Rural poverty in India

India’s most striking feature is its diversity. The country’s population of about 1.24 billion people is composed of several ethnic groups, speaking over 1,000 languages and following six major religions. With an annual population growth rate of 1.3 per cent, India is projected to become the most populous country in the world by 2035. More than 400 million people in India still live in poverty, accounting for one third of the world’s poor. Poverty is most prevalent in rural areas, with about 26 per cent of rural people living in poverty, compared with about 14 per cent of the urban population. Although the country saw strong economic growth in past years, poverty levels did not decline proportionately – and the overall rate of growth has decreased recently. Poor rural people continue to live with inadequate physical and social infrastructure, poor access to services, and a highly stratified and hierarchical social structure, characterized by inequalities in assets, status and power.

Almost 70 per cent of India's population lives in rural areas, and some 20 million rural households are reported to be landless, while millions more have insecure rights to their land. Agricultural wage earners, smallholder farmers and casual workers in the non-farm sector constitute the bulk of poor rural people. Within these categories, women and tribal communities are the most deprived. Young people in rural areas are forced to migrate seasonally or permanently, without the skills and competencies required by India's rapidly modernizing economy.

Poverty is deepest among members of scheduled castes and tribes in the country’s rural areas. On the map of poverty in India, the poorest areas are in parts of Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, Jharkhand, Odisha, Chhattisgarh and West Bengal.

Large numbers of India’s poorest people live in the country’s semi-arid tropical region. In this area, shortages of water and recurrent droughts impede the transformation of agriculture that the Green Revolution achieved elsewhere. There is also a high incidence of poverty in flood-prone areas, such as those extending from eastern Uttar Pradesh to the Assam plains, and especially in northern Bihar. Poverty affects tribal people in forest areas, where loss of entitlement to resources has made them even poorer. In coastal fishing communities, people’s living conditions are deteriorating because of environmental degradation, stock depletion and vulnerability to natural disasters.

**Eradicating rural poverty in India**

India’s 12th Five-Year Plan (2012-2017) aims to reverse the slowdown in economic growth in the short term and return to higher, more inclusive growth in the longer term. The plan sets ambitious targets for rural infrastructure and aims for an annual growth rate of 4 per cent in the agriculture sector. Noting that management of water resources is a major challenge and that agriculture accounts for 80 per cent of water use, the plan also envisions a shift to more water-efficient farming practices.

Several important policies, strategies and acts provide the framework for agriculture, forestry, rural development and tribal development, and are central to IFAD’s efforts in India. For example, the Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) is considered the largest employment programme in the world. NREGA's objective is to provide wage labour and generate productive assets in the process, leading to sustainable livelihood opportunities and gradually reducing dependence on public works programmes.

In addition, the National Rural Livelihoods Mission (NRLM), under the Ministry of Rural Development, provides livelihood development opportunities to poor rural families. NRLM emphasizes the formation, training and capacity-building of self-help groups and their federations, along with financial services and training.

Finally, the Panchayat (Extension to Scheduled Areas) Act of 1996, and the Forest Rights Act of 2006, provide a legal framework for transferring rights to tribal communities for natural resource management, while protecting their heritage, rights, indigenous knowledge and cultures.

IFAD’s projects and programmes in India seek to converge with these important national policies, enhancing efficiency in the delivery of services to poor rural people.
IFAD’s strategy in India

IFAD has been working in India for more than 30 years. Today, India is IFAD’s largest borrower and one of its main contributors.

The current Country Strategic Opportunities Programme in India is fully aligned with the government’s policy framework and aims at increasing access to agricultural technologies, natural resources, financial services and value chains. A major cross-cutting objective is to share knowledge and learning on poverty reduction and nutrition security – with a focus on tribal communities, smallholder farming households, landless people, women and unemployed young people.

IFAD is working at the grass-roots level, targeting its activities to the poorest and most vulnerable groups in rural society, such as small-scale and marginal farmers, women, tribal communities and scheduled castes. Over the years, the Fund and the Government of India have achieved significant results in the following areas:

**Commercialization of smallholder agriculture.** IFAD is increasingly investing in the commercialization of smallholder agriculture and building the capacity of small farmers to enhance their incomes from new market opportunities. Projects have facilitated innovative partnerships between small farmers and private-sector companies. A number of these partnerships involve multinational companies and major corporations, including Tata, Tesco, Unilever, East West Seeds, FieldFresh and ITC. This approach has led to high-value and high-quality products being exported from India to markets as far away as Europe.

