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National Poverty Lines Comparison in India and Other Countries

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Abstract

Poverty is pronounced deprivation in well-being. But what precisely is deprivation? The voices of poor people bear eloquent testimony to its meaning. To be poor is to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled. But for poor people, living in poverty is more than this. Poor people are particularly vulnerable to adverse events outside their control. They are often treated badly by the institutions of state and society and excluded from voice and power in those institutions. This paper describes global trends in the income, education, and health dimensions of poverty and shows the large diversity of outcomes across dimensions, regions, countries, communities, households, and individuals. The differences in performance reflect differences in growth, in the distribution of assets, in the quality and responsiveness of state institutions, in the degree of inclusiveness in societies, and in how countries and people manage risks.

Keywords: Poverty Line, Alleviation, Consumption, Beneficiaries, Distribution, Niti Ayog.

Introduction

Poverty line is the level of income to meet the minimum living conditions. Poverty line is the amount of money needed for a person to meet his basic needs. It is defined as the money value of the goods and services needed to provide basic welfare to an individual. Poverty line differs from one country to another, depending upon the idea of poverty. Poverty line changes from one country to another. In developed countries, where there is advanced standard of living and welfare concepts, poverty line is high as basic standard to live include higher consumption requirements and accessibility to many goods and services. On the other hand, in many less developed countries, the basic requirements will be low and contains mostly essential consumption items needed to sustain life.

Normally poverty is defined with poverty line. Now the question which is relevant at this point is that, What is the poverty line and how is it fixed? The answer to the question is that the poverty line is a cut-off point on the line of distribution, which usually divides the population of the country as poor and non-poor. Accordingly, people having income below the poverty line are called poor and people with income above poverty line are called non-poor. Accordingly, this measure, i.e., the percentage of people living below the poverty line is known as head count ratio.

This paper describes global trends in the income (consumption), education, and health dimensions of poverty and shows the large diversity of outcomes— across dimensions, regions, countries, communities, households, and individuals. The differences in performance reflect differences in growth, in the distribution of assets, in the quality and responsiveness of state institutions, in the degree of inclusiveness in societies (lower social barriers for women, ethnic minorities, and the socially disadvantaged more generally), and in how countries and people manage risks.

Awareness of these differences will help policymakers set priorities, concentrating actions where they are most needed. Global and regional patterns: income poverty and social indicators Between 1987 and 1998 the share of the population in developing and transition economies living on less than $1 a day fell from 28 percent to 24 percent . This decline is below the rate needed to meet the international development goal of reducing extreme income poverty by half by 2015. Because of population growth, the number of people in poverty hardly changed. But there are large regional variations in performance. East Asia and the Middle East. and North Africa have reduced their numbers in poverty— East Asia dramatically so. But in all other regions the number of people living on less than $1 a day has risen. In South Asia, for example, the number of poor people rose over the decade, from 474 million to 522 million, even though the share of people in poverty fell from 45 percent to 40 percent. In Latin America and the Caribbean the number of poor people rose by about 20 percent

Two regions fared particularly badly. In Europe and Central Asia the number in poverty sfrom an already high 217 million to 291 million over the same period, leaving almost half the residents of that continent poor. These variations in regional performance are leading to a shift in the geographical distribution of poverty. In 1998 South Asia and Sub-Saharan Africa accounted for around 70 percent of the population living on less than $1 a day, up 10 percentage points from 1987.

Review of Literature

In January 2015, at the place of Planning Commission, the Government set up the National Institution for Transforming India (NITI),, the Government decided that a new poverty line should be created in the Country, the task force was made for this, But after a year long debate, there was no unanimity on any practical solution. The task has given some suggestions on the use of data to take stock of success of social sector programs related to poverty. In there suggestions 40% of the people had to give the poor this change took place in the policy commission strategy when most states refused to accept the minimum level set for poverty. He argued that the data taken are misleading and do not match the ground reality. It will not prove to be effective in assessing the progress of poverty reduction plans created by the Government. The main task of the task force was to prepare a road map of poverty eradication and suggest strategies. The poverty line in any country is most important/ main because most schemes are for those living below the poverty line. If the poverty line is lowered then the poor becomes deprived of taking advantage of those schemes. Those who are poor will be deprived of becoming part of the growth process. The Rangarajan Committee dubbed the country's 29.6% population below the poverty line. He changed the poverty line set by Tendulkar Methadology. They increased the poverty line from the per capita expenditure of rural areas to Rs. 27/- from Rs. 32/- and in urban areas from Rs. 33/- to Rs. 47/-

