International Journal of Research in Social Sciences
Vol. 11 Issue 04, April 2021
ISSN: 2249-2496 Impact Factor: 7.081
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

A STUDY ON POVERTY IN INDIA

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Abstract

Poverty can be defined as a condition wherein a person is unable to fulfill the necessities for the sustenance of life. These necessities include- food, clothing, and shelter. Poverty is a condition that drives out the essence of a decent standard of living for the people. Poverty becomes a vicious trap that gradually ends up entailing all the members of a family. Extreme poverty eventually leads to death. Poverty in India is defined keeping in mind all the dimensions of economy, semi-economy, and the definitions which are devised according to international conventions. India judges poverty levels based on both consumption and income. Hegal used to say that "poverty is a social phenomenon" Mahatma Gandhi thought that poverty was the worst crime to be committed by any civil society. Poverty in India has two facts, one, social and another socio-economic. Poverty in India is mostly counted in absolute terms. According to Damien, and Rafi, poverty in India is visible to the naked eye of anyone to understand it. According to them, a poor cannot afford even to send his Children to the Govt. funded where primary education is provided free of any fee. He also could not afford to get his children treated in a primary health care Centre run by the government. The incidence of poverty in India has been highlighted by Several economists a few of them consisting of Prof. Amartya Sen, Jeanedreze, Suresh Tendulkar, N.C. Saxena to quote a few. The government of India has conceded that around 20 crore people in India live in a state of poverty with no access to portable drinking water, Sanitation, and two square meal.

Keywords: Poverty, Socio-economic, Government, Population, Social Phenomenon, Vulnerable, Exploitation.

Introduction

The Concept of Poverty: poverty is a situation that gives rise to a feeling of a discrepancy between what one has and what one should have. What one should have is an internal construct hence each person's feeling and experience of poverty is individual and unique but the feeling of powerlessness and resourcelessness is possessed by all poor people.

Henry (1992) has identified the following dimensions of poverty:

- Lack of livelihood strategies
- Inaccessibility to resources (money, land, credit)
- The feeling of insecurity and frustrations
- Inability to maintain and develop social relations with others as a consequence of lack of resources

Poverty can be defined as a condition wherein a person is unable to fulfill the necessities for the sustenance of life. These necessities include- food, clothing, and shelter. Poverty is a condition that drives out the essence of a decent standard of living for the people. Poverty becomes a vicious trap that gradually ends up entailing all the members of a family. Extreme poverty eventually leads to death. Poverty in India is defined keeping in mind all the dimensions of economy, semi-economy, and the definitions which are devised according to international conventions. India judges poverty levels based on both consumption and income. Causes of Poverty in India: The problem of poverty is undoubtedly the problem of imbalance between the population and economic resources of the country. While we have 15% of the global population but our resources are only 2% of the global national income. The gap between population and resources can be reduced by reducing population and increasing economic resources. It will not be out of place to mention that poverty can be eradicated to some extent if various concessions and facilities for the upliftment of the downtrodden people reach them. According to the international economist Ragnar Nurske, a country is poor because it is poor‖ pointing towards the unfortunate reality that poverty is a vicious trap. This trap consists of a low level of savings which reduces the scope of investments which then leads to a low level of income. A major reason for the existing poverty in India is the weather condition of the country. The non-conductive climate reduces the capacity of people to work on farms. Floods, famines, earthquakes, and cyclones disrupt production. Population is another factor that contributes to the menace. Population growth reduces the per capita income. Further, the larger the size of a family, the lower the per capita income. Unequal distribution of land and assets is another problem that deters the concentration of lands in the hands of the farmers equally. However, the main causes of poverty are stated below: Demographic Causes: Population growth is the most important factor in poverty. The population during the last 65 years has increased at the rate of 2.2% per

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annum. On average 17 million people are added every year to its population which raises the demand for consumption goods considerably. The main factor that contributes to the poverty-ridden state of the country from a demographical point of view is the problem of overpopulation. The growth of population in the country has so far exceeded the growth in economy and the gross result is that the poverty figures have remained more or less consistent. In rural areas, the size of the families is bigger and that translates into lowering the per capita income values and ultimately lowering the standard of living. Population growth spurt also leads to the generation of unemployment and that means diluting out of wages for jobs further lowering income. Low Productivity and poor infrastructure in Agriculture: The level of productivity in agriculture is low due to subdivided and fragmented holdings, lack of capital, use of traditional methods of cultivation, illiteracy, etc. This is the main cause of poverty in the country. Agriculture is the backbone of the Indian economy. But outdated farming practices, lack of proper irrigation infrastructure, and even lack of formal knowledge of crop handling have affected the productivity in this sector tremendously. As a consequence, there is redundancy and sometimes a complete lack of work leading to decreased wages that are insufficient for meeting the daily needs of a laborer's family plunging them into poverty. Faulty economic liberalization-the LPG (Liberalization Privatization-Globalization) attempts initiated by the Indian Government in 1991 were directed towards making the economy more suited to international market trends to invite foreign investments. Successful to a certain extent in reviving the economy, the economic reforms had detrimental effects on increasing the wealth distribution scenario. The Rich became richer, while the poor remained poor.

