

## CHAPTER 4

# Poverty

CBSE Class 12 · Indian Economic Development · Chapter 4

CBSE · Indian Economic Development · Class 12

### WHAT THIS CHAPTER DOES

**A**

Identify WHO the poor in India are and how they are categorised (chronic / transient / non-poor).

**B**

Explain how the POVERTY LINE is fixed (calorie norm + Tendulkar 2011-12 cut-offs) and how it is measured (HCR, poverty gap).

Boards prep that builds confidence, not anxiety.

**TODAY'S MISSION**

# Today's mission

**1**

Identify WHO the poor in India are and how they are categorised (chronic / transient / non-poor).

**2**

Explain how the POVERTY LINE is fixed (calorie norm + Tendulkar 2011-12 cut-offs) and how it is measured (HCR, poverty gap).

**3**

List the FIVE main causes of poverty in India.

**4**

Describe the government's THREE-PRONGED anti-poverty strategy with named schemes.

**5**

Critically appraise the anti-poverty programmes — what worked and what did not.

**WHY THIS MATTERS**

# Why this chapter matters

- 1** 6-8 marks every CBSE board paper — one of the two annual long-answer anchors in IED Unit IV.
- 2** Poverty is the single most important **DEVELOPMENT** challenge — the chapter links growth, employment, agriculture and welfare into one story.
- 3** Real-world: every headline about MGNREGA wages, PDS rations, BPL cards, free LPG or PMAY houses traces back to the strategy explained here.

TOPIC

A

# Who are the poor in India?

TOPIC

# Identifying the poor

## RURAL FACE OF POVERTY

The bulk of India's poor live in villages and depend on agriculture. They include **LANDLESS AGRICULTURAL LABOURERS** who own no farmland and work for daily wages, **MARGINAL FARMERS** who cultivate tiny plots (less than 1 hectare) too small to support a family, **share-croppers**, rural artisans

## URBAN FACE OF POVERTY

Urban poverty is concentrated in the **INFORMAL** sector: rickshaw-pullers, street vendors, construction workers, domestic helpers, rag-pickers, small-shop helpers and casual labour in informal manufacturing. They have no written contracts, no job security, no provident

## SOCIAL GROUPS OVER-REPRESENTED

Certain social groups are **HEAVILY OVER-REPRESENTED** among the poor: **SCHEDULED CASTES (SC)** and **SCHEDULED TRIBES (ST)**, historically denied land and education and still facing caste-based discrimination; **FEMALE-HEADED** households, especially widows with

## COMMON VULNERABILITIES

The poor share a set of common vulnerabilities that **REINFORCE** one another and make escape difficult: malnutrition and ill-health that lower work capacity; chronic **INDEBTEDNESS** to moneylenders at very high interest rates; lack of access to education, leading to low-skill, low-

**THEOREM · LOAD-BEARING RESULT**

# Categorising the poor

NCERT classifies India's population into three groups based on the persistence of poverty over time — the **CHRONIC** poor, the **TRANSIENT** poor, and the **NON-POOR**.

**STATEMENT**

**CHRONIC** poor = (a) **ALWAYS** poor — poor every single year; and (b) **USUALLY** poor — poor in most years but with occasional better spells.  
**TRANSIENT** poor = (c)  
**CHURNING** poor — move into

**WHY THIS MATTERS**

- Different groups need different policy responses — long-term skill and asset-building for the chronic poor
- safety-nets and insurance for the transient poor.

**WATCH OUT FOR**

**NOTE** All chronic poor are poor, but not all poor are chronic — the transient poor are also 'poor today' and need help, but their poverty is different in nature.

