

Further Reflections on Counting the Poor - with Particular
Reference to Identifying the Urban Poor

by
Professor S.R. Hashim
Chairman
Institute for Human Development, New Delhi



CENTRE FOR ECONOMIC AND SOCIAL STUDIES

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I

Poverty is a much studied subject, and a lot of effort has gone into defining poverty and measuring its incidence. Social scientists and scholars have dealt with the subject over more than a century in India. Efforts have been made to bring in a measure of objectivity in defining the poverty line. Since the decade of seventies (last century), a number of government appointed Expert Groups have gone into the issue of defining a poverty line. Each successive Expert Group, with careful analysis of available data, and with all the diligence at command has tried to improve upon the work of the previous Expert Group. And yet, the outcomes of such efforts have invariably appeared to be less than satisfactory. What is the reason? Is it the data base which has some inherent weaknesses? Is it the overemphasis on a single dimension of poverty which has produced unsatisfactory result? Is it the fast changing context of poverty which makes the definition look obsolete before long? There is and there will always remain scope for further reflections on counting the poor.

II

The world today, in terms of economic and technological development, is far more advanced than it has ever been in the past. Progress in terms of political and social evolution too has been remarkable when we compare the situation with the medieval ages or ancient times or even with what prevailed less than a hundred years ago. And yet the world has been rather slow in extending the advantages of this progress to a large section of the people who are at the lower rungs of the income ladder.

Nearly one third of the people of the world lived on or below \$ 2 a day PPP, per capita, that is Indian equivalent of about Rs.44.55. In 2011, 14.5% of the people of the world lived on or below the World Bank's so called absolute poverty line of \$ 1.25 (PPP, per capita, per day, equivalent of about Rs.28.0). In Sub-Saharan Africa, the proportion of so defined absolute poor was 46.8% and in South Asia, the proportion was 24.5% of the population. Poverty remains a major issue in the world, and more so in India. It may be noted that \$ 1.25 Line was originally defined as the simple average of the national poverty lines for 15 very poor countries in 2005 PPPs. It has since been revised to \$ 1.90 in

terms of 2011 PPP. Most of those national poverty lines are basically anchored in the minimum food requirements.

The U.N. convened a World Summit for Social Development at Copenhagen in March, 1995. The Governments adopted the Copenhagen Declaration which made ten commitments. One of them was to 'eradicate absolute poverty by a target date to be set by each country'. Millennium Development Goals (MDGs) were established by the Millennium Summit of the United Nations in the year 2000. All U.N. member states committed to help achieve the Eight MDGs by 2015. The very first of these goals was to eradicate poverty and hunger. This target has not been reached. Yet, the achievement is that a consensus has emerged worldwide that poverty and hunger have no place in a decent society. It has not been always so.

The perception as to what is poverty and who is to be called 'poor' as well as the attitude as to what to do about poverty are very much rooted in the overall social and economic environment that prevails in a society, and these have changed drastically with times.

Summarising from the work of Angus Maddison (2007), Deepak Lal (2015) has noted that for most of human history until 1000 AD, the per capita income of the world and most of its regions was about \$ 450 in 1999 PPP dollars per year. At the World Bank's absolute poverty line of \$ 1.25 per capita per day (PPP \$ 456 per capita per year), and given the fact that a small ruling elite and their army and attendants appropriated a very large share of the total income, it is reasonable to assume that about 80 to 90 percent of the population would have lived below what the World Bank describes today as the absolute poverty line. But they were not regarded as poor in those days. The overall growth rate during most of the second millennium AD hovered around zero. Incomes rose with the rise in population mainly through extension of cultivation and fell because of natural disasters, sudden rise in population or foreign colonisation, causing extreme misery and absolute decline in population. Barring such fluctuations, more or less the same level of income continued to prevail till a turning point towards the close of the second millennium AD. This turning point came in the middle of the 18th century for the western world following the industrial revolution. The New World was largely an extension of the West. For India, China and most of the Asian countries (except Japan), the turning point came after the first half of 20th century. Japan had started turning around towards the end of the 19th century. For a number of countries in Africa also, the turning point came around the middle of the 20th century. Others are still struggling.

Although, till the middle of the 18th century, 80-90 percent of the population lived at a level of living which today would be described as below the level of absolute poverty, it

was not so perceived in older times. What today we would call poverty was considered to be the normal lot of the people then. Only the destitute who had no means even to provide for the minimum required food for sustenance would generally be regarded as poor.

In England, the Poor Relief Act of 1597, amended several times through the 17th century, classified the poor as follows:

- The impotent poor (people who couldn't work), mainly those who were elderly, blind or crippled or otherwise physically infirm - they were to be cared for in an 'alms house' or a 'poor house'.
- The able-bodied poor (who couldn't get work) were to be set to work in a 'House of Industry' (or 'Workhouse').
- The idle poor and vagrants were to be sent to a House of Correction or prison.

Life in a "workhouse" was intended to be harsh to ensure that only the truly destitute would apply (Wikipedia: Workhouse).

