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# Enabling poor rural people to overcome poverty in **India**

## **Rural poverty in India**

India's most striking feature is its diversity. The country's population of about 1.2 billion people is composed of several ethnic groups, speaking more than 1,000 languages and following six major religions. With an annual population growth rate of 1.4 per cent, India is projected to become the most populous country in the world by 2035.

With 33 per cent of the world's poor people, 41.6 per cent of India's population lives on less than US\$1.25 a day. Based on the country's new official poverty lines, 42 per cent of people in rural areas and 26 per cent of people in urban areas lived below the poverty line in 2004/05. Official poverty estimates for 2009/10 are not yet available, but preliminary estimates suggest that the combined all-India poverty rate was 32 per cent, compared with 37 per cent in 2004/05.

India ranks 134 out of 187 countries on the United Nations Development Programme's 2011 Human Development Index – a comparative measure of life expectancy, literacy, education and standards of living for countries worldwide.

A total of 72 per cent of India's population lives in rural areas, and 10 per cent of rural households are reported to be landless. 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. About 300 million young people ages 13 to 35 live in rural areas, and most of them are forced to migrate seasonally or permanently, without the skills and competencies required by the modern economy that India is rapidly becoming.

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, Orissa, Chattisgarh 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.

Despite recent economic growth, poverty levels have not been reduced at the same pace. 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.

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## Eradicating rural poverty in India

India's 11th Five-Year Plan (2007-2012) aims to achieve inclusive growth in all sectors and to double agricultural growth from 2 to 4 per cent per year. It seeks to do this by expanding irrigation, improving water management, bridging the knowledge gap, fostering diversification, increasing food production to ensure food security, facilitating access to credit and increasing access to markets.

The mid-term assessment of the plan, released in July 2010, underscores the urgency of increasing investments in agriculture, as well as of improving access to water and good quality seed, replenishing soil nutrients, expanding agricultural research and extension, reforming land tenancy systems and facilitating agricultural marketing.

There are several important policies, strategies and acts that provide the framework for agriculture, forestry, rural development and tribal development, and which are central to IFAD's efforts in India. For example, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is considered the largest employment programme in the world. Its objective is to provide wage labour and to generate productive assets in the process, which could lead to sustainable livelihood opportunities and gradually reduce dependence on public works programmes. During the period 2006/09, MGNREGA generated 6 billion person-days of work, involving an outlay of about US\$16 billion.

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

The National Rainfed Area Authority (NRAA) emphasizes capacity-building, monitoring and evaluation, learning and social audit. It introduces a livelihoods perspective from the very inception of a project, with special emphasis on families without assets.

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.



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## IFAD's strategy in India

IFAD's work in India has focused on promoting tribal development, women's empowerment and development, sustainable rural financial services, institution-building and sustainable livelihoods. These interventions have covered both on- and off-farm investments.

IFAD's support for women's empowerment has enabled women to gain a greater voice in decision-making and in resource allocation for development programmes and projects. Tribal development projects have enabled greater access to natural resources, including land and non-timber forest products, which are central to the livelihoods of tribal peoples. Moreover, there is evidence that in some areas the projects have contributed to reducing conflict. These operations have contributed significantly to developing new and successful models of microfinance for poor rural people, and for linking poor people and their organizations with commercial banks.

IFAD's 2011 country strategic opportunities programme (COSOP) for India identifies two overarching objectives:

- increased access to agricultural technologies and natural resources
- increased access to financial services and value chains.

A major cross-cutting objective is to share knowledge and learning on poverty reduction and nutritional security, with particular focus on tribal communities, smallholder farming households, landless people, women and unemployed young people.

IFAD supports government efforts to promote inclusive growth, double the growth rate of the agriculture sector and fight rural poverty by enhancing rural employment and livelihood opportunities.

The COSOP is also aligned with the *IFAD Strategic Framework 2011-2015*, under which smallholder agriculture is viewed as a profitable enterprise linked to markets and value chains.

**Projects: 23**

**Total cost: US\$189 billion**

**Total IFAD financing: US\$656 million**

**Directly benefiting:  
3.8 million households**

# 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.

**Total cost: US\$208.7 million**

**IFAD loan: US\$39.4 million**

**Duration: 2007-2015**

**Directly benefiting:  
1.1 million households**

## North Eastern Region Community Resource Management Project for Upland Areas

The primary goal of the 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.

Protected areas have been created, such as wildlife and fish sanctuaries and timber and forest reserves, and are now owned and managed by the communities. Terracing has been introduced, 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 to 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.

