

## Poverty Status in India

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### Abstract

Poverty is a social phenomenon in which certain sections of the society are unable to fulfill even the bare necessities of life. India is known for the poor people it has. poverty gives birth to many other problems. Our India is well aware that poverty is the biggest barrier in the development of the nation. Various numbers of anti-poverty policies have been introduced since the 1950's. In India, poverty is measured by a poverty line. In almost all underdeveloped countries where per capita income is low, income inequality has resulted in a number of evils of which poverty is certainly the most serious one. It is a socio-economic phenomenon that is intimately associated with human health, efficiency and productivity which in turn affects human health, efficiency and productivity which in turn affect their income. This paper attempts to examine the impact of poverty, comparison of per capita income of different countries. As per Government of India Planning Commission percentage and number of poor estimates by Tendulkar method using Mixed Reference Period (MRP), interstate comparison of population below poverty line. Various causes and suggestions for removal of poverty from India are also discussed in this paper.

**Keywords:** Poverty, Plans, Poverty estimates, poverty differential

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### Introduction

#### POVERTY

Poverty is one of the major problems which India has been suffering from since long. Poverty is a relative term. For a developing country like India, poverty can be defined as 'that situation in which an individual fails to earn income sufficient to buy him the means of subsistence'. It can also be explained as a situation where a section of the society, having no fault of their own, is denied even basic necessities of life. In India, the definition of poverty lays more emphasis on the minimum level of living rather than on a reasonable level of living. In India, the concept of poverty emphasises more on the minimum level because it is difficult to provide even a minimum quantum of basic needs.

#### CONCEPT OF POVERTY:

(i) **Absolute Poverty.** Absolute poverty can be expressed as poverty below bread line which can be defined in terms of 'per capita intake of calories' and 'minimum level of consumption. According to **the Planning Commission** an individual in rural areas must get 2400 calories and in urban areas 2100 calories per day. According to '**minimum level of consumption**' criteria **Planning Commission of India** is of the opinion that persons spending 152 on consumption in urban area and Rs. 132 on rural area per month (at 1988-89 price) should be treated as falling within poverty line. The 66th Round NSSO data (2009-10) says anyone who has 28 to spend daily is above poverty line.

(ii) **Relative Poverty.** According to this concept of poverty the definition of poverty keeps on changing with the Changes in regions and economic conditions of the different countries. The country where subsistence level is low is treated as relatively or in comparison with a country with people having high level of subsistence. India has quite less per capita income as compared to other countries. India is ranked 86th in the world and is poor nation. India's per capita income (in US Dollar)(on exchange rate basis) is 1340 according to **World Development Report 2012.**

#### **OBJECTIVES:**

- 1) To know about the poverty and its concept.
- 2) To know the impact of poverty and suggestions to remove the poverty.
- 3) To provide knowledge about the poverty estimates as per government of India Planning Commission.
- 4) To know about the interstate comparison of population below the poverty line.
- 5) To provide information about the India Poverty Statistics.

#### **RESEARCH METHODOLOGY**

The data are collected from various sources such as a website books magazines newspaper and other relevant publications to know more about the poverty and its trend, estimate of poverty ,Indian statistics on poverty and so on.

#### **GOVERNMENT OF INDIA PLANNING COMMISSION JULY 2013**

#### **POVERTY ESTIMATES FOR 2009-10**

The Planning Commission has periodically estimated poverty lines and poverty ratios for each of the years for which Large Sample Surveys on Household Consumer Expenditure have been conducted by the National Sample Survey Office (NSSO) of the Ministry of Statistics and Programme Implementation. The last a survey in this series was conducted

in 2009-10 (NSS 66th round). However, since 2009-10 was not a normal year because of a severe drought, the NSSO repeated the large scale survey in 2011-12 (NSS 68th round).

### ESTIMATES FOR 2011-12

For 2011-12, for rural areas the national poverty line using the Tendulkar methodology is estimated at Rs. 816 per capita per month and Rs. 1,000 per capita per month in urban areas. Thus, for a family of five, the all India poverty line in terms of consumption expenditure would amount to about Rs. 4,080 per month in rural areas and Rs. 5,000 per month in urban areas. The national level poverty ratio based on comparable methodology (Tendulkar Method) for 1993-94, 2004-05 and 2011-12 estimated from Large Sample Survey of Household Consumer Expenditure data of 50th, 61st and 68th round respectively are given below.

### Percentage and Number of Poor Estimated by Tendulkar method, using Mixed Reference Period (MRP)

	Poverty Ratio (%)			Number of Poor (million)		
	Rural	Urban	Total	Rural	Urban	Total
1. 1993-94	50.1	31.8	45.3	328.6	74.5	403.7
2. 2004-05	41.8	25.7	37.2	326.3	80.8	407.1
3. 2011-12	25.7	13.7	21.9	216.5	52.8	269.3
Annual Average Decline: 1993-94 2004-05 (percentage points per annum)	0.75	0.55	0.74			
Annual Average Decline: 2004-05 2011-12 (percentage points per annum)	2.32	1.69	2.18			

### INDIA POVERTY Mixed Reference Period (MRP) STATISTICS

As per the survey conducted in 2011-2012, the percentage of persons below the Poverty Line in India for the year 2011-12 has been estimated as 25.7% in rural areas, 13.7% in urban areas and 21.9% for the country as a whole. The respective ratios for the rural and

urban areas were 41.8% and 25.7% and 37.2% for the country as a whole in 2004-05. It was 50.1% in rural areas, 31.8% in urban areas and 45.3% for the country as a whole in 1993-94. In 2011-12, India had 270 million persons below the Tendulkar Poverty Line as compared to 407 million in 2004-05, that is a reduction of 137 million persons over the seven year period.

