

Indian State And Poverty Alleviation Programme

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Abstract: The present paper seeks to examine the impact of the economic environment in terms of logic of the existing socio-political structure, on performance of various poverty alleviation programs, which were introduced by successive governments from time to time in post colonial India. In recent decades the Indian state has moved from pro-capitalist state with a socialistic tinge to capitalistic state with neo liberal ideology. This shift has significant implications for the politics of poverty alleviation program in India. Whereas on the one hand, state's embrace of capital has been accompanied by higher rate of economic growth, on the other, this state-capital alliance is leading to widening inequalities along a variety of dimensions. Under this situation, the prospect of making India's growth process more inclusive is not encouraging mainly because of the existing ruling alliance in India. Our experiences raise a fundamental question, about path of our development, as well as about the capacity of the ruling groups to correct developmental distortions. Finally, it may be argued that it is not possible to recast the development design without the direct and conscious involvement of the masses through their own movements and struggles.

Keywords: *Capitalist, Development, Marginalized, Post Colonial, Redistribution.*

I. Introduction

India's economic history seems to repeat endlessly following irregular and dramatic cycles. This sense of circularity is particularly striking with respect to the use of populist macroeconomics policies for distributive purposes. Again and again, the policy makers have embraced welfare programs that rely heavily on the use of expensive fiscal and credit policies. After a short period of economic growth and recovery, bottlenecks develop provoking unsustainable macroeconomics pressure that, at the end results in the plummeting of real wages. The final outcome of these experiments has generally been galloping inflation and the collapse of the economic system.(1)

How we can explain this recurrence of mistakes and ill-conceived development strategies that span so many countries including India at different point in time. An examination of development program/strategies in India indicates that the system is being designed to pave the way for capitalistic development. The Mahalonibis model launched in mid-sixties was a clear indication of India's developmental intention and direction. The path of development did call for a major change in the agrarian structure. The early attempts to change the ownership structure through land reforms were a part of this strategy. Given the power structure and its social base, the capital did not succeed in its attempt and the land reform measures were ineffective. This failure was sought to be compensated through the green revolution. The attempt implicitly assumed that technology could be a substitute to structural changes. The introduction of technology triggered production but widened the economic disparities and deepened the poverty of the masses.(2)

As a result of this particular path of development pursued by Indian state, the fruits of economic growth have not benefitted everyone uniformly. The so called trickle- down effect does not work in all societies and India is not an exception to this. The period of 1999-2000 to 2004-05 witnessed rapid economic growth in the country, but it had no effect on our unemployment problem. During this period unemployment rate remained almost same. Urbanization in our country is mainly due to acute poverty in rural areas, not because of better opportunities in urban centres.

Thus, it became clear that while the economic reform did bring in prosperity, the benefits were not evenly distributed. It is also important to note here that some of them were unable to be part of the economic reform and did not possess the capacity to participate in the economic development process. Such groups needed government intervention to ensure that they were not left behind, as they did not have the capacity to be part of global economy. They needed welfare measures in the form of poverty alleviation program to ensure that they survive if not prosper. Further the poor are not a homogeneous population and their capacity to survive the economic reforms varied from group to group. Especially, those who are below the poverty line or poorest among the poor, need more government help.

Post-colonial India's commitment to democratic politics meant that its polity had to grapple with the harsh reality of Indian poverty- the sheer number of poor, the intensity of poverty and destitution, and a deeply stratified and hierarchal society. Addressing the needs of vulnerable and marginalized groups in the society has

preoccupied the energies of intellectuals and policy makers and has been a focus of political rhetoric in India to a degree that is uncommon among developing countries.(3)

The problem is not that India's policy has been preoccupied with addressing poverty but that its repeated efforts in this direction have yielded such meager results. What features of the Indian state explain the continual failures.

II. Poverty Alleviation Program:-

In post-independent India, it was realized that economic growth can reduce poverty by generating employment and income and labor intensive growth can reduce it even faster. Hence, country needs to have a comprehensive National Poverty Reduction Strategy. In India many anti-poverty programmes have been adopted on an ad-hoc and isolated manner. Several employment generation schemes were launched to provide employment in rural areas.

