



Government of Tamilnadu

Department of Employment and Training

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Topic : Poverty

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Commissioner,

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POVERTY

Introduction:

According to Dandekar and Rath, "Problem of poverty in India is a problem of low national income and its unequal distribution of slow pace of development."

Poverty is a product of the total system of a country-economic, technological, social, educational, cultural, political and moral. It is a product of social inequality and exploitation on the one hand and under-development on the other. It results from unequal growth, slow growth as well as absence of growth.

Poverty can be defined as a social phenomenon in which a section of the society is unable to fulfil even its basic necessities of life

Poverty determination in India

The percentage of the population living below the poverty line in India decreased to 22% in 2011-12 from 37% in 2004-05, according to data released by the Planning Commission in July 2013. This blog presents data on recent poverty estimates and goes on to provide a brief history of poverty estimation in the country.

National and State-Wise Poverty Estimates

The Planning Commission estimates levels of poverty in the country on the basis of consumer expenditure surveys conducted by the National Sample Survey Office (NSSO) of the Ministry of Statistics and Programme Implementation.

The current methodology for poverty estimation is based on the recommendations of an Expert Group to Review the Methodology for Estimation of Poverty (Tendulkar Committee) established in 2005.

The Committee calculated poverty levels for the year 2004- 05. Poverty levels for subsequent years were calculated on the basis of the same methodology, after adjusting for the difference in prices due to inflation.

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According to these estimates, poverty declined at an average rate of 0.74 percentage points per year between 1993-94 and 2004-05, and at 2.18 percentage points per year between 2004-05 and 2011-12.

Causes of Poverty in India

1. Rapidly Rising Population:

India's population has steadily increased through the years. During the past 45 years, it has risen at a rate of 2.2% per year, which means, on average, about 17 million people are added to the country's population each year. This also increases the demand for consumption goods tremendously.

2. Low Productivity in Agriculture:

A major reason for poverty in the low productivity in the agriculture sector. The reason for low productivity is manifold. Chiefly, it is because of fragmented and subdivided land holdings, lack of capital, illiteracy about new technologies in farming, the use of traditional methods of cultivation, wastage during storage, etc.

3. Underutilized Resources:

There is underemployment and disguised unemployment in the country, particularly in the farming sector. This has resulted in low agricultural output and also led to a dip in the standard of living.

4. Low Rate of Economic Development:

Economic development has been low in India. There is a gap between the requirement and the availability of goods and services.

5. Price Rise:

Price rise has been steady in the country and this has added to the burden the poor carry. Although a few people have benefited from this, the lower income groups have suffered because of it, and are not even able to satisfy their basic minimum wants.

6. Unemployment:

Unemployment is another factor causing poverty in India. The ever-increasing population has led to a higher number of job-seekers. However, there is not enough expansion in opportunities to match this demand for employment.

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7. **Shortage of Capital and Able Entrepreneurship:**

The shortage of capital and entrepreneurship is making it harder to increase production.

8. **Social Factors:**

Apart from economic and commercial, there are also social factors hindering the eradication of poverty in India. Some of the hindrances in this regard are the laws of inheritance, caste system, certain traditions, etc.

9. **Political Factors:**

The British colonisation and rule over India for about two centuries have caused damaging harm to the nature of India's economy. India, which was once a chief producer has been reduced to a big market. Much of the natural resources of the country was used to benefit British coffers and a lot of wealth was siphoned off to the homeland of the rulers. They also reduced many classes of people such as farmers, artisans, potters, weavers, etc. to their current state of poverty.

Poverty must be eradicated from India as every person has the right to live a healthy life.

Rural Poverty

According to the 2011-12 estimates, about 22 crores of people in rural areas are poor and live below the poverty line.

Rural poverty refers to the existence of poverty in rural areas. Poverty in India has been defined as the situation in which an individual fail to earn sufficient income to buy the basic minimum of subsistence.

Poverty line is a hypothetical line based on income or consumption levels that divides the population as people below poverty line and above poverty line. On the basis of recommended nutritional intake, persons consuming less than 2,400 calories per day in rural areas are treated as they are under rural poverty.

As per the Planning Commission estimates, the percentage of people living below poverty in rural areas was 54.10 which accounted for 33.80 per cent during 2009-10. Poverty is deepest among members of scheduled castes and tribes in the rural areas.

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In 2005 these groups accounted for 80 per cent of rural poor, although their share in the total rural population is much smaller. In 2015, more than 80 crores of India's people lived in villages.

