

CLASS-~~XII~~

"INDIAN ECONOMIC DEVELOPMENT"

UNIT
III

CURRENT CHALLENGES FACING THE
INDIAN ECONOMY

CHAPTER - 4

POVERTY

Some of the most challenging issues facing India today are poverty, development of rural India and building infrastructure. We are a billion-strong country today and our human capital is the biggest asset; it needs investment in health and education. We also need to understand the concept of employment and the need for creating more employment in our country. We will also look at the implications of development on our environment and call for sustainable development. There is a need to critically assess government initiatives in tackling all these issues each of which has been taken up separately in this unit.

POVERTY

After studying this chapter, the learners will

- understand the various attributes of poverty
- comprehend the diverse dimensions relating to the concept of poverty
- critically appreciate the way poverty is estimated
- appreciate and be able to assess existing poverty alleviation programmes.

3.



- Reducing poverty has been one of the major objectives of India's developmental strategies.
- The per capita consumption expenditure level which meets the average per capita daily requirement of 2,400 calories in rural areas and 2,100 calories in urban areas, along with a minimum of non-food expenditure, is called poverty line or absolute poverty.
- When the number of poor and their proportion is compared, we will have an idea of different levels of poverty of people and their distribution between states and over time.
- The number of poor in India and their proportion to total population has declined substantially. For the first time in the 1990s, the absolute number of poor has declined.
- Majority of poor are residing in rural areas and engage themselves in casual and unskilled jobs.
- Income and expenditure oriented approaches do not take into account many other attributes of the poor people.
- Over the years, the government has been following three approaches to reduce poverty in India: growth oriented development, specific poverty alleviation programmes and meeting the minimum needs of the poor.
- Government initiatives are yet to transform the ownership of assets, processes of production and meet the basic amenities of the poor.



6.

Figure 6.9 Wage employment under 'Food for Work' programme

7. Power Points & Revision Window

- **Meaning of Poverty:** Poverty implies inability to get minimum consumption requirements for life, health and efficiency.
- **Relative Poverty:** Relative poverty refers to poverty of one set of people in relation to the other.
- **Absolute Poverty:** Those below poverty line are deemed as absolutely poor.
- **Poverty Line:** Poverty line refers to that line which indicates per capita average monthly expenditure required to satisfy minimum needs of the households.
- **Causes of Poverty:** (i) Low level of national product, (ii) Low rate of growth, (iii) Heavy pressure of population, (iv) Inflationary spiral, (v) Chronic unemployment and underemployment, (vi) Capital deficiency, (vii) Lack of able and efficient entrepreneurs, (viii) Outdated social institutions, (ix) Lack of infrastructure.
- **Combating Poverty:** Measures to combat poverty are placed in four categories: (i) Combating poverty through GDP growth, (ii) Combating poverty by improving the distribution of income through fiscal and legislative measures, (iii) Combating poverty through population control, (iv) Other measures enhancing quality of life of the poor.
- **Poverty Alleviation Programmes (PAPs) Adopted by the Government:** (i) Swarnajayanti Gram Swarozgar Yojana (SGSY), (ii) National Rural Livelihood Mission (NRLM) (iii) Sampoorna Gramin Rozgar Yojana (SGRY), (iv) Pradhan Mantri Gramodaya Yojana (PGY), (v) Jai Prakash Rozgar Guarantee Yojana (JPRGY), (vi) SwarnaJayanti Shahri Rozgar Yojana (SJSRY), (vii) Prime Minister's Rozgar Yojana (PMRY), (viii) Development of Small and Cottage Industries, (ix) Minimum Needs Programme (x) Twenty-point Programme, (xi) Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), (Xii) Micro Units Development Refinance Agency Bank (MUDRA Bank).
- **Critical Assessment of PAPs:** Owing to PAPs, percentage of population below poverty line has reduced (from 55 per cent in 1973-74 to 21.9 per cent in 2011-12). But the desired results are yet to be achieved. Aid under PAPs is substantial. But the delivery mechanism is extremely poor. A huge segment of India's population continues to struggle with staggering poverty with little hope of redemption.

1. Objective Type Questions (Remembering & Understanding based Questions)

A. Multiple Choice Questions

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Choose the correct option:

- Which of the following is prominent in the Indian economy?
(a) Relative poverty
(b) Absolute poverty
(c) Both (a) and (b)
(d) None of these
- A cut-off point (in terms of per capita expenditure) dividing people as poor and non-poor indicates the number of those who are:
(a) relatively poor
(b) absolutely poor
(c) below the poverty line
(d) both (b) and (c)
- In India, absolute poverty is measured with reference to:
(a) poverty line
(b) GDP
(c) per capita income
(d) unemployment
- Which of the following is a reason of poverty in India?
(a) Low rate of growth
(b) Inflation
(c) Inadequacy of capital
(d) All of these
- Poverty continues to persist in India, because of:
(a) rising prices
(b) rising population
(c) lack of opportunities of employment
(d) all of these
- The people who never move above the poverty line are called:
(a) chronic poor
(b) non-poor
(c) both (a) and (b)
(d) none of these
- Rural poor includes:
(a) landless labourers only
(b) marginal farmers only
(c) tenants at will only
(d) all of these
- Poverty across different classes, regions or countries is called:
(a) relative poverty
(b) absolute poverty
(c) differential poverty
(d) none of these
- Underdevelopment of an economy is a principal cause of poverty. Which of the following factors are responsible for the above?
(a) Low level of national product
(b) Chronic unemployment and underemployment
(c) Capital deficiency
(d) All of these