Thus, in that era, no working person/households would be considered as poor whatever might be the level of living. All through 17th and 18th century in England, all those who lived at subsistence level were not counted as poor because that was the normal state of existence for all the workers. The classical economic theory postulated wages at subsistence level. It was even assumed that a man's subsistence wages could not be expected to support a family of young children. And hence, children had to work 15-16 hrs. a day.

John Lock in his Report to the Board of Trade in England in 1667 recommended that all children above the age of three should be taught to earn their living at working schools for spinning and knitting where they should be given bread. "What they can have at home from their parents is seldom more than bread and water, and that very scantily too" he wrote. (George Dorothy, 1931/1953)

Gregory King made an estimate of the population and of the incomes of the various classes of population of England and Wales for the year 1688, based on taxation returns (George Dorothy, 1931/1953). King calculated that more than half of the population of 5 ½ million was "decreasing the wealth of the Kingdom" in the sense that their expenses exceeded their earning and the deficiency had to be made up from "poor relief, charity or plunder". These were the 'poor' in King's perception. The number and conditions of the poor remained more or less the same even at the end of 18th century after widespread industrialization.

Society's or Government's attitude towards poverty has also undergone radical changes overtime. Organized charities mostly inspired by religion have since long existed in many societies for distributing food and clothing to the poor and for taking care of the sick. But these charities also focus mostly on the destitutes and the most needy and have not always been able to reach all those in need.

Throughout the 15th to 18th centuries, a number of Acts dealing with the poor were passed by the English Parliament, a fear of Social unrest being the primary motive. Early legislations were rather harsh on poor, focusing on punishing people for being 'vagabonds' and for begging, without any consideration as to what was the reason for poverty. Later legislations toned down such harsh attitude and dealt with different classes of poor seeking to punish only the "idle poor" and 'vagrants', i.e., those able bodied poor who willingly avoided to work. The concept of 'workhouse' was introduced for those unable to find work, but the workhouses were only slightly better than prisons. (Wikipedia: Workhouse)

The views of even many of the social thinkers were not very favourable to alleviating poverty in general. Thomas Malthus (1798) had said, "Any increase in wages for the masses would cause a temporary growth in population, which, given the constraints in the supply of Earth's produce would lead to misery, vice and a corresponding readjustment to the original population". Early conservatives under the influence of Malthus opposed every form of social insurance arguing that it would make the poor richer and they would become more fertile. As a result farm size would drop, labour productivity would fall, and poor would become even poorer (Brad De Long, 2013) (Wikipedia: Welfare State).

Sometimes even more extreme views were expressed. Consider this. Writing in 1806 Patrick Colquhoun commented that "Poverty Is a most necessary and indispensable ingredient in society, without which nations and communities could not exist in a state of civilization. It is the lot of man - it is the source of wealth since without poverty there would be no labour, and without labour there could be no riches, no refinement, no comfort, and no benefit to those who may be possessed of wealth" (Wikipedia: Workhouse).

With the phenomenal increases in productivity and wealth in the West as a result of the industrial revolution, by the end of the 19th century the attitudes changed, and the concept of welfare state started taking root. The modern welfare state in Great Britain started to emerge with the Liberal welfare reforms of 1906-1914. These included, among others, Old-age Pensions, free school meals, national insurance for unemployment and

health benefits. The Beveridge Report (1942) proposed a series of measures to aid those who were in need of help or in poverty and the government to take steps to provide citizens with adequate income, adequate health care, adequate education, adequate housing and adequate employment. (Wikipedia: Welfare State). These recommendations were implemented in Great Britain during 1945-1950. Other European countries adopted welfare measures variously during the period from the end of the 19th century to the first half of 20th century. The United States of America developed a limited welfare state in the 1930's.

Thus the welfare state is mainly a 20th century experiment. And before it could spread to cover most of the countries, strong movements have already emerged to dilute it and revert to a *laissez faire* state. A focused deliberation on 'poverty' and the need to alleviate it is even of a later vintage than the concept of welfare state.

III

For most of the two millenniums of the Common Era (CE), India and China were somewhat better placed than the West and many other countries in terms of economic well being. Economic conditions in India started deteriorating from the beginning of the 18th century, and the decline continued through the 19th and the first half of the 20th century. India suffered from tremendous food shortages. There were many famines causing death of millions. Obtaining minimum necessary food was the basic issue. There also arose an intense social and political awakening in India during this period ultimately culminating in the freedom movement. It was in this milieu that the miserable conditions of the masses became a subject of political discourse. Arising from these concerns, attempts were made to understand the extent and the depth of poverty.