TOPIC

**B**

# The poverty line + measurement

TOPIC

# How India fixes and measures the poverty line

## WHAT THE LINE IS

The POVERTY LINE in India is fixed in terms of monthly per-capita CONSUMPTION EXPENDITURE — NOT income. It is the value of a minimum basket of basic needs: food meeting a fixed CALORIE NORM, plus essential clothing, footwear and shelter. A household whose monthly per-

## CALORIE NORMS — RURAL VS URBAN

The CALORIE NORM fixed for India is 2400 KILOCALORIES per person per day in RURAL areas and 2100 KILOCALORIES per person per day in URBAN areas. The rural figure is HIGHER because rural occupations (farming, manual labour, walking long distances) involve

## TENDULKAR 2011-12 CUT-OFFS

The official methodology was set by the SURESH TENDULKAR Committee (Planning Commission). Using it, the all-India poverty cut-offs for 2011-12 were ₹816 PER PERSON PER MONTH in RURAL areas and ₹1000 PER PERSON PER MONTH in URBAN areas. A household of five with

## MEASURING POVERTY — HCR + GAP

Two main measures are used. (1) The HEAD-COUNT RATIO (HCR) = (number of persons below the poverty line ÷ total population) × 100 — this captures the INCIDENCE of poverty but treats every poor person the same regardless of how far below the line they are.

**THEOREM · LOAD-BEARING RESULT**

# Absolute vs relative poverty

ABSOLUTE poverty measures the inability to meet a minimum basket of basic needs; RELATIVE poverty compares the incomes/consumption of one group with another.

**STATEMENT**

ABSOLUTE poverty uses a fixed minimum-needs standard (e.g. India's poverty line based on calorie norms + clothing + shelter; or the World Bank's international US\$2.15-a-day line at 2017

**WHY THIS MATTERS**

- India's OFFICIAL measure is the ABSOLUTE concept (a household is poor if it cannot meet the minimum basket)
- The relative concept is used in international comparisons and inequality discussions.

**WATCH OUT FOR**

**NOTE** A country can reduce ABSOLUTE poverty while RELATIVE poverty (inequality) actually worsens — both concepts measure different things.

TOPIC

C

# Causes of poverty in India

TOPIC

# Why poverty persists in India

## COLONIAL LEGACY + SLOW GROWTH

British colonial rule destroyed traditional Indian handicrafts and industry, turning India into a supplier of raw materials and a market for British finished goods — a process called **DEINDUSTRIALISATION** that left the economy backward and impoverished at

## INEQUALITY IN ASSET OWNERSHIP

Productive assets — especially **LAND** — are very unequally distributed in India. A small minority of large farmers own a large share of cultivable land while the majority work as **LANDLESS LABOURERS** or on **TINY MARGINAL** plots that cannot support a family.

## UNEMPLOYMENT + JOBLESS GROWTH

The labour force has grown faster than productive job opportunities. Agriculture employs nearly half the workforce but adds less than 17% of GDP — a sign of widespread **DISGUISED UNEMPLOYMENT**. Non-farm sectors have not created enough jobs for

## INDEBTEDNESS + SOCIAL FACTORS

(a) **CHRONIC INDEBTEDNESS**: small farmers and labourers borrow from moneylenders at very high interest rates (often 24–60% a year) to fund consumption, weddings, illness or seed purchase, and slip into debt traps that lead to loss of land and even, in extreme

