

## ALLEVIATION OF RURAL POVERTY- A NEED TO BOOST ECONOMIC DEVELOPMENT

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### ABSTRACT

*With more than 65% of the total population residing in rural areas, the development of this sector is inevitable in order to stimulate the economic growth and development prospects of India. Only urbanization would not serve our purpose if rural sector is left ignored. Rural India is believed to be the key driver of economic growth. With ample of opportunities, rural India is the reservoir of resources required for a nation to flourish in economic terms. However, poverty is the most dangerous factor that decelerates the developmental process. Unemployment, over dependence on agriculture and illiteracy further aggravates the scenario. With an aim to eliminate such negatives, the government and concerned authorities have been constantly strategizing new ways to uplift the rural sector so as to make way towards economic transformation. There is a positive relationship between rural development and economic growth. Hence, eliminating the constraints in this process is a necessity. This paper attempts to study the importance of poverty alleviation and some initiative undertaken to mitigate the evil of poverty in rural India.*

**Keywords:** rural development, relationship, constraints, economic growth.

### Introduction

Poverty is the inability to afford the basic necessities to sustain life in a decent manner. The existence of extreme poverty has been a disadvantage for an emerging economy like India. Elimination of poverty has always been a prime concern for the government and initiatives to alleviate poverty have also been implemented accordingly. Complete removal of poverty from the society is still a distant dream. Poverty happens to be the root cause behind other related deprivations like unemployment, inequality, undernourishment, illiteracy and ignorance which further increases the hardship of the already poverty stricken population. Poverty breeds or multiplies itself. Presence of poverty is the prime factor behind sluggish economic growth in case of India. According to a report of World Bank, 2019 it was seen that 65.53% of the total population reside in rural areas. This makes us believe in the phrase, "The future of India lies in its villages." Rural development refers to both the economic upliftment of the people along with social transformation. However, with all its potentials, poverty happens to be an inherent trait of rural India. As per a report rural poverty in our nation has increased by 4 percent points between 2011-12 and 2017-18. Transforming resources from farm to non-farm activities, setting up of infrastructures to generate jobs for

the poor, spreading awareness regarding the importance of investments and savings, availability of good health care facilities are inevitable if development of rural areas is to be attained.

### Objectives

- To study the relation between poverty alleviation and economic growth
- To study the initiatives undertaken in rural sector with an aim to counter poverty
- To put forward ideas to achieve development in rural areas which would accelerate the process of economic growth

### Methodology

The paper is descriptive in nature and purely based on secondary data. Information from articles, journals, research papers have been considered for this paper. Data from government websites, newspaper reports have been used in the paper.

### Discussion and Findings

**Features of rural poverty in India-** The rural poor in India are characterized by a number of general economic, demographic and social features. Landlessness or limited access to land and other productive resources, no decent work and lower wages, over population and higher dependency ratios, lack of education,

undernourishment, lack of awareness, lack of employment opportunities, inability to afford better health care facility, lack of skills, lack of financial literacy with no prospects of savings and investments are the common features of rural poor. Moreover, geographical remoteness, inability to afford some basics like regular water supply, healthy sanitation infrastructure, electricity, clean cooking fuel are seen in the rural areas. The entire rural economy is dominated by informal sector. Knowledge and access to institutional credit is low, as a result they face high exploitation by informal credit sources. Lack of entrepreneurial activities compels the youth to depend on the traditional agricultural practices thereby making poverty a hereditary factor. Traditional beliefs and some socio cultural practices too contribute to the state of poverty of the rural people.

#### **Importance of alleviating rural poverty-**

Poverty in rural India hampers the overall developmental motive of the nation. As such, attempts to eliminate this evil are a need. Elimination of poverty would make the way towards economic development in both micro and macro perspectives. With development, there would be increase in productivity and skills which would result in creation of job opportunities. A decent source of income would again pave the way towards education and infrastructure required to sustain a minimum standard of living. Access to education would help in understanding the scopes of rural sector in terms of agricultural marketing, business initiatives and use of resources available in the villages. All these would contribute to the creation of human resources out of mere human beings capable of rendering service to the society. Rural India is the home to maximum of the population. Thus, it is important to reduce poverty in order to boost the pace of economic development.

**Initiatives to alleviate rural poverty-** In India, the Ministry of Rural Development plays the pivotal role in channelizing strategies and schemes aiming at poverty eradication in rural areas. It initiates welfare activities in rural areas with a mission of attaining sustainable and inclusive growth. Creation of jobs, skill development, free education, subsidized goods, advanced health care facility at minimum cost,

financial aid for investing in agriculture, prospects for covering the poor people into the formal banking system, financial assistance to promote entrepreneurship, provision of scholarships, construction of houses, providing clean drinking water and proper sanitation facilities, making electricity reach even to the remote areas, renovation of rural roads, construction of health care units and financial help to the aged and widows are some of the activities undertaken to address the issue of rural poverty thereby enhancing the quality of life of the rural population.

