WEEK 8
INCIDENCE OF POVERTY
Malaysian Poverty Line Income

The incidence of poverty in Malaysia is determined by using poverty line income (PLI)/Pendapatan Garis Kemiskinan (PGK).

PLI is defined as an income sufficient to purchase a minimum basket of food to maintain household members in good nutritional health and have access to another basic needs such as clothing and footwear, house rental, fuel and power, transport and communications, health care, education and recreation.

Households earning below the PLI are categorized as poor (Golongan Miskin) while with less than half the PLI are categorized as hardcore poor (Golongan Termiskin).
<table>
<thead>
<tr>
<th>Kawasan</th>
<th>Kemiskinan Keseluruhan</th>
<th>Kemiskinan Tegar</th>
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<tr>
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<td>PGK Kasar (RM)</td>
<td>PGK Per Kapita (RM)</td>
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<td>Semenanjung Malaysia</td>
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<td>Keseluruhan</td>
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<td>Sabah &amp; Labuan</td>
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<td>Luar Bandar</td>
<td>810</td>
<td>190</td>
</tr>
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</table>

_Sumber:_
Unit Perancang Ekonomi (EPU), 2007
Incidence of Poverty

Discuss based on statistics.
Incidence Of Poverty & hardcore Poverty

Chart 4: Incidence of Poverty and Hardcore Poverty by Ethnic Group of Head of Household and Strata, Malaysia, 2009 & 2012

- **Strata Malaysia**: 3.8 (1.7)
- **Urban**: 1.7 (1.0)
- **Rural**: 8.4 (3.4)
- **Etnic Bumiputra**: 5.3 (2.2)
- **Chinese**: 0.6 (0.3)
- **Indians**: 2.5 (1.8)

Percentage (%)
Incidence of Poverty by State

Chart 5: Incidence of Poverty by State, Malaysia 2009 & 2012

State

Melaka
Selangor
N.Sembilan
P.Pinang
W.P.K.L
Johor
W.P.Labuan
Pahang
Perak
Kedah
Terengganu
Perlis
Sarawak
Kelantan
Sabah

% 20.0 15.0 10.0 5.0 0.0

% 0.0 2.0 4.0 6.0 8.0 10.0

2009

2012
Economic Characteristics of Poverty

I. Problems of poverty and highly unequal distributions of income are not just the result of natural economic growth processes.

II. They depend on the type of economic growth and the political and institutional arrangements according to which rising national incomes are distributed among the broad segments of a population.

III. Poverty cannot be tackled directly without detailed knowledge of its location, extent and characteristics.
Economic Characteristics of Poverty Groups

- The poor are disproportionately located in rural areas.

- They are primarily engaged in agricultural and associated activities.

- 2/3 of the very poor have their livelihood from subsistence agriculture either as small farmers or as low-paid farm workers.

- 1/3 are located on the fringes and in marginal areas of urban centers engaging in various self-employment such as street-hawking, trading petty services and small-scale commerce.
Women and Poverty

Poverty affects a disproportionate number of women.

The poorest segment of Third World population live in household headed by women (20% in India, 17% in Costa Rica and 40% in Kenya).

In Third world countries, women and children experience the harshest deprivation.

They are more likely to be malnourished and less likely to receive medical services, clean water, sanitation etc.

The prevalence of female-headed household, lower earning capacity and limited control over spouses’ income contribute to the phenomenon.
Poverty Reduction and Intervention

- Firms and farms to switch to more labor intensive production methods as against the use of capital goods such as automated equipment.

- Focus directly on reducing the concentrated control of assets, unequal distribution of power and unequal access to education and income earning opportunities (e.g. Land reform).

- Reducing the size distribution at the upper levels through progressive income and wealth taxes.

- Direct provision of tax-financed consumption goods and services to the poor e.g. School lunches, subsidized food programs.
Policies And Programs To Eradicate Poverty


National Development Policy (NDP), 1991-2000 – to reduce the incident of poverty to 7.2% and hardcore poverty to 0.5% by 2000.

National Vision Policy, 2001-2010 - to reduce incidence of poverty to 0.5 % by 2005.