
SC/ST	Male	2		2			
	Female	1	1				
Total	Male	15		5	4	4	2
Total	Female	5	2	2			1

Source :village Schedule

Due to the prevailing socio-economic milieu and ingrained patriarchy, there is a strong tendency to set up proxy candidates among the lower castes and women. This leads to a lack of autonomy on the part of elected formal leadership. Unfortunately, this is also a trend tacitly encouraged by the bureaucracy which feels comfortable in dealing with the established dominant and male leadership.

The democratic process is also vitiated by the electoral practices. In the elections observed by us, candidates spent anything between Rs 5,000 to Rs, 1,00,000 in the elections. Several of them were known to have used muscle power to succeed in the electoral battle and at least in three or four cases, such candidates succeeded in cowering down the opposition.

However, there are countervailing forces and trends which can also be witnessed. There is also a distinct trend among the lower castes, especially the scheduled castes to back a strong and capable leadership, and even among the women, some of those whom we observed emerged as strong and favoured leaders.

The gram sabha meetings are the formal vehicles of people's participation in the affairs of the panchayat, once elections have taken place. Even though the UP government has, from time to time, emphasised that the gram sabhas meet at least twice every year to transact their business, regular meetings have not taken place in most of our study panchayats. A few meetings are reported to have taken place in six of the study panchayats,

including both the study panchayats in the Hills. In Jasrapur (Unnao) where the Pradhan is a lady, a few meetings were held initially but participation was scanty. However, after the murder of the Pradhan's husband, no Gram Sabha meetings are reported to have occurred. In Jaunpur-A a few meetings have been held to discuss the selection of the kotedar (PDS shop keeper) and to discuss educational problems and scholarships for students. A few members among SCs also participated in these meetings and offered their opinions. In Allahabad-A panchayat, three meetings were initially held but these quickly turned acrimonious. In one of these, a woman member raised the issue of a drain but was ignored. When the issue was pressed by another member (belonging to the boatman caste) he was thrashed. In some other panchayats, an initial general meeting is reported to have taken place but in others formalities have been completed only on paper and signatures have been obtained.

On the whole, the interviews with over one thousand beneficiaries of anti-poverty programmes in the villages revealed that only 11 percent males and 3 percent females from these households had participated in any gram sabha meeting in the last one year. Naturally, more than 85 percent of our beneficiaries had no clear idea about these meetings, and what was discussed there. Nearly 89 percent of those who attended these meetings indicated that they had only heard the proceedings and had not participated actively in the meetings.

The gram panchayat meetings, which are the next rung democratic body, have also not fared much better. Though meetings have been held in a number of panchayats, the requirement of monthly meetings has not been met anywhere. Several meetings of the gram panchayat are reported to have been held in Jaunpur-A, Allahabad-B, Unnao-A, Allahabad-A, Fatehpur-B and Deoria-B but no meetings are reported to have been held in Deoria-B, Fatehpur-A, Jaunpur-B, Deoria-A and signatures or thumb impressions of the members were obtained for the purposes of record. Wherever meetings have been held, a small number of members, usually the supporters of the Pradhan, have participated actively. In a few cases, where members have dissented strongly with decisions been taken, they have been beaten up. Women members have participated in the GP meetings only in Unnao-A, where the Pradhan is also a woman, and in the two Hill panchayats. A lower caste female member reported that she initially participated in the GP meetings in Allahabad-A but her interest waned when she found that she had no say in the decisions. In all other cases, the thumb impressions of female members have been obtained after the meetings.

Identification of Beneficiaries and Schemes for development

The weakness in the democratic process provides room for the Pradhan and the bureaucracy to manipulate the names of beneficiaries and to select schemes of their choice. In some of the study villages (Fatehpur-A, Unnao-A, Pithoragarh-A and B, Allahabad-A and Allahabad-B) an initial list of beneficiaries was prepared in gram sabha meetings. In all other cases, lists were prepared by the Pradhan and in almost all the study villages, the Pradhan, the village-level government functionaries and other bureaucrats, and various other middlemen were the ultimate arbiters of who the beneficiaries would be. Except in four or five panchayats, names rarely found place on the list of beneficiaries of the IRDP, IAY or land distribution programmes unless the potential beneficiary happened to be exceptionally close to one of them or money had changed hands.

