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Poverty - A Simple Approach to Eradicate IT

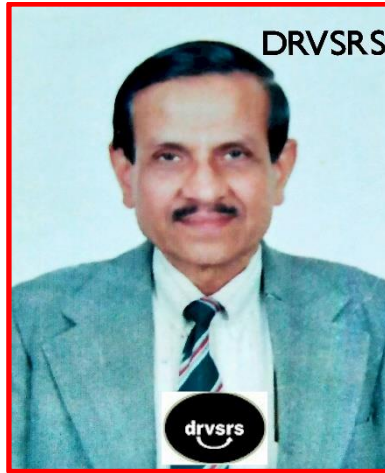
Subramaniam, Viswanatha

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**POVERTY – A SIMPLE APPROACH TO ERADICATE IT
BY**

DR.VSR.SUBRAMANIAM (drvsrcs)

**B.Sc., MBA (IIMA)., Ph.D (Management).,
Post Doctorate in Computer Science (USA).,**

Mobile : 919094321160 Email : drvsrcs@gmail.com

**HOME : Ward 2, Door# 5, Alwarkoil East Lane, Alwarkurichii,
Tenkasi District, Tamil Nadu, India. PIN : 627412.**

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POVERTY – A SIMPLE APPROACH TO ERADICATE IT

BY DR.VSR.SUBRAMANIAM (drvsrs)

ABSTRACT

A Country is a predefined territory, where people live along with the nature and other living species (Botanical, Marine, Zoological etc....). A Nation is the same as a Country, but with registered and identified group of people as the citizens. Each living group in a nation is identified as a Household. Poverty is the inability to buy the Basic Needs by a Household, and save a reasonable money, irrespective of their earnings per month. It includes all the citizens in a nation, from Rich to Poor. Saving is the local money value of the Arithmetic difference between the monthly earnings of a household (Husband+Wife+Children), AND the Cost of monthly Basic Needs for them. Basic needs are the Cost of Food, Shelter and Clothing for each Household. Irrespective of the monthly earning of any household, if the Cost of monthly Basic needs are lower, then there is a saving. It is the joint and coordinated responsibility of the administrative heads of the Rural, Urban, Taluk, District, State and the Central Government in every nation to ensure that every Household has a reasonable savings per month. A nation where the households, irrespective of their Economic bracket (Rich or Poor), lead a satisfied life and make a reasonable saving in every month, is a Developed nation. A nation where the lead an unsatisfied life and do not make a reasonable saving in every month is a Developing nation. A nation where the Basic needs are not available to meet the monthly requirements of the households OR the costs of Basic Needs are very high, is an under developed nation. Population is an asset as a productive work force. It is a liability, if lethargic and nonproductive. National administration should be divided from top to bottom with a full employment approach, through integrated Training and Development infrastructure. A Household is a Father, Mother and 2 children. Each administrative head should identify every Household, and provide a “Living card”. This card should have the estimated monthly income, value of reasonable basic needs (Vegetarian food + 4 sets of clothing and applicable rent value per year divided into month) for each Household. Households with monthly income less than the total monthly value of basic needs should be marked as “P” for poor. Each administrative head should attempt to reduce and eradicate the Poor category. This is a direct bottom level approach to eradicate poverty. Induction of savings through Cost reduction of Basic needs is a planned management approach. Effective management of Man Power, Materials and Techno-Commercial Infrastructure is a Macro level approach. All these lead to savings at Household level. Domestic savings is a source for Domestic investment to direct the nation towards accelerated Development.



JEL CODES

E15, E21, H31, I15, I21, I24, I26, I38, M53, M54, O35, O43, R11, R13, R21, R28

KEY WORDS

children, clothing, closed cycle, country, developing, development, domestic savings, employment, food, geometric model, household, living indices, nation, national administration, population, poverty, shelter, training, under developed

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01. A COUNTRY.

A Country is a predefined territory on the Earth, where people live along with the nature and other living species (Botanical, Marine, Zoological etc....). It is a geographical area on the Earth, owned either by the people living in that area OR owned forcibly by an outsider belonging to other territory on the Earth. If it is owned by an outsider and not by the native residents, then it is called an occupied territory. From ancient historical times, the Earth has been divided into many countries.

