



A Retrospective Analysis of Measures of Poverty in India

KEYWORDS

Poverty, poverty line, human development,

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ABSTRACT Poverty has been in existence for many centuries and continues to exist in a large number of developing countries India, the world's second most populous country is home to 1.2 billion people, which is 17% of the world population. In this country of huge diversities, poverty has always been a cause of great concern always. Measures of poverty has been at the centre stage of the planning process in every developing country. In India World Bank reported that 11.8% of all people in India fall below the international poverty line of US\$ 1.25 per day PPP. Over the last decade. The number of poor is now estimated at 148 million in 2014 as compare to 396 million in 2004-05. According to the Planning Commission of India, poverty in India declined to a record 21% in 2011-12 UNDP, reported that 29.8% of Indians live below the country's national poverty line.

INTRODUCTION

Poverty has been in existence for many centuries and continues to exist in a large number of developing countries. Poverty can be defined as a "pronounced deprivation in wellbeing" (Haughton & Khandker, 2009). and being poor as "to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled...so the poor are those who do not have enough income to meet their needs. It is a complex human phenomenon associated with unacceptably low standard of living. It has multiple dimensions, manifestations and causes (World Bank, 2000). Poverty can be classified as Absolute and Relative.

Absolute poverty is defined as "a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. s. An absolute poverty line remains fixed over time, adjusted only for inflation (Haughton & Khandker, 2009; World Bank, 2009c).

Relative poverty is defined in relation to the economic status of other members of society. According to Iceland (2005), it compares whether people comparatively lack a certain level of income, consumption, material possessions, good quality housing, clothing, etc. A relative poverty line is defined in relation to the overall distribution of income, consumption, or any of the above-mentioned material possessions in a given region.

Sen (1983), relates poverty to entitlements which are taken to be the various bundles of goods and services over which one has command, taking into cognisance the means by which such goods are acquired (for example, Money and Coupons etc) and the availability of the needed goods. Yet, other experts see poverty in very broad terms, such as being unable to meet "basic needs" – (physical; (food, health care, education, shelter etc. and non – physical; participation, identity, etc) requirements for a meaningful life (World Bank, 1996).

DEFINITIONS OF POVERTY

Seebohm Rowntree (1899):

'[A family is counted as poor if their] ... total earnings are insufficient to obtain the minimum necessities of merely physical efficiency'

Joanna Mack and Stewart Lansley (1985):

'Poverty is an enforced lack of socially perceived necessities'

Amartya Sen (1992):

'Poverty is the failure of basic capabilities to reach certain minimally acceptable levels.

Sarlo May 2008 :

While the list of basic needs remains constant over time and between nations, the nature and quality of the items fulfilling the basic need will be that which is considered acceptable and 'decent' in one's own society.

The development of the poverty concept is illustrated in the table below Source: Sumner (2007).

Period	Concept of poverty	Measurement of poverty
1960s	Economic	GDP per capita growth
1970s	Basic Needs (inc. economic)	GDP per capita growth+basic goods
1980s	Economic	GDP per capita
1990s	Human development (inc. economic)	UNDP Human Development Indices
2000s	Multidimensional 'freedom'	Millennium Development Goals

In 1960s, poverty was economically determined and standards of living were measured as income per capita. Now a days capability approach emerged, and later the concept developed into a multidimensional view on poverty. Multidimensional poverty refers to the idea that poverty is more than insufficient income or the deprivation of material resources, and also cover the lack of opportunity to access an education, basic healthcare, clean drinking water or to influence political processes and other factors that matter to people (UNDP, 2009).

DATA SOURCES

This Paper is based on the secondary data sources. e.g the values for various estimates has taken from the National Accounts Statistics prepared by the Central Statistical Organization (CSO), Ministry of Statistics and Program Imple-

mentation, Government of India. the Directorate of Economics and Statistics, Ministry of Agriculture, Government of India. For analysis of per capita consumption patterns of food items come from the various round of National Sample Survey Organization (NSSO).

