

POVERTY AS A CHALLENGE

Date _____
Page _____

Q1. Describe how the poverty line is estimated in India.

Ans - A common method used to measure poverty is based on 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 requirements 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 1640 per month is considered to be living below the poverty line. This figure is Rs 2270 per month for the urban area. The expected 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.

Q2. Do you think that the present methodology of poverty estimation is appropriate?

Ans- No, the present methodology of poverty estimation is not appropriate because it takes into account only the basic needs of food, clothing, fuel etc. But the quality of these basic necessities is the lowest quality available. The amount which is fixed as the poverty line does not include the margin for the constant price fluctuations. The poverty line should include some corrections for inflation and market fluctuations.