

## Outlook

10.106 Various studies on poverty indicate that while growth in per capita income is a necessary condition for poverty reduction, it is by no means sufficient. It is also important to focus on creating an enabling environment for the poor to participate in, and benefit from, the growth process. The pro-poor public policies include creation of employment opportunities and enhancing the level of health, education and skill of the poor.

10.107 Most evaluations of poverty alleviation programs, done by the government or others, conclude that these programs are not very effective in reducing poverty. They suffer from ill defined and multiple objectives, limited targeting, under-funding, complex administration, high administrative costs and leakage, lack of proper accountability and adequate monitoring. A study of the Public Distribution System (PDS) suggested that only 25 percent of food grains actually reach the poorest 40 percent of the population, and administrative costs accounting for 85 percent of the total expenditure far outweigh the income gains to the poor.

10.108 One of the better-targeted programs is the Integrated Child Development Services. Food for work program is also more successful at targeting the poor and improving their living standards at a relatively low cost.

10.109 Low productivity of small landholders leads to poverty, low energy in-take and under nutrition, which in turn prevents the development and creates a vicious circle. In most of the States, non-farm employment in rural areas has not grown very much and cannot absorb the growing labour force due to high population growth. Those who are getting educated specially beyond the primary level do not wish to do manual agricultural work. They would like better opportunities and more remunerative employment in rural areas. This can be done by developing agro-based and rural resource-based enterprises.

10.110 International experience indicates that the cost recovery for basic social services

does not generate much revenue and adversely affects the utilization rates, especially by the poor. Therefore, any attempt to raise the services charges to cover full cost for the provision of basic services will be counter-productive and is to be avoided to the maximum extent possible. When imposed, cost recovery should improve quality and exempt the poor. When cost recovery occurs, revenues should go to a special fund to be reinvested in the social sectors.

10.111 In the education sector, at the higher level, there is a case for greater cost recovery, but the political economy constraints may go against the enhancement of user charges. In countries like Malaysia and Sri Lanka, lower level services have been delivered free of charge for decades on the principle of universality, and even the World Bank was persuaded against the imposition of user charges.

10.112 While the level, efficiency and equity of social expenditure matter, there is need to ensure effective utilization of existing resources. Expenditure levels cannot be increased without improved absorptive capacity. In this respect, the involvement of the community appears to be extremely important in order to improve absorptive capacity, transparency and the appropriate monitoring of expenditures.

10.113 There is a wide scope for strengthening the public-private partnership in the delivery of health care services. There is also a wider scope for more involvement of India's several thousand Non-Government Organisations (NGOs) for implementation of many government schemes in social sectors.

10.114 In sum, India needs to reformulate an anti-poverty strategy that is fiscally sustainable and more finely targeted to those who cannot benefit from the opportunities offered by growth. Safety nets should focus on those who either cannot participate in the growth process (for reasons of extreme deprivation or vulnerability combined with poverty) or face continuing exposure to risks.