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EDUCATION: THE MOST BASIC INSURANCE AGAINST POVERTY

Education: The Most Basic Insurance against Poverty

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Abstract:- The strategy of poverty reduction through investment in education is well recognized by World Bank, Asian Development Bank (ADB) and many more NGOs and Self Help Groups (SHGs) and thus a good collective start are made by all of these. This paper is an attempt to make a strong linkage between education and poverty and to stress the need of educating the poor as an investment to reduce the poverty by elaborating the start made by World Bank, Asian Development Bank and some of NGOs and Self Help Groups. To eradicate extreme poverty and hunger is the first and foremost target set out in the Millennium Development Goals (MDGs) of UNESCO. To track progress toward this goal, it is necessary to study universal methods to eradicate poverty and adopt the best ones to achieve the MDGs.

"Think about it: Every educated person is not rich, but almost every educated person has a job and a way out of poverty. So education is a fundamental solution to poverty".

--Kathleen Blanco--Ex. Governor Louisiana (U.S.)

INTRODUCTION

At the 2000 UN Millennium Summit 189 heads of government from rich and poor countries committed themselves to eight time-bound targets known as the Millennium Development Goals (MDGs) to end poverty and hunger through improved education and health and improving gender equity and environmental sustainability by 2015. Despite significant advances, the world is not on track to achieve the goals by their 2015 target date.

Last year's(2010) theme, "From Poverty to Decent Work: Bridging the Gap", underlines that combating poverty is linked to the satisfaction of basic social needs, including education, health, food, sanitation, shelter and clothing, as well as the provision of sufficient work opportunities. The fight against poverty must go hand in hand with efforts to guarantee the enjoyment of all fundamental human rights.

What is poverty?

Poverty is hunger and not knowing where your next meal is coming from, because you have already eaten the seeds you had stored for next year's planting. Poverty is not having a roof over your head and having nowhere to go. Poverty is being sick and not being able to see a doctor. It is the death of a child from a preventable illness because you are unable to pay for medicine or clean water. Poverty is not being able to read and not being able to go to a school. Poverty is being unemployed and having little chance of getting a job even if there are any because you have no training. Poverty is powerlessness, lack of

representation and freedom with no hope of change. Poverty is living one day at a time. Poverty is not being able to bury your dead.

Poverty at national level means a country may have insufficient economic resources to invest in education, health, infrastructure, political and legal systems and public institutions, which can lead to instability and civil unrest. In developed countries, deep and persistent poverty is a serious social problem but is less widespread than in developing countries

How is poverty measured?

Finding a suitable and accurate measure which can capture the depth and breadth of poverty, at national and individual level, is an enormous challenge. There are difficulties with each of the following commonly used methods. Collecting data is complicated and costly, so accuracy and comparisons between countries may not be reliable.

- GDP and GNI per capita
- Population below US\$1 per day
- Human Development Index (HDI)

- Access to basic needs

EDUCATION AND POVERTY

The linkages between education and poverty can be understood in two ways:

- Investment in education as a poverty reduction strategy which can enhance the skills and productivity among poor households;
- Poverty as a constraint to educational achievement both at the macro-level (poor countries generally have lower levels of enrolment) and the micro-level (children of poor households receive less education).

Human Capital Theory draws links between education and poverty in terms of education as a means of poverty reduction; another significant linkage runs the other way - i.e. the effect of macro- and micro-level poverty on levels of education. At the macro-level, it is generally the case that levels of enrolment correlate with GNP. Countries with low per capita incomes tend to have low enrolment ratios. However there are a number of exceptions to this rule. In Africa, for example, extremely poor countries such as Lesotho, Madagascar and Togo have primary gross enrolment ratios in excess of 100 (Colclough 1994). Among poor countries there is considerable variation, showing that low GNP does not necessarily translate into low levels of educational enrolment. At the household level evidence suggests that children of poorer households are generally likely to receive less education.

