

IX Economics CHAPTER-3 POVERTY AS A CHALLENGE

CONCEPTS

- **Poor:** In our daily life we come across many poor people such as landless labourers in villages, people living in *jhuggis*, daily wage workers at construction sites, child labourers in *dhabas*, rickshaw-pullers, domestic servants, cobblers, beggars, etc.
- **Meaning of Poverty:** Usually the levels of income and consumption are used to define poverty. In India, poverty has been defined as a situation in which a person fails to earn income sufficient to buy him bare means of subsistence.
- **Other Indicators of Poverty:** Now poverty is looked through other 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.
- **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. 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.
- **Causes of Poverty:** There are a number of causes for the widespread poverty in India. 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. 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 poors' 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

MULTIPLE CHOICE QUESTIONS (1 MARK)

1. Which country of South-East Asia made rapid economic growth?

- (a) India (b) China (c) Nepal (d) Pakistan

2. NFWP is stand for:

- (a) National Federation for Work and Progress (b) National Forest for Wildlife Protection
(c) National Food and Wheat Processing (d) National Food for Work Programme

3. Social exclusion denies certain individuals the

- (a) facilities (b) benefits (c) opportunities (d) all the above

4. How many people in India live below the poverty line?

- (a) 30 crores (b) 26 crores (c) 28 crores (d) 24 crores

5. Which organization carries out survey for determining the poverty line?

- (a) NSSO (b) CSO (c) Planning Commission (d) None of the above

6. Which social group is most vulnerable to poverty in India?

- (a) Scheduled castes (b) Scheduled tribes (c) Casual labourers (d) All the above

7. Which two states of India continue to be the poorest states?

- (a) Madhya Pradesh, Jammu & Kashmir (b) Uttar Pradesh, Uttarakhand (c) Orissa, Bihar
(d) None

8. Poverty line in rural areas is (As per 1999 – 2000 prices)

- (a) Rs 328 (b) Rs. 370 (c) Rs 454 (d) Rs. 460

9. Who are the poorest of the poor?

- (a) Women (b) Old people (c) Children (d) All the above

10. What is the poverty ratio in the state of Orissa?

- (a) 50% (b) 47% (c) 60% (d) 57%

11. In which state has the high agricultural growth helped to reduce poverty?

- (a) Jammu & Kashmir (b) West Bengal (c) Punjab (d) Gujarat

12. In which state have the land reform measures helped to reduce poverty?

- (a) Tamil Nadu (b) Punjab (c) West Bengal (d) Kerala

13. Which state has focused more on human resource development?

- (a) Gujarat (b) Madhya Pradesh (c) Maharashtra (d) Kerala

14. In which state is the public distribution system responsible for the reduction in poverty?

- (a) Andhra Pradesh (b) Tamil Nadu (c) Both (a) and (b) (d) None of the above

15. What is the main cause of poverty in India?

- (a) High income inequalities (b) Less job opportunities (c) High growth in population
(d) All of these

16. Which of the following is responsible for high poverty rates?

- (a) Huge income inequalities (b) Unequal distribution of land
(c) Lack of effective implementation of land reforms (d) All the above

17. In rural areas, which of the following are not poor?

- (a) Landless agricultural workers (b) Backward classes (c) Rural artisans (d) Medium farmers

18. Nutritional level of food energy is expressed in the form of

- (a) calories per day (b) wheat consumption (c) rice consumption per day (d) none of the above

19. As per Planning Commission, minimum daily intake of calories for determining poverty line for rural area is

- (a) 2100 (b) 2400 (c) 1500 (d) none of the above

Q.20. Poverty ratio in India as compared to Pakistan is

- (a) same (b) half (c) two times (d) two and a half times

21. What are accepted average calories required in India in urban areas?

- (a) 2100 (b) 2400 (c) 2800 (d) 2500

22. Which one from the following is considered as poor?

- (a) A rich landlord (b) A businessman (c) A landless labourer (d) A teacher

23. Which among the following is the method to estimate the poverty line?

- (a) Investment method (b) Income method (c) Capital method (d) Human method

24. Which state has the largest percentage of poors in India?

- (a) Bihar (b) Orissa (c) Kerala (d) Punjab

25. When was National Rural Employment Guarantee Act passed?

- (a) September 2005 (b) August 2004 (c) May 2009 (d) None of these

26. Who advocated that India would be truly independent only when the poorest of its

people become free of human suffering ?

