

ECONOMICS
CLASS IX (2017-18)
SECOND HALF

PREPARED BY
NARAYANAN MANNANDI

www.isbsocialnotes.weebly.com

THE INDIAN SCHOOL BAHRAIN

Chapter-3 POVERTY AS A CHALLENGE

1. Illustrate the seriousness of poverty in India.

In our daily life, we come across many people who we think are poor. They could be landless labourers in villages or people living in overcrowded *jhuggis* in cities. They could be daily wage workers at construction sites or child workers in *dhabas*. They could also be beggars with children in tatters. We see poverty all around us. In fact, every fourth person in India is poor. This means, roughly 270 million (or 27 crore) people in India live in poverty. This also means that India has the largest single concentration of the poor in the world. This illustrates the seriousness of the challenge.

2. What are the issues related to poverty which in turn become its causes?

The following issues are related to poverty:

- Landlessness
- Unemployment
- Size of families
- Illiteracy
- Poor health/malnutrition
- Child labour
- Helplessness

3. What does poverty mean to different people at different situation? OR What are the different dimensions of poverty?

- i) Poverty means hunger and lack of shelter. It also is a situation in which parents are not able to send their children to school or a situation where sick people cannot afford treatment.
- ii) Poverty also means lack of clean water and sanitation facilities.
- iii) It also means lack of regular job at a minimum decent level.
- iv) Above all it means living with sense of helplessness. Poor people are in a situation in which they are ill-treated at almost every place, in farms, factories, government offices, hospitals, railway stations etc.

4. What did Mahatma Gandhi say about poverty?

Mahatma Gandhi always insisted that India would be truly independent only when the poorest of its people become free of human suffering.

5. What are the indicators of poverty as seen by the social scientists?

Usually the indicators used relate to the levels of income and consumption. But now poverty is looked through other social indicators like illiteracy level, lack of general resistance due to malnutrition, lack of access to healthcare, lack of job opportunities, lack of access to safe drinking water, sanitation etc.

6. What is meant by social exclusion?

- i) According to this concept, poverty must be seen in terms of the poor having to live only in a poor surrounding with other poor people, excluded from enjoying social equality of better-off people in better surroundings.
- ii) Social exclusion can be both a cause as well as a consequence of poverty in the usual sense.
- iii) Broadly, it is a process through which individuals or groups are excluded from facilities, benefits and opportunities that others enjoy.
- iv) A typical example is the working of the caste system in India in which people belonging to certain castes are excluded from equal opportunities.

7. What do you mean by vulnerability of poverty and how is it determined?

- i) Vulnerability to poverty is a measure, which describes the greater probability of certain communities or individuals of becoming, or remaining, poor in the coming years. Vulnerability describes the greater probability of being more adversely affected than other people when bad time comes for everybody, whether a flood or an earthquake or simply a fall in the availability of jobs.
- ii) Vulnerability is determined by the options available to different communities for finding an alternative living in terms of assets, education, health and job opportunities.

8. What is poverty line? How is it determined?

- i) A statistical tool to identify the number of poor people in India is known as poverty line. It is the line of demarcation between the rich and the poor. It is the minimum level fixed by the government to identify the number of poor in India.
- ii) While determining the poverty line in India, a minimum level of food requirement, clothing, footwear, fuel and light, educational and medical requirement etc. are determined for subsistence. These are multiplied by their prices in rupees.
- iii) The present formula for food requirement while estimating the poverty line is based on the desired calorie requirement.
- iv) Food items such as cereals, pulses, vegetable, milk, oil, sugar etc. together provide these needed calories. The calorie needs vary depending on age, sex and the type of work that a person does.
- v) The accepted average calorie requirement in India is 2400 calories per person per day in rural areas and 2100 calories per person per day in urban areas. The poverty line fixed for a person in a village was Rs 816 and for cities it was Rs. 1000 for a month in the year 2011-12.

