Chapter 42

THE PROBLEM OF POVERTY

Poverty As a Major Problem of India - Definition of Poverty - Absolute Poverty and Relative Poverty - Extent of Poverty in India - Causes of Poverty - Remedial Measures for Poverty - Five Year Plans - Nationalisation - 20 Point Programme - Other Programmes for Employment Generation and Poverty Alleviation : JRY - PMRY - REGP - SGSY - PMGSY - PMGY - SGRY - VAMBAY - NFWP - Rural Housing Scheme.

1. POVERTY AS A MAJOR PROBLEM OF INDIA

Poverty is one of the most widespread socio-economic problems of India. It is, indeed, a common problem being faced with most of the underdeveloped and the developing countries of the world. It is not only socio-economic but even emotional, cultural and political in nature. The developments that have been taking place in this land for the past six decades have not been able to wipe out poverty. Poverty has been the root cause of many of the problems.

The problem of poverty is very closely linked up with unemployment. Poverty and unemployment, the twin social problems are found throughout the length and breadth of this land. As **G.R. Madan** points out, *"they have been in existence since the dawn of civilization and one method or the other was devised to help the poverty stricken, the dependent and the unemployed."* These two problems are not peculiar to India for they are found in good number of Aisatic and African countries.

The study of poverty invites invariably a number of questions : *What is poverty ? What is the extent or magnitude of poverty / What are the causes of poverty ? How to measure poverty ? What are the social effects of poverty ? What are its economic and social dimensions ? What are the effective solutions to poverty ?* etc. We shall try to find some satisfying answers for these questions.

Definition of Poverty

1. **Gillin and Gillin :** *"Poverty is that condition in which a person either because of inadequate income or unwise expenditures, does not maintain a scale of living high enough to provide for his physical and mental efficiency and to enable him and his natural dependents to function usefully according to the standards of the society of which he is a member."*
2. **Adam Smith :** A person *"... is rich or poor according to the degree in which he can afford to enjoy the necessaries, the conveniences and the amusements of life."* - [**Adam Smith** in his *"Wealth of Nations"*].
3. **Goddard :** *"Poverty is insufficient supply of those things which are requisite for an individual to maintain himself and those dependent upon him in his health and vigour."*

Explanation Poverty in terms of "Poverty Line"

The first Director General of FAO *[Food and Agricultural Organization of the UNO]* was the first to explain poverty on the basis of *'starvation line'* in 1945. According to him, an intake of less than 2300 calories of food per person per day, was considered the line of starvation and this has been transformed into "poverty line"

- The ***Indian Planning Commission*** defined *"poverty line"* on the basis of nutritional requirements of 2400 calories per person per day for rural areas and 2100 calories per person per day for urban areas.
- A group of Indian economists consisting of **Prof. Gadgil, Dr. V.K.R.V. Rao, Dr. Ganguli, Ashok Mitra** and **Dr. P.S. Lokanathan** worked out the poverty line in their own way. They recommended a standard of private consumption at Rs. 240 per capita per year at 1960-61 prices as the barest minimum.

2. ABSOLUTE POVERTY AND RELATIVE POVERTY

These two expressions, absolute poverty and relative poverty, are quite common in any indepth study of poverty. What do we mean by them - ?

Absolute Poverty

Right from the 19th century, some researchers are trying to fix some yardstick for measuring poverty in precise terms. Ideally speaking such a yardstick would help us establish a fixed level of poverty, known as "poverty line" below which poverty begins and above which it ends. Such a yardstick is believed to be universal in character and would be applicable to all the societies. This concept of poverty is known as *"absolute poverty"*.

Absolute poverty is often known as *"subsistence poverty"* for it is based on assessments of minimum subsistence requirements or basic "physical needs" such as food, clothing, shelter, health requirements etc. Some concepts of absolute poverty would even include the idea of *"basic cultural needs"*. This broadens the idea of basic human needs beyond the level of physical survival. **Drewnowski** and **Scott** include education, security, leisure and recreation in their category of *"basic cultural needs"*.

Criticisms : The concept of absolute poverty has been widely criticised. It is based on the assumption that there are minimum basic needs for all people in all societies. This is a difficult argument to defend even in regard to subsistence poverty measured in terms of food, clothing and shelter. Such needs vary both between and within societies. It becomes still more difficult to defend the concept of absolute poverty when it is extended to include the idea of "basic cultural needs". Such "needs" vary from time to time and place to place and any attempt to establish absolute fixed standards is bound to fail.

