



Chronic poverty in India and Government response to it

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ABSTRACT

In the midst of an on-going trade war, while major economies are at odds India is still trying to find its foothold in the economic arena. Although India has been maintaining a steady growth in GDP for the past decade (09-19) at somewhere about 6.5 to 7.8 per cent as recorded by different sources, we are still trapped in the vicious cycle of poverty; wherein our huge numbers are a restraint, instead of being an advantage. India has been unable to put its numbers to use and tap into the potential provided by being the most densely populated demographic. We are still struggling to provide basic amenities to the people at the bottom of the socio-economic pyramid, even after so much initiatives and efforts being made by government, NGOs, and other international bodies. Since the first five year plan in 1951, every government has been coming up with new and elaborate plans and policies to eradicate poverty; even the survey conducted by Asian Development Bank in South-east Asia has declared that Indi is no longer a poor economy. But this is where the indices lead to a paradigm that is as similar to the reality as day to night. The paper tries to describe a picture presented by different statistics to show the gap that occurs due to the unique nature of India and its diversity.

Keywords: Poverty, growth of GDP, government plans, population.

1. INTRODUCTION

One of the major ironies of our rapidly developing and increasingly progressive Indian economy is that poverty continues to remain widespread, evolving and rampant, and the vulnerable population seems to have grown ever more vulnerable as the wedge between the different economic sections of society keeps widening. India is the land of agriculture. Agriculture and related activities in rural India contribute to 33% of the Gross Domestic Product, and is responsible for the employment of over 60% of the human workforce available in rural areas. Thus, when one talks of socio-economic progress in India, what is mostly relevant is how the lives of the rural people have changed. Overall statistics such as the national GDP masks the reality experienced in the rural life, the prime reason being the vast difference between the level and socio-economic structure of the urban and rural regions.

The concept of poverty is described as a situation of a human being, with socially perceived deprivation of basic human needs. As a result, social perceptions are taken into account in ascertaining



deprivation, although self-perceptions cannot be ignored altogether and aggregated individual preferences may have to be respected in satisfying any given need in most cases as we argue below in the context of consumption poverty. These basic human needs are listed in the material dimension such that a calculative method could be adopted to ascertain the need to be adequately nourished, the need to be decently clothed, the need to be reasonably sheltered, the need to escape avoidable diseases, the need to be (at least) minimally educated and the need to be mobile for purposes of social interaction and participation in economic activity.

To bring uniformity in measurement of poverty, different indices have been developed which over time have proved helpful for deducing a measure to understand the severity of the situation. There are various measuring indices (GHI, MPI etc), which take in account various factors of life, lifestyle and levels of satisfaction of individuals, measured by specific scales to monitor the levels of poverty across globe.

India stands in the 14th position from the last out of the 130 countries under the GHI while its Multidimensional Poverty Index is 0.296." *The Global Hunger Index and the Multidimensional Poverty Index ranking coupled together shows that India is very backward compared to the other western and Far East countries*" (Rozarina N, 2013).

TYPES OF POVERTY

- ❖ **Absolute poverty**:- Relates to scarcity of basic food, clean water, health, shelter, education and information. People in this level of poverty struggles the most and experience a lot of child deaths from common preventable diseases. *"It is a condition so limited by malnutrition, illiteracy, disease, squalid surroundings, high infant mortality, and low life expectancy as to be beneath any reasonable definition of human decency."* Said by Robert McNamara, the former president of the World Bank
- ❖ **Relative Poverty**:- It is a measure of income inequality. It refers to the social perspective that is living standard compared to the economic standards of population living in surroundings.
In European Union the "relative poverty measure is the **most prominent and most-quoted** of the EU social inclusion indicators"
- ❖ **Situational Poverty**:- This type of poverty is faced by individuals due to occurrence of an adverse event like environmental disaster, job loss and severe health problem.
- ❖ **Generational Poverty**: - This is said to occur when two generations of a family are born into poverty. This poverty is handed over to individual and families from one generation to the other. People are trapped in its cause and unable to access the tools required for getting out of it.
- ❖ **Rural Poverty**: - Occurs with population below 50,000. It is the area where there are less job opportunities, less access to services, less support for disabilities and quality education opportunities
- ❖ **Urban Poverty**: - It occurs in the metropolitan areas with population over 50,000.



