

INDIAN ECONOMIC DEVELOPMENT

REVISION NOTES

CHAPTER-4

POVERTY

➤ **POVERTY**

It refers to a state in which an Individual is unable to fulfill basic necessities of life like food, clothing, education etc.

Two Measures to Define Poverty

- **Absolute Poverty**

It refers to the total number of people living below poverty line. It is measured on the basis of two criteria:

- 1) **Minimum Calorie consumption criteria:** people who are not getting 2400 calories per person per day in rural areas and 2100 calories in urban area is considered to be living below poverty line.
- 2) **Minimum Consumption Expenditure Criteria:** The new poverty line, thus, translates to a monthly per capita consumption expenditure of Rs 972 in rural areas and Rs 1,407 in urban areas in 2011-12. Or, Rs 32 in rural areas and Rs 47 in urban areas on a per capita daily basis.

- **Relative Poverty**

It refers to poverty of people in comparison to other people in different regions or nation.

- 1) Relative poverty does not consider how poor the poor persons are or whether he is deprived of the basis minimum requirement of life or not.

- 2) It compares the inequality of income & assets ownership. It helps in understanding the relative position of different segment of the populations.
- 3) The defect in the relative measure of poverty is that it only reflects the relative position of different segment of the population in the income hierarchy.

➤ **POVERTY LINE**

- 1) **Poverty line** is a cutoff point on the line of distribution, which usually divides the population of the country as poor & non poor.
- 2) People having income below the poverty line are called poor & people with income above poverty line are called non poor.
- 3) The planning commission has defined poverty line on the basis of recommended nutritional requirement of 2400 calories per person in rural areas and 2100 for a person in urban areas.
- 4) While fixing the poverty line, consumption of food is considered as the most important criteria.
- 5) The consumption worth of Rs. 328 per person a month in rural area and for urban area it was Rs. 454 also considered for poverty line.

➤ **Causes of Poverty**

- 1) **Population Explosion:** Rapid growth of population, particularly among the poor, is responsible for the problem of poverty in the country.
- 2) **High level of un-employment:** poverty is caused by unemployment or unemployment coupled with a low rates of wages.
- 3) **Inequalities of income:** an important cause of poverty in India is the existence of large inequalities in distribution of national income & concentration of economic power, both in rural & urban sectors of the economics.
- 4) **High illiteracy rate:** lower education result in lower income as there is a positive correlation between the two.

- 5) **Political factors:** Before Independence, India was exploited under the British rule. After Independence other political factors have adversely affected economic progress. Economic policies are formulated to promote the interest of the richer section of the society & poor people are suffers in the process.

➤ **Methods to Remove Poverty**

- 1) **Acceleration of economic growth:** The first & foremost measure needed to remove poverty is accelerating the rate of economic growth.
- 2) **Reducing inequalities of income:** If the high growth rate is accompanied with increased inequalities of income, then fruits of economic development will accrue only to rich section, whereas the poor will grow in numbers. Thus in equalities must be reduced if development is to benefit the poor.
- 3) **Population control:** High growth rate of population especially among the poor is one of the causes. Poverty can be removed to a greater extent, if we intensify family planning campaign & reduce the increasing population among the poor.
- 4) **More employment opportunities:** Poverty can be eliminated by providing more employment opportunities. So that people are able to meet their basic needs.
- 5) **Land reforms:** by the imposition of ceilings on land holdings & their effective implementation a good amount of land can be acquired to be distributed among the landless laborer. On obtaining land, the landless laborers will be able to employ themselves & will produce subsistence for them.

➤ **Measures Adopted by the Government to Remove Poverty**

- 1) **Prime minister's Rozgar Yojana (PMRY):** This program aims at creating self-employment opportunities in rural areas & small towns. Under this program, educated unemployed from low-income families in rural & urban areas can get financial assistance in the form of bank loans, to set up any kind of enterprise that generates employment.
- 2) **Swarna Javanthi Shahri Rozgar Yojana (SJSRY):** Urban self-employment program & the urban wage employment programs are two special schemes of SJSRY, initiated in

December 1997 which replaced various programmes operated earlier, for urban poverty alleviation. SJRY mainly aims at creating employment opportunities for both self-employment & wage-employment in urban areas.

