

## Poverty Estimation in India

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### **Concept:**

According to recent reports, more than a quarter of the population living in rural areas of India is below the poverty line. Out of the total population living in the rural parts of India, **25.7%** is living below the poverty line whereas in the urban areas, the situation is a bit better with **13.7%** of the population living below the poverty line.

### Poverty Estimation

A common method used to estimate **poverty** in India is based on the **income or consumption** levels and if the income or consumption falls below a given minimum level, then the household is said to be **Below the Poverty Line (BPL)**.

- **Poverty Line Calculation:** Poverty estimation in India is now carried out by **NITI Aayog's** task force through the calculation of poverty line based on the data captured by the **National Sample Survey Office** under the **Ministry of Statistics and Programme Implementation (MOSPI)**.
  - **NITI Aayog** as a policy think tank has replaced Planning Commission, which was earlier responsible for calculating the poverty line in India.
- **Consumption Versus Income Level:** Poverty line estimation in India is based on the **consumption expenditure** and not on the income levels because of the following reasons:
  - **Variation in Income:** Income of **self-employed** people, daily wage laborers etc. is highly variable both temporally and spatially, while consumption pattern are comparatively much **stable**.
  - **Additional Income:** Even in the case of regular wage earners, there are additional **side incomes** in many cases, which is **difficult to take into account**.
  - **Data Collection:** In case of consumption based poverty line, sample based surveys use a **reference period** (say 30 days) in which households are asked about their consumption of last 30 days and is taken as the **representative of general consumption**.
    - Whereas tracing the general pattern of income is not possible.
    - **Reference Period:** It is the duration/period during which the survey is conducted by NSSO workers in which they ask certain questions to households.

### **Key Terms**

- **Poverty:** According to the **World Bank**, Poverty is pronounced deprivation in well-being and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity.
- **Poverty Line:** The conventional approach to measuring poverty is to specify a minimum expenditure (or income) required to purchase a basket of goods and services necessary to satisfy basic human needs and this minimum expenditure is called the poverty line.
- **Poverty Line Basket:** The basket of goods and services necessary to satisfy basic human needs is the Poverty Line Basket (PLB).
- **Poverty Ratio:** The proportion of the population below the poverty line is called the poverty ratio or **headcount ratio (HCR)**.

#### Need for Poverty Estimation

- **Impact of Welfare Schemes:** Poverty estimates are not just important for academic purposes but are also crucial to **track** the impact and success of various government policies, especially **social welfare schemes** that are intended to eliminate poverty.
  - **BPL Census** is conducted by the **Ministry of Rural Development** (along with the partnership of state), in order to **identify the poor households**.
- **Poverty Elimination Plan:** The Poverty estimates in the form of poverty line are used to formulate poor centric poverty elimination plans.
- **Constitutional Requirement:** Poverty estimation paves the way for poverty elimination, that in turn prepares the ground for a **just and equitable society**.

#### Measurement of Poverty Line

- **Absolute Measurement of Poverty**
  - **Absolute Poverty:** According to **United Nations World Summit for Economic Development**, absolute poverty is a condition characterized by **severe deprivation of basic human needs**, including food, safe drinking water, sanitation facilities, health, shelter, education and information.
    - It depends not only on income but also on access to social services.
  - **Poverty Threshold:** The poverty threshold in absolute measurement of poverty is set using the **monetary value** of the basket of **essential products (required for basic needs)** and every household whose income is less than this value will be classified as poor.

- **Limited Scope:** Absolute measurements of poverty, used by the World Bank and developing countries like **India**, rely on a poverty line which remains constant across geographies and over time.
- **Criticism:** Absolute measurement of poverty **overlooks deprivation** within countries or the **higher cost of living** in developed countries.
- **Relative Measurement of Poverty**
  - **Relative Poverty:** It is present when a household income is lower than the **median income** in a particular country and is used mainly by the **developed countries**.
    - Those who fall into the category of relative poverty are not necessarily deprived of all basic needs, but may not experience the same standard of living as the majority of society or in other words, they are **relatively deprived**.
  - **Poverty Threshold:** In this method certain percentage of **economically bottom population** is always considered below the poverty line.
  - **Criticism:** This approach, though, ignores the importance of the absolute standard of living and assumes that relative income is all that matters for welfare.

#### Data Collection Methods

- **Uniform Resource Period (URP):** Up until **1993-94**, the poverty line was based on URP data, which involved asking people about their consumption expenditure across a **30-day recall period** that is the information was based on the recall of consumption expenditure in the previous 30 days.
- **Mixed Reference Period (MRP):** From **1999-2000 onwards**, the NSSO switched to an MRP method which measures consumption of **five low-frequency items** (clothing, footwear, durables, education and institutional health expenditure) over the previous year, and all other items over the previous 30 days.
  - That is to say, for the five items, survey respondents are asked about consumption in the previous one year. For the remaining items, they are asked about consumption in the previous 30 days.

