GIST OF N.C.E.R.T

LIBERALIZATION

Rules and laws which were aimed at regulating the economic activities became major hindrances in growth and development. Liberalization was introduced to put an end to these restrictions and open up various sectors of the economy. Though a few liberalization measures were introduced in 1980s in areas of industrial licensing, export-import policy, technology up gradation, fiscal policy and foreign investment, reform policies initiated in 1991 were more comprehensive. Let us study some important areas such as the industrial sector, financial sector, tax reforms, foreign exchange markets and trade and investment sectors which received greater attention in and after 1991.

Deregulation of industrial Sector: In India, regulatory mechanisms were enforced in various ways (i) industrial licensing under which every entrepreneur had to get permission from government officials to start a firm, close a firm or to decide the amount of goods that could be produced (ii) private sector was not allowed in many industries (iii) some goods could be produced only in small scale industries and (iv) controls on price fixation and distribution of selected industrial products.

The reform policies introduced in and after 1991 removed many of these restrictions. Industrial licensing was abolished for almost all but product categories – alcohol, cigarettes, hazardous chemicals industrial explosives, electronics, aerospace and drugs and pharmaceuticals. The only industries which are now reserved for the public sector are defence equipments, atomic energy generation and railway transport. Many goods produced by small scale industries have now been dereserved. In many industries, the market has been allowed to determine the prices.

Financial Sector Reforms: Financial sector includes financial institutions such as commercial banks, investment banks, stock exchange operations and foreign exchange market. The financial sector in India is controlled by the Reserve Bank of India (RBI). You may be aware that all the banks and other financial institutions in India are controlled through various norms and regulations of the RBI. The RBI decides the amount of money that the banks can keep with themselves, fixes interest rates, nature of lending to various sectors etc. One of the major aims of financial sector reforms is to reduce the role of RBI from regulator to facilitator of financial sector. This means that the financial sector may be allowed to take decisions on many matters without consulting the RBI.

Navaratnas and public Enterprise Policies

In 1996, in order to improve efficiency, infuse professionalism and enable them to compete more effectively in the liberalized global environment, the government chose nine PSUs and declared them as navaratnas. They were given greater managerial and operational autonomy, in taking various decisions to run the company efficiently and thus increase their profits. Greater operational, financial and managerial autonomy had also been granted to 97 other profit-making enterprises referred to as mini ratnas.

The first set of navaratna companies included Indian Oil Corporation Ltd (IOC), Bharat Petroleum Corporation Ltd (BPCL), Hindustan Petroleum Corporation Ltd (HPCL), Oil and Natural Gas Corporation Ltd (ONGC), Steel Authority of India Ltd (SAIL), Indian Petrochemicals Corporation Ltd. (IPCL), Bharat Heavy Electricals Ltd (BHEL), National Thermal Power Corporation (NTPC) and Videsh Sanchar Nigam Ltd (VSNL). Later, two more PSUs- Gas Authority of India Limited (GAIL) and Mahanagar Telephone Nigam Ltd (MTNL)- were also given the same status.

Many of these profitable PSUs were originally formed during the 1950s and 1960s when self-reliance was an important element of public policy. They were set up with the intention of providing infrastructure and direct employment to the public so that quality end-product reaches the masses at a nominal cost and the companies themselves were made accountable to all stakeholders. The granting of navaratna status resulted in better performance of these companies. Scholars state that instead of facilitating navaratnas in their expansion and enabling them to become global players, the government partly privatized them through disinvestment. Of late, the government has decided to retain the navaratnas in the public sector and enable them to expand themselves in the global markets and raise resources by themselves from financial markets.

The reform policies led to the establishment of private sector banks, Indian as well as foreign. Foreign investment limit in banks was raised to around 50 per cent. Those banks which fulfill certain conditions have been given freedom to set up new branches without the approval of the RBI and rationalize their existing branch networks. Though banks have been given permission to generate resources from India and abroad, certain aspects have been retained with the RBI to safeguard the interests of the account-holders and the nation. Foreign Institutional Investors (FII) such as merchant bankers, mutual funds and pension funds are now allowed to invest in Indian financial markets.

