

Employment Generation for Poverty Alleviation and Human Development: Needed Redirections in Policies in India

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Introduction

This article tries to examine the relation between the extent of poverty and various dimensions of human development in different parts of the world with emphasis on the Indian realities. Though significance of public spending on health and education for enhancing human development in India cannot be disputed, it is maintained here that India can fare well in the comity of nations only if poverty is substantially reduced. It is further argued here that without the generation of productive employment poverty cannot be alleviated because in the ultimate analysis what matters in growth process is rise in earnings of individuals through their own efforts, given the budgetary constraints which both the central and the state governments face.

It was Streeten (1994) who brought out in an unequivocal manner the utility and significance of human development, which in the process of enlarging people's choices, puts people back at the center stage of the whole development process. Human development should be the end, while economic growth in its conventional sense is only a means to this end. Human development, when accomplished, can serve as a means to higher productivity. There is a nexus between poverty reduction and human development and physical environment with effective check on deforestation, desertification and soil erosion. Extensive literature on human development, which is now available, would go a long way in establishing the fact that it can contribute to the emergence of a wealthy civil society and strong democracy. To put it differently, human development can help in reducing civil disturbances in a society and therefore it can pave way for increasing political stability.

During the post-war period many countries in Asia, Africa and Latin America realized that their political freedom could carry little significance unless it was accompanied by freedom from poverty and misery. These countries have witnessed an era of planning, social controls, nationalization and of late LPGs. By and large, the outcome of all these policies especially in India is: "Poverty is dead, long live poverty". Rath (1996) wrote that percentage of poor people in rural India increased from about 31 percent in 1961-62 to 48 percent in 1977-78. By 1987-88 it increased to 67 percent. Rath continued to believe that calorie norm could be used to measure the magnitude of poverty in India. The possibility of a revision in this norm one way or the other was admitted by him.

Measuring Poverty and its Consequences

A broader criterion is adopted by the World Bank for making an estimate of poverty all over the world. According to the Bank the expenditure necessary to buy the minimum standard nutrition and other basic necessities and a further amount varying from country to country and reflecting the cost of participating in everyday life of the society should constitute the consumption based poverty line. However, both contain socially perceived basic needs (Anand & Hari, 1990). These needs include: to be adequately nourished, to escape avoidable diseases, to be sheltered, to be mobile for economic activity as well as social participation and to be minimally educated. Poverty is a multi-dimensional issue, including in particular social, economic and historical factors (Kurian, 1990). But the discussion in the public policy circles in all most all countries primarily relates to the economic dimensions while other factors are generally ignored. While the consequences of the poverty are felt and perhaps intuitively understood everywhere and by all, the

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concept of poverty is still not crystallized nor its magnitude clearly known. The concept of poverty is therefore more often than not elusive.

For producing a gleeful account of all poverty alleviation programs quite often the head count ratio is used. This again calls for the application of the concept of poverty line. In recent years poverty lines has been updated/ downdated on the basis of relevant price deflators. In all the exercises in which the statistical devices such as deflators are used, the whole sale prices indices or consumer price indices of rural as well as the urban poor have found a place. It appears that any person having a sound knowledge of statistics and even a little knowledge of economics can prove either an increase or a decrease in the incidence of poverty. We are still waiting for a satisfactory measure of poverty. But consequences of poverty never wait for anybody. In famous Rio Summit, the report titled "Sustainable Development: From Concept to Action" was released. India was one of the contributors to the idea that poverty removal and environmental concerns go together (Alagh, 1979). It was admitted on all hands that poverty is most severe pollutants in the world. History reveals that poverty can dehumanize human beings. In the words of Galbraith, "Poverty is cruel: A continuing struggle to escape what is continuously frustrated is more cruel" (Galbraith, 1979). In his view vicious circle of poverty is due mainly to the fact that the people in poor countries, out of the experience of centuries, reconcile themselves to what has for so long been inevitable. Poverty can also corrupt man and absolute poverty like absolute power can corrupt absolutely.

