Research Paper

Official Estimates of Poverty in India: Methodological and Database Debates

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Abstract
The measurement and aggregation of poverty acts as a much-debated and controversial issue among policymakers and development thinkers. Official poverty estimation at national and international levels is generally made concerning individuals based on family or household income measures. Selection of indicators, unit of analysis, and the subsequent aggregation of the number of poor are complex problems for the authorities. Historically, the concept of poverty has shifted significantly from simply focusing on nutritional inadequacies to a broader understanding that includes various dimensions of human existence. This article explores the changes that occurred in the poverty measurement front of India with a particular focus on database debates and official poverty trends and patterns.

Keywords: Poverty, Official Estimates, Task Forces, Database, Poverty Line, etc.

I. Introduction

Matters related to poverty cover the concept, the measurement techniques, the identification of the poor, the magnitude of poverty and the incidence of poverty. The conceptual competition that exists in the poverty discourse is also carried over to the measurement front. Different interpretations of the painful reality translate into aggregate numbers through statistical functions. The valid justification for measuring poverty stems from the moral and political imperative that action should be taken to eliminate poverty (Lister, 20054). Measurement of poverty is confronted with two distinct problems: identifying the poor among the total population and constructing an index of poverty based on the available information about the poor. The identification exercise is consistent with the choice of a unit of analysis, an indicator of poverty, and the fixing of a standard at which the indicators are to be assessed.

II. Unit of Analysis

A general concern among development thinkers about poverty is to understand it either at the individual or the household level. The logic for taking the household as the unit is the premise that people living in households pool their resources and have a common standard of living at least to some extent (Lister, 2004). If it is violated, intra-household differences in resource sharing will provide a misleading picture of individual income and well-being. A related issue is with a comparison of households having different compositions, where equivalence scales are used. The individual is the appropriate unit if poverty is understood in terms of a right to a minimum level of resources (Atkinson, 2002).

Measuring welfare at the household level is preferred in social sciences, as family is the basic unit of societal living, whereas in behavioral sciences, the emphasis is on the individual. Economics research centered on poverty or welfare is mainly household-focused. In the Neo-Classical microeconomic models, the two competing agents are the profit-maximizing firms and the utility-maximizing households. The households behave as if they are maximizing a single utility function, as justified by Samuelson (1956). The New Household

Economics as propounded by Becker (1981), also supports the utility-maximizing household social welfare function. Becker's altruistic model implies that the utility function of the household head increases with the increased well-being of the members. Both Samuelson and Becker models are of a single household utility function.

Robertson (1984) defines a household as a group of people who pool resources or eat from the same pot. It is a person or a co-resident group of people who contribute to and benefit from a joint economy in cash or domestic labour (Rakodi, 2002). It is the basic institution for reproducing society in its material and non-material aspects (Douglas, 1998). It is the primary place where individuals both compete

and co-operate over resources. Depending on their roles, responsibilities, and capabilities, the members contribute differently to the household (Moser, 1996).

Official poverty estimation at national and international levels is generally made about individuals based on family or household income measures. The unit Selected has further implications for poverty analysis and targeted public policies. aiming at its eradication. The general agreement is that poverty needs to be understood at the individual rather than at the household level, and an insight into the individuals' position within the household is essential for understanding the dimensions and causes of disadvantage (Ludi & Bird, 2007)

III. Indicators

Monetary and non-monetary dimensions are used as indicators of poverty. The practice is to depend on income. The rationale of a money metric standardization is that, in principle, an individual above the monetary poverty line possesses the purchasing power to acquire the bundle of attributes yielding a level of well-being sufficient to function. Inadequate income is clear, measurable, and of immediate concern for individuals. Low income is highly correlated with a multitude of human deprivations.

The growing body of literature on poverty research suggests that low income is an imperfect indicator of deprivation (Nolan & Whelan, 1996). Expenditure is preferred as a better substitute as it truly measures normal income and living standards. The possibility of an uneven pattern makes it defective to rely upon. Neither incomes nor expenditures are perfect indicators. Townsend (1979) suggested a total measurement of material resources consisting of cash income, capital assets, employer welfare benefits, value of public services, and private income in kind. Composite indicators, as used in the Human Poverty Index (HPI) or Multidimensional Poverty Index (MPI), are better recommended for measuring multidimensional poverty.

