



POVERTY IN INDIA - GS III MAINS

Q. Poverty is no longer absolute in India. Examine the reasons behind India's success in addressing absolute poverty and also throw a light on measures to address the relative poverty in India. (15 marks, 250 words)

News: *Has poverty really dropped to 5% in India?*

What's in the news?

- 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.

Key takeaways:

- Mr. Subrahmanyam argued that the average consumption expenditure in the bottom 5% of India's population, as estimated by the survey, is about the same as the poverty line in India, suggesting that the poverty rate in India is somewhere in the range of 0 to 5%.

Poverty:

- Poverty is a state or condition in which a person or community **lacks the financial resources and essentials for a minimum standard of living.**
- Nearly 21.9% of the population lives in poverty according to the estimation of the National Poverty Line in 2011.

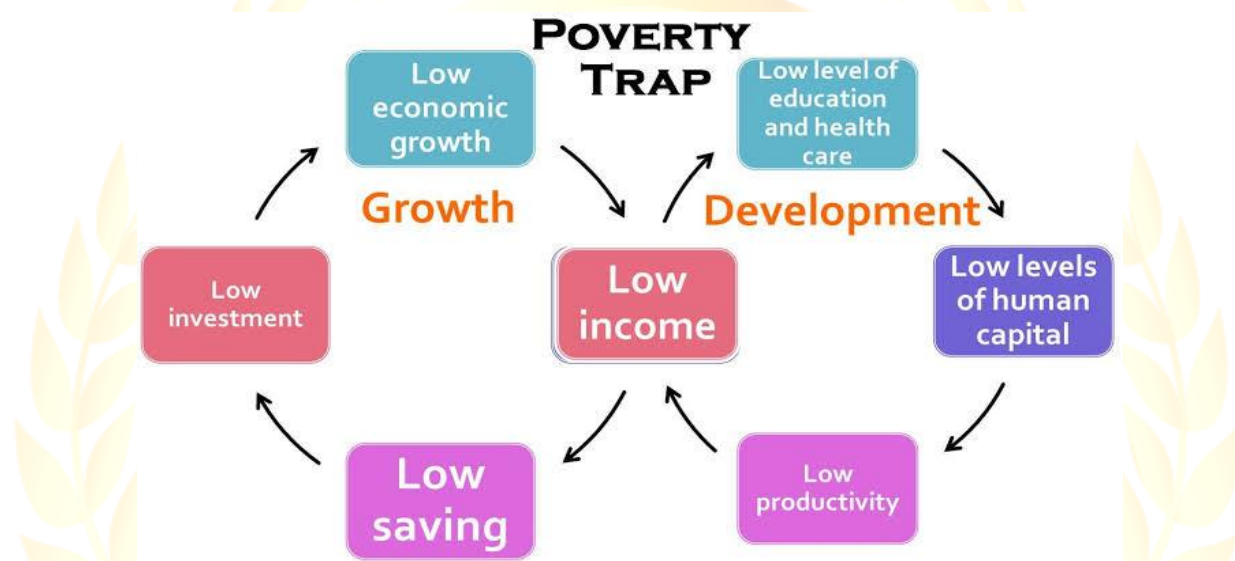
Causes of Poverty in India:

The causes of poverty are multidimensional as follows.

- **Population explosion** - Leads to lack of available resources.
- **Lower agricultural productivity** - Lack of mechanisation, land fragmentation, increasing cost of cultivation fuelled by forces of climate change and changing natural circumstances.
- **Low rate of economic development** - India being a developing country facing constraints in funding and technology vis-a-vis developed countries in industrial and economic development.
- **Unemployment** - Lack of growth of capital-intensive sector.
- **Rising inequality** - Oxfam Report 2021 reported that the top 1% of the population earns 60% of the national resources.
- Colonial exploitation
- Lack of capital and entrepreneurship
- **Social backwardness** - Untouchability and exploitation by means of caste, religion, gender etc leading to social deprivation and social exclusion causing deprivation of opportunity.



