

1. Describe how the poverty line is estimated in India ?

- Ans.**
- (i) Poverty line is a common method used to measure poverty is based on the income or consumption levels.
  - (ii) A person is considered poor if his or her income or consumption level falls below a given “minimum level” necessary to fulfill basic needs.
  - (iii) Poverty line may vary with time and place so 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.
  - (iv) While determining the poverty line in India, a minimum level of food requirement, clothing, foot wear, fuel and light, educational and medical requirement etc. are determined for subsistence.
  - (v) These physical quantities are multiplied by their prices in rupees.
  - (vi) The present formula for food requirement while estimating the poverty line is based on the desired calorie requirement.
  - (vii) Food items such as cereals, pulse, vegetables, milk, oil, sugar, etc. together provide these needed calories.
  - (viii) The calorie needs vary depending on age, sex and the type of work that a person does.
  - (ix) The accepted average calorie requirement in India is 2400 calories per person per day in rural areas and 2100 calories per person per day in urban areas.
  - (x) Since people living in rural areas engage themselves in more physical work, calories requirements in rural areas are considered to be higher than urban areas.
  - (xi) The monetary expenditure per capita needed for buying these calorie requirements in terms of food grains etc. is revised periodically taking into consideration the rise in prices.

2. Is the present methodology of poverty estimation an appropriate measure of poverty?

**Ans:** The present methodology of poverty estimation in India captures only a limited part of what poverty really means to people.

- (i) It is about a ‘minimum subsistence’ level of living. It should be about a ‘reasonable’ level of living.

- (ii) A large number of people may be able to feed themselves. But the question to ask is-are they not poor?
- (iii) We should also look at the profile of the household, relating it with the other aspects of living, like education, healthcare, job security, self-confidence, freedom from caste and gender discrimination.

Once, we take stock of these different factors, we begin to look at a broader measure of poverty. To this, we give the name 'human poverty'.

3. Describe the poverty trends in India since 1973.

Ans. Estimates of poverty in India Poverty Ratio (%)

Year	Rural	Urban	Combined
1993 – 94	50.1	31.8	44.3
2004 – 05	41.8	25.7	37.2
2011 - 12	25.7	13.7	21.9

Source : Economic survey 2002-03, ministry of finance Government of India.

It is clear from the table that.

- (i) There is substantial decline in poverty ratio in India from about 45% in 1993-94 to 37.2% in 2004-05.
- (ii) The proportion of below poverty line further came down to about 21.9% in 2011-12.
- (iii) If the trend continues, people below poverty line may come down to less than 20% in the next few years.
- (iv) Although the percentage of people living under poverty declined in the earlier two decades (1973 - 1993), the number of poor declined from 407.1 million in 2004-05 to 269.3 million 2011-12 for a fairly long period.
- (v) The latest estimates indicate a significant reduction in the number of poor to about average annual decline of 2.2% point during 2004-05 to 2011-12.

4. Discuss the major reasons for poverty in India.

Ans. (i) **Low level of economic development under the British colonial administration** : The policies of the colonial government ruined traditional handicrafts and discouraged development of industries like textiles. 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. The failure at both the fronts : Promotion of economic growth and population control perpetuated the cycle of poverty.

- (ii) **Poor and unbalanced growth agriculture** : With the spread of irrigation and the green revolution, many job opportunities were created in the agriculture sector. But the effects were limited to some parts of India. The industries, both in the public and the private sector, did provide some jobs. But these were not enough to absorb all the job seekers who are unable to find proper jobs in cities, many people started working as rickshaw pullers, vendors, construction workers, domestic servants etc. with irregular small incomes, these people could not afford expensive housing. They started living in slums on the outskirts of the cities and the problems of poverty, largely a rural phenomenon also became the feature of the urban sector.
- (iii) **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. Major policy initiatives like land reforms which aimed at redistribution of assets in rural areas have not been implemented properly and effectively by most of the state governments. Since lack of land resources has been one of the major causes of poverty in India, proper implementation of policy could have improved the life of millions of rural poor.
- (iv) **Socio cultural and economic factors** : In order to fulfill social obligations and observe religious ceremonies, people in India, including the very poor, spend a lot of money. Small farmers need money to buy agricultural inputs like seeds, fertilizers, pesticides etc. Since poor people hardly have any savings, they borrow, unable to repay because of poverty they become victims of indebtedness is both the cause and effect of poverty.

5. Identify the social and Economic groups which are most vulnerable to poverty in India?

**Ans. Social Groups :**

- (i) Social groups which are most vulnerable to poverty are scheduled caste and scheduled tribe households.
- (ii) Although the average for people below poverty line for all groups in India is 26%. 51 out of 100 people belonging to scheduled tribes

are not able to meet their basic needs and 43% of scheduled castes are also poor.

