



e-ISSN: 2319-8753 | p-ISSN: 2347-6710

# IJIRSET

International Journal of Innovative Research in  
**SCIENCE | ENGINEERING | TECHNOLOGY**

# INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN SCIENCE | ENGINEERING | TECHNOLOGY

Volume 12, Issue 4, April 2023

**ISSN** INTERNATIONAL  
STANDARD  
SERIAL  
NUMBER  
INDIA

Impact Factor: 8.423

9940 572 462

6381 907 438

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# Problem of Poverty in India: Causes and Solutions

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## ABSTRACT:

- It entails more than the lack of income and productive resources to ensure sustainable livelihoods.
  - Its manifestations include hunger and malnutrition, limited access to education and other basic services, social discrimination and exclusion as well as the lack of participation in decision-making.
- People living below a poverty line don't have enough to meet their basic needs.
  - The World Bank updated the global poverty line from \$1.90 to \$2.15 per day.

**KEYWORDS:** poverty, India, causes, solutions, problem

## I. INTRODUCTION

### Major Causes

- Inequality in the Distribution of Income and Assets: The poor mainly consists of unskilled labor, which typically does not command a high enough level of wage income.
  - the benefits of the growth have been concentrated and have not “trickled down” sufficiently to ensure improved consumption among the lower income groups.
- Lack of Access to Social Services: The lack of access to social services such as health and education compound the problems arising from inequality in the ownership of physical and human assets
- Lack of access to Institutional Credit: The banks and other financial institutions are biased in the provision of loans to the poor for the fear of default in the repayment of loans.
  - Further, the rules regarding collateral security, documentary evidences etc. present constraints for the poor to avail loan facility from banks
- Lack of Productive Employment : The magnitude of poverty is directly linked to the unemployment situation.
  - The present employment conditions don't permit a reasonable level of living causing poverty. [1,2,3]
  - The lack of productive employment is mainly due to problems of infrastructure, inputs, credit, technology and marketing support. The gainful employment opportunities are lacking in the system.
- Caste system: Caste system in India has always been responsible for rural poverty. The subordination of the low caste people by the high caste people caused the poverty of the former
- Social customs: The rural people generally spend a large percentage of annual earnings on social ceremonies like marriage, death feast etc. and borrow largely to meet these requirements. As a result, they remain in debt and poverty.
- Vicious Circle of Poverty: Low level of saving reduces the scope for investment; low level of investment yields low income and thus the circle of poverty goes on indefinitely.
- Low Productivity 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 rural India.
- Lack of urban planning, especially that for housing low-income categories and provision of land for informal sector activities;

#### Consequences

- Malnutrition and resultant physical and mental ailments were the direct results of poverty.
- Unemployment or underemployment and the casual and intermittent nature of work in both rural and urban areas that compels indebtedness, in turn, reinforces poverty.
  - The poor have more stressful lives due to financial burdens and worries, and this stress can bleed into their personal lives,
- Poor people are more likely to have several kinds of family problems, including divorce and family conflict.
- Poor people are more likely to engage in criminal activities such as robbery, homicide, and burglary.
  - However, they are also more likely to be the victims of street crime.
- Children growing up in poverty are less likely to graduate high school or go to college, and they are more likely to commit street crime.
- The main victims of caste, religious and other discriminatory practices are poor.
- Government initiatives are yet to transform the ownership of assets, processes of production and meet the basic amenities of the poor

Over the last several decades, India has become one of the fastest growing economies in the world. But even with this impressive progress, poverty in India continues to be an enormous problem. A small percentage of people in India have benefitted from this growth, while the vast majority still struggle to meet their basic daily needs. This inequity is exacerbated by a long-standing social caste system in India that disproportionately affects women and children.

In this blog post, we'll explain the complex causes of poverty in India, the consequences it has on so many of its people, and the work Outreach International is doing to help people lift themselves out of poverty, and into a life of prosperity and hope.

Poverty in India is a result of various overlapping factors, spanning a long history of social and economic issues. The social issues include a caste system that causes inequity among the citizens of India. People who are born into certain socioeconomic groups or ethnicities can find it more difficult than others to [4,5,6]access education, healthcare, and employment opportunities. Economic issues include a history of financial pressure from foreign countries which makes the economy of India sensitive to external markets which are beyond its control.

