

THE REAL CURE

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

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The Global Multidimensional Poverty Index (MPI) 2019 report, an initiative of the Oxford Poverty and Human Development Initiative and the United Nations Development Programme, released last week, says that India has recorded the fastest absolute reduction in the Index value among 10 countries across every developing region. According to this report, between 2005-06 and 2015-16, India lifted 271 million out of poverty and reduced deprivations in many of its 10 indicators, particularly in assets, cooking fuel, sanitation and nutrition. It also says that Jharkhand, among the poorest regions in the world, reduced the incidence of multi-dimensional poverty — captured in indicators such as nutrition, sanitation, child mortality, housing, cooking fuel, years of schooling and electricity — the fastest.

The greatest period of poverty decline between 2005 to 2015-16 in India's recorded history was possible because of high growth averaging over 8 per cent or close to it. That pace of economic growth over a sustained period helped create the fiscal space for welfare programmes both by the Centre and the states, ensuring better access to food, nutrition, health and cooking fuel. The knock-on impact has been felt by states, too, with poverty levels declining faster in better managed states which had invested hugely in the social sector. Such high growth helped the government launch schemes such as MGNREGA, which threw up work opportunities. The Modi government, too, can be credited for schemes or programmes designed to provide pucca housing, toilets, cooking gas, power, roads and healthcare or the public provision of private goods with a lot of positive externalities.

But all these programmes need resources which can come only from growth with its trickle-down effect. So the focus has to be on growth to further reduce and eliminate poverty and to ensure

economic convergence among states. A couple of percentage points' increase or decrease in growth can make a big difference to a nation's destiny.

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