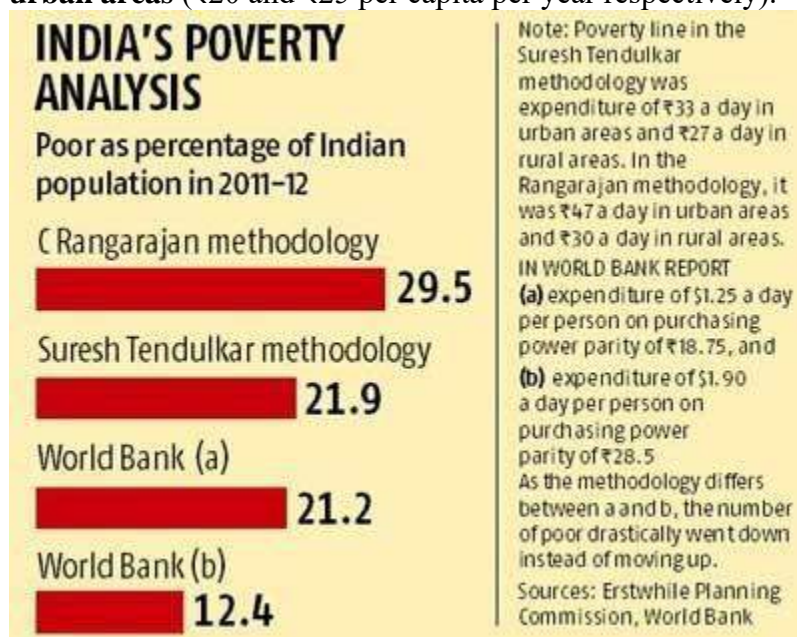
#### Pre-Independence Poverty Estimation

- **Dadabhai Naoroji** through his book, “**Poverty and Unbritish Rule in India**” made the **earliest** estimation of poverty line (₹16 to ₹35 per capita per year).

- The poverty line proposed by him was based on the **cost of a subsistence or minimum basic diet** (rice or flour, dal, mutton, vegetables, ghee, vegetable oil, and salt).
- **National Planning Committee's (1938)** poverty line (ranging from ₹15 to ₹20 per capita per month) was also based on a **minimum standard of living** perspective in which **nutritional requirements** were implicit.
  - In 1938, the National Planning Committee was set up by **Subhash Chandra Bose** under the chairmanship of Jawaharlal Nehru for the purpose of drawing up an economic plan with the fundamental aim to ensure an adequate standard of living for the masses.
- **The Bombay Plan (1944)** proponents had suggested a poverty line of ₹75 per capita per year.
  - **The Bombay Plan** was a set of a proposal of a small group of influential business leaders in Bombay for the development of the post-independence economy of India.

#### Post-Independence Poverty Estimation

- **Planning Commission Expert Group (1962)**, working group constituted by the Planning Commission formulated the **separate poverty lines for rural and urban areas** (₹20 and ₹25 per capita per year respectively).



- **VM Dandekar and N Rath (1971)**, made the **first systematic assessment of poverty** in India, based on National Sample Survey (NSS) data.
  - Unlike previous scholars who had considered subsistence living or basic minimum needs criteria as the measure of poverty line, **VM Dandekar and N Rath** were of the view that poverty line must be

derived from the **expenditure** that was adequate to provide 2250 calories per day in both rural and urban areas.

- **Expenditure based Poverty line estimation**, generated a debate on minimum calorie consumption norms.
- **Alagh Committee (1979)**: Task force constituted by the Planning Commission under the chairmanship of YK Alagh, constructed a poverty line for rural and urban areas on the basis of **nutritional requirements and related consumption expenditure**.
  - Poverty estimates for subsequent years were to be calculated by **adjusting the price level for inflation**.
- **Lakdawala Committee (1993)**: Task Force chaired by DT Lakdawala, based on the assumption that the basket of goods and services used to calculate **Consumer Price Index-Industrial Workers (CPI-IW)** and **Consumer Price Index- Agricultural Labourers (CPI-AL)** reflect the consumption patterns of the poor, made the following **suggestions**:
  - **Consumption expenditure** should be calculated based on **calorie consumption** as earlier.
  - **State specific poverty lines** should be constructed and these should be updated using the CPI-IW in urban areas and CPI-AL in rural areas.
  - **Discontinuation of scaling** of poverty estimates based on National Accounts Statistics.

#### Tendulkar Committee (2009)

- Expert group constituted by the Planning Commission and, chaired by Suresh Tendulkar, was constituted to **review** methodology for poverty estimation and to address the following **shortcomings of the previous methods**:
  - **Obsolete Consumption Pattern**: Consumption patterns were linked to the 1973-74 poverty line baskets (PLBs) of goods and services, whereas there were significant **changes in the consumption patterns** of the poor since that time, which were not reflected in the poverty estimates.
  - **Inflation Adjustment**: There were issues with the **adjustment of prices for inflation**, both spatially (across regions) and temporally (across time).
  - **Health and Education Expenditure**: Earlier poverty lines assumed that health and education would be provided by the state and formulated poverty lines accordingly.
- **Recommendations**

- **Shift from Calorie Consumption based Poverty Estimation:** It based its calculations on the consumption of the items like cereal, pulses, milk, edible oil, non-vegetarian items, vegetables, fresh fruits, dry fruits, sugar, salt & spices, other food, intoxicants, fuel, clothing, footwear, education, medical (non-institutional and institutional), entertainment, personal & toilet goods.
- **Uniform Poverty line Basket:** Unlike Alagh committee (which relied on separate PLB for rural and urban areas), Tendulkar Committee computed new poverty lines for **rural and urban areas of each state** based on the uniform poverty line basket and found that all India poverty line (2004-05) was:
  - ₹446.68 per capita per month in rural areas
  - ₹578.80 per capita per month in urban areas
- **Private Expenditure:** Incorporation of private expenditure on **health and education** while estimating poverty.
- **Price Adjustment Procedure:** The Committee also recommended a new method of updating poverty lines, **adjusting for changes in prices and patterns of consumption** (to correct spatial and temporal issues with price adjustment), using the consumption basket of people close to the poverty line.
- **Mixed Reference Period:** The Committee recommended using Mixed Reference Period based estimates, as opposed to Uniform Reference Period based estimates that were used in earlier methods for estimating poverty.
- Tendulkar committee computed poverty lines for **2004-05** at a level that was equivalent, in **Purchasing Power Parity (PPP)** terms to **Rs 33 per day**.
  - **Purchasing Power Parity:** The PPP model refers to a method used to work out the money that would be needed to purchase the same goods and services in two countries.

