



Class 9 Economics Notes

Poverty as a Challenge

Key Notes and Important Questions with Answers

CHAPTER: 3

POVERTY AS A CHALLENGE

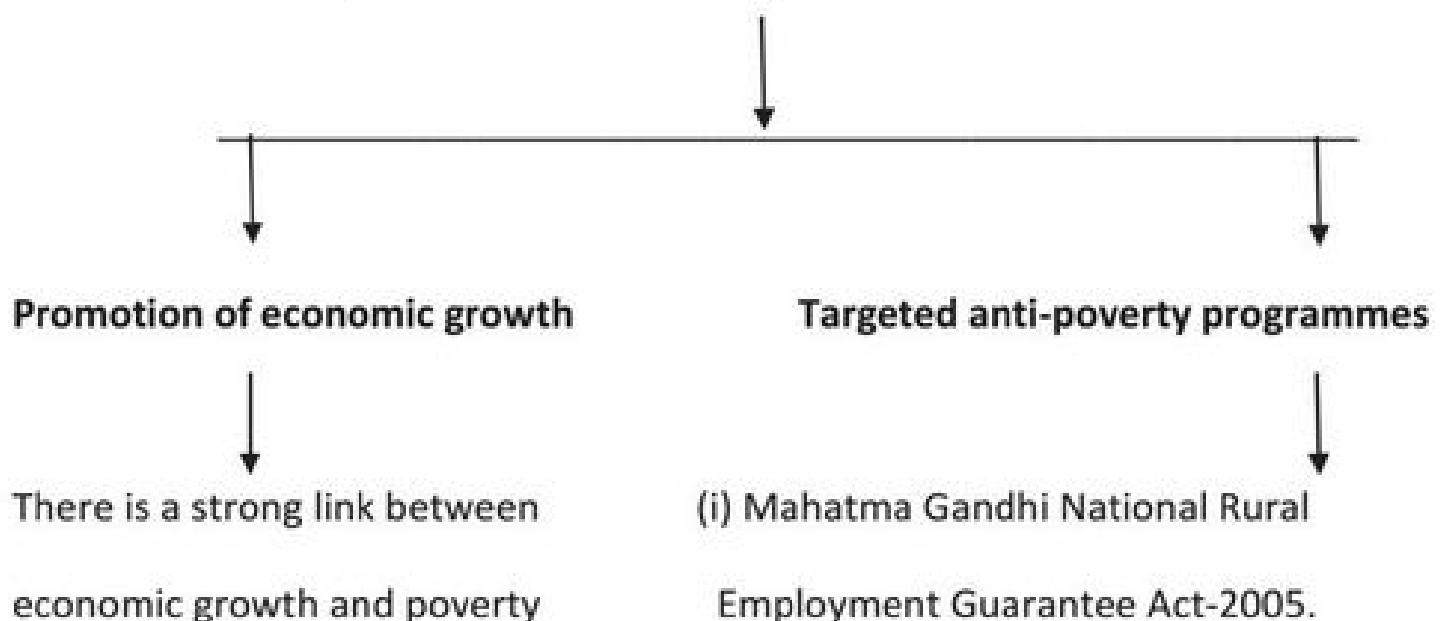
POINTS TO REMEMBER:

- Poverty refers to a situation in which a person is not able to get the **minimum basic necessities** of life e.g. food, clothing, shelter etc. for his or her sustenance.
- **Every fifth Indian** is poor. (Latest data of the World Bank). India is having the largest number of poor people in the world. However, latest report suggests that India is no longer a nation having largest number of poor people in the world. Nigeria overtook India as the country with the largest number of extreme poor. (The Times of India, June 27, 2018)
- **Urban poverty:** Urban poor includes Rickshaw-pullers, Cobblers, Hawkers, rag pickers, daily wage labourers etc. They do not have physical assets and generally live in slums.
- **Rural poverty:** Rural poor in India includes landless farmers, agricultural labourers, small and marginal farmers etc.
- **Poverty as seen by social scientists:**
 - (i) Poverty relates to the **level of income and consumption**.
 - (ii) Apart from this, poverty is looked through **other social indicators** like illiteracy level, lack of general resistance due to malnutrition, lack of access to healthcare, lack of job opportunities, lack of access to safe drinking water, sanitation etc.
- **Social exclusion:** According to this concept, poverty is seen in terms of the poor having to live only in a poor surrounding with poor people.
- **Vulnerability:** Vulnerability to poverty is a measure, which describes the greater probability of certain communities or individuals of becoming, or remaining, poor in the coming years.

