



*CHANGING POVERTY ESTIMATES
IN INDIA: SOME RECENT
DEVELOPMENTS*



RAJYA SABHA SECRETARIAT

NEW DELHI

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RESEARCH UNIT (LARRDIS)
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PREFACE

The publication titled 'Changing Poverty Estimates in India: Some Recent Developments' is first in a series of Backgrounders to be brought out on topical issues from time to time for the benefit of the Members of Parliament.

Poverty causes misery to millions of people and impairs their dignity and self-esteem. A correct assessment of the number of people affected by poverty constitutes a crucial step to assess this social and economic scourge and take measures for its elimination. In 1930s, Mahatma Gandhi had insightfully observed that "Swaraj will not come as long as poverty is not wiped out". Nobel laureate Professor Muhammad Yunus in one of his recent lectures observed that in the 21st century poverty must not find a place in society but in some museum. It is a highly challenging and achievable vision. It can be done during our own lifetime. It is, therefore, important that we identify the poor and assess the magnitude of poverty to implement a variety of poverty alleviation programmes. Availability of reliable and credible poverty estimates is essential in order to optimally design, monitor and evaluate our policies and programmes for promoting development with the objective of eradicating poverty. The importance of poverty estimation is of critical significance to make our growth inclusive for uplifting those mired in poverty, serving the cause of human development and making full use of demographic dividend we enjoy due to our vast human resources. It is particularly so in the context of the proposed Food Security Act.

This backgrounder *inter alia* dwells on the methodological inconsistencies implicit in the present set of poverty estimates and the importance of credible data on poverty for formulating and implementing meaningful public policies and programmes.

I am grateful to Dr. Arjun Sengupta, M.P. and Shri N.K. Singh, M.P. whose valuable suggestions have enriched the contents of this paper.

It is hoped that Members would find this paper interesting and useful.

NEW DELHI
January, 2010

V.K. AGNIHOTRI,
Secretary-General
Rajya Sabha.

I

Introduction

A long ago, George Bernard Shaw, one of the greatest literary giants, in the Preface to his brilliant play, *Major Barbara*, argued that "The greatest of evils and the worst of crimes is poverty." Bernard Shaw was only commenting about the connection between poverty and evil and crime and not about the hardship of poverty or the misfortune that goes with it. Misfortunes of poverty leading to deprivation and penury have battered lives, stifled freedoms, stamped out happiness and subdued creativity. In fact, the debilitating impact of poverty on the poor is evident in all countries. India is no exception.

In India, vast sections of the population have had lived with poverty for quite a long time. However, mass poverty in India is a byproduct of colonial rule. Destruction of indigenous industries accompanied by recurrent famines caused due to autocratic and indifferent British rule intensified poverty engulfing our vast population. The overwhelming number of poor, the objectness of poverty and its demoralizing consequences had deeply pained Mahatma Gandhi. While taking many measures to eradicate it, he had emphasized the need for having a thorough knowledge of the facts regarding the incidence of poverty. On 21 July, 1938, he lamentably wrote, "India is a poor country. We wish to do away with poverty. But, how many people have made a study of how this poverty came about, what its and implications are and how it can be removed, etc.?" These words of Mahatma Gandhi are as relevant today as during the colonial period.

The existence of widespread extreme poverty makes its removal one of the country's greatest developmental challenges. Reliable estimates of poverty have an important role to play in meeting the challenge of poverty alleviation for several reasons. First, poverty estimates are a vital input in the design, implementation, and monitoring of poverty alleviation measures. The Government and development agencies routinely make use of estimates of the number and proportion of poor in their public policy formulation and implementation and monitor such figures periodically. Among other things, analysts have examined poverty profiles by region or socio-economic group based on attributes such as landholding size, occupation, and social and demographic features. The development of such profiles is important for identifying target groups for poverty reduction programmes and for analyzing the impact of various programmes on different groups of people. Allocation of resources to different regions within a country and to various poverty reduction programmes crucially depend on such impact analysis. Second, estimates of poverty also serve as a catalyst for remedial action. As noted by experts in the field, credible poverty estimates can be a powerful instrument for focusing the attention of policy-makers, domestically as well as internationally, on the conditions of the poor.

