

## The India behind the New Poverty Ratio

Rahul Goswami

New poverty claims from the government of India are being interpreted as (a) proof that the economic liberalisation is working, (b) that the ruling coalition has begun its preparation for the 2014 general election by claiming the largest percentage reduction of poverty ever, (c) that the ruling coalition by lowering the poverty line (and therefore the number of Indians identified as poor) will slash its social subsidies outlay, (d) that the way India measures poverty is desperately in need of repair, if not altogether in need of renewal.

Had we a national process to adopt a poverty measure that is based on including a variety of voices that matter (trade unions and teachers, nurses and municipal workers, farmers' cooperatives and tribals), option (d) may have been met long ago. Instead, we bear the handicap of assuming that macroeconomists alone must find this measure and instruct us in its use. And that is why, only last year, in 2012 June, the Planning Commission constituted an 'expert group' chaired by a former head of the Reserve Bank of India to "review the methodology for the measurement of poverty". In the hoary tradition of Indian bureaucratise, this expert group is now "deliberating on this issue" (said the Planning Commission) and is expected to submit its report by the middle of 2014.

This would normally have remained a slow, tortuous (and dissatisfying) process. After all, for the last 30 years there has been a studied reluctance to overhaul the poverty measure - regardless of the hue of government and the strength of arguments in support of such an overhaul - to make it more reflective of the complex nature of, incidence of and intensity of poverty in India. For this expert group to wind its way through deliberations and issue, as so many before it have done, a report that is thick with formulae but bereft of an understanding of the circadian contours of poverty would have been a predictable and normal conclusion to the matter. But now is not normal, as the United Progressive Alliance (UPA) and its main actor, the Congress party, are preparing for a general election in about a year.

And that is why the Planning Commission has, hurriedly, "[updated the poverty estimates for the year 2011-12](#)" as per the methodology recommended by Tendulkar Committee" - never mind that the current expert group is supposed to critically scrutinise (and remedy, one should hope) this particular methodology! The data that has been seized upon and misshapen is from the National Sample Survey Office's 68th round (which was carried out from mid-2011 to mid-2012) and is of household consumer expenditure. To recount a small part of this troubled history, [the Tendulkar Committee](#) (taking its name from its chairman) was constituted in late 2005. This committee delivered its report in late 2009 and computed poverty lines and poverty ratios for 2004-05.

What is the main substance of the new claim? The note from the Planning Commission (titled 'Press Note on Poverty Estimates, 2011-12' and dated July 2013) has stated that the "percentage of persons below the poverty line in 2011-12 has been estimated as 25.7% in rural areas, 13.7% in urban areas and 21.9% for the country as a whole". Thereafter the myth of the descending poverty line is outlined: that in 2004-05 the respective poverty ratios for the rural and urban areas were 41.8% and 25.7%,

and 37.2% for the country; that in 1993-94 the ratios were 50.1% in rural areas, 31.8% in urban areas and 45.3% for the country. And, in triumphant tones, that hence the 407 million Indians below the poverty line in 2004-05 had by 2011-12 dwindled dramatically to 270 million - a reduction of 137 million persons over a short seven years! And that indeed, it is all the more significant that for the last eight years it is the UPA (that is, the Congress) that has ruled India. So flows the polemic.

But cunning is as cunning does, and while the Planning Commission of the day has sadly contented itself with turning hollow ratios and percentages into achievements for the ruling regime, it has also built itself a crude hedge against the inevitability of food and fuel price [inflation](#). It has done this by adding, like a caveat, the statement: "It is important to note that although the trend decline documented above is based on the Tendulkar poverty line which is being reviewed and may be revised by the Rangarajan Committee, an increase in the poverty line will not alter the fact of a decline. While the absolute levels of poverty would be higher, the rate of decline would be similar."

The flimsiness of the central arguments put forth by the Planning Commission ought not to be lost sight of in the hubbub. They are: (1) that the "decline" in poverty "flows from the increase in real per capita consumption", (2) that there is annual increase in "real MPCE (monthly per capita expenditure)" for each of the ten deciles (in the population surveyed by the NSS), (3) that the "real MPCE increased by much more" over the period 2004-05 to 2011-12 as compared with the period 1993-94 to 2004-05, (4) that the increase "was fairly well distributed across all deciles of the population", and (5) that the distribution "was particularly equitable in rural areas".

It is extremely dangerous for the country's apex planning organisation to support the ambitions of the ruling regime in this way, for to do so subverts and distorts the role of the Planning Commission. India cannot afford, especially given the tendentious nature of centre-state relations and the impact of this tension upon both the financing and the content of social welfare programmes, a nakedly partisan Planning Commission. Yet that is what we now witness.

In the eagerness to find 'rural' and 'urban' and a 'national' poverty line, the tales of the deciles of the NSS surveys, referred to only fleetingly, are of importance (for the 43rd, 50th, 55th, 61st, 66th and 68th rounds, all of which we hope are being studied by the Rangarajan expert group). The deciles in the 68th round tell us that in rural India, the average monthly expenditure per person of Rs 153 on cereals would buy 7.3 kg of rice or 8.5 kg of wheat, and that the Rs 40 spent per person on pulses would buy 0.85 kg of pulses; both monthly measures (outside the fair price shop) being well under (13.8 kg and 1.2 kg respectively) the recommended dietary allowances.

So much for the dimension of food and nutrition, vital as it is. Nigh on two generations of perceiving poverty and reacting to the economic, climatic and social changes have also instructed us that deprivation and want - of which certain kinds of poverties are symptoms - is a complex matter. Not so complex that it defies definition, but neither it is as simple as our Planning Commission (and the UPA) would have us believe. The relatively recent multi-dimensionality of poverty includes aspects of education (schooling and attendance), health (nutrition and child mortality), and standard of living (the provision of electricity, sanitation, water, housing, cooking fuel and the presence of assets). Clean air, safe and reliable public transport, local

governance that is free from graft, social cohesion and the protection of the commons are likewise factors that a more accomplished index of multi-dimensionality can include. Yet these are current and urgent aspects - the lack of which, or the intensities of some, depending upon their nature - whose absence from our communities rural and urban is still not considered an indicator of poverty.

Although these aspects, current as they are for the majority of Indians, appear to lie beyond the ken of the Planning Commission of today, so too does the evidence that income and food poverty is far more serious than the new claims suggest. The decline in per capita calorie and protein consumption (and this has been noted in the prefatory remarks of the NSS for almost all its household consumption reports) has occurred in step with high GDP growth. During this period too the loss of land-based livelihoods has risen to hitherto unseen levels, and this is underlined starkly by the district-level abstract of Census 2011 (released two months ago), which via its main and marginal occupation data, illumines darkly the expansion of the informal sector, largely a result of the decline in real wages, especially in agriculture and its associated sectors.

These are the contours of real privation in India, whether for rural or urban or the hapless migration between them, which the July 2013 note of the Planning Commission has sought to obscure.

\* Comments may be sent to Rahul Goswamy at <[makanaka@pobox.com](mailto:makanaka@pobox.com)>