

Chapter 4 - Poverty

Question 1:

Why is calorie-based norm not adequate to identify the poor?

Answer:

The calorie-based norm is not adequate to identify the poor because of the following reasons:

- a) This mechanism does not differentiate a very poor from other poor. It categorises them into one category that is, 'poor'. Consequently, it indicates whole class of poor and not, especially, those poor who are the most needy.
- b) This mechanism uses inappropriate proxies for income like Monthly Per Capita Expenditure (MPCE), etc. These items do not act as suitable and appropriate proxies for income to measure calorie requirements.
- c) This mechanism does not consider various important factors that are associated with poverty. These factors are health care, clean drinking water, proper sanitation and basic education. Mere estimation of calorie intake does not reflect the true economic condition of an individual.
- d) Another shortcoming of calorie-based norm is that it fails to account for social factors that exaggerate and worsen poverty like ill health, lack of access to resources, lack of civil and political freedom, etc.

Therefore, because of these shortcomings in the calorie-based norm, it cannot be used to identify the poor.

Question 2:

What is meant by 'Food for Work' programme?

Answer:

Food for Work (FFW) programme was started in 2000-01 with the objective of generating ample employment opportunities for unskilled labourers concentrated in the drought-affected states of Chattisgarh, Gujarat, Himachal Pradesh, M.P, Orissa, Rajasthan, Maharashtra and Uttaranchal. This programme provides food in exchange of work done by labourers. This programme was aimed to protect poor people against reduction in their purchasing power capacity in the natural calamities prone areas. The work done by the labourers includes watershed development works, water harvesting and construction of metal roads connecting rural and urban areas. This programme not only provides labourers with food but also creates semi-durable assets that facilitate economic and social development of the backward areas.

Question 3:

Why are employment generation programmes important in poverty alleviation in India?

Answer:

The importance of employment generation programmes in poverty alleviation efforts in India are as follows:-

(i) Direct Relationship between Employment and Poverty Alleviation

There exists a positive relationship between employment and poverty alleviation. If government aims at creating new employment opportunities, then more people will be employed that will raise their income and, thus, will pull them above the poverty line.

(ii) Higher Standard of Living

With the increase in income, consequent to the new employment opportunities, poverty trodden people can enjoy higher standard of living and greater accessibility to education, better health facilities, proper sanitation, etc.

(iii) Reduce Rural-Urban Migration

Poor people tend to migrate from rural to urban areas in sought of better employment and earning opportunities. This creates undue burden on the urban areas to provide ample job opportunities to these migrants. Failure of this leads to formation of informal sector that makes these people more vulnerable in the urban areas. A positive point of employment generation programmes is that it generates ample employment opportunities in rural areas so as to reduce rural-urban migration.

(iv) Creation of Durable Assets

The employment generation programmes aim at creation of durable assets like watershed development works, water harvesting, irrigation facilities, canal building, construction of roads connecting rural areas to urban areas and construction of dams. All these assets play an important role in the social and economic development of the country.

(v) Self-sufficiency and Self-reliant Areas

The creation of these durable assets protects the poverty-trodden areas from natural calamities such as floods and droughts thereby facilitating these areas to be self-sufficient and self reliant.

(vi) Impart and Enhance Skills

Most of the employment generation programmes help in human capital formation by enhancing knowledge and imparting skills to the unskilled labourers. Such skills increase the employment prospect of the unskilled labourers in the industrial and the service sectors. This not only enhances income earning capacities of these people but also alleviates poverty simultaneously.

(vii) Reduce underemployment and disguised unemployment

Indian agricultural sector is characterised by disguised unemployment. This implies that although a labourer is engaged in agriculture but the total output won't be affected even if the labourer is withdrawn. The role of employment generation programmes in reducing disguised unemployment is very important. These programmes engage these extra labourers in economically fruitful activities, thereby, reducing unnecessary burden on the agricultural sector.

How can creation of income earning assets address the problem of poverty?

Answer:

The income earning assets are those assets the ownership of which are controlled and owned by the members of a household. These are land, capital, labour and different levels of skills. Poverty and inequality of income arises due to improper distribution of and access to such income-earning assets. The labour skills of the poverty-trodden population are usually traditional and poor in quality that consequently leads to poor income and employment opportunities. Moreover, a substantial proportion of population is engaged in the small scale production that often lacks capital and modern technology. Consequently, such techniques directly hamper the income earning capabilities of small scale industries. In addition to this, poor people often lack access to social services like proper medical and health care facilities, better education, proper sanitation, etc. The lack of access to such social services affects health, productivity and finally income earning capabilities of the poor.

In order to alleviate the problem of poverty, the role of income earning assets cannot be substituted. There are various measures that can create income earning assets for the poor people like providing proper access to easy credit, capital, monetary assistance, imparting technical skills, allotment of land to the landless and marginal farmers and better access to education, health services along with better access to information and support services for increasing their productivity. All these measures directly or indirectly contribute positively to the quality of human capital and their endowment of income-earning assets. This in turn leads to increase in the income opportunities and earning capabilities, thereby, contributing to the alleviation of poverty.

Question 5:

The three dimensional attack on poverty adopted by the government has not succeeded in poverty alleviation in India. Comment.

Answer:

In order to alleviate poverty, government has adopted the following three dimensional approaches:

(i) Trickle-down Approach- This approach is based on the expectation that the positive effects of economic growth will be trickled down or benefit all sections of the society and also the poor people.

