Quest Journals
Journal of Research in Humanities and Social Science
Volume 13 ~ Issue 5 (May 2025) pp: 135-143
ISSN(Online):2321-9467
www.questjournals.org

Research Paper

Official Estimates of Poverty in India: Methodological and Database Debates

Dr. SEETHA LEKSHMI. V

Abstract
The measurement and aggregation of poverty acts as a much-debated and controversial issue among policymakers and development thinkers. Officialpoverty estimationatnationalandinternationallevelsisgenerally made concerningindividualsbasedonfamilyorhouseholdincome 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.*

R*eceived 10 May., 2025;* ***R****evised 20 May., 2025;* ***A****ccepted 22 May., 2025 © The author(s) 2025.*
P*ublished with open access at* ***www.questjournas.org***

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. Theconceptualcompetitionthat exists in the poverty discourse isalso carried over to the measurement front.Different interpretations of the painful reality translate into aggregatenumbers through statisticalfunctions.Thevalidjustificationformeasuringpoverty stemsfromthemoralandpolitical imperative thatactionshouldbe takentoeliminatepoverty (Lister,20054). Measurementofpoverty isconfrontedwithtwodistinct problems:identifyingthepooramong thetotalpopulationandconstructing an indexofpovertybased ontheavailable informationaboutthepoor.The identification exerciseisconsistentwiththe choiceofaunitofanalysis,anindicator ofpoverty,and the fixingofastandardat which theindicators aretobe assessed.

II. Unit of Analysis

Ageneralconcernamongdevelopmentthinkersaboutpoverty istounderstandit either at the individual or the household level. Thelogicfor taking the householdastheunitisthepremise thatpeopleliving inhouseholdspooltheir resourcesandhaveacommonstandardoflivingatleasttosomeextent(Lister, 2004).Ifitisviolated,intra-householddifferencesinresourcesharing willprovide amisleading pictureofindividualincomeandwell-being.Arelatedissueiswith a comparison of households having different compositions, where equivalence scalesareused.Theindividualistheappropriateunitifpoverty is understood in terms ofaright to aminimum level of resources (Atkinson, 2002).

Measuringwelfareatthe householdlevelispreferredinsocialsciences,asfamily is the basic unitofsocietalliving,whereasinbehavioralsciences, the emphasisison theindividual.Economicsresearchcenteredonpoverty orwelfareismainly household-focused.Inthe Neo-Classicalmicroeconomicmodels,the two competingagents aretheprofit-maximizingfirms and theutility-maximizing households.Thehouseholdsbehaveasifthey aremaximizing asingleutility function,asjustifiedby Samuelson(1956).TheNewHouseholdEconomicsas propounded byBecker(1981),alsosupportstheutility-maximizinghousehold socialwelfarefunction.Becker'saltruisticmodelimpliesthattheutilityfunction of thehouseholdheadincreaseswiththe increasedwell-being of themembers. Both Samuelson andBeckermodels are ofasinglehousehold utilityfunction.

Robertson(1984) definesa householdasagroupof peoplewhopoolresourcesor eatfromthe samepot.Itisa personora co-residentgroupofpeople whocontribute

toandbenefitfromajointeconomyincashordomesticlabour(Rakodi,2002).It isthebasicinstitutionforreproducingsociety initsmaterialandnon-material aspects(Douglas,1998).Itistheprimaryplacewhereindividualsbothcompete andco-operateoverresources.Depending ontheirroles,responsibilities,and capabilities, themembers contributedifferentlyto thehousehold (Moser, 1996).

Officialpoverty estimationatnationalandinternationallevelsisgenerally made aboutindividualsbasedonfamilyorhouseholdincome measures. The unit Selected has further implications for poverty analysis and targeted public policies. aimingatitseradication.Thegeneralagreementisthatpovertyneedsto be understoodatthe individualrather thanatthehousehold level,andaninsight intotheindividuals'positionwithin thehouseholdisessentialfor understandingthe dimensions and causes ofdisadvantage(Ludi& Bird, 2007)

3. Indicators

Monetary andnon-monetarydimensionsareusedasindicatorsofpoverty.The practiceistodependonincome.Therationaleofamoneymetricstandardization isthat, in principle, an individual above the monetary poverty line possesses the purchasing power to acquirethe bundle of attributes yielding alevelofwell-being sufficienttofunction.Inadequateincomeisclear, measurable,and ofimmediate concern forindividuals. Low income is highly correlated with amultitudeofhuman deprivations.