Reportedly, one meeting was held in Allahabad-B to select beneficiaries for IAY and IRDP and a list was made but later modified. A middleman in this village is known to be in touch with Bank and Block officials and gets names included in beneficiary lists on payment of bribe. In Fatehpur -B, a meeting was held to identify beneficiaries, but some persons selected in the open meeting had their names removed because they could not pay any money for inclusion in the final list. Similarly, in Jaunpur-B, a list was prepared for land (patta distribution) by the Pradhan who included the names of those who approached him, but only names of those who were able to pay bribes to the Lekhpal figured in the final list. Almost in all other cases, names of beneficiaries have been finalised by the Pradhan, his henchmen, or the village level functionaries without even going through the formality of discussion in the gram sabha meetings and with a few exceptions (such as in village Unnao-A) beneficiaries had to pay for inclusion in these lists. What is alarming is that the institution of quasi-professional middlemen who keep a close liaison with the PRIs, Banks, and developmental bureaucracy and mediate between them and the potential beneficiaries is found in a number of villages (Allahabad-B, Deoria-B, Unnao-A).

Similarly, schemes to be taken up under the JRY or other programmes are rarely finalised in the gram sabha meetings, and exceptions to this are few and far between. A meeting was reportedly held in Unnao-B to decide the site for the Panchayat building. Similarly, in Fatehpur-B, the issue of what kind of public work should be taken up was

discussed in a gram sabha meeting. Generally, however, these decisions are taken by the Pradhan, in informal consultation with his/her supporters.

Transparency in the functioning of the PRIs

Panchayat receipts and expenditure, which are supposed to be boldly displayed by the gram panchayats, on banners/hoardings were shrouded in secrecy. There was hardly any respondent in the study villages, including some gram panchayat members who could accurately report on this. In some panchayats, issues relating to receipts and expenditure on schemes had been briefly raised in the gram panchayat meetings and there were some individuals who were aware of the broad details. In some cases (e.g. in village Unnao-A) the Pradhan claimed that even he was not aware of the details as the records and accounts were fully managed by the Panchayat Secretary.

In the early part of the fieldwork, in the immediate aftermath of the panchayat elections, records of panchayats were not available at the village level for scrutiny by the field staff. However, in the later part, records from the panchayats in Jaunpur and Fatehpur were scrutinised. Where available, these consisted of attendance registers, muster rolls and expenditure details. Records pertaining to minutes of meetings and decisions taken were not maintained. In any case, the emphasis of the state government on transparency in the functioning of the PRIs has not percolated down, either through its own apparatus, or through the elected bodies. In one case (Fatehpur-A), the Pradhan invited the field staff to scrutinise the economic register late at night, when he could be assured that other villagers would not be privy to them. In any case, the Pradhan of this village has a record of silencing any opposition to him through force, if necessary, and the secrecy seemed to be added caution.

Implementation of Anti-Poverty Programmes

Once the name of the beneficiary has been finalised (without payment of bribe in a minority of cases, as reported earlier), papers have to be processed and the loan/grant/pension is released through the bank in the case of SGSY/IAY or the post office. The final release is almost always subject to a hefty deduction by the various intermediaries – the Pradhan/Bank officials/Block functionaries/professional middlemen. The general modus operandi is for the middleman or the Pradhan or the village functionary to accompany the beneficiary to the

bank and take the amount from him as soon as the money is withdrawn. Middlemen will even negotiate the price of following through with the transaction, and the price of even the eventual loan default. In the case of pensions, the postal clerk will deduct an amount (if the pension account is in the post-office). It is true that not all Pradhans are corrupt and some stay away from the entire exercise. But in other cases, Pradhans justify taking a share of the deduction or at least 'kharcha' (expenses) to cover their expenses of travelling to and from the Block office. The deductions, we have seen, could range from a paltry Rs 100 in case of pensions to Rs 6000 or more in the case of IAY/IRDP or even land pattas.

In the case of public works executed under JRY or similar schemes, Pradhans have been almost invariably responsible for overseeing their execution. As discussed earlier, the material used is often of poor quality, and labour is either not employed or is underpaid. It is difficult to estimate the leakage on these counts. As reported in the preceding sections, several Pradhans candidly told us that the Block functionaries have to be paid a minimum of 20% of the amount defrayed. This was reported to be the case even of some of the best functioning panchayats in the Hills. In some panchayats, for example in one of the Hamirpur study village, almost 40 percent of the funds were said to be paid to the Block officials.

Others Pradhans told us that they have to cover their own expenses and the expenses that they have to incur on visits by Block and other officials from the JRY funds. The circumstances in which the Pradhans work, and the reactions of the community towards them vary but it is clear that only a few of them have stayed away from making large amounts from the JRY.

However, the corruption and ineptitude of the panchayats should not be over-emphasised. In the two Hill panchayats, the Pradhans provided effective leadership over a strongly democratic village body, but faced constraints from the development bureaucracy. In Unnao-A, the woman Pradhan was able to inspire confidence among a large section of the village community and push forward a development agenda.

