

Indian Economy

Poverty

Poverty- Poverty is the inability to meet basic living needs such as food, clothing, shelter, health, and education.

Who are the poor?

The poor are identified as:

1. **Malnutrition:** Hunger and hunger are common among the poor. They cannot meet their basic dietary needs. Also, malnutrition is a major factor for the poor.
2. **Illiteracy and skills shortages:** The poor have very little opportunity due to a lack of basic literacy skills and skills.
3. **Lack of basic services and health care:** They do not have access to clean drinking water, electricity, or basic health care facilities. Poor women do not receive the necessary medical care during pregnancy which leads to serious illness and disability for both the baby and the mother. Sickness weakens them physically and reduces their chances
4. **Unemployment:** They face unstable employment. The poor in the rural areas work as agricultural workers with very little land or as landless labourers doing non-agricultural activities. The urban poor work in various informal or self-employed industries, selling various goods along the roads.
5. **Debt:** To survive, the poor borrow from moneylenders, who exploit them with high interest rates, and this leads to endless debt.

Related Poverty: When households earn less than 50% they have a normal household income, and also have some income but even though they do not have enough money to buy anything other than basic necessities. This shift in poverty depends on the growth of the national economy.

Absolute Poverty: When household income is below a certain level, making it impossible for an individual or family to meet their basic needs such as: shelter, water, food, health care, etc.

In this type of poverty, when a nation grows economically, it has negative consequences for people living below the poverty line. Complete poverty assesses a city based on a set level of income that differs from nation to nation according to its economic status.

Absolute poverty is measured on the basis of two conditions: -

1. Low Calorie Consumption

2. Conditions of Expenditure

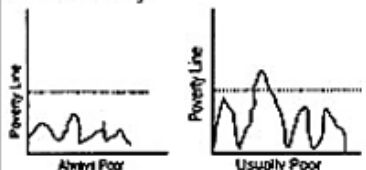
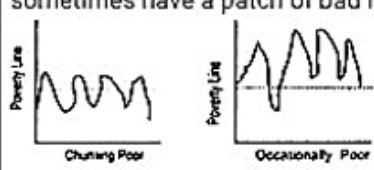
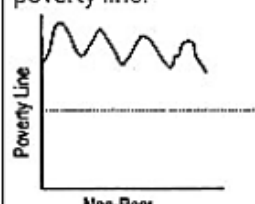
1. Low Calorie Consumption: - People who do not get 2400 calories per person per day in rural areas and 2100 calories in an urban area are considered to be living below the poverty line.

2. Conditions of Expenditure: - The new line of poverty, therefore, translates into a monthly expenditure per person of Rs 972 in rural areas and Rs 1,407 in urban areas in 2011-12. Or, Rs 32 in rural areas and Rs 47 in urban areas per day.

What do poor people look like?

Categorising Poverty: There are many ways to differentiate poverty. Alternatively people who are always poor and those who are often poor but who may sometimes have more money (for example: temporary workers) are grouped together as chronic poor. Another group is the emerging poor who are constantly coming out of poverty (example: smallholder farmers and seasonal workers) and the

poor who are sometimes rich often but sometimes may have a piece of misfortune. They are called temporary poor. And then, there are those who have never suffered and are poor.

Chronic Poor	Transient Poor	Non-Poor
<p>Chronic poor are those poor :</p> <p>(i) who are always poor and (ii) those who are usually poor but they sometimes may have a little more money.</p> 	<p>Transient poor are those poor: (i) who regularly move in and out of poverty (churning poor) and (ii) who are rich most of the time but sometimes have a patch of bad luck.</p> 	<p>Non-poor are those persons who are never poor. They always remain above poverty line.</p> 

Poverty line

- Poverty line refers to a drop-off point that separates the people of the district as poor and non-poor. The poverty line is a metaphor for determining total poverty.
 - In India, the minimum caloric requirement is 2,400 calories in rural areas and 2,100 calories in urban areas.
 - Another way to define the poverty line is based on individual use. The Minimum Cost per person per month is Rs. 816 in rural areas and Rs. 1000 in urban areas.
- However, the poverty line does not take into account various other factors such as illiteracy, illness, lack of access to basic services and resources, lack of social and political freedoms.