Different approaches to understand the Poverty

Poverty as such is hard to quantify and observe precisely. The first challenge involves turning some of the abstract and subjective conditions such as 'deprivation' and 'lack of opportunities' that have come to conceptually define poverty. Poverty can be conceptualized in various ways. Following are some of the commonly used approaches:

(i) Monetary (or material) approach

This approach identifies the poor in terms of households' deprivation in income or consumption expenditure relative to a particular standard, or poverty line. It encompasses not only material deprivation in terms of income or consumption levels below some minimally adequate levels, but also the deprivations arising from illiteracy, malnutrition, ill health, poor access to water and sanitation, vulnerability to economic shocks, etc. The deprivation in terms of some minimally adequate income or consumption does not always move together with other deprivations.

(ii) Capabilities approach

This approach has been pioneered by Professor Amartya Sen. According to this approach, attaining high levels of human well-being depends on how people can do the things that they value. From a poverty perspective, incomes become important to the extent that they expand people's basic capabilities to function in ways that they value. In addition to the ability to attain adequate nutrition and to be adequately clothed and sheltered, these basic capabilities include the ability to access important public goods and participate in society and the community with dignity. Through this approach, the issue of poverty is understood in a broader perspective than the monetary approach.

(iii) Livelihood approach

This approach accepts the multi-dimensional nature of human deprivation and is based on the recognition that poor households typically use a range of strategies to deal with their situations. Among other things, the livelihood approach has been useful in sensitizing poverty analysts and policy-makers to the concept of vulnerability and the related notion of risk in so far as deprivation is concerned. For instance, the perception of risk can induce the poor to remain engaged in subsistence activities at the expense of market-oriented activities, even if these activities offer higher average returns but are regarded as having greater volatility.

(iv) Social exclusion approach

This approach refers to the phenomenon whereby individuals or groups are unable to participate fully in society. The types of exclusion can be many

and varied. Certain groups, such as women and other vulnerable sections may be excluded from the labour market and educational process while still others may be excluded from participation in the political process. Since excluded individuals or groups might not be deprived materially, this concept is much broader in its understanding of the social reality of a given society.

(v) Contextual Approach

This approach focuses on the overall context of poverty rather than targeted to individuals who are directly affected by the poverty. Emphasis is laid on infrastructure, service provision, legal reforms and other interventions in the context of poverty. Context-focused approach is a holistic and integrated one that has the potential to create more options for the poor including expanding their economic opportunities and livelihood prospects. The contextual approach to poverty is broad based and it provides wide options to the policy-makers for its alleviation.

Measuring Poverty Line—Some Issues

(i) The Poverty Line—definition

Standard definition of the poverty line has been a complex issue that has engaged the undivided attention of the economists and the policy-makers alike. Differences in methods and methodologies of measuring poverty notwithstanding, it is fairly established that the poverty line is the consumption level that is required to achieve the minimum acceptable standard of living in a society. Broadly, there are two kinds of poverty line—absolute poverty line and relative poverty line. The absolute poverty line is often defined as the threshold that allows minimum calorie requirements plus a small allowance for non-food items. A relative poverty line is defined as a function of various income (or consumption expenditure) distribution parameters, such as the mean or median (For example, a relative poverty line could be defined as 50% of the mean income). When a person's consumption falls below this threshold, he or she is considered poor. Since minimum acceptable consumption levels vary across countries, and over time, poverty lines also tend to vary across countries. However, differences in the definitions and methodologies used for computing poverty lines tend to vary far more across countries than in the same country, especially when the time periods are not too far apart.

(ii) Measuring the Poverty—some ingredients

There are two basic ingredients in measuring poverty. The first is a poverty line that refers to a benchmark level of consumption that enables a person to attain a threshold standard of living. A person whose consumption is below this benchmark level does not attain the threshold standard of living and is thereby defined as poor.

The second ingredient in measuring poverty is a survey that collects data on income and/or consumption levels from a sample of households representatives of a given population. The choice of income or consumption as an indicator of household prosperity is often determined by the availability of data. Where choice is available, researchers have normally preferred consumption to income on the grounds that the former is a better indicator of permanent income and standard of living of people. It has also been argued that it is easier to collect information from respondents on consumption than on income. Once a poverty line has been set and survey data are available, it is easier to determine how many households or people are poor. Unfortunately, the setting of poverty lines always involves some elements of subjective choice in so far as methodology is concerned.