IV. Poverty Line

The indicators chosen are assessed at certain standards labelled the poverty line. A widely used characterization of welfare in economics is a utility function defined over the consumption of commodities. A poverty line is the minimum cost of the poverty level of utility at prevailing prices and household characteristics (Ravallion, 1998). A distinction is sometimes made between an absolute poverty line and a relative poverty line. An absolute poverty line is a real valued function over time and space, while a relative poverty line changes with living standards. An absolute poverty line guarantees consistency in poverty comparisons across persons, time, and space. Poverty lines are monetary or non-monetary cut-off points separating the poor from the non-poor. Currently, two methods, Food Energy Intake (FEI) and Cost of Basic Needs (CBN), are used in anchoring an absolute poverty line on a money metric basis.

4.1 FEI Method

FEI sets the poverty line based on the consumption expenditure or income level at which food energy intake is just sufficient to meet the pre-determined food energy requirements (Ravallion, 1998). Determination of minimum food energy requirements is difficult, as it varies across individuals. The United States follows the FEI poverty standard set out by Orshansky (1965). The cost of minimum 'energy requirements' is multiplied by an appropriate proportion to allow for non-food requirements. The FEI method captures the monetary costs of 'basic needs' rather than 'undernutrition'.

4.2 CBN Method

The cost of a 'bundle of basic goods' consisting of food and non-food items is estimated at current prices. The original poverty line put forward by Rowntree (1901) for the people of New York was framed considering the cost of basic needs. The food component is fastened to the nutritional requirements of good health. Following the prevailing consumption patterns, a diet, rather than a monetary poverty line, is chosen. Measurements of non-food components create problems. The total poverty line is set at three times the food poverty line, based on the one-third food share concept practiced in the United States.

4. 3 Subjective Poverty Line

The threshold level for separating the poor from the non-poor is fixed subjectively upon the perceptions of the poor people themselves. Participatory approaches, for highlighting qualitative dimensions of 'poor' use subjective poverty lines. The minimum income poverty line is constructed by eliciting responses from households regarding minimum income questions. (Ravallion, 1998). Those whose annual income is less than the amount, as answered by them, are counted as poor. The potential heterogeneity of answers to a minimum income question creates inconsistencies in arriving at a uniform standard. To avoid this, people with the same standard of living are termed 'equally poor'.

V. The Problem of Aggregation

Poverty measurement is a statistical function that converts the indicators of individual or household well-being and the chosen poverty line into one aggregate number representing the whole population or decomposable groups. When thinking about, analyzing, or acting against poverty, numbers are used as a first line of reference (UNICEF, 2005). Measurement generally entails objective quantification of poverty in terms of its incidence, depth, or severity. Important aggregation measures are

1 Head Count Ratio (HCR)
2 Poverty Gap Index (PGI)
3 Squared Poverty Gap Index (SGPI)
4 Sen's Poverty Index
5 Foster-Greer-Thorbecke (FGT) Index
6 Human Poverty Index (HPI)
7 Multidimensional Poverty Index (MPI)
8 Livelihood Asset Index.

VI. Measurement of Poverty in India

Poverty estimation in India has often been problematic due to the conceptual ambiguity it is subjected to. In each time of official poverty estimation, poverty norms have been revised as per the recommendations of expert groups. The estimations based on changing methodologies make comparison problematic. The nature, trend and characteristics of poverty of a nation is explained on the basis of the identified number of poor and of their peculiarities, demarcated through the poverty line drawn on the basis of a chosen criterion.

6. 1 Poverty Line

The specification of the poverty line for determining the number of the official poor is highly debated and continues to be unresolved. What is practiced is a reliance on a level of income needed to provide each individual with a specific minimum calorie intake, methodically evolved from the 'subsistence-based poverty line' of Naoroji (Bapat, 2009). In this earliest attempt for poverty standardization, Dadabai, never phrased a poverty line, his subsistence included,

"What is necessary for the bare wants of a human being, to keep him in ordinary good health and decency". The subsistence cost-based poverty line, that varied from Rs.16 to Rs.35 per capita per year in various regions of India excluded 'all the luxuries, social or religious wants, expenses on occasions of joy and sorrow, any promise for bad season' and also 'energy requirements for work' (Srinivasan,

2001). Naoroji's reading of 'Poverty in India' encloses the wider approach of defining a poverty line as the value of a specified bundle of goods at appropriate prices.

