

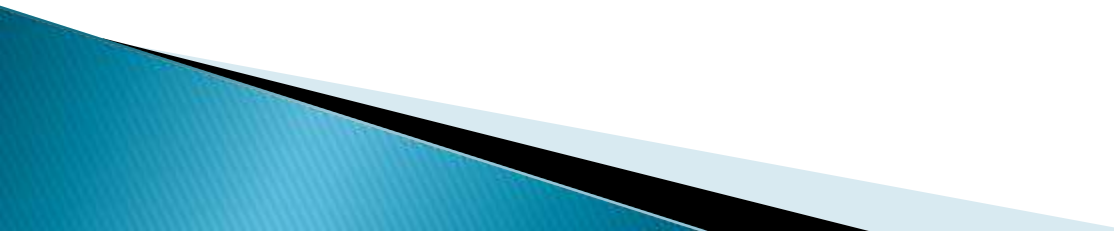
# Poverty



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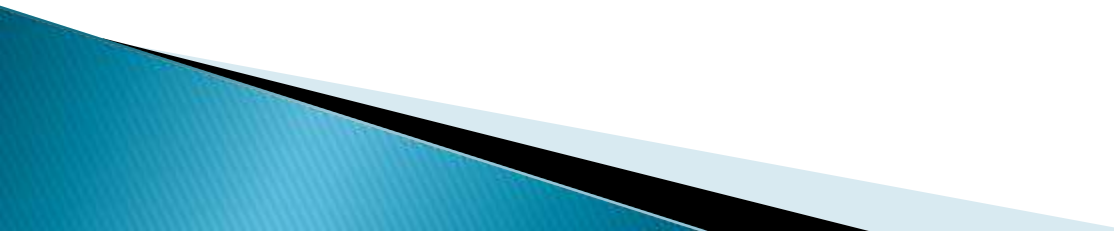
# Topics to be covered

## Part a:

- Poverty and its types
  - Poverty line
  - Characteristics
  - Causes
  - Effects
- 

# Topics to be covered

## Part b:

- Poverty in Pakistan
  - Causes of Poverty in Pakistan
  - Poverty Reduction
- 

# What Is Poverty?

Poverty is the state of one who lacks a certain amount of material possessions or money.



# Types of Poverty

Absolute

Relative

Voluntary

# Absolute Poverty

- Absolute poverty refers to the deprivation of basic human needs, which commonly includes food, water, sanitation, clothing, shelter, health care and education i.e. Absolute Poverty is the absence of enough resources (such as money) to secure basic life necessities.
- It depends not only on income but also on access to services.

# Absolute Poverty

- ▶ United Nations further defines absolute poverty as the absence of any two of the following seven basic needs:

*Food*

*Safe drinking water*

*Sanitation facilities*

*Health*

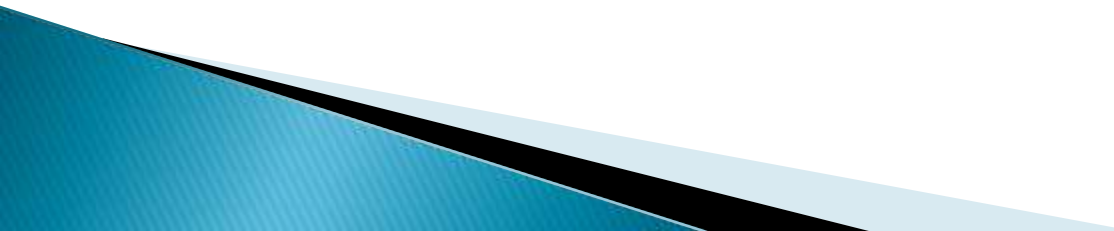
*Shelter*

*Education*

*Access to services*




# Relative Poverty

- Relative poverty views poverty as socially defined and dependent on social context, hence relative poverty is a measure of income inequality.
  - ▶ The term relative poverty can also be used in a different sense to mean "moderate poverty" -- for example, a standard of living or level of income that is high enough to satisfy basic needs but still significantly lower than that of the majority of the population under consideration.
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# Relative Poverty

