



PROBLEMS OF POVERTY IN INDIA

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Meaning:

Poverty is inability to get the minimum consumption requirements for life, health and efficiency.

Poverty is a **state or condition in which a person or community lacks the financial resources and essentials for a minimum standard of living.** Poverty means that the income level from employment is so low that basic human needs can't be met.



TYPES OF POVERTY

➤ ABSOLUTE POVERTY

It refers to measure of poverty keeping in view the economic conditions of a country. It has been defined in context of per capita intake of calories and minimum level of per capita consumption expenditure.

➤ RELATIVE POVERTY

It refers to poverty on the basis of comparison of per capita income of different countries. The country whose per capita income is quite less in comparison to other countries is treated as relatively poor nation.

RELATIVE POVERTY

Table 1. Comparison of Per Capita Income (Year 2019)

Country	Per Capita Income (In US dollars) (On exchange rate basis)
USA	65,850
UK	42,220
Japan	41,710
China	10,410
Sri Lanka	4,020
India	2,120
Bangladesh	1,940
Pakistan	1,410
World Average	11,571

(Source: World Development Report, 2020)

POVERTY LINE

- Poverty line is the line which indicates the level of purchasing power required to satisfy the minimum needs of a person. In the words, it represents the capacity to satisfy the minimum level of human needs. The purchasing power can be expressed in the form of average per capita monthly expenditure.
- This line divides population in two groups, one of those who have this purchasing power or more and the other group of those people who do not have this much of purchasing power. The former group is regarded as "Above the poverty line" and the latter as "Below the poverty line".

Trends of Poverty in India

- Number of poor persons and their percentage in total population

Table 2. Number and Percentage of Poor in Total Population

Year	No. of Poor (in crore)	Percentage of Poor in Total Population
1973-74*	25	54.9
2004-05**	40.72	37.2
2009-10**	35.47	29.8
2011-12**	26.93	21.9

(Source: NSSO Reports)

- Urban rural comparison

Table 3. Percentage of Rural and Urban Population below Poverty Line

Area	1973-74*	2004-05*	2004-05**	2011-12**
Rural	56.4	21.8	42.0	25.7
Urban	49.0	21.7	25.5	13.7
Combined	54.9	21.8	37.2	21.9

(Source: NSSO Reports)

Inter-state comparison:-

percentage of population below poverty line(2011-2012)

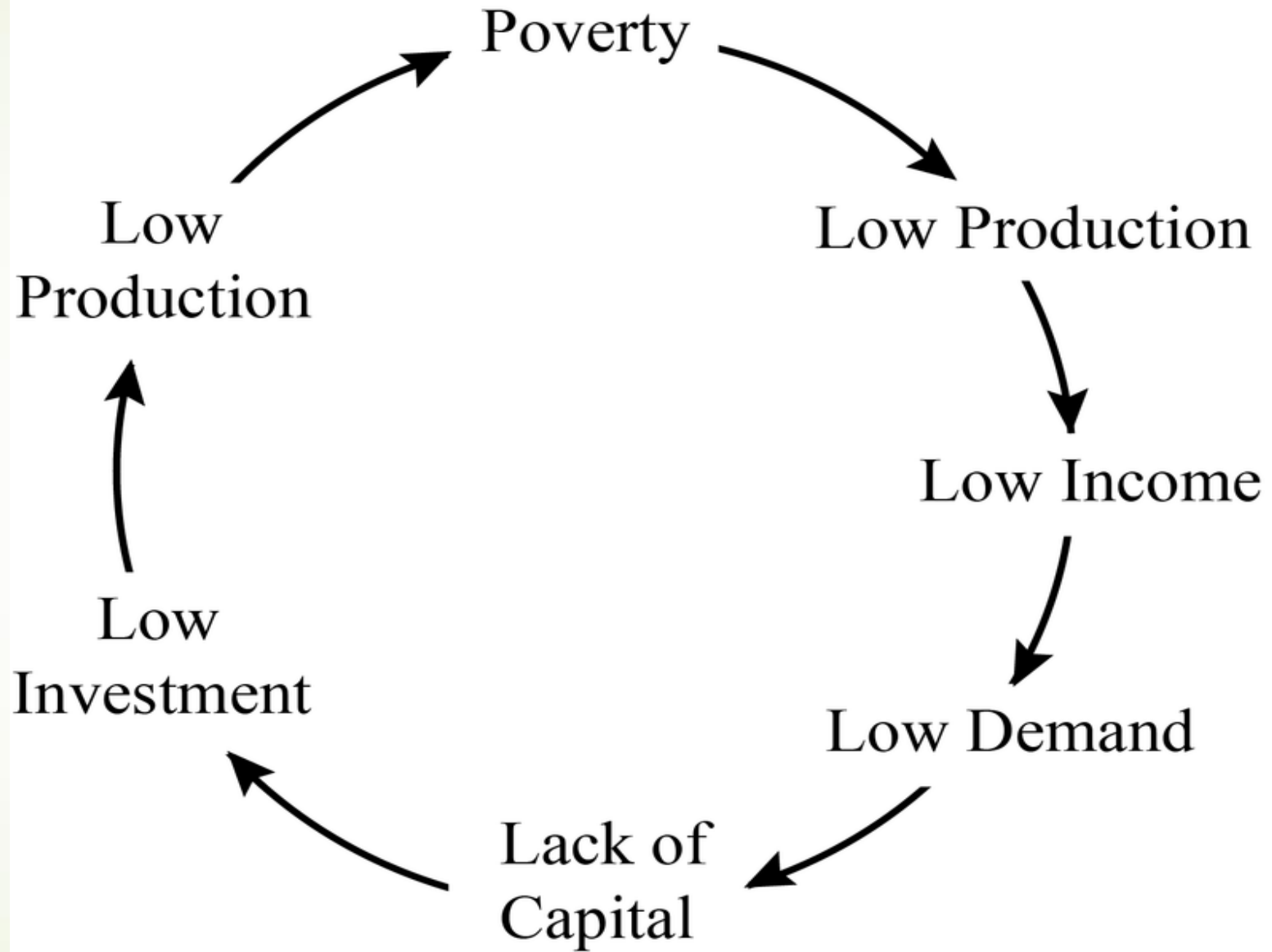
STATE	RURAL	URBAN	COMBINED
Bihar	34.1	31.2	33.7
Haryana	11.6	10.3	11.2
Punjab	7.7	9.2	8.3

