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# A GREATER EASE OF LIVING

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development



Rural poverty in India has been the subject of discussion in recent times. Low increase in prices of agricultural commodities and the slower increase in rural agricultural wages have been seen by some as signs of a crisis for the rural poor. Many acknowledge the role of pro-poor public welfare programmes over the last five years. Others have recorded sharp declines in chronic poverty as also multi-dimensional poverty between 2005-06 to 2015-16. Indicators like nutrition, child mortality, years of schooling, cooking fuel, sanitation, drinking water, electricity, housing, and assets determine multi-dimensional poverty. If that is the case, the performance between 2015-16 to now would be even more spectacular, considering the pro-poor public welfare thrust.

It's important to understand the context of the rural sector over the last five years. The following points must be made at the outset.

One, it is true that inflation rates have been very low, and inflation on agricultural produce even lower during the last five years. Two, availability of Rs 2 per kg wheat and Rs 3 per kg rice has become a reality across the country under the National Food Security Act (NFSA), which was under implementation only in 11 states five years ago. Three, the public subsidy for the NFSA is as high as Rs 1.76 lakh crore every year. This means that 75 per cent rural households that get NFSA foodgrains are able to buy at much below the market price. In 2019-20, a subsidy of Rs 33.02 per kg for rice and Rs 23.06 per kg for wheat was being given through the NFSA. For a family of five, this would mean a total subsidy of Rs 825.50 per month. Even if it is 100 per cent wheat, a family of five gets a total monthly subsidy of Rs 576.50. This needs to be factored in when understanding the lower increases in agriculture wages.

Four, this has also been a period when public welfare programmes like rural housing, rural toilets, LPG connections under Ujjwala, electricity connections to households under Saubhagya, enrollment for bank account, accident and life insurance, have all happened on a larger scale. From 10-12 lakh houses a year, 40-50 lakh houses are now being constructed annually. About 1.54 crore rural homes were completed in 2014-19.

Five, pro-poor welfare programmes often involve households contributing from their side. This is quite large in the case of rural housing (NIPFP study, 2018) as even poor households make aspirational homes, pulling together all their savings/borrowings for it. Likewise, Swachh Bharat Mission toilets, enrolment in Ujjwala, Saubhagya, or in accident and life insurance, also draws on incomes/savings. It is bound to affect demand for goods purchased by the poor, in the short run.

Six, this has been the period when the allocation for rural development programmes has gone up considerably from Rs 50,162 crore in 2012-13 to Rs 1.18 lakh crore in 2019-20. Add to this the state shares, which have increased to 60:40 instead of 75:25 or 100 per cent (in the case of the Pradhan Mantri Gram Sadak Yojana) from the central government for non-Himalayan states.

Seven, this has been the period when the 14th Finance Commission's grants to gram panchayats have been released on an unprecedented scale. The annual releases are over three to four times the previous grants. Over Rs 2 lakh crore is to be released in five years, of which over Rs 1.44 lakh crore has already been provided and works done under it. Extra budgetary resources (EBRs) have also been mobilised for the housing programme.

These figures need to be understood in their full context before coming to a conclusion on rural poverty. Works under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) have continued to be in demand even though the wage rates fixed every year on the basis of the Consumer Price Index for Agricultural Labour (CPI-AL) have grown modestly on account of the cheap price of foodgrains. In 2018-19, over 268 crore person days of work was carried out, the second-highest ever. In the three preceding years, the demand for work was about 235 crore person days every year.

Another major increase of financial resources in rural areas has been through the Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) programme under which over Rs 2,12,000 crore has been provided as loans in the last five years. Interestingly, NPA has come down from over 7 per cent in 2013-14 to barely 2.2 per cent in 2018-19, clearly establishing that DAY-NRLM SHG women borrow and return on time. Significant and diverse livelihoods have been generated through such loans leading to higher incomes, more productive assets, and larger number of village enterprises (IRMA study on DAY-NRLM, 2018).

The improvement in rural road connectivity has also been a significant development of this period, leading to 97 per cent eligible and feasible habitations as per the 2001 Census getting all weather road connectivity.

Clearly, rural households do not migrate to urban areas for very low paid jobs as survival is possible with improved rural infrastructure, housing, etc in rural areas now more than before. This explains the continuously high demand for work under the MGNREGS. This period has also witnessed a significant increase in individual beneficiary schemes like farm ponds, dug wells, animal sheds, vermi-composting etc under the MGNREGS which have all gone into creating durable assets and providing opportunities for higher incomes (IEG study, 2018). More than 18 lakh individual farm ponds, 10 lakh vermi-compost, 7 lakh animal sheds, etc have come up in this period. Over 15 million hectares of land has benefited from water conservation works.

The larger labour force available for the MGNREGA also reflects the unwillingness of a rural household with better infrastructure to go in for a distress migration with very low incomes in urban areas. While a lot more needs to be done to improve livelihoods in rural areas, the last five years have witnessed an unprecedented pace in improving the ease of living of very poor households through public welfare programmes reaching them through better identification through the Socio Economic Census (SECC 2011), IT/DBT, geo-tagging, improved financial management and governance reforms.

***The writer is a civil servant. Views are personal***



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