Relative Poverty

The difficulties involved in the application of the concept of *"absolute poverty"*, made some researchers to abandon the concept altogether. In place of absolute standards, they have developed the idea of relative standards that is, standards which are relative to particular time and place. In this way, the idea of absolute poverty has been replaced by the idea of relative poverty.

"Relative poverty is measured in terms of judgements by members of a particular society of what is considered as reasonable and acceptable standard of living and styles of life according to the conventions of the day. Just as conventions change from time to time, and place to place, so will definitions of poverty."[1] In a rapidly changing world, definitions of poverty based on relative standards will be constantly changing. Hence, **Peter Townsend** has suggested that any definition of poverty must be *"related to the needs and demands of a changing society."*

Limitations of the Usage of this Concept

Even the concept of relative poverty presents certain problems. It cannot be assumed that there are universally accepted standards of reasonable and acceptable life-styles. Within a particular society, ethnicity, class, religion, region, age and a variety of other factors can vary judgements of reasonable living standards.

The concept of relative poverty poses problems for the comparison of the poor in the same society over time and between societies. For example, it becomes difficult to make a comparison of the poor in present - day and 19th century India; or of present-day India and European countries or those of African countries.

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1. **M.H. Haralambos** in *"Sociology Themes and Perspectives"*, - Page : 142.

4. CAUSES OF POVERTY

The causes of poverty many sided. However, they may be discussed under the following heads : *(i) Individual incapacity, (ii) Economic factors, (iii) Social factors. (iv) Demographic factors, and (v) other factors.*

(i) Individual Incapacity and Other Deficiencies

From the view point of the ideology of individualism, the individual failure itself is responsible for poverty. Success or failure in life, according to this ideology, is entirely a personal matter. Hence, it is logical to conclude that if an individual fails to achieve success in life and suffers from poverty, he himself is to be blamed for his laziness, inactivity, lack of initiative, dullness and incapacities. The Protestant Ethic described by Max Weber also emphasizes this aspect.

What factors contribute to individual incapacity ? : There are various causes for an individual's failure. Failure in life may be due to some inborn deficiencies such as physical or mental handicap, dumbness, deafness, blindness, feeblemindedness, deficient legs and hands, and so on. Some of the deficiencies might have been developed later in life. Since an individual does not have any control over many of these deficiencies, he is bound to yield to them and suffer from them. They make such an individual a parasite on society.

Some of the deficiencies which can be managed or overcome, are often neglected by some individuals and hence they fall a prey to the problem of poverty. We may include under this category, deficiencies such as illiteracy, laziness, extravagance, immorality, bad habits such as gambling, alcoholism, etc.

(ii) Economic Causes of Poverty

1. Inadequate Economic Development : Our economic development since independence has been disappointing in certain respects. The rate of growth of our economy between 1951-91 has been just 3.5% which is negligible. During the year 2004-05, though this rate of growth increased to 5%, it was not enough to fight the challenges of poverty. Our per capita income is still very less. It was

Table 2 PERCENTAGE OF POOR IN DIFFERENT STATES

States/U.T./s	No. of Persons [in lakhs]	% of Persons
Andhra Pradesh	119.01	15.77
Arunachal Pradesh	3.98	33.47
Assam	94.55	36.09
Bihar	425.64	42.60
Goa	0.70	4.40
Gujarat	67.89	14.07
Haryana	17.34	8.74
Himachal Pradesh	5.12	7.63
Jammu & Kashmir	3.46	3.48
Karnataka	104.40	20.04
Kerala	41.04	12.72
Madhya Pradesh	298.54	37.43
Maharashtra	227.99	25.02
Manipur	7.19	28.54
Meghalaya	8.23	33.87
Mizoram	1.85	19.47
Nagaland	5.49	32.67
Orissa	169.09	47.15
Punjab	14.49	6.16
Rajasthan	81.83	15.28
Sikkim	2.05	36.55
Tamil Nadu	130.48	21.12
Tripura	13.02	34.44
Uttar Pradesh	529.89	31.15
West Bengal	213.49	27.02
A & N Island	0.82	20.99
Chandigarh	0.51	5.75
Dadra & Nagar Haveli	0.33	17.14
Daman & Diu	0.06	4.44
Delhi	11.49	8.23
Lakshadeep	0.11	15.60
Pondicherry	2.41	21.67

Source : Rajya Sabha, Unstarred question 807.

around Rs. 255/- in 1950-51, and it increased to Rs. 19,649/- [at 1990-00 prices] in 2004-05. In comparison with other advanced countries this is quite less.