(iii) Measuring the Poverty Line—previous landmark attempts

(a) Work of Dadabhai Naoroji

An early attempt was made to measure poverty line in India by Dadabhai Naoroji. In a classic work on the Indian economy titled 'Poverty and Un-British Rule in India' written as early as 1876 and published in 1901, Dadabhai Naoroji considered what was necessary for the bare wants of a human-being, to keep him in ordinary good and decency. He considered quantities of various items of food and clothing, valued them at prices prevailing in some major centres, and added the costs of a hut, oil for lamp, barber and domestic utensils to arrive at subsistence per head. It is worth noting that even the colonial government of the time felt it necessary to consider diets essential for nourishment of the people and to monitor availability of some basic needs. In the absence of income distribution data, Naoroji compared the computed subsistence level with per capita production to draw attention to mass poverty. One of the current approaches to poverty line estimation very much echoes the approach pioneered by Naoroji. A century or so later, many authors have followed this tradition of estimating the cost of a basket of essential goods to derive poverty lines.

(b) Indian Labour Conference, 1957

The first step in measuring poverty is to define and quantify the poverty line. The idea of poverty line was first mooted by the Indian Labour Conference in 1957 so as to define a minimum desirable standard of living for the country.

(c) Planning Commission Working Group, 1962

As an outcome of the proposal of the Indian Labour Conference, a distinguished Working Group was set up by the Planning Commission in 1962 to determine a nationally desirable minimum level of consumption expenditure. Accordingly, the poverty line in India was quantified for the first time by the Working Group of the Planning Commission in terms of a minimum requirement (food and non-food) of individuals for healthy living. The money value of the minimum requirement was set as per capita consumption expenditure of Rs. 20 per month at 1960-1961 prices and was termed as the poverty line.

(d) Planning Commission Task Force, 1979

The Task Force on Projection of Minimum Needs and Effective Consumption Demand constituted by the Planning Commission in 1979 defined the poverty line on the basis of per capita consumption expenditure level. Based on the age-sex-occupational characteristic of the population, the Task Force arrived at a calorie norm of 2400 calories for rural areas and 2100 calories for urban areas.

The Task Force used data on household consumption both in quantitative and value terms in order to compute the monetary equivalent of these calorie norms. Based on the observed consumer behaviour, it was estimated that, on an average, consumer expenditure of Rs. 49.09 per capita per month meets the

calorie requirement of 2400 calorie per capita per day in rural areas, and Rs. 56.64 per capita per month with an intake of 2100 calorie per capita per day in urban areas. These poverty lines expressed in terms of per capita consumption expenditure conform to a consumption basket, which satisfied the above calorie norm and meets a minimum of non-food requirements, such as clothing, shelter, transport, etc. Thus, the concept of poverty line used here was partly normative and partly behaviouristic.

(e) Planning Commission Expert Group, 1993

In September 1989, the Planning Commission constituted the Expert Group on Estimation of Proportion and Number of Poor under the chairmanship of D.T. Lakdawala to examine the methodology used for estimation of poverty and "re-define the poverty line, if necessary." The Expert Group did not find it necessary to re-define the poverty line. It accepted the Task Force poverty lines, which were available in rural and urban areas at the national level. However, given inter-state variation in prices, the Expert Group disaggregated these national level poverty lines of the Task Force into state-specific poverty lines using state-specific price indices and inter-state price differential.

It may be noted that the Planning Commission is the sole authority in measuring poverty line. The final estimates of poverty are computed by the Planning Commission on the basis of poverty line estimated by the Task Force on Projection of Minimum Needs and Effective Consumption Demand (1979) and updated at regular intervals by the Central Statistical Organisation price deflator on private consumption expenditure.

IV

Current Debate on Poverty Estimates

(i) Planning Commission's poverty estimates

(a) The poverty estimates based on 61st Round of NSSO 2004-05

The Planning Commission estimates the number and proportion of people living below the poverty line at the national and state level separately for rural and urban areas. The estimation of poverty is done on the basis of a large sample survey of consumer expenditure carried out by the NSSO approximately after five years. The Planning Commission, based on the latest 61st Round of NSSO of 2004-05, has come out with an estimate that the incidence of poverty at the all India level in 2004-05 was at 27.5 per cent. Based on prices in 2004-05, the Planning Commission says that an amount of Rs. 356 per person per month in rural areas and Rs. 539 in urban areas can ensure the requisite per capita calorie requirement for both rural and urban areas as recommended by the Task Force.

