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## **Indian Economy: Opportunities and Challenges in 21<sup>st</sup> Centure**

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# GLOBAL POVERTY ISSUES AND THE SITUATION IN INDIA

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## ABSTRACT:

*At present, the Indian economy is facing many challenges in the 21st century. In This Research Paper summaries the Current Situation of Poverty in India and overview of Present Poverty line, Causes of poverty and Health of Indian Economy in this COVID-19 Situation. Poverty can be defined as a phenomenon on which a section of the Society is unable to fulfil even its basic necessities of life. Around 8% of the world's population lives in extreme poverty. Around 8% of the world's population lives in extreme poverty. Living on less than \$2 a day feels like an impossible scenario, but's a reality for around 600 million people in our world today. Approximately 8% of the global population lives in extreme poverty, commonly defined as surviving on only \$1.90 a day, or less. India is the second largest populous country and one of the largest economies in the world. But only a small percentage of the Indian population has benefited this impressive growth so far, as the majority of people in India are still living in abject poverty. Mostly people are staying unemployed. the lack of employment which provides a liveable wage in rural areas is driving many Indians into rapidly growing metro city's such as Mumbai, Delhi, Pune, Bangalore etc. this city's suffering problem such as Slum Area, drinking, water, electricity, garbage.*

*While poverty exists everywhere, it is most severe in developing countries, where more than one person in five lives on less than \$1 a day. India with its population of 1.3 billion people now has 5% of its population living in extreme poverty, according to the World poverty Clock. Before we examine different efforts aimed at poverty alleviation, we should try to understand Global Poverty Issues and the Situation in India. This particular Research Paper presents on concept of Poverty, figures of Indian poverty, causes of poverty and Measures of poverty.*

## KEYWORD:

*COVID-19, Poverty line, Absolute Poverty, Relative Poverty, Health, HDI, Uniform Recall Period, Mixed Recall Period, Rural Poverty, Urban Poverty.*

## INTRODUCTION:

The Covid-19 epidemic has caused a lot of problems in the world such as poverty, hunger, unemployment, migration and adversely affected the global economy. However, the economy still faces various problems and challenges, such as corruption, rising oil prices, Poor Infrastructure, Inequality within regions, Unemployment and poverty in rural areas and poor tax collection rates. The epidemic of Kovid-19 has hampered the poverty alleviation program. Poverty has an impact on economic growth and low economic growth has an impact on poverty. Now we are 74 years of Independence in India, today we are the fastest growing Economy of the world. But this growth is not shared throughout the society, the development will be failed. Poverty continues to remain a

serious problem in India, with its consequent toll on human welfare in the form of poor health, low levels of education and a poor quality of life.

The world has changed and continues to change rapidly. But we can't live happily as islands in a sea of Poverty... M.S. Swaminathan. Human beings need a certain minimum consumption of food and non-food items to survive. Out of the total population living in the rural parts of India, 25.7% is living below the poverty line whereas in the urban areas, the situation is a bit better with 13.7% of the population living below the poverty line.

#### **OBJECTIVES OF THE STUDY:**

The following are the objectives of the study:

1.The First objective of the paper is to study the concepts of Poverty.

2.The Second objective of the research paper is to highlight Global Poverty Issues and the Situation in India

#### **RESEARCH METHODOLOGY:**

This paper is prepared through done with help of the information from secondary data sources that are from various websites, journals, Research articles, newspapers and magazines, Books related to Poverty.

#### **DEFINITION OF POVERTY:**

Poverty has decreased in developed countries since the industrial revolution. Increased production reduced the cost of goods, making them more affordable. Advancements in agriculture increased crop yields as well as food production. As of 2015, an estimated 736 million people lived extreme poverty, which the World Bank defines as surviving on less than \$1.90 per day. Of the total, roughly half lived in just five countries: India, Nigeria, Democratic Republic of Congo, Ethiopia and Bangladesh.

**“Poverty is a condition in which a person lacks the financial resources and essentials for a minimum standard of living.”**

World Bank has defined poverty as: “Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom.”

