

Class XI ECONOMICS

CHAPTER - 4

POVERTY

IMPORTANT QUESTIONS

MULTIPLE CHOICE AND VERT SHORT ANSWER QUESTIONS (1 Mark)

Question 1

By which year governments was aiming to meet the Millennium Development Goals including halving the rate of global poverty?

- a) 2009**
- b) 2013**
- c) 2015**
- d) 2017**

Answer

(c) 2015 was the year expected to meet the Millennium Development goals.

Question 2

Five state account for 70% of India's poor which of the following not one of them is:-

- a) Andhra Pradesh**
- b) Bihar**
- c) Kerala**
- d) Uttar Pradesh**

Answer

(c) Kerala is the state which does not come under the same.

Question 3

What is poverty?

Answer

Poverty is the inability of fulfilling the minimum requirement like food, clothing, housing, education and health facilities etc. Absolute poverty, extreme poverty, or destitution refers to the complete lack of the means necessary to meet basic personal needs such as food, clothing and shelter.

Question 4

Those who regularly move in and out of poverty like small farmers are called:-

- a) Chronic poor**
- b) Churning poor**
- c) Occasionally poor**
- d) Major poor**

Answer

(b) They are called churning poor.

Question 5

UWSP and USEP are the two components of which yojna?

- a) Valmiki Ambedkar Wass Yojna**
- b) Swarna Jayanti Shahri Rozgar Yojnana**
- c) Indira Awas Yojna**
- d) Antodya Ann Yojna**

Answer

(b) Urban Women Self-help Programme (UWSP) and Urban Self Employment Programme (USEP) are the two components of Swarna Jayanti Shahri Rozgar Yojna.

Question 6

Who are called chronic poor?

Answer

People who are always poor and those who are usually poor are mainly known as chronic poor.

Question 7

How does rise in price is responsible for poverty?

Answer

Rise in price is a cause of decrease in real income or purchasing power of people, hence goods and services become costlier and it drives poverty.

Question 8

Valmiki Ambedkar Awas Yojna was launched in which year:

- a) 2001
- b) 1999
- c) 2005
- d) 2011

Answer

(d) This particular scheme was launched in the year 2001.

Question 9

Poverty line is determined on the basis of monetary value minimum subsistence level which is:

- a) Much higher in urban areas
- b) Relatively higher in rural areas
- c) Only slightly higher in urban areas
- d) Higher in both areas

Answer

(a) Poverty line is determined when it is much higher in urban areas.

Question 10

What is "Food for work" programme?

Answer

National food for work programme was launched in the month of February, 2001. The main aim of this programme is to increase food security through wage employment in the drought affected rural areas in eight states.

Question 11

What is meant by 'poverty line'?

Answer

Poverty line refers to that line which express per capita average monthly expenditure incurred by the people to satisfy their minimum needs.

Question 12

Under the Food for work programme the wages to the workers can be paid in –

- a) Neither cash form nor food form
- b) In form of food
- c) In the form of cash
- d) Both partly in cash and partly in food form

Answer

(b) In the form of food, wages are paid to the workers.

Question 13

_____ is a cut-off point on the line of distribution which divides the population into poor and non-poor.

- a) Poverty line
- b) Poverty cut off
- c) Poverty
- d) Poverty distribution

Answer

(a) Poverty line is the cut off points which divides poor and non-poor.

Question 14

The Planning Commission has defined the poverty line on the basis of recommended nutritional requirement of ____ calories per person per day for urban areas.

- a) 2100
- b) 2500
- c) 3000
- d) 3100

Answer

(a) It should be 2100 calories per person.

Question 15

Define relative poverty.

Answer

Relative poverty refers to poverty of people when we compare it with other people, region or nations.

SHORT ANSWER QUESTIONS (3 OR 4 MARKS)

Question 16

What is the difference between absolute and relative poverty?

Or

Is absolute and relative poverty same? Comment.

Answer

Both are types of poverty but yet got the difference among them. First, let us understand absolute poverty. It refers to such phenomenon in which an individual cannot afford a basic subsistence level i.e. is insufficient in basic necessities of life like shelter, food and clothing. Absolute poverty sufferers tend to be malnourished due to lack of access to food. They also stereotypically do not have access to clean water, proper housing, sufficient clothing, as well as health-care and medicine. Now, let's look into the concept of relative poverty. It is very different from the former one. Relative poverty can be well-defined as a person's way of life and income being significantly less than the general standard of living in the country or region in which they live. It is mostly seen in developed countries. Thus, one can see the difference between the two concepts very clearly. The absolute level of dispossession (absolute poverty) and culturally defined standard of living (relative poverty).

