



Poverty and inequality a Challenge in the process of nation building in India – an analysis

DR. NAGESHA K L

Lecturer, Dept. of Political science,

Govt. PU College Lakshmipura Ramanagara Tq & Dis

ABSTRACT- Poverty and inequality are mutually reinforcing variables that spill over in the form of socio-economic inequities. Factors like an increase in the rate of income deprivation undoubtedly lead to higher chances of descent into multidimensional poverty. Income distribution is not an accurate measure of assessing the degree of inequality, but as a variable, it remains essential to our analysis as it is an immediate trigger to increasing socio-economic vulnerability. A multidimensional understanding of poverty assesses the degree of deprivation in terms of lack of basic necessities. These include access to healthcare, quality education and crucial household commodities that improve the standard of living.

KEY WORDS: - Poverty, Inequality, Multidimensional, federalism, development, unemployed, fundamental rights

I. INTRODUCTION

Poverty and inequality are mutually reinforcing variables that spill over in the form of socio-economic inequities. Factors like an increase in the rate of income deprivation undoubtedly lead to higher chances of descent into multidimensional poverty. Income distribution is not an accurate measure of assessing the degree of inequality, but as a variable, it remains essential to our analysis as it is an immediate trigger to increasing socio-economic vulnerability. Rural poverty is a complex issue with many causes, including economic, social, and environmental factors. Low agricultural productivity is a major cause of poverty in rural India. These socio-economic inequalities transcend into everyday lives in ways that restrict mobility, limit one's capability to make choices and intensify their experiences of exclusion and isolation. A multidimensional understanding of poverty assesses the degree of deprivation in terms of lack of basic necessities. These include access to healthcare, quality education and crucial household commodities that improve the standard of living. The adoption of a multidimensional approach at a global level comes after realizing that GDP does not give a true picture of income disparities in a country. Poverty is a widespread issue in India, affecting both rural and urban areas. It can be seen in the lives of landless labourers, child labourers, and daily wage labourers. Poverty is measured by a poverty line, which is based on the per capita income needed to meet basic human needs. India is one of the most unequal countries in the world. The top 10% of the population owns 77% of the country's wealth, while the bottom half owns only 4.1%.

One of the most significant achievements of Independent India was framing the Indian Constitution. **Dr B.R. Ambedkar** led the drafting committee, and on January 26, 1950, India adopted its new Constitution, establishing a democratic and federal structure. However, building a robust democracy came with its own set of challenges, including the need to accommodate diverse linguistic, cultural, and religious groups within a single nation. The concept of federalism had to be balanced with the central government's authority, ensuring equitable representation and power-sharing.

The **Constitution** of India, inspired by democratic principles and values, laid the foundation for a country that would be governed by the Rule of Law. It provided some **fundamental rights** to its citizens, aiming to promote social justice and equality. However, implementing these ideals on such a vast and diverse population proved to be a challenge. Caste-based discrimination, social inequalities, and gender disparities persisted and required continuous efforts to address.

Nation-building after independence required addressing various social issues that had plagued India for centuries. The government launched initiatives to combat poverty, illiteracy, and social inequality. **Land reforms** were undertaken to distribute land more equitably among farmers. The **Green Revolution** in the 1960s transformed India from a food-deficit nation to a self-sufficient one, improving agricultural productivity. Reservation policies and affirmative action were taken to uplift marginalized communities.

India's journey towards social progress and equality has been ongoing. Poverty, though reduced significantly over the years, continues to be a pressing issue. Access to education and healthcare remains uneven, particularly in rural areas. Gender disparities and discrimination persist in many aspects of society, challenging India's path to true inclusivity and social justice.

Poverty measurement plays a very important role in formulating different policies for poverty reduction. It also represents how governments define poverty, its causes and most importantly how poor are characterized. From 1950s to 1970s, poverty was linked to low agricultural development which formed the basis of a calorie intake as a source to determine poverty. Therefore, the poverty line was determined keeping in mind the calories required for physical upkeep. One of the major advantages of this approach was to raise or lower the poverty line in relation to food prices making sure that adequate nutrition intake is guaranteed. With 1960s recognized as the time when the country was going through a food shortage, such an approach made sure that policy making was prioritized towards ensuring food supply. With the growing influence of Washington Consensus and a gradual shift away from Agriculture, the 1980s marked understanding poverty measurement in respect to growth and factors required for achieving growth like education and focus on redistribution. By 1990s, the dissatisfaction with income and consumption-based grew to form a discourse on capability development and multidimensional approach to understanding poverty. This coincided with the development of Human Development Index combining income, health and education measures. From this developed the Multidimensional Poverty Index in 2010 released by the Oxford Poverty and Human Development Initiative.