Poor number in India

- Head Count Ratio measures the poorest population as below the poverty line.
- Poverty Styles in India
 - In 1973-74, the number of people below the poverty line was over 320 million and on average, it was 55% of the population. In 2011-12, the total number dropped by 270 million and, on average, dropped to 22%.
 - More than 80% of the poor who lived in rural areas in 1973-74 remained unchanged in 2011-12. More than three quarters of the poor come from rural areas.
 - The total number of poor people is declining in rural areas but increasing in cities. The level of poverty has dropped in both.
- Poverty Level Conditions
 - In the year 1973-2012, the number of poor fell from 55 to 22%.
 - Six counties - Tamil Nadu, Uttar Pradesh, Bihar, Madhya Pradesh, West Bengal, and Orissa have the largest proportion of the poor. This was significantly reduced during 1973-2012.
 - Four provinces - Odisha, Madhya Pradesh, Bihar, and Uttar Pradesh are in a better position compared to the national level of poverty.
 - Vicious Circle of Poverty: It refers to a state of self-reliance where there are certain factors that are related in a circular way and lead to the advancement of poverty and under development.

Causes of Poverty:

- Rapid population growth.
- Low national productivity.
- Inflation.

4. Inactivity.
5. Low growth rate.
6. Lack of funds.
7. Home Debts
8. Exploitation under the British rule
9. Basic education
10. Inflationary pressure
11. High migration rate in rural areas
12. Failure to make world changes.

Poverty Alleviation Policies and Programs

Government-approved measures to eradicate poverty.

1. Work plan.
2. Swarnjayanti Gram Swarozgar Yojana.
3. Pradhan Mantri Gramodaya Yojana.
4. Sampoorna Gramin Rozgar Yojana.
5. Swarn Jayanti Shahri Rozgar Yojana.
6. Mahatma Gandhi National Rural Employment Guarantee Scheme.
7. Jawahar Gram Samridhi Yojana

The government's approach to poverty alleviation was three-dimensional.

1. Accelerating Economic Growth - It was expected that rapid GDP growth and per capita income would spread across all sectors of society and eradicate poverty. Rapid industrial development and agricultural transformation through the Green Revolution were expected to benefit the lagging and underdeveloped regions.
2. Employment Generation - Income can be raised for the poor through job creation. The government intended to achieve this through anti-poverty programs.
3. Basic Services - Government aims to provide basic services to the people through various programs such as the public distribution program, Poshan Abhiyan, and the Midday Meal Scheme.

Poverty Alleviation Programs

Some of the key steps adopted by the government to eradicate poverty are given below

- Samaranjayanti Gram Swarozgar Yojana (SGSY)
- Sampoorna Gramin Rozgar Yojana (SGRY)
- Pradhanmantri Gramodaya Yojana (PGY)
- Jai Prakash Rozgar Yojana (JPRGY) Confirmation
- Swarn Jayanti Shahri Rozgar Yojana (SJSRY)
- Prime Minister Rozgar Yojana
- Small and Local Industrial Development (viii) Small Needs Program
- A 20-point plan
- Mahatma Gandhi National Employment Certificate

Government-approved program to help the elderly and the poor and the poor women: -

1. A national social assistance program that includes the National Old Age Pension Scheme, the National Family Benefit Scheme, the national maternity benefit scheme.
2. Annapurna Yojana
3. In job training

Q1. Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I

Column – I	Column – II
a) Study Group formed by planning Commission for Poverty	(i) 2005
b) 'Task Force on Projections of the Minimum needs and Effective Consumption Demand'	(ii) 1962
c) Mahatma Gandhi National Rural Employment Guarantee Act	(iii) 2014
d) Jan Dhan Yojana	(iv) 1979

Choose the Correct Alternative:

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

Q2. Percentage of people below poverty line is called: –

- (a) Head Count Ratio
- (b) population growth
- (c) millennium development goals
- (d) None of these

Q3. Which of the following is the full form of MPCE?

