

# Determination of Poverty and Reality of Poverty in India: A Study

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**ABSTRACT:** It has been 66 years since India became free from foreign rule on 15 August 1947. The main objective of liberating the country was to provide economic, political and social freedom to the Indians. To what extent the objectives of achieving independence have been fulfilled in these 66 years of independence, this question has come before the countrymen today, but it seems that even today the people of India have not been able to achieve the objectives of independence. If we look at the political and social situation of the country, then the situation is more or less the same as before independence. The politics of the country is still working on the policy of divide and rule and the Indian society is still divided into many parts on the basis of caste, path and region. On the other hand, in the economic field, India's condition appears to be very pathetic. The Indian economy is still breathing with the help of foreign investment. Even today, hunger persists in the country, that's why the then central government issued an ordinance for the food security scheme on July 5, 2013 and now the National Food Security Bill 2013 has been passed in the Parliament. The government wants to provide wheat and rice at a subsidized rate to two-thirds of the country's population through this scheme. The situation of poverty in the country is such that the government is being required to make surprising changes in the figures of determination of poverty. It is a strange irony that even after 66 years of independence, one out of every three people in the country is poor.

**KEYWORDS:-** Independence, Poverty, Planning Commission, Population, Inflation, Poor.

## MAIN ARTICLE

### I. REALITY OF POVERTY IN INDIA

According to the latest statistics of the Planning Commission, in the year 2004-05, 37.2 percent of the population in India was poor, which has decreased to 21.9 percent in the year 2011-12, that is, the number of poor in the country has decreased from 40.73 crore to 26.89 crore. Thus, there has been a reduction of 15.3 percent in poverty in India in the last seven years.<sup>1</sup> This figure of the Planning Commission seems pleasant to hear, but there is doubt in the reality of these figures. In fact, in the context of the estimation of poverty in the country, whatever estimation method has been developed in the last few years, the government in power at the center has been using it to show its achievements. In India, inflation has increased rapidly in the last few years, but the line that determines poverty, that is, the poverty line has not gone up in that proportion. At present, the Planning Commission has fixed a new scale to define poverty on the basis of the criteria suggested by the Tendulkar Committee. According to the methodology suggested by the Tendulkar Committee, people spending more than ₹ 27.20 per day in rural areas and ₹ 33.30 per day in urban areas would be above the poverty line. Thus, it has been determined that a person earning ₹ 816 in a village and ₹ 1000 per month in a city is not poor. It is to be known that in the year 2004-05, this amount was ₹ 26 per person per day for rural areas and ₹ 32 per person per day for urban areas.<sup>2</sup> In this way, we can easily understand that in view of the increase in the prices of commodities in the country between 2004-05 and 2011-12, the criteria for determining the poverty line cannot be considered rational in any way. However, there has been a lot of debate at the political and social level in the country regarding this determining line whether a person can live his life with a fixed amount? Thus, it can be understood that both the Planning Commission and the Tendulkar Committee have no idea of the reality of poverty prevailing in the country. By mere juggling of figures, the Planning Commission tries to downplay the intensity of poverty to show that the level of poverty in India is reducing due to the programs run by the government, but if the level of poverty in 1993-94 in 2004-05 or earlier If the per capita income where the poverty line has been fixed, if the rate of inflation (adjusted to inflation), then probably the per capita income of ₹ 27.20 and ₹ 33.33 in the year 2011-12 will be very low. In the era of inflation, food items cannot be purchased to survive from ₹ 27.20 and ₹ 33.33.<sup>3</sup>

# International Journal of Multidisciplinary Research in Science, Engineering, Technology & Management (IJMRSETM)

(A Monthly, Peer Reviewed Online Journal)

Visit: [www.ijmrsetm.com](http://www.ijmrsetm.com)