- **Lack of access to education** - Leading to lack of development of skills and knowledge to gain ample employment.
- **Lack of affordable healthcare access** - Leading to the perpetuation of malnutrition, reproductive health issues, etc.
- **Political causes** - Poor planning and top-down approach which fails to trickle down along with lack of transparency and accountability.
- **Urban poverty** - Rising informalisation and casualisation of the economy affecting job security and social security.
- **COVID-19 pandemic and Ukraine war** - fuelling inflation and unemployment dragging many into vicious cycles of poverty again.



Impact of Poverty in India:

- **Lower income** - which again traps into vicious cycle of poverty.
- Inadequate or inability to acquire basic goods and services necessary for survival with dignity.
- Lower level of access and provisions to health and education.
- Poor access to clean water and quality food along with poor sanitation and unaffordable households leading to homelessness and deprivation.
- Inadequate physical security.
- **Lack of voice** affects their freedom of expression leading to lack of their participation in the decision making process.
- Higher rate of infant death, malnutrition and hidden hunger.
- **Increasing menace of child labour and early marriage of a child** which was evident during COVID-19 pandemic.
- **Exploitation of people in poverty** - leading to **modern slavery** affecting social fabric of a country.
- Affects overall growth and development of the nation.



Government Initiatives:

1. Five year plans:

- To raise the living standard of the people.
- To reduce the inequalities of income and wealth.
- Bringing out overall welfare of the community.

2. Nationalisation of banks:

- Provides access to financial services to rural areas.
- Increasing investment and employment opportunities in rural areas, thereby bringing out rural transformation.

3. 20 - Point Programme:

- Provided ways to alleviate poverty through bringing out poverty eradication, food security, labour welfare, clean drinking water, housing for all, health for all, education for all, child welfare, women welfare, youth development, rural development, IT enabled e-governance, etc.

4. Integrated Rural Development Programme:

- To enable selected families to cross the poverty line.

5. Antyodaya Yojana:

- To develop the poorest of the poor.
- Antyodaya means development of the people who are at the bottom level of the ladder.

6. Targeted PDS:

- It established fair price shops for distribution of food grains at subsidised rates.
- It helps in supply of essential commodities like rice, wheat and kerosene to people living under below poverty lines.
- It helps in addressing the issue of food insecurity in the rural and urban areas.

7. Mahatma Gandhi National Rural Employment Guarantee Scheme:

- It provides wage employment to the rural people, thereby helping in targeting unemployment.

8. National Rural Livelihood Mission:

- To reduce poverty by enabling the poor households in access to gainful self employment and skilled wage employment opportunities resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong and sustainable grassroots institutions for the poor.

9. National Urban Livelihood Mission:

- It focuses on organizing urban poor into self help groups, creating opportunities for skill development leading into market-based employment and helping them to set up self employment ventures by ensuring easy access to credit.



10. PM Garib Kalyan Yojana:

- Provides free resources of 5 kgs of wheat and rice, 1 kg of preferred pulses for 80 crore poor people to absorb COVID shocks.
- Increase in MGNREGS wages to benefit targeted families and helps in coming out of COVID shocks.

11. National Nutrition Mission (NNM) or Poshan Abhiyan:

- It aims to reduce the level of under-nutrition and also enhances the nutritional status of children, adolescents, pregnant women and lactating mothers.

How India reduced Poverty levels?

1. Targeted identification:

- The identification of deprived households on the basis of the Socio Economic and Caste Census (SECC) 2011 across welfare programmes helped in creating a constituency for the well-being of the poor, irrespective of caste, creed or religion.
- The much-delayed SECC 2011 data was released in July 2015. This was critical in accomplishing the objectives of “Sabka Saath, Sabka Vikas”. Since deprivation was the key criterion in identifying beneficiaries, SC and ST communities got higher coverage and the erstwhile backward regions in Bihar, Madhya Pradesh, Rajasthan, Uttar Pradesh, Jharkhand, Odisha, Chhattisgarh, Assam, Rajasthan and rural Maharashtra got a larger share of the benefits.
- This was a game-changer in the efforts to ensure balanced development, socially as well as across regions. Social groups that often used to be left out of government programmes were included and gram sabha validation was taken to ensure that the project reached these groups.

