



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

## **Rural poverty in India**

About two thirds of India's more than 1 billion people live in rural areas, and almost 170 million of them are poor. Although many rural people are migrating to cities, three out of four of India's poor people live in the vast rural parts of the country. For more than 21 per cent of them, poverty is a chronic condition.

Poverty is deepest among scheduled castes and tribes in the country's rural areas. India's poorest people include 50 per cent of members of scheduled tribes and 40 per cent of people in scheduled castes.

On the map of poverty in India, the poorest areas lie in parts of Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, Jharkhand, Chhattisgarh, Orissa and West Bengal.

Large numbers of India's poorest people live in the country's semi-arid tropical region. In these areas shortages of water and recurrent droughts impede the transformation of agriculture that the Green Revolution has 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.

A major cause of poverty among rural people in India is lack of access for both individuals and communities to productive assets and financial resources. High levels of illiteracy, inadequate health care and extremely limited access to social services are common among poor rural people. Microenterprise development, which could generate income and enable them to improve their living conditions, has only recently become a focus of the government.

Women in general are the most disadvantaged people in Indian society, though their status varies significantly according to their social and ethnic backgrounds. Women are particularly vulnerable to the spread of HIV/AIDS from urban to rural areas. In 2005 an estimated 5.7 million men, women and children in India were living with HIV/AIDS. Most of them are in the 15-49 age group and almost 40 per cent of them are women.

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## Eradicating rural poverty in India

India's various states differ significantly in terms of economic growth and poverty reduction. Over the past few decades, India has allocated 6 to 7 per cent of budgetary expenditures, or 1 per cent of gross domestic product (GDP), to its antipoverty programmes, mainly supporting food subsidies, subsidized credit, improvement of rural infrastructure and rural employment schemes.

Targets of the Government of India's Eleventh National Development Plan (2007-2012) include:

- improving access to and the quality of essential public services for poor rural people, including health and education, by implementing and improving specific programmes and involving the voluntary sector
- creating a broader base for income growth by doubling the agricultural growth rate to 4 per cent
- harmonizing the government's various self-employment schemes and implementing an integrated self-employment programme
- giving special attention to scheduled castes, tribes and minorities, and especially to the economic empowerment of women in those groups

The Eleventh Plan provides an opportunity to restructure policies according to a new vision of growth that will be more broadly based and inclusive, to achieve a faster reduction in poverty.

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## IFAD's strategy in India

India receives more funding from IFAD than any other country in the world. Working in close partnership with the Government of India and other donors, IFAD funds projects for rural development, tribal development, women's empowerment, natural resources management and rural finance. Since 1979, the organization has financed 21 programmes and projects, approving loans for a total of approximately US\$564.4 million.

IFAD's strategy in India centres on improving poor rural people's access to economic and social resources. In all operations, IFAD emphasizes the importance of strengthening people's capacities to establish and manage their own institutions. It supports self-help groups, community institutions and village development associations in tribal and non-tribal areas that work in synergy with local self-governments. These and similar groups

**Number of programmes and projects: 21**

**Total financing: US\$1,676.7 million**

**Total financing from IFAD: US\$564.4 million**

**Directly benefiting: 3,278,430 households**



participate directly in designing development initiatives and become progressively responsible for programme and project resources and management. Empowering women and other disadvantaged groups is a strategic priority.

IFAD has an important role in developing replicable models through project activities and it acts as a catalyst for far-reaching innovative change. In areas such as microfinance and women's empowerment, IFAD-funded operations have tested institutional and technical innovations that have been scaled up by the government.

The country strategy of IFAD for 2005-2009 includes:

- providing access to microfinance services, which are particularly effective in empowering women
- improving livelihood opportunities for communities in semi-arid tropical areas, where better water management and new technologies for agriculture help reduce poverty
- introducing development activities in the densely populated and impoverished mid-Gangetic plains
- improving productivity for coastal fishing communities and emphasizing sustainability of fishing resources
- developing partnerships with non-governmental organizations (NGOs) and the private sector to reinforce community-based organizations
- exploring possibilities for linkages with other donors and institutions
- promoting policy change through project activities

IFAD has developed close working relationships with other donors and agencies in India. It has a particularly strong partnership with the World Food Programme (WFP) involving joint funding and supervision of projects as well as collaboration on advocacy and other initiatives. IFAD has also cofinanced programmes with the Department for International Development (United Kingdom) and the World Bank.

A recent example of the success of IFAD-funded operations in India was the decision of the government to scale up the North Eastern Region Community Resource Management Project for Upland Areas, which was piloted in two districts in each of the states of Assam, Meghalaya and Manipur. IFAD will assist in expanding the project to cover the entire North-East region, with support from the World Bank.

# Recently approved

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

The programme will operate 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, which has the largest concentration of poor people in India.