**Grass-roots institution building.** All IFAD-supported projects focus on strengthening local people’s ability to manage their own development. These interventions follow fully participatory planning and implementation processes – ensuring that they are truly demand-driven and client oriented, in line with indigenous knowledge and the capacities of participants. Through IFAD’s investment in creating and strengthening

Projects: 26
Total cost: US$2.48 billion
Total approved IFAD financing: US$877.3 million
Directly benefiting: 4.3 million households
grass-roots organizations such as self-help groups, and its support for the federation of such groups over time, the rural poor have gained greater bargaining power for access to services, inputs and markets.

**Women’s empowerment.** IFAD-financed projects have empowered rural women to gain a greater voice in decision-making and resource allocation for development programmes and projects. Innovative efforts, such as the so-called Courage Brigades (or Shaurya Dal), have removed constraints that keep women from using their full potential for rural development. Forming women’s groups has proven an effective way to reduce gender-based violence, change social attitudes and enable women to start up small businesses. Projects have also emphasized enhancing access to financial services for women – for example, by linking women’s self-help groups with commercial banks.

**Tribal development.** Tribal communities – often located in the most remote, underdeveloped areas of the country – are an important IFAD target group. Projects supported by IFAD have contributed to enhancing the livelihoods of many tribal communities. These locally driven interventions aim to improve natural resource management, enhance access to land, improve agricultural production and expand vocational skills. The success of these projects has led to recent attempts to reach out to the most disadvantaged tribal communities, known as Particularly Vulnerable Tribal Groups.

In many cases, IFAD-supported programmes and projects have been a starting point for larger development initiatives. Many successful models, piloted by IFAD projects, have now been scaled up by state governments and other development partners, extending benefits to millions of rural women, men and children throughout India.

### IFAD in Asia and the Pacific

IFAD’s investments in Asia and the Pacific comprise its largest regional portfolio. As of the end of 2013, it was providing more than US$1.765 billion in financing for 60 ongoing programmes and projects in 18 of the region’s 30 countries. IFAD also provides regional and country-specific grants across the region. With cofinancing by development partners and funds from governments and other domestic sources, together these operations represent a total investment of more than US$3 billion.

Ongoing initiatives supported by IFAD in the region focus on:

- Connecting rural producers to markets and creating jobs
- Invigorating and transforming rural communities
- Strengthening the capacities of women and young people
- Expanding the use of climate-smart technologies and sustainable resource management practices
- Partnering with the private sector to drive rural growth.

More than half of resources allocated to grant-funded programmes in Asia and the Pacific support research on innovative technologies, while about a third support training and capacity-building in rural communities. Other grant-funded activities involve advocacy, policy dialogue and knowledge sharing.
Ongoing operations

Tejaswini Rural Women’s Empowerment Programme

This programme focuses on women’s development, building on lessons learned from the earlier IFAD-assisted Tamil Nadu Women’s Development Project, Maharashtra Rural Credit Project and multi-state Rural Women’s Development and Empowerment Project. These operations demonstrated that women’s self-help groups are an effective means of improving the living conditions of poor households.

The objective is to ensure that poor rural women have a wider range of choices and opportunities in economic, social and political spheres, so they can improve their own well-being and that of their households. The programme supports and strengthens women’s self-help groups and their organizations, and provides access to financial services, fostering links with banks and supporting microfinance institutions.

The programme improves livelihood opportunities by developing participants’ skills, fostering market links and providing market and policy support. It increases women’s access to functional literacy and labour-saving infrastructure, and strengthens their participation in local governance. It also supports government policies that empower women and develop the capacities of executing agencies.

North Eastern Region Community Resource Management Project for Upland Areas

The primary goal of this project is to improve the livelihoods of vulnerable groups sustainably by introducing improved land management practices that preserve the ecological balance of the region and create better options for poor farmers.

The project has supported creation of protected areas such as wildlife and fish sanctuaries and timber and forest reserves, which are now owned and managed by the communities. It has also helped to introduce terracing, allowing farmers to grow cash crops without the need for slash-and-burn cultivation or forest exploitation.

Villagers have seen an improvement in productivity, thanks to extension services and training in more-sustainable farming techniques involving soil and water conservation and crop diversification. With less pressure on food production, communities no longer need to strip forests of their valuable resources.
Convergence of Agricultural Interventions in Maharashtra’s Distressed Districts Programme

This programme’s target area includes 1,200 villages in the districts of Akola, Amravati, Buldhana, Wardha, Washim and Yavatmal. The governments of India and Maharashtra State asked IFAD to intervene in the region, where agricultural distress and farmer suicides are pressing issues. Farmers’ productivity and incomes are low, and they face food insecurity – partly as a result of inefficient water use, depleted soil fertility and indiscriminate use of fertilizers and hybrid seed.

