

POVERTY AS A CHALLENGE

- **INTRODUCTION:** India has the largest single concentration of the poor in the world. This illustrates the seriousness of the challenge. Poverty means hunger and lack of shelter. It is also a situation in which parents are not able to send their children to school or a situation where sick people cannot afford treatment. Poverty also means lack of clean water and sanitation facilities. It also means lack of a regular job at a minimum decent level. Above all it means living with a sense of helplessness. Poor are in a situation in which they are ill-treated at almost every place, in farm, factories, government offices, hospitals, railway stations etc. Obviously nobody would like to live in poverty.
- **POVERTY AS SEEN BY SOCIAL SCIENTISTS:** Usually the indicators used to work out poverty, relate to the level of income and consumption. But now poverty is looked through other social indicators like illiteracy level, lack of general resistance due to malnutrition, lack of access to healthcare, lack of job opportunities, lack of access to safe drinking water, sanitation etc. Analysis of poverty based on social exclusion and vulnerability is now becoming very common.
- **Social Exclusion:** is a process through which individuals or groups are prevented from using facilities, benefits and opportunities that the better-off section of the society enjoy. Social exclusion can be both a cause and a consequence of poverty.
- **Vulnerability:** vulnerability describes the greater probability of being more adversely affected than other-people when bad time comes for everybody, whether a flood or an earthquake or simply a fall in the availability of jobs.
- **POVERTYLINE:** A common method used to measure poverty is based on the income or consumption levels. A person is considered poor if his or her income or consumption level falls below a given "minimum level" necessary to fulfil basic needs. Poverty line may vary with time and place. Each country uses an imaginary line that is considered appropriate for its existing level of development and its accepted minimum social norms. While determining the poverty line in India, a minimum level of food requirement, clothing, footwear, fuel and light, education and medical requirement to. Are determined for subsistence. These physical quantities are multiplied by their prices in rupees. The total equivalent is considered as poverty line. Daily minimum nutritional requirement for a person has been fixed at 2400 calories per person/ per day in rural areas and 2400 calories per person/per day in urban areas. The monetary expenditure per capital needed for buying these calorie requirements in terms of food grains etc. is revised periodically taking into consideration the rise in prices. On the basis of these calculations, for the year 2000, the poverty line for a person was fixed at Rs. 328 per month in rural areas and Rs.454 per month in urban areas. In this way in the year 2000, a family of five members living in rural areas and earning less than about Rs. 1640 per month will be below the poverty line. A similar family in the urban areas would need a minimum of Rs.2270 per month to meet their basic requirements.

For making comparisons between developing countries, many international organizations like the World Bank use a uniform standard for the poverty line: minimum availability of the equivalent of \$ 1 per person per day.

Is present methodology of poverty estimation appropriate?

No, the present methodology of poverty estimation is not appropriate. It is only a quantitative concept. It captures only a limited part of what poverty really means to the people. It is about a 'minimum' subsistence level of living rather than a 'reasonable level of living. Many scholars advocate that we must broaden the concept into human poverty. The other aspect like education, shelter, health, job, self-confidence equality etc. should also be included while calculating poverty.

- **POVERTY ESTIMATES:** There is substantial decline in poverty ratios in India from about 55 per cent in 1993. the preparation of people below poverty line further came down to about 26 per cent in 2000. If the trend continues. People below poverty line may come down to less than 20 per cent in the next few years. The latest estimates indicate a significant reduction in the number of poor to about 260 million.
- **VULNERABLE GROUPS:** The proportion of people below poverty line is also not same for all social groups and economic categories in India.
Social groups which are most vulnerable to poverty are scheduled caste and scheduled tribe households.
Among the economic groups, the most vulnerable groups are the rural agricultural labor households and the urban casual labor households.
- Although the average for people below poverty line for all groups in India is 26, 51 out of 100 people belonging to scheduled tribe are not able to meet their basic needs. Similarly, 50 percent of casual workers in urban areas are below poverty line. About 50 percent of landless agricultural workers and 43 percent of scheduled castes are also poor.
- The double disadvantage, of being a landless casual wage labor household in the socially disadvantaged social groups of the scheduled caste or the scheduled tribe population highlights the seriousness of the problem.
- some recent studies have shown that except that for the scheduled tribe household, all the other three groups i.e. scheduled castes, rural agricultural labourers and the urban casual labor household have seen a decline in poverty in the 1990s.
- Women, elderly people and female infants are systematically denied equal access to resources available to the family. Therefore, women, children (especially the girl child) and old people are poorest of the poor.
- **INTER STATE DISPARITIES:** There has been significant decline in poverty since independence. In 1960-61 more than 34% population of the country was living below poverty line which has declined to 26% in 2000-01. Although there has been reduction in poverty, the success rate of reducing poverty varies from state to state.
- States with poverty ratio more than the nation average: Orissa, Bihar, Assam, Tripura and Uttar Pradesh are the most poverty ridden states of India. The poverty ratio in these states is much higher than the national average.