Thegrowingbody ofliteratureonpoverty researchsuggeststhat lowincomeisan imperfect indicator of deprivation(Nolan& Whelan,1996).Expenditure is preferredasabettersubstituteasittruly measuresnormalincomeandliving standards.Thepossibility ofanunevenpatternmakesitdefectivetorelyupon. Neither incomesnor expendituresare perfect indicators.Townsend(1979) suggested a total measurement of material resources consisting of cash income, capitalassets,employerwelfarebenefits,valueof publicservices,andprivate income inkind.Composite indicators,asusedinthe HumanPoverty Index(HPI)or MultidimensionalPovertyIndex(MPI), are betterrecommendedfor measuring multidimensional poverty.

4. Poverty Line

The indicatorschosenare assessedatcertainstandards labelledthe poverty line.A widelyusedcharacterizationofwelfareineconomicsisautility functiondefined overthe consumptionofcommodities.Apoverty lineistheminimumcostofthe poverty levelofutilityatprevailingpricesandhouseholdcharacteristics (Ravallion,1998).Adistinctionis sometimesmadebetweenanabsolutepoverty lineandarelativepovertyline.Anabsolutepoverty lineisarealvaluedfunction overtimeandspace,whilearelativepovertylinechangeswithlivingstandards. Anabsolutepoverty lineguaranteesconsistencyinpovertycomparisonsacross persons,time,andspace.Poverty linesaremonetary ornon-monetarycut-off pointsseparating thepoorfromthenon-poor.Currently,twomethods,Food Energy Intake(FEI)andCostof BasicNeeds(CBN),areusedinanchoringan absolutepovertylineona moneymetricbasis.

4.1 FEI Method

FEIsetsthepoverty linebasedontheconsumptionexpenditureorincomelevelat whichfood energyintakeisjustsufficientto meetthepre-determinedfood energy requirements(Ravallion,1998). Determinationof minimumfoodenergy requirementsisdifficult,asitvariesacrossindividuals.TheUnitedStatesfollowstheFEIpovertystandardsetoutbyOrshansky(1965).Thecostofminimum'energyrequirements'ismultipliedbyanappropriateproportiontoallowfor non-foodrequirements.TheFEI methodcapturesthemonetary costsof'basic needs'ratherthan'undernutrition'.

4.2 CBN Method

The costofa'bundle ofbasicgoods'consistingof foodandnon-fooditemsisestimatedatcurrentprices.Theoriginalpovertylineputforwardby Rowntree (1901)for thepeopleofNewYorkwas framedconsidering the costofbasicneeds. The foodcomponentisfastenedtothe nutritionalrequirementsofgoodhealth.Following the prevailing consumption patterns, a diet, rather than a monetarypovertyline,ischosen.Measurementsofnon-foodcomponentscreate problems.Thetotalpovertylineissetatthreetimesthefoodpovertyline,based on theone-thirdfood share concept practiced in the United States.

4. 3 SubjectivePoverty Line

The threshold levelfor separating the poorfrom the non-poorisfixed subjectively uponthepercepti onsofthepoorpeoplethemselves.Participatory approaches,forhighlighting qualitativedimensionsof'poor'usesubjective poverty lines. The minimum income poverty line is constructed by eliciting responses from households regarding minimum income questions. (Ravallion,1998). Thosewhoseannualincomeislessthantheamount,asansweredbythem, arecountedaspoor.Thepotentialheterogeneity ofanswerstoaminimumincome questioncreatesinconsistenciesin arrivingata uniformstandard.Toavoid this, people with the samestandard oflivingaretermed 'equallypoor'.

