

## INDIAN POVERTY - ITS CAUSES AND IMPACTS

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### Abstract:

*This paper explores poverty and its socio-economic dimensions, closely examining how education, health, and the standard of living impact the well-being of society.*

**Key Words:** *Liberalized world, outdoor expenses, demographic dividend, vicious cycle of poverty, WTO, equitable resources.*

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### Introduction:

Poverty can be defined as a lack of choices. According to the World Bank, a person with multiple choices in life is considered developed. Data suggests that poverty hinders human development by limiting choices.

### Poverty and Health:

Public health spending in India is only 1.1% of GDP. Evidence indicates that each year, between 3.5% and 4% of India's population is pushed into poverty due to high out-of-pocket medical expenses. Poor families struggle to access modern health facilities, facing dire consequences.

In a liberalized world, privatization has raised the cost of basic health services. Private players prioritize profit, forming relationships with doctors through commissions. This leads to doctors prescribing specific brands, often at the expense of affordable care. Retail outlets in super-specialty hospitals now resemble businesses, making healthcare unaffordable for the common man. Limited government healthcare forces individuals to rely on costly private hospitals, driving families further into poverty.

### Government Initiatives:

The government launched PM Jan Arogya Yojana to provide insurance coverage of ₹5 lakhs per family. However, the scheme does not cover many essential

aspects, such as diagnostic tests (e.g., MRIs and X-rays) and outdoor expenses, which remain a financial burden for poor families. Recent findings by NITI Aayog highlighted that rising healthcare costs make families vulnerable to impoverishment. The report suggested that both indoor and outdoor expenses should be included under health schemes to alleviate poverty effectively.

The health sector is not just a social factor but also a critical driver of economic prosperity. The government must increase health expenditure to at least 2.5% of GDP to ensure accessible and affordable healthcare for all. Addressing these challenges will strengthen society's overall well-being and reduce poverty.

### Poverty, Education, and Skills:

Poverty and education are deeply interlinked. Without access to quality education and skills training, poverty perpetuates, and the potential of the youth remains untapped. Addressing this issue is crucial to ensuring that India's demographic dividend becomes a driver of economic growth and global influence.

Imagine a family with limited economic resources that cannot afford to send their child to a reputable private school. This deprives the child of access to quality education, leaving them unable to compete with their peers in the future. A lack of qualifications or the skills

required for better-paying jobs forces them into unskilled labour.

With an unskilled job, they struggle to cover even basic expenses. If they marry at an early stage, the burden of poverty continues, passing on to the next generation. This vicious cycle of poverty can only be broken if the child receives proper education, enabling them to secure better opportunities and improve their standard of living.

India, with its demographic dividend, has the potential to shape the future of the world. Its intrinsic strength lies in its youthful population, with 45% being young individuals. This demographic is not only a workforce but also makes India a significant market for developed countries. However, this advantage can only be realized if the youth are properly guided and equipped. Channelizing the energy of the youth means providing them with ample opportunities for skill development and employment. Without such opportunities, this demographic dividend risks turning into a demographic burden, adversely affecting the Indian economy.

### **Poverty and Food Security:**

India's journey from being an importer of PL-480 wheat from the USA to becoming one of the largest exporters to the USA is a testament to the success of the agricultural sector, driven largely by the Green Revolution. While India is now self-reliant in food production, food security must be analysed from multiple perspectives.

In the recently published Global Hunger Index, India ranked 125, highlighting the challenges of ensuring food security. Food is a fundamental human need, and the 1991 LPG (Liberalization, Privatization, and Globalization) reforms opened the Indian economy to international competition. This exposed Indian farmers to challenges posed by their international counterparts. Factors like small landholdings, climate change, and poverty prevent Indian farmers from mechanizing agriculture, leaving them highly vulnerable.

Food security should not only be viewed through the lens of health but also from an economic standpoint. Nearly 48% of India's working population is engaged in agriculture, most of whom are below the poverty line. To eradicate poverty, the problems plaguing the agricultural sector cannot be overlooked. Hidden unemployment is a significant issue in agriculture, where surplus labour earns minimal wages while contributing to unproductive farming practices.

To compete internationally, the quality of Indian food products must meet global standards. However, due to a lack of economic resources, farmers often produce sub-standard food grains. The government procures these grains under the Minimum Support Price (MSP) system and distributes them to the poor through the Public Distribution System (PDS). This dual-purpose mechanism ensures farmers have a guaranteed buyer while providing affordable food to the population below the poverty line.

Despite repeated opposition from developed nations at the WTO, the Indian government continues to support the PDS. However, the distributed food often lacks the necessary nutritional value, merely satisfying hunger without addressing undernutrition. To address this, the government must shift its focus from solely providing affordable food to empowering farmers to produce high-quality, nutritious grains. Strengthening the agricultural sector is essential for achieving true food security and eradicating poverty.

### **Conclusion:**

Poverty in India continues to be a deeply entrenched issue, shaped by a complex interplay of historical, social, and economic factors. Although significant strides have been made in reducing poverty levels, particularly in recent decades, the issue persists, affecting millions who still lack access to basic amenities, education, and healthcare. The far-reaching consequences of this challenge include economic

disparity, limited social mobility, and strain on national development.

To effectively tackle poverty, a comprehensive strategy is essential—one that prioritizes equitable access to resources, fosters inclusive economic growth, and strengthens support for the most vulnerable.

Empowering communities through education, skill

development, and job opportunities can help dismantle systemic barriers to progress. As India strives toward a future of prosperity, it is vital to ensure that this vision encompasses every segment of society, paving the way for a more inclusive and just nation.

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***Cite This Article:***

***Rajput K.V. (2025). Indian Poverty - Its Causes and Impacts. In Aarhat Multidisciplinary International Education Research Journal: Vol. XIV (Number I, pp. 109–111)***