The attainment of political independence heralded a new era of planned economic development in India. The Working Group (1962) set up by the Planning Commission, based on the recommendations of the Indian Council of Medical Research (ICMR, 1958) on a balanced diet, derived the first poverty line for independent India. The statistical value of the line fixed at Rs. 100 and Rs. 125 respectively for rural and urban areas, includes a minimum nutritional diet and a modest degree of non-food items, at 1960- 61 prices, for a family of five members (GOI, 1993). Planning Commission accepted the working group criterion, whereas the national minimum excluded expenditure on health and education, as they are the state's responsibility.

The late 1960s and the early 1970s witnessed an enhanced scholarly discourse on poverty issues and culminated in a vast number of studies characterizing the incidence of poverty at the national and state levels. Alternate poverty lines were adopted by Minhas (1970), Ohja (1970), Bardhan (1970-71), and Vaidyanathan (1971).

The explicit use of a calorie norm by Dandekar and Rath (1971) in defining an income or consumption poverty line generated much discussion in the poverty measurement treatise. Based on nutritional norms, 2250 calories per capita per day for both rural and urban areas were fixed as adequate in respect of Indian conditions. Using consumer expenditure data, the rural and urban poverty lines were set at Rs 180 and Rs 270 per capita, respectively, at 1960-61 prices.

6.1. 1 The Task Force Methodology (1979)

The Planning Commission Task Force on 'Projections of Minimum Needs and Effective Consumption Demand' (Alagh Committee, 1979) redefined poverty line as monthly per capita consumption expenditure level of Rs. 49.09 for rural areas and Rs.56.64 for urban areas at 1973-74 prices. The figure is the monetary equivalent of a basket of goods that would yield a per capita calorie of 2400 in rural areas and 2100 in urban areas derived at by giving allowances for age-sex activity specificities, along with some margin for non-food consumption needs (GOI, 2009). State specific poverty lines were arrived at by valuing consumption at state level prices. The later modifications of poverty lines adjusted only for inflation, retaining the calorie norms.

6.1. 2 The Expert Group (1993)

The Expert Group on the 'Estimation and Number of Poor' (Lakadawala Committee) recommended the continuation of the calorie norms and the fixed consumption basket of the Task Force. The state specific poverty lines were to be worked out either by taking standardized consumption basket at the national level valued at state prices of the baseyear-1973-74, or by updating the line to reflect current prices with consumer price indices of agricultural labour in rural areas and industrial workers and manual labourers in urban areas. GOI approved the methodology with a slight modification for updating the urban poverty line based on the consumer price index of industrial workers alone(GOI,2009).

6.1. 3 The Expert Group (2009)

The Lakadawala methodology of poverty estimation, as reviewed by the Expert Group on 'the proportion and number of poor' (Tendulkar Committee), recommended a significant departure from the old practice. A conscious movement away from the calorie anchored poverty norm, a uniform Poverty Line Basket (PLB) for both the rural and urban population, a price adjustment procedure predominantly based on the same data set for estimation, incorporating an explicit provision in price indices for private expenditure on health and education and adoption of Mixed Reference Period (MRP) based estimation of consumption expenditure were the principal recommendations (GOI,2009).

The major criticism levelled against the Tendulkar Committee is its use of an all-India urban poverty line basket as reference to derive the state level rural and urban poverty. The Expert Groups (1993, 2009) avoided working out a fresh poverty line from the latest available consumer expenditure surveys and suggested a complex procedure of adjustment and updating (GOI, 2012). A noticeable increase in per capita income and consumption expenditure in the initial years of this century and the subsequent changes in the structure of the economy has created new perceptions of poverty among people. This was the backdrop for setting up of a new group of experts to redefine poverty lines to the changed circumstances.