Ranking of the Village Panchayats

Going by the assessments made above, it is clear that the gram panchayats have done poorly on a number of counts. But it would of course not be fair to prejudge the issue and conclude

that all panchayats have fared poorly. In fact, our study shows a range of experiences and dynamics, although it also highlights some of the general constraints.

In order to examine this issue more closely, the study evolved some criteria for ranking the panchayats. Points were given to panchayats along three dimensions – democratic functioning, efficiency and transparency and the total marks obtained by each panchayat was used to rank each of the panchayats. The criteria used are summarised below:

Table 12.3 Ranking of Panchayats

Dimension	Scale
Participation	
1. Regularity of Gram Panchayat Meetings	Regular -03 Irregular 02 Not held 01
2. Participation in Gram Panchayat Meetings	All sections 05 Some sections 03 On Paper/Nil 01
3. Regularity of Gram Sabha Meetings	Regular -05 Irregular 03 Not held 01
4. Participation in Gram Sabha Meetings	All sections 05 Some sections 03 On Paper/Nil 01
Transparency	
1. Selection of Beneficiaries	Open Meeting - 05 Open Meeting but tampered - 03 Outside Meeting - 01
2. Selection of Schemes	Open Meeting - 05 Open Meeting but tampered - 03 Outside Meeting - 01
3. Publicity of Funds and Expenditure	Well advertised -05 Selectively known -03 Not known to anyone -01
Implementation	
1. Level of Activity	Active 03 Less Active 02 Inactive 01
2. Supervision of Works	Collective Involvement 03 Pradhan or Relative 02 Contractor 01
3. Quality of Works	Good - 05 Medium 03 Poor/Vpoor 01
4. Corruption	Honest 05 Relatively honest 03 V Corrupt 01
Grades for panchayats: V Good 40-49 Good 30-39 Unsatisfactory 21-29 V Unsatisfactory 11-20	

Not surprisingly, most of the study panchayats (75 percent) rank in the ‘Unsatisfactory’ (12) or ‘Very Unsatisfactory’ (3) category. But two achieve a ‘Good’ rank while three achieve a ‘Very Good’ rank. Of the five well functioning panchayats, two were in the Hill region, and one each were in the Western, Central and Eastern regions. Notably, two of the best functioning panchayats in the sample were headed by women Pradhans. These two successful women Pradhans had significantly different profiles, yet they performed reasonably well as leaders of their respective panchayats.

Table 12.4 Ranking of Panchayats

Village	District	Region	P1	P2	P3	P4	T1	T2	T3	I1	I2	I3	I4	Total	Rank
Vijanaki Nagalia	Aligarh	Western	1	1	1	1	1	1	1	2	2	1	1	13	V.Poor
Pendra	Aligarh	Western	1	1	1	1	1	1	1	1	2	1	1	12	V.Poor
Mame pur	Meerut	Western	1	1	1	1	1	1	3	2	2	3	1	17	V.Poor
Chandanheri	Meerut	Western	2	3	3	3	3	3	5	3	2	3	3	33	Good
Majhgawan	Bareilly	Western	1	1	1	1	1	1	5	3	2	1	1	18	V.Poor
Bakania	Bareilly	Western	1	1	1	1	1	1	3	1	2	1	1	14	V.Poor
Jasrapur	Unnao	Central	2	5	3	5	5	5	5	3	3	3	5	44	V. Good
Kudikapur	Unnao	Central	1	1	1	1	1	1	1	3	2	2	1	15	V.Poor
Bahera Sadat	Fatehpur	Central	1	1	1	1	1	1	1	2	2	3	1	15	V.Poor
Kalana	Fatehpur	Central	2	3	3	3	3	1	1	1	2	1	3	23	Poor
Kiswahi	Hamirpur	Bundelkhand	2	3	3	3	1	1	1	2	2	1	1	20	V.Poor
Tikaria	Hamirpur	Bundelkhand	2	3	3	3	3	3	1	2	2	1	1	24	Poor
Aicholi	Pithoragarh	Hills	3	5	5	5	5	5	5	3	3	3	5	47	V.Good
Kimkhola	Pithoragarh	Hills	3	5	5	5	5	5	5	3	3	3	3	45	V.Good
Beekar	Allahabad	Eastern	1	1	1	1	1	1	1	3	1	1	1	13	V.Poor
Kesaria	Allahabad	Eastern	2	5	3	5	3	3	1	1	2	1	3	29	Poor
Chakaipur	Jaunpur	Eastern	1	1	1	1	1	1	1	3	2	1	1	14	V.Poor
Bansbari	Jaunpur	Eastern	2	5	3	5	5	5	1	3	3	3	5	40	Good
Radhia Deoria	Deoria	Eastern	1	1	1	1	1	1	1	3	1	1	1	13	V.Poor
Biramapatti	Deoria	Eastern	1	1	1	1	1	1	1	2	3	1	1	14	V.Poor

