Poverty:

At present, 28.5% of the Indian population lives below the poverty line. In the category of poor falls the people whose daily income is less than 33 rupees a day in cities and 27 rupees a day in villages. But do you think this amount is enough to survive even for a day in the country where every food item is available at sky-high prices? This means, the actual number of people living below the poverty line is much higher, as according to the statistical data, anyone earning 40 rupees won’t be considered as poor but must be facing the same difficulties in life.

Household expenditure is considered to calculate the poverty count in India. In this purchasing power of people for buying food and buying capacity for some non-food items is calculated. Though the condition in cities is more or less the same but the rural welfare programs have really helped the people in rural India. These efforts resulted in decrease in the poverty in rural India at faster pace than their urban counterparts.

But in spite of all the attempts, overall number of poor in India is increasing and becoming a hurdle. Poverty is just like a disease to which many other problems such as crime, low-paced development, etc are associated. There are number of people in India who still live on the streets and beg for the whole day to eat a meal. Underprivileged children are unable to attend school and, and those have the opportunity drop out after a year or so. People below poverty line live in unhygienic conditions and are so prone to many health problems. With this, the vicious cycle of poor health, lack of education and more poverty keeps on increasing.

**Facts on Poverty in India**

**Who comes in the category of the poorest class in India?** – Tribal people, Dalits and labour class including farm workers in villages and casual workers in cities are still very poor and make the poorest class in India.

**Where do the majority of poor live in India?** – 60% of the poor still reside in the states of Bihar, Jharkhand, Odisha, Madhya Pradesh, Chattisgarh, Uttar Pradesh and Uttarakhand. The reason for these states to be in the category of the poorest state is because 85% of tribal people live there. Also, most of these regions are either flood-prone or suffer from calamities. These conditions hamper agriculture to a great extent, on which the household income of these people depends.

According to the recent Global Hunger Index Report 2012 by the International Food Research Institute, India ranks 97th in Global Hunger Index. Though there is no shortage of food production in India, our nation still has the highest percentage of underweight children under five. India is working hard to become a superpower in 2020, but what about these poor in India as our nation still lags behind in improving GHI.

India at present has a greater share  of the poor around the world. Thirty years ago, India was home to one-fifth of world’s poor but now it is a home to one-third of poor people. This means we now have more poor in India as compared to thirty years ago.

International poverty line stands at $ 1.25 per day and in 2010, 32.7% of the total population in India was below this line.

According to a 2011 poverty Development Goals Report, poverty in India is expected to drop by 22% in 2015.

**Nature of poverty:**

We can identify six types of poverty: situational, generational, absolute, relative, urban, and rural.

1. **Situational poverty** is generally caused by a sudden crisis or loss and is often temporary. Events causing situational poverty include environmental disasters, divorce, or severe health problems.
2. **Generational poverty** occurs in families where at least two generations have been born into poverty. Families living in this type of poverty are not equipped with the tools to move out of their situations.
3. **Absolute poverty,** which is rare in the United States, involves a scarcity of such necessities as shelter, running water, and food. Families who live in absolute poverty tend to focus on day-to-day survival.
4. **Relative poverty** refers to the economic status of a family whose income is insufficient to meet its society's average standard of living.
5. **Urban poverty** occurs in metropolitan areas with populations of at least 50,000 people. The urban poor deal with a complex aggregate of chronic and acute stressors (including crowding, violence, and noise) and are dependent on often-inadequate large-city services.
6. **Rural poverty** occurs in nonmetropolitan areas with populations below 50,000. In rural areas, there are more single-guardian households, and families often have less access to services, support for disabilities, and quality education opportunities. Programs to encourage transition from welfare to work are problematic in remote rural areas, where job opportunities are few (Whitener, Gibbs, & Kusmin, 2003). The rural poverty rate is growing and has exceeded the urban rate every year since data collection began in the 1960s. The difference between the two poverty rates has averaged about 5 percent for the last 30 years, with urban rates near 10–15 percent and rural rates near 15–20 percent (Jolliffe, 2004).

# Main Causes of Poverty in India

**(i) Heavy pressure of population:**

Population has been rising in India at a rapid speed. This rise is mainly due to fall in death rate and more birth rate.

