

# Poverty in India

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**Abstract:** *Poverty can be defined as a condition wherein a person is unable to fulfill the basic necessities for the sustenance of life. These basic necessities include- food, clothing and shelter. Poverty is a condition which drives out the essence of a decent standard of living for the people? Poverty becomes a vicious trap which gradually ends up entailing all the members of a family. Extreme poverty eventually leads to death. Poverty in India is defined keeping in mind all the dimensions of economy, semi-economy and the definitions which are devise according to international conventions. India judges poverty levels on the basis of both consumption and income.*

**Keywords:** consumption, upliftment, investments, fragmented

**Poverty:** The Concept of Poverty: poverty is a situation that gives rise to a feeling of a discrepancy between what one has and what one “should have”. What one should have is an internal construct hence each person’s feeling and experience of poverty is individual and unique but the feeling of ‘powerlessness’ and ‘resourcelessness’ is possessed by all poor people. Bernstein Henry (1992) has identified the following dimensions of poverty:

- Lack of livelihood strategies
- Inaccessibility to resources (money, land, credit)
- Feeling of insecurity and frustrations
- Inability to maintain and develop social relations with other as a consequence of lack of resources

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**Causes of Poverty in India:** The problem of poverty is undoubtedly the problem of imbalance between the population and economic resources of the country. While we have 15% of global population but our resources are only 2% of global national income. The gap between population and resources can be reduced by reducing population and increasing economic resources. It will not be out of place to mention that poverty can be eradicated to some extent if various concessions and facilities for the upliftment of the down trodden people actually reach them.

According to the international economist Ragnar Nurske, “a country is poor because it is poor” pointing towards the unfortunate reality that poverty is a vicious trap. This trap consists of the low level of savings which reduce the scope of investments which then leads to a low level of income. A major reason of the existing poverty in India is the weather condition of the country. The non-conducive climate reduces the capacities of people to work in the farms. Floods, famines, earthquake and cyclones disrupt the production. Population is another factor which contributes to the menace. Population growth reduces the per capita income.

Further, larger the size of a family, lower is the per capita income. Unequal distribution of land and assets is another problem which deters the concentration of lands in the hands of the farmers equally. However, the main causes of poverty are stated below:

**Demographic Causes:** Population growth is the most important factor in poverty. The population during the last 65 years has increased at the rate of 2.2% per annum. On average 17 million people are added every year to its population which raises the demand for consumption goods considerably. The main factor that contributes to poverty-ridden state of the country from a demographical point of view is the problem of over population. The growth of population in the country has so far exceeded the growth in economy and the gross result is that the poverty figures have remained more or less consistent. In rural areas, size of the families is bigger and that translates into lowering the per capita income values and ultimately lowering of standard of living. Population growth spurt also leads to generation of unemployment and that means diluting out of wages for jobs further lowering income.

**Low Productivity and poor infrastructure in Agriculture:** The level of productivity in agriculture is low due to subdivided and fragmented holdings, lack of capital, use of traditional methods of cultivation, illiteracy etc. This is the main cause of poverty in the country. Agriculture is the backbone of Indian economy. But outdated farming practices, lack of proper irrigation infrastructure and even lack of formal knowledge of crop handling has affected the productivity in this sector tremendously. As a consequence there is redundancy and sometimes complete lack of work leading to decreased wages that is insufficient for meeting daily needs of a labourer’s family plunging them into poverty.

**Faulty economic liberalization** – the LPG (Liberalization-Privatization-Globalization) attempts initiated by the Indian Government in 1991 were directed towards making the economy more suited to international market-trends to invite foreign investments. Successful to certain extent in reviving the economy, the economic reforms had detrimental effects on increasing the wealth distribution scenario. Rich became richer, while the poor remained poor.

**Under Utilized Resources:** The existence of under employment and disguised unemployment of human resources and under utilization of resources have resulted in

low production in agricultural sector. This brought a down fall in their standard of living.