5. TheProblemof Aggregation

Poverty measurementisastatisticalfunctionthatconvertstheindicatorsof individualorhouseholdwell-beingandthechosenpoverty lineintooneaggregate number representing the whole population or decomposable

groups. When thinkingabout,analyzing,oractingagainstpoverty,numbersareusedasafirst lineofreference(UNICEF,2005).Measurementgenerally entailsobjective quantification ofpovertyin terms of its incidence, depth, orseverity. Important aggregation measures are

1 HeadCount Ratio (HCR)
2 PovertyGapIndex (PGI)
3 SquaredPovertyGapIndex (SGPI)
4 Sen's Poverty Index
5 Foster-Greer-Thorbecke(FGT)Index
6 HumanPoverty Index (HPI)
7Multidimensional PovertyIndex (MPI)
8LivelihoodAssetIndex.

6.MeasurementofPoverty inIndia

Poverty estimationinIndiahasoftenbeenproblematicduetotheconceptual ambiguity itissubjectedto.Ineachtimeofofficialpovertyestimation,poverty normshavebeenrevisedas per the recommendationsofexpertgroups.The estimationsbasedonchanging methodologiesmakecomparisonproblematic.The nature,trendandcharacteristicsofpoverty ofanationisexplainedonthebasisof the identifiednumber ofpoor andof their peculiarities,demarcated through the povertylinedrawn on thebasis ofa chosen criterion.

6. 1 Poverty Line

Thespecificationofthepoverty linefordeterminingthenumberoftheofficial poorishighly debatedandcontinuestobeunresolved.Whatispracticedisa reliance ona levelof income needed toprovide each individualwitha specific minimum calorie intake, methodically evolvedfromthe'subsistence-based poverty line'ofNaoroji(Bapat,2009).Inthisearliestattemptforpoverty standardization,Dadabai,neverphrasedapovertyline,hissubsistenceincluded, "Whatisnecessary forthebarewantsofahumanbeing,tokeephiminordinary goodhealthanddecency".Thesubsistencecost-basedpovertyline,thatvaried fromRs.16toRs.35percapitaperyearinvariousregionsofIndiaexcluded'all theluxuries,socialorreligiouswants,expensesonoccasionsofjoy andsorrow, anypromiseforbadseason'andalso'energyrequirementsforwork'(Srinivasan, 2001).Naoroji'sreadingof'Poverty inIndia'enclosesthewiderapproachof definingapoverty lineasthevalueofaspecifiedbundleofgoodsatappropriate prices.

The attainmentof politicalindependence heraldeda new era of planned economic development in India. The Working Group (1962) set up by the Planning Commission, basedontherecommendationsofthe IndianCouncilofMedical Research(ICMR,1958)ona balanceddiet,derivedthefirstpoverty linefor independentIndia.Thestatisticalvalue of the line fixedatRs. 100andRs. 125 respectively forruralandurbanareas,includesaminimumnutritionaldietanda modestdegreeofnon-fooditems,at1960- 61 prices,forafamily offivemembers (GOI, 1993). Planning Commission accepted theworkinggroup criterion,whereas thenationalminimumexcludedexpenditureonhealthandeducation,asthey are thestate's responsibility.

Thelate1960sandtheearly 1970switnessedanenhancedscholarly discourseon povertyissuesand culminatedinavastnumberofstudies characterizingthe incidenceofpovertyatthe nationalandstatelevels.Alternatepoverty lineswere adopted by Minhas(1970),Ohja(1970),Bardhan(1970-71),andVaidyanathan (1971).

Theexplicituseofacalorienorm by DandekarandRath(1971)indefiningan incomeorconsumptionpoverty linegeneratedmuchdiscussioninthepoverty measurementtreatise.Based on nutritional norms, 2250 calories percapitaperday for bothruralandurbanareaswerefixedas adequate inrespectofIndianconditions. Usingconsumerexpendituredata,theruralandurbanpoverty lineswereset at Rs 180 and Rs 270 per capita,respectively,at 1960-61 prices.

6.1. 1 TheTaskForce Methodology (1979)

The Planning CommissionTaskForce on'ProjectionsofMinimumNeedsand EffectiveConsumptionDemand'(AlaghCommittee,1979)redefinedpoverty line asmonthly percapitaconsumptionexpenditure levelof Rs.49.09forruralareas and Rs.56.64for urbanareasat1973-74prices.The figure is the monetary equivalentofabasketofgoodsthatwouldyieldapercapitacalorieof2400in ruralareasand2100inurbanareasderivedatby giving allowancesforage-sex activity specificities,alongwithsomemarginfornon-foodconsumptionneeds (GOI,2009).Statespecificpovertylineswerearrivedatbyvaluingconsumption atstatelevelprices.Thelatermodificationsofpoverty linesadjustedonly for inflation, retainingthecalorienorms.