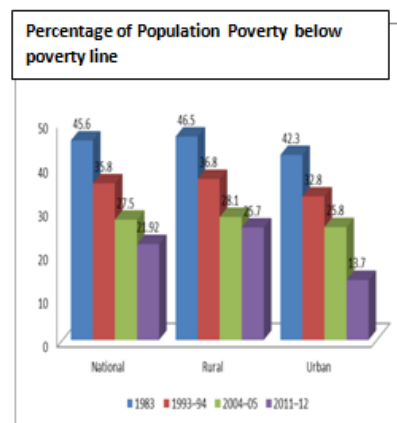
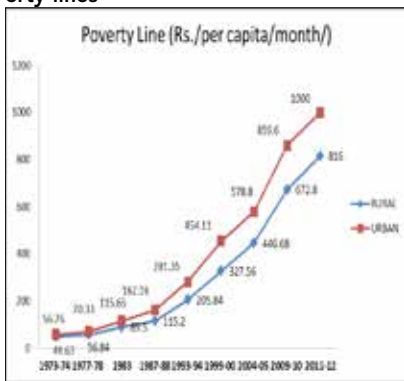
INDIAN APPROACH OF CREATING POVERTY LINE:

In 1962 Planning Committee first attempted to define an official poverty line for India. India measures poverty using a calorie-based approach, utilized in many countries around the world. Such a line operates under the assumption that there is a strong correlation between malnutrition and other common notions of poverty such as low income. After taking on the recommendations of the Nutrition Advisory Committee of the Indian Council of Medical Research, the Planning Committee determined that per capita monthly expenditures of Rs. (rupees) 20 and 25, for rural and urban areas respectively (at 1960-61 prices), would be sufficient to meet minimum energy requirements for the body.

India was the first country in the world to define poverty as the total percapita expenditure of the lowest expenditure class, which consumed 2400 kcal /day in rural and 2100 kcal/day in urban areas.

Planning Commission estimated that around 45.6% of India's population was below the poverty line in 1983 and the incidence of poverty declined to 35.8% in 1993-94 , 27.5% in 2004-05 and 21.92 in 2011-12 . The percentage of persons below the Poverty Line in 2011-12 has been estimated as 25.7% in rural areas, 13.7% in urban areas and 21.9% for the country as a whole.

Chart 1 Data based on uniform recall period consumption aggregates and official Planning Commission poverty lines

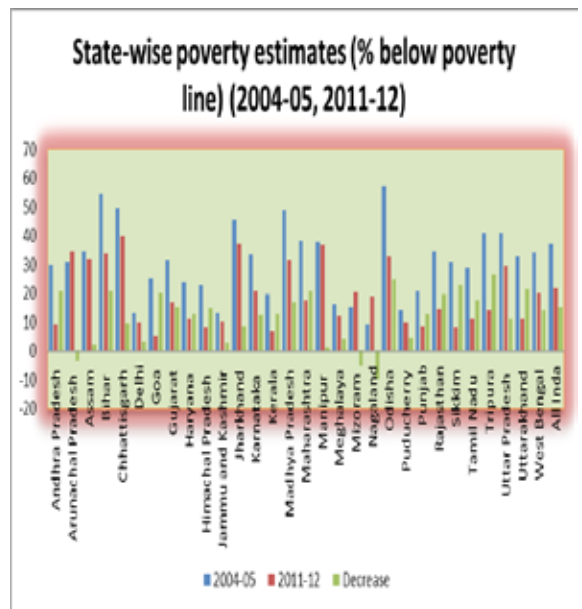
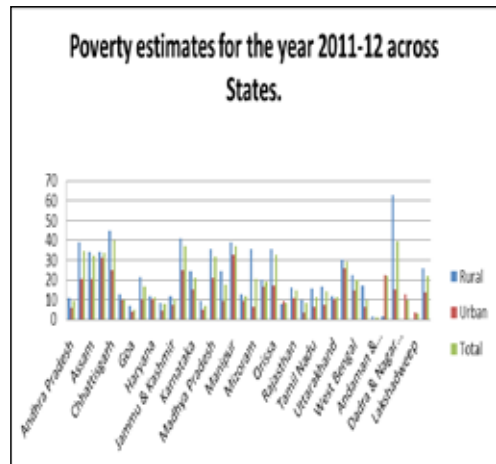


From the above graphs we can say that India has steady progress poverty line.

POVERTY ESTIMATES ACROSS THE STATES

Poverty estimates at state level are based on the household consumer expenditure surveys conducted by National Sample Survey (NSS). These surveys are normally conducted on quinquennial basis. The last quinquennial survey was conducted in the year 2009-10(66th round).

Chart 2 Poverty Estimates for the year 2011-12 across state & State wise poverty estimate



Poverty line as per Tendulkar methodology is expressed as MPCE based on Mixed Reference Period. For 2011-12, for rural areas national poverty line is Rs. 816 per capita per month and Rs. 1000 for urban areas for the year 2011-12 across States.

