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 detoriated 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.

COMMITEES 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 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

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2. [World Bank| Adjustment to global poverty line](#)
3. [PIB| Schemes for poverty by India](#)
4. [Rural Ministry| Working paper on poverty](#)