A Brief History of India's Poverty Levels

What is the issue?

There have been debates over whether the poverty has gone up during the recent years and the answer depends on whether one looks at the overall incidence of poverty in percentage terms or the absolute number of poor.

What is poverty?

- According to the **Suresh Tendulkar Report 2009**, the concept of poverty is associated with socially perceived deprivation with respect to basic human needs.
- Poverty is a "relative" concept and it is essentially about how you are relative to those in your surrounding.
- Abject poverty or Absolute poverty refers to a state where a person is unable to meet the most basic needs such as eating the minimum amount of food to stay alive.

What is a poverty line?

- Poverty levels refer to some level of income or expenditure below which one can reasonably argue that someone is poorer than the rest of the society.
- It is a level of income or consumption expenditure that divides the population between the poor and non-poor.
- The poverty line suggested by the Tendulkar Committee was **Rs 29** per day per person in urban areas and **Rs 22** per day per person in rural areas.
- The purpose behind choosing a poverty line is two-fold.
    1. To accurately design policies for the poor
    2. To assess the success or failure of government policies over time

What has happened in India's fight against poverty?

- **Headcount ratio of poverty**– It is the percentage of population that was designated to be below the poverty line.
- India made rapid strides since 1973 and the incidence of poverty fell quite sharply from 55% in 1973 to under 28% in 2004.

- The Tendulkar Committee recognised that in reality education and healthcare were not being met by the government.
- This raised the poverty line and essentially told us that India was poorer than what it previously believed.
- **Absolute number of poor** - The absolute numbers remained at the same level until the start of economic reforms in the early 1990s.
- Between 2004 and 2011 when close to 140 million people were brought out of poverty in just 7 years.



What has happened to poverty levels since 2011-12?

- **Consumer Expenditure Survey (CSE) -** Poverty levels are updated using the CSE, which is conducted by the National Statistical Office (NSO) once in every five years.
- The last survey that was conducted in 2017-18 showed that for the first time in four decades consumer expenditure in India had fallen**.**
- This might indicate that poverty levels as well as the absolute number of poor had risen between 2011-12 and 2017-18.
- However, the government claimed that the survey suffered from "data quality" issues.
- **Santosh Mehrotra and Jajati Keshari Paridas' study –** The two academics have attempted to ascertain the impact on poverty between 2011-12 and 2019-20 by looking at the consumption related questions in NSO's Periodic Labour Force Survey.
- They cited that even though the incidence of poverty has come down marginally, India has witnessed an increase in the absolute number of poor in the country.
- As against pulling 140 million out of poverty between 2004 and 2011, India has seen more than 76 million fall back below the poverty line between 2012 and 2020.
- **Reasons why poverty has gone up**
    1. India's GDP growth rate has faltered post demonetization
    2. Unprecedented rise in joblessness where 2017-18 period had touched a 45-year high unemployment
    3. Fall or stagnation of real wages even before the COVID pandemic
- The government's focus should be on creating more jobs, especially in labour-intensive sectors, such as textiles and food processing etc. as India has lost half of the jobs in its manufacturing sector alone.

Reference

https://indianexpress.com/article/explained/explainspeaking-a-brief-history-of-indias-poverty-levels-7612086/