Management of Funds: PRIs versus the Bureaucracy

Since panchayat funds were widely believed to have been mismanaged, we considered it important to find out whether people considered it better that these funds were managed by the Block officials, as was previously the case. In fact, most respondents were in favour of devolution of funds to the panchayats but supported joint management (by the pradhan and Block Development Committee member (BDC); by the Pradhan and the panchayat members etc.). In all, 90 percent of the respondents favoured devolution of funds to the panchayats and only 7 percent favoured their retention by the Block.

As we shall see below, despite a disappointing beginning, the poor households do see devolution as being, on the whole, favourable to the implementation of an anti-poverty strategy and support it.

The Developmental Bureaucracy in the New Dispensation

It is quite clear that despite the limited devolution that has occurred, the Block functionaries continue to have the upper hand. While names of individual beneficiaries can be suggested by the panchayat/Pradhan, these are still finalised by the Block functionaries who

are not obliged to state reasons for their refusal. In fact, at all stages, inclusion in these lists is subject to the discretion of the officials – whether elected or not.

In the case of employment programmes, while these can be chosen at the village level, the appraisal of the works and the expenditure is carried out by the Block functionaries and these must meet their ‘satisfaction’. All in all there is hardly any diminution in their powers in the post-73rd Amendment scenario.

Even the lowest village functionaries (the Gram Panchayat Officer, the Village Development Officer and the Lekhpal) are not accountable to the elected functionaries and are not responsible for the implementation of programmes, except in very limited (though important) roles. The recent reforms have introduced an important change by merging the village level cadres of eight departments into a village level panchayat functionary. But these functionaries are still accountable to their line departments and are not regularly available in the panchayats. The study teams, which were resident in the study villages for several days continuously found it difficult to contact the functionaries. Those who had been posted from the other departments had not acquired the competence to maintain records and in one case, the panchayat secretary paid another employee to maintain the village records for him.

12.2 WHAT HAS DEVOLUTION MEANT FOR ANTI-POVERTY PROGRAMMES?

From our preliminary observations in the field, it appears that devolution has brought increased contestation and debate over the use of funds for local development into the forefront at the local level. Expectations of what these resources are expected to do are high, often unrealistically. Reputations of Pradhans are now made or marred on the basis of their performance in office.

At the same time, for those who seek elections to become Pradhan, there is more at stake now than previously was, not least because the financial resources at the disposal of the gram panchayat have steadily increased. The Pradhan’s goals vary and not all are in the business of self-enrichment (although in our sample, 75 percent of the Pradhans who had completed a full term had acquired significant new assets in the form of houses, tractors or

motor cycles). By and large, their view of the village community is quite functional – they rely on local participation only to the extent necessary, and not surprisingly, the weaker Pradhans are less autocratic and rely more on community support than those who are powerful. There is some evidence from these field studies that the quality of local leadership has improved and that some among the new leadership are more committed to a larger good. but on the other hand, there is also a negative side, as our observations on the recent elections showed that money power (along with muscle power) had also become a very important instrument for garnering votes.

But even among Pradhans fairly committed to a ‘clean’ and democratic functioning, Both the extent of ‘public good’ which they can achieve and their autonomy are severally circumscribed, on the one hand, by the objectives and functions of the development bureaucracy which seeks to reduce local democratic institutions into subservient appendages and the Pradhan into the local linchpin of a corrupt and inefficient delivery system, and on the other, by the nature of local society and its dynamics.

Among the poor beneficiaries, the increased role of the panchayats in the anti-poverty programmes is well recognised (63 percent of the beneficiaries recognised this to be the case) and what is surprising is that despite the poor functioning of many of the panchayats, 68.5 percent of the beneficiaries still favoured greater devolution and a larger role in the programmes and 59.6 percent saw the impact of the panchayats on rural development as being ‘good’.

Thus, despite the negative images of the devolution that one collects through field observations, which are strongly reinforced by discussions with the development bureaucracy, the poor do not favour a roll back of devolution; in fact the predominant view that emerges from all aspects of the field study is that they advocate, greater devolution, more democratic control and greater accountability

13.

