



INTERNATIONAL RESEARCH JOURNAL OF HUMANITIES AND INTERDISCIPLINARY STUDIES

(Peer-reviewed, Refereed, Indexed & Open Access Journal)

DOI : 03.2021-11278686

ISSN : 2582-8568

IMPACT FACTOR : 8.428 (SJIF 2026)

Poverty and Economic Development in India: An Analysis of Government Reports and Secondary Data Sources

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DOI No. **03.2021-11278686** DOI Link :: <https://doi-ds.org/doilink/06.2026-34595793/IRJHIS2606021>

Abstract:

Poverty and economic development are two phenomena which are closely related and influence greatly the socio-economic course of India. India has a history of tremendous economic growth over the last four decades, which is attributed to liberalization, industrialization and technology. Nevertheless, even with these achievements, the burden of poverty eradication over the long term is still significant and millions of citizens continue to endure income, education, healthcare, and access to basic amenities deprivation. This research paper explores the poverty patterns in India and researched on a combination of governmental publications, census and authoritative secondary publications and academic publications. It does not just look at the extent and trends of poverty but also the structural and socio-cultural factors that lead to deprivation and perpetuate them, such as landlessness, illiteracy, caste discrimination, gender inequality, and lack of access to financial and social services. The article also assesses the impact of economic growth on various social groups and finds that although urban and more affluent groups have gained disproportionately, rural populations, scheduled castes and tribes, and families headed by women remain in multidimensional poverty. Major policy interventions like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Public Distribution System (PDS), National Rural Livelihood Mission (NRLM) and other targeted welfare programmes are critically evaluated in terms of effectiveness in reducing poverty and enhancing human development indicators. The results suggest that even though India has managed to decrease extreme income poverty, structural and multidimensional deprivation remains a problem necessitating more inclusive and focused interventions. The paper ends with a policy advice that focuses on integrated development policies, human capital and social protection growth and gender sensitive policies to enhance equitable development and sustainable poverty reduction in all sectors of the society.

Keywords: Poverty, economic development, India, multidimensional poverty, welfare programmes, secondary data, government reports, inequality.

1. Introduction:

Economic development and poverty are the main concerns in the policy making since they affect human wellbeing, social stability and development of the country. The high population of India, heterogenous socio-economic status and the heterogeneity of the economic performance of the regions make the examination of poverty especially complicated. Despite the rapid growth in India in its Gross Domestic Product (GDP) since economic reforms in the early 1990s, millions of people still live below poverty lines, and economic growth has resulted in disproportionate human development impacts across population groups and geographic areas.

Indian poverty is not only the failure to satisfy the basic consumption needs but also covers the deprivation in education, health, occupation, social integration and access to the basic government services (Alkire & Santos, 2010). The insights gained on poverty in this multidimensional framework are crucial in enabling an analysis of the real impacts of economic development.

Poverty constrains human capital development, productive capacity, public welfare and long-term economic growth because it heightens dependence on social welfare and harms long term economic growth. The sources of secondary data used in this research paper include the official government sources including Planning Commission, NITI Aayog, Ministry of Statistics and Programme Implementation (MoSPI), Reserve Bank of India (RBI) and external sources like the World Bank, United Nations Development Programme (UNDP) and international poverty measurement frameworks like Multidimensional Poverty Index (MPI).

2. Objectives of the Study:

The study is guided by the following key objectives:

1. To analyse long-term poverty trends in India using government reports and secondary data sources.
2. To assess the relationship between economic growth and poverty reduction.
3. To examine structural determinants of poverty, including unemployment, education, rural-urban disparities, and social stratification.
4. To evaluate the effectiveness of government policies and development programmes targeting poverty.
5. To propose evidence-based policy recommendations for sustainable and inclusive development.

3. Research Questions:

1. How has poverty in India changed over the last three decades?
2. What is the relationship between economic development and poverty reduction?
3. Which demographic, geographic, and socio-economic groups face the highest incidence of poverty?

4. How effective have major government policies been in alleviating poverty?
5. What policy measures could strengthen poverty reduction outcomes in India?

4. Methodology:

This study adopts a **secondary data analysis** approach. Data and insights were collected from:

- Government publications (NITI Aayog, MoSPI, Ministry of Finance, Planning Commission Reports).
- World Bank poverty assessments.
- UNDP Human Development Reports.
- Academic literature and empirical studies on poverty and economic growth in India.

Qualitative synthesis and descriptive statistical interpretation are used to integrate insights from diverse sources. No primary data collection was undertaken for this study.

