What is Poverty?
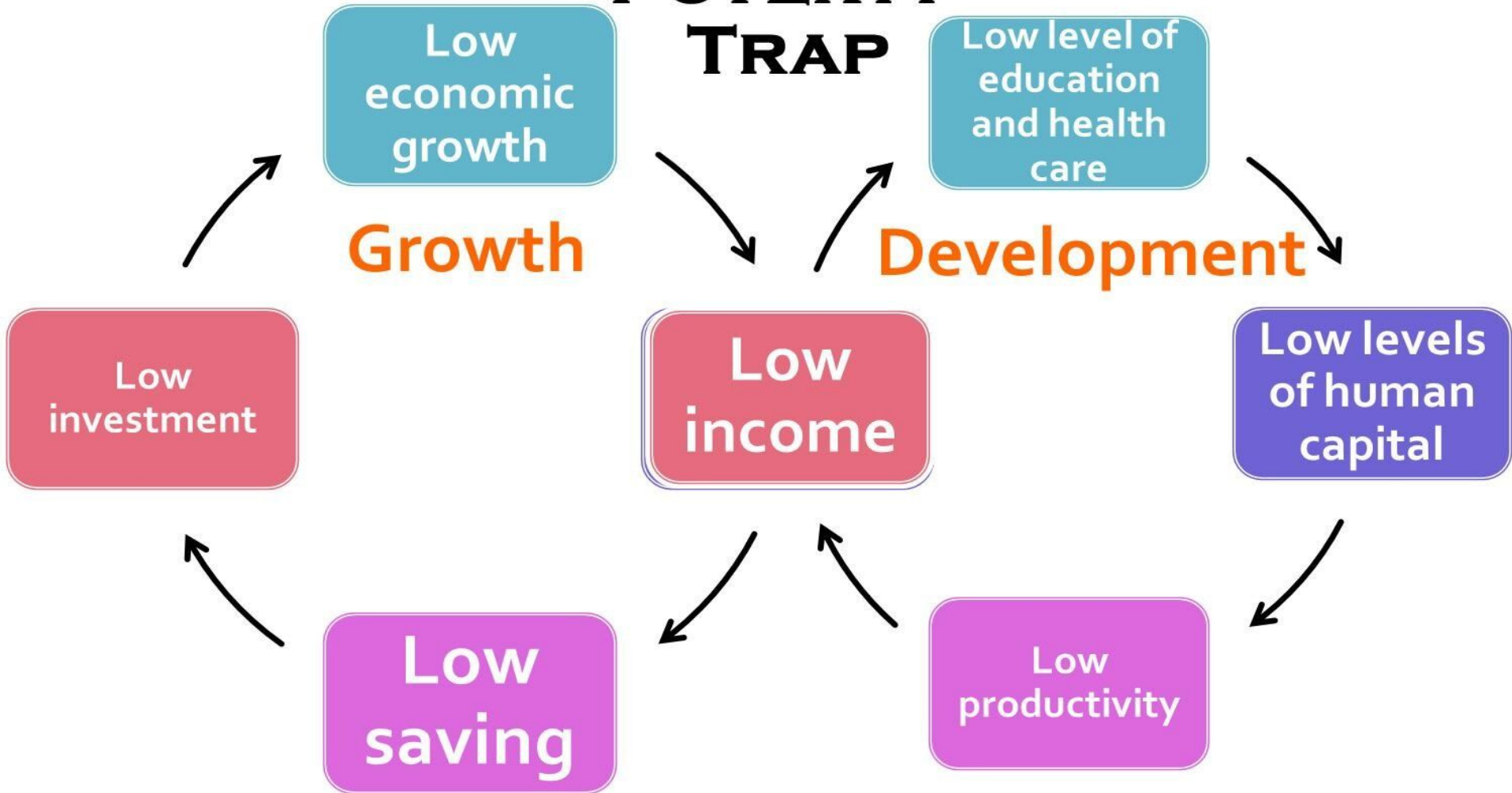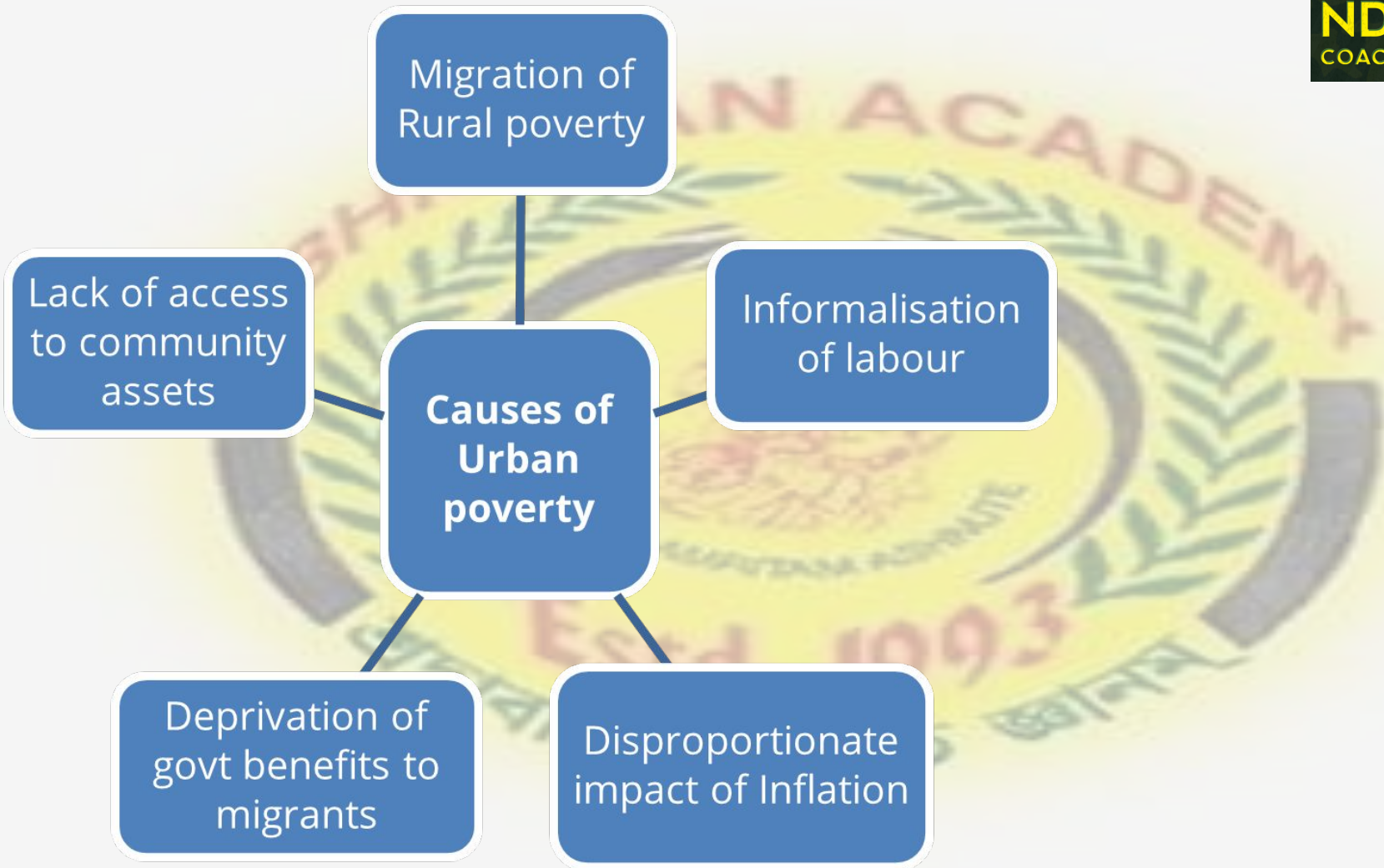
- A state where people lack the resources to meet their basic needs like food, clean water, shelter, healthcare, and education.

