

webnote 430

Syllabus 4.3

I.b Syllabus 4.3: Domestic Factors

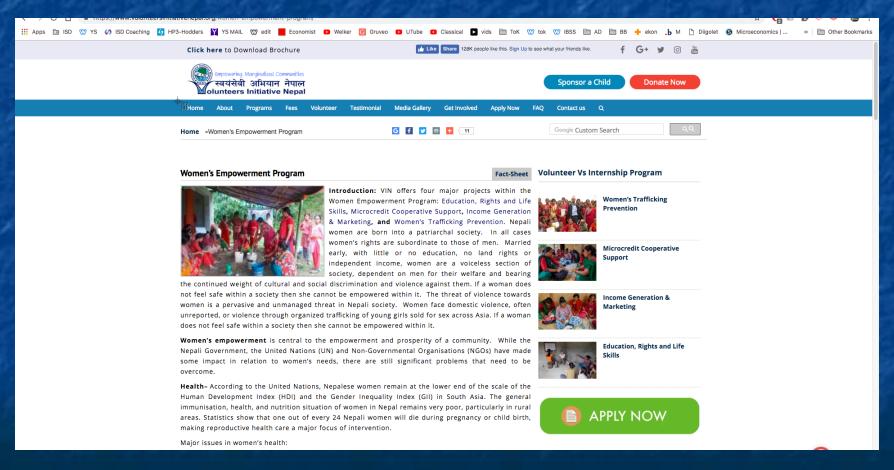
Syllabus: 170



Big Idea

2

Volunteer Initiative Nepal (VIN)



Key terms 4.3

4.3 - Role of Domestic Factors

- education and health
- empowerment of women
- income distribution
- micro credit scheme
- use of appropriate technology



NB: You need examples here. The terms define themselves with the exception of 'micro credit.' You must consider how effective each of these are in relation to key theme for section 4: poverty reduction

Big Idea _

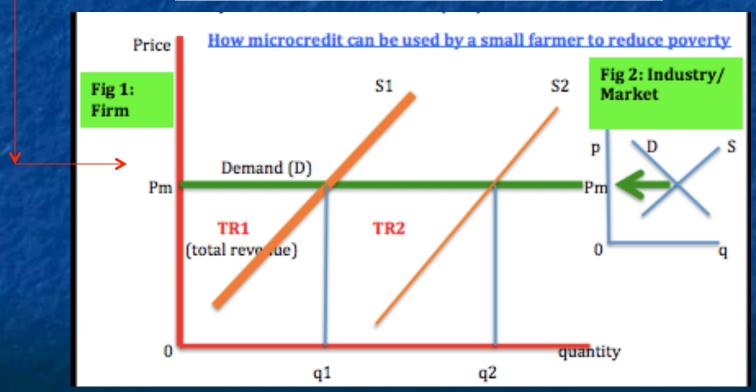
1

Use any of 4Key diagrams to show how poverty can be reduced

Possible diagrams to use:

- 1. Lorenz Curve (Syllabus 2.3)
- 2. PPC (Intro)
- 3. Poverty Trap (Syllabus 4.1)
- Simple Supply and demand as shown below with an increase in total revenue for the small firm as a result of the access to the money for investment made available by the Micro Credit Institution (MCI)

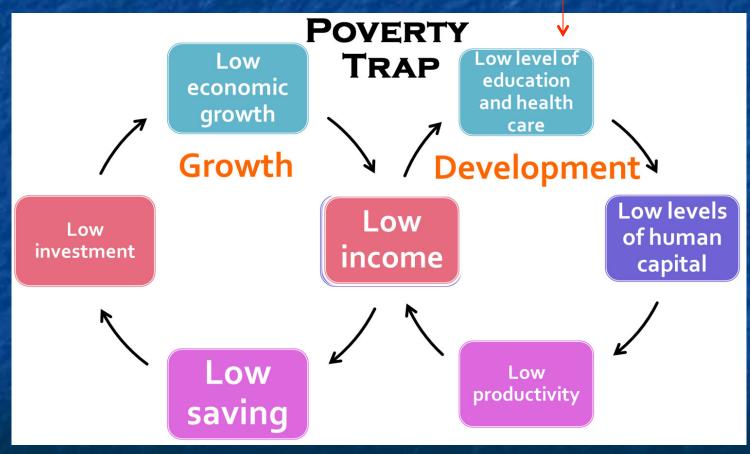
See webnote 431



Webnote 430 Big Ideas for 4.3

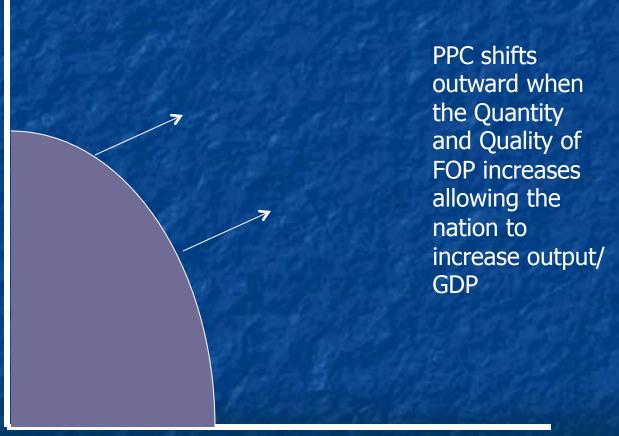
Poverty cycle

For example, if families have better health care and education then this will impact the poverty cycle and reduce poverty



PPC – increases in Quantity and Quality of factors of production increase the output of the country and shift the PPC outwards

Agriculture



Manufacturing

Big Idea

2

When explaining/evaluating the 5 domestic factors note which of them are market based (M) or require government intervenition (G).

5 domestic factors that can reduce poverty:

- education and health (G)
- empowerment of women (G)
- income distribution (G)
- micro credit scheme (M)
- use of appropriate technology (G)

Ibq

- (a) (i) Define the term micro-credit indicated in bold in the text (paragraph). [2 marks]
- (ii) Define the term poverty trap indicated in bold in the text (paragraph). [2 marks]
- (b) Using a diagram, explain how the use of micro-credit might affect the distribution of income in rural areas of China. [4 marks]
- (c) Using a production possibility curve (PPC) diagram, explain how micro-credit schemes can affect the actual output and the production possibilities of an economy. [4 marks]
- (d) Using information from the text/data and your knowledge of economics, evaluate the use of micro-credit in promoting economic development in economically less-developed countries. [8 marks]

see webnote 436