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Inclusive Growth and Poverty Alleviation in India

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ABSTRACT

The Government of India has implemented various programs and schemes from time to time to reduce poverty and unemployment. This research paper has reviewed all these programs and schemes. It includes the extent of poverty in India, the extent of poverty the role of the Public Distribution System in poverty alleviation, the National Rural Livelihood Mission, Wage Employment Generation Scheme, Mahatma Gandhi National Guarantee Act, , etc. The results of the schemes have been presented. And based on the information that has come to light, some conclusions have been drawn. Accordingly, some recommendations have been made to the government. Finally, poverty and unemployment are interrelated problems Inclusive growth emphasizes equal opportunity and shared prosperity, aligning with India's constitutional vision of social justice. As per the OECD, it is "economic growth that is distributed fairly across society and creates opportunities for all". This means not just growing GDP, but ensuring that every group participates in the gains.

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Introduction

The World Bank highlights that inclusive growth refers to both the pace and pattern of growth. In other words, a high growth rate must go hand-in-hand with reductions in poverty and inequality. The United Nations Development Programmed (UNDP) describes it as "the process and the outcome where all groups of people have participated in growth and have benefited equitably from it. Simply put, inclusive growth means expanding opportunities jobs, income, and assets) and reducing disparities so that no section of society is excluded. *"Poverty is the worst form of violence."* Mahatma Gandhi. Poverty is when a person or a family cannot afford the basics for a decent life. According to the Human Development Report (1997), poverty is not just about not having money but it is about not having choices and opportunities to live a decent life. Eradication of poverty, therefore, is accepted now as a basic human right and a moral commitment, both at the national and the global levels. India reflects this broader trend of uneven progress. Its 2025 GHI score remains serious but continues a gradual improvement one severity category below its 2000 level and 3.4 points lower than its 2016 score. Undernourishment has declined modestly since 2021 but continues to affect 172 million people in India 13.5 million more than in 2016. Child stunting has declined yet remains extremely alarming at about one in three children, driven largely by persistent maternal under nutrition (IIPS and ICF 2021). Child wasting shows slight improvement, keeping India in the extremely alarming category. Socioeconomic disparities, such as differences in parental education and access to sanitation, along with entrenched poverty, continue to mute the expected nutrition gains from India's economic growth.

Objectives

- study of poverty in India
- study various programs and schemes implemented for poverty alleviation
- suggest some selected recommendations to the government for poverty alleviation.

Research Methodology: Secondary materials have been used for the presented research paper. In this, information has been collected through various books, research papers, various government reports, magazines, newspapers, internet etc. Secondary materials have been collected. The information obtained has been arranged and analyzed according to the objectives of the research paper.

Types of Poverty

1. **Absolute poverty:** Measures poverty in relation to the amount of money necessary to meet basic needs such as food, clothing, and shelter. The United Nations defines it as a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education, and information. 'Absolute poverty line' is based on a standard indicator, such as monetary value of the minimum calorie intake in India.

2. **Relative poverty defines poverty:** in relation to the economic status of other members of the society i.e. people are poor if they fall below prevailing standards of living in a given societal context. Issues: Relative poverty is merely a measure of inequality and thus, using the term 'poverty' for it is misleading.
3. **Occasionally Poor:** Those who are rich most of the time but may sometimes have a patch of bad luck are called the occasional/transient poor. Relative poverty is tracked through Minimum Income Standards (MIS), also known as a 'living wage' i.e. income families truly need to cover essential living expenses.

Measuring Poverty:

The poverty line separates the poor and the non-poor. However, there are many kinds of poor; the absolutely poor, the very poor and the poor. Similarly, there are various kinds of non-poor; the middle class, the upper middle class, the rich, the very rich and the absolutely rich. One can think of the poverty line as a line or continuum from the very poor to the absolutely rich with the poverty line dividing the poor from the non-poor.

