# POVERTY IN INDIA: IS INCOME A REAL MEASURE TO IT ?

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#### Abstract

Poverty is an economic issue for the government, but for the poor, poverty is a social issue. Poverty as a global issue is associated not only with insufficient income or consumption but also with insufficient outcomes with respect to health, nutrition, literacy, and with deficient social relations, insecurity, low self-esteem and powerlessness. In poor economies, incomes for rural households may fluctuate during the year, according to the harvest cycle. In urban economies with large informal sectors, income flows may also be erratic. This implies a potential difficulty for households in correctly recalling their income, in which case, the information on income derived from the survey may be of low quality (Coudowel, Hentschel & Wodown, 2002). This is not to deny that poverty has close links with low income. But what about a country like India where poverty is all that the poors have and poverty is the choice they make? In this case income can neither be a measure nor be a remedy to poverty, where people neither have the urge nor the scope to earn. Again this monetary measure is unidimensional and neglects the different characteristics of households. It concentrates on anti-poverty strategies on increasing an individual's income level, rather than on investing in public services (Minujin, Delamonica, Gonzalez & Davidziuk, 2005). The objective of this paper is to throw light on the parameters of poverty other than income, which may be the cause of poverty and can provide remedial measures to eradicate the chronic disease. The paper is prepared to justify that income is not an end to measure poverty but only a means to it and to deal poverty as a social issue with a very common view, rather

than dealing with it as an economic issue.

Key Words : Poverty, Income, Psychological Trend, Expenditure

Poverty is not only an economic issue (Sen, 2000), but also a social issue. Poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit. Insecurity, powerlessness and exclusion are the chief characteristics of a poor, living in a fragile environment, without any access to clean drinking water and proper sanitation. Poverty is both a scientific and a moral concept (Sen, 2000). Many of the problems of measuring poverty arise because the moral and scientific concepts are often confused. In scientific terms, a household is 'poor' when it is having both a low standard of living and a lack of resources over time (often measured in terms of low income). In many circumstances, a household would not be considered to be 'poor' if they have a low income but a reasonable standard of living (although they are likely to be at risk of becoming 'poor') (Gordon, Nandy, Pantazis, Pemberton & Townsend, 2003). One of the most commonly used international indicators of 'poverty' is the per capita Gross Domestic Product (GDP) - or Gross National Product (GNP) - of a country. Income is important but access to public goods safe water supply, roads, healthcare, and education - is of equal or greater importance, particularly in developing countries. Income and consumption may not always be a better tool to measure poverty. Although, the income may be enough, the consumption pattern may not fetch beneficial

outputs. If the consumption expenditure is made on nutritious food, education, proper health care facilities, sanitation, & safe drinking water, then it may eradicate poverty. But if the whole income is spent on alcohol, tobacco, cigarettes and all, then poverty can never be eradicated. This type of consumption patterns are basically found among the poors. In other way it can be concluded that poverty begets poverty. In order to get optimal output, the poors must first be streamlined about how to make use of their minimum income.

India is called a rich land of poors. Can India be called a poor country, where her own government is spending Rs. 35 lakhs on renovation of toilets? In India it is easy to be rich than to be poor. With the introduction of the new policy, that, anyone spending more than Rs 965 per month in urban India and Rs 781 in rural India will be deemed not to be poor. With this new norm of planning commission, India will no longer be a developing state but a developed state, with no poverty and no poors, and most importantly no demarcation to measure poverty. According to the government if an individual is having nothing, he is poor. But, if he is having something a bit greater than nothing and much less than everything, he is called a rich man. So, in this case can income be the right parameter to measure poverty? Poverty is always not due to low income or irrational distribution of income. It may be due to lack of motivation, capability, opportunities and social support. Higher income is just a means to remove poverty but not an end in itself. In India, poors make poverty a choice in order to draw benefits of central

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Volume 1 Issue 2 September 2012 ISSN No 2277-7733 and state government welfare schemes meant for those living below the poverty line.

This is not to deny that poverty has close links with lowness of income, which connects in both directions: 1) low income can be major reason for poverty and 2) conversely low poverty can be a major reason for higher income. The connection can be fully seized. But what about a country like India where poverty is all, the poors have and poverty is the choice that they make? In this case income can neither be a measure nor be a remedy to poverty, where people neither have the urge nor the scope to earn. So, the aim of this paper is to throw light on the parameters of poverty other than income which is responsible for the chronic disease like poverty. Thus, the parameters are:-

**Psychological Aspects and Poverty :** It is more often viewed that, even though an individual has the capability to earn, he does not do so. Instead of working, he would prefer leisure. It is the psychological attribute that forbids the individual from making use of his capabilities. All this is due to lack of motivation. Motivation puts a direct impact on individual's behavior. Let us take two rickshaw pullers, assuming that they are drunkards as well. And Rs.500 is given to each of them. It is to be observed that how both of them are spending the additional income. Here, no doubt there has been an increase in their income. But it is to be seen whether the increase in income can eradicate their poverty or not. The additional income may be consumed or saved or invested for further earnings, may be in consumption of alcohol, or saving it in a bank, or investing it in future purpose. Thus it is the motivation that puts a direct impact to determine the poor and wealthy status of the individual.

