

# Key Notes

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## Chapter-3 Economics Poverty as a Challenge

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.

- **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:
    - (i) **Rapid growth of population**, particularly among the poor is considered a major cause of Indian poverty.
    - (ii) **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.
    - (iii) 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.
    - (iv) **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,
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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:
      - **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.
      - **Rural Employment Generation Programme (REGP):** REGP was launched in 1995 to create self-employment opportunities in rural areas.
      - **Swarna Jayanti Gram Swarojgar Yojana (SGSY):** SGSY was started in 1999. The programme aims at bringing the assisted poor families above the poverty line.
      - **Pradhan Mantri Gramodaya Yojana (PMGY)** was launched in 2000.
      - **Antyodaya Anna Yojana (AAY)** for 'the poorest of poors' and elders.
      - **National Food for Work Programme (NFWP)** was launched in 2004.
      - **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.
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