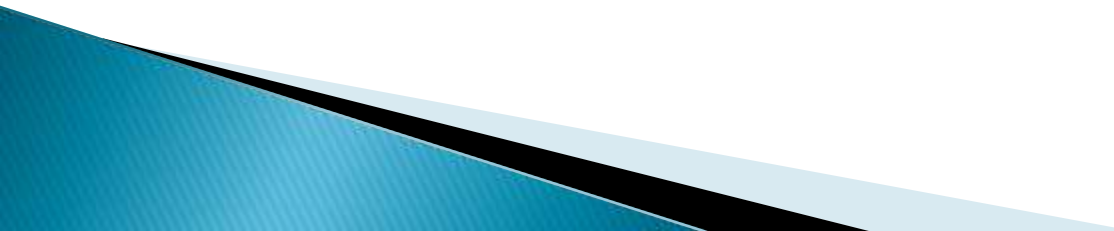
- ▶ Relative poverty is measured as the percentage of population with income less than some fixed proportion of median income.
  - ▶ Measures of relative poverty are almost the same as measuring income inequality.
  - ▶ If a society gets a more equal income distribution, relative poverty will fall.
- 

# Voluntary Poverty

- ▶ Among some individuals, poverty is considered a necessary condition, which must be embraced to reach certain spiritual, moral, or intellectual states.
- ▶ Poverty is often understood to be an essential element of renunciation in religions such as Buddhism.



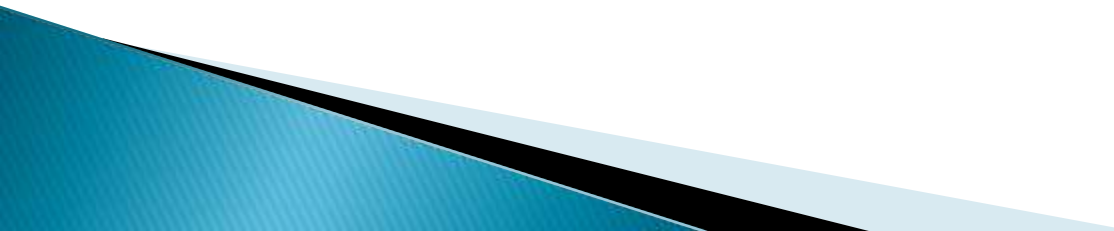
# Poverty Line

- ▶ Poverty line is the minimum level of income deemed adequate.
  - ▶ Poverty line is significantly higher in developed countries than in developing countries.
  - ▶ The common international poverty line has in the past been roughly \$1 a day. In 2008, the World Bank came out with a revised figure of \$1.25 and in 2013 \$1.50 per head per day.
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# Characteristics




# Characteristics

- ▶ Health
  - ▶ Hunger
  - ▶ Education
  - ▶ Housing and Utilities
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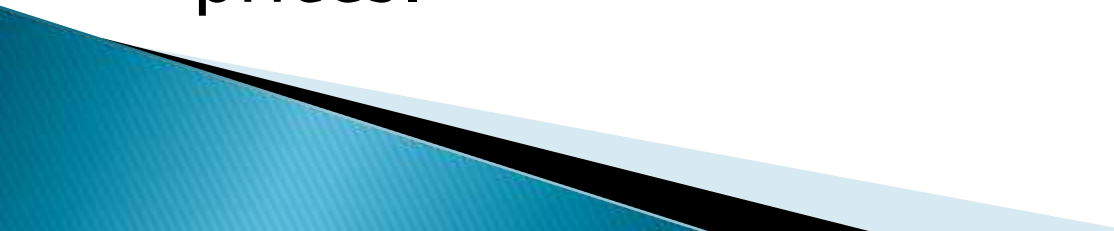
# Characteristics

## Health:

- Those living in poverty suffer disproportionately from hunger or even starvation.
  - ▶ Those who live in poverty have also been shown to have a far greater likelihood of having a disability within their lifetime as well as Infectious diseases.
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# Characteristics