- (a) Mahatma Gandhi (b) Indira Gandhi (c) Jawahar Lal Nehru (d) Subhash Chandra Bose

27. Which of the following programmes was launched in the year 2000?

- (a) National Rural Employment Guarantee Act (b) Prime Minister Rojgar Yojana
(c) Swarna Jayanti Gram Swarozgar Yojna (d) Pradhan Mantri Gramodaya Yojana

28. Who do not come under the category of urban poor?

- (a) The casual workers (b) The unemployed (c) The shopkeepers (d) Rickshawpullers

29. How many percent of Indian people were poor in the year 2000?

- (a) 36% (b) 46% (c) 26% (d) 29%

30. Which scheme was started in 1993 to create self-employment opportunities for educated unemployed youth in rural areas and small towns?

- (a) Prime Minister Rojgar Yojana (b) National Rural Employment Guarantee Act
(c) Rural Employment Generation Programme (d) Swarnajayanti Gram Swarozgar Yojana

31. For how many days MNREGA provides employment?

- (a) 70 (b) 80 (c) 90 (d) 100

32. Which one of the social groups is vulnerable to poverty?

- (a) Scheduled caste (b) Urban casual labour (c) Rural agricultural households (d) All the above

33. By which year governments are aiming to meet the Millennium Development Goals including halving the rate of global poverty?

- (a) 2011 (b) 2015 (c) 2045 (d) 2035

34. Which one are not the major causes of income inequality in India?

- (a) Unequal distribution of land (b) Lack of fertile land
(c) Gap between rich and the poor (d) Increase in population

35. In which of the following countries did poverty actually rise from 1981 to 2001?

- (a) Sub-Saharan Africa (b) India (c) China (d) Russia

36. The calorie requirement is higher in the rural areas because:

- (a) they do not enjoy as much as people in the urban areas. (b) food items are expensive.
(c) they are engaged in mental work. (d) people are engaged in physical labour.

37. Which of the following is an indicator of poverty in India?

- (a) Income level (b) Illiteracy level (c) Employment level (d) All of these

38. Which of the following is not a valid reason for the poverty alleviation programme in India?

- (a) Lack of proper implementation (b) Lack of right targeting

(c) Corruption at the highest level

(d) Overlapping of schemes

39. Which industry suffered the most during colonial period?

(a) Jute

(b) Textile

(c) Indigo

(d) All the

above

40. Which one from the following states is above the national average of poverty ratio?

(a) West Bengal

(b) Tamil Nadu

(c) Andhra Pradesh

(d) Karnataka

SHORT ANSWER TYPE QUESTIONS (3 MARKS)

1. Explain how poverty begets more poverty?

Ans. Poverty begets more poverty. It is both a cause as well as consequence of poverty. A poor country cannot save much out of its national income. As a result, it suffers from capital deficiency which adversely affects the level of production and income in the country.

2. Explain the concepts of : (a) Social exclusion (b) Vulnerability

Ans. (a) **Social Exclusion** : According to this concept, poverty must be seen in terms of the poor who have to live only in a poor surroundings with other poor people. Poor people are excluded from better surroundings with better-off people. For example, in India people belonging to certain castes are excluded from equal opportunities.

(b) **Vulnerability** : There is a greater possibility of remaining poor in case of certain communities (such as members of a backward classes, widows, physically handicapped persons). These groups of people face greater risks at the time of natural disasters (earthquakes, tsunami). Thus vulnerability describes the greater possibility of being adversely affected in comparison of other people in odd times.

