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Exercise

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

Ans → A person is considered poor if his or her income / consumption level falls below a given 'minimum level' necessary to fulfill the basic needs. The minimum level is called the poverty line. In India, the poverty line is estimated by multiplying the prices of physical quantities like food, clothing, fuel,

Footwear, light, education, etc. in rupees. The numbers involved in determining the poverty line vary for different years. Also, the poverty line for rural areas is different from that of the urban areas because the work, lifestyle and expenses are different for rural and urban areas.

2. 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.