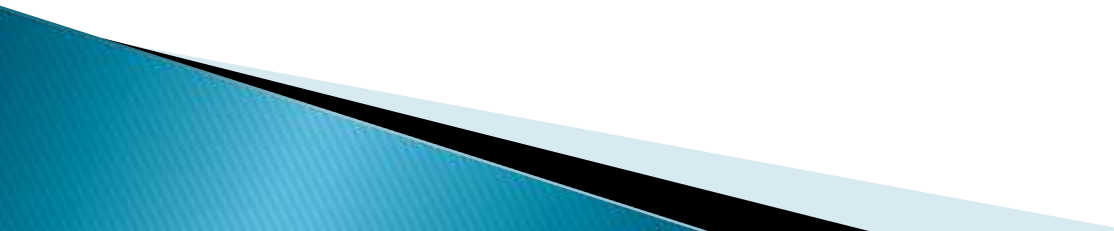
## Hunger

- ▶ Rises in the costs of living making poor people less able to afford items.
  - ▶ Poor people spend a greater portion of their budgets on food than richer people. As a result, those near the poverty threshold can be particularly vulnerable to increases in food prices.
- 



# Characteristics

## Education

- ▶ A high risk of educational underachievement for children who are from low-income housing circumstances.
  - ▶ Children who live at or below the poverty level will have far less success educationally than children who live above the poverty line.
- 




# Characteristics

## Housing and Utilities

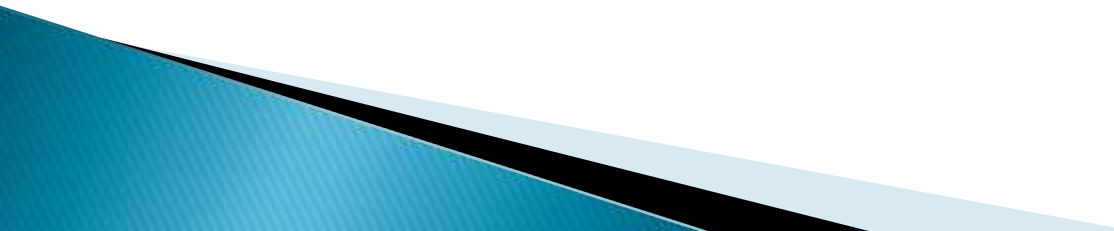
- ▶ Poverty increases the risk of homelessness.
- ▶ According to a report by the United Nations there are over 100 million street children worldwide.

# Causes

# Causes

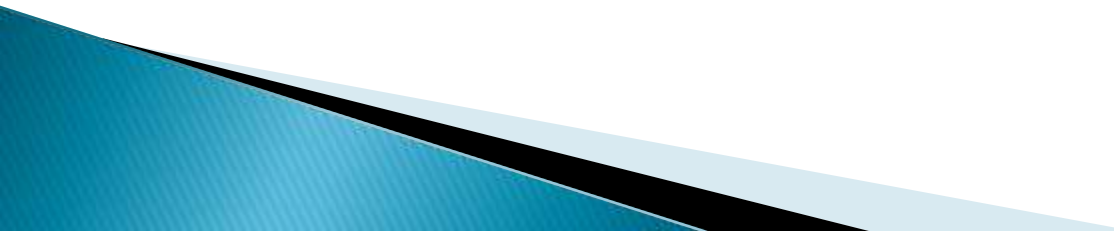
- ▶ Decline in overall national growth
  - ▶ Political instability
  - ▶ Natural disasters
  - ▶ Corruption
  - ▶ Unemployment
- 

# Causes


- ▶ Lack of access to education
  - ▶ Lack of infrastructure
  - ▶ Lack of relevant laws & administrative procedures
  - ▶ Lack of access to investment & credit, complete market information
- 

# Effects

# Effects

- ▶ Without the security of formal jobs, each day the poor work from dawn to dusk.
  - ▶ All or most of the money earned go to basic survival. There is little or no money left to improve quality of life.
  - ▶ Living in poverty almost always means that the harsh reality of today will repeat itself tomorrow.
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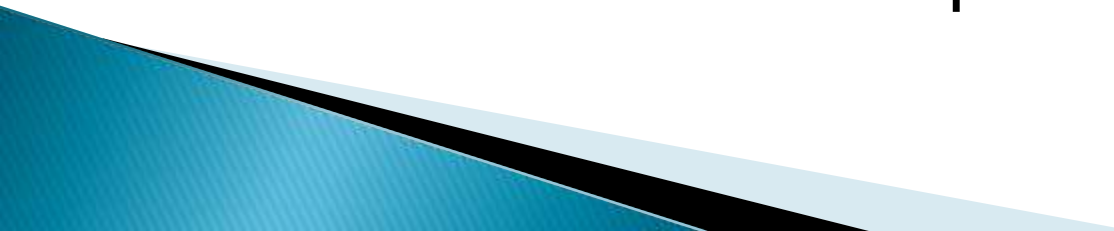
# Effects