The aim of the programme is to achieve increased productivity through water conservation, organic farming and sustainable, low-external-input agriculture. Diversification into fruit, vegetable and livestock products seeks to contribute to better nutrition. Increased carbon content enhances soil fertility and increases moisture retention, allowing higher cropping intensity.

The programme encourages participants to assume ownership of ongoing activities. It focuses on establishing and strengthening inclusive grass-roots institutions and fostering community consensus on programme activities.

Women’s Empowerment and Livelihoods Programme in the Mid-Gangetic Plains

This programme operates in the Bahraich, Shravasti, Sultanpur and Rae Bareli districts of Uttar Pradesh and in the Madhubani and Sitamarhi districts of Bihar. The areas are part of the mid-Gangetic plains, where the largest concentration of poor people in India is found. Women here are particularly disadvantaged because of strong patriarchal forces and rigid caste divisions.

The programme aims to empower women and adolescent girls by helping them establish sustainable grass-roots institutions and by ensuring access to microfinance and business development services. It promotes diversification of women’s opportunities, both on- and off-farm, so that women can be sustainably integrated into the wider economy.

To achieve increased productivity and improve household incomes, the programme:

- Promotes market-linked enterprises
- Helps women form sustainable grass-roots institutions, including self-help groups, producers’ groups and community service centres
- Supports increased participation by women in local government
- Enhances the capacity of financial institutions and the private sector to operate in the targeted areas.
Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu

The goal of this programme is to enable thousands of tsunami survivors living in the coastal areas of Tamil Nadu to return to a stable and productive way of life. Participants live in coastal areas and include fishers, wage workers in the fisheries sector, farmers and agricultural labourers. There is a specific focus on marginalized groups such as women heads of households and members of scheduled castes.

The programme aims to improve the livelihoods of people affected by the disaster. It promotes community participation and planning, and includes support for:

- Sustainable resource management in coastal areas
- Access to rural financial services and to a social safety net in the form of insurance
- Community-based sea-safety and disaster management.

It also provides employment generation and skills training and assistance in programme management. One activity empowers women in improving their incomes through the marketing of fish.

Orissa Tribal Empowerment and Livelihoods Programme

South-western Odisha (formerly Orissa) is one of the most deprived regions of India. Among the population, 50 per cent belong to tribal groups, and 12 per cent to scheduled castes. This IFAD-initiated programme focuses on building the capacity of poor rural people and their institutions, so that vulnerable groups, particularly women, can plan and manage their own development and negotiate improved entitlements.

Key objectives include better access to and management of natural resources, improved access to financial services and markets, and the development of non-farm enterprises. The programme offers a wide range of options to meet diverse needs, including wage employment, microfinance services and short- and medium-term investments in agriculture and related activities, as well as a flexible fund for community infrastructure.
Mitigating Poverty in Western Rajasthan Project

The areas involved in this project have a harsh, arid climate. Rainfall is low and erratic, and droughts are recurrent. Poor people in the area face severe water insecurity, low agricultural and livestock productivity, limited income-generating opportunities, and a social system that discriminates against women and disadvantaged people.

The project is designed to ensure empowerment of the poorest people: households headed by landless agricultural labourers and small and marginal farmers, owners of marginal land or wastelands, traditional artisans, women, and young people lacking the skills needed for employment. Although most of those who benefit live below the poverty line, activities also include some people who are not quite that poor, but are eligible for support.

The project seeks to organize and empower poor people through community-based organizations such as self-help groups, marketing groups, producers’ organizations and village development committees. It promotes income and employment opportunities, while reinforcing strategies that mitigate risk and provide access to financial services and markets.
Integrated Livelihoods Support Project

This project supports poverty reduction in Uttarakhand, a predominantly rural hill state, by promoting sustainable livelihood opportunities. Priority target groups include small-scale rural producers, women, scheduled-caste households and young people. The food-security component of the project will support crop and livestock production, higher-value cash crops and other forms of economic development – such as rural tourism – to provide cash incomes.

Additional project components include:

- Participatory watershed development using processes that have been established through a series of projects in the state
- Financing of livelihoods through social-venture capital invested in rural enterprises
- Coordination and monitoring, with individual project management units and project directors at the partner agencies implementing each component.

The project also supports vocational training linked to job placement, with a target of 10,000 training slots, to improve access to employment in the non-farm sector.

Jharkhand Tribal Empowerment and Livelihoods Project

This project comes as a direct response to a formal request from the Government of India to scale up successful tribal development programmes in the State of Jharkhand, based on a concept note prepared by the state government.

The overall project goal is to improve the living conditions of tribal communities, especially primitive tribal groups (PTGs), across Jharkhand. Specifically, the project aims to empower and enable tribal and PTG households to take up livelihood options based on sustainable and equitable use of natural resources. To that end, project activities involve community empowerment, integrated natural resource management and support for livelihoods.

