



Government measures aimed at creation of employment opportunities during the planning era

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Abstract

The central objective of economic planning in India was to initiate a process of development which would raise living standards and create new opportunities for a richer and more varied life. In the earlier years of planning in India, maximization of employment opportunities was not considered to be an important objective in itself. Employment generation was looked upon as byproduct of the economic growth. It was clearly stated in the First Five Year Plan that full employment was not an end in itself and should be regarded as a corollary of development rather than a direct objective.

The Five Year Plans adopted employment generation as an important goal of economic planning. But since employment was until recently treated as a derivative of growth, the plan strategy did not make much dent on the unemployment problem. Apart from promoting the infra-structure for improving productivity and social development in rural areas, a strategy to reach the poorer sanctions of society through programmes of asset building, income generation and wage employment has been evolved over successive plan periods.

Keywords: employment, employment generation, planning, poverty and unemployment

1. Introduction

The central objective of economic planning in India was to initiate a process of development which would raise living standards and create new opportunities for a richer and more varied life. In the earlier years of planning in India, maximization of employment opportunities was not considered to be an important objective in itself. Employment generation was looked upon as byproduct of the economic growth. It was clearly stated in the First Five Year Plan that full employment was not an end in itself and should be regarded as a corollary of development rather than a direct objective.

Foremost consideration was given in the First Plan to the rural sector for tackling the problem of unemployment, mainly because of the magnitude and seriousness of its problem. Expansion in rural employment opportunities, was held, would also relieve the pressure on urban employment. The Community Development Programme (CDP), launched in 1952, addressed itself more to decentralization of development efforts. Besides adding a development dimension to administration, whose focal point was the C.D. Block, the programme had succeeded, to some extent, in creating a viable infra-structure in the rural areas including the extension machinery. The Second Plan strategy for mitigating unemployment suffered from inherent contradictions. In its employment chapter, it strongly advocated the adoption of labour-intensive techniques of production it talked of creating a 'milieu' for the small man. Even in the Second Five Year Plan, which placed relatively more emphasis on the creation of gainful employment opportunities, it was recognized that the problem of unemployment, especially in an underdeveloped country like ours, could be solved after a

period of intensive development. The same view-point of treating employment as by-product of development persisted among the planning elite in the country even during the Third Five Year Plan period when the problem of unemployment had become acute. The Third Plan target of million employment opportunities included estimates of 3.5 million employment opportunities in agriculture on the basis of physical targets of additional area brought under irrigation, soil conservation, land reclamation and schemes of a similar nature. On the assumption that employment opportunities in agriculture during 1966-71, would be of the order of about 4.5 million, an employment potential of 20 to 21 millions was envisaged during the third plan period.

The Five Year Plans adopted employment generation as an important goal of economic planning. But since employment was until recently treated as a derivative of growth, the plan strategy did not make much dent on the unemployment problem. Since the launching of the Fifth Plan, a direct attack had been made on unemployment as was done in the case of poverty. As a result, a number of specific wage and self-employment generating schemes have been formulated and implemented.

Apart from promoting the infra-structure for improving productivity and social development in rural areas, a strategy to reach the poorer sanctions of society through programmes of asset building, income generation and wage employment has been evolved over successive plan periods. This process culminated in a frontal attack on poverty with a high level of investment during the Eighth Plan. The strategy of poverty alleviation has centred around a package of programmes under three major streams, viz.

a. Self-employment

- b. Wage employment and
- c. Area development

The Sixth Plan laid emphasis on strengthening the socio-economic infra structure in rural areas under IRDP, aiming at reduction of disparities. The Seventh Plan emphasized creating new employment opportunities, special programmes for income generation, participation of people at the grass-root level. The Eighth Plan laid emphasis on building up of rural infra-structure. Priority for rural roads with the focus on tribal, hill and desert areas, minor irrigation, soil conservation, social forestry and participation of people in rural development programme.