6.1. 2 TheExpertGroup(1993)

The ExpertGrouponthe 'EstimationandNumber of Poor' (Lakadawala Committee) recommended the continuationof the calorie normsand the fixed consumptionbasketoftheTaskForce.Thestatespecificpoverty lineswereto be workedouteitherby takingstandardizedconsumptionbasketatthenationallevel valuedatstatepricesofthebaseyear-1973-74,orby updatingthelinetoreflect currentpriceswithconsumer price indicesofagricultural labour inruralareasand industrialworkersandmanuallabourersinurbanareas.GOI approvedthe methodology withaslightmodificationforupdatingthe urbanpoverty linebased onthe consumerpriceindexofindustrial workers alone(GOI,2009).

6.1. 3 TheExpertGroup(2009)

TheLakadawalamethodologyofpovertyestimation,asreviewedby theExpert Groupon'the proportionandnumberofpoor'(Tendulkar Committee), recommended a significant departurefrom the oldpractice. A consciousmovementawayfromthecalorieanchoredpoverty norm,auniformPovertyLine Basket (PLB) for both the rural and urbanpopulation,a price adjustment procedurepredominantly basedonthesamedatasetforestimation,incorporating an explicitprovisioninpriceindicesforprivateexpenditureonhealthandeducation andadoptionof Mixed ReferencePeriod (MRP) basedestimation of consumption expenditure weretheprincipal recommendations (GOI,2009).

ThemajorcriticismlevelledagainsttheTendulkar Committeeis itsuseofanall-Indiaurbanpovertylinebasketasreferencetoderivethestatelevelruraland urbanpoverty.TheExpertGroups(1993,2009)avoidedworking outafresh poverty linefromthe latestavailableconsumerexpenditure surveysandsuggested acomplexprocedure ofadjustmentandupdating (GOI,2012). Anoticeable increase inpercapita incomeandconsumptionexpenditure inthe initial years of thiscenturyandthesubsequentchangesinthestructureoftheeconomyhas creatednewperceptionsofpovertyamongpeople. Thiswasthebackdropfor settingupofanewgroupofexpertstoredefinepoverty linestothechanged circumstances.

6. 1. 4 ExpertGroup(2014)

Governmentof India constituted another ExpertGroupunderthechairmanship of Dr.C Rengarajan in2012.The termsof reference of the Committeewere the examinationofany relevantcriteriaforthedrawingupofthepoverty line, considerationof the issue of divergence between the consumptionestimatesof NSSOandNationalAccountStatistics(NAS)and to make practical recommendationsforlinking theestimatedpoverty incidencestothepoverty alleviation schemes implemented byGOI.

Initsreportsubmittedin2014,the Committeehasredefinedthe povertylinebasedon certain normative levels of adequate nourishment, clothing, houserent, conveyance,andeducation,andabehaviorally determinedlevelofothernon-food expenses.The ExpertGroupcomputedthe averagerequirementsofcalories, proteins,andfatsbasedonICMRnormsdifferentiated by age,gender,andactivity for all-India ruraland urban regionsto derivethenormativelevelsofnourishment. Accordingly,theenergyrequirementworksoutto2,155kcalperpersonperday in rural areas and 2,090 kcal perperson perdayinurban areas.

Return to the calorie norm, incorporationof non-foodrequirements toa normative basketbasedon medianexpenditure,anduseof unitvaluesfromhousehold expenditureunitrecordsarethemeritsofthe ExpertGroup. Thetermsof referenceofthe committee weresowide withample scopefor significant methodological advancement. But it missed anopportunityto go beyond the conventionalexpenditure-basedmethodology toabroadmultidimensional measurement ofpoverty(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 povertycangiveatrueevaluationofhowtheeconomy isperformingintermsof providingacertainminimumstandardoflivingtoallitscitizens.Atthecoreof themethodology stillpracticedinIndiaistheTaskForceconsumptionbasket povertyline, though outdated in capturingthechangingperceptions ofpoverty.

