

## Dimensions of Poverty, Unemployment and Inequality in India

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**Abstract:** One very crucial factor hitting our entire economy is the gradual increase in magnitude of unemployment. The high rate of unemployment is one of the basic causes of growing unrest and social evil entire country productive employment is the only sustainable solution to progress in the country. Poverty, unemployment and inequality are co-related terms as one generates another one. It is an universal problem but poverty, unemployment and inequality exists more in Asian countries which is headed by India. Even after more than 60 years of independence the poverty gap between have and have nots has not shrunk much. The growth of population is explosive so there is unemployment.

India is marching faster towards the capitalist society so poverty, unemployment and inequality cycle is not broken.

**Keywords:** Dimensions, poverty, unemployment, inequality, India, ILO, NREGA, PMPY, REGP, PMGY.

*"Poverty is the parent of revolution and crime"*

Aristotle

### INTRODUCTION

India is a country with endless diversity in socio-economic, religious, cultural, demographic and political sphere. With its diversity, it has been performing well in IT sectors, in urban areas. But, India has been plagued with ill health, poverty, inequality and unemployment, illiteracy and hunger.

Poverty is multi-dimensional. It is based on socio-economic cultural situations of the economy. It is a threat to the well being of the people. It affects human development, poverty prevents people from enjoying good health, comfortable living with better employment. Economic development is closely linked to human development. The success of an economy is eradicating poverty depends upon identifying the factors associated with poverty so that structural changes can be brought into achieve equality in economic and socio-economic opportunities.

In this paper, an attempt has been made to relate, poverty, inequality and unemployment. In a predominantly agrarian economy like India poverty

goes hand in hand with unemployment and the associated ill effects a case inequality on the well being of the people. Poverty manifests itself in a vicious circle - low income, low consumption, illiteracy, poor health, poor skills and unemployment.

### Poverty Profile

Poverty means minimum subsistence level of living rather than a reasonable level of living. Poverty can be defined as a situation in which a section of society is unable to fulfill the basic necessities of life. These necessities are in respect of food, clothing, housing, education and health. Thus, it refers to a lack of income to acquire minimum necessities of life. It is a relative concept. So the meaning and its application differs from country to country and state to state. In India, poverty is defined in terms of minimum subsistence level of living rather than a reasonable level of living. It is a wide spread social evil,

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**Panoramic View of Poverty**

The third world consists of two thirds of the world's population. Nearly half of who live in poverty. Majority of the poor live in poverty in South Asia, South East Asia accounts for more than half a billion of the world's poor India has the world's largest number of poor people. An estimated 250-300 million are below poverty line (ILO, 1998), The lowest income group of Pakistan suffers from a decline in real income of the tune of 50 percent since the late 1980's (MHHDC, 1990). In India, poverty is seen all around us. Infact, every fourth person in India is poor. This means, roughly 260 million people in India live in poverty. It also means that India has the largest concentration of the poor in the world.

**Poverty Line**

The poverty line in India measures only the most basic calorie intake, recording not only the nutrition but the satiation of hunger. At present the poverty line stands at Rs 368 & Rs 559 per person per month for rural and urban areas, just about enough to buy 650 gms of food grains every day, A nutritious diet itself would, cost around Rs 573 per capita per month. When such an inclusive measure of poverty is used, as many as 68-84% of Indian would qualify as poor. Thus, it would have been more accurate to call it the "starvation line",

**Measurement of Poverty**

Poverty is normally measured with respect to poverty line. The second method is food requirement based on calories 2400 calories per person per day in rural areas 2100 calories for urban areas. In cash payment Rs. 238 per month for the rural area while Rs. 454 for the urban area,

**Poverty Ratios Comparison****Table I (a): Rural-Urban Poverty Scenario in India**

Year	Poverty Ratio (Per cent)			Number of Poor (millions)		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	56.4	49.0	54.9	261.3	60.0	321.3
1977-78	53.1	45.2	51.3	264.3	64.4	328.9
1983	45.7	40.8	44.5	252.0	70.9	322.9
1987-88	39.1	38.2	38.9	231.9	75.2	307.1
1993-94	37.3	32.4	36.0	244.0	76.3	320.3
1999 2000	27.1	23.6	26.1	193.2	67.1	260.3
2007*	21.1	15.1	19.3	170.5	49.6	220.1

Source : Planning Commission, Tenth Five Year Plan (2002-2007)

2007\* : The Poverty Projection for 2007

The above table I (a) shows that the rate of population growth below poverty line in our country between 1973-74 and 1993-94 was very high i.e. 54.9% and 36.0% , in addition the fruits of economic development went to rich people. So, even if poverty ratio declined between 1973-74 and 1993-94 the number of people living under poverty remained stable at about 320 million. The dynamics of poverty reduction are not the same in rural-urban India. Rural poverty has always been slightly higher. Nearly 200 million people live below poverty line [table I (b)].

