

POVERTY AS A CHALLENGE

INTRODUCTION

In our daily life, we come across many people who we think are poor. They could be landless labourers in villages or people living in overcrowded jhuggis in cities. They could be daily wage workers at construction sites or child workers in dhabas. They could also be beggars with children in tatters. We see poverty all around us. In fact, every fourth person in India is poor. This means, roughly 260 million (or 26 crore) people in India live in poverty. This also means that India has the largest single concentration of the poor in the world.

The following issues related to poverty are:-

- Landlessness
- Size of families
- Poor health/malnutrition
- Helplessness
- Unemployment
- Illiteracy
- Child labour

Poverty means hunger and lack of shelter. It also is a situation in which parents are not able to send their children to school or a situation where sick people cannot afford treatment. Poverty also means lack of clean water and sanitation facilities. It also means lack of a regular job at a minimum decent level. Above all it means living with a sense of helplessness. Poor people are in a situation in which they are ill-treated at almost every place, in farms, factories, government offices, hospitals, railway stations etc. Obviously, nobody would like to live in poverty.

One of the biggest challenges of independent India has been to bring millions of its people out of abject poverty. Mahatma Gandhi always insisted that India would be truly independent only when the poorest of its people become free of human suffering.

POVERTY AS SEEN BY SOCIAL SCIENTISTS

Since poverty has many facets, social scientists look at it through a variety of indicators. Usually the indicators used relate to the levels of income and consumption. But now 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. Analysis of poverty based on social exclusion and vulnerability is now becoming very common.

1. **Social Exclusion:** According to this concept, poverty must be seen in terms of the poor having to live only in a poor surrounding with other poor people, excluded from enjoying social equality of better-off people in better surroundings. Social exclusion can be both a cause as well as a consequence of poverty in the usual sense. Broadly, it is a process through which individuals or groups are excluded from facilities, benefits and opportunities that others (their "betters") enjoy. A typical example is the working of the caste system in India in which people belonging to certain castes are excluded from equal opportunities. Social exclusion thus may lead to, but can cause more damage than, having a very low income.
2. **Vulnerability:** Vulnerability to poverty is a measure, which describes the greater probability of certain communities (say, members of a backward caste) or individuals (such as a widow or a physically handicapped person) of becoming, or remaining, poor in the coming years. Vulnerability is determined by the options available to different communities for finding an alternative living in terms of assets, education, health and job opportunities. Further, it is analysed on the basis of the greater risks these groups face at the time of natural disasters (earthquakes, tsunami), terrorism etc. Additional analysis is made of their social and economic ability to handle these risks. In fact, vulnerability describes the greater probability of being more adversely affected than other people when bad time comes for everybody, whether a flood or an earthquake or simply a fall in the availability of jobs!

POVERTY LINE

A common method used to measure poverty is based on the income or consumption levels. A person is considered poor if his or her income or consumption level falls below a given "minimum level" necessary to fulfill basic needs.

Each country uses an Imaginary line that is considered appropriate for its existing level of development and its accepted minimum social norms.

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. These physical quantities are multiplied by their prices in rupees. The present formula for food requirement while estimating the poverty line is based on the desired calorie requirement. Food items such as cereals, pulses, vegetable, milk, oil, sugar etc. together provide these needed calories. The calorie needs vary depending on age, sex and the type of work that a person does. 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. Since people living in rural areas engage themselves in more physical work, calorie requirements in rural areas are considered to be higher than urban areas.

In this way in the year 2000, a family of five members living in rural areas and earning less than about Ra 1,640 per month will be below the poverty line. A similar family in the urban areas would need a minimum of Rs 2,270 per month to meet their basic requirements. The poverty line is estimated periodically (normally every five years) by conducting sample surveys. These surveys are carried out by the National Sample Survey Organisation (NSSO). However for making comparisons between developing countries, many international organisations like the World Bank use a uniform standard for the poverty line: minimum availability of the equivalent of \$1 per person per day.

POVERTY ESTIMATES

There is substantial decline in poverty ratios in India from out 55 per cent in 1973 to 36 per cent in 1993. The proportion of people below poverty line further came down to about 26 per cent in 2000. If the trend continues people below poverty line may come down to less than 20 per cent in the next few years. The latest estimates indicate a significant reduction in the number of poor to about 260 million.

Year	Poverty Ratio (%)			Number of Poor (in millions)		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	56.4	49	54.9	261	60	321
1993-94	37.3	32.4	36	244	76	320
1999-00	27.1	23.6	26.1	193	67	260

VULNERABLE GROUPS

The proportion of people below poverty line is also not same for all social groups and economic categories in India.

