

IQRA National University

Department of Business Administration

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POVERTY



INTRODUCTION

The word poverty comes from the old French word poverty (Modern French: pauvreté), from Latin pauper from pauper (poor).

DEFINITION

Poverty is a state or form in which a person or community lacks the financial means and essentials for a minimum standard of living.

OR

Poverty is the inability of having choices and opportunities, a violation of human dignity.

Types of Poverty

Types of poverty are given as follow:

Income poverty, cyclical poverty, Absolute poverty, Collective poverty, Case poverty, and Asset poverty.

The World Bank's "Voices of the Poor," based on research with over 20,000 poor people in 23 countries, identifies a range of factors which poor people identify as part of poverty. These include:

- Abuse by those in power
- Dis-empowering institutions
- Excluded locations
- Gender relationships
- Lack of security
- Limited capabilities
- Physical limitations
- Precarious livelihoods
- Problems in social relationships
- Weak community organizations
- Discrimination

Poverty in Pakistan:



POVERTY IS LIKE PUNISHMENT FOR CRIME YOU DID NOT COMMIT

Pakistan is facing problems like corruption, population growth and illiteracy but the main problem is poverty which badly effect the country.

As per the latest poverty estimates, 24% of Pakistan's population lives below the national poverty line; which includes 31% in rural areas and 13% in urban areas¹ . Further, 38.8% of the national population is poor based on the multidimensional poverty index, 54.6% in rural areas and 9.4% in urban areas.

Poverty ratio in Pakistan:

In 2019 the inflation rate was 6.75% and current inflation rate is 11.12%.

The national poverty ratio, which was 31.3% in June 2018, would sharply jump to over 40% by June 2020. People living in poverty will increase from 69 million in June 2018 to 87 million by June 2020, indicating 26% increase in poverty.

Causes of poverty:

Poverty is the lack of basic human needs such as clean water, nutrition, clothing, healthcare, education and shelter, because of the inability to afford them.

Some of the causes are given below:

1. Low level of income

Poor people usually have small of unproductive land without irrigation or physical facilities. They lack income and are unable to improve their land productivity.

In Pakistan the situation is that even employed people are victims of poverty,

- 2.2% of male employed population is below \$1.90 PPP a day.

- 2.7% of female employed population is below \$1.90 PPP a day.
These are under the line of poverty.

2. Poor government policies:

Poor governance is the main cause of poverty as poor policies create injustice and inequality which result in poverty in the country.

3. Slow economic growth:

At the end of two years of the Pakistan Tehreek-e-Insaf (PTI) government, 18 million more people may slip into abject poverty due to low economic growth.

The current growth rate of the country is 5.50%.

4. Illiteracy:

- Illiteracy is one of the cause of poverty Literacy rate is very low in Pakistan as compared to other countries. Pakistan's literacy rate has declined from 60 percent to 58 percent according to economic survey of Pakistan.
- The Economic Survey of Pakistan 2019 report says that literacy rate has increased in Khyber Pakhtunkhwa from 54.1% to 55.3%,

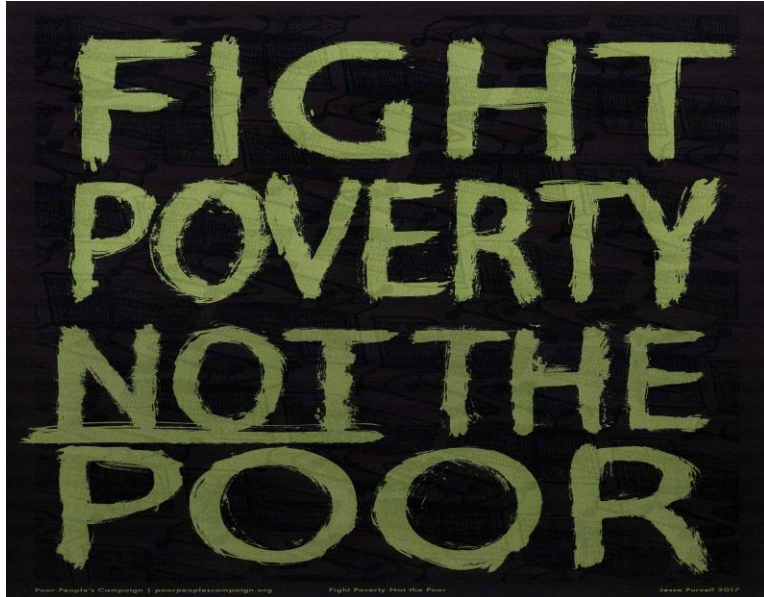
5. Unemployment:

The next important cause of poverty is unemployment.in developing countries like Pakistan there is no development of employment sector. There is lack of employment opportunities which is the great problem of poverty.

The current unemployment rate in Pakistan is 5.7%.

6. Corruption:

Corruption is cause of poverty in the country because corruption cause disproportion of financial resources which cause poverty.



Impact of poverty on society:

- **Illness:**

Improper nutrition and lack of health service because many chronic diseases in poor people examples TB, malaria and AIDS etc. these diseases result in deaths of many poor people. Approximately 30% of the global population does not have regular access to medicines.

- **Depression and stress:**

Mental health is “a state of successful performance of mental function, resulting in productive activities, fulfilling relationships with other people, and the ability to adapt to change and to cope with adversity”. Poverty has a profound effect on a person's mental health. 31% of people living in poverty have reported at some point been diagnosed with depression.

- **Crimes and instability:**

Due to lack of financial resources and food poor people are forced to commit crimes to fulfill their basic needs which result in instability in the society.

- **Improper nutrition**

The population below the poverty line lacks access due to higher retail price and unavailability of the medicines.



Possible solution to minimize poverty:

To minimize poverty following are the possible solutions:

- Government should introduce poverty elimination programs.
- Promote industrialization to create job opportunities and unemployment rate will decrease.
- Government should make such laws which establish justice and equality in society.
- Prevalence of education which will result in decreasing the rate of illiteracy in country.
- Equal distribution of financial resources.

According to HOMER:

This is misery! The last, the worst that man can feel