#### Rangarajan Committee

The committee was set up in the backdrop of national outrage over the Planning Commission's suggested poverty line of ₹22 a day for rural areas.

- **Objectives**
  - To review **international poverty estimation methods** and indicate whether based on these, a particular method for empirical poverty estimation can be developed in India.
  - To recommend how these estimates of poverty can be **linked to eligibility and entitlements** under the various schemes of the Government of India.

- **Recommendations**

- **Methodology Used:** The Rangarajan committee estimation is based on an independent large survey of households by **Center for Monitoring Indian Economy (CMIE)**.
  - It has also used different methodology wherein a household is considered poor if it is unable to save.
- **Normative and Behavioural level:** Poverty line should be based on:
  - Normative level of adequate nutrition: **Ideal and desirable level of nutrition.**
  - Behavioral determination of **non-food expenses:** What people use or consume as per **general behavior.**
- **Nutritional Requirement:** For normative levels of adequate nutrition – average requirements of calories, proteins and fats based on Indian Council of Medical Research (ICMR) norms, differentiated by age, gender and activity for all-India rural and urban regions is considered:
  - **Calories:** 2090 kcal in urban areas and 2155 Kcal in rural areas.
  - **Protein:** For rural areas 48 gm and for urban areas 50 gm.
  - **Fat:** For urban areas 28 gm and for rural areas 26 gm.
- **Poverty Threshold:** Persons spending **below ₹47** a day in cities and **₹32 in villages** be considered poor.
  - Based on this methodology, Rangarajan committee estimated that the number of poor were **19% higher in rural areas** and 41% more in urban areas than what was estimated using Tendulkar committee formula.
- **Modified Mixed reference period:** Instead of Mixed reference Period (MRP) it recommended Modified Mixed Reference Period (MMRP) in which reference periods for different items were taken as:
  - **365-days** for clothing, footwear, education, institutional medical care, and durable goods.

- **7-days** for edible oil, egg, fish and meat, vegetables, fruits, spices, beverages, refreshments, processed food, pan, tobacco and intoxicants
  - **30-days** for the remaining food items, fuel and light, miscellaneous goods and services including non-institutional medical; rents and taxes.
- **Criticism:** Rangarajan committee missed the opportunity to go beyond the expenditure-based poverty rates and examine the possibility of a wider multi-dimensional view of deprivation.

### Poverty Estimates by Different Committees

Year	Lalithewala Committee Estimates			Tendulkar Committee Estimates			Rangarajan Committee Estimates		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
1993-94	37.3	32.4	36.0	50.1	31.8	45.3	-	-	-
2004-05	28.3	25.7	27.5	41.8	25.7	37.2	-	-	-
2009-10	-	-	-	33.8	20.9	29.8	39.6	35.1	38.2
2011-12	-	-	-	25.7	13.7	21.9	30.9	26.4	29.5

### International Poverty Line

- **The World Bank** defines a person as extremely poor if she is living on less than **1.90 international dollars a day**, which are adjusted for inflation as well as price differences between countries.
- **Asian Development Bank** too has its own poverty line which is currently at \$ **1.51** per person per day.

### Challenges

- **Components of PLB:** Determining components of Poverty Line Basket (PLB) is one of the challenges of poverty line estimation because of the **price differentials** (of constituents of basket) which vary from state to state and period to period.
- **Demographic and Economic Dynamics:** Further, **consumption patterns, nutritional needs** and **prices of components** keep on changing as per dynamics of macro economy and demography.
- **Lack of consensus** among the states over the acceptance of Tendulkar and Rangarajan committee report.



- Some states such as Odisha and West Bengal supported the Tendulkar Poverty Line while others such as Delhi, Jharkhand, Mizoram etc. supported Rangarajan report.
- The current official measures of poverty are based on the Tendulkar poverty line, fixed at daily expenditure of ₹27.2 in rural areas and ₹33.3 in urban areas is criticised by many for being too low.

#### Way Forward

- **Redefining Poverty lines: Poverty lines have to be recalibrated** depending on changes in income, consumption patterns and prices, as India is now a **middle-income country**, with an estimated per capita income of around \$9,000 in purchasing power parity.
  - According to economists poverty line of \$3.20 translates into ₹ 75 a day, or a 68% higher than the Tendulkar poverty line.
- **Viable Poverty line:** It makes sense to set the poverty line at a level that allows households to get two square meals a day and other **basic necessities** of life.
- **Hybrid of Absolute and Relative Measurement of Poverty:** The hybrid approach which would measure poverty from the perspective of a common **global standard of living** and **relative poverty within countries**.
  - The poverty line in case of hybrid model would be equivalent to the income required to achieve a certain welfare status, which includes basic nutrition and social inclusion.
- **Political Economic Equilibrium:** Indian political, policy and administrative systems have to adjust to the new realities of the transition to a middle- income country, in which poverty does not mean living at the edge of hunger but, rather, **lack of income** to take advantage of the opportunities thrown up by a growing economy.
  - The focus of government spending should be on the **provision of public goods rather than subsidies**.

#### Poverty in India: Concept, Measures and Magnitude of Poverty in India

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#### ADVERTISEMENTS:

#### **Poverty in India: Concept, Measures and Magnitude of Poverty in India!**

The issues of poverty and inflation are of the first rank importance in Indian economy. That 320 million persons or 35.97 per cent of the total population in 1993-94 (37.27% in the rural areas and 32.36% in the urban areas) were living below the poverty line, that today about 5 per cent people are unemployed, that 24 paise of every rupee that the government earns goes into paying interest on debt, and that 10.7 per cent of our GDP is being spent by the central

and the state governments on non-merit subsidies on items like water supply, higher education, irrigation, electricity, etc., all these facts present a shocking image of poverty, income and wealth in our country.