(Brookings US Institution Research Report) India is no longer the most poor population According to an estimate, in the end of May'2018, about 8.7 crore in Nigeria are living in extreme poverty. Due to the constant decrease in the poverty, India is no longer the country with the most poor population. Brookings, a US Research Institute, has concluded this in a study. According to the study published in the Firm's Blog, Nigeria is the only country in terms of the largest population living in extreme poverty in 2018. Congo may soon come second in this list. According to this, in Nigeria, 6 people are coming under extreme poverty every minute, while poverty is continuously decreasing in India. The study also mentions possible problems and challenges in achieving the goal of eliminating poverty by 2030. To achieve the goal we had to remove 1.5 people per second from poverty whereas one point of our speed one person percent. Poverty eradication from the world by 2030, under the United Nation Sponsored sustainable development goal. Shami's Ravi, the member of Prime Minister's economic Advisory Council,said high poverty has decreased rapidly in India due to expenditure on development and high growth rates.

Recently, 2018 Global Multidimensional Poverty Index (MPI) was released by the united nations Development Program and the Oxford Poverty Human Development Initiative (OPHDI). It has been expressed in the index that poverty rates in India have decreased from 55% to 28% or nearly half of the 10 years period. The multi-dimensional poverty index provides such a distinction that it is important for people to understand many ways of experiencing poverty and it provides a new perspective on the level of global poverty and its nature. The latest information of UNDP's human development Index shows the significant progress of development in all areas including many sub-saharan African countries (MPI). The multi-dimensional poverty index was developed in 2010 by the oxford poverty and human Development Initiative and the United Nations Development Program (OPHI). Various factors have been included in this Index besides the income based on poverty reduction. It includes 10 indicators divided by three dimensions of poverty. They are (1) Health (Nutrition, Child Mortality) (2) Education (Years of schooling, school attendance) (3) Living standard (cooking fuel, Improved Sanitation, Safe drinking water, Electricity, Flooring, Assets. It has been developed in place of all the earlier human poverty Indexes.

Objectives of Study

To know about poverty. How we can remove poverty? Criticism about the poverty line in India comparision of other countries**.**

Critical Evaluation of Poverty Alleviation Programmes

But all these poverty alleviation programmes did not yield the desired result due to some of its shortcomings. These were:

1. Allocation of funds and determination of targets were made without considering the size of the population and incidence of poverty leading to wrong identification of families;
2. The selection of schemes were also not done in a rational manner;
3. Poverty alleviation programmes failed to recognize the crucial importance of increased flow of social inputs through nutrition, family welfare, social security;
4. This programme neglected the disabled, sick and socially handicapped persons;
5. The present approach was almost blind about the existence of secondary poverty;
6. The present poverty line crossing criterion for evaluation the income changes occurring below poverty line;
7. The poverty alleviation programmes ignored the consequences of the earning activities of the poor

people in terms of occupational health hazards and adverse ecological factors.

The Government is seriously reviewing its rural anti-poverty programmes in the light of lapses noticed and in the context of formulating the Ninth Five Year Plan. The Planning Commission has constituted a Steering Group and six other groups to look into "poverty alleviation and area development programmes in rural India."

So far, scrutiny of the working of the two major programmes—Integrated Rural Development Programme (IRDP) and Jawahar Rozgar Yojana (JRY) has thrown up some major areas of concern. While on the positive side, under the IRDP scheme, beneficiaries were selectively chosen for assistance so as not to leave out the really needy, on the flip side, it has been observed that a second dose of assistance given to beneficiaries was very low.

Only 2.38 per cent of the total old beneficiaries were given a second dose, while new beneficiaries received less than 2.16 per cent assistance, implying enough attention has not been paid to providing subsequent doses of assistance to eligible families. Moreover, the poverty alleviation schemes being administered by the banks must be evaluated and reviewed to ensure that benefits reach the intended target group. There is the urgent need to restructure the existing poverty alleviation schemes for focused and effective implementation as a large number of schemes were being implemented which resulted in "loss of focus".

There is the need to compress the total number of schemes into two categories, i.e., those which generate employment and those which create assets for the benefit of the community. Although the poverty alleviation programmes have four major objectives, i.e., generation of employment, creation of assets for community benefit, improvement of productivity and raising the general living standards of the people below the poverty line, but the bulk of the schemes should be to create assets which directly benefit a large number of people.

