

Subject- Economics (Class-XII)

Chapter- Poverty

(Assignment-I)

Poverty: Poverty refers to a state in which an individual is unable to fulfill even the basic necessities of life e.g. food, clothing and shelter.

Q-Who are poor?

Answer- A poor person lives a wretched life as he is unable to enjoy the basic necessities of life.

Urban poor: In urban poor push cart vendors, street cobblers, rag pickers and beggars are included.

Rural poor: In rural poor, landless agricultural laborers, cultivators with very small land holdings, landless laborers are included.

Common characteristics of poor people:

Hunger starvation and malnutrition: Starvation and hunger are the basic problems of the poor households. Malnutrition is alarmingly high among the poor.

Poor Health: They are generally physically weak due to ill health, disability or serious illness. Their children are less likely to survive or be born unhealthy.

Limited economic opportunities: They have very limited economic opportunities due to lack of literacy and skills.

Debt trapped: Generally they borrow from money lenders, who charge higher rate of interest, that push them into chronic debt.

Difference between relative and absolute poverty:

Relative poverty: It refers to poverty of people, in relation to other people, regions or nations.

It is based on income position of one group of people in comparison with the other classes.

Absolute poverty: It refers to the total number of people living below poverty line.

Poverty line: Poverty line is a cutoff point on the line of distribution, which usually divides the population of the country as poor and non-poor.

Determination of poverty line: Determination of poverty line in Indian is based....

1- Minimum calorie intake: The planning commissions has defined poverty line on the basis of recommended nutritional requirement of 2400 calories per person per day for rural areas and 2100 calories for per person day in urban areas.

2- Monetary value of minimum calories intake: According to the planning commission the minimum monetary per capita consumption expenditure in 2011-12 worked out to be Rs. 816/person in rural areas and Rs. 1000/person in urban areas.

Category of poverty: There are three main categories of poverty.

1- Chronic poor: It includes people who are always poor and those who are usually poor.

2- Transit poor: Transit poor may be classified as churning poor (Who regularly move in & out of poverty), like small farmers and occasionally poor (Who are rich most of the time and poor some time).

3- Non poor: They are never poor.

Causes of poverty:

- 1- Population explosion:** Rapid growth of population, particularly among the poor is responsible for the problem of poverty of the country.
- 2- Low level of economic development:** The Indian economy is highly undeveloped due to relative backwardness of agriculture and industrial sectors. Due to widespread bottlenecks of infrastructural facilities and slow pace of development, nearly 25% of population is still living below the poverty line.
- 3- Social factors:** India faces many social factors like illiteracy, caste system, conservatism which prevent people from taking initiatives and innovations. This attitude and approach of people hinders economic growth, by not adopting new method of production and accepting changes in life people remain within vicious circle of poverty.
- 4- Inequalities of income and wealth:** Inequality in the distribution of income and wealth cause poverty to a large extent.
- 5- Political factors:** Even after independence, political scenario has adversely affected our economic progress. Corruption and inefficiency that prevails and economic policies favor rich, Some political parties due to their selfish interests do not take initiatives to root out corruption and improve the system.

6-High level of unemployment: It is very old and still prevalent problem widespread in form of rural unemployment, urban unemployment, structural unemployment, industrial unemployment etc.

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