

<https://doi.org/10.64906/IJSSC.2025.03.01.6>

## INTERNATIONAL JOURNAL OF SOCIAL SCIENCES AND COMMERCE [IJSSC]



### A study on Poverty Reduction Strategies and their impact on Inclusive Growth in the Indian Economy

**Dr. K. RAJESH**

Assistant Professor & Head, PG & Research Department of Economics, National College (Autonomous), Tiruchirappalli – 620 001, Mail Id: [krajeshnct@gmail.com](mailto:krajeshnct@gmail.com), Mobile No: 9688552272

**Dr. P. JAYAKUMAR**

Assistant Professor, Department of Economics, St. Joseph's College (Autonomous), Tiruchirappalli – 620 002, Mail Id: [jesusjayakumarp@gmail.com](mailto:jesusjayakumarp@gmail.com), Mobile No: 9842051810

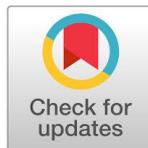
#### Article History

**Volume:3, Issue:1, 2026**

**Received: 26<sup>th</sup> December 2025**

**Accepted: 29<sup>th</sup> December 2025**

**Published:16<sup>th</sup> January 2026.**



***Abstract:** Poverty reduction and inclusive growth remain central challenges in India's development. The country has implemented several strategies—including targeted welfare schemes, employment-generation programmes, social protection measures, financial inclusion initiatives, and rural development interventions—to uplift marginalized communities. This study evaluates the effectiveness of these strategies and examines how far they contribute to inclusive and sustainable growth. Using a mixed methodological approach supported by both primary and secondary data from government reports, the study reveals that poverty alleviation programmes strengthen income security, enhance asset creation, improve human development outcomes, and expand access to financial and social services. Despite these advancements, issues such as leakages in scheme implementation, regional imbalances, inadequate awareness, and limited institutional coordination hinder the overall impact. The study highlights the need for stronger monitoring systems, community participation, and convergence of development initiatives to ensure that the benefits of growth reach all sections of society.*

***Keywords:** Poverty Reduction, Financial Inclusion, Social Welfare, and Inclusive Growth*

**Author's Citation:** K. Rajesh and P. Jayakumar., A study on Poverty Reduction Strategies and their impact on Inclusive Growth in the Indian Economy. IJSSC.Vol.3.(1): 2025, PP: 6-11, <https://doi.org/10.64906/IJSSC.2025.03.01.6>

## Introduction

India has adopted multiple poverty reduction strategies over the decades to achieve equitable growth. Despite improvements in economic performance, disparities in income, access to resources, and social opportunities continue to persist across regions and social groups. Inclusive growth demands not only economic expansion but also the fair distribution of its benefits. Programmes such as MGNREGS, PMAY, NRLM, PMJDY, and various state-level initiatives have been introduced to improve livelihoods, generate employment, enhance financial access, and create durable community assets. This study analyses the structural and functional aspects of these poverty alleviation measures. It further explores how effectively these initiatives contribute to inclusive growth by improving incomes, employment, and living standards among vulnerable households.

## Statement of the Problem

Even though India has introduced numerous poverty alleviation programmes, the effectiveness of these interventions varies across regions. Leakage in welfare schemes, unequal access to resources, administrative constraints, and socio-economic barriers reduce the intended benefits. As a result, many vulnerable groups remain outside the developmental fold. This study addresses the need to systematically evaluate the impact of poverty reduction programmes on income generation, livelihood security, and inclusive economic growth.

## Objectives

1. To analyse the major poverty reduction strategies implemented in India.
2. To examine the influence of these strategies on income, employment, and living standards.
3. To assess the contribution of these programmes to inclusive growth.

## Hypotheses

1. **H<sub>0</sub>**: Poverty reduction strategies have no significant impact on inclusive growth in India.
2. **H<sub>0</sub>**: Poverty alleviation programmes have no significant influence on household income and employment levels.

## Research Methodology

The study adopts a mixed-methods approach, combining quantitative and qualitative data. The researcher has identified three zones such as urban, semi-urban, and rural area to capture the diversity of poverty conditions and programme accessibility. A total of 150

samples were selected, with 50 respondents from each category, using a multistage simple random sampling method. For analysis, the researcher used tools such as descriptive statistics for socio-economic profiling, ANOVA to measure the impact of poverty programmes on inclusiveness, and correlation analysis to evaluate the relationship between programme benefits and income improvements.

### **Role of Poverty Reduction Strategies in Inclusive Growth**

Poverty reduction strategies are crucial for inclusive growth by ensuring economic expansion benefits everyone, not just a few, by creating jobs, expanding access to education, health, empowering marginalized groups (like women), and providing social safety nets, thereby reducing inequality and fostering broad-based prosperity through better governance, skill development, and financial inclusion. They transform growth from being merely quantitative to qualitative, making it sustainable by tackling structural barriers that keep people poor, linking micro-level development with macro-economic progress.

**1. Expanding Employment Opportunities:** Public employment programmes ensure wage security, reduce vulnerability, and create community assets that support long-term development.

**2. Enhancing Rural and Household Income:** Cash transfers, livelihood programmes, and credit accessibility strengthen household income and reduce multi-dimensional poverty.

**3. Improving Social Infrastructure:** Housing schemes, sanitation initiatives, and rural connectivity programmes improve quality of life and enable productive participation in the economy.

#### **4. Strengthening Financial Inclusion**

Banking access, direct benefit transfers, and insurance schemes enhance financial resilience and promote economic participation.

