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## 55% of India's population poor: Report

Rukmini Shrinivasan, TNN, Jul 15, 2010, 03.24am IST

NEW DELHI: India's abysmal track record at ensuring basic levels of nutrition is the greatest contributor to its poverty as measured by the new international Multi-dimensional Poverty Index (MPI). About 645 million people or 55% of India's population is poor as measured by this composite indicator made up of ten markers of education, health and standard of living achievement levels.

Developed by the Oxford Poverty and Human Development Initiative (OPHI) for the United Nations Development Programmes (UNDP) forthcoming 2010 Human Development Report, the MPI attempts to capture more than just income poverty at the household level. It is composed of ten indicators: years of schooling and child enrollment (education); child mortality and nutrition (health); and electricity, flooring, drinking water, sanitation, cooking fuel and assets (standard of living). Each education and health indicator has a 1/6 weight, each standard of living indicator a 1/18 weight.

The new data also shows that even in states generally perceived as prosperous such as Haryana, Gujarat and Karnataka, more than 40% of the population is poor by the new composite measure, while Kerala is the only state in which the poor constitute less than 20%. The MPI measures both the incidence of poverty and its intensity. A person is defined as poor if he or she is deprived on at least 3 of the 10 indicators. By this definition, 55% of India was poor, close to double India's much-criticised official poverty figure of 29%. Almost 20% of Indians are deprived on 6 of the 10 indicators.

Nutritional deprivation is overwhelmingly the largest factor in overall poverty, unsurprising given that half of all children in India are under-nourished according to the National Family Health Survey III (2005-06). Close to 40% of those who are defined as poor are also nutritionally deprived. In fact, the contribution of nutrition to the overall MPI is even greater in urban than rural India.

A comparison of the state of Madhya Pradesh and the sub-Saharan nation of the Democratic Republic of Congo (DRC), which have close to the same population and a similar MPI (0.389 and 0.393 respectively), shows that nutritional deprivation, arguably the most fundamental part of poverty, in MP far exceeds that in the DRC. Nutritional deprivation contributes to almost 20% of MP's MPI and only 5% of the DRC's MPI. MP's drinking water, electricity and child mortality levels are better than that of the DRC.

Multi-dimensional poverty is highest (81.4% poor) among Scheduled Tribes within India's Hindu population, followed by Scheduled Castes (65.8%), Other Backward Class (58.3%) and finally the general population (33.3%).

There is significant variation between the poverty incidence in various states as per the MPI and as per the Indian Planning Commission's official figures. Based on the MPI, Bihar has by far the most poor of any state in the country, with 81.4% of its population defined as poor, which is close to 12% more than the next worst state of Uttar Pradesh.

As per the Planning Commission's figures, 41.4% of Bihar and 32.8% of UP is poor. In a possible indication of inadequate access to health and education facilities which do not show up in income poverty, almost 60% of north-east India and close to 50% of Jammu & Kashmir are poor as per the MPI, while the Planning Commission figures are around 16% and 5% respectively.

The findings would provide further ballast to the argument of some economists that India's official poverty estimation methods are too narrowly focused to capture the real extent of deprivation in the country.

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# MPI, or Making Poverty Intricate

**Bibek Debroy** Posted online: Wed Jul 14 2010, 15:13 hrs

**New Delhi :** 2010 will mark 20 years of UNDP's Human Development Reports (HDRs). Consequently, UNDP wants to do something new. There cannot be any dispute that HDRs have been phenomenally successful in focusing attention on human development aspects, and the MDGs (Millennium Development Goals) may not have evolved without HDRs. There have been regional and sub-regional HDRs too, such as state-level ones in India.

Among several development-cum-deprivation measures used in HDRs, HDI (human development index) based on education (literacy, enrolment rate), health (life expectancy) and PPP per capita income are the most commonly cited. Since 1990 and even earlier, we have known poverty is multi-dimensional. It cannot be captured through simple measures, it is also a process. However, several poverty-related variables are correlated with one another. Therefore, even simple measures based on a few variables can provide a good enough picture.

While the academic purist can still complain about HDI (those complaints have declined over time), it succeeded in figuring in the policy discourse because it was simple. More complicated measures might have been academically more rigorous and sound, but I don't think they would have succeeded that much.

But perhaps because it is the 20th year, UNDP wanted to do something new. HDIs weren't that exciting. Scores and ranks changed a bit from year to year. That was all.

Therefore, in the 2010 version of HDR, we will have a multidimensional poverty index (MPI) developed by the Oxford Poverty and Human Development Initiative (OPHI). This won't replace HDI, but it will replace the human poverty index (HPI) used in HDRs. That's a fair point, since HPI was narrower than even HDI. But sample this quote from OPHI:

"The MPI uses 10 indicators to measure three critical dimensions of poverty at the household level: education, health and living standard in 104 developing countries. These directly measured deprivations in health and educational outcomes as well as key services such as water, sanitation, and electricity reveal not only how many people are poor but also the composition of their poverty.