Tax Reforms: Tax reforms are concerned with the reforms in government's taxation and public expenditure policies which are collectively known as its fiscal policy. There are two types of taxes: direct and indirect. Direct taxes consist of taxes on incomes of individuals as well as profits of business of enterprises. Since 1991, there has been a continuous reduction in the taxes on individual incomes as it was felt that high rates of income tax were an important reason for tax evasion. It is now widely accepted that moderate rates of income tax encourage savings and voluntary disclosure of income. The rate of corporation tax, which was very high earlier, has been gradually reduced. Efforts have also been made to reform the indirect taxes, taxes levied on commodities, in order to facilitate the establishment of a common national market for goods and commodities. Another component of reforms in this area is simplification. In order to encourage better compliance on the part of taxpayers procedures have been simplified and the rates also substantially lowered.

Foreign Exchange Reforms: The first important reform in the external sector was made in the foreign exchange market. In 1991, as an immediate measure to resolve the balance of payments crisis, the rupee was devalued against foreign currencies. This led to an increase in the inflow of foreign exchange. It also set the tone to free the determination of rupee value in the foreign exchange market from government control. Now, more often than not, markets determine exchange rates based on the demand and supply of foreign exchange.

Trade and Investment Policy Reforms: Liberalization of trade and investment regime was initiated to increase international competitiveness of industrial production and also foreign investment and technology into the economy. The aim was also to promote the efficiency of the local industries and the adoption of modern technologies.

In order to protect domestic industries. India was following a regime of quantitative restrictions on imports. This was encouraged through tight control over imports and by keeping the tariffs very high. These policies reduced efficiency and competitiveness which led to slow growth of the manufacturing sector. The trade policy reforms aimed at (i) dismantling of quantitative restrictions on imports and exports (ii) reduction of tariff rates and (iii) removal of licensing procedures for imports. Import licensing was abolished except in case of hazardous and environmentally sensitive industries. Quantitative restrictions on imports of manufactured consumer goods and agricultural products were also fully removed from April 2001. Export duties have been removed to increase the competitive position of Indian goods in the international markets.

Global Footprint!

Owing to globalization, you might find many Indian companies expanding their wings to many other countries. In 2000, Tata Tea surprised the world by acquiring the UK based Tetley, the inventor of the tea bag, for Rs. 1,870 croer. In the year 2004. Tata steel bought the Singapore based Nat steel for Rs. 1,245 crorer and Tata Motors completed the buyout of Daewoo's heavy commercial vehicle unit in South Korea for Rs 448 crore. Now VSNL is acquiring Tyco's undersea cable network for

Rs. 572 croer, which will control over 60,000 km undersea cable network across three continents. The Tatas also plan to invest Rs. 8,800 croer in fertilizer, steel and power plants in Bangladesh.

PRIVATIZATION

It implies shedding of the ownership or management of a government owned enterprise. Government companies can be converted into private companies in two ways (i) by withdrawal of the government from ownership and management of public sector companies and or (ii) by outright sale of public sector companies.

Privatization of the public sector undertaking by selling off part of the equity of PSUs to the public is known as disinvestment. The purpose of the sale, according to the government, was mainly to improve financial discipline and facilitate modernization. It was also envisaged that private capital and managerial capabilities could be effectively utilized to improve the performance of the PSUs. The government envisaged that privatization could provide strong impetus to the inflow of FDI.

The government has also made attempts to improve the efficiency of PSUs by giving them autonomy in taking managerial decisions. For instance, some PSUs have been granted special status as navaratnas and mini ratnas.

GLOBALIZATION

Globalization is the outcome of the policies of liberalization and privatization. Although globalization is generally understood to mean integration of the economy of the country with the world economy, it is a complex phenomenon. It is an outcome of the set of various policies that are aimed at transforming the world towards greater interdependence and integration. It involved creation of networks and activities transcending economic, social and geographical boundaries. Globalization attempts to establish links in such a way that the happenings in India can be influenced by events happening miles away. It is turning the world into one whole or creating a borderless world.