Poverty is that state of economic being when the income of the people is so low that they can't fulfil, even their basic minimum requirements. For survival, a person needs food that would provide 2100 to 2400 calories per day. People who can't afford to buy food, which would provide them even this minimum requirement, are said to be in Poverty. "The term 'poverty' refers to the state or condition of having little or no money, goods or means to support".

Poverty is a complex phenomenon, with multiple dimensions, which cannot be captured by a single definition applicable to all societies and regions at all times. Poverty is defined on the basis of individuals or societies. Poverty in India is not relative deprivation. It is absolute deprivation.

#### **A. RELATIVE POVERTY:**

Relative poverty is based on some relative standards which are relative to the particular time and place. It is measured on the basis of a reasonable and acceptable standard of living and style of life according to time. Relative poverty, another dimension of poverty, is reflected by the extreme differences in levels of living between the top and bottom strata of society.

**B. ABSOLUTE POVERTY:**

‘acondition characterized by severe deprivation of basic human need, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services.’ Absolute poverty refers to those poor who are unable to maintain a minimum subsistence level of living. And that is why absolute poverty is often known as subsistence poverty.

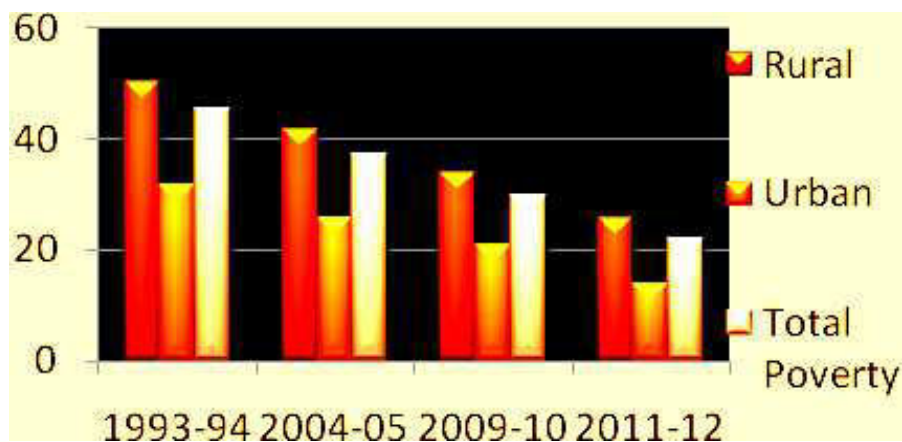
**DETERMINANTS OF POVERTY:**

A Researcher identified some major determinants of poverty.

1. Lack of income
2. Landlessness
3. Lack of livelihood sources
4. Inadequacy of infrastructure
5. Unemployment
6. Lack of housing
7. Ill-health
8. Illiteracy
9. Lack of food
10. Lack of Advanced Technolog

**Poverty in India:-****Table 1: Poverty in India**

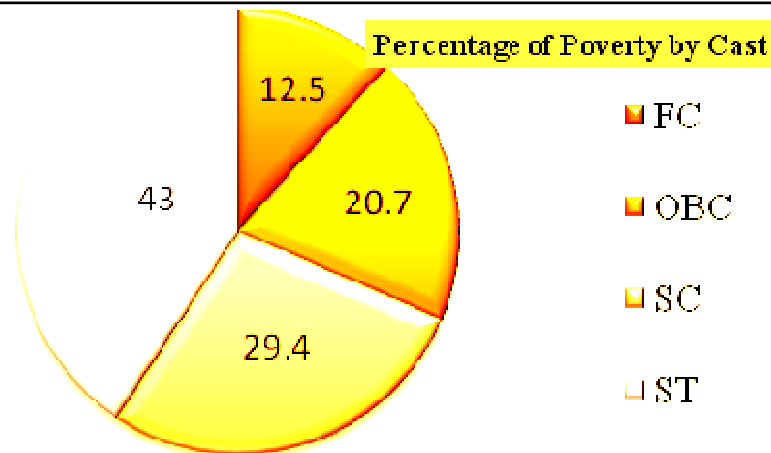
Sr. No	Year	Rural	Urban	Total Poverty
01	1993-94	50.1	31.8	45.3
02	2004-05	41.8	25.7	37.2
03	2009-10	33.8	20.9	29.8
04	2011-12	25.7	13.7	21.9