02. A NATION.

It is the same as a Country, but with registered and identified group of people as the citizens. Countries with identified people is a Nation. Population in any nation is normally expanding. The population in any Nation is the net of (Living native people + Immigrated people from outside nations - Emigrated local population to outside nations). The ratio of Population to the Geographical area of a Country varies widely. It also changes from years to years.

03. POPULATION.

The population in any country is divided into Children (below 18 years of age), Adults (Between 18 and 60 years of age), Retired people (61 and more years of age). Further, they are divided into Male and Female, based on their sex.

03A. POPULATION – AS A LIABILITY.

Population in any Nation is considered as a Liability, as their survival needs a mandatory provision of their Basic Needs, which are the Food, Shelter and Clothing.

Children have to be Educated, Guided and Trained towards a productive work force for the Nation. Hence, they are a Liability, till they grow into an Adult age of 18, and become a productive contributors to the Nation.

The retired people in a nation is also considered as a Liability, as they to be provided with their Basic needs of survival. But, they do not contribute any productive work to the Nation.

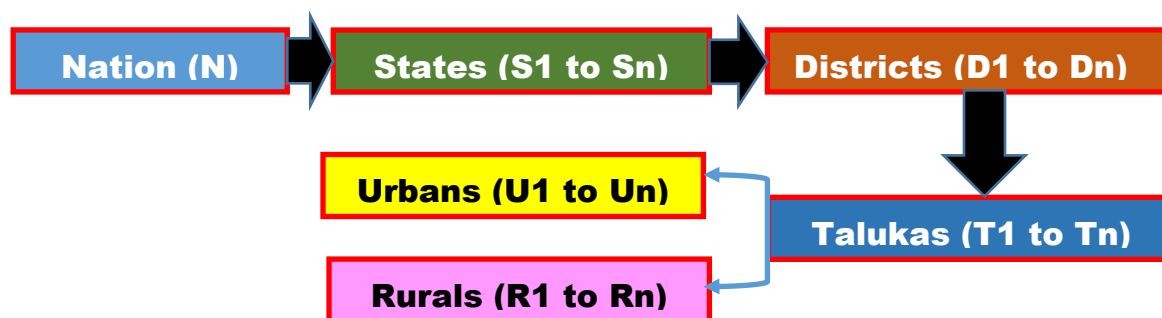
03B. POPULATION – AS AN ASSET

The Adult population in every nation is considered as Asset, as they contribute their productive physical work as well as their mental ability for the development of the resident nation. However, if any group of Adult population do not contribute their ability for the positive development of the Nation, then they cannot be an Asset.

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04. NATIONAL ADMINISTRATION.

The whole nation cannot be administered by one central administrator. Hence a nation should be divided into sizeable portions. The approach could be as below. Population N = National. S = States 1 to n. D = Districts 1 to n. T = Thalukas 1 to n. U = Urbans (Cities) 1 to n. R = Rurals (Villages) 1 to n.



Population accumulation from bottom to top in this division is as below.

$$\sum (R_n + U_n) = T_n \quad \sum T_n = D_n \quad \sum D_n = S_n \quad \sum S_n = N.$$

Each administrative unit is responsible to ensure that the population in their unit is identified and recorded through a document.

05. FULL EMPLOYMENT.

It is the responsibility of each administrative unit to ensure that all the adult population (Age of 18 years and over) in their jurisdiction are provided an employment, commensurate with their physical ability, educational attainment and their mental capability. Employment could be with the Government or Private organisations or Self-employed. Every employed person should get a Salary per month, commensurate with their physical ability, educational attainment and their mental capability. All the employed person should also be provided with Social security, Insurance and postretirement benefits (after the retirement age of 60).

It is also the responsibility of each administrative unit to conduct a Quarterly survey the adult population under their control, and take appropriate action on the following.

- Identify all the unemployed adults (without employment), find the reasons and motivate them + train them to perform jobs commensurate with their physical ability, educational attainment and their mental capability. Then ensure that all of them are employed.

- Estimate the **Immigrant** population (those who have come in from outside their administrative jurisdiction), regularise them to be in line with the normal population OR relocate them into outside administrative jurisdiction.
- Estimate the **Emigrant** population (those who have gone out from the administrative jurisdiction permanently), and find the reasons. If the reasons are due to any living inconvenience, remove those immediately, so that no more persons emigrate due to such reasons. If the local population immigrate to a place within the country for good, it is permissible and tolerable.

