

POVERTY: IS IT AN ISSUE IN PERAK?

- *What is meant by poverty in this region?*
- *What is the current state and trend of poverty in Perak Darul Ridzuan?*
- *How Perak Darul Ridzuan performs in terms of poverty eradication?*

INTRODUCTION

The question of poverty is one of the central issues in development. Thus, even if there is rapid growth of the economy, the performance of a government in terms of development would still be questionable, if the problem of poverty is not solved or reduced.

Poverty in Malaysia is measured by the Poverty Line Index (PLI). A household is considered poor if its income falls below that line. In 2009, for Peninsular Malaysia, the Poverty Line Income is RM760 in urban areas and RM740 for rural areas (sources by Economic Planning Unit).

The economy of Perak Darul Ridzuan is growing quite remarkably over the past decades. The real GDP of Perak Darul Ridzuan grew at 6.7% in 2006, 6.7% in 2008, and 5.7% in 2010. In 2012, Perak's GDP growth is 7.1%, which is among the highest in the country. The question then, does this impressive economic growth associated with reduced poverty?

FACTS AND FIGURES ON POVERTY IN PERAK

Overall, poverty rate has been tremendously reduced from 48.6% in 1970 to 1.5% in 2012 (Figure 1). Thus, since 1970, there is a clear trend that poverty has been significantly declining in Perak. In 2012, Perak ranked number eight in terms of poverty rates, while ranked number three in terms of hardcore poverty. Poverty has also decline quite significantly

in both the rural and urban areas. Rural poverty has been reduced from 6.0% in 2009 to 2.2% in 2012, while urban poverty has been reduced from 2.1% in 2009 to 1.1 in the same period.

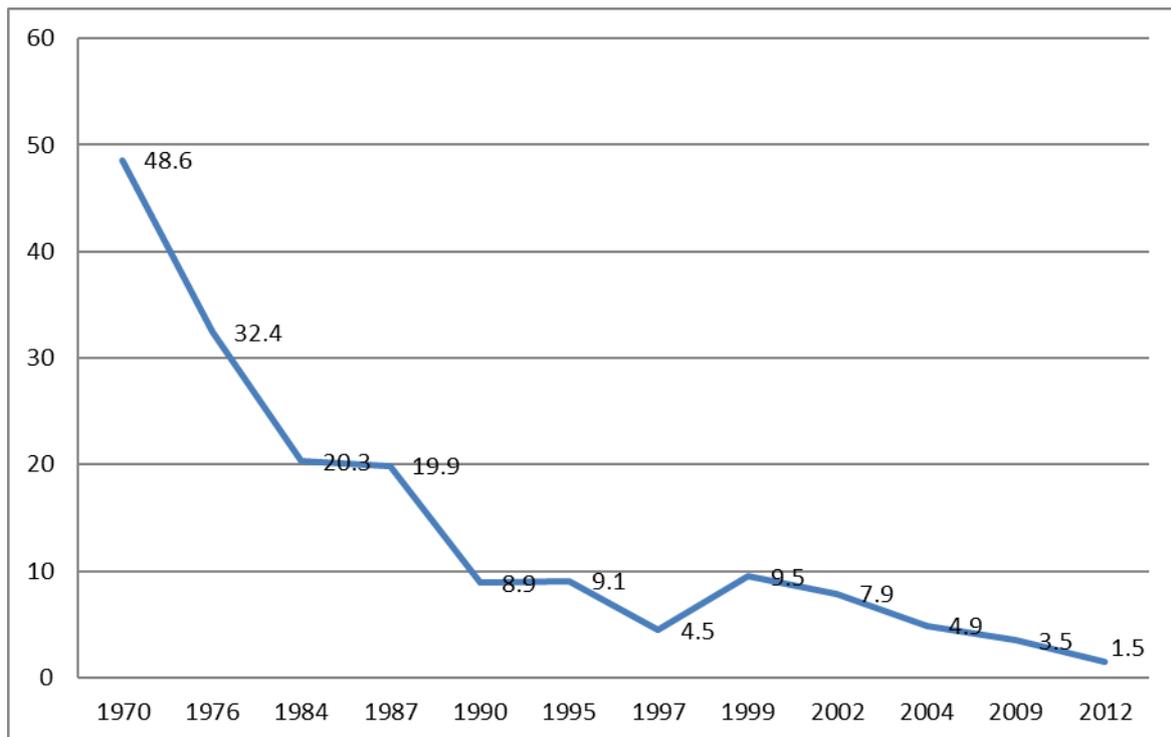


Figure 1: Poverty rate in Perak, 1970 - 2012

Furthermore, hardcore poverty has also shown a declining trend, i.e. from 6.7% in 1984 to 0.2% in 2012. In the rural areas, hardcore poverty has reduced from 1.0% in 2009 to 0.4% in 2012, while in the urban areas, hardcore poverty has been reduced from 0.3% in 2009 to 0.0% in the same period. In 2012, urban hardcore poverty seems to be wiped out completely.