International Comparison:-

Percentage of population below poverty line(US \$1.90 per person per day)

COUNTRY	Percentage of population below poverty line(US \$1.90 per person per day)
India	22.5 (2011)
Pakistan	4.0 (2015)
USA	1.0 (2016)

***VICIOUS
CIRCLE
OF
POVERTY***





CAUSES OF POVERTY

(i) Heavy pressure of population:

Population has been rising in India at a rapid speed. This rise is mainly due to fall in death rate and more birth rate.

India's population was 84.63 crores in 1991 and became 102.87 crores in 2001. This pressure of population proves hindrance in the way of economic development.

(ii) Unemployment and under employment:

Due to continuous rise in population, there is chronic unemployment and under employment in India. There is educated unemployment and disguised unemployment. Poverty is just the reflection of unemployment.

(iii) Capital Deficiency:

Capital is needed for setting up industry, transport and other projects. Shortage of capital creates hurdles in development.



(iv) Under-developed economy:

The Indian economy is under developed due to low rate of growth. It is the main cause of poverty.

(v) Increase in Price:

The steep rise in prices has affected the poor badly. They have become more poor. In 2020-21, the average rise in prices has been 6.2%.

(vi) Net National Income:

The net national income is quite low as compared to size of population. Low per capita income proves its poverty. The per capita income in 2003-04 was Rs. 20989 which proves India is one of the poorest nations.

(vii) Rural Economy:

Indian economy is rural economy. Indian agriculture is backward. It has great pressure of population. Income in agriculture is low and disguised unemployment is more in agriculture.



(viii) Lack of Skilled Labour:

In India, unskilled labor is in abundant supply but skilled labor is less due to insufficient industrial education and training.

(ix) Deficiency of efficient Entrepreneurs:

For industrial development, able and efficient entrepreneurs are needed. In India, there is shortage of efficient entrepreneurs. Less industrial development is a major cause of poverty.

