

POVERTY IN INDIA

Gowtham Vikash.K Gunaseelan.P

HariSanthosh.M, HariHaran.S,

Healshia.P

DEPARTMENT OF COMPUTER APPLICATIONS

SRI KRISHNA ARTS AND SCIENCE COLLEGE,KUNIAMUTHUR,

COIMBATORE- TAMILNADU,INDIA

Gowthamvikashk24bcc116@ skasc. ac. in

gunaseelanp24bcc117@skasc.ac.in harisanthoshm24bcc118@skasc.ac.in

hariharans24bcc119@skasc.ac.in healshiap24bcc120@skasc.ac.in

INTRODUCTION

Poverty has been described as a situation of “pronounced deprivation in well being” and being poor as “to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled...Poor people are particularly vulnerable to adverse events outside their control. They are often treated badly by institutions of the state and society and excluded from voice and power in those institutions.” (IBRD, 2000-2001: 15.) Using income as a measure of poverty, the World Development Report (2000-01: 3) refers to the “deep poverty amid plenty” in the world and states that a fifth of the world’s people live on less than \$ 1 a day, and 44% of them are in South Asia. Lack of access to resources or assetlessness is a unifying characteristic of poverty in all its manifestations. The poor lack ownership of or access to assets such as land, water, forest, dwelling units, credit, literacy, longevity, voice and capital-both physical and social. Those who are severely below the poverty line are largely involved in subsistence type activities for which they get exploitatively poor returns despite suffering extreme physical hardship and undertaking grave risks so as to earn

meagre income. Since earnings are below even the margins of existence, expenditure and survival needs exceed income.

Trends And Incidence Of Income Poverty In India

The Planning Commission estimates the incidence of poverty in India on the basis of household consumer expenditure surveys conducted by the National Sample Survey Organisation. Six large sample consumer surveys have been conducted by the NSS on a quinquennial basis since 1973-74. During the period between 1973-74 and 1999-2000, the incidence of poverty expressed as a percentage of people below the poverty line declined continuously from 54.9 per cent to supposedly 26 per cent. (See table 1). However, the pace of reduction in poverty varied considerably during this period with a large decline in the percentage of the population in poverty throughout the 1980s, a slowdown in the pace of poverty reduction in the early 1990s, and a reported but contested sharp 10% decline in poverty in the second half of the 1990s. No such secular decline occurred in the numbers of those in poverty. The number of people below the poverty line increased by 8 million during the

1970s, decreased by 21.8 million during the 1980s, increased by 13 million during the early 1990s and reportedly decreased by a massive 60 million during the mid to late 1990s.

Poverty in the States

Where are India's poor spatially located? This section attempts to identify the states in which 1) the largest percentage of India's poor are located in 1999-2000. 2) that had a large percentage of their own population in poverty in 1993-94.

That had a relatively poorer record of reducing the percentage of their population in poverty between 1973-74 and 1993-94.

Severe Poverty:

Spatial Poverty Traps While chronic poverty in the duration, severity and multi dimensionality sense characterises several parts of India, pockets of severe poverty or spatial poverty traps exist at the regional level even in the more developed states. Rural poverty was severest or the proportion of those who were very poor was largest in South Western Madhya Pradesh, Southern Uttar Pradesh, Southern Orissa, Inland Central Maharashtra, Southern Bihar, Northern Bihar and Central Uttar Pradesh. These seven regions had between 26% and 42% of their population in severe poverty and had a squared poverty gap ranging from 5 to 9.7.

Hunger And Lack Of Availability Of Two Square Meals A Day

The Report of the State of Food Insecurity in the World, 1999 estimates that in the developing world, 790 million people do not have enough to eat. India alone has more undernourished people (204 million) than all of sub-Saharan Africa combined. The South Asian region accounts for more

than one -third of the world total. The report states that during the period from 1990-92 to 1995-97, 37 countries achieved a reduction of 100 million in the number of undernourished people, while in the developing world the number of hungry people actually increased by almost 60 million. The Report stresses that there is no single prescription for action to combat hunger and concrete objectives are needed at the local, national and regional levels where people and their leaders can take action that will guarantee the birthright of everyone on this planet – enough to eat. In the Indian context three most basic needs are identified as crucial for survival even in political slogans commonly heard at election time. These are ‘roti, kapada aur makaan’ or food, clothing and shelter. Recognising the importance of access to food, the Prime Minister noted that 268 million people are still considered food insecure in India, almost half the women in the age group of 15-49 and three fourths of children are anaemic and “a hungry stomach questions and censures the system’s failure to meet what is a basic biological need of every human being”. (Times of India, 25th April 2001)

