Main Causes of Poverty in India

Poverty is one of the biggest social issues in India. It affects a significant part of the Indian population. You should know the underlying causes of poverty for the UPSC Civil Services Exam. This article gives you an idea about the main causes of poverty in India.

Latest on Causes of Poverty –

Pew Research Center, using World Bank data, has estimated that the number of poor in India (with income of $2 per day or less in purchasing power parity) has more than doubled from 60 million to 134 million in just a year because of the pandemic-induced recession. This means India is returned to a situation where it is called a "country of mass poverty" after 45 years.

Candidates would find this article very helpful while preparing for the Civil Services Exam.

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1. **Rapidly Rising Population:** India's population has steadily increased through the years. During the past 45 years, it has risen at a rate of 2.2% per year, which means, on average, about 17 million people are added to the country's population each year. This also increases the demand for consumption goods tremendously.
2. **Low Productivity in Agriculture:** A major reason for poverty is low productivity in the agriculture sector. The reason for low productivity is manifold. Chiefly, it is because of fragmented and subdivided landholdings, lack of capital, illiteracy about new technologies in farming, the use of traditional methods of cultivation, wastage during storage, etc. Read, Agriculture Product Market Committee – APMC for relevant details.
3. **Underutilized Resources:** There is underemployment and disguised unemployment in the country, particularly in the farming sector. This has resulted in low agricultural output and also led to a dip in the standard of living.
4. **Low Rate of Economic Development:** Economic development has been low in India. There is a gap between the requirement and the availability of goods and services.
5. **Price Rise:** Price rise has been steady in the country and this has added to the burden the poor carry. Although a few people have benefited from this, the lower-income groups have suffered because of it, and are not even able to satisfy their basic minimum wants.

6. **Unemployment:** Unemployment is another factor causing poverty in India. The ever-increasing population has led to a higher number of job-seekers. However, there is not enough expansion in opportunities to match this demand for employment.
7. **Shortage of Capital and Able Entrepreneurship:** The shortage of capital and entrepreneurship is making it harder to increase production.
8. **Social Factors:** Apart from economic and commercial, there are also social factors hindering the eradication of poverty in India. Some of the hindrances in this regard are the laws of inheritance, caste system, certain traditions, etc. Read about vulnerability due to caste on the linked page.
9. **Political Factors:** The British colonization and rule over India for about two centuries have caused damaging harm to the nature of India's economy. India, which was once a chief producer, has been reduced to a big market. Much of the natural resources of the country were used to benefit British coffers and a lot of wealth was siphoned off to the homeland of the rulers. They also reduced many classes of people such as farmers, artisans, potters, weavers, etc. to their current state of poverty.

Frequently Asked Questions related to Poverty

What is the poverty rate in India 2019?

In 2019, the Indian government stated that 6.7% of its population is below its official poverty limit.

What is the rank of India in poverty?

India has been ranked 94 out of 117 countries in terms of severity of hunger. India has been classified as a country with 'serious' levels of hunger according to the 2020 Global Hunger Index. The Global Hunger Index calculates the levels of hunger and undernutrition worldwide. The four indicators for the index are undernourishment, child stunting, child wasting and child mortality.

What are the 6 types of poverty?

There are six types of poverty: situational, generational, absolute, relative, urban, and rural. Situational poverty is generally caused by a sudden crisis or loss and is often temporary.

What are the effects of Poverty?

Poverty is linked with negative conditions such as substandard housing, homelessness, inadequate nutrition, and food insecurity, inadequate child care, lack of access to health care, unsafe neighbourhoods, and under-resourced schools that adversely impact our nation's children.