

Unit-02



Basic Problems of Rural Economy

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1. Concept of Poverty

1. Introduction :

The total population of India is about 139 crores (as per 2021 census) and about 65% of the population lives in rural areas. Hence, if the country is to develop sustainably with stability, it is necessary to develop the rural sector. But various economic problems prevail in rural areas which adversely affect the economic development of the country. Hence, for the development of the country, it is necessary to focus on the various problems prevailing in rural areas like poverty, unemployment, population, migration, inflation etc.

Among the problems prevailing in rural areas, poverty is a fundamental and important economic problem. Besides, poverty is also a global social and economic problem that affects rural economies all over the world. Lack of income creates poverty. The resulting condition affects social life in the worst possible way. In a

developing country like India, the problem of poverty is very serious and widespread as it is associated with development, inequality, deprivation, social justice and human rights. During the process of economic development in developing countries like India, on the one hand inflationary pressure increases and on the other hand these countries have to emphasize on basic industrialization to achieve stable and high rate growth in the long term. During this process, the prices of the essentials of life increase with less attention initially paid to agriculture and consumption industries. So the problem of poverty becomes more severe. A problem like poverty creates many new problems in the economy which adversely affects the economic development of the country. Hence, to remove the problem of poverty, it is necessary to know about its concept, types, causes, effects. So that the planners can take suitable steps for poverty alleviation based on that.

2. Meaning and Definition of Poverty :

Meaning of Poverty: Poverty is a multifaceted, complex and man-made social problem characterized by the lack of sufficient financial resources or material possessions to meet basic human needs and lead a dignified life. The concept of poverty is associated with basic needs. Poverty is a condition where people's income is so low that they cannot even meet their basic needs like food grains, pulses, milk, vegetables, clothing, shelter, education, and healthcare. Hence it is called absolute poor. Thus poverty denotes a state of lack. The problem of poverty is very severe in most of the developing countries of the world. The problem of poverty also prevails in developed countries like Europe and America in different forms.

The meaning of poverty changes with place, time and circumstances. Poverty in India is defined on the basis of calorie consumption or expenditure. According to the norms accepted by the Planning Commission of India, a person in a rural area should get 2400 calories from his daily diet and a person in an urban area should get 2100 calories from his daily diet. In order to get calories within this fixed limit, it is necessary to spend some minimum amount on the daily diet with respect to the price level. A person who cannot spend even this minimum to get calories is a poor person.

A Traditional Meaning of Poverty : According to income definition of poverty, "A certain normative minimum level of per capita consumption expenditure required to ascertain minimum basic needs and services is called poverty line."

All people, who have less than required income are said to be poor. It means that poverty is a state of scarcity. Poverty line is a minimum standard.

The concept of poverty line is shown on the basis of different criteria. In India poverty line is defined in required calories or minimum expenditure required to get minimum calories.

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According to this standard rural people should get food with 2400 calories and in urban areas 2100 calories is required. But the limitation of this method is that. It only shows the situation of non availability of food. Poverty is not a situation of starvation but is more than starvation. In this concept, minimum required food, clothing, housing, education, pure drinking water, health, cleanliness are also included.

The concept of traditional poverty only give the idea of poverty but intensity is only measured by modern meaning of poverty.

B Modern Meaning of Poverty : The modern economists Mahbub UL Haq and Amartya Sen have given great devotion to this topic. This concept is also known as non-income poverty. As per their theory, the income poverty is one of the important elements of poverty but it only reflects a single aspect of human life. As compared to rich people, poor people get less freedom of choice and also live life without freedom. So to get exact meaning of poverty not only income but also knowledge, long and healthy life, good standard of living, individual freedom, availability of opportunities and a life of choices, self respect etc. should be also considered.

UNDP, who is preparing development report through HDI (Human Development Index) and HPI (Human Poverty Index), included three important parameters namely, knowledge, health and standard of living. Under which knowledge - literacy rate and enrollment ratio are measured, for health - life expectancy at the time of birth is measured and for standard of living per capita income at Gross Domestic Product is considered.

Poverty Line : In general, the poverty line is a measure of how much income or expenditure a person has to pay for the basic amenities of life such as shelter, food, clothing, healthcare, education and other basic needs.

Different nations calculate the poverty line in different ways. The poverty line is a measure of how much it costs or how much income is needed to pay for rent or buys a house, to meet food and other needs. If a person's income is above the poverty line, the government considers it sufficient to cover the costs of housing, clothing, medicine, food, and necessities, and the person is not poor. But if a person's income is less than the poverty line, they cannot meet their basic needs, and they live below the poverty line.

The poverty line in India was initially determined by the Planning Commission but currently it is determined by the NITI Aayog. Poverty line estimation in India is based on the consumption expenditure and not on the income levels. In the year 2011-12, the per capita monthly consumption for rural areas 816 rupees and for Urban areas 1000 rupees was decided as poverty line by Tendulkar committee. According to the Rangarajan Committee Report (2014), the per capita monthly consumption in urban areas is ₹ 1407,

and in rural areas, the per capita monthly consumption has been fixed to ₹ 972.

Definition of Poverty :

Different economists have tried to define poverty as follows.

- > According to Adam Smith, "poverty as the lack of the necessities and opportunities necessary for a decent life, including food, shelter, and education".
- > According to Gillan, "If a person does not possess the required income or expenditure needed to satisfy the basic needs to maintain the social standard, he is defined as poor."

> Rowntre has defined the poverty as "a family is considered to be living below poverty, if its total earnings were insufficient to obtain the minimum necessities for the maintenance of merely physical requirements."

> According to the United Nations, "poverty is fundamentally a lack of choices and opportunities and a violation of human dignity. In other words, poverty refers to the basic lack of ability for people to participate effectively in society. In which the family does not have enough food to feed and clothes to wear, Not being able to teach in schools, not having land to grow food grains or jobs to earn a living, not having access to credit, lack of hospitals, clean drinking water and sanitation facilities means living in a fragile environment where individuals, families and communities are insecure. "

> The World Bank defines poverty based on income levels. Income levels are expressed by the international poverty line, which is set at \$1.90 per day (in 2011 purchasing power parity terms). According to the World Bank, people whose income is less than the set threshold of \$1.90 per day live below the international poverty line.

According to recently updated data from the World Bank, this ratio is set at \$2.15 per day in 2022. This threshold is designed to capture extreme poverty and is used to compare poverty rates in different countries.

2. Nature or Forms or Types of Poverty

There are two types of poverty : (1) Relative Poverty and (2) Absolute Poverty.

(1) **Relative Poverty** : The concept of relative poverty is associated with unequal distribution of income. Relative poverty exists when some sections of the country earn more than others due to unequal distribution of income. In the concept of relative poverty, individuals in a society are grouped according to their income and the relative income of such population groups is compared. Lower class people are said to be relatively poor as their income is less than the upper class people. The proportion of relative poverty is higher in capitalist countries than in communist countries of the

world. The relative concept of poverty is not very useful for developing countries. Of course, the concept of relative poverty is more useful for getting an idea of income inequality in a country.

Relative poverty is usually measured by the share of the top 5% or 10% of the nation's total income, and the bottom 20% or 40% of the national income. The concept of relative poverty is not very useful for developing countries. This concept only gives information about inequalities of income. The concept of absolute poverty is important for developing countries.

Efforts have been made to measure inequality of income distribution in 66 countries of the world. In which the per capita income of the country and the total population of the country are divided into three sections. (1) the highest income 20% population of the country (2) the middle income 40% population and (3) the lowest income 40% population get the share of the national income. Countries where the bottom 40% of the population receives less than 12% of national income are considered to have severe inequality, moderate inequality where the share is between 12% and 17%, and low inequality where the share is greater than 17%.

In this view, low income inequality was observed in 21 countries out of 66 countries. Income inequality is found to be low or moderate in socialist countries. Countries like Japan, Britain, U.S.A, have also seen low inequality.

The concept of relative poverty can be studied with the help of a following hypothetical example. For e.g. A nation's population is divided on the basis of five income groups.

Group	Income Group (in Rupees)
Group - 1	0 - 30,000
Group - 2	30,000 - 1 lakh
Group - 3	1 lakh - 3 lakh
Group - 4	3 lakh - 10 lakh
Group -5	10 lakh and above

In the above example the class in group 2 has more income of people than in group 1. It can be said that in group 1 are relatively poor than group 2. But the same way group 2 is poor than group 3. Group 3 is poor than group 4, and group 4 is poor than group 5. It means people of group 1,2,3 and 4 are relatively poor than group 5.

According to internationally accepted norms, these people are considered to be poor in the sense of relative poverty, who earn less than 40 percent of the national average wage in their country is poor. This concept is more relevant for developed countries like USA, UK, Japan etc. with reference to the disparity of income.