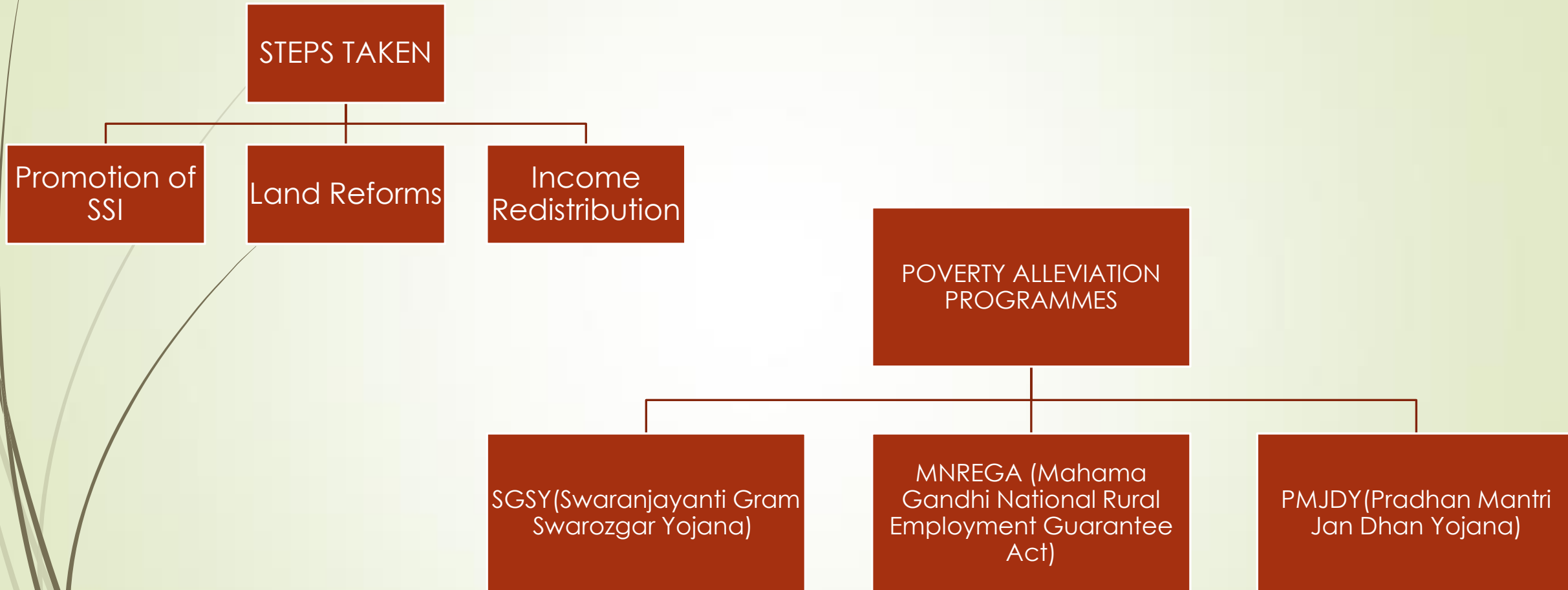
(x) Lack of proper Industrialization:

Industrially, India is a backward state. 3% of total working population is engaged in industry. So industrial backwardness is major cause of poverty.

(xi) Low rate of growth:


The growth rate of the economy has been 3.7% and growth rate of population has been 1.8%. So compared to population, per capita growth rate of economy has been very low. It is the main cause of poverty.

POVERTY ALLEVIATION



Suggestions for removal of poverty

- 1. Development of Agriculture:** To eradicate poverty, special efforts should be made to develop agriculture. Rapid growth of agricultural production will help to remove rural poverty. Agriculture must be mechanised and modernised. Use of better seeds, chemical fertilisers should be increased. More irrigation facilities should be provided. Small farmers should be given more financial assistance.
- 2. Increase in the Production of Goods for Mass Consumption:** If rural and urban poor are to be benefitted by increased production then industries producing mass consumption goods like cloth, vegetable, soap, oil, sugar, etc., should be developed. This will result in more production, more supply and hence lower prices of mass consumption goods. So poor persons can afford to buy more of such goods.
- 3. Stability in Price-level:** To alleviate poverty in India, price-level must be stabilised. If prices continue to rise rapidly, the standard of living of the poor will further deteriorate. To bring about price stability, industries in the country should make full use of their production capacity, there should be no strikes or lockout, supply of raw materials and electricity should be regulated according to the needs of the industries.
- 4. Check on Increase in Population:** In India population of poor people has been rising rapidly. Growth rate of population is 1.2 per cent per annum. To eradicate poverty, it is essential that rise in population be curbed. Publicity with regard to family planning programme should be intensified.

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5. **Increase in Employment:** With a view to removing poverty, special efforts should be made to increase employment opportunities. There are more opportunities of generating employment in rural areas. By adopting multiple cropping, under-employment and disguised unemployment in agriculture sector can be brought down. Cottage industries and construction works should be launched vigorously in rural areas. Small industries, transport, etc., should be expanded in urban areas. By introducing necessary changes in education policy, educated unemployed can be provided job opportunities. Government should also aim at providing more self-employment to poor persons.
 6. **Change in the Technique of Production:** Capital intensive technique of production as practised in western countries is ill-suited for India. Government should favour labour intensive technique of production. Indian economy should develop a technique of production that absorbs more and more of labour. In fact, intermediate technology which is midway between labour intensive and capital intensive techniques should be adopted in India. It will lead to more employment and help eradicate poverty.
 7. **Reduction in Inequality of Income and Wealth:** In India, poverty cannot be removed simply by increasing production or checking growth of population. For this inequality in the distribution of income and concentration of wealth should be checked. Government can reduce inequality of income and check concentration of wealth by pursuing appropriate fiscal and licensing policies. More taxes should be levied on rich persons and the revenue so generated should be used for welfare of poor class.



**THANK
YOU**