Types of Poverty

- **Absolute Poverty (Extreme Poverty):** Inability to afford the absolute basics for survival. Measured by international standards (e.g., living on less than $1.90 a day).
- **Relative Poverty:** Defined in relation to the living standards of the society. People may have basic needs met but lack the resources to fully participate in society.
- **Situational Poverty:** Temporary poverty caused by unexpected events like job loss, natural disasters, or health problems.
- **Generational Poverty:** Poverty passed down through families, where people lack the resources and opportunities to break the cycle.
- **Rural Poverty:** Limited job opportunities, poor access to education and healthcare, insufficient support for those with disabilities. **Livelihoods:** Dependence on agriculture and low-paying labor.
- **Urban Poverty:** Overcrowding, unhealthy living conditions, limited access to education and healthcare, inadequate housing and basic services, lack of social safety nets.

POVERTY TRAP

Low economic growth

Low level of education and health care

Growth

Development

Low investment

Low income

Low levels of human capital

Low saving

Low productivity

Causes of Urban poverty

- Migration of Rural poverty
- Informalisation of labour
- Lack of access to community assets
- Deprivation of govt benefits to migrants
- Disproportionate impact of Inflation

Poverty in India During Independence

- **Severity:** Extremely widespread. Approximately 80% of India's population (250 million people) lived in poverty.
- **Primary Concerns:** Lack of basic necessities like food, clothing, and shelter.
- **Post-Independence:** Poverty levels remained high into the 1950s and were closely linked to agricultural cycles.