(2) **Absolute Poverty** : Absolute poverty is also known as pure poverty. The concept of absolute poverty is associated with basic needs. A person who cannot meet his basic needs like food grains, pulses, vegetables, clothing, shelter etc. is called absolute poverty. The concept of poverty line is used to measure the extent of absolute poverty. The poverty line shows the amount of minimum income or expenditure a person needs to meet their basic needs. Three factors have to be taken into account to determine the amount of minimum required income or expenditure, (1) How many calories should a person get from daily diet to sustain life? (2) How much and what kind of food is needed to get the required calories? (3) How much must be spent to get that food at current prices? Based on these three factors the minimum expenditure level required for an individual is determined. A person, whose expenditure or income is less than this minimum necessary expenditure level, is lives below the poverty line and is said to be absolute poor.

➤ **Other Types :**

(3) **Rural Poverty** : It occurs in rural areas with population below 50,000. It is the area where there are less job opportunities, less access to services, less support for disabilities and quality education opportunities. Most of the people in rural areas depend for their employment on agriculture and other menial jobs available in the surrounding area. Hence rural poverty comes into being.

(4) **Urban Poverty** : Urban poverty is occurs in the metropolitan areas with population over 50,000. These are some major challenges faced by the urban poor like limited access to health and education, inadequate housing, unhealthy environment, casual daily employment and insufficient income in urban areas. Rapid urbanization has led to a rise in urban poverty.

(5) **Situational Poverty** : Situational poverty occurs due to specific events or circumstances like natural disasters, economic recessions, or health crises, leading to a sudden decline in income and living standards.

(6) **Multidimensional Poverty** : Multidimensional poverty takes into account a range of factors beyond income, including access to education, healthcare, nutrition, sanitation, and other basic needs. It assesses poverty based on multiple dimensions of deprivation.

Poverty Trend in India :

Year	Rural Poverty (%)	Urban Poverty (%)
1993-94	50.1%	31.8%
2004-05	41.8%	25.7%
2011-12	25.7%	13.7%
2019-21	21.2%	5.5%

From the above table, it can be seen that rural poverty was declined from 50.1% to 21.2% during the period of 1993-94 to 2019-21. Similarly urban poverty declined from 31.8% to 5.5% during the period of 1993-94 to 2019-21.

3. Indicators of Poverty

The level of poverty and their components are called the indicators of poverty. To understand poverty of any country, the indicators of poverty are most powerful elements. Through indicators we can easily find out the types and level of poverty. The main indicators of poverty are low per capita, household expenditure, malnutrition, life expectancy, infant mortality rate, medical facilities, drinking water, toilets, housing, electricity consumption, education etc.

(1) **Low per Capita Household Expenditure** : The per capita household expenditure of any country is very important indicator of poverty. Per capita household expenditure depends on per capita income. Per capita household expenditure is the amount of income a family spends on an average on consumption of goods and services. To calculate per capita household expenditure, the nation's total spending on such goods like cars, computers, washing machines, T.V., mobiles, A.C. are divided by the total population. Per capita house hold income and expenditure shows the countries expenditure on standard of living and luxurious product. The per capita consumption expenditure for developing countries is much lower than that of the developed countries and in this sense, developing countries are poor.

e.g. The following table indicates per capita consumption expenditures.

Countries	Fixed Price of 2005 in US \$ Year 2014
US	31,469
UK	25,828
Japan	22,149
China	1420
India	725
Pakistan	603
[Source : World Bank]	

According to the above information on the basis of the base year price of year 2005, in the year 2014, the per capita household expenditure in developed countries in US is \$31,469, UK is \$25,828 and Japan is \$22,149 while in developing countries like India is \$725, China \$1420 and Pakistan \$603. It shows the poverty of Nation. As compared to U.K. and U.S. India's per capita consumption expenditure is almost around 40th part. Which shows India's poverty.

(2) **Level of Malnutrition** : Normally a human take calories, proteins, carbohydrates, vitamins and minerals in the meal. To calculate poverty these all ratio are also measured. The person who is not getting nutritive food are called malnutrition person. As compare to developed country the malnutrition ratio is high in developing country. In India, inspite of an increase in agricultural production, people with low income are unable to get nutritive food because of low per capita income and unequal distribution of Income. According to FAO, 2015 report, the situation of food security in India is ranked 2nd in the world in measurement of malnourishment which indicates poverty in India.

There are 793 million malnutrition people in the world. It means almost 13% of the total population of the world. According to economic survey in India following measurement are shown.

Year	Total Malnourished People (in %)
1990-92	23.7
2000-02	17.5
2005-07	20.5
2010-12	15.6
2014-16	15.2

[Source : Economic Survey - 2015-16]

According to table from last 2½ decade, the ratio was decreased but still it is 15.2% in 2014-16. It indicates the poverty of India.

(3) **Life Expectancy and Infant Mortality rate** : Life expectancy means that how long new born baby is expected to live on an average. The Average life expectancy of the people in a country is based on nutritive food, cleanliness, pure drinking water and health service. Mostly rich people can get all facilities more than poor people. Same as in developed countries these all facilities are more than developing country. Poor people are deprived of such facilities so they have low life expectancy.

Infant Mortality means number of death taking place per thousand children born before reaching the age of one year.

According to experts view, death rate of new born babies before completion of a year in a country is called Infant Mortality Rate. The rate of infant mortality depends on income, health service, mother's health and education, vaccination, nutritious food etc. This type of service is not fulfilled by poor people and that is the main reason for child death before completion of one year. As compared to rich people infant

mortality rate among poor people is high. Infant Mortality is also an indicator of poverty in respect to poor health services. Life expectancy and infant Mortality rates of various countries of the world are shown as below :

Life Expectancy and Infant Mortality

Countries	Life Expectancy (in year 2023)	Infant Mortality
Norway	83.55	1.8
USA	79.74	5.1
Srilanka	78.79	6.5
China	76.80	6.8
India	72.03	30.4

As per the above table the life expectancy in Norway is highest, 83.55 years and lowest infant mortality rate is 1.8. In comparison to this, developing countries have low life expectancy and high infant mortality rate. It indicates the poverty.

e.g. In 2023, the life expectancy in Srilanka was 78.79 years, China 76.80 years and in India only 72.03 years. It means India's life expectancy is lower than Srilanka and China.

In case of infant mortality rate, India has highest rate as compare to another country. e.g. In Norway only 1.8 child die per thousand, in America 5.1, in Srilanka 6.5, in China 6.8 whereas in India 30.4 children died per thousand. It shows very high infant mortality rate in India.

In short, in 2023 India's life expectancy was 72.03 and infant mortality rate was 30.4 shows the poverty of India.

(4) **Medical Facilities** : The scarcity of doctors and medical facilities are important part of indicators of poverty. People are often victimised in developing countries because of low health and medical facilities. These types of poor do not get nutritious food and that is why their immunity power is less. In health sector doctors, nurses, compounders', medicines etc. are included and their scarcity adversely affects health services. The government also ignores such type of things. The situation of India as compared to other countries is very poor in medical services and doctors. The condition of village people is very bad in medical facilities.

In developing countries every year 1.7 crore people die from diarrhoea, malaria and T.B. In whole world 2.3 crore people are suffering from AIDS and most of them are poor people. It means out of this 90% belong to the developing economies.

In developing countries only 1 doctor is available for six thousand population. Where as in developed countries 1 doctor available one for every 350 people.

(5) **Drinking Water** : One indicator of poverty is drinking water. Health is very much connected with drinking water and facilities of cleanliness. Due to scarcity of pure drinking water, people often get water diseases. Mostly poor people are suffering from this situation. In short, the dirty and unhygienic water is root of diseases.

According to census Report 2011, in India 63.3% families get pure drinking water through treated source. 8.67% families get untreated tap water, 26% people get water from other sources such as well, hand pump, spring, river, canal, ponds. In the absence of pure drinking water polluted water increases the chances of water borne diseases.

(6) **Provision of Toilets** : Cleanliness is important aspect with pure drinking water. To avoid water borne diseases cleanliness is most important indicators. Due to scarcity of toilet in the houses and society, people are going outside for toilets. It creates pollution in the society. The scarcity of toilets for poor people in developing countries is one of the indicators of poverty. According to one report 70% of Indian people live in slum area or unhygienic areas. In countries only 66% houses have toilet facilities while 34% houses are without toilets facilities. Lack of cleanliness, pollution and physical weakness keeps the production and productivity level low.

(7) **Housing** : Housing facilities is also one of the indicators of poverty. The developing countries like India, Pakistan is facing lack of housing facilities. In this type of situation people are living in slums and dirty areas. "Food, cloth and shelter (housing)" are basic need for human being. Types of housing facilities decides the level of poverty.

Construction of a house, Varandah, members in a house, tap in the house, drainage facilities in the house, electricity facilities etc. and the percentage of houses with these facilities decides the level of poverty.

Most of the houses in India comprise of one room facility and number of family members are more. These type of houses are not having drainage facilities, electricity facilities etc. Many people live without houses near airport or railway station and under the over bridge. In India 60 crore people have dwellings which are dangerous for their health and risky for their lives.

