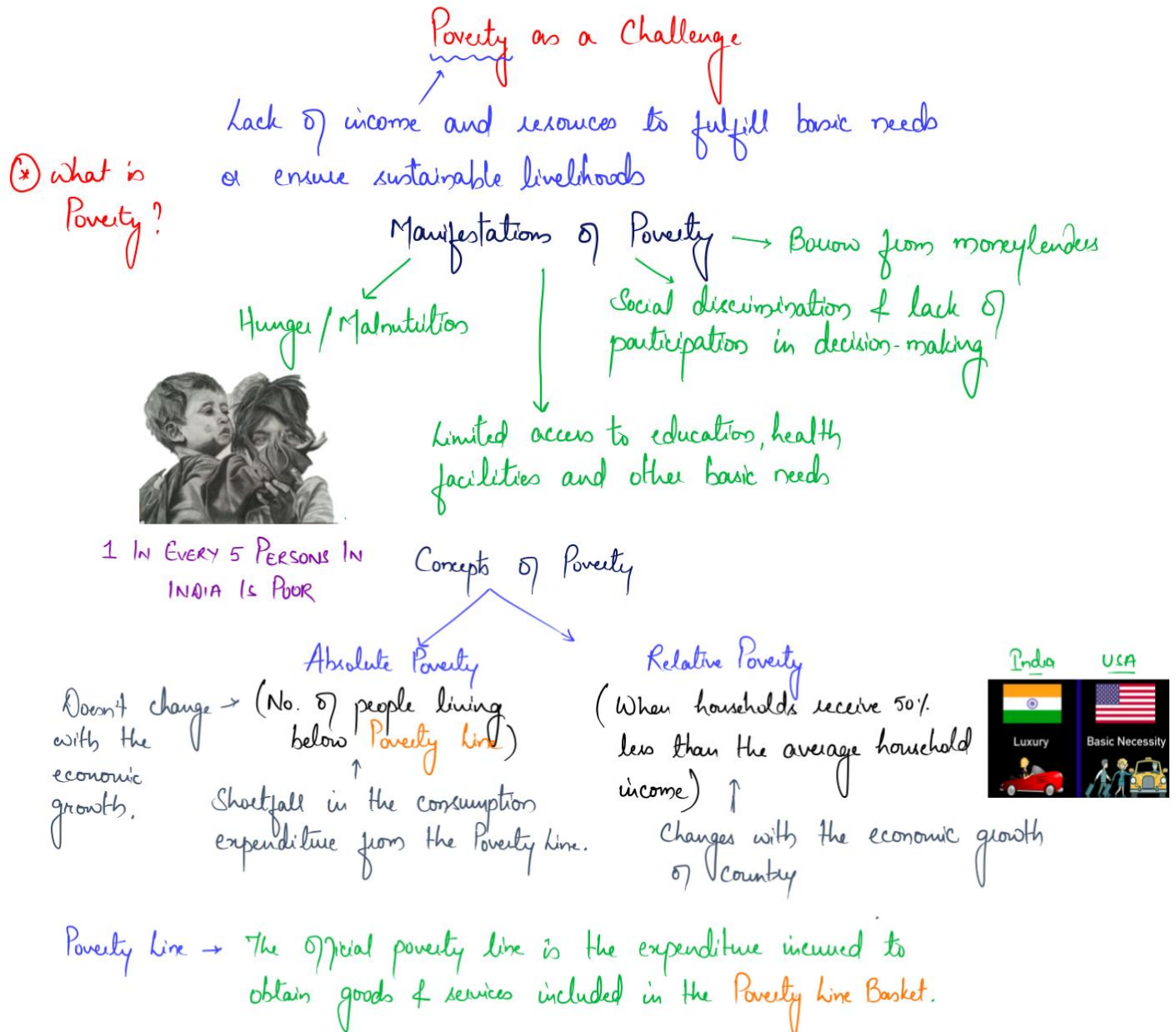


## SOCIAL STUDIES (ECONOMICS)

### CHAPTER 03: POVERTY AS A CHALLENGE

(Hand-written Notes)



