



Poverty in India: Status, Issues and Government Initiatives

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Abstract:

The prevalence of poverty in India is an issue of critical concern for policy analysts and academic scholars both because of its magnitude and intensity. Poverty is one of the most serious challenges in India, a country with a wide and diversified socio-economic environment. Despite tremendous progress in several sectors, the persistence of poverty underlines the difficulties of tackling economic inequities. The Suresh Tendulkar Committee assessed about 430 million (37.2 per cent) below the poverty line based on a bundle of deprivations. With India's impressive economic growth since liberalization, poverty declined rapidly. As of recent estimates, India's poverty rate is approximately 22%, translating to around 310 million people living below the poverty line. The rural poverty rate is higher than urban poverty. Economic inequality, educational disparities, employment and labour market issues, lack of access to healthcare facilities, poor housing and living conditions, social inequality and discrimination are some contributory factors to poverty in India. India's remarkable economic growth has contributed to poverty reduction, but growth has been uneven. While certain sectors have flourished, others, especially agriculture, have lagged behind, affecting the rural poor. Despite considerable progress in reducing poverty rates, significant challenges remain, particularly in rural areas and among marginalized communities.

Keywords: Poverty, Poverty Ratio, Income Disparity, Marginalized, Poverty Alleviation

Introduction

India, as a developing country with 1.4 billion populations, has been facing persistent challenges related poverty. Poverty in India refers to the condition where individuals or communities lack sufficient income, resources, and access to basic necessities like food, shelter, education, and healthcare. The prevalence of poverty in India is an issue of critical concern for policy analysts and academic scholars both because of its magnitude and intensity. Poverty is one of the most serious challenges in India, a country with a wide and diversified socio-economic environment. Despite tremendous progress in several sectors, the persistence of poverty underlines the difficulties of tackling economic inequities. National poverty line estimates¹ claimed a poverty incidence of 27.5 per cent in 2004-2005, indicating that almost one quarter of the population in India lives below the poverty line. According to International Monetary Fund (IMF) extreme poverty 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. However, the poverty trend has undergone a declining trend subsequently. Still a large number of people being considerably or seriously deficient in terms of the norms recognized as being required for life. The

Suresh Tendulkar Committee assessed about 430 million (37.2 per cent) below the poverty line based on a bundle of deprivations. This study tries to give a complete examination of poverty in India, evaluating its scale, status, causes, and the remedial actions implemented by the Government of India (GoI).

Objectives

1. To analyse the magnitude of poverty in India from independence to the present day.
2. To assess the current status of poverty and its impact on various demographic groups.
3. To identify and examine the causes of poverty in India.
4. To evaluate the remedial measures undertaken by the Government of India and their effectiveness.
5. To provide recommendations for future policy improvements based on the analysis.

Methodology

This study employs a qualitative and quantitative approach to explore the issue of poverty in India. The methodology includes:

1. **Data Collection:** Gathering data from various authentic sources such as Journals, the Indian Census Report, National Sample Survey Office (NSSO) reports, Reserve Bank of India (RBI) publications, and World Bank reports.

2. **Data Analysis:** Analysing historical and current data on poverty levels, demographics, and economic indicators.
3. **Policy Review:** Examining government policies and programs aimed at poverty alleviation.
4. **Case Studies:** Reviewing specific instances and regional variations in poverty to understand localized challenges and successes.

Discussion

Magnitude of Poverty

Poverty in India is a multifaceted issue, characterized by both absolute and relative dimensions. Historically, the poverty rate in India has fluctuated due to various economic and social changes.

Table1: Historical Overview

Year	Poverty Ratio (%)	Population (in billion)	Number of Poor (in billion)
1951	47	0.36	0.17
1973	54.9	0.69	0.48
1993	36	0.85	0.31
2004	27.5	1.05	0.28
2011	21.9	1.21	0.26
2021	22.(estimate)	1.40	0.31
2023	11.28	1.43	0.23

Source: Planning Commission of India, NSSO Reports, World Bank and NITI Aayog

Current Status

With India's impressive economic growth since liberalization, poverty declined rapidly (Deaton and Kozel, 2005). The CES data published in 2011-12 India's poverty headcount was estimated at 23% in 2.15 PPP per day. Using Tendulkar line it was estimated at 21.9%, while with the Rangarajan line it was around 29.5%. As of 2021, the poverty ratio in India stands at approximately 22%, which translates to about 310 million people living below the poverty line. This rate has seen a gradual decrease from earlier decades, but the absolute numbers remain substantial. Provisional estimates of the poverty rate based on average consumer expenditure levels across different expenditure groups in 2022-23 are in the 3-5% range if one takes the more conservative Tendulkar line of poverty, while estimate using the Rangarajan line fall in the 8-11% range.