6. 1. 4 Expert Group (2014)

Government of India constituted another Expert Group under the chairmanship of Dr. C Rengarajan in 2012. The terms of reference of the Committee were the examination of any relevant criteria for the drawing up of the poverty line, consideration of the issue of divergence between the consumption estimates of NSSO and National Account Statistics (NAS) and to make practical recommendations for linking the estimated poverty incidences to the poverty alleviation schemes implemented by GOI.

In its report submitted in 2014, the Committee has redefined the poverty line based on certain normative levels of adequate nourishment, clothing, house rent, conveyance, and education, and a behaviorally determined level of other non-food expenses. The Expert Group computed the average requirements of calories, proteins, and fats based on ICMR norms differentiated by age, gender, and activity for all-India rural and urban regions to derive the normative levels of nourishment. Accordingly, the energy requirement works out to 2,155 kcal per person per day in rural areas and 2,090 kcal per person per day in urban areas.

Return to the calorie norm, incorporation of non-food requirements to a normative basket based on median expenditure, and use of unit values from household expenditure unit records are the merits of the Expert Group. The terms of reference of the committee were so wide with ample scope for significant methodological advancement. But it missed an opportunity to go beyond the conventional expenditure-based methodology to a broad multidimensional measurement of poverty (Ray & Sinha, 2014).

The official poverty estimates are primarily associated with macro roles, such as the longitudinal comparison of poverty levels and the allocation function of funding for poverty alleviation programs. Only a correct measure of poverty can give a true evaluation of how the economy is performing in terms of providing a certain minimum standard of living to all its citizens. At the core of the methodology still practiced in India is the Task Force consumption basket poverty line, though outdated in capturing the changing perceptions of poverty.

6. 2 Identifying BPL Households

State governments under the aegis of the Ministry of Rural Development have conducted below poverty line (BPL) censuses in 1992, 1997, 2002, 2009, and 2011 for identifying households that were eligible for the benefits of state-level anti-poverty and welfare programmes. A household that is identified as BPL is entitled to receive a BPL card. The 1992 BPL survey of the eighth five-year plan period followed a simple procedure of identifying poor households as those having a family income of less than Rs.10000 per annum. The estimated rural poverty rate was much higher than the official estimate of the Planning Commission. The ninth plan survey (1997) adopted the Expert Group (1997) recommendation of the household expenditure approach, supporting the exclusion and a multiple criterion of poverty. The 1997 estimation also outnumbered the official estimates (GOI,2002)

The methodology followed in the 2002 census was a score-based ranking of households with 13 socioeconomic parameters, reflecting the quality of life of the rural population. The score-based method did not use any poverty cut-off point and never counted the number of poor families. The focus is on the attainment or the failure to attain the socio-economic indicators, where the individuals are ranked by their access to the indicators. State governments are free to select the bottommost families in such a way that the total percentage of families selected is on par with the Planning Commission estimate of the official rural poor (GOI, 2009). The identification exercise was heavily criticized for corruption, low data quality and coverage, imprecise scoring methods, and poor survey design (Alkire & Seth, 2008).

6. 2.1 Saxena Committee

The Expert Group (2009), on the methodology for conducting rural BPL censuses for the Eleventh Five-Year Plan, chaired by N C Saxena, suggested automatic exclusion and inclusion criteria. Landholding, income, and other visibly verifiable indicators automatically exclude the non-poor from the list, whereas belonging to primitive tribal groups, women-headed households, disability, and destitution automatically include them in the list. Families neither excluded nor included are further ranked based on points for such characteristics as caste, occupation, education, health status, and age of the household head.

The methodology is advanced so that the exclusionary and inclusionary process is more transparently verifiable, the use of a combination of nominal and ordinal data automatically ranks the poor, and the inbuilt bias in scoring makes it sensitive to vulnerable groups (GOI,2009). The order of exclusion and inclusion can be debated, and that can be variously combined to identify the BPL poor (Dreze & Khera, 2010).