6. 2 Identifying BPL Households

Stategovernmentsundertheaegisofthe Ministry ofRuralDevelopmenthaveconductedbelowpoverty line(BPL)censusesin1992,1997,2002,2009,and2011 foridentifying householdsthatwereeligibleforthebenefitsofstate-levelanti-poverty and welfare programmes. A householdthat is identified as BPL isentitledtoreceiveaBPLcard.The1992BPL surveyoftheeighthfive-yearplan period followed a simple procedure of identifying poor households as those havingafamily incomeoflessthanRs.10000perannum.Theestimatedrural poverty ratewasmuch higherthantheofficialestimateofthe Planning Commission. Theninthplansurvey(1997)adoptedtheExpertGroup(1997)recommendation of the householdexpenditure approach,supporting the exclusionandamultiple criterionofpoverty.The1997estimation alsooutnumberedtheofficialestimates (GOI,2002)

Themethodology followedinthe2002censuswasascore-basedrankingof householdswith13socioeconomicparameters,reflectingthequalityoflifeof the ruralpopulation.Thescore-basedmethoddidnotuseanypovertycut-offpoint andnever counted the number of poorfamilies.The focus ison theattainmentor the failure toattain thesocio-economicindicators,where the individualsare rankedbytheiraccess to the indicators. State governments are free toselectthebottommostfamiliesinsuchawaythatthetotalpercentage offamilies selected is on parwith thePlanningCommission estimateofthe officialruralpoor(GOI,2009).Theidentificationexercisewasheavily criticized for corruption, lowdataqualityand coverage, imprecisescoringmethods,and poor surveydesign (Alkire&Seth, 2008).

6. 2.1 SaxenaCommittee

TheExpertGroup (2009),onthemethodology forconductingruralBPLcensuses for the Eleventh Five-Year Plan,chaired by N CSaxena, suggestedautomatic exclusion and inclusion criteria. Landholding, income,and other visibly verifiableindicatorsautomatically excludethenon-poor fromthelist,whereas belongingtoprimitivetribalgroups,women-headedhouseholds,disability,and destitutionautomatically includetheminthelist.Familiesneitherexcludednor includedarefurtherrankedbased onpoints forsuchcharacteristicsascaste, occupation, education, health status,and ageofthehousehold head.

Themethodology isadvancedsothattheexclusionary andinclusionary processis moretransparentlyverifiable,theuseofacombinationofnominalandordinal dataautomaticallyranksthepoor,andtheinbuiltbiasinscoringmakesitsensitive tovulnerablegroups(GOI,2009).Theorderofexclusionandinclusion canbe debated,andthatcanbevariously combinedtoidentify theBPLpoor(Dreze&Khera, 2010).

6. 2.2 Socio-economic CasteCensus 2011

ThefourthBPL householdselectioninvolvesacomprehensiveSocio-EconomicCasteCensusbeing carriedoutforbothruralandurbanIndia.Rankingofthe householdsbasedon thesocio-economicstatus,toenablethe stategovernments to prepare an objective list of families living below the povertyline,makes available authentic informationon the caste-wisebreak-upofpopulation,and the provisionof socio-economic profile of variouscastesare the envisagedoutcomes (GOI,2011).Apilotsocio-economicsurveywascarriedoutintheruralareas withastructuredquestionnaire.Thepilotsurvey,modelledasa Participatory Rural Appraisal(PRA),broughtoutsuitable exclusion, inclusion,anddeprivation indicators,sothatthehouseholdscouldberankedintermsoftheirpoverty and deprivation status (GOI,2012)

6. 3 BPLCensuses inUrbanAreas

Intheabsenceofauniformmethodology fortheidentificationofurbanpoor householdsatthenationallevel,statesfreelydevisetheircriterion,onpar withstate-specificurbanpoverty linesofthePlanningCommission. The incoherentpovertyestimationimpedesany significantnationalcomparison. Appropriate identificationof the poor households inurbanareasservesas the requisite planning tool for effective designing of explicit programmes, andefficientpublicservicedeliveryatthebeneficiary levelforachieving optimalityin resourceutilization(GOI,2012).During todoorsurvey,focushas tobeon slumsandlow-incomesettlements,and the modelformatsandgeneralguidelines areissued by theMinistryofHousingandUrbanPoverty Alleviation(MoHUPA) (GOI, 2011).