One of the ironies of our rapidly developing and increasingly progressive world is that poverty continues to remain widespread and the vulnerable population seems to have grown ever more vulnerable. Even as we continue to talk of expanding opportunities and new sectors of growth, it is equally true that all-pervasive phenomena such as population explosion, colonial exploitation, and governance failures have accentuated the lack of adequate income-earning opportunities and productive investment incentives and increased the vulnerability of the population to livelihood shocks. while it is true that development efforts for almost six decades since the Second World War led to the trans transition of some of the less developed economies in the East Asian and Southeast Asian regions to develop economies with per capita income levels of over Dollar 10,000, many economies in Africa and South Asia continue to have a population with income levels less than a "dollar a day"

Poverty is a state or condition in which a person or community lacks the financial resources and essentials for a minimum standard of living. Poverty means that the income level from employment is so low that basic human needs can't be met.

According to World Bank, Poverty is a pronounced deprivation in well-being and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one's life.

- In India, 21.9% of the population lives below the national poverty line in 2011.
- In 2018, almost 8% of the world's workers and their families lived on less than US$1.90 per person per day (international poverty line).

Types of Poverty: There are two main classifications of poverty:

Absolute Poverty: A condition where household income is below a necessary level to maintain basic living standards (food, shelter, housing). This condition makes it possible to compare between different countries and also over time.

It was first introduced in 1990, the "dollar a day" poverty line measured absolute poverty by the standards of the world's poorest countries. In October 2015, the World Bank reset it to $1.90 a day.

Relative Poverty: It is defined from the social perspective that is the living standard compared to the economic standards of the population living in surroundings. Hence it is a measure of income inequality.

Usually, relative poverty is measured as the percentage of the population with income less than some fixed proportion of median income.

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Poverty Estimation in India

- Poverty estimation in India is carried out by NITI Aayog's task force through the calculation of the poverty line based on the data captured by the National Sample Survey Office under the Ministry of Statistics and Programme Implementation (MOSPI).
- Poverty line estimation in India is based on consumption expenditure and not on income levels.
- Poverty is measured based on consumer expenditure surveys by the National Sample Survey Organisation. A poor household is defined as one with an expenditure level below a specific poverty line.
- The incidence of poverty is measured by the poverty ratio, which is the ratio of the number of poor to the total population expressed as a percentage. It is also known as the head-count ratio.
- Alagh Committee (1979) determined a poverty line based on a minimum daily requirement of 2400 and 2100 calories for an adult in Rural and Urban areas respectively.
- Subsequently, different committees; Lakdawala Committee (1993), Tendulkar Committee (2009), and Rangarajan Committee (2012) did the poverty estimation.
- As per the Rangarajan committee report (2014), the poverty line is estimated as Monthly Per Capita Expenditure of Rs. 1407 in urban areas and Rs. 972 in rural areas.

Research Methodology

To understand the methodology used to complete this project, this chapter is included to clarify how an effective methodological philosophy can to contribute successful production. This study contains only secondary data, secondary data collection tools include articles from newspapers, books, journals, websites, and various study reporters published by committees appointed by the Government of India and other organizations.

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Review of Literature

Amartya Sin defines poverty as "capability deprivation" (he also refers to it as "unfreedom which means hindering people's chances to improve their station in life.

Dadadabhai Naroji in his book, "Poverty and Un-British Rule in India". He formulated a poverty line ranging from Rs. 16 to 35 per capita per year, based on 1867-68 prices.

Dandekar and N Rath (1971): Although this was not a study commissioned by the Planning Commission, the origins of India's poverty line lie in the seminal work of two economists, V N Dandekar and N Rath, who first established the consumption levels required to meet a minimum calorie norm of an average calorie norm of 2,250 calories per capita per day. They made the first systematic assessment of poverty in India, based on National Sample Survey (NSS) data. Unlike previous scholars who had considered subsistence living or basic minimum needs criteria as the measure of the poverty line, they derived the poverty line from the expenditure adequate to provide 2250 calories per day in both rural and urban areas. Expenditure-based Poverty line estimation generated a debate on minimum calorie consumption norms. They found poverty lines to be Rs. 15 per capita per month for rural households and Rs. 22.5 per capita per month for urban households at 1960- 61 prices.