Dadabhai Naoroji read a paper on Poverty in India before the Bombay Branch of the East Indian Association of London in 1876 (T.N.Srinivasan: 2007). Naoroji estimated the subsistence need of an individual as "what is necessary for the base wants of a human being, to keep him in ordinary good health and decency". Naoroji took the scale of diet prescribed by the Government Inspector of Emigrants (1870) to "supply the necessary ingredients for the emigrant coolies during their voyage living in a state of quietude" as the basis of his calculations. His conclusion was: "even for such food and clothing as a criminal obtains, there is hardly enough of production even in a good season, leaving alone all little luxuries, all social and religious wants, all expense on occasions of joy and sorrow, and any provision for bad season". The purpose of this exercise was mainly to

draw attention to the miserable conditions of the masses in India under the British rule. But this exercise showed a way of empirically approaching the calculation of a poverty line. Naoroji's calculation of the cost of the minimum diet was between Rs. 16 to Rs.35 per capita per year in various regions of India at the then prevailing prices.

Decades before Independence, the Indian National Congress had started deliberating on the need for planned development of the nation. A National Planning Committee under the chairmanship of Jawaharlal Nehru was set up in 1938 to prepare a development plan. The focus was on the overall improvement of the living conditions of the masses, availability of food and other wage goods as also the need for industrialization in the overall context of long term development. No specific mention of poverty is found in their deliberations.

The Famine Inquiry Commission, 1945 was very specific about the need for providing enough food to the people. The Commission said "The State should recognize its ultimate responsibility to provide enough food for all. We enunciate this here as a broad principle, the implications of which emerge from the report as a whole. In India, the problems of food supply and nutrition are fundamental and must at all times be one of the primary concerns of Central, Provincial and State Governments. It is abundantly clear that a policy of *laissez faire* in the matter of food supply and distribution can lead nowhere and would probably end in catastrophe". (Quoted by Prof.D.R.Gadgil in his comments on Approach to the Third Five Year Plan (Gadgil, 1972).

After Independence in 1947, the Planning Commission was set up to prepare and launch Five-Year Plans for development. Rapid industrialization of the country, agricultural growth, community development and rural reconstruction were adopted as the basic strategies of development during early years of planning with a view to creating adequate livelihood for the masses and provide for their food security and minimum needs.

A Working Group of eminent economists and social thinkers (which included D.R.Gadgil, B.N.Ganguli, P.S.Lokanathan, M.R.Masani, Anna Saheb Sahasra Buddhe, Ashok Mehta, V.K.R.V.Rao, Shriman Narayan and Pitambar Pant) was set up by the Planning Commission in 1962 to make recommendations on minimum level of living. The Working Group, after taking into account the recommendations of the Nutrition Advisory Committee of the Indian Council of Medical Research, recommended that the national minimum should not be less than Rs.100 per month (at 1960-61 prices) for a household of 5 persons, for rural India and Rs.125/- for urban India. They also stipulated that this minimum excluded expenditure on health and education both of which were to be

provided by the State. They further stipulated that an element of subsidy in urban housing (to the extent of 10% of the min.) would have to be included (PPD, 1974). It may be noted that this Working Group was for the first time thinking of a poverty line for the country taking a comprehensive view of the needs, such as education, health and housing in addition to the food requirements. Also implicit in the recommendation was the idea of a welfare state which fully took care of the health and education of the masses and was sensitive to housing needs, particularly in urban areas.

The idea of an income line separating poor and non-poor and pegging it at Rs.100 per month for an urban family was mooted even earlier in 1959 by Prof.D.R.Gadgil in a note on Housing and Slums in Poona, based on housing surveys in Poona by Gokhale Institute of Politics and Economics in years 1937, 1954 and 1956. He wrote: "the bulk of housing problem in a city like Poona is provision of housing for families whose income falls below Rs.100 per month and who could therefore not afford to pay rentals of the level of Rs. 15 to Rs.20 p.m. which appears to be the prevailing level for minimum accommodation of recent construction, and which is the level of even subsidized rentals in government housing." (Gadgil, 1972)

In the approach to the Fifth Plan, a more concrete objective of providing minimum consumption for the bottom 30 per cent of the population was included. The monthly per capita consumption of the lowest 30 percent of the population, at 1971-72 prices was estimated to be Rs.22.90 in the rural areas and Rs.25.17 in the urban areas. It may be noted that the 'minimum' recommended here, in terms of 1971-72 prices was lower in real terms than the minimum recommended by the Working Group in terms of 1960-61 prices.

The concept of poverty line became even narrower and the poverty line lower with attempts to measure poverty in more precise ways and based on National Sample Survey data on consumption.

Dandekar and Rath (1971) derived the 'poverty line' for the first time from empirically observed consumption behavior. Their poverty line was the expenditure level at which the average calorie intake met the norm of 2250 calories per capita per day. With this cut off point on the consumer expenditure distribution from NSS 1960-61 Round, they recommended a poverty line of Rs.22.50 per capita per month for urban areas and Rs.15 p.c.p.m for rural areas (in 60-61 prices). This poverty line turned out to be much lower than the national minimum' (expenditure for living) of Rs. 25 for urban areas and Rs.20 for rural areas recommended by the Working Group of the Planning Commission. The

assumption that Dandekar and Rath made and which continued to be made with little modifications in all the subsequent exercises of the Planning Commission was that if a household was able to meet the minimum food needs at a certain level of expenditure, the household was meeting the non-food needs also at the minimum necessary level. This is a weak assumption, going by the Engle's law.

