

CBSE Test Paper-03

Chapter 09 Poverty

1. Yojna whose aim was to construct and upgrade the dwelling units for the slum dwellers **(1)**
 - a. VAMBAY
 - b. IAY
 - c. AAY
 - d. PMGSY

2. ____ it is a cut off point on the line of distribution which divides the population into poor and non-poor **(1)**
 - a. Poverty line
 - b. Poverty distribution
 - c. Poverty
 - d. Poverty cut off

3. Poverty is a _____ problem. **(1)**
 - a. all of these
 - b. political
 - c. economic
 - d. social

4. To reduce the poverty in rural areas various steps have been taken one of them is **(1)**
 - a. All of these
 - b. Food and work programme
 - c. Small farmers development programmes
 - d. National rural employment programme

5. National rural guarantee act, 2005 ensures for how many days of employment in a year in rural areas? **(1)**

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6. What do you mean by head-count ratio? How is it calculated? **(1)**
 7. State the single most important reason of poverty in India. **(1)**
 8. What programme has the government adopted to help the elderly people and poor and destitute women? **(1)**
 9. Why calorie based norm is not adequate to identify the poor? **(3)**
 10. What is meant by poverty? Distinguish between absolute and relative poverty. **(3)**
 11. Is there any relationship between unemployment and poverty? **(4)**
 12. What is Jail cost of living? How is it estimated? **(4)**
 13. Illustrate the difference between rural and urban poverty. Is it correct to say that poverty has shifted from rural to urban areas? Use the trends in poverty ratio to support your answer. **(4)**
 14. Poverty itself is the biggest cause of poverty. Explain. **(6)**
 15. Suppose you are a resident of a village, suggest a few measures to tackle the problem of poverty. **(6)**

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Answers

1. a. VAMBAY, **Explanation:** VAMBAY stands for “Valmiki Ambedkar Aawas Yojna”. It is a central govt. sponsored programme for the slum dwellers living in different towns and cities all over the country. The central govt. provides the funds for construction. Integrated with the above programme is another central govt. scheme i.e. Nirmal Bharat Abhiyan, a programme aimed at providing basic toilet facilities to the urban poor at a bare minimal cost.
2. a. Poverty line, **Explanation:** A minimum income level used as an official standard for determining the proportion of a population living in poverty is called poverty line.
3. a. all of these, **Explanation:** As per the United Nations, “poverty is fundamentally a denial of choices and opportunities, and a violation of human dignity. It means lack of basic capacity to participate effectively in society. Poverty is not only a social or an economic problem but it is a social, economic as well as a political problem for a country.
4. a. All of these, **Explanation:** The nine important measures which should be taken to reduce poverty in India are as follows:
 - a. Accelerating Economic Growth
 - b. Agricultural Growth and Poverty Alleviation
 - c. Speedy Development of Infrastructure
 - d. Accelerating Human Resource Development
 - e. Growth of Non-Farm Employment
 - f. Access to Assets
 - g. Access to Credit
 - h. Public Distribution System (PDS)
 - i. Direct Attack on Poverty: Special Employment Schemes for the Poor.
5. Recently the government passed an Act in Parliament known as the National Rural Employment Guarantee Act 2005. It promises 100 days of guaranteed wage employment to all adult members of rural households who volunteer to do unskilled

manual work.

6. The percentage of population below poverty line in a country is called head-count ratio. However, It does not tell us anything about the income shortfall of the poor and the intensity of poverty.

Head-count Ratio

$$= \frac{\text{Total Number of Poor below Poverty Line}}{\text{Population}} \times 100$$

7. Rapidly rising population is the single most important reason for poverty in India. The population has increased at the rate of 2.2% over the last 45 years. This means that 17 million people are added every year on an average, so it becomes difficult to meet their consumption demand.
8. The government has launched the National Social Assistance Programme. Under this programme, elderly people who do not have anyone to take care of them are given pension to sustain themselves.
9. Calorie based norm is not an adequate measure to identify poor people because of the reasons mentioned below:
- i. This system categorises poor in a single category and does not differentiate between poor and very poor and thus makes it difficult to identify the people who are most needy.
 - ii. This mechanism considers calories intake as the only basis of determining poverty. It uses only expenditure on food and other selected few items as the basis of estimating the poor. It fails to consider factors such as healthcare, provision of clean drinking water, proper sanitation, basic education, etc.
 - iii. This measure fails to explain social factors that cause poverty such as ill health, lack of access to resources, lack of civil and political freedom, etc. Thus we see that calories based norms may not give the true picture of poverty in an economy.
10. Poverty is an economic state where people lack certain commodities that are considered essential for the lives of human beings.

The term absolute poverty is used to refer to the poverty conditions where an individual cannot meet the most basic commodities to sustain life and other normal activities.

This means that any person who is struggling to find food, shelter, and clothing is in absolute poverty.

Relative poverty is defined to the standard of living as compared to the economic

standards of living for other people within the surrounding.

This means that an individual is considered power concerning the environment or the living conditions of the people he or she is living with.