Ref. Planning commission Poverty estimate 2011-12

**Table 2: Percentage of Poverty by Caste**

Cast	Percentage of Poverty (2011-12)
FC	12.5
OBC	20.7
SC	29.4
ST	43.0

**Table 3: Comparison of Poverty Line**

Sr. No	Years	Country	Poverty Line (Per Day) in \$
01	2017	India	Rs. 32 (\$0.5)
02	2017	Argentina	Pesos 481 (\$11.81)
03	2011	China	Yuan 6.3 (\$1)
04	2011	Nigeria	Naira 65 (\$0.4)
05	2005	United States	Dollar 14 (\$14)

Ref. Researchers compilation from various sources

#### Poverty Estimation:-

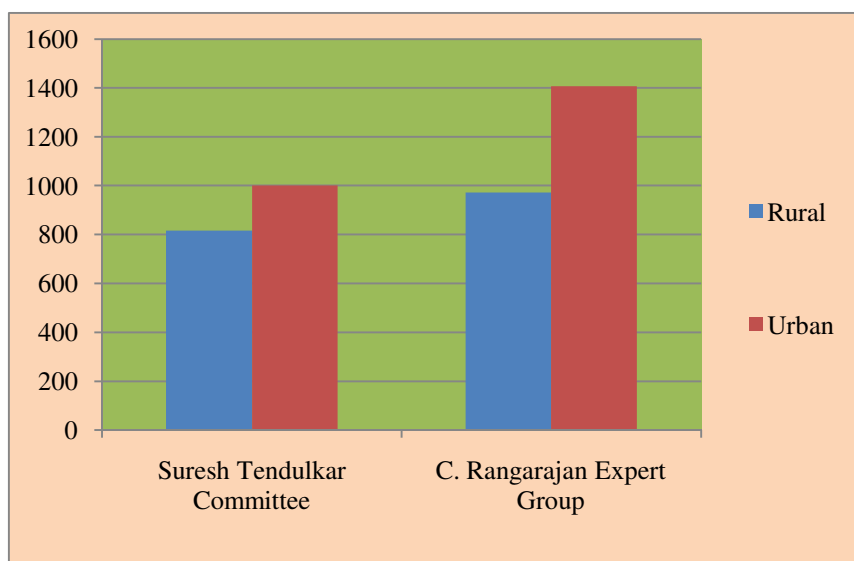
- 1. Planning Commission Expert Group (1962)**, working group constituted by the Planning Commission formulated the separate poverty lines for rural and urban areas (₹20 and ₹25 per capita per year respectively)
- 2. V.M.Dandekar and N.Rath (1971)**, V.M Dandekar and N. Rath were of the view that poverty line must be derived from the expenditure that was adequate to provide 2250 calories per day in both rural and urban areas. 40% of the rural population and 50% of the urban population lived in below the poverty line in 1960-61.
- 3. Suresh Tendulkar committee's estimate**, the Tendulkar committee gives us a different picture. The all India poverty ratio in 2004-05 is estimated at 37.2%. A figure higher than the planning commission estimate.
- 4. Rangarajan Committee estimate 2012**, C. Rangarajan submitted its report in 2014. This committee suggested that persons spending below Rs. 47 a day in cities and Rs. 32 in rural areas be considered poor.
- 5. International Poverty Line**, The World Bank defines a person as extremely poor if she is living on less than 1.90 international dollars a day, which are adjusted for inflation as well as price differences between countries.
- 6. Suresh Tendulkar Committee and c. Rangarajan expert group comparison**

