

A Roadmap to Eliminate Poverty

Why in news?

India must raise the per capita income, estimated in 2022-23 at 2,379 USD, by almost six times and grow at 7 % over the next 25 years to have a higher standard of living and eliminate poverty.

What is poverty?

- Poverty is a condition wherein an individual lacks the financial resources & essential conditions for meeting the minimum standard of living.
- It refers to the condition wherein the economic condition of a person is so low that even the most basic needs are not met.

Types of poverty

- **Absolute Poverty** - It refers to the condition wherein an individual is deprived of even the basic necessities, including food, shelter, and clothing to meet the basic living standards.
 - According to the World Bank, those who are unable to earn **2.15 dollar per day** are living in extreme poverty.
- **Relative Poverty** - It refers to the condition in which people lack the minimum amount of income needed to maintain the average standard of living in their respective society.
 - Hence, it is a measure of income inequality within a country.

What are the global challenges?

- **Ukraine- Russia War**- This deteriorated the climate for peace which is necessary for growth in the economy.
- Supply disruptions of critical imports like oil can cause a severe setback to both developing and developed countries.
- **Global trade**- The World Trade Organisation (WTO) was set up to create an environment of low tariffs and restrictions.
- But rich countries that earlier preached to the developing countries to adopt a free trade model, are backing out for one reason or another and putting restrictions on imports.

What about the status of poverty in India?

- **Global MPI**- It was first launched in 2010 by UNDP and Oxford Poverty and Human Development Initiative (OPHI).
- According to Global MPI 2021, India's rank is 66 out of 109 countries.

- The country's poverty rate decreased from 55.1% in 2005-06 to 16.4% in 2019-21.
- The reduction in poverty in South Asia has been largely attributed to improvements in India's MPI.
- **National MPI**- Niti Aayog is the nodal agency to release MDP report for states and Union Territories.
- As per 2023 report there has been steep decline in the poverty, India has achieved a remarkable reduction in its MPI value and headcount ratio between 2015-16 and 2019-21.
- It registered a decline in the number of "multidimensionally poor" individuals, from 24.85 % in 2015-16 to 14.96 % in 2019-2021.

How Poverty is defined in India?

- Poverty is measured based on Consumption Expenditure Surveys (CES) of the **National Sample Survey Organisation (NSSO)** that are conducted every 5 years.
- The conventional approach to measuring poverty is to specify a minimum expenditure required to purchase a basket of goods and services necessary to satisfy basic human needs. This expenditure is called the **poverty line**.
- Poverty line estimation in India is based on the **consumption expenditure** and not on the income levels.
- The survey was last conducted in 2017-18 but the government junked its results citing "quality" concerns.
- As a result, data from the **2011-12** CES is the only available consumption tool to calculate official poverty estimates.

COMMITTEES ON POVERTY ESTIMATION

- **Alagh Committee (1979)** - Poverty line is based on a minimum daily requirement of 2400 and 2100 calories for an adult in Rural and Urban area respectively.
- **Lakdawala Committee (1993)** - It recommended that
 - Consumption expenditure should be calculated based on calorie consumption as earlier
 - State specific poverty lines should be constructed and should be updated using the Consumer Price Index of Industrial Workers (CPI-IW) in urban areas and Consumer Price Index of Agricultural Labour (CPI-AL) in rural areas
- **Tendulkar Committee (2009)** - It recommended
 - A shift away from calorie consumption based poverty estimation
 - To have a uniform poverty line basket for rural and urban India
- The Committee recommended using **Mixed Reference Period (MRP)** based estimates, as opposed to Uniform Reference Period (URP) based estimates that were used in earlier methods for estimating poverty.
- **Rangarajan committee (2012)** - It estimated a monthly per capita expenditure of Rs. 1407 in urban areas and Rs. 972 in rural areas.

What are the initiatives taken by India to eliminate poverty?

Poverty alleviation

- **Sansad Adarsh Gram Yojana (SAGY)**- It was implemented in 2014 for the social and cultural development of villages, to develop model villages providing basic amenities.
- **National Rural Livelihood Mission (NRLM)**- It was launched in 2011 to provide the

impoverished with stable monthly income.

- **Deendayal Antyodaya Yojana- National Urban Livelihood Mission (DAY-NULM)-** It was launched in 2013 to reduce poverty and vulnerability by providing access to self-employment and skilled wage employment opportunities.
- **Pradhan Mantri Jan Dhan Yojana-** It was launched in 2014 with the aim of financial inclusion and affordable financial services.

Employment generation

- **MGNREGA-** The Mahatma Gandhi National Rural Employment Guarantee Act was launched in 2005 to provide 100 days of guaranteed wage employment.
- **Atmanirbhar Bharat Rojgar Yojana-** It was launched in 2020 to incentivize employers for the creation of new employment along with social security benefits.
- **PM- SVANidhi Scheme-**(Street Vendor's AtmaNirbhar Nidhi) It was launched in 2020 to provide affordable working capital loans to street vendors.
- It is provided to resume their livelihoods that have been adversely affected due to the Covid-19 lockdown.
- **Prime Minister's Employment Generation Program** - It was launched to establish micro enterprise in both rural and urban areas.

What India can do to eliminate poverty?

- **Multi-dimensional strategy-** With strong foothold in services sector, India must adopt a holistic approach by focusing on agriculture and allied activities, manufacturing and exports.
- **Absorb new technologies-** New technologies like AI may lead to automation and increase in unemployment.
- **Skill development** - The need of the hour is to reorient our educational system to enable students to acquire the required skills.
- **Employment generation-** There is a need to create employment by identifying labour-intensive economic activities.
- **Environment sustainability-** The burden of pollution reduction must be borne by developed economies that have exploited natural resources significantly in the last century and a half.
- **Provision for basic income-** This can be done by cut in the subsidies other than those on food.

References

1. [Indian Express| Opinion on the roadmap to eliminate poverty](#)
2. [World Bank| Adjustment to global poverty line](#)
3. [PIB| Schemes for poverty by India](#)
4. [Rural Ministry| Working paper on poverty](#)