➤ **Emigration and Inflation.**

But if they emigrate to a foreign nation with a currency of higher foreign exchange rate with reference to the local national currency, then there is a hidden danger of possible inflation induction.

The emigrated person may have a monthly income in the foreign currency (may be far less than a person of similar ability in the emigrated nation), be able to save a sizeable portion of the income, and remit the same to the original residential location relatives.

Because of the high Exchange rate, the sent amount becomes large and it is accessible by the relatives.

The local relatives spend it lavishly and pay high prices to the essential items (Free money exempted from Income Tax!!).

This results in an inflation, due the local sellers increase the price, beyond the paying capacity of other people in the region.

This situation should be controlled through the local Bank, where the money is remitted from abroad through a Non Resident Account.

06. TRINING AND DEVELOPMENT.

Education and Training all the persons in every jurisdiction is the Prime need for a happy living and a Poverty less environment.

06A. SCHOOLS.

It is the responsibility of each administrative unit to ensure to create adequate Schools to educate the children in their region. Private educators should also be encouraged to open schools as per the Education standards set for the Nation and local administrative units. They should also be commensurate with the latest recognized International standards.

- Pre School Training - For Children in the age group of 3 to 5 years.
- Elementary education – Standards 1 to 8. For Children in the age group of 5 to 13 years.
- Secondary education – Standards 9 & 10. For Children in the age group of 14 and 15 years.

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- **Pre degree education – Standards 11 & 12. For Children in the age group of 16 and 17 years.**

06B. COLLEGES.

It is the responsibility of every administrative unit to create Government and Private Colleges in various faculties like Arts, Commerce, Science, Management, Engineering, Technology, Medicine, Psychology, Sociology, Hospitality etc.... The syllabus and Teaching should be commensurate with the latest International standards. Colleges should offer Bachelor degrees and have the infrastructure to do Master and Doctoral programs.

06C. POLY TECHNIQUE INSTITUTIONS.

It is the responsibility of every administrative unit to create Government and Private Polytechnique institutions. These are professional and entrepreneurial / self-employment oriented institutions in Engineering, Technology, Hospitality, Traditional product development talents etc.... The products and services resulting out of these institutions should be for Domestic use and Export oriented value.

The syllabus and Teaching should be commensurate with the latest International standards.

06D. INSTITUTIONS AND EMPLOYMENT INTEGRATION.

- **Each administrative unit should survey and list of persons uneducated in their territory and induct/motivate them to join the appropriate institution, suitable to their aptitude and interest, join and get trained to become a productive and earning professional. The concerned administrative unit should pay or subsidies the training fees/charges, in case of the trainee is not able to pay from their pockets.**
- **Each administrative unit should offer a subsidised or sponsored education upgrade program for all employed persons in their territory to upgrade their education, and enhance their productive talents in their area of jurisdiction.**

07. HOUSEHOLD.

Each living group in the nation is identified as a Household. A Household covers (a Husband, Wife and their Children). Each Taluka, District and the State should do the following :-

1. The contents of solid matter varies between Nations, Households, Eating time (Morning, Noon or Evening), and the Season. This is either or raw or cooked or packed. Fruits are also part of the eaten matter.
2. Sufficient quantity of pure, hygienic drinkable Water is a part of food. At least 2 liters per day of water should be consumed per person.
3. Sufficient quantity of Milk per day is also a part of food. It can be taken with food or taken separately. At least 1 liters per day of milk should be consumed per person.

Based on the above guidelines, the cost of food per person should be worked out per adult. For children, 1 liter of milk + some cereals should be taken as the food per day. 1 Full meal in the morning and 1/2 meal in the night is the total food per day.

Daily food cost per Household =

$$1\frac{1}{2} \times \{(\text{Adult cost} \times 2) + (\text{Children cost} \times 2)\} = \text{FC}$$

Monthly food cost per House hold = $\text{FC} \times 30 = \text{MFC}$

08B. CLOTHING.

Clothing varies from gents, women and children.



Normal Cotton clothes to protect a person from hot and cold as well as good presentation should be considered. The clothes also varies based on the geographic living region. The dress also made of upper, under garments and utility materials like towels, hand kerchiefs, chapels, boots etc..