The Planning Commission appointed a 'Task Force' on Projection of Minimum Needs and Effective Consumptions Demand' under the chairmanship of Dr.Y.K.Alagh. The Task Force reported in 1979 (Planning Commission-1979). Using the NSS data on consumption expenditure for 1973-74, the Task Force defined the poverty line as that per capita expenditure level at which the average per capita per day calorie intake was 2400 for rural population and 2100 for urban population. The recommended poverty line was Rs.49.09 per capita per month for rural population and Rs.56.64 per capita per month for urban population, in terms of 1973-74 prices. The Task Force also recommended an adjustment in the NSS based consumption expenditure levels by raising it by a 'factor' to make it consistent with the total level of private consumption expenditure reported in the National Accounts Statistics, which was higher. This 'factor' was small in the beginning but grew larger and larger over the years. Poverty was measured by so raising the level of consumption expenditure for all the expenditure categories applying a uniform 'factor'. The Task Force estimated poverty levels (head Count Ratio) at 51.49 per cent in 1972-73 and 48.13 per cent in 1977-78.

These studies and exercises on poverty had a direct bearing on the formulation of the Sixth Five Year Plan. The Sixth Plan included a strategy as well as a definite target for poverty alleviation. The Plan stated that the reduction in poverty should receive the highest priority in the development strategy and towards this end the growth strategy should aim at a significant redistribution of income and consumption, so that the percentage of population below the poverty line got reduced to 30 in 1984-85 and to less than 10 by 1994-95.

An Expert Group chaired by Prof.D.T.Lakdawala was constituted in 1989 to look into the methodology of poverty estimation afresh. The Lakdawala Group, while retaining the Task Force Poverty line as the base, recommended a number of improvements in the method of adjusting the poverty line for prices over time, and also recommended working out the poverty line separately for each state and then arriving at the national level estimates of poverty by aggregating the state level estimates. They also recommended giving up the upward adjustment of NSS distribution for compatibility with NAS estimates. This raised the estimates of poverty. Lakdawala method gave a poverty estimate of 53.0% rural and 47.4% urban for the year 1977-78.

It was noted by Lakdawala Committee that with the given poverty line expenditure, raised for price escalation over time with the help of whatever indices, the original calorie norms as envisaged by the Task Force could not be met. Also it was noted that average level of calorie consumption over time was declining.

The Committee further noted: "It (the poverty line) does not, however, provide a complete picture of the state of well-being of the population; for instance it does not tell us anything about the living environment (housing, sanitation and amenities)".

Tendulkar Committee was set up in 2009 to look again at the methodology of official estimates of poverty. They also noted that actual calorie intake was not found to be well correlated with nutritional outcomes and they also continued with the Task Force poverty line (based on consumer basket of 1973-74) "in the interest of continuity as well as in view of the consistency". They recommended urban PLB as a new PLB to be provided to rural as well as urban population in all states after adjusting for within state price differential. They also noted that though those near the poverty line continued to afford cal. norm of 2100 p.c.p.d., their actual intake was 1776 calories p.c.p.d. Tendulkar Committee estimated poverty levels of 41.8% Rural and 25.7% Urban for the year 2004-05 and 33.8% Rural and 20.9% Urban for the year 2009-10.

An Expert Group under the Chairmanship of Dr.C.Rangarajan was set up in response to the criticism of the official estimates of the Planning Commission. Rangarajan Group presented their report in 2014. The points of departure of this group were: a) they computed afresh the average requirement of calories: 2155 kcal p.p.p.d. rural and 2090 p.p.p.d urban, and instead of recommending a single number, they recommend a band of minus plus 10%. For actual calculation they took the lower line of the band; b) they also added some protein and fat requirements, c) the median fractile (of 45-50%) values of clothing expenses, rent, conveyance and education expenses were treated as normative requirements and hence added to the poverty line. The new poverty line worked out to Rs.972 rural and 1407 urban in 2011-12. They estimated that 30.9 % of rural and 26.4% urban population was below the poverty line in 2011-12. Thus, the Rangarajan group made it clear that only a calorie based cut off is not enough to take care of even the food need, not to speak of the non-food needs. However, the median fractile level of expenditure does not still have a logic of its own.

IV

It would be interesting to borrow from S.Subramanian a comparison of the revised poverty lines given by the three expert groups. The 1993 Lakdawala expert group's poverty line

for rural India at 2011-12 prices would have worked out to around Rs.650 per person per month. The 2009 Tendulkar expert group's poverty line would be in the region of Rs. 816 for the same year. And the 2014 Rangarajan expert group offered a poverty line of Rs.972. "Judging from the numbers, successive sets of experts would appear to have been successively less tight-fisted than their predecessors" (Subramanian, 2014). Rangarajan's Rs.32.33 a day (the most generous of the recommended poverty lines so far) would still be hardly sufficient to meet the food needs of a person for a day. What about housing, clothing, health, education and other essential social and personal needs?