Head Count Ratio (HCR)

- *It indicates the percentage of people living below the poverty line (BPL).*
- *The formula for calculating HCR is:*
- ***HCR** = (**Total number of BPL people**)/(**Total population**) ∗ **100***
- *For example, if in a population of 130 crore, 13 crore are living in poverty then, Head count ratio = (13 crore / 130 crore) x 100 = 10%.*
- *This 10% is the percentage of below Poverty Line (BPL) people living in a country.*
- *The HCR shows the prevalence of poverty in a country. It is also known as the poverty incidence ratio.*
- *According to previous World Bank estimates, India's poverty rate hit a high 61.6 percent in 1977. However, according to the World Bank's Poverty and Equity report of 2022, Poverty rate in India is 12.92% in 2021 (based on at $2.15 a day).*

1. Working Group (1962):

- Established the poverty line in 1962. Poverty lines for rural and urban areas: ₹20 and ₹25 per capita per month (1960-61 prices). Excluded health and education expenses.

2. Dandekar and Rath Study (1971):

- Not commissioned by the Planning Commission. Set poverty line based on calorie norm of 2,250 calories per day. Poverty lines: Rs. 15 for rural and Rs. 22.5 for urban (1960-61 prices).

3. Task Force headed by Dr. Y. K. Alagh (1979):

- Poverty lines based on average calorie requirements. Rural: 2400 kcal per capita per day;

Urban: 2100 kcal per capita per day.

- Poverty lines: Rs. 49.1 (rural) and Rs. 56.7 (urban) per capita per month (1973-74 prices).

4. Lakdawala Expert Group (1993):

Until the 1990s, efforts to account for regional price differences and changing consumption patterns in poverty estimates were lacking. Poverty figures were updated every five years based on NSS surveys, adjusting for inflation using price indices. Critics found this method inadequate for a comprehensive view of poverty. In 1989, the Lakdawala Expert Group was formed to review the methodology. Despite not redefining the poverty line, it retained separate rural and urban lines based on nutritional needs To address inter-state price variations, state-specific lines were introduced, updated using Consumer Price Index of Industrial Workers (CPI-IW) in urban and Consumer Price Index of Agricultural Labor (CPI-AL) in rural areas rather than using National Accounts Statistics. However, this approach lost credibility over time due to flawed price data, and subsequent poverty lines deviated from the original calorie norms.

5. **Tendulkar Expert Group (2009)**

In 2005, a Committee led by Suresh Tendulkar reevaluated India's poverty estimation methodology, addressing three main issues: outdated poverty line baskets, challenges in adjusting prices for inflation across regions and time, and the assumption that the State alone provides health and education. The Committee proposed significant changes i.e. a shift from calorie norms to target nutritional outcomes, a uniform all-India urban poverty line, and adoption of Mixed Reference Period (MRP) estimates. Private expenditure on health and education was included, and validation was done by comparing actual consumption near the poverty line with expected or normative expenditures. The Committee also recommended a new method of updating poverty lines, adjusting for changes in prices and patterns of consumption, using the consumption basket of people close to the poverty line. Using this method, the 2011-12 national poverty line was estimated to be at Rs. 816 (rural) and Rs. 1,000 (urban) per capita per month.

6. **Rangarajan Committee (2014):** In 2014, the Rangarajan Committee addressed criticisms of the Tendulkar approach and reverted to the practice of having separate rural and urban poverty line baskets for all of India, tailored to each State's needs. The Committee suggested distinct consumption baskets covering essentials like food, clothing, education, health, housing, and transport, ensuring recommended nutritional intake. All three, i.e., Calorie, Protein and Fat intake values were considered to estimate poverty. Daily per capita expenditure was raised to Rs 47 for urban and Rs 32 for rural areas, up from Rs 32 and Rs 26, respectively, at 2011-12 prices. The monthly per capita consumption expenditure for the

poverty line was recommended at Rs 972 in rural areas and Rs 1407 in urban areas at the national level.

- **Challenges in measuring poverty:** The difficulties in measuring poverty arise from its diverse forms, the intangible Dimensions, resource-intensive survey methods, and the potential for governmental influence on defining and portraying poverty statistics.