Intellectual Battles

Poverty was in the past the starting point of the serious intellectual battles. There could be Poverty of Philosophy instead of Philosophy of Poverty! Though not enchanting, the idea of the philosophy of poverty is meaningful. Rein's essays on definition and measurement of poverty can give rise to externalities for the affluent adversely affecting the human development in the entire society (Martin, 1970). The leading authors on humanistic definitions of Economics

were all participating in an intellectual battle relating to poverty and human development only. Goulet (1973) classified human needs into three categories- needs of the first order, enhancement needs and luxury needs and suggested that this order of priorities should be followed in producing goods and services in any rational development planning. Goulet reaches the height of his philosophy when she writes that no moral, political or psychological justification exists for granting luxury needs equal or higher priorities than global satisfaction of survival and enhancement needs. James Grant goes to the extent of saying that if basic needs are defined broadly to include social and cultural needs, all countries would be considered as underdeveloped today (Grant, 1976). The humanistic definitions of Economics are instrumental in revealing that the chief objective of development planning should be human development through poverty alleviation.

Human Development Index

The Human Development Index (HDI) is now almost as popular as the elusive concept of poverty line. The HDI is a composite index. It has three components, namely, per-capita income, a chief determinant of standard of living, educational attainment and life expectancy at birth. The per capita income is used as proxy measure for satisfaction derived from a bundle of basic goods and services. The educational attainment is measured by combination of adult literacy and mean years of schooling. Life expectancy reflects the progress made in such fields as health, child mortality and nutrition. In this age, in which particularly everything under the sun is related to the environment, efforts are being made to make the concepts of HDI greener by taking environment aspect also into computation. In 2010, the Human Development Report (HDR) introduced several key changes to the HDI without disturbing the three basic dimensional structures. Presently HDI has three main dimensions, namely, long and healthy life, knowledge and standard of living. HDI is being construed as the geometric mean of the three dimensions health, education and income. Underlying all these dimensions is the concept of Multi-dimensional

Poverty Index (MPI) for measuring poverty which measures multiple of deprivations reflected by lack of basic education for any member of the family, death of a child due to malnutrition, non-availability of electricity and safe drinking water and housing facility which can't ensure health and sanitation for the family. In fact, the evolution of the concept of human development over the decades would make us think that poverty means lack of human development. When Sen (1983) defines poverty in terms of capability deprivation, he is intended in the main to convey the message that for achieving human development poverty needs to be vigorously attacked.

Apart from the basic necessities such as food, clothing and shelter, other human choices include long life, good health, adequate education and participation in decision making. Viewed from this perspective, human development is also multi-dimensional involving economic, social and political factors. It is not surprising, therefore, that countries do not rank identically on the income scale and human development. Human development quite naturally should mean a considerable reduction in poverty which may be regarded as a general form of relative deprivation. The sections of the population whose resources are so much below the mean that they consider themselves to be deprived of enjoying the benefits and participating in the activities which are customary in that society can be said to be in poverty. This is the conception of deprivation expressed by a sociologist which is broader than the one represented by the per capita income or expenditure scale. In fact, the linkages between poverty and human development become clear only when we take a broader view of the problem of poverty instead of depending on the much used as well as the much abused concepts like per capita income or expenditure scale. Moreover, as shown in the Table 1, at the same level of income, the HDI could be different in different countries.

In the Table above data for BRICS countries and the Next 11 countries with high growth potential in the 21st Century are given. It can be seen that at more or less

the same level of income, level of human development, life expectancy at birth and mean years of schooling were different in HDR for 2012. India is one of the countries in the world with high magnitude of poverty and low human development ranking. Among the BRICS countries India occupies the lowest rank. Among the Next 11 countries with high growth potential as identified by Goldman Sachs investment bank and economist O'Neill (2007), only Bangladesh, Pakistan and Nigeria were behind India in human development ranking.

The HDRs for India pointedly showed that though India had the credit of moving on a high growth trajectory, growth here could not ensure the evolution of healthy society as basic facilities were denied to a very large number of people. The growth in India is not translated into social welfare measured by the basic requirements of life like access to health, education and the conditions of the weaker sections of the society, not to forget women and children there is an abysmal record of poverty and inequality of income and regional imbalances with the ingredients of the possibility of social and political tensions.

