

Poverty in India

Poverty

- A condition in which section of society is unable to fulfil its basic necessities of life.
- It is of two types-
 - (a) Absolute Poverty
 - (b) Relative Poverty

(a) Absolute Poverty

- In this, we calculate an aggregate value (a figure expressing per capita consumer expenditure) of the minimum quantity of commodities which are necessities of life.
- The population whose level of income (or expenditure) is below this aggregate value is **Below Poverty Line (BPL)**.
- In this measure of poverty, we expressed the number of poor as a proportion of the total population. This measure also is known as the headcount ratio.
Example: 13 Percent of People are BPL.
- Why we prefer consumption expenditure method instead of income- In per capita income we cannot separate dependent people (children, senior citizen etc.) who are consuming but not earning. So, for correct data calculation, we prefer consumption expenditure method instead of income.

(b) Relative Poverty

- In this type of poverty, a person may be above Below Poverty Line but happens to be poor in comparison with the other person whose income is above his income/consumption.
- In this type of poverty calculation, income/consumption distribution of the population in different percentile groups is estimated and compare them.
- It provides inequality present among the total population.
- **Quintile ratio** is one of the measures of inequality.
Quintile Income Ratio = Average income of richest 20 Percent / Average income of poorest 20 persons

Poverty estimation in India British India

- **Earliest estimation** of poverty was done by **Dadabhai Naoroji** in his book "Poverty and Un-British rule in India" published in 1901.

- In 1936, the National Planning committee gave an idea about poverty in undivided India. But data provided by them was not considered as poverty data in the country.

Poverty estimation in Independent India

(A) Dr. V.M. Dandekar and Nilantha Rath (1968-69)

- Fixed desired minimum nutrition = 2250 calories/day
- In Rural, money required to purchase this amount of nutrition- 170 Rs. / year
- In Urban, money required to purchase this amount of nutrition- 271 Rs. / year
- Using this reference, they found that 40 Percent of rural resident and 50 Percent of urban residents were below the below poverty line in 1960-61.

(B) Planning commission expert group

- Poverty line concept was first introduced by planning commission **working group** of the planning commission in 1962.

(i) Alagh Committee

- **Chairman- Y K Alagh**
- Till 1979 poverty estimation was done by on the basis of lack of income, but in 1979 **Y K Alagh Committee** adopted a new approach based on household per capita consumption expenditure basis.
- This committee **defines the first poverty line in India.**
- Daily consumption fixed by the committee in Rural= 2400 calories/day
Daily consumption fixed by the committee in Urban= 2100 calories/day
Note- In rural India value of consumption was put high because of physical labour they undergo.

(ii) Lakdawala Committee

- Formed in 1989.
- **Chairman- D.T. Lakdawala**
- Submitted report in 1993.
- Daily consumption fixed by the committee in Rural= 2400 calories/day
Daily consumption fixed by the committee in Urban= 2100 calories/day
- The committee used CPI-IL and CPI-AL for estimation of Poverty
Note- CPI-IL (Consumer Price Index for Industrial Labourers)
CPI-AL (Consumer Price Index for Agriculture Labourers)

- **Results**

Total people were under BPL in 1993-94 = 36 percent

Total people were under BPL in 2004-05 = 27.5 percent

(ii) Tendulkar Committee

- Formed in 2005.
- **Chairman- Suresh D. Tendulkar**
- Submitted its report in 2009.
- Changed calorie based estimation to nutrition, health and other expenditure based
- Introduce a new term Poverty Line Basket (PLB) which is the basket of all goods selected to determine poverty.
- Consumption quantity fixed the same for both rural and urban people but price differs-
Daily per capita expenditure for Rural- Rs. 27
Daily per capita expenditure for Urban- Rs. 33
- **Results**
Overall poverty- 37.2 Percent (in the year 2004-05)
Rural- 41.8 Percent (in the year 2004-05)
Urban- 25.7 Percent (in the year 2004-05)

(iii) Rangarajan Committee

- Formed in June 2012.
- **Chairman- Rangarajan**
- Submitted its report in June 2014.
- Again, adopted the calorie-based approach which was used in past.
- Daily per capita expenditure for Rural- Rs. 33
Daily per capita expenditure for Urban- Rs. 47
- Results-
Overall poverty- **29.5 Percent** (in the year 2011-12)
Rural- 30.9 Percent (in the year 2011-12)
Urban- 26.4 Percent (in the year 2011-12)

(C) Reserve Bank of India Report 2012

- State having least poverty- **Goa** (5.09 Percent)
- Union territory having least poverty- **Andaman and Nicobar** (1 Percent)
- State having highest poverty- **Chhattisgarh** (39.93 Percent)
- Union territory having highest poverty- **Dadra and Nagar Haveli** (39.31 Percent)

(D) World Bank Report

- **Poverty line**
Whose income is less than **1.90 \$ per day**
- **According to the 2015 world bank report-**
In 2011 India had 12.4 % people below the poverty line

(E) Asian Development Bank Report

- According to the 2015 Asian development Report
Poverty in India= 21.9 Percent (for 2014)

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