Let us look again at the national minimum recommended by the Working Group of eminent persons in 1962. They had recommended Rs.25 per capita per month for urban people. Taking this for all India in the present context (a la Tendulkar Expert Group) and 'scaling it up to the level of 2011-12 prices approximately (we use Gross National Income deflator, which is more readily available over such a long period), we find a figure of Rs.972.6 - almost exactly the same as Rangarajan Group's poverty line for 2011-12. This amounts to Rs.32.4 per capita per day. But the Working Group's national minimum had also stipulated quite a bit more in addition to this. They had recommended in addition a subsidy for housing, free medical care to be provided by the state and free education to be provided by the state. If we add 20% on account of housing, health and education, etc., the figure would be Rs. 39 per capita per day. But even this may not be adequate. The Working Group's vision was remarkable, but it definitely was circumscribed by the general economic conditions prevailing half a century ago. National Income has increased by about 13 times during the period 1960-61 to 2011-12. Per Capita National Income has gone up by 5 ½ times over the same period. Levels of living and compulsions of living have changed in ways unimaginable half a century back. Hence the poverty line may have to be pegged at even higher levels than Rs.39 p.c.p.d. on changes in levels of living and compulsions of living. Let us consider some evidence from the NSS data itself.

The 61st Round of NSS (2004-05) on possession of durable goods by the households revealed that even among the lowest consumption quintile of households, 20% possessed radio, 36% possessed television, 58% were using electric fans and 42% were possessing bicycles (Table 1).

This would have been unimaginable during the decades of 60s and 70s. Television then was non-existent. Radio and electric fans would have been considered a luxury. Even bicycle was an upper middle class possession then. The biggest positive change over the decades, perhaps has been in the need to spend on transport equipment and transport

services, particularly in urban areas where distance between the work and the living place has been ever increasing.

This underlines atleast three important points. One is that a poverty line based on an obsolete consumption basket is not relevant any more. And the other point is that compulsions of living have changed the definition of 'essentials' and 'necessities'. The third point is that the pace of change in compulsions of life and the life style has become faster in the wake of rapid technological change. And hence the life span of a poverty line, howsoever carefully drawn, will be shorter and shorter in future, may be not more than a decade.

It may be recalled that the Alagh Task Force had recommended a poverty line in 1979 which was based on the poverty line consumption basket for the year 1973-74. The Lakdawala Expert Group (1993) as well as the Tendulkar Expert Group (2009) worked around the same poverty line making improvements as per the perceptions of the respective Expert Groups. It was only the Rangarajan Group (2014) which obtained the poverty line from a new consumption basket for 2011-12. Question is what was the reason for not changing the base of the poverty line for such a long period (more than three decades)? Though it was never stated clearly, but perhaps comparability of poverty estimates over time was at the back of the mind. Planning Commission placed a lot of value on such comparability in order to emphasise the effectiveness of the poverty alleviation programmes. The main import of the entire foregoing discussion has been that neither the notions of poverty (i.e., what to call poverty) nor the indicators through which poverty can be measured can remain the same over a long period of time. In fact in the wake of high economic growth and fast pace of technological development the notions about poverty as well as the indicators through which we measure it have also to change at faster pace.

The Alagh Task Force had noted in 1979 that the estimate of total consumption expenditure as worked out from the NSS Survey was lower than than that given in National Accounts Statistics (NAS). The two sources of estimates of private consumption expenditure have been diverging more and more over the years. A question arises whether there is something in the methodology of the system of data collection of National Sample Survey (NSS) which consistently gives an underestimate of the real level of consumption, or, the NAS gives an overestimate? NAS system which is the system of working out the GDP and National Income is largely based on production accounting. The Central Statistics Office (CSO) appointed a Committee in 2015 under the Chairmanship of Prof.A.K.Adhikari to go into the question of comparability of the two

sources of estimates of private final consumption expenditure (PFCE). The Committee noted that during the year 2011-12, there was a divergence of - 45.24% in respect of total PFCE, i.e., NAS minus NSS estimate as percentage of NAS estimate was 45.24%. In respect of total expenditure on food, the divergence was only 28-29%. In respect of non-food expenditure, this divergence was 54.77%. On an item like transport equipment and transport services, the divergence was 78%. In the year 1972-73, the divergence in total expenditure was only to the extent of 5.5%.