2. ***Increasing Unemployment :*** Our economy has not provided enough employment opportunities for the people. Hence unemployment is mounting. In 1952, the number of registered unemployed persons was about 4.37 lakhs and it increased to 334 lakhs in 1990. By December 1991, the figure had swelled to 36.3 millions. It further increased to 41.39 millions by the end of December, 2003.[1]

3. ***Unmanageable Inflationary Pressures :*** Due to incessant inflation, the value of money has come down. It came down to 8.28 paise in 1990-91. The annual rate of inflation was estimated to be at 13.4% in 1991 and with great difficulty it was brought down to 7.3% in 1997. The value of rupee further decreased to 7.2 paise at 1960-61 prices. This uncontrolled inflation adversely affected the purchasing power of the common people.

4. ***Capital Deficiency :*** Industries require huge capital for their fast growth. But lack of enough capital has hampered the growth of our industries. The process of economic liberalization which has been let loose recently, has of course, started showing its positive results during these days. Time is not ripe to pass find judgements and its results.

5. ***Too much Dependence on Agriculture :*** Our economy is primarily an agrarian economy. More than 65% of the people are still dependent on agriculture. Agriculture has its own limitations. In India, in particular, people are following the traditional method of cultivation and hence agricultural production is comparatively very less.

(iii) Demographic Factors

Population in India is growing at an alarming rate. Within 60 years [1921-1981] it had doubled. It has reached an incredible number of 122.3 crore in 2008. Hence, the little progress that is achieved in the economic sphere is being eaten away by the growing population. As per 1998-99 estimate, 8% of the people [9.60 crores] are above 60 years and their capacity to contribute to economic production is limited. About 35.7% of the people are below 14 years of age and hence are incapable of earning.

The size of the Indian family is relatively bigger. The average size of the Indian family is around 4.2. The growing size of the population has it adverse effects on people's health. A sizeable number of people are suffering from various diseases for which proper medical treatment is not available.

(iv) Social Causes

(a) ***Traditionalism :*** India is a land of traditionalism, communalism, casteism, linguism, parochialism, religious and linguistic prejudices and so on. These factors have a negative effect on country's progress by making people dogmatic in their approach and narrow – minded and selfish in outlook.

(b) ***Illiteracy and Ignorance :*** Illiteracy and ignorance are supportive of poverty. By 2001, there were about 38 crore illiterates in the country. Further, our defective educational system is incapable of generating employment and there is no guarantee of job for the educated youths.

(c) ***Dominance of Caste and Joint Families :*** Our caste system still has its hold on the caste members. The caste system compels its members to stick on to the traditional and hereditary occupations of the caste. It does not give encouragement to the caste members to take up to jobs of their choices. In the very same manner, the joint families which are still dominant in the rural areas do not allow young members to take initiative in making new adventures in the employment and economic spheres.

(v) Other Causes

1. ***Long Period of Foreign Rule :*** India was under foreign rule for a very long period. The British who ruled India ruthlessly, had systematically spoiled the basic economic structure of our land and

1. As per the estimate of NSSO [National Sample Survey Organisation], by the end of 1999-2000, there were around 19.50 million unemployed people in rural India, and around 7.11 million in the urban sector.

destroyed the various arts, crafts, cottage and small scale industries which we had previously. They exploited Indian resources for the glory of Britain and made Indians parasites in several respects.

2. Climatic Factors : Climate can also be a cause of poverty. The hot climate of India reduces the capacity of the people to work, and hence, naturally, production cannot be increased in the desired quantity.

3. Wars and Threats of War : India had to spend huge amount of money on wars which she had fought with China and Pakistan. There is constant threat of war also. Hence huge amount of money is being spent on our defence industry. About 15% to 25% of national income was spent previously for defence purposes and it was reduced to 16.7% in 1989-90.

4. Defective Political System and Lack of Political Will : Indian political system is very often condemned as corrupt, inefficient and defective. Unhealthy competition among the political parties for power has many a times damaged our national interests. Our political leaders lack nationalistic fervour and will power to face the challenges that are confronting the nation.

5. REMEDIAL MEASURES FOR POVERTY

The British did not bother about the poor condition of Indians as long as they ruled over India. When India became independent in 1947, it started paying more attention to the problem of poverty and undertook many measures and launched many schemes, programmes and projects for the removal of poverty. Here is a brief survey of such measures.

1. The Five Year Plans

The Indian Government set up the Planning Commission in 1950 and started the Five Year Plans with a view to develop the country in a methodical manner.