TOPIC

**D**

# The three- pronged anti- poverty strategy

WORKED EXAMPLE

# The three prongs

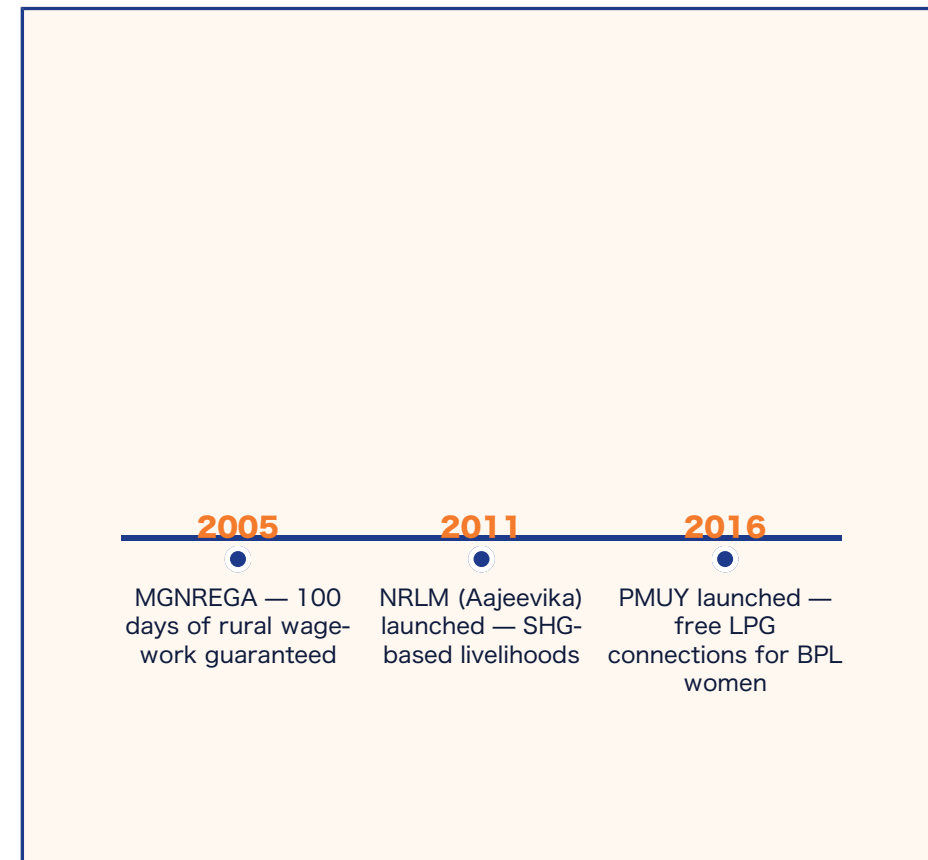
- 1** PRONG 1 — GROWTH-ORIENTED APPROACH: rapid overall growth (agriculture + industry) was assumed to TRICKLE DOWN to the poor through higher incomes and more jobs. The Green Revolution boosted foodgrain output and post-1991 reforms accelerated GDP growth.

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- 2** PRONG 2 — SPECIFIC ANTI-POVERTY PROGRAMMES targeting the poor directly: MGNREGA (2005), PMGSY rural roads, NRLM (Aajeevika) self-help groups, NSAP pensions, PMAY-G rural housing, PMUY LPG connections.

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- 3** PRONG 3 — MINIMUM BASIC NEEDS programmes providing essential goods and services at subsidised rates: PDS (food-grains), ICDS (child nutrition + pre-school), Mid-Day Meal (school children), Swachh Bharat (sanitation).



TOPIC

# Named programmes you must know

## MGNREGA (2005)

The MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT, 2005, gives every RURAL household a LEGAL RIGHT to up to 100 DAYS of UNSKILLED MANUAL wage employment in a financial year, on demand, at a notified statutory minimum wage. Work is supposed to

## PMGSY + PMAY-G

PRADHAN MANTRI GRAM SADAK YOJANA (PMGSY, 2000) builds ALL-WEATHER ROADS connecting un-connected rural habitations to the wider road network — improving access to markets, schools, hospitals and jobs. PRADHAN MANTRI AWAS YOJANA – GRAMIN (PMAY-G)

## NRLM + NSAP

NATIONAL RURAL LIVELIHOOD MISSION (NRLM / AAJEEVIKA, 2011) organises rural poor women into SELF-HELP GROUPS (SHGs), federates them, and links them to bank credit and skill-training to start micro-enterprises and escape poverty through livelihoods. NATIONAL SOCIAL ASSISTANCE

## PMUY + BASIC NEEDS

PRADHAN MANTRI UJJWALA YOJANA (PMUY, 2016) provides FREE LPG (clean-cooking-gas) connections to women from BPL households, replacing polluting biomass cooking that damages women's lungs and steals study time from children. Under PRONG 3 — MINIMUM BASIC NEEDS

TOPIC

**E**

# An appraisal — achievements + criticisms

TOPIC

# What worked — and what didn't

## DECLINING TREND

The clearest achievement is the DECLINING TREND of poverty: the Head-Count Ratio fell from about 45% in 1993-94 to about 22% in 2011-12 (Tendulkar) — a fall of nearly half in two decades. Hundreds of millions of Indians have moved out of absolute poverty over this period. Rapid growth in services

## LEAKAGES + MIS-TARGETING

The central criticisms are LEAKAGES and MIS-TARGETING. Large quantities of subsidised PDS food-grains and MGNREGA wages are diverted en route to non-poor households or corrupt intermediaries — surveys have estimated leakage at 30–40% in many states. BPL lists