- **Poverty Line:** A person is considered poor if his or her **income** or **consumption** level falls below a given “**minimum level**” necessary to fulfill basic needs. This minimum level is referred to as Poverty Line.
- **Determination of Poverty Line in India:** Poverty Line is determined by the following basis:
 - (i) **Calorie requirement:** The accepted average calorie requirement in India is 2400 calories per person per day in rural areas and 2100 calories per person per day in urban areas.
 - (ii) **Income/consumption:** The monetary expenditure per capita needed for buying the requisite calorie requirements in terms of food grains etc. is calculated. It is revised periodically taking into consideration the rise in prices. On the basis of these calculations, for the year 2011-12, the poverty line for a person was fixed at Rs.972 per month for the rural areas and Rs.1000 for the urban areas. These estimates were given by Tendulkar committee. However, the then Planning Commission (now NITI Aayog) had appointed another committee in 2012 under the chairmanship of C. Rangrajan. The Rangarajan Committee submitted its report in June, 2014. It raised the Poverty Line for rural area to Rs. 972 and for urban areas to Rs. 1407. (Source- niti.gov.in)
- **Vulnerable Groups:** Schedule Tribes (ST), Schedule Castes (SC), Agricultural Labourers and Casual Labourers are the most vulnerable groups in India.
- **Inter-State Disparities:** The proportion of poor people is not the same in every state. Bihar and Odisha are the poorest states in India.
- **Poverty decline in states-reasons:**
 - (i) Punjab and Haryana- Due to high agricultural growth rates.
 - (ii) Kerala- owing to more focus on human resource development.

- (iii) West Bengal- Land reforms.
- (iv) Andhra Pradesh and Tamil Nadu- Public distribution of food grains.

- **National Sample Survey Organisation (NSSO)** - This organisation estimates the poverty line periodically (normally every five years) by conducting sample surveys.
- **Global Poverty Scenario:** According to the World Bank definition, a person living on less than **1.90 US Dollar per day** is poor. According to the most recent estimates, in 2013, 10.7 percent of the world's population lived on less than 1.9 US Dollar a day. (Source-worldbank.org)
- **The Sustainable Development Goals (SDG)** of the United Nations calls for ending the extreme poverty by 2030.
- **Causes of Poverty:**
 - (i) Policies of the British era.
 - (ii) Low economic growth after independence up to eighties.
 - (iii) Population growth.
 - (iv) Limited success of Green Revolution.
 - (v) Unequal distribution of land and other resources.
 - (vi) Socio-cultural factors.
- **Anti-Poverty measures: Two strategies:**



reduction. Economic growth widens opportunities and provides the resources needed to invest in human development. However, the poor may not be able to take advantage from the opportunities created by economic growth.

- (ii) Prime Minister Rozgar Yojana (PMRY)
- (iii) Swarnajayanti Gram Swarozgar Yojana
- (iv) Pradhan Mantri Gramodaya Yojana
- (v) Antyodaya Anna Yojana (AAY)

Growth also increases the government revenues and consequently, it could afford the programmes for poverty reduction.

That is why these two strategies are also known as complementary to each other.

- **Economic growth and poverty reduction: interconnection**

The economic growth up to the early eighties, 1980s and 1990s and the level of poverty is a direct evidence of connection between economic growth and poverty reduction. But, the question arises how the growth helps in the reduction of poverty? Conceptually, rapid economic growth works through two channels:

- (i) It creates **well-paid jobs and raises real wages**. Both factors raise incomes of poor households thereby directly reducing the poverty. Further, with increased income, the households are able to spend in education and health services. This spending in education and health helps in the reduction of poverty in the long run. More income leads to more investment in businesses and industries thereby creating more employment, and consequently reduction in poverty.

- (ii) Rapid economic growth leads to **growth in government revenues**. The government uses these increased revenues in running various welfare programmes. It is because of the increasing revenue that India could afford Mahatama Gandhi National Rural Employment Guarantee Scheme and near universal Public Distribution System (PDS).

- **Mahatma Gandhi National Rural Guarantee Act- 2005**

- (a) Aim- Assuring employment to every rural household.
- (b) Minimum 100 days of assured employment in a year.
- (c) One-third jobs are reserved for women.
- (d) If an applicant is not provided employment within fifteen days s/he is entitled to a daily unemployment allowance.
- (e) Wage as per the Minimum Wages Act.

- **Prime Minister Rozgar Yojana (PMRY)**

- (i) Started in 1993.
- (ii) Aim- To create self employment opportunities for educated unemployed youth in rural and small towns.
- (iii) Help in setting up small business and industries.

- **The challenges ahead and new approaches in poverty reduction**

The Sustainable Development Goals (SDG) of the United Nations calls for ending the extreme poverty by 2030. In this context, reduction of poverty requires innovative approaches in our country. Further, with development, it is expected that the definition of poverty would change. Though, we have been able to maintain high economic growth in the last 20 years, but this has not resulted in creating large number of employment. Further, we need to make anti-poverty schemes more effective. Following new approaches are worth mentioning here:

- (i) **Jan Dhan Yojana, Aadhar and Mobile (JAM)**-This trinity could play an important role in widening the reach of the government to the

vulnerable sections. This would prevent the leakages in the distribution in the long run.