Poverty in India, despite significant economic progress and developmental strides,

remains a critical issue. The country has seen a considerable reduction in poverty over the decades, but the problem persists, particularly in rural areas and among marginalized communities. This section delves into the current status of poverty in India, including its demographic distribution, regional disparities, and the socio-economic factors influencing its persistence.

Key Statistics

As of recent estimates, India's poverty rate is approximately 22%, translating to around 310 million people living below the poverty line (World Bank, 2023). This figure reflects a significant reduction from the historical rates but underscores the continuing scale of poverty in the country. Data reveals that 24.82 Crores of Indians escape Multidimensional Poverty in last nine years and a steep decline in Poverty Headcount Ratio from 29.17% in 2013-14 to 11.28% in 2022-23.

Table 2: Poverty Estimates in India (2021)

Metric	Value
Poverty Rate	22.0
Population (in billion)	1.40
Number of Poor (in billion)	0.31
Urban Poverty Rate (%)	13.7
Rural Poverty Rate (%)	27.6

Source: World Bank, Government of India

Demographic Distribution of Poverty

1. Rural vs. Urban Poverty

Rural Poverty: The majority of the poor in India reside in rural areas. The rural poverty rate stands at approximately 27.6%, significantly higher than urban poverty. This disparity is attributed to limited access to resources, lower educational attainment, and fewer economic opportunities in rural regions.

Urban Poverty: Urban areas, while having a lower poverty rate of around 13.7%, still face substantial poverty challenges. Rapid urbanization has led to the growth of informal settlements and slums, where many urban poor live under substandard conditions.

2. Regional Disparities

Northern and Eastern States: States like Uttar Pradesh, Bihar, and Madhya Pradesh have higher poverty rates compared to other regions. These

states face challenges such as lower economic development, poor infrastructure, and limited access to social services.

Southern and Western States: States like Kerala, Tamil Nadu, and Gujarat generally have lower

poverty rates due to better economic conditions, higher levels of education, and more effective social programs.

Table 3: Poverty Rates by State (2021)

High Poverty Rates		Low Poverty Rates	
State	Poverty Rate (%)	State	Poverty rate (%)
Bihar	52	Kerala	0.71
Jharkhand	42	Goa	3.m08
Uttar Pradesh	38	Punjab	5.6
Madhya Pradesh	37	Himachal Pradesh	7.0
Chhattisgarh	36	Tamil Nadu	10.6

Source: Ministry of Statistics and Programme Implementation (MoSPI)

Factors Influencing Poverty in India

Poverty in India is a complex issue influenced by a multitude of factors that interact in various ways. This section provides an in-depth examination of these factors, highlighting their roles and impacts on the persistence and nature of poverty in the country.

1. Economic Inequality

Economic inequality in India is a critical factor contributing to persistent poverty. Despite impressive economic growth, wealth distribution remains highly skewed. While India has achieved significant economic growth over the past few decades, this growth has not been evenly distributed, leading to stark income and wealth disparities. The richest segments of the population have disproportionately benefited from economic progress, while the poorest have seen limited improvements in their living standards.

- **Income Disparities:** According to the World Inequality Report (2022), the top 10% of earners in India hold around 60% of the total national income, while the bottom 50% receive less than 15% of the income. This stark disparity limits economic opportunities for the poor and contributes to the persistence of poverty (World Inequality Lab, 2022). High-income inequality limits opportunities for upward mobility for those at the bottom of the income distribution.
- **Wealth Accumulation:** Wealth accumulation in India is also found to be uneven. Asset ownership, including land and property, is concentrated among higher income groups, making it difficult for the poor to accumulate wealth or access credit. Wealth is even more concentrated than income in India. Reports suggest that the top 1% of India's population holds more than 40% of the country's wealth. Wealth inequality creates barriers to access critical resources like education, healthcare, and financial credit, which are essential for escaping poverty.

