

Eradicating Poverty in India and Inequality of Opportunity of Social Infrastructure

Gaurav Shukla, J .P. Dixit, Bhawana Joshi

Assistant Professor, Department of MBA, Ambalika Institute of Management & Technology, Lucknow (U.P.), India

ABSTRACT: There are many failures, particularly in the development of public educational facilities, health care provisions, social security arrangements, local democracy and environmental protection and so on and the shifting of market incentives is only one part of that larger picture. The failures can be scarcely seen simply as the result of an ‘overactive’ government.

All societies require an effective government that can provide vital and Irreplaceable public services and infrastructure. The result is a trap in which poverty causes bad governance and bad governance causes poverty. The end result can be collapse into a kind of anarchy, as in Liberia, Sierra Leone and Somalia. This paper examines the social issues of poverty and social infrastructure and its impact on development.

KEYWORDS: Poverty, Inequality, Social infrastructure.

I. INTRODUCTION

Indian economy is on the move, assisted by strong industrial growth. The urgent need for quality power delivered efficiently and economically across urban and rural India is now among the nation’s key priorities. At the same time, Indian industry is increasingly adopting automation technologies as it scales up.

The economy is on a bull run and has recently achieved a landmark Gross Domestic Product (GDP) of US \$1 trillion. After witnessing a lull in the initial years of the current decade, India staged a come back with a huge bang. Over the last 5 years, India’s GDP more than doubled to US \$1 trillion, at a CAGR of 16 per cent. A higher GDP growth rate combined with a lower population growth rate has led to an accelerated growth in per capita GDP.

The economy today is strong and vibrant owing to the progressive liberalization of government policies, an increase in foreign direct investment, increased global competitiveness, investment in infrastructure and the growth in domestic as well as international demand for Indian goods and services, India ranks fourth in terms of purchasing power parity, after the USA, China and Japan. India is home to the youngest population in the world-where half its citizens are under the age of 25. This growing working population in India is providing ‘firepower’ to the growth of our economy.

The congress-led government’s current resolve to resurrect Indira Gandhi’s Garibi Hatao slogan inspires both hope and fear. That the traditional programme of poverty alleviation is meant to be replaced by a comprehensive project to eradicate poverty is doubtless, welcome. Economic reforms are expected to unleash unprecedented levels of growth, which could in one fell swoop do away with want and privation. The decision to restructure the 20-point programme in order to facilitate concerted government intervention in some crucial areas of development has, however, struck a jarring note. The government should realise that sustained state intervention cannot deliver equity, unless the problem of political agency is suitably addressed. The quality of public goods and economic opportunities is not something that can be enhanced by focusing solely on state-based delivery. The levels of graft and leakages that afflict delivery are inversely linked to the degree of control the community exercises on governance.

Given the alarming levels of agrarian distress, the government must immediately step up investment to modernise India’s farm sector. The rest of the economy must also rapidly diversify. That would spur both efficiency and inclusiveness. Such changes can, however, only be successfully wrought through a politics of social transformation — a politics that would trigger functional democracy and pave the way for real decentralization of governance. Heightened community oversight, through functional local self-governance, would ensure better targeting of some ineluctable subsidies like cheap credit. It would also ensure a sharply focused infrastructure development programme. Efficient roads, power and telecom would serve to integrate fragmented rural economies with modern markets and,

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 6, Special Issue 9, May 2017

eventually, stem the tide of rural out migration and urban poverty. Asset distribution programmes, particularly land reform, have often rendered local configurations of power more equitable. To a certain extent, their efficacious use as vehicles of social transformation cannot be exaggerated!

II. INDIAN AND POOR INDIAN

In the context of globalization, our problems cannot be discussed independently, without referring to some broader challenges addressed by the world community today. The provision of food security, employment and education for all is likely to be a greater problem than ever before, in view of the expected rise in population by nearly 3 billion people or 50 per cent in the next 3 decades to come. We should reckon the disheartening facts that 25 per cent of the world population lives in poverty and one-fifth of the people share hardly 1.4 per cent of the world's income. Further, environment deteriorates causing growing damage to the basic support systems of soil, water, flora and fauna and the atmosphere. Besides, the problems of less employment and gender discrimination bring to focus a number of adverse consequences at the economic, political and social spheres.

The changed scenario of the globe, has necessitated that the future agenda of development economics should accommodate some fresh concerns of the world community: The objectives of development such as alleviating poverty, raising life expectancy and promoting participation, are being emphasized more rather than growth per se and this cannot be without institutional analysis comprising property rights, conventions, types of contract and authority and theory of state with its faith in the ability of government to correct market imperfections and market failures.