A new welfare package to the poorer section of the society to bring them into the mainstream of national life was announced by the Centre in 1995. Launched on Independence Day, 1995, the package has become a new strategy for rural development. The component of the package, the National Social Assistance Scheme (NSAS) will provide old age pension, survivor benefits, million house scheme, pre and post natal assistance for mothers and a premium subsidy for Group Life Insurance-all targeted at families below the poverty line. The second component of the package, the 'midday meal scheme' would be extended throughout the country for school children. Priority to agriculture and rural development with a view to generating adequate productive employment and eradication of poverty is one of the objectives of the Ninth Five Year Plan.

According to the Tenth Plan although growth has strong direct poverty-reducing effects, the frictions and rigidities in the India economy can make these processes, less effective accordantly, it is necessary to explicitly address the need to ensure equity and social justice. The plan proposed that three pronged strategy for attaining equity and social justice along with high rate of growth.

The Eleventh Plan emphasizes rapid growth of the economy as this is an essential requirement for poverty reduction and an expansion in economic opportunities for all sections of the population.

To alleviate poverty and generate employment to the rural people, the Government launched a good number of anti-poverty programmes. A brief review of the rural employment generation programmes implemented so far has been made in the following pages:

1. All poverty alleviation Programmes are broadly of two types

- 1) Wage-employment programmes.
- 2) Self-employment programmes.

1.1.1 Wage-employment programmes

Wage-employment programmes have become important instruments for alleviating poverty and smoothening consumption during critical periods, including drought and flood situations. They have been perceived to be both protective through income transfer and promotional through infrastructure development in the form of safety nets. The Rural Works Programme (RWP) was the first major Government intervention aimed at providing employment to the unemployed particularly in the lean season. It was

introduced in 1971. However, due to its limited scope and its various organizational and administrative deficiencies it did not make any significant progress in the problem of unemployment.

A series of special employment programmes followed the RWP. The major programmes of the series were as follows:

1.1.2 Food for work programme

Food for Work Programme was conceived as a National Programme in January 1977 which intended to use excess of food grains available with the Government as part of payment for employment offered to persons below the poverty-line in rural areas.

As the food stocks were comfortable (15.4 million tonnes) the Government of India launched this programme as a non-plan scheme with the objectives of:

- a) Generation of additional gainful employment in the rural areas so as to improve incomes and the consequent nutritional levels,
- b) Creation of durable assets and strengthening of the rural infrastructure,
- c) Utilization of the surplus food grains for Human Resource Development (HRD).

The programme was very popular and generated total employment of 979.32 million mandays during 1977-78 to 1979-80 and created wide variety of assets. This programme was helpful, when the country faced severe drought during 1979-80. Never the less, the impact of this programme as indicated by Planning Evaluation Organization (PEO) was not very positive and it suffered from certain deficiencies and weaknesses. These include delays in measurement of earth works, creation of non-durable nature of assets, irregular supply of food grains as, wages, inadequate technical supervision of workers, continuation of the programme on a year to year basis, lack of attempt on the part of the state governments to prepare projects or to mark adequate financial provision for financing the material component of works leading to taking up of "Katcha" roads which were non-durable.

1.1.3 National Rural Employment Programme (NREP)

NREP was launched in October 1980. Until March 1981, the FFW/NREP was fully financed by the Government of India. From April 1st 1981 the NREP was shared in 50:50 basis between Government of India and the States. During the sixth five-year plan the outlay of Rs. 1,620 crores was made to provide 300 to 400 million mandays of rural employment.

The objectives specified are

- a) Generation of additional gainful employment for the unemployed and the under-employed persons in rural areas.
- b) Creation of durable community assets which will lead to the rapid growth of rural economy and steady increase in rural incomes,
- c) Improvement in nutritional status and living standards of the rural poor.

From 1985-96 the programme objectives were modified to

work for creation of product's assets rather than durable assets.

