

The Political Economy of Poverty and Vulnerability in India: Navigating the Road to Social Justice and Strengthened Democracy

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ABSTRACT:

India being one of the largest democracies in the world is a resurrected story of the interaction between modern economic progression and the constant suffering and instability. This paper analyses how poverty and vulnerability are intertwined with the politics and economy of India's social realities. It is important to bear in mind that poverty and vulnerability are not just an economic characteristic; they are more equally outcomes of historical, structural, and governance factors that affect distribution of resource endowment. The study revisits colonialism up to post-independence policies to show how socio-economic inequality was fostered and sustained over several years. Today, it is economic liberalisation, caste and gender discrimination, high unemployment, and limited accessibility to fundamentals that add to vulnerabilities. This situation is combined with the high prevalence of the informal sector activity and the lack of sufficient social protection that increases economic vulnerability in African countries. However, several governmental poverty rebalancing processes such as the PDS and MGREGA remain closely imperfect due to policy gaps in the implementation process. The paper also discusses the application to context on social justice to show that the initiatives aim to provide justice, equality, and voice to the oppressed groups. It also emphasizes democratic consolidation which means institutionalization of the democratic policy, enhancing democratic governance and nurturing social democracy to tackle the issue of socio-economic cleavages. This paper's policy advocacy agenda includes a multitude of social rights protection, decentralisation, development of education and healthcare system, and promotion of civil society activism. The problem of poverty and vulnerability in India cannot be solved with a single European social policy – the state needs to combine social justice, relevant to India, with an emphasis on the democratic nature of the country's development, creating the preconditions for building a stable society.

KEYWORDS:

Economic Marginalization, Social Exclusion, Politics and Economy, Justice, Democracy and Democratization, Income Inequality.

Introduction

India's economic development is a paradox of achievement and adversity. Since the economic liberalization of the 1990s, the country has experienced remarkable GDP growth, emerging as one of the fastest-growing economies globally. Yet, this progress is accompanied by persistent poverty and widespread socio-economic vulnerabilities.¹ Millions of Indians continue to lack access to basic necessities such as adequate healthcare, education, and employment opportunities, highlighting stark disparities within the nation's development narrative. Poverty in India is not merely an economic challenge; it is deeply rooted in historical, structural, and political factors. The colonial exploitation of resources, coupled with post-independence policies, has left a legacy of inequality that continues to shape the socio-economic landscape. Furthermore, structural inequalities based on caste, gender, and regional divides exacerbate vulnerabilities, limiting access to resources and opportunities for marginalized groups such as Dalits, Adivasis, and women.² The persistence of poverty and vulnerability also raises critical questions about the resilience and inclusiveness of India's democratic framework. While democratic consolidation demands the active participation of all citizens, socio-economic disparities create barriers to meaningful engagement for marginalized populations. Weak governance, political patronage, and corruption often undermine the effectiveness of poverty alleviation programs, further entrenching inequality. This paper aims to explore the intricate political economy of poverty and vulnerability in India, analysing how historical legacies, governance challenges, and structural inequalities shape contemporary realities. By examining the implications for social justice and democratic consolidation, the study seeks to identify pathways to a more inclusive and equitable future. Addressing these challenges requires a multidimensional approach that integrates effective policy reforms, institutional accountability, and active civic participation to create a more just and sustainable society.

Historical perspectives of Poverty in India

Colonial Legacy

The colonial structure of economy in India was deliberately created to serve the British Empire; thus, giving India a highly impoverished economy to manoeuvre at independence. Sustained agriculturist and concentration on export crops dead on arrival manufactures such as pottery, cloth, mats, baskets, and kettles thus compounding unemployment

and poverty. Colonial policies reflected lip service and Planning Commissioners failed to promote industrialization policies to break the vicious cycle of backwardness. It is important to note that, at the time of attaining independence in 1947, India was sear, people from the rural areas and the lower castes in particular continued to live under very poor circumstances.³

Post-Independence Policies

The first couple of decades of the independence were characterized by a centralised planning to build a surrogate economy. This included the having policies like First Five-Year Plan with regard to agricultural productivity and wanting land reforms which was the bulk of politics to address the issues of poverty by providing the poor with their much-needed land. Nevertheless, this change was not well-executed across the different sectors and particularly excluded the most vulnerable population. The growth spurt on account of green revolution that occurred in 1960s made certain states such as Punjab and Haryana become leading producers in the agricultural sector while at the same time increasing scope of regional and class bias. Industrial policies encouraged the growth of heavy industries and were however location oriented and thus large portions of rural India remained economically sluggish. However, poverty reduction policies in the developing countries were not effective due to the following reasons; unequal distribution of resources, bureaucracy, and corruption.