(b) Tendulkar Committee's poverty estimates

The Planning Commission had set up an expert group to review the methodology for estimation of poverty in the country on 2 December, 2005 under the chairmanship of Prof. Suresh D. Tendulkar. The terms of reference for the Committee were as under:

- To examine the issues relating to the compatibility of the 50th, 55th and 61st round and to suggest methodologies for deriving such comparability with past and future surveys.
- To review alternative conceptualizations of poverty, and the associated technical aspects of procedures of measurement and data base for empirical estimation including procedures for updating over time and across states.
- In the light of (b), to recommend any changes in the existing procedures of official estimates of poverty.

The Committee in its report submitted to the Planning Commission recently had estimated that 37 per cent of India's population is under the poverty line—sharp increases from official poverty estimates of 27.5 per cent for all of India. The Committee has significantly changed the method of estimating poverty — from one notionally based on calorific intake to a more broad-based consumption basket that includes education and health. The Report further stated that more than half of the rural population of States like Orissa, Bihar, Madhya Pradesh,

Chhattisgarh and Jharkhand are still living under abject poverty, not able to meet their basic necessities of food, health and education.

(c) Arjun Sengupta Committee recommendations

Dr. Arjun Sengupta, the then Chairman of the National Commission for Enterprises in Unorganised Sector, submitted a detailed report on the Conditions of Work and Promotion of Livelihood in the Unorganised Sector in 2007. One of the major highlights of this Report is the existence and quantification of unorganised or informal workers, defined as those who do not have employment security, work security and social security. These workers are engaged not only in the unorganised sector but in the organised sector as well. This universe of informal workers now constitutes 92 per cent of the total workforce. The Report also highlighted, based on an empirical measurement, the high congruence between this segment of the workforce and 77 per cent of the population with a per capita daily consumption of up to Rs. 20 (in 2004-05) whom it has called "Poor and Vulnerable". The number of persons belonging to this poor and vulnerable group increased from 811 million in 1999-2000 to 836 million in 2004-05.

(ii) Poverty Estimates by Ministry of Rural Development

(a) BPL Census

A Census to identify the BPL households has been conducted by the Ministry of Rural Development, Government of India three times (1992, 1997 and 2002) in the last 17 years. The primary purpose of conducting village-wise census of poor households is to identify the BPL households that could be assisted under various programmes of the Ministry. In addition, many other Ministries of the Government of India use the BPL list so prepared for targeting benefits to them. Some state-specific schemes also limit their assistance to this list of the BPL families.

The 1992 census used income as the sole criterion — an annual household income below Rs. 11,000. It did not consider family size. So, large families whose income was just above the cut-off, but had a low income per head, were left out. In contrast, small families with lower total income but a higher income per head were included.

In 1997, a two-step approach was used. First, income, assets and land holding criteria were used to weed out the not so poor. Second, respondents were asked questions on consumption of food, other goods and services. However, some of the exclusion criteria drew flak.

The 2002 BPL census looked at a household's quality of life through 13 socio-economic parameters related to land holdings, assets, education, sanitation financial situation, employment, etc.

The BPL census drew criticism as there has been a reasonable component of inclusion of the non-poor and exclusion of the very poor. "There are two main reasons," says development economist Jean Dreze. One, any scoring method

to identify poor families is bound to be a "hit and miss" affair. The causes of poverty are diverse and cannot be reduced to a simple arithmetic formula, he says. Two, even a theoretically perfect method would involve errors at the implementation stage because of mistakes, cheating, social exclusion, etc. "This is particularly the case when the scoring system is based on unverifiable criteria, as happened in 1992, making it easy to cheat," points out Dreze.