During the entire period of its operation about Rs.4,774 crores of cash funds and 56 lakh million tonnes of food grains were utilized under the NREP which resulted in the generation of 3253 million mandays of employment to the rural poor. While the cash and food grain resources were underutilized, the cost per manday generation rose from Rs.5 45 in 1980-81 to Rs.22.83 in 1988-89 while the food grains for person declined from 3.23 kgs to 2.39 kgs programme, the employment targets were exceeded under the programme during this period.

Table 1.1: Physical and financial progress of nrep

Period	Expenditure (Rs. In crores)	Employment generated (Million man days)
1984-85	1834.25	1775.18
1985-86	531.95	316.41
1986-87	717.77	395.39
1987-88	788.31	370.77
1988-89	901.84	394.96
Total	2939.86	1744.53

Source: Annual Reports 1985-86, 1987-88, 1988-89, Ministry of Rural Development, Government of India, p.12

Note: Resources utilized including value of food grains

1.1.4 Rural Landless Employment Guarantee Scheme (RLEGP)

RLEGP was launched on August 15, 1983 to tackle rural poverty by providing employment opportunities for the landless during the lean agricultural period. It was a centrally sponsored programme and was entirely funded by the Government of India. The objectives of RLEGP include:

- To provide guarantee of employment to at least one member of every landless household upto 100 days in a year;
- Projects of RLEGP could be taken up for execution only after the central committee sanctions the projects;

Table 1.3: Plan outlay and physical performance of JRY From 1991-92 to 1998-99 Physical Performance (Million Mandays of Employment Generated)

Year	Plan outlay (Rs. in crore)	Target	Achievement	%	Cost per Mandays (Rs.)
1991-92	2100	735.00	808.00	109.90	26.00
1992-93	N.A	753.80	782.10	103.80	-
1993-94	3306	1038.30	1025.80	98.80	32.20
1994-95	3535	986.50	951.70	96.50	37.10
1995-96	2955	848.00	895.80	105.60	33.00
1996-97	1655	414.10	400.60	96.70	41.30
1997-98	1953	386.70	395.80	102.40	49.30
1998-99	2095	396.70	375.20	94.60	55.80

Source: Economic survey, various issues.

The above Table shows that central plan outlay allocated to JRY increased from Rs. 2100 crores in 1991-92 to Rs. 3535 crores in 1994-95 and then started decreasing and dropped to Rs. 1655 crores in 1996-97. Subsequently, plan outlay improved to Rs. 1953 crores in 1997-98 and further to Rs. 2095 crores in 1998-99 but was still lower than plan outlay at the beginning of the reforms. If we take into account rise in prices during second half of 1990s, then we find substantial decrease in plan outlay in real terms. This has been partly due

- 50 per cent of the allocations of each project could be utilized on wage component under the RLEGP;
- To create productive and durable assets for direct and continuing benefits to the poverty groups and improvement in the overall quality of life in the rural areas.

Table 1.2: Employment generation under rlegp

Period	Expenditure (Rs. In crores)	Employment generated (Million man days)
1984-85	360.00	262.81
1985-86	205.73	247.58
1986-87	236.45	306.14
1987-88	268.42	302.72
1988-89	260.42	296.56
Total	971.02	1153.00

Source: Annual Reports 1985-86, 1987-88, 1988-89, Ministry of Rural Development, Government of India, p.13

The performance details of RLEGP were shown in Table 1.2. A sum of Rs. 2793.5 crore was spent under RLEGP and about 1415.81 million man-days of work cremated. The cost for generating the mandays of employment has increased from around Rs. 12/- in 1983-84 to Rs.23 in 1988-89.