WEALTH RANKING AND IDENTIFICATION OF THE POOR

Wealth ranking is a participatory method by which the villagers themselves rank households in terms of the levels of economic well-being. The purpose of carrying out wealth ranking exercises among poor communities in the study villages was to identify the criteria which poor people use themselves to rank households into groups and to see whether these criteria and the resultant grouping matches with (1) the criteria used in the BPL surveys; (2) the households identified as poor and listed as “Below Poverty Line” households in the economic register.

13.1 WEALTH-RANKING OF SAMPLE HOUSEHOLDS

The study involved the random selection of 30 households in each gram panchayat which were then ranged into five categories ranging from very poor to very rich by a group of poor residents after discussing the specifics of each case.

The wealth ranking exercises in the study villages showed that the poor are able to rank rural households into groups on the basis of easily observable characteristics such as land owned; other means of earnings; numbers of economically active persons, number of dependants and so on. A detailed list of such characteristics (region-wise) has been prepared for the study.

One of the problems observed in the wealth-ranking exercises was that there is a tendency to exclude households on the social/geographical village periphery, which has to be brought to their attention. For instance, one of the villages in Allahabad had a group belonging to a semi-nomadic caste subsisting on charity. In the initial wealth ranking exercise, this group was ignored. Another problem with the criteria developed by the poor/community is that these as well as the rankings may be area specific and that these may not be easily comparable across regions. In other words, while the community may be able to

rank households in the village, this may not be a useful way of allocating resources across regions/villages. Our observations, based on the wealth ranking exercises, suggests that there may be some truth in this observation. Taking the two extreme regions – Hills and Bundelkhand, the percentage of poor in the Hills is seen to be relatively high whereas the percentage of poor in Bundelkhand is relatively low (see Table 13.1 below.). However, these results may also be due to a small sample bias. For example, one of the villages selected in Pithoragarh district was very poor and remote. This may also have biased the results.

Table 13.1: Region-wise Distribution of Households by Well-Being Ranked in Wealth Ranking

Region		Number and percentage of persons categorised as:					
		V.Poor	Poor	Average	Rich	V.Rich	Total
Western	No.	29	34	57	46	14	180
	%	16.1	18.9	31.7	25.6	7.8	
Central	No.	24	34	39	17	6	120
	%	20.0	28.3	32.5	14.2	5.0	
Bundelkhand	No.	4	19	22	13	2	60
	%	6.7	31.7	36.7	21.7	3.3	
Hills	No.	12	9	24	14	1	60
	%	20.0	15.0	40.0	23.3	1.7	
Eastern	No.	36	50	53	35	6	180
	%	20.0	27.8	29.5	19.4	3.3	
Total	No.	105	146	195	125	29	600
	%	17.5	24.3	32.5	20.8	4.8	

13.2 COMPARISON OF THE POOR IN WEALTH RANKING AND THOSE IDENTIFIED IN THE BPL LISTS

The study has compared the wealth ranking done by the households to the BPL list prepared by the government.

Table 13.2 shows the total number of BPL cards and APL cards issued in the study villages (region-wise). In some villages/ regions, the number of BPL households is very high. For instance, in the Hills, 58.9 percent of the households were listed as BPL. Further, the total number of BPL+APL cards issued is larger in many of the villages than the number of households identified by us. This has been achieved by artificially bifurcating the present number of households. Overall, the total number of cards issued is in excess of the estimated number of households by about 32.4 percent.

Table 13.2: Region-wise table showing the position of APL and BPL cards

Region	No. of hholds	No. of BPL cards issued		No of APL cards issued	Total No. of APL&BPL cards	% of Excess cards
Western	1894	281	14.8	2031	2312	22.1
Central	1367	571	41.8	1589	2160	58.0
Bundelkhand	737	120	16.3	927	1047	42.1
Hills	236	139	58.9	115	254	7.6
Eastern	1836	717	39.1	1547	2264	23.3
Grand Total	6070	1828	30.1	6209	8037	32.4

Source: Fieldwork

Table 13.3 reports the BPL status of the wealth ranked households in the study villages. Only 37.5 percent of the households ranked by poor households as poor/very poor were listed as BPL households and had received BPL cards. The correlation was highest in the Hill districts where 81 percent of those ranked as poor were also in the BPL list. Thus 62.5 percent households considered to be poor/very poor had not been included as BPL households in the sample villages.

On the other hand, 21.5 percent households ranked as 'average' and 11 percent ranked as 'rich/very rich' by the poor households themselves were in the BPL list.