Rangrajan Committee (2014): Due to widespread criticism of the Tendulkar Committee approach as well as due to changing times and aspirations of the people of India, Rangarajan Committee was set up in 2012. This Committee submitted its report in June 2014. It reverted to the practice of having separate all-India rural and urban poverty line baskets and deriving state-level rural and urban estimates from these. It recommended separate consumption baskets for rural and urban areas which include food items that ensure recommended calorie, protein & fat intake and non-food items like clothing, education, health, housing, and transport. This committee raised the daily per capita expenditure to Rs 47 for urban and Rs 32 for rural from Rs 32 and Rs 26 respectively3 at 2011-12 prices. Monthly per capita consumption expenditure of Rs. 972 in rural areas and Rs. 1407 in urban areas is recommended as the poverty line at the all-India level. The government did not take a call on the report of the Rangarajan Committee.

Tendulkar Expert Group (2009): In 2005, another expert group chaired by Suresh Tendulkar was constituted to review the methodology for poverty estimation. It was to address the three key shortcomings of the previous methods: (i) Poverty estimates being linked to the 1973-74 poverty line baskets (PLBs) of goods and services did not reflect significant changes in consumption patterns of the poor over time; (ii) Issues with the adjustment of prices for inflation, both spatially (across regions) and temporally (across time); and (iii) Presumption of provision of health and education by the State only. The Expert Group submitted its report in 2009. It did not construct a poverty line and adopted the officially measured urban poverty line of 2004-05 (25.7%) based on the Expert Group (Lakdawala) methodology. It worked backward for specifying poverty lines that generated such a poverty rate. The Tendulkar Committee suggested several changes to the way poverty was measured. Firstly, it recommended a shift away from basing the poverty lines on calorie norms used in all poverty estimations since 1979 and towards target nutritional outcomes instead2. Secondly, instead of two separate PLBs for rural and urban poverty lines, it recommended a uniform all-India urban PLB across rural and urban India. Thirdly, it recommended using Mixed Reference Period (MRP) based estimates, as opposed to Uniform Reference Period (URP) based estimates used in earlier methods for estimating poverty. It recommended the incorporation of private expenditure on health and education while estimating poverty. It validated the poverty lines by checking the adequacy of actual private consumption expenditure per capita near the poverty line on food, education, and health by comparing them with normative expenditures consistent with nutritional, educational, and health outcomes respectively. Instead of monthly household consumption, consumption expenditure was broken up into per person per day consumption, resulting in the figure of Rs 32 and Rs 26 a day for urban and rural areas. The national poverty line for 2011-12 was estimated at Rs. 816 per capita per month for rural areas and Rs. 1,000 per capita per month for urban areas.

Tendulkar and Jean (1995) estimated the incidence of poverty for 12 years from 1970-71 to 1992. They estimated the poverty liners for various years taking the planning commission's all-India poverty line off monthly per capita total expenditure of Rs.49.09 at 1973-74 prices.

Causes of Poverty in India

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1. **Population Explosion:** India's population has steadily increased through the years. During the past 45 years, it has risen at a rate of 2.2% per year, which means, on average, about 17 million people are added to the country's population each year. This also increases the demand for consumption goods tremendously.

2. **Low Agricultural Productivity:** A major reason for poverty is the low productivity in the agriculture sector. The reason for low productivity is manifold. Chiefly, it is because of fragmented and subdivided land holdings, lack of capital, illiteracy about new technologies in farming, the use of traditional methods of cultivation, wastage during storage, etc.

3. **Inefficient Resource Utilization:** There is underemployment and disguised unemployment in the country, particularly in the farming sector. This has resulted in low agricultural output and also led to a dip in the standard of living.

4. **Low Rate of Economic Development:** Economic development has been low in India especially in the first 40 years of independence before the LPG reforms in 1991.

5. **Price Rise:** Price rise has been steady in the country and this has added to the burden the poor carry. Although a few people have benefited from this, the lower income groups have suffered because of it, and are not even able to satisfy their basic minimum wants.

6. **Unemployment:** Unemployment is another factor causing poverty in India. The ever-increasing population has led to a higher number of job-seekers. However, there is not enough expansion in opportunities to match this demand for jobs.

7. **Lack of Capital and Entrepreneurship:** The shortage of capital and entrepreneurship results in a low level of investment and job creation in the economy.

8. **Social Factors:** Apart from economic factors, there are also social factors hindering the eradication of poverty in India. Some of the hindrances in this regard are the laws of inheritance, the caste system, certain traditions, etc.