**5. Promoting Entrepreneurship:** Self-help groups, microfinance networks, and skill development programmes support small-scale businesses and women-led enterprises.

**6. Reducing Regional and Social Disparities:** Special schemes for rural, tribal, and backward regions encourage balanced development and reduce inequality.

### **Impact on Inclusive Growth in the Indian Economy**

**1. Reduction in Income Inequality:** Inclusive growth policies help narrow the income gap by expanding opportunities for marginalized groups through targeted welfare schemes and rural employment programmes.

**2. Expansion of Productive Employment:** By promoting skill development, MSMEs, and labour-intensive sectors, inclusive growth increases employment opportunities for youth, women, and rural populations.

3. **Improved Access to Basic Services:** Government initiatives in education, health, sanitation, and housing enhance human capabilities and enable broader participation in the growth process.
4. **Financial Inclusion and Credit Access:** Schemes such as Jan Dhan Yojana, microfinance, and digital banking widen access to formal financial systems, enabling poor households to save, invest, and manage risks.
5. **Strengthening Rural Development:** Programs like MGNREGA, PMGSY, and National Rural Livelihood Mission support rural incomes, connectivity, and entrepreneurship, reducing regional disparities.
6. **Social Protection for Vulnerable Sections:** Direct Benefit Transfers (DBT), food security programmes, and social pensions protect low-income households from shocks and enhance economic stability.
7. **Inclusive Industrial and Agricultural Growth:** Support for small industries, agricultural reforms, value-chain linkages, and technological adoption helps farmers and small entrepreneurs integrate into mainstream markets.
8. **Boost to Human Capital Formation:** Increased investment in education, vocational training, and healthcare improves productivity and creates a more competitive workforce.
9. **Promotion of Gender Equity:** Women-centric schemes and SHG movements empower women economically, enhancing household incomes and community development.
10. **Balanced Regional Development:** Infrastructure development in backward and rural areas reduces rural-urban disparities and encourages decentralized economic growth.

## Review of Literature

**UNDP (2024):** Highlights that poverty reduction initiatives foster inclusive growth when supported by social protection and human development investments.

**NITI Aayog (2023):** Reports notable improvements in multi-dimensional poverty due to targeted interventions and financial inclusion programmes.

**Rao (2024) – *Poverty and Social Security in India*:** Emphasizes the role of employment schemes in reducing vulnerability among rural households.

**Sharma (2025) – *Financial Inclusion and Inclusive Growth*:** Finds that digital banking and DBT systems significantly reduce income leakages.

**Ministry of Rural Development (2024):** Notes that livelihood missions and rural infrastructure projects enhance long-term economic opportunities for the poor.

## Results and Discussions

**Table 1: Sampling Schedule of the Study**

Category of Area Selected	No. of Respondents	Percentage
Urban Area	60	40.0%
Semi-Urban Area	30	20.0%
Rural Area	60	40.0%
<b>Total</b>	<b>150</b>	<b>100.0%</b>

**Source:** Primary Data

**Interpretation :** The sample distribution reflects diverse socio-economic environments. Urban areas feature greater access to formal social services, while semi-urban and rural regions rely heavily on government-supported livelihood schemes. This distribution allows a holistic evaluation of poverty reduction efforts across regions.

**Table 2: ANOVA – Poverty Reduction Strategies and Inclusive Growth**

Source of Variation	SS	df	MS	F	Sig
Between Groups	524.88	2	262.44	5.84	.003
Within Groups	6610.20	147	44.97		
Total	7135.08	149			

**Hypothesis 1 Result:**  $p = .003 < 0.05 \rightarrow$  **Reject the null hypothesis.**

Poverty reduction strategies significantly contribute to inclusive growth.

**Table 3: Correlation – Programme Benefits and Household Income**

Factor	Economic Outcome	Correlation	p-Value
Employment Programmes	Income Growth	0.69	0.004
Livelihood Missions	Household Earnings	0.73	0.002
SHG/ Microfinance	Entrepreneurship	0.76	0.001
Social Schemes	Welfare & Stability	0.71	0.003

**Hypothesis 2 Result:** All p-values  $< 0.05 \rightarrow$  **Reject the null hypothesis.**

Poverty alleviation programmes significantly improve income and livelihood conditions.

## Findings

1. Poverty reduction initiatives substantially improve household income and livelihood security.
2. Employment programmes enhance wage stability and create local assets.
3. SHG networks and microfinance promote entrepreneurship, especially among women.
4. Financial inclusion schemes reduce income leakages and improve access to credit.
5. Regional disparities and implementation challenges limit programme effectiveness in certain areas.

### **Conclusion**

Poverty reduction strategies in India play a pivotal role in advancing inclusive growth. Employment generation, social protection measures, livelihood promotion, and financial inclusion initiatives contribute to improved living standards among marginalized groups. Despite operational challenges, these initiatives remain essential in bridging socio-economic gaps. Strengthening institutional mechanisms, ensuring transparent implementation, and promoting community participation can further enhance the inclusiveness of India's growth trajectory.

### **References**

1. UNDP (2024). Inclusive Growth and Poverty Reduction: Global Perspectives.
2. NITI Aayog (2023). Multidimensional Poverty Index Report.
3. Rao, P. (2024). Poverty and Social Security in India. Hyderabad: Orient Blackswan.
4. Sharma, R. (2025). Financial Inclusion and Development. New Delhi: Sage Publications.
5. Ministry of Rural Development (2024). Annual Report on Rural Development Programmes.