

Chapter 3 Poverty as a challenge

Question-1

Describe how the poverty line is estimated in India.

Solution:

A common method used to measure poverty is based on 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 fulfill basic needs. While determining the poverty line in India, a minimum level of food requirement, clothing, footwear, fuel and light, educational and medical requirement, etc. are determined for subsistence. These physical quantities are multiplied by their prices in rupees. The present formula for food requirements while estimating the poverty line is based on the desired calorie requirement.

As per 2000 figures; a family of five which is earning less than Rs. 1,640 per month is considered to be living below the poverty line. This figure is Rs. 2,270 per month for the urban area. The expected calorie intake has been fixed at 2400 calories per person in rural areas and 2100 calories in urban areas. A person consuming less than this amount is considered to be living below the poverty line.

Question-2

Do you think that the present methodology of poverty estimation is appropriate?

Solution:

No, the present methodology of poverty estimation is not appropriate because it takes into account only the basic needs of food, clothing, fuel etc. But the quality of these basic necessities is the lowest quality available. The amount which is fixed as the poverty line does not include the margin for the constant price fluctuations. The poverty line should include some corrections for inflation and market fluctuations.

Question-3

Describe poverty trends in India since 1973.

Solution:

As per the data, there has been a substantial decline in poverty ratios in India from 45 percent in 1993-94 to 37.2 percent in 2004-05. There was a further decline to 22 percent in 2011-12. Although the number of poor people declined from 1973 to 1993, there was a significant reduction in the number of the poor (about 407 million) in 2004-05 and a further 270 million in 2011-12 with an average annual decline of 2.2 percent. It may also be noted that poverty ratios always remained higher in rural areas as compared to urban areas. If the present trend continues, the people below the poverty line may come down to less than 20 percent in the next few years.

Question-4

Discuss the major reasons for poverty in India.

Solution:

There were 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. The low rate of growth persisted until the nineteen-eighties. This resulted in fewer job opportunities and a low growth rate of incomes. This was accompanied by a high growth rate of the population. The two combined to make the growth rate of per capita income very low. 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. Despite many policies, we have not been able to tackle the issue in a meaningful manner.

Question-5

Identify the social and economic groups which are most vulnerable to poverty in India.

Solution:

Social groups, which are most vulnerable to poverty, are scheduled caste and scheduled tribe households. Similarly, among the economic groups, the most vulnerable groups are the rural agricultural labour households and urban casual labour households.

Question-6

Describe global poverty trends.

Solution:

The proportion of people in developing countries living in extreme economic poverty— defined by the World Bank as living on less than \$1 per day—has fallen from 28 percent in 1990 to 21 percent 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 Southeast Asian countries as a result of rapid economic growth and massive investments in human resource development. The number of poor people in China has come down from 606 million in 1981 to 212 million in 2001.

In the countries of South Asia (India, Pakistan, Sri Lanka, Nepal, Bangladesh, Bhutan) the decline has not been as rapid. Despite the decline in the percentage of the poor, the number of poor has declined marginally from 475 million in 1981 to 428 million in 2001. Because of different poverty line definition, poverty in India is also shown higher than the national estimates. In Sub-Saharan Africa, poverty in fact rose from 41 percent in 1981 to 46 percent in 2001 (see graph 3.3). In Latin America, the ratio of poverty remained the same.

Poverty has also resurfaced in some of the former socialist countries like Russia, where officially it was nonexistent earlier. The proportion of people living under poverty in different countries is defined by the international poverty line (means population below \$1 a day).

Question-7

Describe the current government strategy of poverty alleviation.

Solution:

The current anti-poverty strategy of the government is based broadly on two planks

- promotion of economic growth
- targeted anti-poverty programs.

Question-8

What do you understand by human poverty?

Solution:

Many scholars advocate that we must broaden the concept of poverty into human poverty. A large number of people may have been able to feed themselves. But they do not have education or shelter or health care or job security or self-confidence. They are not free from caste and gender discrimination. The practice of child labour is still common.

Question-9

Describe how the poverty line is estimated in India.

Solution:

Removal of poverty is one of the major objectives of the Indian developmental strategy. The current government strategy of poverty alleviation is based on two planks:

1. Promotion of Economic Growth
2. Targeted Anti-poverty Programmes

Some of the targeted anti-poverty programmes undertaken by the government are:

1. **Prime Minister's Rozgar Yojana (PMRY)**. This programme was started in 1993. It aims at creating self-employment opportunities for educated unemployed youth in rural areas and small towns.
2. **Pradhan Mantri Gramodaya Yojana (PMGY)**. This programme was launched in 2000. It aims at creating and improving basic services like primary health, primary education, rural shelter, rural drinking water and rural electrification.
3. **Rural Employment Generation Programme (REGP)**. This programme was launched in 1995. It aims at creating self-employment opportunities in rural areas and urban towns.
4. **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**. This act was passed in September 2005. The act provides 100 days assured employment every year to every rural household in 200 districts. Later, the scheme would be extended to 600 districts. One-third of the proposed jobs have been reserved for women.

Question-10

Who are the poorest of the poor?

Solution:

(ii) Women, children (especially the girl child) and elder people in a poor family are regarded as the poorest of the poor because they are systematically denied equal access to resources available to the family.

Question-11

What are the main features of the National Rural Employment Guarantee Act 2005?

Solution:

The main features of the National Rural Employment Guarantee Act 2005 are:

- - The Act assures 100 days of employment every year to every rural household.
 - One-third of the jobs are reserved for women.
 - It also aimed at sustainable development to address the cause of drought, deforestation and soil erosion.
 - The share of SCs, STs and women are 23 percent, 17 percent and 53 per cent respectively.
 - Under this, the average wage has increased from ₹ 65 in 2006-07 to ₹ 132 in 2013-14.
 - The scheme provided employment to 220 crores person-days of employment to 4.78 crore households.