Education represents opportunity. At all ages, it empowers people with the knowledge, skills and confidence they need to live better lives. It can boost productivity and open doors to jobs and credit. Education - especially basic (primary and lower-secondary) education - helps reduce poverty by increasing the productivity of the poor, by reducing fertility and improving health, and by equipping people with the skills they need to participate fully in economy and society (World Bank 1995: 1).

The strategy of poverty reduction through investment in education is well recognized by World Bank, Asian Development Bank (ADB) and many more NGOs and Self Help Groups (SHGs) and thus a good collective start are made by all of these. ADB's vision for education is that "All children and adults will have equitable access to and complete education of sufficient quality to empower them to break out of the poverty cycle, to improve their quality of life, and to participate effectively in national development."

The aim of poverty reduction through investment in education raises issues of financing and the affordability of education for the poor. Analysis of the supply side of educational provision is important to

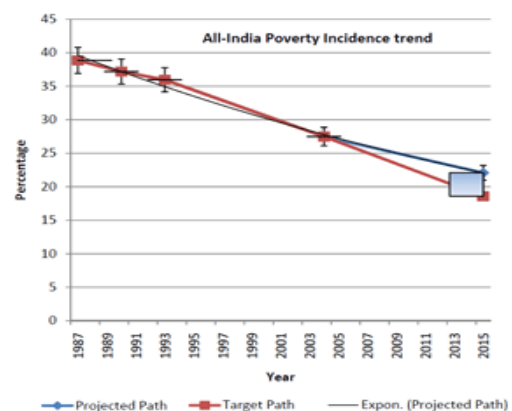
equity considerations because the proportions of government financing of the different levels of education systems have implications for gender equality and poverty-reduction objectives.

INDIA'S STATUS ON MILLENNIUM DEVELOPMENT GOALS

MDG 1: Eradicate Extreme Poverty and Hunger

India has been moderately successful in reducing poverty – the Poverty Headcount Ratio which is estimated to reach 18.6% by 2015 (according to the Government of India MDG Report 2009) is likely to miss the target by about 3.5 percentage points.

However eradicating hunger remains a key challenge. The proportion of population that has a dietary energy consumption of below the permissible standards of 2,100-2,400 kcal has risen from 64% in 1987-88 to 76% in 2004-05. Malnourishment is also an indicator of food insecurity. In 1990 when the MDGs were formulated 53.5% of all Indian children were malnourished. Since then, progress has been slow. In India the proportion of underweight children below three years has declined by only 1% between 1998-99 and 2005-06 to 46%. It is estimated that malnourishment could decline to 40% by 2015; this would be below the goal of reducing malnourishment to 28.6%.



MDG 2: Achieve Universal Primary Education

India is on-track and in some cases, ahead of targets that relate to universalizing primary education in India. Gross Enrolment Rates for both girls and boys in 2006-07 crossed 100%.

The emphasis on achieving universal primary education can be found in a range of government schemes:

ELEVENTH FIVE-YEAR PLAN GOALS

- Reduce dropout rates of children at the elementary level from 52.2% in 2003–04 to 20% by 2011–12.

- Develop minimum standards of educational attainment in elementary schools, to ensure quality education.
- Increase the literacy rate for persons of age 7 years or more to 85% by 2011–12.
- Reduce the gender gap in literacy to 10 percentage points by 2011–12.
- Increase the percentage of each cohort going to higher education from the present 10% to 15% by 2011–12.