Specific purpose transfer scheme designed to address issues of categorical equity have been a key point of India's anti-poverty program. Central sector schemes (CSS) route funding directly to the local level, bypassing states, hence their growth can be viewed as a compensatory mechanism for the central government to exercise influence within states, after Industrial licensing were abolished.(4) Price supports and food subsidies were the most expensive of the government's scheme. Explicit subsidies of the central government averaged 1.6 percent of the GDP between 2003-04 and 2007-08. Just two items foods and fertilizers accounted for nearly four-fifth of all subsidies. These subsidies accrue largely to surplus grain producer, confined mainly to north-western states of India, and the parastatals agency, the FCI, in charge of the logistics of grain procurement, storage and distribution. A part eventually reaches the below poverty line (BPL) household through the public distribution system (PDS), whose targeting performance has been severely wanting. The Government of India (GOI) own internal evaluation has found that about 58 percent of the subsidized food grains issued from the central pool does not reach the BPL families because of several factors.

Further target oriented poverty alleviation program like Small Farmer Development Agency (SFDA), Integrated Rural Development Program (IRDP), National Rural Employment Program (NREP) and Rural Landless Employment Guarantee Program (RLEGP) were launched by the Indian state to redistribute a part of the resources through state intervention. This also aimed at correcting the distortions that characterized the market economy. This was also aimed at containing the rising masses so that a social equilibrium would be preserved. A peaceful or orderly society is necessary for expansion and reproduction of capital. (5) Thus an examination of the impact of these poverty alleviation programs assumes importance in the study of the capitalistic nature of the Indian state.

An evaluation of SFDA and MFALDA done for the entire country-indicates that during 1970-80, the agencies identified 161.31 lakh families, of which 67.71 lakhs families were covered (Chakravorty:1980). This works out to 42% of the total identified members of the target group. Under IRDP, the total beneficiary households covered during the first four years of the sixth plan was 125.9 lakh. The coverage under the target group programs both SFDA/MFLDA and IRDP, over about 15 years, works out to 286.90 lakh beneficiaries, 19.12 lakh beneficiaries per year.(6)

The evaluation studies by RBI and NABARD had reported 15 to 20%, wrong identification. In certain states, this ranged from 47 to 70%. The poorest have been covered the least. Added to this, the numbers of poor person in rural India has grown at the rate of 5 million a year over 1958-73. The same prevailed during sixth plan. This unimpressive coverage gives rise to serious doubts about the overall effectiveness of this policy approach. The number of those crossing the poverty line has been marginal. The estimates vary widely ranging between 3% (7) and 50% (GOI: 1985). In certain cases, it is reported, none crossed the poverty line (GOI: 1985). (8) Further mere crossing of the poverty line does not guarantee its sustainability. In terms of an income mobility criterion, it is observed that the lowest income groups have the least income mobility compared to the other income group.

The various studies on IRDP highlight shortcomings which include, weak planning, lack of infra-structural facilities, indifference to the differences in the level of infra-structure and incidence of poverty, lack of inter-sectorial linkages, lack of cooperation among the aiding agencies, wrong identification of the beneficiaries, cornering off of benefits by rich, non-utilization of funds, cumbersome rules and regulation, bureaucratic apathy, anti-rural poor attitude, regional imbalances in the distribution of fund etc. The problem of non-percolation, political pressure and corruptions were/are serious problems, which originates from the socio-economic structure. Another important factor was the weakness in the strategy is that the rural development program was worked out and implemented without the involvement of the people concerned (9). Even Public Accounts Committee observed that IRDP lacks a comprehensive approach.(Lok-Sabha Secretariat:1987). Further the committee notices a number of problems e.g. rush of expenditure in the month of March, and finally commented "IRDP is target oriented, family oriented, expenditure oriented but not result oriented". All these above mentioned factors collectively rendered these schemes ineffective.

Over the years, other types of scheme came into being, that is new forms of transfer, such as old age pensions, and housing and basic services like education and health. These investments have led to some convergence in physical investment for a set of public goods across Indian villages, because construction works provide lucrative opportunities perhaps. But similar impediments have bedeviled the actual service provided by these facilities.