One of the recent studies in Karnataka has brought to light that mere allocation of funds in budgets for Scheduled Castes and Scheduled Tribes does not ensure human development for these weaker sections. The Centre for Study of Social Exclusion and Inclusive Policy of National Law School of India University, Bangalore completed the study in 2013. Pointing out that the budgetary allocations for the welfare of SCs and STs in last decade (2003-2013) was highly disproportionate to their population; the study suggested a separate component for human development. A human deprivation index should be prepared for proper allocation of funds. Without substantive reduction in poverty, human development is not possible for SCs and STs through mere budgetary allocations lacking commitment at the stage of implementation later.

Table 1: Similar Income: Different HDI, 2012

Countries	Human Development Index (HDI)	Life expectancy at birth	Mean years of schooling	Gross national income (GNI) per capita	HDI Rank
	(Value)	(Years)	(Years)	(US \$)	(Rank)
Countries with GNI < \$1,000					
Congo (Democratic Republic of the)	0.30	48.71	3.47	319.22	142
Zimbabwe	0.39	52.69	7.24	424.32	172
Guinea	0.35	54.53	1.58	941.43	176
Afghanistan	0.37	49.07	3.13	999.80	175
Central African Republic	0.35	49.11	3.54	721.51	180
Countries with GNI \$1,000 to \$ 2,000					
Nepal	0.46	69.09	3.24	1136.91	157
Uganda	0.46	54.51	4.72	1167.69	161
Côte d'Ivoire	0.43	56.04	4.21	1592.88	168
Kenya	0.52	57.65	6.95	1540.88	145
Myanmar	0.50	65.68	3.88	1816.55	149
BRICS Countries					
Brazil	0.73	73.81	7.18	10151.85	85
Russia	0.79	69.08	11.73	14460.52	55
India	0.55	65.78	4.41	3285.00	136
China	0.70	73.66	7.55	7945.44	101
South Africa	0.63	53.38	8.53	9593.66	121
Next 11 Countries					
Bangladesh	0.52	69.24	4.77	1785.40	146
Egypt	0.66	73.45	6.40	5400.65	112
Indonesia	0.63	69.79	5.82	4153.80	121
Iran	0.74	73.21	7.84	10695.25	76
Mexico	0.77	77.15	8.52	12946.98	61
Nigeria	0.47	52.33	5.25	2102.12	153
Pakistan	0.51	65.69	4.87	2566.06	146
Philippines	0.65	69.03	8.88	3751.51	114
Turkey	0.72	74.21	6.48	13710.46	90
South Korea	0.91	80.74	11.64	28231.45	12
Vietnam	0.62	75.40	5.49	2969.78	127

Source: Human Development Indices: A statistical update 2012, available at <http://data.un.org/DocumentData.aspx?id=324>

Poverty and Progress of Inequality?

In the name of poverty, poems have been written, plans have been formulated, slogans like, 'Garibi Hatao' were raised, elections have been won and subsequently voters have been duped. It is said that while writing the last page of his book, George (1879) wept like a child. It was not the scarcity of resources but difficulties associated with the mobility of land, labor and capital which could create poverty in the United States. Henry George, whom the world admired, attributed poverty in America in the 1870s to the lopsided economic progress. Interestingly enough, the land which tasted Progress and Poverty in 1879 very much tasted Poverty of Progress in 1972. The major thesis of the Poverty of Progress written by Mankoff (1972) is that the social problems under consideration are exacerbated in a society dominated by the capitalist mode of production and distribution and that a satisfactory resolution of these problems may well be precluded, unless economic decision making is divorced from the logic of capitalist rationality and the needs and desires of a single social class. Much before Mankoff, Marx had cogently argues that the development of capitalism would eventually lead to the 'Pauperization' of the working class (Marx, 1955). The North-South Dialogue has been echoed in the writings of Bandyopadhyaya (1987), according to whom, mass poverty in the South is the bottom of stratified global social pyramid. The poverty of the poor is the wealth of the rich, nationally as well as internationally.