Thus, in contrast to the rather precise ranking made by households themselves, the actual BPL lists that we have been able to verify in comparison to the wealth ranked categories suggest a very high proportion of type 1 (exclusion of poor) and type 2 (inclusion of non-poor) errors. As indicated earlier, 62.5 percent of poor households were not in the BPL list. Further, of the total number of wealth ranked households in the BPL list, 35.5 percent were not ranked as poor.

Table 13.3: Region-wise Distribution of Wealth-Ranked and BPL Households

Region	No of persons ranked as poor, average & rich and BPL cards issued to them								
	Ranked as Poor/V.poor	BPLcards issued	%	Ranked as Avg.	BPL cards issued	%	Ranked as Rich/V.Rich	BPLcards issued	%
Western	63	15	23.8	57	4	7.0	60	2	3.3
Central	58	27	46.6	39	9	23.1	23	2	8.7
Bundelkhand	23	8	34.8	22	-	-	15	-	-
Hills	21	17	81.0	24	11	45.8	15	1	6.7
Eastern	86	27	31.4	53	18	34.0	41	6	14.6
Total	251	94	37.5	195	42	21.5	154	11	7.1

13.3 DISTRIBUTION OF BENEFITS IN THE APPS ACCORDING TO THE WEALTH RANKING CATEGORIES

In Table 13.4, we have compared the distribution of benefits in the anti-poverty programmes to the presence of households in the BPL list. It is noticeable that more than two-third of poor identified by government have not obtained the benefit of coverage under any of the programmes.

Table 13.4: Region wise table showing benefits received by the households in the BPL list.

Region	No of hholds in BPL list	No. of households benefited		No. of households having got benefits under						
		No.	%	NSAP	JRY/ JGSY	IRD/ SGSY	IAY	PATTA	Total No. of benefits	Avg. benefit per hholds
Western	290	88	30.3	23	6	39	31	23	122	1.4
%	100	-	-	18.9	4.9	32.0	25.4	18.9		
Central	571	184	32.2	16	53	67	38	104	278	1.5
%	100	-	-	5.8	19.1	24.1	13.7	37.4		-
Bundelkhand	146	30	20.6	3	7	2	4	23	39	1.3
%	100	-	-	7.7	18.0	5.1	10.3	59.0		-
Hills	138	68	49.3	17	24	37	35	19	132	1.9
%	100	-	-	12.9	18.2	28.0	26.5	14.4		-
Eastern	681	176	25.8	35	13	70	35	66	219	1.2
%	100	-	-	16.0	5.9	32.0	16.0	30.1		-
Total	1826	546	29.9	94	103	215	143	235	790	1.5
%	100	-	-	11.9	13.0	27.2	18.1	29.8		-

We have further compared the households ranked by the villagers to the actual distribution of benefits under the anti-poverty programmes (Table 13.5). This gives an idea of the incidence of benefits across classes and the extent of coverage of the poor in the programmes. First, it is seen that only 53 percent of the beneficiaries were ranked as poor or very poor. On the other hand, of the 251 households classified as poor/very poor, only 98 (39 percent) had received direct benefits under any of the anti-poverty programmes taken up for study here.

Table 13.5: Region-wise Distribution of Beneficiaries in the Wealth Ranking and Benefits received by them in various programmes

Region		Very poor	Poor	Average	Rich	Very Rich	No. of beneficiaries	Selected hhold in w.ranking
Western	No.	10	8	11	5	1	35	180
	%	28.6	22.9	31.4	14.3	2.9	100	
Central	No.	9	8	13	5	1	36	120
	%	25.0	22.2	36.1	13.9	2.8	100	
Bundelkhand	No.	1	10	5	1	-	17	60
	%	5.9	58.8	29.4	5.9	-	100	
Hills	No.	10	6	12	1	-	29	60
	%	34.5	20.7	41.4	3.5	-	100	
Eastern	No.	12	14	14	9	1	50	180
	%	24.0	28.0	28.0	18.0	2.0	100	
Total	No	42	46	55	21	3	167	600
	%	25.2	27.5	32.9	12.6	1.8	100	

CONCLUSION

The conclusions reached in the earlier sections on the identification of beneficiary households and the limited reach of the anti-poverty programmes is apparently corroborated by the wealth ranking exercises.

Taking the wealth ranking exercises as basis, a significant proportion of the poor have not been identified correctly, and even among those identified, a large proportion are not covered under any of the programmes studied here.

On the other hand, a fairly large proportion of households perceived as non-poor by the poor in the community are identified as 'poor' in the government records and have the benefits accruing from the programmes.

14.

CONCLUSION AND POLICY RECOMMENDATIONS

This study had been formulated when two major changes had occurred in the environment of anti-poverty interventions. At the policy level, there had been a rationalisation and amalgamation of the major interventions, along with some change in their orientation.