## QUALITY OF EMPLOYMENT

Anti-poverty schemes have created EMPLOYMENT but its quality is low. MGNREGA work is SHORT-TERM, UNSKILLED and SEASONAL; in many places the assets created are not durable, and wage payments are delayed. The wider economy has produced JOBLESS GROWTH —

## WAY FORWARD

The chapter concludes with a QUALIFIED-SUCCESS verdict. Anti-poverty programmes are necessary and have worked to a substantial extent, but to remove poverty fully India needs (1) BETTER TARGETING — Aadhaar-linked DBT and updated BPL lists; (2) DURABLE ASSET CREATION through

## TOPIC

# Absolute vs relative poverty

## TRAP → TRUTH

- × **MISTAKE** Absolute and relative poverty mean the same thing — just being short of money.
- ✓ **CORRECT** ABSOLUTE poverty is the inability to meet a MINIMUM basket of needs (calories, clothing, shelter) — fixed and comparable across countries. RELATIVE poverty compares the income/consumption of one group with another (e.g. bottom 10% vs top 10%) — it persists even in rich countries. India's official poverty LINE measures ABSOLUTE poverty; international comparisons (e.g. richest vs poorest nations) use the RELATIVE idea.

## TOPIC

# Calorie norms — rural vs urban

## TRAP → TRUTH

- × **MISTAKE** Rural and urban calorie norms for the poverty line are the same.
- ✓ **CORRECT** They are DIFFERENT. The official minimum is 2400 KILOCALORIES per person per day for RURAL areas and 2100 KILOCALORIES per person per day for URBAN areas. The rural figure is higher because rural work (farming, manual labour) involves more physical exertion. CBSE rewards stating both numbers with the rural>urban direction and the reasoning.

## TOPIC

# Categorisation — chronic vs transient

## TRAP → TRUTH

× **MISTAKE** Anyone who is poor today is a 'chronic' poor.

✓ **CORRECT** NCERT divides the poor into CHRONIC poor (always poor + usually poor — long-term poverty) and TRANSIENT poor (CHURNING poor who move in and out of poverty + OCCASIONALLY poor — rich most of the time but poor sometimes). Plus the NON-POOR. So the chronic poor are a subset, not the whole. CBSE 3-4 mark distinguish questions reward this three-layer scheme.

## TOPIC

# Poverty line = income line

## TRAP → TRUTH

× **MISTAKE** The poverty line is fixed in terms of income.

✓ **CORRECT** In India the official poverty line is fixed in terms of CONSUMPTION EXPENDITURE per person per month, not income. The Planning Commission (later NITI Aayog) values a MINIMUM CONSUMPTION BASKET (food meeting the calorie norm + clothing + shelter), and households with monthly per-capita expenditure below this line are 'poor'. CBSE specifically tests the consumption-not-income point.

## TOPIC

# MGNREGA — what it guarantees

## TRAP → TRUTH

× **MISTAKE** MGNREGA guarantees a permanent government job.

✓ **CORRECT** MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act, 2005) guarantees up to 100 DAYS of wage employment in a financial year to every RURAL household whose adult members volunteer to do UNSKILLED MANUAL work. It is a legal RIGHT to employment-on-demand, not a permanent government job. CBSE rewards the precise '100 days / rural household / unskilled manual' formulation and the 2005 enactment year.

## TOPIC

# Number of poor in India

## TRAP → TRUTH

× **MISTAKE** More than half of India lives below the poverty line.

✓ **CORRECT** As per the Tendulkar methodology, the HEAD-COUNT RATIO of poverty in 2011-12 was about 21.9% — roughly 22% — of the population (about 270 million people). The proportion has been DECLINING over the decades (down from about 45% in 1993-94). NCERT does not endorse the 'more than half' claim. CBSE rewards the ~22% figure with the Tendulkar 2011-12 attribution.

## TOPIC

# Anti-poverty strategy — only schemes

## TRAP → TRUTH

× **MISTAKE** The government fights poverty only through welfare schemes.