The following observations of the Committee (Adhikari Committee, 2015) are very revealing:-

- "a) *A standard Schedule of Enquiry on Household Consumption Expenditure, which has been evolved by the NSSO over the years after lot of experimentation, with items of consumption expenditure listed in a specific order (food items followed by non-food items), is canvassed in the HCES,. Because of large number of items, canvassing of the schedule quite often requires a long time of interview. In the process, possibility of respondents' fatigue creeping into the collection of data cannot be ruled out. And in such a situation, certain amount of under-reporting of household expenditure may be possible, which may also contribute to some amount of divergence between the alternative estimates of PFCE.*
- b) *The share of services sector in the overall expenditure has been growing significantly; the HCES may not be capturing adequately the expenditures on many services items for which information is collected towards the later part of interview owing to respondents' fatigue arising out of the lengthy schedule. These items include, for example, Computer related services, doctor's consultation fee, etc. The above view is substantiated by the fact that average per capita expenditure based on focused surveys of NSSO on healthcare (NSS 60th round) and education (NSS 64th round) is much higher than those based on usual surveys (HCES)."*

The underestimation of consumption expenditure in the NSS is perhaps the most important reason that the poverty line based on the NSS survey remains low. In spite of the generous efforts of both, the Tendulkar Expert Group and the Rangarajan Expert Group to throw in something more in the poverty line for good measure, the poverty line remains incredibly low without any correspondence with the market reality.

The very concept of poverty in India has evolved around the minimum necessary need for food. It is a limiting concept. The economic conditions which prevailed in India during the 19th and a major part of the 20th century made the availability of even two

square meals a day look like a luxury. In this situation, unavoidably, the entire focus in defining poverty was on food adequacy measured in terms of minimum calorie requirements. Poverty line was defined as that level of expenditure at which an average household could meet the calorie requirement. Question was never asked whether at that level of expenditure, the average household could also afford to spend adequately on other essential requirements of living. To some extent the Tendulkar Committee tried to correct this deficiency in respect of health and education and then the Rangarajan Committee took full cognisance of this inadequacy giving consideration to even the need for nutrition beyond calories. However being dependent on NSS level of expenditure which is a gross underestimation as we have discussed above, Rangarajan Committee's poverty line also remained short of the reasonable.

It is generally understood that poverty is a major cause of inadequate consumption of food hunger and malnutrition. However it should not be assumed that all those who are counted as poor are also hungry.

Incidence of malnourishment in India is much higher than the estimates of poverty by any definition. The percentage of India's under five children suffering from underweight was 43% (UNICEF, 2013). The level of malnutrition which is prevalent cannot be entirely attributed to poverty related inadequacy of food consumption. Professor P.V.Sukhatme (Planning Commission, 1993) was of the view that it was not so much the intake that determined work capacity, it was the control of diseases that mattered. A study by Radhakrishna and Ravi (2004) analysed the determinants of child malnutrition in rural areas. The results showed that the probability of a child falling into malnutrition decreased with improvement in mother's nutritional status, mother's education, mother's age and ante-natal visits, but increased when the mother was working. The adverse effect of the working status of the mother might be a characteristic among the poor households. Thus there is a lot of evidence that malnutrition is a condition caused largely by health environment, sanitary conditions surrounding the house in which one lives, the quality of drinking water, access to health services, sanitary habits and traditions. It is in this sense that education matters. Though malnutrition is present among the non-poor households also, it is true that poor are likely to suffer more from these adverse circumstances that cause malnutrition.

Too much focus on food inadequacy has neglected attention to those other conditions of poverty such as housing and the surrounding environment, quality of work (particularly job insecurity) and working condition, access to health and education and such other

vulnerabilities. A household may suffer from these vulnerabilities, even if food is adequately available. These vulnerabilities are particularly acute in urban environment.

Housing conditions and availability of clean drinking water are becoming more and more adverse with increase in population and urbanization. The poor live in very unhealthy surroundings and in very poor quality of shelters in urban areas. Rural surroundings are also polluted because of largely prevalent open defecation and lack of care in disposal of wastes. Availability of good quality potable water is a problem in large parts of rural India.

Poor also suffer from many other vulnerabilities. Their freedom of choice is constrained. They suffer from constraints in access to good health and education services and constraints in access to justice even.

A very worrisome manifestation of poverty has been child labour and withdrawal of children from school. Many households are able to manage to get necessary food and clothing but only at the cost of children's education, thus jeopardising their future and making it difficult for generations to come out of poverty. Poor or little access to health services would be another consequence of poverty. Poverty is also reflected in the quality of work available to the working members of the household.

It will be a more realistic exercise if we try to identify the poor in terms of such manifestations and vulnerabilities, particularly those which can be identified clearly and where a line between vulnerability and non-vulnerability can be drawn. However, some of the vulnerabilities, if chosen to identify a poor household, are likely to have a regressive impact. For example, if a working child is one of the criteria for identifying a poor household, some households may be motivated to withdraw the child from schooling and send the child to work just to get enlisted among the poor to secure benefits of poverty alleviation programmes.

V

We would like to discuss briefly in this section an exercise in evolving a methodology for counting the urban poor in terms of a number of vulnerabilities from which the poor suffer. This was the exercise undertaken by the Expert Group constituted by the Planning Commission to recommend a methodology for identification of urban poor (Hashim Expert Group, 2012).

Taking note of the multidimensional nature of urban poverty, the Expert Group was of the view that income-based identification of the urban poor would be flawed because

there was no objective mechanism by which the declared income of the respondent could be verified. It was also felt that since obtaining data on consumption expenditure of the household required a complex and lengthy investigation, it would be difficult to carry it out in a census operation and a quick and short investigation would not yield reliable data. The Expert Group, therefore, decided to rely on more visible and easily recordable indicators. A poor household would stand out on the basis of three vulnerabilities- residential, occupational and social.

