

Rural India Governance: Impact on Socio-economic Development

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Abstract— Poverty is a very serious issue to be dealt in developing economies like India. There are many dimensions to poverty and it includes food security, access to education and health, equality among all, employment, social inclusions and etc... Over the past few decades, the head count of people in poverty has been observed to be gradually reducing. Poverty is a primary barrier for social and economic development of a country and India is no exception to it. A country could achieve economic prosperity if only the fundamental challenges are overcome. As the major population of India lives in rural areas there is a need for special focus for the development of rural dwellers. Articulation of policies, initiatives and inclusive measures are necessary so as to increased employment opportunity, foster entrepreneurship development and facilitate rural investment amongst others to achieve rural development in India. This research article is aimed at understanding the present status of poverty, the impact on rural India and discussed the initiatives taken by the government with regard to alleviating poverty and to strengthen the so called ‘poor villagers’ through reformatory measures.

Index Terms— Poverty, Poverty alleviation, Rural development, Socio-economic development

I. INTRODUCTION

Government plays a crucial role in an economy’s development as it takes public interest into account. The term ‘Responsible’ is prefixed to the word ‘Governance’ as the duty of the government does not end in just drafting the budget and allocating resources for different fields, but also in monitoring persistently whether the funds have reached those fields and good results are to be seen so that the policies could be modified and are implemented. Poverty rate in India reduced to a great extent in the 1980s and 1990s with the introduction of The New Industrial policy coupled with other rural oriented programs.

During earlier times, the existence of Laissez-faire economy was quite popular where the private individuals discrete their own decisions even in times of an economic issue as there was no interference by a central body. This was the case with capitalist economies too where there was no limitation to private property. But when the Great Depression hit these capitalist economies, they were severely affected and mere monetary policies weren’t enough to correct the disequilibrium. Hence, J.M. Keynes suggested the use of fiscal tools like government intervention to deal such a situation and it proved to be successful in reviving the economy from a shortage evil. Since then, even in capitalist

economies, government intervenes when the economy confronts serious issues. Poverty is one such evil which can be addressed by ‘Responsible Governance’ effectively. Hence, it is evident from the above two incidents that government interference in a responsible manner can circumscribe the extent of poverty.

II. POVERTY – THE DEADLIEST EVIL

Poverty hits everyone hard whoever is trapped in it. Poverty is caused by population explosion, educated unemployment, underutilization of resources especially, manpower. The poor are deprived of healthy food, proper education, shelter, health and lack social and financial inclusions. Where the poor is neglected, it leads to slowdown in economic and social prosperity of the country. This impacts the poor personally causing mental distress and may provoke anti-social thoughts or acts. It is evident that inequality is the immediate result of poverty and the two main contradicting principles, equality and justice, are not being met. This can hamper the wellbeing of an economy. The rate of poverty in India since independence is shown in table 1.

Table 1: India Poverty Rate (1977-2020)

Year	Earning Under US \$5.50 Per Day	Change
2011	86.80%	-3.80%
2009	90.60%	-1.90%
2004	92.50%	-2.80%
1993	95.30%	-0.20%
1987	95.50%	-0.90%
1983	96.40%	-0.60%
1977	97.00%	-0.60%

Source: www.macrotrends.net

Since the 2000s, India has made remarkable progress in reducing absolute poverty. Between FY2011/12 and 2015, poverty declined from 21.6 to an estimated 13.4 percent at the international poverty line (2011 PPP \$1.90 per person per day). Despite this success, poverty remains widespread in India. In 2015, with the latest estimates, 176 million Indians were living in extreme poverty. In this context, the outbreak of COVID19 pandemic is believed to have increased poverty in the country.

During April 2020, UN reported that nearly half the Indian population is employed in the informal sector and there’s a risk of diving deep into poverty due to lockdown announced by the government. Having around 40 crores people unemployed and suffering from poverty, is not a good sign of development of an economy and could hamper it. Since the

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business classes are also facing this disaster, if not adaptable, they are as well trapped in poverty. The layoff of small business organizations has aggravated the unemployment scenario. During September 2020, Business Today published the report of Budget 2020 - Niti Aayog with regard to the Social Development Goals (SDGs), which says that more Indians have fallen into poverty, hunger and income inequality in the past two years. This is after a remarkable reduction in poverty between 2005-06 and 2015-16.

III. INDIA'S EFFORTS IN LIFTING THE POOR

Indian Government took various measures to control poverty. It introduced certain land reforms like the abolition of Zamindari system, ceilings on land holdings, redistribution of land among poor peasants and farmers, encouragement of small scale industries, implementing family planning programs, passing of the Monopolies and Restrictive Trade Practices Act (MRTP) in 1969, creation of assets for the rural people in the form of bullocks, dairy, tools for cottage industries and handicrafts for community benefit, opening of branches in rural areas by the banks.

All these initiatives helped in creating more self-employment opportunities, generating employment, controlling population, protecting the rural poor from the ruthless money lenders and the rich like Zamindars, promoting justice and curbing corruption in terms of land holdings to a certain extent, improvement of productivity, raising the general living standards of the poor, somewhat controlling the growth of large business houses, providing the basic necessities to the rural poor, employing the landless laborers, upgrading skills, productivity and earnings of the rural artisans, providing credit to small farmers at low rates of interest.

To look into the negative part of it, we see that most of the employment generating schemes, especially with regard to the policies formulated for employing the unskilled laborers, have no relevance to the return on investment and hence, it leads to perpetual poverty rather than removing it. This is because if laborers are skilled, they can find alternative employment opportunities, whereas unskilled laborers confine themselves to four corners. Also, allocation of funds and determination of targets were done without considering the size of the population leading to wrong identification of families and certain measures were blind about the existence of secondary poverty.

