



# Rural Poverty and Deprivation in India: A Multidimensional Analysis

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## Abstract

Rural poverty in India is a multidimensional challenge, deeply rooted in socio-economic, structural, and environmental factors. Despite significant policy interventions, 27.5% of the rural population continues to experience multidimensional poverty (NITI Aayog, 2021). This study examines the extent, causes, and implications of rural poverty in India, highlighting the limitations of conventional income-based measures and emphasizing a broader framework that includes education, health, and access to basic services. It evaluates the role of government programs such as MGNREGA, PM-KISAN, and NRLM in alleviating poverty while identifying key gaps in implementation and outreach. Additionally, the study analyses agricultural productivity, rural employment, financial inclusion, and climate change impacts, all of which significantly influence poverty levels. The research also explores the contributions of NGOs and international organizations, showcasing their role in improving livelihoods, healthcare, education, and sustainable farming practices. Findings suggest that while poverty rates have declined, challenges such as regional disparities, financial instability, and low human capital development persist. The paper concludes that a more integrated approach, combining policy innovation, technology-driven solutions, financial empowerment, and environmental resilience, is essential to achieving sustainable poverty reduction in rural India.

**Keywords:** Rural poverty, multidimensional poverty, economic disparity, agricultural productivity, financial inclusion, social welfare programs, rural employment, climate change, NGOs, sustainable development.

## 1. Introduction

Poverty remains a persistent challenge in rural India, where a significant proportion of the population struggles with inadequate income, lack of access to basic services, and social exclusion. The World Bank defines poverty as living on less than \$2.15 per day (World Bank, 2022). However, in a multidimensional context, poverty extends beyond income, encompassing deprivation in education, healthcare, sanitation, and access to resources (Alkire & Santos, 2014). In India, rural poverty is particularly pronounced, with 25.01% of the rural population classified as multidimensionally poor according to the Global Multidimensional Poverty Index (MPI) 2023 (UNDP, 2023) <sup>[16]</sup>.

### Multidimensional Nature of Rural Poverty

Traditional poverty measurements, such as the Tendulkar and Rangarajan Committees' poverty lines, focus on income thresholds, failing to capture the broader deprivations experienced by rural households (NITI Aayog, 2021) <sup>[12]</sup>. The MPI, introduced by the Oxford Poverty and Human Development Initiative (OPHI) and UNDP, measures poverty based on three dimensions—health, education, and standard of living—each with several indicators. For example, over 37% of rural households lack access to improved sanitation,

and 18% of rural children under five suffer from severe malnutrition (NFHS-5, 2021).

### Significance of Studying Rural Poverty in India

India's rural economy supports nearly 65% of the total population (Census of India, 2011), yet rural households face economic distress due to land fragmentation, declining agricultural productivity, and climate-related challenges. Studies show that agricultural income alone is insufficient for sustaining rural families, with 50.2% of Indian farmers being indebted, and 86% of them being small and marginal farmers (NABARD, 2022). Furthermore, rural infrastructure lags significantly behind urban areas, exacerbating deprivation in healthcare, education, and employment opportunities.

Addressing rural poverty is crucial for achieving India's developmental goals, particularly the Sustainable Development Goals (SDGs). Reducing poverty (SDG-1) and ensuring access to quality education (SDG-4) and healthcare (SDG-3) require targeted policy interventions. While initiatives like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) have improved rural livelihoods, structural issues such as wage stagnation and implementation inefficiencies persist (Ministry of Rural Development, 2022).

## Objectives of the Study

This study aims to provide a comprehensive analysis of rural poverty in India through a multidimensional lens. It seeks to examine the economic, social, and infrastructural factors contributing to rural deprivation while assessing the effectiveness of existing policies. By analysing numerical trends and policy impacts, the paper will contribute to a deeper understanding of the dynamics of rural poverty and potential solutions for sustainable rural development.

## 2. Theoretical Framework of Multidimensional Poverty

Poverty is a complex phenomenon that extends beyond mere income deprivation. The traditional income-based approach, which defines poverty through monetary thresholds such as India's official poverty line, has long been criticized for its inability to capture the full extent of human deprivation (Sen, 1999). Recognizing this limitation, the concept of multidimensional poverty has gained prominence, considering deprivations in health, education, and living standards. The Global Multidimensional Poverty Index (MPI) developed by the Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Programme (UNDP) is a widely accepted framework that provides a holistic measurement of poverty (Alkire & Foster, 2011).