Outsourcing: This is one of the important outcomes of the globalization process. In outsourcing, a company hires regular service from external sources, mostly from other countries, which was previously provided internally or from within the country (like legal advice, computer service, advertisement, security- each provided by respective departments of the company). As a form of economic activity, outsourcing has intensified, in recent times, because of the growth of fast modes of communication, particularly the growth of Information Technology (IT). Many of the services such as voice-based business processes (popularly known as BPO or call centres), record keeping, accountancy, banking services, music recording, film editing, book transcription, clinical advice or even teaching are being outsourced by companies in developed countries to India. With the help of modern telecommunication links including the Internet, the text, voice and visual data in respect of these services is digitized and transmitted in real time over continents and national boundaries. Most multinational corporations, and even small companies, are outsourcing their services to India where they can be availed at a cheaper cost with reasonable degree of skill and accuracy. The low wage rates and availability of skilled manpower in India have made it a destination for global outsourcing in the post-reform period.

World Trade Organization (WTO): The WTO was founded in 1995 as the successor organization to the General Agreement on Trade and Tariff GATT was established in 1948 with 23 countries as the global trade organization to administer all multilateral trade agreements by providing equal opportunities to all countries in the international market for trading purposes. WTO is expected to establish a rule based trading regime in which nations cannot place arbitrary restrictions on trade. In addition, it purposes is also to enlarge production and trade of services, to ensure optimum utilization of world resources and to protect the environment. The WTO agreements cover trade in goods as well as services to facilitate international trade (bilateral and multilateral) through removal of tariff as well as non-tariff barriers and providing greater market access to all member countries.

As an important member of WTO, India has been in the forefront of framing fair global rules, regulations and safeguards and advocating the interests of the developing world. India has kept its commitments towards liberalization of trade, made in the WTO, by removing quantitative restrictions on imports and reducing tariff rates.

Gwoth of GDP and Major Sectors (in %)

Sector	1980-91	1992-2001	2002-07 (Tenth Plan Projected)
Agriculture	3.6	3.3	4.0
Industry	7.1	6.5	9.5
Services	6.7	8.2	9.1
GDP	5.6	6.4	8.0

Some scholars question the usefulness of India being a member of the WTO, as a major volume of international trade occurs among the developed nations. They also say that while developed countries file complaints over agricultural subsidies given in their countries, developing countries feel cheated as they are forced to open up their markets for developed countries but are not allowed access to the markets of developed countries.

Providing minimum basic needs to the people and reduction of poverty have been the major aims of independent India. The pattern of development that the successive five year plans envisaged laid emphasis on the upliftment of the poorest of the poor (Antyodaya), integrating the poor into the mainstream and achieving a minimum standard of living for all.

While addressing the Constituent Assembly in 1947, Jawaharlal Nehru had said, "This achievement (Independence) is but a step, an opening of opportunity, to the great triumphs and achievements that await us... the ending of poverty and ignorance and disease and inequality of opportunity."

Poverty is not only a challenge for India, as more than one fifth of the world's poor live in India alone; but also for the world, where more than 260 million people are not able to meet their basic needs. Poverty has many faces, which have been changing from place to place and across time, and has been described in many ways. Most often, poverty is a situation that people want to escape. So poverty is a call to action- for the poor and the wealthy alike-a call to change the world so that many more may have enough to eat, adequate shelter, access to education and health, protection from violence, and a voice in what happens in their communities.

WHO ARE THE POOR?

You would have noticed that in all localities and neighbourhoods, both in rural and urban areas, there are some of us who are poor and some who are rich. Their lives are examples of the two extremes. There are also people who belong to the many stages in between. Push cart vendors, street cobblers, women who string flowers, rag pickers, vendors and beggars are some examples of poor and vulnerable groups in urban areas. They possess few assets. They reside in kutcha hutments with wall made of baked mud and roofs made of grass, thatch, bamboo and wood. The poorest of them do not even have such dwellings. In rural areas many of them are landless. Even if some of them possess land, it is only dry or waste land. Many do not get to have even two meals a day. Starvation and hunger are the key features of the poorest households. The poor lack basic literacy and skills and hence have very limited economic opportunities. Poor people also face unstable employment. Malnutrition is alarmingly high among the poor. Ill health, disability or serious illness makes them physically weak. They borrow from money lenders who charge high rates of interest that lead them into chronic indebtedness. The poor are hghly vulnerable. They are not able to negotiate their legal wages from employers and are exploited. Most poor households have no access to electricity. Their primary cooking fuel is firewood and cow dung cake. A large section of poor people do not even have access to safe drinking water. There is evidence of extreme gender inequality in the participation of gainful employment, education and in decision-making within the family. Poor women receive less care on their way to motherhood. Their children are less likely to survive or be born healthy.