### (\*) Why is it necessary to measure Poverty?

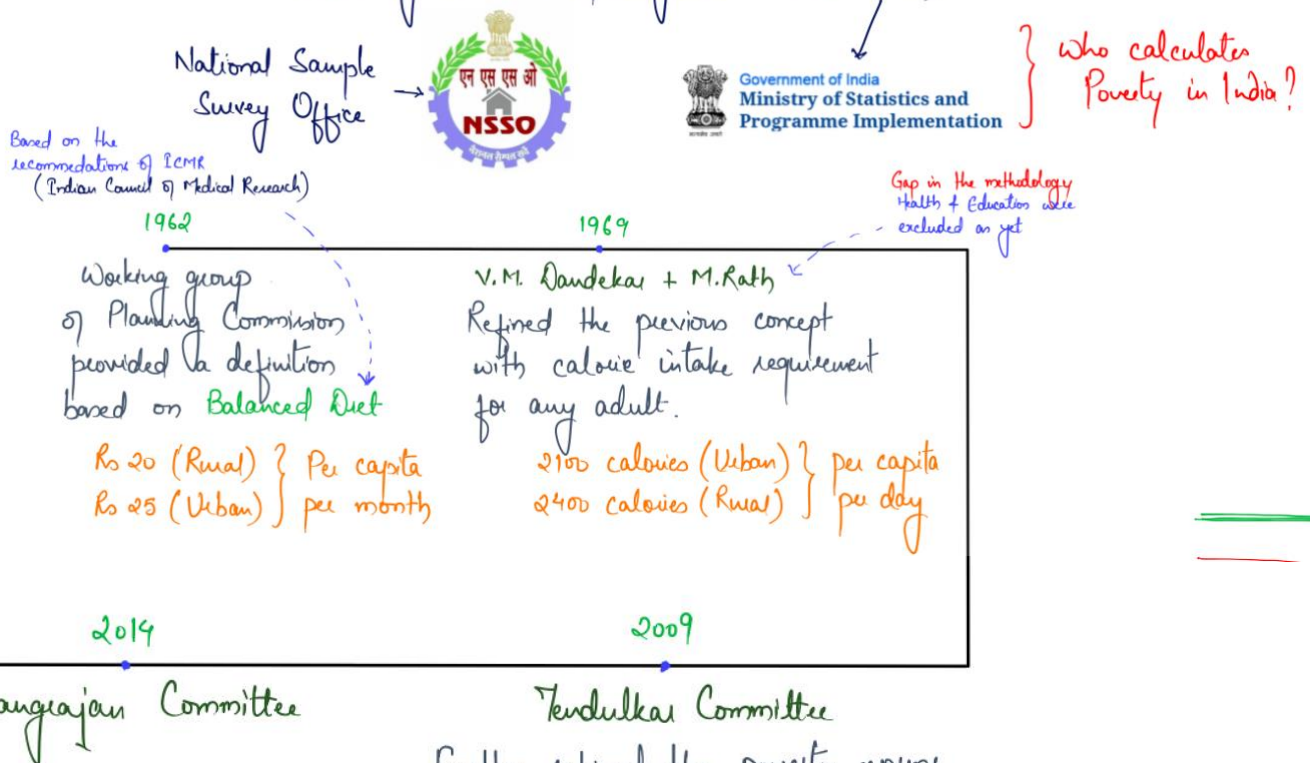
- Obstruction to the nation's development

↓ how?

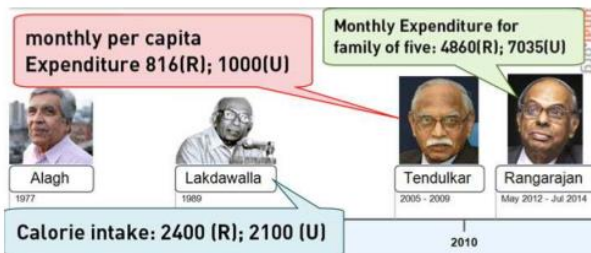
- Poor person won't be productive due to poor health/education
- Spending of govt. on public facilities for poor will be more.
- Social discrimination restricts the outreach of programmes for poor.
- + Many other reasons

## \* History of Poverty Estimation

(Done by NSSO every 5 years → Under MOSPI)



Source	Year	Numbers
Tendulkar Committee	2011-12	21.9% (273 Million)
MPI	2015-16	27.9% (370 Million)
Social Scientists	2017-18	35.1% (332 Million)



Tendulkar Committee  
 Further refined the poverty norms by adding **Education & Health** in the **Poverty Line Basket**

