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Poverty Alleviation and Employment Generation in India

**For RBI Gr. B Economic
& Social Issues (ESI)
Preparation**



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For Economic & Social Issues (ESI) Preparation

Topic Covered: Poverty Alleviation and Employment Generation in India

Poverty Alleviation

Poverty alleviation refers to the set of measures and government interventions both, economic & humanitarian to lift people out of the vicious circle of poverty.

- It is the prerogative of the government of a country to ensure the well-being of its citizens by providing them opportunities to emerge out of poverty.
- This can be done by fostering economic growth, which, in turn, will generate employment; thereby reducing poverty.
- Hence, a country needs to have a comprehensive poverty-reduction strategy.
- In India, governments since Independence, have been trying to implement schemes and strategies for employment generation and poverty reduction.

Defining Poverty

Poverty is a condition wherein an individual lacks the financial resources & essential conditions for meeting the minimum standard of living. It refers to the condition wherein the economic condition of a person is so low that even the most basic needs are not met.

Different Types of Poverty

The two major types of poverty are Absolute Poverty and Relative Poverty. Let us discuss each of them briefly:

I. Absolute Poverty

Absolute poverty refers to the condition wherein an individual is bereft of even the basic necessities, including food, shelter, and clothing to meet the basic living standards.

II. Relative Poverty

Relative poverty is the condition in which people lack the minimum amount of income needed to maintain the average standard of living in their respective societies. Hence, it is a measure of income inequality within a country.

Governmental Initiatives for Poverty Alleviation & Employment Generation in India

Considering the importance of poverty alleviation, to foster economic growth in a country, the government of India has, since independence, taken various measures in the form of initiatives and schemes to alleviate poverty and to generate employment.

Poverty Alleviation Programmes aims to reduce the rate of poverty in the country by providing proper access to food, monetary help, and basic essentials to the households and families belonging below the poverty line.

According to the World Bank, Poverty is a pronounced deprivation in well-being and comprises many dimensions.

- It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity.
- Poverty also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one's life.

As per the **Planning Commission of India**, the level of poverty in a country can be estimated based on the consumer expenditure surveys that are conducted by the **National Sample Survey Office (NSSO)** under the **Ministry of Statistics and Programme Implementation**.

Some of these initiatives are given below:

- Integrated Rural Development Programme (IRDP)
- Jawahar Rozgar Yojana/Jawahar Gram Samridhi Yojana
- Rural Housing – Indira Awaas Yojana
- Food for Work Programme
- National Old Age Pension Scheme (NOAPS)
- Annapurna Scheme
- Sampoorna Gramin Rozgar Yojana (SGRY)
- Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005
- National Rural Livelihood Mission: Aajeevika (2011)
- National Urban Livelihood Mission
- Pradhan Mantri Kaushal Vikas Yojana
- Pradhan Mantri Jan Dhan Yojana

Government Initiatives for Employment Generation in India

The initiatives undertaken by the government of India since independence for employment generation are:

- Nehru Rozgar Yojana
- National Food for Work Programme
- Training of Rural Youth for Self-employment
- National Rural Employment Programme
- Rural Landless Employment Guarantee Programme
- Jawahar Rozgar Yojana
- Rural Employment Generation Programme
- Prime Minister's Rozgar Yojana for Educated Unemployed Youth
- Swarna Jayanti Shahari Rozgar Yojana
- Swarnjayanti Gram Swarozgar Yojana
- Sampoorna Grameen Rozgar Yojana
- National Rural Employment Guarantee Scheme
- Employment Assurance Scheme
- Deen Dayal Upadhyaya Grameen Kaushalya Yojana
- Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY-NULM)

What is Below Poverty Line (BPL)?

- Below Poverty Line (BPL) can be defined as an economic benchmark used in the identification of economically weaker people and households.
- BPL is set by the Government of India based on a threshold income.
- The households or individuals having an income below this threshold value are considered to be under the below poverty line.