We may recall the recent occurrences in our history, related to economic reforms, since the time we entered the GATT agreement. The rationale of the introduction of reforms cannot be doubted. Already we have commenced our second generation reforms. Even now economists raise the three fold question, whether growth has trickled down, inequality widened and poverty deepened. Mostly, the answer is in the affirmative and hence our concern. Policy makers approach the issue of poverty from the perspectives of means and ends: Income and well-being. Issues of marginalization of people have three major dimensions to capture: economic, social and political. The issues lead to the policy suggestions that economic entitlement, social inclusion and political empowerment are the needs of the poor and marginalized population. The concepts such as social mobility, trickledown, integration, democratization etc. are interrelated ones, but signify particular goals desired in the growth process.

III. POVERTY AND INEQUALITY

During 1950-2000, population went up from 360 million to 1000 millions. Food grain production has registered a phenomenal growth. But in view of population growth, the per-capita consumption of cereals increased only by 20 per cent. But even this rise is deceptive for one witnesses unused stock of grains in warehouses, signifying the sad fact that production is unmatched by the purchasing power. This indicates failure of entitlement. If this is allowed to set in, it may lead to a number of adverse consequences that the planners should be aware of. Poverty is largely concentrated in rural areas and urban poverty is an extension of rural poverty. Poverty is closely related to malnutrition, lack of education, low life expectancy, high mortality rate and substandard housing. India performs very poorly in comparison with some of our neighbors in Asia, in respect of life expectancy, IMR and adult literacy rate.

There is a high degree of inequality among the various regions of the country. Naturally, the variation is witnessed even in regard to the reduction of poverty rates. While Punjab, Haryana, Maharashtra and Gujarat are the top four states in per capita income, the states of Orissa, Rajasthan, Assam and Bihar assume the bottom-most positions in this respect. The income differentials reflect the differences in ownership of assets and in human skills. This situation may be traced to our failure of land reform measures.

While the country has registered good strides of success in improving literacy, it has not made much dent on the problem of literacy among the most vulnerable sections: SC/ST population and minorities like Muslims. In view of the problems of illiteracy, reservation of seats and jobs at higher levels of education and skills has had only insignificant impact on their fortunes.

The rationale of reservation policy cannot be questioned for it goes with the Constitutional provisions. But it is disheartening to note that the reservation policy has not made any dent on the plight of SC/ST population. This is reflected in the data pertaining to their literacy rates and backlog of SC/ST vacancies in Government of India and public sector.

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 6, Special Issue 9, May 2017

Further, it is found that they perform very poorly or at a disadvantage in respect of 12 indicators (PCI, wage earning households, adult wage earners, population below poverty line, capability poverty index, primary enrolment rate, proportion of household income spent on education, households with electricity, availability of piped drinking water and PDS participation). Along with SCs/STs the minorities such as Muslims too constitute the population marginalised in development as evidenced by data. The growth performance improved in 1990s as compared to that obtained in 1980s. But the growth is marked by the problem of unemployment and inequality. While the urban poverty level has declined, the rural poverty level has remained the same throughout the decade of 1990s.

The performance in respect of employment generation is poor as the employment elasticity of agricultural sector has been on the decline. The overall employment elasticity was reduced to 0.1 per cent during 1991-97. The rate of employment growth has been consistently falling (1983-91: 1.6 per cent, and in 1990-98, 1 per cent. It was negative in 1998).

The reforms may bring in growth but there are distortions in the economy in the process. The growing disparities and distortions need closer probe. It is evident that the growth process is not inclusive and leaves out large sections of population marginalised. Economists recommend that a meaningful development strategy should be one that achieves immediate improvement in the living conditions of the people. This leads to a discussion on the direct and indirect policy interventions.

Growth process should be directed in such a way that the poor share in the product cake, in a larger measure than even before. But several factors determine how much India's poor share in economic growth. Specifically four factors are at work. They are composition of growth, both sectoral and geographic, agricultural productivity, non farm economic growth, warranting progress in rural development with human resource development, and public spending on basic health and education.

IV. INDIAN FAMINE TO INDIAN POVERTY AND INEQUALITY

There are many areas of economic and social development in which India's achievements have been quite creditable.

This is not to deny that progress has certainly been made in particular fields. One example is the elimination of substantial famines that continued to wreck the country right up to independence (the last major famine was the Bengal famine in 1943 which killed between 2 and 3 million people). That achievement is far from negligible since many other countries in Asia and Africa have had large famines over this period. Famine has been, for example, a continuing curse in sub-Saharan African countries (Sudan, Somalia, Ethiopia, Nigeria, Mozambique and others), and even China suffered from a major famine during 1959-61, in which around 23 to 30 million people died. There are also other achievements to which one can point, varying from successful functioning of a multiparty democratic system to the emergence of a large scientific community.

