



# CENTRE ON INTEGRATED RURAL DEVELOPMENT FOR ASIA AND THE PACIFIC

## RURAL DEVELOPMENT AND POVERTY ALLEVIATION POLICY BRIEF

### INDIA

The impact of reforms in India to a large extent helped the economically better-off sections more while it has been observed to be less effective in backward areas with serious consequences for the poor and marginalised sections. The quality of human and institutional resources has played a critical role in these two typologies. The 'market', private sector and civil society organisations have been actively involved in the RD initiatives including policy making. Again, the effectiveness and impact of these institutional interventions on avowed RD goals varied from sector to sector and also from region to region. Some of the innovative experiences of the private and NGO sectors have not been successfully replicated elsewhere. The public-public and public-private partnerships in the socio-economic spheres have been growing. This recent time also witnessed growth of people's organisations and functional groups in southern and western zones while in other regions their spread is moderate.

The Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) was established in 1979 to assist national action and promote regional cooperation relating to integrated rural development in the region, and to act as a catalyst for related activities among its member countries.

In the Sixteenth Governing Council Meeting in Manila in 2007, there was a discussion on the changing context of rural development (RD) initiatives and the need to review past policies and to identify policy-level issues and concerns. Accordingly, the CIRDAP Governing Council decided to commission a series of country studies for reviewing past policies and identifying policy issues and concerns with which CIRDAP can engage itself further through strengthening several actors at national and regional level for information generation, policy development and regional cooperation. The country studies as suggested should examine the role of the CIRDAP link institutions and also the need and scope for other linkages. Subsequently, each of the member countries nominated a researcher to work on the country studies. The researchers decided that each country would examine the RD initiatives from the point of future opportunities for CIRDAP.

Twelve countries have submitted the reports out of 14 countries. The country reports vary substantially in nature. Southeast Asian countries, especially Malaysia, Thailand and Vietnam, adopted market based reform policies much earlier than the South Asian countries. The focus in Malaysia and Thailand and now across all the Southeast Asian countries, was on the development of infrastructure, encouragement to foreign capital investment in manufacturing, and providing employment in organised enterprises as well as services catering to the market economy, tourism, restaurants and the like. The focus of development in the first four decades after independence in South Asia was quite different. It focused on the preservation of the rural economy, and attempted to increase employment opportunities in rural areas through public expenditure programmes, and essentially tried to maintain the rural character of these economies. The approach to poverty alleviation has thus been very different in the two regions. While South Asia focused on gains in agriculture and rural employment, Southeast Asia turned to commercialisation of agriculture and more market-oriented growth.

CIRDAP has published all the findings in a separate volume for each country. In this brief note, some of the important findings and policy issues for India are highlighted.

### Major Findings

- Impact of economic reforms in India has been found to be mixed but decisively found to be anti-poor.
- The development challenges include: high levels of poverty, unemployment, inequalities and low levels of human development.
- The nexus between growth and poverty/employment has been diluted during the reforms era while growth has been accompanied with widening inequalities. The social and human development indicators registered improvement but still lag behind the Millennium Development Goals.

- The reforms era also witnessed institutional building and the public-public, public-private partnerships have been growing in the socio-economic spheres. The emergence of people's organisations in the southern and the western zones is a silver lining.
- The progress in regard to the selected socio-economic indicators has been impressive. However, the gender and social class disparities and the quality aspects of health and education parameters remain as the key concerns.
- The gender bias in the labour market, increasing levels of the casualisation and lack of skills of the workforce besides limited diversification of the rural economy can act as hurdles to future growth.
- The agriculture sector which provides livelihood security to about 60 per cent of rural households is characterised by marginalisation, declining profitability, and vulnerability to weather, technology and market risks.
- Solutions to some of the major development dilemmas revolve around the growth prospects of agriculture and rural diversification. Natural resource management and strengthening of rural traditional and non-traditional institutions have been advocated as the appropriate instruments for rural transformation. Investments in safe drinking water, sanitation, housing and connectivity are deemed as essential instruments in promoting social and human development.
- Empowerment of the poor, gender issues, institutional partnerships, quality of governance and wide spread adoption of ICT applications should receive top priority in reduction of poverty, enhancement of human development and for facilitating the emergence of people centric governance.

## **Policy Priorities**

### ***Agriculture and rural diversification***

- Conservation of environment and prevention of adverse climatic changes while pursuing growth (profitability) of agriculture should be the major thrust area in the revival of agriculture. Modernisation and upgradation of infrastructure is a necessary condition for integrating the agriculture sector with the rest of the economy and world.
- Skilful trade agreements and arrangements for taking full advantage of globalisation is another priority area for which an institutional set up be established for continuous monitoring the shifts in the crop pattern, farming practices, trade and price policies and growth prospects in various major countries is a pre-requisite for protecting the small and marginal farmers in the context of liberalisation and globalisation.

### ***Food insecurity and malnutrition***

- Food insecurity and malnutrition have emerged as the major dilemmas of development which will affect the health and nutrition status of the present and future generations. To achieve sustainable and higher growth, interventions in the form of public distribution system, mid-day meal programme for school children, supplementary nutrition etc., have to be scaled up. The role of bio-technology in addressing these concerns needs to be reviewed for appropriate programme interventions.

### ***Natural resource management***

- Natural resources management to ensure ecological security is another area which should receive top priority. The advanced technologies (national remote sensing data) and strengthening of community-based organisations, revival of extension systems and focused investment in research and development priorities would offer solutions for most of these problems.

### ***Credit delivery to the poor***

- Credit (adequacy and quality) has become a major determinant for the farm and non-farm sector investments. The interventions in the spheres of microcredit and microfinance offer ample opportunities for ensuring access to quality credit for millions of small enterprises while promoting economic growth in the medium run.

### ***Delivery of basic services***

- In a milieu characterised by low average incomes and high socio-economic inequalities, provision of social infrastructure and enabling the poor to demand social services is expected to bring significant improvements in the quality of life of the people. Reforms in the governance systems would bring qualitative changes in the delivery system making them accountable to the people and community.

### ***Poverty and unemployment***

- To reduce poverty and unemployment levels, the growth has to be inclusive. The special poverty alleviation programmes need to be integrated with sectoral development policies and programmes (convergence) to make a significant dent on poverty and unemployment.