Nurkse (1953) argument that poverty breeds poverty in a chain of circular causation and that a 'country is poor because it is poor' is quite frequently quoted. A more sophisticated macroeconomic formulation of the theory of the vicious circle of poverty was provided by Raja Chellaiah. The variables like low income and low investment operate both on demand and supply sides so that poverty not only exists, it gets accentuated and perpetuated. Rostow's theory of the stages of economic growth also indicates that poverty has the tendency to perpetuate in underdeveloped countries unless there is private foreign investment on large scale (Bandyopadhyaya, 1987). While advocating the capitalist model of development, Rostow is inclined to prove that the dependence of the countries on the global structure of capitalism is inevitable.

Human development, like any other development, has come to mean sustainable human development. It is equally true that unless urgent measures are taken in the form of a crash program, poverty too, if left untouched, has a natural tendency to sustain itself. South Asia and Sub-Saharan Africa are the regions with the maximum poverty (see Table 2).

Even by the beginning of the present century, South Asia was still having the largest absolute number of poor people in the world. Sustainable development in such poverty stricken regions would not regard natural resources as free good. On the contrary, an ideal model of sustainable development should treat exhaustible resources as any other scarce asset and is concerned

Table 2: Poverty in the Developing World 1981-2010

Regions	Number of poor at \$1.25 a day (PPP) (millions)										
	1981	1984	1987	1990	1993	1996	1999	2002	2005	2008	2010
South Asia	568.38	573.76	592.97	617.26	631.86	630.76	619.46	640.47	598.26	570.89	506.77
East Asia	1096.5	969.99	847.61	926.42	870.77	639.69	655.59	523.11	332.08	284.36	250.9
Sub-Saharan Africa	204.93	239.08	256.8	289.68	329.98	349.18	375.97	390.23	394.78	399.34	413.73
Mideast and North Africa	16.48	15.05	14.63	12.96	11.5	12.3	13.64	12	10.47	8.64	7.98
Eastern Europe	8.21	6.89	6.81	8.87	13.7	18.19	17.83	10.62	6.26	2.23	3.15
Latin America & Caribbean	43.33	52.93	49.33	53.43	52.51	53.63	60.1	62.72	47.6	36.85	32.29

Note: Number of the poor population in millions living on less than \$1.25 a day at 2005 international prices.

Source: Poverty and Inequality Database, World Bank

with sensible asset management to do justice to the future generations also. Such a model would bring out the need for sufficient investment in education and health of today's population lest there should be a social debt for future generations. The essence of sustainable human development is that everyone should have equal access to development opportunities. Thus sustainable human development, like a double edged sword, should hit both problems of poverty and inequality simultaneously. Though the philosophy of poverty is a little controversial and amorphous, the philosophy of human development, as loudly claimed by the HDR of 1994, was simple and lucid.

That adequate justice should be done to the poor in India has been clearly pointed out by the Supreme Court. In one of its land mark and also hard hitting judgments pronounced in October 1996, the Supreme Court reminded the centre and states and local bodies of their constitutional responsibilities of providing residence to both the rural and the urban poor in a phased manner by making provision in the annual budget. As the judgment observed "It is rather unfortunate that even after half century from the date of independence, no constructive planning has been implemented to ameliorate the conditions of the rural people by providing them regular source of livelihood or infrastructural facilities". The Court called upon the Government of India, all State Governments and the Planning Commission to evolve such policies and the schemes which are necessary to provide socio-economic justice to the poor. It shows the deep concern that the Court has for the problem of poverty and need for human development.

A Triangle

As things stand today, poverty, unemployment and inequality are three sides of the same triangle in many parts of the developing world. Commenting on the mass poverty in the Economic and Social Commission for the Asia and the Pacific (ESCAPE) region, the economic bulletin for the December 1996 lamented that the potential contribution of the vast majority of the people to the development of this region was constrained by forces beyond their control. The three factors mentioned above obviously limit the process of

enlarging human capabilities and choices. In other words, the scope for human development is very much conditioned by these factors. This then adds up to say that the countries of the developing world have been caught in a vicious circle.

