

Hw
4/8/21

Exercise

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

Ans) Poverty Line is the estimated minimum level of income needed to secure the necessities of life.

- A person is considered poor if his or her income or consumption level falls below a given "minimum level" necessary to fulfil basic needs.
- The present formula for food requirement while estimating the poverty line is based on the desired calorie requirement.
- The accepted calorie requirement in India is 2400 calories in rural areas and 2100 calories in urban areas per person per day. The need of calories depends on age and the work done by a person.
- The calorie requirement of the people in rural areas is higher than that of the people living in urban areas because they do more physical work as compared to urban people.
- For the years 2011-2012 the poverty line for a person was fixed at Rs 816 per month for rural areas and Rs 1000 for the urban areas.
- The poverty line is estimated periodically by conducting sample surveys by the National Sample Survey Organization. (NSSO)

Q9. Do you think that 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, which is not appropriate.

- The amount which is fixed as the poverty line does not include the margin for price fluctuations and price rise which is constantly occurring.
- The poverty line should include some correction for inflation and to take care of the market fluctuations.