1.1.5 Jawahar Rozgar Yojana (JRY)

It was started in April 1 1989 as a wage-employment programme. All existing wage-employment programmes like NREP and RLEGP were merged with JRY. The programme had specially targeted to help rural people below poverty line and implemented through panchayatiraj institutions. Basic objective of the programme was to create wage-employment opportunities for the rural poor people by undertaking construction of durable community assets and rural infrastructure. The below Table shows plan outlay and physical performance of JRY, it merged with JGSY in April 1999.

to government's policy to control fiscal deficit.

Similarly, the targets and achievements of JRY in terms of mandays of employment generated also show major deterioration from 1994-95. Total employment generated under JRY, which in the initial reforms period increased from 808 million mandays in 1991-92 to the peak level of 1025.8 million mandays 1993-94, declined sharply to 375.2 million mandays in 1998-99. In quantitative terms, this performance of JRY was even poorer than NREP and RLEGP together in

the 1980s. Thus, in the second half of 1990s the JRY has failed to generate sufficient wage-employment opportunities to help rural poor people which must have increased the hardships of rural BPL people.

1.1.6 Jawahar Gram Samridhi Yojana (JGSY)

This programme was introduced in April 1999 in place of JAY as a centrally sponsored scheme on 75:25 basis. All works that can result in creation of durable productive community assets are taken up under this programme. JGSY was merged with SGRY from April 1st, 2002. During three years period of this programme i.e. 1999-2000 to 2001-02, a total of 791.01 million mandays of employment were generated giving an average of 263.7 million mandays per annum, which is significantly lower than 878 and 511.4 million mandays of annual average employment generated under JRY from 1991-92 to 1994-95 and from 1995-96 to 1998-99, respectively. Thus wage-employment Opportunities

for the rural poor have drastically come down in the second half of 1990s and early 21 century. It is important to note that in the post-reform period since 1994-95, average wage-employment opportunities created through different poverty alleviation programmes have continuously declined, aggravating problems of poverty and unemployment rural areas.

1.1.7 Employment Assurance Scheme (EAS)

EAS was started on October 2nd, 1993 in 1778 identified backward blocks located in drought prone, desert and tribal areas. In 1997-98, it was extended to all blocks of the country. This programme aimed at providing assured employment of 100 days of unskilled manual work to the rural poor, in the age group of 18-60 years, who were in need of job and sought it. A maximum of two adults per family could get employment under the scheme. The below Table shows the financial and physical performance of EAS from 1993-94 to 2001-02.

Table 1.4: Financial and physical performance of EAS

Year	Total allocation (Crores)	Total utilization (Crores)	% Utilization	Mandays of employment generated (in million)	Cost per manday (Rs.)
1993-94	549	184.00	33.50	49.47	37.10
1994-95	1,775	1236.00	69.60	273.96	45.10
1995-96	2,672	1,721.00	64.60	346.52	49.70
1996-97	3,383	2,160.00	63.80	403.00	53.60
1997-98	3,426	2,308.00	67.40	381.68	60.50
1998-99	3,385	2,882.00	85.80	427.94	67.40
1999-00	2,230	2,183.00	75.00	278.62	78.30
2000-01	248	1861.00	82.80	218.39	85.20
2001-02	2890	2021.00	69.90	260.55	77.60

Source: Complied from ministry of rural development, annual report various issues.

The above Table shows that funds allocated to EAS increased from Rs. 549 crores in 1993-94 to Rs. 3426 crores in 1997-98, but thereafter it declined continuously to Rs. 2230 crores in 1999-2000, despite coverage being expanded to all blocks since 1997-98. However funds allocation marginally increased to Rs. 2248 crores in 200-01 and further to Rs. 2890 crores in 2001- 02. Despite this increase, like JRY, in real terms funds allocation has actually declined, having adverse effects on employment generation. Fund utilization has ranged 69.6 per cent to 85.8 per cent. Cost per manday of employment generated under this scheme increased sharply from Rs. 37.1 in 1993-94 to Rs. 85.2 in 2000-01 and then declined marginally to Rs. 77.6 in 2001-02. This is a cause of concern. No doubt, part of the rise in cost has taken place due to increase in the minimum wages and material cost, but partly also because of increase in drawbacks of the system and rampant corruption. The average employment generated per person was 41.3 days in a year against the target of 100 days. This clearly shows that implementation of the scheme did not take place at the desired pace resulting in unsatisfactory performance. The scheme would have been more enduring to enable beneficiaries to cross the poverty line if the target of

100 days of employment per year would have been achieved.