What is Poverty?

Two scholars, Shaheen Rafi Khan and Damian Killen, put the conditions of the poor in a nutshell: Poverty is hunger. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job. Poverty is fear for the future, having food once in a day. Poverty is losing a child to illness, brought about by unclear water. Poverty is powerlessness, lack of representation and freedom.

Scholars identify the poor on the basis of their occupation and ownership of assets. They state that the rural poor work mainly as landless agricultural labourers, cultivators with very small landholdings, landless labourers who are engaged in a variety of non-agricultural jobs and tenant cultivators with small land holdings.

The urban poor are largely the overflow of the rural poor who had migrated to urban areas in search of alternative employment and livelihood, labourers who do a variety of casual jobs and the self-employed who sell a variety of things on roadsides are engaged in various activities.

HOW ARE POOR PEOPLE IDENTIFIED?

If India is to solve the problem of poverty, it has to find viable and sustainable strategies to address-the causes of poverty and design schemes to help the poor out of their situation. However, for these schemes to be implemented, the government needs to be able to identify who the poor are. For this there is need to develop a scale to measure poverty, and the factors that make up the criteria for this measurement or mechanism need to be carefully chosen.

In pre-independent India, Dadabhai Naoroji was the first to discuss the concept of a Poverty Line. He used the menu for a prisoner and used appropriate prevailing prices to arrive at what may be called 'jail cost of living'. However, only adults stay in jail whereas, in an actual society, there are children too. He, therefore, appropriately adjusted this cost of living to arrive at the poverty line. For this adjustment, he assumed that one-third population consisted of children and half of them consumed very little while the other half consumed half of the adult diet. This is how he arrived at the factor of three-fourths; (1/6) (Nil) + (1/6) (Half) + (2/3) (Full) = (3/4) (Full). The weighted average of consumption of the three segments gives the average poverty line, which comes out to be three-fourth of the adult jail cost of living.

In post-independent India, there have been several attempts to work out a mechanism to identify the number of poor in the country. For instance, in 1962, the Planning Commission formed a Study Group. In 1979, another body called the 'Task Force on Projections of Minimum Needs and Effective Consumption Demand' was formed. In 1989, an 'Expert Group' was constituted for the same purpose.

Besides these bodies, many individual economists have also attempted to develop such a mechanism. For the purpose of defining poverty we divide people into two categories; the poor and the non-poor and the poverty line separates the two. However, there are many kinds of poor; the absolutely poor, the very poor and the poor. Similarly there are various kinds of non-poor; the middle class, the upper middle class the rich, the very rich and the absolutely rich. Think of this as a line or continuum from the very poor to the absolutely rich with the poverty line dividing the poor from the non-poor.

Categorizing Poverty: There are many ways to categories poverty. In one such way people who are always poor and those who are usually poor but who may sometimes have a little more.

Money (example: casual workers) are grouped together as the chronic poor. Another group are the churning poor who regularly move in and out of poverty (example: small farmers and seasonal workers) and the occasionally poor who are rich most of the time but may sometimes have a patch of bad luck. They are called the transient poor. And then there are those who are never poor and they are the non-poor.

The Poverty Line: Now let us examine how to determine the poverty line. There are many ways of measuring poverty. One way is to determine it by the monetary value (per capita expenditure) of the minimum calorie intake that was estimated at 2,400 calories for a rural person and 2,100 for a person in the urban area. Based on this, in 1999-2000, the poverty line was defined for rural areas as consumption worth Rs. 328 per person a month and for urban areas it was Rs. 454.

Though the government uses Monthly Per Capita Expenditure (MPCE) as proxy for income of households to identify the poor.