(8) **Electricity Consumption** : One of the major factors in the development of any country is electric facility. In any country per capita consumption of electricity is useful in taking decision about economic development and physical quality of life. As compared to developed countries the level of consumption of electricity is lower in developing countries. India produced maximum and more production of electricity but due to high population and low level of income the electricity consumption is lower.

e.g. per capita electricity consumption in U.S. 12985 kw, Japan 7836 kw, U.K. 5407 kw, while in India only 765 kw.

(9) **Education** : The development of any country is depends on literate and trained employees. In developing countries literacy and training both are at low quality rate, so production, is also low and because of that they get low salary. Low education makes them conservative and rigid and they are also not ready to accept the changes.

According to World Bank "People in the age group of 15 years and above, who can read and write are literate, and the rest are illiterate and they are mostly poor." In developed countries 100% people are literate. In 2011 Brazil had 91% literacy rate whereas in India it was 74.04%, in Nepal 60% and Pakistan 55% which shows that in developing countries, the literacy rate is comparatively very less. As compared to male, the females are more illiterate. Low education is both cause and effect for poverty.

Only level of per capita income can not give the right estimate of poverty in the world. A country with high per capita income can have high number of people below poverty line.

(10) **Unequal Distribution of Income and Property** : The poverty in the world not only depend on per capita income but also depends on distribution of income and property. If any country's per capita income is more but on another side unequal distribution of income is created then there is possibility of poverty in the country. Mostly in developing countries the size of poor families are big, and the sources of income and resources are low which create low income ratio. The benefits of economic development are taken by only rich people and poor people can't get it.

After 1991 economic reforms, economic growth and per capita income have increased sharply in India due to unequal distribution of income; larger reduction in poverty is not noticed. On one hand we see rich class of people with high standard of living and enjoying good facilities and on other hand, we find low income people living in slums and deprived of basic necessities like food, education and health.

The table shows, the actual income of 1% top rich class in USA, UK and India.

Share of actual income to top 1% Rich Class.		
Country	Year 1998	Year 2012
USA	15.2	18.9
UK	12.5	12.7
India	9.0	12.6
[Source : Economic Survey 2015-16]		

According to above information in USA rich class person increased 3.7%, U.K. 0.2% while in India 3.6%. For India it can be said that the advantage from economic reforms were more in favour of the rich.

So, the unequal distribution between rich and poor are indicators for poverty.

(11) **High rate of Unemployment** : When there are people with working capacity and willingness to work at existing market wage rate and also searching for the job but do not find work (job), they are said to be unemployed. On the situation of unemployment the person is not able to satisfy the primary needs of his family so the ratio of poverty increases. In the first four decade of planning, the economic growth is very low and it resulted in to less development of employment opportunities in comparison to increase in supply of labour is the main reason of increase in unemployment. In India till 2011, the rate of unemployment remained around 9%. According to labour commission in the year 2013-14, the rate of unemployment above the age of 15 years and above is 4.9%. In rural areas, this rate was 4.7% and in urban areas it was 5.5%.

(12) **Others** : The group of low income people per capita clothes consumption is also low. The population ratio is high and the size of family is also high. Just because of poverty the child works in dangerous field like crackers factory. The low saving rate and dual economy are the indicators of the poverty.

4. Causes of Poverty

1. Introduction :

Poverty in India is a complex and multi-dimensional problem. In the early years of planning, planners did not focus on the problem of poverty. Because at that time there was a belief that the development of the country would automatically solve the problem of poverty, but it did not happen. Since the beginning of the Fifth Five Year Plan, the objective of poverty eradication has been given priority. However, the poverty rate did not decrease as expected.

2. Causes of Poverty in India :

The reasons responsible for poverty in India can be described as follows.

(1) **Historical reason** : India was a prosperous country before the British rule in the 17th century. But India was economically exploited on a large scale during the British rule. They had no interest in the development of the country. Hence new industries could not develop in the country. Not only that, they implemented trade policies, taxation policies and industrial policies which destroyed India's domestic industries and prohibited new industries from developing. During that time agriculture in India was dependent on rain. But the British rulers neglected to invest in the irrigation sector. On the other hand, due to frequent droughts, zamindari system, high rate of land revenue, etc., farmers became economically weaker. Due to which the poverty rate of the country increased.

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(2) Causes of Rural Poverty :

(a) **Inequality of land ownership** : Inequality in land ownership is one of the causes of rural poverty. E.g. In India, 10% of the landlords own 56% of the land. While 70% of the people own 13.83% of the land. As a result the size of the farm remains small. Such small farms do not receive any benefits of farm progress. Besides, the limited zamindars dominate politics and have managed to take the benefits of the government's rural development schemes in their favors, while the economic condition of landless farm laborers and small and marginal farmers has not improved and lives below the poverty line.

(b) **Low productivity of agriculture** : Although agriculture is the main occupation in India, the agricultural sector is still using old production methods. Due to less use of chemical fertilizers, improved seeds, irrigation equipment etc. in agriculture sector, the productivity per hectare and per laborer is low. Failure to create sufficient employment opportunities in other sectors in rural areas has increased population pressure on agriculture. This has led to sub-division of land and sub-division of sub-economic tillage components. Due to this, the rate of poverty has also increased.

(c) **Failure in implementation of land reform** : The Land Ceiling Act has been passed to reduce the inequality of land ownership and the Tenancy Act has been also passed to protect the rights of tenants. But all these laws could not be effectively implemented. Still the administrative system of government in rural areas is dominated by large landlords and rich farmers. Hence the expected reduction in rural poverty could not be achieved.

(d) **Natural disaster** : Agriculture is the main occupation of rural areas of India and agriculture is mainly dependent on natural factors such as rain, weather etc. Due to frequent droughts, floods, heavy rains etc. in the country, the production and income in the agricultural sector remains uncertain. At the time of such calamities, even the little savings that the farmers have made are used up. A farmer cannot get out of the vicious cycle of poverty.

(e) **Minimal development of agro-related industries** : Agricultural sector depends upon monsoon due to insufficient irrigation facilities in rural areas. Moreover agricultural and allied activities like animal husbandry, dairy industry, fisheries etc. were growing slowly and this increases seasonal unemployment. As a result poverty remained high in rural areas.

(3) Economic Reasons :

(a) **Population growth** : During the period of planning, due to economic development and rapid improvement of health service, death rate declined fast but at the same time birth rate did not reduced significantly. So the situation of population explosion arises in the economy. According to the 2021 census, the total population

of India is 139 crores. Due to increase in population, level of savings, investment, output and employment reduces. As a result, the problem of poverty increases in the economy.

(b) Vicious circle of Poverty : A vicious circle of poverty is responsible for poverty. The vicious circle of poverty is seen on both the demand side and the supply side. Due to poverty, the per capita income is low, which reduces the demand for the commodity. As a result, reduction in production, employment and income creates the problem of poverty.

On the other hand, poverty reduces savings, investment and output. A decrease in production creates a shortage in the supply of a commodity. As a result the prices of goods increase and the standard of living of the people declines and poverty again exists.

(c) Unemployment : The problem of unemployment has increased due to adoption of industrialization strategy for economic development. The industrialization strategy emphasized heavy industries which are capital intensive. In such industries, employment does not increase as much as investment increases. In the private sector too, capital intensive production methods have been encouraged. In India, employment has not been created as fast as the increase in labor supply. As a result the rate of unemployment has increased, which leads to increase in the rate of poverty.

(d) Inflation : During the process of economic development, there has been a continuous increase in the price level in the country. On the other hand, the financial wages of the fixed income working class and unorganized workers could not rise significantly. Hence their real wages have fallen and the poverty rate has increased.

(e) Slow growth rate of economic development : The growth rate of India's national income has been very slow. On the other hand, the per capita income has increased at a very slow rate due to the increase in population. For ex. National income has grown at an average nominal rate of 3.5 percent, while population had increased at the rate of 1.68 percent. Therefore per capita income has grown at a nominal rate of only 1.82 percent. Hence poverty could not be reduced in India.

(4) Social Reasons :

(a) Lack of Quality Education : Quality education is lacking in rural areas of India. As a result there is a lack of requisite skills and knowledge among people in rural areas, which hampers good employment opportunities. As a result poverty could not be reduced.

(b) Caste inequality : A large amount of caste inequality prevails in Indian society. Due to caste inequality, people from very low castes and Scheduled Tribes are discriminated against in education, employment and social opportunities and are deprived of good job opportunities. As a result, poverty has increased.

(c) Gender Inequality : There is a huge gender inequality between men and women in India. Men are given more importance than women. Women's health is neglected, and even less attention is given to education. Hence employment opportunities are also less available for women. As a result the family income cannot increase and they remain poor.

(5) Other Reasons of Poverty :

(a) Urbanization : There is a lack of infrastructural facilities in urban areas. Hence rapid urbanization without adequate infrastructure and comprehensive urban planning could not create employment opportunities. As a result, the problem of poverty is created.

(b) Defense costs : Nowadays every country is under constant threat of foreign invasions. Hence, every country needs to be self-sufficient in terms of defense equipment like modern missiles, fighter planes, tanks etc. to face foreign aggression. Defense expenditure in India increased significantly during planning. Defense expenditure is a non-developmental expenditure. The more it costs for this, the more the expenditure for economic growth has to be cut. As a result, the growth rate remains low and poverty increases.

