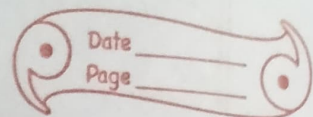


Homework



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

While determining the poverty line in India, a minimum level of food requirement, clothing, footwear, fuel, light, educational and medical requirement e.t.c. are determined for subsistence. These quantities are then multiplied by their prices in rupees and in this way poverty line is estimated in India. The poverty line deducted for rural areas can be different from urban areas in India since basic needs is different at different times and places, hence poverty may also vary with time and place. It may also vary because of different prices of same thing in different places.

2) Do you think the present methodology to estimate poverty is appropriate.

No, the present methodology of poverty estimation is not appropriate because it takes into account only the basic needs of food, clothing, shelter e.t.c but the quality

of these basic necessities is lowest available which isn't appropriate. Also the amount which is fixed at poverty line does not include fluctuations of prices and price rise in market which is constantly occurring.