Volume 3, Issue 1, January 2016

## II. REALITY OF RURAL AND URBAN POVERTY

Although the scene of poverty is clearly visible all around in India, the horrific form of poverty is seen in rural India. According to one estimate, more than 65 percent of farmers in India earn less than ₹ 20 per day. According to statistics from the Ministry of Agriculture, the production of wheat and paddy earns farmers an average income of ₹ 2,200 and ₹ 4,000, respectively, in a year. In total, this amount is ₹ 6,200 annually. According to this, the monthly income of a farmer of the country is approximately ₹ 517 only. Thus it can be understood to what extent rural India is surrounded by the clouds of poverty. Another picture has also emerged in the rural areas of the country, where on one hand the poverty in the rural areas of India is said to have reduced, on the other hand, according to the census report of the government, in the middle of the year 2001-11,<sup>4</sup> The number of farmers has decreased by 90 lakhs, while the number of agricultural laborers has registered an increase of 36 percent during this period and their number has increased from 10.6 crores to 14.4 crores. It means that farmers are increasingly becoming agricultural laborers. How is it possible that the income increases by becoming a laborer from the owner? Another important fact is that while poverty is being said to be decreasing in one country, on the other hand the level of malnutrition among the children of the country is continuously increasing. At present, 43 percent of children in the country are malnourished, while 48 percent of children in rural areas of the country are underweight for their age.<sup>5</sup>

Just as the prevalence of poverty in rural India can be seen with closed eyes, similarly the urban area of India also presents a dreadful form of poverty. According to the current data of the Planning Commission, only 13.7 percent of the population in urban areas lives below the poverty line. According to the statistics of the Government of India, there has been a significant decrease in the number of poor in the cities, now only 5.31 crore people are poor in the cities. In 2004-05, the number of people living below the poverty line in urban areas of the country was 8.14 crore, which has come down to 5.31 crore in 2011-12. But the reality is that even today the daily income of 40 percent of the population living in urban areas is not more than ₹ 30.<sup>6</sup>

The official figures of poverty estimation in India have always been suspicious. By the way, it is very difficult to present reliable figures of the extent to which poverty is prevalent in the country, so there is a lot of difference between the figures presented by the Planning Commission and the reality. In the studies of various international and other independent organizations, the number of real poor in the urban and rural areas of the country has been much more than the official figures. Released by the World Bank in the year 2009 **Global Economic Prospects for 2009** It was mentioned in the report that in 2015, one-third of India's population (about 33 percent) will be in extreme poverty.

## III. INDIA IS THE POOREST IN THE WORLD

The poorest population of the world resides in India. Out of 100 poor people in the world, 33 are poor Indians, which means India is home to about 33 percent of the world's poor population. A report released by the World Bank mentions that one-third of the world's poor are in India, who live on less than \$1.25 a day.<sup>7</sup> The World Bank's latest 'World Development Indicators' states that about one billion 200 million people in the world are living in extreme poverty, although these facts also state that the number of people living below the poverty line in the world has decreased significantly. It is also mentioned in the report that in 1981, the number of people living below the poverty line in India was 429 million, which has come down to 400 million in the year 2010.

There is no doubt that there has been a decrease in the percentage of poverty in India. But India's poor population still remains a challenge in the global perspective. It is known that in the year 1981, 22 percent of the world's poor lived in India, now that number has increased to 33 percent. In the context of eradicating poverty, policy makers of India should take lessons from their neighboring country China. It is notable that in the year 1981, 84 percent of the population there used to live below the poverty line, while by 2010 this figure has come down to only 12 percent.<sup>8</sup>

## IV. CONCLUSION

In India, it has not yet been decided what the definition of poverty is. At present, the Central Government is determining the criteria of poverty on the basis of the assessment of the Suresh Tendulkar Committee. The method suggested by this committee is being criticized everywhere. That is why the Planning Commission has constituted a technical group under the chairmanship of C. Rangarajan to determine the poverty line. Meanwhile, the poverty line in

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**Volume 3, Issue 1, January 2016**

the country has been fixed by the Central Government on the basis of the report of the Tendulkar Committee. No matter which committee is constituted in the country to determine poverty, its assessment does not match with the actual situation. In fact, looking at the reality of employment, agricultural production, industrial production and other economic activities in the country, it does not seem that there has been any positive improvement in the poverty of the people of the country. It is known that only 12 percent people in India are employed in the manufacturing sector, while this rate is 28 percent in China and Germany. The expansion of the unorganized sector during economic liberalization has also proved helpful in increasing the number of poor in the country, because workers in the private sector do not get proper remuneration for their labor. According to the 2007 Arjun Sen Gupta Committee report, 90 percent of the people working in the unorganized sector work for less than the minimum wage set by the government. The poverty line that has been set in the country is not the actual poverty line. Therefore, there is a need to re-understand the reality of poverty prevailing in the country. Until a proper and rational detailed assessment of the number of people living below the poverty line is not done, any program being run for the upliftment of the poor in the country will not be successful and in the future we will only be playing the game of numbers.<sup>9</sup>

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