### Evolution of Poverty Measurement Approaches

Poverty measurement has evolved significantly from unidimensional monetary thresholds to multidimensional frameworks. In India, the Tendulkar Committee (2009) and the Rangarajan Committee (2014) developed poverty lines based on consumption expenditure, estimating that 21.9% of India's population lived below the poverty line in 2011-12 (Planning Commission, 2014). However, these income-based estimates failed to address non-monetary deprivations such as malnutrition, lack of sanitation, and inadequate education. To bridge this gap, the MPI was introduced, measuring poverty through ten indicators categorized under three key dimensions:

- i). **Health:** Child mortality and nutrition
- ii). **Education:** Years of schooling and school attendance
- iii). **Standard of Living:** Access to electricity, drinking water, sanitation, housing, cooking fuel, and assets

According to the Global MPI 2023, India has made substantial progress in reducing multidimensional poverty, with 415 million people escaping poverty between 2005-06 and 2019-21 (UNDP, 2023). However, rural areas still account for 90% of the country's multidimensional poor, highlighting the need for targeted interventions.

### UNDP and NITI Aayog's Framework for Poverty Analysis

The UNDP's approach aligns with India's efforts under the Aspirational Districts Programme, launched by NITI Aayog in 2018, which focuses on improving key indicators in education, health, agriculture, and infrastructure. As per the NITI Aayog Multidimensional Poverty Index Report (2021), 27.5% of the rural population remains multidimensionally poor, with the highest deprivation observed in Bihar (51.9%), Jharkhand (42.2%), and Uttar Pradesh (37.8%).

India's framework for poverty reduction integrates multidimensional perspectives into policy-making, ensuring a more inclusive approach to development. By adopting global best practices while addressing local socio-economic realities, multidimensional poverty analysis provides a roadmap for

targeted interventions aimed at reducing disparities and fostering sustainable rural growth.

## 3. Rural Poverty in India: Trends and Patterns

Rural poverty in India has undergone significant changes over the past few decades, yet it remains a major concern due to its deep-rooted structural challenges. According to the Global Multidimensional Poverty Index (MPI) 2023, rural areas account for 90% of India's multidimensional poor, despite notable progress in poverty reduction (UNDP, 2023). The persistence of poverty in rural India is influenced by factors such as inadequate employment opportunities, low agricultural productivity, and disparities in access to basic services.

### Historical Perspective on Rural Poverty in India

Poverty in rural India has been historically linked to agrarian distress, landlessness, and caste-based social exclusion. In the 1950s, approximately 65% of India's population was below the official poverty line (Dreze & Sen, 2013). Economic reforms initiated in the 1990s contributed to overall poverty reduction, yet rural poverty remained significantly higher than urban poverty. In 1993-94, rural poverty was 50.1%, which declined to 25.7% in 2011-12 (Planning Commission, 2014). However, the COVID-19 pandemic reversed some of these gains, leading to increased rural distress, with an estimated 230 million people slipping back into poverty in 2020 (Azim Premji University, 2021).

### Poverty Estimates and Regional Disparities

Rural poverty is not uniformly distributed across India. As per the NITI Aayog Multidimensional Poverty Report (2021) <sup>[12]</sup>, Bihar (51.9%), Jharkhand (42.2%), and Uttar Pradesh (37.8%) have the highest rural poverty rates, whereas Kerala (0.55%), Goa (3.7%), and Sikkim (3.8%) have the lowest. State-wise comparisons highlight stark contrasts in poverty alleviation efforts, with southern and western states performing better due to diversified economies and better governance (NITI Aayog, 2021) <sup>[12]</sup>.

### Sectoral Distribution: Agricultural vs. Non-Agricultural Poor

Agriculture remains the primary source of livelihood for 45.5% of the workforce, but low productivity and climate risks exacerbate poverty (MoSPI, 2023). The average monthly income of an agricultural household in India is ₹10,218, significantly lower than in non-agricultural sectors (NABARD, 2022). Small and marginal farmers, who constitute 86% of total farmers, face difficulties in accessing credit, modern technology, and market linkages, leading to persistent poverty (NSSO, 2021).

Non-agricultural employment, particularly in the informal sector, has grown, yet it often fails to provide stable incomes. The rural unemployment rate stood at 7.1% in February 2023, reflecting ongoing labour market challenges (CMIE, 2023). Expanding rural industrialization, skilling programs, and social protection schemes are crucial to breaking the cycle of poverty and improving rural livelihoods.