- (a) Minimum per capita expenditure
- (b) Maximum per capita expenditure
- (c) Monthly per capita expenditure
- (d) None of the above

Q4. Which of the following are examples of self-employment programs in India?

- (a) Swarna Jayanti Shahri Rozgar Yojna
- (b) Prime Minister's Rozgar Yojna
- (c) Both a and b are incorrect
- (d) Both a and b are correct

Q5. The per-day calorie estimate of poverty for urban economies is _____.

- (a) Less than 2400
- (b) Less than 2200
- (c) Less than 2100
- (d) Less than 2000

Q6. Which of the following countries has a greater prevalence of relative poverty?

- (a) Developed countries
- (b) Underdeveloped countries
- (c) Socialist countries
- (d) Capitalist countries

Q7. The National Development Council (NDC):

(1) Discusses progress of the National plan.
(2) Suggests the ways to achieve goals of the national plan.
(3) Gives guidelines to formulate the National plan.
(4) Suggests plan allocation.

Consider the above statements, select the correct answer from the codes given below:

- (a) 1, 2 and 3

- (b) 2, 3 and 4
 (c) 1, 2 and 4
 (d) All of the above

Q8. Identify the correct pair from Column I and Column II and choose the correct Alternative:

Column – I	Column – II
A – National Sample Survey Organization	i) Publish the data on poverty
B – MGNREGA	ii) Self Employment Programmed
C – Fall in price of essential goods	iii) Reason of Poverty
D – Low capital formation means	iv) Low investment

Options

- (a) A – (i)
 (b) B – (ii)
 (c) C – (iii)
 (d) D – (iv)

Q9. Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I.

Column – I	Column – II
A) Mahatma Gandhi National Rural Employment Guarantee Act	i) 2014
B) Pradhan Mantri Jan Dhan Yojana	ii) 2005
C) Launch of National Food for Work Programmed	iii) 1989
D) Formation of Expert groups to identify the number of poor in India	iv) 2004

Options choose the correct answer

- (a) A – (iii), B – (i), C – (iv), D – (ii)
 (b) A – (iv), B – (i), C – (ii), D – (iii)
 (c) A – (ii), B – (i), C – (iv), D – (iii)
 (d) A – (ii), B – (iii), C – (iv), D – (i)

Q10. The per-day calorie estimate of poverty for rural economies is _____.

- (a) Less than 2400
 (b) Less than 2200
 (c) Less than 2100
 (d) Less than 2000

Q11. Which of the following is not one of the International Development Targets of the Millennium Development Goals?

- (a) Reducing the number of persons living in extreme poverty by one half of 2015
 (b) Universal primary education by 2015
 (c) Reduction of infant and child mortality by 2/3rd by 2015
 (d) Reducing the total population by 1/3rd

Q12. Prime Minister's Rozgar Yojana was started in

- (a) 1995
 (b) 1993
 (c) 1991
 (d) 1998

Q13. Use of energy requirements (calorie) as a measure of poverty in India was made for the first time by:

- (a) Amartya Sen

- (b) Dandekar and Rath
- (c) Planning Commission
- (d) T. N. Srinivasan

Q14. Human Poverty Index (HPI) measures the deprivation as a composite index of:

- (a) longevity, nutrition and knowledge
- (b) knowledge, basic needs and standard of living
- (c) longevity, standard of living and sanitation
- (d) longevity, knowledge, and standard of living

Q15. Which plan was suspended one year before the time schedule?

