

Semester: IV (UG)
Subject: Indian Economy UNIT-IV
Topic: *Problem of Poverty & Poverty alleviation measures*
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Lecture Note # 1

One of the ironies of our rapidly developing and increasingly progressive world is that poverty continues to remain widespread and rampant, and the vulnerable population seems to have grown ever more vulnerable. Those who are poor remain poor simply because at the mental and physical level they suffer from the pangs of poverty, which can be considered secondary poverty. The recent studies suggest that, the gap between the rich and poor is growing over time. In India, despite several efforts by the government to lift the poor out of the poverty drag, still there are millions who don't have access to the basic amenities of life.

The intensity of poverty in India is a matter of serious concerns for both policy makers and academia. It is because of its widespread implications. In absolute numbers, India accounts for largest number of poor persons amounting to nearly 300 million persons with a huge percentage of them being forced to live in abject poverty due to socio-economic vulnerabilities.

Indian Poverty Measures: A Chronology Poverty lines as determined during the British Raj were flawed initio simply because most of such lines were dependent upon a contextual sense of adequacy. In 1979, subsistence needs were systematically linked to nutritional needs and household spending patterns. Calorie norms of 2,400 per capita per day for rural India and 2,100 for urban India were adopted, and the expenditure equivalents of these norms were identified through the empirical distribution of consumer expenditure from the NSS survey of 1973–1974. The studies during 1970s conducted by M.S. Ahluwalia, V.N. Gadgil etc. became the new poverty lines for both rural and urban areas in India. Most of these studies assumed that per capita consumption expenditure or household expenses generally a period of one month or one year, was the right statistical choice for calculating poverty in India. Implicitly, subsistence was defined as the bundle consumed by households at these calorie levels.

Poverty alleviation has been on the national policy agenda for more than seventy years. During the National movement the Congress was also working hard to spell out a future plan for adopting the strategy of planned development once India got independence. Accordingly, in 1938, the Indian National Congress set up a National Planning Committee (NPC) headed by Jawaharlal Nehru, which made a declaration that the social objective of the Indian government should be 'to ensure an adequate standard of living for the general masses, in other words, to get rid of the appalling poverty of the people'. The importance of reduction in poverty and provision of other basic needs has been emphasized in all the five-year plans since independence particularly since the Fifth Five-Year Plan. The government concerned had adopted a two-pronged strategy, one, promoting economic growth and another direct action for alleviating poverty.

Until the 1990s, no attempt was made to capture differences in prices or spending patterns across states. Poverty estimates were revised with each quinquennial NSS survey and price indices were used to adjust for price changes over time. In 1993, an expert group set up by the Planning Commission recommended state-specific poverty lines based on regional

prices, which captured the cost of living for poor households. For each state, the new price deflators were the consumer price index for agricultural labourers (CPIAL) for rural populations and the consumer price index for industrial workers (CPIIW) for their urban counterparts. The updating of poverty lines was done purely on the basis of these cost estimates. Over the years, this method lost credibility. The price data were flawed and successive poverty lines failed to preserve the original calorie norms. Dr. Manmohan Singh government decided to further set up an expert committee with Suresh Tendulkar as its head in 2005 and on the basis of whose report a new poverty line was published in 2009. The report was officially adopted by the Planning Commission in 2011. The Tendulkar Committee did not relate poverty lines to calories. However, for the sake of continuity, it anchored the all-India urban head count for 2004–2005 to 25.7 percent, the official estimate under the old procedure. Using this normalization, it then arrived at rural and urban poverty lines for each state using elaborate methods for estimating regional price variations based on the aggregation of 23 price indices for different categories of expenditure.

The latest estimates on poverty based on National Sample Survey (NSS) data show that poverty in India in 2011-12 was around 22 per cent. In other words, more than 300 million people are still below poverty line in India.

Poverty alleviation measures: India has taken up various programmes and schemes and to provide employment to the poor so they can earn a daily wage since 1980s. Recent schemes in the past decade to reduce poverty include:

1. *National Rural Livelihood Mission: Ajeevika (2011):* The Ministry of rural Development launched this scheme in 2011. Its object is to provide employment which will make able rural poor for good regular income on a monthly basis. To do so, self-help groups are formed in the villages to help those in need.
2. *The Fight Hunger First Initiative (FHFI) Program (2011):* It is often seen that though numerous programs and schemes are started to help those in need, the assets do not reach the people who are in most need of them, be it due to exploitation, lack of awareness, or other reasons. The Fight Hunger First initiative was taken up by the government in 2011 to improve access of communities to the entitlements and rights accrued to them by the government schemes like employment, nutrition of child, basic education and food supplies. The focus of this scheme is on most five backward states of India i.e. Madhya Pradesh, Jharkhand, Orissa, West Bengal and Karnataka. FHFI seeks to support and help the community and grass-root organizations in activating the Indian authorities to provide minimum social support in the sectors mentioned above.
3. *Food Security Bill (2013):* The Food Security Bill was tabled in the Parliament in 2011 and became an act on 12 September 2013 making it one of the largest food security schemes across the world. Under the provisions of this law, beneficiaries will get 5 kilogram of grains per person per month, including rice at Rs. three per kilogram, wheat at Rs. two per kilogram and coarse grains at Rs. one per kilogram. The bill proposes meal entitlement to specific groups, including pregnant women and lactating mothers, children between six months and fourteen years, malnourished kids, people affected by disaster, and those who are destitute,

homeless and starving. The roll out entails covering 75% of the rural population, since they happen to be the most deprived section in the society, and up to 50% of the urban population.

4. *Pradhan Mantri Kaushal Vikas Yojna (2015)*: This scheme was launched by the Cabinet in March 2015 to provide skill training to 1.4 million youth with an overlay of Rs 1120 crore. This is done in partnership with the Ministry of Skill Development and Entrepreneurship via the National Skill Development Corporation. It focuses on helping newcomers into the labour market catering to X and XII dropouts.
5. *Farm Loan Waiver (2016-2018)*: Just before the State elections 2018 in Madhya Pradesh, Rajasthan and Chhattisgarh, the government waived farmers' loans thus freeing them of the debt they were facing. This step was previously taken by Telangana or in other states in 2016. This step was praised as well as criticised as it was a temporary relief from the debts, it does not provide a long-term solution to the main problem at hand.
6. *10% Quota to Economically Weaker Sections (2019)*: The Government of India announced 10% reservation for the economically weaker groups in general category on 7 January 2019. The Union Minister said that those who earn less than Rs 8 lakh a year and have less than 5 acres land ownership will be eligible to avail the quota.

Global Programmes Impacting Against Poverty in India: Many initiatives are being taken up at the world level as well to solve the problem of hunger and poverty. Some of these are:

1. *Ending Child Hunger and Undernutrition Initiative (ECHUI)*: This is a global initiative started by World Food Programme (WFP) that ensues global partnership and aims at reducing the causes and effects of child hunger and undernutrition. It aims to marshal resources for actions on national levels to create awareness and address the issue on a global scale. On any given day, WFP has 5,000 trucks, 20 ships and 92 planes on the move, delivering foods and other assistance to those in most need.
2. *Agenda 2030*: Agenda 2030 is the shortened names given to the Sustainable Development Goals (SDGs) are 17 goals set by the UN General Assembly in 2015. The two important goals of the agenda are to "End Poverty in all its forms, everywhere" and "End Hunger, achieve food security and improved nutrition, and promote sustainable agriculture". This shows that the need of the hour is focusing on the poverty and its most harsh side effect of hunger.

Reference:

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