- **Regional Inequality:** Regional inequality refers to disparities in economic development, living standards, and access to resources and opportunities across different geographic regions within a country. In the context of India, regional inequality is a significant issue, with some states and districts experiencing rapid development while others lag behind. This inequality manifests in various forms, such as differences in income levels, infrastructure, education, healthcare, and employment opportunities.

2. Educational Disparities

Education is a powerful determinant of economic status and significant factor affecting poverty. In India, educational disparities significantly impact poverty levels. Lower literacy rate and limited access to quality education, especially in rural areas; contribute to higher poverty rates in India.

- **Literacy Rates:** As of 2023, the literacy rate in India stands at approximately 77.7%, with rural areas lagging behind at around 73% compared to 87% in urban areas (National Statistical Office, 2023). Lower literacy rates in rural areas contribute to limited employment opportunities and lower income levels.
- **Educational Attainment:** Access to quality education remains a challenge, especially for marginalized communities. According to the National Family Health Survey (NFHS-5), only 24% of children from the poorest quintile complete secondary education, compared to 80% from the wealthiest quintile (NFHS-5, 2020-21).

3. Employment and Labour Market Issues

Employment-related factors play a significant role in influencing poverty levels. Unemployment and underemployment are two major contributory factors to poverty.

- **Unemployment:** The unemployment rate in India was approximately 6.4% in 2023, with higher rates in rural areas compared to urban centers (Periodic Labour Force Survey, 2023).

Unemployment often results in income instability and economic insecurity for the poor.

- **Underemployment:** A large portion of the workforce is underemployed, working in informal or low-paying jobs with little job security. According to the National Sample Survey Office (NSSO), over 90% of workers in India are employed in the informal sector, which is characterized by low wages and poor working conditions (NSSO, 2023).
- **Skill Mismatch:** There is a significant mismatch between the skills required by employers and those possessed by job seekers. This skills gap limits employment opportunities for the poor and contributes to income disparities.

4. Health and Healthcare Access

Health issues are both a cause and consequence of poverty in India. Poor health and inadequate access to healthcare services exacerbate poverty. The National Health Mission (NHM) has been working to address these issues, but disparities in healthcare access remain a challenge.

- **Healthcare Costs:** Out-of-pocket expenses for healthcare can be substantial, pushing families into poverty or deepening existing poverty. The World Health Organization (WHO) reports that approximately 60% of healthcare expenses in India are borne directly by patients, leading to financial strain for the poor (WHO, 2022).
- **Health Outcomes:** Poor health outcomes, including high rates of malnutrition and disease, affect the ability of individuals to work and earn a living. According to the National Family Health Survey (NFHS-5), around 35% of children under five are stunted due to malnutrition, which impacts their future economic productivity (NFHS-5, 2020-21).

5. Housing and Living Conditions

Access to adequate housing is a major issue, particularly in urban slums and rural poor. Adequate housing is crucial for improving living standards and reducing poverty.

- **Housing Quality:** Many poor households live in inadequate housing conditions, including slums and informal settlements, particularly in urban areas. The Pradhan Mantri Awas Yojana (PMAY) aims to address this issue, but implementation challenges and affordability issues persist (Government of India, 2023).
- **Sanitation and Infrastructure:** Poor access to sanitation and infrastructure contributes to health problems and limits economic opportunities. For example, lack of access to clean drinking water and sanitation facilities can lead to waterborne diseases, affecting productivity and income.

6. Social Inequality and Discrimination

Social factors, including caste, gender, and regional disparities, have been exacerbating poverty.