- ❖ **Chronic Poverty:** It refers to that category of poor who are unable to get the daily necessary calorie intake required in an individual for their survival. This type of poverty is observed in many areas of India where people have the bare minimum of existence.

2. OBJECTIVES OF STUDY

- Understanding the type of poverty in India.
- Understanding the major government plans and their impact on poverty.

3. LITERATURE REVIEW

(Singh & Khwairakpam, 2018) : In their paper titled “*A study of poverty of India*”, it has been clearly stated that the overall poverty line in India leads to major discrepancy as there is much diversity on major factors such as demographic, state, and also the region being urban or rural. They concluded that the difference between urban and rural poverty levels is a major concern for Indian economy which in the longer run will lead to more problems. The paper concludes that there is a necessity of defining poverty lines depending on state and centre, so that it copes up with the demographic diversity of India.

(Kumari, 2013) : The paper titled “*Poverty Eradication in India- A study on national policies plans and programs*” the author concludes that “Although income poverty has declined significantly at the all India level, the decline has not been uniform across rural and urban areas” It remained almost stagnant during a decade of 1973-1983 but it came down to 26 crore in 1999-2000 and 22 crore in 2004-05. Poverty in rural sector always been on higher side as compared to urban India. But it came down in 2004-05 in both rural and urban sector

(Mehta & Shah) in their work “*Chronic Poverty in India- Overview study*” investigated all the programs developed by government under all the five-year plans. They further briefed upon dynamics of poverty and coping strategies for individual states. For Bihar they deduced that the socio-political structure of the society there has been unable to implement the land reforms introduced by the government. While in state like Orissa there are districts like Keonjhar-47.4%, Phuladani-39.1%, Kalahand-32.6%, Sambalpur-30.4%; which account for a high density tribal population. This leads to a lopsided development difference.

(Dr.Parvathamma, 2014)“ *A review of India’s experience with poverty since Independence- conceptual framework, trend, approaches for its eradication*” the author says that unemployment and underemployment, arising in part from protectionist policies pursued till 1991 that prevented high foreign investment. He claimed that though services and industry had grown at double digit figures, agriculture growth rate has dropped from 4.8% to 2%. And the combine effect of all these things is not good for the society. But he is optimistic for the future in his report as he thinks that poverty alleviation is expected to make much better progress in the years to come as compared to the past data.



4. RESEARCH METHODOLOGY

This research paper tries to summaries the current state of knowledge about poverty, problems created by poverty and to study national policies, plans and programs for poverty eradication in India. The relevant secondary data is collected through various sources such as websites, Economic survey, books and journals. Some stats have been collected as published by international organisations and government survey reports. A cross-sectional time-frame has been used which takes in account the factors which have been at play since the post-independence era.

5. FINDINGS AND OBSERVATION

Since independence every government has brought out new plans and policies that have aimed at eradicating poverty in India. These plans have been listed in chronological order as follows

➤ 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.

➤ 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.

➤ NATIONAL SOCIAL ASSISTANCE PROGRAMME(NSAP):

This programmes was launched in during 1995-96. It provides three types of services to poor people. (a) National Family Benefit Scheme

(b) National Old Age Pension Scheme

(c) National Maternity Benefit Scheme. Whole of expenditure on this scheme is borne by central government but since April 2001, NMBC has been handed over to ministry of health and family welfare.

➤ SWARNA JAYANTI SHAHRI ROZGAR YOJANA (SJSRY):

This programme was launched in Dec. 1, 1997. It was focus on providing employment to its main object is to provide self employment to unemployed youth educated upto 9th, who live below the poverty line. It worked with 75% centre and 25% state's contribution in expenditure required for the schme.

➤ SWARAN JAYANTI 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. The poor are granted subsidised loans for establishing small enterprises.



➤ INDIRA AWAAS YOJANA (IAY):

This is a major scheme for construction of houses of unserviceable kutcha houses to semi- pucca houses has also been added. From 1999-2000, the criteria for allocation of funds to states/UTs has been changed from poverty ratio to the housing shortage in the state.