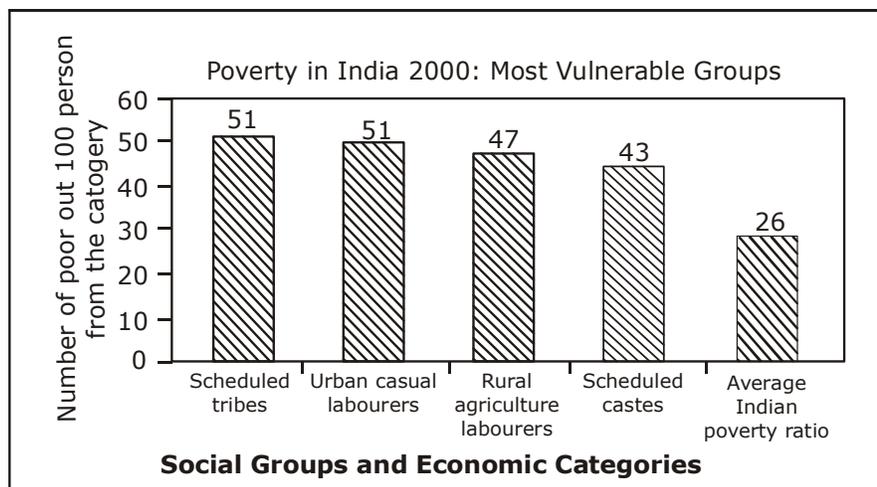
(i) Social groups which are most vulnerable to poverty are scheduled caste and scheduled tribe households.

(ii) Among the economic groups, the most vulnerable groups are the rural agricultural labour households and the urban casual labour households.

(iii) Although the average of people below poverty line for all groups in India is 26, 51 out of 100 people belonging to scheduled tribes are not able to meet their basic needs. Similarly, 50 percent of casual workers in urban areas are below poverty line. About 50 percent of landless agricultural workers and 43 percent of scheduled castes are also poor.

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- (iv) The double disadvantage, of being a landless casual wage labour household in the socially disadvantaged social groups of the scheduled caste or the scheduled tribe population highlights the seriousness of the problem.
- (v) Some recent studies have shown that except for the scheduled tribe households, all the other three groups i.e., scheduled castes, rural agricultural labourers and the urban casual labour households have seen a decline in poverty in the 1990s.
- (vi) Women, elderly people and female infants are systematically denied equal access to resources available to the family. Therefore women, children (especially the girl child) and old people are poorest of the poor.



INTER-STATE DISPARITIES

There has been significant decline in poverty since independence. In 1960-61 more than 34% population of the country was living below poverty line which has declined to 26% in 2000-01. Although there has been reduction in poverty, the success rate of reducing poverty varies from state to state.

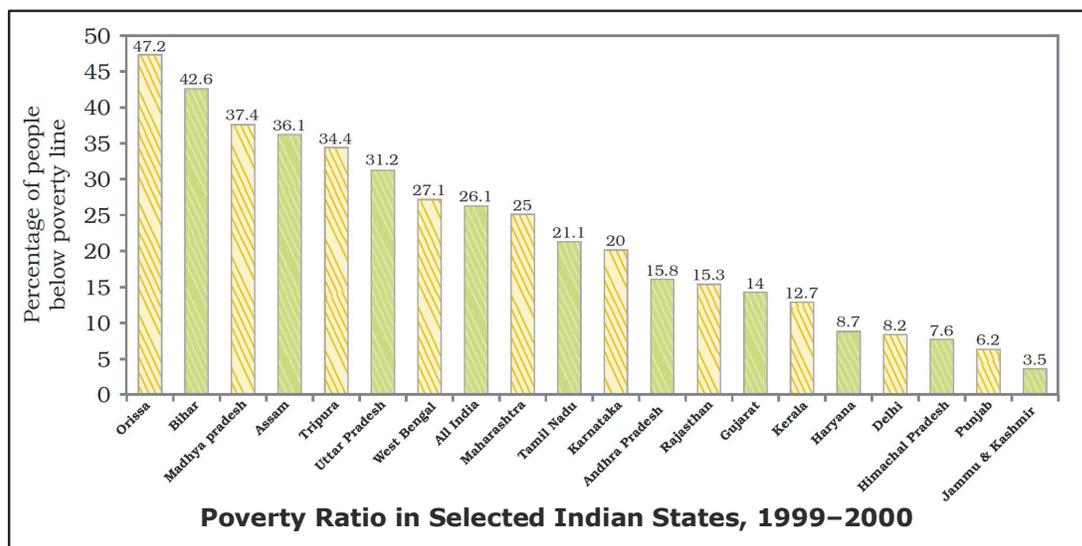
1. **States with poverty ratio more than the national average:** Orissa, Bihar, Assam, Tripura and Uttar Pradesh are the most poverty ridden states of India. The poverty ratio in these states is much higher than the national average. Orissa and Bihar are the poorest states with poverty ratio of 47 and 43 respectively. Most of these states are facing rural as well as urban poverty.
2. **States with poverty ratio less than the national average:** Recent studies show that in 20 states and Union Territories, the poverty ratio is less than the national average. There has been a significant decline in poverty ratio in Kerala, Andhra Pradesh, Tamil Nadu, Gujarat and West Bengal.
3. **States with low poverty ratio:** States like Punjab, Haryana, Goa, Himachal Pradesh and Jammu & Kashmir have very low percentage of population living below poverty line.

