UNIT 4 UNEMPLOYMENT AND POVERTY

UNIT STRUCTURE

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4.1 LEARNING OBJECTIVES

After going through this unit you will be able to-

- know the meaning and types of unemployment
- know the meaning, causes and the approaches to understand poverty

4.2 INTRODUCTION

In the previous unit we had discussed the meaning of social problems and tried to identify the nature and types of social problems. Further we have also tried to understand the causes and consequences of social problem. Now in this unit we will discuss in detail two crucial problems that the society is beset with- unemployment and poverty. We will attempt to elaborate the meaning, types and causes of Unemployment.

4.3.1 Meaning and Types of Unemployment

Unemployment refers to a situation where anyone of working age, regardless of his/her desire to be in full time employment is not able to acquire the same.We can classify or categorize unemployment into various types on the basis of their causes. Depending on the causes, the type of unemployment are different and also vary from one society to another. Certain types of unemployment are more common or are prevalent mostly in urban areas whereas some others are by and large found in the rural areas. Let us now understand the different types of unemployment-

- Cyclical Unemployment:Cyclical unemployment is the kind of unemployment that occurs due to economic fluctuations or economic breakdown. For example, during recessions when the demand for the products of the business falls, the employer is bound to curtail the number or size of his/her employees and restrict from appointing new employees. In such a situation, the problem of unemployment intensifies or accelerates as people either lose their job or find it very difficult to get jobs. Thus, it is that category of unemployment which occurs due to the ups and downs in trade and business. However, during recoveries, or economic boom when investments increase, this kind of unemployment gradually decreases.
- Structural Unemployment: Structural unemployment is one of the most important types of unemployment within an economic system. It arises in an economy when a mismatch occurs between the kinds of jobs being offered by employers and the skills, experience, education, and geographical location of the potential employees. If the skills or the expertise of the people do not match with the kinds of jobs that are available, then they face difficulty in getting a job or are rendered jobless. A crucial cause of structural unemployment is sectoral shift, where

employment in some sectors decline while it rises in some other sectors.

- Industrial Unemployment:Industrial unemployment is primarily the outcome or fallout of the losses incurred by industries, slow growth of industries, competition with foreign industries, unplanned industrializtion, defective industrial policies, labour strikes, etc. In all these situations when industries suffer from economic crisis, they not only stop making fresh appointments but also do away with many of their working employees. Hence, the level of unemployment increases as it becomes hard for people to obtain jobs.
- Voluntary Unemployment: Voluntary unemployment is defined as a situation when workers intentionally decide not to work. For some reasons like low wage rate, unfavourable or harsh working conditions etc, the workers may choose to remain jobless or decide not to participate in the labour market. They make this decision on their own without being prompted or asked by anyone else. It is most likely to occur when the equilibrium wage rate is below the wage necessary to encourage individuals to supply their labour. Thus, in such situation or a state where the workers willingly or deliberately do not engage themselves in any economic activity, it is known as voluntary unemployment.
- Seasonal Unemployment:Seasonal unemployment occurs because certain sectors of the economy only produce or distribute their products at certain times of the year. When production or distribution activity is concentrated only to a specific period of the year, the workers are out of job for the remaining period. Thus, they are employed only for a particular season or a definite time period. Seasonal unemployment is common in farming, tourism, and construction sectors.
- Disguised Unemployment: Disguised unemployment refers to a situation where we find too many people working when so many are not required. The best example here is agriculture

where we usually find the entire family being engaged in cultivation when the same work could have been done by 3-4 persons. This may be because the excess people are not able to find employment elsewhere; so, rather than remaining jobless they prefer to join the other family members in cultivation. This is known as disguised unemployment where more than the required numbers of people are employed in a particular work and which even does not increase the total production.