Possession of some other household assets by the household would also be an indicator of well-being. It was seen from some earlier rounds of NSS on possession of household assets, that certain category of assets like motor car and ACs etc., were owned only by very rich households, and hence, these could be used for priori exclusion of households from the poverty set.

Taking note of the decision of the Government of India to undertake Socio-Economic and Caste Census (SECC), it was decided to include in SECC questions helpful to identification of urban poor. The questionnaire was prepared by the Expert Group in association with the Ministry of HUPA. The SECC captures the residential status, the physical condition of the dwelling, the number of rooms occupied, provision of civic amenities, occupational status, employment condition, health and education, age and social vulnerabilities.

The Expert Group recommended a three-stage identification process: (i) Automatic Exclusion, (ii) Automatic Inclusion, and a (iii) Scoring Index. A household fulfilling any of the indicators given in stage I would be automatically excluded from the poverty set. The remaining households are screened for automatic inclusion in the poverty set. The residual households are then assigned scores from 0 to 12 as per the scoring pattern described at stage 3. The household with zero score belong to the excluded set. Their claim to poverty set will go on increasing with increasing score.

The details of the three-stage identification of the poor in terms of criteria for automatic exclusion and automatic inclusion and scoring index are given in the Annexure.

The Expert Group recommended that the set of households qualified for automatic inclusion in the set of BPL households should be taken as hard core poor. Of the middle group of households which were neither automatically excluded nor automatically included, those households with score 4 and above could be included in the poverty set. In case the cut-off point in the score table for inclusion was raised, lower number would be included in the poverty set. The methodology was finalized before the Census data

were available. However from whatever preliminary data were available for testing, it was generally understood that the division of population between automatically excluded, automatically included and the middle groups subject to scoring at all-India level would be broadly 30%, 30% and 40% respectively. However there was likely to be significant variation in the division of population into these three sets in different states.

The SE&C census was completed in 2014-15. It appears that some preliminary analysis of SE&C census data was done in the Ministry of Housing and Urban Poverty Alleviation (HUPA) Based, perhaps on an official briefing, the Indian Express reported the following on 15th July, 2015:

"Unreleased data from the first urban Socio-Economic and Caste Census (SECC), tabulated as per criteria laid down by the erstwhile Planning Commission's expert Hashim Committee, shows that roughly 35 per cent of urban India households live below poverty line (BPL)"

"In 2011-12, the Planning Commission had estimated 26.4 per cent of urban India's total population to be poor as per the methodology laid down by the Rangarajan committee. The Tendulkar panel's yardsticks put that figure at 13.7 per cent".

"Assuming an average household size of five people, the total number of people falling in the urban BPL list, as per the Hashim panel criteria, is approximately 110 million. 'This is closer to the estimate arrived at using the Rangarajan panel's methodology,' an official said".

" This is the first time that such a survey has been carried out in urban India to identify beneficiaries of food security Act, pension scheme and other welfare schemes".

Recognising that the context, i.e. the socio-economic conditions, in which the indicators of poverty are chosen, changes overtime, the Expert Group recommended that a fresh view about the indicators should be taken every 10 years. The Expert Group also stipulated that the identification of the poor would be a participatory exercise, and towards this end, a list of the poor households should be published on website. A mechanism for incorporating changes in the status of beneficiaries during the inter-census period has also been suggested.

VI

I would like to conclude by underlining again the point that the perception as to what is poverty and who is poor as well as the attitude as to what to do about poverty are very much rooted in the overall social and economic environment of the society. When the society was economically stagnant, it took a narrow view of levels of living of the masses. Economic development in the post-industrial revolution era changed all that. There emerged a concept of welfare state. The notion about a minimum level of living changed positively towards a more decent life. In future also economic and technological changes are bound to change our notions of a decent life further, and accordingly the indicators of such a minimum are also bound to change. And hence we cannot stick to a poverty line for a long period of time. The problem is compounded if that poverty line was only 'food centric' and if it was based on a data system which grossly underestimated the consumption expenditure. Multiple dimensions of poverty must be taken into account. There cannot be a long-term indicator of poverty or a long term comparison of estimates of the incidence of poverty. Poverty should be seen as a dynamic concept. Estimate of the incidence of poverty should not be seen as an indicator of the 'performance' of the society. Rather it should be seen as part of an 'agenda of action' for the society.