1.1.8 Sampoorna Grameen Rozgar Yojana (SGRY)

It is a wage-employment programme started in September 2001. Existing wage-employment programmes JGSY and EAS were merged with SGRY from 1st April 2002. The primary objective of the programme is to provide wage-employment opportunities in rural areas and thereby provide food security and improve nutritional levels. Secondary objective is creation of durable community, social and economic assets and infrastructure development in rural areas. A special component of SGRY provides food grains to calamity stricken states for undertaking relief activities, Thirty percent of employment is reserved for women. Under the scheme, about 1000 million mandays of employment is envisaged to be Created every year. Programme is implemented through Panchayathi Raj Institutions. Wages are paid partly in cash and partly in food grains. Food grains are provided to the states/ union territories free of cost. The Table provides financial and physical performance of SGRY during 2002-03 and 2003-04.

Table 1.5: Financial and physical performance under SGRY

Year	Total available funds	Total expenditure funds	% Exp. To available (Crore)	Mandays Generated (Lakh tones)	Food grains released
2002-03	6246.20	4990.89	79.90	7483	45.26
2003-04	6952.81	5886.98	86.41	87.36	49.97

Source: Mid-Term Appraisal of 10h Five Year Plan 2002-07.

The above Table shows that total funds available for SGRY increased from Rs. 6246.20 crores in 2002-03 to Rs. 6952.81 crores in 2003-04. Utilization of funds also increased from 79.9 percent in 2002-03 to 86.4 percent in 2003-04 resulting in an increase in employment generated from 748.3 million mandays to 873.6 million mandays over the same period. A noteworthy feature of this programme is that cost per mandays of employment generated under SGRY, which was Rs. 66.70 in 2002-03 and Rs. 67.40 in 2003-04, is lower than EAS. This reflects that this new programme has made a good beginning which should be sustained.

The concurrent evaluation of SGRY undertaken by the Planning Commission shows that 77.6 percent of the works which were taken up were completed during the year itself. Some studies point out that activities were taken up in an adhoc manner and not selected as part of long-term plan for development of the region. In 'some cases, contactors were involved and the use of machinery was also reported though guidelines prohibit this.

The average number of days of employment generated through this programme is 30.52 which is very low. It should be improved to at least 50 days in 2-3 years and then to 100 days in 7-8 years. Despite 30 percentage jobs being reserved for women, actually only 12 percent women got employment in two years under SGRY. This shows gender bias in implementation of the programme.

Micro level evaluation studies reveal that in many cases wage payments were less than the minimum wages. Food grains were not paid as part of wages.

Non-availability of food grains at godowns of the FCI, inadequate number of godowns, high transport costs, cumbersome processes and black marketing were the factors behind non-distribution of food grains in majority of the cases. (Mid-term Appraisal of 10th Five Year Plan 2002-07).

However, studies also highlight the positive aspects of the programme. Major strength of the programme is its self-targeting nature. Most of the beneficiaries belonged to the BPL group, who did not have any other opportunity for employment. Programme did succeed in creating some community assets in rural areas.

1.1.9 National Food for Work Programme (NFFWP)

It was launched in November 2004 as a centrally sponsored scheme in 150 most backward districts to generate additional supplementary wage-employment with food security. States receive food grains free of cost under this programme. Focus of the programme is on works relating to water conservation, drought proofing, (including afforestation/free plantation), land development, flood control and protection including drainage in waterlogged areas, and rural connectivity. In 2004-05, allocation of Rs. 2020 crores, and 20 lakh tons of food grains generated 7.85 crores mandays of employment. The programme is expected to substantially improve the condition of rural poor people in increasing their income and help them to above poverty line.