## 4. Determinants of Rural Poverty in India

Rural poverty in India is shaped by a complex interplay of economic, social, environmental, and policy-related factors. While poverty reduction efforts have led to significant progress, 27.5% of India's rural population remains multidimensionally poor (NITI Aayog, 2021) <sup>[12]</sup>. The

persistence of rural poverty can be attributed to structural constraints such as limited employment opportunities, agrarian distress, lack of education, and inadequate access to healthcare and infrastructure.

- i). **Economic Factors:** A major determinant of rural poverty is the low and unstable income of agricultural households. As per the National Sample Survey Office (NSSO, 2021), the average monthly income of a rural agricultural household is ₹10,218, which is insufficient to meet rising costs of living. Small and marginal farmers, who constitute 86% of the farming community, struggle due to low landholding sizes (less than 2 hectares), dependence on rain-fed agriculture, and limited access to credit (NABARD, 2022). Moreover, the informal nature of rural employment leads to higher job insecurity, with rural unemployment standing at 7.1% in February 2023 (CMIE, 2023).
- ii). **Social Inequalities and Exclusion:** Caste, gender, and regional disparities play a critical role in perpetuating poverty. Scheduled Castes (SCs) and Scheduled Tribes (STs) are disproportionately affected, with 50.6% of STs and 33.3% of SCs falling under multidimensional poverty (UNDP, 2023). Women in rural India face additional barriers, including lower labour force participation (27.7%), wage discrimination, and limited asset ownership (MoSPI, 2022). Gender disparities in education and skill development further reduce their economic opportunities.
- iii). **Educational and Health Deprivations:** Low literacy and inadequate healthcare services contribute significantly to rural poverty. As per the National Family Health Survey-5 (NFHS-5, 2021), 18% of rural children under five suffer from severe malnutrition, affecting their cognitive and physical development. Additionally, 37% of rural households lack access to improved sanitation, leading to health risks and productivity losses (NITI Aayog, 2021)<sup>[12]</sup>. Educational deprivation is also evident, with 28% of rural children dropping out before completing secondary school, primarily due to economic constraints and lack of infrastructure (ASER, 2022)<sup>[2]</sup>.
- iv). **Environmental and Climate-Related Challenges:** Agricultural productivity in India is highly vulnerable to climate change. 70% of rural households rely on agriculture, yet extreme weather events such as droughts and floods have led to annual agricultural losses of over \$10 billion (IMD, 2022). Erratic monsoons and rising temperatures threaten crop yields, exacerbating food insecurity and rural distress. Additionally, land degradation affects 30% of India's agricultural land, reducing soil fertility and forcing farmers into poverty (MoEFCC, 2023).

Addressing these determinants requires a multi-pronged approach, including economic diversification, improved education and healthcare, gender-inclusive policies, and climate-resilient agricultural practices. Without tackling these structural issues, rural poverty in India will remain a persistent challenge.

## 5. Impact of Rural Poverty on Human Development

Rural poverty in India has far-reaching consequences on human development, affecting education, health, gender equality, and overall economic growth. The Global Multidimensional Poverty Index (MPI) 2023 reported that while India has lifted 415 million people out of poverty

between 2005-06 and 2019-21, rural areas still experience higher deprivation across all human development indicators (UNDP, 2023). Limited access to quality education, healthcare, and employment opportunities perpetuates the cycle of poverty, restricting socio-economic mobility and hindering national progress.

- i). **Education and Skill Development:** Education is a crucial determinant of human development, yet rural poverty significantly impairs educational attainment. According to ASER (2022)<sup>[2]</sup>, 28% of rural students drop out before completing secondary school, primarily due to financial constraints, poor school infrastructure, and child labour. Additionally, girls' dropout rates in rural India remain higher, with 40% of adolescent girls aged 15-18 years not enrolled in school (MoSPI, 2022). The lack of skill development programs further restricts employability, with only 4.7% of India's rural workforce receiving formal vocational training, compared to 31% in developed economies (NSSO, 2021).
- ii). **Health and Nutrition:** Poor health outcomes are directly linked to rural poverty, with malnutrition, inadequate healthcare access, and high infant mortality rates posing severe challenges. The National Family Health Survey-5 (NFHS-5, 2021) found that 18% of rural children under five suffer from severe malnutrition, while 35.2% of rural women suffer from anaemia. Furthermore, the shortage of healthcare infrastructure worsens the situation, with only 37% of Primary Health Centres (PHCs) having the required number of doctors (MoHFW, 2022). The rural-urban disparity in healthcare access is evident, with only 18 hospital beds per 10,000 people in rural areas, compared to 35 beds in urban regions (NITI Aayog, 2021)<sup>[12]</sup>.
- iii). **Gender Inequality and Social Mobility:** Rural poverty disproportionately impacts women, limiting their access to education, employment, and healthcare. The female labour force participation rate in rural India stands at just 27.7%, significantly lower than in urban areas (MoSPI, 2022). Women's economic contributions are often undervalued, with wage disparities persisting—female agricultural labourers earn 30% less than their male counterparts (NABARD, 2022). Gender inequality in asset ownership also exacerbates economic dependence, with only 14% of rural women owning land despite their significant role in agriculture (FAO, 2022)<sup>[4]</sup>.
- iv). **Economic Growth and Productivity Loss:** Persistent rural poverty has broader economic implications, slowing down India's overall development. A 1% increase in rural poverty correlates with a 0.5% decline in GDP growth, as lower incomes reduce consumer demand and labour productivity (World Bank, 2022). Additionally, high rural unemployment and underemployment contribute to migration, with 9 million rural workers migrating annually to urban areas in search of better opportunities (Census of India, 2011). This unplanned migration strains urban infrastructure while leaving rural economies underdeveloped.