Financial aspect- the annual budget allocates an estimate to the Department of rural development. The following table shows the estimated budget outlay for last couple of years-

Years	Budget outlay
2017-18	Rs. 105447.88 crores
2018-19	Rs. 112403.92 crores
2019-20	Rs. 117647.19 crores

Source- Ministry of Rural Development, GOI.

From the table we see that the allocated amount has been increasing gradually. However, in order to understand the actual picture, evaluating the difference between budget estimates and revised estimates is important.

Some of the ongoing major initiatives in rural areas undertaken by the Ministry of Rural Development are-

- i. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) - This aims to provide wage employment. Till date there are 13,87,78,000 active workers under this scheme.
- ii. National Rural Livelihoods Mission (NRLM)- This scheme is for ensuring self employment and skill development. 7,18,96,393 households have been mobilized till date by this scheme.
- iii. Pradhan Mantri Awaas Yojana - Grameen (PMAY-G)- This comes with the aim of 'housing for all' for providing houses to BPL households. Till date 1,73,43,729 houses have been sanctioned under this scheme.

- iv. Pradhan Mantri Gram Sadak Yojana (PMGSY)- This scheme is specifically for construction of quality roads in rural areas. Almost a length of 6,34,702 Kms of road have been completed under this scheme.
- v. National Social Assistance Programme (NSAP)- This scheme provides pensions to aged, widows and disabled people. There are almost 3,35,11,510 pensioners covered under this scheme.
- vi. Deen Dayal Upadhyaya Grameen Kaushalya Yojana(DDU-GKY)- It has the mission of 'Empowering India- Powering the World'. It is a placement linked skill training initiative for the rural youth to ensure job opportunities for the poor youth. 10,77,394 have received training under this scheme. A total of 6,26,038 are already placed and 4,51,389 are to be placed. There are almost 1750 training centres active at present.
- vii. Shyama Prasad Mukherjee RURBAN Mission(SPMRM)- This scheme is developing 300 Rurban clusters identified in rural India covering 35 States and UTs with the objective of bridging Rural-Urban divide.,
- viii. Mission Antyodaya- Adopted in Union Budget 2017-18, this scheme is a convergence and accountability framework aiming to bring optimum use and management of resources allocated by 27 Departments of Government of India under various programmes for the development of rural areas. It is envisaged as a state initiative with Gram Panchayats as focal points of convergence efforts.

Apart from all the above, there are a number of schemes and initiatives undertaken by the State Governments as well as NGOs and corporate units catering to the welfare needs of the rural poor.

**Rural India and sustainable economic growth** - The future of a nation definitely depends on the use of potentials of the rural areas. Sustainable economic growth implies economic planning that fosters the economic growth coupled with preserving resources for the future generations. Decent work is recognized as an important source of sustainable economic development.

Availability of income has multiple effects in lifting a household as well as a society from the clutches of poverty. With new infrastructure, there would be prospects for jobs among the rural poor. People would understand the opportunities they can render apart from the agricultural sector. Entrepreneurship development would act as guiding source to the future of the villages. This would help in obstructing the rural poverty to pass from generations to generations. Hence, to achieve sustainability in economic growth and development, transforming the rural sector is the requisite.

**The way ahead-** Investing in education is a prime factor that would help in the economic upliftment of the rural areas. The educated rural youth can thereby serve their villages through their knowledge and expertise. The government has given much importance to this factor and the schemes implemented should ensure delivery of quality education. Moreover, initiatives need to propel in the entrepreneurship sector because rural India has much more than just agriculture to offer to the overall economic growth of our nation. This again would decrease the crisis of jobs currently popular in our nation. Covering the rural people into the organized banking sector would help them in availing financial assistance for the growth of their business activities. In this sense, the procedures and interest rates need to be looked after by the concerned authorities so as to make them affordable to the rural poor. Microfinance, Regional Rural Banks (RRBs) and NABARD has a major role to play in this aspect. Spreading of awareness regarding the importance of economic independence, population control, financial literacy, education of children should be undertaken in the rural areas, because most of the times ignorance make the rural people more vulnerable.

### **Conclusion**

The Rural India has abundance of prospects to contribute towards the development of Indian economy. Although there are issues and challenges in fulfilling the dream of eradicating rural poverty, a well integrated and collaborative policy approach can serve this purpose. The best advantage of rural India is

the availability of human labour. Improving the quality of this labour sector can make a huge impact on the developing dimensions of our nation. The use of natural resources depends on the productive capacity of human beings. As such, giving priority to the conversion of human being to human capital through proper investments in education, health, skill development can pave the way towards

economic development of rural India- a driving force of economic upliftment of the entire nation. Only implementation of welfare schemes would not be enough, there proper administration and appraisal of their end use is to be ensured by the concerned stakeholders. Target population should be benefitted by the welfare activities, only then we can expect the elimination of poverty from our rural India.

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