



## Mains Practice Question

**Q.** Discuss the limitations of relying solely on monetary measures to assess poverty. How does a multidimensional approach provide a more comprehensive understanding of poverty? (250 words)

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### Approach

- Write an introduction about the monetary measures and poverty assessment.
- Mention the advantages of the multidimensional approach in assessment of poverty.
- Write a conclusion.

### Introduction

Poverty is a complex phenomenon that affects different aspects of people's lives. Measuring poverty based on income or consumption alone may not capture the full extent and intensity of people's deprivations.

### Body

Monetary measures like income or consumption are widely used to assess poverty, but they have several limitations:

- **Narrow Focus:** They only capture one aspect of poverty - financial resources. But poverty is multidimensional, encompassing a lack of access to healthcare, education, sanitation, social support, and other essentials.
- **Arbitrary Lines:** Poverty lines are set based on assumptions and comparisons within a specific context. This can overlook significant deprivation experienced by groups outside the line or fail to capture differences in the cost of living across regions.
- **Household Unit Bias:** They assess poverty at the household level, assuming equal resource distribution within. This ignores individual disparities, especially the vulnerability of women, children, and elderly within households.
- **Static Picture:** Monetary measures provide a snapshot in time, often failing to capture the dynamic nature of poverty and its cyclical impact on individuals and communities.
- **Difficulty Accounting for Subsistence Economies:** Monetary measures struggle to capture poverty in traditional economies where bartering and self-sufficiency play a significant role.
- **Neglects Social Exclusion:** The focus on income overlooks the social dimension of poverty, including discrimination, lack of voice, and limited access to opportunities.

### Advantages of a Multidimensional Approach:

In contrast, a multidimensional approach offers a more holistic understanding of poverty:

- **Broader Scope:** It considers multiple dimensions like health, education, sanitation, and living standards, providing a more nuanced picture of deprivation.
- **Capturing Vulnerability:** It identifies individuals and groups at risk of falling into poverty based on various deprivations, allowing for targeted interventions.

- **Recognizing Diversity:** It acknowledges the heterogeneity of poverty across regions, contexts, and social groups, leading to more equitable policy solutions.
- **Dynamic Understanding:** It tracks changes in various dimensions over time, capturing the complex and evolving nature of poverty.
- **Addressing Social Exclusion:** It considers social and political factors contributing to poverty, leading to solutions beyond just income generation.

### Examples of Multidimensional Measures:

- One example of a multidimensional approach to poverty is the Multidimensional Poverty Index (MPI), which uses 10 indicators covering three main areas: health, education, and living standards.
- The MPI can be adapted to different contexts and countries by adding or modifying indicators according to their relevance and availability.
  - For instance, India has added two new indicators to its National MPI: maternal health and bank accounts.
- The MPI can help policymakers and practitioners to identify the most deprived regions and groups, allocate resources more efficiently, and track the changes in poverty over time

### Conclusion

While monetary measures have their place, relying solely on them can paint an incomplete picture of poverty. A multidimensional approach, by considering various aspects of deprivation and vulnerability, provides a more comprehensive understanding of poverty and guides the development of effective interventions to address its true complexity.

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