



## POVERTY MANAGEMENT IN INDIA

## Commerce

<b>Dr. P. Thiripalu</b>	M.Sc., Ph.D, Academic Consultant, Dept. of Anthropology, S.V. University, Tirupati
<b>Dr. Morusu Sivasankar</b>	M.Sc., (IT) MBA M Tech (CS) M.Com., Ph.D., PDF (Post Doctoral Fellow UGC), Academic consultant, Dept of Commerce, S.V. University, Tirupati
<b>Dr. J. Lalu Naik</b>	M.Sc., Ph.D, Academic Consultant, Dept. of Anthropology, S.V. University, Tirupati

## ABSTRACT

According to the Discussion Paper, 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. Poverty in India remains a major challenge despite overall reductions in the last several decades as its economy grows. According to an International Monetary Fund paper, extreme poverty, defined by the World Bank as living on US\$1.9 or less in purchasing power parity (PPP) terms, in India was as low as 0.8% in 2019, and the country managed to keep it at that level in 2020 despite the unprecedented COVID-19 outbreak. According to World Bank, extreme poverty has reduced by 12.3% between 2011 and 2019 from 22.5% in 2011 to 10.2% in 2019. A working paper of the bank said rural poverty declined from 26.3% in 2011 to 11.6% in 2019. The decline in urban areas was from 14.2% to 6.3% in the same period. The poverty level in rural and urban areas went down by 14.7 and 7.9 percentage points, respectively. According to United Nations Development Programme administrator Achim Steiner, India lifted 271 million people out of extreme poverty in a 10-year time period from 2005–2006 to 2015–2016. A 2020 study from the World Economic Forum found "Some 220 million Indians sustained on an expenditure level of less than Rs 32 / day—the poverty line for rural India—by the last headcount of the poor in India in 2013." The World Bank has been revising its definition and benchmarks to measure poverty since 1990–1991, with a \$0.2 per day income on purchasing power parity basis as the definition in use from 2005 to 2013. Some semi-economic and non-economic indices have also been proposed to measure poverty in India. The different definitions and underlying small sample surveys used to determine poverty in India have resulted in widely varying estimates of poverty from the 1950s to 2010s. In 2019, the Indian government stated that 6.7% of its population is below its official limit.

## KEYWORDS

## INTRODUCTION

According to the United Nations Millennium Development Goals (MDG) programme, 80 million people out of 1.2 billion Indians, roughly equal to 6.7% of India's population, lived below the poverty line of \$1.25 and 84% of Indians lived on less than \$6.85 per day in 2019. According to the second edition of the Multidimensional Poverty Index (MPI) released by Niti Aayog, approximately 14.96% of India's population is considered to be in a state of multidimensional poverty. The National Multidimensional Poverty Index (MPI) assesses simultaneous deprivations in health, education, and standard of living, with each dimension carrying equal weight. These deprivations are measured using 12 indicators aligned with the Sustainable Development Goals (SDGs). On July 17, 2023, Niti Aayog reported a significant reduction in the proportion of poor people in the country, declining from 24.8% to 14.9% during the period from 2015–16 to 2019–21. This improvement was attributed to advancements in nutrition, years of schooling, sanitation, and the availability of subsidized cooking fuel. As per the report, approximately 135 million people in India were lifted out of multidimensional poverty between 2015–16 and 2019–21.

From the late 19th century through the early 20th century, under the British Raj, poverty in India intensified, peaking in the 1920s. Famines and diseases killed millions in multiple vicious cycles throughout the 19th and early 20th centuries. After India gained its independence in 1947, mass deaths from famines were prevented. If these previous trends continue, India's share of world GDP will significantly increase from 7.3% in 2016 to 8.5% by 2020. In 2012, around 170 million people, or 12.4% of India's population, lived in poverty (defined as \$1.90 (Rs 123.5)), an improvement from 29.8% of India's population in 2009. In their paper, economists Sandhya Krishnan and Neeraj Hatekar conclude that 600 million people, or more than half of India's population, belong to the middle class.

The Asian Development Bank estimates India's population to be at 1.28 billion with an average growth rate of 1.3% from 2010 to 2015. In 2014, 9.9% of the population aged 15 years and above were employed. 6.9% of the population still lives below the national poverty line and 63% in extreme poverty (December 2018) The World Poverty Clock shows real-time poverty trends in India, which are based on the latest data, of the World Bank, among others. As per recent estimates, the country is well on its way of ending extreme poverty by meeting its sustainable development goals by 2030. According to Oxfam, India's

top 1% of the population now holds 73% of the wealth, while 670 million citizens, comprising the country's poorest half, saw their wealth rise by just 1%.

According to Global Wealth Report 2016 compiled by Credit Suisse Research Institute, India is the second most unequal country in the world with the top one per cent of the population owning nearly 60% of the total wealth



Sources google images

## Poverty estimates

There has been no uniform measure of poverty in India. The Planning Commission of India has accepted the Tendulkar Committee report which says that 37% of people in India live below the poverty line (BPL).