"The MPI also reflects the intensity of poverty -- the sum of weighted deprivations that each household faces at the same time. A person who is deprived in 70% of the indicators is clearly worse off than someone who is deprived in 40% of the indicators."

This isn't just about variables, but also about normalization, weights and aggregate. I fear the average "policy-maker" will simply be lost. Using MPI, we have been told poverty in India is concentrated in Bihar, Chhattisgarh, Jharkhand, MP, Orissa, Rajasthan, UP and West Bengal. At the risk of being deliberately unfair to MPI, did we need MPI to tell us that?

guardian.co.uk

# More of world's poor live in India than in all sub-Saharan Africa, says study

New UN index replaces simpler method of calculation

**Jason Burke** in Delhi
The Guardian, Wednesday 14 July 2010

A larger | smaller

There are more poor people in eight states of India than in the 26 countries of sub-Saharan Africa, a study reveals today.

More than 410 million people live in poverty in the Indian states, including Bihar, Uttar Pradesh and West Bengal, researchers at Oxford University found. The "intensity" of the poverty in parts of India is equal to, if not worse than, that in Africa.

When the vast central Indian Madhya Pradesh state, which has a population of 70 million, was compared with the Democratic Republic of the Congo, the war-racked African state of 62 million inhabitants, the two were found to have near-identical levels of poverty.

The study is based on an innovatory "multidimensional poverty index", or MPI, developed by specialists at Oxford. To be used for the first time in the authoritative and influential United Nations Human Development Report when it is published this autumn, it will replace a simpler method of calculating poverty introduced over a decade ago.

The index uses 10 major variables including access to good cooking fuel, schooling, electricity, nutrition and sanitation. "[It] is like a high-resolution lens which reveals a vivid spectrum of challenges facing the poorest households," said Dr Sabina Alkire, director of the Oxford Poverty and Human Development Initiative and a co-developer of the index. "Before, you might know a person was poor but did not know if their children went to school, if they had a floor or if they cooked on wood."

The survey found that in Madhya Pradesh poverty levels were higher because of malnutrition. In Congo, access to schooling was a problem.

The study's conclusions will reinforce claims that distribution of the wealth generated by India's rapid economic growth – recently around 10% year on year – is deeply unequal. The prime minister, Manmohan Singh, has repeatedly said he wants to see "inclusive" development.

Poverty has long proved difficult to define. The World Bank bases its definition on household income and estimates that a quarter of the developing world lives on $1.25 (85p) a day or less. However, relying simply on money "excludes everything that is outside the cash economy and doesn't look at issues such as housing [or] access to safe water" said William Orme, a spokesman for the United Nations Development Programme in New York. "The new index gives us a much fuller portrait."

To compile the index, researchers analysed data from 104 countries with a combined population of 5.2 billion, 78% of the world total. About 1.7 billion – a third - live in multidimensional poverty, they found. This is 400 million more than are estimated by the World Bank to be in "extreme" poverty. The new index is also designed to track variations within countries much better. So while the poverty rate is more than 80% in the rural state of Bihar, it is about 16% in the southern state of Kerala.

Some countries have dropped steeply down the poverty rankings in the new list. Turkey, Egypt, Pakistan and Morocco were found to have much more poverty under the new index than when using simple household income. Others, such as Tanzania, Nicaragua,

Uzbekistan, Vietnam and China were found to have less. China was ranked 46 out of 104, three places behind Brazil. India came in 63rd, just after Togo but ahead of Haiti.

"In many cases, it is probably linked to previously high levels of social investment," Alkire said. "It shows that a low per capita GDP income doesn't necessarily mean high poverty."A second index to gauge poverty in developed nations is now planned.

# B B C NEWS
## SOUTH ASIA

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# 'More poor' in India than Africa

**Eight Indian states account for more poor people than in the 26 poorest African countries combined, a new measure of global poverty has found.**

The Indian states, including Bihar, Uttar Pradesh and West Bengal, have 421 million "poor" people, the study found.

This is more than the 410 million poor in the poorest African countries, it said.

The Multidimensional Poverty Index (MPI) measures a range of "deprivations" at household levels.

Developed by Oxford Poverty and Human Development Initiative (OPHI) with UN support, it will feature in the upcoming UNDP Human Development Report.

The measure assess a number of "deprivations" in households - from education to health to assets and services.

"The MPI is like a high resolution lens which reveals a vivid spectrum of challenges facing the poorest households," said OPHI director Dr Sabina Alkire.

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