

THE ROLE OF STATE IN REMOVAL OF RURAL POVERTY

A CASE STUDY OF GHAZIPUR DISTRICT (UP)

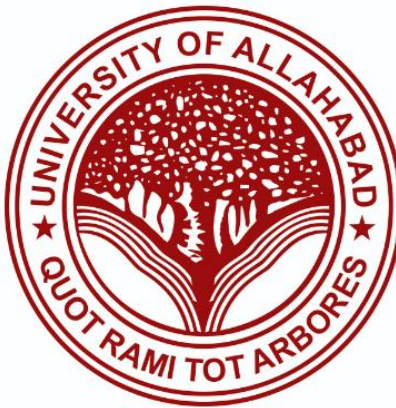
A Research Proposal

Submitted for the Degree of

DOCTOR OF PHILOSOPHY

IN

ECONOMICS



Submitted by

Pankaj Kumar Gautam

S/O Ramasharaya Premi

Roll No:- 7292105891

UNIVERSITY OF ALLAHABAD, ALLAHABAD

INDIA

2024

Content

S. No.	Chapter	Page No.
1.	Title	3
2.	Introduction	3
3.	A brief review of the work already done in the field	7
4.	Need of research	9
5.	Research gap	11
6.	Objective of research	12
7.	Research Hypothesis	13
8.	Research methodology and data collection	14
9.	Bibliography	15

1. Title: Fiscal Policy and Rural Poverty in India

2. Introduction

“Think of the poorest person you know and see if your next act will be of any use to him” – M. Gandhi.

Rural development is the base of economic development of any economy which is not possible without eliminating the rural poverty. The process of development of rural sector or eliminating rural poverty has been explained under ‘*Directive Principles of State Policy*’ (PART IV), Constitution of India as principles role of state. State works at central level, State level, and Panchayat level to develop the rural sector and eliminating the rural poverty. The article 39A, 40, 42, 43, 47, and 48 explain equal justice and free legal aid, organization of village panchayat, provision of work, living wage, improve health by state and organization of agriculture and animal husbandry respectively. Influencing from these articles state has many programs like Rurban Mission, MANREGA, Mera Gav Mera Vikash, Rashtira Gokul Mission etc.

In Indian constitution, the term “state” is used in broader concept. The definition of state has been explained under Article 12 in PART III. Term “state” includes government and parliament of India, government and the legislature of each of the states. Any such authority which has power to make any law, pass any order, make a regulation, bye-laws etc. come under definition of state. Panchayats, municipalities, district boards and other statutory, constitutional bodies come within the definition of state. Statutory and non-statutory bodies that get financial resources from government have deep pervasive control of government and with

functional characters such as ICAR, CSIR, ONGC, IDBI, NAFED, electricity boards, transport corporation etc. come under the definition of state.

Ghazipur district, a constituent of the Varanasi Division, is situated in eastern part of Uttar Pradesh. The total area of the district is 3377 sq km with total population of 33,45,908 in rural areas and 2,74,360 in urban areas. A significant portion of the population remains dependent on agriculture, a sector vulnerable to climatic conditions. Ghazipur faces various challenges, including poverty, unemployment, and inadequate infrastructure. The lack of diversified industries in the region has limited employment opportunities, forcing many to seek better livelihoods in urban areas of other states.

The term poverty is basically related to deprivation from necessities of life like food, cloth, water, sanitation, education, nutrients. A person or a society will be called poor when they are unable to fulfill the requirement of human necessities. Poverty, for every economy, becomes a very serious issue. It is found in both areas rural and urban but rural poverty is much serious problem rather than urban poverty because maximum people lives in rural areas. Rural areas are marked as primary sector and primary sector is the backbone for every developing economy. Although, it is fact that the poverty in rural India has declined substantially in recent decades but still the country like Indian is facing this problem as one among the biggest issue. The percentage of the rural population living below the poverty line fluctuated between 50 and 65 percent prior to the mid-1960s, but then declined steadily to about one-third of the rural population by the early 1990s. The steady decline in poverty was strongly associated with agricultural growth, particularly the green revolution. The development in

Agricultural field is an outcome of the massive public investments in agriculture and rural infrastructure. Public investment in rural areas has also benefitted the poor through its impact on the growth of the other factor like rural nonfarm economy. Government expenditure, in order to improve the rural poverty and employment programs, has directly benefitted the rural poor.

Government of India, in order to eradicate the rural poverty, has implemented several fiscal policies. But the present situation of poverty depicts a different picture that the fiscal policy of government is not succeeded in redeeming the rural poverty. Indian economy has achieve the *Super Hindu Growth Rate* from *Hindu Growth Rate* but unable to achieve *Super Hindu Growth Rate* in context to poverty eradication in 78th year of independent India.