Question 17

What are the causes of poverty?

Answer

In the simplest term, poverty may be defined as a social condition where individuals do not have financial means to meet the most basic standards of life that is acceptable by the society. Individuals experiencing poverty do not have the means to pay for basic needs of daily life like food, clothes and shelter. There are many causes of poverty like increase rate of rising population, less productivity in agriculture, less utilization of resources, short rate of economic development, increasing price rise, high rate of unemployment, shortage of capital and able entrepreneurship, various social, political and economic factors, unequal distribution of income, regional poverty, provision for minimum requirements of the poor, etc.

Question 18

Why is there distress among cotton farmers?

Or

Suicide of farmers have become common in India. Comment on this in lieu of cotton production.

Answer

It is time for cotton farmers in the district as they have suffered heavy loss due to poor yield. The good rain that the district received in the northwest monsoon had raised hope among the cotton farmers that they would get good harvest. However, field reports had suggested that the cotton production had taken severe hit because of crop failure. The farm distress, particularly in cotton growing areas, continues to haunt the country. The cotton-growing States of Maharashtra, Andhra Pradesh, Madhya Pradesh and Karnataka accounted for more than half of the total number of suicides. Last year, about 70 per cent of all the 14,000 farm suicides took place in the four States, indicating severe distress in the cotton-growing regions. Almost all of the area under cotton in these States is rain-fed. As against the target of 13,600 hectares of land, hybrid cotton crop had been raised on 9,145 hectares of land. The cotton crop would not withstand excess moisture and stress. Farmers might have spent not less than Rs. 20,000 an acre for raising cotton crop. However, only a few farmers, who had harvested high quality cotton, could get back the investment. Most farmers are supposed to face losses.

Question 19

Discuss the following points:-

(i) Food for work programme

(ii) Self employment

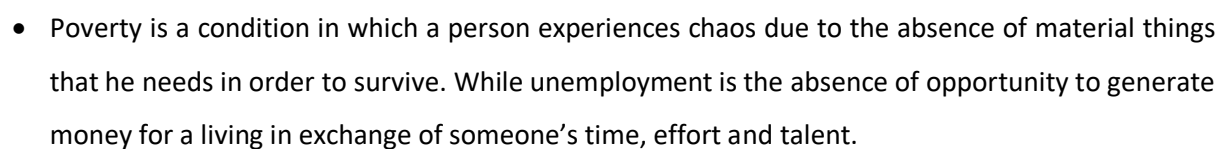
Answer

- i) **Food for work programme** - The National Food for Work Programme (NFWP), 2004 was launched by minister of rural development. The programme is open for all Indian poor who are prepared to do manual unskilled labour work and are in the need of wage employment. It is implemented as a centrally-sponsored scheme in 150 of the most backward districts of India with the objective of generating supplementary wage employment. The idea behind this scheme is for supporting the rural groups who have requirement of being paid for their jobs that can either be manual or unskilled. This scheme is executed with the 100 percent support of Centre. The provision of providing food in lieu of wages to be paid for the work done by any person protects the nutritional values of the family who belong to the rural areas. The food grains are given to the workers under the NFFWP scheme at cost of Rs 5 for each man-day that is based on uniform BPL rate. The wages

ii) **Self-employment-** Self-employed is a situation in which an individual works for himself instead of working for an employer that pays a salary or a wage. A self-employed individual earns his income through conducting profitable operations from a trade or business that he operates directly. The unemployment in developing countries like India is of quite different nature. The main cause of unemployment and underemployment prevailing in the developing countries such as India is deficiency of the stock of physical capital with which to employ the growing labour force. Due to the lack of physical capital, it has not been possible to absorb the growing labour force in productive employment. There are various types of self-employment business like sole proprietorship, partnership, limited liability companies etc.

Does poverty and unemployment hold any relationship? If yes, then comment.