Monthly per capita expenditure

Rural → Rs 816 ✓

Urban → Rs 1000 ✓

Monthly household expenditure

Rural → Rs 4080 ✓

Urban → Rs 5000 ✓

Household Size = 5

Total 6 Committees have been constituted so far for Poverty Estimation

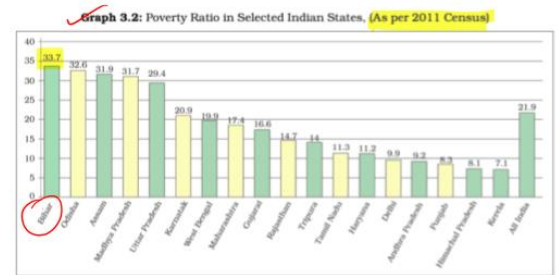
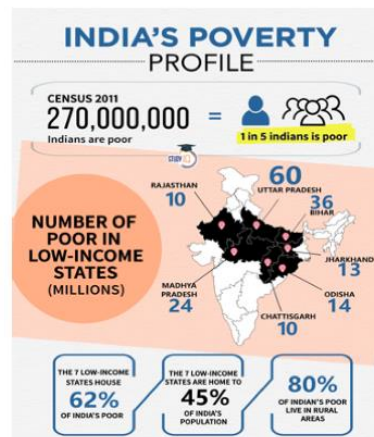
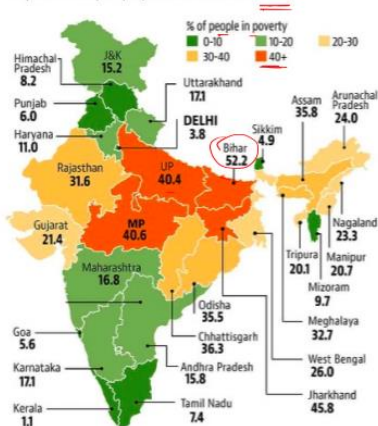
- 1) 1962 → Working Committee
- 2) 1969 → V.M. Dandekar & N. Rath
- 3) 1979 → Y.K. Alagh
- 4) 1993 → Lakdawalla
- 5) 2009 → **Surekha Tendulkar** (recommendations in use)
- 6) 2014 → Rangarajan

Table 5: National poverty lines (in Rs per capita per month) for the years 2004-05, 2009-10 and 2011-12

Year	Rural	Urban
2004-05	446.7	578.8
2009-10	672.8	859.6
2011-12	816.0	1000.0

### WHERE STATES STAND

Map shows % of poor people in Indian states in 2015-16



Source: Economic Survey 2017-18.

### \* Major indicators of Poverty

- 1) Illiteracy
- 2) Unemployment
- 3) Poor health
- 4) Child Labour
- 5) Poor Sanitation facilities
- 6) Helplessness
- 7) Landlessness

**NOTE:** Since the various factors like basic necessities, consumption pattern, nutrition requirements etc. are variable, Poverty line is different for different countries and so is the case for different Indian states.

### \* International Poverty Line

per capita per day

USD 1.90 (Extreme Poverty)

USD 3.10 (Moderate Poverty)

Calculated by World Bank

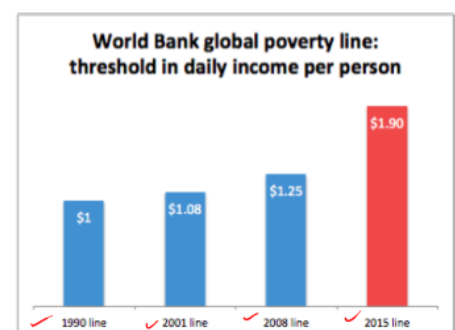
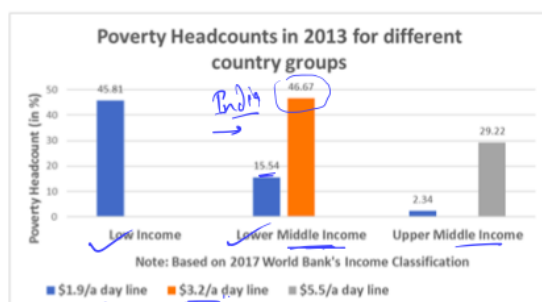


Figure 2: Different lines, different headcounts



World Bank adjust it using Purchasing Power Parity (PPP) approach.

Cost of same goods in every country.



**Chapter:** Poverty as a Challenge  
**Subject:** Social Studies (Economics)  
**Class:** IX

GOVERNMENT OF INDIA  
MINISTRY OF PLANNING

**LOK SABHA**  
**UNSTARRED QUESTION No. 570**  
**TO BE ANSWERED ON 16.09.2020**

**DECLINE IN POVERTY**

†570. SHRI ARUN SAO:

Will the Minister of PLANNING be pleased to state:

- whether poverty is declining in the country and if so, the details thereof;
- the State-wise number of people living below poverty line in the country including Chhattisgarh;
- whether the Government carries out a periodical review of methodology to assess the poverty;
- if so, the details with regard to review conducted during the last three years; and
- the outcome of the said review and the reaction of the Government thereto?

