Gujarat Board Textbook Solutions Class 12 Economics Chapter 5 Poverty

1. Choose the correct option for the following questions :

Question 1. How many minimum calories per person per day is decided by Indian Council of Medical Research?
(A) 2400
(B) 2300
(C) 2200
(D) 2100
Answer:
(A) 2400

Question 2. What amount is decided by Tendulkar committee in the year 2011-12 for deciding poverty line in urban areas?
(A) 816
(B) 916
(C) 1000
(D) 2000
Answer:
(A) 816

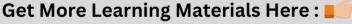**Question 3. Which state had lowest poverty in the year 2013 in India?**
(A) Gujarat
(B) Rajasthan
(C) Goa
(D) Bihar
Answer:
(C) Goa

Question 4. According to an estimate for the year 2011-12 which of the following state falls in the category of 30-40% poverty?
(A) Punjab
(B) Jammu and Kashmir
(C) Karnataka
(D) Odisha
Answer:
(D) Odisha

Question 5. What is the percentage of malnourished people in India in 2014-16?
(A) 23.7
(B) 15.2
(C) 11.2

(D) 20.5
Answer:
(B) 15.2

Question 6. Which state has maximum toilet facility in India?
(A) Gujarat
(B) Punjab
(C) Bihar
(D) Kerala
Answer:
(D) Kerala

2. Answer the following questions in one line :

Question 1. What is Poverty line?
Answer:
When a certain minimum level of per capita consumption and expenditure is required to decide the minimum basic needs of people it is known as poverty line.

Question 2. Explain the concept of Relative Proverty.
Answer:
The condition in which people lack the minimum amount of income needed in order to maintain the average standard of living in the society in which they live is called relative poverty.

Question 3. Which kind of expenditure is included by Tendulkar Committee for poverty line?
Answer:
As per Tendulkar Committee, the different expenditure to be included for calculating poverty line are nutritive and balanced food, health, electricity, kitchen fuel, clothing, educational expenditure, housing, etc.

Question 4. Which method is used to measure relative poverty?
Answer:
Lorenz curve and Gini co-efficient.

3. Answer the following questions in brief :

Question 1. Explain income concept of poverty.
Answer:

- Poverty is a situation in which major part of the population cannot satisfy its minimum requirements and it lives below the minimum standard of living.

- Poverty is a relative concept because most of the nations in the world have tried to define and interpret poverty differently. Each of these countries defines poverty on the basis of the living standard of their countries, time and their social-setup. Since, the living standards and social-setup of all nations are not same we can say that poverty is a relative concept.

Question 2. Explain the modem approach of poverty.
Answer:
Modern meaning of poverty (Non-income poverty):

- Non-income poverty reflects various aspects of human development to decide whether a person is poor or not. This concept includes not only income and food but other aspects like housing, clothes, drinking water, health, sanitation, etc. to give an overall picture of poverty.
- This method is better and broader than traditional method because in this method income is not the only measure of poverty but there are other aspects also like housing, clothes, drinking water, health, sanitation, etc. Therefore this concept gives a broader meaning of poverty.

Question 3. Explain the limitations of poverty line.
Answer:
Limitation of all these methods:

1. Calculating poverty and deciding poverty line with the methuu based on calorie consumption only, does not give a true picture of poverty. The reason for this is that poverty is an economic situation and its scope is broader than consumption expenditure behind food items.
2. Hunger is a physical situation whereas poverty is an economic. In this sense, the poverty line defined by these people just becomes a 'starvation line'.
3. So, to calculate poverty line, aspects such as nutritive food, education, housing, drinking water, sanitation, etc. that a person receives should also be considered.