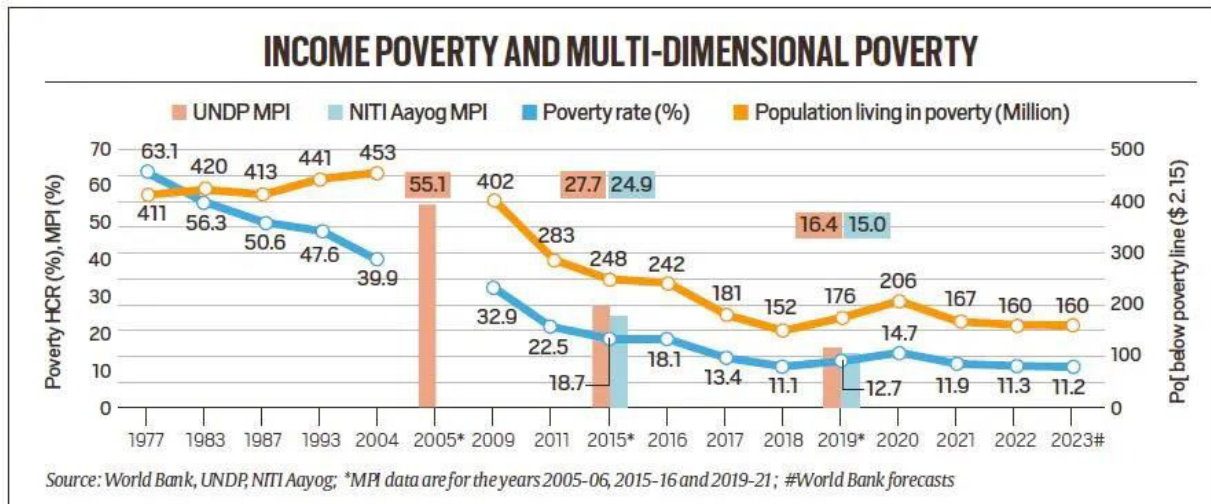
## II. DISCUSSION

### Data Analysis

– NITI Aayog has released the National Multidimensional Poverty Index: A Progress Review 2022.

a. As per this report, 13.5 crore people escaped “Multidimensional Poverty” between 2015-16 and 2019-20. [15,16]

b. A steep decline has been reported in the number of multi dimensionally poor from 24.85% to 14.96% between 2015-16 and 2019-22. This indicates that India is well on course to achieve the SDG target 1.2 much ahead of 2030.



Various Committees Formed on Poverty in India

– Six official committees have so far estimated the number of people living in poverty in India

- A. the working group of 1962
- B. V N Dandekar and N Rath in 1971
- C. Y K Alagh in 1979
- D. D T Lakdawala in 1993
- E. Suresh Tendulkar in 2009
- F. C Rangarajan in 2014.

– The government did not take a call on the report of the Rangarajan Committee; therefore, poverty is measured using the Tendulkar poverty line.

– The Lakdawala Committee assumed that health and education is provided by the state — therefore, expenditure on these items was excluded from the consumption basket it proposed. Since expenditure on health and education rose significantly in the 1990s, the Tendulkar Committee included them in the basket.

- The September 2022 Global Poverty Update by the World Bank revealed that at the \$3.65 poverty line, India accounts for 40% of the global poverty rate of 24.1%. (The World Bank)
- Over a third of all people living in poverty in the world live in South Asia, which amounts to roughly 389 million people. (The World Bank)
- In South Asia, the rate of extreme poverty, measured by the international poverty line of \$2.15, increased by 1.9 percentage points to 10.5%. India accounts for almost 70% of this global change in extreme poverty. (The World Bank)
- Between 2012 and 2021, 40% of the wealth created in India has been captured by just the wealthiest 1% of the population. (BBC)



### III. RESULTS

#### Initiatives of Government

- Over the years, the government has been following three approaches to reduce poverty in India: growth oriented development, specific poverty alleviation programmes and meeting the minimum needs of the poor.
- Mahatma Gandhi National Rural Employment Guarantee Work (MGNREGA) : It provides wage employment while also focusing on strengthening natural resource management through works that address causes of chronic poverty.
- Flagship programmes like the Poshan Abhiyan and Anaemia Mukta Bharat have contributed to reduced deprivations in health.
- Initiatives such as Swachh Bharat Mission (SBM) [7,8,9] and Jal Jeevan Mission (JJM) have improved sanitation across the country.
- The provision of subsidized cooking fuel through the Pradhan Mantri Ujjwala Yojana (PMUY) has positively transformed lives
- Initiatives like Saubhagya, Pradhan Mantri Awas Yojana (PMAY), Pradhan Mantri Jan Dhan Yojana (PMJDY), and Samagra Shiksha have also played a major role in significantly reducing multidimensional poverty in the country.

