

Poverty in India

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. Poverty-stricken people and families might go without proper housing, clean water, healthy food, and medical attention. Each nation may have its own threshold that determines how many of its people are living in 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 living standard compared to the economic standards of 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.

Causes of Poverty

- **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.
- **Low Agricultural Productivity:** A major reason for poverty in 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.
- **Inefficient Resource utilisation:** 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.
- **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.
- **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 needs.
- **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.

- **Lack of Capital and Entrepreneurship:** The shortage of capital and entrepreneurship results in low level of investment and job creation in the economy.
- **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, caste system, certain traditions, etc.
- **Colonial Exploitation:** The British colonisation and rule over India for about two centuries de-industrialised India by ruining its traditional handicrafts and textile industries. Colonial Policies transformed India to a mere raw-material producer for European industries.
- **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, earthquake and cyclone cause heavy damage to agriculture in these states.
- **Vicious Circle of Poverty:** According to the principle of vicious circle in UDCs' level of income remains low this leads to low level of saving and investment. Low investment leads to low productivity which again leads to low income.