

India's Poverty Alleviation Experience: Achievements, Challenges And Lessons

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Abstract

India's goal of becoming a USD 7 trillion economy by 2030 and a developed country by 2047 has made it pertinent to closely investigate its efforts towards mitigation of poverty particularly in the deliberation of its remarkable economic growth path. Against this background, this paper aims to probe into India's journey in battling poverty and inequality. The paper aims to identify vital lessons learned and evaluate how India's experiences could be relevant to other developing nations by analysing strategies adopted by India. This paper makes an attempt to bring to the forefront India's successes, challenges, lessons learned and policy implications that have emerged through an in-depth study of India's initiatives towards poverty reduction, institutional mechanisms and policy frameworks. Further, the paper seeks to highlight how India could contribute towards global efforts in the eradication of poverty and promotion of equality. The methodology that this paper adopts includes a systematic review approach in which various sources including scholarly literature, policy papers and reports are comprehensively reviewed.

Keywords: India, poverty alleviation, global development, economic diplomacy, policy implications

1. Introduction

India's future potential for transforming from being an emerging economy to a global economic powerhouse has made it pertinent to closely investigate its efforts towards mitigation of poverty and promotion of sustainable development particularly in the deliberation of its remarkable economic growth path. According to Government of India (2024), globally, the country is expected to become the third-largest economy within the next few years in terms of Gross Domestic Product (GDP) and aspires to become a USD 7 trillion economy by 2030. If India can accomplish these goals, it will be a significant achievement in India's efforts towards poverty alleviation and it will definitely have a positive impact on overall quality and standards of living and India may be on the right path to achieving its goal of becoming a 'developed country' by 2047. Under these recent developments, it is extremely important to understand India's poverty alleviation strategy and its steadfast commitment to inclusive growth in order to develop a wholesome narrative to India's development story particularly because India has implemented various policies and programmes towards upliftment of its people from their state of poverty and inequality.

According to Adhia (2015), India as a young nation shouldered the responsibility to lift the living standards of its people in the 1950s. In order to fulfil this responsibility, India, with about three-fourth of its population still engaged in agriculture, prioritised rapid industrialization with the focus on achieving economic self-sufficiency and reducing dependence on imports. However, the food crisis of the mid-1960s forced the government to adopt a new agricultural strategy through promotion of assurance for higher crop prices and promotion of modern

farming methods. This led to the "green revolution," making India finally self-sufficient in food grains. India succeeded in raising the per capita income well as reducing poverty rates. Although these developments are not insignificant and took the country in a positive direction, India's performance remained below its potential. Adhia (2015) also highlighted that the economic reforms which led to liberalization, privatization, and globalization resulted in a significant growth in GDP, poverty reduction, and increased foreign exchange reserves.

Therefore, the green revolution and the economic reforms can be considered as two crucial landmarks in India's initial journey towards poverty alleviation. At the same time, the issue of widening income disparities and social inequalities is a concern for India even today. Hence, the paper aims to provide a comprehensive understanding of India's poverty alleviation experience and its potential implications for global development and policy makers in the pursuit of sustainable and inclusive growth. The paper will conduct a systematic review of literature to present the current scenario of India's poverty alleviation efforts.

2. India's Poverty Alleviation Programmes

In recent decades, a series of programmes, ranging from employment guarantee schemes to initiatives to ensure financial inclusion have been implemented. India's poverty alleviation efforts have generated significant successes, marked by noteworthy achievements in reducing poverty rates, improving human development indicators, and empowering the marginalized communities. In this section, three major flagship poverty alleviation programmes - Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), National Rural Livelihood Mission (NRLM) and Pradhan Mantri Jan Dhan Yojana (PMJDY) are discussed, followed by a highlight of some of the key achievements and challenges.

2.1 Mahatma Gandhi National Rural Employment Guarantee Act

According to the Government of India (2021), the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been mandated to provide at least 100 days of wage employment annually to the eligible members of every rural household who volunteer to do unskilled manual work. This scheme aims to build good quality and durable assets to strengthen the resource base of rural livelihood, proactively ensuring social inclusion and strengthening the Panchayati Raj Institutions. According to Ranjan (2016), the MGNREGA was the first of its kind in the world which provides structural support to ensure the right to work to more than 60 percent of a country's population, engaging around 10 percent of the total world population. Nandy et al (2021) views this scheme to be one of the world's largest public works programs, empowering rural communities and reducing distress migration and hence, serves the broader and equally critical socio-economic goals of empowerment through income security by providing them with basic livelihood opportunities within the rural areas. According to Patwardhan and Tasciotti (2023), this scheme has proved to be a major source of livelihood for the poor rural households and has increased rural incomes and it could help in tackling India's long-term poverty if capital expenditure in public investments is encouraged through the income-generating opportunities that MGNREGA creates for rural households.