The impact of rural poverty on human development is profound and long-lasting. Addressing these challenges requires sustained policy interventions focused on improving education, healthcare, gender equity, and economic opportunities, ensuring an inclusive development pathway for rural India.

## 6. Government Policies and Interventions for Rural Poverty Alleviation

The Government of India has implemented numerous policies and programs aimed at alleviating rural poverty by promoting employment, improving access to basic services, and fostering economic development. These interventions focus on financial inclusion, social security, agricultural support, and rural infrastructure development, all of which play a crucial role in reducing multidimensional poverty, which still affects 27.5% of India's rural population (NITI Aayog, 2021) <sup>[12]</sup>.

- i). **Employment and Wage Guarantee Programs:** One of the most significant poverty alleviation programs in rural India is the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which guarantees 100 days of wage employment per household. In 2022-23, the scheme provided employment to 142 million rural workers, with ₹89,400 crore allocated for wage payments (MoRD, 2023). Studies indicate that MGNREGA has raised rural household incomes by 10-15% and reduced distress migration (World Bank, 2022). However, delays in wage payments and budgetary constraints continue to limit its effectiveness.
  - ii). **Financial Inclusion and Social Security Schemes:** The Pradhan Mantri Jan Dhan Yojana (PMJDY) has significantly improved financial inclusion, with over 498 million bank accounts opened under the scheme as of March 2023 (RBI, 2023). These accounts provide direct benefit transfers (DBTs) for social security schemes such as the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), which provides ₹6,000 annually to small and marginal farmers, benefiting 110 million farmers (MoA&FW, 2023). Additionally, the Aatmanirbhar Bharat Rojgar Yojana (ABRY) has supported employment generation, particularly for women and marginalized communities, through wage subsidies and skill development initiatives.
  - iii). **Agricultural and Rural Development Initiatives:** Recognizing the role of agriculture in rural poverty reduction, the government has launched initiatives such as the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) to improve irrigation facilities, benefiting 1.2 million hectares of farmland (MoA&FW, 2023). The Rashtriya Krishi Vikas Yojana (RKVY) has supported agricultural modernization and innovation, leading to an 18% increase in farm productivity in targeted areas (ICAR, 2022). Furthermore, the National Rural Infrastructure Development Program (PMGSY) has connected 98% of **rural habitations** with all-weather roads, boosting economic opportunities and access to markets (MoRD, 2022).
  - iv). **Challenges and Future Directions:** Despite these initiatives, challenges persist, including leakages in fund allocation, regional disparities in implementation, and inadequate monitoring mechanisms. Rural poverty remains concentrated in Bihar, Jharkhand, Uttar Pradesh, and Madhya Pradesh, where more than 35% of the population is still multidimensionally poor (UNDP, 2023). Experts suggest that a greater focus on digital governance, climate-resilient farming, and decentralized planning is essential to make poverty alleviation efforts more effective.
- The impact of these government interventions has been substantial, but long-term rural poverty reduction will require more integrated approaches, higher budget

allocations, and enhanced social infrastructure development to ensure sustainable improvements in rural livelihoods.