4.3.2 Causes of Unemployment in India

There are many factors which result in unemployment. Let us understand the most important causes which have been responsible for the rampant unemployment problem in India. These are as follows:

- Population Explosion:One of the foremost causes of unemployment in India is the massive population growth particularly in the rural areas. It has adversely affected the unemployment situation by constantly generating additional labour force which is not proportionate to the rate of expansion of jobs. Moreover, to cater to the needs of such a large population requires huge expenditure. As a consequence, more resources get used up in private consumption such as food, clothing, shelter and in public consumption like drinking water, electricity, medical and educational facilities etc. This reduces the opportunities of diverting a larger proportion of income for saving and investment. Here, we may cite the example of the northeast and particularly Assam where the increasing number of migrants have resulted in the rapid rise of population. Due to unabated migration, employment opportunities have become scarce and hence many people here suffer from lack of livelihood opportunities.
- Limited Availability of Land: Land being an endowment of the nature is inelastic or constant. It cannot expand like population

growth. Since, there is rapid increase of population in India, the land that is available becomes insufficient to fulfil the needs of such a vast population. As a result, unemployment mounts up, especially in the rural areas where there is heavy pressure on the land as majority of the people are dependent on land for their livelihood.

- Seasonal Agriculture: Rural Society is mostly agrarian in nature. Most of the rural people are engaged directly or indirectly in agricultural activities. But in India agriculture is fundamentally a seasonal affair and, therefore, it provides employment opportunities only for a particular season of the year. For example, during the sowing and harvesting period, people are fully employed and the period between the post harvest and before the next sowing season they remain unemployed and suffer from poor economic conditions.
- Decline of Cottage Industries: In rural India, village or cottage industries were a means of employment particularly for the landless people. They depended directly on various cottage industries for their livelihood. But, now-a-days, these are adversely affected by the industrialisation process. The small scale and cottage industries with their limited resources are unable to compete with modern industries and factories. Hence they are suffering from a serious loss and are gradually closing down. People are no longer motivated to set up their own small scale or cottage industries. This has resulted in the decline of employment avenues and opportunities.
- Limitations of the Education System: The present educational system is mostly confined within the classroom. It is mostly degree oriented and not practical and job oriented. Vocational skills are not given due importance. Thus, modern education is not very effective in terms of rendering employment. It has not been able to impart skills necessary for self employment or entrepreneurship.

- Lack of Transport and Communication: In India particularly in rural areas, there are no adequate facilities of transport and communication. Owing to this, people in villages who are not engaged in agricultural work remain unemployed. Further, they are also unable to start any business for their livelihood as they are bound to remain confined only within the limited boundary of the village. It is to be noted that the modern means of transport and communication are the most effective way to increase trade and commerce. Since there is lack of transport and communication in rural areas, it leads to unemployment problem among the villagers.
- Inadequate Employment Planning: The employment planning of the government is not adequate in comparison to population growth. In India near about two lakh people are added yearly to our existing population. But the employment opportunities do not increase proportionately to the population growth. As a consequence, a great difference is visible between the job opportunities and the population growth. On the other hand, it is a very difficult task on the part of the Government to provide adequate job facilities to all the people. The faulty employment planning of the Government has aggravated this problem to a great extent. As a result the problem of unemployment is increasing day by day.

4.3.3 Employment Generation Programmes in India

- Swaran Jayanti Gram Swayrojgar Yojna: Launched in April, 1999, this yojana helps in promoting Self help groups or micro enterprises among the poor families. It is a self-employment programme for the rural poor. Its main objective is to bring the self employed above the poverty line by providing them income-generating assets through bank credit and by providing Government subsidy.

