THE NEED FOR PARADIGM SHIFT TO SAMRUDDHI LINE (LINE OF PROSPERITY) from BELOW POVERTY LINE (BPL)

Dr Aruna Sharma
Additional Chief Secretary
Government of Madhya Pradesh

The concerns expressed by the Prime Minister of India Mr Narendra Modi’s declaration, "Elimination of poverty is fundamental to me; this is at the core of my understanding of cohesive growth." For that to be achieved it is important to have a relook at the way we intervene our efforts to eliminate the poverty. The very first step is identifying the household that are termed as Below the Poverty line. Thus, identification is based on ‘household’ but the parameters that define the performance of success of elimination of poverty is based on statistical understanding of the term poverty.

Below Poverty Line is an economic benchmark and poverty threshold used by the Government of India to indicate economic disadvantage and to identify individuals and households in need of government assistance and aid. It is determined using various parameters which vary from state to state and within states. Poverty Calculation Methodology is much argued and debated, however for policy makers it is a threshold to enable special hand holding and devolution of entitlements to compensate for the basic human rights like food security, education, employment, health care etc. Thus, the challenge is to have clarity in defining the poverty.

In India, both income-based and consumption-based poverty statistics are in use. At international platform, the World Bank and institutions of the United Nations have since May 2014 have come up with wider definition to its poverty calculation methodology and purchasing power parity(PPP). According to the revised methodology, the world had 872.3 million people below the new poverty lines, of that 179.6 million people live in India. India with 17.5% of world’s population, have a share of 20.6% of world poor on PPP basis as the definition in use from 2005 to 2013. However, the Multi-dimensional Poverty Index (MPI) placed 33% weight on number of years spent in school and education and 6.25% weight on financial condition of a person in order to determine if that person is poor. MPI is worked out on sample survey where as elimination of poverty does have to have a strong element to monitor the progress of targeted household. Each state in India have its own poverty threshold to determine how many household (people) are below its poverty line and to reflect regional economic conditions.

Thus, to tackle the widespread poverty in India, a variety of methods have been adopted to draw the BPL. Before 2005, the official measure was based on food security and thus defined in terms of per capita expenditure for a person to consume enough calories (not balanced diet) and able to pay for associated
essentials to survive. Thus, BPL is based on negative connotation of focusing only on the level of subsistence and do not target to achieve sustainable stability at different parameters. Since 2005 the Tendulkar methodology – a move away from calorie anchor to a basket of goods and differentiated in terms of rural, urban and regional minimum expenditure per capita necessary again to just survive. The perpetuity in poverty is because of this limitation of over stress on just survival and any incident that upsets this threshold makes the family again slip to poverty.

Since 2007, the official threshold from rural areas is Rs26 per person per day (Rs 972 per month) and that of urban is Rs32 per day (Rs 1407 per month) to cater to housing, food, clothing, shelter, health and education. This on face value itself looks unacceptable. The income per person per day is to be calculated based on the direct expenses the family is to pay and also there is need to clearly define as to guarantee of basic rights to be provided by the Government either as a grant or at affordable rates. This clarity, will enable to design and execute the interventions whether by donor agencies or by the Government. India, presently calculates two benchmarks, the first includes a basket of goods including food items but does not include the implied value of home, value of any means of conveyance or the economic value of other essentials created, grown or used without a financial transaction, by the members of the household. These are critical as it does not clearly underline the kind of interventions and outputs that will enable to measure the movement across the virtual BPL. The other methodology is benchmark that adds rent value of residence and cost of conveyance but nothing else. This is relevant in developed countries where non-cash income equivalents are guaranteed. Besides, there is also no measure to track the movement across the poverty line based on the essentials without financial transactions and other costs.

Thus, it is argued that BPL incentives to continue to claim to be poor to get the various incentives of subsidized products for the entitlements, where as there is need to work out measures of achievements of basic human rights for dignified living in terms of housing with water and toilet, education, non-use of child labour, food security etc. The subsequent grade to be in terms of joint partnership between individual family and intervener to work out for enhanced livelihood opportunities for sustainable income whether land or non-land based.
The following graph represents the history of Measuring poverty and percentage of population that are according to the different definitions figure below the poverty line.

May 2014 new methodology India have 179.6 million people below new poverty line against world 872.3 million i.e. 17.5% of world’s population & 20.6% of world’s poor.