The cost of 4 sets of dress per year should be considered as a standard.

$$\text{Yearly clothing cost} = 4 (2 \text{ Adult dress} + 2 \text{ Children dress}) = \text{YCC.}$$

Monthly clothing cost per House hold = $\text{YCC} / 12 = \text{MCC}$

08C. SHELTER (HOME)

Some Households own their residences. But, majority of Households live in rented houses. The house value and rent per month varies between Urban and Rural areas.

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Whether owned or rented, the standard rent per month in the locality should be taken as the

Monthly shelter cost per House hold = **MSC**

09. MONTHLY LIVING INDICES

The monthly living cost per Household is the sum of the Monthly Food cost, Clothing cost and the Shelter cost = (**MFC** + **MCC** + **MSC**) = MLC.

The concerned administrative authority should get the monthly income from each Household, under their jurisdiction as MIN.

hey should prepare a table of all Households (HH) as below, in a :-

HH No	HH Head Name	MIN	MLC	D = (MIN – MLC)	Remark
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HHno – Household Serial Number.

HH Head Name – Name of the Head of the Household.

MIN - Monthly Income in local currency.

MLC - Monthly living cost

D - Difference between MIN and MLC.







Remark - **P** or Poor, where D is Negative. Monthly income is less than the Monthly living cost.

The concerned Local Administrative head should approach all the Households having a **P** mark, and do the needful to increase the Monthly Income of the Head of the Household. It is through proper professional training and re-employment, as well as an attempt to employ or upgrade the income of the other family partner (male or female) in a suitable job, commensurate with their capability and education. This is a direct and on-line approach to eradicate the poverty of people in a nation.

10. MEASURE OF THE DEVELOPMENT OF A NATION

Representative Household is the total population including the lowest wage earners or the Labour class. The components which decide the development of any nation is the value of the Monthly Basic needs of a House hold (MLC) versus their Earnings per month (MIN).

- If (MIN – MLC) is positive, then there is a Saving, an indicator of developed nation.
- If (MIN - MLC) is Zero or Negative, then there is no Saving, an indicator of Developing nation.
- If the basic needs are not available, then the nation is under developed.