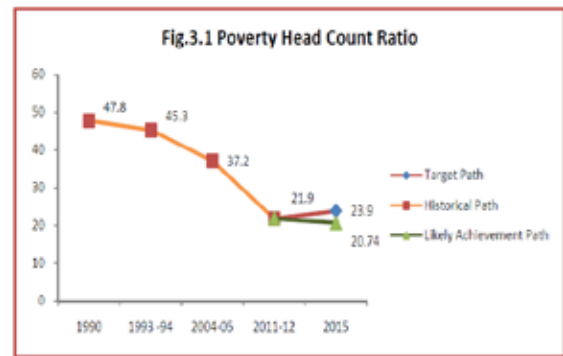
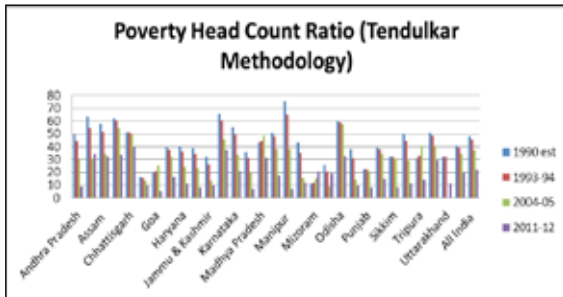
POVERTY MEASUREMENT

Poverty measurement is important, as it serves as a barometer of the extent to which growth and development are inclusive, and as an indicator of the success or failure of strategies for inclusive growth and poverty reduction. Poverty measures measure the incidence and depth of poverty. They are used to monitor social and economic conditions and to provide benchmarks of progress or failure. These

are the indicators by which policy results are judged and by which the impact of events can be weighed.

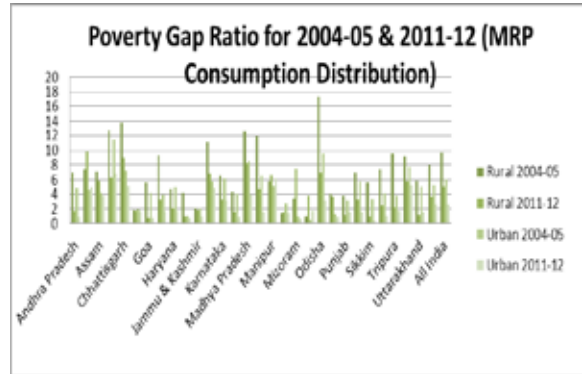
The Poverty Headcount Ratio (PHR) is the proportion of population whose per capita income/consumption expenditure is below an official threshold(s) set by the National Government. The Planning Commission in the Government of India estimates poverty at National and State levels using the poverty lines as defined and applying it to the distribution of persons by household per capita monthly consumption expenditure. The poverty ratio according to the Government of India definition is at variance with that according to international definition. India unlike most countries has different poverty lines at sub-national level in the sense that the poverty ratios are estimated for different States of the country separately for rural and urban areas with reference to corresponding State specific poverty lines and then combined to arrive at State level Head Count Ratios.

Chart 3 : Poverty Head Count Ratio (Tendulkar Methodology)



The all-India HCR has declined by 7.3 percentage points from 37.2% in 2004-05 to 29.8% in 2009-10, with rural poverty declining by 8.0 percentage points from 41.8% to 33.8% and urban poverty declining by 4.8 percentage points from 25.7% to 20.9%.

Chart 4 : Poverty Gap Ratio 2004-05 & 2011-12



Comparable poverty ratios for 1993-94, 2004-05, 2009-10 and 2011-12

Conclusion: In this paper we have presented the complete and updated series on poverty measures for India its states. Poverty head-count ratio in India, a conventional measurement of poverty has reduced. The all-India HCR has declined by 7.3 percentage points from 37.2% in 2004-05 to 29.8% in 2011-12, with rural poverty declining by 8.0 percentage points from 33.8% to 25.7% and urban poverty declining by 4.8 percentage points from 20.9% to 23.7. These data has provided clear-cut evidence on a decline in poverty in India and seems to correspond with development. in order to make a meaningful dent on poverty it is crucial for poverty reduction programmes and measures to be implemented within the framework of rapid broad-based economic growth with equity, controlled population growth, sound economic management and good governance, among others. Poverty measures integrated into the country's overall development.

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