Poverty is difficult to measure and controversial. Calorie was the criterion used for many years. The government appointed the Suresh Tendulkar Committee to reduce the inadequacy in measuring poverty through heat. He recommended that a multi-pronged index be used to measure

poverty based on a global approach. The concept of ‘poverty line box’ was adopted instead of the poverty line. But the Tendulkar Committee adopted a single box (acceptance of health, education and living standards) for urban and rural areas, which led to controversy. As a result, the government appointed a Rangarajan committee. The Rangarajan Committee separated the urban and rural boxes. The National Sample Survey Organization (NSSO) monitors poverty every five years. For this, the Rangarajan Committee suggested to use 'Uniform Recall Period', 'MRP' and 'MMRP' to calculate the consumption cost. In the next table, Suresh Tendulkar Committee and c. Rangarajan has compared the expert group.

**Table 4: Suresh Tendulkar Committee and c. Rangarajan expert group comparison**

Poverty Line (2011-12)			
Suresh Tendulkar Committee		C. Rangarajan Expert Group	
Rural	Urban	Rural	Urban
Rs.816	Rs.1000	Rs.972	Rs.1407



### Poverty of Asia and the Pacific

Around 75 million more people in India fell into poverty last year because of the pandemic-induced economic recession. That number for India accounts for nearly 60% of the global increase in poverty in 2020, the analysis showed. It defined the poor as people who live on \$2 or less daily. The increase in poverty in India ‘claws back several years of progress on this front,’ Rakesh Kochhar, senior researcher at Pew Research Centre, wrote in a report. The following table gives the poverty statistics of Asia and the Pacific.

**Table 4: Poverty of Asia and the Pacific**

Sr No	Developing Member Economy	Proportion of Population Living below the National Poverty Line- 2019	Sr No	Developing Member Economy	Proportion of Population Living below the National Poverty Line- 2019
1	Afghanistan	47.3	24	Mongolia	28.4
2	Armenia	26.4	25	Myanmar	24.8
3	Azerbaijan	4.8	26	Nauru	24
4	Bangladesh	20.5	27	Nepal	...
5	Bhutan	8.2	28	Niue	...
6	Brunei Darussalam	...	29	Pakistan	24.3
7	Cambodia	13.5	30	Palau	...
8	China, People's Republic of	0.6	31	Papua New Guinea	37.5
9	Cook Islands	...	32	Philippines	16.7
10	Fiji	29.9	33	Samoa	18.8
11	Georgia	19.5	34	Singapore	...
12	Hong Kong, China	15.8	35	Solomon Islands	12.7
13	India	...	36	Sri Lanka	4.1
14	Indonesia	9.8	37	Taipei, China	1.3
15	Kazakhstan	4.3	38	Tajikistan	26.3
16	Kiribati	...	39	Thailand	6.2
17	Korea, Republic of	16.3	40	Timor-Leste	41.8
18	Kyrgyz Republic	20.1	41	Tonga	22.1
19	Lao People's Democratic Republic	18.3	42	Turkmenistan	...
20	Malaysia	5.6	43	Tuvalu	...
21	Maldives	8.2	44	Uzbekistan	11
22	Marshall Islands	...	45	Vanuatu	...
23	Micronesia, Federated States of	41.2	46	Viet Nam	5.8

Ref. <https://data.adb.org/dataset/basic-statistics-asia-and-pacific>

#### Causes of Global Poverty:-

There's no "magic bullet" solution to poverty, but understanding its causes is a good first step.

1. Inequality
2. Lack of Education
3. Conflict
4. Hunger, Malnutrition

5. Climate Change
6. Lack of Government Support
7. Government corruption
8. Lack of Infrastructure
9. Lack of Jobs or Livelihoods
10. Lack of access to health care

### **Causes of Poverty in India:-**

#### **1. High population growth rate:**

High population growth rate is one of major reasons of poverty in India. Illiteracy, poor health care facilities and lack of access to financial resources and high population growth affects the per capita income and makes per capita income even lower.

