Poverty Alleviation: Policies, Programmes and Progress

Surjit S Bhalla
May 15 2024
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%.
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
### 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

### India Model

**India’s #Digital DNA**

<table>
<thead>
<tr>
<th>440 Govt. Schemes</th>
<th>1.23 Bn Mobile Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td>With direct benefits transfer</td>
<td>Aadhaar Enrolments 1.25 Bn</td>
</tr>
<tr>
<td>780 million beneficiaries</td>
<td>Unique Bank Accounts 612 M</td>
</tr>
<tr>
<td>Receive benefits directly in their accounts</td>
<td>Internet Users 665.37 M</td>
</tr>
<tr>
<td></td>
<td>Social Media Users 405 M</td>
</tr>
</tbody>
</table>