6. 3.1 TheExpertGroup(2012)

PlanningCommissionconstitutedtheHashimCommitteeinMay 2010,to recommend'an appropriatedetailedmethodology withsimple,transparentand objectively measurableindicatorstoidentifyBPLhouseholdsinurbanareasfor assistingvariousschemestargeting urbanpoor'.TheExpert Groupreport(2012),whileadmitting the ineffectivenessofincome/consumption measuresincapturingthemultidimensionalityofpoverty,suggestsmorevisible andeasily recordableindicatorsoflevelsofliving andquality oflife.Intermsof indicatorssuchastypesofhouses,accesstoessentialservices,natureandquality of work,othersocialdisabilities,a poor householdwouldstandoutbased on threecategories ofvulnerability:residential, occupational,and social.

Automaticexclusion,inclusion,andscoring schemesconstitute thecoreof the selectionmethodology.Theentireprocessisfocusedonaparticipatory mode, involvingthe generalpublicat the ward level,withanappropriategrievanceredressal mechanismforensuringtransparency andaccountability.Oncethelistisfinalized andpublished, there shouldbe a one-year lock-inperiod.Theconsecutivecensus carriedoutevery fiveyearscanbemethodologicallyrevisitedtofactorinthe dynamics of the economy. In the intervening period between two censuses, eligible householdscould themselvesget registeredasBPL, if theirstatusofbeing adeservinghouseholdisauthoritatively proven.Theentireprocedureisgrounded intheprincipleofnaturaljustice,ensuring unbiasedserviceandfairhearing(GOI,2012).

7. EstimatingPoverty

Methodologicalpluralismanddilemmasmake'counting thepooralways controversial, puttingit at the core of the debate in the literature on Indian poverty.Indianpolicy makingandpoliticsaredominatedby discussionsof poverty,andmeasuresofpovertyrightlyattractagreatdealofattention(Deaton, 2004), asa truecriterionofcentralandstate-levelprogramstargeting thepoor. The PlanningCommissionisthenodalagency forestimatingofficialpoverty,which publishespoverty incidence(HCR)atthe nationalandstatelevelswithsectoral disaggregation.

7.1. TheDatabase

Thesamplesurveys,initiated by MahalanobisattheIndianStatisticalInstitutein Calcutta inthe 1940s,wereelevatedtothe Government StatisticalSystem:NSSO, whoseConsumerExpenditureSurveysformthebasisfortheregularpublication ofpoverty incidenceby thePlanningCommission(Deaton,2004).The quinquennialsurveysof NSSO, whichstarted after 1972-73withaconsiderably largersamplesize,conductedevery fiveyears,arebasedonatwo-stage stratified samplingdesign.

Thefirststageunitsconsistofruralvillagesandurbanblocksselectedaccording totheprobability ofproportionalpopulationrepresentation,andthesecondstage consistsofthe selectionofrandomsamplehouseholdsfromthecomplete listing of householdsasprovidedby thefirststageunits.Largesampleunitsreducethe probabilityofsampling errors.Thesurveyperiodofaround,normallyoneyear,is divided intofour sub-rounds towhich the two independentsub-sample households are equallydistributed, tomakethe estimates freeofseasonal variation.

7.1.2. RecallPeriodDebates

TheNationalSamplesurveyscollectinformationeitherona30-dayreference periodonallitems(UniformReferencePeriod)ora365-dayrecallperiodfor infrequently purchasednon-fooditems,namely clothing,footwear,durablegoods, educational,institutionalandmedicalexpenses,plusa30-dayrecallperiodfor food items(Mixed RecallPeriod).TheUniformReference Period(URP) traditionallyfollowedwasalteredinits55th Round (1999-2000),whereaURPof30daysforallitemsofconsumption,forsomeofthenon-fooditems,aMRPof30daysand365daysdataanda7-dayrecalldataonfooditemsweretakenfrom thesamplehousehold.The Planning CommissionusedMRPconsumptiondatawhile estimatingpovertyfor1999-2000.