The credit of analyzing the need for human development within the bounds of poverty, unemployment and inequality goes to Myrdal (1968). Taking an unconventional contemporary look at the economic, social and political realities in the South Asian countries, Myrdal focuses our attention on need for increasing investment in man for expediting institutional change. In the light of the data collected by him he noticed that a positive correlation existed between the level of development and literacy in different countries and during different periods. Education in these countries could be a vital form of investment. Myrdal further argued that, it would be wise for South Asian countries to pursue more vigorous health policies to improve the quality of human beings. When he wrote that comprehensive and intensive research for improving health services in South Asian countries was needed, he indicated the utility of specific programs for accomplishing human development.

Over the years the term human development has encompassed a number of indices which constitute conditions in which individuals can realize his/her best self. It involves the preservation and augmentation of the stock capital of three specific types: (a) natural capital i.e. environmental including flora and fauna; (b) physical capital which includes economic infrastructural facilities such as roads, rails etc., and (c) human capital which includes knowledge, skills, experience, energy and innovation etc. Thus if human development is defined in a broader manner the process of economic growth becomes subset of human development models. To put it differently, human development in the real and full sense of the term would mean the total absence of poverty or illiteracy or the lack of health and medical facilities or environmental degradation in any country or region. The extent or magnitude of poverty and other factors enumerated above would mean the extent or magnitude of the country's or the regions' inability to

realize the goal of human development.

The argument that the benefits of growth need not percolate to the lower strata of society was advanced with vigor by Chenery (1974) in their celebrated work *Redistribution with Growth*. This constituted an effort to define new policies and strategies that could ensure equity and poverty alleviation while improving the aggregate performance of economic programs in the developing world. There was insistence of the compatibility of growth and simultaneous efforts to improve the income distribution. To quote Chenery: "Poverty focused planning does not imply the abandonment of growth. It implies instead redistribution of the benefits of growth". Equally important is the institutional arrangements for implementing anti-poverty programs. This is a proof of the political economy of both poverty and human development which is lucidly explained by Lipton (1982) in more than one context.

Poverty and Unemployment in India: Some Recent Evidences

Debates on the concept and extent on poverty in India have a long history. It is these debates which caused embarrassment to the Planning Commission. The latest report on poverty is submitted by the panel headed by Rangarajan, former Chairman, Economic Advisory

Council to the Prime Minister of India. The Rangarajan Committee, which has retained consumption expenditure as the basis for determining poverty, has pegged the total number of poor in the country at 363 million or 29.6 per cent of the population against 269.8 million (21.9 per cent) by the Suresh Tendulkar Committee. The Rangarajan Committee (2014) raised the daily per capita expenditure to Rs 32 from Rs 27 for the rural poor and to Rs 47 from Rs 33 for the urban poor, thus raising the poverty line based on the average monthly per capita expenditure to Rs 972 in rural India and Rs 1,407 in urban India.

A contrasting picture of the extent of poverty in some selected states may be considered in the light of estimates of the Rangarajan Committee and the Tendulkar Committee (see Table 3) for the purpose of comparison.

All the states in the Table 3 have seen a rise in the number of poor, with Chattisgarh leading with a little less than half of its population being poor. Though the Rangarajan Committee Report (2014) has also drawn vociferous criticism it has recognized the reality that poverty in India is still wide spread, notwithstanding various programs initiated by the governments with the goal of attaining inclusive growth. In 2010 (see Table 2) out of 506.77 million poor people residing in

Table 3: A Contrasting Picture of Poverty: 2011-12

Number of Poor (in Lakhs)		
States	Rangarajan Committee	Tendulkar Committee
UP	809.1	598.1
Bihar	438.1	358.1
MP	327.8	234.1
West Bengal	275.4	184.9
Maharashtra	228.3	197.9
Percentage of Total Population		
Chhattisgarh	47.9	39.9
Manipur	46.7	36.8
Orissa	45.9	32.5
Madhya Pradesh	44.3	31.6
Jharkhand	42.4	36.9

South Asia as much as 77.74 percent were in India. Nearly 32.52 percent of the world's poor lived in India in the same year. Very recently in July 2014 the United Nation's Report on the progress made by member countries in achieving the Millennium Development Goals saw the light of the day. All the major findings in the report are linked to the main argument of this article that poverty at the level of an individual prevents human development in the society at large. Here are a few major findings in the UN Report:

