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Mains Practice Questions

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Q. “The poverty line in India may not permit a comfortable existence, but allows above subsistence existence”. Critically examine the concept of poverty line in India. (250 words)

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Approach

- Give a brief introduction of the concept of poverty line in India.
- Discuss the significance and issues related with the concept of poverty line.
- Provide a way forward to solve the problem of malnutrition and poverty.
- Conclude suitably.

Introduction

- The conventional approach to measuring poverty is to specify a minimum expenditure (or income) required to purchase a basket of goods and services necessary to satisfy basic human needs. This minimum expenditure is called the poverty line.
- The current official measures of poverty are based on the Tendulkar poverty line, fixed at daily expenditure of ₹27.2 in rural areas and ₹33.3 in urban areas.
- The World Bank has classified India as a lower middle-income country and the corresponding poverty line set is PPP \$3.2 (about Rs 200).

As per the it, the poverty rate in India declined from 58 per cent in 2011-12 to 37 per cent in 2017-18.

Body

Issues related with the concept of poverty line

- **Need to revisit the poverty line:** New analysis from the Food and Agriculture Organization (FAO) shows that hundreds of millions of people in India above the international poverty line of \$1.90 purchasing power parity (PPP) per person per day cannot afford a healthy or nutritious diet.
This analysis confirms the fact that the problem of poor nutrition in India is largely on account of the unaffordability of good diets, and not on account of lack of information on nutrition or tastes or cultural preferences. The large majority of Indians cannot afford a balanced diet.
- **Components of Poverty Line Basket (PLB):** Determining components of Poverty Line Basket (PLB) is one of the main issues of poverty line estimation because of the price differentials (of constituents of basket) which vary from state to state and period to period.
- **Dynamics of Demography:** India’s population has steadily increased through the years. This also increases the demand for consumption goods tremendously.
Thus, the consumption patterns, nutritional needs and prices of components keep on changing as per dynamics of macro economy and demography.

- **Lack of consensus** among the states over the acceptance of Tendulkar and Rangrajan committee report.
 - Some states such as Odisha and West Bengal supported the Tendulkar Poverty Line while others such as Delhi, Jharkhand, Mizoram etc. supported Rangarajan report.
- **Price Rise:** Price rise has been steady in the country and this has added to the burden on both the families of Below and Above Poverty Line. The lower income groups have suffered because of it, and are not even able to satisfy their basic minimum wants.
- **Social Factors:** Apart from economic factors, there are also social factors hindering the eradication of poverty in India. Some of the hindrances in this regard are the laws of inheritance, caste system, certain traditions, etc.
 - The poverty line estimation is more or less economic and not taking into account the social factors.

Way forward

- **Redefining poverty line**
 - Indian poverty line as defined by the **Tendulkar Committee** corresponded roughly to \$1 a day at international PPP prices.
 - Also, there has been **no redefinition** of the poverty line in the last decade. It is thus lower than the international poverty line (\$1.9).
- **Hybrid of Absolute and Relative Measurement of Poverty:** The hybrid approach which would measure poverty from the perspective of a common global standard of living and relative poverty within countries.
 - The poverty line in case of hybrid model would be equivalent to the income required to achieve a certain welfare status, which includes basic nutrition and social inclusion.
- **Assessing impact of COVID-19**
 - The number of people who cannot afford a healthy diet will have risen in the last three months.
 - This is because of the **lack of employment** and incomes for majority of the workers in the informal sector.
- **Making changes to the Pradhan Mantri Garib Kalyan Anna Yojana**
 - The scheme offers an additional 5 kg of wheat or rice and 1 kg of gram or lentils a month free of cost to all households with ration cards.
 - This is a welcome move but inadequate to address the massive and growing problem of malnutrition.

Conclusion

- Poverty alleviation has always been accepted as one of India's main challenges by the policy makers, regardless of which government was in power.
- Despite rapid growth and development, an unacceptably high proportion of our population continues to suffer from severe and multidimensional deprivation.

- If India wants to reduce malnutrition and food insecurity, we have to address the problem of affordability of healthy diets first. Thus, a more comprehensive and inclusive approach is required to eradicate poverty in India.