Evolution of Poverty Measurement in India

- **1962: Working Group**
  - Introduced the initial concept of a poverty line. Focused on basic needs for healthy living. Differentiated between rural and urban poverty.
- **1971: Dandekar and Rath-** Established a poverty line based on calorie intake. Focused on a minimum of 2,250 calories per person per day.
- **1979: Task Force-** Linked poverty line to consumption spending needed to meet calorie needs. Began official poverty calculations.
- **1993: Lakdawala Expert Group-** Used previous poverty lines but with adjustments. Introduced state-by-state poverty lines to account for price differences.
- **2009: Tendulkar Expert Group-** Prioritized nutritional outcomes over just calorie intake. Proposed one poverty line for all urban areas. Included health and education spending in calculations.
- **2014: Rangarajan Committee:** Returned to separate poverty lines for rural and urban areas. Revised the basket of goods considered, including protein and fat intake. Suggested new spending amounts to define the poverty line.
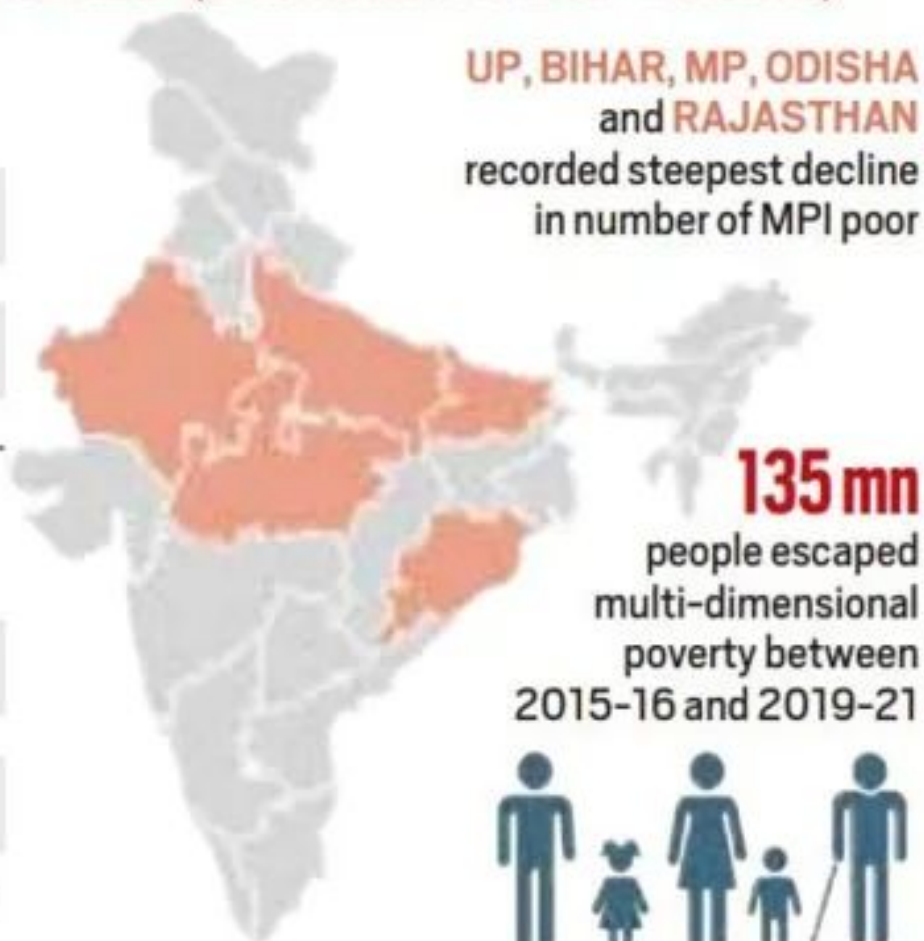
MPI Progress Report 2023 (Between NFHS-4 and 5)

Steep decline in Poverty Headcount Ratio

2015-2016	**24.85%**
2019-2021	**14.96%**

Reduction in the incidence of poverty in urban areas

2015-2016	**8.65%**
2019-2021	**5.27%**

Source: National Multidimensional Poverty Index: A Progress Review 2023

UP, BIHAR, MP, ODISHA and RAJASTHAN recorded steepest decline in number of MPI poor

135 mn people escaped multi-dimensional poverty between 2015-16 and 2019-21

Q. Unemployment which occurs when workers move from one job to another job is known as

(a) Seasonal unemployment

(b) Frictional unemployment

(c) Technological unemployment

(d) Cyclical unemployment

Key Poverty Alleviation Measures in India since Independence:

