

# Poverty



*Concepts of Poverty - Part B*

# Concepts of Poverty

Poverty mainly can be classified in two ways, these two are focused on Income and Consumption :

1. Absolute Poverty
2. Relative Poverty

# What is Absolute Poverty?

- ❖ The concept of absolute poverty is measured with reference to income of the people which is required to meet the minimum basic needs
- ❖ This concept measures poverty only in relation to the amount of money necessary to meet basic needs such as food, clothing, shelter, safe drinking water, education, healthcare, etc.
- ❖ It is based on required money for the basic needs for livelihood

# What is Absolute Poverty?

- ❖ Through a survey method, consumption expenditure of the households is calculated to measure income poverty
- ❖ Thus consumption expenditure is considered as a proxy for income
- ❖ Both the concepts of poverty namely, Head Count Ratio (HCR) and Poverty Gap (PG) are measures of income poverty

# What is Absolute Poverty?

- ❖ The economic condition of the country does not affect the status of poor people (Absolute Poverty) living in that country
- ❖ In other words, regardless of how rich and successful the economy is, people living in absolute poverty have no benefits of the economic prosperity of their country

To be Continued...

Thank You