(b) The N.C. Saxena Committee

In June 2009, the Ministry of Rural Development has set up a Committee headed by Sh. N.C. Saxena on the issue of fixing criteria for the Below Poverty Line survey in India. The Terms of Reference (ToR) of the Expert Group under N.C. Saxena are:

- To recommend a more suitable methodology for conducting the next BPL census with simple, transparent and objectively measurable indicators for identification of BPL for providing assistance under the programmes of Ministry of Rural Development.
- To recommend institutional system for conducting survey, processing of data validation and approval of BPL list at various levels.
- To recommend institutional mechanism of addressing grievance of public on exclusion/inclusion in the BPL list.
- To briefly look at the relationship between estimation and identification of poor and the issue of putting a limit on the total number of BPL families to be identified.
- Any other recommendation to make the exercise of BPL Census simple and acceptable.

According to the Saxena Committee, people in rural areas need Rs. 700 a month for 2,400 kcal a day (as against the Planning Commission's Rs. 356) and those in urban areas need Rs. 1,000 to consume 2,100 kcal (As against the Planning Commission's Rs. 539). Thus, a large number of rural people with consumption in the range of Rs. 356-700 have been deprived of BPL status. The Saxena Committee puts the BPL figure in rural areas at 50 per cent. The Saxena Committee's estimate matched the number of BPL ration cards issued so far — 10.86 crore households.

■ N.C. Saxena Committee and the Planning Commission — Some Differences

Planning Commission member Shri Abhijit Sen argues that evaluation of poverty must be done on the basis of income rather than calorie intake, and rejected the recommendation of Saxena Committee suggesting that 50 per cent of India should be brought under the ambit of the poverty line. Despite the fact that the United Progressive Alliance Government is committed to bring in a National Food Security Bill in Parliament as legal guarantee against hunger,

yet the Ministries and Government Departments have failed to iron out their differences over the actual number of poor in the country.

Adding a new dimension to the below-the-poverty-line debate, Shri Sen has pointed out that the Saxena Committee's recommendation on estimation of BPL families was not binding on the Government. "Estimation of poverty was not the terms of reference of the N.C. Saxena Committee. Its recommendation (on poverty estimation) has no meaning. The Committee (constituted by the Ministry of Rural Development) was asked to recommend criteria for identification of BPL families in rural India, which is being considered," he explained. Countering this claim, the Saxena Committee in its Report stated that "Terms of Reference for the Group were decided in consultation with the Planning Commission. These specifically mandate the Group to look at the relationship between estimation and identification of poor and the issue of putting a limit on the total number of BPL families to be identified". A plain reading of this Terms of Reference clearly mandates the Group to examine and suggest a new number of BPL families. As and when the report of the Tendulkar Committee is out, government can look at both the reports and take a final view. Clearly, as of now, there is no consensus on the quantum of people living below the poverty line in India.

(iii) World Bank Poverty Estimates

The World Bank has recently released updated estimates of world poverty based on a new international poverty line of US\$ 1.25 per day per person at 2005 purchasing power parity (PPP) prices. Since India is also the country with largest number of poor in the world in 2005 representing one third of total poor in the world, the estimates for India matter a great deal for what happens to world poverty and also for the trend in reduction of poverty. Estimates for India indicate a continuing decline in poverty. The revised estimates suggest that the percentage of people living below \$1.25 a day in 2005 (which, based on India's PPP rate, works out to Rs. 21.6 a day in urban areas and Rs. 14.3 in rural areas in 2005) decreased from 60% in 1981 to 42% in 2005. The World Bank Study has suggested that to achieve a higher rate of poverty reduction, India will need to address the inequalities in opportunities that impede poor people from participating in the growth process.

(iv) A National Council for Applied Economic Research Study

A National Council for Applied Economic Research (NCAER) estimates that "unidentified families without having any card aggregate 1.2 crore at the all-India level," while "the total number of excess cards issued at the all-India level were more than 2 crore". The study was done to examine the extent to which foodgrain disbursed through ration shops was actually reaching BPL and AAY (Antyodaya Anna Yojana) categories, and to identify irregularities in the public distribution system.

The NCAER study pointed out that the inclusion of non-poor in subsidized food schemes was a much severe problem and that this was found in almost

every state. At the all-India level, the inclusion error was up to 25 per cent, as the number of BPL cards issued was 9.7 crore, compared to 5.8 crore families existing in the BPL category, the study said. The study portrayed a mixed picture. On the one hand, food was being delivered to the poor regularly in a majority of surveyed states, on the other hand, deeper probing revealed gross irregularities indicating large-scale identification errors, excess cards issued and widespread diversion of food entitled for the poor.

