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ALLEVIATION OF POVERTY IN INDIA: ROLE OF
GOVERNMENT POLICIES AND PROGRAMMES

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Abstract

Poverty and Indian society are very much related when it comes to the aspect of diversification and complexities. Given India's diversity and heterogeneity, inequality and poverty have been characteristic features of life in India for ages. The government of India after independence in 1947 followed a 'developmental policy based on interventionist central planning' through the implementation of five-year plans and import substitution with the primary focus to reduce poverty among the masses and usher in an egalitarian society as per the ideals of its constitution. Political, economic setup saw a significant change in 1991 as it gradually adopted market-oriented economic policies. This period is often linked with liberalisation, privatisation and globalisation as its focus were less on state intervention and more on equitable distribution to make the borders of the Indian economy open to the outside world. The rapid expansion of the middle class in India with vast job opportunities, especially in the private sector, can be attributed to this 'LPG' revolution of 1991. However, the post-1991 economic growth also led to more inequality of income, wealth and resources. The ample number of economically deprived section of people still form the majority of the strata of the Indian population.

Introduction

Poverty and inequality are deeply intertwined with exclusion, marginalisation, disparity and disempowerment. It may be safe to say that

inequality of income, wealth, opportunities, and so on serve as the breeding ground for all those conditions, leading to poverty, deprivation, and social instability. Both poverty and inequality also breed social crime, hate and insecurity in society. No society can claim to be safe, composed of the utterly indigent populace or has gross inequality in one form or the other. Thus, poverty and inequality are not in the interest of any individual or institution. As rightly pointed by Oxfam inequality report, "*Rising wealth inequality threatens the social fabric of the nation*" [1]. Inequality or poverty is not an Indian phenomenon or limited to India; it persists worldwide. It is some nations are more unequal some less, but inequality and poverty persist almost everywhere. In terms of poverty and inequality, the worst-hit nations have usually undergone the colonial experience, especially the countries in Asia and Africa. This phenomenon is also referred to as 'colonial poverty' [2]

Poverty is widespread in this world with over 3 billion people living on less than \$2.50 a day [3]. Almost half the world – over three billion people live on less than \$ 2.50 a day, and at least 80% of humanity lives on less than \$10 a day. World Economic Forum's latest report, "Private Wealth or Public Goods," shows that the world's billionaires' wealth increased by twelve per cent or \$2.5 billion a day last year. A new billionaire was created every two days between 2017 and 2018. Meanwhile, the poorest half of humanity, 3.8 billion people, saw their wealth shrink by eleven per cent. [4] Moreover, the same report lays bare the vulnerability of nearly half of the world's population's economic status. It says "Just under half the world's population subsists on less than \$5.50 a day – one school fee or medical bill away from falling into extreme poverty." [5] The other important point worth noting is that poverty and inequality are sexist as women do not seem to get the due benefits from growth and development. "While women's work is the bedrock of our economies, they do not see the benefits. Globally men earn 23 per cent more per cent and own 50 per cent more per cent says the report published by the World Economic Forum. The immediate and chief outcome of poverty is hunger. It has been rightly said that hunger is a black spot on the economy of India. The seriousness of hunger can be understood because every year, nearly 5.8 million children die worldwide due to hunger or hunger-related causes. [6] The extent of global inequality is enormous. The income of the world's Five hundred richest billionaires exceed that of its poorest 416 million people. [7] Every three minutes, somewhere in the developing world, two women die needlessly in childbirth or pregnancy, [8] and over 40 children are killed by avoidable diseases such as diarrhoea or malaria. [9] Governments spend the least on health care where the need is the greatest. [10]