9. Name the agency in India that calculates the poverty line.

In India it is the National Sample Survey Organization (NSSO) that calculates the poverty line.

10. Why is poverty line different from countries to countries?

- a. What is necessary to satisfy basic needs is different at different times and in different countries. Therefore, poverty line may vary with time and place.
- b. Each country uses an imaginary line that is considered appropriate for its existing level of development and its accepted minimum social norms. For example, a person not having a car in the United States may be considered poor. In India, owning of a car is still considered a luxury.

11. Describe the poverty trends in India since 1993.

- i) There is substantial decline in poverty ratios in India from about 45 per cent in 1993-94 to 37.2 per cent in 2004-05. The proportion of people below poverty line further came down to about 21.9 per cent in 2011-12. If the trend continues, people below poverty line may come down to less than 20 per cent in the next few years.
- ii) The percentage of people living under poverty declined in the earlier two decades (1973 - 1993). The number of poor declined from around 407.1 million in 2004-05 to 269.3 million in 2011-12 with an average annual decline of 2.2 point percentage during 2004-05 to 2011-12 .

12. Name the social groups that are vulnerable to poverty.

- i) Social groups which are most vulnerable to poverty are scheduled caste and scheduled tribe households.
- ii) Similarly among the economic groups, the most vulnerable groups are the rural agricultural labour households and the urban casual labour households.

13. Give an account of inter-state disparities of poverty in India.

- i) Recent estimates shows that while the all India Head Count Ratio (HCR) was 21.9 per cent in (2011-12) states like Madhya Pradesh, Assam, Uttar Pradesh, Bihar and Orissa had above all India poverty level. (The Head count ratio (HCR) is the proportion of a population that exists, or lives, below the 'poverty line'.)
- ii) Bihar and Orissa continue to be the two poorest states with poverty ratios of 33.7 and 32.6 per cent respectively. Along with rural poverty urban poverty is also high in Orissa, Madhya Pradesh, Bihar and Uttar Pradesh.
- iii) In comparison, there has been a significant decline in poverty in Kerala, Jammu and Kashmir, Andhra Pradesh, Tamil Nadu, Gujarat and West Bengal.
- iv) States like Punjab and Haryana have traditionally succeeded in reducing poverty with the help of high agricultural growth rates.
- v) Kerala has focused more on human resource development.
- vi) In West Bengal, land reform measures have helped in reducing poverty.
- vii) In Andhra Pradesh and Tamil Nadu, Public Distribution of food grains could have been responsible for the improvement.

14. Explain inequality of incomes within a family

There is inequality of incomes within a family. In poor families all suffer, but some suffer more than others. Women, elderly people and female infants are systematically denied equal access to resources available to the family. Therefore women, children (especially the girl child) and old people are poorest of the poor

15. Describe the global poverty trends.

- i) The proportion of people in developing countries living in extreme economic poverty— defined by the World Bank as living on less than \$1.90 per day—has fallen from 35 per cent in 1990 to 10.68 per cent in 2013. Although there has been a substantial reduction in global poverty, it is marked with great regional differences.
- ii) Poverty declined substantially in China and Southeast Asian countries as a result of rapid economic growth and massive investments in human resource development. Number of poor in China has come down from 88.3 % in 1981 to 14.7 in 2008 and 1.9 in 2013 .
- iii) In the countries of *South Asia* (India, Pakistan, Sri Lanka, Nepal, Bangladesh, Bhutan) the decline has been rapid from 54 to 14 %. Despite decline in the percentage of the poor, the number of poor has declined significantly from 44 per cent in 1990 to 17 per cent in 2013.
Because of different poverty line definition, poverty in India is also shown higher than the National estimates.
- iv) In Sub-Saharan Africa, poverty in fact raised from 41 per cent in 1990 to 46 per cent in 2013 . In Latin America, the ratio of poverty declined from 16 % 1990 to 5.4 % in 2013. Poverty has also Re-surfaced in some of the former socialist countries like Russia, where officially it was non-existent earlier.

