

POVERTY

- ◆ Poverty is a social phenomenon where in section of society is unable to fulfill even its basic necessities of life.
- ◆ The poverty has been divided in two parts.
- 1. **Absolute poverty** - When people do not have enough money to meet the basic threshold to buy food, shelter, clothing etc. that is needed for survival it is known as Relative poverty.
- ◆ It is also defined in terms of insufficiency of basic needs.
- 2. **Relative poverty** - This concept is related to the general standard of living in a society. When people are poor in comparison to others around them, but may still have enough money to survive.
- ◆ Relative poverty relates to inequalities in a society.
- ◆ Planning commission is the authority which publishes the poverty estimates based on various rounds of "national sample survey organisation" (NSSO) on monthly per capital consumption expenditure.
- ◆ In India, the poverty line is defined on the basis of calorie intake According to this, 2100 calories a day has been fixed for urban areas & 2400 calories in rural areas.
- ◆ Since, NSSO 55th round (1999) planning commission gives two poverty estimates based on mixed recall period (MRR) & universal recall period (URP)
- ◆ **Mixed Recall Period** - It gives consumer expenditure data for five non - food items, namely clothing, footwear, durable goods, education & institutional medical expenses for 365 days & consumption data for remaining items are collected for 30 days period.
- ◆ **Universal Recall Period** - Consumption data for all items are collected for a 30 days recall period.

Causes of Rural Poverty -

- ◆ Rapid population growth.
- ◆ Lack of capital.
- ◆ Lack of alternate employment opportunities other than agriculture.
- ◆ Excessive population pressure on agriculture
- ◆ Illiteracy
- ◆ Regional disparities.

- ◆ Joint family system.
- ◆ Child marriage.
- ◆ Lack of proper implementations of PDS.

Causes of Urban Poverty -

- ◆ Migration from rural areas.
- ◆ Lack of skilled labour.
- ◆ Lack of housing facilities.
- ◆ Limited job opportunities in cities.
- ◆ Lack of vocational education / training.

Trickledown effect -

- ◆ Among various factors contributing to poverty alleviation, Economic growth in terms of its trickledown effect has always been regarded as an important factor. However is not economic growth but also the sectoral composition of growth.

Human Poverty Index - Human development report (1997) first time included human poverty index.

- ◆ HPI has focused on the 3 dimensions of the life.
 1. Living standard.
 2. Health.
 3. Education.
- ◆ Human development report (2010) has introduced the new "multi-dimensional poverty index." first time

Anti- poverty strategy -

- ◆ It includes the 3 broad components.
 1. Promotion of economic growth.
 2. Promotion of human development & target programmes of poverty alleviation.
 3. Employment generation to address multidimensional nature of poverty.

UNEMPLOYMENT

- ◆ Unemployment can be defined as a situation when person able & willing to work are seeking jobs at the prevailing wage level but they are unable to get the same.
- ◆ B. Bhagwati committee on unemployment estimates (1973) set up by the planning commission gave 3 estimates of unemployment these are -
 1. **Usual principal status (UPS) employment** - Persons who remained unemployed for a major part of the year. This is also called "open unemployment".

2. **Current weekly status (CWS) unemployment** - Person who did not find even an hour of work during the survey week.
3. **Current daily status (CDS) unemployment** - person who did not find work on a day or some days during the survey week. This is the comprehensive measure of unemployment, including chronic as well as under-employment.

Types of unemployment -

1. **Cyclical unemployment** - It is the result of depression in any economy.
 2. **Seasonal unemployment** - periodic unemployment created by seasonal variation in particular industries. eg - in the period between past harvest & next sowing, agricultural labourers are unemployed.
 3. **Educated unemployment** - This is mainly found in urban areas. Those educated persons who are unable to get work come under this category.
 4. **Under unemployment** - It results when a person contributes to less production than what he/ she is capable eg. an engineer working as a clerk is under employed.
 5. **Structural unemployment** - Unemployment resulting from a mismatch between demand in the labour market & the skills & locations of the workers seeking employment e.g. - when computer were introduced there were jobs but people could not match the skills required to operate the computer resulting in unemployment.
 6. **Frictional unemployment** - Frictional unemployment is transitional unemployment due to people moving between jobs. It refers to a transition period of looking for a new job for different reasons such as seeking a better job being fired from a current job or having voluntarily quit a current job.
 7. **Seasonal unemployment** - It is a type of frictional unemployment that occurs in specific activities or occupations which are characterized by seasonal work. An example of seasonal unemployment is the joblessness during non-cultivation in rural areas.
 8. **Natural Rate of unemployment** - The total of frictional & structural unemployment is referred as the natural rate of unemployment.
 9. **Open unemployment** - Open unemployment arises when a person voluntarily or involuntarily keeps himself/herself out of consideration for certain jobs.
- ◆ It is important to note that the type & nature of unemployment differs significantly in developing & developed countries.
 - ◆ Unemployment in developed countries arises due to the lack of effective demand or economic slow down, recession, or depression.
 - ◆ In developing countries, unemployment occurs largely due to a lower demand for labour or inadequate employment opportunities in the economy. Such a situation occurs due to the subsistence nature of agriculture, a low industrial base & the small size of the tertiary sector.
 - ◆ All developing countries including India suffer from structural unemployment which exists both in open & disguised forms.

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