➤ ANTYODAYA ANNA YOJANA (AAY):

AAY launched in December 2000 provides foodgrains to the poor families at a highly subsidized rate of Rs.2.00 per kg for wheat and Rs.3.00 per kg for rice under the Targeted Public Distribution System (TPDS). The amount 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.

➤ MID DAY MEALS SCHEME (MDMS):

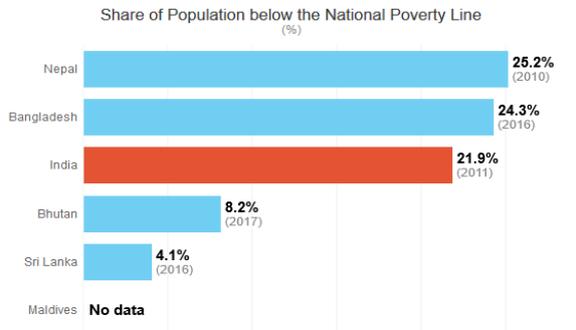
Under this scheme, school children are provided with free mid day meals. The children in primary classes have been covered under this scheme. Under this scheme, 2.5 crore additional children got benefit it. Children in primary classes and upper primary classes have been covered in 2008-09. For this purpose Amount of Rs.8000 crore approx was spent in 2009-10.

➤ MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA):

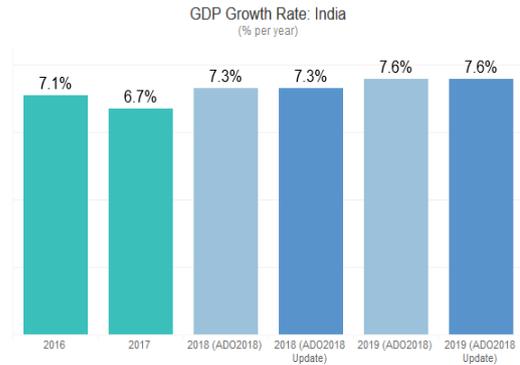
MGNREGA was started in 2006-07 and extended to cover the whole country during the 11th Plan. With a more focused approach towards alleviating poverty, it was focused around removing seasonal unemployment which occurs mainly in agrarian economies where people remain unemployed during off seasons when they are not required at farms.

While the above given list tells about the plans put forth by government there is a clear picture where we can see that these plans are not specific in nature and are generalised for the country as a whole. These plans are unable to cope up with the challenges posed by the diversity of India- social, economical and political.

There is data presented further collected from multiple sources such as OCED and Asian Development Bank, that show a downward trend in poverty levels in India. These stats also show the GDP growth in India. Considering the ongoing efforts being made by the government, NGOs and various other organisation, and observing the sustained levels of poverty over decades it can be safely said that these plans have been unable to cater to a certain section in society that have been experiencing sustained poverty since generations.