MIN > MLC = SAVING	MIN = MLC or MIN < MLC NO SAVING	BASIC NEEDS NOT AVAILABLE OR NOT AFFORDABLE
		
DEVELOPED	DEVELOPING	UNDER DEVELOPED
 USA	 INDIA	 BANGLA DESH

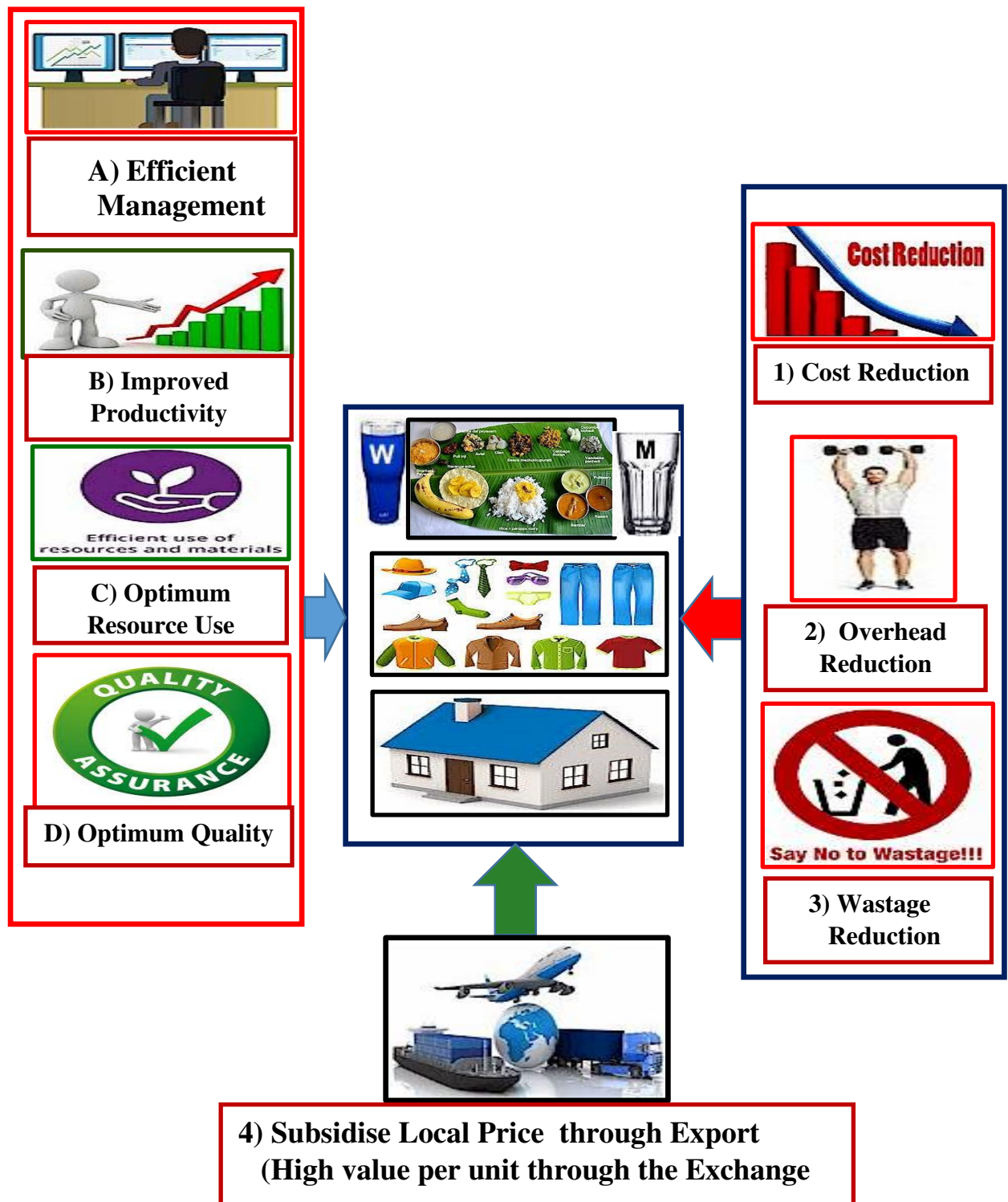
People from under developed and developing nations migrate to to Developed nations to enjoy a saving opportunity!!! In turn, this provides a status of “Cheap and Skilled labor” availability to the Developed nations!!!

11. ROOT FOR DEVELOPMENT ACCELERATION

The absolute path for saving is in ensuring the availability of basic needs first. Then to reduce the cost of basic needs below the Average earnings from Top to the lowest level house hold or the Labour class.

How to achieve the status of Monthly cost of basic needs are always less than the Household earnings per month? It is through the Mandatory actions on Basic need items in the production and distribution area, as shown below:-

A	Efficient Management	1	Cost Reduction
B	Improved Productivity	2	Overhead Reduction
C	Optimum Resource use	3	Wastage Reduction
D	Optimum Quality	4	Subsidise Local Price through Export



This is a planned management approach to eradicate poverty, at the Macro level . Note : Export brings a large value for every unit, through the leverage of high Exchange rate. Efficient management includes Mass production methods also.

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Responsibility for the above actions should be on :-

- **Elected representatives and Ministers.**
- **Appointed administrators at Village, Taluka, District, State and National levels.**
- **Private owners & corporate units in Basic need manufacturing and Distribution in the developed nations, the above are practiced as a business ethics, leading towards a saving trend among the local public.**
- **In the Developing nations, the responsibility holders (both public and private) utilise the Basic need production and distribution as a captive income generation center for their wealth acquisition, luxury promotion and employ their kith and kin at exorbitant salaries. They recover the resulting loss through a continual price increase methodology, and lead the public towards the path of Poverty (people who are not Offord to buy the basic needs).**
- **Developing nations avoid the responsibility to control and progressively reduce the cost of basic need items, and link their increase to a “Cost of living index”. Proportionate to this index, they give a wage increase to the households. It is a suicidal policy, leading towards a domestic inflation and increase the number of people below poverty line. (Example – India)**
- **In under developed nations, the responsibility holders export the Basic need items to the Developed nations, where there is a large demand and associated profit. They target towards self-wealth acquisition, leading the local population to suffer and die.**

