

Poverty in India: Causes and Concepts!

Poverty is a social phenomenon in which a section of the society is unable to fulfill even its bare necessities of life.

In India, defining a poverty line has been a controversial issue, especially since mid-1970s when the first such poverty line was created by the erstwhile Planning Commission. It was based on minimum daily requirement of 2,400 and 2,100 calories for an adult in rural and urban areas, respectively. Economists such as DT Lakdawala and later YK Alagh, among others, were involved in working out the poverty line from time to time.

The Tendulkar committee stipulated a benchmark daily per capita expenditure of R27 and R33 in rural and urban areas, respectively, and arrived at a cut-off of about 22% of the population below poverty line. It sparked off a furious row, as these numbers were considered unrealistic and too low. Later, the Rangarajan committee raised these limits to Rs.32 and Rs.47, respectively, and worked out poverty line at close to 30%.

Poverty Line

The old formula for estimating the poverty line is based on the desired calorie requirement. Food items such as cereals, pulses, vegetables, milk, oil, sugar etc. together provide these needed calories. The calorie needs vary depending on age, sex and the type of work that a person does. The accepted average calorie requirement in India is 2400 calories per person per day in rural areas and 2100 calories per person per day in urban areas. Since people living in rural areas engage themselves in more physical work, calorie requirements in rural areas are considered to be higher than urban areas. On the basis of these calculations, for the year 2000, the poverty line for a person was fixed at Rs 328 per month for the rural

areas and Rs 454 for the urban areas. In this way in the year 2000, a family of five members living in rural areas and earning less than about Rs 1,640 per month will be below the poverty line.

Causes of Poverty:

The causes of poverty in Indian economy are

1. High growth rate of population
2. Landless labour
3. Low productivity
4. Low food production
5. Illiteracy
6. Political system and corruption
7. Lack of job opportunity
8. Inequalities of income
9. Migration
10. Regional Disparities
11. Excessive population pressure on Agriculture.
12. Lack of capital
13. Lack of Vocational Education and Training.

Concepts of Poverty:

There are two concepts of poverty in economics. They are absolute poverty and relative poverty.

(1) Absolute Poverty:

If a person's income or consumption expenditure is so low that he cannot live at minimum subsistence level, he is said to be absolutely poor. It basically indicates deprivation of some sort resulting in hunger and starvation.

People are said to be in absolute poverty if their earnings are insufficient to obtain the minimum necessities for the maintenance of physical efficiency. Such minimum necessities are usually measured in terms of minimum nutritional requirements.

(2) Relative Poverty:

Relative poverty concept indicates inequalities of income. The people of low income groups are relatively poor as compared to the people whose incomes are high. Here poverty is viewed in terms of inequality between the poorest group and the rest of the community. It is to be noted that relative poverty cannot be eradicated without transfers from the rich to the poor. At the same time the relatively poor may be living above the minimum subsistence level.