5. Conceptual Framework:

Poverty is a multidimensional concept which can be examined in terms of numerous conceptual lenses, each of which provides a unique perspective on the issue of deprivation and the effects of this issue to the development of an economy. The initial lens, absolute poverty, is defined as the inability of individuals or households to obtain minimum physical subsistence criteria, such as sufficient food, shelter and basic calories required to survive. Absolute poverty gives a certain standard of evaluating the most severe cases of deprivation which is often used to inform the international aid, relief and development agenda.

The second lens, multidimensional poverty, broadens the scope of the perspective on income and consumption to include health, education, living standards and access to economic opportunities deprivations (Alkire and Foster, 2011). This strategy acknowledges the fact that even those households with adequate income can be poor in terms of inaccessibility to quality education, medical care, drinking clean water, sanitation, electricity, or safe jobs. Multi-dimensional poverty is therefore a more holistic concept of social and economic exclusion and essential in planning interventions that target structural obstacles instead of mere income inadequacy.

The economic development includes the living standards, equitable income distribution, diversification of industries, accumulation of human capital and empowerment of the society. Although an increase in the aggregate prosperity is reflected by growth in per capita GDP, this does not necessarily imply inclusive poverty reduction. Growth can contribute to inequalities without complementary policies that benefit vulnerable groups and increase access to education, healthcare, and social protection.

The role of economic growth linked to poverty reduction in development economics has been a topic of controversy. Kuznets (1955) hypothesized that initially economic growth in early stages may raise inequality and only later stages would see reduction in poverty and this is because of the

development of income and industrial structures. Conversely, modern economists believe that human development investments and good institutional reforms, coupled with growth, bring more productive results in the form of poverty alleviation (Todaro and Smith, 2020). As seen in India and other third world nations, growth policies without a mechanism of inclusion can leave marginalized people behind, including rural people, women and socially discriminated castes.

6. Poverty Trends:

6.1 Income Poverty Reduction:

In the last thirty years, there has been a dramatic reduction of extreme poverty in India. In 1993, the World Bank estimates that more than 45% of the Indian population were living below the international poverty threshold of US 1.90 per capita per day (World Bank, 2023). In 2011, this declined to about 21.9% and in 2019, extreme poverty has further reduced to about 7.8%. Nevertheless, the COVID-19 pandemic momentarily reversed a part of the gains in 2020 because of most people losing their jobs and economic chaos.

This decrease in income poverty can be explained by several factors. The increase in the economy was very high after liberalization, and this opened new job markets and enhanced household incomes. Other major players were the public welfare programs, rural employment programs like MGNREGA, infrastructure investment, and agricultural productivity. Improved accessibility of rural and semi-urban households to economic opportunities was enhanced through expansion of roads accessibility, electrification and access to financial services.

6.2 Multidimensional Poverty:

The Multidimensional Poverty Index (MPI) has been developed by the UNDP and Oxford Poverty and Human Development Initiative (OPHI) to give a clearer picture of deprivation, which entails measuring poverty in terms of health, education, and standard of living (Alkire and Santos, 2010). The UNDP India Country Report (2022) shows that approximately 23.4% of Indians were left in multidimensional poverty in 2021. The deprivation was higher in rural areas (32.4%), as opposed to urban areas (10.2%). Scheduled Tribes (ST) and Scheduled Castes (SC) always had higher MPI rates in comparison to other caste groups, which were historically socially excluded and had poor access to resources. The gendered aspect of the problem of poverty was especially prone to female-headed households because the education, employment, and mobility were limited.

These results point to the fact that although the income-based poverty has reduced drastically, multidimensional poverty still prevails in some pockets, indicating that monetary gains do not have the capacity to eliminate deprivation in all forms.

6.3 Poverty by Indian State:

The distribution of poverty in Indian states is unequal because of the differences in industrialization, urbanization, and social infrastructure. The highest level of poverty is still witnessed

in the states of Bihar, Uttar Pradesh, Jharkhand and Odisha, which are found to have structural economic weaknesses, low educational attainments, and lack of health services. Conversely, the southern states, such as Kerala and Tamil Nadu, portray low levels of multidimensional poverty since they have better-established health systems, improved educational attainment, and successful delivery of specific welfare programs (UNDP, 2022).

Regional inequalities stress the significance of customized policy reactions as opposed to national initiatives. Poverty reduction requires state-specific policies that consider local economic organization, social structure and infrastructural discrepancies.