Chronic Poverty:

Duration The distinction between chronically poor and temporarily poor is seldom made in the literature on poverty. The Indian literature does not emphasise this distinction because most empirical analysis is based either on National Sample Survey estimates or on village surveys for specific years (Gaiha 1989). Determination of poverty as chronic or temporary requires that the same households be tracked over time through a panel data set as well as use of other qualitative approaches. There is very little analysis in India based on panel data that longitudinally track the same households. Two panel data sets that have been used in India are the NCAER panel data for rural households and the ICRISAT data for semi arid areas. Some of the

findings from both sets of panel data are given below. Gaiha (1989) uses data from a panel survey of 4118 rural households of India, carried out by the National Council of Applied Economic research in 1968-69, 1969-70 and 1970-71. Given the poverty cut-off points (or poverty line) for the three years, the number of households whose per capita income/expenditure was less than or equal to the cut-off point in all the three years is determined. The proportion of such households in the aggregate sample of rural households was considered to measure the incidence of chronic poverty. In other words, Gaiha identified the chronically poor as households that were below the poverty line in each of the three years under consideration. He notes that 'what characterizes the chronically poor is not so much low per capita income/expenditure in any year as low variation in it (in absolute terms) over time' and that this low variation is due to low/negligible endowments (e.g. cultivable land, labour power, skills) and/or inability to augment substantially the earnings from them.

Multidimensional or Non Income Measures of Poverty

Poverty is usually defined in a limited way in terms of an income based poverty line. However, poverty has several dimensions and the poor suffer deprivation in multiple ways and not just in terms of availability of income. Several forms of human deprivation, including poor survival chances, unjust employment of children, child prostitution, bonded labour, environmental pollution, domestic violence, and social exclusion arising out of caste and gender discrimination, are not related to income in a predictable manner (UNDP,1997). The poor also lack access to assets such as credit, literacy, longevity, voice, land, water, and forests. India has a growing literature on human and gender development indicators. The Human Development Index, Gender Development Index, Gender Empowerment Measure and Human Poverty Index. The indices estimated by UNDP improve on

income-based indicators as measures of well being. HDI is an average of three indices representing income, longevity and knowledge; GDI measures gender-based disparities in attainment of income, longevity and knowledge; GEM captures the degree to which women and men participate in economic, professional and political activity and take part in decision making and HPI estimates deprivation in longevity knowledge and overall economic provisioning. Estimates of these indices at the state level are available in the literature. Three states of India (Madhya Pradesh, Karnataka and Rajasthan) have brought out Human Development Reports at the district level.

Agenda for Action

A large number of issues and research questions arise from the overview of chronic poverty in India. These include questions such as: who are the chronically poor; where are they located spatially; what socio-economic groups are more vulnerable to chronic poverty are they concentrated in remote rural areas; what is the impact of shocks in generating chronic poverty; how do chronic social tensions and long term socio-political conflict affect chronic poverty; what are the factors that lead to inability to access even two square meals a day; what explains the varying performance of different regions in reducing chronic poverty; what are the socio-politico-economic processes that increase/decrease vulnerability to chronic poverty; what policies and community actions contribute to reducing chronic poverty; what are the minimum necessary social security options required to address the specific problems of especially vulnerable groups and what are the livelihood and coping strategies adopted by people who have succeeded in moving out of chronic poverty.

Conclusion on Poverty in India:

Poverty in India remains a critical issue despite decades of efforts to reduce it. While significant progress has been made, particularly in urban areas and through targeted government schemes, a substantial portion of the population continues to face deprivation, especially in rural regions. Key drivers of poverty include unemployment, inadequate access to quality education, and healthcare, as well as systemic inequality. To overcome these challenges, it is essential for India to focus on inclusive growth, ensuring equitable distribution of resources, and enhancing social welfare programs. Sustainable economic development, coupled with education and skill-building, holds the key to lifting millions out of poverty. Only through coordinated efforts at all levels—government, private sector, and civil society—can India hope to eradicate poverty and ensure a better future for its citizens.

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