1. The report expresses disappointment over India's performance on reducing child mortality and maternal mortality. India recorded the highest number of under-five deaths in the world in 2012, with 1.4 million children dying before becoming five years old.
2. The sanitation was another aspect in which India was performing very badly. The report mentions that 82 percent of the 1 billion people resorting to open defecation live in "middle income", populous countries such as India and Nigeria. Obviously realization of important Millennium Development Goals (MDG) in 2015 would be rendered impossible.
3. In 2010, one-third of the world's 1.2 billion extreme poor lived in India alone. Globally, the maternal mortality ratio dropped by 45 per cent between 1990 and 2013, from 380 to 210 deaths per 1,00,000 live births. However, this still falls far short of the MDG target to reduce the maternal mortality ratio by three quarters by 2015.

The sordid manifestation of poverty and mal-nutrition is the disappointing level of human development as indicated by the HDR for 2014. In 2013 India ranked at 135 out of 187 countries across the world. India still lags behind its neighbors on key human development indicators like health and quality of life. Economic growth here is not converted into human development which fact is evidenced by India's failure to properly utilize the wealth created by its expanding economy which doubled twice in the last two decades. With massive migration of people from villages to towns and cities, poverty, unemployment and inequality of income and assets have been transferred from rural India to urban India. Aromar Revi, Director, Indian

Institute of Human Settlements, New Delhi observed in 2011 (All is not rosy for rural people migrating to cities, HBL, 20/11/2011) that inclusive growth in urban India is must to provide upward mobility to rural migrants. In other words both in rural and in urban areas productive employment opportunities should be generated to ensure human development via poverty alleviation.

Three basic approaches to poverty alleviation and concomitant human development have been identified: one approach primarily relies on market-based growth and then take care of those who fall through the cracks of the market process with targeted public welfare programs and provision of infrastructural facilities. Another approach stresses the importance of massive intervention in directly improving the health, education and nutrition for the poor. A third approach relies more on local self-governing institutions and community involvement to improve the material conditions and autonomy of the poor. The third approach has so far received less attention and will be discussed later in this paper. The following broad macro-level findings make it abundantly clear that the employment scenarios are far from satisfactory.

1. The increased rate of growth in the era of reforms failed to generate enough employment opportunities especially in the organized sector that just engages less than ten percent of the total working population. What the country has experienced is "near jobless growth". As a result growth failed to be inclusive much against the hope of the Planning Commission expressed in the Eleventh Five Year Plan Document. So far, the industrial GDP growth in India has not come from labor-intensive manufacturing. It has been driven by less labor-intensive activities such as the IT and ITES industry, business process outsourcing, finance and banking, and construction and real estate. The employment elasticity of industry i.e. per cent increase in employment for every one per cent rise in industrial GDP has been declining drastically (Chary, 2014).
2. Over 90 percent of the employed persons continue to work in the unorganized sectors that lacked basics like a written job contract, paid leave, social

security and bargaining strength. Since their earnings are unbelievably unstable and low, overwhelming majority of the workers in the unorganized sectors (micro and small enterprises, for example) cannot have access to safe drinking water, good medical care, healthy housing facilities and electricity. Unsurprisingly human development in these sectors is meager by any standard. The central thrust of policies in future should be to create more and more employment in organized sectors to ensure poverty removal and human development.

3. Unemployment figures range from 11 million to 25 million. The NSSO survey revealed that nearly 26 million of the usually employed were underemployed in 2009-10. Nearly 75 million were invisibly underemployed (Thakur, 2014). Clearly being employed alone does not guarantee a decent life in India which is the corner stone of the concept of human development.
4. In January 2014 CRISIL came out with a harrowing report that said that an additional 12 million people will be redirected to agriculture sector by 2019 as labor displacing technology is gaining momentum particularly in private sector. For instance, in 1990 TATA Steel Ltd. produced 2 million tons of steel and employed 80,000 people. Now, it produces 10 million tons of steel and employs only 30,000 work forces. Despite the growth of services sector in India, its ability to absorb labor surplus is limited (Singh, 2014). Under these circumstances, the manufacturing sector is expected to grow for both income generation and employment creation.