**Low Rate of Economic Development:** The rate of economic development in India has been below the required level. Therefore, there persists a gap between level of availability and requirements of goods and services. The net result is poverty.

**Price Rise:** The continuous and steep price rise has added to the miseries of poor. It has benefited a few people in the society and the persons in lower income group find it difficult to get their minimum needs.

**Unemployment:** The continuously expanding army of unemployed is another cause of poverty. The job seeker is increasing in number at a higher rate than the expansion in employment opportunities.

**Shortage of Capital and Able Entrepreneurship:** Capital and able entrepreneurship have important role in accelerating the growth. But these are in short supply making it difficult to increase production significantly.

#### Social Factors

The social set up is still backward and is not conducive to faster development. **Lack of skilled labour, Education and illiteracy, Unemployment** Laws of inheritance, caste system, traditions and customs are putting hindrances in the way of faster development and have aggravated the problem of poverty.

#### Political Factors:

The Britishers started lopsided development in India and reduced Indian economy to a colonial state. They exploited the natural resources to suit their interests and weaken the

industrial base of Indian economy. In independent India, the development plans have been guided by political interests. Hence, the planning was a failure to tackle the problems of poverty and unemployment.

#### Unequal Distribution of Income:

Poverty in our country cannot be removed simply by increasing production or checking growth of population. What is of paramount importance is that inequality in the distribution of income and concentration of wealth should be checked. Government can reduce inequality of income and check concentration of wealth by pursuing suitable monetary and price policies.

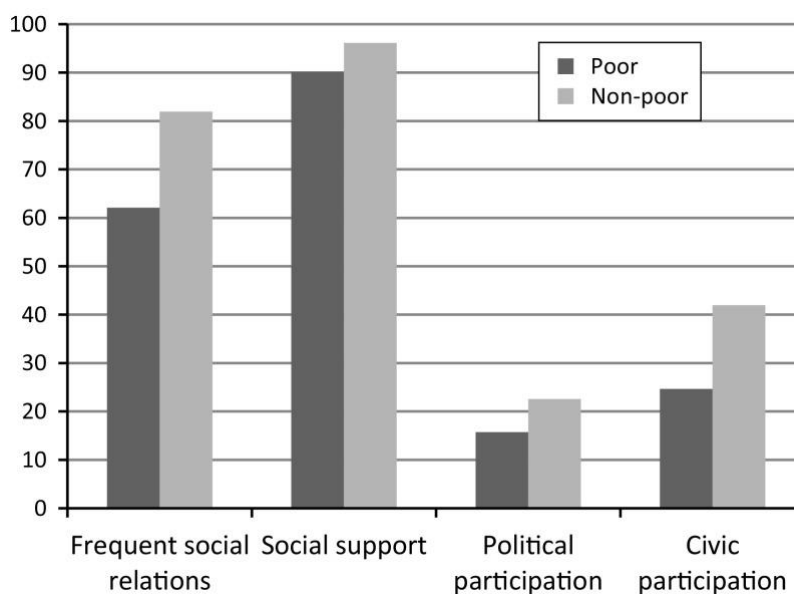
#### Problem of Distribution:

In order to remove poverty, mass consumption goods and food grains etc. should be distributed first among the poor population. Existing public distribution system should be re-organized and extended to rural areas of the country.

#### Regional Poverty:

In India, proportion of poor in some states, like Orissa, Nagaland, UP, Bihar etc. is greater than the other states. Government should provide special facilities and concessions to attract private capital investment to backward regions. Public sector enterprises should also be set up in backward areas.

**Corruption** – despite considerable efforts from the government in the forms of various schemes to mollify the poverty situation, allegedly only 30-35% actually reaches the beneficiaries due to wide-spread practices of corruption in the country. Wealthy people with privileged connection are able to acquire more wealth simply by bribing government officials to maximize their profits from such schemes while the poor remain in a state of neglect for not being able to assert such connections.