One quarter of village population (22 crores people) list below the poverty line. India is the home to 22 per cent of the world's poor. It is needless to state that the country has been successful in reducing the proportion of poor people, in spite of increasing of population.

Causes for Rural Poverty

Various forces responsible for rural poverty are highlighted below:

1. The distribution of land is highly skewed in rural areas. Therefore, majority of rural people work as hired labour to support their families.
2. Lack of Non-farm Employment: Non-farm employment opportunities do not match the increasing labour force. The excess supply of labour in rural areas reduces the wages and increases the incidence of poverty.
3. Lack of Public Sector Investment: The root cause of rural poverty in our country is lack of public sector investment on human resource development.
4. Inflation: Steady increase in prices affects the purchasing power of the rural poor leading to rural poverty.
5. Low Productivity: Low productivity of rural labour and farm activities is a cause as well as the effect of poverty.
6. Unequal Benefit of Growth: Major gains of economic development are enjoyed by the urban rich people leading to concentration of wealth. Due to defective economic structure and policies, gains of growth are not reaching the poor and the contributions of poor people are not accounted properly.
7. Low Rate of Economic Growth: The rate of growth of India is always below the target and it has benefited the rich. The poor are always denied of the benefits of the achieved growth and development of the country.
8. More Emphasis on Large Industries: Huge investment in large industries catering to the needs of middle and upper classes in urban areas are made in India. Such industries are capital-intensive and do not generate more

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employment opportunities. Therefore, poor are not in a position to get employed and to come out from the poverty in villages.

9. Social Evils: Social evils prevalent in the society like custom, believes etc. increase unproductive expenditure.

POVERTY ERADICATION IN FIVE YEAR PLANS:

The developmental strategies in independent India have had always an anti-poverty thrust. The Government, plan after plan, laid emphasis on removal of poverty.

During the First Five Year Plan the Community Development Programme (CDP) was launched with the belief that the overall development of rural India could be brought about only with the participation and initiative of the people backed by technical and other services necessary for securing the best from such initiative and self-help.

During the period of the Second Five Year Plan an effort was, made to decentralise the power to the representatives of the people at the district, block and village levels with an objective to mobilise people's support to the rural development programmes. The Second Five Year Plan also recognised that benefits of economic development must accrue more and more to the relatively less privileged classes of the society.

The Third Five Year Plan also emphasised the need for a sizable increase in national income and wealth. This led, in the early sixties, to the formulation of a number of programmes such as Intensive' Agricultural Development Programme, High Yielding Variety Programme, etc., which were designed to accelerate agricultural production in selected regions that were naturally endowed with good soil and irrigation facilities. These programmes could not improve the lot of rural people and the problem continued to evade solution. On the other hand, unemployment and inequalities in wealth and income have continuously increased despite phenomenal increase in agricultural production.

In all the above plans and programmes the accent was on overall growth, and not on the removal of poverty. The attempts were too generalised and the benefits were cornered off by the better off sections and better endowed areas.

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During the Fourth Five Year Plan the policy makers realised that unless a direct attack on poverty is launched by identification of the members of the target group and providing assistance to them in terms of credit, inputs, subsidy and facilities for marketing, etc., the developmental efforts are likely to bypass the poor. As a result, several poverty alleviation programmes and new institutions were brought into existence to safeguard the needs of the rural poor. They included Small Farmer Development Agency (SFDA), Marginal Farmer and Agricultural Development Agency (MFA & DA), and Land Ceiling Acts, etc.

During Fifth Plan period priority was given not only to the target group oriented programmes but' also to the area based programmes, such as Drought Prone Area Programme (DPAP), Command Area Development Programme (CADP), Hill Area Development Programme (HADP), Minimum Needs Programme (MNP), 20- Point Economic Programme, etc.

During the sixth and seventh plan periods, asset and wage oriented programmes received top priority. Most important of them are Integrated Rural Development Programme (IRDP), Food for Work Programme (FFWP), National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGP), Jawahar Rojgar Yojana (JRY).

The approach to the Eighth plan proposes a widening and sharpening of these programmes. In the next section, we will discuss the objectives underlying some of the above mentioned programmes plan wise.

Measures to alleviate Poverty in India:

1. Integrated Rural Development Programme (IRDP):

The Integrated Rural Development Programme (IRDP), which was introduced in 1978-79 and universalized from 2nd October, 1980, aimed at providing assistance to the rural poor in the form of subsidy and bank credit for productive employment opportunities through successive plan periods.