The First Five Year Plan [1951-56] had spent about Rs. 2378 crores for various developmental purposes and this amount had almost increased to 15.92 lakh crores in the 10th Five Year Plan, 2002-07. These Five Year Plans mainly aimed at – attaining self-reliance in agricultural production, the removal of unemployment; achieving desirable progress in industry, increasing standard of living, and finally, at wiping out poverty.

The progress achieved through these Plans, though not satisfactory cannot be neglected. In the time span of about 40 years after Independence we could achieve an annual economic growth of about 3% as against the world average of 4%. This annual growth rate, however, crossed 5.5% in the decade of 1980s, and the 10th Plan intended to achieve 8% growth of GDP. Between 1951-1991, the number of people living below the line of poverty has been reduced by about 28%. The 10th Plan poised to reduce it to 21% by 2007. The government is hopeful of achieving considerable progress especially in the industrial sector by means of implementation of the policy of economic liberalization.

2. Nationalisation

With a view to facilitate economic growth, 14 banks were nationalized in 1962, when Indira Gandhi was the Prime Minister of India. Afterwards in 1972, coal mines were nationalized and that was followed by government taking control of big private iron and steel company and wholesale business in food grains. Nationalisation did not provide the expected benefits. Lack of efficiency, initiative and commitment to the cause, have been main casualities of the process of nationalization. Only in two areas, branch expansion and grant of loan to the weaker sections, the banks have achieved some progress. The overall performances of many of these banks is, far from satisfactory. The government now seems to have learnt that nationalization cannot be the panacea for problems and hence it is switching over to the opposite pole of privatization.

3. 20 Point Programme

During the period of emergency (1975-78), Indira Gandhi, the then prime minister of India, introduced

the much publicized 20- point programme with the main intention of removing poverty ("*Garibi Hatao*") and economic exploitation, and upliftment of weaker sections of the society.

Under this scheme ,number of programmes were included: *development of S.C., S.T., and other backward classes: distribution of surplus land to the weaker sections, providing minimum wages to the landless workers, providing irrigational facilities to the rural people and expanding their employment opportunities, family planning, extension of primary health services, welfare of women children and labourers, simplifications of industrial policy, extension of primary education facilities, providing drinking water to all villages, etc.*

Though many of the programmes included under the 20 point programme were laudable, they could not be effectively implemented for want of honesty and commitment on the part of the government officials and political leaders. The programme could only create awareness among the weaker sections, and in various other respects, it was a failure.

4. Other Programmes for Employment Generation and Poverty Alleviation

Among the other anti-poverty and employment generation programmes launched by the Government, the following ones deserve a special mention.

(i) The JRY : Jawahar Rozgar Yojana : The JRY [*Jawahar Rozgar Yojna*] was introduced in the month of April 1989 with the intention of helping at least one member of each poorest family by providing employment for about 50 to 100 days in a year at his own work place or residential area. About 30% of the jobs under this programme are reserved for women. The expenditure of this Yojna is to be shared by the Centre and State at 80:20 ratios respectively. About 80% of the funds obtained by the Centre and State are to be utilized through the Gram Panchayats for helping the targeted beneficiaries. The existing rural wage employment programmes such as NREP and RLEGP were merged into the JRY.

As per the provision of this Yojna, Panchayats with a population ranging between 4000 to 5000 persons are given an annual financial assistance from Rs. 0.80 lakh to 1 lakh. But 30% of the money goes only for women. In the year 1990-91, about Rs. 500 crore was spent under this Yojna. It covers about 46% of the population.

In the 8th Plan, about Rs. 30,000 crore was allotted for rural development out of which JRY got about Rs. 18,400 crores. Apart from this Central assistance, the JRY got the state assistance of about Rs. 400 crore. In the year 1998-99, Rs. 2095 crore was allotted for the implementation of this Yojna and by the end of 1998, around 190 million mandays of employment was created for he needy people. This scheme has been implemented in 2,20,000 villages all over the country. In April 1999, in place of JRY the Jawahar Gram Samriddhi Yojna came into being.

(ii) Prime Minister's Rozgar Yojana [PMRY] – 1993 : This scheme launched in 1995, has the objective of making available self-employment opportunities to the educated unemployed youth. The PMRY is meant for educated unemployed youth with family income up to Rs. 40,000 per annum, in both urban and rural areas, for engaging in any economically viable activity.