## **POVERTY DIFFERENTIALS**

In India some states are quite rich while other are very poor. Problem of poverty is more serious in Bihar(55.3% in rural &39.4% in urban) Orissa( 39.2% in rural & 25.9% in urban ) Madhya Pradesh(42% in rural &22.9% in urban) Uttar Pradesh( 39.4% in rural & 31.7%in urban ) and Rajasthan( 26% in rural & 19.9% in urban). There has been marginal decrease in poverty in these state. (Source : NSSO Report)

### **Top 10 causes for poverty : In India**

Poverty is one of the biggest problem of India and this problem had created several very big problems for the country many Indians are not even getting normal life style.India is known for the poor people it has.

#### **I. Over population growth**

India is 2nd largest in the population .A very big amount of population reduced the per capita income of our country. so the standard of living has also fallen considerably. We are facing the scarcity of resources so we cannot feed population in a proper way. The demand of goods is always greater then the availability or production in our country. If the country is overpopulated a large part of the income is spent on consumption and very little is saved for developmental activities.

#### **II. Low production agriculture**

India is an agricultural economy.About 60% of our working population depends on agriculture directly or indirectly. Due to the use of old agricultural technique, no proper capital investment, no proper irrigation facilities etc. we are not able to produce the amount by which we can fill the stomach of all the Indians properly .The pressure on land has increased so much that productivity of land has decreased over time. The small farmers produces enough for self consumption and very little is left for sale in the market.

#### **III. Under utilized resources**

Both the human and natural resources are underutilized.India has young and innovative youth but they do not finding the appropriate packages for jobs. Hard working people are not getting appropriate jobs so they are migrating to the foreign countries and we are

loosing an innovative Indian. In the same way natural resources are not properly utilised also .The rural areas are blessed with forests and wildlife but they are not aware of the proper ways of exploiting them. Hence the productivity of forests decreases over time.Also we do not have sufficient capital and technology to exploit them properly.

#### **IV. Low rate of economic development**

India's development rate is very low as compared to other nations . Our growth rate is less then the required levels and this developed a gap between level of availability and requirement of goods and hence the result is poverty.

#### **V. Rise in prices of goods**

The prices of basic food items are so high due to high rate of inflation that the little income earned by them is just insufficient. The rise in prices of a common man's basic needs had made the life of a common man difficult and this makes very difficult to meet the minimum needs for lower income groups.The income earned by the poor people is insufficient to buy them the basic necessities of life and get them even two meals a day.Due to the lack of nutrition they are unable to do any physical work and hence they remain poor.

#### **VI. Unemployment**

The number of unemployed Indians is continuously increasing .Many of our country men do not have a proper job to sustain themselves and their families.The number of job seekers is increasing continuously but the job opportunities are not increasing at the rate at which should they increase and the result of this is poverty in India.This is the basic reason why most of the rural people are poor.Hence they remain poor and cannot repay the loans taken by them.

#### **VII. Shortage of capital and able entrepreneurship**

For boosting up the growth of the country these two things are must and the major problem is that we are lacking in these two things and hence the result is inappropriate growth rate of our country.

#### **VIII. Social factors**

The social setup of our country is still backward. Today in 21th century also we are socially backward as we were 100 years ago today we use to discuss about the casts, religion etc of each other we don't think about of working together. There are many traditions which do not allow fast development of our society.For example dowry system tends to make a person poor as he is forced to sell off his lands and property to satisfy the greed of his daughter's fiancée.



## **IX. Corruption**

One of the biggest problem of our country is corruption. It is one of the biggest reason for poverty in India. The corrupted leaders etc had eaten up all the money of our country.

## **X. Political factors**

In India, all the developmental plans are guided by the selfish interests of the politician.They exploit the weaker sections of our society. why don't they think that the development plans are made for the people who are underdeveloped not for the one who are living luxurious life.

### **Suggestions for Removal of Poverty from India**

Nearly 50% of our population has been living below the poverty line continuously over a long period. Hence urgent action is necessary to devise an immediate plan of action to remove poverty. In order to meet the problem of poverty various measures are to be taken such as :

#### **(i) POPULATION CONTROL:**

Population in India has been increasing rapidly. Growth rate of population is 1.8%. For removal of poverty the growth rate of population should be lowered. The population of the country can be reduced to a average level.This will make developmental plans successful and the poor people will have a greater share in the funds of the government.