Question 4. What is the measure of absolute poverty in India?
Answer:

- As per the analysis of Tendulkar Committee, the absolute poverty in India has reduced in the year 2011-12 as compared to the year 2004-05.
- To analyse absolute poverty, Tendulkar committee used the data of expenditure of joint families collected during the 68th round of National Sample Survey Organization (NSSO) held in 2011-12.
  Analysis of the data:

Measurement of Poverty in India (%):

Poverty	2004-05 (%)	2011-12 (%)
Rural	41.8	25.7
Urban	25.7	13.7
Total	37.2	21.9

Source: Economic Survey, 2015-16

- We can see in the data that in the year 2004-05 the absolute poverty in rural area was 41.8 % which reduced to 25.7% in the year 2011-12.
- In urban area absolute poverty ratio in the year 2004-05 was 25.7 % which reduced to 13.7% in the year 2011-12.
- The total absolute poverty ratio combining rural and urban area was 37.2% in 2004-05 which reduced to 21.9% in 2011-12.
- Thus, the Tendulkar Committee estimated that the situation of absolute poverty in India has improved and the poverty rate had gone down.

Question 5. Explain the importance of safe drinking water and housing facility.
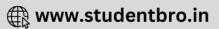Answer:
Drinking water:
Lack of pure drinking water is the root cause of all the health problems.

- In India around 63% of the population gets drinking water from treated sources i.e. the water is given treatment of purification, around 9% population gets drinking water from untreated sources and around 26% population gets drinking water from other sources like ponds, tube well, hand pump, etc.
- Unavailability of pure drinking water leads to many water prone diseases which again impacts life expectancy and infant mortality rate.
- Thus, drinking water is an indicator of poverty.

Housing:

- Housing is primary need for human being. Type of housing facilities decides the level of poverty and hence is an indicator of poverty.
- Developing countries lack housing facilities. People live in dirty chawls and slums.
- How is the house constructed? Does it have proper ventilation and verandah? How many members live in house? Does the house have water tap, drainage, electricity facilities, etc. are all the parameters that decide the quality of housing and hence the level of poverty.

4. Give to the point answers for the following questions :

Question 1. Explain the economic causes of poverty.
Answer:
Economic factors for poverty:
1. Low agricultural productivity per labour:
- One of important reasons of high poverty in rural India is low agricultural productivity per labourer.
- Problems like poor irrigation facilities, insufficient technology, lack of education and training, low rate of investment, heavy load of population, etc. result in low agricultural productivity. So income of farmers remains low and poverty increases.

2. Unequal distribution of land and property:

Before and during the British in India, systems like Zamindari and land ownership were wide spread. As a result, land lied with handful of people like zamindars.

- Zamindars were neither directly associated with land cultivation nor had any interest to invest in agricultural sector. So the real cultivators i.e. farmers became landless and zamindars became land owners.
- The landless farmers had to then work in their own land as tenants and so they had no motivation of work.
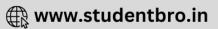- All such factors resulted in poverty among farmers.

3. Minimal development of small and cottage industry:

- India started giving importance to heavy and basic industries as a strategy for economic development after its second five year plan.
- India neglected small and cottage industries of rural regions which have great contribution in employment, production and income.
- Over and above agricultural and allied activities such as animal husbandry, dairy, fisheries, were growing slowly. This added to seasonal unemployment. As a result, poverty remains high.

4. Rapid increase in price:

- Events and situations of war, drought, low national production, rapid increase in demand, increase in production cost, price of goods and services as well as edible goods, etc. rise the price at a much faster rate.
- Price rise reduces purchasing power of low income group.
- It reduces standard of living and increases poverty. On the other side, increasing price benefits businessman, traders and big farmers.
- The society again falls in the trap of unequal distribution of income.

5. High rate of unemployment:

- Majority of rural India is dependent on agriculture and agriculture is dependent on monsoon. Hence, most people can grow only one crop in a year. This results in seasonal unemployment.
- To make things worse, population in India is quite high and they live jointly. During times of seasonal unemployment it becomes very difficult to bear the expense of the entire family. Majority all the members work in agriculture even when some of them are excess for the work. This results in disguised unemployment.
- Moreover, lack of alternate business opportunities in rural regions increase unemployment and poverty further.

Question 2. Explain employment-oriented programme for poverty eradication.
Answer:
Employment generation and poverty eradication are inter-related. Some important employment programmes for poverty eradication are as under:

1. Integrated Rural Development Programme (IRDP) / Suvarana Jayanti Gram Svarojgar Yojna (SGSY):
During 6th five year plan, various agencies were running different programmes for rural poor. On 2nd October, 1980 all these programmes were merged under one programme called Integrated Rural Development Programme (iRDP).

