

## Chapter- POVERTY AS A CHALLENGE

### STUDY NOTE

Poverty is the most difficult challenge faced by independent India. Poverty is a condition in which a person lacks the financial resources and essentials things to enjoy minimum standards of life. Poor people can be landless labourers in villages, jhuggi and slum dwellers in cities and towns, daily wage workers at construction sites, child, and workers in dhabas or even beggars. India has the largest single concentration of the poor in the world, where every fourth person is poor.



### Two Typical Cases of Poverty

The following two cases show the many dimensions of poverty, including lack of proper food, shelter, healthcare, education as well as clean water and sanitation. They also show lack of a regular means of livelihood.

#### (i) Urban Case

Ram Saran is a daily wage labourer in a flour mill near Ranchi in Jharkhand. He earns around Rs. 1500 per month when employed. He supports his family of 6 persons, besides sending some money to his elderly parents. His wife and son also work, but none of his 4 children can attend school. The family lives in a one-room rented house on the outer areas of the city; the children are undernourished, have very few clothes or footwear and no access to healthcare.

#### (ii) Rural Case

Lakha Singh is a landless labourer in a small village near Meerut in Uttar Pradesh. By doing odd jobs for farmers, he earns Rs. 50 per day. Sometimes, he gets some food grain or other items instead of cash. He is not literate and his family of 8 people lives in a kuchha hut near the edge of the village. They have no access to healthcare, cannot afford new clothes or even soap or oil.

### Poverty Analysis by Social Scientists

Social scientists, analyse poverty from many aspects besides levels of income and consumption.

**These aspects are**

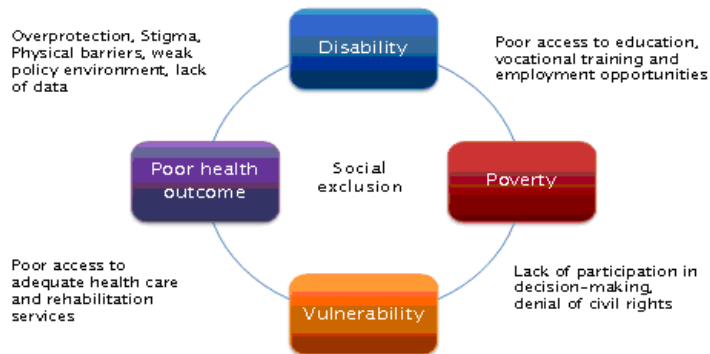
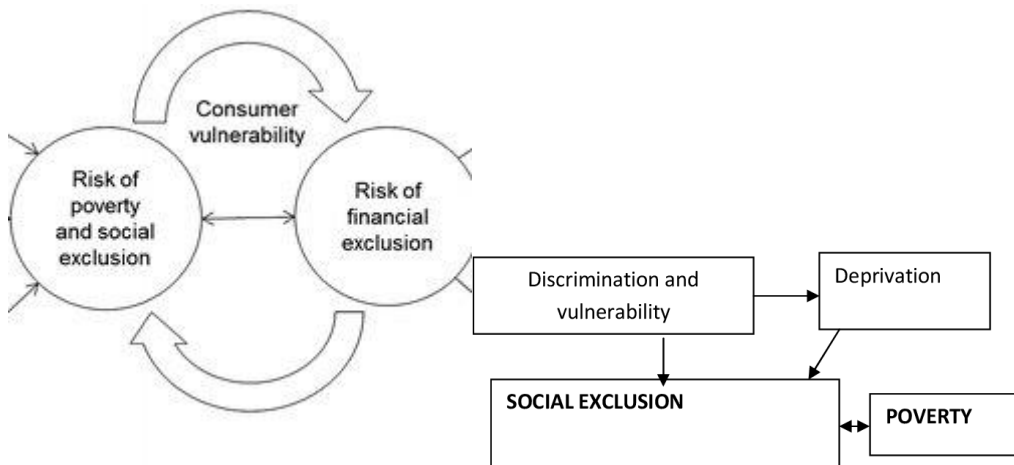
- Poor level of literacy
- Malnutrition leading to poor resistance to disease
- Lack of access to healthcare
- Lack of job opportunities
- Lack of access to sanitation and safe drinking water and so on.