- ❖ **Fifth Plan (1974–1978):** Emphasized employment, poverty alleviation (Garibi Hatao), and justice. Ensured a minimum income of Rs. 40 per person per month.
- ❖ **Seventh Plan (1985–1990):** Focused on social justice, agricultural development, and anti-poverty programs. Aims included improving living standards and reducing poverty.
- ❖ **Eighth Plan (1992–1997):** Objectives encompassed controlling population growth, poverty reduction, and employment generation.
- ❖ **Ninth Plan (1997–2002):** Strong support for social development to achieve complete poverty elimination.
- ❖ **Tenth Plan (2002–2007):** Targeted a 5% reduction in poverty rate by 2007.
- ❖ **Eleventh Plan (2007–2012):** Aimed at rapid and inclusive growth with a focus on poverty reduction.
- ❖ **Twelfth Plan (2012–2017):** Government aimed to reduce poverty by 10% during the plan tenure.

Impact of LPG Reforms on Poverty in India:

Positive Impacts:

- ❖ Accelerated Poverty Decline: Post-1991, poverty declined by 1.36 percentage points annually, a notable increase from the pre-reform rate of 0.44 percentage points.
- ❖ Urban Growth Contribution: Urban growth played a crucial role in reducing poverty, surpassing rural areas in post-reform periods.
- ❖ Decade-wise Progress: Poverty reduction accelerated in the 2000s compared to the 1990s, lifting approximately 138 million people above the poverty line.
- ❖ Scheduled Castes and Tribes: The poverty rate among Scheduled Castes and Tribes declined at a faster pace during the 2000s.
- ❖ Reform Success: Higher economic growth, agricultural progress, rural employment initiatives, and programs like MGNREGA contributed to poverty reduction.

Negative Impacts:

- ❖ Growing Inequality: Despite poverty decline, post-reform India witnessed an increase in income inequality.
- ❖ Persistent Poverty: Around 300 million people still live below the poverty line.
- ❖ Gini Coefficient Increase: Marginal increases in Gini coefficients were observed, indicating rising inequality in both rural and urban areas.

NDA CDS COACHING CENTRE

Types of Unemployment

Structural

Results from industrial reorganization, often due to technological change rather than fluctuations in supply or demand.

Seasonal

Occurs when jobs are only available at certain times of the year. For example, Santa Claus impersonators.

Cyclical

Relates to the cyclical trends in growth and production that occur within the business cycle. When the business cycle is at its peak, cyclical unemployment is low.

Frictional

Occurs when a worker moves from one job to another and spends time trying to find his or her ideal job. Exists even when there is full employment.

Q. Disguised unemployment generally means (2013)

a) large number of people remain unemployed

b) alternative employment is not available

c) marginal productivity of labour is zero

d) productivity of workers is low

- Statement I Seasonal employment results in large-scale migration of the agricultural labourers from agriculturally backward regions to that of the developed regions.
- Statement II In seasonal unemployment, once the seasons are over, the agricultural workers, especially landless labourers and marginal farmers remain unemployed.

Both the statements are individually true and Statement II is the correct explanation of Statement I

Both the statements are individually true but Statement II is not the correct explanation of Statement I

Statement I is true but Statement II is false

Statement I is false but Statement II is true

When the productive capacity of the economic system of a State is inadequate to create sufficient number of jobs, it is called—

seasonal unemployment

structural unemployment

disguised unemployment

cyclical unemployment

Classification of an enterprise into public or private sector is based on

number of employees in the enterprise

ownership of assets of the enterprise

employment conditions for workers in the enterprise

nature of products manufac- tured by the enterprise

Q. Unemployment which occurs when workers move from one job to another job is known as

(a) Seasonal unemployment

(b) Frictional unemployment

(c) Technological unemployment

(d) Cyclical unemployment

Q. Unemployment insurance will result in

(a) Maintenance of consumption level

(b) Decrease in consumption level

(c) Decrease in savings

(d) Increase in savings

Types of unemployment

Supply side factors

Frictional
(in between jobs)

Structural
Immobilities in labour market, e.g. wrong skills

Real wage
wages above equilibirium

Geographical
Geographical immobility of labour

Voluntary
People choosing to stay on benefits.

Seasonal

Less work in 'off-season'

Demand-deficient

Unemployment arising from economic slowdown and less demand in the economy

The mismatch in the regional or occupational pattern of job vacancies and the pattern of worker availability results in

Structural unemployment

Disguised unemployment

Altered unemployment

Cyclical unemployment