**ANSWER**

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING AND  
MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS &  
PROGRAMME IMPLEMENTATION

(RAO INDERJIT SINGH)

- The official poverty estimates are based on data of Large Sample Surveys on Household Consumer Expenditure carried out by the **National Sample Survey Office (NSSO)** of the **Ministry of Statistics and Programme Implementation**. The latest data of Large Sample Survey on Household Consumer Expenditure has been collected by NSSO in its 68<sup>th</sup> round conducted in 2011-12. The poverty estimates for 2011-12 have been computed following the extant Tendulkar methodology and these have been released through a Press Note issued on 22nd July 2013. According to this Press Note, the number of persons living below poverty line in India has been **estimated as 27 crore (21.9%) in 2011-12** as compared to 40.76 crore (37.2%) in 2004-05. The rate of decline of poverty ratio during 2004-05 to 2011-12 was 2.18 % per year.
- The State-wise number of people living below poverty line in the country including Chhattisgarh are given at **Annexure**.
- &(d) In India, the erstwhile Planning Commission was the nodal agency in the Government for estimation of the poverty in the country and it used a poverty line based on per capita consumption expenditure as the criterion to determine the persons living below the poverty line (BPL). The methodology to estimate poverty has been reviewed from time to time. In 1977, the erstwhile

*Definition of Poverty estimates*

Planning Commission constituted a Task Force on poverty under the chairmanship of Dr. Y.K. Alagh which submitted its report in 1979 and the erstwhile Planning Commission accepted its recommendations in the same year. In September, 1989, it constituted the Expert Group under the chairmanship of Prof. D.T. Lakdawala for estimation of poverty and it submitted its report in 1993 and erstwhile Planning Commission accepted its recommendations in 1997. The erstwhile Planning Commission constituted an Expert Group under the chairmanship of Prof. Suresh D. Tendulkar in 2005 to review the methodology for estimation of poverty. The expert group submitted its report in November, 2009 and the erstwhile Planning Commission accepted its recommendations in January, 2011. Presently, the official poverty estimates are based on Tendulkar methodology. In June 2012, erstwhile Planning Commission constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan to "Review the Methodology for Measurement of Poverty". The Expert Group submitted its report on 30th June 2014. However, the Government is yet to take decision on the report submitted by the Expert Group.

After the formation of NITI Aayog which replaced the erstwhile Planning Commission a Task Force on Elimination of Poverty in India was constituted on 16th March, 2015 under the Chairmanship of Dr. Arvind Panagariya, former Vice Chairman, NITI Aayog. The report of the Task Force was submitted to Prime Minister's Office on 11<sup>th</sup> July, 2016. The Terms of Reference for the Task Force inter alia included to "Develop a working definition of poverty". The report of the Task Force primarily focuses on issues of measurement of poverty and strategies to combat poverty. Regarding estimation of poverty, the report of the Task Force states that "a consensus in favour of either the Tendulkar or a higher poverty line did not emerge. Therefore, the Task Force has concluded that the matter be considered in greater depth by the country's top experts on poverty before a final decision is made. Accordingly, it is recommended that an expert committee be set up to arrive at an informed decision on the level at which the poverty line should be set."

- The Report of the Task Force is under consideration of the Government.

**Annexure**  
**Number and Percentage of Population below poverty line by states-2011-12 (Tendulkar Methodology)**

Sl. No.	States	Rural		Urban		Total	
		%age of No. of Persons (lakhs)	No. of Persons (lakhs)	%age of No. of Persons (lakhs)	No. of Persons (lakhs)	%age of No. of Persons (lakhs)	No. of Persons (lakhs)
1	Andhra Pradesh	10.96	61.80	5.81	16.98	9.20	78.78
2	Arunachal Pradesh	38.93	4.25	20.33	0.66	34.67	4.91
3	Assam	33.89	92.06	20.49	9.21	31.98	101.27
4	Bihar	34.06	320.40	31.23	37.75	33.74	358.15
5	Chhattisgarh	44.61	88.90	24.75	15.22	39.93	104.11
6	Delhi	12.92	0.50	9.84	16.46	9.91	16.96
7	Goa	6.81	0.37	4.09	0.38	5.09	0.75
8	Gujarat	21.54	75.35	10.14	26.88	16.63	102.23
9	Haryana	11.64	19.42	10.28	9.41	11.16	28.83
10	Himachal Pradesh	8.48	5.29	4.33	0.30	8.06	5.59
11	Jammu & Kashmir	11.54	10.73	7.20	2.53	10.35	13.27
12	Jharkhand	40.84	104.09	24.83	20.24	36.96	124.33
13	Karnataka	24.53	92.80	15.25	36.96	20.91	129.76
14	Kerala	9.14	15.48	4.97	8.46	7.05	23.95
15	Madhya Pradesh	35.74	190.95	21.00	43.10	31.65	234.06
16	Maharashtra	24.22	150.56	9.12	47.36	17.35	197.92
17	Manipur	38.80	7.45	32.59	2.78	36.89	10.22
18	Meghalaya	12.53	3.04	9.26	0.57	11.87	3.61
19	Mizoram	35.43	1.91	6.36	0.37	20.40	2.27
20	Nagaland	19.93	2.76	16.48	1.00	18.88	3.76
21	Odisha	35.69	126.14	17.29	12.39	32.59	138.53
22	Punjab	7.66	13.35	9.24	9.82	8.26	23.18
23	Rajasthan	16.05	84.19	10.69	18.73	14.71	102.92
24	Sikkim	9.85	0.45	3.66	0.06	8.19	0.51
25	Tamil Nadu	15.83	59.23	6.54	23.40	11.28	82.63
26	Tripura	16.53	4.49	7.42	0.75	14.05	5.24
27	Uttarakhand	11.62	8.25	10.48	3.35	11.26	11.60
28	Uttar Pradesh	30.40	479.35	26.06	118.84	29.43	598.19
29	West Bengal	22.52	141.14	14.66	43.83	19.98	184.98
30	Puducherry	17.06	0.69	6.30	0.55	9.69	1.24
31	Andaman & Nicobar Islands	1.57	0.04	0.00	0.00	1.00	0.04
32	Chandigarh	1.64	0.004	22.31	2.34	21.81	2.35
33	Dadra & Nagar Haveli	62.59	1.15	15.38	0.28	39.31	1.43
34	Daman & Diu	0.00	0.00	12.62	0.26	9.86	0.26
35	Lakshadweep	0.00	0.00	3.44	0.02	2.77	0.02
	<b>All India</b>	<b>25.70</b>	<b>2166.58</b>	<b>13.70</b>	<b>531.25</b>	<b>21.92</b>	<b>2697.83</b>