Yes, there is a strong connect between poverty and unemployment. Below are the points to justify this statement:



- Unemployment leads to poverty and in turns poverty leads to unemployment. Unemployment is a sign of poverty it leads to financial crisis, hunger, gloom, indebtedness etc. An unemployed person has no means to earn money and cannot fulfil his own and his family's basic needs.
 - Poverty level increases with a rise in the number of unemployed people. Because of unemployment, the number of dependents on the working population is increasing and as a result, per head consumption expenditure is declining and a vast majority of people live in poverty. Unemployment figures state that only the number of people eligible to work (who have no job) seek employment, but these figures are not necessarily an accurate indicator of the number of people living under the poverty line. Other sections of the people may not be able to find enough work or may earn low wages to lead their lives.
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LONG ANSWER QUESTIONS (5 OR 6 MARKS)

Question 21

What is the concept of poverty line in India?

Or

Explain the concept of poverty line.

Answer

Poverty line is the amount of money needed for a person to meet his basic needs. It is defined as the money value of the goods and services needed to provide basic welfare to an individual. Poverty line differs from one country to another, depending upon the idea of poverty. In developed countries, where there is advanced standard of living and welfare concepts, poverty line is high as basic standard to live include higher consumption requirements and accessibility to many goods and services.

India is having a well-designed poverty measurement mechanism under the erstwhile Planning Commission. The Planning Commission was the nodal agency for estimation of poverty. For setting poverty line and methodology of constructing it, the Planning Commission appointed Expert Groups from time to time. For measuring poverty, a poverty line is set. The poverty line is the level of income needed to meet the minimum standard of living. People who have an income less than this is considered as below poverty line. Going into a survey due for a decade, India's central government is undecided on criteria to identify families below poverty line. Internationally, an income of less than \$1.90 per day per head of purchasing power parity is defined as extreme poverty. By this estimate, about 21.2% of Indians are extremely poor. It was based on minimum daily requirement of 2,400 and

2,100 calories for an adult in rural and urban areas, respectively. Since people living in rural areas engage themselves in more physical work, calorie requirements in rural areas are considered to be higher than urban areas. On the basis of these calculations, for the year 2000, the poverty line for a person was fixed at Rs 328 per month for the rural areas and Rs 454 for the urban areas. In this way in the year 2000, a family of five members living in rural areas and earning less than about Rs 1,640 per month will be below the poverty line.

Extending from the first attempt to set a poverty line – the Working Group of 1962 to the Rangarajan Task Force (2014), poverty estimation methodology has undergone an evolution in India. Poverty is measured in terms of the Head Count Poverty Ratio (HCPR) as in several other countries. The HCPR is the percentage of the population under the poverty line. This means that it is the absolute poverty that is estimated in India.

Question 22

What can be three dimensional approach to compact poverty?

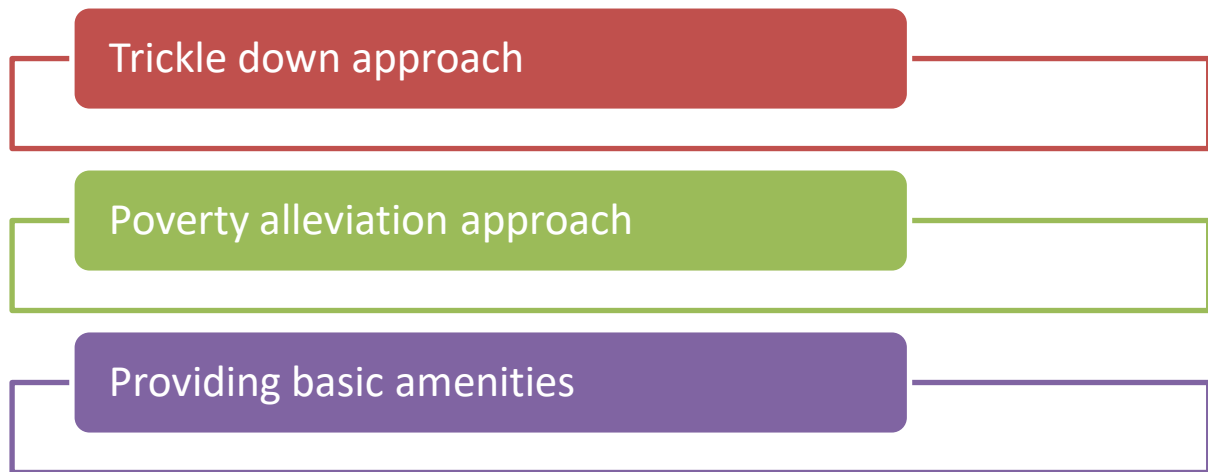
Or

How poverty can be combated?