- National Food For Work Programme (NFFWP) : The NFFWP was introduced in November 2004 in 150 most backward districts identified by the Planning commission in consultation with the Ministry of Rural Development and the State government to generate additional supplementary wage employment with food security. This 100 per cent centrally sponsored scheme intends to achieve water conservation, drought proofing (including a forestation /tree plantation), land development, flood-control/ protection (including drainage in waterlogged areas), and rural connectivity in terms of all-weather roads.
- Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA): This is a recent and one of the most efficient policies for the unemployed. It guarantees job to every one for hundred days in a year with minimum wage of Rs. 120 per day. According to the policy, a job card is issued to every adult unemployed of a rural family after 15 days from the date of application. Anyone applying for the job card must be provided with the same or else he/she will be eligible to have unemployment allowance.

Though, the policies look really effective, lack of proper implementation at the grass root level has however, resulted in limited success. In India, the problem of unemployment among the educated youth is becoming a serious problem. The problem of unemployment has at times very serious consequences like suicide, trafficking of women and withdrawal from social relationships. Another major problem related to unemployment is the persistence of poverty. With the majority of the population remaining entangled within the shackle of poverty India cannot develop and therefore poverty has stood as one of the major challenges that remains to be tackled in India. Thus, in next we will discuss the concept of poverty in detail.



CHECK YOUR PROGRESS

Q1(a). Mention two types of unemployment.

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Q1(b). State the full form of MGNREGA.

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ACTIVITY 2

Try to find out the number of unemployed persons in your locality. Suggest two ways to reduce the numbers of unemployed persons.

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4.4 Meaning of Poverty

Poverty is a socio-economic condition in which a segment of the society is incapable of accomplishing their basic or indispensable requirements of life such as food, clothing, housing, education and other essential minimum human needs. It is closely linked to inequality. When one section of the society is not socio-economically at par with the rest of the population and is deprived of the fundamental necessities of life, they are considered poor. Furthermore, poverty involves not only the lack of basic necessities for material well-being, but also the denial of opportunities for living a decent life. It is a condition or a state of being that gives rise to a feeling of discrepancy between what one has and what one should have.

4.4.1 Approaches to understandig to Poverty

There are mainly two different approaches to understend poverty -

- **Absolute Poverty :** Based on the idea of subsistence, absolute poverty implies a situation where people fail to afford the vital requirements for existence such as sufficient food, clothing and shelter. The concept of absolute poverty is seen to be universally applicable as it is held that the standards of human subsistence are more or less the same for all people of an equivalent age and physique, regardless of where they live.
- **Relative Poverty :** It relates poverty to the overall standard of living that prevails in a particular society. According to the advocates of this concept, poverty is culturally defined and therefore can not be measured according to some universal standard of deprivation.

Three other important perspectives on poverty are -

- Income Perspective : In this perspective, income is considered to be the chief criteria in determining poverty. A person is regarded as poor if his/her income level falls below the defined poverty line. The poverty line is often determined on the basis of having sufficient income for a specified amount of food.
- Basic Needs Perspective: According to this respective, poverty cannot be adequately determined by calculating merely the income of the people because income though important, yet represents only a single dimension of human life. According to the basic needs perspective Poverty is a broad category and therefore should be measured by taking into account several other indicators or variables such as access to health facilities, educational opportunities, employment, etc. This perspective considers those to be poor who are unable to fulfill their basic needs for survival.
- Capability Perspective: This perspective focuses on the functions that a person can or cannot perform, given the opportunities he/she has. Here poverty represents the absence of some basic capabilities to function. The function here may refer to physical ones like being well nourished, having adequate clothing, shelter

etc. It may also refer to social achievements like participating in community activities, events etc.

4.4.2 Causes of Poverty

Different scholars have illustrated different causes of poverty. According to Henry George, the foremost cause of poverty is the personal ownership and monopoly of the individual over the land. Karl Marx saw the exploitation of the workers by the capitalist as the main cause of poverty. Again according to Thomas Robert Malthus, population increases in arithmetic progression and resources increase in geometric progression which is a chief cause of poverty. Thus, we can see that there are various opinions and views regarding the causes of poverty. Let us now try to understand some of the other important factors which lead to poverty.

