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## Vicious Circle of Poverty

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# Vicious Circle of Poverty

- Firstly the concept of vicious circle of poverty is given by Professor Ragner Nurksey in the year 1953. In a Economy , the vicious circle of poverty is the set of factors or events by which poverty once started , is likely to continue unless there is outside intervention.
- Thus we can call the vicious circle of poverty as ‘ Development Trap’ when it is applied to underdeveloped countries.

# Causes of Poverty

The main causes of poverty in a underdeveloped country are as follows:

- ❖ Low productivity rates
- ❖ Low salary
- ❖ Low infrastructure
- ❖ Business failure
- ❖ Ignorance, lack of skills and technology
- ❖ Health issues
- ❖ Natural Disaster
- ❖ Unutilized natural resources
- ❖ Education related factors

# Nurkse's Model of Vicious circle of poverty

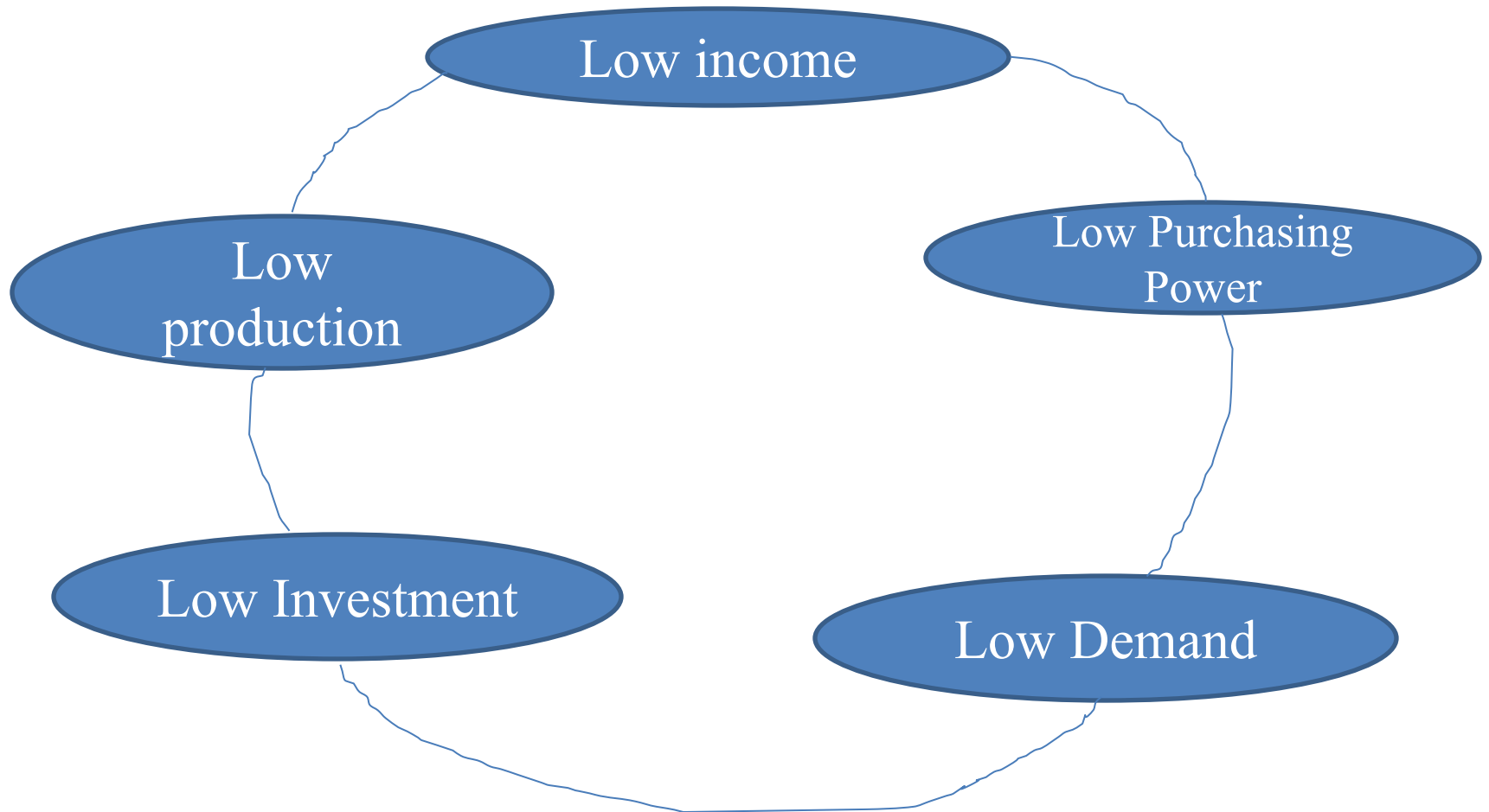
According to Professor nurkse there are two sides of vicious circle:

- ❖ Demand side
- ❖ Supply side

# Demand side

- ❖ Low income
- ❖ Low purchasing power
- ❖ Low Demand
- ❖ Low investment
- ❖ Low production
- ❖ Low income

# Circle of Demand side



# Supply Side

- ❖ Low Income
- ❖ Low Savings
- ❖ Low Investment
- ❖ Capital Deficiency
- ❖ Low Production
- ❖ Low Income



# Circle of Supply side

