

Rural Poverty in India

1. Y.Chinna Rao.

HOD of Economics,

P.A.S. College ,

Pedanandipadu, Guntur Dt. A.P.

2. M.Babu Rao,

HOD of Economics,

C.R. College

Chilakaruripet, Guntur Dt. A.P.

Abstract

Poverty may be defined as the inability to secure the minimum consumption, Planning Commission of India has defined poverty line based on recommended nutritional Requirements of 2400 calories/person/ day for rural areas & 2100 calories/ person/day for urban areas. The study conducted by Subbarao and Knakwani and Minhas reveals that Punjab has the lowest level of rural poverty, throughout the period 1973-74 to 1993-94 while Bihar and Orissa have continued to be the two states representing the other extreme. However, ranking order of some states like Maharashtra, Tamil Nadu, Kerala and West Bengal with regard to poverty in terms of head count ratio has been changing from time to time. It has been more than two decades since India adopted open market policies in its effort to align itself with the globalized economy.

Key Words: Poverty

Introduction:

Poverty may be defined as the inability to secure the minimum consumption, Planning Commission of India has defined poverty line based on recommended nutritional Requirements of 2400 calories/person/ day for rural areas & 2100 calories/ person/day for urban areas. The study conducted by Subbarao and Knakwani and Minhas reveals that Punjab has the lowest level of rural poverty, throughout the period 1973-74 to 1993-94 while Bihar and Orissa have continued to be the two states representing the other extreme. However, ranking order of some states like Maharashtra, Tamil Nadu, Kerala and West Bengal with regard to poverty in terms of head count ratio has been changing from time to time. It has been more than two decades since India adopted open market policies in its effort to align itself with the globalized economy. In the context of a developing country like India, a poverty issue has been researched upon extensively over the last forty years. Poverty is not only a state of existence but also a process with many dimensions and complexities. In understanding poverty and the poor it is essential to examine the context of economy and society. Poverty differences cut across gender, race and geographical location (rural versus urban). The rural poor are more than the urban poor and suffer more. Further across the rural poor there are differences across occupational groups reflecting high complex interactions of culture, market and policies. J. G. Goddard defines

poverty as "Poverty is insufficient supply of those things which are requisite for an individual to maintain himself and those dependent upon him in health and vigour."

Rural poverty refers to poverty in rural areas, including factors of rural society. Rural economy and political systems that give rise to the poverty found there. The main reason for low level of income of the majority of Indian people is unemployment and underemployment and the consequent low productivity of labour. Low labour productivity implies low rate of economic growth which is the main cause of poverty and inequality of the large masses of people.

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Although the poverty of India's slums and urban areas is evident to any observer, statistical data shows that most of the sub-continent's poor live in rural areas: 70% of Indians, and more or less as many of India's poor, live in rural areas (Himanshu et al., 2013; Planning commission, 2014). Agriculture, which constitutes the main activity of 60% of the active population in rural areas (Himanshu et al., 2013), is indissociable from this rural poverty and hence from the India's spatial divide (Shah, 2002; Landy, 2010). It is sometimes described as a residual activity, which is abandoned by the richest, and no longer involves the masses of rural workers of the past (Gupta, 2005). In a context of low growth in the agricultural sector, as compared with the rest of the economy since the 1990's (Himanshu, 2008), non-agricultural jobs occupied by people living in rural areas are the object of increasing attention and give rise to renewed hopes of moving out of poverty (Nayyar and Sharma, 2005). It is true that all over India the numbers of these non-agricultural jobs are on the increase and studies show that their development has led to a decrease in poverty in the zones studied but this is nonetheless accompanied by a reinforcement of inequality (Himanshu et al., 2013).

Poverty Estimation:

Poverty estimates are vital input to design, monitor and implement appropriate anti-poverty policies:

Poverty Line: Two types- Absolute poverty line & Relative poverty line.