GLOBAL POVERTY SCENARIO

1. The proportion of people in developing countries living in extreme economic poverty— defined by the World Bank as living on less than \$1 per day—has fallen from 28 per cent in 1990 to 21 per cent in 2001. Although there has been a substantial reduction in global poverty, it is marked with great regional differences.
2. Poverty declined substantially in China and Southeast Asian countries as a result of rapid economic growth and massive investments in human resource development. Number of poors in China has come down from 606 million in 1981 to 212 million in 2001.

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3. In the countries of South Asia (India, Pakistan, Sri Lanka, Nepal, Bangladesh, Bhutan) the decline has not been as rapid. Despite decline in the percentage of the poor, the number of poor has declined marginally from 475 million in 1981 to 428 million in 2001. Because of different poverty line definition, poverty in India is also shown higher than the national estimates.
4. In Sub-Saharan Africa, poverty in fact rose from 41 per cent in 1981 to 46 per cent in 2001.
5. In Latin America, the ratio of poverty remained the same.
6. The Millennium Development Goals of the United Nations calls for reducing the proportion of people living on less than \$1 a day to half the 1990 level by 2015.



CAUSES OF POVERTY

There were a number of causes for the widespread poverty in India. One historical reason is the low level of economic development under the British colonial administration. The policies of the colonial government ruined traditional handicrafts and discouraged development of industries like textiles. The low rate of growth persisted until the 1980s. This resulted in less job opportunities and low growth rate of incomes. This was accompanied by a high growth rate of population. The two combined to make the growth rate of per capita income very low. The failure at both the fronts: promotion of economic growth and population control perpetuated the cycle of poverty.

The industries, both in the public and the private sector, did provide some jobs. But these were not enough to absorb all the job seekers. Unable to find proper jobs in cities, many people started working as rickshaw pullers, vendors, construction workers, domestic servants etc. With irregular small incomes, these people could not afford expensive housing. They started living in slums on the outskirts of the cities and the problems of poverty, largely a rural phenomenon also became the feature of the urban sector.

One of the major reasons for high Income inequalities is the unequal distribution of land and other resources. Despite many policies, we have not been able to tackle the issue in a meaningful manner. Major policy initiatives like **land reforms** which aimed at redistribution of assets in rural areas have not been implemented properly and effectively by most of the state governments. Since lack of land resources has been one of the major causes of poverty in India, proper implementation of policy could have improved the life of millions of rural poor.

Many other socio-cultural and economic factors also are responsible for poverty. In order to fulfil social obligations and observe religious ceremonies, people in India, including the very poor, spend a lot of money. Small farmers need money to buy agricultural inputs like seeds, fertilizer, pesticides etc. Since poor people hardly have any savings, they borrow. Unable to repay because of poverty, they become victims of indebtedness. So the high level of indebtedness is both the cause and effect of poverty.

ANTI POVERTY MEASURES

The current anti-poverty strategy of the government is based broadly on two points:

(1) Promotion of economic growth (2) Targeted anti-poverty programmes.

1. Promotion of Economic Growth:

- (i) Since the eighties, India's economic growth has been one of the fastest in the world. The growth rate jumped from the average of about 3.5 per cent a year in the 1970s to about 6 per cent during the 1980s and 1990s. The higher growth rates have helped significantly in the reduction of poverty. It is becoming clear that there is a strong link between economic growth and poverty reduction.
- (ii) Economic growth widens opportunities and provides the resources needed to invest in human development. This also encourages people to send their children, including the girl child, to schools in the hope of getting better economic returns from investing in education.