At the level of policy, there is now a greater appreciation of the fact that a three-pronged strategy based on (a) wage employment; (b) asset creation; (c) social assistance, can address the differentiated needs of the poor. It is further realised that the creation of public assets and social infrastructure and addressing the issue of basic amenities also plays a role in alleviating poverty.

At the planning and implementation level, there was an envisaged shift from the bureaucracy to local democratic institutions. These include several types of institutions but the thrust towards democratically elected bodies is expected to be the linchpin of greater participatory development.

Both these changes were expected to improve the effectiveness of anti-poverty programmes.

Our preliminary observations show that the desired changes may not have occurred in U.P to the extent envisaged. Local democratic institutions are still prone to capture by the village elite and are generally too weak to influence the individualistic styles of functioning of the elected officials. The bureaucracy still maintains the upper hand in expenditure disbursements. Moreover, it retains supervisory and regulatory functions over the village panchayats. Both these functions are used to bring elected officials in line.

Moreover, while the PRIs have been given greater roles, and rules have been framed to ensure transparency in their functioning and to facilitate the new representatives from the

weaker sections in performing their roles, the bureaucracy has not shown any interest in encouraging the nascent institutions in gaining strength. One example of this is the lack of gender sensitivity shown by the bureaucracy in their manner of dealing with the women representatives and the "Pradhan Patris".

The above conclusions imply that significant changes are still needed in shaping the nascent devolutionary process. The following areas suggest themselves on the basis of the fieldwork in this study:

- a. The electoral process in the panchayat elections should be reformed to avoid excessive expenditures and other mal-practices. The state should amend the panchayat Act to ensure that in case of no-confidence against the Pradhan he/she is replaced by a member of the same community and gender. There should be a provision for declaration of assets by the electoral contenders.
- b. The rules of business of the gram panchayat and gram sabha meetings and the hamlet-wise quorum should be laid down. Norms of identification of beneficiaries, scheme selection, supervision of projects, display of accounts etc. should be strictly adhered to.
- c. There is still ample scope for training and sensitising both the elected leadership and the bureaucracy. Capacity building of the entire elected team should be a major focus of policy.
- d. One of the important areas which needs to be considered is the nature of administrative and financial supervision which the panchayats require – both from above and from below. Bureaucratic control over these institutions clearly has significant negative value and should be replaced by independent watch dog bodies .
- e. The panchayat functionary should be under the administrative control of the Panchayat. As with the JGSY a small component of the other funds should be set aside to meet administrative expenditures with the approval of the gram sabha.

On the other hand, despite all the limitations however, we have seen that there are areas where the panchayats as institutions have worked admirably well and where the development machinery has also been facilitative. In these areas, the gains for the poor (often under other adverse economic circumstances) are the highest. Why have some of these institutions worked well. A full answer is outside the scope of this study. But four important factors can be singled out: the character of the community; the level of literacy, the nature of

the leadership and the quality of government. Some of these are amenable to broader dimensions of policy (promotion of education, land reform, gender and social equity and so on) and should also be addressed.

Poverty alleviation efforts in in UP also suffer from weak civil society action. No other significant form of social mobilisation was witnessed in any of the 20 villages studied. Factors behind the low level of development of people's movements/CBOs etc. in UP are worth studying. The state government would be well advised to bring out a white paper encouraging local participatory movements which can put pressure, and accelerate the pace of local development.

The following specific components (programmes) of the anti-poverty strategy also need consideration.

The *identification* of poor households forms the corner stone of the direct anti-poverty strategies. In principle the identification of the BPL households has been carried out using a negative asset based criteria, combined with a household income criteria. The beneficiaries for specific programmes are then supposed to be identified by the rural community in the open gram sabha meetings.

In repeated participatory exercises, it has been found that poor communities are easily able to come up with fairly objective and simple criteria for the ranking of households into groups. It is worthwhile seeing whether such indicator based criteria can then be used to identify poor (BPL) households by a body of surveyors working with the community.

The failure of gram sabha meetings to come up with list of beneficiaries is, of course, a failure of local democracy itself, but consideration needs to be given both on how the gram sabha can prioritise such names and on how, Once this is done, these lists are not manipulated by the village or Block functionaries (which ultimately erodes the confidence of the community in these meetings).

The employment strategies, which should be the cornerstone of a strategy of providing employment and wage security are least effective. Because of the small number of employment days generated in poor areas, the strategy is also unable to make a sizeable

impact on the labour market. There is an urgent need to expand the programme in poor areas and address some of its design weaknesses, which have led to distortions and weaknesses.