- ▶ Poverty breeds poverty .If one cannot afford proper nutrition or health care for one's family, children grow up at greater risk of acquiring a life threatening or disabling disease.
  - ▶ If one cannot afford to educate one's children, it will be a repeat of their parents' life.
  - ▶ If one cannot afford to buy one's own land or home or livestock, there are few opportunities to build assets that will last over time.
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# Poverty in Pakistan

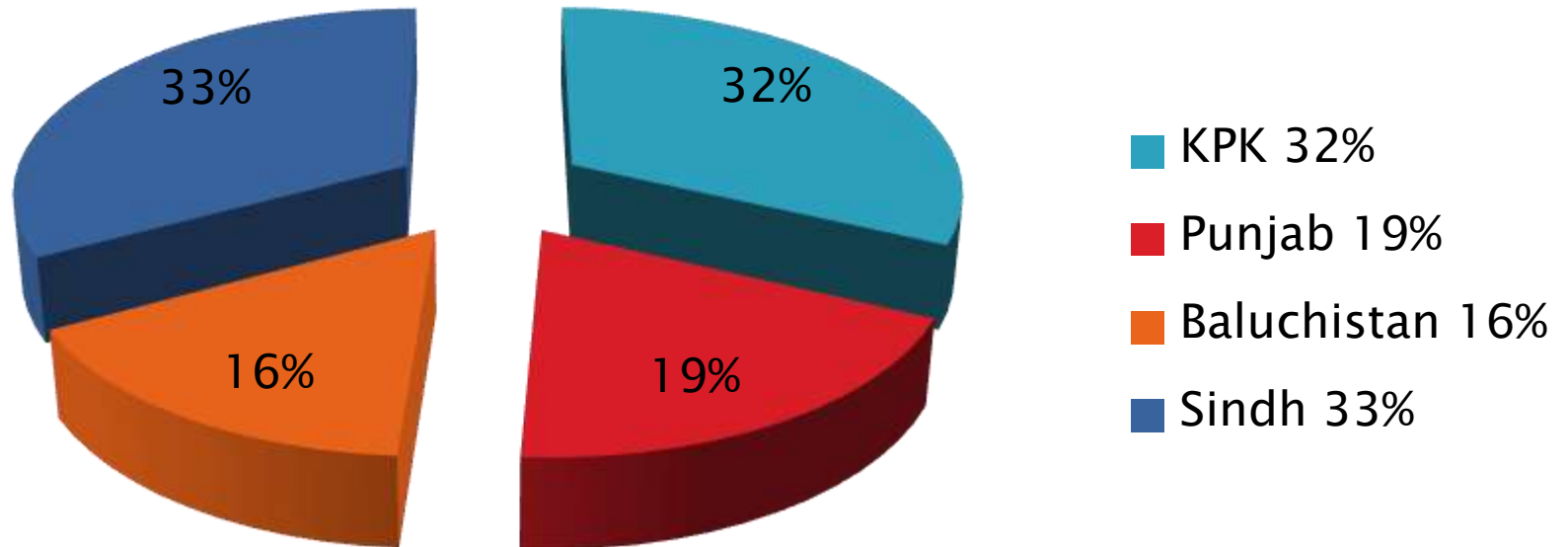


# Poverty in Pakistan

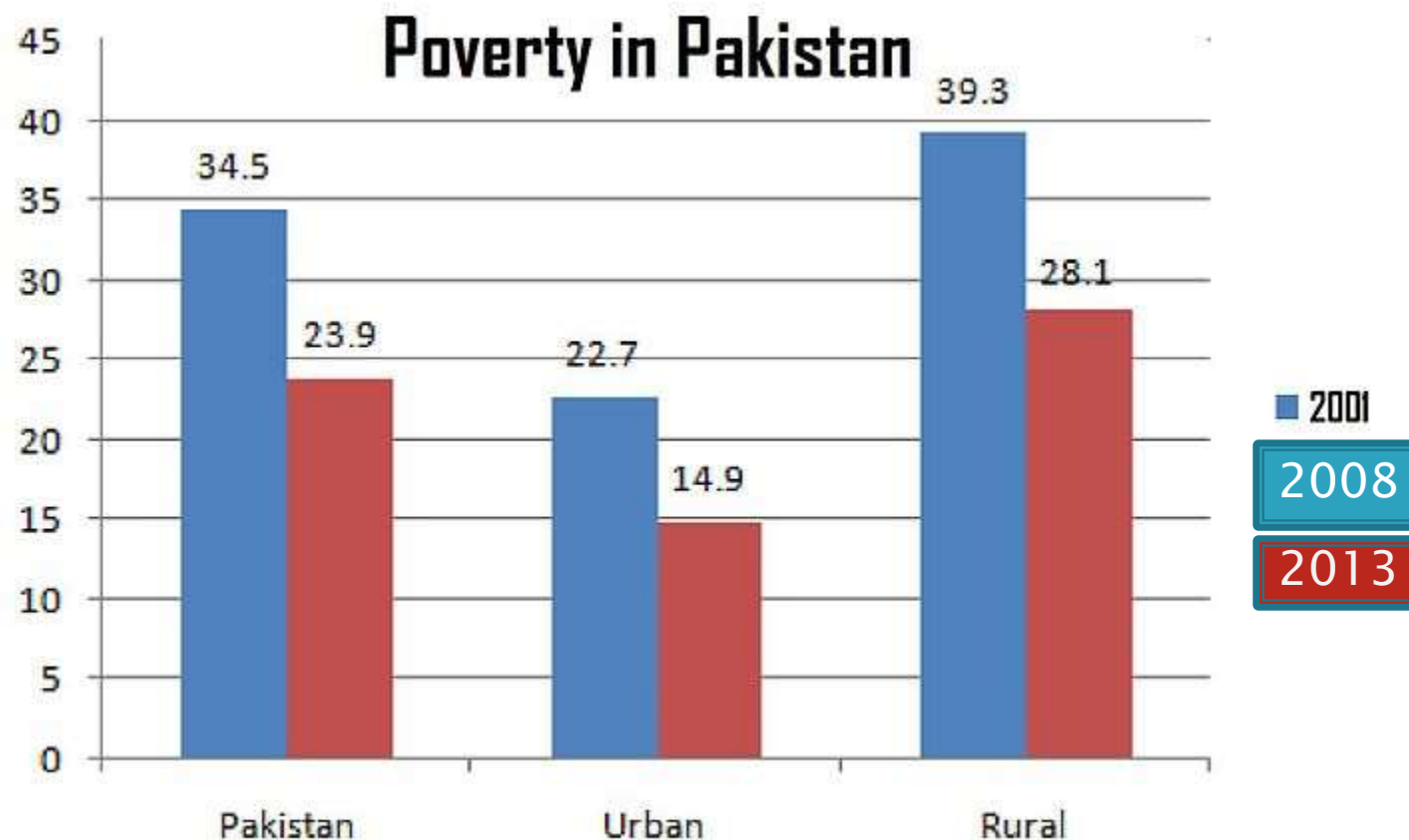
- ▶ Every third Pakistani is caught in the 'Poor' bracket.