(c) Black Money : The increase in black money is responsible for poverty. The one who has black money can spend more money to get luxurious product and because of that poor people get less resources. Government doesn't have enough budget to satisfy social responsibility of poor people and the benefits are only taken by limited organized sector employees.

(d) Defective Government Policy : India has implemented a defective policy of industrialization at the expense of agriculture. Due to this policy, the production of food grains and consumer goods did not increase sufficiently. Therefore price of essential goods rises, which convert in to poverty.

5. Effects of Poverty

1. Introduction :

In developing countries poverty and economic development are related to each other. In these countries poverty is the main obstacle for economic development. The economic, social and human impacts of poverty create obstacles in the economic development of a developing country like India. In this context the effects of poverty can be analyzed as follows.

2. Effects of Poverty :

(1) Problem of Market : The problem of market is the main obstacles for economic development of the country. In India people have less low purchasing power due to poverty. As a result investors face the problem of market and they

invest less. Thus lack of investment, the level of production and income remains low. As a result the rate of economic development remains low.

(2) **Low productivity** : Due to poverty, the laborers do not get enough nutritious food. Hence their physical efficiency remains low, which convert in to low productivity. The poor are largely deprived of basic services like education, health etc. They cannot spend enough on their children's education. As a result future labor supply also remains inefficient. Due to poverty the workers cannot get enough training. They also find it difficult to get employment as they are not keeping up with the current technology.

(3) **Problem of Population** : Poverty is the main reasons for high population growth rate in India. Due to poverty, level of education and knowledge remains low in poor families. For poor families, children are not a liability but a means of earning income. Children are made to do forced labor at a child age to support the family. Therefore the size of the poor families remains large as compare with size of rich families. Therefore we can say that population growth among the poor makes poverty more widespread.

(4) **Unemployment** : During the process of economic development of the country, the employment opportunities in various sectors are increasing regularly. But the rate of increase of such opportunities are not sufficient to provide the employment opportunities of fast growing population. It is a situation where a person willing to work does not get the work to do. Due to high growth of population, seasonal unemployment, disguised unemployment are increasing.

(5) **Capital Formation** : The prevailing poverty in the economy hampers the process of capital formation. Due to the high proportion of poor population, the amount of savings in the country remains low. Hence, the supply of capital for investment is less and the rate of capital creation decreases. The government also has to spend a large amount of budget to meet the basic needs of the poor. Hence development investment is reduced. Producers also have no interest in investing when demand for goods and services are limited due to poverty. Hence the low rate of capital formation has an adverse effect on the economic development of the country.

(6) **Malnutrition** : Poverty creates the problem of malnutrition among people. Malnutrition is a condition in which a person's diet does not contain enough calories, proteins, carbohydrates, vitamins and minerals. Poor people do not get enough nutritious food. During 2014-16, the total number of malnourished persons in India was 15.2%. India is at the top of the world in terms of malnutrition. More than 200 million people, including 61 million children, are malnourished in India.

(7) **Healthcare facilities** : People do not get enough nutritious food due to poverty. Hence they have a weak immune system which adversely affects their health. And on the other hand due to poverty they are deprived of quality health services

due to low income. As a result, poor patients die even from preventable diseases. Hence, the death rate is high in poor families.

(8) **Lack of education** : Children are forced to drop out of school to help the family financially due to the large family size in poor families. Hence the literacy rate is low which affects the economic and social development of the country.

(9) **Social Inequality** : The problem of poverty increases the social inequality in the economy. This raises issues of inequality in the economy in terms of income, education and healthcare.

(10) **Increase in criminal activities** : Poverty itself is not the cause of crime. But it creates an environment through which criminal activities take place in the country. In other words poverty motivates individuals to engage in certain types of criminal activities like theft, vandalism, robbery, domestic violence, terrorism etc. to meet their basic needs.

6. Unemployment : Meaning and Types

1. Introduction :

Unemployment is the basic problem of the developing countries like India. It is a key indicator of the strength of an economy and is often used to gauge the overall economic well-being of a country. Unemployed workers do not contribute to the national product, but they do consume it. Hence the savings as well as capital investment reduces in the economy, which has an adverse effect on the economic development of the country. High rates of unemployment in developing countries can have significant consequences for both individuals and society as a whole. Hence it is necessary to solve the problem of unemployment in developing countries. As a result, it is necessary to study the problem of unemployment for what kind of employment oriented strategy should be adopted by the planners to solve this problem.

2. Meaning of Unemployment :

"The person who has a desire to work, who is qualified, who is willing to accept the prevailing market wage-rate and has made sincere efforts to find work but still does not get work is considered an unemployment person at an aggregate level. It is known as unemployment" If the person anticipates high salary and in that case is not prepared to accept the job is not defined an unemployed. This type of person is said to be voluntary unemployed according to Keynes. For e.g. present wage rate per day is rs. 1000 and a person demanding rs 1500 per day then this is called voluntary unemployment.

> According to Prof. Pigou, "A person can be called unemployed only when he is willing to work but is not able to find work."

➤ According to Milton Friedman "unemployment as a situation in which an individual who is capable of being employed at the going wage rate cannot find employers who are willing to employ him."

➤ According to "League of Nations Committee", "A person who is in search of work, he is capable and talented but is not able to find work. This is defined as unemployment."

3. Types of Unemployment :

(1) **Open Unemployment** : "A person who is ready to work at current wage rate and possesses qualification too, but does not get any job is called open unemployment."

➤ **Features** : (1) As there is increase in labour supply and the process of urbanization is at fast pace, then high rate of full unemployment is seen. (2) This type of unemployment is found more in urban area than in rural areas. (3) Most of the people of rural areas migrate to urban areas in search of jobs. (4) People those who are educated or less trained / unskill person suffer from this type of open unemployment. (5) Open unemployment is a reason for reduction in output and productivity, because this type of people can not work and they cannot get work, such people consume goods and spend. Savings become less, economic development rate becomes dull. Hence they become a burden. Open unemployment is seen more in the age group of 15 to 25 years.

(2) **Under Unemployment** : When labourers are not fully utilizing their energy for work, they are called under unemployment. In other words, an individual who has accepted job for certain period of time, the work is low as per his qualifications and skill, such type of individual is said to be under employed. When a labourer is willing and ready to work for certain years or days but get job for less than those hours or days then he is said to be unemployed.

In rural areas of India such type of seasonal or under unemployment is found. During sowing and harvesting time of crops such type of employment is seen in farmers. Other half of the years, they remain unemployed. Indian agriculture is based on monsoon and due to limited irrigational facilities, agricultural sector faces seasonal nature of unemployment.

When the educated skilled person has to accept job below its qualifications that person is called under unemployed.

E.g. If M.Com qualified person has to do job of peon then he is called under unemployed.

(3) **Disguised Unemployment** : In an over populated country like India such type of Disguised unemployment is mostly found. This type of unemployment is called hidden unemployment. In a developing country such type of unemployment is found. Prof Joan Robinson, Prof. Nurkes, Prof. Arthur Lewis, the economists gave the concept of disguised unemployment in a developing country. That is how

disguised unemployment concept can be theoretically used for economic development.

➤ **Meaning** : "If too many persons are employed at the given level of technology in an activity and when a few persons are removed from work, the total production does not change, then there exists disguised unemployment."

Prof. Ragnar Nurkse view "If labourers are removed to another sector, without reducing prevalent production, production in other sector can be increased. Thus disguised unemployed are implied savings."

E.g. In a 10 hectare land, 7 persons are working and producing 100 quintal grains. If 2 persons are removed from the work than, only 5 will remain busy in working and the production of grains remains the same. Here 2 laboures are disguised unemployed. Their contribution was nil and marginal productivity was zero.

In India population is increasing. So that labour unemployment is also increasing and other side agriculture sector is not much developed, so agriculture unemployment is more. In agricultural activities only farmer's family is involved and they have no other source of income. So disguised unemployment is found more in agricultural sector. In urban areas industrial sector and HUF (Hindu Undivided Family) type of unemployment is commonly found.

(4) **Cyclical Unemployment** : In capitalist developed countries, cyclical unemployment arises due to fluctuations in opportunities of employment on account of speculative trends of market. E.g. If the economy is passing through the economic boom, opportunities for employment and production increase. As a result, few people remain unemployed. On the contrary, if the economy is passing through depression, factories are closed, production decreases and opportunities for employment is also decreases. People have to remain unemployed in large number. Such employment is connected with phases of cycle of trade. If the economy based on market system, we often find such unemployment based on depression in economy.

In 1929-1930, there was Great Depression and its effect was seen in many countries that is why it is known as Greatest Depression of the world. America, England, Europe, etc. many developed countries are still facing unemployment problems. India is also globalized so whatever effects the other countries have, it is directly affect on India. So cyclical unemployment is seen in India. The commodities which are demanded at international level in that sector unemployment is found. E.g. Diamond industry in India.

