

# Is India a superpower of poverty?

India's agenda should be to transform itself into a superpower of peace and prosperity.

Tarun Das

**M**uch has been written on poverty, especially in India. Much more will be written in future. Clearly, looking at the hundreds of millions living in poverty in this country, and the depth and extent of poverty, is not the title "superpower of poverty" shameful but appropriate for India? It overrides all positives and other 'good news.' Reports of super-rich Indians add fuel to the fire. Forecasts by analysts that poverty will decline steadily — and has declined — can be no consolation to those living in poverty or to India as a nation. How can we embrace a new paradigm of development? Is it too complex a challenge? Is it possible to add value to the lives of the poor? Here are 12 issues to focus on to help the required change to happen and to do so with speed.

First, it is not only about government schemes, allocation of funds, NREGA, etc. By and large, they are usually slow, full of leakages. The delivery systems of the Central and State governments are usually weak and inadequate. In fact, T.N. Ninan's approach suggesting that India scrap all schemes and, instead, pay Rs. 30,000 (to the intended group) merits consideration and action. This could be simple, quick and efficient and, perhaps, leak proof. But it has to go beyond giving cash. Mentors, who are volunteering, should help the poor use the money productively. This, too, can be done to support empowerment beyond money.

Secondly, economic growth at 7, 8 and 9 per cent per annum has made a real difference. Across the country, new jobs have been created. People from tier 3 and 4 towns and villages have jobs in factories, shops, offices and malls. Sustaining 9 per cent growth and going beyond 10 per cent should be given the highest priority to address poverty. The decline in growth is bad news. Reversing the decline in the manufacturing sector is critical. Rapid investment in infrastructure is crucial. India can grow at 12 per cent GDP per annum to truly transform the employment and poverty scenario. The need is to focus and stretch, especially those sectors holding back high growth, e.g. mining and power.

Thirdly, India has already made a

• Reversing the decline in the manufacturing sector is critical

• Micro-enterprise has come to stay

• Skills training can transform lives and enable the poor to earn, save, and spend

mark with innovation and development of low-priced products and services. C.K. Prahalad's thesis, "the fortune at the bottom of the pyramid," is a reality, be it in health, insurance, IT services, the nano or other areas. India has creativity and talent. A simple encouragement from the government could be a five-year tax holiday where real innovation has taken place. It will provide a great fillip to innovation. The government will really lose nothing because these products/services were non-existent and the entrepreneur gains indirectly. The opponents will argue about misuse but innovation, especially in low-price products, will have a positive impact.

Fourthly, micro-enterprise has come to stay. In pockets in India, there are success stories. It needs to become a nationwide practice. Indian micro-enterprise needs scaling up, which is achievable.

Fifthly, women's self-help groups have made a mark. Not across the country but in some States. They have empowered women and enabled them to manage homes and families and, often, deal with alcoholic and spendthrift husbands. The SHGs, too, need to be scaled up, multiplied and extended. A good example is the work by Mukti Datta in the hill areas of Uttarakhand. Transparent, efficient, and effective. Mukti, and those like her, are ready to help others. In a country of several hundred million women, the need is for a million SHGs.

Sixthly, the NGO community with amazing commitment and domain knowledge of grass-roots situations, and working on micro-level programmes and projects. The NGOs make a difference in real terms. The need is to support and facilitate their projects and help them expand themselves, their capacity and reach without interference and harassment. Seven out of 10 NGOs are credible,

respectable, and professional. The National Foundation of India (NFI), which backs up NGOs, needs additional resource support.

Seventhly, the government should step back from operations but give grants and loans to NGOs, the NFI, and micro-enterprise societies to enable integrity-based civil society to scale up rapidly and make a much wider impact than they have done so far because of limited resources. As for resource availability, the corporate sector can be a significant player, contributing to the NFI, NGOs and micro-enterprise bodies, making this a true public-private partnership (PPP). Corporate social responsibility by industry can be increased many times over, based on its outstanding financial performance over the last five years.

## Rural infrastructure

Eighthly, the rapid building of rural infrastructure will make a huge difference to the removal of poverty. Infrastructure includes not only roads but also television stations, IT and telecom connectivity. Physical and technology infrastructure together can transform rural areas and empower the locals to access self-employment and job opportunities as well as information relevant to their work.

Ninthly, skills training, even short-term, can transform lives and enable the poor to earn, save and spend, thus joining the mainstream of society and economy. Today, many young people get three-six months' basic training and get jobs in the retail sector with reasonable pay, something unheard of a couple of years ago. Skills training is needed for millions of young, and older people need to be re-trained.

Tenthly, since most of the poor live off agriculture, removing poverty and im-

proving agriculture are two sides of the same coin. This involves the simple act of providing new seeds to enable incomes to rise. There is an elaborate structure of schemes and institutions relating to agriculture but it is not clear who will finally interface with the farmer and ensure the practical support required. Accountability is critical and strengthening of the institutions, essential.

## Price issue

Eleventh is the issue of prices. The huge concern at inflation is real, particularly because the poor are deeply impacted. Subsidies often miss their real beneficiaries and targets. Hence, the idea of a lump-sum cash payment. Also, whilst the wholesale price trend may show a 7 per cent-plus growth, the story is very different at the retail level. The poor need protection from retail inflation which they just cannot cope with. Monolithic public sector corporations may not be able to ensure it. Decentralised, NGO-based, PPP systems may be better. A great deal depends on integrity on all sides.

Twelfth, and, in conclusion, is a key issue. Whose responsibility is it to remove poverty? Everyone's? No one's? It seems as though it is part of everyone's area but is in addition to whatever everyone is doing. Should there be a full-time empowered task force on poverty? A task force which is compact, which is not another government employment agency, which is professionally managed and charged to implement in a transparent and practical manner the different strategies to remove poverty. And this group should necessarily be attached to the Prime Minister with a Cabinet level head who has leadership and managerial capability combined with commitment and integrity.

The objective of the title, 'superpower of poverty,' is to keep the issue of poverty before us every day, every minute. India's agenda should be to give up that title through action on multiple fronts. The poor must not remain poor. They must be empowered. India should become a superpower of peace and prosperity.

(Tarun Das is Chief Mentor, Confederation of Indian Industry, Gurgaon.)