Bardhan : Through 1960s reached 54% & fragile economic groups
Thus, it is argued that instead of getting into the debate of how accurate or the methodology that gives clear perspective of individuals/families below the poverty line, there is a strong need to work out focused on the parameters that contribute to the poverty line. To expand further, poverty line is an index to canalize focused interventions to those individuals and families by the governments or the donor agencies. However, the focus is to guard against being thinly spread as it does not work in holistic manner to see that each intervention besides being complete in itself is also a step towards better scale of livelihood.

It is therefore presented the need to have a paradigm shift from poverty line to that of a ‘Samrudhhi Steps/Grades’ i.e. dimension of the multi-dimensional poverty index, that ensure focus and completion of intervention targeting at climbing above the poverty line. Thus, the first few steps could be a grant/subsidy from the respective Governments that enlist the household graded in terms of their rights for living life with dignity.

Poverty alleviation goals cannot be theoretical but need to have specific targeted interventions in each household in terms of setting parameters for example for housing (100sq feet and ‘pucca’), food security in terms of calories and protein intake i.e. nutrition so on and so forth.

The very first foundation is having a ‘pucca’ house with toilet and access to potable water. This will ensure an address, a data base, unique identity to family and each individual of the family. ‘Samagra’ number in the State of Madhya Pradesh and now in Andhra Pradesh, Bhamashah number in the State of Rajasthan enables to have digitized information of the households and thus different data base of interventions by the responsible departments/programmes that provide that benefit can directly target, execute, enter in common data base and monitor.

The next most vital grade or parameter is that of children. The children, being enrolled and educated in school, therefore do not resort to child labour and also exercising their right to education. This, step is very very vital to be focused and monitored household wise to have a ‘gen-next’ that is an asset instead of becoming a liability. Many of the interventions like extra meal in terms of mid-day meal, education on hygiene, knowledge is imparted and this step if missed out leads to a permanent liability.

The third is food security. It is in terms of supplementary diet being provided through ICDS (Integrated Child Development Scheme), MDM (Mid Day Meal) and subsidized food grains, food coupon, direct cash transfer or subsidized food grains (carbohydrate) availability. This also have an input of preventive health care. This if ensured there should be zero tolerance to starvation, hunger and mal-nutrition.
Related parameter of preventive and curative health, the health care guarantee schemes to be targeted to these households to ensure that they are protected against these incidents as they are major reasons for slippage in the poverty sector.
The initial four steps that are based on direct responsibility of the Government as rights agenda to provide for a life with dignity. These are few steps that can be assured benefits to tackle the severity in terms of intensity of poverty.

However, the next steps are more in terms of joint venture where the household also have to contribute in terms of hard work, learning and determination to climb the further steps.

Skill training should never target for subsistence level, it has to be competitive and the products withstand the market forces otherwise it will not be sustainable. The lowest rung is the wage earner- thus ensuring proper wages for work and ensuring work available around the year. The next enhancement is skilled labour. The children should be targeted to move up the step. The skilled to proper placement or enhancement of productivity and income from the land that individual owns. The focus should be to enable livelihood opportunities that will enable a smooth transition from subsistence to sustainable quality of life for a household. However, the ultimate target is to a move to surplus production and that is to be systematically worked out by handholding the members of targeted household. Those, household that have land, the interventions should be to equip to optimize the land use. Genesis of poverty in India is closure of manufacturing in India by the East India Company, thus the reverse trend is mandatory for surplus production and growth for elimination of poverty. Other members of same household or those who have no land is to be imparted skill that will enable them to be competitive in job market. This is a combination of efforts towards ‘Make in India’ with that of appropriate skill training.

The above steps enables to address the central question of poverty definition and measurement as to whether poverty lines should be "absolute" or "relative. In the context of development, an absolute poverty line is one which is constructed as an estimate of families' minimum consumption needs; this is done without reference to the income or consumption levels of the general population. In the same context, a relative poverty line is one which is set as a fraction of the median or mean income or consumption of the population as a whole (generally with appropriate adjustments for family size); poverty lines are set in this way to demarcate a group of families whose income or consumption is deemed too low in comparison to that of the general population. In terms of updating, an absolute poverty line is one which is updated for price changes only, while a relative poverty line is one which is updated for changes in the median or mean income or consumption of the general population. However, those above poverty line live a fragile economic life. Lack of basic essentials of life such as safe drinking
water, sanitation, housing, health infrastructure as well as malnutrition impact the lives of hundreds of millions.