- 3) **Sampoorna Grameen Rozgar Yojana (SGRY):** The scheme was launched with effect from September 2001. The schemes of Jawahar Gram Samridhi Yojana (JGSY) & employment assurance scheme (EAS) has been fully integrated with SGRY. The scheme aims at providing wage employment in rural areas & food security, along with the creation of durable community social & economic assets.
- 4) **National Rural Employment Guarantee Act 2005:** The act was passed in 2005 & the scheme, i.e. National rural employment guarantees schemes or NREGS was launched in February 2006. The aim of the act is to provide guaranteed wages employment to every households. Under this programme, volunteer adults will be provided unskilled manual work for a minimum of 100 days in a year.
- 5) **Swarna Javanthi Gram Swarozgar Yojana (SGSY):** SGSY is a self-employment program, launched with effect from April 1 199 as a result of restructuring & combining the earlier poverty eradication programmes like Integrated rural development programme (IRDP), development of women & children in rural areas (DWCRA), etc. It aims at promoting micro enterprises & to bring the assisted poor families (Swarozgaris) above the poverty line, by organizing them into Self-Help Groups (SHGs).

➤ **Measuring Number of Poor**

The simplest method to determine number of poor is the head count ratio (HCR). Head count ratio is calculated by dividing the number of people below the poverty line by line by the total population.

➤ **Characters of Poor People**

- 1) **Hunger, starvation & malnutrition:** Hunger & starvation are the basic problems of the poorest households. Malnutrition is alarming high among the poor.
- 2) **Poor health:** they are generally physically weak due to ill health disability or serious illness. Their children are less likely to survive or be born healthy.

- 3) **Limited economic opportunities:** they have very Limited economic opportunities due to lack of literacy and skills.
- 4) **Debt trap:** they borrow from money landless who charge high rate of interest.
- 5) **Bigger families:** the poor families are bigger in size, which make their economic condition worse.

CBSE CLASS 11 ECONOMIC
INDIAN ECONOMIC DEVELOPMENT
REVISION NOTES
CHAPTER-8
INFRASTRUCTURE

➤ **Infrastructure**

It refers to such core elements of economic & social change which serve as a support system to production activity in the economy.

• **Types of Infrastructure**

- 1) **Economic Infrastructure:** It refers to all such elements of economic change like- power, transport, communication etc. which serve as a support system to the process of economic growth. It fosters economic growth which results in increase in the standards of living of the people.
- 2) **Social Infrastructure:** It refers to core elements of social change like- schools, colleges, hospitals, banking etc. which serve as a support system to the process of social development of a country. Social infrastructure focuses on human resource development, implying the development of skilled personal as well as healthy & efficient human beings. It accelerates the process of human development.

• **Difference between Economic Infrastructure and Social Infrastructure**

Social Infrastructure	Economic Infrastructure
1) It helps the economic system from outside(indirectly).	1) It helps the economic system from inside(directly).
2) It improves quality of human resource.	2) It improves the quality of economic resource
3) For example - Health, Education and	3) For ex- Energy, Transport and

housing	communication
---------	---------------

- **Importance of Infrastructure**

- 1) **Raises on Productivity:** Infrastructure plays an important role in raising productivity with improved roadways, warehouses etc. Farmers can easily sell their products in different markets.
- 2) **Raises Size of the Market:** Infrastructure enhances the size of the market as large scale of production can capture more market.
- 3) **Raises Ability to Work:** Social Infrastructure increases the quality of life of workers, thereby increasing their efficiency. Health care centres, educational institution and other such facilities inherit skills which increases ability and efficiency to work.
- 4) **Facilitates Outsourcing:** India is emerging as a global destination for all kinds of Outsourcing. For example- Call centres, Study centres etc.
- 5) **Generates Linkages in Production:** Better means of transport and education, robust system of banking and finance generates better inter-industrial linkages.