7. Economic Growth and Poverty Reduction: Linkages:

The economic reforms that started in 1991 in India were a turning point, as it started shifting the economy that had been driven by a centrally planned economy to a market-based structure. The opening up to foreign direct investment, liberalization and deregulation led to growth in the private sector and efficiency of the markets. Those reforms led to a significant increase in the GDP growth, which increased above the average of about 3.5 per annum in the 1980s to 6-7 per annum in the post-liberalization period (RBI, 2023). This growth, however, has not necessarily had a uniform effect on reducing poverty among all sectors of the society. Although the aggregate national income has been growing, there are still inequalities in the income distribution, creation of employment sectorally and various regions.

7.1 Growth-Driven Employment:

The growth in the economy of India has created employment opportunities, but there has been an unequal spread of the jobs in the sectors. Services and information technology (IT) have recorded a healthy employment growth, especially in the cities, which has developed a substantial middle-income group of workers and raised wages of skilled labor. On the other hand, manufacturing has taken the labor in at a moderate pace, limited by capital intensity, technological use, and inflexible labor laws. The primary employer is agriculture, which employs almost 42% of the workforce in India (MoSPI, 2023), but the productivity of this industry is low.

The partially unfinished structural change, that is, the shift to more productive production and services, is a bottleneck to alleviation of poverty. The rural regions, where agricultural activities are dependent, have less work opportunities, seasonal underemployment and susceptibility to climatic shock. As a result, even with economic growth of the national economy, rural poverty remains, which makes sector-specific development policies and skill diversification programs essential.

7.2 Human capital and poverty are interconnected as they influence one another:

Poverty cannot be solved by economic growth alone without concurrent investment in human capital, which embraces education, healthcare, nutrition and development of skills. There is empirical evidence indicating that the outcomes of improvements in literacy, school enrollment, health indicators

and poverty reduction are strongly correlated (Todaro and Smith, 2020). As an example, greater literacy rates can help people attain better-paid positions in the formal sector and better health helps people participate in labor regularly.

Nevertheless, much of the rural India still encounters the obstacles of receiving good education and healthcare services. In rural areas, poor school facilities, teacher to student ratio, and high dropout rates hamper accumulation of human capital. On the same note, lack of access to primary health centers, malnutrition and inadequate sanitation worsen vulnerability, especially among the marginalized groups. Unless these gaps are filled in, economic growth will continue to reinforce the problem of income inequality and impoverish large segments of the population in the cycle of poverty.

8. Social Groups and Poverty:

8.1 Caste and Poverty:

Caste has been a key factor in determining socio-economic disadvantage in India. The Scheduled Castes (SCs) and Scheduled Tribes (STs) are historically poorer because they are socially marginalized over centuries of their lives and are unable to access land and productive factors, as well as their education levels are lower, and they are subject to discrimination in the labor markets (Drèze and Sen, 2013). Such groups mostly rely on agricultural or informal sector jobs that are typically susceptible to seasonal changes and market shocks and are therefore low paying. Although the government welfare programs such as reservation in education, employment and specific subsidies have tried to correct these imbalances, the results have not been balanced. These structural barriers persistently reduce the economic prospects of SCs and STs, and, therefore, they remain in structural poverty.

8.2 Gender and Poverty:

The poverty levels affect women disproportionately, which is mostly because of the systemic obstacles in employment, education, and social mobility. India still has low female participation in the labor force as compared to men and even where women work, they are underpaid in doing similar jobs. Women continue to have limited access to vocational training, skill development and access to higher education, particularly in rural locations (UNDP, 2022). Gender inequality contributes to poverty in the household, especially in female headed household that often lacks steady sources of income and social protection systems. Inclusive policies, skill development programs, and social safety nets are important to empower women and achieve poverty reduction and wider human development benefits.

8.3 Urban vs Rural Poverty:

In India, the poverty rate in rural areas is even greater than the poverty rate in cities because of relying on agriculture, land fragmentation, and seasonal labor. Food insecurity, low wages and limited market access are common among the vulnerable rural populations. Although urban poverty is less in aggregate, it remains in slums, informal settlements and with migrant laborers who do not have proper

housing, sanitation and social services. These city slums people tend to work in informal sector jobs, which are poorly paid and lack security and social protection. Differentiation of rural and urban situations, such as agricultural modernization, rural infrastructure development, and special urban poverty programs, is therefore needed to alleviate poverty.

9. Poverty Alleviation and Government Policies:

India has put in place various policy interventions that are geared towards alleviating poverty, facilitating livelihoods, and decreasing socio-economic inequalities. The important programs are employment guarantee programs, food security programs, self-employment missions and direct benefit transfers.