There is one field in which India clearly has done worse than even the average of the poorest countries in the world and that is elementary education. India has been left way behind in the field of basic education even by countries which have not done better than India in many other developmental achievements, such as Ghana, Indonesia, Kenya, Myanmar (Burma), Philippines, Zimbabwe and Zambia. The point is not that there has been no progress in India, nor that other countries are all doing better, but specifically that India's success in removing 'poverty, ignorance, disease and inequality of opportunity' has been markedly less substantial than that of many other countries. And in one particular field, that of elementary education — India stands considerably behind even the average of the poorest countries in the world. Considerable attention is required because literacy is an important social achievement and also because it has an important instrumental role in facilitating other achievements.

Another important issue concerns learning from India itself. One of the most interesting aspects of India's development record is its remarkable regional diversity in the elimination of basic deprivations. For example, while India's life expectancy figure of around 60 years compares quite unfavorably with China's 69 years, Kerala's life expectancy — about 72 years — appears on the other side of China's achievement.

Similarly, the infant mortality rate of 79 per thousand live births in India is very high indeed in comparison with China's 31, but Kerala's rate of 17 is much better than China's. Again, while India's literacy rate is much lower than that of China, Kerala's is substantially higher than China's. In fact, Kerala's female literacy rate is higher than that of every individual province in China. On the other side, some of the Indian states (for example, Uttar Pradesh, Rajasthan, Madhya Pradesh, Bihar) have much lower achievements than even the low Indian average. These contrasts

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 6, Special Issue 9, May 2017

within India are important to study for their own interest. One of the main themes of this work is the importance of the lessons to be learned by India from India and this can be just as important as learning from the achievements of other countries.

International comparisons have been much used recently to motivate and defend a programme of economic reforms (involving liberalization of trade, deregulation of some governmental restrictions, and encouragement of private enterprise and so on), citing the achievements of South Korea, Hong Kong, Singapore, Thailand and other countries that have made splendid use of market based economic opportunities. Such comparisons are indeed illuminating, but the exercise cannot be sensibly confined only to a few reselected aspects of policies there, related only to one type of institutional reform. Note has to be taken of what the better performing countries did in the fields of education, health services, social security, land reform, gender relations and generally in the various areas of public action that bear on the identified social goals. The contrast between these countries and India in terms of what has been done in these fields is no less striking than the contrasts relating to economic growth and market institutions.

Inequality of opportunity – International comparisons

The international comparisons also raise an important general question about the complementarities between the opening up of economic opportunities and the social conditions that facilitate the use of those opportunities (e.g. widespread literacy). There is, in fact, some empirical evidence suggesting that the returns to educational expansion tend to increase with the expansion of market opportunities and such a complementarities is natural to expect on the basis of general economic reasoning. Education has done much for the quality of life in, say, Sri Lanka, without doing quite so much for economic growth as such.

Similarly, Kerala's poor growth performance despite high educational and social achievements indicates that something more than just education and social inputs may be needed to accomplish rapid growth of the kind that countries such as South Korea or Thailand (and now China as well) have been experiencing. Kerala's human resources have found plentiful markets outside India, seizing remunerative work in the Gulf and in other countries abroad. The scope for using these human resources at home can certainly be increased to a great extent by expanding economic opportunities within the borders of India.

Thus, the effectiveness of the opening up of new economic opportunities and of expanding the possibility of good use of labour and skill may depend greatly on basic educational facilities and related circumstances. India's current level of literacy is not only enormously lower than that of South Korea or China, India's literacy achievements today are also very much lower than what South Korea, Thailand and the other newly industrializing Asian countries had already achieved by 1960, when they moved ahead with their rapid economic growth. Since broad-based economic growth in these countries involved using a range of modern industries and made considerable demand on widely-shared skills and rang the instrumental role of basic education in these development experiences can hardly be overlooked. Learning from an integrated experience has to be distinguished from simply copying some particular features of it.

Social opportunity and Public policy : First, the opportunities offered by a well functioning market may be difficult to use when a person is handicapped by, say, illiteracy or ill-health. Second, a person with some education and fine health may still be unable to use his or her abilities because of the limitation of economic opportunities, related to the absence of markets, or overzealous bureaucratic control or the lack of access to finance, or some other restraint that limits economic initiatives. Economic development can be seen in terms of expansion of opportunities that the individuals in the society enjoy. If the central challenge of economic development in India is understood in terms of the need to expand social opportunities, then liberalisation must be seen as occupying only one part of that large stage.