Much debate and discussion have taken place on issues like how much of the nation's wealth and income should be spent on poverty and unemployment alleviation programmes? How can economic development be accelerated? How can economic inequalities be removed? How much should be spent on public services and welfare schemes? What is the role of welfare schemes? Should it be minimal safety-net for the poor or a comprehensive system of security for all? Are the social inequalities in our country the result of economic inequalities or differential income distribution? We will analyse, in this article, a few of these issues.

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Poverty and inequality are not the same. A person with an income of Rs. 15,000 per annum and having a wife and a child to support is not as poor as a person with Rs. 25,000 per year and having a large family of 5-6 children to support. Income and wealth are also two distinct terms. 'Income' refers to the flow of economic resources while 'wealth' is the total stock of economic resources.

While salary, wages, rent, interest, pension, income from self-employment and dividends from company shares, etc., are regarded as 'income', immovable property, gold, share bonds, etc., constitute 'wealth'. For understanding inequality and poverty, it is necessary to consider the concepts of poverty, income, wealth and inequality.

### **Concept of Poverty:**

What is poverty?

Poverty may be defined either as absolute or relative.

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'Absolute' poverty is "insufficiency in basic necessities of existence".

In practical terms, this usually means "being without adequate food, clothing or shelter". The notion of 'poverty line' describes poverty in subsistence terms, i.e., the 'minimal' necessary for the maintenance of physical health.

### **Berstein Henry (1992) has identified four dimensions of poverty:**

(1) Lack of livelihood strategies,

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(2) Inaccessibility to resources (money, land, credit),

(3) Feeling of insecurity and frustrations, and

(4) Inability to maintain and develop social relations with others as a consequence of lack of resources.

### **Three precepts are often used to define poverty:**

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(i) The amount of money required by a person to subsist,

(ii) The life below a 'minimum subsistence level' and 'living standard' prevalent at a given time in a given place, and

(iii) The comparative state of well-being of a few and the deprivation and destitution of the majority in society. The last approach explains poverty in terms of relativity and inequality. Whereas the first two definitions refer to the economic concept of absolute poverty, the third one views it as a social concept, that is, in terms of the share of the total national income received by those at the bottom. We will explain each of the three views separately.

According to the first view, in terms of a minimum income required for subsistence, poverty has been defined as "an inability to gratify the physiological needs, that is, need for survival, safety and security". These physiological needs are different from the social needs (ego-satisfaction and self-esteem), the need for autonomy, the need for independence, and the need for self-actualisation. The minimum requirements for fulfilling the physiological needs are food and nutrition, shelter, and preventive and protective health care. This requires 'minimum' income (varying from society to society) to buy necessities and avail oneself of basic facilities.

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Here, 'poverty' is perceived in terms of 'poverty line' which is determined by the prevailing standards of what is needed for health, efficiency, nurturing of children, social participation, and maintenance of self-respect. In practice, however, poverty line is drawn on the basis of the barest minimum desirable nutritional standard of calories intake. In India, poverty line is drawn on the basis of per capita (adult) daily intake of 2,400 calories for the rural and 2,100 calories for the urban areas. On the basis of this, the monthly per capita consumption expenditure can be worked out.

The minimum consumption expenditure in our country, as recommended in 1962 by the Perspective Planning Division of the Planning Commission and calculated on the basis of 1961 prices, was Rs. 100 for a household of five persons in the rural areas and Rs. 125 in the urban areas. This came to Rs. 20 per capita per month in the rural areas and Rs. 25 in the urban areas. In 1978-79, this was worked out as Rs. 76 for the rural and Rs. 88 for the urban areas, while in 1984-85, the revised poverty line was drawn at a per capita monthly expenditure of Rs. 107 for the rural and Rs. 122 for the urban areas. At 1993-94 price level, a person in a rural area required an income of Rs. 229 and in an urban area Rs. 264 per month to fulfill his food and other basic requirements.

Here, the focus is on a 'minimum subsistence' level which is different from a 'minimum adequacy' level and a 'minimum comfort' level. In 1963, in the United States, a family of four members with an annual income of \$2,500 was described as living below 'minimum subsistence level', with an income of \$3,500 as living below 'minimum adequacy level', and with an income of \$5,500 as living below 'minimum comfort level'.

On this basis (in 1963), 10 per cent of the families in the United States were below the minimum subsistence level, 25 per cent were below the minimum adequacy level, and 38 per cent were below the minimum comfort level. The poverty level in the United States for a family of four in 1982 was \$8,450 a year, during 1986 it was \$10,989 a year, and during 1990 it was \$14,200 a year.

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The per capita income in the United States in 1998 was \$29,080. An average American earns eight times the income of an average Indian. In India, the number of poor people (that is, people below minimum subsistence level) in 1993-94 was estimated at 18.1 per cent of the total population by the Planning Commission. After accepting Lakdawala Committee's report in March 1997, the Planning Commission's estimate of the percentage of BPL people at present is 35.97 or 320 million, with a per capita monthly income as low as Rs. 264 (The Hindustan Times, April 16, 1997). It should, however, be noted that the 'poor' are not a homogeneous group.

#### **They can be classified into four sub-groups:**

- (i) The destitute (who spent less than Rs. 137 a month at 1993-94 prices),
- (ii) Extremely poor (who spent less than Rs. 161 a month),

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- (iii) Very poor (who spent less than Rs. 201 a month), and
- (iv) The poor (who spent less than Rs. 246 a month).