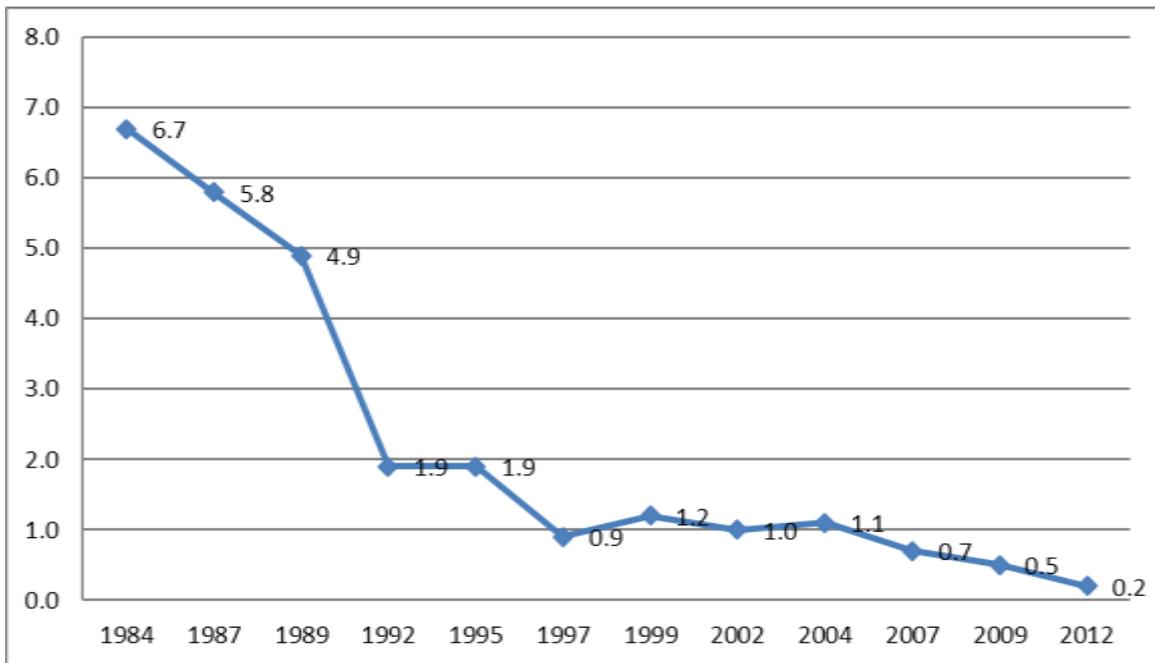


Figure 2: Hardcore poverty in Perak, 1984 - 2012

Based on e-Kasih data, there are a total of 6772 households which is considered as poor in Perak Darul Ridzuan. In terms of distribution of the poor households, the largest were found in Kinta (1289), while the smallest is in Kampar (193) (Figure 3).