Structural Inequalities

The society of India is currently dealing with caste systems, gender biasness as well as regionalism and has for long nurtured poverty among members of their community. Dalits and Adivasi communities are still discriminated against educationally, employments opportunities and service delivery. As a result, they, too, are not fully economically engaged because of the persistence of patriarchal practices, the gender pay gap and a lack of proper channels. Thus, regional disparities exacerbate these difficulties, with different northern and eastern states remaining significantly behind the southern and western counterparts both in qualitative and quantitative terms.⁴

The Current Landscape of Poverty and Vulnerability

Economic Inequality

Since the economic liberalization of the 1990s, India has experienced significant GDP growth, transforming urban centers into economic hubs.

However, this growth has not been equitably distributed. While cities such as Mumbai, Delhi, and Bengaluru have flourished, rural India continues to face stagnation. The result is a deepening divide between the wealthy and the impoverished. The top 10% of income earners in India control nearly 57% of the nation's wealth, starkly highlighting the growing economic disparity. This concentration of wealth at the top, alongside the increasing marginalization of the rural poor, exacerbates social tensions and hampers broader economic development.⁵

Social Inequality

Social inequalities in India remain firmly rooted in its cultural and historical contexts, particularly in terms of caste and gender. Dalits and Adivasis continue to face systemic discrimination, which limits their access to education, healthcare, and employment opportunities. Gender inequality further compounds these issues, as women face cultural and institutional barriers to full economic participation. The intersection of caste and gender often results in marginalized groups being disproportionately represented among the country's poorest. Despite various affirmative action policies, the social fabric of exclusion remains deeply embedded, perpetuating generational poverty for many.

Employment and the Informal Sector

The Indian labour market is predominantly informal, with nearly 90% of the workforce engaged in unorganized sectors such as agriculture, construction, and small-scale services. Informal workers are highly vulnerable, facing job insecurity, poor working conditions, low wages, and a lack of social protection. This sector, though vital to India's economy, offers little in terms of social safety nets, leaving workers exposed to economic shocks. High unemployment rates, particularly among youth, further aggravate vulnerabilities. The mismatch between skills and job opportunities contributes to the growing issue of underemployment, deepening socio-economic inequalities.

Access to Basic Services

Access to essential services such as education, healthcare, and sanitation is highly uneven across India. While urban areas have seen significant improvements in these sectors, rural India continues to suffer from inadequate infrastructure. The lack of reliable and affordable services, particularly in remote areas, perpetuates the cycle of poverty. Inadequate healthcare facilities, poor sanitation, and limited access to

quality education in rural regions further entrench the vulnerabilities of the poor. These disparities also contribute to widening the urban–rural divide, limiting opportunities for upward mobility and reducing social cohesion across the nation.

The Political Economy of Poverty Policy Frameworks and Challenges

India has implemented several poverty alleviation schemes aimed at addressing the needs of its marginalized populations. Programs like the Public Distribution System (PDS), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), and Direct Benefit Transfers (DBT) have been central to the government’s efforts to alleviate poverty. The PDS provides subsidized food to millions, MGNREGA ensures guaranteed wage employment in rural areas, and DBT aims to provide direct cash transfers to reduce leakage and corruption. However, these programs face significant challenges. Corruption at local levels, mismanagement, and bureaucratic inefficiencies often undermine their intended impact. Inadequate targeting means that benefits do not always reach the most vulnerable populations, and these programs can sometimes be subject to political manipulation. Furthermore, the gap between policy design and effective implementation often exacerbates the issues these schemes seek to address.⁶

Governance and Political Will

The effectiveness of poverty alleviation measures in India is largely contingent upon governance. Bureaucratic inefficiencies, lack of transparency, and political patronage often hinder the efficient execution of policies. Political will is crucial for ensuring that poverty reduction efforts are prioritized, well–coordinated, and free from corruption. At the local level, bureaucratic delays and political interference can distort the allocation of resources, diverting them away from those who need them most. Furthermore, despite the existence of frameworks aimed at poverty alleviation, their success is contingent on consistent and committed political leadership that champions transparency, accountability, and social justice. Without strong political will to address these structural issues, poverty will continue to persist.⁷