(ii) Poverty Alleviation Approach- This approach aimed at the creation of income-earning assets and employment generation opportunities.

(iii) Providing Basic Amenities- This approach aimed at providing the basic amenities like proper medical and health care facilities, better education, proper sanitation etc. to the poor people. These basic amenities positively affect health, productivity, income-earning opportunities and, thereby, alleviate poverty.

A thorough analysis of the three dimensional approach yield the following conclusions:

1. Although there has been a reduction in the percentage of absolute poor in some of the states but still the poor people lack basic amenities, literacy, and nourishment.

2. Secondly, there has not been significant change in the ownership of income-earning assets and productive resources.
3. Thirdly, land reforms do not have high successful records (except West Bengal and Kerala) that further added to the inequality of income from land.
4. Fourthly, lack of capital and availability of easy credit, lack of modern technology and poor access to information and marketing became the major bottlenecks for the small productive houses like cottage industries and other small scale industries.
5. Fifthly, improper implementation of poverty alleviation programmes by ill-motivated and inadequately trained bureaucrats further worsened the situation.
6. Sixthly, corruption along with the inclination towards interest of elites led to an inefficient and misallocation of scarce resources.

Therefore, it can be summed up that although various poverty alleviation programmes were well planned on papers but these were not implemented properly.

Question 6:

What programmes has the government adopted to help the elderly people and poor and destitute women?

Answer:

The government has adopted various programmes to help the elderly people and poor and destitute women. One of such programmes is National Social Assistance Programme, introduced by the central government. This programme targets elderly people, widows and the poor and destitute women who are alone and have no one to take care of them. Under this programme, these targeted people are given pension to sustain their livelihood.

Question 7:

Is there any relationship between unemployment and poverty? Explain.

Answer:

Yes, there do exist a direct and positive relationship between unemployment and poverty. Unemployment leads to poverty and poverty in turn leads to unemployment.

An unemployed person has no means to earn money and cannot fulfill his own and his family's basic needs. He and his family cannot avail quality education, medical facilities and has no means to create income-earning assets. Such circumstances often compel indebtedness. Consequently, an unemployed person exaggerates poverty for his family due to indebtedness. This confirms the positive relationship between unemployment and poverty.

If government wants to alleviate poverty, then it should aim at creating new employment opportunities. As a result, more people will get employed and perhaps their income will rise. This rise in income will improve their access to quality education, better health care and other basic amenities. Further, these newly employed people will experience appreciation in their living standards and can create income-earning assets. The combined result of all these factors leads to alleviation of poverty. Hence, there exists a positive (but a negative) relationship between unemployment (employment) and poverty.

Question 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?

Answer:

For setting up a petty shop, I would apply for financial assistance under the programme of Prime Minister's *Rozgar Yojana* (PMRY). Under this programme, an unemployed educated person from low-income family in rural and urban areas can set up any kind of enterprise that can generate employment.

Question 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.

Answer:

The major difference between rural and urban poverty in India lies in the standard of living. The latter enjoys higher living standard compared to the former and the standard of living may be attributable to the wide income disparity and gap between the two. Another major difference is the level of education and also access to education. The urban Poor enjoy better access to quality education than the rural counterparts. Thirdly, health care facilities prevalent in the urban areas are far better than that of in the rural areas. Also the rural poor people lack access to these health facilities and important medical information. Fourthly, the difference lies in the type of houses they live in. The rural poor lives in kutch house, while the urban poor resides in pucca houses which are well developed with proper sanitation facilities. Fifthly, rural poverty is temporary as the rural poor can migrate to urban areas to seek employment but, on the other hand, urban poverty is permanent.

Year	Poverty Ratio		
	Rural (%)	Urban (%)	Total (%)
1973-74	56.4	49.0	54.9
1977-78	53.1	45.2	51.3
1983	45.6	40.8	44.5
1987-88	39.1	38.2	38.9
1993-94	37.3	32.4	36.0
1999-2000	27.1	23.6	26.1
2004-05 comparable with 1993-94	28.3	25.7	27.5
Estimates Source: <i>Planning Commission Estimates (Uniform Reference Period)</i>			

Yes, it is correct to say that poverty has shifted from rural to urban areas. The above data spells out how rural poverty has declined significantly from 56.4% to 28.3% from 1973-74 to 2004-05 whereas decline in urban poverty (from 49% to 25.7%) is not so significant. Over the years, rural poor has migrated to urban areas in order to seek for better employment opportunities and better living standard. But on the other hand, since rural people lack skills and education, so the urban industrial sector fails to absorb this excess supply of labour. Consequently, these unskilled labourers form an informal sector (like rickshaw puller, barber, cobbler, etc.) that makes them even more vulnerable. Thus, the trends in poverty in India support the statement that poverty has shifted from rural to urban areas.

Question 10:

Suppose you are a resident of a village, suggest a few measures to tackle the problem of poverty.

Answer:

Being a resident of a village, I would suggest the following measures to tackle the problem of poverty:

1. Identification of poor.
2. Generating employment opportunities for the identified poor.
3. Free access to education and health care facilities.
4. Establishment of small scale industries.
5. Redistribution of income-earning assets.
6. Encouraging poor for their active participation
7. Organising Training Camps and Night Classes for imparting vocational training to unskilled labourers.
8. Advancing financial and technical assistance to establish small enterprises.
9. Upgradation of agricultural practices to raise productivity
10. Enforcement of measures to check population growth.
11. Development of infrastructure.
12. Motivating the poor to acquire skills, information and knowledge.