The following issues can be taken up for consideration:

- a) Both the major employment programmes have now been brought under the PRIs at various levels. The District Planning Committees and the other bodies have been so constituted as to give a voice to elected representatives at all levels, including MLAs and MPs. It is, therefore, now both feasible and necessary to merge all employment programmes including the funds available to MLAs and MPs.
- b) In order to maximise the impact on employment, labour markets and poverty, the funds available to employment programmes should be enhanced and should be linked to an employment guarantee. A minimum employment feature was initially incorporated in the EAS without a guarantee, but was later abandoned. There should be greater progressiveness in the allocation of these funds. The fieldwork for this study shows that developed areas and villages have reached a saturation point in developing new infrastructure. The local labour market in these areas is also very tight and wages are higher than the legal minimum. This enhances the possibility of leakages from the programme in these areas, while at the same time, depriving poor areas of employment and much needed infrastructure.
- c) Five Year Plans should be drawn up from the village level upwards for the development of rural infrastructure. The plans should include both the creation of new infrastructure as well as the maintenance of existing infrastructure. Existing experience has shown that a large number of works at the village level passed off as new are actually renovation and repair of existing infrastructure, which is often essential. The labour intensity and pro-poor content of each project should be specifically considered and specified. The DRDAs should develop, provide the expertise to make such plans on a participatory basis. These five year plans should form the basis of annual work plans to be voted upon by the gram sabhas and other bodies.
- d) The erratic flow of funds to the panchayats is a major problem. As discussed in the earlier chapters, panchayats can now take recourse to various types of funds for public works. Some of these are specific purpose grants, but some are not tied to a specific purpose. But the flow of funds is erratic so that Pradhans are not able to plan the activity. This leads to an inoptimal use of resources.

In the case of some of the programmes for asset creation, (now the SGSY), lack of popular initiative has grounded any real progress in the growth of self-help groups. But more recently, the development administration has stepped in to promote the growth of these institutions in a big way. It needs to be emphasised that a target oriented approach will be prejudicial to the growth of the SHG movement. It may be worthwhile to adopt a mission mode to develop social and marketing infrastructure and to examine all other necessary steps which can facilitate the growth of micro-enterprises in UP.

The SGSY design also needs a review. In particular, the issue of whether public subsidies are best utilised as individual subsidy needs to carefully considered, both in the light of past experience which show that individual subsidies are prone to capture by the various intermediaries, and the experience of other programmes which show that other SHG based programmes have worked well without individual subsidies.

We have argued earlier that the although the grant based housing scheme has worked well, the increasing expenditure on the scheme, without any specific goal, such as the provision of housing only to the shelterless, or those living in very poor housing conditions, is likely to lead to major distortions in the utilisation of public subsidies in poverty eradication. This is because the individual subsidies in the case of housing are much larger than those available for any other type of anti-poverty programme. The extent of misutilisation of these subsidies (by including the less poor or the non-poor in the beneficiary lists) is at least as large as in other programmes. There is, therefore, a need to identify the small category of very poor households who live in very poor housing conditions and critically require assistance for shelter, for grants. In all other cases, a unified credit-cum-subsidy approach should be followed.

Finally, with respect to land reform programmes, it is evident that the poor value even the small, low fertility holdings acquired through the programme. The state still has a lot of cultivable fallow and absentee landownership. Steps taken to accelerate the transfer of land to cultivating small holders and the poor will undoubtedly impact on poverty and agricultural development. Moreover, steps should be taken on a priority basis to concurrently provide allottees with a package consisting of credit, complementary inputs and land improvement.

However, the issue of land reform is linked to providing greater access to land to the direct producers through tenancy reform and other measures. Steps should be taken by the State to invigorate the sluggish land market and provide long term concessional credit to poor households to purchase land.

The 'professionalisation' of anti-poverty programmes, observed in a smaller way earlier by this researcher (see Lieten and Srivastava 1999), is now a major trend with career middle-men brokering deals between the potential beneficiaries and the banks or bureaucracy. This has occurred because of the high transaction costs imposed by the State on the community and specific programme-wise agenda needs to be drawn up to make the programmes accessible to the community.

Finally, the enormous leakages, sometimes up to half or more of the public expenditure, run like a thread through all the anti-poverty programmes. This implies that governance issues have to be put centre-stage in the State. While poor people are put in jail for defaulting on small loans, sometimes used for an essential life saving purpose, officials and functionaries are rarely, if ever, brought to book, for defalcating on significantly larger quantum of public money meant for poverty alleviation. This is a sad commentary on the public ethos and one that needs to be radically addressed.

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