The relation between poverty (measured as economic deprivation) and social relations/participation in Sweden, LNU 2010. N = 5271

The descriptive picture in Fig. 1 does not tell us anything about the causal nature of the relation between poverty and social outcomes, only that such a relation exists, and that it is in the predicted direction: poor people have weaker social relations, less support, and lower levels of political and civic

participation. Our task now is to apply more stringent statistical models to test whether the relation we have uncovered is likely to be of a causal nature. This means that we must try to rid the association of both the risk for reverse causality—that, for example, a weaker social network leads to poverty—and the risk that there is a common underlying cause of both poverty and social outcomes, such as poor health or singlehood.

### Effects of Poverty

The resounding effect of poverty echoes through various layers of an India citizen's life. If we try to have a systematic look at them, we should proceed under the three following heads:-

**1. Effect on Health** – one of the most devastating effects that poverty has is on the overall health of the nation. The most prominent health issue stemming from poverty is malnutrition. The problem of malnutrition is widespread in all age-groups of the country but children are most adversely affected by this. Limited income in larger families leads to lack of access to sufficient nutritious food for their children. These children over time suffer from severe health problems like low body weight, mental, physical disabilities and a general poor state of immunity making them susceptible to diseases. Children from poor backgrounds are twice as susceptible to suffer from anemia, nutrient deficiencies, impaired vision, and even cardiac problems. Malnutrition is a gross contributor of infant mortality in the country and 38 out of every 1,000 babies born in India die before their first birthday. Malnutrition among adult also leads to poor health in adults that leaches their capacity for manual labour leading to a decrease in income due to weakness and diseases. Poverty also causes definite decline in the sanitary practices among poor who cannot afford proper bathrooms and disinfectants. As a result susceptibility to waterborne diseases peak among the poor. Lack of access to as well as means to procure appropriate treatment also affects overall mortality of the population which is lower in poor countries than developed nations like the USA.

**2. Effects on Society** – poverty exerts some gravely concerning effects over the overall societal health as well. These may be discussed along the following lines:-

- a) Violence and crime rate – incidence of violence and crime have been found to be geographically coincident. In a backdrop of unemployment and marginalization, the poor resort to criminal activities to earn money. Coupled with lack of education and properly formed moral conscience, a poverty ridden society is more susceptible to violence by its people against its own people from a sense of deep-seated discontent and rage.
- b) Homelessness – apart from a definite drop in the esthetic representation of the country, homelessness affects child health, women safety and overall increase in criminal tendencies.
- c) Stress – lack of money is a major cause of stress among the middle-class and the poor and leads to decline in productivity of individuals.
- d) Child labour – one of the hallmarks of a poverty-ridden society is the widespread practices of exploitation and the worst of it comes in the form of child labour. Large families fail to meet the monetary needs of the members

and children as young as 5 years are made to start earning in order to contribute to the family income.

- e) Terrorism – proclivity of youth towards terrorism stems from a combination of extreme poverty and lack of education making them susceptible to brainwashing. Terrorist organizations offer poverty-ridden families money in exchange for a member's participation in their activities which induces a sense of accomplishment among the youth.

3. Effect on Economy – poverty is a direct index indicating success of the economy of the country. The number of people living under the poverty threshold indicates whether the economy is powerful enough to generate adequate jobs and amenities for its people. Schemes providing subsidies for the poor of the country again impose a drain on the economy.

### Solutions

Effective measures in Poverty Alleviation: Poverty alleviation has to go hand in hand with a vigorous drive for reforms. A former member of the Planning Commission suggested in December, 1995 the following measures for economic reforms in India ( Sunday, November-December 1995:67-69)

**Distribution of Income:** Not only income has to be increased by stimulating policies of economic growth by the government but distribution of income has also to be given importance in the country. The reforms must have a positive impact on the poor.

**Encouraging private investment:** Investment of capital in private industries has lagged behind in our country. It can come if there is a belief that profitability will increase over a period of time. Adopting liberalization can assure such beliefs.