2.2 National Rural Livelihood Mission

According to GoI (2023), the Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) is another important programme for poverty alleviation taken up by the Ministry of Rural Development, Government of India. It promotes building of Self-Help Groups (SHGs) by the women of rural India thereby enabling them to gain access to a wide range of financial services and livelihoods. The mission provides long-term support to diversify their livelihoods, enhance their incomes, and improve their quality of life. Implementation is mostly done by the SHG women themselves who are trained as community resource persons (CRPs). Further, the SHG women are being empowered through awareness generation and sensitisation on issues related to domestic violence, education of women and other gender-related concerns like nutrition, sanitation, health, etc. According to government data, as of September 2023, the mission is being implemented in 34 states and UTs. It has mobilized a total of 9.73 crore women from poor and vulnerable communities into 89.4 lakh Self

Help Groups (SHGs). Moreover, DAY-NRLM follows an approach that enables the states to formulate their own State specific poverty reduction action plans (RBI, 2022)

2.3 Pradhan Mantri Jan Dhan Yojana

Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched in August, 2014 by the government with the goal of providing universal banking services for every unbanked household and is considered to be one of the biggest financial inclusion initiatives in the world. This initiative has helped India in bringing about financial inclusion by bringing almost every adult within the Indian banking system. It has facilitated the bringing the marginalized communities within the formal financial system, enhancing their economic resilience and social inclusion (Government of India, 2023). In other words, besides clubbing elements such as accident cover and insurance, the main objective of the PMJDY is to promote financial literacy and provide access to universal banking (Rakesh, 2017).

2.4 Achievements in India's Poverty Alleviation Efforts

India's poverty alleviation programs and economic growth initiatives implemented by the Government of India have had an impact on the lives of every Indian. As Mallik and Paltasingh (2023) pointed out in a paper titled, "*Effectiveness of MGNREGA on Marginalised Sections: Context and Prospects*" that the employment goals of MGNREGA were expanded to include Scheduled Caste and Scheduled Tribe communities as well as the economically underprivileged section of population. It is further highlighted that SCs comprise a larger proportion of the population in the locations listed for employment under MGNREGA. Although the SCs person days per household have decreased, a steady increase in the percentage and participation of ST workers in India was observed. The study further reveals that there has been a steady increase in the participation rate of women workers in India. Finally, the study concluded that India's poverty reduction programmes have not only helped in alleviating rural poverty but also contributed to infrastructure development, natural resource management, and social cohesion in rural areas. This shows that India's poverty alleviation efforts have focused on empowering marginalized communities, including women, Scheduled Castes (SCs), Scheduled Tribes (STs), and other socially disadvantaged groups.

Niti Aayog has come out with very encouraging figures in a document titled, "*National Multidimensional Poverty Index: A Progress Review 2023*" highlighting that India's achievements in its poverty reduction efforts is a major contribution towards achieving Target 1.2 of the Sustainable Development Goals that aims to reduce the percentage of people living under poverty at least by half. The document emphasised mainly on the decline in the proportion of population in 'multidimensional poverty' from about 25 percent to about 15 percent between 2015-16 and 2019-21. About 135.5 million persons have escaped poverty during this period and there is a significant reduction in the different indicators in Health, Education and Standard of living highlighted in the Multidimensional Poverty Index. According to this document, during the period 2015-16 to 2019-21, the fall in the deprivations in sanitation and cooking fuel were the greatest. Furthermore, the overall decline in MPI value is contributed by the progress made in terms of nutrition, years of schooling, sanitation, and cooking fuel. At the same time, scope for further improvements still exists (Niti Aayog, 2023).

2.5 Challenges facing India's Poverty Alleviation Efforts

Despite the significant improvements as discussed above, poverty still remains a persistent challenge in both urban as well as rural India. According to Bhadra (2021), poverty is a chronic problem for almost 30% of the population. Kushre (2022) has highlighted that a major challenge to India's poverty alleviation efforts faced by the policymakers and economists includes disparities in areas like social and economic development, employment, and infrastructure. On the issue of gender disparities, Nandal (2005) has highlighted that educational deprivation, lack of economic opportunities, unequal access to assets and decision-making is responsible for widespread poverty among Indian women. Another challenge that requires reasonable attention are those posed by rapid urbanization and the growth of the informal sector. According to Chauhan (2023), unplanned urban growth puts

high pressure on existing infrastructure resulting from exponential rise in the demands for basic amenities like water supply, sanitation, transportation, and electricity. Yet another challenge that needs to be overcome is climate change and environmental degradation which has become a cause of great concern for multiple reasons. In this context, Chakrabarty (2016) has pointed out that ensuring food security in the face of climate change will be a formidable challenge for India. This shows just how threatening this issue can be to India's poverty alleviation efforts. Finally, the issue of weak governance, corruption, and institutional inefficiencies need to be addressed if India's poverty alleviation efforts are to be made more effective. Therefore, the first and foremost that we need for reducing poverty and building shared prosperity around the world is effective governance (Wetzel, 2017).