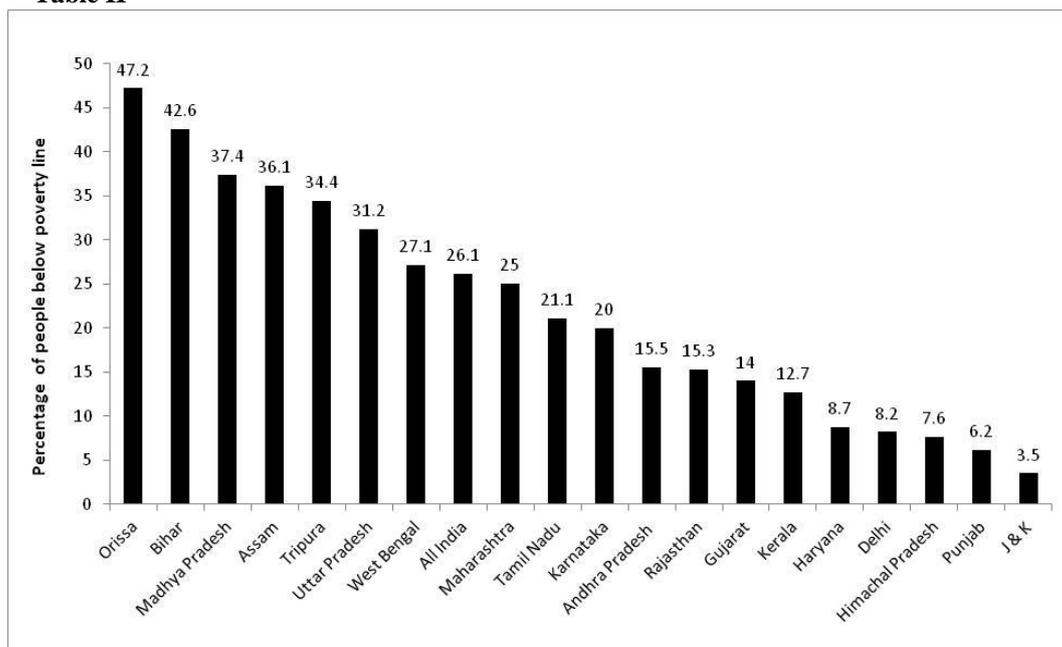
**Table I(b):Poverty Ratio**

<b>All India Number of poor</b>	<b>260 millions (26.1 percent)</b>
Urban number of poor	67.1 million (23.6 percent)
Rural number of poor	193.2 million (27.1 percent)

Source : NESS (2003) Estimated Report

**Inter-State Disparities Ratio**

**Table II**



Source ; Economic Survey 2001-02, Ministry of Finance, Government of India.

**Table III: Poverty: Comparison among Some Selected Countries**

Country	% of Population below \$1 a day
Nigeria	70.8
Bangladesh	36.0
India	35.3
Pakistan	17.0
China	16.6
Brazil	8.2
Indonesia	7.5
Sri Lanka	5.6

Source : World Development Report, 2001

According to the Economic Survey 2001-02 (table II), poverty ratio is the highest in Orissa (47.2%), Bihar (42.6%) and Madhya Pradesh (37.4%). Poverty ratio is the lowest in Jammu & Kashmir (3.5%), Punjab (6.2%) and Himachal Pradesh (7.6%).

**Global Ratio**

In 2005, 1.4 billion people or 1 quarter of the population of the developing world lived below the international poverty line on less than \$1.25 a day. In 1990, there were 1.8 billion poor. Progress was uneven across regions. The poverty rate in East Asia fell from 60% to 16% over this 15 year period. In Sub-Saharan Africa, it stayed above 50% though there has been some progress since 1999.

In 2009, 55 to 90 million more people lived in poverty than had been projected before the economic and financial crisis.

**Ongoing Targeted Poverty Alleviation Programme**

In the five year plans, in addition to macro economic planning targeted poverty alleviation programme have been formulated and modified to alleviate poverty trends. These include Self Employment, Wage Employment Housing and Social Assistance programme, National Rural Employment Guarantee Act (NREGA) 2005, Prime Minister Rozgar Yojana (PMRY) 1993, Rural Employment Generation Programme (REGP) 1995, Swarnajayanti Gramodaya Yojna (PMGY), 2000 etc. In addition emphasis has been laid on provision of basic minimum services which include Primary Education, Primary Health, Nutrition, Shelter, safe drinking water and Electrification of villages, Rural and Urban programmes are under different ministries in India. The Government is determined to strengthen social and economic structure. But, poverty can effectively be eradicated only when the poor start contributing to the growth by their active involvement in the growth process.