Notes: 1. Population as on 1st March 2012 has been used for estimating number of persons below poverty line. (2011 Census population extrapolated)  
2. Poverty line of Tamil Nadu has been used for Andaman and Nicobar Island.  
3. Urban Poverty Line of Punjab has been used for both rural and urban areas of Chandigarh.  
4. Poverty Line of Maharashtra has been used for Dadra & Nagar Haveli.  
5. Poverty line of Goa has been used for Daman & Diu.  
6. Poverty Line of Kerala has been used for Lakshadweep.

GOVERNMENT OF INDIA  
MINISTRY OF PLANNING

**LOK SABHA**  
**UNSTARRED QUESTION No. 3993**  
**TO BE ANSWERED ON 18.03.2020**

**DEFINITION OF POVERTY LINE**

3993. SHRI NATARAJAN P.R.:

Will the Minister of PLANNING be pleased to state:

- whether the Government is having any official definition and norms fixed for urban/ rural poverty line across the country;
- if so, the details thereof;
- whether any review has been taken by the Government on the norms and cap for poverty line; and
- if so, the details thereof and if not, the reasons therefor?

**ANSWER**

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING  
AND MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF  
STATISTICS & PROGRAMME IMPLEMENTATION

(RAO INDERJIT SINGH)

- (a) to (d) The erstwhile Planning Commission estimated poverty line and poverty ratio based on the recommendations made by the experts in the field from time to time. The erstwhile Planning Commission had constituted Task Force under the Chairmanship of Dr. Y.K. Alagh in 1977, Expert Group under the Chairmanship of Prof. D.T. Lakdawala in 1989, and the Expert Group under the Chairmanship of Prof. Suresh Tendulkar in 2005. The last poverty estimates were released by the erstwhile Planning Commission following the methodology recommended by Tendulkar Committee in 2013 for the year 2011-12 through a Press Note. The poverty line was defined on the basis of Monthly Per Capita Consumption Expenditure (MPCE) as the criterion. For the year 2011-12, the poverty line at all India level has been estimated as Monthly Per-capita Consumption Expenditure of Rs. 816 for rural areas and Rs. 1000 for urban areas.

*Not based on income*

\*\*\*\*\*

At global level



How these states reduced poverty?

Name of the State

Name of the State	Percentage of Poor People
Bihar	33.7%
Odisha	32.5%
Assam	31.5%
Uttar Pradesh	29.5%
Gujarat	16.5%
Tamil Nadu	11.5%
Haryana	11.0%
Andhra Pradesh	7.5%
Punjab	6.5%
Kerala	6.0%

Percentage of Poor People

Bihar

Serial Number	Name of the State	Policy/ Measure/ Technique
1	Punjab & Haryana	Green Revolution
2	Kerala	Human Resource Development
3	West Bengal	Land Reform Measures
4	Andhra Pradesh & Tamil Nadu	Public Distribution of Food Grains

## Quality implementation of PDS

- HYV seeds, fertilizers, modern methods of agriculture
- Literacy Rate + Health
- Redistribution of land among poor

