

# Poverty Alleviation: Policies, Programmes and Progress

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# Definition and Measurement

- Definition and Measurement are key to the proper framing of policy for poverty eradication
- Education, health and consumption/income are broadly accepted as valid indicators of poverty
- For a while (World Bank – Malnutrition and Poverty – Reutlinger-Selowsky (1976) poverty was defined in terms of calorie consumption ((health-nutrition-food intake)
- Intuitive – but deeply problematical – large inter-individual variation in the processing of food into calories
- Further, (US – National Health and Nutrition Survey (HANES) 1975) that upwards of three-fourths of women in the US, the richest country, were mal-nourished and therefore definitionally absolutely poor
- World Bank changed its method of measuring poverty in 1990 to an absolute consumption/income line – 1 (PPP) \$ a day
- Absolute poverty line now relative – separate absolute lines for different levels of income – for the poorest economies (PPP \$ 2.15 a s=day), for the richest economies, \$ 10 per person per day

# The Indian Experience

- Along with China and Vietnam, India has the fastest rate of poverty reduction.
- Strong growth in all economies an important factor for elimination of extreme poverty.
- No getting away from the simple reality and importance of growth.

# Subsidies for the poor and poverty alleviation

- India food subsidy system for the absolute poor prevalent since the late 1970s.
- Era before technology – India PM Rajiv Gandhi claimed in 1985 that only 15 % of the money meant for the poor reached the poor – rest reached the non-poor
- Today, targeting of food subsidies is upwards of 85%
- And poverty according to the lower middle-income line – PPP\$ 3.5 – is now only 21 % of the population
- And consumption inequality has declined.

## How did India achieve both a high rate of poverty reduction and a decline in inequality - a first for any nation in history

- Via recognition that growth helps directly with poverty alleviation; and it also creates public resources that can further be spent on social programs (indirect effects).
- Via recognition that the state has to provide public goods to the public
- Living-standards improvement a large part of the story of poverty alleviation
- India's economic growth and success at poverty alleviation coincided with lack of significant progress in living standards.

## Improvement in government supply and delivery of pure public goods

- 1/3rd of rural Indians didn't have electricity in 2014 – now upwards of 95%.
- 50 % rural Indians without access to toilets in 2014; now, less than 10%.
- Only 17 % of rural India had access to piped water in 2019; now 77%.

Jam Trinity – **Jan** Dhan (Bank Accounts), **Aadhar** (Biometric identification) **Mobile** phones to enhance financial inclusion

- India stack is built on the concept of Digital Public Infrastructure (DPI)
- At the core of this DPI is a Digital Public ID with biometric markers
- This Digital Public ID is connected to banking system and allows for a unique identification of beneficiaries of different social protection programs
- Using the DPI (Aadhar) with bank accounts (Jan Dhan), Indian government can undertake seamless, and instantaneous, cash transfers

# INDIA MODEL

## INDIA'S

# #DIGITAL DNA

**440 Govt. Schemes**

With direct benefits transfer

**780 million beneficiaries**

Receive benefits directly in their accounts

## JAN DHAN

### NEW ECONOMY FOR NEW INDIA

Only 58% Indians had bank accounts since Independence. Jan Dhan enabled the **financial inclusion revolution**

## 382 Million

accounts opened since launch



## 1.23 Bn

Mobile Connections



## 1.25 Bn

Aadhaar Enrolments



## 612 M

Unique Bank Accounts



## 665.37 M

Internet Users



## 405 M

Social Media Users