12. CLOSED CYCLE ECONOMICS

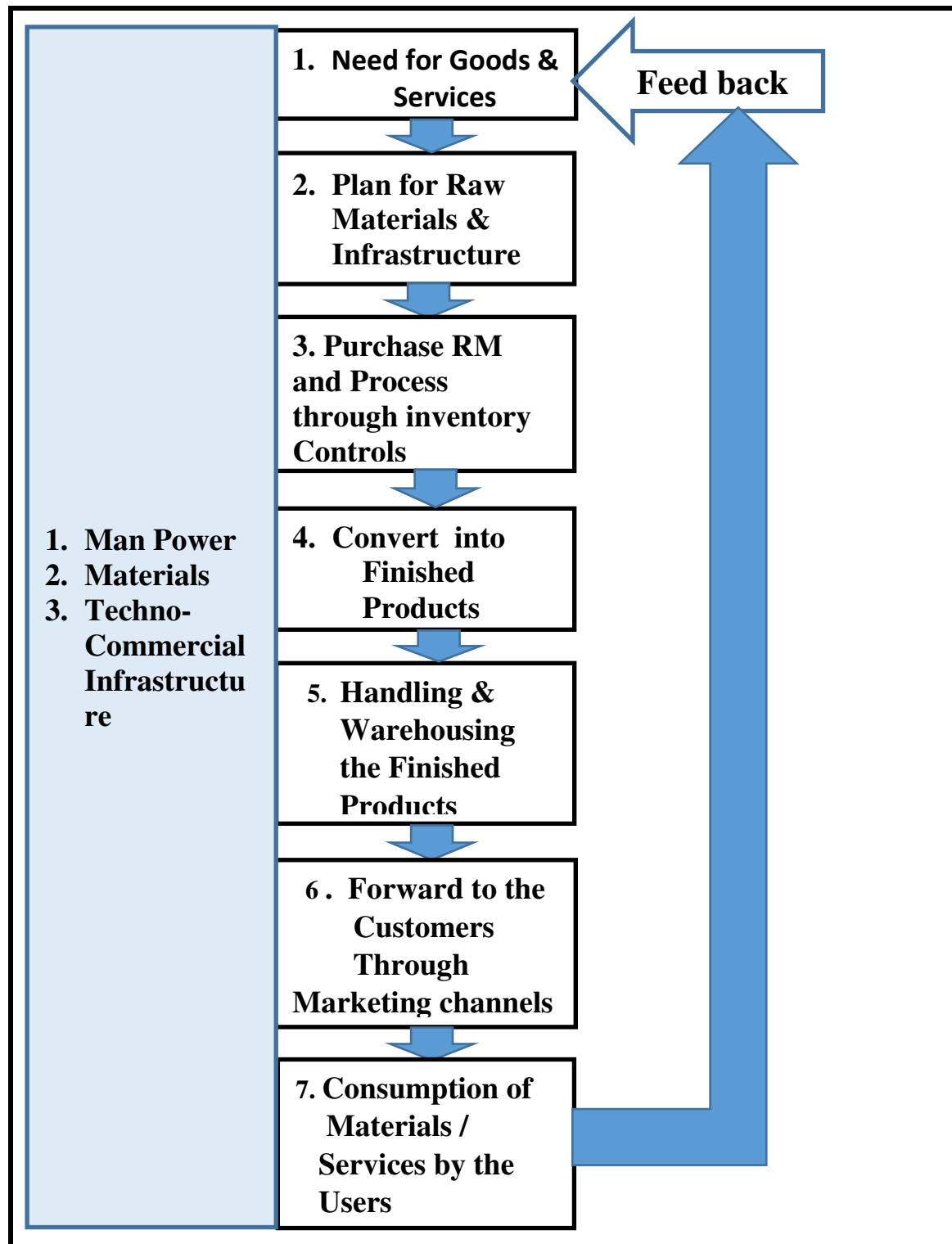
A comparative review of the productive activities that control the financial flow in any nation, indicates a pre-set pattern with seven steps.

- 1. The first step is the demand for goods and services from individual households for consumables, and capital items from corporate sectors. These needs are converted into deliverable outputs by the Research and Development activity.**
- 2. The second step is to plan for the raw and semi-finished materials.**
- 3. The third step is to locate and augment the sources for basic raw materials from infrastructure units, through the purchasing operation. control them through proper inventory systems, and process them through appropriate production process, manned and managed through appropriate Manpower Management systems.**
- 4. The fourth step is the Engineering and Technological conversion process through appropriate machinery, infrastructure and spare parts, utilizing the operating and maintenance manpower.**
- 5. The result in the fifth step is the finished product or services, transported and delivered by the handling manpower. The handling and warehousing operations are optimised through Operations Research Models.**
- 6. The products and services in the sixth step reach the users, after proper packing through the forwarding methods and marketing channels.**
- 7. The last and seventh step in the cycle is the consumption of materials and services, distributed and accounted by the financial and personnel manpower. These operations are managed and optimised through Cost-benefit and Management Information systems.**

