

The Impact of the INC's Rural Employment Scheme Initiatives on Economic Growth in Andhra Pradesh 2004-2009

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Abstract:

This paper analyses the performance of the rural employment schemes initiated by the INC government in Andhra Pradesh during the period of 2004 to 2009. It explores the consequent effects on economic growth. The study focuses on four major initiatives: ; Pavala Vaddi Scheme, MGNREGA Scheme, Indira Kranthi Patham Scheme and Rajiv Yuva Shakthi Scheme. The main findings of this paper suggests that these policies have addressed many issues such as household welfare, improving rural infrastructure,youth infrastructure, women empowerment and reducing poverty. Hence, it is the objective of this paper to discuss the operation and results of these remunerative schemes and understand their role in, and impact on, the socio-economic development of the rural area of the state.

Keywords: INC, Development, Schemes, Andhra Pradesh

1. Introduction

The oldest political party in India is the Indian National Congress (INC) which was founded in the year 1885 by Allan Octavian Hume. It was founded to campaign for civil liberties, including political, and to express their grievances and aspirations to the colonial government (Mehrotra 1971).Initially moderate in its demands, the party shifted to a more radical approach with the Swadeshi Movement 1905- 1911 led by figures like Bal Gangadhar Tilak and Lala Lajpat Rai.The party's policy advocating the use of non violence and democracy to fight against the British saw top and notable events like the Salt March 1930 not forgetting the Quit India Movement 1942 that helped in mobilizing the masses against colonial rule. Subsequent to India's attainment of independence in 1947, the INC emerged to be the key political forming force guiding the new nation politically, economically, and socially through policies that embraced the planning of the Indian economy and social reform. There were quite a few changes and schisms in the party during the decades, but it has persisted as one of the major players in Indian politics and has positively influenced numerous spheres of the nation's development and functioning.

Indian National Congress has had a legacy in Andhra Pradesh since the early 20th century .(Reddy, G. S. S., & Reddy, A. R. 2013). Within the APCC (Andhra Provincial Congress Committee), there were two major groups. One was headed by the renowned personality Tanguturi Prakasam, popularly referred to as Andhra Kesari, the "Lion of Andhra." Pattabhi Sitharamayya, a prominent Brahman Congress politician who went on to become the all-India Congress President in 1949–50 and the official historian of the party, led the other group(Suri, 2002). It became the ruling party in Andhra Pradesh, India after it gained

independence from 1947 and began to implement some schemes for welfare of people. However, the party over recent years has encountered resistance largely from regional parties such as Telugu Desam Party (TDP) and Yuvajana Sramika Rythu Congress Party (YSRCP) (Kohli 1988).

The state of Andhra Pradesh, located in the southern part of India, has a predominantly rural, 54.6 % population that depends on agriculture Census of India. (2011). In the years between 2004 and 2009, Indian National Congress went out of its way attempting to deal with agrarian distress & rural employment in Andhra Pradesh state.

With a long list of programs the flagship among them is Mahatma Gandhi National Rural Employment Guarantee Act that came into force in 2005 as an Act of Parliament to provide social security by guaranteeing wage-employment for people residing at rural parts. This act turned out to be a 'silent revolution' and sought to ensure social security for rural people by providing them with wage employment opportunities. The main focus of the INC is to continue running these rural employment schemes that have been put in place for economic and physical growth, poverty reduction, bettering living standards as well hence improving financial inclusion.

However, the effectiveness of these schemes in achieving their intended objectives remains a subject of debate among scholars and policymakers. This paper seeks to contribute to this discourse by examining the impact of the INC's rural employment schemes on economic growth in Andhra Pradesh between 2004-2009. This paper attempts to investigate the impact of these schemes on rural employment, poverty reduction and economic growth as a whole so that it highlights the role of government intervention in promoting rural development and alleviating poverty.

2. Literature Review:

The state of Andhra Pradesh has benefited greatly from the policies and programs that the Indian National Congress (INC) has implemented. The purpose of the review of the literature is to evaluate how the INC's initiatives affected Andhra Pradesh's rural economy's growth in the years between 2004 and 2009.

In order to examine the welfare and poverty implications of Andhra Pradesh's National Rural Employment Guarantee Scheme (NREGA), Deininger and Liu (2010) undertook a study. The outcomes demonstrated that the NREGA improved household welfare and decreased poverty, particularly in rural areas. This indicates that the economic well-being of Andhra Pradesh's rural people during the prescribed time period was positively impacted by the INC's execution of the NREGAS.