Thus, in order to remove poverty steps must also be taken in the following directions:

1. Imposition of ceiling on land and redistribution of ceiling-surplus land among the landless, small and marginal farmers.
2. Making provision for proper security of tenure for the tenant cultivators and share-croppers.
3. To provide employment to huge number of landless unemployed workers by developing agro-based small scale industries in the wage goods sector.
4. To take necessary steps for the reclamation of land and to arrange irrigation facilities for dry lands.
5. To provide minimum amenities of life in rural areas and also in urban slum areas through Minimum Needs Programme.
6. To develop growth centres in order to run various projects like animal husbandry, dairy, fishing, poultry farming, farm forestry etc.
7. Rural development programmes like IRDP, JRY should be redressed properly so that it can generate sufficient wage employment and self-employment facilities to the rural poor.

But the present contract system followed for the implementation of these programmes should be stopped and proper institutional framework should be provided so that rural workers can engage themselves with much vigour and responsibility.

Poverty line in India

India is having a well-designed poverty measurement mechanism under the erstwhile Planning Commission. The Planning Commission was the nodal agency for estimation of poverty. For setting poverty line and methodology of constructing it, the Planning Commission appointed Expert Groups from time to time. for example, the C. Rangarajan Committee is the latest among those Expert groups. Traditionally, the planning commission estimates the number of people below poverty line in states as well as the rural and urban areas based upon the prevailing poverty estimation methodology submitted by the expert groups.

Poverty Line Methodology is changing in India

Extending from the first attempt to set a poverty line – the Working Group of 1962 to the Rangarajan Task Force (2014), poverty estimation methodology has undergone an evolution in India. Poverty is measured in terms of the Head Count Poverty Ratio (HCPR) as in several other countries. The HCPR is the percentage of the population under the poverty line. This means that it is the absolute poverty that is estimated in India. Poverty ratio is measured in terms of per capita consumption expenditure over a month.

This means that poverty line is set by the welfare standard in a particular society (economy). Poverty is 'relative' and what poverty in the US or in an advanced West European country may not be poverty in Bangladesh. Poverty line in India India is having a well-designed poverty measurement mechanism under the erstwhile Planning Commission. The Planning Commission was the nodal agency for estimation of poverty. For setting poverty line and methodology of constructing it, the Planning Commission appointed Expert Groups from time to time. for example, the Rangarajan Committee is the latest among those Expert groups.

Traditionally, the planning commission estimates the number of people below poverty line in states as well as the rural and urban areas based upon the prevailing poverty estimation methodology submitted by the expert groups. Methodology for constructing the poverty line The poverty estimation methodology was revised many times with new expert group/task force appointed by the Planning Commission to look into the matter. Each expert group/task force has devised certain methodology in determining the poverty line. For measuring poverty, a poverty line is set. The poverty line is the level of income needed to meet the minimum standard of living. People who have an income less than this is considered as below poverty line. The concept about minimum consumption standards and consumption levels were changed based upon recommendations of the various expert groups/task force. These expert groups use the NSS (National Sample Survey) estimate the consumption pattern of households from time to time. The NSS's periodically makes extensive household surveys on expenditure. Here, from the consumption basket of the people, the expert groups pick up the most essential commodities.

These commodities are placed under a poverty line basket (PLB). Minimum standard of living is thus expressed as the basket of goods and services commonly used by the people. Based on this consumption pattern, the Expert Groups estimate the minimum consumption levels (and the income needed to buy these) and the income needed to obtain these goods and services in both rural and urban areas. This income level acts as the poverty line.

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'International Poverty Line'

An international monetary threshold under which an individual is considered to be living in poverty. It is calculated by taking the poverty threshold from each country - given the value of the goods needed to sustain one adult - and converting it to dollars. The international poverty line was originally set to roughly $1 a day. When purchasing power parity and all goods consumed are considered in the calculation of the line, it allows organizations to determine which populations are considered to be in absolute poverty.

Criticism about the Poverty Line in India

According to critics, the government has deliberately kept poverty line low. A low poverty line has enabled the government to show that millions have moved out of poverty. This, critics say, is factually incorrect as the definition of poverty line is disputed. They also say that the data lacks statistical rigour and has been released to gain political mileage.

Poverty line of Different Countries

Economists set a poverty line to fix a threshold income in order to get a headcount of poor people in a country. Households earning below the threshold, or the poverty line, are considered poor. Different countries have different methods of defining the threshold income depending on local socio-economic needs.

Poverty Measured in Europe

In most of Europe, a family with a net income of less than 60% of the "median net disposable income" — a broad measure of the national average income net of taxes — is counted as poor. This would imply that a family in the United Kingdom would be poor if its current net income is less than £250 (about Rs. 22,500) a week. A poverty line "relative" to the national average also gives an idea about the state of inequality. A sharp jump in the income of the richest will set the poverty line higher by pulling up the national average income. This could make the poor appear even poorer though their incomes may have risen.