Relative Poverty Line defined in relative terms with reference to level of living of another person; or, in relation to an income distribution parameter.

Absolute Poverty Line refers to a threshold income (consumption) level defined in absolute terms. Persons below a pre-defined threshold income are called poor.

Indian Poverty Line: A minimum level of living necessary for physical and social development of a person. Estimated as: total consumption expenditure level that meets energy (calorie) need of an average person.

PL comprises of both food and non-food components of consumption. Considers non-food expenditure actually incurred corresponding to this total expenditure. It is difficult to consider minimum non-food needs which is entirely on an objective basis.

Official Poverty Line on India:

Planning Commission of India has defined poverty line based on recommended nutritional requirements of 2400 calories/person/ day for rural areas & 2100 calories/ person/day for urban areas.

Originally estimated for 1973-74: Rs 49 and 56 for rural and urban areas Updated using an appropriate price index (CPIAL for rural India, CPIIW for urban).

A monthly per capita consumption expenditure of Rs. 356 and 539 for rural and urban areas respectively for 2004-05.

More than a quarter of India's population remain below PL in 2004-05. 28.3% Rural, 25.7% Urban, 27.5% Total.

According to 'Indian Rural Development Report, 1999', the poorest states of India lie mainly in the central and eastern regions of the country. Assam, Bihar, Orissa and U.P are the states having the highest poverty ratio in the country.

These along with M.P. and Rajasthan, account for 57% of the total rural poor in the country. Further, while Punjab has the lowest rural poverty ratio, such a ratio is the highest for Bihar and Orissa.

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Causes of rural poverty:

Rural poverty is a multi-dimensional social problem. Its causes are varied. They are as follows:

1. Climatic factors:

Climatic conditions constitute an important cause of poverty. The hot climate of India reduces the capacity of people especially the ruralites to work for which production severely suffers. Frequent flood, famine, earthquake and cyclone cause heavy damage to agriculture. Moreover, absence of timely rain, excessive or deficient rain affect severely country's agricultural production.

2. Demographic factors:

The following demographic factors are accountable for poverty in India.

(i) Rapid growth of population:

Rapid growth of population aggravates the poverty of the people. The growth of population exceeds the rate of growth in national income. Population growth not only creates difficulties in the removal of poverty but also lowers the per capita income which tends to increase poverty. The burden of this reduction in per capita income is borne heavily by the poor people. Population growth at a faster rate increases labour supply which tends to lower the wage rate.

(ii) Size of family:

Size of the family has significant bearing on rural poverty. The larger the size of family, the lower is the per capita income, and the lower is the standard of living. The persistence of the joint family system has contributed to the health and earning capacity of the ruralites.

3. Personal causes:

(i) Lack of motivation:

Lack of motivation is an important cause of rural poverty. Some ruralites do not have a motive to work hard or even to earn something. This accounts for the poverty of the ruralites.

(ii) Idleness:

Most of the rural people are lazy, dull and reluctant to work. Hence they rot in poverty.

4. Economic causes:

(i) Low agricultural productivity:

Poverty and real income are very much interrelated. Increase in real income leads to reduction of the magnitude of poverty. So far as agricultural sector is concerned, the farmers even today are following the traditional method of cultivation. Hence there is low agricultural productivity resulting in rural poverty.

(ii) Unequal distribution of land and other assets:

Land and other forms of assets constitute sources of income for the ruralites. But, unfortunately, there has been unequal distribution of land and other assets in our economy. The size-wise distribution of operational holdings indicates a very high degree of concentration in the hands of a few farmers leading to poverty of many in the rural sector.

(iii) Decline of village industries:

At present consequent upon industrialization new factories and industries are being set up in rural areas. Village industries fail to compete with them in terms of quality and price. As a result they are closed down. The workers are thrown out of employment and lead a life of poverty.

(iv) Immobility of labour:

Immobility of labour also accounts, for rural poverty. Even if higher wages are offered, labourers are not willing to leave their homes. The joint family system makes people lethargic and stay-at-home.