According to research conducted by the Indira Gandhi Institute of Development Research, Andhra Pradesh's NREGA expenditure stimulated demand, which is a more potent philosophical pillar than fiscal multiplier. The program's contribution to job creation in rural regions is highlighted in this research report which has shown that it has improved welfare and household income. ("The Political Economy of MGNREGS Spending in Andhra Pradesh," 2014)

A report on the independent evaluation of NREGAS throughout India which emphasizes the scheme's effects during the time that YSR served as Andhra Pradesh's chief minister (Liu et al., 2018). While not concentrating on Andhra Pradesh specifically, the paper offers insightful information about how NREGS might boost rural employment and income and potentially reduce poverty by improving household welfare.

The effects of the Free Electricity Policy in Andhra Pradesh from 2004 to 2013 were examined in a study. The policy reduced the cost of power through subsidies, even though it was not a direct employment program. This increased agricultural productivity and possibly changed the demand for employment, whi-

ch would have had an impact on rural incomes and rates of poverty. (Deininger, K., & Liu, Y. 2013) Rural public works initiatives, like the NREGS, can boost economic growth by lowering poverty and raising labor productivity, according to research by (Ravallion & Datt 2002) A study by Murgai and Ravallion (2005), which showed that NREGS promoted greater economic growth and labor market involvement in rural India, lends support to this study.

In conclusion, the literature suggests that INC's rural employment initiatives in Andhra Pradesh from 2004-2009 had a positive impact on the state's economic growth and welfare.

3. Overview of the Schemes implemented by INC from 2004-2009

The Indian National Congress has implemented various schemes and rural employment initiative in Andhra Pradesh between 2004 to 2009 to address the issue of pressing problems relating to rural poverty un-employment underdevelopment. The Mahatma Gandhi National Rural Employment Guarantee Act MNREGA targeted providing wage employment to rural households, guaranteeing 100 days of unskilled labour in a financial year primarily focused on poor-households and public works such as roads and irrigation (Deininger & Liu, 2013). Indira Kranthi Patham IKP worked for the empowerment of women through self-help groups, facilitating credit and augmenting income especially in agriculture, dairy farming etc. for small scale businesses. Pavala Vaddi Scheme offered SHGs a low interest based partial credit providing impetus to micro-enterprises in the rural hinterland thereby generating employment. Through training programs and encouragement for new business ideas, the Rajiv Yuva Shakti Scheme encouraged self-employment among young people from rural areas, creating jobs and lowering migration to urban areas. It has been demonstrated that these programs, which were created to complement one another and handle the complex issues of rural employment and development, improve the rural economy and boost the economy (Ravallion, M. 2019).

3.1 Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):

The MGNREGA commonly referred to as the National Rural Employment Guarantee Act was enacted in 2005. It entails that every rural household that wants to participate in the scheme should get at least 100 days of wage employment every year, provided all members who are willing to do manual work are adults. By the time MNREGA was implemented in Andhra Pradesh, focus on rural development had gained much prominence. The scheme ensured a legal guarantee for 100 days of wage employment in every financial year to labourer households with adults willing to do unskilled manual work, and telephones. It shook the rural economy of this state for the best. (Desai et. al 2015)

What is clear however, in the fast-developing economy such as Andhra Pradesh was between 2005 and 2010, that it succeeded to a great extent both on the employment generation front: MNREGA gave much needed cushion for rural poor which worked amazingly well. A considerable quantum of funds under MNREGA was also devoted to the production of durable assets such as roads, irrigation canals and water conservation structures. These assets have not only strengthened rural infrastructure but appeared to be livelihood means of the local population. MNREGA has swept the Andhra Pradesh Economic Survey 2008-09 by showing a dramatic increase in rural infrastructure development. ("Economic Survey 2008-09," 2008) Not only in asset creation it was also a women-centric and poverty alleviation measure which contributed to economic independence for the women in the rural areas. Consequently, there was a slow evolution in gender-related responsibilities and matters for the rural household. Many studies, including the ones by Centre for Women's Development Studies (CWDS), have clearly written about how MNREGA has had a salutary effect on women empowerment in Andhra Pradesh (Abraham).

During the INC's administration, the MNREGA scheme was a crucial factor to the rural Andhra Pradesh's development. The program helped to lower poverty and improve rural areas by empowering women, developing assets, and creating jobs.

3.2 Indira Kranthi Patham IKP:

IKP following the professional employment strategy contributed to employment in rural areas especially through the support of women SHGs. It was started with the aim to control and curb rural poverty through a community-driven approach. The sectors where women SHGs are involved include agricultural activities, dairy farming, and small-scale businesses, and more than ten million women were part of the SHGs.

It was a programme aimed at poverty reduction through enhancing livelihood opportunities, improving infrastructure and promoting social development. Commercial enterprises were promoted by the IKP, including micro-finance, skill development and SHG support. These were the efforts to generate sustainable livelihoods for the rural poor. (Prenusshi & Gupta 2014) .The programme also helped in creating rural infrastructure like roads, drinking water supply and housing. This vastly improved the quality of life for rural dwellers.

