

Paper on India's Poverty: World Bank

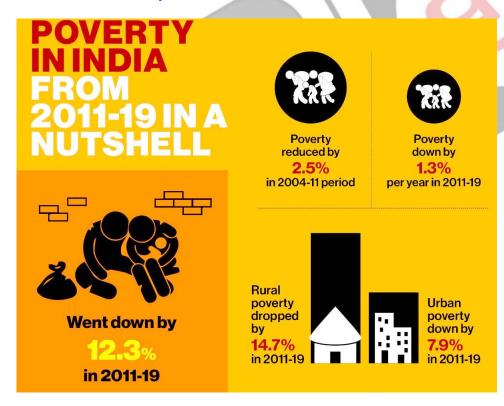
For Prelims: World Bank, IMF, Poverty, NSSO, Poverty Related Initiatives.

For Mains: Important International Institutions, Poverty in India and Related Issues.

Why in News?

Recently, the <u>World Bank</u> published the paper titled 'Poverty has Declined over the Last Decade But Not As Much As Previously Thought'.

The paper came close on the heels of a working paper published by the <u>International Monetary</u> <u>Fund (IMF)</u> saying India has almost eradicated extreme <u>poverty</u> and brought down consumption inequality to <u>its lowest levels in 40</u> years through <u>state-funded food handouts (Public Distribution System)</u>.



What are the Key Highlights of the Report?

- Decline in Extreme Poverty: Extreme poverty in India was 12.3% points lower in 2019 compared with 2011, as poverty headcount rate declined from 22.5% in 2011 to 10.2% in 2019, with a comparatively sharper decline in rural areas.
 - Slight moderation in consumption inequality since 2011, but by a margin smaller than

what is reported in the unreleased National Sample Survey -2017.

- The extent of poverty reduction during 2015-2019 is estimated to be notably lower than earlier projections based on growth in private final consumption expenditure reported in national account statistics.
- The World Bank defines "extreme poverty" as living on less than USD 1.90 per person per day.
- Rural vs Urban Poverty: Poverty reduction was higher in rural areas compared with urban India as rural poverty declined from 26.3% in 2011 to 11.6% in 2019, while in urban areas the decline was from 14.2% to 6.3% in the corresponding period.
 - Rural and urban poverty dropped by 14.7 and 7.9% points during 2011-2019.
 - Urban poverty in India rose by 2% in 2016, coinciding with the **demonetisation**, and rural poverty rose by 10% in 2019.
- Small Farmers: Smallholder farmers have experienced higher income growth. Real incomes for farmers with the smallest landholdings have grown by 10% in annualized terms between the two survey rounds (2013 and 2019) compared to a 2% growth for farmers with the largest landholding.
 - The growth in incomes of smallest landholders in rural areas provides more evidence of moderation in income disparity in rural areas.
 - Smallest landholders comprise a larger share of the poor population. This income
 includes wages, net receipt from crop production, net receipt from farming of animal
 farming and net receipt from non-farm business. Income from leasing out land has been
 exempted.

What is the significance of the Report?

- The World Bank's paper is significant as India has no official estimation of recent periods. The last expenditure survey was released in 2011 by the <u>National Sample Survey Organisation</u> (<u>NSSO</u>), when the country had also released official estimates of poverty and inequality.
- It sheds light on how poverty and inequality have evolved since 2011 using a new household panel survey, the Consumer Pyramids Household Survey conducted by <u>Centre</u> for Monitoring the Indian Economy (CMIE).

What are the Major Poverty Alleviation Programs of India?

- Integrated Rural Development Programme (IRDP)
- Pradhan Mantri Awaas Yojana
- National Old Age Pension Scheme
- Annapurna Scheme
- Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005
- Deendayal Antyodaya Yojana National Rural Livelihood Mission (DAY-NRLM)
- National Urban Livelihood Mission
- Pradhan Mantri Kaushal Vikas Yojana
- Pradhan Mantri Jan Dhan Yojana

What is the World Bank?

- About:
 - It was created in 1944, as the International Bank for Reconstruction and Development (IBRD) along with the International Monetary Fund (IMF). The IBRD later became the World Bank.
 - The World Bank Group is a unique global partnership of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.
- Members:
 - It has 189 member countries.
 - India is also a member country.
- Major reports:
 - Ease of Doing Business (Stopped publishing recently).

- Human Capital Index.
- World Development Report.
- Its Five development institutions:
 - International Bank for Reconstruction and Development (IBRD)
 - International Development Association (IDA)
 - International Finance Corporation (IFC).
 - Multilateral Guarantee Agency (MIGA)
 - International Centre for the Settlement of Investment Disputes (ICSID)
 - India is not a member of this.

Source: HT