- (a) First Plan (1951 -56)
- (b) Third Plan (1966-71)
- (c) Sixth Plan (1980-85)
- (d) Fifth Plan (1974-79)

Q16. The schemes of Urban Micro-Enterprises, Urban Wage Employment and Housing, and Shelter Up gradation are part of

- (a) Integrated Rural Development Programmed
- (b) Nehru Rozgar Yojana
- (c) Jawahar Rozgar Yojana
- (d) Prime Minister's Rozgar Yojana

Q17. Inclusive growth as enunciated in the Eleventh Five Year Plan does not include one, of the following:

- (a) Reduction of poverty
- (b) Extension of employment opportunities
- (c) Strengthening of capital market
- (d) Reduction of gender inequality

Q18. Identify the correct pair from Column I and Column II and choose the correct alternative:

Column – I	Column – II
A – Absolute poor	(i) When a comparison is done between two regions
B – Relative Poor	(ii) Person who is unable to get basic amenities
C – Antyodaya	(iii) A program to provide 100 days of guaranteed work
D – Poverty is multi-faceted	(iv) It has many dimensions

Note:-

Options

- (a) A – (i)
- (b) B – (ii)
- (c) C – (iii)
- (d) D – (iv)

Q19. Identify the correct pair from Column I and Column II and choose the correct alternative:

Column – I	Column – II
A – Food for work	(i) It is noted program initiated in the 1990s
B – Rural Employment Generation Programmed	(ii) It was launched in 1996
C – National Urban Livelihood Mission	(iii) It replaced the Sampoorna Gramin Swarozgar Yojan

D – Pradhan Mantri Jana Dhan Yojana	(iv) It was launched in 2014
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Options

- (a) A – (i)
- (b) B – (ii)
- (c) C – (iii)
- (d) D – (iv)

Q20. National Development Council is concerned with

- (a) implementing state plans
- (b) approving and assessing major development projects in India
- (c) approval of five-year plans
- (d) implementing community development programmers

Q21. What was the percentage of the population below the poverty line in India in 2011-12?

- (a) 26.1%
- (b) 19.3%
- (c) 22%
- (d) 32%

Q22. When was the Task Force on Projections of Minimum Needs and Effective Consumption Demand was formed?

- (a) 1969
- (b) 1979
- (c) 1989
- (d) 1999

Q23. In 2011-12, poverty line was defined worth _____ as consumption per person a month for rural areas and _____ for urban areas.

- (a) ₹816 and ₹1,000
- (b) ₹1,012 and ₹1,210
- (c) ₹550 and ₹860
- (d) ₹860 and ₹673

Q24. Which of the following is an action adopted under the provision of minimum basic amenities to the people?

- (a) Prime Minister's RozgarYojna
- (b) Swarna Jayanti Shahari RozgarYojna
- (c) Pradhan Mantri Gramodaya Yojna
- (d) National Rural Livelihood Mission

Q25. In 2011-12, which state had the highest poverty rate in India?

- (a) Maharashtra
- (b) Bihar
- (c) Madhya Pradesh
- (d) West Bengal

Q26. NFWP was launched in:

- (a) November 2004
- (b) December 2003
- (c) November 2002
- (d) December 2005

Q27. Identify the correct pair from Column I and Column II and choose the correct alternative:

Column – I	Column – II
A – Prime Minister's RoZgar Yojana	(i) It was launched on 2nd October, 1893
B – Swarna Jayanti Shahari Rozgar Yojana	(ii) It aims at creating self-employment and wage employment opportunities in urban areas.
C – National Rural Livelihood Mission	(iii) It was initially launched in 250 districts in 2012-13.
D – MGNREGA	(iv) It seeks to provide 200 days of guaranteed wage employment to at least one adult member of a household.

Options

- (a) A – (i)
- (b) B – (ii)
- (c) C – (iii)
- (d) D – (iv)

Q28. Select the correct combination between the following columns.