2. Following programmes were integrated with IRDP:

- (1) IRDP (Integrated Rural Development Programme)
- TRYSEM (Training Rural Youth and Self-Employment Programme)
- DWCRA (Development of Women and Child in Rural Areas)
- MWS (Million Well Scheme)
- SITRA (Supplying Improved Toolkit to Rural Artisans)
- GWS (Ganga Welfare Scheme)

3. The main objective of IRDP is to encourage poor families for self-employment so that they can come above poverty line.

4. This programme focused on few special groups which include small and marginal farmers, agricultural labourers and rural artisans.

5. Later, on 1st April, 1990 IRDP and other programmes integrated with it were merged and named as Suvarna Jayanti Gram Swarojgar Yojna.

6. These schemes encouraged development of small trade. They also aimed at providing self-help groups the necessary infrastructural facilities, technology loan, facility of market to final goods, etc. to rural poor.

2. Wage employment schemes:

- Wage employment schemes focused on such poor who do have any other source of income other than income from physical labour.
- Wage employment scheme included:
  1. Jawahar Rojgar Yojna (JRY) and
  2. Employment Assistance Scheme (EAS).
- These schemes not only provide employment in the off-agricultural season but also provide employment during flood, drought, scarcity and other natural calamities.
- Under these schemes various infrastructural facilities are developed in rural areas. The rural youth are employed in construction and maintenance of these facilities.
- The government also takes care that the labourers get proper wages.

3. Prime Minister Rojgar Yojna (PMRY):

- In the decade of 90's, employment generation in organized sector became stagnant. Negative growth was observed in public sector. Also, unemployment rate was rising fast.
- Prime Minister Rojgar Yojna was started to overcome this situation. This Yojna aimed at providing for self-employment i.e. encouraging people to start their own ventures and to provide employment to educated unemployed.
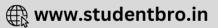
4. National Rural Employment Guarantee Act, 2005 (NREGA):

- National Employment Guarantee Act got approved in February 2006.
- The objective of this program was to create assets through public construction activities and to provide employment to one person per family for minimum 100 days a year to rural and urban poor as well as lower middle class families.
- As per this act, the person who demands job would be provided job within 7 days within the range of 5 km. If the person gets employed at more than this distance then he gets 10% extra wages. In case if the job is not available then the person will be paid unemployment allowance.
- Government tries to solve two problems at once. On one hand it provides employment to rural people in off-agriculture season and on the other hand by employing these people in infrastructural development activities it develops the infrastructure of the nation.
- On 2nd October, 2009, NREGA was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

Question 3. Discuss health related indicators of poverty.
Answer:
Level of malnutrition:

- The condition in which the food taken by individuals lack proper nutrition i.e. the food lacks sufficient calories, protein, carbohydrate, vitamin and minerals is called malnutrition.
- India's per capita income is low and there exists a widespread income disparity. Hence, in spite of rise in agricultural production people with low income are unable to get nutritive food i.e. they suffer from malnutrition.

Life expectancy and infant mortality: Life expectancy:

- The average expected life span of a new born baby is called the life expectancy.
- The average life expectancy of people in a country is based on nutritive food, cleanliness, pure drinking water and health services. Poor people are deprived of such facilities and so they have low life expectancy.
  Infant mortality:
- The number of deaths per thousand new born before reaching the age of one year is called the infant mortality.
- The rate of infant mortality depends on availability of health services, mother's education, vaccination among children and nutrition of food.
- Life expectancy and infant mortality is also an indicator of poverty with respect to poor health services.

Medical facilities:

- Medical facilities include number of hospitals, doctors, nurses, compounders, etc. available to provide health care to the citizens of country.
- In developed countries medical facilities are widely available and hence life expectancy of the citizens is high and infant mortality rate is low. Whereas this is not the case in developing countries and hence the life expectancy is less.
- As per an estimate there is 1 doctor per 350 people in developed countries ' whereas there is 1 doctor per 6000 people in developing countries.
- In developing countries because of poverty, people do not have access to medical facilities and therefore life expectancy rate is low and infant mortality is high.
- In developing countries, every year 1.7 crore people die from diarrhoea, Malaria and T.B.
- 2.3 crore people are suffering from AIDS world over. Out of this 90% belong to developing economies.