On 1st April, 1999, the IRDP and allied programmes were merged into a single programme known as Swarnajayanti Gram Swarozgar Yojana (SGSY). The SGSY emphasizes on organizing the rural poor into self-help groups, capacity-building,

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planning of activity clusters, infrastructure support, technology, credit and marketing linkages.

2. Jawahar Rozgar Yojana/Jawahar Gram Samriddhi Yojana:

Under the Wage Employment Programmes, the National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) were started in Sixth and Seventh Plans. The NREP and RLEGP were merged in April 1989 under Jawahar Rozgar Yojana (JRY).

The JRY was meant to generate meaningful employment opportunities for the unemployed and underemployed in rural areas through the creation of economic infrastructure and community and social assets.

The JRY was revamped from 1st April, 1999, as Jawahar Gram Samriddhi Yojana (JGSY). It now became a programme for the creation of rural economic infrastructure with employment generation as the secondary objective.

3. Rural Housing – Indira Awaas Yojana:

The Indira Awaas Yojana (LAY) programme aims at providing free housing to Below Poverty Line (BPL) families in rural areas and main targets would be the households of SC/STs. It was first merged with the Jawahar Rozgar Yojana (JRY) in 1989 and in 1996 it broke away from JRY into a separate housing scheme for the rural poor.

4. Food for Work Programme:

The Food for Work Programme was started in 2000-01 as a component of EAS. It was first launched in eight drought-affected states of Chhattisgarh, Gujarat, Himachal Pradesh, Madhya Pradesh, Orissa, Rajasthan, Maharashtra and Uttaranchal.

It aims at enhancing food security through wage employment. Food grains are supplied to states free of cost, however, the supply of food grains from the Food Corporation of India (FCI) godowns has been slow.

5. Sampoorna Gramin Rozgar Yojana (SGRY):

The JGSY, EAS and Food for Work Programme were revamped and merged under the new Sampoorna Gramin Rozgar Yojana (SGRY) Scheme from 1st September, 2001. The main objective of the scheme continues to be the generation of wage employment,

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creation of durable economic infrastructure in rural areas and provision of food and nutrition security for the poor.

6. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005:

It was launched on February 2, 2005. The Act provides 100 days assured employment every year to every rural household. One-third of the proposed jobs would be reserved for women. The central government will also establish National Employment Guarantee Funds. Similarly, state governments will establish State Employment Guarantee Funds for implementation of the scheme. Under the programme, if an applicant is not provided employment within 15 days, she/he will be entitled to a daily unemployment allowance.

7. National Food for Work Programme:

It was launched on November 14, 2004 in 150 most backward districts of the country. The objective of the programme was to provide additional resources available under Sampoorna Grameen Rojgar Yojna. This was 100% centrally funded programme. Now this programme has been subsumed in the MGNREGA from Feb, 2006.

8. National Rural Livelihood Mission: Ajeevika (2011)

It is the skill and placement initiative of Ministry of Rural development. It is a part of National Rural Livelihood Mission (NRLM)–the mission for poverty reduction is called Ajeevika (2011). It evolves out the need to diversify the needs of the rural poor and provide them jobs with regular income on monthly basis. Self Help groups are formed at the village level to help the needy.

9. Pradhan Mantri Kaushal Vikas Yojna:

The cabinet on March 21, 2015 cleared the scheme to provide skill training to 1.4 million youth with an overall outlay of Rs. 1120 crore. This plan is implemented with the help of Ministry of Skill Development and Entrepreneurship through the National Skill Development Corporation. It will focus on fresh entrant to the labour market, especially labour market and class X and XII dropouts.

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10. National Heritage Development and Augmentation Yojna (HRIDAY):

HRIDAY scheme was launched (21 Jan. 2015) to preserve and rejuvenate the rich cultural heritage of the country. This Rs. 500 crore programmes were launched by Urban Development Ministry in New Delhi. Initially it is launched in 12 cities: Amritsar, Varanasi, Gaya, Puri, Ajmer, Mathura, Dwarka, Badami, Velankanni, Kanchipuram, Warangal and Amravati. These programmes played/are playing a very crucial role in the development of the all sections of the society so that the concept of holistic development can be ensured in the real sense.

Questions:

1. What are the causes of poverty in India?
2. Mention some of the poverty alleviation programmes in India? Explain.
3. What are the steps taken by government to reduce poverty in India?