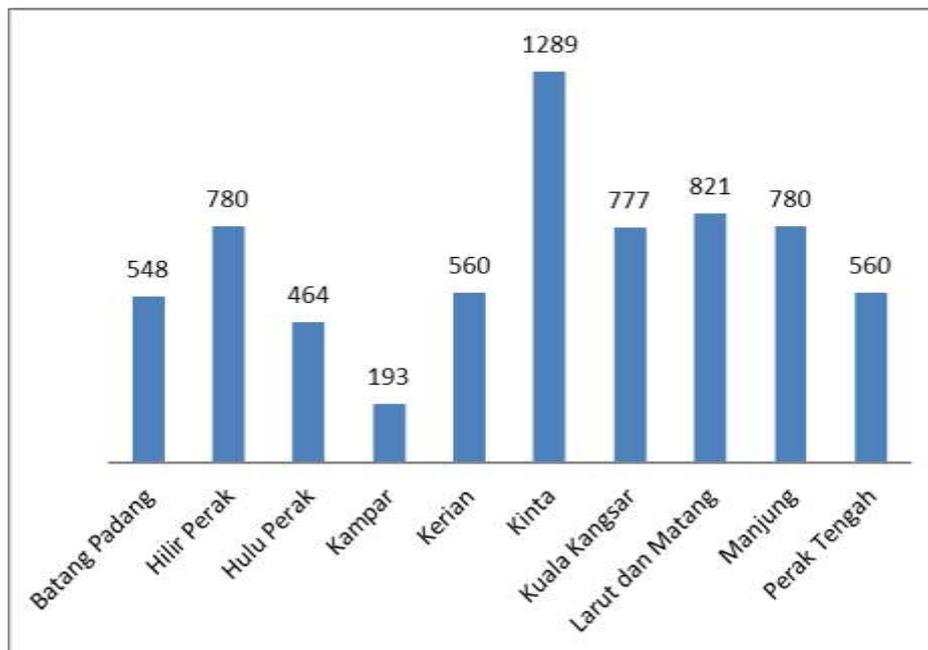


Figure 3: Number of poor household in Perak, 2012 (Source: e-Kasih)

There are 11257 households in Perak considered as vulnerable. The largest were found in Kinta district (2631), while the smallest is in Kampar (223) (Figure 4).

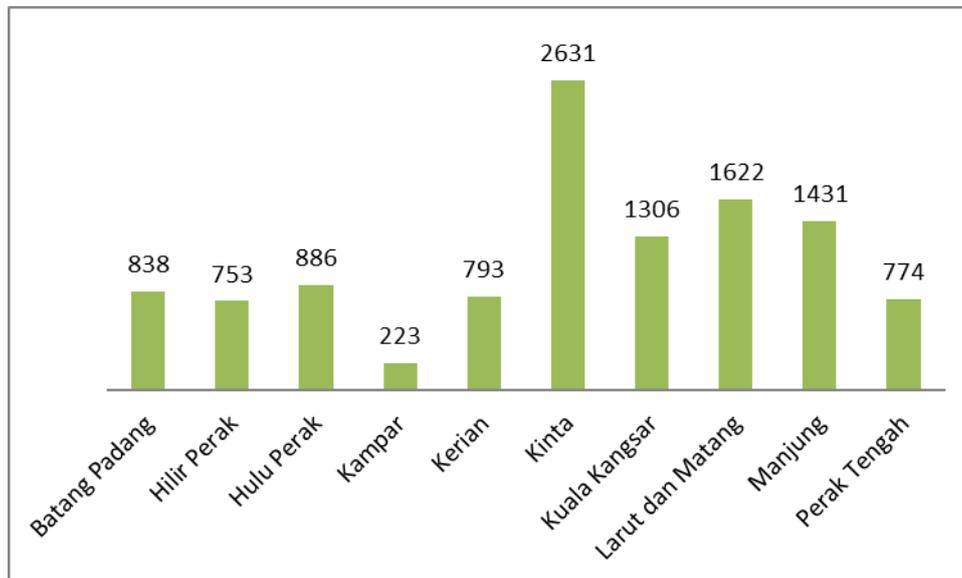


Figure 4: Number of vulnerable household in Perak, 2012 (Source: e-Kasih)

ISSUES AND CHALLENGES

It seems that one of the main poverty problem in Perak is the vulnerable poor. Households considered as vulnerable are relatively high. With a slight decrease in their income, or a slight increase in their expenditure, this group will fall into poverty. For instance, a rise in costs of living, perhaps due to the implementation of GST, would probably increase the number of poor households in Perak.

Besides, as the problem of absolute poverty has been tackled and reduced quite successfully, the problem would shift to relative poverty. This should be of concerned since relative poverty could lead to absolute poverty. Without appropriate strategies and programs, despite all of the effort done to reduce poverty, poverty could rise and persist in Perak. This could happen if other sections of society realize a relatively higher income growth than the poor. Indeed, those who are relatively poor could be driven into absolute poverty, just for the simple reason that others have becoming richer than they were.

CONCLUSION

The available figures from official records have shown clearly that absolute poverty in Perak has declined impressively, and urban hardcore poverty seems to be wiped out completely. Nonetheless, there is still a need to tackle effectively the problem of rural poverty, which is relatively higher compared to the urban poverty. Poverty eradication programs should be more focused and targeted, should look specifically to “purchasing power”, price of essential goods and utilities.

Even though income of the poor might not fall, the fact that others have becoming richer would make the poor becoming poorer when prices of goods have increased due to the increase in the overall income of the population.