**Raising resources and planning expenditure:** Till private investment increases, there has to be a substantial public investments in infrastructure. This requires raising resources and planning expenditure. The latter has to focus on cutting expenditure or reducing non-essential expenditure and rising revenue. The revenue can be raised not by increasing taxes but by increasing tax collection.

**Containing inflation:** Inflation may be contained by increasing production.

**Creating independent banking institutions:** In a market based system, we must have institutions which are independent. We must therefore, work for more autonomy of the Reserve Bank. But the interest rates and the foreign exchange rate should not be entirely deregulated. The fundamental rates should be stable.

**Reframing of disinvestment policy:** The policy pertaining to disinvestment in public sector needs to be framed in such a way that if the unit is incurring losses, the government must get out. We must have an exist policy. The government can sell their shares and use the money for improvement.

The economists thus believe that only economic reforms like these can really help in reducing poverty in our country.

However, the leftists feel that a mixed economic system in the country obstructs alleviation of poverty.

Other measures that should be taken to fight the demon of poverty in India are outlined below:-

- 1) Growth of population at the current rate should be checked by implementation of policies and awareness promoting birth control.
- 2) All efforts should be made to increase the employment opportunities in the country, either by inviting more foreign investments or by encouraging self-employment schemes.
- 3) Measures should be taken to bridge the immense gap that remains in distribution in wealth among different levels of the society.
- 4) Certain Indian states are more poverty stricken than others like Odhisha and the North East states. Government should seek to encourage investment in these states by offering special concessions on taxes.
- 5) Primary needs of people for attaining a satisfactory quality of life like food items, clean drinking water should be available more readily. Improvement of the Subsidy rates on commodities and Public Distribution system should be made. Free high school education and an increased number of functioning health centers should be provided by the government.

#### Government Schemes to Eradicate Poverty

Government efforts to alleviate poverty in India cannot be overlooked while discussing poverty. It needs to be brought to the forefront that whatever marginal drops that has been observed in the poverty ratios have taken place due to the government initiatives aimed at uplifting people from poverty. Though, a lot still needs to be done as far as the corruption levels are concerned.

**Public Distribution System (PDS)**– the PDS distributes subsidized food and non-food items to the poor. Major commodities distributed include staple food grains, such as wheat, rice, sugar, and kerosene, through a network of public distribution shops established in several states across the country. But, the grains provided by the PDS are not enough to satisfy the consumption needs of a family. Under PDS scheme, each family below the poverty line is eligible for 35 kg of rice or wheat every month, while a household above the poverty line is entitled to 15 kg of food grain on a monthly basis. Being the most important system, the system is not without its flaws. Leakages and diversions of grains from the PDS are high. Only 41% of the grains released by the government reach the poor. The alternative against the PDS that has been suggested is that of a cash transfer along with food support, but this will not fulfill the need of the buffer food stocks.

**MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act)**– This aim guarantees the right to work and ensure livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. Employment generation under this act has been higher as compared to other schemes.

**RSBY (Rashtriya Swasthya Bima Yojana)**- This is a health insurance for the poor. It provides for cashless insurance for hospitalization in public as well as private hospitals. Every below poverty line family holding a yellow ration card pays 30 rupees registration fee to get a biometric-enabled smart card containing their fingerprints and photographs.

Several poverty alleviation programmes have been launched by the government for the rural poor, comprising the small and marginal farmers, landless labourers and rural artisans. The important programmes functioning are IRDP (subsidies/loans for self-employment and supportive land-based activities like irrigation, animal husbandry, etc. National Rural employment programme, Rural landless employment guarantee programme, Training of rural youth for self-employment (TRYSEM) Jawahar Rozgaar Yojna (JRY), Employment Assurance Scheme (EAS) and Small and cottage Industries.

Most of the schemes are clouded with implementation challenges. Programs are plagued by leakages on subsidies that limit its impact on the poor. These programs need to be centralized less than one organization so that leakages can be prevented at multiple levels.