The ruralites are mostly illiterate, ignorant, conservative, superstitious and fatalistic. Poverty is considered as god-given, something preordained. All these factors lead to abysmal poverty in rural India.

(v) Lack of employment opportunities:

Unemployment is the reflection of poverty. Because of lack of employment opportunities, people remain either unemployed or underemployed. Most of these unemployed and underemployed workers are the small and marginal farmers and the landless agricultural labourers.

5. Social causes:**(i) Education:**

Education is an agent of social change and egalitarianism. Poverty is also said to be closely related to the levels of schooling and these two have a circular relationship. The earning power is endowed in the individual by investment in education and training. But this investment in people takes away money and lack of human investment contributes to the low earning capacity of individuals.

In this way people are poor because they have little investment in themselves and poor people do not have the funds for human capital investment.

(ii) 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. Due to rigid caste system, the low caste people could not participate in the game of economic progress.

A Shudra was not allowed to become a trader and a Vaisya could earn his bread only by trade.

Birth would decide their occupation and their economic fate. K. V. Verghese rightly observes, "Caste system acted as a springboard for class exploitation with the result that the counterpart of the poverty of the many is the opulence of the few. The second is the cause of the first."

(iii) Joint family system:

The joint family system provides social security to its members. Some people take undue advantage of it. They live upon the income of others. They become idlers. Their normal routine of life consists in eating, sleeping and begetting children.

In this way poverty gets aggravated through joint family system.

(iv) Social customs:

The ruralites spend a large percentage of annual earnings on social ceremonies like marriage, death feast etc. As a result, they remain in debt and poverty.

(v) Growing indebtedness:

In the rural sector most of the ruralites depend on borrowings from the money-lenders and land-lords to meet even their consumption expenses. Moneylenders, however, exploit the poor by charging exorbitant rates of interest and by acquiring the mortgaged land in the event of non-payment of loans.

Indebted poor farmers cannot make themselves free from the clutches of moneylenders. Their poverty is further accentuated because of indebtedness. Such indebted families continue to remain under the poverty line for generations because of this debt-trap.

Anti-Poverty programmes:

The Government of India launched several poverty alleviation programmes, these are as follows:

1. Legal elimination of bonded labourers.
2. Preventing the centralisation of wealth by modifying the law.
3. Antyodaya plan.
4. Small Farmers Development Programme (SFDP)
5. Drought Area Development Programme (DADP)
6. Twenty point programme
7. Food for work programme
8. Minimum needs programme (MNP)
9. Integrated Rural Development Programme (IRDP)
10. National Rural Employment Programme (NREP)
11. Rural Labour Employment Guarantee Programme (RLEGP)
12. TRYSEM scheme

13. Jawahar Rojgar Yojna (JRY)
14. Swarna Jayanti Gram Swarozgar Yojna.
15. National Social Assistance Programme (NSAP)
16. Rural Housing Programme.
17. Indira Awas Yojana.
18. Pradhan Mantri Rojgar Yojna.
19. Nehru Rozgar Yojna (NRY)
20. Self-Employment Programme for the Urban Poor, (SEPUP)
21. Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP)

Reasons why India is still a poor Country:

Corruption:

India, if not completely but is almost synonymous with the word corruption. Numerous scams in the recent years explain the saga of corruption. Almost all the government departments are affected from it. Corruption is regarded as one of the biggest reasons of poverty in India.

Corruption in the Public Distribution System (PDS) is the worst of its kind. The leading source of corruption in India is entitlement programmes and social spending schemes that are meant for the welfare of our society. For an example – **Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)**, a \$9 billion program planned to offer 100 days of employment annually for the rural poor. But MNREGA failed because of corruption and mismanagement. Just like MNREGA, the National Rural Livelihood Mission met the same fate. It was planned to empower.

