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**DAILY EDITORIAL
ANALYSIS**

TOPIC

Poverty Estimation in India

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POVERTY ESTIMATION IN INDIA

Context

- **NITI Aayog B.V.R. Subrahmanyam** recently claimed that less than 5% of Indians now live below the poverty line. He made the claim based on the findings of the **Household Consumption Expenditure Survey (HCES), 2022-23**.

About

- The **Household Consumption Expenditure Survey (HCES)** claimed that India's rural poverty level had declined to **7.2% in 2022-23 from 25.7% in 2011-12**, while **urban poverty slipped to 4.6% from 13.7%** over the same period.
- The HCES is usually conducted by the **National Statistical Office (NSO) every 5 years**. It is designed to collect information on the consumption of goods and services by households.
- **At a national level**, the report reckoned that the **poverty rate in India could now be in the range of 4% to 5%**, with a caveat that these numbers could undergo minor revisions once the Census to count the population that was due in 2021, is completed and the rural-urban population share is published.

Other Estimates of Poverty in India

- **'Multidimensional Poverty in India since 2005-06: A Discussion Paper': NITI Ayog:**
 - ♦ Multidimensional poverty in India **declined from 29.17% in 2013-14 to 11.28% in 2022-23**.
 - ♦ As many as **24.82 crore people moved out of multidimensional poverty in nine years to 2022-23**, with Uttar Pradesh, Bihar and Madhya Pradesh registering the largest decline.
- **Multidimensional Poverty Index 2023:**
 - ♦ The MPI 2023 estimates show a **near-halving of India's national MPI value and a decline from 24.85% to 14.96% between 2015-16 and 2019-21**.
 - ♦ This reduction of 9.89 percentage points implies that about **135.5 million people have exited poverty between 2015-16 and 2019-21**.
 - ♦ Besides, **the intensity of poverty**, which measures the average deprivation among the people living in multidimensional poverty, **reduced from 47.14% to 44.39%**.

Poverty in India

- Poverty entails **more than the lack of income and productive resources** to ensure sustainable livelihoods. **Its manifestations include hunger and malnutrition, limited access to education and other basic services**, social discrimination and exclusion as well as the lack of participation in decision-making.
- Poverty in India **remains a complex challenge** despite significant reductions in recent decades.

Current Issues:

- **Debates on Definition and Measurement:** Different poverty lines (income levels considered poor) and data sources lead to varying estimates.
 - ♦ The **World Bank, using the \$2.15 per day benchmark** (PPP - Purchasing Power Parity), estimates an **11.9% poverty rate for India**.
 - ♦ The Indian government claims a **lower national poverty, with figures below 5%** of the population below the poverty line .
- **Government Data:** The Indian government uses its own poverty indicators, which tends to show lower poverty rates compared to international benchmarks.
- **Uneven Progress:** Poverty reduction has been faster in rural areas compared to urban areas.

Causes of Poverty:

- **Limited Livelihood Opportunities:** Lack of access to good jobs, especially in rural areas, keeps people trapped in poverty.

- **Social Inequality:** Caste discrimination, gender bias, and lack of access to education disproportionately affect marginalized communities.
- **Low Productivity in Agriculture:** The level of productivity in agriculture is low due to subdivided and fragmented holdings, lack of capital, use of traditional methods of cultivation, illiteracy etc.
- **Inequality in the Distribution of Income and Assets:** The poor mainly consists of unskilled labor, which typically does not command a high enough level of wage income.
 - ♦ The benefits of the growth have been concentrated and have not **“trickled down” sufficiently** to ensure improved consumption among the lower income groups.
- **Lack of Access to Social Services:** The lack of access to social services such as health and education compound the problems arising from inequality in the ownership of physical and human assets
- **Lack of access to Institutional Credit:** The banks and other financial institutions are biased in the provision of loans to the poor for the fear of default in the repayment of loans.
- **Lack of Productive Employment :** The magnitude of poverty is directly linked to the unemployment situation. The present employment conditions don't permit a reasonable level of living causing poverty.
- **Caste system:** Caste system in India has always been responsible for rural poverty. The subordination of the low caste people by the high caste people caused the poverty of the former
- **Social customs:** The rural people generally spend a large percentage of annual earnings on social ceremonies like marriage, death feast etc. and borrow largely to meet these requirements. As a result, they remain in debt and poverty.
- **Vicious Circle of Poverty:** Low level of saving reduces the scope for investment; low level of investment yields low income and thus the circle of poverty goes on indefinitely.

Poverty line Estimation in India

- **Tendulkar committee (2009):** Poverty line in the Suresh Tendulkar methodology was expenditure of **₹33 a day in urban areas and ₹27 a day in rural areas.**
 - ♦ Thus, India's poors as percentage of total population in **2011-12** as per the Tendulkar committee was **21.9.**
- **Rangarajan committee(2014):** In the Rangarajan methodology, it was **₹47 a day in urban areas and ₹30 a day in rural areas.**
 - ♦ Thus, India's poor population as percentage of Indian population in 2011-12 was **29.5**, as per Rangarajan committee.
- **Current poverty line calculation by NITI Aayog:** A new approach has evolved by the NITI Aayog to incorporate multiple dimensions and non-income factors in the form of **Multidimensional Poverty Index**, based on **National Family Health Surveys(NFHS) results.**
 - ♦ At the core of the MPI is the **Alkire-Foster (AF) methodology**, a globally accepted general framework for measuring multidimensional poverty, which captures overlapping deprivations in health, education, and living standards.
- **International Poverty Line:** The **World Bank** defines a person as extremely poor if she is living on **less than \$2.15 per day**, which is adjusted for inflation as well as price differences between countries.

Suggestions/Measures

- **Address interlinkages:** Inequalities of income, education, and opportunity are all interconnected and must be addressed together.
- **Reducing inequalities of opportunity** and of incomes among individuals, populations, and regions can foster social cohesion and boost general well-being.
- **Jobs and employment** are the surest way to reduce poverty and inequality.

- **Poverty eradication must be mainstreamed** into the national policies and actions in accordance with the internationally agreed development goals forming part of the broad United Nations Development Agenda.
- **Education and health:** It is essential that the government should provide education and health services free of cost for the deserving citizens and those from the socially oppressed classes.

Government Initiatives to reduce poverty in India:

- **Mahatma Gandhi National Rural Employment Guarantee Work (MGNREGA):** It provides wage employment while also focusing on strengthening natural resource management through works that address causes of chronic poverty.
- **Flagship programmes like the Poshan Abhiyan** and Anaemia Mukt Bharat have contributed to reduced deprivations in health.
- **Initiatives such as Swachh Bharat Mission (SBM) and Jal Jeevan Mission (JJM)** have improved sanitation across the country.
- The provision of subsidized cooking fuel through the **Pradhan Mantri Ujjwala Yojana (PMUY)** has positively transformed lives in rural areas.
- Initiatives like **Saubhagya, Pradhan Mantri Awas Yojana (PMAY), Pradhan Mantri Jan Dhan Yojana (PMJDY)**, and Samagra Shiksha have also played a major role in significantly reducing multidimensional poverty in the country.

Way Ahead

- India has made progress in eliminating extreme poverty but still there is a long way to go ahead, as seen in the World Bank's recent claim that **74% Indians still can't afford a nutritious diet.**
- Further, to get the real picture of poverty in India **revision of the poverty line** as per changing socio-economic realities is needed.

Daily Mains Question Practice

[Q] India has a long and ongoing battle against poverty. While significant strides have been made in recent years, eradicating poverty completely remains a complex and demanding task. Critically analyse.