- **Caste-Based Discrimination:** Scheduled Castes (SCs) and Scheduled Tribes (STs) face systemic discrimination that limits their access to education, employment, and economic resources. According to the Ministry of Social Justice and Empowerment, SCs and STs have higher poverty rates compared to other groups (Ministry of Social Justice and Empowerment, 2023).
- **Gender Inequality:** Gender inequality is a significant contributory factor to poverty as it limits opportunities and resources for women and girls, leading to lower economic growth and perpetuating cycles of poverty. This issue is deeply rooted in cultural, social, and institutional practices, which disadvantage women in terms of access to education, healthcare, employment, and decision-making processes. Women and girls often face barriers to education, employment, and health services. Gender-based disparities in access to resources and opportunities contribute to higher poverty rates among women. According to the Global Gender Gap Report (2023), India ranks 140th out of 156 countries in terms of gender parity (World Economic Forum, 2023).
- **Regional Disparities:** Economic development is uneven across states, with poorer regions experiencing higher poverty rates. For instance, states like Uttar Pradesh and Bihar have higher poverty rates compared to more developed states like Kerala and Tamil Nadu. During Post-independence period, industrial development continued to concentrate in a few areas, perpetuating these disparities. It has been observed that industrial and service sectors are highly concentrated in urban centers like Mumbai, Bangalore, and Delhi, while rural areas and smaller towns lag behind. In addition to that lack of diversification in economies of poorer regions limits growth and job opportunities. Low productivity in agriculture sector is also contributing to persistent rural poverty.

7. Economic Shocks and Vulnerabilities

Economic shocks, such as natural disasters and economic downturns, disproportionately affect the poor.

- **Natural Disasters:** India is prone to natural disasters, including floods, droughts, and cyclones, which disproportionately impact poor communities. The 2019 floods in Kerala, for example, caused widespread damage and displacement, affecting thousands of poor households (Indian Meteorological Department, 2019).

- **Economic Downturns:** The COVID-19 pandemic had a severe impact on informal sector. The pandemic has exacerbated poverty by disrupting livelihoods, especially in informal sectors, and increasing the number of people living in poverty (Ministry of Labour and Employment, 2021). Recovery from the pandemic has been uneven, with poorer segments facing greater challenges.

Recent Trends and Developments

Over the past few decades, the Indian government has adopted a series of poverty alleviation measures, achieved significant milestones in reducing poverty. These efforts span across economic, social, and infrastructural domains to address both income-based and multidimensional poverty. India's remarkable economic growth has contributed to poverty reduction, but growth has been uneven. While certain sectors have flourished, others, especially agriculture, have lagged behind, affecting the rural poor.

1. Employment Generation Programs

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (2005) ensures 100 days of guaranteed wage employment for rural households, significantly reducing rural poverty.

Skill India Mission (2015) provides skill development and vocational training, empowering youth to secure better employment opportunities.

2. Food Security Initiatives

National Food Security Act (NFSA) (2013) ensures subsidized food grains to nearly 67% of the population, bolstering food security.

Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) launched during the pandemic, this scheme extended free food grain distribution to millions of vulnerable households.

3. Health and Nutrition

Ayushman Bharat (2018) is the World's largest health assurance scheme, providing free treatment up to ₹5 lakh per family per year for secondary and tertiary care.

Integrated Child Development Services (ICDS) focuses on improving maternal and child health and nutrition.

Poshan Abhiyaan aims to eliminate malnutrition and stunting in children.

4. Financial Inclusion

Pradhan Mantri Jan Dhan Yojana (PMJDY) (2014) facilitates access to banking services, financial literacy, and direct benefit transfers, with over 500 million accounts opened.

Microfinance and Self-Help Groups (SHGs) encourages entrepreneurship and financial independence among women.

5. Housing and Infrastructure

Pradhan Mantri Awas Yojana (PMAY) targets "Housing for All" by 2024, providing affordable housing to urban and rural poor.

Rural Infrastructure Development programs like Pradhan Mantri Gram Sadak Yojana (PMGSY) improve connectivity and access to markets, services, and education.

6. Education and Social Welfare

Sarva Shiksha Abhiyan (SSA) and Mid-Day Meal Scheme enhance school enrolment and attendance, particularly among underprivileged children.

Beti Bachao Beti Padhao (BBBP) promotes gender equality and education for girls.

Conclusion

The current status of poverty in India reflects a complex interplay of socio-economic factors. Despite considerable progress in reducing poverty rates, significant challenges remain, particularly in rural areas and among marginalized communities. Addressing these challenges requires continued focus on improving education, healthcare, and employment opportunities, as well as targeted interventions to reduce regional and social disparities.

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