16. What is the new Sustainable development goal of the United Nations?

Ending poverty of all types by 2030.

17. Discuss the major reasons for poverty in India.

- i) One historical reason is the low level of economic development under the **British colonial administration**. The policies of the colonial government ruined traditional handicrafts and discouraged development of industries like textiles.
- ii) The low rate of growth persisted until the nineteen eighties. This resulted in less **job opportunities-unemployment** and low growth rate of incomes.
- iii) This was accompanied by a high **growth rate of population**. The two combined to make the growth rate of per capita income very low. The failure at both the fronts: promotion of economic growth and population control perpetuated the cycle of poverty.
- iv) **Unequal distribution of** land and other resources is a major cause for poverty in India. The lower castes were not allowed to possess land for centuries.
- v) Major policy initiatives like **land reforms** which aimed at redistribution of assets in rural area have **not been implemented properly** and effectively by most of the state governments.
- vii) In order to fulfill **social obligations** and observe religious ceremonies, people in India, including the very poor, spend a lot of money. Small farmers need money to buy agricultural inputs like seeds, fertilizer, pesticides etc. Since poor people hardly have any savings, they borrow. Unable to repay because of poverty, they become victims of indebtedness. So the high level of indebtedness is both the cause and effect of poverty.

18. Describe current government strategy of poverty alleviation.

The current anti-poverty strategy of the government is based broadly on **two planks**

(1) Promotion of economic growth (2) Targeted anti-poverty programmes.

(Write two answers below in short)

19. Prove by giving examples that there is a strong link between economic growth and poverty reduction in India.

- i) Over a period of thirty years lasting up to the early eighties, there were little per capita income growth and not much reduction in poverty.
- ii) Official poverty estimates which were about 45 per cent in the early 1950s remained the same even in the early eighties.
- iii) Since the eighties, India's economic growth has been one of the fastest in the world. The growth rate jumped from the average of about 3.5 per cent a year in the 1970s to about 6 per cent during the 1980s and 1990s.
- iv) The higher growth rates have helped significantly in the reduction of poverty. Therefore, it is becoming clear that there is a strong link between economic growth and poverty reduction.
- v) Economic growth widens opportunities and provides the resources needed to invest in human development. This also encourages people to send their children, including the girl child, to schools in the hope of getting better economic returns from investing in education.

20. Explain the various poverty alleviation measures adopted by the government in India.

- i) Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005 was passed in September 2005. The Act provides 100 days assured employment every year to every rural household in 200 districts. Later, the scheme will be extended to 600 districts. One third of the proposed jobs would be reserved for women.
- ii) Another important scheme has been the National Food for Work Programme (NFWP), which was launched in 2004 in 150 most backward districts of the country. The programme is open to all rural poor who are in need of wage employment and desire to do manual unskilled work. It is implemented as a 100 per cent centrally sponsored scheme and food grains are provided free of cost to the states. Once the MGNREGA is in force, the NFWP will be subsumed within this programme.
- iii) Prime Minister Rozgar Yozana (PMRY) is another scheme which was started in 1993. **The aim of the programme** is to create self-employment opportunities for educated unemployed youth in rural areas and small towns. They are helped in setting up small business and industries.
- iv) Rural Employment Generation Programme (REGP) was launched in 1995. **The aim of the programme is** to create self employment opportunities in rural areas and small towns. A target for creating 25 lakh new jobs has been set for the programme under the Tenth Five Year plan.
- v) Swarnajayanthi Gram Swarozgar Yojana (SGSY) was launched in 1999. The **programme aims at** bringing the assisted poor families above the poverty line by organising them into Self Help Groups through a mix of bank credit and government subsidy.
- vi) Under the Pradhan Mantri Gramodaya Yozana (PMGY) launched in 2000, additional central assistance is given to states for basic services such as primary health, primary education, rural shelter, rural drinking water and rural electrification.

