

Indian economics 11th

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Q9. How can creation of income earning assets address the problem of poverty? [1m]

Ans $\Rightarrow$ Assets like pumpsets, animals, land etc generate income when they are used. By earning income people can remove their poverty.

Q10. Is there any relationship between unemployment and poverty? Explain. [3/4]

Ans $\Rightarrow$ Yes, there is a direct relationship between unemployment and poverty, and vice-versa.

i) Unemployment creates poverty because when a person is jobless, his income is nil and he remains poor. That's why, ~~income~~ employment generation programmes have been launched by govt. to remove poverty.

ii) Poverty creates ~~un~~ unemployment is also true. Because poor can't send their childrens to schools, they can't open a shop due to lack of money and thus remains poor.

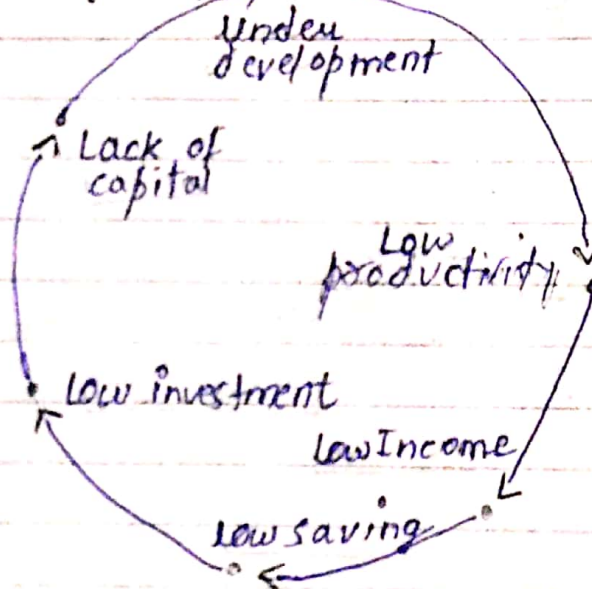
Thus, the vicious cycle of poverty keeps on going.

Q11. With the help of a suitable diagram, explain the concept of vicious cycle of poverty. [3/4]

Ans → The concept of vicious cycle is very important in poverty. It tells that diff. causes of poverty and their effect are so interrelated, interdependent that it is quite difficult to break them and come out of poverty.

This concept was given by Swedish economist, professor Ragnar Nurkse.

Vicious cycle of Poverty



The diagram shows that when the country is backward and people are illiterate both production and productivity are low. This results in low income of people. → low saving → low investment & finally the country suffers from lack of capital which results in under development of the country. Thus a country remains poor because it is poor.

Q12. Discuss in brief causes of / factors behind origin of poverty. [4/6]

Ans 1. Increasing population -

India is the second largest populated country of the world where population growth rate is very high at 1.8% per annum, one of the fastest ^{growing} in the world. This high growth rate neutralised the effect of high GDP growth rate and as a result per-capita income is low. Because

$$\text{Per Capita Income} = \frac{\text{National Income}}{\text{Total population}}$$

2. Long British rule -

India remained under British rule, between 1757-1947. During this period, the huge drain of wealth from India to Britain made this country very poor. At the time of independence, about 55% of population was living below poverty line.

3. Illiteracy -

From a literacy level of just 17%, even today illiteracy has reached to 74% only. Moreover, only 11% of population has the ability of skill and training to earn some income.

Q What is MPCE?

MPCE is the expenditure made on essential food which is required to ensure min. calorie intake. ^{6th plan}

4. Unemployment and Under-employment. —

60% population is dependent on agriculture and large part of this population is suffering from underemployment / disguised unemployment whose productivity is zero. So, farmers are poor to the extent of committing suicide.

5. Rising prices / Inflation —

6th plan
1980-85

Rising prices turns medium income people into poor and poor into pauper.

6. Social factors —

Various factors like joint family system, religious beliefs, caste system, home sickness etc have also contributed to the problem of poverty.

V.I.
Q13

Define poverty line. How it is fixed / constructed? Do you think that the present methodology of fixing poverty line is adequate? [4/6]

Ans → Poverty line is an imaginary line which separates poor from non-poor. Persons which are above P/L are called middle class / Rich people / and those who are below P/L are those who are unable to fulfill the basic requirements of life and likely to die.

The concept of P/L was first given by planning commission in the draft paper of sixth Five Year