9. **Colonial Exploitation:** The British colonization and rule over India for about two centuries de-industrialized India by ruining its traditional handicrafts and textile

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industries. Colonial Policies transformed India into a mere raw-material producer for European industries.

10. **Climatic Factors:** Most of India's poor belong to the states of Bihar, UP, MP, Chhattisgarh, Odisha, Jharkhand, etc. Natural calamities such as frequent floods, disasters, earthquakes, and cyclones cause heavy damage to agriculture in these states.

Poverty Alleviation Programs in India

1. **Integrated Rural Development Programme (IRDP):** It was introduced in 1978-79 and universalized from 2nd October 1980, aimed at assisting the rural poor in the form of subsidy and bank credit for productive employment opportunities through successive plan periods.
2. **Jawahar Rozgar Yojana/Jawahar Gram Samridhi Yojana:** The JRY was meant to generate meaningful employment opportunities for the unemployed and underemployed in rural areas through the creation of economic infrastructure and community and social assets.
3. **Rural Housing – Indira Awaas Yojana:** The Indira Awaas Yojana (LAY) program aims at providing free housing to Below Poverty Line (BPL) families in rural areas and the main targets would be the households of SC/STs.
4. **Food for Work Programme:** It aims at enhancing food security through wage employment. Food grains are supplied to states free of cost, however, the supply of food grains from the Food Corporation of India (FCI) godowns has been slow.
5. **National Old Age Pension Scheme (NOAPS):** This pension is given by the central government. The job of implementing this scheme in states and union territories is given to panchayats and municipalities. The state's contribution may vary depending on the state. The amount of old age pension is 200 per month for applicants aged 60–79. For applicants aged above 80 years, the amount has been revised to 500 a month according to the 2011–2012 Budget. It is a successful venture.
6. **Annapurna Scheme:** This scheme was started by the government in 1999–2000 to provide food to senior citizens who cannot take care of themselves and are not under

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the National Old Age Pension Scheme (NOAPS), and have no one to take care of them in their village. This scheme would provide 10 kg of free food grains a month for eligible senior citizens. They mostly target groups of 'poorest of the poor' and 'indigent senior citizens'.

7. **Sampoorna Gramin Rozgar Yojana (SGRY):** The main objective of the scheme continues to be the generation of wage employment, the creation of durable economic infrastructure in rural areas, and the provision of food and nutrition security for the poor.
8. **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005:** The Act provides 100 days of assured employment every year to every rural household. One-third of the proposed jobs would be reserved for women. The central government will also establish National Employment Guarantee Funds. Similarly, state governments will establish State Employment Guarantee Funds for the implementation of the scheme. Under the program, if an applicant is not employed within 15 days s/he will be entitled to a daily unemployment allowance.
9. **National Rural Livelihood Mission: Aajeevika (2011):** It evolves out the need to diversify the needs of the rural poor and provide them jobs with regular income every month. Self Help groups are formed at the village level to help the needy.
10. **National Urban Livelihood Mission:** The NULM focuses on organizing urban poor in Self Help Groups, creating opportunities for skill development leading to market-based employment and helping them to set up self-employment ventures by ensuring easy access to credit.
11. **Pradhan Mantri Kaushal Vikas Yojana:** It will focus on the fresh entrant to the labor market, especially the labor market and class X and XII dropouts.
12. **Pradhan Mantri Jan Dhan Yojana:** It aimed at direct benefit transfer of subsidy, pension, insurance, etc., and attained the target of opening 1.5 crore bank accounts. The scheme particularly targets the unbanked poor.

Conclusion

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The Global Multidimensional Poverty Index-2018 released by the UN noted that 271 million people moved out of poverty between 2005-06 and 2015-16 in India. The poverty rate in the country has nearly halved, falling from 55% to 28% over the ten years. Still, a big part of the population in India is living Below the Poverty Line. Poverty is based on how much money a person earns and establishes poverty rates for Communities and Countries based on income inequality and financially drawn poverty lines. For decades, the World Bank has studied and measured the global poverty level, its Causes, and its effects on poor people to define it. Poverty Can be eliminated from society not through economic measures, but through the participation of the Community in a way where historical wrongs are corrected and the poor irrespective of their Caste and Creed see the light of the day and are enabled to by the state and the society to avail themselves of all the opportunities made available by the state and society. The rapid economic growth and the use of technology for social sector programs have helped make a significant dent in extreme poverty in the country. Despite rapid growth and development, an unacceptably high proportion of our population continues to suffer from severe and multidimensional deprivation. Thus, a more comprehensive and inclusive approach is required to eradicate poverty in India.

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