

# Poverty In India: Its Reasons And Programs For Poverty Alleviations

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**Abstract-** Poverty is not only because of a lack of adequate income. It is a social phenomenon in which a section of a society is unable to satisfy even its basic needs of life. India is continuing to face this issue in spite of its development in many areas of operation. Article 25 (1) of the Universal Declaration of Human Rights of United Nations states that “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services”. This right is further reaffirmed in the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights. But this basic right is not conferred on many people. The HDI shows that India stands in the 136th position among 186 countries with an index of 0.554 and is in the lowest decline of the Medium Human Development. Hence this paper intends to study the intensity of poverty in India by appraising the indices, Below Poverty Line Index and Multidimensional Poverty Index calculated by various global institutions. This paper highlights the reason of poverty, poverty in India, removal of poverty and poverty alleviation programs etc.

**Keywords-** Poverty in World, Poverty in India, Poverty Line, Reason of Poverty Line, poverty alleviation programs in India

## I. POVERTY IN WORLD

The 8.5 percent of the global population – almost 700 million people – live today on less than \$2.15 per day, the extreme poverty line relevant for low-income countries. Three-quarters of all people in extreme poverty live in Sub-Saharan Africa or in fragile and conflict-affected countries. 44 percent of the global population – around 3.5 billion people – live today on less than \$6.85 per day, the poverty line relevant for upper-middle-income countries. The total number of people living under this poverty line has barely changed since 1990 due to population growth. Progress on shared prosperity has stalled since the pandemic, due to slow economic growth and a divergence in mean incomes. Today, incomes around the world, on average, would have to increase five-fold to reach the level of \$25 per person per day, the minimum prosperity standard for high-income countries. Around one-fifth of the

world’s population lives in economies with high inequality, concentrated mostly in Latin America and Sub-Saharan Africa. Only 7 percent of the global population lives in countries with low inequality.

## II. POVERTY IN INDIA

India: Significant fall in Indians living in extreme poverty from 431 million (1990) to 129 million (2024). About 24.82 crore Indians escape Multidimensional Poverty in last 9 years. Steep decline in Poverty Headcount Ratio from 29.17% in 2013-14 to 11.28% in 2022-23. All 12 MPI indicators show significant signs of improvement. Uttar Pradesh, Bihar, and Madhya Pradesh recorded largest decline in the number of MPI poor between 2013-14 and 2022-23. Poorer states record faster decline in poverty – indicating reduction in disparities. India is likely to achieve SDG Target 1.2 (reducing multidimensional poverty by at least half) much ahead of 2030.

India has registered a significant decline in multidimensional poverty in India from 29.17% in 2013-14 to 11.28% in 2022-23 i.e. a reduction of 17.89 percentage points. Uttar Pradesh registered the largest decline in the number of poor with 5.94 crore people escaping multidimensional poverty during the last nine years followed by Bihar at 3.77 crore, Madhya Pradesh at 2.30 crore and Rajasthan at 1.87 crore. India is likely to achieve its SDG target of halving multidimensional poverty well before 2030. The Government's persistent dedication and resolute commitment to enhancing the lives of the most vulnerable and deprived have been instrumental in this accomplishment.

The September 2023 Global Poverty Update by the World Bank revealed that at the \$3.65 poverty line, India accounts for 40% of the global poverty rate of 24.1%. Over a third of all people living in poverty in the world live in South Asia, which amounts to roughly 389 million people. In South Asia, the rate of extreme poverty, measured by the international poverty line of \$2.15, increased by 1.9 percentage points to 10.5%. India accounts for almost 70% of this global change in extreme poverty. Between 2012 and

2021, 40% of the wealth created in India has been captured by just the wealthiest 1% of the population

### **Poverty line**

The poverty line is the monetary income that one must have to afford the basic amenities of life. Globally, the poverty line is set at \$2.15 per day. This amount was recently updated by the World Bank in 2022. Depending upon the country's social and economic status required to attain the basic needs, the poverty line may vary from one country to another. In India, the poverty line lies at 1,286 rupees per month for urban areas and 1,059.42 rupees per month for rural areas.

