Rural Poverty in India - Studying the last 5 years

What is the issue?

- There are discussions in the country about India's rural poverty considering the period of last 5 years.
- Most of these discussions fail to factor in multi-dimensional changes.

Why rural poverty in India is a subject of discussion recently?

- Low increase in prices of agricultural commodities and the slower increase in rural agricultural wages have been seen by some as signs of a crisis for the rural poor.
- Many acknowledge the role of pro-poor public welfare programmes over the last 5 years.
- Others have recorded sharp declines in chronic poverty as also multi-dimensional poverty between 2005-06 and 2015-16.
- Indicators like nutrition, child mortality, years of schooling, cooking fuel, sanitation, drinking water, electricity, housing, and assets determine multi-dimensional poverty.
- If that is the case, the performance between 2015-16 and now would be even more spectacular, considering the pro-poor public welfare thrust.

What are the context of the rural sector over the last 5 years that needs to be understood?

- **Inflation** - The inflation rates have been very low, and inflation on agricultural produce even lower during the last 5 years.
- **NFSA** - Availability of Rs 2/kg wheat and Rs 3/kg rice has become a reality across the country under the National Food Security Act (NFSA), which was under implementation only in 11 states 5 years ago.
- **Public subsidy** - The public subsidy for the NFSA is as high as Rs 1.76 lakh crore every year.
- This means that 75% rural households that get NFSA food grains are able to buy at much below the market price.
- This needs to be factored in when understanding the lower increases in agriculture wages.
- **Public Welfare Programmes** - This has been a period when public welfare programmes like rural housing, rural toilets, LPG and electricity connections

to households, etc., have all happened on a larger scale.

- **Pro-poor welfare programmes** - These programmes often involve households contributing from their side.
- This is quite large in the case of rural housing as poor households make aspirational homes, pulling together all their savings/borrowings for it.
- Likewise, Swachh Bharat Mission toilets or enrolment in Ujjwala, Saubhagya also draws on incomes/savings.
- It is bound to affect demand for goods purchased by the poor.
- **Up in the allocation** - This has been the period when the allocation for rural development programmes has gone up considerably from Rs 50,162 crore in 2012-13 to Rs 1.18 lakh crore in 2019-20.
- Add to this the state shares, which have increased to 60:40 instead of 75:25 or 100% (in the case of the Pradhan Mantri Gram Sadak Yojana) from the central government for non-Himalayan states.
- **Finance Commission's (FC) grants** - This has been the period when the 14th FC's grants to gram panchayats have been released on an unprecedented scale.
- The annual releases are over 3 to 4 times the previous grants.
- Over Rs.2 lakh crore is to be released in 5 years, of which over Rs 1.44 lakh crore has already been provided and works done under it.
- Extra budgetary resources (EBRs) have also been mobilised for the housing programme.
- These figures need to be understood in their full context before coming to a conclusion on rural poverty.

What factors increased the financial resources in rural areas?

- **MGNREGS** - Works under the Mahatma Gandhi National Rural Employment Guarantee Scheme have continued to be in demand.
- This is continuing even though the wage rates fixed every year on the basis of the Consumer Price Index for Agricultural Labour (CPI-AL) have grown modestly on account of the cheap price of food grains.
- In 2018-19, over 268 crore person days of work was carried out, the second-highest ever.
- In the three preceding years, the demand for work was about 235 crore person days every year.
- **DAY-NRLM** - Another major increase of financial resources in rural areas has been through the Deendayal Antyodaya Yojana-National Rural Livelihood Mission programme.
- Under this programmes, over Rs.2,12,000 crore has been provided as loans in the last 5 years.
- NPA has come down from over 7% in 2013-14 to 2.2% in 2018-19, clearly

establishing that DAY-NRLM SHG women borrow and return on time.
- Significant and diverse livelihoods have been generated through such loans leading to higher incomes, more productive assets, and larger number of village enterprises.

How migration to the urban is reducing?

- The improvement in rural road connectivity has been a significant development of this period.
- This has led to 97% eligible and feasible habitations getting all weather road connectivity.
- Clearly, rural households do not migrate to urban areas for very low paid jobs as survival is possible with improved rural infrastructure, housing, etc., in rural areas now more than before.
- This explains the continuously high demand for work under the MGNREGS.
- This period has also witnessed a significant increase in individual beneficiary schemes like farm ponds, dug wells, animal sheds, vermi-composting etc under the MGNREGS.
- This created durable assets and is providing opportunities for higher incomes.
- Over 15 million hectares of land has benefited from water conservation works.
- The larger labour force available for the MGNREGA reflects the unwillingness of a rural household with better infrastructure to go in for a distress migration with very low incomes in urban areas.

What is the conclusion?

- A lot more needs to be done to improve livelihoods in rural areas.
- But the last 5 years have witnessed an unprecedented pace in improving the ease of living of very poor households through public welfare programmes reaching them through better identification.
- This better identification was done through the Socio Economic Census (SECC 2011), IT/DBT, geo-tagging, improved financial management and governance reforms.

Source: The Indian Express



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