



#### Question-1

Describe how the poverty line is estimated in India.

Solution:

A common method used to measure poverty is based on the income or consumption levels. A person is considered poor if his or her income or consumption level falls below a given "minimum level" necessary to fulfill basic needs. While determining the poverty line in India, a minimum level of food requirement, clothing, footwear, fuel and light, educational and medical requirement etc. are determined for subsistence. These physical quantities are multiplied by their prices in rupees. The present formula for food requirement while estimating the poverty line is based on the desired calorie requirement.

As per 2000 figures; a family of five which is earning less than Rs. 1,640 per month is considered to be living below the poverty line. This figure is Rs. 2,270 per month for the urban area. The expected calorie intake has been fixed at 2400 calories per person in rural areas and 2100 calories in urban areas. A person consuming less than this amount is considered to be living below the poverty line.

#### Question-2

Do you think that present methodology of poverty estimation is appropriate?

Solution:

I don't think that the present methodology of poverty estimation is appropriate because each country uses an imaginary line that is considered appropriate for its existing level of development and its accepted minimum social norms. For example, a person not having a car in the United States may be considered poor. In India, owning of a car is still considered a luxury.

#### Question-3

Describe poverty trends in India since 1973.

Solution:

There is a substantial decline in poverty ratios in India from about 55 per cent in 1973 to 36 percent in 1993. The proportion of people below poverty line further came down to about 26 per cent in 2000. If the trend continues, people below poverty line may come down to less than 20 per cent in the next few years. Although the percentage of people living under poverty declined in the earlier two decades (1973– 1993), the number of poor remained stable around 320 million for a fairly long period. The latest estimates indicate a significant reduction in the number of poor to about 260 million.

#### Question-4

Discuss the major reasons for poverty in India.

Solution:

There were a number of causes for the widespread poverty in India. One historical reason is the low level of economic development under the British colonial administration. The low rate of growth persisted until the nineteen eighties. This resulted in less job opportunities and low growth rate of incomes. This was accompanied by a high growth rate of population. The two combined to make the growth rate of per capita income very low. Another feature of high poverty rates has been the huge income

inequalities. One of the major reasons for this is the unequal distribution of land and other resources. Despite many policies, we have not been able to tackle the issue in a meaningful manner.

Question-5

Identify the social and economic groups which are most vulnerable to poverty in India.

Solution:

Social groups, which are most vulnerable to poverty, are scheduled caste and scheduled tribe households. Similarly, among the economic groups, the most vulnerable groups are the rural agricultural labour households and the urban casual labour households.

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