3. Suggest some measures to reduce regional poverty?

Ans. Measures to reduce regional poverty: Several states of India like Orissa, Bihar, Madhya Pradesh, Uttar Pradesh, Nagaland, etc., are economically very poor. To remove this regional poverty the following measures may be suggested:

(a) More Central assistance and grants should be given to backward states.

(b) Special concessions may be given for investments in backward areas.

(c) Public sector enterprises should be set up in backward states.

4. Discuss any three measures to reduce poverty in India?

Ans. More Industrialisation: In order to remove poverty and unemployment, especially in cities, more and more industries are to be set up.

Improvement in Agriculture: While latest methods should be adopted in improving agriculture, steps should also be taken so that land is provided to the tiller and it is not concentrated in the hands of few rich farmers and landlords.

Education: Education is must for removing any evil, including poverty and unemployment.

It must be made cheaper so that every person could get it easily.

5. Discuss any three government programmes for poverty alleviation?

Ans. 1. Prime Minister's Rojgar Yojana (PMRY) : These schemes have been started for the welfare of the educated unemployed in urban areas. Youth belonging to the weaker sections of society are given priority.

2. **Employment Assurance Scheme (EAS)** : These were launched in 1999 to create wage employment to families below poverty line and to improve the quality of life in the rural areas.

3. **Jawahar Gram Samridhi Yojana (JGSY)** : The objective of this programme is to generate gainful employment for the unemployed and underemployed men and women in rural areas, community and social assets are created such as soil conservation work.

6. Mention any three features of the National Rural Employment Guarantee Act, 2005?

Ans. National Rural Employment Guarantee Act, 2005 was passed in September 2005 with the following features:-

(i) It provides 100-days assured employment every year to every rural household with the reservation for one-third of the proposed jobs for women.

(ii) The central government will establish a National Employment Guarantee Fund for Women and state governments will establish State Employment Guarantee Funds for implementation of the scheme.

(iii) If an applicant is not provided employment within 15 days, he/she will get daily unemployment allowance.

7. What are the main causes of poverty in India?

Ans. Main causes of poverty in India are:-

(i) Huge income inequalities make it difficult for the government policies to implement properly for poverty elimination. Therefore income inequality is a major cause of poverty in India.

(ii) Exploitation of traditional Indian handicrafts and textile industries by British colonial administration is another major cause of poverty.

(iii) In order to fulfill social obligations and observe religious ceremonies, the poor spend a lot of money. Poor people borrow money for different reasons and become the victims of indebtedness.

8. Explain three ways in which poverty can be estimated in India?

Ans. 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.

(i) The calorie requirement depending upon the age, sex, area and type of work is the way of estimating poverty. Average calorie requirement in India is 2400 per person per day in rural areas and 2100 per person per day in urban areas.

(ii) Monetary expenditure per capita needed is also a way of estimating poverty. In the year 2000, poverty line for a person was fixed at Rs 328 per month for the rural areas and Rs 454 for the urban areas.

(iii) A uniform standard for poverty line is also used, which is given by international organisations like World Bank. This is equivalent of \$ 1 per person per day.

9. Explain the principal measures taken in Punjab, Kerala and Andhra Pradesh to reduce poverty?

Ans. (i) The principal measures taken in Punjab to reduce poverty is increasing the agricultural growth rates.

(ii) Kerala focused more on human resource development to reduce poverty.

(iii) Andhra Pradesh focused on public distribution of foodgrains to reduce poverty.

10. Give one positive and one negative side of poverty conditions in India, and mention the major weaknesses of poverty alleviation programmes?

Ans. Positive aspect:-

(i) India's economic growth is one of the fastest in the world which helps in reducing poverty.

Negative aspect:-

(i) Large number of poor lives in villages and dependent upon agriculture where growth is much below expectation.

Weakness of Poverty alleviation programme :-

(i) Lack of proper implementation and right targeting with lots of over lapping schemes.