✓ **CORRECT** NCERT lays out a THREE-PRONGED strategy: (1) GROWTH-ORIENTED approach — fast overall growth assumed to 'trickle down'; (2) specific ANTI-POVERTY PROGRAMMES (MGNREGA, PMGSY, NRLM/Aajeevika, NSAP, PMAY-G, PMUY); (3) MINIMUM BASIC NEEDS programmes (PDS, ICDS, mid-day meal, Swachh Bharat — providing food, health, education, sanitation). A correct answer names ALL THREE prongs, not just one.

TOPPER TEMPLATE · MARK-BY-MARK

# 6-mark: 'Explain the main causes of poverty in India.'

**1 INTRODUCTION + THESIS**  
1 m

Poverty in India is the result of HISTORICAL, ECONOMIC and SOCIAL factors acting together over a long period. About 22% of the population was still below the poverty line in 2011-12 (Tendulkar). The causes can be grouped under five main heads.

**2 COLONIAL LEGACY + SLOW GROWTH**  
1 m

(1) COLONIAL DEINDUSTRIALISATION: British rule destroyed traditional Indian handicrafts and industry, turning India into a supplier of raw materials and a market for British goods, leaving the economy backward at Independence. (2) SLOW PRE-1991 GROWTH: from 1950 to 1990 the Indian economy grew at the so-called 'Hindu rate' of about 3.5% — too slow to absorb a rapidly rising population, so per-capita incomes stagnated and poverty persisted.

**3 INEQUALITY + UNEMPLOYMENT**  
1 m

(3) INEQUALITY IN ASSET DISTRIBUTION: land and other productive assets are concentrated in few hands, so the majority of rural Indians work as landless casual labourers or on tiny marginal plots and earn very little. (4) UNEMPLOYMENT AND UNDER-EMPLOYMENT: the labour force grew faster than productive job opportunities, especially in agriculture, and growth since 1991 has been 'jobless' — output has risen faster than employment.

**4 INDEBTEDNESS + SOCIAL FACTORS**  
1 m

(5) CHRONIC INDEBTEDNESS: small farmers and labourers borrow from moneylenders at very high interest rates for consumption and emergencies, fall into debt traps and lose assets. (6) SOCIAL FACTORS: caste-based discrimination, low female literacy, large family size, and poor access to education and health-care perpetuate poverty across generations — Scheduled Castes, Scheduled Tribes and rural women are over-represented among the poor.

**5 CONCLUSION**  
1 m

Poverty in India is therefore the joint outcome of historical exploitation, slow and uneven growth, unequal asset ownership, inadequate employment and rigid social structures — which is why a multi-pronged policy response is necessary.

TOPPER TEMPLATE · MARK-BY-MARK

# 6-mark: 'Discuss the three-pronged strategy adopted by the government to alleviate poverty

**1 DEFINITION + THESIS**

1 m

The Indian government's strategy to remove poverty rests on THREE PRONGS — (a) growth-oriented development, (b) specific anti-poverty programmes targeting the poor directly, and (c) provision of minimum basic needs. Each prong addresses a different cause of poverty.

**2 GROWTH-ORIENTED APPROACH**

1 m

(1) GROWTH-ORIENTED APPROACH: it was assumed that rapid overall economic growth — particularly in agriculture and industry — would 'trickle down' to the poor through higher incomes and more jobs. The Green Revolution boosted foodgrain production and the post-1991 reforms accelerated GDP growth, but the benefits have been concentrated in some sectors and regions, leaving large pockets of poverty untouched.

**3 ANTI-POVERTY PROGRAMMES**

2 m

(2) ANTI-POVERTY PROGRAMMES targeted directly at the poor: MGNREGA (2005) guarantees 100 days of unskilled wage employment per rural household; the PRIME MINISTER GRAM SADAK YOJANA (PMGSY) provides all-weather rural roads; the NATIONAL RURAL LIVELIHOOD MISSION (NRLM/Aajeevika) promotes self-help groups and micro-enterprises; the NATIONAL SOCIAL ASSISTANCE PROGRAMME (NSAP) gives pensions to the elderly poor, widows and disabled; PMAY-G builds houses for the rural poor; and PMUY provides LPG connections to BPL women.