### Indicators for Poverty

the most commonly used indicators for poverty analysis are social exclusion and vulnerability.

### Social Exclusion

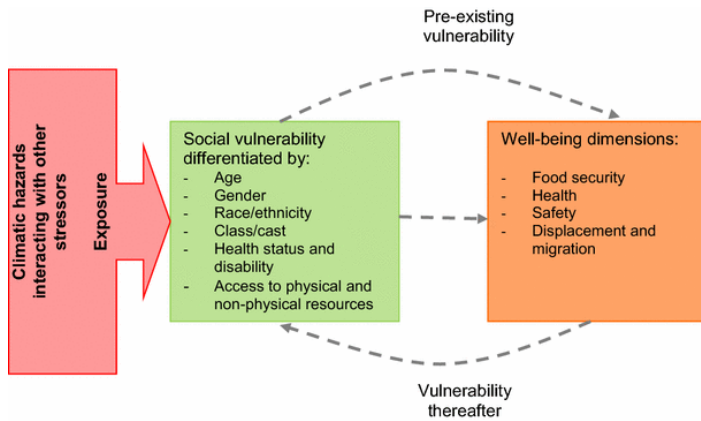
A social exclusion means living in a poor surrounding with poor people, excluded from enjoying Social equality of better off people in the better surrounding. Social exclusion can be a cause as well as a result of poverty which leads to exclusion of individuals or groups from facilities, benefits and opportunities that others enjoy. In India, the caste system is based on social exclusion. People belonging to certain caste were prevented from enjoying equal facilities, benefits and opportunities.



### Vulnerability

Vulnerability to poverty is a measure, which describes the greater probability of certain communities e.g. members of a backward caste or individuals e.g. widow, physically handicapped person of becoming or remaining poor in the coming time.

Vulnerability is determined by various options available to different communities in terms of assets, education, job, health, etc. and analyse their ability to face various risks like natural disasters. The group which face greater risk at the time of natural calamity are called vulnerable groups.



## Poverty Line

Poverty line is an imaginary line used by any country to determine its poverty. It is considered appropriate by a country according to its existing social norms. It varies from time to time, place to place and country to country.

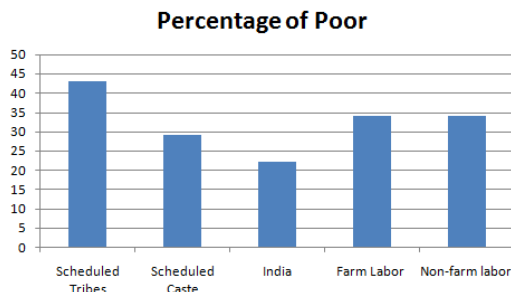
The most common method of determining poverty is income or consumption levels i.e. people will be considered poor if their income or consumption level falls below a given 'minimum level' (poverty line) necessary to fulfil the basic needs.

## Poverty Line Estimation in India

In India, a subsistence level or minimum level of food requirement (as determined by its calorific value), clothing, footwear, fuel, lighting, -educational and medical requirements, etc are determined for estimating the poverty line. Since in rural and urban areas, the nature of work and the prices of goods are different, the calorific requirement and expenditure per capita are also different.