Measuring BPL in India

- The poverty line solely depends on the per capita income in India rather than the level of prices.

- The poverty line is the minimum income required to purchase the basic goods and services that are essential to satisfy the basic human needs.
- The proportion of the population that is below this poverty line is called the poverty ratio or headcount ratio.
- Similar approaches are followed by most countries and international institutions for determining BPL.

In India, the first official rural and urban poverty lines at the national level were introduced in **1979** by **Y. K. Alagh Committee**.

Poverty Alleviation in India- Five Year Plans

As per the 2011-2012 estimation by the Planning Commission of India, 25.7 % of the rural population was under the below-poverty line and for the urban areas, it was 13.7 %.

The rate of poverty in the rural areas is comparatively higher than that in the urban areas due to the lack of proper infrastructure, insufficient food supply, and poor employment system.

Eleven Five Year Plans were launched to eradicate poverty from India. The list of these Five-Year Plans that started in the year 1951 is given below:

- I. **First Five-Year Plan (1951- 1956):** The plan focused mainly on agriculture and irrigation and aimed at achieving an all-around balanced development.
- II. **Second Five-Year Plan (1956-1961):** It focused on the growth of basic and heavy industries, expansion in employment opportunities, and an increase of 25 per cent in the national income.
- III. **Third Five-Year Plan (1961-1966):** The Chinese aggression (1962), Indo-Pak war (1965), and the severest drought led to the complete failure of the third five-year plan. It was replaced by three annual plans that continued from 1966 to 1969.
- IV. **Fourth Five-Year Plan (1966-1974):** It aimed at increasing national income by 5.5 per cent, creating economic stability, reducing inequalities in income distribution, and achieving social justice with equality.
- V. **Fifth Five-Year Plan (1974-1979):** This plan mainly focused on the removal of poverty (Garibi Hatao) and aimed in bringing larger sections of the poor masses above the poverty line. It also assured a minimum income of Rs. 40 per person per month calculated at 1972-73 prices. The plan was terminated in 1978 instead of (1979) when the Janata Government came to power.
- VI. **Sixth Five-Year Plan (1980-1985):** Removal of poverty was the main objective of the sixth five-year plan with a major focus on economic growth, elimination of unemployment, self-sufficiency in technology, and raising the lifestyles of the weaker sections of the society.

- VII. Seventh Five-Year Plan (1985-90):** The Seventh Five Year Plan aimed in improving the living standards of the poor with a significant reduction in the incidence of poverty.
- VIII. Eighth Five Year Plan (1992-97):** This plan aimed at employment generation but later failed in achieving most of its targets.
- IX. Ninth Five Year Plan (1997-2002):** The ninth five-year plan focused on the areas of agriculture, employment, poverty, and infrastructure.
- X. Tenth Five Year Plan (2002-2007):** The tenth five-year plan aimed at the reduction of the poverty ratio from 26 per cent to 21 per cent by the year 2007 and also to help the children in completing five years of schooling by 2007.
- XI. Eleventh Five Year Plan (2007-2012):** The eleventh five-year plan targets towards reducing poverty by 10 percentage points, generating 7 crore new employment opportunities, and ensuring electricity connection to all villages.

Role of Public Distribution System in Poverty Alleviation

The **Public Distribution System (PDS)** which evolved as a **system of management for food and distribution of food grains** plays a major role in poverty alleviation. This programme is operated jointly by the Central Government and the State Government of India. The responsibilities include:

- Allocations of commodities such as rice, wheat, kerosene, and sugar to the States and Union Territories.
- Issue of Ration Cards for the people below the poverty line.
- Identification of families living below the poverty line.
- Management of food scarcity and distribution of food grains.

PDS was later relaunched as Targeted Public Distribution System (TPDS) in June 1997 and is controlled by the Ministry of Consumer Affairs, Government of India. TPDS plays a major role in the implementation and identification of the poor for proper arrangement and delivery of food grains. Therefore, the Targeted Public Distribution System (TPDS) under the Government of India plays the same role as the PDS but adds a special focus on the people below the poverty line.