LONG ANSWER TYPE QUESTIONS (5 MARKS)

1. What are the main features of poverty in India?

Ans. Features of Poverty in India: Following are the main features of poverty in India.

(i) **Declining Trend:** The proportion of people below poverty line in India had variations. Poverty ratio increased during the decade of the 1970s. It decreased sharply during the decade of the 1980s. During the decade of 1990s, there was first a rise following the period of economic reforms and then a fall in the incidence of poverty. Since 1993-94, the total number of the poor shows a declining trend.

(ii) **Inter-State Variations:** Poverty is not equally distributed through the country. A recent study shows that more than 90 per cent of India's rural poor live in the states of Andhra Pradesh, Orissa, Bihar, Madhya Pradesh, Karnataka, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. Further, 50 per cent of India's rural poor live in three states (namely, Bihar, Madhya Pradesh and Uttar Pradesh). As against this, the poverty ratio in the states of Jammu and Kashmir, Gujarat, Kerala, Punjab and Haryana is quite low.

(iii) **Nature of Poverty:** Poverty is visible both in our rural and urban areas. The rural poor consist of people of low castes and tribal groups. The major group of the poor include landless agricultural labourers, small and marginal farmers, rural artisans, etc. In the urban sector, the poor include largely unemployed, underemployed or persons employed in low productivity occupations such as rickshawpullers, cobblers, and street vendors.

2. Describe in brief the important poverty alleviation programmes undertaken by the Government of India?

Ans. Poverty Alleviation Programmes of India: The important poverty alleviation programmes which are in operation in rural and urban areas are :

(i) **Prime Minister Rojgar Yojana (PMRY):** PMRY was launched on 2 October 1993. The aim of this programme is to create self-employment opportunities for educated youth in rural areas and small towns. They are helped in setting up small business and industries.

(ii) **Swarna Jayanti Gram Swarozgar Yojana (SGSY) :** SGSY was launched on 1 April, 1999. It aims at promoting enterprises at the village level. It helps the rural people to organise themselves into self-help groups. The objective of SGSY is to bring the existing poor families above the poverty line by providing them income generation assets through a mix of bank credit and government subsidy.

(iii) **Pradhan Mantri Gramodaya Yojana (PMGY)** : PMGY was introduced in 2000. Its objective is to focus on village level development in five critical areas, that is, primary health, primary education, rural shelter, rural drinking water and rural roads. As a result of this, the quality of life of rural people will improve.

(iv) **Sampoorna Grameen Rojgar Yojana (SGRY)** : This programme was launched in September 2001. The objectives of this scheme are :

(a) to provide wage employment along with food security in the rural areas.

(b) to create durable community, social and economic assets.

The ongoing Employment Assurance Scheme and JGSY would be merged with SGRY.

(v) **National Rural Employment Guarantee Act (NREGA)** : NREGA was passed in September 2005. The Act provides for 100-days assured employment to every rural household in 200 districts. Later, the scheme will be extended to 600 districts. However, the results of these programmes have not been very effective. One of the major reasons for their less effectiveness is the lack of proper implementation and right targeting. Also, there has been overlapping of schemes. Therefore, the major emphasis in recent years is on their proper monitoring.

3. How can poverty be reduced in future in India? Suggest any four points?

Ans. Poverty can be reduced in the following ways:-

(i) Increasing empowerment of women and the economically weaker sections of society.

(ii) Fostering the economic growth.

(iii) Increasing the stress on universal free elementary education.

(iv) Caste and gender discrimination to be avoided.

(v) Improving health care, education and job security.

(vi) Removing inequality of wealth among people.

4. Mention the two planks on which the current anti-poverty strategy of the government is based. Why the poverty alleviation programmes not successful in most parts of India?

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

(i) Promotion of economic growth.

(ii) Targeted anti-poverty programmes. The results of poverty alleviation programmes have been mixed. The major reasons for less effectiveness are :-

(i) Lack of proper implementation and right targeting.