2. Targeted Anti-Poverty Programmes:

National Rural Employment Guarantee Scheme (NREGA) 2005:

- (i) It was passed in September 2005. This Act provides for 100 days assured employment every year to every rural household in 200 districts. Later the scheme will be extended to 600 districts.
- (ii) One-third of the proposed jobs will be reserved for women.
- (iii) The Central Government will establish National Employment Guarantee Funds.
- (iv) State governments will establish State Employment Guarantee Funds for implementation of the scheme.
- (v) Under the programme if an applicant is not provided employment within fifteen days, she/he will be entitled to a daily unemployment allowance.

National Food for Work Programme (NFWP):

- (i) It was launched in 2004 in 150 most backward districts of the country.
- (ii) The programme is open to all rural poor who are in need of wage employment and desire to do manual unskilled work.
- (iii) It is implemented as a 100 percent centrally sponsored scheme and food grains are provided free of cost to the states.

Prime Minister Rozgar Yozana (PMRY):

- (i) It is another scheme which was started in 1993.
- (ii) The aim of the programme is to create self-employment opportunities for educated unemployment youth in rural areas and small towns.
 - (iii) They are helped in setting up small business and industries.

Rural Employment Generation Programme (REGP): It was launched in 1995. The aim of the programme is to create self-employment opportunities in rural areas and small towns. A target for creating 25 lakh new jobs has been set for the programme under the Tenth Five Year Plan.

Swarnjayanti Gram Swarojgar Yojana (SGSY): It was launched in 1999. The programme aims at bringing the assisted poor families above the poverty line by organizing them into self help groups through a mix of bank credit and government subsidy.

Pradhan Mantri Gramodaya Yozana (PMGY):

- (i) It was launched in 2000.
- (ii) Additional central assistance is given to states for basic services such as primary health, primary education, rural shelter, rural drinking water and rural electrification.

Antyodaya Anna Yozana (AAY): This scheme was launched in December 2000. Under this scheme, one crore of the poorest among the BPL families covered under the targeted public distribution system were identified. Poor families were identified by the respective state rural development departments through a Below Poverty Line (BPL) survey. Twenty five kilograms of foodgrains were made available to each eligible family at a highly subsidised rate of Rs.2 per kg for wheat and Rs.3 per kg for rice. This quantity has been enhanced from 25 to 35 kgs with effect from April 2002. The scheme has been further expanded twice by additional 50 lakh BPL families in June 2003 and in August 2004. With this increase, 2 crore families have been covered under the AAY.

3. Assessment of poverty-alleviation programmes:

Poverty-alleviation programmes have been implemented in India since 1978. The results of these programmes have been mixed.

On the positive side, the incidence of poverty has declined in India. There has been a significant fall in poverty during the decades of 1980s and 1990s. Whereas in 1973, about 55 percent of India's population lived below poverty. This ratio has currently come down to 26 percent.

On the negative side, poverty reduction remains India's most compelling challenge. About one-fourth of India's total population, i.e., about 260 million persons, live below the line of poverty. This shows that the poverty alleviation programmes have not lived up to the expectation. The major weaknesses of these programmes have been as follows:

- (i) Lack of proper implementation.
- (ii) Lack of right targeting.
- (iii) Overlapping of schemes.
- (iv) Non-delivery of benefits to the targeted groups.

THE CHALLENGES AHEAD

Poverty has certainly declined in India. But despite the progress, poverty reduction remains India's most compelling challenge. Wide disparities in poverty are visible between rural and urban areas and among different states. Certain social and economic groups are more vulnerable to poverty. Poverty reduction is expected to make better progress in the next ten to fifteen years. This would be possible mainly due to higher economic growth, increasing stress on universal free elementary education, declining population growth, increasing empowerment of the women and the economically weaker sections of society.

The official definition of poverty captures only a limited part of what poverty really means to people. It is about a "minimum" subsistence level of living rather than a "reasonable" level of living. We must broaden the concept into human poverty.

Worldwide experience shows that with development, the definition of what constitutes poverty also changes. Eradication of poverty is always a moving target. Hopefully we will be able to provide the minimum "necessary" in terms of only income to all people by the end of the next decade. But the target will move on for many of the bigger challenges that still remain: providing health care, education and job security for all, and achieving gender equality and dignity for the poor. These will be even bigger tasks.