#### **(ii) Increase in Employment:**

Special measures should be taken to solve the problems of unemployment and disguised unemployment. Development of Agriculture ,Small scale and cottage industries should be developed in rural areas to generate employment. Poverty can be eliminated if the poor people are given the jobs according to their needs and talents.Self employment can also be provided to them.

#### **(iii) Equal distribution of Income:**

Mere increase in production and control on population growth will not remove poverty in India. It is necessary that inequality in the distribution of income should be reduced.

#### **(iv) Regional poverty:**

In States like Orissa, Nagaland, U.P and Bihar etc. the percentage of the poor to the total population is high. Govt. should give special concession for investment in these regions. More PSU's should be established in these states.

**(v) Problem of Distribution:**

The public distribution system (PDS) should be strengthened to remove poverty. Poor section should get food grains at subsidized rates and in ample quantity.

**(vi) Fulfillment of minimum needs of the Poor:**

Government should take suitable steps to meet minimum needs of the poor e.g., supply of drinking water and provision of primary health centres and primary education.

**vii) Increase in the productivity of the Poor:** To remove poverty, it is necessary to increase productivity of the poor. The poor should be given more employment. More investment should be made in public and private sectors to generate employment.

**viii) Changes in techniques of Production:**

India should adopt labour intensive techniques of production. We should have technical development in our economy in such a way that labour resources could be fully employed.

**(ix) Stability in Price Level:**

Stability in prices helps to remove poverty. Govt. should do its best to keep the prices under control because inflation tends to make poor poorer and rich richer. There should be a stability in the price level of the country. Government should also reduce the burden of tax on the poor and charge more on the richer class. Rationing should be promoted so that the poor people get the basic necessities in life at lower price level.

**(x) Development of Agriculture:**

The agriculture should be developed to remove poverty. Rapid rate of growth of agriculture production will help to remove urban as well as rural poverty. Agriculture should be mechanized and modernized because it provides income to vast number of people. Marginal farmers should be given financial assistance. Hence the government should also concentrate on it and not only on the industries.

**(xi) Increase in the rate of growth:**

Slow rate of growth is the main cause of poverty. So growth rate must be accelerated. In 2003-04 the growth rate has been 6.5% despite that 26% of population remains below poverty line.

### (xii) Establishment of Small Scale Industries

Government should develop cottage, handicrafts and other small scale industries in the backward regions of our country. Moreover this will transfer resources from the areas of surplus to the deficit solving the problem of urbanization.

### (xiii) Education

Government should take steps to spread awareness for education so that the people do not have to depend on others for their income. They can also protect themselves from exploitation by the greedy traders.

### (xiv) Proper Utilization of Resources

Resources of the country should be utilized properly so that we can have the benefits of those free gifts of nature. Both the human and natural resources should be properly utilised.

### POVERTY 2014

The Planning Commission has updated the poverty lines and poverty ratios for 2011-12 based on the recommendations of the Tendulkar Committee using Household Consumer Expenditure Survey 2011-12 data of the National Sample Survey (NSS) 68th round. Accordingly, with the poverty line at all India level at monthly per capita expenditure (MPCE) of 816 for rural areas and 1000 for urban areas in 2011-12, the poverty ratio in the country has declined from 37.2 per cent in 2004-05 to 21.9 per cent in 2011-12. In absolute terms, the number of poor declined from 407.1 million in 2004-05 to 269.3 million in 2011-12 with an average annual decline of 2.2 percentage points during 2004-05 to 2011-12 (as shown in the following figure). The Planning Commission constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan in June 2012 to 'Review the Methodology for extended further.

Year	Rural	Urban	Total
Poverty Ratio (Percent)			
2004-05	41.8	25.7	37.2
2011-12	25.7	13.7	21.9
Number of Poor (Million)			
2004-05	326.3	80.8	407.1
2011-12	216.5	52.8	269.3
Average Annual Decline 2004-05 to 2011-12 (% points p.a. 2.18)			
	2.32	1.69	2.18



**Source.** Planning Commission Estimated by Tendulkar Method.

### **Conclusion**

In conclusion we can say that poverty is a complex phenomenon of many dimensions not merely the economic dimensions. Poverty gives birth to many problems. The government should aware the rural population about the importance of small families and mortality rate. Our government should provide better medical facilities ,drinking water facilities and education. So that people living below poverty line can improve their lives.The approach of 10th plan observed that 'Employment is the surest way to enable the vast number living below the poverty line but steps must also be taken in following direction such as Imposition of ceiling on Land and redistribution of ceiling-surplus land among other landless small and marginal farmers. Making provision for proper security for the tenant cultivators and sharing of crops. To provide employment to huge number of landless unemployed workers by developing agro-based small scale industries in the Wage Good Sector. To provide minimum amenities of life in rural areas and also in urban slums through Minimum Needs Programme.

Prof. Sukhamoy Chakraborty rightly observed that, "the solution to the problem of rural poverty will require that small farmers must also be given access to land-augmenting-innovation along with a programme of well conceived public works. Many of the specific tasks will need to be done on a decentralised basis. Effort should be made in those state where the problem of poverty is more serious. so that the problem like poverty may reduced to some extent.

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