Cyclical unemployment is for short time period. To solve such unemployment many state level manufacturing and developmental programmes investment is done, Job opportunities are created for unemployed individuals. As they get income opportunities their income increases. In whole economy, demand for commodity

grows with increase in production demand for employment will increased. By this way cyclical unemployment problem will be resolved.

(5) **Frictional Unemployment** : In developed countries, usually due to lack of effective demand short term friction unemployment comes into existence. When old technology is replaced by new technology and new technology is often capital dominated, less number of labourers are required. Thus, the unemployed workers have to try to find jobs in other fields. They have to acquire new skills through training. Thus, the time during which they have to remain unemployed is called frictional unemployment. E.g. Due to computerization the clerks will not be required in large numbers as before.

Due to new inventions, either demand for certain commodities increases or decreases. Therefore, labourers move to the unit which has more demand from the unit with less demand. For a short period, they have to remain jobless.

E.g. When smart phone replaced old mobile phones then the labourers engaged in production, sale and service of old mobile phones become unemployed. This is frictional unemployment.

(6) **Seasonal Unemployment** : Seasonal unemployment occurs during certain seasons of the year associated with agriculture. That is, if the laborers get employment only during the working season of agriculture and they have to remain unemployed during the rest of the time, it is called seasonal unemployment. In other words the agriculture is the main occupation in India, but still its dependent on nature. As irrigation facilities are inadequate in our country. Therefore crops are harvested only once a year. Hence the workers get employment only at the time of harvesting or sowing. They have to remain unemployed during the rest of remaining days (3 to 5 months) of the year.

7. Causes of Unemployment

1. Introduction :

Unemployment has steadily increased during the planning period in India e.g. At the end of the first plan, 53 lakh people were unemployed. This proportion increased to 348.5 lakhs at the end of the Ninth Plan. The growth rate of unemployment was 7.96% in 2001, which increased to 8.17% in 2011. The growth rate of unemployment is equal to 7.33% during the period of 2022.. Economic development has not been given as much importance as employment during planning. Therefore the problem of unemployment arises in the economy

2. Causes/Reasons of Unemployment in India :

In India due to growth rate of population supply of labourer is increases and on the other side defective policies and planning of government effects slow rise in employment opportunities.

(1) **High rate of population growth** : In India during planning period population growth rate was high. By this, labour supply also increased, which leads to unemployment. There is huge increase in population growth rate. During the first five-year plan in 1951, 36.1 crore population was found which increased to 139 crore by the year 2021. By such growth of population, the supply of labour also increases.

There is a huge growth of new labourers in search of employment in labour market. According to survey 1.70 Crore people added in population every year which is more than total population of Australia.

With this much growth of population and lack of employment opportunities, it's obvious that unemployment will increased. During the first five year plan the rate of economic development was very less. After new economic policy of 1991, job opportunity, increased but number of people for employment also increased so the unemployment problem increased. In India, during the year 1951-1981, there was persistency in population growth. After 1981 steps were taken to control the population. Rate of population was decreased in 2021. But still, 5.1 crore peoples are unemployed in India.

Due to increasing rate of population lack of attention towards agricultural so this sector is still underdeveloped. This type of unemployment is called disguised unemployment. Indian agriculture is based on monsoons, so we face seasonal unemployment also.

(2) **Slow Rise in Employment Opportunities** : Increase in employment and economic growth rate has a close relationship. Increase the rate of economic development increases the job, so the problem of unemployment can be solved. In first three decades of planning, India attained 3.5 percent of economic growth. The rate of population also increases the search of employment in the market. In India after 1990, the economic rate was good at 5.6% during 8th five-year plan, 5.6% during 9th five year plan, 7.8% during 11th five year plan and 12th five year it was 8%. Still the rate of unemployment is not reduced in the country. As development is based on capital intensive technology, that is why India is facing problems in employment sector.

In Agricultural sector and small scale industries, there are much job opportunities. But in this sector government is not focusing. Green revolution in agriculture sector remained limited to certain areas. Other than this, agriculture sector observed slow growth and small scale industries are not able to resist with the competition against large scale industries. So employment opportunities are created more. Employment cannot be created as per labour supply, which increased unemployment.

(3) **Low rate of Saving and Investment** : Indian planning has increased national income but simultaneously population growth rate also increased. As a result, per

capita income increased at a lower rate than national income. Due to low per capita income and expenses in satisfying basic needs of burdensome population kept savings and investments at a lower rate. Because of low rate of investment in industry, agriculture or other sector, they could not create much employment opportunities which increased the problem of unemployment.

(4) **Capital Intensive Production Technique** : Due to scarcity of capital and abundance of labour in India still we adopt capital intensive technique. By this less capital investment created the unemployment problem. In the fifth five year plan more importance was given to capital intensive technique instead of labour intensive technique. Government has shortage of capital but credit rates are still less and cheap and wages of labourers are high. In agriculture and industries, mechanisation was adopted which increases employment at slow rate.

After industrialization and globalization, to sustain in international competition, capital intensive production method is used to increase the production and to decrease the expenditure. To get security, against organized labour unions, such policy is adopted which saves a labour. Agricultural sector has also become mechanized, railway, irrigation, road construction and public sector of state also uses capital-intensive technique. That is why Bhagwati Committee and Venkatraman Committee which was formed to study unemployment also recommended to use less of mechanization.

(5) **Lack of Vocational Education** : In India, due to ineffective educational system we find high educational unemployment. The workers are not created to work with changing atmosphere. Our education system is producing clerks and officers for public and private sector jobs. With the objective of increasing economic growth rate technology and mechanism has been adopted by industries and agriculture. So such labourers are required who know the techniques of using this technology, but present education system fails. There is lack of vocational education in our labourers, from the past many years' education system has become business and many self-finance schools and colleges are set up. Their fees structure is too high. Poor or middle class families cannot afford such fees. In short, Indian education system failed to construct individual physically and mentally. After getting education person fails to obtain self-employment and as a result he becomes unemployed.

(6) **Lack of Man-power Planning** : In India during planning period man power is not planned rightly. The type of labour which is in demand presently in India, the labour supply is not possible and due to this educational unemployment is created. Education has been made wide spread activity without estimation of kind and number of labour requirement. As a result, every year lakhs of educated youth opt for degrees. As there is lack of knowledge and training required in present economic development, they are unemployed even after being educated.

In India high degree Doctors and Engineers remain unemployed after possessing degrees due to lack of employment. They start going to foreign countries. Policy adopted by our government are not giving suitable work to the people/professionals. During British rule, gold moved from India to Britain. This one sided movement is called 'Drain of Gold'. Similarly, present Indian Intelligence is moving from India to abroad. This one sided movement is called 'Drain of Brain'. Government of India did investment on educating present youth, but due to lack of manpower planning this benefit is received by foreign countries.

(7) **Inefficiency of Public sector** : After independence, public sector was given more importance than private sector. Instead of private sector more importance was given to public sector. Public sector is corrupted and incapable so instead of investing in this sector it's better to invest in private sector which creates job opportunities. Private sector is responsible, disciplined while public sector keeps restrictions and control them. After the economic reforms 1991, they gave preference and importance to private sector for increasing job opportunities and production. By this, economic growth has increased but employment opportunities are not created. Thus, growth without employment occurred.

(8) **Negligence towards Agriculture Sector** : India is an agricultural country and most of its population resides in villages and dependent on agriculture for employment. Planning should be such that it could generate more employment but in India's economy policy more emphasis has been given to other sector than agriculture. Increase in investment in agricultural sector and green revolution are the efforts made by government. Lack of irrigation facilities, lack of agricultural finance, uncertainty of monsoon are few reasons responsible for poor development of agriculture rural areas. In India Green revolution is enjoyed by only Punjab and Haryana states. Government has failed in solving the problem of unemployment in rural areas due to lack of planning.

(9) **Low Labour Mobility** : Lack of mobilization among labourers is also a reason for unemployment. In India, due to social reasons, family, relations, language, religion, casteism, culture, lack of information, lack of transportation facilities and problem of housing are few reasons which restrain mobilization and increase in unemployment. Many times labourers are not aware about information and are not guided. In villages, due to joint family disguised unemployment is found.

In India people with higher education are not interested in going to rural areas, and stay in backward areas even if they get unemployment. Attraction towards modern life style, modern facilities of cities and rural sectors are backward that is why unemployment occurs.

(10) **Lack of Infrastructural Facilities** : Due to lack of infrastructural facilities in rural areas unemployment became a major problem. Compare to urban areas, rural

areas are very backward. In rural areas lack of transportation facilities, poor roads, education, health and electricity facilities are not available and for this reason job opportunities are not created. In rural areas cheap raw materials and labourers are available but there is lack in facilities like transport, education, health, electricity etc. So industrialists are not setting up industries in those areas. Teachers are also not willing to go in rural areas.

(11) **Global Economic Factors** : Global Economic Factors: Changes in the global economy, such as global recession, economic crisis, decline in international trade etc. leads to reduces the level of production as well as employment in export-oriented industries of India. Therefore the problem of unemployment increases in our economy.