**Total cost: US\$73.4 million**

**IFAD loan: US\$42.9 million**

**Duration: 1999-2016**

**Directly benefiting:  
23,000 households**

## Convergence of Agricultural Interventions in Maharashtra's Distressed Districts Programme

The programme area includes 1,200 villages in the districts of Akola, Amravati, Buldhana, Wardha, Washim and Yavatmal. The Governments of India and of 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 on fostering community consensus on programme activities.

**Total cost: US\$118.6 million**

**IFAD loan: US\$41.1 million**

**IFAD grant: US\$1.0 million**

**Duration: 2009-2017**

**Directly benefiting:  
286,800 households**

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

The 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; and enhances the capacity of financial institutions and the private sector to operate in the targeted areas.

**Total cost:** US\$52.5 million  
**IFAD loan:** US\$30.2 million  
**Duration:** 2009-2017  
**Directly benefiting:** 108,000 households

## Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu

The goal of this programme is to enable thousands of tsunami victims 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's aim is 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; and 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.

**Total cost:** US\$68.6 million  
**IFAD loan:** US\$29.9 million  
**Duration:** 2007-2015  
**Directly benefiting:** 140,000 households

## Livelihoods Improvement Project in the Himalayas

The objective of this project is to help vulnerable groups in the rugged highlands of the Himalayas improve their livelihoods and develop alternatives for increasing their incomes. The area of operations includes the most remote and underdeveloped districts in the states of Meghalaya and Uttaranchal. Poor rural people in about 1,730 villages in those areas are benefiting directly from expanded livelihood opportunities, increased incomes and greater economic security.

The project strengthens access to financial services such as credit, savings and insurance, in order to develop livelihoods and strengthen local institutions. It helps poor rural people learn to manage new technologies and to establish sustainable cultivation systems, and provides business development services that enable marketing of products on a larger scale.

**Total cost:** US\$84.3 million  
**IFAD loan:** US\$39.9 million  
**Duration:** 2004-2012  
**Directly benefiting:** 72,000 households

## Orissa Tribal Empowerment and Livelihoods Programme

South-western 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.

**Total cost:** US\$91.2 million  
**IFAD loan:** US\$20.0 million  
**Duration:** 2003-2013  
**Cofinancing:** Department for International Development (United Kingdom) US\$40.0 million; World Food Programme US\$12.3 million  
**Directly benefiting:** 75,000 households



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### Jharkhand-Chattisgarh Tribal Development Programme

Supervised directly by IFAD, this programme focuses on tribal people in Jharkhand and Chattisgarh, two of the states with the highest proportion of tribal people, who are among the poorest in India.

Programme participants include those from marginal households, women, landless people and hill cultivators. One goal is to empower tribal people to participate in their own development through local self-government. Specific activities promote increased production and productivity of land and water resources, alternative sources of income and sustainable management of natural resources.

Among the programme's innovative features are autonomous tribal development societies, a fund for the legal defence of tribal people's rights, and watershed management as part of an overall approach towards protecting and managing natural resources.

**Total cost:** US\$41.7 million  
**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

### 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.

**Total cost:** US\$62.3 million  
**IFAD loan:** US\$31.0 million  
**IFAD grant:** US\$608,000  
**Duration:** 2008-2014  
**Directly benefiting:** 86,880 households



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## Completed operations

### Livelihood Security Project for Earthquake-Affected Rural Households in Gujarat

Total cost: US\$24.0 million

IFAD loan: US\$15.0 million

Duration: 2002-2006

Directly benefiting: 53,280 households

### National Microfinance Support Programme

Total cost: US\$134.0 million

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

IFAD loan: US\$19.2 million

Duration: 1999-2005

Directly benefiting: 130,000 households

### Mewat Area Development Project

Total cost: US\$22.3 million

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

IFAD loan: US\$26.7 million

Duration: 1994-2002

Directly benefiting: 76,810 households

### Maharashtra Rural Credit Project

Total cost: US\$48.4 million

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

IFAD loan: US\$20.0 million

Duration: 1991-1998

Directly benefiting: 63,370 households

### Tamil Nadu Women's Development Project

Total cost: US\$30.6 million

IFAD loan: US\$17.0 million

Duration: 1990-1998

Directly benefiting: 40,320 households

## Orissa Tribal Development Project

Total cost: US\$24.4 million

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

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

IFAD loan: US\$25.0 million

Duration: 1982-1987

Directly benefiting: 29,700 households

## Sundarban Development Project

Total cost: US\$37.8 million

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

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

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\$13.2 billion in grants and low-interest loans to developing countries through projects empowering about 400 million people to break out of poverty, thereby helping to create vibrant rural communities. IFAD is an international financial institution and a specialized UN agency based in Rome – the United Nation's food and agricultural hub. It is a unique partnership of 167 members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).

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



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