In 1972, in US conference, Mrs. Indra Gandhi, the prime minister of India, had given the lecture on the topic “*United Nations Conference on the Human Environment*”. In her lecture, she had emphasized to eradicate the poverty for maintain the balance between human and environment. Prime Minister of Japan also commented on poverty as “*Poverty is the biggest pollutant*”. At present time India is the biggest country of poverty in the world, which is very serious issue for us

In the context of poverty World Bank is the first institution who made the criteria of international poverty line and it presented his first report in 1990 on the basis of Purchasing Power Parity (PPP). According to latest report of World Bank, whose income is less than 1.90\$ per day (for underdeveloped economy) is poor. In India, according to C. Rangrajan report the poverty line in rural areas and urban areas are 972 Rs and 1407 Rs per capita consumption expenditure respectively. Whose per capita income is less than 972 Rs in rural areas are poor. According to

C Rangrajan report, rural poverty is 30.90% in 2011-2012. India has experienced a significant reduction in multidimensional poverty from 29.17% in 2013-14 to 11.28% in 2022-23, marking a decrease of 17.89% points. Approximately 24.82 crore people have escaped multidimensional poverty in the last nine years (2013-14 to 2022-23). This positive change is attributed to various initiatives by the government. The proposed research will focus on the fiscal policies propelled by the government of India and its impact on the rural poverty.

A Brief Review of the Work Already Done in the Field

“Government Spending, Growth and Poverty in Rural India” published by S Hengan Fan, Pitter Hazell and Sukhdeo Thorat. In their work, they have presented the impact of government spending on rural development with poverty reduction. They consider that rural poverty is determined by various factors in which government spending have a crucial role. In case of rural development and poverty reduction these economist provide preferences those factor which are more helpful to eliminate the poverty. Government should firstly prefer to expend on agriculture related Research and Development then infrastructure (road & electricity) then on education and after that expend on various items.

Among the contemporary economists who have given the greatest attention to poverty and deprivation, Amartya Sen and Jean Dreze are particularly outstanding. Their research on well-being, quality of life, and hunger set a standard for the point of view that says that life quality and deprivation need to be at the top of the list of economic research goals.

“Growth and Poverty in Rural India: An Analysis of Inter-State Differences” published by Gaurav Nayyar. In his journal, Gaurav Nayar has divided the public expenditure into developed and non-developed and also subdivided developed public expenditure into social service and economic services. Social service includes education, health, social security, and other community services. On the other hand, economic services include agriculture, industry, trade, and transportation. The investment in social services affect directly to rural poverty through increasing the private consumption and support social consumption for poor. Economic services is indirect method of removal of rural poverty through mechanism poverty can be reduced to provide the employment in rural areas.

Kannan (2005) in his study viewed the National Rural Employment Guarantee Act a much needed developmental perspective that seeks to enhance human development by inclusion of the rural poor. He opined that the goal of investing in human capital can be completed through National Rural Employment Guarantee Act through projects like construction of schools, health centres at local level, repair of existing buildings. This will be the best way to utilize the unutilized potential in rural areas.

Rizvi (2011) in his study discussed the three basic necessities in life: food, clothing, and shelter. While all three are equally essential, the third one plays the more important role of harnessing a feeling of “belongingness” to the household/family. The physical dwelling unit is not the sole element of housing; equally important is the provision of basic services in the house like potable water, sanitation, drainage, and electricity. It is these services that make a “house” a “home”.

Need of Research

India is a developing country where largest population lives in rural areas. According to census 2011, 68.9% people inhabits in rural areas in India. Maximum people are engaged in agriculture, forestry, fisheries and related small scale industries, and services. And more people who are engaged in this primary sector are poor. C. Rangrajan report on poverty on June 2014 state that 30.9% poor populations live in rural areas and urban poverty is 26.4%. Here the ratio of poverty in rural areas is more than urban areas. Rural areas are the backbone of Indian economy because the development of economy is determined by primary sector. This sector includes agriculture fisheries, forestry which operated by those rural population in which more are poor. And this poor people are going much poor with respect to passing the time and adversely affect the economic development. More poor people in rural areas are job less due lack of education, lack of infrastructure development, low productivity of worker due to malnutrition, poor labor skill, lack of information facilities etc. These following weakness of rural areas always lead to poor people survive in poverty. And this poverty trap can be break only by expenditure policy of state. In India government have started his work to eliminate the poverty and determine the poverty line after independent of India but official effort start in 1962 with the help of planning commission. From 1962 to 2024 along the 62 year have been past but poverty have been not eliminate beside regular effort of Indian government. Government have adopted the a lot of programs and scheme like NAREP, IRDP, NLREM, Annapurna Yojana, Pradhan Mantri Gramoday Yojana, Antyoday Ann Yojana, MNREGA, PM Awas Yojana, Jal Jeevan Mission, etc. But all these effort of government are unable to eradicate the rural poverty at desire level. Here conclusion comes out that poverty is now existed in India because government has some weakness to adopt the policy.