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) modelled after the Employment Guarantee Scheme of Maharashtra initiated in 1972-73 is a big macro level program the essential goal of which is poverty alleviation in rural areas. Considered as a flagship program of the earlier UPA Government, it paid rich dividends during UPA-I period. But after 2009 it turned out to be a program with serious governance and management failures. However, these failures cannot reduce the significance of the basic philosophy of the program that

guaranteeing employment to the rural poor can be a big step forward for alleviating the poverty of its beneficiaries and also for ensuring inclusive rural development. As Moodithaya (2009) observes, the National Employment Guarantee Act is considered absolutely essential in the present context of rural distress particularly in backward regions for poverty reduction, prevention of starvation, reducing distressed migration of the poor and empowerment of the rural female. Incidentally, it may be noted that the Shree Kshetra Dharmasthala Rural Development Program (SKDRDP) is founded on the reason that gainful employment is a basic requirement for any individual to come out of the shackles of poverty (Joshi & Suprabha, 2012). The first budget (2014-15) of the present NDA Government, recognizing the significance of MGNREGS, proposes some salient redirections in policies for realizing the main goal of the Scheme.

The following policy issues deserve special attention while planning for poverty removal and human development:

1. The Growth of Informal Sectors

The cities of the developing world are characterized by two distinct sectors: the organized of the formal sector and the unorganized or informal sector. Since the informal sector has got enlarged with the expansion of the urban centers in the developing countries particularly since 1970s, there has been a debate around it. The prediction of some development theorists that informal sectors would gradually disappear with the growth of the formal sectors has not come true. Cities continue to have large proportion of their activities in the informal sectors, even in the face of spectacular advance in industrialization and modernization. Some case studies have revealed that major problems of the informal sectors are lack of access to institutional credit, low level of education, technology and the resultant poverty (Joshi, 1995). Therefore any program for poverty alleviation and human development will have to pay adequate attention to the special problems of the informal sectors. It is time for the Government of India to announce a comprehensive National Policy for the urban informal sectors in which the bulk of the rural

migrants are parking themselves. In years to come to equip the rural migrants for better employment opportunities, both the Central and the State Governments may have to initiate skill development programs which can pave the way for human development at the level of individual households (Kumaraswamy, 2014; Siva, 2014).

2. In the Relative Significance of Market Based and the State Initiated Reforms

In recent years the market-oriented reforms have characterized the whole world economy and consequently there has been a fresh controversy regarding the impact of these reforms on poverty. While three developing countries like Argentina and to some extent, China have succeeded in reducing poverty by introducing market oriented reforms, the conditions in Mexico, Brazil and Philippines show that such reforms can spell disaster and misery. In one of his recent articles covering China, Korea, Indonesia, Malaysia and India, Hanumanth Rao eloquently brings out the impact of economic reforms on agricultural growth and rural poverty. He says the experiences of East and South East countries are of special relevance to India. The experience of these countries show that impact of development on rural poverty reduction has been the greatest in situations where land reforms have been implemented effectively and a high priority has been accorded to infrastructure development within a liberalized economic policy framework. In anything, the experiences of the countries mentioned above hold a lesson for India that public investment needs to be stepped up significantly for human resource development and for expanding physical infrastructure in the less developed areas. In other words, the unwanted side effects of the market oriented reforms can be overcome only if there are state initiated reforms and programs for poverty alleviation. It would be wise to remember the warning of the Human Development Report of 1993 that "markets should serve the people than people serving the markets".

3. Linking MGNREGS to Agricultural Development

A major criticism against MGNREGS is that it has

just resulted in public spending without asset creation or infrastructure necessary for agricultural development. Here the achievement of Maharashtra is worth mentioning. During the 1990s the Government of Maharashtra succeeded in bringing an additional 10 lakh hectares area under fruit crops by redirecting and linking the horticulture development program there to the State's own employment guarantee scheme (Editorial, 2014). This helped Maharashtra to become India's No. 2 fruit producer in addition to creating nearly 23 crore man days of employment. The Union Finance Minister, Arun Jaitley in his budget speech (10th July 2014) has rightly proposed that wage employment under MGNREGA would be henceforth through work that is more productive, asset creating and substantially linked to agriculture and allied sectors. The MGNREGS and State sponsored employment guarantee schemes all over the country should be geared up to facilitate agricultural development, for increasing the earnings of as much as 50 percent of the population engaged in agriculture would ensure alleviation of poverty and human development at the level of rural households.