8. Effects of Unemployment

1. Introduction :

The problem of unemployment has social and economic dimensions like the problem of poverty. It is hurdle of economic development in developing countries. In developing countries unemployment is generated because of underdeveloped nature of an economy and it is a structural and long term. Considering the experience of developed countries, developing countries like India assumed that the problem of unemployment would automatically be solved with economic growth. Hence, in the initial years of planning in India, the problem of unemployment was not given adequate attention. After the implementation of the New Economic Policy of 1991, the rate of economic growth has increased but the rate of unemployment has not been reduced significantly. Even in the present time (2022) the growth rate of unemployment has been seen as 7.33%. The problem of unemployment creates many problems in the economy, which adversely affects the economic growth and development of the country.

2. Effects of Unemployment :

(1) **Loss to GDP** : Unemployment has a significant impact on India's Gross Domestic Product (GDP). When a large segment of the population is unemployed or underemployed, it leads to a decrease in overall economic productivity and can hinder GDP growth. High unemployment rates indicate that a substantial portion of the workforce is not contributing to the production of goods and services, which, in turn, can result in lower GDP.

(2) **Impact on capital formation** : Unemployment has an adversely effect on capital formation. Unemployment reduces the income of household, which leads to reduces people's ability to save and investment. As a result it hinders the country's capital formation process as well as slows economic growth rate.

(3) **Poverty** : The problem of unemployment increases the problem of poverty in the economy. Unemployment or lack of stable secure employment disrupts people's primary source of income and reduces income of household. On the other hand, as the population continues to increase in the country, they are unable to meet basic needs such as food, shelter, healthcare and education. As a result, the standard of living of the people reduces and increases the problem of poverty.

(4) **Negative impact on the multiplier** : The problem of unemployment has a negative effect on the multiplier process. One person's expenditure is another's income, so the loss of well-paying jobs reduces the demand for domestic goods and services. A decrease in demand leads to a decrease in the sales and revenue of producers. Therefore in the second round, the amount of capital investment decreases, which leads to reduces the level of output, employment, income and demand. As a result the value of multiplier reduces, which negatively impact on country's economic growth.

(5) **Increased in Nonproductive expenditure** : Sometimes government has to provide unemployment allowance to unemployed person due to problem of unemployment. It's a non-productive expenditure. Therefore productive expenditure reduces, which hampers economic development of the country.

(6) **Hindering the process of industrialization** : The problem of unemployment also hinders the process of industrialization in the industrial sector. Due to high unemployment in the country, it is forced to adopt labor intensive production method instead of capital intensive production method. This increases the cost of production as well as the price ratio. Our country's products cannot compete with the advanced capitalistic production methods of developed countries in terms of price and quality and economic development is hampered.

(7) **Inequality of Income** : The problem of Unemployment creates the problem of inequality of income. Individuals and families who are unemployed, they cannot satisfy their basic requirements. As a result their standard of living reduces, which leads to increases the problem of inequality of income in the society.

(8) **Mental Stress** : The problem of Unemployment can have psychological effects on unemployed person in the society. The persons who are unemployed, they are suffer from stress, anxiety, depression, and a loss of self-confidence. This can impact the mental well-being of individuals and their families.

(9) **Problem of Migration** : In some cases, highly educated and skilled individuals who are unable to find suitable employment opportunities in India may choose to migrate to other countries in search of better prospects. Therefore the problem of migration arises in the economy.

(10) **Social Unrest** : Prolonged high unemployment rates can lead to social unrest and discontent. The persons who are unemployed they may become frustrated and disillusioned. This can result in protests, strikes, and other forms of civil unrest, which can disrupt economic activities.

9. Migration : Meaning and Types

1. Introduction :

Migration in India is a multifaceted and dynamic phenomenon that has played a significant role in shaping the country's social, economic, and cultural landscape. With a rich history of internal and international migration, India has been a melting pot of diverse cultures, languages, and traditions. This movement of people, whether driven by economic aspirations, social factors, or environmental considerations, has had a profound impact on both rural and urban areas. In this diverse and vast country, migration patterns vary from region to region, and it is essential to understand the concept, types, causes, and effects of migration for India's development and society.

2. Meaning of Migration :

In simple terms migration means to shift from one place to another and reside there. Migration can be national or international. After 1991, owing to new economic reforms in economy, migration in the country is very fast.

The meaning of migration is different in Economics.

> As per the scriptural definition of migration - "Migration refers to movement of a person from one place to another away from his native place, either within or outside the country for job, occupation, business or in search of better standard of living, on a permanent basis."

Two points are considered in migration.

(1) Migration is either in the country for long period e.g. it is not migration when a person moves to a distant place for 2 to 3 months in a year to earn livelihood and for that period he stays there.

(2) The objective of migration is to obtain service, occupation or business or better standard of living.

3. Types of Migration :

It is necessary to know the types of migration to have clear idea of migration. There are two types of migration.

A Place based migration : When a person settles at distant place from family for long time or permanently, it is called place-based migration. Place-based migration is divided into two divisions according to geographical boundaries of a country.

(i) **Internal Migration** : Migration of a person within the boundary of the country, is called internal migration in which a person moves from one place

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another. e.g. a person or a family settles from Gujarat to do business in Maharashtra or in any part of the country or state is called internal migration. In the same way a person from another state comes to Gujarat for business and settles permanently is also called internal migration.

These types of migration are easy because migration is carried out within the boundary of the single country. No permission of government is required.

(ii) **International Migration** : Movement of a person or family from one country to another country is known as international migration. e.g. When a person or a family moves from Gujarat to any other countries like America, Canada, Australia or any country of the world in search of job, occupation, business or for better standard of living for permanent settlement is known as international migration. In the same way any person or family of the world comes to Gujarat or any state of India and settles is called international migration - Government's permission is inevitable.

B Reason Based Migration : There are two types of reason related migration : (i) Migration due to Pull factors (ii) Migration due to Push factors.

(i) **Migration due to Pull factors** : When people from rural area are attracted to the life style of urban people, ultra modern transportation, communication, calculation, modern health facilities, and infrastructural facilities, and facilities of entertainment and migrate to the cities and settle there is 'pull' migration.

In urban areas there are more opportunities of employment and business. Therefore many people have attraction for urban dwelling and settle in cities. It is known as attraction migration. Generally rich class of village migrates to the cities and feels more dignified social status by settling in the city area. In urban area more facilities of higher education is availed and after having been highly educated for higher income more avenues of professions are available in urban area.

In the same way people migrate from India to foreign countries as they have attraction for more comfortable life, more opportunities for earning higher income and settle in foreign countries. e.g. many people have migrated from India legally or illegally to U.S.A., Australia, Canada, England etc.

(ii) **Migration due to Push factors** : People living in the villages have limited income and wealth and lack of opportunities of occupation, business and employment and they have no option to economic activity and there is lack of sufficient education. Therefore they are compelled to migrate to the cities and settle there. They are forcibly pushed to cities. This class is illiterate, unskilled and untrained therefore they struggle for their livelihood even in the cities and spent their life in slum with no quality of life.

On the basis of the above discussion conclusion is that pull migration is carried out by the educated class of rural area as they are attracted by the facilities and social status of city. While push migration, that is migration by compulsion is carried out by weaker section of society because there is no option to economic activity in the villages and forcibly they have to run towards cities and settle there.

10. Causes of Migration

1. Introduction :

Normally when a person or a family moves from one place to another away from family for longer period and settles there is called migration. The causes responsible for migration are as given below.

A Economic Reason :

(1) **Income generation** : Main objective of migration is to generate income. Everybody expects to earn more and raise their standard of living. In this context a person migrates where he can earn higher income. e.g. Many families of Gujarat have migrated to Kolkata, Bombay, Chennai, and other metro cities. Many families are migrated to U.S.A., Canada, Australia, etc. for income generation.

(2) **For employment, occupation or business** : Person migrates for employment, occupation or business. e.g. A person having good knowledge of information technology migrates to a place where he gets wider scope in the country or anywhere in the foreign country.

(3) **Transfer** : When a person is employed to another branch in the country outside the country be transferred to that branch and he has to be migrated to that place.

(4) **Degree of Natural Resources** : When a particular place has plenty of natural resources and relatively the population is low in that area, people migrate to that place. e.g. where there are mines of gold, diamond, coal, and other metallic mines or petroleum products there is requirement of skilled persons for refining and mining technicians. Therefore many people migrate leaving their native places and settle there. Such type of international migration has become very common. e.g. Migration to U.A.E. due to petroleum, people from thickly populated country like India migrate to Canada, Australia where compared to their vast geographical area population is low.

(5) **To get higher quality education** : When there is limited opportunity of qualitative education and a person who desires of attaining higher education migrate to a distant place leaving his native place. Later on this migration turns into permanent in nature. e.g. Indians migrate to foreign countries to get higher quality education and their final goal is to settle there permanently.

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(6) **To get modern Health services** : When a person cannot acquire adequate and required health service in his own native, place he migrates to a place where he can acquire modern health services. So that he can lead better life and generate income.

(7) **Planned Migration** : When a family sends one member of the family or more persons of the family away from native place to earn income for livelihood and they perform economic activity there, it is called planned migration.

