

UNIT – V POVERTY

INTRODUCTION

It is said 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.

MEANING

Condition where people's basic needs for food, clothing, and shelter are not being met.

Poverty is generally of two types:

(1) Absolute poverty is synonymous with destitution and occurs when people cannot obtain adequate resources (measured in terms of calories or nutrition) to support a minimum level of physical health. Absolute poverty means about the same everywhere, and can be eradicated as demonstrated by some countries.

(2) Relative poverty occurs when people do not enjoy a certain minimum level of living standards as determined by a government (and enjoyed by the bulk of the population) that vary from country to country, sometimes within the same country.

DEFINITION

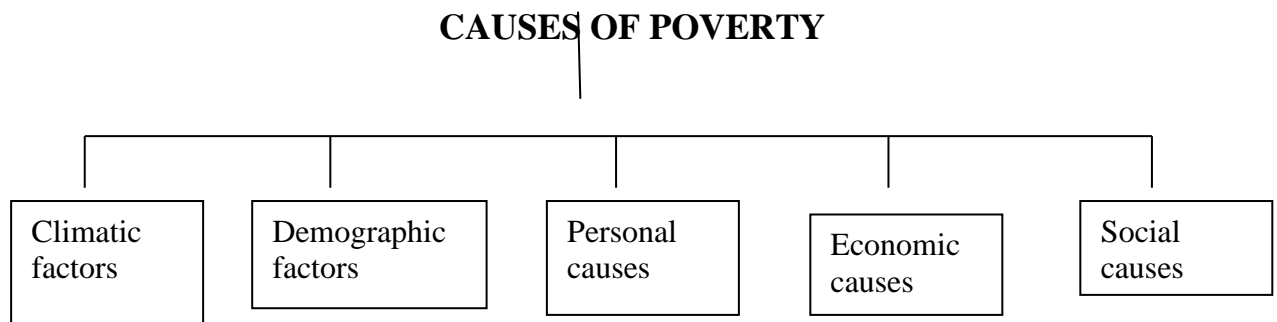
The world bank defined poverty **as the inability to attain minimum standard of living.**

POVERTY LINE

Standard family income threshold (set by each state and revised occasionally) below which the family is officially classified as poor and entitled to welfare assistance. Poverty line on the basis of recommended nutritional requirement of 2400 calories per person, per day, for rural areas.

Due to mass poverty the standard of living of an average Indian is among the poorest in the world. A level of personal or family income below which one is classified as poor according to governmental standards —called also *poverty level*

CAUSES OF POVERTY



1. Climatic factors:

The hot climate of India reduces the capacity of people especially the ruralites to work for which production severely suffers. Frequent flood, famine, earthquake and cyclone cause heavy damage to agriculture. Moreover, absence of timely rain, excessive or deficient rain affect severely country's agricultural production.

2. Demographic factors:

(i) Rapid growth of population:

Rapid growth of population aggravates the poverty of the people. The growth of population exceeds the rate of growth in national income. Population growth not only creates difficulties in the removal of poverty but also lowers the per capita income which tends to increase poverty.

(ii) Size of family:

Size of the family has significant bearing on rural poverty. The larger the size of family, the lower is the per capita income, and the lower is the standard of living.

3. Personal causes:

(i) Lack of motivation:

Lack of motivation is an important cause of rural poverty. Some ruralites do not have a motive to work hard or even to earn something. This accounts for the poverty of the ruralites.

(ii) Idleness:

Most of the rural people are lazy, dull and reluctant to work. Hence they rot in poverty.

4. Economic causes:

(i) Low agricultural productivity:

Poverty and real income are very much interrelated. Increase in real income leads to reduction of the magnitude of poverty. So far as agricultural sector is concerned, the farmers even today are following the traditional method of cultivation. Hence there is low agricultural productivity resulting in rural poverty.

(ii) Unequal distribution of land and other assets:

Land and other forms of assets constitute sources of income for the rural people. But, unfortunately, there has been unequal distribution of land and other assets in our economy.

(iii) Decline of village industries:

At present consequent upon industrialization new factories and industries are being set up in rural areas. Village industries fail to compete with them in terms of quality and price..