CENTRALLY SPONSORED SCHEMES THAT ADDRESS THIS MDG INCLUDE

- [Sarva Shiksha Abhiyan \(SSA\)](#)
- [Mid Day Meal Scheme](#)
- [Kasturba Gandhi Balika Vidyalaya \(KGBV\)](#)
- Rashtriya Madhyamik Siksha Abhiyaan (RMSA)

POVERTY-SOME KEY FACTS

- Every 3.6 seconds, someone in the world dies from starvation. The majority are children under five years old.
- 90% of starvation deaths happen where food is plentiful, but people simply can not afford to buy it. War, disaster and famine account for only 10% of all starvation deaths.
- 2.5 billion People live on less than \$2 a day, accounting for 40% of the world's population but only 5% of its income.
- 800 million people go to bed hungry every night, 300 million are children.
- Each additional year of schooling raises average annual gross domestic product (GDP) growth by 0.37%.
- One extra year of schooling increases an individual's earnings by up to 10%.
1.1 billion People do not have access to clean drinking water. Instead, they are forced to drink, cook with and wash in contaminated water sources every day..
- The world's 500 richest people have a combined income greater than the world's 416 million poorest people.

- 171 million people could be lifted out of poverty if all students in low income countries left school with basic reading skills –equivalent to a 12% cut in world poverty.

These 171 million could mean the total combined populations of.....

Australia 20.6 mn, Cambodia 14.8 mn, Canada 33 mn, Colombia 45.3 mn,

Netherlands 16.6 mn, Tunisia 10.4 mn, Uganda 30.9 mn.

- \$16 billion a year in aid would send all children to school in low-income countries.

This is about half of the amount Europeans and Americans spend on ice cream annually (\$31 billion).

\$13bn a year is spent on perfume in Europe and the US.

\$8bn is spent on cosmetics in the US.

\$12bn is spent on pet food in Europe and the US.

INITIATIVES TO REDUCE POVERTY

- **Various Schemes of Central and State governments like MNREGA.**

- **UNESCO**

UNESCO has initiated a programme in education that will contribute towards poverty eradication. Under the signed Memorandum of Understanding with Grameen Bank, UNESCO prepared a draft programme framework for the education of the families of Grameen Bank members. By the end of 1999, there were 57 centres, 1340 learners and 46 facilitators.

- **World Bank**

Education is central to development - it empowers people and strengthens nations. It is one of the most powerful instruments for reducing poverty and inequality and helps lay a foundation for sustained economic growth. It is at the centre of the World Bank's mission of poverty reduction.

- **Asian Development Bank**

ADB, as a member of the global community, is dedicated to supporting the achievement of the Millennium Development Goals (identified in agreements and resolutions of United Nations conferences during the 1990s) within the Asia and Pacific region by 2015. These goals include enrolling all children in primary school, promoting gender

equality, and empowering women. Poverty reduction is ADB's overarching development objective. Since investment in education is an essential element of any poverty reduction strategy, ADB has undertaken to prepare a new education policy to focus its efforts to support educational development, and to link this support more closely to poverty reduction.

- **UNDP in India**

UNDP is committed to help India achieve the global [Millennium Development Goals \(MDGs\)](#) as well as the national objectives articulated in consecutive [Five-Year Plans](#). The goal of the organization is to help improve the lives of the poorest women and men, the marginalized and the disadvantaged in India. UNDP works in the following areas: [Democratic Governance](#), [Poverty Reduction](#), [Crisis Prevention and Recovery](#), [Environment and Energy](#), and [HIV and Development](#).

SOME NON GOVT. INITIATIVES TO REDUCE POVERTY

- **The Hunger Project**

The Hunger Project is a global, non-profit, strategic organization committed to the sustainable end of world hunger. The Hunger Project has been active in India since 1984 and currently works across 10 states. The Hunger Project carries out its mission through three essential activities: mobilizing village clusters at the grassroots level to build self-reliance, empowering women as key change agents, and forging effective partnerships with local government.

- **Aaditya**

AADITYA helps the people in the neglected segment make their way out of poverty. We provide skill base training, resources and support to help people launch an activity. AADITYA offers support, not loans, to our members. We provide resources, plan and infrastructure, because we are committed to working with the poorest of the poor — people who are unable or unwilling to obtain a help. We focus our support on women, the majority of whom report that, once they have launched their activities, they are able to provide better nutrition, health care and education for their families.