Table 1
Number per 1000 household possessing specific durable good in five fractile classes of
MPCE - All India
(61st Round - 2004-05-NSS)

Item code	Item	0-20	20-40	40-60	60-80	80-100	All	No.of sample hhs
561	Radio	200	267	319	364	475	336	15067
562	Television	362	577	689	761	795	661	27677
590	Electric fan	580	775	845	879	921	818	33562
591	Airconditioner	2	5	5	15	114	31	1025
592	Air cooler	44	93	172	232	306	182	6689
594	Sewing machine	103	176	237	288	329	238	9970
598	Refrigerator	28	99	231	451	647	319	12652
610	Bicycle	426	473	460	417	316	417	18102
611	Motorcycle, scooter	26	90	212	361	501	260	10306
612	Motor car, jeep	2	4	15	30	162	46	1938

Source: Taken from the Report of the Expert Group on Urban Poverty, 2012

ANNEXURE

THREE STAGE IDENTIFICATION OF THE POOR

(As per Report of the Expert Group to Recommend the Detailed Methodology for Identification of Families Living Below Poverty in the Urban Areas)

Stage 1: Automatic Exclusion

1. If the number of dwelling rooms exclusively in possession of the household is 4 and above (Dwelling rooms with wall of concrete or burnt bricks or stone packed with mortar, roof of concrete or burnt bricks or machine made tiles), that household will be excluded.
2. Households possessing any one of the following assets will be excluded:
 - i. 4 wheeler motorized vehicle,
 - ii. A.C.set,
 - iii. Computer or laptop with internet.
3. Households possessing any 3 of the following assets will be excluded:
 - i. Refrigerator,
 - ii. Telephone (land-line),
 - iii. Washing machine,
 - iv. 2 wheeler motorized vehicle

Stage 2: Automatic inclusion

In the second stage, households facing any of the vulnerabilities listed below will be included in the BPL List automatically.

a) Residential Vulnerability

- i. If the household is 'houseless.
- ii. If the household has a house of roof and wall made of plastic/polythene.
- iii. If the household has a house of only one room or less with the material of wall being grass, thatch, bamboo, mud, un-burnt brick or wood and the material of roof being grass, thatch, bamboo, wood or mud.

b) Occupational vulnerability

- i. If the household has no income from any source, then that household will be automatically included.
- ii. Any household member (including children) who is engaged in a vulnerable occupation like beggar/rag picker, domestic worker (who are actually paid wages) and sweeper/sanitation worker/mali) should be automatically included.
- iii. If all earning adult members in a household are daily wagers or ir-regular wagers, then that household should be automatically included.

Social Vulnerability

- i. Child headed household, i.e., if there is no member of the household aged 18 years and above, that household should be automatically included.
- ii. If there is no able-bodied person aged between 18 and 60 years in the household, i.e., all members of the household between 18 and 60 years either have a disability or are chronically ill, the household should be automatically included.
- iii. If all earning adult members in a household are either disabled, chronically ill or aged more than 65 years then that household should be automatically included.

It is important to reiterate that this segment of the population faces severe poverty and deprivation and hence deserve to be included in the BPL list at all costs.

Stage 3: Scoring Index

In the third stage, the remaining households will be ranked on the basis of an index score. It was decided to settle the overall cap to 12 points (maximum of 5 points for residential vulnerability, maximum of 5 points for social vulnerability and maximum of 2 points for occupational vulnerability). The household with zero score will be excluded from the BPL List. The household with the highest score will have the highest priority for inclusion in the BPL List. The indicators and their respective scores by type of vulnerability are given below:

Residential Vulnerability

S.No	Indicator	Sc Score
A	Households living in houses of more than one room with roof of Grass/thatch/bamboo/wood/mud etc. and wall of grass/thatch/bamboo etc.	2
B	Household living in houses with roof of handmade tiles or G.I/ metal/asbestos sheets and wall of mud/unburnt brick of wood or stone not packed with mortar or G.I/metal/asbestos sheets	1
C	Household with non-availability of drinking water source within or near the premises	1
D	Households with main source of lighting other than electricity	1
E	Households with no exclusive water-seal latrines	1
Maximum Score 5		

Social Vulnerability

S.No	Indicator	Score
A	Female-headed households i.e. households where there is no adult male member or where the principal bread-earner in the family is a woman	2
B	Household with a widow below the age of 50 years as a member of that household	1
C	Scheduled Caste (SC) households	2
D	Scheduled Tribe (ST) Households	2
E	No Literate Adult	2
F	No adult in the household educated upto primary level For every Disabled/Chronically ill persons in the household	
Maximum Score-5		1

Occupational Vulnerability

S.No	Indicator	Score
A	Any of the following occupations of the head of the household: o Street vendor/cobbler/hawker o Construction/plumber/mason/labour/painter/welder/sec. guard o Home-based/artisan/Tailor o Transport worker/driver/conductor/Helper to drivers and conductors/cart puller/rickshaw o Washermen/Dhobi/Chowkidar o Coolie/Head-loader	2
B	Any of the following occupations of the head of the household: Shop - Worker/Assistant/Helper/Peon in small establishment/Attendant/ Water Electrician/mechanic/assembler/repair worker	1
C	Households where the main source of income of the head of the household	2
	Households where there is no enterprises/wage earning i.e., non-work and the earnings is chiefly through any one of the following means i.e. (a) Pension; (b) Interest; and/or (c) Rent Maximum Score-2	1

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