2. Gender Inclusion and SHGs:

- The coverage of women under the Deendayal Antyodaya Yojana and Self Help Groups (SHG) increased from 2.5 crore in 2014 to over 8 crore in 2018 as a result of more than 75 lakh SHGs working closely with over 31 lakh elected panchayati raj representatives, 40 percent of whom are women.
- This provided a robust framework to connect with communities and created a social capital that helped every programme.
- The PRI-SHG partnership catalysed changes that increased the pace of poverty reduction and the use of Aadhaar cleaned up corruption at several levels and ensured that the funds reached those whom it was meant for.

3. Infrastructure development in rural areas:

- Finance Commission transfers were made directly to gram panchayats leading to the creation of basic infrastructure like pucca village roads and drains at a much faster pace in rural areas.



- The high speed of road construction under the Pradhan Mantri Gram Sadak Yojana created greater opportunities for employment in nearby larger villages/census towns/kasbas by improving connectivity and enhancing mobility.

4. Financial inclusion:

- The social capital of SHGs ensured the availability of credit through banks, micro-finance institutions and MUDRA loans.
- The NRLM prioritised livelihood diversification and implemented detailed plans for credit disbursement.
- New businesses, both farm and non-farm livelihoods, were taken up by women's collectives on a large scale with community resource persons playing crucial hand holding roles, especially with respect to skill development.

5. Targeted Schemes:

- In the two phases of the Gram Swaraj Abhiyan in 2018, benefits such as gas and electricity connections, LED bulbs, accident insurance, life insurance, bank accounts and immunisation were provided to 6,3974 villages that were selected because of their high SC and ST populations.
- The implementation of these schemes was monitored assiduously. The performance of line departments went up manifold due to community-led action. The gains are reflected in the findings of the National Family Health Survey V, 2019-2021.

6. Universal Coverage:

- The thrust on universal coverage for individual household latrines, LPG connections and pucca houses for those who lived in kutcha houses ensured that no one was left behind.
- This was also a period in which a high amount of public funds were transferred to rural areas, including from the share of states and, in some programmes, through extra-budgetary resources.

7. People's Participation:

- The thrust on a people's plan campaign, "Sabki Yojana Sabka Vikas" for preparing the Gram Panchayat Development Plans and for ranking villages and panchayats on human development, economic activity and infrastructure, from 2017-18 onwards, laid the foundation for robust community participation involving panchayats and SHGs, especially in ensuring accountability.

8. Increasing accountability:

- Through processes like social and concurrent audits, efforts were made to ensure that resources were fully utilised.
- Several changes were brought about in programmes like the MGNREGS to create durable and productive assets. This helped marginal and small farmers in improving their homesteads, and diversifying livelihoods.