Answer

Poverty has probably always been understood as a multidimensional problem, yet traditionally it has been measured with one dimension: income. The assumption was that the income level could capture fairly well whether people were able to achieve certain minimum thresholds in a variety of dimensions such as nutrition, clothing and housing. The recognition of these limitations has led to the development of methodologies to measure poverty in a multidimensional way and to an increasing demand from governments to design official poverty measures of this kind which can complement the income poverty measures. This trend has been fostered by the recent availability of household survey data that enables the implementation of multidimensional measures.

In order to alleviate poverty, government has adopted the following three dimensional approaches:



- (i) Trickle down approach: This approach is based on the expectation that the positive effects of economic growth will be trickled down or benefit all sections of the society and also the poor people.
- (ii) Poverty alleviation approach: This approach aimed at the creation of income-earning assets and employment generation opportunities.
- (iii) Providing basic amenities: This approach aimed at providing the basic amenities like proper medical and health care facilities, better education, proper sanitation etc. to the poor people. The basic amenities positively affect health, productivity, income earning opportunities thus alleviate poverty.

In spite of all these approaches, none of the poverty alleviation strategies resulted in any radical change in the ownership of assets, process of production and improvement of basic amenities to the needy. Due to unequal distribution of assets, the benefits from poverty alleviation programmes have not actually reached the poor. The amount of resources allocated for the poverty alleviation programmes is not sufficient when we take the magnitude of poverty into consideration. The resources are thus used inefficiently. Government policies have also failed to address the various issues related to poverty due to non-participation of local level institutions in programme implementation. It is evident that high growth alone is not sufficient to reduce poverty without the active participation of the people.

Question 23

Describe some of the poverty alleviation programmes in India.

Or

Throw some light on poverty alleviation methods taken by Indian government.

Answer

Removal of poverty has been the biggest challenge in India. The Indian government is dealing the same with two methods – by promoting economic growth and by anti-poverty programmes. The major anti-poverty programmes suggested by the Govt. of India are as follows:

- **Integrated Rural Development Programme:** It was introduced in the year 1978-79 and universalized from 2nd October, 1980. The main aim is to provide support to the rural poor in the form of subsidy and bank credit for productive work opportunities through successive plan periods.
 - **Jawahar Rozgar Yojana /Jawahar Gram Samriddhi Yojana (JGSY):** Two new schemes, namely, National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) were merged in the year 1989, under Jawahar Rozgar Yojana (JRY). The purpose was to generate good work prospects for the unemployed in rural areas by creating economic infrastructure, community and social assets.
 - **Food for Work Programme:** In the year 2000, the Food for Work Programme was started as a component of EAS. It started with some major drought-affected states, namely Maharashtra, Rajasthan, Orissa, Gujarat, Himachal Pradesh, Madhya Pradesh, Uttaranchal and Chhattisgarh. The main aim is to enhance food security through wage employment.
 - **National Old Age Pension Scheme (NOAPS):** NOAPS came into effect from the year 1995. Providing pension to old people above now 60, who does not have any means of subsistence is the main aim of this project. It is provided by the central government. Implementation of this scheme in places is given to panchayats and municipalities.
 - **National Maternity Benefit Scheme:** NMBS provides certain amount grant mother in three instalments. The women must be older than 19 years. It is normally provided eighth to twelfth weeks before the birth of child. And in case of the death of the child, the women can still avail it.
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Question 24

What are the socio-cultural and economic factors responsible for poverty?

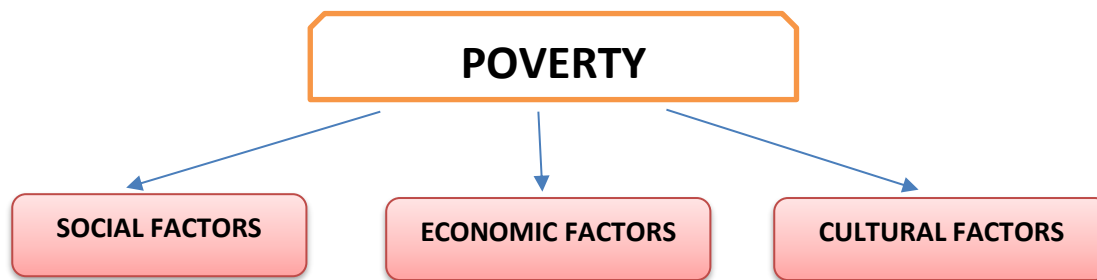
Or

Do you think our society, culture and economy affect poverty? Clarify your answer.