Column – I	Column – II
A – Chronic Poor	(i) Rich most of the time but may sometimes has a patch of bad luck.
B – Churning Poor	(ii) Who have never been poor?
C – Transient Poor	(iii) Always poor and usually poor who may sometimes have a little more money
D – Non – Poor	(iv) Regularly move in and out of poverty

Options

- (a) A – (iv), B – (iii), C – (i), D – (ii)
- (b) A – (i), B – (iii), C – (iv), D – (ii)
- (c) A – (iii), B – (iv), C – (i), D – (ii)
- (d) A – (iv), B – (i), C – (iii), D – (iii)

Q29. Which of the following pair is incorrectly matched?

Column – A	Column – B
A – Poverty line	(i) Line of demarcation between urban and rural people.
B – Poverty	(ii) Unable to satisfy conspicuous consumption but can meet basic necessities of life
C – Debt Trap	(iii) Usually arises due to higher interest rates or changes in terms and conditions of the debt incurred.
D – Moneylenders	(iv) Usually charges a very high rate of interest

Options

- (a) A – (i)
- (b) B – (ii)
- (c) C – (iii)
- (d) D – (iv)

Q30. The Economic Planning Committee was established in the chairmanship of

- (a) J.L. Nehru
- (b) Dr. Rajendra Prasad
- (c) Ramkrishna Mudaliyar
- (d) K.C. Niyogi

Q31. Which five year plan was focused on poverty and unemployment for the first time?

- (a) Third Five Year Plan
- (b) Fourth Five Year Plan
- (c) Fifth Five Year Plan
- (d) Sixth Five Year Plan

Q32. "Pradhan Mantri Jan-Dhan Yojana" has been launched for

- (a) providing housing loan to poor people at cheaper interest rates
- (b) promoting women's Self-Help Groups in backward areas
- (c) promoting financial inclusion in the country
- (d) providing financial help to the marginalized communities

Q33. With reference to "Aam Admi Bima Yojana", consider the following statements

- | |
|--|
| 1. The member insured under the scheme must be the head of the family or an earning member of the family in a rural landless house-hold. |
| 2. The member insured must be in the age group of 30 to 65 years. |
| 3. There is a provision for free scholarship for upto two children of the insured who are studying between classes 9 and 12. |

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3
- (c) 1 and 3
- (d) 1, 2 and 3

Q34. In which one the following Five Year Plans the actual growth performance in India in respect of GDP (at factor cost) was less than the target set?

- (a) Sixth Five Year Plan
- (b) Seventh Five Year Plan
- (c) Eighth Five Year Plan
- (d) Ninth Five Year Plan

Q35. In which of the following years was the planning commission set up in India?

- (a) 1947
- (b) 1948
- (c) 1949
- (d) 1950

Q36. Which Five-Year Plan had an objective of "Rapid industrialization with particular emphasis on development of basic and heavy industries"?

- (a) First
- (b) Second
- (c) Third
- (d) Fourth

Q37. In which five year plan self-reliance as an object of planning was emphasized?

- (a) First Five Year Plan
- (b) Second Five Year Plan
- (c) Third Five Year Plan
- (d) Fourth Five Year Plan

Q38. Which of the following programmes provide assistance to elderly people is given under?

- (a) VAMBAY
- (b) NSAP
- (c) PMGY
- (d) PMRY

Q39. Which category of poor people keep moving up and down the poverty line: –

- (a) Occasionally poor
- (b) Transient poor
- (c) Churning poor
- (d) Always poor

Q40. MNREGA offered employment for a minimum period of

- (a) 150 days
- (b) 200 days
- (c) 100 days
- (d) 120 days

SOLUTIONS

S1. Ans. (d)

S2. Ans. (a)

Sol.

The head count ratio (HCR) is the population proportion that exists, or lives, below the poverty threshold. One of the undesirable features of the head count ratio is that it ignores the depth of poverty; if the poor become poorer, the head count index does not change. The Headcount Ratio is calculated with the following formula. $HCR = \frac{\text{Number of people living below the poverty line}}{\text{Total population of the country}}$. In 2011-12, the India Head Count Ratio was reported to be 21.9 per cent.