21. What are the reasons for becoming anti poverty measures less effective?

One of the major reasons for less effectiveness is the lack of proper implementation and right targeting. Moreover, there has been a lot of overlapping of schemes. Despite good intentions, the benefits of these schemes are not fully reached to the deserving poor. Therefore, the major emphasis in recent years is on proper monitoring of all the poverty alleviation programmes.

22. Suggest a few measures that can be adopted to reduce poverty in the next 10-15 years.

This would be possible mainly due to higher economic growth, increasing stress on Universal free elementary education, declining population growth, increasing Empowerment of the women and the economically weaker sections of society.

23. What do you understand by human poverty?

It is a “reasonable” level of living rather than the minimum level of living. Many scholars advocate that we must broaden the concept of poverty into *human poverty*. Poverty is a situation in which people don’t have food, shelter and clothing. Human poverty is a situation in which people don’t have education, gender equality, self-confidence and dignity of individuals though they have food shelter and clothing. A large number of people may have been able to feed themselves. But they do not have education or shelter or health care or job security. or self-confidence. They are not free from caste and gender discrimination. The practice of child labour is still common. Worldwide experience shows that with the development, the definition of what constitutes poverty also changes. Eradication of poverty is always a moving target. Hopefully we will be able to provide the minimum “necessary” in terms of only income to all people by the end of the next decade. But the target will move on for many of the bigger challenges that still remain: providing health care, education and job security for all, and achieving gender equality and dignity for the poor.

24. Explain the features of Mahatma Gandhi National Rural Employment Guarantee Act, 2005.

It aims to provide 100 days of wage employment to every household to ensure livelihood security in rural areas.

It also aimed at sustainable development to address the cause of draught, deforestation and soil erosion.

One-third of the proposed jobs have been reserved for women. The scheme provided employment to 220 crores person days of employment (Total workers X Total days of employment = 220 crores) to 4.78 crore households.

The share of SC, ST, Women person days in the scheme are 23 per cent, 17 per cent and 53 per cent respectively. The average wage has increased from 65 in 2006-07 to 132 in 2013-14.

Chapter 4 Food Security in India

1. What is food security?

Food security is a situation in which the total food production of a country is adequate to meet the requirements of all sections of the population at a reasonable price. Food security means availability, accessibility and affordability of food to all people at all times. The poor households are more vulnerable to food insecurity whenever there is a problem of production or distribution of food crops. Food security depends on the Public Distribution System (PDS), Government vigilance and action at times when this security is threatened.

2. What are the dimensions of Food Security?

(a) *Availability of food* means there is enough food within the country either by production or by food imports and the previous years stock stored in government granaries.

(b) *Accessibility* means food is within reach of every person, in their locality. There is no barrier on access to food.

(c) *Affordability* implies that the price of food items is reasonable and an individual has enough money to buy sufficient, safe and nutritious food to meet one's dietary needs.

3. What happens to the supply of food when there is a disaster or a calamity?

Due to a natural calamity, say drought, total production of food grains decreases. It creates a shortage of food in the affected areas. Due to shortage of food, the prices go up. At the high prices, some people cannot afford to buy food. If such calamity occurs in a very wide spread area or is stretched over a longer time period, it may cause a situation of starvation. A massive starvation might take a turn of famine.

4. What is famine?

A Famine is characterized by wide spread deaths due to starvation and epidemics caused by forced use of contaminated water or decaying food and loss of body resistance due to weakening from starvation.

5. A section of people in India are still without food. Explain. Or Why is food security needed in India?

Even today, there are places like Kalahandi and Kashipur in Odisha where famine-like conditions have been existing for many years and where some starvation deaths have also been reported. Starvation deaths are also reported in Baran district of Rajasthan, Palamau district of Jharkhand and many other remote areas during the recent years. Therefore, food security is needed in a country to ensure food at all times.