- **The State of Infrastructure in India**

India invests approximate 5 percent of its GDP on infrastructure, which is far below than that of china and Indonesia. With government, private sector in partnership with the public sector is also playing a very important role in the infrastructure development. India needs to develop its infrastructure specially in the area of rural energy requirement, water, basic amenities and sanitation.

- **Energy**

Energy is the life line of entire production activity. In fact any type of production activity cannot take place without energy. There are two main sources of Energy:

- 1) **Conventional sources of energy:** These are the energy which are known to us & which are popularly in use since a very long time. For example- Coal, petroleum, natural gas & electricity. These are of two types:
 - a. **Commercial sources:** coal, petroleum and electricity.
 - b. **Non-commercial sources:** firewood agricultural waste and dried dung.
- 2) **Non-conventional sources of energy:** These are the energy which have been discovered or explored in the recent past & which are yet to gain popularity for their use.

➤ **Power/ Electricity**

The most visible form of energy, which is often identified with progress in modern civilization is power/electricity.

• **Some Challenges in the Power Sector**

- 1) India's installed capacity to generate electricity is not sufficient to feed an annual economic growth of 9%. At present India is able to add only 20,000 MW a year. Even the installed capacity is underutilized.
- 2) State Electricity Boards (SEBs) which distribute electricity incur loss which exceed 500 billion due to transmission and loss in distribution, wrong pricing of electricity and other inefficiencies.
- 3) Private sector power generators are yet to play their role in major way, same is the case with foreign investors.
- 4) There is general public unrest due to high power tariffs and prolonged power cuts in different parts of the country.
- 5) Thermal power plants which are the mainstay of India's power sector, are facing shortage of raw material and coal supplies.

➤ **Health**

It is a state of complete physical, mental & social well-being. A person's ability to work depends largely on his good health. It enhances the quality of life.

- **State of Health Infrastructure**

- 1) There has been significant expansion in physical provision of health services and improvements in health indicators since independence, but it is insufficient for rapidly increasing population in India.
- 2) Public health system and facilities are not sufficient for bulk of the population.
- 3) There is a wide gap between rural urban areas and between poor and rich in utilising health care facilities.
- 4) Woman's health across the country has become a matter of great concern with reports of increasing cases of female foeticide and mortality.
- 5) Regulated private sector health services can improve the situation and at the same time, NGOs and community participation is very important in providing health care facilities and reading health awareness.

- **India's Health Infrastructure and Healthcare is made up of a three tier system:**

- 1) **Primary Healthcare:** It includes:

- a. Maternal and child health care
- b. Promotion of health and provision of essential drug.
- c. Immunisation
- d. Educating the people about identifying, preventing and controlling diseases

- 2) **Secondary Healthcare:** Health care institute having better facilities for surgery, x-ray, ECG are called Secondary Healthcare institutes. Patients are referred here when their condition is not managed by PHC.

- 3) **Tertiary Healthcare:** In this sector, there are the hospitals which have advanced level equipment and medicines and undertake all the complicated health problems. Which

could not be managed by primary and secondary hospitals.

Expansion of health infrastructure has resulted in the eradication of small pox, guinea worms and the near eradication of polio and leprosy.

- **Development of health Services in India:**

- 1) Decline in Death Rate
- 2) Rise in expectancy of life
- 3) Decline in Infant Mortality Rate
- 4) Control over Deadly Diseases.

- **Health as an Emerging Challenge**

- 1) Unequal distribution of health services
- 2) Control of communicable diseases.
- 3) Poor management of health care.
- 4) Privatization of health care services.
- 5) Poor upkeep & maintenance.