Women here are particularly disadvantaged because of strong patriarchal forces and rigid caste divisions. The programme has the aim of empowering women and adolescent girls by helping them establish sustainable grass-roots institutions and by ensuring that they have access to microfinance and business development services. It will promote diversification of women's opportunities for livelihoods, both on-farm and off-farm, and it supports development of a sustainable livelihood base for women that will be integrated into the wider economy.

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

- introduce market-linked enterprises
- form sustainable grass-roots institutions including self-help groups, producers' groups and community service centres
- support increased participation by women in local government
- build the capacity of civil society organizations
- enhance the capacity of financial institutions and the private sector to operate in the targeted area

**Total cost: US\$52.5 million**

**IFAD loan: US\$30.2 million**

**Duration: 8 years**

**Geographical area: 4 districts in Uttar Pradesh and 2 in Bihar**

**Directly benefiting: 108,000 households**

# Ongoing programmes and projects

## 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 have shown that women's self-help groups are an effective means of improving the living conditions of poor households.

The objective is to enable poor women to have a wider range of choices and opportunities in the economic, social and political spheres so they can improve their own well-being and that of their households. The programme will support and strengthen women's self-help groups and their apex organizations, and it will provide them with access to financial services, fostering linkages with banks and supporting microfinance institutions.

The programme will improve livelihood opportunities by developing participants' skills, fostering market linkages and providing market and policy support. It will create access to functional literacy and labour-saving infrastructure, and it will strengthen women's participation in local governance. It will also support government policies that empower women and develop the capacity of executing agencies.

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

**IFAD loan: US\$39.5 million**

**Duration: 8 years**

**Geographical area: Maharashtra and Madhya Pradesh states**

**Directly benefiting: 1,120,000 households**

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

The goal of the 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. Targets include people who live in coastal areas, including fishers, wage workers in the fisheries sector, farmers and agricultural labourers. There is a specific focus on marginalized groups such as women who are heads of households and members of scheduled castes.

**Total cost: US\$68.6 million**

**IFAD loan: US\$30.0 million**

**Geographical area: coastal areas of Tamil Nadu**

**Directly benefiting: 10,000 tsunami victims**

The programme's aim is to improve the livelihoods of people affected by the disaster. It promotes community participation and planning. The programme 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 for employment generation and skills training, and assistance in programme management. Through one activity women are empowered to improve their incomes from marketing fish.

## Livelihoods Improvement Project in the Himalayas

The objective of the project is to help vulnerable groups in the rugged highlands of the Himalayas improve their livelihoods and develop broader alternatives for income-generating activities. The area of operations includes the most remote and underdeveloped districts in the states of Meghalaya and Uttaranchal. Poor people in an estimated 1,730 villages in those areas will benefit directly from expanded livelihood opportunities, increased income and greater economic security.

The project provides access to financial services such as credit, savings and insurance to develop livelihoods and strengthen local institutions. It assists poor rural people in managing new technologies and establishing sustainable cultivation systems, and in organizing business development services that enable them to market products on a larger scale.

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

## Orissa Tribal Empowerment and Livelihoods Programme

South-western Orissa is one of the most deprived regions of India. It has a population of 1.4 million, and three quarters of the people are poor. 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 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-term and medium-term investments in agriculture and related activities, as well as a flexible fund for creating community infrastructure.

**Total cost:** US\$91.2 million  
**IFAD loan:** US\$20.0 million  
**Cofinancing:** United Kingdom Department for International Development (US\$40.0 million), World Food Programme (US\$12.0 million)  
**Duration:** 2003-2013  
**Geographical area:** south-west Orissa  
**Directly benefiting:** 75,000 households

## National Microfinance Support Programme

The programme directly supports financial institutions under the guarantee of the central government. It has the aim of improving and expanding access to microfinance services for poor people in both rural and urban areas. It will help develop a more formal, extensive and effective microfinance sector on a national scale and it will support the development of sustainable microfinance institutions.

IFAD funding, which is restricted to rural and semi-rural areas, focuses on lending to third parties, usually self-help groups. The programme has leveraged an IFAD loan of US\$22 million to access a grant fund of US\$23.5 million and a total loan and equity fund of US\$89 million. This programme also takes an innovative approach towards commercializing the microfinance sector.

**Total cost:** US\$134.0 million  
**IFAD loan:** US\$22.0 million  
**Cofinancing:** United Kingdom Department for International Development (US\$23.5 million)  
**Duration:** 2002-2009  
**Geographical area:** rural and semi-rural areas nationwide  
**Directly benefiting:** 540,000 households

## Jharkhand-Chhattisgarh Tribal Development Programme

Supervised directly by IFAD, the programme focuses on tribal people in Jharkhand and Chhattisgarh, two of the three states with the highest proportion of tribal people, who are among the poorest in the country. It targets marginal households, women, landless people, hill cultivators and tribal people. The 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.