(v) The Assertions of the Economists — The Patna Consensus

Internationally reputed economists, in an international seminar on 'Revisiting the Poverty Issue: Measurement, Identification and Eradication' held in Patna during July 20-22, 2007 had adopted a resolution called 'The Patna Consensus'. The resolution says:

"The prevalent central, Planning Commission methods for estimating the incidence of poverty using the 'inherited' poverty lines are deeply flawed on various grounds. This effectively makes much poverty invisible, thereby leading to serious distortions in analytical deductions and policy prescriptions based on the estimates. This approach, which should be used essentially at a monitoring level, should be holistically reviewed in order to restore its credibility and relevance in the current context of the country. In doing so, there should be a full acknowledgement of the new contexts, constraints and patterns of consumption — especially needs in the dimensions of health, education, travel, fuel etc. The implications for the households of the withdrawal of the state from public provisioning should be factored in fully."

The clear consensus of the conference was a recognition that the BPL Census 13-Criteria Procedure has inherent serious methodological flaws which have led to extensive errors in the identification of poor households — those left out are not statistical errors but human beings. The Conference called upon to:

- Err on the side of inclusion as long as we have imperfect estimates. This is for moral and ethical reasons;
- Recognise new patterns of consumption, and include these in definitions of what is "enough";
- Develop better mechanisms for listening to the experiences of the poor and of NGOs and practitioners dealing with the poor. One way is by strengthening local governance;
- Another way is to move towards more demand-driven programmes, accompanied by some capacity-building to make sure that those who are less able to articulate their demands are not left out; and
- A third way is to credibly tackle the context of poverty by providing the social and physical infrastructure to enable the poor to lift

themselves out of poverty. Sustained and credible attention to primary education, for example, would enable those with the knowledge about the obstacles to moving out of poverty to tackle those challenges.

(vi) The Dilemma

The Planning Commission's poverty estimates, according to which 27.5 per cent of the population was below the poverty line, did not correspond to the abysmal figures for child malnutrition and anaemia as brought out by the National Health and Family Surveys from time to time. Thanks to a narrow calorie criteria, even marginalized sections such as tribals were denied the benefit of the BPL card. Thus, the level exclusion of the poor from the system was a major assault on their right to food security. Moreover, as States were compelled to impose those narrow criteria in a situation of gross poverty, administrative jugglery and ad-hocism were being resorted to. There existed a huge gap among the number of the BPL prescribed by the Planning Commission, the Ministry of Rural Development and the number announced by the State governments. Several states are disputing the figures proposed by both the Union Planning Commission and the Union Rural Development Ministry, claiming that unintended exclusions of genuinely poor people would result in unnecessary discord and discontent at the ground level. The well-off exploited the weaknesses and acquired the card, whereas the truly eligible were unable to get it.

While the Planning Commission draws a national poverty line, the Ministry of Rural Development identifies BPL households. The Ministry applies its own criteria to get a village-wise census done by states.

(vii) Poor Reading

The many estimates of poverty show a wide divergence.

Percentage of poor people	27.5	42.0	50.0	60.5	77.0
Entity	Planning Commission (official)	World Bank	NC Saxena Committee	Economic Survey 2009	Arjun Sengupta Commission
Spending cut-off	Rs. 356 per month per person (rural) and Rs. 539 (urban)	\$1.25 per day on a purchasing power parity basis	Rs. 700 per month per person (rural)	Rs. 20 per day per person	Rs. 20 per day per person

Source: The Outlook Business, August 22, 2009.

Controversy over the BPL figures and protest by the States

The states have disregarded the BPL figures prepared by the Planning Commission and prepared their own list of BPL beneficiaries. The Ministry of Rural Development conducts a survey along with the states every five years to identify the poor, while the Planning Commission gives an overall percentage for the number of poor in a state. The mismatch between the two, with Planning Commission progressively lowering poverty estimates while the states push higher numbers, has always been a source of difference and discord. The Centre allocates resources for BPL schemes based on the figures of the Planning Commission, raising objections from the states. With the Government set to increase the allocation for the BPL schemes, the conflict can escalate, with a very strong possibility of the states pressing for the formula suggested by the Saxena Committee. Ministry of Rural Development had set up the Saxena Committee to review the methodology of the survey and resolve the conflict between the plan panel estimate and the survey enumeration.