- (ii) **Universal Basic Income-** It is considered as an alternative to various state subsidies for poverty alleviation (Economic Survey, 2017). Though it is still at discussion level, the Universal Basic Income envisages paying the beneficiaries directly into their bank accounts to help reduce leakage.

QUESTIONS

Very Short Answer Type Questions:

- (1) Name the two poorest states in India.
- (2) What is poverty?
- (3) What is poverty line?
- (4) What is the accepted average calorie requirement for a person per day in urban areas?
- (5) Why is calorie requirement of a person in rural area higher than the calorie requirement of a person of urban area?
- (6) Which organization in India carries the periodical survey for the estimation of poverty?
- (7) Which standard is used by the World Bank for the estimation of poverty line?
- (8) Mention any two social groups that are most vulnerable to poverty.
- (9) Why has Kerala succeeded in reducing poverty?
10. What is the main reason for the poverty reduction in Punjab and Haryana?
11. What is the historical reason for the widespread poverty in India?
12. 'The current anti-poverty strategy of the government is based broadly on two planks'. Mention these two planks.

13. Which Act guarantees minimum 100 days employment per person per year in rural areas?

14. Which scheme has been started to create self-employment opportunities for educated unemployed youth in rural areas?

Short/ Long Answer Type Questions

1. How is poverty seen by social scientists?
2. How is poverty line determined in India?
3. 'The proportion of people below poverty line is not same for all social groups and economic categories in India'. Explain.
4. What are the main reasons of poverty in India?
5. Describe the current anti-poverty strategy of the government in India?
6. Mention the important features of Mahatma Gandhi National Rural Employment Guarantee Act-2005.
7. Mention the important features of Prime Minister Rozgar Yojana.
8. Suggest some ways to reduce poverty in India.
9. Why do you think that the results of poverty alleviation programmes in India have been mixed? Give reasons.
10. Why do you find a strong link between economic growth and poverty reduction in India? Give reasons.

ANSWERS

- (1) Bihar and Odisha
- (2) See the key Points.
- (3) See the key points.
- (4) 2100 calorie
- (5) Because, people living in rural areas engage themselves in more physical work than the people of urban areas.
- (6) National Sample Survey Organisation.

- (7) The World Bank uses a uniform standard for poverty line: minimum availability of the equivalent of USD 1.90 (at present) per person per day.
- (8) Schedule Tribes (ST) and Schedule Castes (SC).
- (9) By focusing more on human resource development.
- 10 High agricultural growth rates.
11. Low level of economic development during the British era.
12. (a) promotion of economic growth and, (b) targeted anti-poverty programmes.
13. Mahatma Gandhi National Rural Employment Guarantee Act-2005.
14. Prime Minister Rozgar Yojana (PMRY)

Short/Long Answer Type Questions (3/5 Marks)

1. See the key points.
2. See the key points.
3. (i) Data suggests that some social groups and economic categories are more vulnerable than others in India.

(ii) Among the social groups, Schedule Tribes and Schedule Castes households are most vulnerable groups.

(iii) Similarly, among the economic groups, the most vulnerable groups are the rural agricultural labour households and the urban casual labour households.

(iv) The proportion of people below poverty line in these groups is much higher than the national average in India.

See the key points.

4. See the key points.
5. See the key points.
6. See the key points.

7. (a) More than half of our country's population is still dependent on agriculture. It is, therefore, we need to invest more in the agricultural sector and increase the productivity.
- (b) Increasing stress on universal free elementary education.
- (c) By empowering the women and the economically weaker sections of society.
- (d) Controlling the population growth.
- (e) Any other suggestion.

9. The reasons are:

- (i) Lack of proper implementation of the schemes.
- (ii) Lack of right targeting. However, with the implementation of Aadhar, it is expected that the targeting will be more effective in future.
- (iii) Overlapping of various schemes.
- (iii) Corruption is another aspect which has hindered the effectiveness of anti-poverty programmes.

10. Yes, there is a strong link between the economic growth and poverty reduction in India. The reasons are:

- (a) India witnessed low economic growth up to the early eighties and the poverty estimates remained the same in during this period.
- (b) The Economic growth rate jumped significantly in the 1980s and 1990s. The higher growth rates helped significantly in the poverty reduction.
- (c) Economic growth widens opportunities and provides the resources needed to invest in human development. Increased government revenue leads to more spending in poverty alleviation programmes.
- (d) People take advantage from the opportunities created by economic growth which further brings prosperity in the country.