6. 2.2 Socio-economic Caste Census 2011

The fourth BPL household selection involves a comprehensive Socio-Economic Caste Census being carried out for both rural and urban India. Ranking of the households based on the socio-economic status, to enable the state governments to prepare an objective list of families living below the poverty line, makes available authentic information on the caste-wise break-up of population, and the provision of socio-economic profile of various castes are the envisaged outcomes (GOI,2011). A pilot socio-economic survey was carried out in the rural areas with a structured questionnaire. The pilot survey, modelled as a Participatory Rural Appraisal (PRA), brought out suitable exclusion, inclusion, and deprivation indicators, so that the households could be ranked in terms of their poverty and deprivation status (GOI, 2012)

6. 3 BPL Censuses in Urban Areas

In the absence of a uniform methodology for the identification of urban poor households at the national level, states freely devise their criterion, on par with state-specific urban poverty lines of the Planning Commission. The incoherent poverty estimation impedes any significant national comparison. Appropriate identification of the poor households in urban areas serves as the requisite planning tool for effective designing of explicit programmes, and efficient public service delivery at the beneficiary level for achieving optimality in resource utilization (GOI,2012). During to door survey, focus has to be on slums and low-income settlements, and the model formats and general guidelines are issued by the Ministry of Housing and Urban Poverty Alleviation (MoHUPA) (GOI, 2011).

6. 3.1 The Expert Group (2012)

Planning Commission constituted the Hashim Committee in May 2010, to recommend 'an appropriate detailed methodology with simple, transparent and objectively measurable indicators to identify BPL households in urban areas for assisting various schemes targeting urban poor'. The Expert Group report (2012), while admitting the ineffectiveness of income/ consumption measures in capturing the multidimensionality of poverty, suggests more visible and easily recordable indicators of levels of living and quality of life. In terms of indicators such as types of houses, access to essential services, nature and quality of work, other social disabilities, a poor household would stand out based on three categories of vulnerability: residential, occupational, and social.

Automatic exclusion, inclusion, and scoring schemes constitute the core of the selection methodology. The entire process is focused on a participatory mode, involving the general public at the ward level, with an appropriate grievance redressal mechanism for ensuring transparency and accountability. Once the list is finalized and published, there should be a one-year lock-in period. The consecutive census carried out every five years can be methodologically revisited to factor in the dynamics of the economy. In the intervening period between two censuses, eligible households could themselves get registered as BPL, if their status of being a deserving household is authoritatively proven. The entire procedure is grounded in the principle of natural justice, ensuring unbiased service and fair hearing (GOI,2012).

VII.   Estimating Poverty

Methodological pluralism and dilemmas make 'counting the poor always controversial, putting it at the core of the debate in the literature on Indian poverty. Indian policy making and politics are dominated by discussions of poverty, and measures of poverty rightly attract a great deal of attention (Deaton,

2004), as a true criterion of central and state-level programs targeting the poor. The Planning Commission is the nodal agency for estimating official poverty, which publishes poverty incidence (HCR) at the national and state levels with sectoral disaggregation.

7.1. The Database

The sample surveys, initiated by Mahalanobis at the Indian Statistical Institute in Calcutta in the 1940s, were elevated to the Government Statistical System: NSSO, whose Consumer Expenditure Surveys form the basis for the regular publication of poverty incidence by the Planning Commission (Deaton, 2004). The quinquennial surveys of NSSO, which started after 1972-73 with a considerably larger sample size, conducted every five years, are based on a two-stage stratified sampling design.

The first stage units consist of rural villages and urban blocks selected according to the probability of proportional population representation, and the second stage consists of the selection of random sample households from the complete listing of households as provided by the first stage units. Large sample units reduce the probability of sampling errors. The survey period of a round, normally one year, is divided into four sub-rounds to which the two independent sub-sample households are equally distributed, to make the estimates free of seasonal variation.

7.1.2. Recall Period Debates

The National Sample surveys collect information either on a 30-day reference period on all items (Uniform Reference Period) or a 365-day recall period for infrequently purchased non-food items, namely clothing, footwear, durable goods, educational, institutional and medical expenses, plus a 30-day recall period for food items (Mixed Recall Period). The Uniform Reference Period (URP) traditionally followed was altered in its 55th Round (1999-2000), where a URP of 30 days for all items of consumption, for some of the non-food items, a MRP of 30 days and 365 days data and a 7-day recall data on food items were taken from the sample household. The Planning Commission used MRP consumption data while estimating poverty for 1999-2000.