9.1 Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):

MGNREGA was initiated in 2006 and ensures a 100 days per annum wage employment to rural families that are willing to work on government projects. The program has various purposes: it offers income aid during lean months in agriculture, it develops rural infrastructure and it limits distress migration. Empirical research indicates that MGNREGA has caused a substantial rise in rural wages, poverty rates, and empowerment of the disadvantaged families, especially women, who form a high percentage of program recipients (Drèze and Khera, 2018). MGNREGA directly works at the vulnerability of rural populations by stabilizing income and enhancing infrastructure development on a community level.

9.2 The distribution system for food stamps is referred to as the Public Distribution System (PDS):

Public Distribution System subsidizes food grains and other vital commodities to low-income earners. Targeted PDS focuses on the low-income families so that they can access food at remarkably low prices. PDS has worked well to alleviate hunger and enhance nutritional status, particularly in children and women. Nonetheless, the system has leakages, diversion, and inefficiencies that decrease the overall effectiveness, and it is necessary to enhance monitoring and to integrate it with digital identification systems (World Bank, 2023).

9.3 National Rural Livelihoods Mission (NRLM):

NRLM aims to encourage rural diversification of livelihood and self-employment. NRLM helps poor households, especially women, to be economically resilient by supporting the development of self-help groups (SHGs), access to microcredit, entrepreneurship training, and market linkages (Ministry of Rural Development, 2022). The program empowers the women to engage in income generating activities, thereby promoting financial inclusion and less dependence on informal sources of credit. The emphasis of NRLM on skills and enterprise has been effective in empowering sustainable livelihoods, albeit with difficulties in scaling and providing a steady support within the remote areas.

9.4 Direct Benefit Transfer (DBT) and Subsidy Rationalisation:

Recent policy changes focus on the Direct Benefit Transfer system whereby the welfare payments are sent to the bank accounts of the beneficiaries, thus minimizing leakages, corruption and administrative inefficiencies. DBT has been instituted in many schemes such as subsidies on cooking gas, food grains and social security pensions. As it makes benefits reach their intended recipients, DBT increases transparency and accountability, but also boosts the purchasing power of the economically vulnerable households (Government of India Economic Survey, 2023).

10. Conclusion:

The case of India shows that economic growth and poverty reduction are not necessarily correlated. Liberalization and a continuous rise in the GDP have widened national income and has provided employment opportunities in the selected industries but structural imbalances, unequal human capital formation and socio-cultural hindrances limit the overall effect on alleviation of poverty. Multidimensional deprivation remains common among rural populations, women and historically marginalized groups. The MGNREGA, PDS, NRLM, and DBT are policy interventions that are important towards alleviating poverty, fostering social inclusion, and ensuring economic stability. Going ahead, to reduce poverty in India, one would need a concerted effort that incorporates growth-oriented policies with specific social welfare, human capital development and gender sensitive development policies. It will be critical to make sure that there are effective implementation, monitoring and inclusive outreach so that we can have sustainable, equitable and long-term poverty alleviation among all regions, and social groups within the country.

10. Poverty Reduction Problems:

After achieving considerable economic growth and specific social welfare initiatives, India is still confronted with serious structural and policy problems which hinder a sustainable reduction in poverty. These issues are significant to overcome to translate growth into inclusive development.

10.1 Informal Economy:

India still has a high percentage of workers in the informal sector amongst which there are casual laborers, street vendors, domestic workers and small-scale entrepreneurs. Low wages, job insecurity, lack of social protection, and inaccessible formal credit and training are some of the characteristics of informal employment. The informal economy workers are especially susceptible to economic shocks like the COVID-19 pandemic, inflationary pressures, or natural disasters. With the pandemic, millions of informal workers have lost their income overnight, indicating the vulnerability of livelihoods that rely on informal provisions. Absence of social insurance and job guarantees in this sector increases the vulnerability to poverty and enhances inequality.

10.2 Skill Mismatches

India has high and increasing population of youth, but education systems do not provide students with the skills that are pertinent in the contemporary industry. There is many underemployed

and unemployed young adults, even though they are needed in the labor market to work in such areas as manufacturing, IT, healthcare, and digital services. At the same time, unskilled labor is still disproportionately represented in the low productivity work, restraining the productivity and income growth. Skill mismatches undermine the efficiency of economic growth in reducing poverty since many households are still languishing in low-waged employment despite the growing economy. This gap needs to be filled through vocational training, apprenticeship programmes and greater integration of education and industry.

