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# Investing in rural people in **India**

## **Rural poverty in India**

India's population of about 1.25 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.

Almost 70 per cent of India's population lives in rural areas, and some 20 million rural households are 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. Of these, women and tribal communities are the most disadvantaged. Young people in rural areas are forced to migrate without having the skills required by India's rapidly-modernizing economy.

Poverty is deepest among scheduled castes and tribes in rural areas. 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. Shortages of water and recurrent droughts impede development. A high incidence of poverty also occurs in flood-prone areas, such as those from eastern Uttar Pradesh to the Assam plains, and especially in northern Bihar. Tribal people in forest areas who have lost entitlements to resources have become even poorer. In coastal fishing communities, living conditions have worsened due to environmental degradation, stock depletion and vulnerability to natural disasters.

## Eradicating rural poverty in India

India's 12th Five-Year Plan (2012-2017) focuses on inclusive economic growth. It sets targets to improve rural infrastructure and aims for a 4 per cent annual growth rate in the agriculture sector. Since agriculture accounts for 80 per cent of water use, it includes a shift to water-efficient farming practices.

The Mahatma Gandhi National Rural Employment Guarantee Act aims to provide wage labour and ability to generate productive assets, gradually reducing the poor's dependence on public works programmes.

The National Rural Livelihoods Mission develops livelihoods opportunities to poor rural people by forming, training and providing financial services to self-help groups.

The Panchayats (Extension to the Scheduled Areas) Act of 1996, and the Forest Rights Act of 2006, provide a legal framework for transferring land rights to tribal communities, while protecting their heritage, existing rights, indigenous knowledge and cultures.

IFAD's work in India seeks to complement existing national policies, enhancing efficiency in the delivery of services to poor rural people.

More than **400 million** people in India still live in poverty





# IFAD's strategy in India

IFAD has been working in India for more than 30 years. The current country strategic opportunities programme is fully aligned with the government's policy framework.

IFAD is working at the grass-roots level, targeting activities to the poorest and most vulnerable groups. These include marginal farmers, women, youth, the landless, tribal communities and scheduled castes. Over the years, IFAD and the Government of India have achieved significant results investing in the commercialization of smallholder agriculture and building small farmers' capacity to increase incomes from market opportunities. Projects facilitate innovative partnerships between farmers and private-sector companies. These partnerships include multinational companies and corporations, including Tata, Tesco, Unilever, East-West Seed, FieldFresh and ITC as well as collaboration with international trade initiatives such as the Better Cotton Initiative. This approach has led to high-value and high-quality products being exported from India to markets elsewhere.

The focus is on strengthening local people's ability to manage their own development. A fully participatory planning and implementation process that includes indigenous knowledge and takes into account participants' capacity and interest is applied. Through IFAD's investment in 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.

Projects empower women to participate in decision-making and resource allocation in rural communities. Forming women's groups such as the Courage Brigades (or *Shaurya Dal*), has proven an effective way to reduce gender-based violence, change social attitudes and enable women to start up small businesses. Projects have also provided women access to financial services – for example, by linking women's self-help groups with commercial banks.

Tribal communities are often located in the most remote, underdeveloped areas of the country. Projects have contributed to improving the livelihoods of many tribal communities through improving their natural resource management, access to land, agricultural production and vocational skills.

Projects: 27

Total cost: US\$2.6 billion

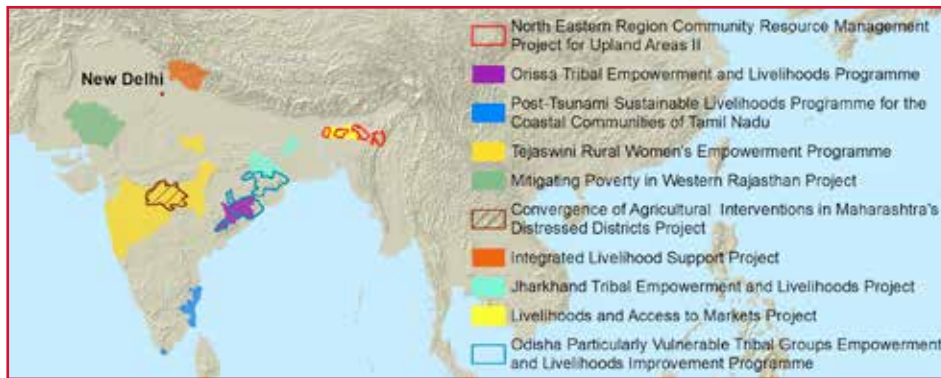
Total approved IFAD financing: US\$928.6 million

Directly benefiting: 4.4 million households

The rural poor have gained **greater bargaining power** for access to services, inputs and markets



# Ongoing operations



## Tejaswini Rural Women's Empowerment Programme

This programme focuses on women's development, building on lessons learned from earlier projects that demonstrated women's self-help groups are an effective means of improving the living conditions of poor households.

It ensures that poor rural women have a wider range of opportunities in economic, social and political spheres. The programme supports and strengthens women's self-help groups and provides access to financial services.

It improves income-generation by developing participants' skills, and providing market and policy support. It increases women's access to functional literacy and labour-saving infrastructure, and boosts their participation in local governance. It also supports government policies that empower women.

**Total cost: US\$228.2 million**

**Approved IFAD loan: US\$54.4 million**

**Duration: 2007-2017**

**Directly benefiting: 1.2 million households**

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

The project places efforts on improving land management practices, preserving the natural environment and providing poor farmers with eco-friendly livelihood options.