There is a substantial decline in poverty ratios in India from about 45 per cent in 1993-94 to 37.2% in 2004-05

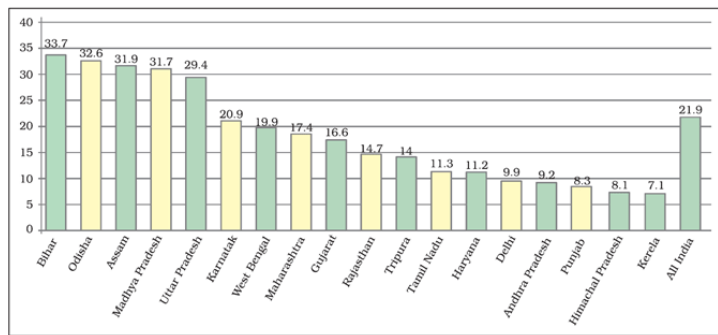
- The proportion of people below poverty line further came down to about 21.9% in 2011- 12
- The number of poor declined from 407.1 million in 2004-05 to 269.3 million in 2011- 12 within average annual decline of 2.2% points during 2004-05 to 2011-12.
- Social groups which are most vulnerable to poverty are Scheduled Caste and Scheduled Tribe household



## Inter-State Disparities:

The proportion of poor people is not the same in every state. In 28 states and 8 union territories the poverty ratio is less than the national average. Bihar and Odisha are the poorest states of India with poverty ratios of 33.7 per cent and 32.6 per cent respectively. Lowest incidence of poverty is found in Kerala with a poverty ratio of just 7.1 per cent.

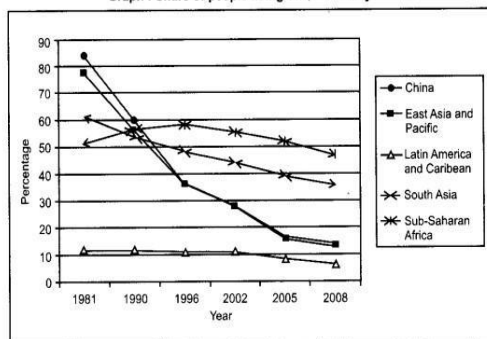
**Graph 3.2: Poverty Ratio in Selected Indian States, (As per 2011 Census)**



## GLOBAL POVERTY SCINERIO

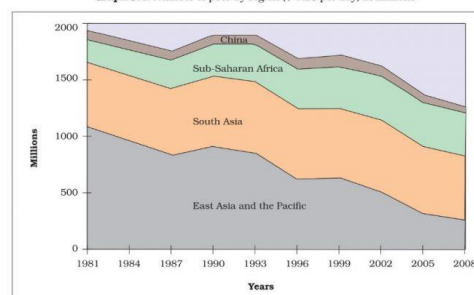
- The World Bank has defined poverty as the people earning less than 1.25 \$ per day.

**Graph : Share of people living on \$1.25 a day**



Source : World Development indicators 2012, The World Bank

**Graph 3.4: Number of poor by region (\$ 1.25 per day) in millions**



Source: World Development Indicators 2012, The World Bank.

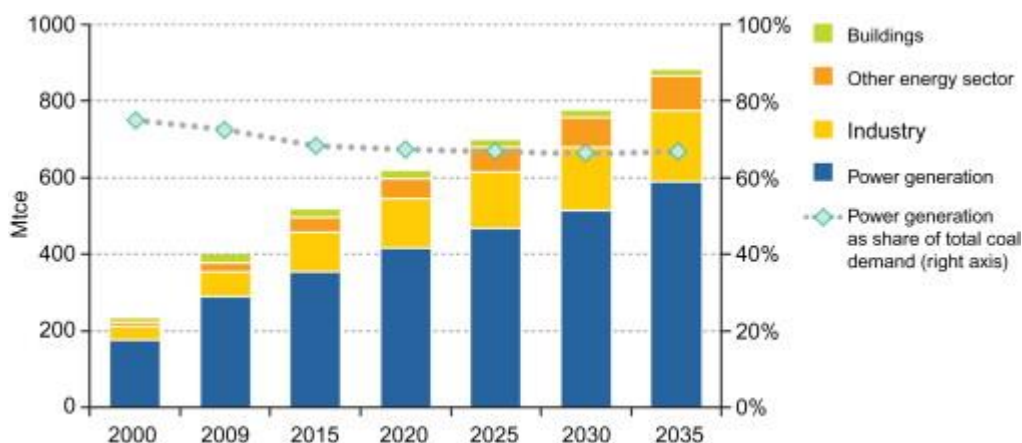
- The Millennium Development Goals of the United Nations call for reducing the proportion of people below poverty line to half the 1990 level by 2015.
- In sub-Saharan Africa, poverty in fact declined from 51% in 1981 to 47% in 2005.
- In Latin America, the ratio of poverty remained the same.
- Poverty also resurfaced in some of the former socialist countries like Russia, where officially it was non-existence earlier.