Scholars state that a major problem with this mechanism is that it groups all the poor together and does not differentiate between the very poor and the other poor. Though this mechanism takes consumption expenditure on food and a few select items as proxy for income, economists question its basis. This mechanism is helpful in identifying the poor as a group to be taken care of by the government, but it would be difficult to identify who among the poor need help the most.

There are many factors, other than income and assets, which are associated with poverty; for instance, the accessibility to basic education, health care, drinking water and sanitation. The mechanism for determining the Poverty Line also does not take into consideration social factors that trigger and perpetuate poverty such as illiteracy, ill health, lack of access to resources, discrimination or lack of civil and political freedoms. The aim of poverty alleviation schemes should be to improve human lives by expanding the range of things that a person could be and could do, such as to be healthy and well-nourished, to be knowledgeable and participate in the life of a community. From this point of view, development is about removing the obstacles to the things that a person can do in life, such as illiteracy, ill health, lack of access to resources, or lack of civil and political freedoms.

Though the government claims that higher rate of growth, increase in agricultural production, providing employment in rural areas and economic reform packages introduced in the 1990s have resulted in a decline in poverty levels, economists raise doubts the government's claim. They point out that the way the data are collected, items that are included in the consumption basket, methodology followed to estimate the poverty line and the number of poor and manipulated to arrive at the reduced figures of the number of poor in India.

Due to various limitations in the official estimation of poverty, scholars have attempted to find alternative methods. For instance, Amartya Sen, noted Nobal Laureate, has developed in index known as Sen Index. There are other tools such as Poverty Gap Index and Squared Poverty Gap.

WHAT CAUSES POVERTY?

Poverty is explained by individual circumstances and/or characteristics of poor people. Some examples are (i) low levels of education and skills (ii) infirmity, ill health, sickness (iii) discrimination. These can be caused as a result of (i) social, economic and political inequality (ii) social exclusion (iii) unemployment (iv) indebtedness (v) unequal distribution of wealth. Aggregate poverty is just the sum of individual poverty. Poverty is also explained by general, economy-wide problems, such as (i) low capital formation (ii) lack of infrastructure (iii) lack of demand (iv) pressure of population (v) lack of social/ welfare nets.

We know the British rule in India. Although the final impact of the British rule on Indian living standards is still being debated, there is no doubt that there was a substantial negative impact on the Indian economy and standard of living of the people. There was substantial de-industrialization in India under the British rule. Imports of manufactured cotton cloth from Lancashire in England displaced much local production, and India reverted to being an exporter of cotton yarn, not cloth.

As over 70 per cent of Indians were engaged in agriculture throughout the British Raj period, the impact on that sector was more important on living standards than anything else. British policies involved sharply raising rural taxes that enabled merchants and moneylenders to become large landowners. Under the British, India began to export food grains and, as a result, as many as 26 million people died in famines between 1875 and 1900.

Britian's main goals from the Raj were to provide a market for British exports, to have India service its debt payments to Britain, and for India to provide manpower for the British imperial armies.

The British Raj impoverished millions of people in India. Our natural resources were plundered, our industries worked to produce goods at low prices for the British and our food grains were exported. Many died due to famine and hunger. In 1857-58, anger at the overthrow of many local leaders, extremely high taxes imposed on peasants, and other resentments boiled over in a revolt against British rule by the sepoys, Indian troops commanded by the British. Even today agriculture is the principal means of livelihood and land is the primary asset of rural people; ownership of land is an important determinant of material well-being and those who own some land have a better chance to improve their living conditions. Since independence, the government has attempted to redistribute land and has taken land from those who have large amounts to distribute it to those who do not have any land, but work on the land as wage labourers.

However, this move was successful only to a limited extent as large sections of agricultural workers were not able to farm the small holdings that they now possessed as they did not have either money (assets) or skills to make the land productive and the land holdings were too small to be viable.

A large section of the rural poor in India are the small farmers. The land that they have is, in general, less fertile and dependent on rains. Their survival depends on subsistence crops and sometimes on livestock. With the rapid growth of population and without alternative sources of employment, the per-head availability of land for cultivation has steadily declined leading to fragmentation of land holdings. The income from these small land holdings is not sufficient to meet the family's basic requirements.