Drinking water:
Lack of pure drinking water is the root cause of all the health problems.

- In India around 63% of the population gets drinking water from treated sources i.e. the water is given treatment of purification, around 9% population gets drinking water from untreated sources and around 26% population gets drinking water from other sources like ponds, tube well, hand pump, etc.

- Unavailability of pure drinking water leads to many water prone diseases which again impacts life expectancy and infant mortality rate.
- Thus, drinking water is an indicator of poverty.

Provision for toilets:

- India is a land of villages because around 70% population lives in villages. Most of the villages still use untreated sources of water like tube well, hand pump, canal, ponds, etc. Hence, villagers are more prone to water related diseases.
- Cleanliness is another important aspect and it is directly related to sanitation facilities.
- In India as per census 2011 report, 34% of the households do not have toilets in their home and this leads to several diseases.

Question 4. Explain the nature of poverty.
Answer:
There are two main types of poverty. They are absolute poverty and relative poverty. The nature of poverty depends upon these two concepts.

Absolute poverty:
The minimum amount of income and expenditure that is needed to satisfy the basic needs of human beings is known as poverty line. People who are below this poverty line are known as absolute poor and their poverty is called absolute poverty.
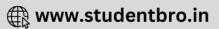
Relative poverty:

- The condition in which people lack the minimum amount of income needed in order to maintain the average standard of living in the society in which they live is called relative poverty.
- Note that the concept of absolute poverty focuses on the minimum consumption expenditure required for satisfying minimum needs whereas the concept of relative poverty focuses on income inequality existing in different groups of people living in society.
- Income disparity exists in all economies. Those who earn less are considered relatively poor than those who earn more.

Question 5. Explain in short the social security schemes for poverty eradication.
Answer:
Social security schemes:

- As a strategy to reduce poverty in India, various social security schemes were, started for workers of unorganized sector.
- Atal Pension Yojna (APY) was started on 9th May, 2015 to provide monthly pension to people above 60 years.

- Along with the pension scheme a scheme called Prime Minister Security Scheme was also launched. Under this scheme, people in the age of 18 to 70 years are provided accident insurance of ₹ 2 lac at a very low premium of ₹ 12. Under Jivan Jyoti Scheme people are provided life insurance of ₹ 2 lakhs at a premium of ₹ 330 per year.
- To safeguard farmers from crop failure Prime Minister Fasal Bima Yojna was (PMFBY) started.

5. Answer the following questions in detail :

Question 1. What is Poverty? Explain its indicators.
Answer:
Poverty:
Poverty is a situation in which major part of the population cannot satisfy its minimum requirements and it lives below the minimum standard of living.

Indicators of poverty:

- The components which show the level of poverty are known as indicators of poverty.
- Indicators help to know poverty and levels of poverty existing in a region.

The description of each indicator is given below:
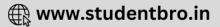**1. Low per capita household consumption expenditure:**
Per capita household consumption expenditure is the amount of income that households spend for the consumption of various goods and services. It is calculated on the basis of market price of durable goods like cars, television, refrigerator, washing machine, etc.

- Average per capita household consumption expenditure is calculated with the help of below mentioned formula:
- Average per capita household consumption expenditure = (Country's total household expenditure on various goods and services/ Total population of the country)
- Since, the per capita income of developing countries is lesser than the developed countries, the per capita household consumption expenditure of developing countries is less than developed countries. This works as an indicator that developing countries are poorer.

2. Level of malnutrition:

- The condition in which the food taken by individuals lack proper nutrition i.e. the food lacks sufficient calories, protein, carbohydrate, vitamin and minerals is called malnutrition.
- India's per capita income is low and there exists a wide spread income disparity. Hence, in spite of rise in agricultural production people with low income are unable to get nutritive food i.e. they suffer from malnutrition.

3. Life expectancy and infant mortality:
Life expectancy:

- The average expected life span of a new born baby is called the life expectancy.
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Infant mortality:

- The number of deaths per thousand new born before reaching the age of one year is called the infant mortality.
- The rate of infant mortality depends on availability of health services, mother's education, vaccination among children and nutrition of food.
- Life expectancy and infant mortality is also an indicator of poverty with respect to poor health services.