## **III. SOME OF THE REASONS FOR PEOPLE BEING BELOW THE POVERTY LINE IN THE COUNTRY**

### **1. Large population**

India is the second largest country in the world after China with a population of over 139 crore people. In the upcoming years, due to its rapid population growth rate, it is also expected to cross the population of China and become the largest populated country. It is, due to a large population, the country might often have to struggle with lack of resources, increase in problems like unemployment, poor health care facilities and so on as the country's economy is not growing at the same pace as its population rate.

### **2. Rich and poor inequality:**

Even though India is one of the fastest growing economies in the world, poverty is still a major issue that the country has been struggling with. This is majorly due to the inequality gap between the rich and the poor of the country. As per the World Inequality Database (WID) report of 2021, India is categorised under 'extreme inequalities countries'. It was also estimated that by 2020, the income share of the bottom half could make up to only 13% while the top 10% captured 57% and top 1% made 22% of the total national income.

### **3. Lack of access to water, proper nutrition and sanitation**

The latest report of State of Food Security and nutrition in the world (SOFI) stated that around 56 crore people in India suffer from food insecurity in 2019-2021. This alone accounted for 37% of the total food insecure people in the world. The NFHS- 5 (National Family Health Survey -5) data showcases that every one in three children below the age of 5 years are stunted and underweight. This lack of proper

hygienic food, clean water and sanitation is a great worry for the country as it can affect the productivity and health of the poor people and restrict their upliftment.

### **4. Lack of education**

Over the years, India has been successful in increasing its literacy rate. At present, the country's literacy rate stands at 77.7%. However, it also indicates that still around one in every four Indians lack the basic access to education. This lack of access to education often restricts people to a low income job or no job at all. This further hinders their upliftment.

Even though the government has put forth some commendable efforts like mandating children's education (from age 6 to 14) under right to education act and so on, the problems of lack of attendance in the schools, low quality of education, increase in drop outs and so on are still prevalent and need to be focused on.

### **5. Unemployment**

Unemployment is one of the major obstacles in India that is restricting many people's upliftment from poverty. The rate of unemployment has increased rapidly in the past two years due to the pandemic as many people and daily wage workers lost their source of income. According to the Organization for Economic Cooperation and development, the unemployment rate can quadruple from 4 to 8 percent by 2022. Due to the increase in unemployment rate and lack of job opportunities; people often have little to no income in their hands, leading them to struggle to even afford the basic necessities of life.

### **6. Natural disasters and climate change**

Natural disasters and climate change can certainly affect the lives of many. Over the years, India has faced different types of natural calamities ranging from floods in Kerala (2018), Uttarakhand and Kashmir (2013) to Tsunami (2004) and Gujarat Earthquake (2001).

Experts have predicted that droughts might increase more than 30% from 2001 to 2030. Many of India's coastal cities like Mumbai, Chennai, Kochi and so on are under the risk of getting submerged by 2100. Regional floods are destroying farmers' crops and harvests. Such disasters cannot just cause fatalities but can also hinder economic growth which pushes more people into poverty. India ranks among the 3 countries that have suffered the most impact of such

disasters in recent years. More than 100 crore people's lives in the country were affected.

## 7. Social conflicts

The caste system, blind beliefs, dowry, inheritance law and so on can directly or indirectly cause an increase in poverty. With some parts of India still practicing practices like Untouchability, many people from backward castes are oppressed and are unable to attain even the basic facilities or opportunities to improve their lives. Even though India is slowly progressing from this mentality and even has set up rules and regulations against such practices, it still requires a lot of awareness among people to completely eradicate such practices from the country.