(iv) Immobility of labour:

Immobility of labour also accounts, for rural poverty. Even if higher wages are offered, labourers are not willing to leave their homes. The joint family system makes people lethargic and stay-at-home.

(v) Lack of employment opportunities:

Unemployment is the reflection of poverty. Because of lack of employment opportunities, people remain either unemployed or underemployed. Most of these unemployed and underemployed workers are the small and marginal farmers and the landless agricultural labourers.

5. Social causes:

(i) Education:

Education is an agent of social change and egalitarianism. Poverty is also said to be closely related to the levels of schooling and these two have a circular relationship. The earning power is endowed in the individual by investment in education and training.

In this way people are poor because they have little investment in themselves and poor people do not have the funds for human capital investment.

(ii) Caste system:

Caste system in India has always been responsible for rural poverty. The subordination of the low caste people by the high caste people caused the poverty of the former. Due to rigid caste system, the low caste people could not participate in the game of economic progress.

(iii) Joint family system:

The joint family system provides social security to its members. Some people take undue advantage of it. They live upon the income of others. They become idlers. Their normal routine of life consists in eating, sleeping and begetting children.

(iv) Social customs:

The ruralites spend a large percentage of annual earnings on social ceremonies like marriage, death feast etc. As a result, they remain in debt and poverty.

(v) Growing indebtedness:

In the rural sector most of the ruralites depend on borrowings from the money-lenders and landlords to meet even their consumption expenses. Moneylenders, however, exploit the poor by charging exorbitant rates of interest and by acquiring the mortgaged land in the event of non-payment of loans.

EFFECTS OF POVERTY**1. Malnutrition**

This is especially seen in children of poor families. People living in poverty rarely have access to highly nutritious foods. Even if they have access to these foods, it is unlikely that they are able to purchase them.

2. Health

This includes things from diseases to life expectancy to medicine. Diseases are very common in people living in poverty because they lack the resources to maintain a healthy living environment.

3. Education

Many people living in poverty are unable to attend school from a very early age. Families may not be able to afford the necessary clothing or school supplies. Others may not have a way for their children to get to school.

4. Economy

Mainly, the number of people living in poverty influences employment rates heavily. Without an education, people are unlikely to find a paying job. Unemployment hinders a country from developing into a strong economic system.

5. Society

Many people living in poverty are homeless, which puts them on the streets. There also seems to be a connection between poverty and crime. When people are unemployed and homeless, social unrest may take over and lead to increases in crime.

MEANING OF UNEMPLOYMENT

Unemployment is a common economic malady faced by each and every country of the world, irrespective of their economic system and the level of development achieved. But the nature of unemployment prevailing in underdeveloped or developing countries sharply differs to that of developed countries of the world.

BHAGAWADI COMMITTEE ON UNEMPLOYMENT

The government of India set up a committee in December 1970 under the chairmanship of B.Bhagawadi to assess the extent of unemployment and underemployment in all its aspects and to suggest remedial measures.

THE IMPORTANT RECOMMENDATIONS OF THE COMMITTEE

- **Nation commission on unemployment :** A national commission on unemployment and manpower planning should be set up by merging some of the divisions now functioning under various ministers.
- **Employment generation through Gess :** A suitable portion of the resources available for development should be set apart for employment generation scheme.
- **Massive rural areas :** To reduce unemployment in agriculture the committee has suggested that all rural development program should be made employment oriented.
- **Labour intensive industries :** The committee is of the view that employment potential could be increased by reshaping the pattern and structure of industrial development.
- **Overtime work to be prohibited :** The practice of overtime working is socially undesirable instead recruitment of more labour should be encouraged
- **Working hours :** The number of weekly working hours should be reduced from 48 hours to 41 hours and 7 day week should be adopted .
- **Vocational education :** For creating more employment opportunities for the educated unemployed the committee has recommended vocationalisation of education. Scholarship and other concession should be made available to students who take up vocational education.
- **Unemployment Insurance :** Some measures of insurance against loss of employment should be given a high priority and a scheme in this connection should be introduced.
- **Tax Concession:** Tax Concession should be extended to export items manufactured by labour intensive industries.
- **Population Planning:** The Committee has recommended that a well concerned and positive program of population planning should be adopted and effectively implemented to restrict the growth of population.