6. Who are the people more prone to food insecurity in India?

i) Although a large section of people suffer from food and nutrition insecurity in India, the worst affected groups are the landless people with little or no land to depend upon, traditional artisans, providers of traditional services, petty self-employed workers and destitutes including beggars.

ii) In the urban areas, the food insecure families are those whose working members are generally employed in ill-paid occupations and casual labour market. These workers are largely engaged in seasonal activities and are paid very low wages that just ensure bare survival.

iii) The SCs, STs and some sections of the OBCs (lower castes among them) who have either poor land-base or very low land productivity are prone to food insecurity.

7. What are the various factors that play important role in food insecurity?

- a) **Economic backwardness:** Write points i and ii above
- b) **Social Composition:** The social composition along with the inability to buy food also plays a role in food insecurity. The SCs, STs and some sections of the OBCs (lower castes among them) who have either poor land-base or very low land productivity are prone to food insecurity.
- c) **Regional backwardness:** The food insecure people are disproportionately large in some regions of the country, such as economically backward states with high incidence of poverty, tribal and remote areas, regions more prone to natural disasters etc. In fact, the states of Uttar Pradesh (eastern and south-eastern parts), Bihar, Jharkhand, Orissa, West Bengal, Chhattisgarh, parts of Madhya Pradesh and Maharashtra account for largest number of food insecure people in the country.
- d) **Hunger:** Hunger is another aspect indicating food insecurity. Hunger is not just an expression of poverty, it brings about poverty. The attainment of food security therefore involves eliminating current hunger and reducing the risks of future hunger.

8. What are the dimensions of hunger? Or Differentiate between chronic and seasonal hunger.

- i) Chronic hunger is a consequence of diets persistently inadequate in terms of quantity and / or quality. Poor people suffer from chronic hunger because of their very low income and in turn inability to buy food even for survival. Where as
- ii) Seasonal hunger is related to cycles of food growing and harvesting. This is prevalent in rural areas because of the seasonal nature of agricultural activities and in urban areas because of the casual labour. season. This type of hunger exists when a person is unable to get work for the entire year.

9. How has the Green Revolution made India self-sufficient in food grains?

- i) In Punjab and Haryana, where food grain production jumped from 7.23 million tonnes in 1964–65 to reach an all-time high of 265 million tonnes in 2013-14.
- ii) Uttar Pradesh and Punjab recorded a significant production in the field of wheat which is 25.22 and 15.78 Million tonnes in 2014 –15, respectively. West Bengal and UP, on the other hand, recorded significant production of rice 14.71 and 12.22 million tonnes respectively.
- ii) Since the advent of the Green revolution in the early-'70s, the country has avoided famine even during adverse weather conditions.
- iii) India has become self-sufficient in food grains during the last thirty years because of a variety of crops grown all over the country.
- iv) In 2014, the stock of wheat and rice with FCI was 65.3 million tones which was much more than the minimum buffer norms.
- v) Indira Gandhi, the then Prime Minister of India, officially recorded the impressive strides of the Green revolution in agriculture by releasing a special stamp entitled 'Wheat Revolution' in July 1968.

10. What are the two components of food security system in India?

- (a) **Buffer stock:** Buffer Stock is the stock of food grains, namely wheat and rice procured by the government through **Food Corporation of India (FCI)**. The FCI purchases wheat and rice from the farmers in states where there is surplus production. The farmers are paid a pre-announced price for their crops.

- (b) **Public distribution system:** The food procured by the FCI is distributed, through government regulated ration shops, among the poorer section of the society. This is called the public distribution system (PDS). Ration shops are now present in most localities, villages, towns and cities. There are about 5.5 lakh ration shops all over the country. Ration shops, also known as **Fair Price Shops**, keep stock of food grains, sugar, kerosene oil etc for cooking. These items are sold to people at a price lower than the market price.

11. What is Minimum Support price?

The FCI purchases wheat and rice from the farmers in the states where there is surplus production. The farmers are paid a pre-announced price for their crops. This price is called Minimum Support Price. The MSP is declared by the government every year before the sowing season to provide incentives to the farmers for raising the production of these crops.

