



Economics Notes PDF

On

Poverty

(Class - 12)

INTRODUCTION

Poverty is the inability to fulfill the minimum requirements of life like basic food requirements, clothing, shelter, health and education.

WHO ARE THE POOR?

The poor are characterized by:

- 1. Lack of adequate food:** Starvation and hunger is a widespread phenomenon for the poor. They are unable to fulfill their minimum food requirements. Also, malnutrition is a key feature among the poor.
- 2. Illiteracy and lack of skills:** The poor have very limited opportunities due to lack of basic literacy and skills.
- 3. Lack of basic amenities and healthcare:** They do not have access to clean drinking water, electricity, or basic healthcare facilities. Poor women do not get the required medical care during pregnancy that leads to serious illness and disability for both the child and mother. Illness makes them physically weak and further limits their opportunities
- 4. Unemployment:** They face unstable employment. Rural poor work as agriculture labourers with very small landholdings or as landless labourers engaged in non – agricultural activities. The urban poor work in a variety of informal employment or are self-employed, selling a variety of items along roadsides.
- 5. Indebtedness:** For their survival, the poor borrow from money lenders, who exploit them by charging high interest rates and this results in chronic indebtedness.

How are poor people identified?

Categorizing Poverty:

- 1. Chronic poor:** Those who are always poor and those who are usually poor e.g., Landless workers.
- 2. Transient Poor:** Those who are moving in and out of poverty and occasionally poor.
- 3. Never Poor:** These are categorised as non-poor people.

POVERTY LINE

It is that line which expresses per capita average monthly expenditure by which people can satisfy their minimum needs. Relative poverty and absolute poverty are the two variants of poverty. Poverty line is fixed in India.

THE NUMBER OF POOR IN INDIA

The Head Count Ratio measures the number of poor as the proportion of people below the poverty line.

● **Trends in Poverty in India**

- In 1973-74, the number of people below the poverty line was more than 320 million and in terms of proportion, it was 55% of the total population. In 2011-12, the absolute number came down 270 million and by proportion, fell to 22%.
- More than 80% poor resided in rural areas in 1973-74 which remained unchanged in 2011-12. More than three- fourth of the poor are from rural areas.
- The absolute number of poor declined in rural areas but increased in urban areas. The poverty ratio declined for both.

● **State-level Trends in Poverty**

- During 1973-2012, the proportion of poor fell from 55 to 22%.
- Six states – Tamil Nadu, Uttar Pradesh, Bihar, Madhya Pradesh, West Bengal, and Orissa had a large section of poor. This was reduced considerably during 1973-2012.

- Four states – Odisha, Madhya Pradesh, Bihar, and Uttar Pradesh are in a better position compared to the national poverty rate.

CAUSES OF POVERTY

- Low level of national product
- Low rate of growth
- Heavy pressure of population
- Inflationary pressures
- Chronic unemployment and under employment
- Capital deficiency
- Outdated social institutions
- Lack of infrastructure

POVERTY ALLEVIATION PROGRAMMES

1. Prime Minister's Rozgar Yojana:

- This scheme aims to create self-employment opportunities in urban areas for the educated unemployed.
- This scheme facilitates the educated unemployed people to get financial help to set up any kind of enterprise.

2. Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA):

- Under the scheme, all those who are willing to work at the minimum wage are offered work for a minimum period of 100 days
- Those seeking jobs are to report in rural areas where the program is being launched.
- Around 5 crore people were granted employment under this scheme.

3. Swarna Jayanti Shahari Rozgar Yojana (SJSRY):

The objective of this program is to provide self-employment or wage employment to urban unemployed or underemployed persons. It consist of two schemes:

- Urban Self – Employment Programme (USEP)
- Urban Wage Employment Programme (UWEP)

4. Pradhan Mantri Jandhan Yojana:

Launched in 2014, this scheme encouraged people in India to open bank accounts. Not only does it promote saving habits, but also lets the government transfer all the benefits of schemes and subsidies directly into the bank accounts. Programs like Pradhan Mantri Gram Sadak Yojana and Valmiki Ambedkar Awas Yojana are aimed at improving infrastructure and housing facilities in India.

CRITICAL ASSESSMENT OF POVERTY ALLEVIATION PROGRAMMES

- Notable Observation – The percentage of absolute poor in some states is better than the national average.
- Shortcomings
 - Many of the benefits of direct poverty alleviation programs were reaped by non – poor due to unequal distribution of land and other assets.
 - Government and bank officials had a huge role to play in these programs. They were either ill-motivated, inadequately trained, corrupt, and vulnerable to pressure from local elites.
 - There was a lack of support from local institutions in the implementation of these programs.
 - Policies did not address the people living just above the poverty line.

- Inactive participation of the poor, owing to constraints of accessibility in remote areas in interiors of villages.

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