Thus, the steps are to be rewritten and to be dynamic to cover the complete lifecycle of a family till they reach the threshold of coming above the virtual poverty line, but yet the family will need some continued handholding. This will enable to break the glass barrier that even though overall poverty in India has declined from 1993-94 to 2004-2005 yet if one considers other non-pecuniary dimensions like health, education, access to financial institutions the possibility of significant fraction of population will continue to suffer. There is a strong need to relook at the targeted interventions that are done today on the basis of Below Poverty Line is a complete negative connotation. The arguments here are to work out steps of 'Samruddhi Line' the line of prosperity and navigate the poor along those steps. Thus, there is need to have a paradigm shift to monitor the ‘Samruddhi Line' the line of prosperity than just the transition of above or below the poverty line.
References:

1. Jump up ^ Methodology for identification of families living below the poverty line Planning Commission, Government of India (2012)
5. Jump up ^ World Bank’s $1.25/day poverty measure- countering the latest criticisms The World Bank (2010)
8. Jump up ^ Jay Mandal, India Factsheet UNDP India
10. Jump up to: ^ Maddison, A. (1970), The historical origins of Indian poverty, PSL Quarterly Review, 23(92), pp. 31-81
16. Jump up to: ^ Shawn Donnan, World Bank eyes biggest global poverty line increase in decades The Financial Times (May 9, 2014).
   ^ Jump up to: * & Not poor if you earn Rs.32 a day: Planning Commission India Today (September 21 2011)
26. Jump up ^ The six pesos diet The Economist (September 8 2012)
27. Jump up ^ China issues white paper on poverty reduction China (Nov 16 2011)


46. These were variously called or were parts of United Provinces, Northwestern Provinces, Oudh, Behar, Bengal and Rewa in 19th century South Asia

47. Kranton and Swamy, Contracts, Hold-Up, and Exports: Textiles and Opium in Colonial India, American Economic Review, 98(3): 967-989

48. Allen (1853), The opium trade: a sketch of its history, extent, effects as carried on in India and China at Google Books, J.P. Walker


56. ^ Romesh Dutt (1901), Indian Famines, Their Causes and Prevention, London


58. ^ B.S. Minhas (1974), Planning and the Poor at Google Books, Chand, pp. 71-76


60. ^ Poverty Puzzle, The Statesman


63. ^ P. Sarangi, Consumption, Poverty And Inequality, ISBN 978-8183562645, pp. 188-200


89. **Jump up[^10]** Street Hawking Promise Jobs in Future, The Times of India, 25 November 2001


91. **Jump up[^12]** The India Report, Astaire Research

92. **Jump up[^13]** Thakur (1993), Restoring India's economic health, Third World Quarterly, 14(1), 137-157

93. **Jump up[^14]** India: the economy, Published in 1998 by BBC.

94. **Jump up[^15]** "What Went Wrong: Derailing after the 1950s".


96. **Jump up[^17]** Ravallion & Datt (2002), Why has economic growth been more pro-poor in some states of India than others?, Journal of development economics, 68(2), 381-400

97. **Jump up[^18]** Klonner and Oldiges, Employment Guarantee and its Welfare Effects in India, University of Heidelberg, (September 2012)

98. **Jump up[^19]** Klonner and Oldiges, Safety Net for India's Poor or Waste of Public Funds? Poverty and Welfare in the Wake of the World's Largest Job Guarantee Program, University of Heidelberg, Germany (May 2014)


100. **Jump up[^21]** Sinha, Kounteya (27 February 2009). "India tops world hunger chart". The Times of India.

101. **Jump up[^22]** THE NATIONAL FOOD SECURITY ACT, 2013 The Gazette of India, Govt of India (2013)

102. **Jump up[^23]** The Multidimensional of Urban Poverty in India, Centre de Sciences Humaines, New Delhi


104. **Jump up[^25]** Nutrition - India UNICEF

105. **Jump up[^26]** NATIONAL FAMILY HEALTH SURVEY (NFHS-3) 2005–06 Volume 1, Govt of India, pp. 269-273


Further reading[edit]

- Poverty in India, World Bank
- "Can India eradicate poverty? Will India's economic boom help the poor?"
- "World Hunger – India"
- George, Abraham, Wharton Business School Publications – Why the Fight Against Poverty is Failing: A Contrarian View
- Poverty and riches in booming India