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Q1 Describe how the poverty line is estimated in India?

Poverty line is commonly measured by a person's income or consumption levels. A person is considered poor if his or her income or consumption level falls below a given minimum level to fulfill his basic needs: a minimum level of food requirement, clothing, footwear, fuel, educational and medical requirement etc. 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 caloric requirement.

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

No, the present methodology of poverty estimation is not appropriate, because it takes only 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.