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Mains Answer Writing Program
for **BPSC 67**

INDIAN ECONOMY

18. What are the problems associated with poverty alleviation programme and policy of the govt? Suggest some innovative ideas for dealing this problem.

गरीबी उन्मूलन कार्यक्रमों और सरकार की नीतियों से जुड़ी समस्याएं क्या हैं? इस समस्या से निपटने के लिए कुछ नवोन्मेषी विचारों का सुझाव दीजिए।

REG. OFFICE: 103, KUMAR TOWER, BORING RD. CROSSING, PATNA

☎ 9031036700 / 9031036701

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Introduction:

Poverty is the state of deprivation of basic services like health, shelter, education etc. Eradication of poverty remains a major challenge of planned economic development in India.

In 2019, the Global Multidimensional Poverty Index reported that India lifted 271 million citizens out of poverty between 2006 and 2016. Despite this, India still hosts one of the largest number of poor in the world. Although the poverty rate has declined, still 29.6% of our population still lives in poverty according to Rangarajan Committee. According to the NITI Aayog's first National MPI based on the findings of the NFHS-4 Survey, around 25.01% of the Indian population is multidimensionally poor.

Body:

Poverty Alleviation Programs And Policies Of The Govt:

1. **Skill development/ Employment/ Self employmentbased:** Integrated Rural Development Programme (IRDP), Jawahar Rozgar Yojna, Sampoorna Gramin Rozgar Yojana (SGRY), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), National Rural Livelihood Mission, Rural Employment Generation Programme (REGP) REGP, National Food for Work Programme, etc.
2. **Infrastructure based:** Jawahar Gram Samridhi Yojana (JGSY), Pradhan Mantri Gram Sadak Yojana (PMGSY), Pradhan Mantri Gramodaya Yojana (PMGY), etc
3. **Food related:** Public Distribution System, Antyodaya Anna Yojana (AAY), etc.
4. **Other:** Pradhan Mantri Ujjwala Yojana (PMUY), etc.

Problems associated with poverty alleviation programme

1. **Lack of consensus on the definition of poverty-** While the World Bank sets the threshold at \$1.90 at PPP, various committees like Alagh Committee, Tendulkar Committee, Rangarajan Committee etc. have adopted different approaches. The expert group headed by Rangarajan had rejected the Suresh Tendulkar Committee methodology on estimating poverty and estimated that the number of poor in India was 29.5 per cent of the population. Previously, estimates based on Tendulkar committee methodology, had pegged the poverty ratio at 21.9 in 2011-12.
2. **Ghost Beneficiaries and Errors in determining Poverty burden:** People are above the poverty line also avail poverty alleviation programme due to inclusion and exclusion error. whereas, consumption expenditure between NSS and National account statistics do not match. This leads to statistical errors in determining Poverty burden.
3. **Bureaucratic apathy and Corruption:** officials are ill motivated, inadequately trained, corruption prone and vulnerable to pressure from a variety of local elites, the resources are inefficiently used and wasted.
4. **Inadequate Funding, Poor linkages and convergence between different programmes:** The resources allocated to anti-poverty programmes are inadequate and there is a tacit understanding that targets will be curtailed according to fund availability, Eg; Funding issue in MGNREGA. Also, there has been lack of coordination among different programmes and departments. For example- IRDP and the allied ones are not sufficiently enmeshed in the overall strategy of sustainable agricultural development or rural industrialisation strategy or with the resource-base of the area.
5. **Operation in Silos:** While a large number of poverty alleviation programmes have been initiated, they function in silos. There is no systematic attempt to identify people who are in poverty, determine their needs, address them and enable them to move above the poverty line.
6. **Lack of technological and institutional capabilities:** Institutions influence government policies, which in turn influence growth and distributional outcomes, which then affect the pace of poverty reduction. For example, political exclusion can result in some groups not perceived to be politically important being denied access to publicly provided social services and poverty reduction programs.
7. **Lack of Inclusive participation:** There is also non-participation of local level institutions, communities in programme implementation. There is no commitment by the government to support an individual or a household for getting minimum level of subsistence through any programme or group of programmes.
8. **Impact of COVID-19:** The combined impact of poverty, inequality and food price hikes have made the fiscal condition of developing economies precarious and they are now witnessing debt levels unseen so far. A few



Research Centre study indicates that India may have added 75 million poor because of the disruption caused due to Covid-19.

Innovative Ideas for Dealing with this Problem.

1. **Restructuring by adding geographical dimension to poverty:** The government should re-structure the Anti-poverty programmes as per the need of people and rationalization of scheme is the need of hour. There is concentration of poverty in certain parts of the country. So, there should be renewed focus on the poorest districts to universalise access in these areas
2. **Empower people through active participation:** Poverty alleviation schemes should bring people back into mainstream. Participation of local communities and NGO will strengthen bottom up approach and help to formulate policy based on local needs.
3. **Focus on growth with inclusive development and bridging the faultlines in society:** India's growth must be sustainable and inclusive. The state must now focus on parameters like economic justice, environmental sustainability, etc. rather than solely on Gross Domestic Product (GDP) numbers. Furthermore, NFHS 2015-16 data shows the difference in incidence and intensity of multidimensional poverty among religious groups. Muslims had a higher incidence and intensity of Poverty, followed by Hindus and Christians. The focus should be on uniting the masses around a modern and inclusive identity as taught by our constitution-makers.
4. **Provisioning of basic amenities and widening social security net::** The real test of success in reducing multi-dimensional poverty lies in its sustainability. Schemes like Har Ghar me Nal, PM Awas Yojana, 100% electrification of households, Ujjwala scheme etc. are to be pushed with effective outcomes for better results. Similarly, there is a need for strengthening the social safety nets and expenditure on food and livelihood schemes given the challenge of economic recovery with rising inflation.
5. **Better Co-ordination among ministries and periodic accounting of number of poor:** The government which earlier used to conduct Consumption Expenditure Surveys (CES) and update poverty lines, has not released any data on this lately. There is a need for inter-ministerial and intra ministerial coordination to reduce the silos and for better targeting
6. **Revitalising the SHG network and Women empowerment:** Expansion of ICDS, revitalizing the crèche scheme, increasing due representation of women in decision making at grassroot level, improving health outcomes through POSHAN Abhiyan, Pradhan Mantri Matru Vandana Yojana can be beneficial for eradication of poverty. Microfinancing of the SHGs can enhance the ability of women to augment the family income. While, it will enhance gender parity, it will also keep the women from falling into the vicious circle of malnutrition and poverty.
7. **Learning from the Best and innovative practices:**
 - a) **Aspirational Districts Programme:** This programme has shifted focus away from inputs and budgets to outcomes, such as learning and malnutrition. Therefore, it is critical to carefully document and learn from the ADP's best experiences.
 - b) Establishment of **Wealth Distribution Councils** like Japan can gradually alleviate poverty burden.
 - c) Track progress with specific components of poverty, Eg; **Basic Necessities Index.** (Economic Survey 2020)
 - d) Reintroduce **Wealth tax;** Progressive taxation is just for equitable recovery as seen in ARGENTINA.
 - e) **Use of Technology:** Usage technology like Artificial Intelligence, big data analytics, etc. will help to identify beneficiaries and DBT can help beneficiaries to get the benefit without any middlemen.

Conclusion:

Poverty is a multidimensional issue, hence cannot be fought focusing only on one sector of the economy. Strategies for poverty reduction must also be multidimensional, focusing on all sectors, as well as, on the emancipation of the poor.