Role of Civil Society and Grassroots Movements

Civil society organizations and grassroots movements have played an instrumental role in advocating for the rights of marginalized

communities and challenging systemic inequalities. These organizations work to ensure that the voices of the poor are heard and that policies are implemented equitably. Through advocacy, public awareness campaigns, and legal interventions, civil society has successfully highlighted critical issues such as land rights, access to education, and healthcare. Grassroots movements, particularly those led by marginalized communities, have been crucial in holding the government accountable and pushing for more inclusive policies. Their efforts have brought issues like caste-based discrimination, gender inequality, and regional disparities to the forefront of national discussions on poverty and governance.

Implications for Social Justice

Equity and Inclusion

To effectively address poverty in India, it is essential to prioritize equity and inclusion in policy formulation and implementation. Marginalized groups, such as Dalits, Adivasis, women, and economically disadvantaged communities, must be at the forefront of efforts to reduce poverty. Policies should aim to rectify historical injustices by improving access to essential resources such as education, healthcare, and employment opportunities. Providing equitable access to land, financial services, and technology is critical for empowering these communities. Social justice can only be achieved when the benefits of economic growth and development are shared equally, ensuring that the most disadvantaged are not left behind in the process of national development.⁸

Empowerment and Participation

Social justice requires not just the provision of resources but also the empowerment of marginalized populations. Education and skill development programs are essential tools for equipping vulnerable communities with the tools needed for economic participation. Empowering these populations to actively engage in political processes and decision-making is equally important. This can be achieved by strengthening the democratic process at all levels, ensuring that marginalized groups have a voice in shaping policies that affect their lives. Political participation fosters a sense of ownership and enables vulnerable communities to advocate for their rights and interests, thereby promoting inclusive governance and reducing systemic inequalities.⁹

Legal and Institutional Reforms

For social justice to be realized, legal and institutional reforms are

imperative. Strengthening legal frameworks that protect labour, land, and social rights is crucial in addressing the structural barriers that perpetuate poverty. Laws that safeguard land rights, prevent exploitation in the labor market, and ensure access to essential services are vital to achieving social justice. Equally important is the reform of judicial and administrative systems to ensure accountability and transparency. This includes improving the efficiency of courts, reducing delays in justice delivery, and ensuring that marginalized communities can access legal recourse when their rights are violated. Only by addressing these structural issues can the state ensure that its policies are genuinely inclusive and just for all its citizens.

Implications for Democratic Consolidation

Strengthening Democratic Institutions

For democratic consolidation to thrive, it is crucial to strengthen India's democratic institutions. These institutions must uphold the rule of law, ensuring that the rights of all citizens are protected and that there is accountability in governance. Effective democratic institutions provide the checks and balances necessary to curb corruption, abuse of power, and inefficiency. The judiciary, the legislature, and the executive must function independently, ensuring that policies aimed at poverty alleviation are implemented transparently and fairly. Moreover, strengthening electoral systems and promoting free and fair elections are fundamental to sustaining democracy. A democratic system that functions without hindrance fosters trust and encourages active citizen participation, both of which are essential for the long-term stability and legitimacy of the state.¹⁰

Inclusive Governance

Inclusive governance is key to ensuring that all segments of society, especially marginalized groups, have a voice in the decision-making process. Representation of Dalits, Adivasis, women, and other vulnerable groups in political institutions—from local councils to national legislatures—ensures that policies reflect the needs of the entire population, not just the privileged few. By ensuring political inclusion, India can build a more legitimate, responsive, and participatory democracy. Furthermore, the active participation of marginalized groups helps reduce societal inequalities, as these groups are better positioned to advocate for policies that directly benefit them. Inclusivity, in this context, is not just about political representation but also about ensuring that all citizens have equitable access to power and resources.¹¹

Social Cohesion and Stability

A stable democracy requires social cohesion and a sense of national unity. Reducing socio-economic disparities, particularly poverty, plays a vital role in achieving this. When large sections of the population feel marginalized and excluded, it leads to discontent, social unrest, and potential political instability. Poverty alleviation is a key component in ensuring that all citizens feel invested in the country's democratic project. By addressing socio-economic inequalities, the state fosters a more inclusive society where all individuals have equal opportunities to participate in civic life, thus contributing to national unity. A cohesive society, where people from all backgrounds feel valued, leads to peaceful co-existence, mitigates conflicts, and contributes to long-term democratic stability.