We can understand the intensity of problem of poverty, when in 2000 UN Millennium Development Goal (MDG), in which 8 goal and 18 targets in which first goal and first target was poverty. In 2015 when Millennium Development Goal (MDG) replaced by Sustainable Development Goal (SDG) and it have also 17 goals and 169 targets in which, first goal and first target was poverty. The above explanation shows that the main problem of any economies is poverty now a day.

Research Gap

Despite significant efforts and scholarly work on rural poverty alleviation in India, several critical gaps remain, particularly in the context of the . Identifying and addressing these gaps is essential to develop a more comprehensive understanding of the issue.

1. Limited region – specific studies
2. Inadequate exploration of implementation challenges
3. Insufficient analysis of multidimensional poverty
4. Insufficient focus on gender and vulnerable group
5. Gap in policy recommendation

Objective of Research

1. To analyze the performance of various rural development schemes which are being running in Ghazipur district of UP.
2. To analyze the co-relation between public expenditure and rural poverty.
3. To examine the impact of rural development schemes on rural upliftment.
4. To examine the benefits of various rural development schemes percolation to the lower strata in Ghazipur district of UP.
5. To examine the deficiencies and the constituent faced the beneficiaries.
6. To make suggestions for strengthening the implementation strategy of these rural development schemes in Ghazipur district of UP.

Research Hypothesis

The following hypothesis will be tested in proposed study.

1. **H₀**:- There is no statically significant co-relation between public expenditure and rural poverty.

H_a:- There is statically significant co- relation between public expenditure and rural poverty.

2. **H₀**:- There is no significant effect of various schemes on the development of Ghazipur district.

H_a:- There is significant effect of various schemes on the development of Ghazipur district.

3. **H₀**:- There is no significant percolation of the benefits of various rural development schemes to the lower strata in Ghazipur district.

H_a:- There is significant percolation of the benefits of various rural development schemes to the lower strata in Ghazipur district.

Research Methodology and Data Collection

This proposed research study will be based on systematic process of research methodology. Firstly, we define research problem, then set-up research design of sample surveys, measurement and scaling, data collection, data preparation, Hypothesis creation, sampling and statistical inferences, testing of hypothesis.

Method of collecting data:

This research work is based on secondary data and as well as on the requirement of the primary data which will be collected through questionnaire and survey method. The sources of secondary data will be obtained from the high authorized and certified institutions.

Secondary sources of data:

- World Bank Reports
- Human Development Report (HDR)
- NSSO
- NITI AYOOG

Other sources of data:

- Articles
- Journals
- Magazine
- Research Papers
- various Ministry of Government of India, etc.

Bibliography

Arvind Pangariya, Megha Mukim: “A *Comprehensive Analysis of Poverty in India.*”

Government of India, Planning Commission, *Report of the Expert Group to review the Methodology for Estimation of Poverty* (Tendulkar committee), submitted in November 2009.

Sharma, A., & Agarwal, H. (2018). Role of Government in eradication of Rural Poverty and Enhancing Employment in India. *Contemporary Social Science* (ISSN: 0302-9298), 27(3), 264-272.

N Kroshnaji, *Abolish the Poverty Line*, Economic and Political Weekly, April 14, 2012.

Government of India, Planning Commission, *Report of the Expert Group to review the Methodology for Measurement of Poverty* (C. Rangrajan committee), submitted in June 2014.

Fan, S, P Hazell and S Thorat (1999): ‘*Linkages between Government Spending, Growth and Poverty in Rural India*’, Research Report No 110.

Nayyar, R (1992): *Rural Poverty in India: An Analysis of Inter-State Differences*, Oxford University Press, Delhi

Sen, A K (1981): *Poverty and Famines: An Essay on Entitlement and Deprivation*, Clarendon Press, Oxford.

Amratya Sen and Jean Drez: India: *Economic Development and social Opportunity*, Oxford University Press.

Kannan, K. (2005, October 15-21). Linking Guarantee to Human Development. *Economic & Political weekly*, pp. 4518-4522

Rizvi, F. F. (2011). Housing Situation among the Poor and Marginalised Rural Households: A Study of Indira Awaas Yojana in Selected Districts of Orissa and Maharashtra. Indian Institute for Dalit Studies & Overseas development institutes, 4-50.