**4 MINIMUM BASIC NEEDS**

1 m

(3) MINIMUM BASIC NEEDS PROGRAMMES: provide essential goods and services at subsidised rates to ensure a basic standard of living — the PUBLIC DISTRIBUTION SYSTEM (PDS) supplies food-grains, the INTEGRATED CHILD DEVELOPMENT SERVICES (ICDS) covers nutrition and pre-school education, the MID-DAY MEAL scheme feeds school children, and SWACHH BHARAT promotes sanitation and clean water.

**5 APPRAISAL + CONCLUSION**

TOPPER TEMPLATE · MARK-BY-MARK

# 4-mark: 'What is the poverty line? How is it determined in India?'

- 1 DEFINITION**  
1 m

The POVERTY LINE is the per-capita consumption-expenditure level required to meet a minimum basket of basic needs — food meeting a fixed calorie norm, plus clothing, footwear and shelter. Households whose monthly per-capita consumption expenditure falls below this line are classified as 'poor' or BELOW POVERTY LINE (BPL).
- 2 CALORIE NORM**  
1 m

The calorie norm fixed for India is 2400 KILOCALORIES per person per day for RURAL areas and 2100 KILOCALORIES per person per day for URBAN areas. The rural figure is higher because rural occupations (farming, manual labour) involve more physical exertion.
- 3 TENDULKAR CUT-OFFS**  
1 m

Using the Tendulkar Committee methodology (the official approach), the poverty cut-offs for 2011-12 were ₹816 PER PERSON PER MONTH in RURAL areas and ₹1000 PER PERSON PER MONTH in URBAN areas. The data come from the National Sample Survey Office (NSSO) household consumption-expenditure surveys.
- 4 MEASUREMENT + RESULT**  
1 m

The most-used measure based on the line is the HEAD-COUNT RATIO (HCR) — the proportion of the population below the line. By the Tendulkar method, HCR for India in 2011-12 was about 21.9% (≈22%), a significant fall from ~45% in 1993-94.

**PYQ PATTERNS**






# Top PYQ patterns to drill

<b>#1</b>	Explain the main causes of poverty in India. (5-6 marks)	Annual
<b>#2</b>	Discuss the three-pronged strategy adopted by the government to alleviate poverty / Explain any two anti-poverty schemes. (4-6 marks)	2018, 2020, 2022, 2024
<b>#3</b>	What is the poverty line? How is it determined in India? (3-4 marks)	2017, 2019, 2023
<b>#4</b>	Distinguish between chronic poor, transient poor and the non-poor. (3-4 marks)	2019, 2022
<b>#5</b>	Critically appraise the anti-poverty programmes in India. (5-6 marks)	2021, 2024

**MARKS DISTRIBUTION**

# 10-year marks distribution

**10-YEAR PYQ MARKS DISTRIBUTION**

Who are the poor + categorisation (chronic/transient/non-poor)		<b>18%</b>
Poverty line + measurement (calorie norm, Tendulkar cut-offs, HCR)		<b>24%</b>
Causes of poverty in India		<b>24%</b>
Three-pronged anti-poverty strategy + named schemes (MGNREGA, NRLM, PMAY-G, NSAP)		<b>26%</b>
Critical appraisal — leakages, targeting, jobless growth		<b>18%</b>

RECAP · MEMORISE THESE

# Recap

**1** Who + measure — Poor = landless labour, marginal farmers, urban informal workers, SC/ST and female-headed households. Categorised as chronic (always/usually) + transient (churning/occasionally) + non-poor. Poverty line =

**2** Causes — Colonial deindustrialisation + slow pre-1991 growth + unequal asset (land) ownership + unemployment / jobless growth + indebtedness + social factors (caste, gender, education).

**3** Strategy + appraisal — Three prongs — (1) growth-oriented, (2) anti-poverty programmes (MGNREGA 2005, PMGSY, NRLM, NSAP, PMAY-G, PMUY), (3) minimum basic needs (PDS, ICDS, mid-day meal, Swachh Bharat). Achievements: HCR halved. Criticisms:

**WHAT'S NEXT**

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# What's next

- Chapter 5 — Human Capital Formation in India (education and health as drivers of growth).
- Sit the 15-MCQ Quick Drill on Poverty.

# You've mapped India's poverty problem.

Who, why, how much, what to do — now prove it.

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