Policy Recommendations

Social Protection

To mitigate the risks which affect disadvantaged groups of population, the further development of welfare-state mechanisms targeted at realization of aid to vulnerable groups of the population is needed. HR informal employees form the biggest population of employees in India and due to the aforementioned reasons of job insecurity and social risks. He afterward urged the government to consider ways of enhancing programmes such as MGNREGA to provide better financial protection and called for greater coverage of health care, pension and unemployment benefits. Specific emphasis should be put on women and subordinate groups of Indians, for instance, Dalits and Adivasis to guarantee they have access to those programs. These proposals will not only ensure the non-poor population but will also protect from worsened situations during disasters or economic shocks.¹²

Inclusive Economic Growth

The nature and degree of interaction between economic growth and poverty and inequality reduction are critical in India. Measures should be aimed first of all at generating labour-demanding employment opportunities in agriculture, construction, manufacturing, etc. as these industries offer the most employment to the poor and other vulnerable groups of population. Particular emphasis should be placed on developing vacancies in rural areas as differentiated by the elevated level of poverty among the population. However, and more importantly, ensuring that, growth is not only in a few hands and the population Peterson poor the population to

mostly in the rural area but varies in the different provinces but controlled enables the government to address issues of income inequalities. This could be done by extending better and more inclusive policies such as credit, land and technology that are accorded to the small scale producers and operators respectively. It is high time the government tries to invest in industries that will create long term employment and promote the development of skills to combat unemployment in the nation.

The theme was Strengthening Education and Healthcare.

Ending the poverty requires focusing on education and health and especially for people living in the rural area. To this end, the government needs to increase the capacity of schooling to provide quality education, particularly to target groups to raise human capital and provide skills required in proper employment status. Similarly, calling for increased access to health care services especially in rural regions can lower costs related with disease and increase production. Boosting the education and the quality of the healthcare services would assist of moving large population segments from the sphere of poverty and enhance their standard of living.

Decentralized Governance

Improvement of local governance institutions is a way forward to enhance delivery of public goods and services for better accountability. The decentralization process to state and local level through development of Panchayats and Municipalities will enable specific solutions on poverty and inequality. Of particular importance, decentralization will also ensure better operationalization of policies at the grassroots level where needs of the vulnerable societies are most likely to be experienced. Local governments should be empowered with finances, training and other resource to increase their ability to deliver services, track results and ensure that policies get implemented as designed for the benefit of the intended beneficiaries.

Civic Engagement and Advocacy

CSO and grassroots movements should be encouraged to help fight for the vulnerable groups through the provision of support. These organizations are small organizations which primarily operating to increase the public awareness of poverty related causes, restoring the government and advocating for changes. The government of the country should support these organisations in their operations, and guarantee and promote the

participation of the affected minorities. Public participation in decision making through town meetings, Av crudently, civil societal consulting and forming civil society partnerships will enhance decision making processes in citizens.¹³

Conclusion

India's fight against poverty and vulnerability is not independent of its social justice or democratic democratization agenda. Consequently, the country has progressivity in economic and poverty status without addressing structural inequalities, governance issues and persistent gaps in the implementation of welfare enhancing programs. They all include or support limitations which impede the achievement of a more just and society. To solve these problems, the utilisation of equity, inclusion and women empowerments strategies are ideal. This entails supporting those who are forgotten by society; expand and enhance access to fundamental necessities including education, healthcare, jobs; and that the policies and processes of addressing Leiden's concerns are, or will be, open to the public. Economic development that divides the opportunity for economic gains and benefits with equal opportunity to all the members in equal sectors especially the poor is needed in order to bring a put an end to poverty. Moreover, there is nothing wrong with broadening people's democratic participation or trying to develop better institutions to support the process. In turn, the engagement of civil society, emerging social movements and other marginalized communities and actors in framing policies and legislation, and the decision-making process largely guarantees that they will be reflected as active policymaking players, and their demands will be taken into consideration sufficiently. The goal of a just and equitable society as advocated by the Indian scenario is very much feasible if and only if men and women in India – government, civil society and business – unite. Thus, India's poverty and vulnerability considerations can be successfully waged to deal with the issues of the deprivation of essential services and guarantees, and make a path to the needed social justice, the stabilization of the democracy and the consolidation of the effective inclusive growth. Here lies India's chance not only to give the neediest citizens of the country a better life, but also advance the very principles of democracy in the nation.

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