This consumption in step 7, links the cycle back to the demand generation in Step-1 and provides a Feedback on the demand situation. All these 7 steps are dominated by Man Power, Materials and Techno-Commercial Infrastructure. These 3 components should be managed effectively, to lead the country towards Development. Development inducts savings and in turn, eradicates Poverty,

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CLOSED CYCLE ECONOMICS



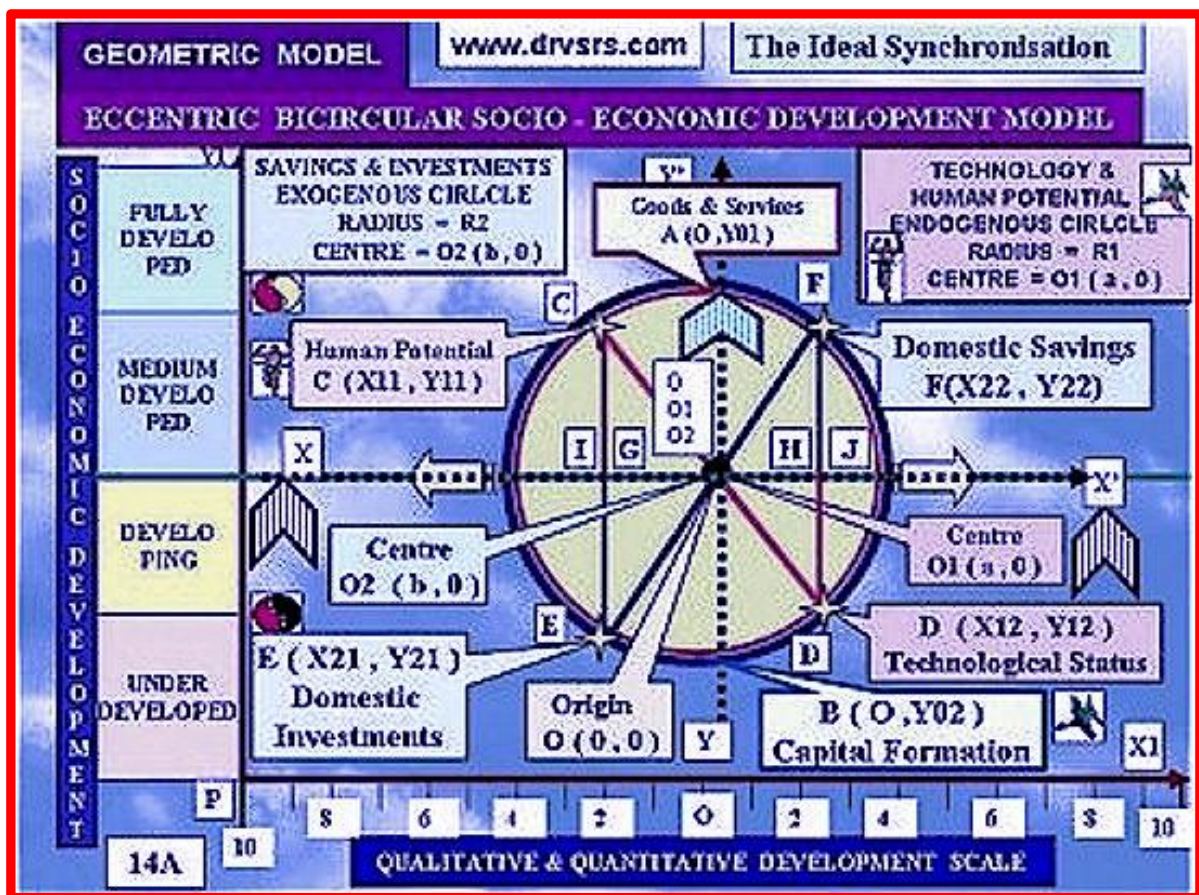
13. DOMESTIC SAVINGS – A SOURCE FOR DOMESTIC INVESTMENT