(iii) Rural Employment Generation Programme [REGP] 1995 : With the objective of creating self-employment opportunities in the rural areas and small towns the REGP was launched in 1995. The

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[It may be noted here that some of the schemes and programmes launched by the Government earlier were replaced by or got merged into the new ones. For example, the IRDP [*Integrated Rural Development Programme*] initiated in 1978-79 was replaced by the SGSY [*Swarna Jayanthi Gram Swarozgar Yojna*] in 1999; the NREP and RLEGP [*National Rural Employment Programme and Rural Landless Employment Guarantee Programme*] were merged into JRY that is Jawahar Rozgar Yojana in 1989; the EAS [*Employment Assurance Scheme*] got merged with the SGRY [*Sampoorna Grameena Rozgar Yojana*] and so on.]

scheme is being implemented by the KVIC, that is, *Khadi and Village Industries Commission*. A target of creating 25 lakh new jobs has been set for the REGP during the 10th Plan.

(vi) Pradhan Mantri Gramodaya Yojana [PMGY] 2000 : The PMGY was launched in 2000-2001 in all the states with the objective of achieving sustainable human development at the village level. Initially, it had five components namely; *primary health, primary education, rural shelter, rural drinking water and nutrition, and rural electrification*. The Central Assistance for this yojna amounted to Rs. 2800 crores for the period 2003-05.

(v) Pradhan Mantri Gram Sadak Yojana [PMGSY] 2000 : This scheme came into force in December 2000 to provide connectivity to 1.6 lakh unconnected habitations with population of 500 persons or more in the rural areas by the end of the 10th plan. The scheme estimate indicated a requirement of Rs. 60,000 crores in the beginning. The present estimates reveal that it requires at least Rs. 1,30,000 crore for its achievement. It is being executed in all the States and Union Territories. The scheme is in force and about 88685 kms of rural roads have been taken up under this programmes.

(iv) Swarnajayanthi Gram Swarozgar Yojana [SGSY] 1999 : The SGSY launched in April 1999 in place of the IRDP [Integrated Rural Development Programme], is the only self-employment programme currently being implemented. This scheme provides assistance to swarozgar is above the poverty line in the form of income-generating assets through bank credit and government subsidy. The scheme is being implemented on a 75:25 cost sharing between the Centre and the States. Since its inception, and up to April 2004, a total allocation of Rs. 6734 crore was made available for this scheme by the Centre and States.

(vii) Sampoorna Grameen Rozgar Yojana [SGRY] – 2001 : This scheme came into force in Sept. 2001 by merging in it the on-going schemes of Jawahar Gram Samridhi Yojana [JGSY] and Employment Assurance Scheme [EAS]. This is open to all rural poor who are in need of wage employment and desire to do manual and unskilled work in and around the rural habitat. The programme is to be implemented through Panchayat Raj institutions. The cost–sharing of the scheme between the Centre and the States is in the ratio of 75:25. During the year 2003-04 alone an amount of Rs. 4,121 crore as cash component and about 50 lakh tones of food grains were released to the States / UTs.

(viii) Valmiki Ambedkar Awas Yojana [VAMBAY] 2001 : The VAMBAY, launched in December 2001, intends to find remedy to the horrible conditions of the urban slum dwellers living below the poverty line without adequate shelter. The Centre provides 50% subsidy to the states to implement this scheme. Since its inception up to December 2004, the Central Govt. has released a total subsidy of Rs. 753 crore.

(ix) National Food for Work Programme [NFWP] 2004 : This programme was launched on November 14th 2004 in 150 most backward districts of the country. Its objective was to intensify the generation of supplementary wage employment. It is open to those rural poor who are in need of wage employment and desire to do manual unskilled work. This programme is 100% centrally sponsored one and the food grains are supplied to the states freely. Rupees 2020 crore had been allocated for the programme in the year 2004-05 in addition to 20 lakh tones of food grains.

(x) Rural Housing Schemes : The Government has also launched rural housing schemes such as *Indira Awas Yojana* [IAY] which intend to provide dwelling units, free of cost, to the poor families of the Scheduled Castes, Scheduled tribes, freed bonded-labourers and also to those who are below the poverty line in the rural areas. Since its inception up to June 1st 2004, as many as 113.96 lakh houses have been constructed / upgraded by spending as much Rs. 19,869 crore.

Conclusion

It is an indisputable fact that India still remains a poor country in spite of our various developmental projects, plans and programmes. An all-pervading problem like poverty cannot be removed all on a sudden. Governmental agencies and instruments alone cannot fix a master solution for it. People's active involvement in various developmental programmes is equally important. Above all, we require committed civil servants, dedicated bureaucrats, strong political leaders committed to the cause of nation and a 'general will' on the part of people to march ahead, facing the challenges of poverty.