Major poverty alleviation, employment generation and basic services programmes

I. National Food for Work Programme

- In line with the NCMP, National Food for Work Programme was launched on November 14, 2004, in 150 most backward districts of the country with the objective to intensify the generation of supplementary wage employment.

- The programme is open to all rural poor who need wage employment and desire to do manual unskilled work

II. Swaranjayanti Gram Swarozgar Yojana (SGSY)

- SGSY, launched in April 1999, aims at bringing the assisted poor families (Swarozgaris) above the poverty line by organizing them into Self Help Groups (SHGs) through a mix of Bank credit and Government subsidy.

III. Sampoorna Grameen Rozgar Yojana (SGRY)

- SGRY, launched in 2001, aims at providing additional wage employment in all rural areas and thereby food security and improve nutritional levels. The SGRY is open to all rural poor who need wage employment and desire to do manual and unskilled work around the village/habitat.
- The programme is implemented through the Panchayati Raj Institutions (PRIs).

IV. Rural Housing – Indira Awaas Yojana (IAY)

The Indira Awaas Yojana (IAY) operationalised from 1999-2000 is the major scheme for the construction of houses for the poor, free of cost. The Ministry of Rural Development (MORD) provides equity support to the Housing and Urban Development Corporation (HUDCO) for this purpose.

V. Pradhan Mantri Gramodaya Yojana (PMGY)

PMGY launched in 2000-01 envisages allocation of Additional Central Assistance (ACA) to the States and UTs for selected basic services such as primary health, primary education, rural shelter, rural drinking water, nutrition, and rural electrification.

VI. Rural Employment Generation Programme (REGP)

REGP, launched in 1995 with the objective of creating self-employment opportunities in the rural areas and small towns, is being implemented by the Khadi and Village Industries Commission (KVIC).

VII. Prime Minister's Rozgar Yojana (PMRY)

PMRY started in 1993 with the objective of making available self-employment opportunities to the educated unemployed youth by assisting them in setting up any economically viable activity.

VIII. Pradhan Mantri Gram Sadak Yojana (PMGSY)

The PMGSY, launched in December 2000 as a 100 per cent Centrally Sponsored Scheme, aims at providing rural connectivity to unconnected habitations with a population of 500 persons or more in the rural areas by the end of the Tenth Plan period.

Why is Employment Generation Important in Poverty Alleviation in India?

- The unemployment issue in India is considered one of the major causes of poverty in India.
- The poverty rate of a country can be reduced with high economic growth and by reducing the unemployment problem.
- Various poverty alleviation programmes are set up under the Government of India that aims to eradicate poverty by providing employment on-demand and through specific guaranteed wage employment every year to the households living below the poverty line.

The generation of employment is important for poverty alleviation because of the following reasons:

- It will increase the income level of poor household families and will help in reducing the rate of poverty in the country. Hence, there is a significant relationship between unemployment and poverty.
- It will decrease the rural-urban migration through the generation of employment programs in rural areas.
- An increase in the income level through the generation of employment programs will help the poor in accessing basic facilities including education, health facilities, and sanitation.

What are the Reasons for the Ineffectiveness of Poverty Alleviation Programs?

The major reasons for the ineffectiveness of the poverty alleviation programs are mentioned below:

- The poverty alleviation program may not properly identify and target the exact number of poor families in rural areas.
- As a result, some of the families who are not registered under these programs are benefited from the facilities rather than the eligible ones.
- Overlapping of similar government schemes is a major cause of ineffectiveness as it leads to confusion among poor people and authorities and the benefits of the scheme do not reach the poor.
- Overpopulation of the country increases the burden of providing the benefits of the schemes to a large number of people and thus reduces the effectiveness of the programs.
- Corruption at various levels of implementation of schemes is another major reason.

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