**Total cost:** US\$41.7 million  
**IFAD loan:** US\$23.0 million  
**Duration:** 2001-2009  
**Geographical area:** Jharkhand and Chhattisgarh  
**Directly benefiting:** 74,000 households

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

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

The overall objective is to help the poorest rural people in several hill districts in the region improve their livelihoods through environmentally sound management of their resource base.

Most households in the project area depend heavily or solely on jhum cultivation, a system of cultivation under which a tract is cleared by fire, cultivated and then abandoned for another tract, which is similarly treated. The project will particularly benefit women and unemployed youth, as well as jhum cultivators in 1,000 villages, and it will help communities establish village development committees. In the long term, project activities will generate on-farm employment for about 6,400 people. Project activities include:

- building the capacity of communities and other participating groups
- promoting income-generating activities to support on-farm investments
- promoting community-based biodiversity conservation
- improving access to safe water, health services and education
- improving village roads and rural electrification
- promoting participation in project management

Total cost: US\$33.2 million

IFAD loan: US\$22.9 million

Duration: 1999-2008

Geographical area: 2 districts each in Assam, Meghalaya and Manipur

Directly benefiting: 23,000 households

## Completed operations

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

Total cost: US\$24.0 million

IFAD loan: US\$15.0 million

Cofinancing: World Food Programme (US\$5.0 million)

Duration: 2002-2006

Geographical area: Gujarat

Directly benefiting: 53,280 households

### Andhra Pradesh Participatory Tribal Development Project

Total cost: US\$50.3 million

IFAD loan: US\$26.7 million

Duration: 1994-2002

Geographical area: Andhra Pradesh

Directly benefiting: 76,810 households

### Rural Women's Development and Empowerment Project

Total cost: US\$53.5 million

IFAD loan: US\$19.2 million

Cofinancing: World Bank: International Development Agency (ID) (US\$19.5 million)

Duration: 1999-2005

Geographical area: Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Uttar Pradesh

Directly benefiting: 130,000 households

### Maharashtra Rural Credit Project

Total cost: US\$48.3 million

IFAD loan: US\$29.2 million

Duration: 1994-2002

Geographical area: Maharashtra

Directly benefiting: 91,250 households

### Mewat Area Development Project

Total cost: US\$22.3 million

IFAD loan: US\$15.0 million

Duration: 1995-2004

Geographical area: Mewat

Directly benefiting: 40,000 households

### Andhra Pradesh Tribal Development Project

Total cost: US\$46.5 million

IFAD loan: US\$19.9 million

Duration: 1991-1999

Geographical area: Andhra Pradesh

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  
 Cofinancing: World Food Programme (US\$1.4 million)  
 Duration: 1988-1997  
 Geographical area: Orissa  
 Directly benefiting: 12,500 households

### Second Uttar Pradesh Public Tubewells Project

Total cost: US\$182.2 million  
 IFAD loan: US\$35.3 million  
 Cofinancing: World Bank: International Development Agency (IDA) (US\$91.0 million)  
 Duration: 1983-1990  
 Geographical area: Uttar Pradesh  
 Directly benefiting: 440,000 households

### Madhya Pradesh Medium Irrigation Project

Total cost: US\$232.1 million  
 IFAD loan: US\$25.0 million  
 Cofinancing: World Bank: International Development Agency (IDA) (US\$140.0 million)  
 Geographical area: Madhya Pradesh  
 Duration: 1982-1987  
 Directly benefiting: 29,700 households

### Sundarban Development Project

Total cost: US\$37.8 million  
 IFAD loan: US\$17.5 million  
 Geographical area: West Bengal  
 Duration: 1981-1989  
 Directly benefiting: 225,000 households

### Rajasthan Command Area Development and Settlement Project

Total cost: US\$110.6 million  
 IFAD loan: US\$55.0 million  
 Geographical area: north-west Rajasthan  
 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  
 Geographical area: Solapur district in Maharashtra  
 Duration: 1979-1985  
 Directly benefiting: 25,200 households

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



## Building a poverty-free world

In 2008, IFAD marks 30 years of fighting rural poverty and hunger. IFAD was created in response to the droughts and famines that killed many millions of people in Africa and Asia in the early 1970s. World leaders at the 1974 World Food Conference decided to form a global alliance to fight rural poverty, an underlying cause of hunger and malnutrition. Their vision was a new and unique partnership between the members of the Organisation for Economic Co-operation and Development (OECD) and the Organization of the Petroleum Exporting Countries (OPEC) and other developing countries dedicated to agriculture and rural development.

IFAD is an international financial institution and a specialized United Nations agency. Since 1978, IFAD's member countries have together invested more than US\$10 billion in loans and grants, helping over 300 million poor rural women and men to grow more food, improve their land, learn new skills, start businesses, build strong organizations and communities, and gain a voice in the decisions that affect their lives. But hunger and poverty remain widespread in many countries, and poor rural people face new and daunting challenges, such as climate change. Now on the 30th anniversary of IFAD's founding, we honour our founders' vision and renew our commitment to enabling poor rural people to overcome poverty.



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