- **Social Factors:**
  - **Overpopulation :** Overpopulation is defined as the situation of having large number of people with too few resources and too little space. When massive population growth takes place it often becomes disproportionate to the total available employment avenues or opportunities, resulting in job scarcity. Thus many people remain unemployed or suffer from lack of livelihood opportunities. Furthermore the basic needs for survial like food, clothing etc also becomes scarce and hence people are impoverished in such situations
  - **Lack of education :** Poverty is also related to education. Illiteracy or lack of education leads to poverty. The lower is the level of education the lesser is one's income.
  - **Degradation of the Environment :** The deterioration of the natural environment, including the atmosphere, water bodies, soil, and forests - is an important cause of poverty. Environmental problems have led to shortages of food, clean water, materials for shelter, and other essential resources.

As forests, land, air, and water are degraded, people who are directly dependant on those natural resources for their survival suffer the most.

- **Economic Factors :**
  - **Lack of Capital :** Capital is an important element of production. Lack of Capital prevents industrial growth. It also narrows down employment opportunities. Therefore, the nations which lack capital witness a very slow economic growth. This is one of the prime causes of poverty.
  - **High Rate of Unemployment :** Unemployment and poverty are interrelated. People are more prone to poverty when the employment opportunities are limited. Therefore those countries having less scope of employment usually have huge percentage of people living below the poverty line. With a higher number of unemployed people, crime rates in these countries also amplify as people become desperate to survive.
- **Social Structure :** According to sociologists, poverty is associated with the structure of society. Historically Indian society was hierarchical in nature. This hierarchy was based on one's birth rather than one's ability. Power and prestige along with the avenues (like education) to excel in life was kept open for only a few. On the other hand the vast majority of the population was compelled to live a life of poverty and misery.
- **Historical Factors :**
  - **Colonial Rule :** Many scholars state that poverty is an outcome of the Colonial rule. The colorial rulers exploited the colonies by using their raw materials for manufacturing goods and then finally selling it at higher prices in the colonies itself. The Colonies therefore provided both raw materials and markets for the goods manufactured by the colonies; thereby boosting up the colonial economy. The Colonial

rulers enhanced their economic growth by utilizing the resources and raw materials of the colonies to their maximum profit. In this process the Colonies became exploited and impoverished.

- **War :** The wars and threat of wars also compel the State to spend vast amounts of money on defense and security mechanisms rather than on development. Constant wars impede growth and hence the country suffers from economic setbacks. In such circumstances the country is bound to remain underdeveloped. For example, after independence, India had to fight wars with China and Pakistan. Constant threats from the neighboring countries compelled the government to focus on and spend more on defense than development. Thus the pace of economic growth is very slow and therefore elevating people's economic condition has been a durindiling process.
- **Natural Disasters :** Natural disasters such as hurricanes and earthquakes cause loss of lives and millions of dollars worth of infrastructure. It renders many homeless, starved and impoversihed. Developing countries often suffer much more extensive and acute crises on the account of natural disasters, because the limited resources at their disposal become hindrance for the construction of adequate housing, infrastructure, and the creation of proper mechanisms for responding to crises. Natural disasters therefore, obstruct, economic growth and cause people to suffer massive economic setbacks.



CHECK YOUR PROGRESS

Q2(a). Mention four causes of poverty.

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Q2(b). Who coined the terms geometric progression and arithmetic progression ?