1.1.10 National Rural Employment Guarantee Scheme (NREGS)

It has been launched on February 2, 2006 in 200 identified districts and will be extended to cover all the districts in the

country within five years. The objective of the scheme is to enhance the livelihood security of the people in rural areas by generating wage-employment through works that develop the infrastructure base of that area. The choice of work suggested addresses the causes of chronic poverty like drought, deforestation, and soil erosion. The programme aims at providing 100 days of guaranteed wage-employment in every financial year to every household whose adult members volunteer to do unskilled manual work. If an applicant is not provided employment within 15 days, he/she will be entitled to a daily unemployment allowance as specified by the state government. This programme is expected to help poorest section of rural people in increasing their food security.

1.2 Self-employment programmes

We now briefly discuss a few salient features of the self-employment programmes to increase the income levels by way of creating employment from their own activities with the financial assistance of different agencies.

1.2.1 Integrated Rural Development Programme (IRDP)

The IRDP is the most important programme that falls in the category of self employment programmes. It is the single largest anti-poverty programme currently underway in all the community development blocks in the country. It was launched in 1978-79 in selected blocks and extended to entire country in 1980-81, as an asset endowment programme to generate self-employment opportunities to the rural poor people in a variety of activities. This programme has been restructured into a new programme called SGSY from April 1st, 1999.

From 1990-91 to 1998-99, 20 million families were assisted under IRDP which is less than about 30 million beneficiaries during 1980s. On average 2.34 million families were assisted annually under IRDP from 1991-92 to 1999-00 which came down to 1.84 million from 1995-96 to 1998-99. Thus, there was considerable decrease in the number of beneficiaries under IRDP in the second half of 1990s. The exact amount of employment generated has not been estimated but it must have declined in absolute terms in the late 1990s. Major weaknesses of this programme were:

1. Selection of ineligible families
2. No training to majority of beneficiaries
3. No incremental income in about 25 percent cases.
4. Inadequate marketing and infrastructural facilities.

1.2.2. Development of Women and Children in Rural Areas (DWCRA)

The DWCRA programme was launched in 1982 as part of the IRDP. Its aim was to empower rural women living below the poverty line by way of organizing them to create sustainable income generating activities through self employment. It was the first programme of its kind that specifically focused on improving the quality of life of rural women. A unique feature of the DWCRA unlike the other IRDP components was that along with the improvement income, it also focused on access to health, education safe drinking water, sanitation nutrition and soon.

Thus, it not only aimed at promoting economic development but also facilitated social development. Another unique

feature of the programme was that it emphasized group activity. It shows that in the long run women's empowerment depends on creation of a movement that promoted awareness and self reliance.

An evaluation study of the DWCRA brought out that it had a direct and significant impact on employment and group activities. As high a promotion as 93 per cent of the beneficiaries reported that the DWCRA had created a desire for self employment, where as about 89 per cent of the beneficiaries felt that the DWCRA had raised their incomes. The DWCRA had a visible impact on savings, economic conditions and social prestige, but it had less impact on health. Sanitation, drinking water and children's education, which are more of community services.

1.2.3. Training of Rural Youth for Self Employment (TRYSEM)

A special scheme called TRYSEM was initiated in 1979 with the principal objective of removing unemployment among the rural youth. The TRYSEM is an integral part of the IRDP and concerned with equipping rural youth in the age group of 18-

35 years with the necessary skills that would enable them to be self-employed. Any rural youth below the poverty line is eligible for selection but preference in selection is given to Scheduled Caste (SC), Scheduled Tribe (ST) and women candidates, the TRYSEM training is sharply focused on trades whose products have high potential demand and can lead to sustainable IRDP projects.