#### **The second view on poverty maintains that poverty has three main aspects of want of material goods or materialistic possessions:**

(i) Those necessary to avoid physical suffering and needed to fulfill the requirements of hunger and shelter, that is, those needed to survive;

(ii) Those essential to meet human needs of health, that is, to get nutrition and to avoid disease; and

(iii) Those needed to maintain a minimum subsistence level. In simple terms, this refers to a minimum amount of food intake, adequate housing, clothing, and health care. At the 1993-94 price level, this refers to the ability to spend Rs. 259 a month (per person) in the rural areas and Rs. 294 a month in the urban areas.

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Gross and Miller attempted to explain poverty in terms of three factors: income (covert and manifest), assets or material possessions, and availability of services (educational, medical, recreational). But others have considered the concept of poverty with this perspective elusive. For example, in the United States, out of those families living 'below the poverty level' in 1960, 57.6 per cent had a telephone, 79.2 per cent owned a TV set and 72.6 per cent possessed a washing machine.

The assets or the material possessions, therefore, cannot be the basis of specifying poverty. Likewise, poverty cannot be related to the 'income' factor. If there is an increase in the price level, people may not be able to provide the necessities of life for their family members. Obviously then, poverty has to be related to time and place.

The third view defines poverty as a condition of falling below the minimum standards of subsistence appropriate to each society, or "the absence of enough money to secure life's necessities", or "a condition of acute physical want—starvation, malnutrition, disease, and want of clothing, shelter and medical care".

The latter is measured by comparing the condition of those at the bottom of the society with the other segments of the population. It is, thus, a matter of subjective definition rather than of objective conditions. Poverty is determined by the standards that exist within a society. Miller and Roby have said that in this approach, poverty is sharply regarded as 'inequality'.

From a sociological point of view, this definition is more important in terms of the impact which inequality of income has on the life situation and life chances of the poor. Absolute poverty can be reduced/eliminated by putting money into the hands of the poor but 'inequality' cannot be contained by moving people above a certain relative line. As long as there are people at the bottom of the income scale, they are in some way poor. Such a condition will continue to exist as long as we have social stratification.

Harrington defined poverty with reference to 'deprivation'. According to him, poverty is the deprivation of those minimal levels of food, health, housing, education and recreation which are compatible with the contemporary technology, beliefs and values of a particular society. Rein identifies three elements in poverty: subsistence, inequality and externality.

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Subsistence emphasises provision of sufficient resources to maintain health and working capacity in the sense of survival, and capacity to maintain physical efficiency. Inequality compares the lot of individuals at the bottom layer of stratified income levels with that of the more privileged people in the same society. Their deprivation is relative.

Externality focuses on the social consequences of poverty for the rest of society, apart from the impact on the poor themselves. Sociologically speaking, the poor are caught up in vicious circles. Being poor means living in poor neighbourhood, unable to send children to schools, low-paying jobs or no jobs at all, and doomed to remain poor forever. Also, being poor means eating poor food, having poor health, accepting low-paid work, and remaining poor forever. Thus, each circle begins and ends with being poor. No wonder, sociologists like Thomas Gladwin give more importance to 'inequality' or the social concept of poverty.

#### **Manifestation of Measurement of Poverty:**

The important measurements of poverty are malnutrition (below a limit of 2,100 to 2,400 calories per day), low consumption expenditure (below Rs. 259 per person per month at 1993-94 price level), low income (below Rs. 520 per person per month at 1993-94 price level), chronic illness or poor health, illiteracy, unemployment and/or underemployment, and unsanitary housing conditions. Broadly, the poverty of a given society is expressed in terms of poor resources, low national income, low per capita income, high disparity in income distribution, weak defence, and the like.

Some scholars have referred to poverty-linked characteristics of households to point out that individuals from these households run a greater risk of being poor. The chances increase as the households exhibit more of these characteristics.

The more important among these characteristics are: absence of a full-time wage-earner in the household, households where men are above 60 years age, households headed by a female, households with more than six children of less than 18 years of age, households whose heads are living on daily wages, households whose members have less than primary education, households with members without work experience, and households having members only with part-time employment.

### **Incidence and Magnitude of Poverty in India:**

India represents a dichotomy in development. It ranks 19th in world industrial production and twelfth in total gross national production (GNP); yet it has a large population that is extremely poor. The United Nations Human Development Index based on three indicators, viz., life expectancy, educational attainment and real GDP in purchasing power parity terms, ranks India 134th among 174 countries.

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In terms of real GDP per capita, it is ranked 141st, while Pakistan is 100th and China is 123rd (Outlook, February 14, 1996). Since independence, the country has registered a significant overall growth rate, and there has been a progressive increase in the per capita income—from Rs. 1,630 in 1980-81 to Rs. 3,269 in 1987- 88, Rs. 4,974 in 1990-91, Rs. 6,234 in 1993-94 and Rs. 15,550 (or \$370) in 1998-99. The per capita income at constant prices (1980-81) was estimated to be Rs. 2,226 in 1992-93, Rs. 2,282 in 1993-94 and Rs. 2,362 in 1994-95 (The Hindustan Times, August 22, 1995).

If we calculate India's per capita income (of \$ 370) in 1998-99, in terms of purchasing power parity (PPP) of the nation's currency, (i.e., with PPP correction) it will be \$1,660 per annum. Even then, the US per capita income would be 18 times more than that of India.

The estimates of the Planning Commission held (before accepting Lakdawala Committee recommendations in March 1997) that the percentage of the population living below the poverty line decreased from 51.5 per cent in 1972-73 to 37.4 per cent in 1983-84, 29.9 per cent in 1987- 88, and 18.1 per cent in 1993-94 (The Hindustan Times, August 22, 1995 and April 5, 1997). However, according to the Expert Group (National Institute of Public Finance and Policy) estimates, it was much higher. While in 1977-78, it was 51.8 per cent, in 1983-84 it was 44.8 per cent, in 1987-88 it was 39.3 per cent, and in 1993-94 it was 33.4 per cent.