As most of the poverty alleviation program discussed above were target oriented, it must be pointed out here that the political economy of targeting has to be concerned not just with the economic problem of selection, information and incentives but also with the political support for and feasibility of, aiming public policy specifically at removing the deprivation of particular groups.(10)K N Raj(1973) building on Michael Kalecki's classic formulation of developing countries as 'intermediate regime', argued that the ruling coalition in India are too heterogeneous to form a coherent class and 'intermediate regime' can do little by way of redistribution. On the other hand, they have a strong propensity to secure and retain their support base by yielding to pressure for lower taxes and for higher subsidies. (11)

II.I Politics of Redistribution/Poverty Alleviation Program:

At the very outset, it must be noted, that during analyzing this section, my focus will be on Indian state's capacity to reduce poverty and inequalities, while paying attention to the method/way, these two influences politics. While in contemporary India inequalities may be widening but there is no doubt poverty conditions are improving. Setting aside the case of economic growth enveloping more and more people gradually, most deliberate efforts at poverty alleviation involve some deliberate redistribution and, more importantly from a political standpoint, are perceived as such. For example, the strategies of poverty alleviation may focus on one or more of the following; asset redistribution, welfare provisions etc, since some of these strategies result in clear winners or losers, and other pose the issue of payment for these, these strategies readily come to be viewed as Redistributive policies.

As far as deliberate redistribution and poverty alleviation are concerned, the Indian state's capacity has been dismal. Apart from various other factors, most important is/was the absence of a real commitment among ruling elites, who have often opposed or subverted such efforts .However when viewed comparatively, we find that most developing nations especially those in Latin America and sub-Saharan Africa, have been less effective than India in checking growing inequalities or providing good for the poor. While some East Asian countries e.g. South Korea or China provide examples of 'Growth with Distribution', it is important that their pathways must be correctly analysed and understood.

Political power rested mainly in congress party after independence. Unfortunately Nehru and his policies failed to make any significant dent in India's poverty. In fact there is no exaggeration to suggest to retrospect that there was no systematic policy to promote agricultural growth during Nehru's regime, and it had serious negative consequences for India's poor, majority of who reside in village.

Some initial success in abolishing the Zamindari system were achieved, but on the whole, it failed mainly because state authorities in India proved either unwilling or incapable of confronting powerful class interest in the countryside.(12). Several factors contributed to the state's limited capacities on this score including the congress party incorporation of landed interests in the countryside, which acted as a pillars of party support, a federal structure under which land reform was state's responsibility, and a corrupt inefficient bureaucracy, that was readily co-opted by rural powerful.

Beyond the neglect of agriculture and the failure of land reforms, other notable Nehruvian policies with adverse consequences for the poor included a capital intensive pattern of industrialization and the neglect of primary education. A focus on primary education might not only have served important economic goals by raising the quality of human capital ,but would also have been an important development in itself.(13)

While politics has always been in command of economic policy making in India, Indira Gandhi regime were especially notable for the politicization of the economy, first in a distributive direction in the 1970s, and then in a more pro-business direction, during and afterward of emergency in 1980s.(14).

During Mrs. Gandhi tenure, the failure on redistribution front was glaring, because of the gap between promises and performances. Whatever little success were achieved, were at the cost of primary education and health-essential function of any democratic welfare state.

Now the Indian political system started moving in new direction, especially in terms of developmental priorities, and related to that,in terms of underlying state-class alliances. This alliance resulted in tilting the state further towards capital and against labor. The state has also done to throw its weight behind the winner of the new economy, without compensating those, who left behind, in the wake liberalization shift in 1991 (15)

Over the years, the state in which poverty has come down the most include Kerala, West Bengal, Punjab, Andhra Pradesh and Tamil Nadu, on the other side, poverty has come down the least in Assam, J&K, Bihar, M.P and Rajasthan. We may suggest here that the poverty has been reduced the most in the states where effective governmental power rests on a broad political base, in such cases, rulers have minimized the hold of

upper classes on the state, successfully organized the middle and lower strata into an effective power bloc and then used this power to channel resources to poorer.