India’s population was 84.63 crores in 1991 and became 102.87 crores in 2001. This pressure of population proves hindrance in the way of economic development.

**(ii) Unemployment and under employment:**

Due to continuous rise in population, there is chronic unemployment and under employment in India. There is educated unemployment and disguised unemployment. Poverty is just the reflection of unemployment.

**(iii) Capital Deficiency:**

Capital is needed for setting up industry, transport and other projects. Shortage of capital creates hurdles in development.

**(iv) Under-developed economy:**

The Indian economy is under developed due to low rate of growth. It is the main cause of poverty.

**(v) Increase in Price:**

The steep rise in prices has affected the poor badly. They have become more poor.

**(vi) Net National Income:**

The net national income is quite low as compared to size of population. Low per capita income proves its poverty. The per capita income in 2003-04 was Rs. 20989 which proves India is one of the poorest nations.

**(vii) Rural Economy:**

Indian economy is rural economy. Indian agriculture is backward. It has great pressure of population. Income in agriculture is low and disguised unemployment is more in agriculture.

**(viii) Lack of Skilled Labour:**

In India, unskilled labour is in abundant supply but skilled labour is less due to insufficient industrial education and training.

**(ix) Deficiency of efficient Entrepreneurs:**

For industrial development, able and efficient entrepreneurs are needed. In India, there is shortage of efficient entrepreneurs. Less industrial development is a major cause of poverty.

**(x) Lack of proper Industrialization:**

Industrially, India is a backward state. 3% of total working population is engaged in industry. So industrial backwardness is major cause of poverty.

**(xi) Low rate of growth:**

The growth rate of the economy has been 3.7% and growth rate of population has been 1.8%. So compared to population, per capita growth rate of economy has been very low. It is the main cause of poverty.

**(xii) Outdated Social institutions:**

The social structure of our country is full of outdated traditions and customs like caste system, laws of inheritance and succession. These hamper the growth of economy.

**(xiii) Improper use of Natural Resources:**

India has large natural resources like iron, coal, manganese, mica etc. It has perennial flowing rivers that can generate hydro electricity. Man power is abundant. But these sources are not put in proper use.

**(xiv) Lack of Infrastructure:**

The means of transport and communication have not been properly developed. The road transport is inadequate and railway is quite less. Due to lack of proper development of road and rail transport, agricultural marketing is defective. Industries do not get power supply and raw materials in time and finished goods are not properly marketed.

# Suggestions for Removal of Poverty from India

**(i) Population Control:**

Population in India has been increasing rapidly. Growth rate of population is 1.8%. For removal of poverty the growth rate of population should be lowered.

**(ii) Increase in Employment:**

Special measures should be taken to solve the problems of unemployment and disguised unemployment. Agriculture should be developed. Small scale and cottage industries should be developed in rural areas to generate employment.

**(iii) Equal distribution of Income:**

Mere increase in production and control on population growth will not remove poverty in India. It is necessary that inequality in the distribution of income should be reduced.

**(iv) Regional poverty:**

In States like Orissa, Nagaland, U.P and Bihar etc. the percentage of the poor to the total population is high. Govt. should give special concession for investment in these regions. More PSU’s should be established in these states.

**(v) Problem of Distribution:**

The public distribution system (PDS) should be strengthened to remove poverty. Poor section should get food grains at subsidized rates and in ample quantity.

**(vi) Fulfillment of minimum needs of the Poor:**

Govt. should take suitable steps to meet minimum needs of the poor e.g., supply of drinking water and provision of primary health centers and primary education.

**(vii) Increase in the productivity of the Poor:**

To remove poverty, it is necessary to increase productivity of the poor. The poor should be given more employment. More investment should be made in public and private sectors to generate employment.

**(viii) Changes in techniques of Production:**

India should adopt labour intensive techniques of production. We should have technical development in our economy in such a way that labour resources could be fully employed.

**(ix) Stability in Price Level:**

Stability in prices helps to remove poverty. If prices continue to rise, the poor will become more poor. So Govt. should do it best to keep the prices under control.

**(x) Development of Agriculture:**

The agriculture should be developed to remove poverty. Rapid rate of growth of agriculture production will help to remove urban as well as rural poverty. Agriculture should be mechanized and modernized. Marginal farmers should be given financial assistance.