- Orissa and Bihar are the poorest states with poverty ratio of 47 and 43 respectively. Most of these states are facing rural as well as urban poverty.
- States with poverty ratio less than the national average: recent studies show that in 20 states and Union Territories, the poverty ratio is less than the national average. There has been a significant decline in poverty ratio in Kerala, Andhra Pradesh, Tamil Nadu, Gujarat and West Bengal.
- States with poverty ratio: states like Punjab, Haryana, Goa, Himachal Pradesh and Jammu Kashmir have very low percentage of population living below poverty line.
- **GLOBAL POVERTY SCENARIO:** The population of people in developing countries living in extreme economic poverty—defined by the World Bank as living on less than that \$1 per day—has fallen from 28 per cent in 1960 to 21 per cent in 2001. Although there has been a substantial reduction in global poverty, it is marked with great regional differences.
- Poverty declined substantially in China and South-east Asian countries as a result of rapid economic growth and massive investments in human resource development.
- In the countries of South Asia (India, Pakistan, Sri Lanka, Bangladesh, Bhutan) the decline has not been as rapid.
- In Sub-Saharan Africa, poverty in fact rose from 41 per cent in 1981 to 46 per cent in 2001.
- In Latin America, the ratio of poverty remained the same.
- The Millennium Development Goals of the United Nations calls for reducing the proportion of people living on less than \$1 a day to half the 1990 level by 2015.
- **CAUSES OF POVERTY:**
- **BRITISH Rule:** Britishers ruled India for more than 100 years. Prior to the British rule, traditional Industries, for instance, textiles, were flourishing in India. During the British rule, they adopted policies to discourage such industries. This left millions of weavers poor.
- **Rural Economy:** Indian economy is predominantly rural economy. As such, the major production is of primary goods. In India, 70% of the total population is engaged in agriculture but its contribution to the national income is only one-third. It means that despite India being predominantly an agricultural country, it is very much backward in agriculture.
- **Heavy Pressure of Population:** population in India has increasing very rapidly. Main factors accounting for it is sharp fall in death rate but stable birth rate for the many decades. This pressure of population serves as a big stumbling block to economic development.
- **Chronic Unemployment and Under-employment:** with constant increase in population there has developed a situation of chronic unemployment and underemployment. Due to increasing pressure on land, per hectare availability of land is decreasing. Due to division of land, production is decreasing. Agriculture sector is also facing problem of disguised unemployment.
- **Lack of Proper Industrialisation:** India is very backward from the industrial point of view. Hardly 3 percent of working population is engaged in large scale industries.

Consumers' goods industries like soap, cloth, sugar, leather, oil etc. have developed to a large extent but capital and producers' goods industries have not yet developed properly.

- **Social factors:** social factors like illiteracy, large size of family, law of inheritance, and caste system are also responsible for prevalence of poverty ridden people.
- **ANTI POVERTY MEASURES:**

The current anti – poverty strategy of the government is based broadly on two planks
- Promotion of economic growth (i) targeted anti –poverty programmers.
 - Promotion of Economic Growth:
- Since the eighties, India's economic growth has been one of the fastest in the world. The growth rate jumped from the average of about 3.5 per cent a year in the 1970s to about 6 per cent during the 1980s and 1990s. The higher growth rates have helped significantly in the reduction of poverty. It is becoming clear that is a strong link between economic growth and poverty reeducation.
- Economic growth widens opportunities and provides the resources needed to invest in human development. This also encourages people to send their children, including the girl child, to schools in the hope of getting better economic returns from investing in education.
 - Targeted Anti – Poverty Programmers:
- **National Rural Employment guarantee Scheme (NREGA) 2005:** It was passed in September 2005. This Act provides for 100 days assured employment every year to every rural household in 200 districts. Later the scheme will be extended to 600 districts.
- one third of the proposed jobs will be reserved for women.
- The Central Government will establish National Employment Guarantee Funds.
- State government will establish State Employment Guarantee Funds for implementation of the scheme.
- Under the programme if an applicant is not provided employment within fifteen days, she/he will be entitled to a daily unemployment allowance.
- **National Food for Work Programme (NFWP):** It was launched in 2004 in 150 most backward districts of the country.
- The programme is open to all rural poor who are in need of wage employment and desire to do manual unskilled work.
- It is implemented as a 100 percent centrally sponsored scheme and food grains are provided free of cost to the states.
- **Prime Minister Rozar Yozana (PMRY):** It is another scheme which was started in 1993.
- The aim of the programme is to create self-employment opportunities for educated unemployed youth in rural areas and small business and industries.
- They are helped in setting up small business and industries.
- **Rural Employment Generation Programme (REGP):** It was launched in 1995. The aim of the programme is to create self-employment opportunities in rural areas and