IV. REFORMS AND DISCUSSIONS

It is for sure that, the initiatives taken by the government of India to alleviate poverty has significant and beneficial. But then, for every such initiative there is scope for further improvement, which could be realized after such initiatives are implemented in the economy. This section includes some of the important initiatives taken by the government and identifies scope for articulation of such reforms to make them more effective and useful.

Minimum Needs Program (MNP): It provides basic necessities and improves the living standards of the underprivileged and under reserved people in areas which deserve the most. The program comprises of various

components where all of its components should be launched as a package with inter-sectorial coordination. One such component is rural health where it has set up peripheral health centres, sub-centres and a community health centre to enhance rural health. The researcher's suggestion is that in addition to this, all the medicos from government medical colleges could be sent to nearby villages and backward areas to do their internship and training programs in the form of camps so that rural health is ensured and free medical consultation is also provided.

Marginal Farmers and Agricultural Labourers Scheme (Mfal): These assist small and marginal farmers i.e. farmers having less than two hectares of land, with subsidized irrigation support, soil conservation, improved agricultural implements, ensuring that they get access to loans and quality seeds, storage and marketing in order to make them economically self-sufficient. The researcher suggests that, if quality seeds could be rationed through the Public Distribution System (PDS) by the government itself rather than ensuring that the farmers get access to those, robust productivity and increased savings by the farmers are ensured. Insisting farmers about the use of vegetable wastes as manure rather than the use of chemical fertilizers, the importance of drip irrigation, dual and multiple cropping patterns can ensure sustainable and efficient use of resources on one hand and increased qualitative productivity on the other hand.

Training of Rural Youth for Self Employment (TRYSEM): This scheme focuses on training rural youth and provides them with technical, physical and human skills so that they earn sustainable income and their local needs are met. The poorest families, especially women are eligible to benefit from this scheme.. There's no return on investment made in this unless the beneficiaries employ the skills acquired through training. Hence, the researcher suggests that subsidized employment could be included in this scheme which targets the poor households having only two children so that such households will become conscious trying to have only two children to benefit from this scheme. In this way, the population can also be controlled. It should be concentrated in areas where the poor population is skewed negative.

Swarnjayanti Gram Swarozgar Yojna (SGSY): It is a holistic scheme covering various aspects of self-employment. Two such aspects are providing subsidies and formation of the poor into Self Help Groups (SHGs). The researchers insist that, SHGs shall contain 10 to 20 people and include only one member per family, and such members with a household earning of less than Rs.150 per day could be entitled to benefit from this scheme. Also, subsidized loans could be provided to these SHGs encouraging them to use it for the construction of warehouses to store the surplus produce, yet to be transported and constructing drip irrigation in areas facing water scarcity. These SHGs should also be educated about financial inclusions. By analyzing the supply of labor force, their marginal productivities and current inflation rate, minimum pay to the laborers has to be increased in such a way that it raises both employment and incomes simultaneously.

Prime Minister's Employment Generation Program (PMEGP): It focuses on creating employment opportunities through micro-enterprises by providing the entrepreneurs with loans and other credits. The entrepreneurs should be

above 18 years of age and should have passed class eight The researcher suggests that in addition to this, they could be provided with tax incentives, subsidizing transportation costs, giving lands on a lower rent or selling them at a price equal to the market price, if the firms are environmentally conscious installing pollutant free devices. These incentives should also be provided to the agro-tech and handicrafts startups that use technologies like machine learning, artificial intelligence and etc. set up in backward areas. These additional incentives will definitely outweigh the disadvantages of setting up a business unit in a backward area. This would induce entrepreneurs to set up their businesses in backward areas as well.

Kisan Credit Card Loan Scheme (KCC): It was launched to provide loans to farmers at low rates of interest as low as 2%. Farmers of the age between 18 and 75 can avail benefits from this scheme. The researcher suggests that, in addition to agriculture, business loans could also be provided to farmers to commercialize their own agricultural produce i.e. capturing new markets in the commercial areas and transporting the produce on their own. This would help farmers in becoming self-reliant as they do not have to depend on intermediaries to sell their produce. Instead, they can employ such intermediaries and control them.

Sec 69A of the Information Technology Act 2000: It gives the Central Government the power to block public access to any information online, let it be on websites or on mobile apps. Recently, the Government of India banned 59 Chinese mobile applications to counter the threat posed by these to India's sovereignty and security. MPL is one such dangerous app that makes people to earn money by just playing online games sitting idle. It reduces the productivity of labor force. Already Indian labor lacks productivity. With the introduction of such harmful apps, it will further reduce it though it yields an income to them. Instead of advertising these apps in media, the researcher suggests that the government should ban these apps too and advertise the free certification courses and internship programs offered by the government through the 'My Government' platform, which shall create a positive impact on education, employment, productivity, poverty eradication and achieving higher HDI.

National Informatics Centre (NIC): It comes under the Ministry of Electronics and IT and it provides infrastructure to help support the delivery of government IT services and some of the initiatives of Digital India. The researcher suggests that NIC can also come up with software applications that could connect farmers, small business entrepreneurs and consumers directly, thus eliminating middlemen. This is a Community Supported Agriculture (CSA) scheme and consumers would be satisfied as they get fresh produce directly from producers. The farmers would also be satisfied as they would get a reasonably fair price for their produce.

V. CONCLUSION

Since independence, around 270 million people in India have been lifted out of poverty. The efforts taken by the Government of India have always been and will continue to be for the wellbeing of its people and alleviating poverty is a very important social development goal. The policies formulated

by the government and funds allocated are signs of development, and is widely appreciated. The duty of any government does not end in formulating policies and allocating funds alone. It is the responsibility of the government mechanism to ensure the effective implementation of the policies and supervise the appropriate use of funds allocated for developmental purposes.

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