## Causes of Poverty

There are various reasons for widespread poverty in India.

- Under British control, India had a low level of economic development. New policies of the colonial government ruined traditional handicrafts and discouraged development of industries. Like textiles. Low rate of growth and an increase in population combined to make the growth rate of per capita income very low. With the spread of irrigation and the Green revolution, many job opportunities were created in the agriculture sector. However, these were not enough to absorb all the job seekers.
- Another feature of high poverty rates has been the huge income inequalities. One of the major reasons for this is the unequal distribution of land and other resources. In India, lack of land resources has been one of the major causes of poverty in India, but proper implementation of policy could have improved the lives of millions of rural poor.
- Small farmers needed money to buy agricultural inputs like seeds, fertilizer, pesticides, etc. So, they used to borrow money and were unable to repay the loan because of poverty.

## Anti-Poverty Measures



The current anti-poverty scheme is divided into two parts.

### 1 Promotion of economic growth

### 2 Targeted anti-poverty programmes

Since the eighties, India's economic growth has been one of the fastest in the world. There is a strong link between economic growth and poverty reduction. Some of the schemes which are formulated to affect poverty directly or indirectly are:

1. **Mahatma Gandhi National Rural Employment Guarantee Act, 2005** – It aimed to provide 100 days of wage employment to every household to ensure livelihood security in rural areas. It also aimed at sustainable development to address the cause of drought, deforestation and soil erosion. One-third of the proposed jobs have been reserved for women.

2. **In 1993, Prime Minister Rozgar Yojana (PMRY)** was started. The main aim of the programme is to create self-employment opportunities for educated unemployed youth in rural areas and small towns.

3. **In 1995, Rural Employment Generation Programme (REGP)** was launched. The aim of the programme is to create self-employment opportunities in rural areas and small towns.

4. **In 1999, Swarnajayanti Gram Swarozgar Yojana (SGSY)** was launched. The programme aims at bringing the assisted poor families above the poverty line by organising them into self-help groups, through a mix of bank credit and government subsidy.

5. **In 2000, the Pradhan Mantri Gramodaya Yojana (PMGY)** was launched. Under this programme, additional central assistance is given to states for basic services such as primary health, primary education, rural shelter, rural drinking water and rural electrification.

### *The Challenges Ahead*

In India, Poverty has certainly declined in India, but it still remains India's most compelling challenge. Poverty reduction is expected to make better progress in the next ten to fifteen years. This can be achieved by higher economic growth, increasing stress on universal free elementary education, declining population growth, increasing empowerment of the women and the economically weaker section.

### AREA OF CONFUSION:-

#### Poverty Line of India

The poverty line is a vital concept in poverty as a challenge. It can be defined as a predetermined value that indicates the limit below which people are considered poor. In the case of the poverty of India, there are two ways to calculate the poverty line.

- **Income Method:** This approach refers to the minimum income needed per month to purchase basic necessities to draft the poverty line. For the year 2011-12, the poverty line limit was determined at Rs.

1000 for urban areas and Rs. 816 for the rural population.

- Consumption Method: In this method, the required daily calorie intake is multiplied by current prices. For rural areas, necessary calories are 2400 calories and 2100 calories in urban ones.

*Do You Know: The poverty line of India is calculated by the National Sample Survey Organisation (NSSO).*

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