1.2.4. Swarnjayanti Gram Swarozgar Yojana (SGSY)

IRDP and TRYSEM were restructured and a new integrated programme for self-employment for rural poor was launched on 1st April 1999 called SGSY. The objective of the programme is to bring assisted poor families above poverty line by organizing them into self-help group (SHGs), training and helping them into capacity building and provision of income generating assets through bank credit and government subsidy. Other important components of the programme are development of infrastructure, establishment of marketing linkages and providing technical support. The below Table gives financial and physical progress under SGSY since its inception in 1999-2000.

Table 1.6: Physical and financial progress under SGSY

S.No	Items	1999-2000	2000-01	2001-02	2002-03	2003-04	Total/ Average
1	Total Funds Available	1961.97	1608.18	1299.55	1178.13	1233.51	7281.34
2	Total Funds Utilized	959.86	1117.94	970.32	921.10	1084.85	5054.07
3	% Exp. To Available Funds	48.90	69.50	74.70	78.20	87.90	359.20
4	Total Credit Mobilized	1056.46	145944.00	1329.68	1184.30	1312.79	150827.23
5	Total Subsidy Disbursed	541.69	701.85	665.62	605.89	712.71	3227.76
6	Total Investment	1598.15	2161.29	1995.30	1790.18	2025.51	9570.43
7	Per Capita Investment	1711.00	21481.00	21284.00	21666.00	22685.00	88827.00
8	Credit - Subsidy Ratio	1.95	2.08	2.00	1.95	1.84	9.82
9	Total Swarozgars Assisted (in million)	0.94	1.01	0.94	0.60	0.86	4.35

Source: Annual Report 2003-04, Ministry of Rural Development, Government of India.

The above Table shows that total funds available under SGSY, which was Rs. 1961.75 crores continuously declined like wage-employment programmes to merely Rs. 1178.13 crores in 2002-03 but then improved marginally to 1178.51 crores in 2003-04. As against this, fund utilization has improved significantly from 48.9 percent in 1999-2000 to 87.9 percent in 2003-04 which reflects improvement in implementation. The average credit subsidy ratio, over this five years period, works out at 1.64 which is about half of the targeted level of 3.1 per capita investment increased from Rs. 17113 in 1999-2000 to Rs. 22685 in 2003-04 but is still below the target of Rs. 25000 and insufficient to enable the assisted persons to cross poverty line. Thus in terms of financial indicators performance of SGSY cannot be termed as satisfactory.

As for as physical performance of SGSY is concerned, in the first year of its implementation 0.94 million swarozgairis were assisted, which increased to 1.01 million but thereafter declined continuously to 0.6 million in 2002-03. However, in 2003-04 the number of assisted beneficiaries increased to 0.86 million. On an average 0.87 million swarozgaris were assisted under this programme from 1999-2000 to 2003-04, which is less than half of the average number of beneficiaries of 20.37 million per annum under erstwhile programmes of IRDP and TRYSEM from 1991-92 to 1989-99. Thus, performance of

self-employment programmes also, like wage employment programmes, have deteriorated since mid 1990s adversely affecting rural poverty and employment both.

A concurrent evaluation of SGSY in 2002-03 has shown that major beneficiaries of this programme (92.7%) were below poverty line families. However, training and marketing facilities for the swarozgaris need to be enhanced. A study by RBI on SGSY financing reveals lack of coordination between banks and sponsoring agencies, non-completion of formalities by borrowers due to illiteracy, bunching of applications and their submissions by the sponsoring agencies at the fag end of the year, lack of awareness and inadequate infrastructure (mid-term appraisal of 10th plan). In rural areas most of the bank branches are one managed branches, which lack capacity to undertake development banking functions, which are essential for the success of programmes like SGSY. Therefore need for creation of national micro finance equity fund be explored to cater to the needs of the poor, the commercial banks should contribute in building the equity fund and their contribution could be treated as priority sector credit.