The basic infrastructure needed for economic development includes all weather condition roads, high-ways, network of transport and communication facilities, reliable electricity, dependable funding and development agencies and responsive delivery system. All the developed countries which are globally on the map of development in the world have got the strong basic infrastructure within the countries. The science and technology are highly developed in US and European countries due to strong base of social and physical infrastructure. Transport is a crucial infrastructure needed for the Development process and is capital intensive. It plays an important role for sustaining economic activities and creating employment opportunities. The demands of this sector grows with economic and population growth. Overall investment in infrastructure has continued to remain far below the requirement. The recently introduced public-private partnership model had limited success in the area of electricity and mining. The chairman of the Asian Development Bank has expressed the view recently that the growth rate of 10 per cent will be achieved provided the infrastructural facilities are available to the Indian economy.

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 6, Special Issue 9, May 2017

Educational inequality is a far more serious problem than income inequality. Thus, the Human Resource Development and the University have to accept the new role of economic catalyst in the context of present global scenario and also in view of growing unemployment in the country. Educational reforms leading to human resource development can alone lift India out of the morass of backwardness.

The process of liberalisation, privatisation and globalisation has continued and will be intensified further in future. There are the opportunities and we should not miss the opportunities in this global system. We cannot be marginalised by the world but we have to guard ourselves against the danger and risk of an open economy. For example, foreign investors will be Interested only in the areas where they can earn more profits. So, there is need for us to segregate the Government's role and that of foreign investors. Again, investment in agriculture, infrastructure whether it is social or physical is essentially the business of the government not the foreign investors. We should not Expect FDI to kick start our economy.

Without resources Japan built a ship building industry. Without agricultural resources the UK feeds her population well and fully. Hence, India can embark on the path of development defying all constraints and deifying vision, imagination and determination.

One part of the task of reducing social and economic inequalities in India involves the expansion of social security provisions, broadly understood as social arrangements to protect all members of society from extreme deprivation and insecurity. It is, indeed, difficult for persons who live in a condition of acute insecurity and dependence to challenge the inequalities of which they are victims. The availability of independent means of subsistence based on social support makes it that much easier for agricultural labourers to resist exploitative employment relations, for the oppressed Castes to rise beyond humiliating occupations and for women to challenge patriarchal institutions. Also, widespread acceptance of the notion of basic social equality can be much enhanced when some essential entitlements are guaranteed to all citizens as a matter of right. It is difficult to claim that all human beings have equal rights in any substantial sense while the streets are full of unemployed labourers, hungry children, destitute beggars, abandoned widows and forsaken victims of dreadful diseases. Social security is an essential requirement of social justice.

V. CONCLUDING OBSERVATIONS

It is well known that we are living in era of such globalization that there has been a widespread deregulation of trade, investment and finance across the countries in the world with a view to achieve competitive efficiency in respect of productivity and allocation of resources. More specifically, it can be said that the implicit aim of globalization is to establish a world without poverty through the equitable distribution of the benefits of multilateral trade system.

Globalisation has failed to provide a cushion against the inequality, poverty and well-being of the people across the countries. The role of nation states of the countries in providing safely net against the inequality and poverty of the afflicted people living within their jurisdictions seems to have not been extinguished in the era of globalization. The priority tasks to equalize development across regions would be:

The investment in agriculture needs to be stepped up especially in the lagging regions. The backward and forward linkages of agriculture in poorer regions need to be emphasized more. Investment in water harvesting, soil conservation, rural roads, warehouses, processing activities and promotion of high value crops should be emphasized. Since agricultural growth is found to be more disparate, steps to equalise it will certainly reduce the regional imbalances.

Service sector has been found to be the new driver of the growth process. Especially, the banking and insurance sector, and infrastructure have contributed to acceleration of many states. There is a need to promote these sectors, on priority, in backward regions.

Improvement in basic infrastructural facilities like power, transport, Telecommunication and irrigation in backward states is a precondition to Improve the quality of life of people and to usher in sustainable development in them. Availability of assured power supply, developed transport system and modern telecommunication facilities are important factors to attract private investments into these states.