$R1816$  (Rural MPCE) ————— (APL) Poverty Line ————— (BPL)

Person 1 -  $R2800$  (poor made)

Person 2 -  $R2500$

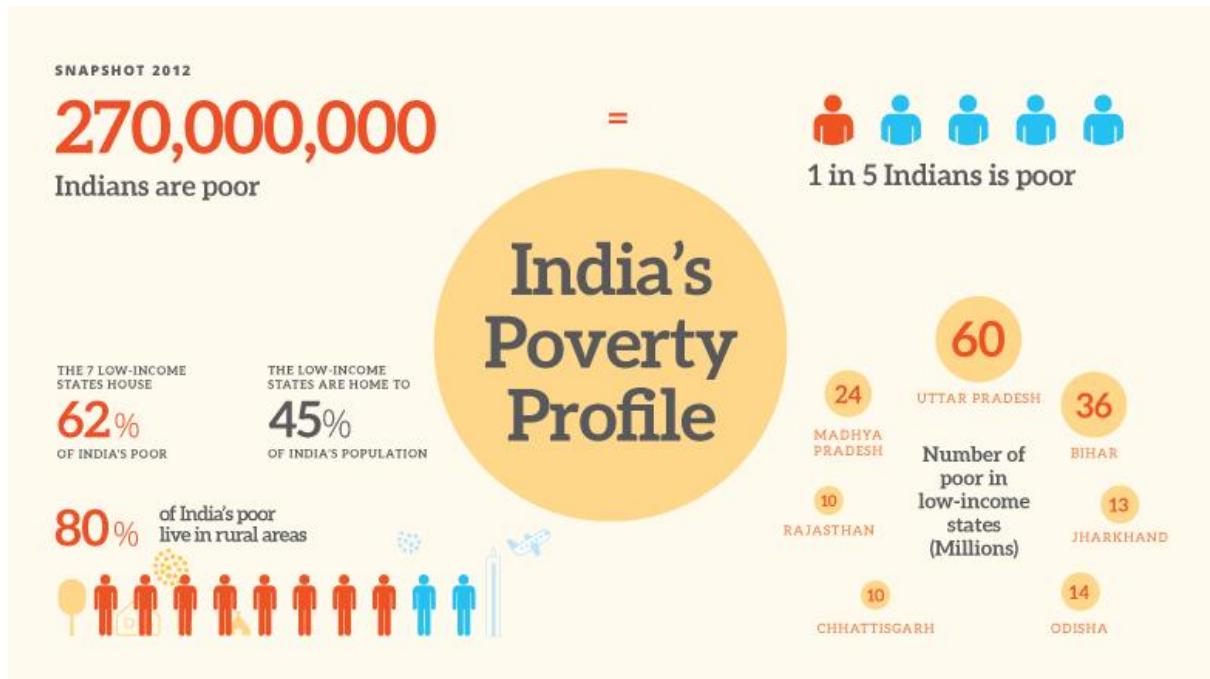
Person 3 -  $R2100$

$R2900$  (poor made)

$R2600$  (poor made)

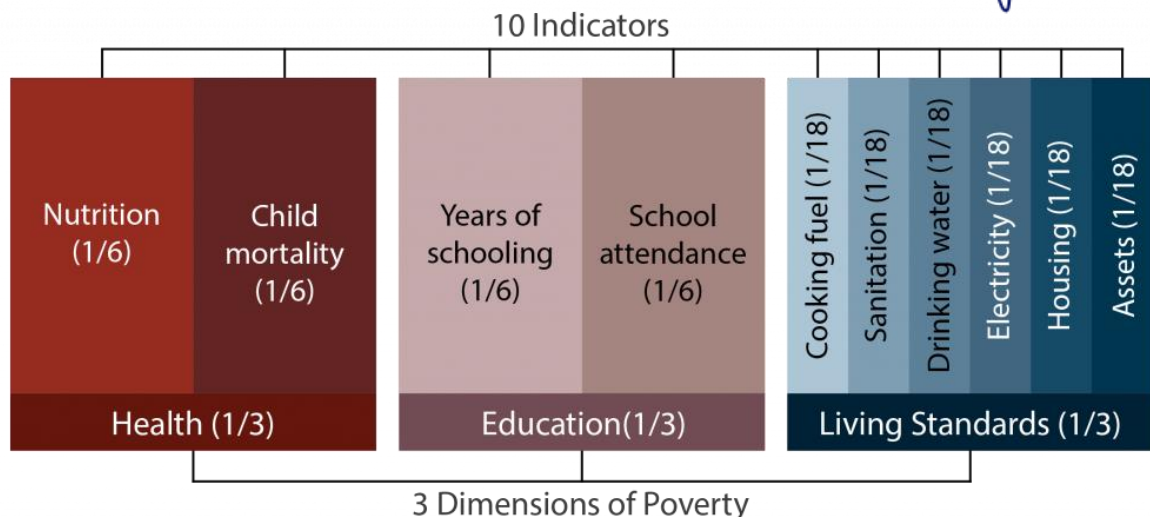
Untraceable

(Secular decline in the Poverty Rates)  
↑  
Considering all religious groups



## Multidimensional Poverty Index

- Developed in 2010 (Oxford Policy Health Initiative + UNDP)
- Indicators → Total 10 indicators divided into 3 categories

