A Statistical Study of Changing Scenario of Poverty Line in India

Prafulla V. Ubale

Associate Professor in Statistics, G.S.Science,Arts and Commerce college Khamgaon

ABSTRACT   *Earlier it was important to measure statistical issues in measuring poverty in India. Initially poverty is defined as the minimum level consumption that is required for continued survival. The first step in measuring scale of poverty is to establish a common poverty line across the country. The given paper focuses a light on the changing scenario of poverty line across the country and what policy is to be implemented to eradicate poverty.*

1] Poverty

A slum means poverty, but poverty does not mean sin, indecency and vice. When there is severe deprivation of basic human needs it is a condition of extreme poverty, absolute poverty. The basic human needs are food, water, health, shelter, sanitation facilities education. This basic human need depends not only on income but also an access to services. According to Joseph Wresinski extreme poverty means absence of one or more factors enabling individuals and families to assume basic responsibilities and to enjoy fundamental rights.

Relative poverty measures poverty rates in wealthy developed nations. Relative poverty reflects better the cost of social inclusion and equality of opportunity in a specific time and space, inadequate lack of income when compared to the average standard of living, lack of resources to engage in social activities. Social activists Mariam Dhavale, state secretary of the All India Democratic Women's Association (AIDWA) determines the criteria for below poverty line status as….

"If you have a pacca house, a two wheeler, a fan….." you are in eligible.

Below poverty line for rural area was based on the degree deprivation in respect of the following parameters namely landholding, type of house, clothing, food security, sanitation, consumer durables, literacy status, labor force, means of livelihood states of children, type of indebtedness, reasons for migrations etc. Poverty in India is a historical reality. From late 19th century through early 20th century, under British colonial rule, poverty in India intensified. A variety of welfare and food security initiatives along with rapid economic growth since 1991 has led to sharp reductions in extreme poverty in India. However those above poverty line live a fragile economic life. Lack of basic essentials of life such as safe drinking water, sanitation, housing, health infrastructure as well as malnutrition impact the lives of hundreds of millions. The negative impact of poverty is evident everywhere in India. Consider the health sector, a major portion of the population is unable to arrange food, in that case it is impossible to take proper medical facilities to them.

2] Causes of poverty

The main causes of poverty are changing trend in country's economy, lack of education, overpopulation, lack of awareness of government policy, environmental problems such as lack of rainfall.

Poverty in many developed country can be linked with the economic trend. The root cause in increasing poverty is job change. There is an increased demand for skill oriented jobs which are mainly taught at the college level. Poor people cannot afford a college level education and find it difficult to obtain well paying work.

The poverty can be reduced if open access is given to education. The standard of living of poor people is raised by the development in higher education. The trade reforms and education should penetrate all layers of society if poverty is to be tackled substantially.

Significant overpopulation is the main cause in poverty. Overpopulation can be occurring if the birth rate exceeds the death rate for extended period of time. This may result in starvation, malnutrition, poor diet with ill health, and diet deficiency disease.

Many antipoverty policies are to be utilized for developing the nation. If the governance is utilizing their work properly then there will be social and economical development of the nation. Corruption leads to be poverty.   Political leaders should use the funds in the welfare programmes to improve the standard of living of poor people.

Climate change has to be recognized as one of the vital factor in increasing poverty. This leads to major concern to food security. Water resources, natural resources, productivity and biodiversity, water scarcity are already a major problem for the world's poor. Climate change is projected to reduce poor people's livelihood assets for e.g. health, access to water, homes and infrastructure.

3] History of the poverty line

Planning commission is the nodal agency for estimation of poverty at the national and state level. Poverty line is the minimum level of income deemed adequate in a particular country. Poverty line is usually defined by finding the total cost of all essential resources that an average human being consumes every year. Poverty line originally developed by Mollie Orshansky in 1963-64.The poverty line was originally fixed in terms of food /income requirement in 1978. Mollie Orshansky developed poverty line to analyze population. Planning Commission calculates the poverty line every year adjusting for inflation. Tendulkar committee recommends monthly per capita consumption as the

poverty line. Poverty line is also defined as starvation lines. Poverty line is an economic benchmark or threshold that is decided by the Government of India to indicate economic disadvantage and to identify individuals and households in need oof government assistance and aid. It is determined using various parameters which vary from state to state and in various years. The Planning Commission updates poverty line (Rs. Per month per head) in various years is given in the following table.