#### **2. Increasing prices :-**

Ever increasing prices of even basic commodities is reason of poverty. Caste system and unequal distribution of income and resources is another reason of poverty in India.

#### **3. Climatic factors:-**

Natural calamities such as frequent floods, disasters, earthquake and cyclone cause heavy damage to agriculture. Agriculture is stated to be the major occupation of the rural people; downfall of agriculture and lack of production will certainly be the major cause of poverty for them.

#### **4. Low Productivity:-**

There is relationship between real income and poverty, increase in real income leads to the reduction in poverty. In the agricultural sector, even today the traditional cultivation techniques are being employed by the farmers, leading to low productivity and hence resulting in poverty.

#### **5. Unequal Distribution:-**

Unequal distribution of land and other assets, land and other forms of assets constitute the main source of income of the rural people. The size wise distribution of operational holdings is vested in the hands of few farmers; therefore the other farmers suffer from poverty to a major extent.

#### **6. Poor Village Industries:-**

Village industries are poor in their comparison in terms of quality and productivity, as a result village industries are closing down, in this way, and individuals employed are losing their jobs and suffering from the conditions of poverty.

#### **7. Immobility of Labour:-**

If they are offered a job with higher wages, they are not willing to leave their homes and travel to another place to earn their living and take their conditions as they are.

#### **8. Lack of Employment Opportunities:-**

Lack of employment opportunities, unemployment leads to major poverty, because of lack of employment opportunities, people are either unemployed or underemployed, small and marginal farmers and landless agricultural labourer's constitute unemployed and underemployed population.

#### **9. Caste System:-**

The 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 has caused the poverty of the former. The caste system in some areas was so rigid that it did not allow the low caste people to render their participation in economic development.

#### **10. Joint family system:-**

In the joint family system some of the members of the family take undue advantage of living in a joint family by depending upon the income of others. They become idlers and their normal life routine just consists of eating, sleeping and begetting children; in this manner there are few earning members and the family becomes large, hence resulting in poverty.



The Indian Government to use this opportunity to use expansionary fiscal Policy and Redirect both Public and Private Investment towards the creation of Infrastructure and the Provision of Basic needs. It is only with such a determined effort that any future growth will actually deliver poverty Reduction.

#### CONCLUSION:

In this Covid-19 pandemic struck India when it recorded its lowest economic growth in over a decade. The slowing economy had disproportionately impacted the rural areas, where the country's majority of consumers and poor reside. Many families living in the world's poorest countries must meet their basic needs with an income of less than \$1.90 a day. Nearly 10 percent of the world's population lives in this type of extreme poverty. According to the Global Hunger Index Report 2018 by the International Food Research Institute, India ranks 103 in the Global Hunger Index (GHI). Though there is no shortage of food production in India, our nation still has 35.8% of children under five in the underweight category. India is working hard to become a superpower in 2020, but such statistics are worrisome, as our nation still lags behind in improving GHI. At the same time, India seems to have achieved commendable success towards poverty eradication, because it is no longer the country with the largest number of poor people. There is a strong relationship between Poverty and Inequality, Unemployment, Hunger and Malnutrition. Ignoring negative aspects, Positive aspects can be taken into consideration in order to improve the Economy of our country.

The economic impacts of COVID-19 have been severe. Advanced and developing countries alike have experienced massive job losses, economic contraction, High Poverty, falling investments and exports. The impact of COVID-19 on poverty, however, is less clear. Thus, it may be a year or two before the full impact of the pandemic is known. However, economic growth is the largest driver of poverty reduction. Conversely, economic recessions drive a rise in poverty. Countries responded to the pandemic with large social spending programs to mitigate the worst of the economic shock and keep families afloat. Advanced economies provided trillions of direct and indirect fiscal support, equivalent to 28 percent of their GDP. Emerging and developing economies spent 7 percent and 2 percent of GDP respectively. There is huge and rapidly increasing inequality of wealth and income in most nations. There are now new opportunities for corruption which are being exploited by multinationals.

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