Jharkhand has a population of 33 million, of whom 26 per cent are members of scheduled tribes and 78 per cent are rural. The project is to be implemented in 14 districts in the state, focusing on approximately 30 sub-districts that have a rural tribal population of more than 50 per cent and at least half the population living below the poverty line.
Completed operations

Livelihoods Improvement Project in the Himalayas
Total cost: US$68.6 million
Approved IFAD loan: US$29.9 million
Duration: 2007-2012
Directly benefiting: 140,000 households

Jharkhand-Chattisgarh Tribal Development Programme
Total cost: US$41.7 million
Approved IFAD loan: US$23.0 million
Duration: 2001-2012
Cofinancing: Department for International Development (United Kingdom) US$10.5 million
Directly benefiting: 74,000 households

Livelihood Security Project for Earthquake-Affected Rural Households in Gujarat
Total cost: US$24.0 million
Approved IFAD loan: US$15.0 million
Duration: 2002-2006
Directly benefiting: 53,280 households

National Microfinance Support Programme
Total cost: US$134.0 million
Approved IFAD loan: US$22.0 million
Duration: 2002-2009
Directly benefiting: 540,000 households

Rural Women’s Development and Empowerment Project
Total cost: US$53.5 million
Approved IFAD loan: US$19.2 million
Duration: 1999-2005
Directly benefiting: 130,000 households

Mewat Area Development Project
Total cost: US$22.3 million
Approved IFAD loan: US$15.0 million
Duration: 1995-2004
Directly benefiting: 40,000 households
Andhra Pradesh Participatory Tribal Development Project
Total cost: US$50.3 million
Approved IFAD loan: US$26.7 million
Duration: 1994-2002
Directly benefiting: 76,810 households

Maharashtra Rural Credit Project
Total cost: US$48.4 million
Approved IFAD loan: US$29.2 million
Duration: 1994-2002
Directly benefiting: 91,250 households

Andhra Pradesh Tribal Development Project
Total cost: US$46.5 million
Approved IFAD loan: US$20.0 million
Directly benefiting: 63,370 households

Tamil Nadu Women’s Development Project
Total cost: US$30.6 million
Approved IFAD loan: US$17.0 million
Duration: 1990-1998
Directly benefiting: 40,320 households

Orissa Tribal Development Project
Total cost: US$24.4 million
Approved IFAD loan: US$12.2 million
Duration: 1988-1997
Directly benefiting: 12,500 households

Second Uttar Pradesh Public Tubewells Project
Total cost: US$182.2 million
Approved IFAD loan: US$35.3 million
Duration: 1983-1990
Directly benefiting: 440,000 households

Madhya Pradesh Medium Irrigation Project
Total cost: US$232.1 million
Approved IFAD loan: US$25.0 million
Duration: 1982-1987
Directly benefiting: 29,700 households

Sundarban Development Project
Total cost: US$37.8 million
Approved IFAD loan: US$17.5 million
Duration: 1981-1988
Directly benefiting: 225,000 households
Rajasthan Command Area Development and Settlement Project
Total cost: US$110.6 million
Approved IFAD loan: US$55.0 million
Duration: 1980-1988
Directly benefiting: 39,000 households

Bhima Command Area Development Project
Total cost: US$100.0 million
Approved IFAD loan: US$50.0 million
Duration: 1979-1984
Directly benefiting: 25,200 households

Building a poverty-free world

The International Fund for Agricultural Development (IFAD) works with poor rural people to enable them to grow and sell more food, increase their incomes and determine the direction of their own lives. Since 1978, IFAD has invested about US$15.8 billion in grants and low-interest loans to developing countries through projects reaching approximately 430 million people and helping to create vibrant rural communities. IFAD is an international financial institution and a specialized UN agency based in Rome – the United Nations’ food and agriculture hub. It is a unique partnership of 173 members from developing countries, the Organization of the Petroleum Exporting Countries (OPEC) and the Organisation for Economic Co-operation and Development (OECD).

Contact
Nigel Brett
Country Programme Manager
IFAD
Via Paolo di Dono, 44
Rome, Italy
Tel: +39 06 54592516
Fax: +39 06 54593516
n.brett@ifad.org

For further information on rural poverty in India, visit the Rural Poverty Portal:
http://www.ruralpovertyportal.org

Investing in rural people
International Fund for Agricultural Development
Via Paolo di Dono, 44 - 00142 Rome, Italy
Tel: +39 06 54591 - Fax: +39 06 5043463
E-mail: ifad@ifad.org
www.ifad.org
www.ruralpovertyportal.org
ifad-un.blogspot.com
www.facebook.com/ifad
instagram.com/ifadnews
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