Forthe61stquinquennialround,a30-dayrecallperiod(URP)forallitems,a365-dayrecallperiodforfiveinfrequentlypurchasednon-fooditems,anda30-dayrecall period for the remaining food items (MRP)was administered. Official poverty ratioexistsfor boththedistributionsasperthe ExpertGroup(1993) methodology.The2009-10povertyestimationbasedonthe66th Roundfollowed theTendulkarmethodology ofMRPconsumptionexpenditure.TheExpertGroup, headed by Rangarajan(2014),recommendstheModifiedMixedRecallPeriod consumptionexpenditure data as itis thoughttobe more precisecomparedto the MRPandURPusedrespectively bythe ExpertGroup(Tendulkar)andearlier estimations.

7.1.3. The AdjustmentDebate

Thewidening disparity betweentheNSSestimatesofhouseholdconsumption expenditureandthetotalprivateconsumptionexpenditurederivedby theNASin the1980screatedapprehensionsaboutthereliabilityofNSSdata.Thestudy Groupon'the ConceptandEstimationofPoverty Line(1984)suggestedadjusting theNSSdatawiththeprivateconsumptiondeflatorestimatedfromtheNAS,as perthenationalandstatelevelpoverty lineswereadjustedpro rata.Inthe1990s, theNASestimatesofmeanconsumptiongrewmorerapidly thanthesurvey data (Deaton,2004),reaching76percentin1999-2000at1993-94pricesfrom 6 percent in 1973-74 at 1970-71 prices.

Manycontributorstothe'GreatIndianPoverty Debate'(Deaton&Kozel,2004) arguedthattheNASdata,becauseofsomeseverefallacies,donottrulydepictthe levelof consumptionofpoorer persons.To SundaramandTendulkar(2009), survey datameasuresthelivingstandardscorrectly,whereasinNASstatistics, consumptionisaresidualattheendofa long chainofcalculations.TheExpert Group(1993)recommendedanunadjustedNSSconsumptionexpenditurethat wasacceptedinthelaterestimations.Onestrong argumentoftheTendulkar Committee(2009)wasthecontinuationoftheexplicituseofthe private consumption expendituredataofthe NSSO.

8. Official Estimates

Planning Commission,thenodalagencyofthe GOI,estimatesthenumberand percentageofpeoplelivingbelowthepoverty lineatcertainintervalsfromthe consumerexpenditureSurveysofNSSO. Thesamplehouseholdshavingbelow the poverty lineconsumptionexpenditure,whoseproportionateestimationwiththe

projectedpopulationofthereferenceyear,generatetheofficialpovertystatistics ofIndia.The methodologicalcontroversies,theirrefinementsandalterationsunder successiveExpertGroups,makeitincomparableinelicitingany long-termtrend.

8.1 Trends in Head Count Ratio

Povertyestimationasperthe1993ExpertGroupmethodologyfrom1973-74t o to2004-05andofRangarajanmethodology from2009-10to2011-12isgiveninthe followingTableNo.1.

Table1
Trends inPoverty inIndia

Year	Poverty Ratio (%)			Number ofpoor (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:PlanningCommission,GOI,2014

Thenationalpoverty trendintermsofbothHCRandthenumberofpooris declining overtheyears.Bothruraland urbanpovertyaredeclining,butthedecline is higherin ruralareas. Onenoteworthyfeatureofthe povertytrendis thealarming71 percentrise observed in the number of urbanpoorbetween1973-74and2011-12. Inthecaseof therural poor,a marginal decline occurredduring the sameperiod. But inabsolute terms,the ruralpoor exceedthe urbanpoor.The proportionof urbanpoor tototalpooralsoshowsanincreasing trend,thoughthe increase ismarginal.The summary ofallthesestatisticsisanincreasingurbantrendinpoverty.Poverty statistics as perthe Tendulkarmethodology,arethe emphasis ofthe Table. No. 2

Table2
Trends inPoverty inIndia

Year	PovertyRatio(%)			Numberofpoor (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:PlanningCommission,GOI,2014

Thedeclineinpoverty foundby the TendulkarCommitteeishigherthanthatof the RangarajanCommittee.Butwhenrural-urbancomparisonsaremade,thedecline is feltmorein rural areas. As per HCR, between 2009-10 and 2011-12, the declinesinruralandurbanareasare 8.1and7.2,respectively.Asfarasthe number ofpoorisconcerned,whileinruralareastheydeclinedby 61.5percent,inurban areasthecorrespondingdeclineforthesameperiodwasonly 23.4percent. IrrespectiveofthemethodologicalfallacyofunderestimationofurbanpovertyThe Tendulkar Committeeestimationsalsoreveal the robustpresenceof urban povertyinIndia.