10.3 Gaps in Health and Nutrition:

The health and malnutrition continue to pose a significant challenge to poverty alleviation. Malnutrition, particularly in children and women in rural and underserved areas, limits cognitive and physical development, limiting future productivity. The large out-of-pocket healthcare spending also places an additional burden on the household budgets which, in many cases, compels families to take on debts. Chronic health shortages such as maternal mortality, stunting and micronutrient deficiencies will not only perpetuate poverty but also constrain the impact of other development interventions like education and employment programs.

10.4 Inequality:

As millions of people have come out of extreme poverty because of economic growth, income and wealth inequality have been on the rise. Market-oriented reforms have been benefiting the upper income percentiles, urban areas, and skilled labor disproportionately and the poor have been left to grapple with the problem of basic deprivation. The increase in inequality may undermine social cohesion, decrease mobile, and block the fair allocation of development gains.

11. Impacts of Poverty on Economic Development:

Poverty is not just a social problem; it also has a profound economic impact that influences the overall development trend.

11.1 Decreased Quality of Human Capital:

Poverty means that households cannot invest in education and health and hence less accumulation of human capital. The poor children can either quit school, or become malnourished, restricting their mental growth and future productivity in the labor market. This continues a cycle of poverty between generations and limits the growth in national productivity.

11.2 Decreased Consumption and Demand:

The purchasing power of low-income households is low; this will decrease aggregate domestic demand of goods and services. Low consumption demand will reduce the growth rate, because businesses will have fewer opportunities to expand into, especially in rural and semi-urban regions, where poverty is concentrated.

11.3 Social Instability:

The low level of poverty and increase in inequality may result in social instability, crime and political instability. This instability makes a difficult environment to undertake private investment, and this limits the development of an economy and the creation of jobs. The lasting social tension can also channel government resources into security and emergency response and not productive investment.

11.4 Persistent Regional Disparities:

Poverty tends to be concentrated in the underdeveloped regions in some rural areas and those states that are economically backward. Such regional inequalities delay comprehensive national growth and create fiscal strain to support specific public spending which is hard to ensure the government distributes resources efficiently in sectors and geographical areas.

12. Policy Recommendations:

The complex issue of poverty demands a complex solution of a combination of growth policies and specific social protection and investment in human capital.

12.1 improve Quality Education and Skill Development:

The youth can be equipped in the new labor markets by expanding vocational training programs and aligning education with industry requirements. Apprenticeships, technology-based learning platforms, and public-private partnerships can help decrease the number of skills mismatches and enhance employability.

12.2 Empower Rural Non-Farm Employment:

Rural entrepreneurship can be encouraged by promoting agro-processing, handicrafts, digital businesses, and cluster development to diversify the income sources of rural population other than agriculture. Market access and support of local value chains enhance livelihood resilience and seasonal poverty.

12.3 Increasing Social Protection:

Households of all socio-economic classes should be cushioned against income shocks by universalizing health insurance, pension schemes, unemployment benefits and cash transfer schemes. Enhanced social protection will make the poorer parts more vulnerable and economically stable.

12.4. Policy Favour Inclusive Growth:

The equitable growth can be achieved through the implementation of progressive taxation, targeted credit support to micro and small enterprises, investment in public services and digital infrastructure in under-served areas. Inclusive policies lessen inequality, improve mobility, and make sure that marginalized groups enjoy the fruits of economic growth.

12.5 Invest in Public Health and Nutrition:

Intergenerational cycle of poverty can be broken through focused programs on maternal and child health, micronutrient supplementation and school meal schemes. Better health results in better work productivity, education, and economic growth in the long run.

These issues can be solved by developing integrated policy interventions to improve the efficacy of the poverty reduction initiatives, inclusive growth and to ensure that the economic **growth can be effective at all levels in the society.**

13. Conclusion:

The history of poverty alleviation in India shows that economic growth is not enough but rather a necessity to achieve inclusive development. Although the monetary impoverishment has reduced drastically, multidimensional poverty in relation to education, health, nature of employment and social exclusion still exists. The structural change involves improving human capital, decreasing inequality, creating more formal employment opportunities, and reinforcing targeted welfare programs.

India should take a multi-pronged approach in the fight against poverty that involves economic growth with social justice. The government programmes like MGNREGA, PDS, NRLM and DBT have delivered good results, but size and performance should be constantly enhanced. Education, health, employment opportunities, and social protection are inclusive policies that can assist India to attain sustainable poverty reduction and promote equitable economic growth.

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