- Once the domestic saving trend is established as ($MIN > MLC$), then the national government should create incentive for the people to invest their savings, by offering at least 20% return (Double the investment in 5 years) through interest. This will provide a base for using Domestic savings for Domestic Investments. This should be implemented through the Central or Reserve Bank and other nationalised & private banks. In developing and under developed nations, the governments provide a very low interest rates to the public investments (like 7% to 2% per annum or even low).
- The government should have wizards to invest the public savings in domestic development projects, which can get a return more than 20%, to pay back to the public, and a profit for the government.
- If there are no such wizards in domestic sources, they can hire them from UN, Commonwealth, World bank etc.. at no cost help, to implement and train domestic experts.
- Investing borrowed funds from foreign sources in projects, increase the debt level of a nation. But domestic savings improves the monetary strength of the nation.
- A Geometric Circular Model developed and solved by the author leads to the following conclusions. (Source : “Development Acceleration – A Practical Methodology” by the Author at Munich Personal RePEc Archive.
<https://mpira.ub.uni-muenchen.de/107606>) Page 31.
 - Domestic Investments through Domestic Savings (Individual / Corporate / Government, (even though a foreign source to start with).
Exogenous Circle.
 - Domestic Human potential to man the Domestic technology (Latest technology moderated to suit the local environments).
Endogenous circle.
 - Synchronise the **Exogenous** and **Endogenous** circles and optimise their dimensions.
 - This is Universally Applicable to All Developed / Developing Under-Developed Nations.

(See the Schematic diagram below)

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SYNCHRONISATION AND OPTIMISATION OF EXOGENOUS AND ENDOGENOUS CIRCLES





(Source : “Development Acceleration – A Practical Methodology” by the Author
at Munich Personal RePEc Archive.

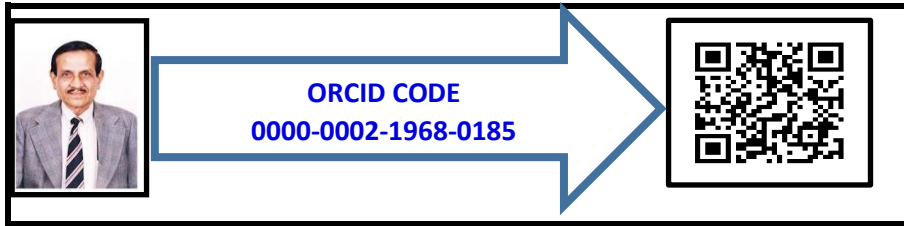
<https://mpra.ub.uni-muenchen.de/107606> Page 54

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14. SPECIAL NOTE

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<p>CREATIVE CONFERENCE 1. OSWALD YHAP - Manager, Caribbean Basin Water management. (CDB). 2. DR.VSRS. 3. ARTHUR LEWIS Nobel Laurate in Economic Science 1979. In Welches Gardens, St.Michael, Barbados. West Indies on Saturday the April 20, 1985</p>	<p><u>ACCREDITED ASSOCIATION</u></p> <p>DR.VSRS WITH ARTHUR LEWIS Nobel Laureate in Economic Science 1979. In the University of West Indies. Barbados Campus (1982 – 1989)</p>

15. END NOTE – THE AUTHOR – DRVSRS



The author is academically a B.Sc., MBA(IIMA)., Ph.D(Management)., Post Doctorate in Computer Science (USA). A Scientist & Professor in Management Science. A trained ISO 9001:2000 Quality systems Consultant and Auditor, MIS Consultant and Socio- Economic development acceleration specialist. A “Past” “Data Processing Expert” in Commonwealth Fund for Technical Cooperation (CFTC), London and “Consultant Adviser” in the Caribbean Development Bank (CDB - A World Bank & UNDP setup), Barbados, West Indies. Author of over 60 publications and 19 Books in Management technique applications. Over 50 years of experience in national and multinational organisations as a Head of Techno-commercial departments. Between 1982 and 1989, was associated with 5 Nobel Laureates in Economic Science. Created & published new models to accelerate the Socio-Economic Development, by unique application of Algebra and Geometry to the area of Economic Science.

Email – drvsrs@gmail.com Mobile - 91-9094321160

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Home : Ward 2, Door#5, Alwarkoil East Lane, Alwarkurichi, Tenkasi District, Tami Nadu, India. PIN : 627412.