According to the UNDP, the number of poor persons in India in 1990 was 410 million (The Hindustan Times, August 4, 1993). Economists and the World Bank, however, claim the number of people below the poverty line to be near 400 million. This means that the poor in India total the population of Pakistan and Bangladesh put together.

The Planning Commission decided in March 1997 to adopt the Lakdawala methodology in measuring the present incidence of poverty in the country. Lakdawala Committee was appointed in September 1989, which submitted its report in July 1993. No action was taken on the report for more than three years till all of a sudden the Planning Commission invoked the authority of this report in 1996.

At one stroke, the Lakdawala method revised upwards the estimate of the people below the poverty line to 35.97 per cent as against the 1993-94 estimate of 18.1 per cent. This decision had wide ramifications not only for the formulation of the development strategy for the Ninth Five Year Plan but also for all time to come. Of about 320 million poor persons in India (according to new estimates of the Planning Commission), the absolute destitutes—which are the bottom 10 per cent of the society—are around 50-60 million. These are old, sick and disabled people, to whom it is not employment and the opportunity of earning of income that has to be provided, but some kind of social security, involving regular monthly payment.

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This leaves some 260 million (according to official figures) to 350 million (according to economists) people living at various levels of poverty for whom employment opportunities have to be provided. In the rural areas, these poor include landless agricultural labourers, casual non-agricultural labourers, marginal farmers, and displaced village artisans, such as blacksmiths, carpenters and leather-workers; while in the urban areas, these poor people comprise non-unionised industrial workers, vegetable, fruit and flower vendors, servants in tea-shops, domestic servants and daily wage earners.

As a result of economic growth over the past few years, the number of people in the upper, upper-middle and middle-middle income segments have been increasing according to various surveys. The number of households earning less than Rs. 30,000 a year at today's (1997-98) prices is about 50 per cent, with income above Rs. 3 lakh a year (i.e., upper class) is 0.7 per cent, and with income between Rs. 30,000 and Rs. 3 lakh (i.e., middle class) is 40 per cent of the total households. In the next ten years, the relative size of these income groups is expected to undergo a dramatic change.

The number of households earning less than Rs. 30,000 per annum will constitute only about 14 per cent, the rich with income over Rs. 3 lakh per household will constitute about 3.5 per cent, while the middle-class people with income between Rs. 30,000 and Rs. 3 lakh will be more than 80 per cent of the total households (The Hindustan Times, August 24, 1998). Unless inequality in income distribution is reduced, the chances of reducing the number of people below the poverty line will be low.

While prices in India have soared, incomes have shrunk; and inflation has increased. In the first week of August 1999, inflation was reported to be 1.7 per cent. While in 1996-97, it was about 7 per cent, it was 2.7 per cent in Britain, 1.8 per cent in Canada, 0.8 per cent in Australia, 2 per cent in Spain, and 0.2 per cent in Sweden.

#### **The important factors which contribute to inflation are:**

(1) Excessive increase in demand, with supply remaining the same, falling or stagnating. This is known as 'demand-pull' inflation.

#### ADVERTISEMENTS:

(2) Independent increase in costs which may be the result of increase in the wages of labourers under union pressures or due to the desire of industrialists to earn higher profits. This increase in higher prices or inflation is known as 'cost-push' inflation.

(3) Inflation is also caused, particularly in a developing country like India, by developmental efforts and structural rigidities. The infrastructural, institutional or other bottlenecks restrict production activities and cause scarcities. This causes price increase or inflation.

(4) Deficit financing causes excessive money supply with no corresponding increase in the supply of goods. This creates inflationary situation.

(5) Sometimes, the developing countries have to import capital goods to generate growth. These goods are paid for in expensive foreign exchange. The project costs are higher and inflation gets built in.

(6) People prefer investments in property, gold and other such non-productive uses. This fritters away a sizeable part of investable funds. It acts as a check on growth and prepares the ground for inflationary forces to operate. India has faced and continues to face all these problems which have increased inflation in the country.

Malnutrition

### **What is malnutrition?**

Malnutrition refers to deficiencies, excesses or imbalances in a person's intake of energy and/or nutrients. The term malnutrition covers 2 broad groups of conditions. One is 'undernutrition'—which includes stunting (low height for age), wasting (low weight for height), underweight (low weight for age) and micronutrient deficiencies or insufficiencies (a lack of important vitamins and minerals). The other is overweight, obesity and diet-related noncommunicable diseases (such as heart disease, stroke, diabetes, and cancer).

### **What are the consequences of malnutrition?**

Malnutrition affects people in every country. Around 1.9 billion adults worldwide are overweight, while 462 million are underweight. An estimated 41 million children under the age of 5 years are overweight or obese, while some 159 million are stunted and 50 million are wasted. Adding to this burden are the 528 million or 29% of women of reproductive age around the world affected by anaemia, for which approximately half would be amenable to iron supplementation.

Many families cannot afford or access enough nutritious foods like fresh fruit and vegetables, legumes, meat, and milk, while foods and drinks high in fat, sugar, and salt are cheaper and more readily available, leading to a rapid rise in the number of children and adults who are overweight and obese, in poor as well as rich countries. It is quite common to find undernutrition and overweight within the same community, household or even individual – it is possible to be both overweight and micronutrient deficient, for example.

### **What is being done to address malnutrition?**

In April 2016, the United Nations General Assembly adopted a resolution proclaiming the UN Decade of Action on Nutrition from 2016 to 2025. The Decade aims to catalyse policy commitments that result in measurable action to address all forms of malnutrition. The aim is to ensure all people have access to healthier and more sustainable diets to eradicate all forms of malnutrition worldwide.