Therefore, implementation of the programmes is increasingly based on approaches and methods which involve the poor themselves in process of poverty eradication and economic growth.

**Conclusion**

The present day leaders, instead of bickering amongst themselves should expedite seriously to find a solution to the problem of poverty. They should understand need for uniform development throughout India. It is due to uneven distribution of wealth and attention that India has not reached the desired development only the poor

are the sufferers. Even after six decades of independence, at the beginning of 21<sup>st</sup> century, the poor hunger, starvation malnutrition do exist still lakhs of people sleep without a square meal. Honest sincere and dedicated efforts are needed to eradicate poverty which results into inequality at mass level.

**UNEMPLOYMENT**

**“Unemployment is nature’s physician and essential for human happiness”.**

Golden

Unemployment has become a chronic feature of modern societies. It has become very acute in our country and has assumed such a horrifying shape and dimensions that even talented economists, administrators, leaders are finding it hard to find a suitable solution for it. Our developments are still not able to provide a reasonable level of employment for unemployed. The number of unemployed persons on the registers of the employment exchange in India at the beginning of 1989 was around 306 million which has since crossed 400 millions in 1999. In fact, over the years our unemployment problem has become most intractable. Unemployment in India is of varying kinds and degrees.

**Disguised Unemployment :** In this type of unemployment people seem employed but in reality they are unemployed and their productivity is zero.

They don't help in increasing their production.

**Open or Structural Unemployment:** In this type of unemployment, people desire to work but there is no work for them. It occurs due to increasing population and people's migration towards cities.

**Seasonal Unemployment :** In parts of India cultivation is not done throughout the year so farmers remain unemployed for a few months. Seasonal unemployment is found in agricultural as well as some industrial areas.

**Cyclical Unemployment:** When the demand decreases for certain categories of workers there is cyclical unemployment in India. Such type of unemployment is found in cotton industries.

**Frictional Unemployment:** Many times people become unemployed as they have finished the work assigned to them. They try to learn new job but during this period for some reason they remain unemployed. In western countries it is not so serious but in India due to lack of facilities frictional unemployment is a major problem.

**Technological Unemployment :** It occurs when the modern techniques are employed to save labour.

**Sudden Employment :** Due to absence of rain many villagers suffer from drought and famine. Due to these factors occur heavy loss to such unemployment.

Therefore, unemployment is a condition of joblessness. Unemployment is the state of being not put to any use or profit or simply means the state of being out of work.

**Table IV: Magnitude of Unemployment in India** (number in millions)

	Years		
	1983	1993-94	1999-2000
All India :			
Labour force	261.3	336.0	363.3
Work force	239.6	315.8	336.8
Number of unemployed	21.8	20.1	26.6
Unemployment rate (Percentage of labour force)	8.3	6.0	7.3

Source : Statistical Outline of India 2003-04, Tata Services Limited

Rate of unemployment and its magnitude is shown in table IV. From the above table IV it is clear that in 1983, 21.8 million of our total labour force of 261.3 million had remained unemployed. In 1993-94 this figure was reduced by 1.7 million to become 20.1 million. But in 1999-2000 this figure rose to 26.6 million. This means that in the closing year of twentieth century 7.3 percent of our labour force had remained unemployed.

The reforms were introduced in 1991 yet the year 1991 was particularly a depressed year and the reform process really got going by 1993-94. Thus 1993-94 to 2004-05 the eleven year period can be considered as the period of liberalization.

All categories of unemployment show a declining trend during the period 1977-78 to 1993-94 but the trend got reversed during 1993-94 and 2004-05. Unemployment as measured by UPS criterion declined from 4.23 percent in 1997-98 to 2.56 percent in 1993-94 but indicate an increase to 3.06 percent in 2004-05

**Unemployment in India and Population Below Poverty Line**

**Table V (a): Unemployment in India**

Year	Rate of Unemployment (in percent)
1957	0.21
1969	2.50
1985	4.51
1992	5.33
1995	5.57
2002	8.00

Source : NESS (2003) Estimated Report

**Table V (b): Unemployment\* among Urban and Rural Areas***(As percent of labour force)*

Survey Period	Rural Areas	Urban Areas
1977-78	7.7	10.3
1983	7.9	9.5
1987-88	5.3	9.4
1993-94	5.6	7.4
1999-2000	7.2	7.7
2004-05	8.28	8.28
2009-10	6.8	5.8

\*Unemployment rate on current daily status basis

Source : National Sample Survey Organisation Surveys

According to the NSS 55<sup>th</sup> Round UPS (Usual Principal Status) is the order of 2.81 percent of labour force but CDS (Current Daily Status) unemployment is of the order of 7.32 percent. This includes persons who may be provided work for the part of the year and may be available for work on a daily basis. In other words, this is a comprehensive measure of unemployment. But despite this, 55<sup>th</sup> Round also that 26.10 per cent of the population was living below poverty line. The substantial proportion of population superficially employed but is unable to meet the subsistence requirement and falls below the poverty line but this category is considered unemployed. Since CDS according to the 55<sup>th</sup> Round (1999-2000) was 7.32 % and poverty percentage was 26.10%.