  - ▶ Some 58.7 million out of a total population of 180 million subsist below the poverty line.
  - ▶ This includes more than half the population in the forever remote Baluchistan , 33 per cent in Sindh, 32 per cent in Khyber Pakhtunkhwa and 19 per cent in Punjab.
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# Poverty in Pakistan

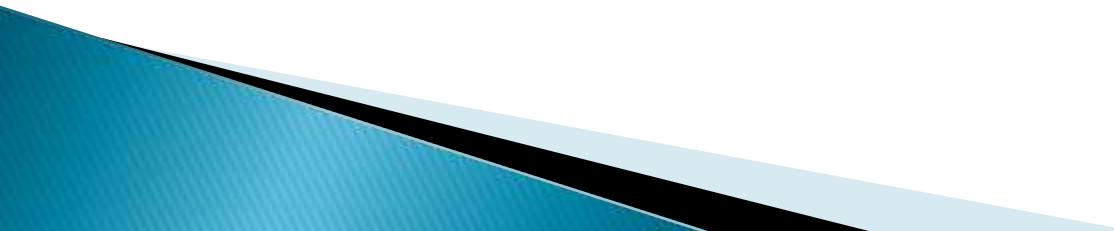
## Percentage by Population



# Poverty in Pakistan



# Causes of Poverty In Pakistan

- ▶ Government Bad Policies
  - ▶ Corruption
  - ▶ Inflation
  - ▶ Smuggling
  - ▶ Overpopulation
  - ▶ Unemployment
  - ▶ Lack of education
  - ▶ Law and order situation
  - ▶ Foreign Investment
- 