small towns. A target for creating 25 lakh new jobs has been set for the programme under the Tenth Five Year Plan.

- **Swarnjayanti Gram Swarojgar Yojana (SGSY):** It was launched in 1999. The programme aims at bringing the assisted poor families above the poverty line by organizing them into self help groups through a mix of bank credit and government subsidy.
- **Pradhan Mantri Gramodaya Yozana (PMGY):** It was launched in 2000.
- Additional central assistance is given to states for basic services such as primary health, primary education, rural shelter, rural drinking water and rural electrification.
- **Antyodaya Anna Yozana (AAY):** This scheme was launched in December 2000. Under this scheme one crore of the poorest among. The BPL families
- covered under the targeted public distribution system were identified. Poor families were identified by the respective state rural development departments through a Below Poverty Line (BPL) survey. Twenty five kilograms of food grains were made available to each eligible family at a highly subsidized rate of Rs 2 per Kg for wheat and Rs 3 per for rice. This quantity has been enhanced from 25 to 35 kgs with effect from April 2002. The scheme has been further expanded twice by additional 50 lakh BPL families in June 2003 and in August 2004. With this increase, 2 crore families have been covered under the AAY.
- **Assessment of poverty – alleviation programmes:**
- Poverty-alleviation programmes have been implemented in India since 1978. The results of these programmes have been mixed.
- On the positive side, the incidence of poverty has declined in India . There has been a significant fall in poverty during the decades of 1980s and 1990s. Whereas in 1973, about 55 percent of India’s population lived below poverty. This ratio has currently come down to 26 percent.
- On the negative side, poverty reduction remains India’s most compelling challenge. About one-fourth on India’s total population, i.e., about 260 million persons, live below the line of poverty. This shows that the poverty alleviation programmes have not lived up to the expectations. The major weaknesses of these programmes have been as follows:
 - Lack of proper implementation.
 - Lack of right targeting
 - Overlapping of schemes.
 - Non-delivery of benefits to the targeted groups.
- **THE CHALLENGES AHEAD:** Poverty has certainly declined in India. But despite the progress, poverty reduction remains India’s most compelling challenge. Wide disparities in poverty are visible between rural and urban areas and among different states.
- Poverty reeducation is expected to make better progress in the next ten to fifteen years. This would be possible mainly due to higher economic growth, increasing stress on universal free elementary education, declining population growth,

increasing empowerment of the woman and the economically weaker section of society.

- The official definition of poverty captures only a limited part of what poverty really means to people. It is about a “minimum” subsistence level of living rather than a “reasonable” level of living. We must broaden the concept into human poverty.
- With development the definition of what constitutes poverty also changes. Eradication of poverty is always a moving target. Hopefully we will be able to provide the minimum “necessary” in terms of only income to all people by the end of the next decade. But the target will move on for all, and achieving gender equality and dignity for the poor. These will be even bigger tasks

CLASS :IX SOCIAL SCIENCE (ECONOMICS)

Revision Notes Chapter 3 Poverty as a Challenge

In our daily life we come across many poor people such as land less labourers in villages, people living in jhuggis, daily wage workers at construction sites, child labourers in dhabas, rickshaw-pullers, domestic servants, cobblers, beggars, etc.

About 30 crore people live in poverty.

- **Poverty** : Usually the levels of income and consumption are used to define poverty. In India, poverty can be defined as the lack of common things like food, clothing and shelter , safe drinking water, medical care and education, which determine quality of life.

Poverty has both dimensions economical and social.

