

C-notes of Economics

By;

Page No.:
Date : / /

TANYA

Date:- 12/04/2021.

Assistant Professor (Guest faculty)

Department of Economics

D.K. College, Dumbraon.

B.A. Part II Paper- 03

Topic: Poverty - Definition.

Poverty is defined as a situation in which a section of the society is unable to fulfill even its basic necessities of life.

Poverty is an outcome of income inequality.

Different committees or institutions have defined poverty considering different criteria.

As pointed out by "Tendulkar Committee" the concept of poverty is associated with socially perceived deprivation with respect to basic human needs.

"These basic human needs are usually listed in the material dimensions as the need to be adequately nourished, the need to be decently clothed, the need to be reasonably sheltered, the need to escape avoidable diseases, the need to be (at least) minimally educated, and participation in economic activity."

This shows that the concept of Poverty is multidimensional.

The all- India Poverty line is being revised from time to time

Poverty Estimation :

A common method used to estimate poverty in India is based on the income or consumption levels and if the income or consumption falls below a given minimum level, the household is said to be Below ^{the} Poverty line (BPL)

Poverty line Calculation :

Poverty estimation in India is now carried out by Niti Ayog's task force through the calculation of poverty line based on the data captured by the National Sample Survey office under the Ministry of Statistics and Program Implementation (MOSPI)

Poverty line estimation in India is based on the consumption expenditure and not on the income levels because of following reasons →.

(i)

Variation in Income → Income of self employed

people, daily wage labourer etc. is highly variable both temporally and spatially, while consumption pattern are comparatively much stable.

(2) Additional Income → Even in the case of regular wage earners, there are additional side incomes in many cases which is difficult to take into account.

(3) Data Collection → In case of consumption

Based poverty line, sample based survey use a reference period (say 30 days) in which households are asked about their consumption of last 30 days and is taken as the representative of general consumption.

World Bank has defined poverty as;

Poverty is pronounced deprivation in well-being and comprises many dimensions. It includes low incomes & the inability to acquire the basic goods and services necessary for survival with dignity.