# Govt. Expenditures

- ▶ It is estimated that around 5 Crore per month is spent on the security of Prime Minister and the President.
- ▶ Monthly expense of 1 minister = 30 Lac,  
Monthly expense of 96 minister = 28 Crore80 Lac



A pair of scales of justice is shown, tilted towards the left. The left pan is lower and contains a stack of US dollar bills. The right pan is higher and contains a single wooden block. The word "CORRUPTION" is overlaid in large, semi-transparent letters across the top of the scales.

# CORRUPTION

- It's a condition when People forget about mortality, and don't care about the fact if money is being earned by fair means
- Only one relationship that exists in society is money. One has to pay a heavy cost to get his right.
- Institutions have failed to provide justice to common Citizens.



# Inflation

- ▶ Poverty in Pakistan is increasing because of general rise in prices of all products in Pakistan
- ▶ Hence, it decreases purchasing power of people earning low earnings/Wages/Salaries.



# Smuggling

- ▶ Pakistan was recently facing the shortage of sugar and wheat and other eatable goods due to the smuggling these items to neighboring countries.
- ▶ Pakistan is the 7<sup>th</sup> largest wheat producing, it's consumption was 20 Million ton and produced 23 million ton recently.
- ▶ Similarly Pakistan is the 4<sup>th</sup> largest sugarcane producing country.
- ▶ But still face food products shortage



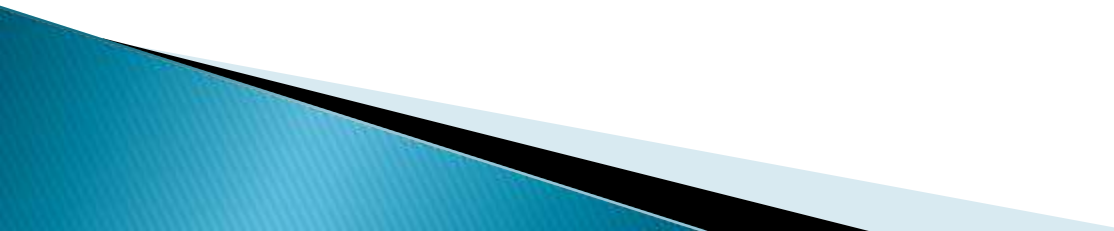


# Unemployment

- ▶ International Labor Organization defines, poverty occurs when people are without jobs and they have actively sought work.
- ▶ Unemployment rate in 2009 was 7.40 which is doubled in 2010, the current rate is 15.20%.
- ▶ When people are unemployed they consume the resources but are unable to contribute in overall economy, which results in poverty.

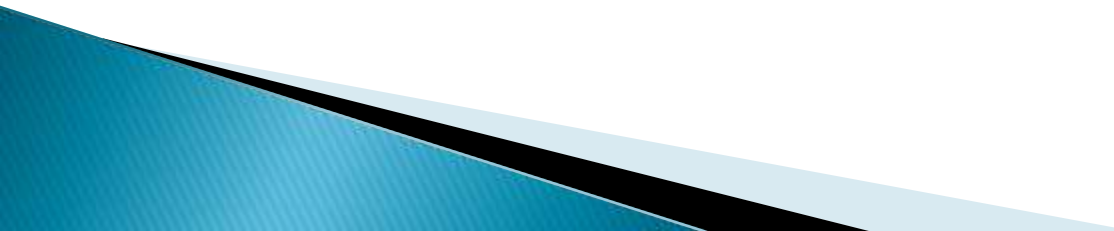


# Law and Order Situation

- ▶ Terrorist attacks create uncertainty in stock markets and people earnings from stock markets are getting loss due to which the whole country faces uncertain increase in commodity prices.
  - ▶ Local Industries, Firms are unable to sign agreements with foreign investors due to prevailing law and order situation.
- 

# Poverty Reduction

# Poverty Reduction

- ▶ Increasing the supply of basic needs.
  - ▶ Increasing personal income.
- 

# Basic Needs Supply

## Food and other goods

- ▶ Subsidies

# Basic Needs Supply

## Health care and education

- ▶ Desirable actions such as enrolling children in school or receiving vaccinations can be encouraged.