Food Security Act and the essence of Poverty Estimates

The draft Food Security legislation has a significant bearing on the number of poor in the country. The apparent problem in ensuring food security is not so much whether there are sufficient food stocks to distribute, but the dissent lies in divergence in estimates of intended beneficiaries. In principle, the right to food has been accepted by all, but the key question is who gets this statutory right. This is an issue with significant fiscal and social implications.

The proposed National Food Security Act would seek to ensure food security for all citizens in the country; its provisions will focus primarily on the weaker sections of the society, i.e. the Below Poverty Line (BPL) families which otherwise may, at times, face food insecurity. The Government, therefore, has sought to whittle down the scope of the Act: only the most vulnerable sections of society will 'have a legally enforceable right to food that guarantees sufficient food for them'. It is proposed by the Centre that every family living below the poverty line in rural and urban areas will be entitled, by law, to 25 kg of rice or wheat per month at Rs. 3 per kg.

The major point of dispute lies in the estimates of eligible households. The Centre aims to give the right to food to 6.52 crore families constituting the BPL category according to the Planning Commission's estimates, i.e. 36 per cent of India's households. The states have, however, issued ration cards to 10.86 crore households. Under this Act, the Centre seeks to set the limit of eligible households by its own standards for a period of five years.

The problem is that there are huge variations in poverty estimates, depending on the methodology used to define poverty level. So while the Tendulkar Committee set up by the Planning Commission recently set poverty at 38 per cent of the population, the 2007 Arjun Sengupta Committee fixed the level at 77 per cent. The N.C. Saxena Expert Group for the 2009 Census of BPL households in rural areas puts the estimate at 50 per cent.

The bulk of India's population is poor and suffers from food insecurity. According to the International Food Policy Research Institute (IFPRI), India is home to the world's largest food insecure population; and ranks 66th among 88 developing countries on the Global Hunger Index. Not one state in India has low or even moderate levels of hunger; 12 states fall into the 'alarming' category and Madhya Pradesh has an 'extremely alarming' level of hunger. Bihar and Jharkhand have hunger index levels lower than Zimbabwe and Haiti, while Madhya Pradesh falls between Ethiopia and Chad. These are the states where household access to the current PDS is so low that the system hardly makes any impact on mitigating nutritional deficiencies. States like Tamil Nadu and Kerala which have almost universal coverage of population under PDS have efficiently organized systems, and this is reflected in their better health indicators as well.

VII

Conclusion

Credible poverty estimates for the country are in considerable demand from policy makers, researchers and development agencies. These form the core of the developmental agenda set not only by the country but also by the international bodies such as the World Bank and the Millennium Development Goals of the United Nations. However, despite their usefulness, generating consistent and credible estimates of poverty is not always possible. The difficulty is not only the lack of a suitable database in the country, but also the methodological inconsistencies implicit in the present set of poverty estimates. Clearly, any poverty estimate is only as good as the quality of data on which it is based and the underlying assumptions in arriving at these estimates. On both criteria, the present poverty estimates do not appear to be the best estimates of poverty.

India has followed a limited definition of poverty which has allowed successive governments to claim great achievements in the percentage reduction of poverty, though very little absolute reduction in the number of the poor. There has been demand from the civil society to expand the definition of poverty that factors in not only the calorie component but also other basic human needs, minimum living standards and access to public services. Only the reliable and credible estimates of poverty can become a crucial input in meeting the challenge of poverty reduction. Not only are poverty estimates vital for the design, implementation and monitoring of antipoverty policies, including targeted poverty reduction programmes, they can also serve as a useful catalyst for action by focusing attention on the conditions of the poor. The reliability and credibility of any poverty estimate, in turn, depend crucially on the properties of the poverty line being used and the accuracy with which the distribution of incomes or expenditures across the population is captured by survey data. India, have for a long time had in place a broadly acceptable practice for setting poverty lines as well as a well-developed technical and organizational infrastructure for carrying out the required household surveys. Nevertheless, measurement-related issues require attention. In setting a poverty line it is of utmost importance as how to balance the demands for consistency and specificity. The ultimate goal is to set poverty lines that objectively capture the ground reality and helps in alleviating poverty in the country through target oriented public programmes.

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