The scheduled castes and scheduled tribes are not able to participate in the emerging employment opportunities in different sectors of the urban and rural economy as they do not have the necessary knowledge and skills to do so.

The urban poor in India are largely the overflow of the rural poor who migrate to urban areas n search of employment and a livelihood. Industrialization has not been able to absorb all these people. Most of the urban poor are either unemployed or intermittently employed as casual labourers. Casual labourers are among the most vulnerable in society as they have no job security, no assets, limited skills, sparse opportunities and no surplus to sustain them.

Poverty is, therefore, also closely related to nature of employment. Unemployment or under employment and the casual and intermittent nature of work in both rural and urban areas that compels indebtedness, in turn, reinforces poverty. Indebtedness is one of the significant factors of poverty.

A steep rise in the price of food grains and other essential goods, at Work a rate higher than the price of luxury goods, further intensifies the hardship and deprivation of lower income groups. The unequal distribution of income and assets has also led to the persistence of poverty in India.

All this has created two distinct groups in society: those who possess the means of production and earn good incomes and those who have only their labour to trade for survival. Over the years, the gap between the rich and the poor in India has widened. Poverty is a multi-dimensional challenge for India that needs to be addressed on a war footing.

Towards Poverty Alleviation

The Indian Constitution and five year plans state social justice as the primary objective of the developmental strategies of the government. To quote the First Year Plan (1951-56), "the urge to bring economic and social change under present conditions comes from the fact of poverty and inequalities in income, wealth and opportunity". The Second Five Year Plan (1956-61) also pointed out that "the benefits of economic development must accrue more and more to the relatively less privileged classes of society". One can find, in all policy documents, emphasis being laid on poverty alleviation and that various strategies need to be adopted by the government for the same.

The government's approach to poverty reduction was of three dimensions. The first one s growth oriented approach. It is based on the expectation that the effects of economic growth-rapid increase in gross domestic product and per capita income-would spread to all sections of society and will trickle down to the poor sections also. This was the major focus of planning in the 1950s and early 1960s. It was felt that rapid industrial development and transformation of agriculture through green revolution in select regions would benefit the underdeveloped regions and the more backward sections of the community. Population growth has resulted in a very low growth in per capita incomes. The gap between poor and rich has actually widened. The Green Revolution exacerbated the disparities regionally and between large and small farmers. There was unwillingness and inability to redistribute land. Economics state that the benefits of economic growth have not trickled down to the poor.

While looking for alternatives to specifically address the poor, policy makers started thinking that incomes and employment for the poor could be raised through the creation of incremental assets and by means of work generation. This could be achieved specific alleviation programmes.

This second approach has been initiated from the Third Five Year Plan (1961-66) and progressively enlarged since then. One of the noted programmes initiated in the 1970s was Food for Work.

The programmes that are being implemented now are based on the perspective of the Tenth Five Year Plan (2002-2007) Expanding self-employment programmes and wage employment programmes are being considered as the major ways of addressing poverty. Examples of self-employment programs are Rural Employment Generation Programme (REGP). Prime Minister's Rozgar Yojana (PMRY) and Swarna Jayanti Shahari Rozgar Yojana (SJSRY). The first programme aims at creating self-employment opportunities in rural areas and small towns. The Khadi and Village Industries Commission is implementing it. Under this programme, one can get financial assistance in the form of bank loans to set up small industries. The educated unemployed from low income families in rural and urban areas can get financial help to set up any kind of enterprise that generates employment under PMRY. SJSRY mainly at creating employment opportunities- both self-employment and wage employment-in urban areas.

Earlier, under self-employment, financial assistance was given to families or individuals. Since the 1990s, this approach has been changed. Now those who wish to benefit from these programmes are encouraged to form self-help groups. Initially they are encouraged to save some money and lend among themselves as small loans. Later, through banks, the government provides partial financial assistance to SHGs which then decided whom the loan is to be given to for self-employment activities. Swarnajayanti Gram Swarozgar Yojana (SGSY) is one such programme.