#### Suggestions

- Inequalities of income, education, and opportunity are all interconnected and must be addressed together.
- Reducing inequalities of opportunity and of incomes among individuals, populations, and regions can foster social cohesion and boost general well-being.
- Jobs and employment are the surest way to reduce poverty and inequality.
- Poverty eradication must be mainstreamed into the national policies and actions in accordance with the internationally agreed development goals forming part of the broad United Nations Development Agenda.
- Policymakers must intensify efforts to grow their economies, while protecting the most vulnerable.
- It is essential that the government should provide education and health services free of cost for the deserving citizens and those from the socially oppressed classes.[16,17,18]

The complex causes of poverty in India lead to equally complex factors that perpetuate the problem. These include:

#### Limited Access to Education

Despite making strides in improving literacy rates in general, access to adequate education remains out of reach for many groups in India, especially for those who live in remote areas.

#### Unemployment and Underemployment

The uneven distribution of economic growth creates limited job opportunities in many geographic areas, especially among young people who are actively seeking employment.

#### Inadequate Healthcare Infrastructure

The healthcare that the government provides for people who live in poverty in India is inadequate in many geographic areas. Serious health issues, often related to childbirth, can go undertreated, leading to overwhelming debt and feelings of hopelessness.



## Social Inequality

Discrimination based on social caste, gender, and ethnicity make it harder for marginalized groups to experience basic socio-economic advancement. This creates a cycle of poverty that passes these issues on to the next generation.

## Historical, Economic, and Social Factors of Poverty in India

India has dealt with a long history of colonization that led to the export of wealth and resources for generations. Although this issue is a part of India's past, the legacy of uneven trade continues to put financial pressure on India's poorest citizens. Also, like many economies of the world, social disparity makes it almost impossible for people who live in poverty to climb out of it alone.

## IV. CONCLUSION

The consequences of poverty in India are profound and far-reaching. These include:

### Unequal Distribution of Wealth and Resources [10,11,12]

The concentration of wealth among a small percentage of the population of India limits access to essential resources and opportunities for the majority of its citizens. According to the Harvard Business Review, the wealthiest 10% of people in India hold 77% of the nation's wealth. It also states that as of 2022, there were 119 billionaires in India, whose wealth continues to grow at disproportionate rates.

### Barriers to Receiving Healthcare

The social healthcare system in India ranks very low among other countries. Expert care and the most advanced treatments remain expensive, and so only those who can afford it have access to it. Those who live in poverty sometimes have to make the choice between health or debt. This can be especially difficult when it comes to the health of their children. This lack of access to quality healthcare is evident in the relatively high infant mortality rates.

It can be nearly impossible for people who live in poverty to solve their issues alone. Outreach International works tirelessly to empower people to help themselves. Our partners at Outreach India bring community groups together to learn to identify their unique poverty-related issues, and then mobilize to solve them.

Many people who live in remote areas in India must deal with a lack of adequate infrastructure. This means that there may be no central power grid, or regional sewage and water treatment system. People who live under these conditions must spend much time and effort fulfilling their basic daily needs. But with the help of Outreach facilitators, solutions can be found.

Until 2010, the citizens of Nandibadi had to walk a kilometer each day to collect water from a river. That year, they had a single spout well installed, which was considered a significant improvement at the time. Even then, however, people had to wait in line and take turns using the hand pump from what was their only water source. With the help of Outreach facilitators, they had a solar-powered water well and storage system installed. This improvement not only made life easier, but it freed up large amounts of time for people to spend making progress in other areas of their lives. [13,14,15]

### Solar Street Lights

In Lelibadi, people stayed home after dark because of fear of predatory animals and the possibility of crime. There were no streetlights or electric grid to power them. The community-based organization mobilized to have streetlights installed, each powered by an individual solar panel. Now, the nights are brighter, and the community can gather together, socialize, and travel safely

### Safe Sanitation

Safe sanitation is a crucial factor in the health and wellbeing of a community. Illness from contaminated drinking water and unpleasant surroundings due to a lack of a sanitation system in a community would make life difficult for anyone.

Community leaders in Kurumpeta successfully managed a latrine construction project that solved their sanitation issues.

#### Disability Inclusion

In Kunjibadi Village, Naika lost his leg in a road accident in 2016. This left him and his wife dependent on her income alone, which placed them well below the poverty line. With help from Outreach India, Naika learned that he was eligible for disability benefits. He prepared his documentation, visited the government offices, and now receives benefits that cover basic daily needs for the family. Naika and his wife feel empowered, and able to look to the future with hope.

Poverty in India is a multifaceted and pervasive issue that affects millions of people. By understanding its root causes, addressing its consequences, and supporting initiatives that promote socio-economic empowerment, we can all help India find truly equitable prosperity.[20]

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**INNO SPACE**  
SJIF Scientific Journal Impact Factor  
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**ISSN** INTERNATIONAL  
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