S3. Ans. (c)

S4. Ans. (d)

S5. Ans. (c)

S6. Ans. (d)

S7. Ans. (a)

Sol.

National Development Council aims to prescribe guidelines for the formulation of the National Plan, including the assessment of resources for the Plan; to consider the National Plan as formulated by the Planning Commission; to consider important questions of social and economic policy affecting national development; and to review the working of the Plan from time to time and to recommend such measures as are necessary for achieving the aims and targets set out in the National Plan.

S8. Ans. (d)

S9. Ans. (c)

S10. Ans. (a)

S11. Ans. (d)

S12. Ans. (b)

S13. Ans. (b)

S14. Ans. (d)

S15. Ans. (d)

S16. Ans. (b)

S17. Ans. (c)

Sol.

Eleventh five year plan targeted rapid and inclusive growth to alleviate poverty. It focused on skill development to prepare right people for the right roles. Reduction in gender inequality was also one of the objectives of the plan.

S18. Ans. (d)

S19. Ans. (d)

S20. Ans. (c)

Sol.

The National Development Council (NDC) headed by the Prime Minister with all Chief Minister and cabinet ministers is the final authority to approve the five-year-long policy. The Planning Commission was an institution in the Government of India, which formed India's Five-Year Plans.

S21. Ans. (c)

S22. Ans. (b)

S23. Ans. (a)

Sol.

For 2011-12, the Planning Commission has estimated the percentage of people living below the poverty line at 21.9 percent. The poverty line in 2011-12 in terms of monthly per capita consumption expenditure was estimated at Rs 816 in rural areas and Rs 1,000 in urban areas.

S24. Ans. (c)

S25. Ans. (c)

Sol.

As per the estimates, Uttar Pradesh had the highest number of poor people living below the poverty line at 5.98 crore in 2011-12, followed by Bihar at 3.58 crore, Madhya Pradesh 2.34 crore, Maharashtra 1.97 crore and West Bengal 1.84 crore.

S26. Ans. (a)

S27. Ans. (b)

S28. Ans. (c)

S29. Ans. (a)

S30. Ans. (a)

S31. Ans. (c)

Sol.

The Fifth Five-Year Plan laid stress on employment, poverty alleviation (Garibi Hatao), and justice. The plan also focused on self-reliance in agricultural production and defense.

S32. Ans. (c)

Sol.

Pradhan Mantri Jan-Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, namely, Banking/ Savings & Deposit Accounts. Remittance, Credit, Insurance, Pension in an affordable manner.

S33. Ans. (c)

Sol.

The statements 1st and 3rd are correct, but 2nd statement is wrong because, the member should be aged between 18 and 59 years not 30 and 65 years.

S34. Ans. (d)

S35. Ans. (d)

S36. Ans. (b)

Sol.

The second five year plan (1956-1961) emphasized on long-term economic growth and hence patronized the development of basic and heavy industries. It followed the Mahalanobis model of development, prepared by an Indian statistician Prasanta Chandra Mahalanobis. During this period, five hydroelectric power plants and steel plants were established in Bhilai, Durgapur and Rourkela.

S37. Ans. (d)

Sol.

Fourth Five Year Plan:

The Fourth Five-year plan was implemented from 1969 to 1974 in India. It was a plan based on the Ashok Rudra Menon model. The main objective of this scheme was to develop stability and attainment of economic self-reliance.

S38. Ans. (b)

S39. Ans. (c)

Sol.

Churning poor: The churning poor are the people who go in and out of poverty (for example, small farmers and seasonal workers). Transient poor: The poor who are well off most of the time but may be subject to bad luck or difficult times at times. They are known as the transient poor.

S40. Ans. (c)

Sol.

MGNREGA has a flagship programme of UPA government which is given 100 days job assurance in rural areas for unskilled persons. It also creating social inclusion by given 33% jobs assurance for women. It is one of the important opportunities for women.