Answer

Poverty is the state wherein people are denied their fundamental necessities of life. This is a sorry state of affair, especially in a modern age of globalization. Poverty is a grave socio-economic setback for most nations, even in the present century. A well-planned approach is required to completely abolish poverty from the entire world.

The socio-cultural and economic factors responsible for poverty is as described below:



1. Economic Factors:

- **Low agricultural productivity:** Poverty and real income are very much interrelated. Increase in real income leads to reduction of the magnitude of poverty.
- **Immobility of labour:** Immobility of labour also accounts, for rural poverty. Even if higher wages are offered, labourers are not willing to leave their homes. The joint family system makes people lethargic and stay-at-home.
- **Lack of employment opportunities:** Unemployment is the reflection of poverty. Because of lack of employment opportunities, people remain either unemployed or underemployed. Most of these unemployed and underemployed workers are the small and marginal farmers and the landless agricultural labourers.

2. Social causes:

- **Education:** Education is an agent of social change and egalitarianism. Poverty is also said to be closely related to the levels of schooling and these two have a circular relationship. The earning power is endowed in the individual by investment in education and training.
- **Caste system:** Caste system in India has always been responsible for rural poverty. The subordination of the low caste people by the high caste people caused the poverty of the former. Due to rigid caste system, the low caste people could not participate in the game of economic progress.

- **Growing indebtedness:** In the rural sector most of the ruralites depend on borrowings from the money-lenders and land-lords to meet even their consumption expenses. Moneylenders, however, exploit the poor by charging exorbitant rates of interest and by acquiring the mortgaged land in the event of non-payment of loans.

3. Cultural causes:

- **Social evils like untouchability:** Untouchability is an unfair social norm in some of the backward parts of a country that limit people of certain lower castes from their democratic rights. They are shunned from the society and pushed towards poverty.
 - **High divorce rates and Feminization of Poverty:** Feminine gender of the society should be given equally employment opportunities to eradicate feminization of poverty. Also, high divorce rates causes poverty among the feminine section that cannot support themselves due to gender inequality
 - **Joint family system:** The joint family system provides social security to its members. Some people take undue advantage of it. They live upon the income of others. They become idlers. Their normal routine of life consists in eating, sleeping and begetting children.
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Question 25

What are the major reasons for ineffectiveness of anti-poverty measures in India?

Or

Why anti-poverty measures are not as successful as they meant to be?

Answer

After years of efforts to alleviate poverty in India still as a country we have not seen any perceptible improvement so far. Govt in tandem has announced many schemes to address the issue. But largely because of the lacunae in its implementation, efforts failed to cut no ice.



The reasons for its not so success is as described below:

1. **Lack of political will:** Poverty has been a hindrance in the development of India as a whole since Independence. There have been a lot of schemes aimed at poverty alleviation like provision of ration cards, food for work, MGNREGA, etc. yet all of them have failed to get implemented due to lack of penetration of democracy at local levels, lack of political participation, lack of education, etc.
2. **Lack in holistic approach:** Schemes that have been implemented in India to alleviate poverty have been primarily aimed at just covering the monetary part. E.g. in case of Food for work, only the food portion was being covered. In MGNREGA, the beneficiary was entitled only for the monetary benefit. As per the UN report, poverty is just not about money, and yet the governmental schemes had failed to realize this.
3. **A up to bottom approach:** Most of the poverty alleviation schemes, like MGNREGA, have been either inspired or planned at a centralized level and implemented without or little modifications at district levels. E.g. in Kerala, where the literacy levels are high, the MGNREGA beneficiaries are getting paid the same amount as the beneficiaries in Uttar Pradesh where not only the literacy levels are comparatively low but also the developmental aspects are lower than Kerala.
4. **Lack of periodical review and a consistent approach:** At the time of Independence, our first Prime Minister, Pandit Jawaharlal Nehru approached poverty alleviation through education and technology, while Indira Gandhi during the 1970s fought poverty through direct benefits. This was completely changed at the time of Rajeev Gandhi when poverty alleviation was

directly linked to IT revolution. A change of perception is currently seen when the current government is focussing on alleviation through inclusion. Although every government aims for good, yet the positive outcomes have seldom been considered in successive government's agenda, more so when the political party affiliation is different.