(ii) Overlapping of a number of schemes. They lack proper monitoring and therefore the benefits of these schemes do not fully reach out to the deserving poor.

5. NREGA 2005 is an important anti-poverty programme? Explain.

Ans. NREGA stands for National Rural Employment Guarantee Act, 2005. Following things were included in the scheme:

(i) It aims at providing 100-days assured employment every year to every rural household.

(ii) It initially started for 200 districts but later on extended to 600 districts.

(iii) One-third of the proposed jobs were reserved for women.

(iv) The Central government established National Employment Guarantee Funds and state

government established State Employment Guarantee Funds for implementation of the scheme.

(v) If an applicant is not provided employment within fifteen days he/she will be entitled to a daily unemployment allowance.

6. Give brief account of inter-state disparities of poverty in India?

Ans. Proportion of poor people is not the same in every state.

- In 20 states and union territories, the poverty ratio is less than national average.
- In the states of Orissa, Bihar, Assam, Tripura and Uttar Pradesh poverty percentage is more than 35. So poverty is serious problem in these states. Along with rural poverty, urban poverty is also high in these states.
- While in the states like Kerala, Jammu and Kashmir, Tamil Nadu, Andhra Pradesh there is significant decline in poverty.
- States like Punjab and Haryana have succeeded in reducing poverty with the help of high agricultural growth rates.
- In West Bengal, land reform measures have helped in reducing poverty.

HOTS

1. What is meant by 'vulnerability' to poverty? Which economic categories are more vulnerable to poverty in India?

Ans. Vulnerability to poverty: It is a measure which describes the greater probability of certain communities or individuals (such as widow or a physically handicapped person) of becoming or remaining poor in coming years.

Economic categories more vulnerable to poverty in India: Schedule tribes, urban casual labourers, rural agriculture labourers, scheduled castes are major economic groups, which are more vulnerable to poverty. Among these, scheduled tribes contribute to 51% of poverty in India which average Indian poverty ratio is 26.

2. Social exclusion can be both a cause as well as consequence of poverty? Explain.

Ans. Social exclusion can be seen in the terms of poors who have to live only in a poor surrounding with other poor people. Poor people are excluded from better surroundings with better-off people. For example, in India people belonging to certain lower castes (i.e., Scheduled Castes) are excluded from equal opportunities. Poor people of certain castes have to live in a separate locality and are excluded from mixing with better-off people. Due to such discrimination These people are deprived of better employment and growth opportunities. Social exclusion thus lead to poverty and can cause more damage than having a very low income.

3. Who are the most vulnerable as far as poverty is concerned? How have the states of West Bengal, Punjab and Tamil Nadu tackled poverty?

Ans. The most vulnerable groups to poverty are:

- Scheduled Castes and Scheduled Tribes
- Rural agricultural labour
- Urban casual labour.

States tackled poverty in the following ways:-

- West Bengal:-** Land reform measures have helped in reducing poverty.
- Punjab:-** Reduce poverty with high growth rates of agriculture.
- Tamil Nadu:-** Public distribution of food grains has reduced the poverty.

Value based questions:

- Why do different countries use different poverty lines?
- "In poor families all suffer but some suffer more than others." Explain.
- "There is a strong link between economic growth and poverty reduction." Explain.
- How is the illiteracy responsible for Poverty in India? Explain.

ANSWER OF MULTIPLE CHOICE QUESTIONS (1 MARK)

1. (b), 2. (d), 3. (d), 4. (b), 5. (a), 6. (d), 7. (c), 8. (a), 9. (d), 10. (b), 11. (c), 12. (c), 13. (d), 14. (c), 15. (d), 16. (d), 17. (d), 18. (a), 19. (b), 20. (c), 21. (b), 22. (c), 23. (b), 24. (b), 25. (a), 26. (a), 27. (d), 28. (c), 29. (c), 30. (a), 31. (d), 32. (d), 33. (b), 34. (b), 35. (a), 36. (d), 37. (d), 38. (c), 39. (a), 40. (a)