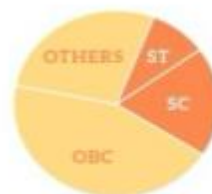
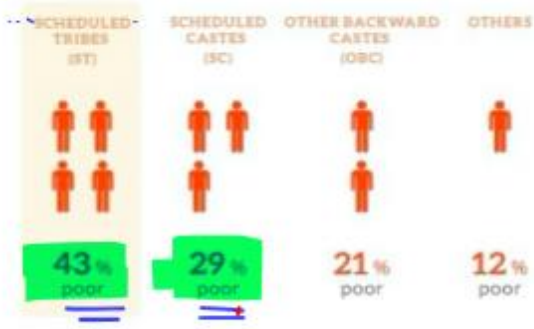


© Oxford Poverty and Human Development Initiative (OPHI)

37.7 Crore people in India are poor according to Global MPI.



Poverty is highest among scheduled tribes



Only 28% of Indians are SC and ST

But 43% of the poor are SC and ST



Casual labor is the main source of income for the **rural poor**



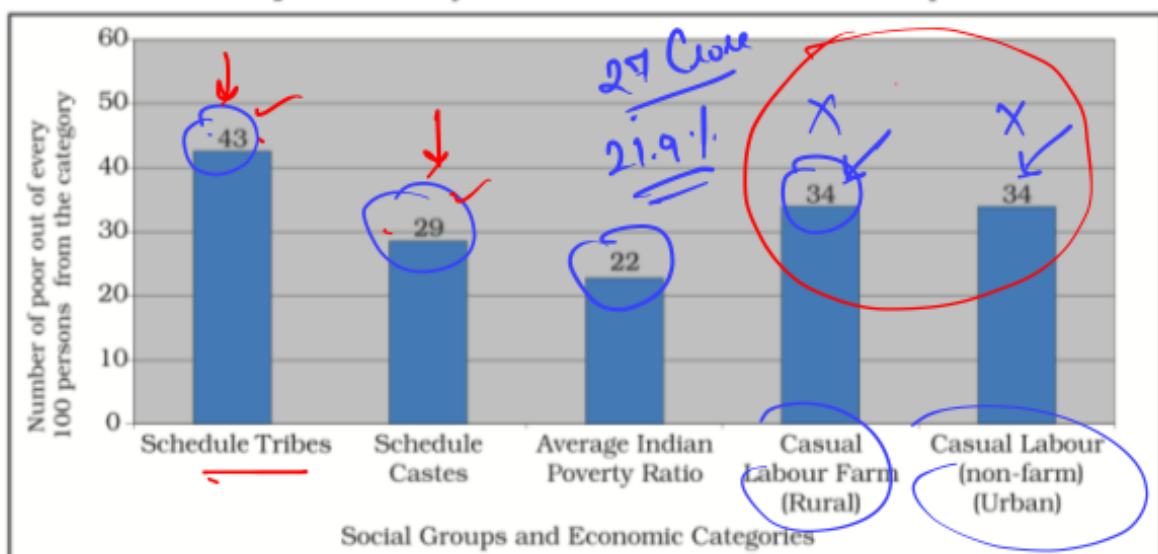
Self employment and casual labor is the main source of income for the **urban poor**



**World Bank Infographics, 2016**

(source from which the graph is inserted in the NCERT book)

**Graph 3.1: Poverty in India 2000: Most Vulnerable Groups**



Source: [www.worldbank.org/2016/India-s-Poverty-Profile](http://www.worldbank.org/2016/India-s-Poverty-Profile)

Graph in the book (incorrect comparison)

## \* Causes of Poverty

- ① Bad policies of British Colonial Administration
  - Lack of investment (despite of major dependency)
  - Absentee landlordism (Zamindars didn't work but earned a lot of income from peasants' work)
  - Low productivity
  - Increased disguised unemployment
  - Deliberate efforts to crush Indian industries (e.g. - textile)
- ② High growth rate of population
- ③ High income inequality
  - Wide gap between rich and poor
- ④ Situation of indebtedness.
  - Inability of small farmers to repay their loans
- ⑤ Socio-cultural and economic factors
  - Huge spendings on weddings, social gatherings etc.