Idea of redistribution

Poverty and its idea continue to haunt the entire world, especially third world countries which are yet to develop efficient compatibility to deal with it. It is not only the lack of resources that hampers the growth of these countries, and it is a lack of institutional mechanism backed by the political will to deal effectively with the menace of poverty. It is both tragedy and irony that countries like India which claims to be space power, military

power and so on seeks votes in elections based on basic public amenities like potable water, concrete roads and electricity. India is a socialist, has a constitutional mandate to alleviate poverty and minimise the inequality between the rich and the poor. Poverty is very complex and multidimensional in its very nature, requiring efforts from various fronts to get rid of it. Besides, it can be understood that governments in India have postures to get rid of poverty and not long term policies for the same. India follows the parliamentary form of democracy in which voting is essentially held after every five years, so most of the steps every elected government takes have due thought given to vote bank politics and no central policy can be taken against the will of people which might not seem attractive in immediate course of time but is practically beneficial for mid or long term. The idea of poverty explicitly comes alive in the politics of redistribution. India has done relatively a commendable task on this front as 'India has reduced its poverty rate drastically from 55% to 28% in 10 years, with 271 million people moving out of poverty' [11] but at the same time 'India still had 364 million poor in 2015-16, the largest for any country, although it is down from 635 million in 2005-06' [12]. Furthermore, this brings us back to the debate of representation and recognition as the minority continues to suffer. The continued under-representation of minority sections of society especially in civil services, judiciary, armed forces, political offices and other positions of power takes one back to the idea of an egalitarian society based on equality, non-discrimination, secularism and socialism enshrined in the constitution of Republic of India which seems to be a farfetched dream, if not impossible.

After a thorough study of poverty and policies and programmes of government of India to get rid of it, one concludes that this debate is too subjective and hence essentially contested in nature. A brief outline of the articles, as mentioned earlier, is presented below:

S. Bhattacharya in "Poverty to Vulnerability" believes that India is no longer mostly chronically poor; it is now more unequal and vulnerable with pockets of deep poverty. Its future shared prosperity will depend to a large extent on how its social protection system evolves and catches up with its diversity and demography.

At present, only 4% of households in India use government social insurance programs. Use of private sources of insurance is higher, particularly for wealthy households. IHDS 2012 data show that 27% of households report members using/benefitting from private insurance. Unsurprisingly, the bottom 20% report low uptake of private options for market-based insurance. Most Indian households — poor and non-poor — rely on personal savings to deal with health, accidents, or climate shocks. Micro surveys and administrative data also highlight significant gaps in pension and health insurance coverage.

Inequality of income and wealth

The debate of economic inequality took a concrete form in British India though it had been in existence much before. This is one of the various colonial legacies that free India could not do away with, although India's government took bold steps in the promotion of egalitarianism and socialism. Both poverty and inequality are intertwined and involved in

nature, which requires to be tackled on multiple fronts by multiple agencies. It may be said that no single agency or institution can be held responsible for the mess that prevails in India's politico-economic setup. However, it would be naive to suggest that every institution is an equally responsible or equal stakeholder in ending poverty and inequality. India's constitution has given maximum powers and mandate to the democratically represented government to live by its ideals, which among various things constitute socialism, justice: social, economic and political. Thus, India's government is at the forefront of curbing the menace of hunger, poverty, and inequality. Inequality in India has reached unfathomable heights in this era. Facts about inequality seem fictitious than fiction. In his latest article titled '*Nine Richest Indians Now Own Wealth Equivalent to Bottom 50% of the Country*', published in The Wire[13], Akhil Kumar reports "A new study reveals growing wealth inequality in India. While the top 1% own 51.53% of national wealth, the bottom 60% own merely 4.8%." [14] The report also mentions that India added 18 new billionaires to the list just last year, taking the total number of billionaires in the country to 119 and their total wealth being higher than India's Union Budget for 2018-2019 (Rs 24,422 billion)! Poverty and inequality have a tremendous human cost. Inequality is based on caste, class, gender, religion, racial elements, and so on, which make it very difficult to look from one angle. Discrimination starts even before birth through selective abortion and then continues as girls' nutrition and health care are neglected compared with their brothers'.