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Malnutrition: What you need to know

- [What is malnutrition?](#)
- [Symptoms](#)
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Malnutrition refers to when a person's diet does not provide enough nutrients or the right balance of nutrients for optimal health.

Causes of malnutrition include inappropriate dietary choices, a low income, difficulty obtaining food, and various physical and [mental health](#) conditions.

Undernutrition is one [type of malnutrition](#). It occurs when the body does not get enough food. It can lead to delayed growth, low weight, or wasting.

If a person does not get the right balance of nutrients, they can also have malnutrition. It is possible to have [obesity](#) with malnutrition.

When a person has too little food, a limited diet, or a condition that stops their body from obtaining the right balance of nutrients, it can have a severe impact on their health. In some cases, this can become life threatening.

This article looks at malnutrition in detail, including the causes, symptoms, and treatments associated with it.

**What is malnutrition?**



Share on PinterestA person with malnutrition may experience tiredness, irritability, and an inability to concentrate.

Malnutrition occurs when a person gets too much or too little of certain nutrients.

Undernutrition occurs when they lack nutrients because they eat too little food overall.

A person with undernutrition may lack vitamins, minerals, and other essential substances that their body needs to function.

Malnutrition can lead to:

- short- and long-term health problems
- slow recovery from wounds and illnesses
- a higher risk of infection
- difficulty focusing at work or school

Some deficiencies can trigger specific health problems. For example:

### **A lack of vitamin A**

Around the world, many children develop vision problems due to a lack of vitamin A.

### **A lack of vitamin C**

A lack of vitamin C can result in scurvy. Scurvy is rare in the United States, but it can develop if a person does not have a varied diet with plenty of fresh fruits and vegetables.

Older adults, young children, those who consume a lot of alcohol, and some people with certain mental health conditions may be particularly at risk.

### **An overall deficiency**

Lacking all nutrients can lead to kwashiorkor, which is a “severe form of malnutrition.” One symptom of this condition is a distended abdomen.

Marasmus is another potential result of severe nutritional deficiency. A person with marasmus will have very little muscle or fat on their body.

### **Symptoms**

Some signs and symptoms of malnutrition include:

- a lack of appetite or interest in food or drink
- tiredness and irritability
- an inability to concentrate
- always feeling cold
- depression
- loss of fat, muscle mass, and body tissue
- a higher risk of getting sick and taking longer to heal
- longer healing time for wounds
- a higher risk of complications after surgery

Eventually, a person may also experience difficulty breathing and heart failure.

In children, there may be:

- a lack of growth and low body weight
- tiredness and a lack of energy
- irritability and anxiety
- slow behavioral and intellectual development, possibly resulting in learning difficulties

Treatment is possible. In some cases, however, malnutrition can have long-term effects.

Anorexia nervosa is a mental health condition that can lead to severe malnutrition. Learn more about it [here](#).

## **Causes**

Malnutrition can occur for various reasons. The sections below outline these potential causes in more detail.

### **A low intake of food**

Some people develop malnutrition because there is not enough food available or because they have difficulty eating or absorbing nutrients.

This can happen as a result of:

- cancer
- liver disease
- conditions that cause nausea or make it difficult to eat or swallow
- taking medications that make eating difficult — due to nausea, for example

Mouth problems such as badly fitting dentures may also contribute to malnutrition.

### **Mental health conditions**

Undernutrition or malnutrition can affect people with:

- depression
- dementia
- schizophrenia
- anorexia nervosa

### **Social and mobility problems**

Factors that can affect a person's eating habits and potentially lead to malnutrition include:

- being unable to leave the house or reach a store to buy food
- finding it physically difficult to prepare meals
- living alone, which can affect a person's motivation to cook and eat

- having limited cooking skills
- not having enough money to spend on food

### **Digestive disorders and stomach conditions**

If the body does not absorb nutrients efficiently, even a healthful diet may not prevent malnutrition.

Examples of digestive and stomach conditions that may cause this include:

- Crohn's disease
- ulcerative colitis
- celiac disease
- persistent diarrhea, vomiting, or both

### **Alcohol use disorder**

Consuming a lot of alcohol can lead to gastritis or long-term damage to the pancreas. These issues can make it hard to digest food, absorb vitamins, and produce hormones that regulate metabolism.

Alcohol also contains calories, so a person may not feel hungry after drinking it. They may therefore not eat enough healthful food to supply the body with essential nutrients.

### **Risk factors**

In some parts of the world, widespread and long-term malnutrition can result from a lack of food.

In the wealthier nations, however, those most at risk of malnutrition include:

- older adults, especially when they are in the hospital or long-term institutional care
- people who are socially isolated — for example, due to mobility issues, health problems, or other factors
- people with a low income
- people recovering from or living with a serious illness or condition
- those who have difficulty absorbing nutrients
- people with chronic eating disorders such as bulimia or anorexia nervosa

Some people may need to take supplements if they follow a specific diet. Which supplements are good for a person following vegan diet? [Find out here.](#)

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## **Diagnosis**

If a person shows or notices any signs of malnutrition, the first step will be to find out why.

If a doctor suspects Crohn's disease, celiac disease, or another condition, they may carry out [laboratory tests](#) to confirm a diagnosis. Treating these conditions can improve a person's nutritional status.

They may also carry out the following:

- blood tests for general screening and monitoring
- tests for specific nutrients, such as iron or vitamins
- prealbumin tests, as malnutrition commonly affects levels of this protein
- albumin tests, which may indicate liver or kidney disease

## **A tool to identify risk**

Some tools can help identify people who have or are at risk of malnutrition.

One way to assess adults is by using the [Malnutrition Universal Screening Tool](#) (MUST). [Research](#) has shown this to be a reliable tool.

Experts designed this tool to identify adults, especially older adults, with malnourishment or a high risk of malnutrition. It is a five-step plan that can help healthcare providers diagnose and treat these conditions.