The basic problem which keeps people in a state of poverty, is the poor quality of employment in terms of inadequate level of income for workers.

Poverty, inequality and unemployment are correlated. Due to unemployment poverty may occur and due to poverty unemployment may occur. This imbalance create inequality.

Inequality is the result of unequal distribution of wealth which is concentrated rather heavily accumulated in few hands. This uneven distribution of wealth and absence of opportunities for the other group keeps them deprived so inequality spreads.

India as a superpower may have a hundred billionaires but the basic question that arises in the country's polity and economy i.e. Do the billionaires impact on the state unemployment, poverty, deprivation hunger in the country? The level of the masses does not improve but only a very small section of country's population appropriates economic resources in their favour.

Employment situation is to be considered. Total employment in the organized sector decline from 273.7 lakhs in 1994 to 287.1 lakh in 2011 indicating an annual average negative growth rate of 0.25%. Further public sector and private sector reveal that the rate of growth of employment in the private sector moved 0.44% during 1983-84 to 1.97% during 1994-2010. Though organised private sector share in employment has improved but large business houses are not able to generate employment which is higher than the increase in labour force. The concentration of the billionaires causes huge disparities so unemployment leads to inequality and poverty.

According to National Sample Survey Data (NSSD) both the usual status and current daily status unemployment have increased during 1999-00 and 2004-05. CDS unemployment in 2004-05 has increased to 8.3 percent. Though poverty ratio declined from 36% in 1993-94 to 27.5% in 1994-95. There were 300 million persons who live below poverty in 2004-05. Among them very poor (those are below 75% of the poverty line) were 115 million. The obvious conclusion is the extent of decline in poverty ratio in the post reform period was only 0.70 percent (1994-2004) as against 0.85 percent in the Pre-Reform period (1983-94). The slow down poverty decline is due to significant increase of inequality in the post-reform period.

Thus, there was enclave type of development in post reform period which pushed growth rate, further but failed to percolate its effects among poor. Therefore, poverty and unemployment are related phenomena. At the same time unemployment is the major cause of poverty which accelerate inequality.

**Table VI: Unemployment Rates for the 50<sup>th</sup> Round (1993-94) and 61<sup>st</sup> Round (2004-2005) and 66<sup>th</sup> Round (2009-10) NSSO**

Year	Males			Females		
	Usual	CWS	CDS	Usual	CWS	CDS
<b>Rural Areas</b>						
1993-94	2.1	3.9	7.2	1.5	3.7	7.0
2004-05	2.1	3.8	8.0	3.1	4.2	8.7
2009-10	1.9	3.2	6.4	2.4	3.7	8.0
<b>Urban Areas</b>						
1993-94	4.8	5.6	7.3	7.1	7.3	9.4
2004-05	4.4	5.2	7.5	9.1	9.0	11.6
2009-10	3.0	3.6	5.1	7.0	7.2	9.1

Source: NSSO 61<sup>st</sup> Round on Employment and Unemployment conducted in July 2004-June 2005 and NSSO 66<sup>th</sup> Round (2009-10)

The results of the 61<sup>st</sup> Round of NSSO Survey Employment and Unemployment are based on a large sample size. Table VI shows that the unemployment rate based on current daily status (CDS) in 2004-05 for males was 8.0% (rose from 7.2% in 1993-94) in rural areas and at 7.5% (up from 7.3% in 1993-94) in urban areas. The corresponding figure for females in 2004-05 was 8.7% (up from 7.0% in 1993-94) in rural areas and 11.6% in 2004-05 (up from 9.4% in 1993-94) in urban areas. The 66<sup>th</sup> Round on Employment and Unemployment (2009-10) shows that the CDS unemployment

rate for males was 6.4% and females was 8.05 in rural areas, whereas in urban areas there was a slight decline in males CDS i.e. 5.1% while females CDS rose to 9.1%. Moreover, unemployment rates on CDS were much higher than those on the basis of usual status in 2004-05 as compared with 1993-94 and 2009-10. This underlines the fact that instead of open unemployment the more serious problem is under-employment. This indicates the non-availability of regular employment for a majority of workers.

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