1. **Many Faces of Poverty:** Poverty comes in various forms – absolute, relative, extreme, acute, income, and multidimensional. However, the definition of these forms may different across countries, making it challenging to establish a universal measure.
2. **Invisible Dimensions:** Elements like uncertainty, vulnerability, and fear are integral aspects of poverty but prove elusive in measurements. The emotional toll on individuals, such as worrying about the next meal or affording necessities, remain challenging to quantify through traditional income-focused metrics.
3. **Survey Struggles**: Measuring poverty often relies on household surveys, yet conducting these surveys demands substantial resources. While survey techniques have improved, resource constraints in some countries may compromise the quality of results.
4. **Government's Influence:** Governments, aiming to showcase efforts in poverty reduction, may adjust national poverty lines. This manipulation of definition can alter poverty statistics without necessarily improving the conditions of those experiencing poverty.

- **Policies and Programmes Aimed at Poverty Alleviation**

1. **Growth-Oriented Approach:** It is based on the expectation that the effects of economic growth rapid increase in gross domestic product and per capita income — would spread to all sections of society and will trickle down to the poor sections. This was the major focus of planning in the 1950s and early 1960s. However, this approach could not produce the desired outcome. Economists state that the benefits of economic growth have not trickled down to the poor.
2. **Work generation through creation of additional assets:** This approach has been initiated from the Third Five Year Plan (1961-66) and has been progressively enlarged since then. One of the noted programmers initiated in the 1970s was the "Food for Work" programmer. Some examples of self-employment programmers that create assets are:
3. **The National Rural Employment Programe:** Launched in 1980 as an anti-poverty and anti-unemployment programme. The aim was to develop key assets, such as fisheries, fuel and energy plantations, etc. by mobilizing unemployed and under-employed laborers.
4. **Prime Minister's Rozgar Yojana (PMRY):** It has been designed to provide employment to educated unemployed youth by setting up of micro enterprises by the educated unemployed poor.
5. **Swarna Jayanti Shahari Rozgar Yojana (SJSRY):** It which is now restructured as Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM). A similar

programme called Deendayal Antyodaya Yojana- National Urban Livelihoods Mission (DAY-NULM) has also been implemented for the urban poor.

6. **Mahatma Gandhi National Rural Employment Guarantee Scheme:** It provides guaranteed wage employment to every rural household whose adult volunteer to do unskilled manual work for a minimum of 100 days in a year.

❖ **Poverty Alleviation Programmes Assessment:** Identifying the multidimensional nature of poverty, various schemes are being implemented to address various facets of poverty. These schemes have given some good results as can be discerned from the following:

1. The number of poor facing multidimensional poverty in India has reduced from 55.1 percent in 2005-2006 to 16.4 percent in 2019-2021
2. .The aggregate stunting in India has decreased from 48% (2005–06) to 38% (2015–16) to 35.5% in 2019-20.
3. India's per capita Net National Income (NNI) has increased from Rs. 72,805 in 2014-15 to Rs. 98,374 in 2022-23.
4. The percentage houses in urban and rural India has increased significantly. In urban areas, it rose from approximately 92% in 2008-09 to around 96.0% in 2020-21. In rural areas, the percentage of houses increased from about 55% in 2008-09 to around 77% in 2020- 21 (NSS Round 78, 2020-21).
5. According to Mahatma Gandhi National Rural Employment Guarantee Scheme in 2025-26, 12.2 corers workers active, This Scheme Create 9.44 Corer Assets and 4.53 Corer House hold Benefited.

Private initiative & competition is driver of growth & productive employment. Business has a key role in the economic life of the nation, producing & selling goods & services and creating/generating jobs. All forms of business are part of this economic life: Companies, Micro, small & medium enterprises, self-employed, traditional and modern, domestic and foreign business. Government is creating, and will continue to create, the economic and social environment, so that such entrepreneurship can thrive and grow in every community, social & socio-economic group, residing in every region, geography, of this vast and varied sub-continent.

Conclusion

This brief note has outlined the Bharatiya development model. Its objective can be summarized as, "sustained, fast, inclusive growth," where "inclusive" means all round development of the society and empowerment of every citizen, to develop own capabilities & competence through application of mind and effort. The appendix gives a sample of the extensive policy reforms and welfare measures undertaken by the Indian Government in recent years. Indian government along with the state governments and local governments should continue to focus on eradicating poverty and achieving sustainable development in order to improve the lives of India's people. Through innovative partnerships with an international organization, civil societies, and private companies, inclusive and equitable growth can be targeted. Inclusive growth will help in the empowerment of vulnerable and marginalized populations, improve livelihoods, and augment skill-building for women.

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