Table 2.1 Poverty line in various years

Years	Rural	Urban
1978	61.80	71.30
1987-88	115.7	128.9
1993-94	196.5	227.2
1999-2000	303.52	349.22
2000-2001	328	454
2004-2005	447	579
2005-2006	368	560
2011-2012	816	1000

Table 2.2 National poverty line comparisons

Year	Country	Poverty line per day (comparisons with dollar)
2007	India	32 rupees ($ 0.53)
2012	Argentina	6 pesos ($ 0.74)
2010	China	3.49 yuan ($ 0.56)
2011	Nigeria	65 naira ($ 0.4)
2014	United States	$ 31.97

(Source:- A small sample survey from household expenditure data year 2005)

Politics over poverty is not new in India. It is also evident from the estimates of poverty by various committees. According to Arjuna Sengupta committee poverty is at 77 percent and the N.C. Saxena committee reports put it at 50 percent. The World Bank estimated it at 41.6 percent and the most recent report on poverty by the Suresh Tendulkar commission puts poverty at 37.2 percent. It is quite difficult to go with any one of these estimates but this is crystal clear that a major part of the population is struggling for survival. Currently Rangranjan Panel had given new poverty estimates for the Rural and Urban people. If we make the comparisons of the report of the Tendulkar Panel as well as Rangranjan Panel, the comparisons is looks like as following

Table 2.3 Poverty line comparisons of Tendulkar and Rangranjan Panel Poverty line (Average monthly per capita expenditure in Rs.)

Year	Tendulkar Panel		Rangranjan Panel	
	Rural	Urban	Rural	Urban
2009-10	673	860	801	1198
2011-12	816	1000	972	1407

4] Multidimensional poverty index

The Oxford poverty and Human Development initiatives and the United Nations development programme developed MPI in the year 2010. MPI determines poverty beyond income based list uses different factors to determine health education and standard of living.

MPI is an acute multidimensional poverty index. It shows the number of people who are multidimensionally poor. It is the first international measure to reflect the intensity of poverty.

MPI is calculated as follows

MPI = P I

Where

P = Percentage of people who are multidimensionally poor.

I = Average intensity of multidimensional poverty across the poor.

In India MPI = 0.283 percentage of people who are multidimensionally poor is 53.7%

In the year 2005

Average intensity of MPI poverty – 52.7

Number of MPI poor people 612203

% of people who are income poor ($ 1.25 per day) – 41.6

% of people who are income poor ($ 2.00 per day) – 75.6

Planning commission estimates that Uttar Pradesh had the highest number of poor people living below the poverty line at 5.98 crore in 2011-12, followed by Bihar at 3.58 crore, Madhya Pradesh 2.34 crore, Maharashtra 1.97 crore and West Bengal 1.84 crore.

Table 2.4 The ranking of 20 states in India who are multidimensionally poor as well as their poverty line (Monthly per capita in Rs. for the year 2011-2012) is depicted in the following table.

MPI Rank	States	MPI	Poverty line Rural	Urban	MPI Rank	States	MPI	Poverty line Rural	Urban
1	Kerala	0.296	1018	987	11	Andhra Pradesh	0.211	860	1009
2	Goa	0.065	1090	1134	12	Karnataka	0.223	902	1089
3	Punjab	0.120	1054	1155	13	West Bengal	0.317	783	981
4	Himachal Pradesh	0.131	913	1064	14	Orissa	0.345	695	861
5	Tamil nadu	0.141	880	937	15	Rajasthan	0.351	905	1002
6	Uttarakhand	0.189	880	1082	16	Uttar Pradesh	0.386	768	941
7	Maharashtra	0.193	967	1126	17	Chhatisgarh	0.387	738	849
8	Haryana	0.199	1015	1169	18	Madhya Pradesh	0.389	771	897
9	Gujrat	0.205	932	1152	19	Jharkhand	0.463	748	974
10	Jammu & Kashmir	0.209	891	988	20	Bihar	0.499	778	923

(Sorce:- Tendulkar method on mixed reference period)

A new international measure of global poverty has said that acute poverty prevails in eight Indian states which include West Bengal, Orissa, Rajasthan, Uttar Pradesh, Chhatisgarh, Madhya Pradesh, Jharkhand, and Bihar.

Table 2.5 Percentage and number of poor estimated by Tendulkar method using mixed reference period

S. No.	Year	Poverty Ratio (Percentage)			Number of poor (million)		
		Rural	Urban	Total	Rural	Urban	Total
1	1993-1994	50.1	31.8	45.3	328.6	74.5	403.7
2	2004-2005	41.8	25.7	37.2	326.3	80.8	407.1
3	2011-2012	25.7	13.7	21.9	216.5	52.8	269.3

(Source:- large sample survey of Household consumer Expenditure data of 50th,61st, and 68th round)

5] Conclusion and Policy implications

India has accomplished an impressive transformation in its agricultural sector. India's perspective plan aims to accelerate economic growth and eliminate poverty. Alleviation of poverty will require raising the incomes of the poor particularly the bottom quartiles in both Rural and Urban area. This will require economic growth as well as better distribution of income. It requires greater emphasis and investments in an employment oriented strategy of growth that can raise the incomes of the poor more rapidly.

Therefore achieving twin objectives of acceleration of economic growth and elimination of poverty will call for the adoption of an appropriate development strategy, a major food production effort and the political courage to import on a sizable scale if required, in order to sustain the necessary growth and development in the Indian economy.

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