## IV. MAJOR POVERTY ALLEVIATION PROGRAMS IN INDIA

### 1. National Food for Work Programme

In line with the NCMP, National Food for Work Programme was launched on November 14, 2004 in 150 most backward districts of the country with the objective to intensify the generation of supplementary wage employment. The programme is open to all rural poor who are in need of wage employment and desire to do manual unskilled work. It is implemented as a 100 per cent centrally sponsored scheme and the food grains are provided to States free of cost. However, the transportation cost, handling charges and taxes on food grains are the responsibility of the States. The collector is the nodal officer at the district level and has the overall responsibility of planning, implementation, coordination, monitoring and supervision. For 2004-05, Rs.2020 crore have been allocated for the programme in addition to 20 lakh tones of food grains.

### 2. Swarnajayanti Gram Swarozgar Yojana (SGSY)

SGSY, launched in April 1999, aims at bringing the assisted poor families (Swarozgaris) above the poverty line by organizing them into Self Help Groups (SHGs) through a mix of Bank credit and Government subsidy.

### 3. Sampoorna Grameen Rozgar Yojana (SGRY)

SGRY, launched in 2001, aims at providing additional wage employment in all rural areas and thereby food security and improve nutritional levels. The SGRY is open to all rural poor who are in need of wage employment and desire to do manual and unskilled work around the

village/habitat. The programme is implemented through the Panchayati Raj Institutions (PRIs).

### 4. Rural Housing – Indira Awaas Yojana (IAY)

The Indira Awaas Yojana (IAY) operationalised from 1999-2000 is the major scheme for construction of houses for the poor, free of cost. The Ministry of Rural Development (MORD) provides equity support to the Housing and Urban Development Corporation (HUDCO) for this purpose.

### 5. Pradhan Mantri Gramodaya Yojana (PMGY)

PMGY launched in 2000-01 envisages allocation of Additional Central Assistance (ACA) to the States and UTs for selected basic services such as primary health, primary education, rural shelter, rural drinking water, nutrition and rural electrification. For 2003-04 as well as 2004-05, the annual allocation of ACA for PMGY was Rs.2, 800 crore.

### 6. Rural Employment Generation Programme (REGP)

REGP, launched in 1995 with the objective of creating self-employment opportunities in the rural areas and small towns, is being implemented by the Khadi and Village Industries Commission (KVIC). Under REGP, entrepreneurs can establish village industries by availing of margin money assistance from the KVIC and bank loans, for projects with a maximum cost of Rs.25 lakh. Since the inception of REGP, up to 31 March 2004, 1,86,252 projects have been financed and 22.75 lakh job opportunities created. A target of creating 25 lakh new jobs has been set for the REGP during the Tenth Plan. 8.32 lakh employment opportunities have already been created during 2003-04. For 2004-05, a target of creating 5.25 lakh job opportunities has been fixed.

### 7. Prime Minister's Rozgar Yojana (PMRY)

PMRY started in 1993 with the objective of making available self-employment opportunities to the educated unemployed youth by assisting them in setting up any economically viable activity. So far, about 20 lakh units have been set up under the PMRY, creating 30.4 lakh additional employment opportunities. The targets for additional employment opportunities under the Tenth Plan and in 2004-05 are 16.50 lakh and 3.75 lakh, respectively. While the REGP is implemented in the rural areas and small towns (population up to 20,000) for setting up village industries without any cap on income, educational qualification or age of the beneficiary, PMRY is meant for educated unemployed youth with family income of up to Rs.40, 000 per annum, in both urban and rural areas, for engaging in any economically viable activity.

## 8. Pradhan Mantri Gram Sadak Yojana (PMGSY)

The PMGSY, launched in December 2000 as a 100 per cent Centrally Sponsored Scheme, aims at providing rural connectivity to unconnected habitations with population of 500 persons or more in the rural areas by the end of the Tenth Plan period. Augmenting and modernising rural roads has been included as an item of the NCMP. The programme is funded mainly from the accruals of diesel cess in the Central Road Fund. In addition, support of the multi-lateral funding agencies and the domestic financial institutions are being obtained to meet the financial requirements of the programme. Up to October, 2004, with an expenditure of Rs 7,866 crore, total length of 60,024 km. of road works has been completed. The National Rural Roads Development Agency (NRRDA), an agency of the Ministry of Rural Development registered under the Societies Registration Act, provides operational and technical support for the programme.