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.

9. 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).Thechanging consumption basketof implicitandexplicitnecessities,includinghealthcarecostsandenergy costs,is outside the purviewofofficialmethodology.The massivereductionin the incidenceofpovertyin1987-88,asreportedbythePlanningCommissionduring the 1990s,islargelyaconsequenceofpeculiarstatisticalartefactsusedby the commission (Minhas 1991). Bycountingthepoorbelow a‘continuouslydeclining nutritionalstandard’,theTendulkarCommitteetoohas“thrownaway thevaluable opportunities,ithadtocorrectthe methodologicalerror preventing valid comparison overtime, which underlayprevious estimates” (Patnaik, 2010).

References

[1]. Alkire, S. and S. Seth. (2008). Multi-dimensional Poverty and BPL Census in India: A Comparison of Methods. OPHI Working Paper Series.

[2]. Angus Deaton, 2004. "Measuring poverty," Working Papers 170, Princeton University,Woodrow Wilson School of Public and International Affairs, Research Program inDevelopment Studies.

[3]. Bapat, M. (2009). Poverty lines and the lives of Poor. IIED Working Paper

[4]. Dreze, J. &Khare, R. (2010). The BPL Census and a Possible Alternative. EPW, Volume No. 45, Issue No. 09,

[5]. Government of India. (2009) Report of the Expert Group to advise the Ministry of Rural Development on the Identification of Poor by NC Saxena. New Delhi: Planning Commission

[6]. Government of India. (2011). India Human Development Report 2011. Towards social inclusion. New Delhi, Oxford University Press.

[7]. Government of India. (2014). Report of the Expert Group to review the Methodology for Measurement of poverty. New Delhi: Planning Commission

[8]. Hirway, I. (2003). Identification of BPL Households for Poverty Alleviation Programmes. Economic and Political Weekly, Vol. 38, No. 4

[9]. Lister, R. (2004).*Poverty.*USA:PolityPress.

[10]. Malik, B.B. (2009). Poverty in India: Some Fundamental Issues Social Science Perspective. New Delhi: Mittal Publication

[11]. Mehta, A. K. (2010). Poverty Persistence, Entry and Escape. In Kelley, Michele and D'Souza, Deepika. The World Bank in India: Undermining Sovereignty, Distorting Development, Independent People's Tribunal on the World Bank in India. New Delhi: Orient BlackSwan Pvt. Ltd.

[12]. Patnaik, U. (2007). Neoliberalism and Rural Poverty in India. Economic and Political Weekly, 42 (30)

[13]. Patnaik, U. (2010). A Critical Look at Some Propositions on Consumption and Poverty.Volume No. 45, No. 47

[14]. Government of India. (1993). Report of the Expert Group on Estimation of Proportion and Number of Poor. New Delhi:Planning Commission.

[15]. Government of India. (2002): Report of the Expert Group on Identification of Households below Poverty Line (BPL Census 2002), New Delhi, submitted to the Ministry of Rural DevelopmentPlanning Commission.

[16]. Government of India. (2009). Report of Expert Group to Review the Methodology for Estimation of Poverty. New Delhi: Planning Commission

[17]. Government of India. (2012). Report of the Expert Group to Recommend the Detailed Methodology for the Identification of Families Living Below Poverty Lines in Urban Areas, New Delhi: Planning Commission.

[18]. Ray, R. and Sinha, K. (2014). "Rangarajan Committee Report on Poverty Measurement: Another Lost Opportunity", Economic and Political Weekly, Vol 49, No.32
[19]. UNDP and NITI Aayog (2024). Multi-dimensional Poverty in India since 2005-06