The governments of backward states are fiscally weak and lack resources. Liberalisation process and various reforms have further weakened their financial position. It is hoped that resource flows to the states via Finance Commission awards and Planning Commission dispensation will continue and are likely to remain positively discriminating in favor of backward states. In fact, according to Rao (2000), these transfers are found tube progressive in reducing regional disparities. However, direct public sector investment by the central government in the states is

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 6, Special Issue 9, May 2017

likely to dry up gradually due to severe budget constraint of the Centre. Under the above circumstances, an important factor that influences the speed of economic progress of a state is the quality of governance. A better administered state is more efficient in raising revenues and putting them to better use. They are the states, which will attract more private investment both from domestic and foreign sources. Such states are also in a position to prepare viable projects and successfully bid central assistance or external funding. Hence, governance needs to be given immediate attention, especially in the backward states.

A lasting solution to the problems of poverty has to be found in improving the ownership of physical and human capital of the poor. This growth oriented indirect route proves to be an activist strategy. An optimal policy design to alleviate poverty involves a proper mix of approaches to accelerate income generation and redistribution of consumption. Impressive gains in alleviating poverty can take place only when there is significant public investment in rural infrastructure and human capital.

REFERENCES

1. Anstey, Vera (1946), *the Economic Development of India*, Longmans, Green and Co., London.
2. Barro R.J and Sala-I-Martin (1992). "Convergence", *Journal of Development Economics*, Vol. 100, pp.223-251.
3. _____ (1995). *Economic Growth*, Boston, MA: McGraw Hill.
4. Bhattacharya, B.B. and S. Saktivel (2004). "Regional Growth and Disparity in India—
5. Comparison of Pre-and Post-Reform Decades", *Economic and Political Weekly*, Vol. 29(10), March 6, pp.1071-1077.
6. Dadibhavi, R.V. and Bagulkoti, S.T. (2006), *Reforma & Regional Inequalities in India*,
a. *The Indian Economic Journal*, vol.54, No.2, July-September.
7. Das, S.K. and A. Barua (1996). "Regional Inequalities, Economic Growth and Liberalisation: A Study of Indian Economy", *The Journal of Development Studies*, Vol. 32(3), February.
8. Dasgupta, Dipankar, P. Maid, R. Mukherjee, S. Sarkar and S. Chakrabard (2000). "Growth and Interstate Disparities in India", *Economic and Political Weekly*, Vol. 35(27), July 17, pp.2413-22
9. Datt, Gaurav and Ravallion, Martin (1997), "Macr Economic Crises and Poverty Monitoring : A Case Study for India", *Review of Development Economics*, vol.1, No.2
10. Dholakia, R.H. (1985). *Regional Disparities in Economic Growth in India*, Bombay: Himalaya Publishing House.
11. Dreze, J. and Sen, Amartya (1999), *Indian Economic Development and Social Opportunity*, Oxford University Press, New Delhi.
12. Dreze, Jean and Sen, Amartya (1996), *Indian Economic Development and Social Opportunity*, Oxford University Press, Delhi.
13. Elango, R. (2005), Marginalised Population in India : Towards a pro-poor Growth Process, *The Indian Economic Journal*, vol.53, No.1, April-June.
14. Government of India (2004). *Economic Survey, 2003-04, 2005-06*, New Delhi: Ministry of Finance.
15. Kalirajan, K. and A. Takihiro (2002). "Institutions and Inter-regional Inequalities in India: Finding a Link using Hayami Thesis and Convergence Hypothesis", *Indian Journal of economics*, Vol. 49(4) April-June, pp-47-57.
16. Marjit, S. and A. Mitra (1996). "Convergence in Regional Growth Rates: Indian Research Agenda", *Economic and Political Weekly*, Vol. 31(33), August 17.
17. Nagaraj R., A. Varadouski and M.A. Veganzones (2000). "Long Run Growth Trends and
a. Convergence Across Indian States", *Journal of International Development*, Vol. 12, pp.45-70.
18. Rao, G.M. (2000). "Indian Fiscal Federalism: Major Issues" in Mundle, Supidto (ed.),
a. *Public Finance-Policy Issues for India*, New Delhi: Oxford University Press, pp.252.
19. Ravallion, Martin (2000), "What is needed for a Pro-poor Growth Process in India?", *Economic and Political Weekly*, March.
20. Ric, Shand and S. Bhide (2000). "Sources of Economic Growth: Regional Dimension of Reforms", *Economic and Political Weekly*, Vol. 35(42), October 14, pp.3747-3757.
21. Shetty, S.L. (2003). "Growth of GDP and Structural Changes in State Economies: Interstate Comparisons", *Economic and Political Weekly*, Vol. 38(49), December 6, pp.5189-5199.
22. Singh. R.K. (2004), *Economic Reforms in India* (ed) Abhijeet Publications, New Delhi.
23. _____ *The Economic Times* (2006), Kolkata, September 21.
24. _____ *The Financial Express* (2005), Kolkata, October 28.