4. Medical facilities:

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- As per an estimate there is 1 doctor per 350 people in developed countries ' whereas there is 1 doctor per 6000 people in developing countries.
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5. Drinking water:
Lack of pure drinking water is the root cause of all the health problems.

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6. Provision for toilets:

- India is a land of villages because around 70% population lives in villages. Most of the villages still use untreated sources of water like tube well, hand pump, canal, ponds, etc. Hence, villagers are more prone to water related diseases.
- Cleanliness is another important aspect and it is directly related to sanitation facilities.
- In India as per census 2011 report, 34% of the households do not have toilets in their home and this leads to several diseases.

7. Housing:

- Housing is primary need for human being. Type of housing facilities decides the level of poverty and hence is an indicator of poverty.
- Developing countries lack housing facilities. People live in dirty chawls and slums.
- How is the house constructed? Does it have proper ventilation and verandah? How many members live in house? Does the house have water tap, drainage, electricity facilities, etc. are all the parameters that decide the quality of housing and hence the level of poverty.
- In India, 60 crore people have dwellings which are dangerous for their health. Most of the houses in India comprise one room facility which is one of the major measuring rods of poverty.

8. Electricity consumption:

- A country's development largely depends upon the access of electricity to its citizens.
- India is a major producer and consumer of electricity but because of lack of infrastructure and low per capita income the consumption of electricity is very low.

9. Education:
According of World Bank, "People in the age group of 15 years and above who can read and write are literate, rest are illiterate".

- The illiterates are mostly poor.
- Lack of education and training results in incapable and less productive labourers in country. As a result, labourers get limited work opportunities and choices. Hence, less wages and low income increases poverty.
- In 2011, Brazil had 91% literacy rate where as in India it was 74.04%, in Nepal 60% and 55% in Pakistan.
  The figures show that literacy rate in developing countries is comparatively very less.
- Low education among poor makes them conservative and reluctant, to changes. Hence, high rate of ignorance is a strong indicator of poverty.

10. Unequal distribution of income and property:

- After the economic reforms of 1991, economic growth and per capita income have increased sharply in India. But, due to unequal distribution of income, poverty could not be reduced at a large scale.
- In India, on one hand we see rich class of people with high standard of living and enjoying good facilities and on the other hand we find low income ' people living in slums and deprived of basic necessities like food, education and health.
- As per the economic survey of 2015-16, 1% of India's rich class holds 12.6% national income. This figure is quite high.
- Thus income inequality on a large scale serves as an indicator of poverty.

11. High rate of unemployment:

- When people have the capacity and willingness to work but they do not get employment they are called unemployed.
- In India, we can see a clear difference between supply of labour and availability of job opportunities. When supply of labour is high than demand then it leads to unemployment and unemployment leads to poverty.
- Low economic growth during the initial periods of planning and 'Jobless growth' after 1991 led to high rate of unemployment
- Till 2011, the level unemployment remained around 9%. Later, as per labour commission report in the year 2013-14 the unemployment rate among the people who were 15 years or above became 4.9%. In rural areas it was 4.7% and in urban areas it was 5.5%

Question 2. Discuss the nature and causes of poverty.
Answer:
Natural causes:

- India has been an agricultural country from beginning. Even today majority of the population lives in villages and is dependent on agriculture.
- In India, agriculture is mainly dependent on natural factors like rain, weather conditions, etc. Frequent droughts, uncertainty of monsoon and floods result -in low production and less and uncertain income for people involved in agriculture. Hence, nature has become a cause for poverty.
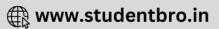
Question 3. Discuss the measures to reduce poverty in India.
Answer:
India has taken following measures to reduce poverty during planning period.
1. Steps to increase agricuitural productivity:

- One of the most important reasons for poverty in India is low productivity in agriculture. By increasing the productivity, the agricultural income can be increased which then can reduce the poverty among field labourers.
- In order to achieve this objective, the government conducts various programmes for farmers. Farmers are made aware about latest technology, available resources at reasonable rates, improved infrastructural facilities, maximum price they can procure for their products and regulated market for their produce.
- Development of small scale agriculture will not only increase productivity per labourer but also employment opportunities. This will also help in bringing down the prices.