The government has a variety of programmes to generate wage employment for the poor unskilled people living in rural areas. Some of them are National Food for Work Programme (NFWP) and Sampoorna Grameen Rosgar Yojana (SGRY). In August 2005, the Parliament has passed a new Act to provide guaranteed wage employment to every household whose adult volunteer is to do unskilled manual work for a minimum of 100 days in a year. This Act is known as National Rural Employment Guarantee Act-2005. Under this Act all those among the poor who are ready to work at the minimum wage can report for work in areas where this programme is implemented.

The third approach to addressing poverty is to provide minimum basic amenities to the people. India was among the pioneers in the world to envisage that through public expenditure on social consumption needs-provision of food grains at subsidized rates, education, health, water supply and sanitation-people's living standard could be improved. Programmes under this approach are expected to supplement the consumption of the poor, create employment opportunities and bring about improvements in health and education. One can trace this approach from the Fifth Five Year Plan, "even with expanded employment opportunities, the poor will not be able to buy for themselves all the essential goods and services. They have to be supplemented up to at least certain minimum standards by social consumption and investment in the form of essential food grains, education, health, nutrition, drinking water, housing, communications and electricity." Three major programmes that aim at improving the food and nutritional status of the poor are Public Distribution System, Integrated Child Development Scheme and Midday Meal Scheme. Pradhan Mantri Gram Sadak Yojana, Pradhan Mantri Gramodaya Yojana, Valmiki Ambedkar Awas Yojana are also attempts in the same direction. It may be essential to briefly state that India has achieved satisfactory progress in many aspects.

The government also has a variety of other social security programmes to help a few specific groups. National Social Assistance Programme is one such programme initiated by the central government. Under this programme, elderly people who do not have anyone to take care of them care given pension to sustain themselves. Poor women who are destitute and widows are also covered under this scheme.

POVERTY ALLEVIATION PROGRAMMES - A CRITICAL ASSESSMENT

Efforts at poverty alleviation have borne fruit in that for the first time since independence, the percentage of absolute poor in some states is now well below the national average. Despite a variety of approaches, programmes and scheme to alleviate poverty; hunger, malnourishment, illiteracy and lack of basic amenities continue to be a common feature in many parts of India. Though the policy towards poverty alleviation has evolved in a progressive manner, over the last five and a half decades, it has not undergone any radical transformation. You can find change in nomenclature, integration mulations of programmes. However, none resulted in any radical change in the ownership of assets, process of production and improvement of basic amenities to the needy. Scholars, while assessing these programmes, state three major areas of concern which prevent their successful implementation. Due to unequal distribution of land and other assets, the benefits from direct poverty alleviation programmes have been appropriated by the non-poor. Compared to the magnitude of poverty, the amount of resources allocated for these programmes is not sufficient. Moreover, these programmes depend mainly on government and bank officials for their implementation. Since such officials are ill motivated, inadequately trained, corruption prone and vulnerable to pressure from a variety of local elites, the resources are inefficiently used and wasted. There is also nonparticipation of local level institutions in programme implementation.

Government policies have also failed to address the vast majority of vulnerable people who are living on or just above the poverty line. It also reveals that high growth alone is not sufficient to reduce poverty. Without the active participation of the poor, successful implementation of any programme is not possible. Poverty can effectively be eradicated only when the poor start contributing to growth by their active involvement in the growth process. This is possible through a process of social mobilization, encouragement poor people to participate and get them empowered. This will also help create employment opportunities which may lead to increase in levels of income, skill development, health and literacy. Moreover, it is necessary to identify poverty stricken areas and provide infrastructure such as schools, roads, power, telecom, IT services, training institutions etc.

We have travelled about six decades since independence. The objective of all our policies had been stated as promoting rapid and balanced economic development with equality and social justice. Poverty alleviation has always been accepted as one of India's main challenges by the policy makers, regardless of which government was in power. The absolute number of poor in the country has gone down and some states have less proportion of poor than even the national average. Yet, critics point out that even though vast resources have been allocated and spent, we are still far from reaching the goal. There is improvement in terms of per capita income and average standard of living, some progress towards the basic needs has been made. But when compared to the progress made by many other countries, our performance has not been impressive. Moreover, the fruits of development have not reached all sections of the population. Some sections of people, some sectors of the economy some regions of the country can compete even with developed countries in terms of social and economic development, yet, there are many others who have not been able to come out of the vicious circle of poverty.