**Opportunity and Poverty :** Success is the output of the optimum utilization of the opportunities. Poverty can be measured on the opportunity scale. Higher the opportunity, lower the poverty. The prevalence of poverty can be due to 2 reasons:- 1) Either due to lack of opportunities or, 2) due to a deny to opportunities. Opportunities may be in the form of employment, education, health, transport, markets, etc. Due to lack of opportunities, a gap is created between human capital and human capabilities, which are a major cause for poverty. Very often poverty is a choice that people make. They don't want to make use of the available opportunities. For example, if a beggar; physically and mentally sound will be asked to do work as a gardener, he may deny doing so. This is deny to opportunity where poverty is by choice; neither created nor forced. Lack of opportunity is also a cause for brain drain. After spending lakhs of money for a degree and that too through loans, if one is not getting an opportunity to repay back the loans, then there are two options:- 1) Either to embrace poverty by killing capabilities or, 2) to go for the places where ample opportunities are available. This scenario is mostly experienced in India. If one is killing the capabilities, then it will cause individual poverty, and if one is migrating to other countries in search

of opportunities, then it will cause national poverty. Social Background and Poverty : The LPG model (liberalization, privatization and globalization) has brought rapid industrialization and urbanization. With this there has been growth of urban slums leading to urban poverty. Urban poverty is due to the migrated rural poors, in search of opportunities. Rapid industrialization has caused mass displacement. As such the displaced population due to lack of rehabilitation migrate in search of home and jobs and thus accumulate to form slums. The development programmes taking place are not pro-poor. Thus, although there is industrialization, urbanization and economic growth, there is no sustainable development whose major focus should be poverty eradication in the present scenario. The socio condition is also duly responsible for creating poverty. If a child born to a doctor and a child born to a slum dweller, then no doubt the child born to the doctor will get all the facilities like health, education, which according to Amartya Sen is the basic requirement to eradicate poverty. Whereas, in a slum a poor gives birth to a poor, and an acute poverty become chronic.

Deprivation and Poverty : Poverty can be characterized as a low standard of living. A low standard of living is often measured by using deprivation indicators (high deprivation equals a low standard of living) or by consumption expenditure (low consumption expenditure equals a low standard of living). Of these two methods, deprivation indices are more accurate since consumption expenditure is often only measured over a brief period and is obviously not independent of income currently available. Deprivation indices are broader measures because they reflect different aspects of living standards, including personal, physical and mental conditions, local and environmental facilities, social activities and customs (Minujin, Delamonica, Gonzalez & Davidziuk, 2005). The two concepts of poverty and deprivation are tightly linked, but the general agreement that the concept of deprivation cover the various conditions independent of income, experienced by people who are poor. There is prevalence of poverty, due to severe deprivation of basic human need for: food, safe drinking water, sanitation facilities, health, shelter, education, information, and access to services (Minujin, Delamonica, Gonzalez & Davidziuk, 2005). Thus, it is always not the income and the consumption that determines poverty. But it is the deprivation that paves the way for poverty.

**Concluding Remarks :** This paper is an effort to draw that, it is not the income only to be the measure and remedy to poverty. Basically, in the Indian context the income parameter will fail. In India it is easy to be rich than to be poor. Updating the poverty line cut-off figures, the commission said those spending in excess of Rs 32 a day in urban areas or Rs 26 a day in villages will no longer be eligible to draw benefits of central and state government welfare schemes meant for those living below the poverty line. So an increase

in income can put no impact on eradicating poverty. A minor increase in income will bring no change on poverty. But a minor increase in consumption pattern due to minor increase in income will bring a major change. The result of the change will be the deprivation of welfare schemes provided by govt. to the poors. Again, if a major increase in the income puts no impact on the consumption pattern of the poor, then also it will be difficult to measure poverty on income parameters. Take the example of a meal price at Parliament. Per meal charge is single digited, when the income of the MPs are 5 digited. So in this case can income be the measure to poverty, where per day spending is double digited and per day earning is more than triple digited. In India poverty has got no end. Because a disease can only be cured if it is correctly diagnosed. A rich planner, in a well furnished A/C room, with a cup of tea in hand, snacks and mineral water at the table, and pocket full of notes, cannot understand the pain and miseries of poors at bastis or chawls. The planners and policy-makers, academicians and researchers, as well as international organizations working in the field of poverty eradication, should think of the alternative ways of conceptualizing poverty along with income. A unidimensional and tunnel vision of poverty must be replaced by a multidimensional and comprehensive approach. Any social issue is a complex interplay of numerous factors and poverty is no exception. Moreover, in a country like India, where unity in diversity is primary identity of the sub-continent, can the issue of poverty in India be judged on a single dimension, that is based on income only? Hence, the focus should be on developing integrative and inclusive approach to poverty in order to eradicate this chronic malady.

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