Sansad TV Perspective: Multidimensional Poverty Index

In the series Sansad TV Perspective, we bring you an analysis of the discussion featured on the insightful programme 'Perspective' on Sansad TV, on various important topics affecting India and also the world. This analysis will help you immensely for the IAS exam, especially the mains exam, where a well-rounded understanding of topics is a prerequisite for writing answers that fetch good marks.

In this article, we feature the discussion on the topic of the Multidimensional Poverty Index.

Video Link: https://youtu.be/-Q68t5aGoG0

Anchor: Vishal Dahiya

Participants:

1. Sanyukta Samaddar, Advisor, NITI Aayog
2. Deepshikha Sikarwar, Sr. Editor, The Economic Times
3. Prof. Aman Agarwal, Director, Indian Institute of Finance

Context:

The National Multidimensional Poverty Index has been released by NITI Aayog which is in line with the global index released by the United Nations every year. The global Multidimensional Poverty Index is released by the UNDP and Oxford Poverty and Human Development Initiative. This index is determined by the different parameters that denote the socio-economic conditions of the people representing different regions across the globe.

Know more about the Global Multidimensional Poverty Index (MPI) in the linked article.

An Overview:

- According to the global MPI released in 2021, India's rank is 66 out of 109 countries. As the entire human race progressed with time, poverty emerged, evolved and acquired major concern.
- This reflects the prevalence of a society that features unequal distribution of wealth.
- In a country like India, the issues and factors contributing to poverty and deprivation of a section of people from all the facilities and rights that are ensured by the Constitution, need a thorough introspection by the stakeholders and experts' analyses.
- In this regard, the NITI Aayog introduced the National Multidimensional Poverty Index that aims to carry out a state-wise assessment of various aspects of poverty in the Indian context which conforms with the global MPI.

- The National MPI is based on three dimensions namely Health, Education and Standard of Living with each having a weightage of one-third of the index.
- The National MPI reports that 25.01% of the population in the country is multidimensionally poor.
- The National Family Health Survey - 5 data will serve as the baseline for the measurement of the development and progress of the country.
- Therefore this index will offer a profound understanding of the multifactorial facets of poverty in India and would enable a data-driven approach and meticulous roadmap to alleviate poverty.
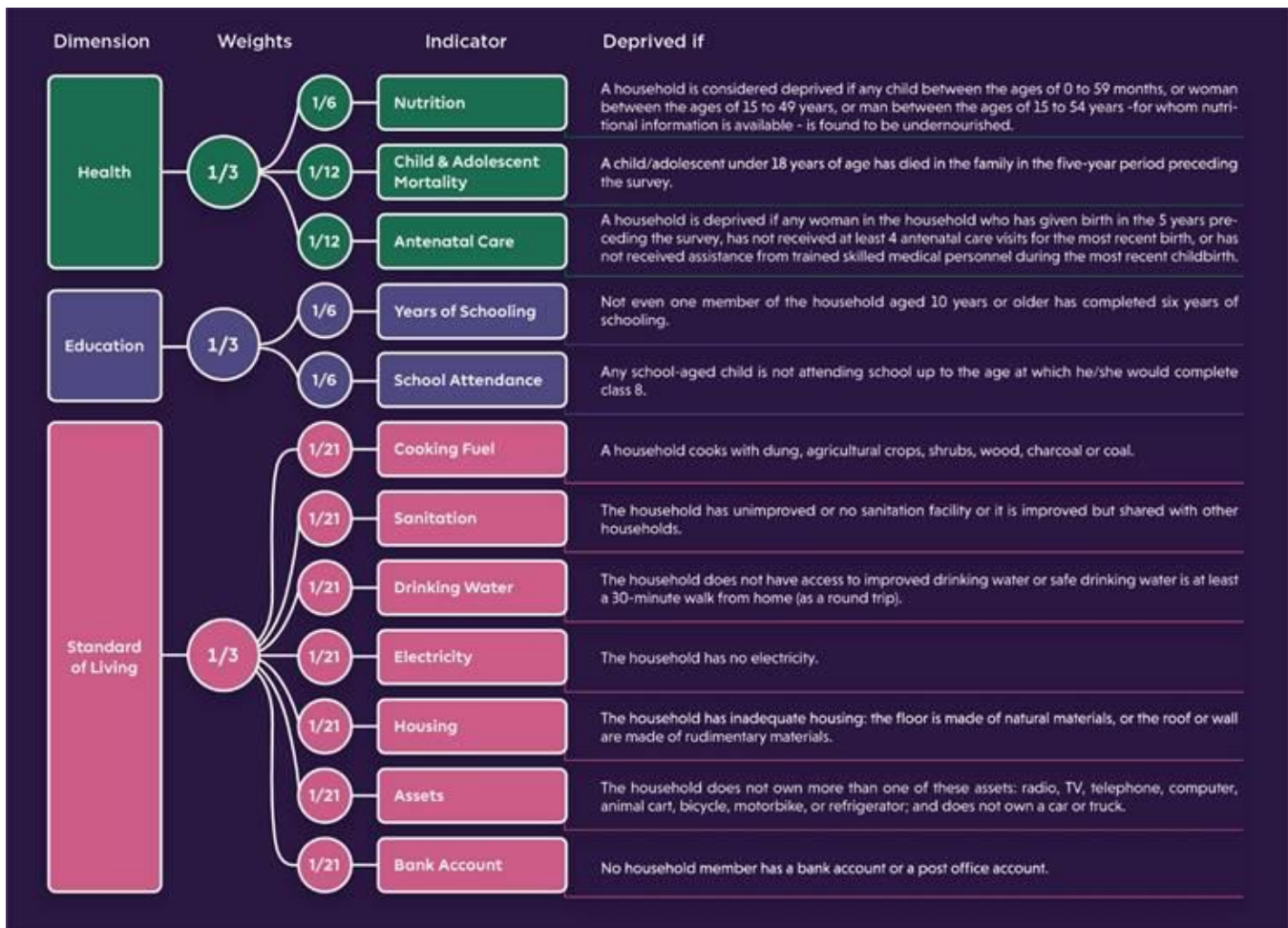