## 9. Drought Prone Areas Programme (DPAP)

Desert Development Programme (DDP) and Integrated Wastelands Development Programme (IWDP) DPAP, DDP and IWDP are being implemented for the development of wastelands/degraded lands. During 2004-05 allocation of Rs. 300 crore, Rs. 215 crore and Rs. 368 crore were provided for DPAP, DDP and IWDP, respectively. So far, during 2004-05, 2,550 projects covering 12.75 lakh hectares, 1,600 projects covering 8 lakh hectares and 165 projects covering 8.32 lakh hectares have been sanctioned under DPAP, DDP and IWDP, respectively.

## 10. Antyodaya Anna Yojana (AAY)

AAY launched in December 2000 provides food grains at a highly subsidized rate of Rs.2.00 per kg for wheat and Rs.3.00 per kg for rice to the poor families under the Targeted Public Distribution System (TPDS). The scale of issue, which was initially 25 kg per family per month, was increased to 35 kg per family per month from April 1, 2002. The scheme initially for one crore families was expanded in June 2003 by adding another 50 lakh BPL families. During 2003-04, under the AAY, against an allocation of 45.56 lakh tonnes of food grains, 41.65 tonnes were lifted by the State/UT Governments. Budget 2004-05 expanded the scheme further from August 1, 2004 by adding another 50 lakh BPL families. With this increase, 2 crore families have been covered under the AAY.

## 11. Swarna Jayanti Shahari Rozgar Yojana (SJSRY):

The Urban Self Employment Programme and the Urban Wage Employment Programme are the two special components of the SJSRY, which, in December 1997, substituted for various extant programmes implemented for urban poverty alleviation. SJSRY is funded on a 75:25 basis between the Centre and the States. The expenditure during 2003-04 was Rs.103 crore. For 2004-05, the allocation is Rs.103 crore, out of which Rs. 90.38 crore were utilized by December 31, 2004.

## 12. Valmiki Ambedkar Awas Yojana (VAMBAY):

The VAMBAY launched in December 2001 facilitates the construction and upgradation of dwelling units for the slum dwellers and provides a healthy and enabling urban environment through community toilets under Nirmal Bharat Abhiyan, a component of the scheme. The Central Government provides a subsidy of 50 per cent, the balance 50 per cent being arranged by the State Government. Since its inception and up to December 31, 2004, Rs.753 crore has been released as Government of India subsidy for the construction /upgradation of 3, 50, 084 dwelling units and 49,312 toilet seats under the scheme. For the year 2004-05, out of the tentative Central Fund allocation of Rs.280.58 crore, up to December 31, 2004, an amount of Rs. 223.66 crore has been released covering 1, 06, 136 dwelling units and 20,139 toilet seats.

## V. CONCLUSION

The Government of India has made remarkable progress in improving the lives of people, aiming to reduce poverty in all dimensions. Significant initiatives like Poshan Abhiyan and Anemia Mukht Bharat have significantly enhanced access to healthcare facilities, leading to a substantial decrease in deprivation. Operating one of the world's largest food security programs, the Targeted Public Distribution System under the National Food Security Act covers 81.35 crore beneficiaries, providing food grains to rural and urban populations. Recent decisions, such as extending free food grain distribution under Pradhan Mantri Garib Kalyan Anna Yojana for another five years, exemplify Government's commitment. Various programs addressing maternal health, clean cooking fuel distribution through Ujjwala Yojana, improved electricity coverage via Saubhagya, and transformative campaigns like Swachh Bharat Mission and Jal Jeevan Mission have collectively elevated living conditions and overall well-being of people. Additionally, flagship programs like Pradhan Mantri Jan Dhan Yojana and PM Awas Yojana have played pivotal roles in financial inclusion and providing safe housing for the underprivileged.

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