It has created protected areas including wildlife and fish sanctuaries and timber and forest reserves, which are now owned and managed by the communities themselves. It has introduced terracing, allowing farmers to grow cash crops without practising slash-and-burn cultivation or forest exploitation.

Villagers have seen an improvement in productivity, due to extension services and training in more sustainable farming techniques; soil and water conservation and crop diversification. With less pressure placed on food production, communities no longer need to strip forests of their valuable resources.

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

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

**Duration: 1999-2016**

**Directly benefiting: 23,000 households**

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

Agricultural distress and farmer suicides are pressing issues in the region. 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 seeds.

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

The programme focuses on establishing and strengthening inclusive grass-roots institutions and fostering community consensus on programme activities.

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

**Approved IFAD loan: US\$40.1 million**

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

**Duration: 2009-2017**

**Directly benefiting: 286,800 households**





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

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 Tsunami disaster. It promotes community participation and planning, and includes support for sustainable resource management in coastal areas, access to rural financial and insurance services and a community-based sea-safety and disaster management plan.

It also provides small business and skills training, including women's ability to market fish in neighbouring villages.

**Total cost: US\$113.4 million**

**Approved IFAD loan: US\$52.8 million**

**Duration: 2007-2019**

**Directly benefiting: 230,000 households**

## Orissa Tribal Empowerment and Livelihoods Programme

In south-western Odisha (formerly Orissa), one of the poorest regions in India, about 50 per cent of the people belong to tribal groups, and 12 per cent to scheduled castes. This programme focuses on building capacity so that vulnerable groups, particularly women, can plan and manage their own development and negotiate improved entitlements.

It foresees better access to and management of natural resources, financial services and markets, and development of non-farm enterprises. It offers a wide range of options including wage employment, microfinance services and short- and medium-term investments in agriculture and related activities, and flexible funds for community infrastructure.

**Total cost: US\$117.0 million**

**Approved IFAD loan: US\$35.0 million**

**Duration: 2003-2016**

**Cofinancing: UK Department for International Development (US\$40.0 million); World Food Programme (US\$12.3 million)**

**Directly benefiting: 75,000 households**



### Mitigating Poverty in Western Rajasthan Project

The areas covered have a harsh, arid climate. Rainfall is low and droughts are recurrent. Poor people 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 focuses on empowering landless agricultural labourers, small farmers, owners of marginal land or wastelands, traditional artisans, women, and young people lacking the skills needed for employment.

It aims to organize people through community-based organizations including self-help groups, marketing groups, producers' organizations and village development committees. It promotes income and employment opportunities, and provides access to financial services and markets.

**Total cost: US\$62.3 million**  
**Approved IFAD loan: US\$30.4 million**  
**Approved IFAD grant: US\$608,000**  
**Duration: 2008-2017**  
**Directly benefiting: 86,880 households**

### Integrated Livelihoods Support Project

The project targets small rural producers, women, scheduled caste households and young people living in the hill districts in the State of Uttarakhand. The project builds livelihoods by improving technologies for the production of traditional food crops and livestock and develops supporting services for input supply and the marketing of any surpluses.

To make food production more secure, the project contributes to watershed development to conserve water and soil resources. It also supports the production of fodder and other non-timber forest products in community forest areas. The project also generates cash incomes via the introduction and expansion of cash crops.

**Total cost: US\$258.8 million**  
**Approved IFAD loan: US\$89.9 million**  
**Duration: 2012-2019**  
**Directly benefiting: 143,400 households**





## Jharkhand Tribal Empowerment and Livelihoods Project

In Jharkhand, India's fifth poorest state, just over half of the nearly 33 million people live in poverty. About 26 per cent are scheduled tribes and 78 per cent live in rural areas. This project improves the living conditions of tribal communities, especially primitive tribal groups, across tribal scheduled area districts.

It will empower 136,000 tribal households, including 10,000 primitive tribal group households, and enable them to take up livelihood options based on sustainable and equitable use of natural resources.

Total cost: US\$115.6 million

Approved IFAD loan: US\$51.0 million

Duration: 2013-2021

Directly benefiting: 136,000 households

## Livelihoods and Access to Markets Project

This project works in Meghalaya State, a region that has not benefited much from India's recent development. The goal is to improve household incomes and the quality of life in Meghalaya through four components: natural resources and food security; livelihoods support; knowledge services; and project management. The project will target tribal communities, women, rural young people and households living under the poverty line. The overall objective is to create new sustainable livelihood opportunities that are adapted to the hill environment, and to build capacity to adapt to the effects of climate change.

Total cost: US\$169.9 million

Approved IFAD loan: US\$50.1 million

Duration: 2014-2022

Directly benefiting: 191,070 households

## Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme

The programme builds on the experience of the earlier Orissa Tribal Empowerment and Livelihoods Programme and will operate in 12 districts of Odisha State, which has a high number of particularly vulnerable tribal groups. Its foremost aim is to improve the livelihoods and food security of households, for example by securing their entitlement to land and forest, improving their agricultural practices and ensuring access to services such as health and education.

Total cost: US\$130.4 million

Approved IFAD loan: US\$51.2 million

Duration: 2015-2021

Directly benefiting: 62,356 households

The programme will also contribute to community empowerment, natural resource management and the development of community infrastructure to support productive activities and market access, and to improve drinking water and sanitation facilities in participating villages.

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$17.7 billion in grants and low-interest loans to projects that have reached about 459 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN’s food and agriculture hub.



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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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April 2016