FIGURE 1: INDICATORS IN INDIA'S NATIONAL MPI

Image source: PIB

Important Highlights of the Discussion:

- The National Multidimensional Poverty Index has been perceived as the most comprehensive Reform Action Plan with the objective of improving India's rank in the Global MPI and achieving its target of reducing the proportion of men, women and children of all ages living in poverty by half in accordance with Goal 1.2 of the Sustainable Development Goals (SDGs).

- This ensures a holistic approach towards defining poverty at the national level.
- The National MPI offers statistics that determine the national priorities by using a set of dimensions, indicators with respect to the urban and rural areas of India along with an indicator-wise deconstruction and breakdown.
- The basic mandate of the National MPI is derived from the futuristic and ambitious SDGs along with the Cabinet Secretariat's Global Indices for Reforms and Growth which intends to leverage the developmental indices like global hunger, human development and other developmental indices.
- Two additional indicators have been added in the customized National MPI:
  - o Maternal Health
  - o Financial Inclusion through bank accounts

- It has been mentioned by an expert that this index will result in the acceleration of the developmental projects in states, union territories and districts creating a suitable ambience for competitive federalism.
- This index is based on the 2015 data that includes several welfare schemes which were introduced by the Government in that period, for example:
  - o Ujjwala Yojana
  - o PM Awas Yojana
  - o Jal Jeevan Mission
  - o Swachh Bharat Mission
  - o Saubhagya Scheme
  - o PM Jan Dhan Yojana

- The idea of having an index is to assess the impact of various developmental schemes and to identify the areas that need policy interventions. The National MPI broadly identifies the areas that require improvement.
- The JAM Trinity paved an exemplary path towards financial inclusion of the poor and marginalized sections through direct benefit transfers, the impact of which would be covered under the India-specific index. It is inferred that the factors such as financial inclusion and maternal health identified by NITI Aayog are critical to the measurement of multidimensional poverty.

Observations made by National MPI:

- Bihar has reported the highest proportion of people living in multidimensional poverty followed by Jharkhand and Uttar Pradesh.
- Kerala houses the lowest proportion of the population living under multidimensionally poor conditions followed by Puducherry, Lakshadweep, Goa and Sikkim.
- Bihar also has the highest population proportion with respect to malnutrition.

Future Development towards Sustainability:

- The National MPI offers a clear picture of various developmental projects and their impact in creating a better roadmap to gauge poverty at different levels and also the improvement of various factors like sanitation, access to cooking fuels, healthcare facilities, education, employment and so on.
- The experts recommend the active participation of states in the creation of alignment with the development agendas. To do so, indices like NMPI act as a directive in shaping up policy and will better their implementation.
- It is a requisite to analyze the root causes wherein the states are lacking to eliminate poverty and improve the standard of living. This must be addressed at the policy implementation and policy-making levels.