For the 61st quinquennial round, a 30-day recall period (URP) for all items, a 365-day recall period for five infrequently purchased non-food items, and a 30-day recall period for the remaining food items (MRP) was administered. Official poverty ratio exists for both the distributions as per the Expert Group (1993) methodology. The 2009-10 poverty estimation based on the 66th Round followed the Tendulkar methodology of MRP consumption expenditure. The Expert Group, headed by Rangarajan (2014), recommends the Modified Mixed Recall Period consumption expenditure data as it is thought to be more precise compared to the MRP and URP used respectively by the Expert Group (Tendulkar) and earlier estimations.

7.1.3. The Adjustment Debate

The widening disparity between the NSS estimates of household consumption expenditure and the total private consumption expenditure derived by the NAS in the 1980s created apprehensions about the reliability of NSS data. The study Group on 'the Concept and Estimation of Poverty Line (1984) suggested adjusting the NSS data with the private consumption deflator estimated from the NAS, as per the national and state level poverty lines were adjusted pro rata. In the 1990s, the NAS estimates of mean consumption grew more rapidly than the survey data (Deaton, 2004), reaching 76 percent in 1999-2000 at 1993-94 prices from 6 percent in 1973-74 at 1970-71 prices.

Many contributors to the 'Great Indian Poverty Debate' (Deaton & Kozel, 2004) argued that the NAS data, because of some severe fallacies, do not truly depict the level of consumption of poorer persons. To Sundaram and Tendulkar (2009), survey data measures the living standards correctly, whereas in NAS statistics,

consumption is a residual at the end of a long chain of calculations. The Expert Group (1993) recommended an unadjusted NSS consumption expenditure that was accepted in the later estimations. One strong argument of the Tendulkar Committee (2009) was the continuation of the explicit use of the private consumption expenditure data of the NSSO.

VIII.   Official Estimates

Planning Commission, the nodal agency of the GOI, estimates the number and percentage of people living below the poverty line at certain intervals from the consumer expenditure surveys of NSSO. The sample households having below the poverty line consumption expenditure, whose proportionate estimation with the projected population of the reference year, generate the official poverty statistics of India. The methodological controversies, their refinements and alterations under successive Expert Groups, make it incomparable in eliciting any long-term trend.

8.1 Trends in Head Count Ratio

Poverty estimation as per the 1993 Expert Group methodology from 1973-74 to to2004-05 and of Rangarajan methodology from 2009-10 to 2011-12 is given in the following Table No.1.

Table 1
Trends in Poverty in India

Year	Poverty Ratio (%)			Number of poor (in Million)			Proportion of Poor (%)	
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban
1973-74	56.4	49.0	54.9	261.3	60.0	321.3	81.33	18.67
1977-78	53.1	45.2	51.3	264.3	64.6	328.9	80.36	19.64
1983	45.7	40.8	44.5	252.0	70.9	322.9	78.04	21.96
1987-88	39.1	38.2	38.9	231.9	75.2	307.1	75.32	24.42
1993-94	37.3	32.4	36.0	244.0	76.3	320.3	76.18	23.82
2004-05	28.3	25.7	27.5	220.9	80.8	301.7	73.22	26.78
2009-10	39.6	35.1	38.2	325.93	128.69	454.62	71.69	28.31
2011-12	30.9	26.4	29.5	260.52	102.47	362.99	71.77	28.23

Source: Planning Commission, GOI, 2014

The national poverty trend in terms of both HCR and the number of poor is declining over the years. Both rural and urban poverty are declining, but the decline is higher in rural areas. One noteworthy feature of the poverty trend is the alarming 71 percent rise observed in the number of urban poor between 1973-74 and 2011-12. In the case of the rural poor, a marginal decline occurred during the same period. But in absolute terms, the rural poor exceed the urban poor. The proportion of urban poor to total poor also shows an increasing trend, though the increase is marginal. The summary of all these statistics is an increasing urban trend in poverty. Poverty statistics as per the Tendulkar methodology, are the emphasis of the Table. No. 2