The large population has its pros and cons - it provides for a large workforce. But it also adds to the country woe of myriad problems of food security, discrimination, lack of education, health and sanitation facilities and unemployment which has a devastating impact on the economy. Lack of rural employment

has been attributed to an imbalance in the social facets in rural areas. Rural migration has increased tremendously. Migration to the urban areas in search of livelihood and a better way of life also adversely affects the urban infrastructure, leading to overcrowding in the cities, housing problems and so on. It is clear that for India to make real gains in alleviating poverty a radical solution must be found.

Over the last decade-and-half India has embraced the path of reforms. Since then there have been several dramatic changes in the economic landscape. The Government of India has made rural economic development in general and rural infrastructure development in particular, a key priority. Since Independence, the government has incorporated various schemes in all of its Five Year Plans. Most of the plans have focused on agriculture, industry, (especially heavy industry), defense, unemployment, poverty removal, development of village and cottage industries, natural mobilization of resources and improving the productivity level of industries by up-gradation of technology. However, the Eighth Five Year Plan (1992-1997) has identified human development as the ultimate goal. It aimed at creating jobs, contain population, eradicate literacy, universalize elementary education and provide safe drinking water and primary health care facilities to all. Despite its progress, India has long way to go with about one half of the population still illiterate, a high gender bias, relatively low life expectancy at birth (about 61 years), high levels of undernutrition and anemia, lack of adequate safe drinking water and other basic amenities.

The Indian government has a number of schemes meant to alleviate poverty in rural areas but their success rate is very poor. A major reason for the low rate of employment generation is the decline in the employment elasticity of agricultural growth. The late Rajeev Gandhi's statement that only about 15 percent of money meant for the poor actually reaches them speaks volumes. To address the issue of unemployment various income generation schemes such as the Jawahar Rozgar Yojana (JRY), Swarnajayanti Gram Swarozgar Yojana (SGSY Swarnajayanti Gram Rozgar Yojana (SGRY) and others were formulated. Creation of durable assets infrastructure at the village level, creation of productive assets exclusively for SC/ST for sustained employment and generation of supplementary employment for the unemployed poor living below poverty line were the objectives of these schemes. But all of them failed to make a lasting impact though the Indian, Government had created labour-intensive rural work programmes and these were not based on the Right to Work providing employment to the growing millions of unemployed has to clearly thus be the foremost national priority.

Recognizing the loopholes, the National Rural Employment Guarantee Act (NREGA) was drafted and formally launched in February 2006. It promises a job to every rural Indian in each household. NREGA has great potential for income security, poverty reduction and development of the backward rural areas, which will be held in addressing issues of migration, unemployment and food security. This Act has its own pros and cons. First, aims at providing work, and not just a dole. Rural poor are guaranteed 100 days of work per household every year Secondly, the work is to be used to improve local infrastructure and thus expected to improve

productivity. Thirdly there is universal targeting to remove bureaucratic discretion, a major source of corruption, delay and leakage.

All those who are registered in a village and offer themselves for work are eligible. Only manual work is offered at the state minimum wage or 75 percent of the national minimum wage, whichever is higher. Fourthly, the legal right to work; transparency, with muster rolls of the eligible, of those given employment, of work done, to be pasted in public places; the Right to Information Act (October 13, 2005), that makes it mandatory for officials to give information to citizens on request, are all expected to encourage citizen action to ensure delivery. Fifthly, not contractors are to be used since they have been a major source of corruption and kickbacks in public works, instead the local panchayats are responsible for identifying the works and implementing the scheme. It is easier to make lower levels of government accountable to citizens.

But the main problems that rural India's infrastructure is crumbling and the poor continue to suffer from chronic and especially seasonal unemployment. Re-vitalization of local self-government and effective delivering together. Ensuring this and using funds to create good quality assets will be the major challenge. The scheme, if works, can both create infrastructure and alleviate severe poverty.

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