The program was instrumental in women empowerment through building SHGs and leadership development. This resulted in popular participation of women decision-making systems. Moreover, IKP's emphasis on training and capacity building activities enhanced the ability of RW of the area to be productive from employment viewpoint. In this context, IKP could effectively contribute to impart employment to rural people hence decreasing the poverty ratio in Andhra Pradesh.

3.3 Pavala Vaddi Scheme:

The Pavala Vaddi Scheme was started back in 2008 by the Indian National Congress (INC), was also one of the crucial policies for rural developments and entrepreneurship in Andhra Pradesh. In this scheme, financial assistance was given to rural artisans and small industries for skill upgradation. The programme provided rural entrepreneurs with an opportunity to grow their businesses and create jobs by making interest free loans in case the beneficiary belongs to Schedule Caste (Pavala Vaddi Scheme for Schedule Caste, Telangana | National Government Services Portal, n.d.)

There were also training programs for preparation and furthering of the skills in order to make them competitive with available market jobs. The scheme also showed a positive impact on rural artisans in terms of their income which has also improved their income and livelihoods. Due to cutting down the borrowing amount from the informal sources that charge exorbitant interest rates, a financial discipline and hence growth of business units was created under the Pavala Vaddi scheme that helped in generating employment opportunities, particularly in the rural region of Andhra Pradesh. Therefore, the Pavala Vaddi Scheme played a crucial role in rural development especially encouraging entrepreneurship and employment to other communities those who are not able to develop economically. With the help of this scheme the government has also created awareness in the farmers about the advantages of the repayment of loans on time by making them eligible for zero percent and Pavala Vaddi on crop loans (Government of Andhra Pradesh, 2018) Pavala Vaddi Scheme was essentially a much needed initiative for rural development and entrepreneurship in the state of Andhra Pradesh during 2004–2009 while Congress was at top.

3.4 Rajiv Yuva Shakti Scheme:

The Rajiv Yuva Shakti scheme aimed at empowering the youth and subsequently lent detailed modifications to the employment picture of rural youths, particularly through the promotion of self-

employment. The scheme funding, training supported employment of youth in new ventures leading to generation of employment and less migration to the urban sectors. The training programs expanded the human capital of youths in rural areas, providing training for innovation and new business initiatives. From this undertaking emerged many small and medium business ventures that boosted localized economic activities as well as creating employment opportunities especially in the rural areas. Therefore, the Rajiv Yuva Shakti Scheme can be said to have been instrumental in increasing employment in the rural areas of Andhra Pradesh.

4.0 Conclusion:

Some of the anti-poverty programmes/ employment generation measures launched by the Andhra Pradesh Congress led by Y. S Rajasekhara Reddy (YSR) during the period 2004-2009 include: Altogether, the preceding schemes constituted a considerable influence on the developmental profile of the rural regions in Andhra Pradesh.

Such a scheme was the Pavala Vaddi scheme which envisaged the giving of a lower interest rate to promote business ventures and trading in village areas. In this context, MSME enterprises in the country received less interest of 3 per cent through this scheme, thus easing their financial hardship and encouraging more economic activities at the base level.

In the same year, the government also launched the Rajiv Gandhi Yuva Shakti Yojana for the youths, who were encouraged for job-oriented vocational training. This programme aimed at ensuring that the rural youths are provided with necessary employment training, improving their chances of getting fruitful employment.

Further, the YSR government initiated essential public structures including the irrigation projects which apart from enhancing food production also offered several employment prospects in the villages. For instance, the Indira Jala Prabha did envisage the sum of barren lands with a focus of increasing agricultural productivity hence employment in this sector.

Through these programmes and policies sponsored by the Andhra Pradesh Congress government led by the late YSR, the unemployment condition in the rural areas of the state was duly tackled and sustainable development was achieved. This element helped to lay solid financial, skill and infrastructural foundations for a stronger rural economy and also positively affected the standard of numerous inhabitants of such regions. The fact that those plans work proves the role of purposeful state stimulus measures in the stimulation of economic development and employment in rural areas (Shubham, 2023).

Biography of the Author:

Daksh Kaza is a 11th grade student in the Aga Khan Academy Hyderabad, taking higher level subjects in Global Politics, History, and English and is very inclined towards politics and humanities. His, academic goals concern the analysis of interacting socio-political systems that define the world we live in, and his intent is to make a difference in the process. Apart from his academic interests, he has participated in real political activity by interning at the Chief Minister of Telangana's office and in the 2023 Telangana elections.

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