## 7. Role of Non-Governmental Organizations (NGOs) and International Agencies in Rural Poverty Alleviation

Non-Governmental Organizations (NGOs) and international agencies play a crucial role in complementing government efforts to alleviate rural poverty in India. These organizations focus on capacity building, livelihood enhancement, health and education services, women empowerment, and environmental sustainability, filling gaps where public programs face limitations. With over 3.4 million NGOs operating in India, many work directly with rural communities to improve socio-economic conditions (NITI Aayog, 2023). Similarly, international agencies such as the World Bank, UNDP, and FAO provide funding, policy recommendations, and technical expertise to support rural development programs.

- i). **Livelihood and Skill Development Initiatives:** NGOs such as PRADAN (Professional Assistance for Development Action) and SEWA (Self-Employed Women's Association) have been instrumental in promoting self-employment and skill development among rural populations. SEWA, for instance, has organized over 2.1 million women into self-help groups (SHGs), enabling access to microfinance, skills training, and better wage opportunities (SEWA, 2022). Additionally, the National Rural Livelihoods Mission (NRLM), in partnership with NGOs, has mobilized 85 million women into SHGs, increasing their economic resilience (MoRD, 2023).
- ii). **Education and Healthcare Interventions:** Several NGOs have played a vital role in improving literacy rates and healthcare access in rural areas. Organizations like Pratham and Ekal Vidyalaya Foundation have helped increase rural literacy, with Pratham's interventions improving learning outcomes for over 5 million children annually (ASER, 2022) <sup>[2]</sup>. Meanwhile, NGOs such as Doctors Without Borders (MSF) and Smile Foundation have provided essential healthcare services in remote villages, addressing issues like malnutrition, maternal health, and infectious diseases. Reports indicate that NGO-led interventions have reduced infant mortality rates by 20-25% in targeted districts (MoHFW, 2023).
- iii). **Agricultural and Environmental Sustainability Programs:** International organizations such as the Food and Agriculture Organization (FAO) and the World Bank have collaborated with NGOs to promote sustainable farming practices and climate-resilient agriculture. The World Bank-funded "JEEViKA" project in Bihar has improved agricultural productivity and increased rural incomes by 32% in participating communities (World Bank, 2023) <sup>[18]</sup>. Similarly, FAO's collaboration with NGOs on organic farming has led to the adoption of climate-smart techniques in 1.5 million hectares of farmland, reducing input costs and increasing farmer incomes (FAO, 2022) <sup>[4]</sup>.
- iv). **Challenges and Future Prospects:** Despite their contributions, NGOs face funding shortages, bureaucratic hurdles, and regional disparities in outreach. A 2023 report by NITI Aayog highlights that only 23% of rural NGOs have access to sustainable funding sources, limiting their impact. Moving forward, stronger collaborations between NGOs, international agencies,

and local governments can enhance policy implementation, mobilize resources efficiently, and scale successful models for poverty alleviation.

By providing direct community engagement and innovative solutions, NGOs and international agencies remain critical partners in India's mission to eradicate rural poverty and foster inclusive growth.

## Conclusion

Rural poverty in India remains a complex and multidimensional issue, shaped by economic, social, and environmental factors. Despite significant progress in poverty alleviation, 27.5% of the rural population still faces multidimensional poverty (NITI Aayog, 2021) <sup>[12]</sup>. The persistence of income inequality, inadequate infrastructure, low agricultural productivity, and climate vulnerabilities continue to hinder sustainable rural development.

Government interventions such as MGNREGA, PM-KISAN, and NRLM have played a crucial role in improving rural livelihoods, employment, and financial inclusion. However, structural challenges, such as budgetary constraints, inefficient implementation, and regional disparities, limit their full impact. At the same time, NGOs and international organizations have made notable contributions by promoting skill development, improving education and healthcare, and advancing climate-resilient agricultural practices. Reports indicate that NGO-led interventions have reduced infant mortality by 20-25% in some districts, while self-help groups under NRLM have mobilized 85 million women, enhancing their financial stability and social empowerment (MoHFW, 2023; MoRD, 2023).

Despite these efforts, rural poverty eradication requires a more integrated and sustainable approach. Future policies should focus on enhancing digital governance, improving agricultural productivity through technology-driven solutions, strengthening microfinance mechanisms, and investing in quality education and healthcare. Additionally, regional imbalances need to be addressed, as states like Bihar, Jharkhand, and Uttar Pradesh continue to have poverty rates exceeding 35% (UNDP, 2023).

In conclusion, while India has made considerable strides in reducing rural poverty, sustained progress demands greater policy coherence, efficient resource allocation, and collaborative partnerships between governments, NGOs, and global agencies. Strengthening institutional mechanisms and prioritizing inclusive development will be key to achieving long-term poverty reduction and rural economic resilience.

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