B Social Reason : Social causes also play significant role for migration.

(1) **Marriage** : In Indian society marriage is a main cause of social migration. After marriage a girl leaves her native place and settle at distant place to her in law's house. This is known as social migration.

(2) **To get respite from social customs** : Rural society is rigid and orthodox to a great extent. Compared to this the urban society is liberal and broad minded. Therefore the young generation prefers to be migrated to the urban area and escape from the rigidity of rural society.

Today comfortable urban life is everybody's choice. Families migrate to the urban areas to get their sons and daughters married in the urban areas.

C Political Reason : Two main political causes for migration are as follows.

(1) **War and Unrest** : When war takes place very often people migrate to other places, to peaceful areas so that they do not have to live in constant fear of war, terrorism and unrest, and insecurity, e.g. owing to terrorism of ISI in Turkey many people have migrated to safe and secured places in Europe to live peacefully. In the same way people residing on the border migrate to internal places for peaceful life.

(2) **Avoid conflict** : When frequent riots occur between two classes of society people search for peace and migrate to peaceful and secured place. e.g. minority community migrate from the place where they have to face unrest of riots very often. e.g. the migration of the Hindu Pandits to another places from Kashmir.

D **Natural disasters or factors related to Environment** : People severely and frequently are affected by natural disasters like flood, earthquake, drought, cyclone, volcano migrate to safe places.

Sometimes as a part of process people have to migrate due to environmental factors. When huge dams are constructed, or forests are declared as sanctuaries or national parks, people residing in these areas have to migrate to other places. e.g. Migration caused by Narmada dam in Gujarat is a good example of environmental migration, which is also called developmental migration.

11. Effects of Migration : Positive and Negative Effects

1. Introduction :

Study of the effects of migration provides guidance to the government to form policy related to migration. From the economic view point, there are two types of effects of migration. (1) Positive effects (2) Negative effects.

2. Positive effects of Migration :

Positive effects of migration can be divided into two parts.

(1) **Increase in Income :** Main objective of migration is income generation and income growth. Therefore such type of migration is beneficial to family or village. People migrated to cities for income generation and send some part of their income to their family members. As a result families living in the villages can raise their standard of living.

This additional income sent from the city or foreign countries is invested in agriculture sector. Thus, investment in agriculture increases and fertility of land increases. Therefore productivity in agriculture production increases.

It has been observed for many years that the people of villages invest this amount in their occupation or business and many agriculture related business are flourished in the villages and people have become economically sound and prosperous. The condition of the people of North Gujarat and Kutch has improved owing to this reason. Their economic condition has improved remarkably. In the same way, the villages of south Gujarat and specially in the villages of Kheda district, economic prosperity of the people is largely increasing due to income from migrated people. Income sent by migrated people is known as 'Money Order' economy. They have contributed towards faster economic development.

(2) **Contribution towards Faster Economic Development :** When the people of our country migrate to earn income from other countries they send a part of their income to their families in the native in village. Legally or illegally settled in other countries people send part of their income to their families and this amount is invested in business and trade or industry which makes the economy of the nation move faster. Nation's economy is strengthened this way. e.g. The migrated people from Kerala in the Gulf countries send some amount in their native. Therefore the development of Kerala is observed today.

In 1991, after new economic reform policy, this process of migration in India has mobilised. Owing to NRIs there is increase in foreign exchange received from them. This has made India's economic progress faster. There has been considerable increase in the reserve of foreign exchange in the country. It has contributed a great

deal in solving the problem of foreign exchange and in attaining faster economic growth and development.

The Indians go to the foreign countries to study there and get themselves trained in professional skill and intend to give the benefit of their skill to their own country and start such units in the country. This makes India's progress faster.

3. Negative effects of Migration :

Migration from rural sector to urban sector or the migration of professionals create positive effects. Owing to migration, means of employment and lack of wealth the people of villages are compelled to migrate to big cities. Therefore they have to join labour based industries. They are under paid as they are too much needy. They have to live in slums. e.g. Migrants have come from Bihar, Panch Mahal and Uttar Pradesh to Gujarat and Ahmedabad. They are mainly employed in building construction. The effects of 'push' migration are as under.

(1) **Uncontrolled Urbanization :** When less educated, unskilled, poor people of the villages migrate to the cities they have to live in the distant areas of the city owing to their lack of skill. This creates the problems of unregulated urbanisation. The income of migrants is so migre (low) and uncertain that they have to live in slums. They make slums on the sides of the road and create problems in our traffic system. Due to many problems of sanitation, they become the victims of the epidemic. Their quality of life is very low. Slums expand as there is no alternative for them in the cities.

(2) **Scarcity of Infrastructural facilities :** It is very difficult for urban administration to provide dwelling to these poor migrants from villages. As a result, anywhere on the roadside, hutments and slums have come into existence. Basic facilities such as water, drainage, electricity, road, transportation, communication, latrines, education, health services are not adequately provided to them. Therefore this poor people are affected by serious diseases.

(3) **Issue of Environmental pollution :** In the urban areas slums and hutments have created the issues of pollution of air. Shortage of water and drainage, toilet facility along with the problem of discharge of waste water is very serious. Due to this many water based diseases occur. As there is no specific system for discarding garbage (waste), the help of garbage creates air pollution. Its best examples are cities like Ahmedabad, Ankleshwar, Surat, Mumbai, Kolkata etc.

People living in these areas have to go quite far for employment. There is no public transportation facility so they use private transportation which creates air and noise pollution. Water pollution is a serious problem.

(4) **Social Problems :** Sometimes migration creates social problems. Migrants from villages sometimes cannot earn income as they had expected to earn. They are sometimes not able to get regular income. Comparison and high expectations drag them into robbery, drinking addiction and some unlawful business. Some are involved in smuggling of narcotics which creates social inequality and causes unrest in society.

In short, the migrants are directly affect to the society and by the negative effects of migration at the same time other people are also affected indirectly. Epidemic spread through filthy air and water also affect people residing near slums and hutments. Owing to migration social conflicts arise regarding language, culture and lifestyle. Along with this, it expands the antisocial activities in a country.

Multiple Choice Questions

➤ Select the correct option from the given options.

- (1) What percentage of India's population lives in rural areas according to the 2021 census ?
 (a) 35% (b) 50% (c) 65% (d) 80%
- (2) Poverty is described as a multifaceted, complex, and man-made social problem characterized by :
 (a) Lack of sufficient financial resources
 (b) Lack of material possessions (c) Inability to meet basic human needs
 (d) All of the above
- (3) How is poverty defined in India based on calorie consumption or expenditure?
 (a) 2000 calories for rural areas, 1800 calories for urban areas
 (b) 2400 calories for rural areas, 2100 calories for urban areas
 (c) 3000 calories for rural areas, 2500 calories for urban areas
 (d) 2200 calories for rural areas, 2000 calories for urban areas
- (4) Currently who determines the poverty line in India ?
 (a) Planning Commission (b) NITI Aayog
 (c) World Bank (d) United Nations
- (5) According to the World Bank, the international poverty line in 2022 is set at _____.
 (a) \$1.00 per day (b) \$1.50 per day
 (c) \$1.90 per day (d) \$2.50 per day
- (6) How is poverty defined by Adam Smith ?
 (a) Lack of choices and opportunities
 (b) insufficient earnings to obtain minimum necessities
 (c) Lack of human dignity (d) Lack of food and clothing

2 - Basic Problems of Rural Economy

- (7) According to the Rangarajan Committee Report (2014), what is the per capita monthly consumption in rural areas considered as the poverty line ?
 (a) ₹ 816 (b) ₹ 972 (c) ₹ 1407 (d) ₹ 1000
- (8) How does the World Bank define poverty ?
 (a) Lack of choices and opportunities
 (b) Insufficient earnings to obtain minimum necessities
 (c) Based on income levels below the international poverty line
 (d) Lack of access to education and healthcare
- (9) According to the United Nations, poverty fundamentally refers to _____.
 (a) Lack of education (b) Lack of choices and opportunities
 (c) Lack of access to credit
 (d) Lack of hospitals and sanitation facilities
- (10) Relative poverty is primarily associated with _____.
 (a) Unequal distribution of income (b) Lack of basic needs
 (c) Situational events (d) Multidimensional factors
- (11) How is the concept of Poverty ?
 (a) Geographic (b) Relative (c) Quantitative (d) Imaginary
- (12) How is relative poverty usually measured ?
 (a) By assessing access to education
 (b) By comparing income distribution within a society
 (c) By evaluating basic needs deprivation
 (d) By considering situational events
- (13) Which poverty type is associated with basic needs deprivation ?
 (a) Absolute Poverty (b) Urban Poverty
 (c) Rural Poverty (d) None of these
- (14) What is used to measure the extent of absolute poverty ?
 (a) Income inequality (b) Poverty line
 (c) Multidimensional factors (d) Rural-urban distribution
- (15) Which of the following causes is responsible for rural poverty ?
 (a) Inequality of land ownership (b) Low productivity of agriculture
 (c) Failure in implementation of land reform
 (d) All of above
- (16) From the following, which is not the cause of poverty ?
 (a) Inflation (b) Urbanization
 (c) Vicious circle of Poverty
 (d) High growth rate of economic development