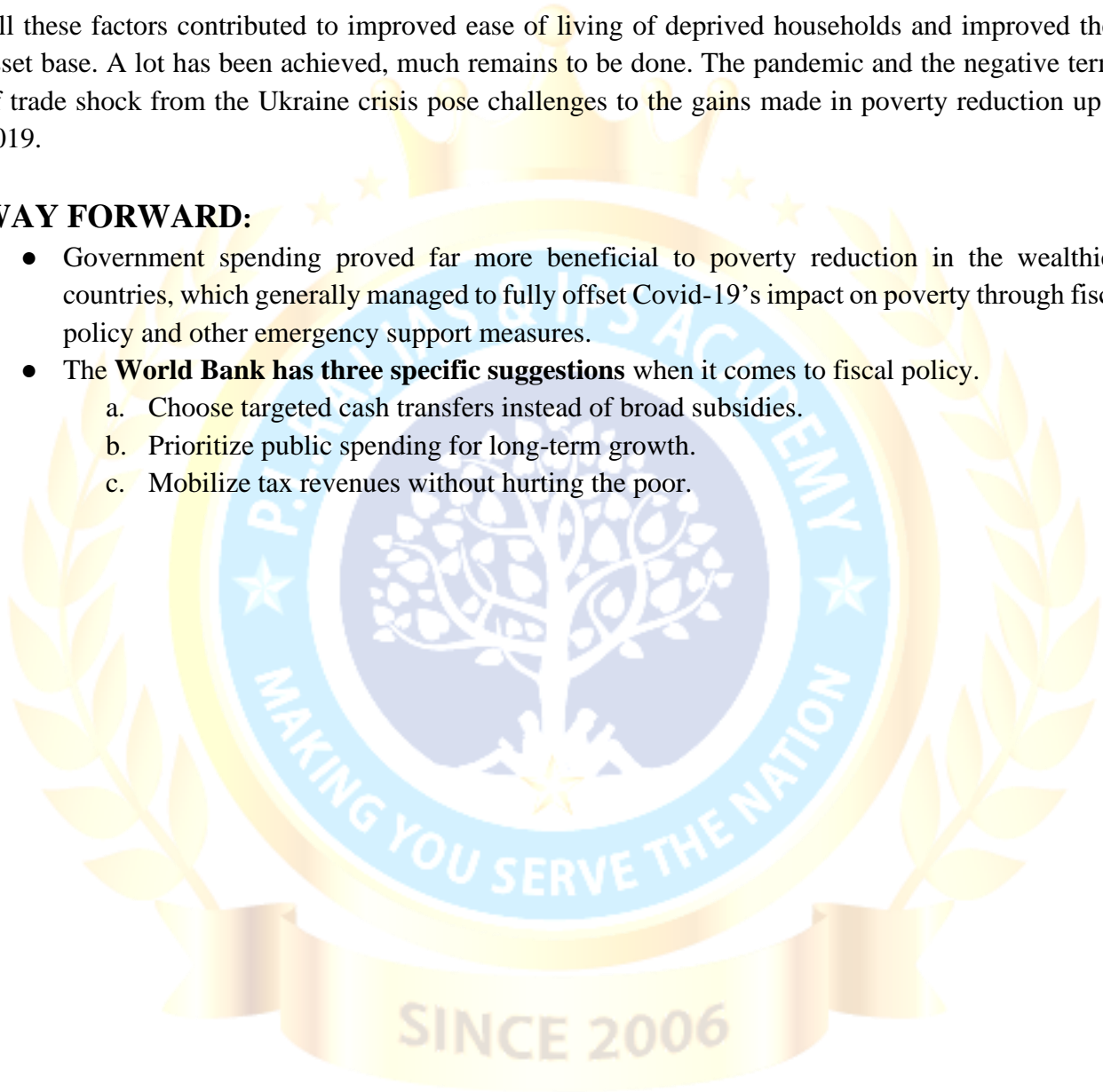
9. Competitive Federalism:

- The competition among states to improve performance on rural development helped.
- Irrespective of the party in power, nearly all states and UTs focussed on improving livelihood diversification in rural areas and on improving infrastructure significantly.

All these factors contributed to improved ease of living of deprived households and improved their asset base. A lot has been achieved, much remains to be done. The pandemic and the negative terms of trade shock from the Ukraine crisis pose challenges to the gains made in poverty reduction up to 2019.

WAY FORWARD:

- Government spending proved far more beneficial to poverty reduction in the wealthiest countries, which generally managed to fully offset Covid-19's impact on poverty through fiscal policy and other emergency support measures.
- The **World Bank has three specific suggestions** when it comes to fiscal policy.
 - a. Choose targeted cash transfers instead of broad subsidies.
 - b. Prioritize public spending for long-term growth.
 - c. Mobilize tax revenues without hurting the poor.



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