The number of poor in a country symbolises how far a country is in achieving its social progress and growth goals. As an approach toward ensuring welfare for the most vulnerable population and as a corrective measure to social and economic inequities present in society,

social protection schemes act as a mechanism to increase the resilience of marginalised people to socio-economic shocks. In a world where any volatile situation can push a massive section of the society into poverty, social protection schemes should be emphasised. The government should consistently allocate resources to ensure universal coverage of these social protection nets. Social protection schemes also lead to a greater degree of socio-economic inclusion and integrative growth. While welfare schemes (benefit transfers, cash/in-kind transfers) might not immediately reduce poverty incidence, they offer a cushioning effect against radical socio-economic changes. India's expenditure on social services has increased over the years from 6.2% in 2014-15 to 26.6% in 2021-22 (as per Budget Estimates). While there has been a slight decline in expenditure on social services in education (from 10.8% to 9.7%). Inequities in the labour market like lack of secure jobs, increasing informalisation, gender-based profiling or restriction in moving from ascribed identities often translate into vulnerability and deprivation in everyday life.

CHARACTERISTICS OF INEQUALITY IN INDIA LOCAL-LEVEL WITHIN RURAL VILLAGES AND URBAN BLOCKS ACCOUNTS FOR THE BULK OF OVERALL INEQUALITY IN INDIA. UNDERSTANDING WHAT OCCURS AT THE LOCAL LEVEL IS THUS IMPORTANT FOR UNDERSTANDING OVERALL INEQUALITY. LOCAL-LEVEL INEQUALITY AND ITS DIRECTION OF CHANGE VARIES CONSIDERABLY ACROSS INDIA'S STATES.

National averages also mask disparities across social groups. Scheduled Tribes and Scheduled Castes have persistently worse outcomes across health, education, and monetary indicators. Another dimension where India stands out is gender-based inequality. While gender gaps in education and nutrition have been closing over time the disadvantaged position of women is very visible in the labour market. But the true extent and impact of gender inequality remains difficult to establish because most economic indicators are household-based and they therefore mask the intra-household inequality between genders.

India Employment Report 2024: ILO published is primarily based on analysis of data from the National Sample Surveys and the Periodic Labour Force Surveys between 2000 and 2022, with a postscript for 2023. India's **youth account for almost 83% of the unemployed workforce** and the share of youngsters with secondary or higher education in the total unemployed has almost doubled from **35.2% in 2000 to 65.7% in 2022**. India is one of the fastest growing economies in the world; it is also one of the most unequal countries. Inequality has been rising sharply for the last three decades. The richest have cornered a huge part of the wealth created through crony capitalism and inheritance. They are getting richer at a much faster pace while the poor are still struggling to earn a minimum wage and access quality education and healthcare services, which continue to suffer from chronic under-investment.

These widening gaps and rising inequalities affect women and children the most. There are 119 billionnaires in india. Their number has increased from only 9 in 2000 to 101 in 2017. Between 2018 and 2022, India is estimanted to produce 70 new millionaires every day. Billionaires' fortunes increased by almost 10 times over a decade and their total wealth is higher than the entire Union budget of India for the fiscal year 2018-19, which was at INR 24422 billion.

Many ordinary Indians are not able to access the health care they need. 63 million of them are pushed into poverty because of healthcare costs every year almost two people every second. It would take 941 years for a minimum wage worker in rural India to earn second. It

would take 941 years for a minimum wage worker in rural India to earn what the top paid executive at a leading Indian garment company earns in a year.

Indian government barely taxes its wealthiest citizens; it's spending on public healthcare ranks among the lowest in the world. In the Powerful commercial health sector as a result; decent healthcare is a luxury only available to those who have the money to pay for it. While the country is a top destination for medical tourism, the poorest Indian states have infant mortality rates higher than those in sub-Saharan Africa. India accounts for 17% of global maternal deaths, and 21% of deaths among children below five years.

Major Identified issues and challenges in Nation building process:

1. Poor Employment Conditions: Despite improvements in overall labour force participation and employment rates, employment conditions in **India remain poor**, with issues such as **stagnant or declining wages**, increased self-employment among women, and a higher proportion of unpaid family work among youth. India's **youth account for almost 83% of the unemployed workforce** and the share of youngsters with secondary or higher education in the total unemployed has almost doubled from **35.2% in 2000 to 65.7% in 2022**.

Youth employment and **underemployment surged between 2000 and 2019**, with educated youths experiencing significantly higher levels of joblessness. The Labour Force Participation Rate (LFPR), Worker Population Ratio (WPR) and the Unemployment Rate (UR) showed a long-term deterioration between 2000 and 2018 but witnessed an improvement after 2019. The improvement coincides with periods of economic distress, both pre and post-Covid-19 with the exception of two peak Covid-19 quarters.

