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THE ECONOMICS OF THE POVERTY OF INDIA

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Abstract:

Approximately 22% people in India from the whole population are below the poverty line according to a report of the Lok Shasan. It has been 65 years since India has become independent, but still the Government has not succeeded in wiping out poverty in India. The percentage of people below poverty line given by the Government is misleading. 40% to 50% of people are still cursed to live under the poverty line. The roots of the poverty are in the social, economic and political system. Nobody becomes poor by choice. Because if there are no poor people who will do the worthless jobs? The political, social and economic system benefits from the poverty. The poverty actually makes all these system works. The economics are based on this concept only.

KEYWORDS:

Poverty, poverty line – BPL, Customer Price Index CPI, economic survey, Planning Commission

INTRODUCTION:

The Planning Commission claims that during the years 2004-2009-10 the poverty in our country has reduced from 7.8% to 2.8%. Who is poor? How much poor? A person from the city who can spend Rupees 32 per day for living or a person from rural area who can spend Rupees 26 per day for living is poor (formerly the cost was defined as 20 and 15 Rupees) is poor, this was the outcome of a report prepared by Yojana Aug presented to the Supreme Court.

The Supreme Court gave a good sanding to the Yojana Aug. This shows the thought poverty of the policy makers. Their thought process is poorer than the poor. The Yojana has publicly humiliated the poor instead of expressing concern for them. I have therefore selected this topic for the research.

OBJECTIVE OF THE STUDY:

- 1.To study the definitions about poverty in India
- 2.To study the results given by the Planning Commission
- 3.To study the reasons of poverty
- 4.Suggest solutions to reduce poverty

ASSUMPTIONS:

- 1.The number of poor people is increasing instead of decreasing
- 2.The parameters of poverty line have changed
- 3.Poverty increases because of devaluation of the Rupee
- 4.The human values deteriorate because of unevenness in society

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5. The poor have a larger share in the economic development

RESEARCH METHODOLOGY:

The study is based upon the expenditure, earning measurement methods and definitions used to measure India's poverty. The researcher has mainly used the secondary methods for his research. The secondary methods include various reports about poverty, books, journals, websites, articles in the newspaper and statistical reports.

MEANING OF POVERTY:

What is the meaning of poverty? One who is helpless, not getting the basic things in life, one has to continuously face lack of everything. This is one meaning. Another meaning is one who does not have food, shelter and clothing. Other factors and not he are responsible for his situation. It is a pity that my country does not have an exact definition, results and number of such poor people.

There are mainly two types of poverties: relative and not relative. Poverty means not having the capacity to fulfill the essential needs like food, shelter and clothing. In other words it can be said that people who do not get the required 2400 to 2100 calories for a living, they are called as people below the poverty line. Relative poverty is always there and will always remain so. But we should be able to reduce the non-relative poverty.

It is clear from the study that there is no agreement about the definition, concept, the number and expenditure measurement of poverty among the policy makers and economists. There are 27.5% poor people in the country according to the Central Statistical Organization (CSO), 37.5% according to the Suresh Tendulkar report, 50% as per Saxena Committee, 78% as per Arjun Gupta and Sen Committee, 42% as per World bank, 41.7% as per Asia Bank and 22% as per Niyोजना A Yoga, and they all prove with their shining reports that the poverty has decreased. Source of all these figures is the National sample survey. But the global measurement parameter to measure poverty is different. According to the report of the World Bank that person who earns 1 dollar per day or cannot spend 1.25 dollar per day on his livelihood, is considered to be below the poverty line.

But according to the Yojana Ayog the people spending 32 Rupees in city and Rs. 26 in rural areas will be called as those living under the poverty line. The Yojana Ayog is thus humiliating the poor. Following things are seen after studying the Yojana Ayog. A person who can spend Rs. 5.50 on pulses, Rs. 1.02 on Indian bread (poli) and rice, Rs. 2.33 on milk, Rs. 1.55 on oil, Rs. 1.95 on vegetables, Rs. 0.70 on sugar, Rs. 0.78 on salt and spices, Rs. 1.51 on other foodstuff, Rs. 49.10 on house rent every day is said to be living a good life. Then that person will not be called as poor. A person spending Rs.39.50 on health related facilities can live a good, disease free life, also can spend Rs.0.99 on education everyday. If a person can spend Rs. 61.30 on luxury every month, Rs. 9.60 on shoes and Chappals and Rs. 28.80 on other consumables, the that person cannot be called as poor.

The above statistics has been taken from the Customer Price Index prepared by the Ayog to decide poverty and the prices shown in 2004-05 by Suresh Tendulkar Committee. This clearly indicates the poor thought process of the Yojana Ayog. It is very annoying and it seems that this is a conspiracy against the poor. Or is this to keep the poor away from the benefits of the Yojana, and deprive them of the rights? The national economics are behind all this. Poverty has to be shown to be less in order to get loans and financial assistance from the foreign Institutions. So the Government tries to project that poverty is reduced because the number of poor people have reduced.