## \* Anti-Poverty measures

Anti-poverty strategy of govt.  
is based on two planks

Promotion of economic growth

Targeted anti-poverty programmes

Economic Growth → Helps in Poverty reduction  
→ Makes it possible for the govt. to spend more on human development (education, health, skills)

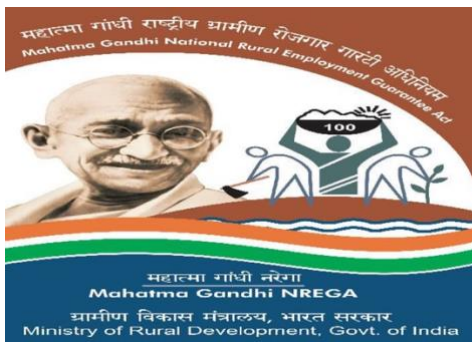




## \* Schemes by Govt. of India

### ① Mahatma Gandhi National Rural Employment Guarantee Act (2005)

- 100 days of wage employment for every household
- One-third jobs reserved for women
- Promote the idea of sustainable development & address the cause of draught, deforestation, soil erosion etc.



Aug 2005	Feb 2006	Apr 2007	Apr 2008	Oct 2008	16 Feb 2009	Oct 2009
NREGA legalized	Came into force in 200 districts	130 more districts included	Universalization of the scheme	Wage transaction through banks/post offices	MOU with the postal dept.	Name changed to MGNREGA

List of works allowed under MGNREGA		
Sr.no	Types of work	Fisheries-related works
Watershed-related works		18 Fisheries in seasonal water bodies on public land
1	Contour trenches	Works in coastal area
2	Contour bunds	19 Fish drying yards
3	Boulder checks	20 Belt vegetation
4	Farm building	21 Construction of storm water drains for coastal protection
5	Gabion structures	Rural drinking water related works
6	Underground dykes	22 Soak pits
7	Earthen dams	23 Recharge pits
8	Dugout farm ponds	24 Rural sanitation related works
9	Stop dams	25 Individual household
Watershed-related work in mountain regions		26 School toilets
10	Springshed development	27 Solid and liquid waste management
Agriculture related works		Flood management – related works
11	NADEP composting	28 Deepening and repair of flood channels
12	Vermi-composting	29 Chaur renovation
13	Liquid bio-manures	Irrigation command-related works
Livestock-related works		30 Rehabilitation of minors, sub minors and field channels
14	Poultry	
15	Goat shelter	
16	Azolla as cattle – feed supplement	
17	Construction of pucca floor tank and fodder trough for cattle	

### ② Prime Minister Rozgar Yojana (PMRY)

- Started in 1993
- Aim is to create self employment opportunities for educated unemployed youth in rural areas and small towns.
- Helps setting up small businesses and industries. (by providing loans)

### Features of PMRY Scheme

- Covers Business Options - Including Agriculture & Allied Services.
- Cost Coverage - Rs. 5 Lakh, Rs. 2 Lakh & Rs. 5 Lakh for the industry, business & service sectors respectively.
- Repayment Tenor - For unemployed it is 3 to 7 years.
- Provide interest subsidy of 15% on the cost of a project with a maximum of Rs. 12,500 allotted to every individual for specified states (Himachal Pradesh, Jammu & Kashmir, Uttaranchal & the North-Eastern states).

### ③ Rural Employment Generation Programme (REGP)

- Launched in 1995
- Aim is to create self-employment opportunities in rural areas and small towns
- A target for creating 25 lakh jobs was set in the 10th five year plan

### ④ Swarnajayanti Gram Swarozgar Yojana (SGSY)

- Launched in 1999
- Aim is to bring the assisted poor families above poverty line by organising them into SHGs through a mix of bank credit and govt. subsidy.

### ⑤ Pradhan Mantri Gramodaya Yojana

- Launched in 2000
- Additional central assistance is given to states for basic services such as primary health, primary education, rural shelter, drinking water and electrification.

### \* Results of these programmes

Less effective

↓ why?

- 1) Lack of proper implementation & right targeting  
↳ Corrupt practices, lethargic attitude of implementers

- 2) Lot of overlapping of schemes
- 3) Benefits not reaching poor

Therefore, emphasis on monitoring of poverty alleviation programmes has increased in the recent years.

Improvement in poverty reduction statistics is possible in the next 10-15 years

↓ how?

- Higher economic growth
- Increased stress on Universal free elementary education
- Declining population growth
- Increasing empowerment of women & economically weaker sections of society.

### \* Challenges ahead

- Providing health care, education & job-security for all
- Achieving gender equality and dignity for the poor.

With the broadening of the concept of poverty, the challenges are growing bigger