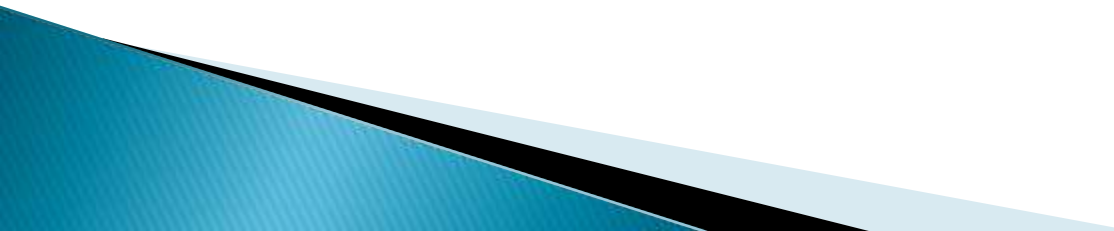
# Basic Needs Supply

## Removing constraints on Govt. services

- ▶ Basic services should be provided without corruption. Health & Education

# Basic Needs Supply

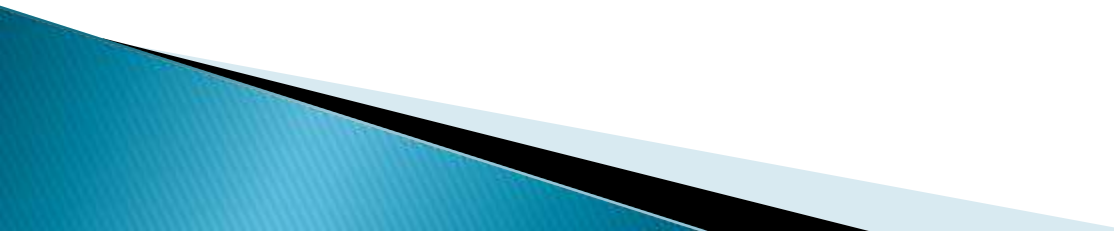
## Controlling overpopulation

- ▶ Overpopulation and lack of access to birth control leads to population increase to exceed food production and other resources.
  - ▶ Empowering women with better education and more control of their lives makes them more successful in bringing down rapid population growth through education.
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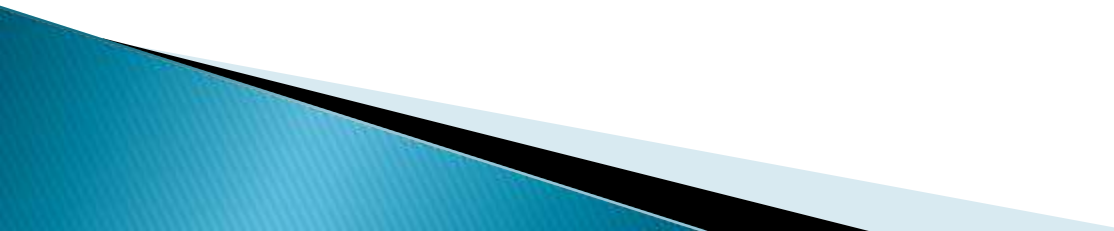
# Personal Income

## Income grants

- ▶ A guaranteed minimum income ensures that every citizen will be able to purchase a desired level of basic needs.
  - ▶ Income grants (subsidies) are argued to be vastly more efficient in extending basic needs to the poor.
- 

# Personal Income

## Economic freedoms

- ▶ Easy terms and conditions for the people to open a business.
  - ▶ Favorable circumstances.
  - ▶ Governments should provide essential infrastructure.
- 

# Personal Income

## Financial Services

Another form of aid is microloans, where small amounts of money are loaned to farmers or villages, mostly women, who can then obtain physical capital to increase their economic rewards.

“Prime Minister Youth Loan scheme is a good step toward financial services.”



**‘The best ever way to minimize poverty is  
Islamic mode of Wealth Distribution’**

# Point to Ponder

*“The amount of money the  
UK spends  
On chocolate each year  
could make Africa  
NOT live in poverty”.*



**Let's stop this ... NOW!**