Poverty Measured in the US

The US uses a much simpler method. The poverty line represents the basic cost of food for a family multiplied by three. The threshold level is adjusted for inflation every year. A family is counted as poor if its pre-tax income is below this threshold. In 2011 — the latest year for which data is available — the poverty threshold for a family of four stood at $22,811 (about Rs. 11 lakh then). There were 46 million such poor families accounting for 15% of the US population. Counting the poor, however, isn't as organized in developing countries such as India, partly because of a bustling cash economy that makes it difficult to capture income data. Instead, policymakers rely on data on family spending on essentials such as food, health and basic utilities such as electricity. Economists point out that in least developed and middle-income countries in Asia and Africa, consumption expenditure serves as a reliable proxy of income, assuming the poorest of the poor people spend their entire earnings on survival.

Eight Countries Have The Poorest GDP and The Weakest Economy In The World

According to the World Bank, the number of people living in extreme poverty will fall below 10 percent in 2015. There are about 1 billion people living in extreme poverty and according to the report released by the World Bank, the number of people who survive on Rs 125 a day will drop from 12.8 percent to 9.6 percent this year. According to the organization, the world poverty is moving closer to the goal of ending poverty by 2030. Here is a list of some of the poorest countries in the world:

Democratic Republic of the Congo

With the lowest GDP per capita than any other country, Democratic Republic of Congo comes in first in the list of poorest countries in the world. The civil war it went through has also made it the poorest. The nation also faces the problem of human rights.

Zimbabwe

Zimbabwe has a lower poverty rate and better social indicators than most African countries. Poverty is more common in rural areas (31 percent) than in urban areas (10 percent), and the majority of Zimbabwe's poor population (88 percent) lives in rural areas.

Burundi

Burundi has a history of violence and troubles. Conflict has contributed to widespread poverty. Burundi ranks in 167th place among 177 countries on the 2007 UN Human Development Index, and seven out of ten Burundians live below the poverty line. Per capita Gross National Income (GNI) in 2007 was 100 USD.

Liberia

Liberia is still recovering from the effects of a 14-year civil war that ended in 2003. The civil war has left the country in a fragile state. More than 80 percent of Liberians were surviving on less than 1.25 USD per day. The United Nations' Food and Agriculture

Organization classifies Liberia as a low-income, and food-deficit country.

Eritrea

Eritrea's economy is largely based on subsistence agriculture, and 60 percent of the population relies for food and income on agricultural activities. The youngest independent country has an annual per capita income of 150 USD. In 2001, 53 percent of the country's households fell below the poverty line, and 44 percent of children under the age of five were underweight.

Niger

With a surface area of about 1.3 million square kilometres, Niger is one of the world's least developed nations. Its population is more than 16 million and is growing at an annual rate of 3.3 percent. Niger was ranked at the 186th position in the 2013 Human Development Index of the United Nations Development Programme. 76 percent of its people are living on less than 2 USD a day.

Afghanistan

Since the Soviet invasion, Afghanistan has been a centre of a series of conflicts that have continued for over 30 years. 42 percent of the country's total population lives below the national poverty line. About 20 percent of the people live just above that line and are highly vulnerable to the risk of falling into poverty.

Nepal

After being hit by two disastrous earthquakes in April and May 2015, Nepal's economy has dropped to an all time low. The country, which is the gateway to Mount Everest, is situated on the valleys north of the Himalayas. The mountain valleys in Nepal would fetch many travellers and the tourism industry was the backbone to the economy of the country. The natural disaster has caused Nepal's GDP to drop to USD 19,294.

Conclusion

The poverty line defines a threshold income. Households earning below this threshold are considered poor. Different countries have different methods of defining the threshold income depending on local socio-economic needs. Economists point out that in least developed and middle-income countries in Asia and Africa, consumption expenditure serves as a reliable proxy of income, assuming the poorest of the poor people spend their entire earnings on survival. The international poverty line is worked out as the average of national poverty lines in poorest fifteen countries. Earlier, India used to define the poverty line based on a method defined by a task force in 1979. According to critics, the government has deliberately kept poverty line low. A low poverty line has enabled the government to show that millions have moved out of poverty. There is a need to identify the poor is to fix the poverty line. This is an imaginary line. The usual procedure in India is to decide the poverty line keeping that as the yardstick.

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