- **Global Education**

Global Education is a Non- Profit organization committed to reduce poverty by increasing educational opportunities and empowering all segments of society. For more details one can go to links below:

Poverty Reduction-

<http://www.globaleducation.edna.edu.au/globaled/go/pid/181>

Food

Security-

<http://www.globaleducation.edna.edu.au/globaled/go/pid/177>

- **Opportunity International Australia** is a non-profit organisation that uses a business approach to solve the problem of poverty. Rather than a hand-out, we provide people living in poverty with a small loan (microfinance) to help them start or grow their own small business. Opportunity International Australia currently focuses its work in three countries – [India](#), [Indonesia](#) and [the Philippines](#) – where we are helping more than 2.5 million people make their way out of poverty.

- **Associates(Sister concerns) of Opportunity International**

1. **Adhikar** is a microfinance institution (MFI) based in Orissa, one of India's most impoverished states. Adhikar is committed to social development and defending the rights of the poor.

2. **Arth** is the recently established microfinance branch of the Indian Institute of Rural Development (IIRD). Based in the north western state of Rajasthan, Arth currently serves more than 14,000 women in isolated rural areas and urban slums.

3. **C-DOT** is a start-up microfinance institution (MFI) operating nine branches throughout the Nalanda district of Bihar. Established in 2000 by a group of professionals committed to alleviating poverty in their home state, C-DOT is now serving over 8,000 clients.

4. **Margdarshak** is a start-up microfinance institution (MFI) based in Lucknow, Uttar Pradesh - the most populous state in India. The state is a centre of handicraft and perfume production, and many of Margdarshak's 15,000 clients work in these industries. Margdarshak aims to use microfinance to expand the avenues and sources of income available to the poor and marginalised.

5. **Sambandh** is the microfinance branch of the Regional Rural Development Centre (RRDC). Based in the state of Orissa, Sambandh serves over 6,000 clients, supporting the development and expansion of small businesses at a grass roots level. Sambandh is committed to improving the quality of life of poor entrepreneurs and their families.

6. **Samhita** is a start-up microfinance institution (MFI) based in Rewa, Madhya Pradesh. Led by Praseeda Kunam, a dynamic and lively CEO, Samhita is applying a fast track approach to delivering a full range of desperately needed microfinance and social services to disadvantaged communities, with a particular focus on women in poor households. Samhita currently serves more than 29,000 clients.

7. **Shikhar** is a start-up microfinance institution (MFI) based in Delhi, northern India. Operating in urban slums where poverty is rife and microfinance services are scarce, Shikhar aim to assist communities to become resilient against potential financial and social risks. Shikhar offer community-focused products to the ultra poor and currently serves close to 12,000 clients.

What can be done further?

A more effective approach to poverty reduction can adopt five closely connected and mutually reinforcing pillars which are:

- Making special provisions for the education of poor and marginalized people.
- strengthening frameworks for sustainable and inclusive economic growth which will benefit the poor
- supporting interventions which enable the poor to improve their productivity
- encouraging governments, institutions and donors to be more accountable to the poor and
- Reducing the vulnerability of the poor.

CONCLUSION

Economic growth supported by public policies which enable the poor to access the benefits of growth is an important factor in reducing poverty. Enabling the poor to increase their productivity, through access to credit, markets, property rights, technology, and health and education systems is important. So, too, is strengthening systems of governance to improve accountability and provide better access to services, resources and decision making by the poor. Addressing the vulnerability of the poor to illness, conflict, natural disasters and economic crisis is also necessary to ensure that development gains are not undermined.

To eradicate extreme poverty and hunger is the first and foremost target set out in the Millennium Development Goals (MDGs) of UNESCO. To track progress toward this goal, it is necessary to study universal methods to eradicate poverty and adopt the best ones to achieve the MDGs.

"Education is not a way to escape poverty - It is a way of fighting it."

--**Julius Nyerere**, former President of the United Republic of Tanzania

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