2. Development of small scale industries:

- In India small and cottage industries immensely contribute in gross national income and employment. So, if small and cottage industries can be developed and encouraged then poverty can be reduced on a larger scale.
- Favourable environment, reducing controls, making available raw material, providing loans and technology and market to sell final goods are few developmental activities that the government should undertake.
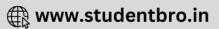
3. Development of unorganized sector:

- The unorganized sector and its labourers have a strong contribution in production and employment.
- National commission has recommended to provide proper working conditions, life Insurance, health facilities, old age pension angl other social security measures to these labourers for improving their condition.
- For small and marginal farmers it is recommended to provide irrigation facilities and loan facility.

4. Use of appropriate tax policy:

- Government frames tax policy so that it can reduce inequality of income and poverty and redistribute income.
- To fulfill this objective government makes such policies wherein more tax is imposed to rich class which can afford that tax and less tax is imposed to poor class and given tax concession.
- This way government collects fund by imposing tax on rich people and makes expense on welfare oriented programmes for poor people. As a result socio-economic conditions of poor improve and reduction is income inequality and poverty is seen.

5. Rise, in human capital investment:

- Developed nations make large investment on education, skill development, etc. and so have very low unemployment. Hence, poverty is less in such countries.
- High level of education satisfies the requirement of various employment opportunities and choices among workers. Skill development increases the productivity of worker and that is reflected in high wages that they earn.
- In order to achieve this objective continuous investment is required for training and research.

6. Goods and services at reasonable rate:

- Poor people mostly cannot satisfy their basic needs like food, clothing and housing.
- Most of their earnings are used in buying edible goods for daily needs. So, effort should be made to provide them nutritive food at reasonable rates.
- This problem is largely addressed through public distribution system in India. Under this system the government has set-up ration shops where rural and urban poor are sold basic utility goods at reasonable price.
- Even during situations like drought and scarcity the public distribution system takes care that it is able to satisfy basic needs of poor. This system largely helps the poor and checks poverty.

7. Employment programmes:
Government has rolled out several employment programmes to employ people and hence eradicate poverty. The programmes are:

- Integrated Rural Development Programme (IRDP) / Suvarana Jayanti Gram Svarojgar Yojna (SGSY)
- Wage Employment Schemes
- Prime Minister Rojgar Yojna (PMRY)
- National Rural Employment Guarantee Act, 2005 (NREGA)
- Housing Schemes
- Social Security Schemes
- Jan Dhan Yojna

8. Housing Schemes:

- Till date in India, a majority of poor people live in temporary houses.
- With an objective to provide proper dwelling to poor, Indira Awas Yojna was started in 1985-86 for families below poverty line and schedule caste schedule tribe.
- In 2013-14, Rajiv Gandhi Yojna was implemented to improve the housing of those who reside in huts.
- To solve the dwelling problem of urban poor, Prime Minister Awas Yojna (PMAV) was started on 25th June, 2015.

- Although housing schemes serve the purpose of dwelling, but simultaneously they also create employment for people who work in their construction project.

9. Social security schemes:

- As a strategy to reduce poverty in India, various social security schemes were, started for workers of unorganized sector.
- Atal Pension Yojna (APY) was started on 9th May, 2015 to provide monthly pension to people above 60 years.
- Along with the pension scheme a scheme called Prime Minister Security Scheme was also launched. Under this scheme, people in the age of 18 to 70 years are provided accident insurance of ₹ 2 lac at a very low premium of ₹ 12. Under Jivan Jyoti Scheme people are provided life insurance of ₹ 2 lakhs at a premium of ₹ 330 per year.
- To safeguard farmers from crop failure Prime Minister Fasal Bima Yojna was (PMFBY) started.

10. Jan Dhan Yojna:

- To hit the roots of poverty through financial inclusion an ambitious scheme called'Pradhanmantari Jan Dhan Yojna was stated on 28th August, 2014.
- The objective of this scheme was to bring those people under banking who do not have bank accounts and hence reduce regional inequalities.
- This Yojna was started and the main purpose was that the subsidy given to poor families by government should directly go to their bank account.