REASONS OF POVERTY:

1. Slow pace of increase in daily wages:

The daily wages earning has reduced due to economic progress in India. The increase in daily wages is affected because of two main reasons that is: low rate of capital formation and capital oriented techniques. The number of poor people in the agriculture industry is more in rural areas due to invisible poverty. The number of unemployed people is more than that of the Government statistics. And this is the main reason of poverty.

2. Lack of wealth creating production

India is an agricultural country. 52% of the population still depends on agriculture for livelihood.

So there is burden on agriculture of this population. Other effort does not yield money. Also people stay poor because of lack of things generating income.

3. Growing population

The poor people do not understand the risk of increasing population because of illiteracy, superstition and lack of knowledge. They do not understand the importance of a small family. This increases the members in the family. Dr. Castro has proven that there is a direct correlation between poverty, hunger and sexual desire. Hunger gives rise to sexual feelings and so population of poor people increases.

4. Disparity in income:

The disparity in earning in India is a main reason of growing poverty. The upper earning class gets a larger share from the national earning re-distribution. A handful of rich people becomes richer. I think money must have a magnetic power. More money gets attracted to a person who already has lots of money. The rich get richer and the poor becomes poorer.

5. Reducing the cost of the Government in social areas

The Government has reduced the cost to a large extent on education, health, basic necessities and social development. According to a report 90% of the Indian population spends money on health facilities from their own pockets. The main reason being the expenditure on health sector in India is only 1.04 from gross domestic product (GDP). In the developed countries it is 5% and in other developing countries this expenditure is 3%.

6. Expenditure on the projects and corruption:

The needy people in India do not get the benefit of grants. When 1 Rupee is spent on projects or for poor people, then from that only 15 Paise reach the poor people. The trickling effect of development thus cannot be seen. 80% to 85% of the money goes in corruption. So the poor stay poor.

7. Devaluation of Rupee due to growing dearness (mahagai)

The rich people do not get affected by dearness. However the middle class does get affected by this. But the poor people have to buy the things at higher prices (buying things at higher prices), thus making them poorer.

8. Deterioration of moral values

The poor were attended to in the olden days. However because of the development process, globalization, liberalization, commercialization and privatization that have taken place due to material needs, the human values have deteriorated. In this system all things needed for the rich people are produced and the things that poor require for survival are neglected.

SOLUTION:

1. There is a great need to increase the expenditure on education, health, social development and basic necessities. The expenditure should be properly planned and managed and money should be spent for the correct things.
2. Instead of playing tricks by saying that poverty has reduced, the number of poor people have reduced, our growth rate has increased, the Government should find out practical ways of fighting poverty. There is a need to completely wipe out poverty instead of defining a poverty line.
3. The 12th and 13th Five year Project is a very good opportunity to increase the rate of economic growth of India. There is a necessity to rethink about the existing weak plans and programs to reduce poverty and implement them again with the changes. Not only that there is also a need to discuss about the expenditure and its effects. The statistics regarding it should be published. There should be transparency in it.
4. The amount of the donation should be directly credited in cash to the accounts of the poor. It should be implemented immediately. This will save a lot of expenditure of people.

5. Effort oriented techniques should be used to increase the daily wages. To increase the earnings of poor people their share in the capital wealth should increase.
6. The capital should be used properly, for this the wastage of expenditure going on at national level should be stopped and corruption should be eradicated, these two solutions should be implemented.
7. The loans should be waived and the loan should be given at minimum interest. The poor must be given to open an account with zero balance.
8. The population growth should be brought under control through Family Welfare Programs. For this stress should be given on awareness, education and training.
9. The poor should be given the material and essential things at a reasonable price. Only poor should get the benefit of things availed on the grant. Higher income group should be eliminated from that.

CONCLUSION:

A person works hard because of poverty for his family and children. If all become rich, poverty is eradicated, then the drive to work will be lost and everybody will become lazy. Nobody will be ready to take up cheap work. So, I think, poverty should be brought under control through social systems and divine powers. Only then will the social, political and economic system will stay intact. If there are no poor people, then the politicians will suffer.

The Planning Commission decides the number of poor people in a country. So many poor people in many states are affected. There are 1.40 Crore BPL in Bihar. But as per Yojana Ayog only 65.23 Lakh are poor. That means approximately 74.77 Crore poor people will not get food and grains at subsidized rates. In Madhya Pradesh out of 60 Lakh people 41.25 Lakh are poor. Thus 18.75 Lakh people will have to die due to lack of food.

A very sad thing is that in many states 17.5% of the high income group people are being treated a spoor and they are getting the benefit BPL yellow card given to people under the poverty line. Till now all over the nation 1.80 Crore and more ration cards have been declared as bogus and non-functional. 23% of the poor who are in real need of a ration card have not got one. That means that which belongs to the poor is being taken by others.

If poverty is trying to attack without making any changes in the system, then this effect will be like other Government programs.

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