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4.4.3 Estimation of Poverty in India

Poverty is one of the main social problems that India is facing today. The most important indicators of poverty in India are malnutrition, low consumption expenditure, chronic illness, unemployment, poor sanitation and housing conditions. Here poverty is estimated on the basis of 'Head Count Ratio' or on the basis of minimum consumption expenditure. There were about 32.1 crore persons living below poverty line in 1973-84. It remained almost stagnant during a decade of 1973-1983 but it come down to 26 crore in 1999-2000 and to 22 crore in 2004-05. Poverty is higher in the rural sector as compared to urban India. Further, the number of people living below poverty line varies across different states. Uttar Pradesh, Bihar, Rajasthan, Uttrakhand, Madhya Pradesh etc. have relatively greater number of poor persons as compared to other states. Orissa has the highest percentage of persons living below poverty line i.e., 43 per cent and Punjab has the lowest i.e., 6 per cent cent. In Assam, according to the Poverty Headcount Ratio, 37.9 per cent of the people live below poverty line in 2009-2010 i.e. 11.64 Million people living in Assam fall under the category of poor.

4.4.4 Poverty Alleviation Programmes in India

We have seen that poverty is a complex issue in the present day context. Thousands and thousands of people are suffering from poverty and are therefore unable to live a healthy and dscent life. Hence, to reduce or eliminate poverty and to uplift the socio economic conditions of the deprived section, the goverment has introduced a number of schemes and policies. Poverty alleviation programmes form a significant aspect of India's planning. Initially from the 'trickle down effect' to 'pro poor growth' today, the schemes and policies formulated by the Indian government have been modified, improved and expanded over the time to resolve the problem of poverty. Let us now try to identify some of these programmes.

- **20 Point Programme :** This programme was introduced in July 1975 by Indira Gandhi for reducing poverty and economic exploitation and for uplifting the weaker sections of the society. The five important goals of this programme were-
  - Controlling Inflation
  - Giving Incentive for Production
  - Welfare of the Rural population
  - Lending help to the Urban Middle Classes
  - Controlling economic and social crimes.
- **Prime Minister's Rozgar Yojana (PMRY) :** This programme was launched in 1993 with the intention of providing self-employment opportunities to the educated unemployed youth with family income of up to Rs.40, 000 per annum, in both urban and rural areas. The programme assisted them in setting up any economically viable activity. So far, about 20 lakh units have been set up under the PMRY, creating 30.4 lakh additional employment opportunities.

National Rural Gaurantee Act (NREGA) : This act was passed in the year 2005 to uplift the lives of the rural population. The policy ensured to provide one hundred days of guaranteed wage employment to every household in the villages whose adult members were willing to do do unskilled labour in every financial year. This act was later on renamed Mahatma Gandhi National Rural Gaurantee Act (MNREGA)



4.5 LET US SUM UP

- Unemployment refers to a situation where anyone of working age, regardless of his/her desire to be in full time employment, is not able to acquire the same.
- In India, the problem of unemployment among the educated youth is assuming serious proportions.

- Increase in unemployment rate has led to the increase in the number of people living in poverty.
- Poverty is a socio-economic condition in which a segment of the society is incapable of meeting their basic or indispensable requirements of life.
- Absolute poverty implies a situation where people fail to afford the vital requirements for existence such as sufficient food, clothing and shelter.
- Relative poverty refers to the overall standard of living that prevails in a particular society.
- The poverty line is often determined on the basis of having sufficient income for a specified amount of food.
- According to Basic Needs perspective poverty is a broad category and therefore should be measured by taking into account several other indicators or variables such as access to health facilities, educational opportunities, employment, etc.



4.6 FURTHER READING

Ahuja. Ram. 2009.SocialProblems in India. Rawat Publication: Jaipur.

4.7 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No. 1a) Structural Unemployment, Cyclical unemployment

Ans to Q No. 1b) Mahatma Gandhi National Rural Employment Guarantee Act

Ans to Q No. 2a) Overpopulation, lack of education, War, environmental degradation.

Ans to Q No. 2b) Thomas Robert Malthus



4.8 POSSIBLE QUESTIONS

A) Short Questions (Answer each question in about 150 words)

Q.1. What is meant by cyclical unemployment?

Q.2. What is meant by relative poverty?

B) Long Questions (Answer each question in about 300-500 words

Q.1. Discuss the social causes of poverty.

Q.2. Explain the causes of unemployment.

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