Table 2
Trends in Poverty in India

Year	Poverty Ratio (%)			Number of poor (In Million)			Proportion of poor (%)	
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban
1993-94	50.1	31.8	45.3	328.6	74.5	403.7	81.5	18.5
2004-05	41.8	25.7	37.2	326.3	80.8	407.1	80.15	19.85
2009-10	33.8	20.9	29.8	278.2	76.5	354.7	78.43	21.57
2011-12	25.7	13.7	21.9	216.66	53.12	269.78	80.31	19.69

Source: Planning Commission, GOI, 2014

The decline in poverty found by the Tendulkar Committee is higher than that of the Rangarajan Committee. But when rural-urban comparisons are made, the decline is felt more in rural areas. As per HCR, between 2009-10 and 2011-12, the declines in rural and urban areas are 8.1 and 7.2, respectively. As far as the number of poor is concerned, while in rural areas they declined by 61.5 percent, in urban areas the corresponding

decline for the same period was only 23.4 percent. Irrespective of the methodological fallacy of underestimation of urban poverty, the Tendulkar Committee estimations also reveal the robust presence of urban poverty in India.

8.2 Non-Availability of Official Poverty Estimates

There is a time series data gap in the official poverty ratio since 2011-12. The Government of India decided not to release the 2017-18 NSS round due to data quantity and subsequent quality concerns. But the Government published the Multi-dimensional Poverty Index for the year 2019-21 using National Family Health Survey (NFHS) data.

8.3 Multi-dimensional Poverty Measure of India

Multi-dimensional Poverty Indices (MPI) for the periods 2005-05,2015-16 and 2019-21 were computed and published using NFHS data. Both NITI Aayog and its predecessor Planning Commission, are responsible for working out this indigenized multi-dimensional measure. The national multi-dimensional index also follows the Foster-Alkire methodology, which is followed globally in deriving deprivation indices. Multi-dimensional indices of India are given in Table No. 3

Table 3
Multi-dimensional Poverty Index of India

Period	Head Count Ratio (H) (%)	Intensity (A) (%)	MPI (H*A)
2005-06	55.34	54.96	0.304
2015-16	24.85	47.14	0.117
2019-21	14.96	44.39	0.066

Source: NITI AAYOG, 2023

These figures indicate that India has considerably decreased the share of multidimensional poor individuals by 40.38 percentage points over approximately 15 years since 2005-06. At the same time, the Intensity of Poverty, which assesses the average deprivation score among those who are multidimensionally poor, decreased by 10.57 percentage points, dropping from 54.96% in 2005-06 to 47.14% in 2015-16, and then to 44.39% in 2019-21. This suggests that the level of deprivation among the impoverished population is declining. Consequently, the MPI value, which incorporates both the headcount ratio and the degree of deprivation, saw a decrease (improvement) from 0.304 to 0.117 over roughly 10 years following 2005-06. The MPI further fell to 0.066 in the subsequent 4.5 years up to 2019-21.

IX. Conclusion

Despite variations in methodology, the official poverty estimates are considered the fundamental reference point for poverty in India. As far as the extent of poverty is concerned, its measurement involves mainly two different stages. First is the setting up of the minimum living standard for identifying the poor. The second is the aggregation exercise for arriving at the actual figure of poor people. In India, poverty is estimated based on the recommendations of the Expert Groups appointed by the then government. However, concerns have been expressed about the poverty line itself, specifically that the accepted methodology of poverty estimation used by the Planning Commission is incorrect and embodies a logical fallacy—the fallacy of equivocation. (Patnaik, 2005, 2007& 2010). The changing consumption basket of implicit and explicit necessities, including health care costs and energy costs, is outside the purview of official methodology. The massive reduction in the incidence of poverty in 1987-88, as reported by the Planning Commission during the 1990s, is largely a consequence of peculiar statistical artefacts used by the commission (Minhas 1991). By counting the poor below a 'continuously declining nutritional standard', the Tendulkar Committee too has "thrown away the valuable opportunities, it had to correct the methodological error preventing valid comparison over time, which underlay previous estimates" (Patnaik, 2010).

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