Land reforms were very poorly implemented in the Hindi heartland states. In recent decades, the political base of state power in these states has broadened, although the social power of the upper caste land owners remain significant. Over times, this broadening of state power may lead to some greater benefits for the poor, which has recently been evident in Rajasthan and M.P.

Now coming to southern states of India, we may say that the all the southern states are above average in their poverty alleviation program, because of the fact that they share two sets of distinguishing political traits.(16).The fact is that the narrow domination of Brahmins had been more effectively challenged relatively early in the 20th century, Since independence the political base of power in these states has generally been middle castes and classes, and in some cases even lower classes. This is significantly different from the Northern states, where Brahminical domination was challenged relatively recently. The other fact is that the quality of state level bureaucracy is relatively better in these states.

Apart from Kerala, land redistribution has not been very effective in other southern states. The main reason for their better success in poverty alleviation program is their relatively high investment in the field of education and health. Moreover, these states have been also benefited more from subsidized public distribution system.

India's local governments have generally been quite ineffective in pursuing poverty alleviation program. No doubt, there have been some variations on this score, but on the whole however, panchayats have not functioned well because of the nexus between corrupt local politicians and local bureaucrats on the one hand, and the powerful among the upper castes and classes in the village society on the whole. Most of India's rural poor are deeply embedded in a variety of patron- client relations, dominated by propertied upper class, a situation not conducive for social democratic intervention. Even if the commitment of the state to help the poor is genuine-which it often is not-prior precondition for success is either mobilization of the poor, or forceful public intervention via well-organized parties and a responsive professional bureaucracy. For the most part, these conditions are absent in India, consequently panchayats either do not function, or function as agents perpetuating status-quo. Ever since the 73rd amendment that mandated elections for local governments, the issue thus again risen is, can the dynamic of electoral politics be translated into gain for the poor? The few available studies on the subject are not encouraging.

III Conclusion:-

In India, debate on poverty has remained mostly in the domain of Economists. Poverty is mostly defined in statistical terms/units. Poverty is more of social marginalization of an individual, household or group in the community/society rather than inadequacy of income to fulfil the basic needs. Indeed, inadequate income is therefore one of the factors of marginalization but not the sole factor. The goal of poverty alleviation program should not aim merely increasing the income level of individual, household or group but mainstreaming marginalized in the development process of the country.(17)In fact, most of these programs do not contain any in-built mechanism for sustaining the progress achieved. On the other hand, they are ad-hoc schemes implemented to a large extent for political kudos. Low rate of people's participation in asset creation activities and income generating efforts failed to drive home the desired level of property reduction in the rural area. The benefits of schemes seldom percolated to the weaker section of society. Though poverty has declined at the macro-level, rural –urban and interstate disparities are visible.(18)

Environmental protection and sustainability are to be considered in promoting investment in agriculture and creating rural infra-structural facilities. Social capacity building and human capacity building are to be attempted. Expenditure on human resource development need to be increased.

We may say that above policy analysis and its implementation indicates that the state intervention to correct the developmental distortions has not been effective. Benefits flowed to the areas and groups which are relatively more developed. This clearly indicates that the reproductive ability of capital in the case of the backward areas and poorer groups is marginal.

The state intervention to ameliorate the condition of the deprived is marginalized by the economic structure and logic of development. This also raises doubts about the capacity of the ruling groups to correct developmental distortions. It is not possible to recast the development design without the direct and conscious involvement of the masses through their own movements and struggle. It is unfortunate to note that public funding for the social sector has come down drastically. Central funding as well as the state funding in many states have decreased in the era of globalization. The fruits of economic growth should be ploughed into the social sector to elevate the quality of life in the country by raising the economic and social life of the population. It makes good economic sense also, because better quality of human resource will add on to the economic investment of the country.

At present, as we look ahead, the type of poverty alleviation program, that will be pursued in India are likely to be less than radical, neither asset redistribution nor a basic shift in the growth model on the cards. Today at this juncture, at best we may ask a speculative question in Atul Kohli's phrase, 'can democratic forces in India moderate the emerging class and other inequities?'(19)

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