- **Other Indicators of Poverty**: Now poverty is looked through other social indicators like illiteracy level, lack of access to health care, lack of job opportunities, lack of access to safe drinking water, sanitation, etc. Nowadays, the concept of social exclusion is becoming very common in the analysis of poverty.

Social exclusion means , generally poor are excluded in the community of better off people.

- **Vulnerability** Vulnerability describes the greater probability of certain communities or individuals of becoming, or remaining, poor in the coming years.

The people from backward cast, individuals like widows, physically handicapped are more vulnerable.

They possess greater risks at the time of natural disasters.

- **Poverty Line** It is based on the income or consumption level.

A person is considered poor if his or her income or consumption level falls below a given 'minimum level' necessary to satisfy basic needs.

Poverty line varies with time place.

For the year 2009-10, the poverty line for a person was fixed at Rs.673 per month for rural area and Rs. 860 for the urban areas.

The poverty line is estimated periodically by conducting sample surveys by National Sample Survey Organisation. (NSSO)

- **Estimates of Poverty**: The incidence of poverty in India was around 55 per cent in 1973 which declined to 36 per cent in 1993 and further to 26 per cent in 2000.

The poverty in India is reduced percent wise but number wise it is huge.

Social groups which are most vulnerable to poverty are Scheduled Caste and Scheduled Tribe households.

- **Inequality of Incomes within a Family:** In poor families, old people, women and female children are denied equal access to family's available resources. They are the poorest of the poor.
- **Inter-State Disparities :** The proportion of poor people is not the same in every state. In 20 states and union territories the poverty ratio is less than the national average. Orissa and Bihar are the poorest states of India with poverty ratios of 47 per cent and 43 per cent respectively. Lowest incidence of poverty is found in Jammu and Kashmir with poverty ratio of just 3.5 per cent.
- **Global Poverty Scenario:** There has been substantial decline in global poverty. However, it is marked with great regional differences. Poverty has declined more in China and South-East Asian countries.

World bank has defined poverty as the people earning less than 1.25 \$ per day.

The Millennium Development Goals of the United Nations call for reducing the proportion of people below poverty line to half the 1990 level by 2015.

- **Causes of Poverty :** There are a number of causes for the widespread poverty in India. One historical reason is the low level of economic development under the British colonial administration.

There are some other reasons.

These are :

- **1) Rapid growth of population, particularly among the poor is considered a major cause of Indian poverty.**

2) Our agricultural sector has failed to generate much employment opportunities for the farm labourers. Similarly, our industries could not provide much job for the job seekers.

3) unequal distribution of land : One of the major causes of poverty is the unequal distribution of land and other resources. Various land reform measures introduced after Independence could not improve the life of millions of rural poor because of their poor implementation.

4. Social factors : People in India, including the very poor, spend a lot of money on social occasions like marriages, festivals, etc. Poor people hardly have any savings; they are, thus forced to borrow. Unable to pay because of poverty, they became victims of indebtedness.

Joint family system has prevented people from doing hard work.

- **Steps taken by the Government for Poverty Alleviation :** Our government's strategy to poverty reduction has been twofold. One, promotion of economic growth and, two, targeted poverty alleviation programmes.

- **Poverty Alleviation Programmes:** To address the poor, a need for targeted anti-poverty programmes was strongly felt.

Some of them are given below :

1. Prime Minister Rojgar Yojana (PMRY): The aim of this programme (which was started in 1993) was to create self-employment opportunities for educated unemployed youth in rural areas and small towns.

2. Rural Employment Generation Programme (REGP): REGP was launched in 1995 to create self-employment opportunities in rural areas.

3. Swarna Jayanti Gram Swarozgar Yojana (SGSY): SGSY was started in 1999. The programme aims at bringing the assisted poor families above the poverty line.

4. Pradhan Mantri Gramodaya Yojana (PMGY) was launched in 2000.

5. Antyodaya Anna Yojana (AAY) for 'the poorest of poor's and elders.

6. National Food for Work Programme (NFWP) was launched in 2004.

7. National Rural Employment Guarantee Act (NREGA) was passed in September 2005. The Act provides 100-days assured employment every year to every rural household in 200 districts.

- **The Challenges Ahead :** Though poverty has declined in India, poverty reduction remains India's most compelling challenge. We will have to do something special to fight against wide regional disparities. We must broaden the definition of poverty from 'a minimum subsistence level of living to a reasonable level of living'. Bigger challenges before us are: providing health care, education and job security for all the achieving gender equality.