**(xi) Increase in the rate of growth:**

Slow rate of growth is the main cause of poverty. So growth rate must be accelerated. In 2003-04 the growth rate has been 6.5% despite that 26% of population remains below poverty line.

# Unemployment in India: Types, Measurement and Causes

Unemployment may be defined as “a situation in which the person is capable of working both physically and mentally at the existing wage rate, but does not get a job to work”.

In other words unemployment means only involuntary unemployment wherein a person who is willing to work at the existing wage rate does not get a job.

### Types of Unemployment in India:

#### 1. Open Unemployment:

Open unemployment is a situation where in a large section of the labour force does not get a job that may yield them regular income. This type of unemployment can be seen and counted in terms of the number of unemployed persons. The labour force expands at a faster rate than the growth rate of economy. Therefore all people do not get jobs.

#### 2. Disguised Unemployment:

It is a situation in which more people are doing work than actually required. Even if some are withdrawn, production does not suffer. In other words it refers to a situation of employment with surplus manpower in which some workers have zero marginal productivity.

So their removal will not affect the volume of total production. Overcrowding in agriculture due to rapid growth of population and lack of alternative job opportunities may be cited as the main reasons for disguised unemployment in India.

#### 3. Seasonal Unemployment:

It is unemployment that occurs during certain seasons of the year. In some industries and occupations like agriculture, holiday resorts, ice factories etc., production activities take place only in some seasons. So they offer employment for only a certain period of time in a year. People engaged in such type of activities may remain unemployed during the off-season.

#### 4. Cyclical Unemployment:

It is caused by trade cycles at regular intervals. Generally capitalist economies are subject to trade cycles. The down swing in business activities results in unemployment. Cyclical unemployment is normally a shot-run phenomenon.

#### 5. Educated Unemployment:

Among the educated people, apart from open unemployment, many are underemployed because their qualification does not match the job. Faulty education system, mass output, preference for white collar jobs, lack of employable skills and dwindling formal salaried jobs are mainly responsible for unemployment among educated youths in India. Educated unemployment may be either open or underemployment.

#### 6. Technological Unemployment:

It is the result of certain changes in the techniques of production which may not warrant much labour. Modern technology being capital intensive requires less labourers and contributes to this kind of unemployment.

#### 7. Structural Unemployment:

This type of unemployment arises due to drastic changes in the economic structure of a country. These changes may affect either the supply of a factor or demand for a factor of production. Structural employment is a natural outcome of economic development and technological advancement and innovation that are taking place rapidly all over the world in every sphere.

#### 8. Underemployment:

It is a situation in which people employed contribute less than their capacity to production. In this type of unemployment people are not gainfully employed. They may be employed either on part-time basis, or undertake a job for which lesser qualification is required. For example a Post Graduate may work as a clerk for which only S.S.L.C. is enough.

#### 9. Casual Unemployment:

When a person is employed on a day-to-day basis, casual unemployment may occur due to short-term contracts, shortage of raw materials, fall in demand, change of ownership etc.

#### 10. Chronic Unemployment:

If unemployment continues to be a long term feature of a country, it is called chronic unemployment. Rapid growth of population and inadequate level of economic development on account of vicious circle of poverty are the main causes for chronic unemployment.

#### 11. Frictional Unemployment:

Frictional unemployment is caused due to improper adjustment between supply of labour and demand for labour. This type of unemployment is due to immobility of labour, lack of correct and timely information, seasonal nature of work. etc.

# Main Causes of Unemployment in India

The following are the main causes of unemployment:

#### (i) Caste System:

In India caste system is prevalent. The work is prohibited for specific castes in some areas.

In many cases, the work is not given to the deserving candidates but given to the person belonging to a particular community. So this gives rise to unemployment.

#### (ii) Slow Economic Growth:

Indian economy is underdeveloped and role of economic growth is very slow. This slow growth fails to provide enough unemployment opportunities to the increasing population.

#### (iii) Increase in Population:

Constant increase in population has been a big problem in India. It is one of the main causes of unemployment. The rate of unemployment is 11.1% in 10th Plan.

#### (iv) Agriculture is a Seasonal Occupation:

Agriculture is underdeveloped in India. It provides seasonal employment. Large part of population is dependent on agriculture. But agriculture being seasonal provides work for a few months. So this gives rise to unemployment.