Recent estimates put the number of 'missing women' at 101.3 million – more than the total number of people killed in all the bloody twentieth-century wars. Eighty million of these are Indian or Chinese: a staggering 6.7 and 7.9 per cent of the expected female populations of China and India, respectively.[15]

Both poverty and inequality have been viewed through communal angle and to some extent minorities have been marginalised and have remained out of the tide of modernisation that India saw in the recent past. The ghettoisation of Muslims and Dalits may be mentioned to vindicate it. "Economic inequality plagued by caste, class, gender and religion needs to be tackled on a war-footing. The government must now deliver real change by ensuring that the super-rich and corporations pay their fair share of tax and invest this money to strengthen public healthcare and education. Governments can build a brighter future for everyone – not just a privileged few," Amitabh Behar, CEO of Oxfam India, said. Women are more prone to the impact of poverty and inequality. Though the directive principles of state policy call for equal pay for equal work[16] yet individual vulnerable sections, especially the women, do not enjoy the same rights according to the Mc Kinsey report[17] leading to heavy loss the formal economic setup of India.

According to the World Bank (2000), "poverty is pronounced deprivation in wellbeing." Poverty and its idea continue to haunt the entire world, especially third world countries which are yet to develop efficient compatibility to deal with it. The lack of resources that hampers these countries' growth; it is lack of institutional mechanism backed by the

political will to deal effectively with the menace of poverty. Thus, one may safely conclude that poverty is political. It is both tragedy and irony that countries like India which claims to be space power, military power and so on; seeks votes in elections based on basic public amenities like potable water, concrete roads and electricity. India is a socialist, has a constitutional mandate to alleviate poverty and minimise the inequality between the rich and the poor. Poverty is very complex and multidimensional in its very nature, requiring efforts from various fronts to get rid of it. Besides, it can be understood that governments in India have postures to get rid of poverty and not long-term policies for the same. India follows the parliamentary form of democracy in which voting is essentially held after every five years, so most of the steps every elected government takes have due thought given to vote bank politics and no central policy can be taken against the will of people which might not seem attractive in immediate course of time but is practically beneficial for mid or long term.

Period of reform

Recent policies have taken steps in the right direction. The boost in crop insurance, new pension plans for the elderly, the rise in contributory pensions for those who have the wherewithal to save, and more extensive coverage of health insurance programs will help India re-balance its social protection architecture to match the needs of the rising numbers of its vulnerable people. This article suggests that India's government has essentially taken the right steps in addressing the cause of poverty.

Pratab Banu Mehta in "Deep asymmetry in Our Society" does not seem to be well satisfied with the government's approach. He cites the case of rising inequality in India to vindicate his argument. He says that The Indian development model is up for profound and radical political contestation. There are many schemes and proposals, but the intellectual challenge is to think of the overall framework within which these schemes make sense. A good manifesto should be judged not just by individual schemes, but the intellectual and empirical coherence of the different interlocking parts.

There is no excuse, practical or moral, that should stand in the way of India delivering on one essential element of a decent social contract. What are the minimum income and set of essential public goods India should unconditionally provide all of its citizens at its level of development? Income and public goods should not just be substitutes; they are, in fact, complementary. The net worth of income depends, in large part, on the quality of public goods available in a society. Nevertheless, just as the useful public component is essential, so is the income component. For him, poverty is used as vote bank politics by different political parties to woo people vote for them without any concrete development model for India.

C. Rangarajan and S. Mahendra Dev seem to make a consolidation between two contrasting opinions. According to them, in recent years, there has been much discussion on increasing inequality. Rising inequality indeed has adverse economic and social consequences. The Gini coefficient or other measures of inequality are being used to examine trends in inequality. Income and wealth inequalities are much higher than consumption inequality. According to some estimates, the Gini coefficient for consumption is 0.36 in 2011-12 in India. The Gini coefficient for

consumption has shown only a small rise over 10 to 12 years. Inequality in income for 2011-12 is high with a Gini coefficient of 0.55 while the Gini coefficient for wealth is 0.74 in 2011-12. Thus, the income Gini is 20 points higher than the consumption Gini, while the wealth Gini is nearly 40 points higher than the consumption Gini in India.