4. Human Development Strategy, Role of the State and the Reallocation of Public Sector Resources

Rangarajan (1996) argues that the case for development strategy with an emphasis on human development rests on certain premises: (a) returns on investment from human capital are at least as high as those from other investment (b) investment in human capital often economies the use of physical capital and (c) benefits of investment in human capital are more evenly spread than from other forms.

The above premises are, in fact, the advantages of human development strategy. For realization of these advantages, the state has to play an important role not only guiding in development process but also by intervening wherever necessary so that an adequate infrastructure is developed in the future. Empirical studies covering countries such as India, Zambia, Jamaica, Pakistan, Egypt, Sri

Lanka, Tunisia, Mexico and the Philippines, it was found that if leakages and inefficiencies are minimized, public expenditure in human development can raise considerably returns from investment in human capital. The study also shows that economic growth has been very impressive in the countries which have accorded a high priority to human capital formation. There is also another finding that well designed expenditure by government on the social sector can significantly improve human development even when the economic growth is low. Thus, even when so much is being spoken about market-oriented reforms there is a strong case for human development strategy, a strong argument in favor of the increased role of the state in the implementation of this strategy and reallocation of public sector resources in favor of such a strategy.

5. Role of NGOs in Poverty Alleviation and Human Development

The Non-Governmental Organizations have grown enormously in number over last 35 years and they have been at the centre of a renewed search programs of education, health, especially among disadvantaged groups, environmental movements and also other areas like peace, democracy, human rights, gender equality and poverty as frequently admitted by the United Nations Development Program (UNDP). Though the NGOs have been appreciated as suitable agencies for promoting human development, in course of time their limitations have been exposed. There has been mismatch between objectives and activities of NGOs. There is a genuine complaint that a majority of the NGOs in India do not have a clear cut strategies with regard to building of target group organizations, withdrawal and role transformation, linkages with the government and its agencies and networks. The Commonwealth Foundation once sent out exhaustive guidelines of good policy and practice on the part of NGOs. These guidelines were reproduced by Voluntary Action Network of India (VANI). These guidelines were helpful in sending the message that adequacy of the NGOs could not

be taken for granted. In the present context of redirecting policies for poverty alleviation and human development, fresh guidelines for NGOs may have to be formulated in India. If necessary new legislations may have to be framed for regulating NGOs at the micro level also.

6. Decentralizing or Developing Power

Both poverty alleviation and human development necessitate decentralizing or devolving power to a closely interactive and face-to-face local community. This can create important incentives by placing decision making in the hands of those who have information that others lack. It may be realistic to assume that local self government institutions can still play a useful tool in preparing location specific plans for removing poverty and also for attaining human development. As Rangarajan (1996) rightly states: "An appropriate social and political framework is also an essential attribute of human development. A democratic framework with a fair degree of decentralization is necessary to make the people feel the fact that they are participating in the decision making process". Jaitley's budget has proposed a big change by mooted the idea that MGNREGS program can become a productive government intervention if dovetailed with other state schemes of rural development. The provision of Rs. 33,364 crore in his budget for 2014-15 is under the 'State Plan Schemes' head as against earlier budget in which allocations to the program were a part of the Central Plan. It means then that the present NDA Government is taking steps towards decentralizing power for helping state governments to tailor the MGNREGS to suit the local conditions. We can reasonably hope that this decentralization of power would be instrumental in removing rigidities characterizing the Scheme. It would be appropriate to review the working of the 73rd and 74th amendments to the Indian Constitution for identifying the additional measures needed to decentralize political, economic and administrative powers to reduce poverty in rural as well as urban areas.

To conclude, for poverty removal and human development absolutely needed for sustainable and inclusive economic growth, policies at the national and state levels need redirections for generating gainful employment opportunities. Decentralized approach to the formulation of plans for poverty removal and human development and also for the implementation of these plans is what is urgently needed in the country for overcoming governance and management failures associated with the present policies.

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