#### (v) Joint Family System:

In big families having big business, many such persons will be available who do not do any work and depend on the joint income of the family.

Many of them seem to be working but they do not add anything to production. So they encourage disguised unemployment.

#### (vi) Fall of Cottage and Small industries:

The industrial development had adverse effect on cottage and small industries. The production of cottage industries began to fall and many artisans became unemployed.

#### (vii) Slow Growth of Industrialization:

The rate of industrial growth is slow. Though emphasis is laid on industrialization yet the avenues of employment created by industrialization are very few.

**(viii) Less Savings and Investment:**

There is inadequate capital in India. Above all, this capital has been judiciously invested. Investment depends on savings. Savings are inadequate. Due to shortage of savings and investment, opportunities of employment have not been created.

#### (ix) Causes of Under Employment:

Inadequate availability of means of production is the main cause of under employment. People do not get employment for the whole year due to shortage of electricity, coal and raw materials.

#### (x) Defective Planning:

Defective planning is the one of the cause of unemployment. There is wide gap between supply and demand for labour. No Plan had formulated any long term scheme for removal of unemployment.

#### (xi) Expansion of Universities:

The number of universities has increased manifold. There are 385 universities. As a result of this educated unemployment or white collar unemployment has increased.

#### (xii) Inadequate Irrigation Facilities:

Even after the completion of 9th five plans, 39% of total cultivable area could get irrigation facilities.

Due to lack of irrigation, large area of land can grow only one crop in a year. Farmers remain unemployed for most time of the year.

#### (xiii) Immobility of labour:

Mobility of labour in India is low. Due to attachment to the family, people do not go to far off areas for jobs. Factors like language, religion, and climate are also responsible for low mobility. Immobility of labour adds to unemployment.

All these factors add to unemployment.

# Suggestions to Solve Unemployment Problem

**Following are the suggestions to solve unemployment problem:**

**(i) Change in industrial technique:**

Production technique should suit the needs and means of the country. It is essential that labour intensive technology should be encouraged in place of capital intensive technology.

**(ii) Policy regarding seasonal unemployment:**

Seasonal unemployment is found in agriculture sector and agro based industries.

**To remove it:**

(a) Agriculture should have multiple cropping,

(b) Plantations, horticulture, dairying and animal husbandry should be encouraged,

(c) Cottage industries should be encouraged.

**(iii) Change in education system:**

Educational pattern should be completely changed. Students who have liking for higher studies should be admitted in colleges and universities. Emphasis should be given on vocational education. Qualified engineers should start their own small units.

**(iv) Expansion of Employment exchanges:**

More employment exchanges should be opened. Information regarding employment opportunities should be given to people.

**(v) More assistance to self employed people:**

Most people in India are self employed. They are engaged in agriculture, trade, cottage and small scale industries etc. These persons should be helped financially, providing raw materials and technical training.

**(vi) Full and more productive employment:**

The main objective of county’s employment policy should be to increase employment opportunities and productivity of labour. Govt. should adopt a policy that provides employment to all people.

**(vii) Increase in Production:**

To increase employment, it is essential to increase production in agriculture and industrial sectors. Development of small and cottage industries should be encouraged.

**(viii) More importance to employment programmes:**

In five year plans more importance should be given to employment. The programmes like irrigation, roads, flood control, power, agriculture, rural electrification can provide better employment to people.

**(ix) High rate of capital formation:**

Rate of capital formation in the country should be accelerated. Capital formation should be particularly encouraged in such activities which generate greater employment opportunities. Capital output ratio should be kept low.

**(x) Industries in co-operative sector:**

Industries in co-operative sector should be encouraged. Kerala Govt.’ set up a textile mill covering 600 unemployed persons on co-operative basis. This is a novel approach to fight against unemployment. Different State Govt. should take necessary steps in this direction.

**(xi) Decentralization of industrial activity:**

Decentralization of Industrial activity is necessary to reduce unemployment. If industrial activities are centralized at one place, there will be less employment opportunities in the under developed areas. So Govt. should adopt such policies which encourage decentralization of industrial activity.

**(xii) Population control:**

The growth of population should be checked in order to solve unemployment, problem. Family planning programme should be implemented widely and effectively.