The five steps are as follows:

**Step 1:** Measure a person's height and weight, calculate their body mass index (BMI), and provide a score.

**Step 2:** Note the percentage of unplanned weight loss and provide a score. For example, an unplanned loss of 5–10% would give a score of 1, while a 10% loss would score 2.

**Step 3:** Identify any mental or physical health conditions and provide a score. For example, if a person has been acutely ill and taken no food for over 5 days, the score will be 3.

**Step 4:** Add the scores from steps 1, 2, and 3 to obtain an overall risk score.

**Step 5:** Use local guidelines to develop a care plan based on the score.

The score will be one of the following:

- low risk: 0
- medium risk: 1
- high risk: 2 or more

Doctors only use MUST to identify overall malnutrition or the risk of malnutrition in adults. The test will not identify specific nutritional imbalances or deficiencies.

Nutritional-deficiency anemia can result if a person's diet cannot provide the nutrients they need. Learn more about it here.

## **Treatment**

If a doctor diagnoses malnutrition, they will make a treatment plan for the person. The person may also need to meet with a nutritionist and other healthcare providers.

Treatment will depend on the severity of the malnutrition and the presence of any other underlying conditions or complications.

It may include:

- ongoing screening and monitoring
- making a dietary plan, which might include taking supplements
- treating specific symptoms, such as nausea
- treating any infections that may be present
- checking for any mouth or swallowing problems
- suggesting alternative eating utensils

In severe cases, a person may need to:

- spend time in the hospital
- gradually start taking in nutrients over a number of days
- receive nutrients such as potassium and calcium intravenously

The person's healthcare team will continue to monitor them to ensure that they are getting the nutrition they need.

## **What is Unemployment?**

Unemployment is a term referring to individuals who are employable and actively seeking a job but are unable to find a job. Included in this group are those people in the workforce who are working but do not have an appropriate job. Usually measured by the unemployment rate, which is dividing the number of unemployed people by the total number of people in the workforce, unemployment serves as one of the indicators of a country's economic status.

## **Understanding Unemployment**

The term "unemployment" is often misunderstood, it as it includes people who are waiting to return to a job after being discharged, yet it does not include individuals who have stopped looking for work in the past four weeks due to various reasons such as leaving work to pursue higher education, retirement, disability, and personal issues. Also people who are not actively seeking a job but do want to work are not classified as unemployed.

Interestingly, people who have not looked for a job in the past four weeks but have been actively seeking one in the last 12 months are put into a category called the "marginally attached to the labor force." Within this category is another category called "discouraged workers," which refers to people who have given up looking for a job.

The categories mentioned above sometimes causes confusion and debate as to whether the unemployment rate fully represents the actual number of people who are unemployed. For a full understanding, one should juxtapose "unemployment" with the term "employment," which the Bureau of Labor Statistics (BLS) describes as individuals aged 16 and above who have recently put hours into work in the past week, paid or otherwise, because of self-employment.

## **Types of Unemployment**

There are basically four types of unemployment: (1) demand deficient, (2) frictional, (3) structural, and (4) voluntary unemployment.



### *1. Demand deficient unemployment*

Demand deficit unemployment is the biggest cause of unemployment that typically happens during a recession. When companies experience a reduction in the demand for their products or services, they respond by cutting back on their production, making it necessary to reduce their workforce within the organization. In effect, workers are laid off.

### *2. Frictional unemployment*

Frictional unemployment refers to those workers who are in between jobs. An example is a worker who recently quit or was fired and is looking for a job in an economy that is not experiencing a recession. It is not an unhealthy thing because it is usually caused by workers trying to find a job that is most suitable to their skills.

### *3. Structural unemployment*

Structural unemployment happens when the skills set of a worker does not match the skills demanded by the jobs available, or alternatively when workers are available but are unable to reach the geographical location of the jobs.

An example is a teaching job that requires relocation to China, but the worker cannot secure a work visa due to certain visa restrictions. It can also happen when there is a technological change in the organization, such as workflow automation that displaces the need for human labor.

### *4. Voluntary unemployment*

Voluntary unemployment happens when a worker decides to leave a job because it is no longer financially compelling. An example is a worker whose take-home pay is less than his or her cost of living.

## **Causes of Unemployment**

Unemployment is caused by various reasons that come from both the demand side, or employer, and the supply side, or the worker.

Demand-side reductions may be caused by high interest rates, global recession, and financial crisis. From the supply side, frictional unemployment and structural employment play a great role.

### *Effects*

The impact of unemployment can be felt by both the workers and the national economy and can cause a ripple effect.

Unemployment causes workers to suffer financial hardship that impacts families, relationships, and communities. When it happens, consumer spending, which is one of an economy's key drivers of growth, goes down, leading to a recession or even a depression when left unaddressed.

Unemployment results in reduced demand, consumption, and buying power, which in turn causes lower profits for businesses and leads to budget cuts and workforce reductions. It creates a cycle that goes on and on that is difficult to reverse without some type of intervention.

### **Long-term Unemployment vs. Short-term Unemployment**

Unemployment that lasts longer than 27 weeks even if the individual has sought employment in the last four weeks is called long-term unemployment. Its effects are far worse than short-term unemployment for obvious reasons, and the following are noted as some of its effects.

- Some 56% of the long-term unemployed reported a significant decrease in their net worth.
- Financial problems are not the only effects of long-term unemployment as 46% of those in such a state reported experiencing strained family relationships. The figure is relatively higher than the 39% percent who weren't unemployed for as long.
- Another 43% of the long-term unemployed reported a significant effect on their ability to achieve their career goals.
- Sadly, long-term unemployment led to 38% of these individuals losing their self-respect and 24% seeking professional help.