11. Unemployment and poverty are directly related to each other. That is poverty increases with an increase in the unemployment level. This is because unemployed people are not able to support their families and educate their children. This makes the entire family dependent on the nation, and hence, an increase in unemployment level leads to an increase in the number of dependents on the working population. The per head consumption expenditure will tend to decline, implying an increase in people lying below the poverty line. The government initiated various programmes to alleviate poverty by generating employment opportunities to the poor such as Swarna Jayanti Shahari Rozgar Yojana (SJSRY), Prime Minister's Rozgar Yojana (PMRY) and Swarna Jayanti Gram Swarozgar Yojana (SGSY). Thus, there is a positive and direct relationship between poverty and the level of unemployment.
12. Various attempts have been made to develop a scale to measure poverty. Dadabhai Naoroji was the first to measure poverty. He used the "jail cost of living" to measure the poverty line. He used the menu for a prisoner and used appropriate prevailing prices to arrive at the cost of consumption of an adult prisoner. He assumed that in a jail a prisoner is given only basic minimum needs. But in jail only adults live while in a society children also live. Therefore, he adjusted jail cost of living by assuming that 1/3 of population is of adult males, 1/3 of population is of adult females and 1/3 are children. Out of 1/3 children half depend on mother's milk and help eat half of an adult's diet. Therefore jail cost of living is equal to:
$$\frac{1}{3} (\text{full}) + \frac{1}{3} (\text{full}) + \frac{1}{6} (\text{nil}) + \frac{1}{6} (\text{half}) = \frac{3}{4} \text{th Jail cost of Living}$$
13. The difference between rural and poverty lies in the nature of poverty in both areas. The poor are identified on the basis of their occupation and ownership of assets. Rural poor are the poor people residing in villages and small towns. The rural poor work mainly as landless agricultural labourers, cultivators with very small land holdings, landless labourers and tenant cultivators. On the other hand, the urban poor is the poor people living in metros and big cities and those who have migrated from rural areas in search of alternative employment and livelihood. Urban labourers do a variety of casual jobs, sell a variety of things on roadsides and are engaged in various other such activities. Urban poor are unemployed, underemployed or employed in

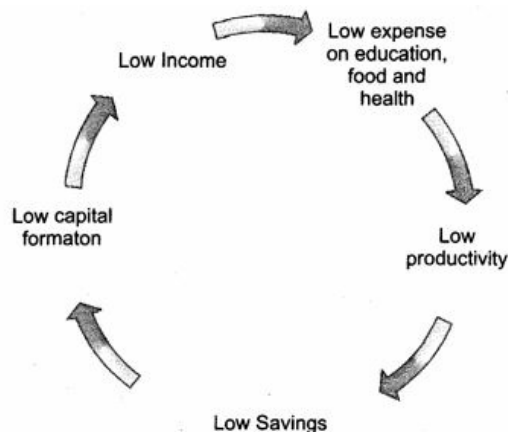
low productivity jobs which earns them low wages. It can be seen from the given table that the poverty ratio has shifted from rural to urban areas.

Year-wise poverty Ratio			
Years	Rural (in %)	Urban (in %)	India (in %)
1973-74	56.4	49.0	54.9
2004-05	28.3	25.7	27.5

It is evident from the above table that rural poverty has declined significantly from 56.4% in 1973-74 to 28.3% in 2004-05 whereas, the decline in urban poverty (from 49% to 25.7%) is not that significant.

Moreover, the gap between the rural and urban poverty ratios which was around 7% in 1973-74 fell to just around 2% in 2004-05 again signifying the shift in poverty from rural to urban areas.

14. Poverty itself is the biggest cause of poverty. It happens when there is hen-egg phenomenon. We call it vicious circle of poverty. Vicious circle of poverty says that “a country is poor because it is poor.” This idea has come down from Ragnar Nurkse who pinpointed the problem of the vicious circle of poverty. Low level of saving reduces the scope for investment; low level of investment yields low income and thus the circle of poverty goes on indefinitely. Since a man is poor, he can't afford proper food, medical facilities and education. Therefore, his physical and mental productivity remains low. Since his productivity is low, he continues to remain poor. Same is applicable at macro level. An economy with low level of income can spend less on its physical and human capital and therefore, its productivity continues to remain low. It continues to be a poor economy.



15. As a resident of a village, a few measures which I would suggest to alleviate poverty

from rural areas are as follows:

- i. Identifying the poorest of the poor who are in the most urgent need of assistance and ensuring that they are benefitted by various programmes. Gainful wages and self-employment opportunities for the poor class should be provided.
- ii. Allocation of funds for poverty alleviation programmes must be increased.
- iii. Implementation of poverty alleviation programmes should be done by involving the village panchayat and local people.
- iv. Focus of schemes should be more on providing income generating assets which can provide sustainable income for the poor.
- v. Vocational training should be provided to the youth to enable them to earn their livelihood. There should be stringent measures against the exploitation of child and women labour.
- vi. Improved delivery mechanism should be put in place in schools so that the level of education is brought up to the required standards.
- vii. Credit facilities through banks and microfinance institutions should be provided to the people to save them from indebtedness to the exploitative moneylenders.
- viii. Farmers should be provided land for cultivation and irrigation. Also, warehousing and marketing facilities should be provided to small farmers. There should be a ceiling on land holdings and surplus land should be given to landless farmers with the required amount of finance.
- ix. Targeted Public Distribution System (PDS) should be adopted to provide food security to BPL families.
- x. Committed government officials should be given the responsibility to implement rural development programmes. Adequate expansion of free social service, health and education for rural and urban poor should be of major concern.
- xi. A Minimum indirect tax on wage goods consumed by workers and progressive taxation on income and wealth.