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10. Which of the following measures are aimed at combating poverty in India?
 - (a) Distribution of income
 - (b) GDP growth
 - (c) Population control
 - (d) All of these
 11. Which of the following are measures aimed at enhancing the quality of life of the poor?
 - (a) Development of agriculture
 - (b) Labour-intensive technique of production
 - (c) Both (a) and (b)
 - (d) None of these
 12. Which of the following is the principal poverty alleviation programme adopted by the government?
 - (a) Swarnajayanti Gram Swarozgar Yojana
 - (b) Mahatma Gandhi National Rural Employment Guarantee Act
 - (c) Mission Indradhanush
 - (d) Both (a) and (b)

Answers

1. (c) 2. (d) 3. (a) 4. (d) 5. (d) 6. (a) 7. (d) 8. (a) 9. (d) 10. (d)
 11. (c) 12. (d)

B. Fill in the Blanks

Choose appropriate word and fill in the blank:

1. In the estimation of consumption cut-off, _____ consumption expenditure is considered. (only private/both private and government)
2. _____ poverty is defined with respect to minimum requirements of life. (Relative/Absolute)
3. Accumulation of capital points to a rise in _____ capacity of a nation. (production/consumption)
4. Inflationary spiral is a situation of persistent _____ in prices. (rise/fall)
5. Pradhan Mantri Rozgar Yojana is for providing employment to _____ unemployed. (educated/uneducated)
6. Under fiscal measures to improve the distribution of income in an economy, the government places greater reliance on a _____ tax structure. (regressive/progressive)
7. In the opinion of Dr. Gunnar Myrdal, India should adopt _____ technique of production. (capital-intensive/labour-intensive)
8. Swarnajayanti Gram Swarozgar Yojana aims to remove poverty from _____ areas. (rural/urban)
9. Incidence of poverty is _____ in a socialist economy than a capitalist economy. (higher/lower)

10. Under MUDRA Yojana, a micro enterprise is entitled for a loan up to _____ lakh per unit. Pg. lakh (₹10/₹15)

Answers

1. only private 2. Absolute 3. production 4. rise 5. educated
 6. progressive 7. labour-intensive 8. rural 9. lower 10. ₹10

C. True or False

State whether the following statements are True or False:

1. Poverty breeds poverty. (True/False)
2. The people who never move above the poverty line are called occasional poor. (True/False)
3. Consumption reflects the actual use of goods and services, while income only shows the capacity to purchase. (True/False)
4. Average calorie requirement is determined to be 2,045 and 2,435 respectively for urban and rural areas. (True/False)
5. Urban poverty continues to have an edge over rural poverty, though both have shown a significant decline over time. (True/False)
6. Sampoorna Gramin Rozgar Yojana was launched on 1st September, 2001. (True/False)
7. Under MGNREGA, work is offered for a minimum number of 100 days. (True/False)
8. Poverty continues to persist in the country even after seven decades of independence. (True/False)
9. Poverty can exist even when real GDP is rising. (True/False)
10. A new 20-point economic programme was launched on 14th January 1981. (True/False)

Answers

1. True 2. False 3. True 4. True 5. False 6. True 7. True 8. True 9. True 10. False

D. Matching/Chronological

I. Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I:

Column I	Column II
(a) Relative poverty	(i) Measured in terms of poverty line
(b) Income	(ii) Poverty across different classes, regions, or countries
(c) Consumption	(iii) It only shows the capacity to purchase
(d) Absolute poverty	(iv) Reflects the actual use of goods and services by an individual

Answers

- (a)—(ii), (b)—(iii), (c)—(iv), (d)—(i)

I. Choose the correct alternative showing chronological order of the following events:

- (i) Swarnajayanti Gram Swarozgar Yojana
- (ii) Deendayal Antayodaya Yojana-National Rural Livelihood Mission
- (iii) Micro Units Development Refinance Agency Bank (MUDRA Bank)
- (iv) Swarna Jayanti Shahri Rozgar Yojana

Alternatives:

(a) (ii), (iv), (iii), (i)

(b) (iv), (ii), (i), (iii)

(c) (ii), (iv), (i), (iii)

(d) (iv), (i), (ii), (iii)

Answer

(d)—(iv), (i), (ii), (iii)

E. 'Very Short Answer' Objective Type Questions

1. What do you understand by poverty?

Ans. Poverty implies inability to fulfil minimum consumption needs for life, health and efficiency.

2. What is meant by relative poverty?

Ans. Relative poverty refers to poverty of one set of people in relation to the other.

3. What is meant by absolute poverty in India?

Ans. In India, concept of poverty line is used as a measure of absolute poverty.

4. Define poverty line.

Ans. Poverty line is that line which expresses per capita average monthly expenditure by which people can satisfy their minimum needs.

5. What do the persons below poverty line indicate?

Ans. The persons below poverty line indicate 'absolute poverty'.

6. Which project has been launched to provide employment to educated unemployed youth in India?

Ans. Prime Minister Rozgar Yojana (PMRY).

EXERCISES

1. Why calorie - based norm is not adequate to identify the poor?
2. What is meant by 'Food for Work' programme?
3. Why are employment generation programmes important in poverty alleviation in India?
4. How can creation of income earning assets address the problem of poverty?
5. The three dimensional attack on poverty adopted by the government has not succeeded in poverty alleviation in India. Comment.
6. What programmes has the government adopted to help the elderly people and poor and destitute women?
7. Is there any relationship between unemployment and poverty? Explain.
8. Suppose you are from a poor family and you wish to get help from the government to set up a petty shop. Under which scheme will you apply for assistance and why?
9. Illustrate the difference between rural and urban poverty. Is it correct to say that poverty has shifted from rural to urban areas? Use the trends in poverty ratio to support your answer.
10. Suppose you are a resident of a village, suggest a few measures to tackle the problem of poverty.

Government Reports

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Ltd., New Delhi (for Planning Commission, Government of India).

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