- (17) What is the most commonly used indicator for measuring poverty in India?
 (a) GDP per capita (b) Human Development Index (HDI)
 (c) Multidimensional Poverty Index (MPI)
 (d) Poverty Line
- (18) Which of the following is a monetary indicator used to define the poverty line in India?
 (a) Calorie intake (b) Life expectancy
 (c) Per capita income (d) Literacy rate
- (19) The Tendulkar Committee is associated with the estimation of _____.
 (a) Unemployment rate (b) Poverty line
 (c) Inflation rate (d) GDP growth
- (20) From the following which factor indicate indicators of poverty?
 (a) Malnutrition (b) Low Literacy Level
 (c) High rate of Employment (d) (a) and (b) both
- (21) A person who is deprived from _____ is considered poor.
 (a) Luxurious facilities (b) Luxurious goods
 (c) Primary goods (d) Higher education
- (22) Which of the following causes is not responsible for poverty?
 (a) Inflation (b) Unemployment
 (c) Black money (d) High rate of economic growth
- (23) What historical factor contributed significantly to the increase in poverty in India during the British rule?
 (a) Technological advancements (b) Exploitative trade policies
 (c) Agricultural revolution (d) Industrialization
- (24) From the following which is the cause of rural poverty?
 (a) High industrialization
 (b) Equal distribution of land
 (c) Low productivity of agriculture
 (d) Effective implementation of land reform
- (25) What are the effects of the problem of poverty?
 (a) Reduced of capital formation. (b) Social Inequality
 (c) Increase in criminal activities (d) All of above
- (26) How does poverty affect the market in developing countries like India?
 (a) Increases purchasing power (b) Boosts investment
 (c) Reduces market problems
 (d) Low purchasing power leads to less investment

- (27) Why does the level of production and income remain low in poverty-stricken areas?
 (a) High investment (b) Lack of laborers
 (c) Low productivity (d) Efficient market
- (28) How does poverty impact capital formation in the economy?
 (a) Increases savings (b) Boosts investment
 (c) Reduces capital formation (d) Encourages government spending
- (29) A person is capable, willing and ready to work at current wage rate but not getting work is said to be _____.
 (a) Unemployed (b) Poor (c) Surplus (d) Worker
- (30) Which type of unemployment arises due to lack of effective demand?
 (a) Frictional (b) Seasonal (c) Cyclical (d) Disguised
- (31) Which type of production technique increase unemployment?
 (a) Labour intensive (b) Capital intensive
 (c) Agriculture oriented (d) Education oriented
- (32) In developed countries, which type of unemployment is mainly found?
 (a) Disguised (b) Frictional (c) Seasonal (d) Industrial
- (33) Which type of unemployment found in India?
 (a) Structural (b) Cyclical (c) Frictional (d) All of the above
- (34) If a person has acquired good qualification, but he has to accept low grade work which type of unemployment it is?
 (a) Open unemployment (b) Disguised unemployment
 (c) Under employment (d) Seasonal unemployment
- (35) What is the marginal productivity of the disguised unemployed person?
 (a) 1 (b) Less than 1 (c) More than 1 (d) Zero
- (36) From the following, which is the short term unemployment?
 (a) Open unemployment (b) Under unemployment
 (c) Frictional unemployment (d) Disguised unemployment
- (37) Unemployment arising due to change in technology is called _____.
 (a) Frictional unemployment (b) Cyclical unemployment
 (c) Under unemployment (d) Seasonal unemployment
- (38) Which type of unemployment is known as hidden unemployment?
 (a) Seasonal (b) Disguised (c) Educative (d) Cyclical
- (39) How long do workers facing seasonal unemployment typically remain unemployed during the year?
 (a) 1 to 2 months (b) 3 to 5 months
 (c) 6 to 8 months (d) Throughout the entire year

- (40) What is the growth rate of unemployment during the period of 2022 ?
 (a) 7.33% (b) 8.17% (c) 7.96% (d) 9%
- (41) From the following which are responsible reasons for unemployment ?
 (a) High rate of population growth (b) Low rate of Saving and Investment
 (c) Lack of Infrastructural Facilities (d) All of the above
- (42) Which of the following is not an effect of unemployment ?
 (a) Increased in productive expenditure
 (b) Negative impact on the multiplier
 (c) Reduces capital formation
 (d) Migration
- (43) What is the impact of unemployment on India's Gross Domestic Product (GDP) ?
 (a) It has no impact on GDP (b) It increases GDP
 (c) It hinders GDP growth (d) It stabilizes GDP
- (44) From the following Which is the consequences of the problem of unemployment ?
 (a) Increase in government revenue
 (b) Decrease in poverty
 (c) Reduction in standard of living
 (d) Boost in capital investment
- (45) What is the meaning of migration ?
 (a) Shifting from one place to another temporarily
 (b) Shifting from one place to another permanently
 (c) Shifting within the same neighborhood
 (d) Shifting within the same city
- (46) What is the objective of migration ?
 (a) To get a better business (b) To achieve a better standard of living
 (c) Both a and b (d) None of the above
- (47) Which are the two types of place-based migration ?
 (a) Rural and urban migration
 (b) Internal and international migration
 (c) Short-term and long-term migration
 (d) Seasonal and permanent migration
- (48) What is internal migration ?
 (a) Movement within the same city (b) Movement within the same country
 (c) Movement between countries (d) Movement within the same village

- (49) What are the two types of reason-based migration ?
 (a) Economic and social (b) Urban and rural
 (c) Pull and push factors (d) Short-term and long-term reasons
- (50) From the following which migration is due to pull factors ? What is migration due to pull factors ?
 (a) Attraction to urban amenities and lifestyle
 (b) Forced migration
 (c) Nomadic lifestyle
 (d) Migration due to natural disasters
- (51) Why do people migrate due to push factors ?
 (a) Attraction to better opportunities
 (b) Compulsion due to limited opportunities in the origin place
 (c) Desire for a nomadic lifestyle
 (d) Seeking adventure
- (52) Which of the following is an economic reason for migration ?
 (a) War and unrest (b) Marriage
 (c) Avoid friction (d) For jobs and businesses
- (53) Why do people migrate to areas with abundant natural resources, such as mines and petroleum fields ?
 (a) To escape social customs (b) For better education
 (c) To generate income (d) Due to political unrest
- (54) From the following which is the positive effect of migration ?
 (a) Decrease in income
 (b) Decrease in agricultural productivity
 (c) Increase in income and agricultural productivity
 (d) Increase in income but decrease in agricultural productivity
- (55) What can be a negative effect of migration from rural to urban areas ?
 (a) Controlled urbanization
 (b) Increase in infrastructural facilities
 (c) Scarcity of employment
 (d) Improvement in the quality of life
- (56) Which of the following social problems arise due to migration ?
 (a) Improved social equality
 (b) Increase in cultural diversity
 (c) Robbery, addiction, and unlawful activities
 (d) Decrease in social conflicts

- (57) Identify the type of effect that is caused by migration due to pull factors.
 (a) Negative (b) Positive (c) Zero (d) Relative
- (58) When there is no alternative, the villages forcibly migrate towards city what type migration in it?
 (a) Migration due to Attraction (b) Migration due to Distraction
 (c) International Migration (d) None of given
- (59) Place related migration is divided in to how many sections?
 (a) Two (b) Three (c) Four (d) Five
- (60) What type of migration is it called when woman to after marriage leaves her native place and settle else where?
 (a) Economic (b) Social (c) Political (d) Religious
- (61) What type of migration is caused due to Sardar Sorovar in Gujarat?
 (a) Economic (b) Social (c) Developmental (d) Political

Answers

(1) c	(2) d	(3) b	(4) b	(5) c	(6) b	(7) b
(8) c	(9) b	(10) a	(11) b	(12) b	(13) a	(14) b
(15) d	(16) d	(17) d	(18) c	(19) b	(20) d	(21) c
(22) d	(23) b	(24) c	(25) d	(26) d	(27) c	(28) c
(29) a	(30) c	(31) b	(32) b	(33) a	(34) c	(35) d
(36) c	(37) a	(38) b	(39) b	(40) a	(41) d	(42) a
(43) c	(44) c	(45) b	(46) c	(47) b	(48) b	(49) c
(50) c	(51) b	(52) d	(53) c	(54) c	(55) c	(56) c
(57) a	(58) b	(59) a	(60) b	(61) c		

Self Study

1. Give meaning of poverty and explain its concept.
2. Explain the forms (types) of poverty in detail.
3. Discuss the different indicators of poverty in India.
4. Explain the reason of poverty in India.
5. Give explanation about different effects of poverty.
6. Define unemployment and give explanation of its types.
7. Explain the causes of unemployment in India.
8. Explain the effects of unemployment in India.
9. Define migration and explain its types.
10. Give explanation of different reasons of migration.
11. Give explanation of positive and negative effects of migration.