The poverty trends show that the pace of reduction was much higher in the post-reform period, particularly during the high-growth period. The impact of higher growth on poverty reduction can also be seen from the decile-wise growth in per capita consumption expenditure. A comparison of the growth rate of per capita consumption (in real terms) during the periods 1993-94 to 2004-05 and 2004-05 to 2011-12 shows that the latter period's growth rate is higher for every decile. The idea of poverty explicitly comes alive in the politics of redistribution. India has done relatively a commendable task on this front as 'India has reduced its poverty rate drastically from 55% to 28% in 10 years, with 271 million people moving out of poverty' [18] but at the same time 'India still had 364 million poor in 2015-16, the largest for any country, although it is down from 635 million in 2005-06' [19]. Furthermore, this brings us back to the debate of representation and recognition as the minority continues to suffer. The continued under-representation of minority sections of society especially in civil services, judiciary, armed forces, political offices and other positions of power takes one back to the idea of an egalitarian society based on equality, non-discrimination, secularism and socialism enshrined in the constitution of Republic of India which seems to be a farfetched dream, if not impossible. So it is quintessential that growth seeps equitably throughout society else the rich will grow richer and the poor lower, which is a perfect recipe to turn India's demographic advantage into a demographic disaster. Such type of growth may lead to a rise in inequality. There is a strong case to draw a relationship between economic growth and poverty reduction, and numerous studies were conducted to showcase the relationship between the two. Say Datt and Ravallion's study [20], based on data from rural India for 1958-1994, found that higher wages and higher farm yield reduced absolute poverty and the same elasticity. The study also observes that it is the rise of average living standards that improved distribution, which proved to be instrumental in tackling poverty's menace and reducing economic inequality.

It is 50th and 55th NSS rounds which made an impressive progress vis a vis the study of the relationship between growth, inequality and poverty in India. An objection regarding this study was made by Sen and Himanshu [21], who said that the methodological changes made in the questionnaire in the 55th round made the data non-comparable with the earlier rounds. However, several studies believe that the growth in 1990 was inclusive, while others believe that the official estimates were misplaced to enhance the image of the ruling government. It is worth mentioning that the unadjusted comparisons of the 55th round with the 50th showed substantial poverty reduction, by ten percentage points of population, or around 60 million persons. Deaton and Dreze [22] believe that consistent evidence of continuing poverty declined in the 1990s in headcount ratio. This line of thought is also supported by Sundaram and Tendulkar [23], who used a

different methodology to compute poverty estimates. Both studies concluded that the total number of poor declined by at least 30 million.

Conclusion

Both state and central government in India throughout have been formulating and expanding various policies and programmes for eradicating poverty through different means. In some fields, significant results can be seen. However, hunger, malnutrition and inequalities still prevail in the country. Government of India needs to tackle such issues at priority basis. Designation of people centred governance that pro-actively works for betterment of individual and collective lives along with inclusivity, accountability and competency is key for eradicating the menace of poverty. The immediate connection between growth and poverty cannot be overlooked. Economic inclusion alongside social inclusion is critical to attaining some equality in society. Unfortunately, India does not seem to have a good record on both fronts howsoever India's government may have pursued the same objective. It is more of a social process that needs every section of society's involvement to remove poverty and inequality. This is to say that inclusive development is key to removing poverty and economic inequality prevailing in the society. Various studies throughout the world have found that overall economic growth proved to be a most successful tool for eradicating poverty in most low regions in developing countries as high overall growth generates more employment for the unemployed and thus increases their income. It is often the section of society that already is above the poverty line that benefits from growth, which neutralises the overall poverty-reducing effects of a state.

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