Therefore, regional, social, economic and gender disparities, rapid urbanisation and growth of informal sector, climate change and environmental degradation and governance issues have become a hindrance in India's poverty alleviation efforts. Addressing these challenges will require a rigorous, multi-dimensional effort from every stockholder including the policymakers, practitioners, civil societies, as well as the international community focussed on fostering inclusive growth, promoting social equity, building resilience to external shocks and crises and finally, the willingness of the common people for active participation.

3. Lessons Learned and Policy Implications

Despite the numerous challenges, India's journey and experiences to poverty alleviation efforts offers valuable lessons and best practices for addressing poverty and promoting inclusive development which is discussed below. This is followed by a highlight of some key suggestions under policy implications.

3.1 Lessons Learned

According to Aggarwal et al. (2019), the MNREGA is inclusive and provides opportunities to all sections of the population and focusses mainly on the weaker sections of the population. So, the first lesson is that the approach adopted in India emphasizes the importance of inclusive growth strategies to enable India's poverty alleviation programs to reach the poorest and marginalised communities and empower them to improve their livelihoods.

NRLM has provided a role for the Panchayati Raj Institutions (PRIs). This decentralized governance mechanism has been given the responsibility to identify and mobilise the vulnerable households into Self-Help Groups (SHGs), support SHG federations with infrastructure and funding, prioritizing their needs in annual plans, and coordinating with various agencies to aid SHG activities (Government of India, n.d.). Thus, the second lesson as stated by Litvack et al. (1998) and World Bank (2001) as cited in Zuo (2021), is that decentralisation is an effective tool for implementing anti-poverty programs because local governments are better placed when it comes to responding to local needs as well as implementation of policies at local level.

According to Das and Mohanty (2020), the public distribution systems is one of the elements that played a significant role in poverty reduction. Additionally, their study had pointed out that the Prime Minister Jan Dhan Yojana (PMJDY) and biometric identity cards under Aadhar have also transformed the anti-poverty programmes using the Direct Benefit Transfers (DBT) programme. So, the third lesson that India's poverty alleviation efforts highlight is the significance of targeted social protection measures and the importance of innovation and adaptation in tackling evolving challenges.

The final lesson is that it is extremely important to invest on human capital development. According to Suri (2023), it is through initiatives such as the Sarva Shiksha Abhiyan, Right to Education Act, the Rashtriya Madhyamik Shiksha Abhiyan and the Atal Innovation Mission that India has been able to improve access to education. India has also invested heavily in the creation of skill development programmes and promote apprenticeships through programmes like the Pradhan Mantri Kaushal Vikas Yojana and the National Skill Development Corporation, in collaboration with industry partners. In terms of improving healthcare services the government ensures that the economically vulnerable sections of the population have access to affordable healthcare through programmes like the Ayushman Bharat (National Health Protection Scheme) and the Pradhan Mantri Jan Arogya Yojana.

3.2 Policy Implications

1. The root cause of poverty includes lack of education, healthcare, and livelihood opportunities. Therefore, there is a need to adopt a multi-dimensional approach that integrates economic, social, and environmental aspects.
2. Addressing inequalities necessitates adoption of targeted programs focusing on the most vulnerable groups.
3. The policy and programmes should be framed with the aim to facilitate employment generation, entrepreneurship, and reduce income disparities.
4. The decentralized governance mechanisms need to be strengthened in order to facilitate proper implementation of the programmes.
5. Investment in human capital development should be increased.
6. Coverage of the social safety nets like cash transfer programs, food subsidies, and social insurance schemes should be expanded.
7. Policies should promote financial literacy and financial inclusion.
8. Investment on sustainable development initiatives needs to be increased.
9. Special interest should be taken in international cooperation and collaboration.
10. Lastly, it is very important to invest in policy research and innovation to develop and scale effective poverty alleviation strategies.

4. India's Potential Role in Global Development – A Conclusion

India has done fairly well in terms of poverty reduction particularly in the areas of human development indicators, and empowerment of marginalized communities. However, to achieve the status of a developed nation, India still has a lot more to be done. Nevertheless, India must remain committed towards its goal of creating an India free from poverty and inequality. At the same time, India's experiences in poverty alleviation journey serves as a valuable lesson for other developing countries in their pursuit of tackling the issue of widespread poverty and inequalities.

India's rise in the global arena lends a strong global voice representing the viewpoints of the developing nations and this has massive implications for global cooperation and economic diplomacy at the international level (Mathur, 2023). For instance, India can facilitate technology transfer and capacity building through platforms like South-South Cooperation. Such initiatives could increase India's impact and influence in the poverty alleviation and sustainable development efforts through knowledge sharing, technical assistance and resource mobilization. Moreover, India's case can be presented as an example of how strengthening partnerships with multilateral institutions, donor agencies, and civil society organizations can be helpful for developing countries in augmenting their impact and influence on poverty alleviation efforts at a global level. In conclusion, India, as a regional power and as an emerging global economic power, can play a greater role in poverty reduction and global development efforts in the times to come.

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