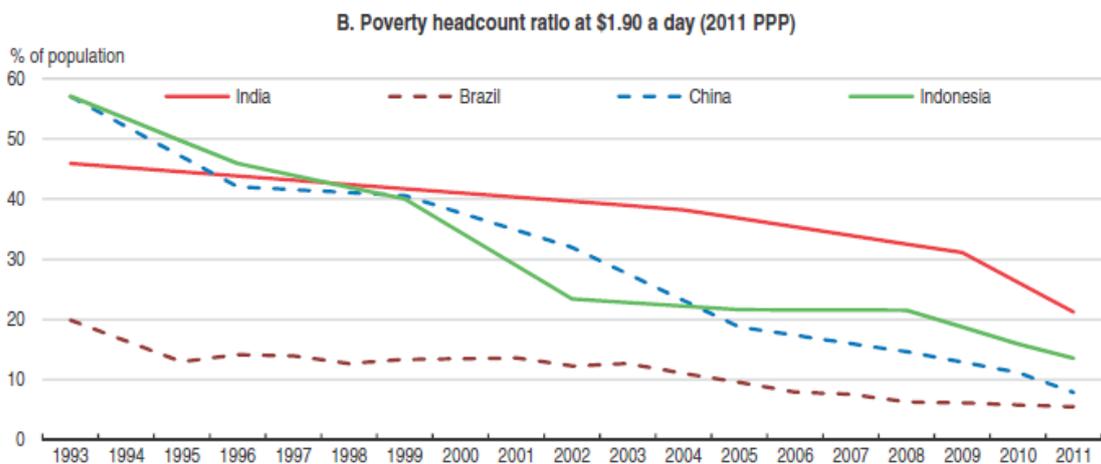
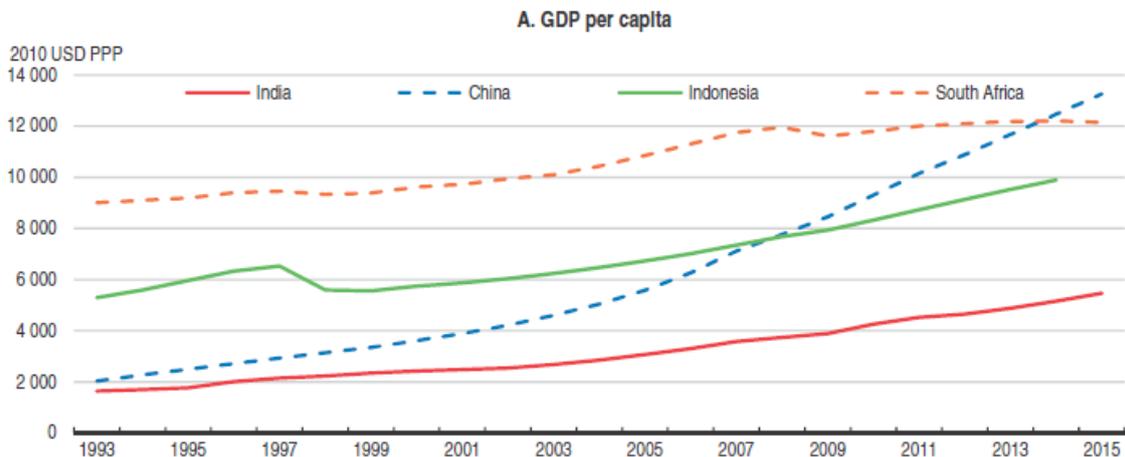


Source: Asian Development Bank. *Basic Statistics 2018*



Source: Asian Development Bank. *Asian Development Outlook 2018 Update*

(<https://www.adb.org/>)



Source: OECD Economic Outlook 100 database; Central Statistics Office; World Bank World Development Indicators database.

(India-2017 OECD economic survey report)

These stats show the effect of plans and policies but they are influenced by the GDP growth of India which leads to a lower level of poverty as observed on Multidimensional Poverty Index. This index is not in



keeping with the problems of chronic poverty thus, overshadows the problem where-by people are unable to sustain a quality of life which suits the modesty of a human being.

6. CONCLUSION AND SUGGESTIONS

Since independence poverty has been considered as one of the major problem for India. Its implication has not only been economical but also in the social and medical well-being of the people. The plans have been brought out in bulk but there has been absence of initiative to tackle the reasons leading towards poverty and reaching out to the chronic poor sections. This is one of the reasons why there has been a significant percentage of poverty observed constantly in India. Thus the plans have proved incompetent in eradicating poverty.

A few changes can be brought about in inception and implication of plans by the government such as

- Plans developed in keeping with the chronic poor section of society, which would aim particularly in bringing up the levels of living of these people to a quality of life that is in accordance with the need of modesty of human beings.
- Bifurcating the national and state levels of poverty and acting according to it. The national poverty lines aggregates the poverty level and this leads to a situation where a large portion of society that are relatively at a better position are given the advantage of plans and policies, while many are left out unawares.
- Segregation in the plans at development stage to accommodate different demographic needs of the country, i.e. plans should be developed by states rather than developing a plan at national level.

Although many surveys claim that India is reducing its poverty levels the truth remains that there is a section of society that has been living like this since generations, and its high time that actions are taken towards their benefit.

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