**Economic Groups :**

- (i) Similarly, among the economic groups, the most vulnerable groups are the rural agricultural labour households and the urban casual labour households.
- (ii) Similarly, 50 % of casual workers in urban areas are below poverty line. About 50% of landless agricultural workers.

**6. Give an account of interstate disparities of poverty in India ?**

- Ans.**
- (i) Inter-state disparities is another aspect or dimension of poverty. The proportion of poor people is not the same in every state.
  - (ii) Although state level poverty has witnessed a secular decline from the levels of early seventies, the success rate of reducing poverty varies from state to state.
  - (iii) Recent estimates show that in 20 states and union territories, the poverty ratio is less than the national average.
  - (iv) On the other hand, poverty is still a serious problem in Odisha, Bihar, Assam, Tripura and Uttar Pradesh.
  - (v) Orissa and Bihar continue to be the two poorest states with poverty ratios of 33.7 and 37.6 percent respectively.
  - (vi) Along with rural poverty, urban poverty is also high in Orissa, Madhya Pradesh, Bihar and Uttar Pradesh.
  - (vii) In comparison, there has been a significant decline in poverty in Kerala, Jammu and Kashmir, Andhra Pradesh, Tamil Nadu, Gujarat and West Bengal. States like Punjab and Haryana have traditionally succeeded in reducing poverty with the help of high agricultural growth rates.
  - (viii) Kerala has focused more on human resource development and in West Bengal, land reform measures have helped in reducing poverty.
  - (ix) In Andhra Pradesh and Tamil Nadu public distribution of food grains could have been responsible for the improvement.

**7. Describe global poverty trends ?**

- Ans.**
- (i) The proportion of people in developing countries living in extreme economic poverty - defined by the world Bank as living on less than \$ 1 per day has fallen from 28 percent in 1990 to 21 percent in 2001.
  - (ii) Although there has been a substantial reduction in global poverty, it is marked with great regional differences.

- (iii) Poverty declined substantially in China and southeast Asian Countries as a result of rapid economic growth and massive investments in human resource development
- (iv) Number of poor's in China has come down from 85% in 1981, 14% in 2008 to 6% in 2011.
- (v) In the countries of South Asia (India, Pakistan, Sri Lanka, Nepal, Bangladesh, Bhutan) the decline has not been as rapid.
- (vi) Despite decline in the percentage of the poor the number of poor has declined marginally from 61% in 1981 to 36% in 2008.
- (vii) Because of different poverty line definition poverty in India is also shown higher than the national estimates.
- (viii) In sub - Saharan Africa, poverty in fact decline from 51% in 1981 to 47% in 2008.
- (ix) In Latin America, the ratio of poverty remained the same.
- (x) Poverty has also resurfaced in some of the former socialist countries like Russia, where officially it was non-existent earlier.

8. Describe current government strategy of poverty alleviation ?

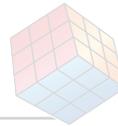
**Ans.** There are schemes which are formulated to affect poverty directly or indirectly some of them are worth mentioning.

- (i) **National Rural Employment Guarantee Act [NREGA] 2005:** The Act was passed in September 2005, the Act provides 100 days assured employment every year to every rural household in 200 districts. Later, the scheme will be extended to 600 districts. One third of the proposed jobs would be reserved for women. The central government will also establish National Employment Guarantee funds. Similarly state governments will establish state Employment Guarantee funds for implementation of the scheme. Under the programme if an applicant is not provided employment within fifteen days she/ he will be entitled to a daily unemployment allowance.
- (ii) **National Food For Work programme [NFWP] :** Which was launched in 2004 in 150 most backward districts of the country. The programme is open to all rural poor who are in need of wage employment and desire to do manual unskilled work. It is implemented as a 100 percent centrally sponsored scheme and food-grains are provided free of cost to the states. Once the NREGA is in force the NFWP will be subsumed within this programme.
- (iii) **Prime minister Rozgar Yozana [PMRY] :** This is another scheme which was started in 1993. The aim of the programme is to create

self - employment opportunities for educated unemployed youth in rural areas and small towns. They are helped in setting up small business and industries.

- (iv) **Rural Employment Generation Programme [REGP]** : This act was launched in 1995. The aim of the programme is to create self-employment opportunities in rural areas and small towns. A target for creating 25 lakh new jobs has been set for the programme under the Tenth Five year plan.
- (v) **Swarnajayanti Gram Swarezgar Yojana [SGSY]** : This act was launched in 1999. The programme aims at bringing the assisted poor families above the poverty line by organising them into self help groups through a mix of bank credit and government subsidy.
- (vi) **Pradhan Mantri Gramodaya Yozana [PMGY]** : This Act was launched in 2000, additional central assistance is given to states for basic services such as primary health, primary education, rural shelter, rural drinking water and rural electrification.

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