Though government is putting efforts to have an “inclusive growth” but corruption is playing its role. So all such programs designed for poor and needy failed to impress and help them. Instead poor are even denied of their basic right and needs. Corruption is just like an endemic in India. It leads to social inequalities and hit economy of our nation. Funds granted to uplift the poor are misused. Poverty is further worsen by the administrative corruption. Even the simplest of the task is not performed without a bribe. Corruption also delays and diverts the economic growth.

As per the data compiled by Bloomberg, near about \$14.5 billion in food was plundered by the corrupt politicians in the state of Uttar Pradesh. The loot resulted poor to survive without the required quantity of food and children to suffer from malnutrition. There are many other cases of administrative corruption further deterioration the situation and making poor poorer.

Economic policies:

It is believed that economic reforms started in early 1990s are responsible for the fall down of rural economy in India. It also led to the agrarian crisis. Because of high debt, poor farmers are left with no other choice than to commit suicide. According to official statistics, number of farmers committing suicides has also increased since 1997. The new policies by the government encourage farmers to switch to cash crops in place of traditional crops. But this has led to a manifold increase in farm input cost which ultimate resulted in the economic burden and thus poverty. Also villages in India are not self sufficient like they used to be. The rural youth is mostly not well educated, lack skill and even not interested in farming. All these are enough for a disastrous and poor future. Government should come up with plans to make villages self-reliant. Skill based education must be provided to the youth.

Mismanagement and faulty development model:

Much of the fund raised or allocated to the anti poverty schemes is consumed in administrative cost. So the entire chain that is formed to help the poor does not allow this to happen.

High population growth rate:

Ever increasing population is not a direct cause of poverty but it is an effect. It is rightly said that excess of everything is bad. This is true in this case as well. More people mean the need of more resource, food etc. But if this surplus is trained in a right way then it can take part in the economic development of the country.

Ever increasing economic inequality:

India's growth model for sure has benefitted the businessmen but failed when we see that near about 213 million Indians go hungry every night. Rights of organized as well as unorganized workers are being violated. They are underpaid and not paid according to the industrial growth and ever rising inflation. Due to such a visible inequality each year millions of girls are sexually exploited and trafficked for money. At the same time child labour has also increased. Wealthy are acquiring more wealth. In such an unequal scenario, top 5% of households have 38% of the total assets of India whereas bottom 60% has merely 13% of the assets.

Lack of small scale sectors:

Majority of economic policies and reforms are not friendly towards small scale industries. So these policies are making and creating bureaucrats but suppressing entrepreneurs.

Mentality of poor:

Not only external factors but also the internal will of poor people to remain poor is an obstacle. You must have seen healthy beggars at red light. if they are asked to do task instead of begging then their simple answer is no. Even their kids do not go to school but just beg. They can never come out of this vivacious cycle of begging and poverty. To come out of poverty one has to change his or her mind. Poor must understand the importance of education and its lifelong benefits. There is no shortage of jobs in India. Even if you are not educated you have enough jobs like wrapping the color, adding buttons to the already stitched

clothes and sweaters, making boards for electronic goods etc. I have seen people earning from these kinds of jobs and sending their kids to school to have a better future.

India needs great political leaders to push the nation in a forward direction. Productivity and how to use human resource for the productivity must be focused. India must educate its every child so that a resource can be added. India must have a clear economic vision and a great system is place to execute this. Confused ideologies must be separated from the clear-cut and result oriented ones. India must be free from corruption to become rich

Conclusion:

We find that the Indian experience over the past two decades cannot be characterised as showing a trend increase in the incidence of poverty in India as a whole. Given the importance of weather-induced variations in Indian agriculture, there can be little doubt about the importance of such fluctuations and it is crucial to keep these in mind in assessing underlying trends. The evidence on the relationship between rural poverty and agricultural performance is more difficult to evaluate for two reasons. In the first place, the evidence itself is somewhat mixed. rural poverty is inversely related to agricultural performance measured in terms of agricultural NDP per rural person.

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