

CBSE CLASS 11 ECONOMICS
INDIAN ECONOMIC DEVELOPMENT

REVISION NOTES

CHAPTER-4

POVERTY

➤ **POVERTY**

It refers to a state in which an Individual is unable to fulfill basic necessities of life like food, clothing, education etc.

Two Measures to Define Poverty

• **Absolute Poverty**

It refers to the total number of people living below poverty line. It is measured on the basis of two criteria:

- 1) **Minimum Calorie consumption criteria:** people who are not getting 2400 calories per person per day in rural areas and 2100 calories in urban area is considered to be living below poverty line.
- 2) **Minimum Consumption Expenditure Criteria:** The new poverty line, thus, translates to a monthly per capita consumption expenditure of Rs 972 in rural areas and Rs 1,407 in urban areas in 2011-12. Or, Rs 32 in rural areas and Rs 47 in urban areas on a per capita daily basis.

• **Relative Poverty**

It refers to poverty of people in comparison to other people in different regions or nation.

- 1) Relative poverty does not consider how poor the poor persons are or whether he is deprived of the basis minimum requirement of life or not.

- 2) It compares the inequality of income & assets ownership. It helps in understanding the relative position of different segment of the populations.
- 3) The defect in the relative measure of poverty is that it only reflects the relative position of different segment of the population in the income hierarchy.

➤ **POVERTY LINE**

- 1) **Poverty line** is a cutoff point on the line of distribution, which usually divides the population of the country as poor & non poor.
- 2) People having income below the poverty line are called poor & people with income above poverty line are called non poor.
- 3) The planning commission has defined poverty line on the basis of recommended nutritional requirement of 2400 calories per person in rural areas and 2100 for a person in urban areas.
- 4) While fixing the poverty line, consumption of food is considered as the most important criteria.
- 5) The consumption worth of Rs. 328 per person a month in rural area and for urban area it was Rs. 454 also considered for poverty line.

➤ **Causes of Poverty**

- 1) **Population Explosion:** Rapid growth of population, particularly among the poor, is responsible for the problem of poverty in the country.
- 2) **High level of un-employment:** poverty is caused by unemployment or unemployment coupled with a low rates of wages.
- 3) **Inequalities of income:** an important cause of poverty in India is the existence of large inequalities in distribution of national income & concentration of economic power, both in rural & urban sectors of the economics.
- 4) **High illiteracy rate:** lower education result in lower income as there is a positive correlation between the two.

- 5) **Political factors:** Before Independence, India was exploited under the British rule. After Independence other political factors have adversely affected economic progress. Economic policies are formulated to promote the interest of the richer section of the society & poor people are suffers in the process.

➤ **Methods to Remove Poverty**

- 1) **Acceleration of economic growth:** The first & foremost measure needed to remove poverty is accelerating the rate of economic growth.
- 2) **Reducing inequalities of income:** If the high growth rate is accompanied with increased inequalities of income, then fruits of economic development will accrue only to rich section, whereas the poor will grow in numbers. Thus in equalities must be reduced if development is to benefit the poor.
- 3) **Population control:** High growth rate of population especially among the poor is one of the causes. Poverty can be removed to a greater extent, if we intensify family planning campaign & reduce the increasing population among the poor.
- 4) **More employment opportunities:** Poverty can be eliminated by providing more employment opportunities. So that people are able to meet their basic needs.
- 5) **Land reforms:** by the imposition of ceilings on land holdings & their effective implementation a good amount of land can be acquired to be distributed among the landless laborer. On obtaining land, the landless laborers will be able to employ themselves & will produce subsistence for them.

➤ **Measures Adopted by the Government to Remove Poverty**

- 1) **Prime minister's Rozgar Yojana (PMRY):** This program aims at creating self-employment opportunities in rural areas & small towns. Under this program, educated unemployed from low-income families in rural & urban areas can get financial assistance in the form of bank loans, to set up any kind of enterprise that generates employment.
- 2) **Swarna Jayanthi Shahri Rozgar Yojana (SJSRY):** Urban self-employment program & the urban wage employment programs are two special schemes of SJSRY, initiated in

December 1997 which replaced various programmes operated earlier, for urban poverty alleviation. SJRY mainly aims at creating employment opportunities for both self-employment & wage-employment in urban areas.

- 3) **Sampoorna Grameen Rozgar Yojana (SGRY):** The scheme was launched with effect from September 2001. The schemes of Jawahar Gram Samridhi Yojana (JGSY) & employment assurance scheme (EAS) has been fully integrated with SGRY. The scheme aims at providing wage employment in rural areas & food security, along with the creation of durable community social & economic assets.
- 4) **National Rural Employment Guarantee Act 2005:** The act was passed in 2005 & the scheme, i.e. National rural employment guarantees schemes or NREGS was launched in February 2006. The aim of the act is to provide guaranteed wages employment to every households. Under this programme, volunteer adults will be provided unskilled manual work for a minimum of 100 days in a year.
- 5) **Swarna Jayanthi Gram Swarozgar Yojana (SGSY):** SGSY is a self-employment program, launched with effect from April 1 199 as a result of restructuring & combining the earlier poverty eradication programmes like Integrated rural development programme (IRDP), development of women & children in rural areas (DWCRA), etc. It aims at promoting micro enterprises & to bring the assisted poor families (Swarozagaris) above the poverty line, by organizing them into Self-Help Groups (SHGs).

➤ **Measuring Number of Poor**

The simplest method to determine number of poor is the head count ratio (HCR). Head count ratio is calculated by dividing the number of people below the poverty line by line by the total population.

➤ **Characters of Poor People**

- 1) **Hunger, starvation & malnutrition:** Hunger & starvation are the basic problems of the poorest households. Malnutrition is alarming high among the poor.
- 2) **Poor health:** they are generally physically weak due to ill health disability or serious illness. Their children are less likely to survive or be born healthy.

- 3) **Limited economic opportunities:** they have very Limited economic opportunities due to lack of literacy and skills.
- 4) **Debt trap:** they borrow from money landless who charge high rate of interest.
- 5) **Bigger families:** the poor families are bigger in size, which make their economic condition worse.