2. Paradoxical Improvements: Over the past two decades, India's job market has seen some improvements in certain labour indicators, but the **overall employment situation remains challenging. Non-farm sectors have not grown sufficiently to absorb workers from agriculture**, despite non-farm employment growing faster than farm employment before 2018. Most workers, **around 90%, are engaged in informal work**, and the proportion of regular employment, which was steadily increasing after **2000, started declining after 2018**. India's large young workforce, often seen as a demographic advantage, faces challenges due to **a lack of necessary skills**. A significant portion of **youth lacks basic** digital literacy skills, with 75% unable to send emails with attachments, 60% unable to copy and paste files, and 90% unable to perform basic spreadsheet tasks like putting a mathematical formula.

3. Wages and Earnings are declining: wages of casual labourers maintained a modest upward trend during 2012–22, real wages of regular workers either remained stagnant or declined. Self Employed real earnings also declined after 2019. Overall, wages have remained low. As much as **62% of the unskilled** casual agricultural workers and **70% of such workers in the construction** sector at the **all-India level did not receive the prescribed daily minimum wages in 2022**.

4. Changing the Structure of Industrial Employment: There has been a rapid introduction of digitally mediated gig and platform work, which are algorithmically **controlled by the platforms and have brought about new features in control** of the labour process. Increasingly, platform and gig work have been expanding,

but it is, to a large extent, the extension of informal work, with hardly any social security provisions.

5. Migration is Likely to Increase in Future: The rates of urbanization and migration are expected to considerably increase in the future. India is **expected to have a migration rate of around 40% in 2030** and will have an urban population of around 607 million. The bulk of this **increase in urban growth will come from migration**. The pattern of migration also shows regional imbalance in the labour markets. The **direction of migration** in general is from eastern, north-eastern and central regions to southern, western and northern regions.

6. Regional Disparities: Significant variations in employment outcomes exist across states, with certain states **consistently ranking lower in employment indicators**. States like Bihar, Uttar Pradesh, Odisha, Madhya Pradesh, Jharkhand, and Chhattisgarh have **struggled with poor employment outcomes** over the years, **reflecting the influence of regional policies**.

7. Widening Gender Gap : India is facing the **challenge of a substantial gender gap** in the labour market, with low rates of female labour force participation. The **unemployment challenge among young women**, especially those who are highly educated, is enormous. Social inequalities also persist despite affirmative action and targeted policies, with Scheduled Castes and Scheduled Tribes facing barriers to accessing better job opportunities. Although educational attainment has improved across all groups, social hierarchies persist, **exacerbating the employment disparity**.

CONCLUSION:

To enhance production and foster growth with a focus on employment, policy recommendations are proposed: Integrate an employment creation agenda into macroeconomic policies, particularly emphasising productive non-farm employment, notably in manufacturing. Prioritise labour-intensive manufacturing to absorb unskilled labour and complement with selected services. Concentrate efforts on supporting micro, small, and medium-sized enterprises through a decentralised approach. Increase agricultural productivity, generate non-farm employment opportunities, and encourage entrepreneurship. Invest in green and blue economies, leveraging strategic investments, capacity-building initiatives, and policy frameworks to unlock substantial employment potential.

To enhance job quality, strategies are recommended: There's a need to invest in and regulate sectors such as the care industry and the digital economy, which are anticipated to be significant sources of employment for young people.

Fostering an inclusive urbanisation and migration policy is essential, particularly given India's projected rise in urbanisation and migration rates, driven by youths seeking decent employment opportunities, predominantly in urban areas. Ensuring a robust supportive role for labour policy and regulation is crucial. This involves guaranteeing a minimum standard of employment quality and safeguarding basic rights for workers across all sectors.

Government should address quality measures for the uplifting weaker section of the grass rooted society in India. Significantly we have a large no of labour market inequalities so that actively implement policies to enhance women's participation in quality employment.

Integrate high-quality skills training into education to uplift economically disadvantaged groups and boost employability. improve access to information technology and bridge the digital gap. Establish a fair labour market by combating discrimination against women and marginalized communities.

References:

1. THE STATE OF INEQUALITY IN INDIA REPORT www.competitiveness.in
2. Hai-Anh H. Dang Peter Lanjouw - Policy Brief - Inequality in India on the rise -WIDER Policy Brief December 2018 UNU-WIDER, Volume 6/2018 © UNU-WIDER / Licensed under CC BY-NC-SA 3.0 IGO
3. India Employment Report 2024: ILO published
4. https://www.idsa.in/strategicanalysis/36_2/PoliticalIntegrationofNortheastIndia_ThongkholalHaokip
5. <https://www.indiascience.in/videos/the-green-revolution-indias-independence-and-scientific-community-e>
6. **Introduction to the Constitution of India Latest 2024 Edition** · D D Basu | 25 June 2024 ;
Introduction To The Constitution Of India · D D Basu | 25 September 2018 .