12. Why is a buffer stock created by the government?

This is done to distribute food grains in the deficit areas and among the poorer strata of society at a price lower than the market price also known as **Issue Price**. This also helps resolve the problem of shortage of food during adverse weather conditions or during the periods of calamity.

13. Why was rationing introduced in India?

The introduction of **Rationing** in India dates back to the 1940s against the backdrop of the Bengal famine. The rationing system was revived in the wake of an acute food shortage during the 1960s, prior to the Green Revolution. There are 5.5 lakh ration shops in India. Any family with a BPL ration card can buy a stipulated amount of goods (e.g. 35 kg of grains, 5 litres of kerosene, 5 kgs of sugar etc.) every month from the nearby ration shop.

14. Name the three important food intervention programmes introduced by the Government in India in mid-1970s.

Public Distribution System (PDS) for food grains ; Integrated Child Development Services (ICDS) (introduced in 1975 on an experimental basis) and Food-for-Work (FFW) (introduced in 1977–78).

15. Name the two special schemes introduced in 2000, targeting 'poorest of the poor' and the needy poor senior citizens.

Antyodaya Anna Yojana (AAY) and Annapurna Scheme (APS)

16. Explain the role of cooperatives in the food security in India.

- i) When large number of people or small producers contribute a small amount of money or their products to start and run a business it is called cooperatives. They form cooperative societies.
- ii) The cooperative societies set up shops to sell low priced goods to poor people. For example, out of all fair price shops running in Tamil Nadu, around 94 per cent are being run by the cooperatives.
- iii) In Delhi, Mother Dairy is making strides in provision of milk and vegetables to the consumers at controlled rate decided by Government of Delhi.

- iv) Amul is another success story of cooperatives in milk and milk products from Gujarat. It has brought about the White Revolution in the country. These are a few examples of many more cooperatives running in different parts of the country ensuring food security of different sections of society. **Continue next answer too.**

17. Explain the food security intervention programmes in Maharashtra.

In Maharashtra, Academy of Development Science (ADS) has facilitated a network of NGOs for setting up grain banks in different regions. ADS organises training and capacity building programmes on food security for NGOs. Grain Banks are now slowly taking shape in different parts of Maharashtra. ADS efforts to set up Grain Banks, to facilitate replication through other NGOs and to influence the Government's policy on food security are thus paying rich dividends. The ADS Grain Bank programme is acknowledged as a successful and innovative food security intervention.

18. What has our government done to provide food security to the poor? Discuss any two schemes launched by the government? Or How is food security ensured in India?

(Explain Buffer Stock, PDS, or Rationing)

19. Write any two consequences of procurement of food grains at Minimum Support Price (MSP) ?

- i) There is a general consensus that high level of buffer stocks of food grains is very undesirable and can be wasteful. The storage of massive food stocks has been responsible for high carrying costs, in addition to wastage and deterioration in grain quality..
- ii) The procurement is concentrated in a few prosperous regions (Punjab, Haryana, Western Uttar Pradesh, Andhra Pradesh and to a lesser extent in West Bengal) and mainly of two crops— wheat and rice— . The increase in MSP has induced farmers, particularly in surplus states, to divert land from production of coarse grains, which is the staple food of the poor, to the production of rice and wheat only.
- iii) The intensive utilization of water in the cultivation of rice has also led to environmental degradation and fall in the water level, threatening the sustainability of the agricultural development in these states.

Page Nos. 49 to 51 of the Economics Text book are not meant for evaluation from 2017-18 onwards. Kindly ignore the following questions.

- . What is the current status of PDS in India? (What are the different types of PDS?)
- . What are the achievements (or importance) of Public Distribution system?
- . What are the criticisms faced by the PDS in India? Or What are the factors that led to the decline of the PDS?
- . Prove by giving examples that the PDS is not as effective as expected in many states in India.