The Arjun Sengupta Report (from National Commission for Enterprises in the Unorganised Sector), based on data between the period 1993-94 and 2004-05, states that 77% of Indians live on less than ₹20 a day (about \$0.50 per day). The N.C. Saxena Committee report states, on account of calorific intake apart from nominal income, that 50% of Indians live below the poverty line.

A study by the Oxford Poverty and Human Development Initiative using a Multi-dimensional Poverty Index (MPI) found that there were 650 million people (53.7% of population) living in poverty in India, of

which 340 million people (28.6% of the population) were living in severe poverty, and that a further 198 million people (16.4% of the population) were vulnerable to poverty. 421 million of the poor are concentrated in eight North Indian and East Indian states of Bihar, Chattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal. This number is higher than the 410 million poor living in the 26 poorest African nations. The states are listed below in increasing order of poverty based on the Multi-dimensional Poverty Index.



#### Sources google.images

Estimates by NCAER (National Council of Applied Economic Research) show that 48% of the Indian households earn more than ₹90,000 (US\$1,795.5) annually (or more than US\$ 3 PPP per person). According to NCAER, in 2009, of the 222 million households in India, the absolutely poor households (annual incomes below ₹45,000) accounted for only 15.6% of them or about 35 million (about 200 million Indians). Another 80 million households are in income levels of ₹45,000–90,000 per year. These numbers also are more or less in line with the latest World Bank estimates of the “below-the-poverty-line” households that may total about 100 million (or about 456 million individuals

The Major Reasons for Poverty in India are the rising population, slow economic development, unemployment, unequal distribution of income and resources, etc. In addition to being a social problem, poverty significantly impedes the progress of our nation

Although the Indian economy has grown steadily over the last two decades, its growth has been uneven when comparing different social groups, economic groups, geographic regions, and rural and urban areas. Between 1999 and 2008, the annualized growth rates for Gujarat (8.8%), Haryana (8.7%), or Delhi (7.4%) were much higher than for Bihar (5.1%), Uttar Pradesh (4.4%), or Madhya Pradesh (3.5%). Poverty rates in rural Orissa (43%) and rural Bihar (41%) are among the world's most extreme.

#### Caste system

According to S. M. Michael, Dalits constitute the bulk of poor and unemployed. According to William A. Haviland, casteism is widespread in rural areas, and continues to segregate Dalits. Others, however, have noted the steady rise and empowerment of the Dalits through social reforms and the implementation of reservations in employment and benefits. Caste explanations of poverty fail to account for the urban/rural divide. Using the UN definition of poverty, 65% of rural forward castes are below the poverty line.

#### India's economic policies

In 1947, the average annual income in India was US\$619, compared with US\$439 for China, US\$770 for South Korea, and US\$936 for Taiwan. By 1999, the numbers were US\$1,818; US\$3,259; US\$13,317; and US\$15,720, respectively. (Numbers are in 1990 international Maddison dollars) In other words, the average income in India was not much different from South Korea in 1947, but South Korea became a developed country by 2000s. At the same time, India was left as one of the world's poorer countries.

License Raj refers to the elaborate licenses, regulations and the accompanying red tape that were required to set up and run business in India between 1947 and 1990. The License Raj was a result of India's

decision to have a planned economy, where all aspects of the economy are controlled by the state and licenses were given to a select few. Corruption flourished under this system

#### Reduction in poverty management in India

India had started out in the 1950s with: high growth rates, openness to trade and investment, a promotional state, social expenditure awareness and macro stability but ended the 1980s with: low growth rates, closure to trade and investment, a license-obsessed, restrictive state (License Raj), inability to sustain social expenditures and macro instability, indeed crisis.

Although the Indian economy has grown steadily over the last two decades, its growth has been uneven when comparing social groups, economic groups, geographic regions, and rural and urban areas.<sup>[91][92]</sup> For the year 2015-16, the GSDP growth rates of Andhra Pradesh, Bihar and Madhya Pradesh was higher than Maharashtra, Odisha or Punjab. Despite significant economic progress, one quarter of the nation's population earns less than the government-specified poverty threshold of ₹32 per day (approximately US\$ 0.6)

The World Bank's Global Monitoring Report for 2014-15 on the Millennium Development Goals says India has been the biggest contributor to poverty reduction between 2008 and 2011, with around 140 million or so lifted out of absolute poverty. One of the main reasons for record decline in Poverty is India's rapid economic growth rate since 1991. Another reason proposed is India's launch of social welfare programs such as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and Midday Meal Scheme in Government Schools. Klonner and Oldiges, in a 2012 study, conclude that MGNREGA helps reduce rural poverty gap (intensity of rural poverty), seasonal poverty, but not overall poverty

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