

Abolish the Poverty Line

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There is no case whatsoever to construct a single poverty line based on a calorie or expenditure norm; all such lines are arbitrary and do not take into account the different dimensions of poverty. It is far better to focus on disaggregated information on a variety of parameters – education, housing, clothing, health, etc – which can give us unambiguous information about the different facets of poverty over the course of time.

The poverty line as corresponding to an attainable minimal bundle of goods and services for a normative subsistence level is at best a loose concept and non-operational except in a very crude sense. Since the question, who is to set the norms and how it has to be done cannot be answered to the satisfaction of all, any poverty line referring to a minimal bundle has to be subjective and arbitrary. It is arbitrary, moreover, because in practice the normative minima are never clearly specified; indeed it is difficult to do so even if we restrict ourselves to, say, food, clothing, shelter and access to education and healthcare. Consequently, all procedures to derive a poverty line are inevitably artificial, based on controversial statistical manipulation.

One such looks at the total household expenditure level at which a specified calorie intake norm is satisfied in per capita terms; the expectation is that at that level other minima are also attained so that households with expenditures below that level may be regarded as poor. Other procedures relying wholly on expenditure data are equally artificial, bearing little relation to the different dimensions of poverty. Another element of arbitrariness arises when a base level poverty line is adjusted upwards to allow for increases in prices from year to year. It is not easy to construct price indices for different classes of consumers. Given the near impossibility of making operational the concept of a minimum subsistence level, it is no wonder that the constructed poverty lines are subject to much criticism.

However, the ensuing debates do not throw much light on the different dimensions of poverty and trends in them, concentrating as they do on statistical aspects of the distributions of total consumer expenditure. It is only recently that the crucial question of what and how much can Rs 25 or Rs 30 buy is

being raised. The Planning Commission has of course no answer to the question; instead it makes the claim that whatever poverty line one chooses the data exhibit a downward course in poverty. However, given the evidence of a declining trend in food intakes, the claim cannot be substantiated without further reference to how the poor are faring in housing, education, health and so on. The consumer expenditure surveys do show that even for those at the bottom on the expenditure scale there is, for reasons not clearly understood so far, a declining trend in the proportion of food in the total expenditure. The survey data are not detailed enough to go beyond this tendency to investigate the living conditions among the poor in a satisfactory way.

‘Planning Commission Poverty Line’

Estimated numbers of the poor derived from consumer expenditure data have necessarily to be arbitrary, depending wholly on who is setting up the so-called poverty line. One is reminded in this context of an astute observation made decades ago by Dharma Kumar. She said we never refer to the poor simply as the poor, but as “those below the poverty line”. Indeed there is a good case now for talking about a category of people “below the Planning Commission poverty line”. Part of the difficulty arises from the aggregation of needed expenditures over different commodities. To explain: it is not feasible to specify minimum expenditures needed to ensure, for example, access to education or healthcare; however, even under the assumption that it is possible to do so and arrive at a corresponding poverty line as an aggregate minimum expenditure, it is difficult to say whether all households above the poverty line meet the minima for all the commodities. This is quite similar to the problem of specifying the cost of a recommended balance diet and using it to estimate the extent of malnutrition: the diets of those who meet that cost can by no means be certified as balanced ones without a disaggregated and precise detail about items of food consumed. (That diseases

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such as diabetes arise from overeating and unbalanced diets is well documented.)

It is clear that alternative approaches must be based on disaggregation of different kinds that can provide us unambiguous information on the many facets of poverty and their course over time. Consider education for the purpose as an example. Statistics relating to education are available aplenty. They cover enrolment ratios, dropout rates and more recently mean levels of educational attainment at various regional levels. These, along with literacy rates available from decennial population censuses, allow us to map inter-regional variations in both levels and changes in unambiguously defined characteristics of the status of education. The relevant statistics are useful in monitoring trends in the development

of education in readily identified areas that are extremely backward in this respect, such as the districts of Adilabad and Mahboobnagar in Andhra Pradesh. Aggregation is not an issue in the analysis of education statistics. Moreover, educational status is well defined at the individual level, unlike poverty. There are numerous studies based on small-scale surveys that tell us a great deal about the conditions that hinder access to education among the poor.

Another useful type of classification is by occupational category. We know that poverty of an enduring kind is endemic to manual labourer families both in rural and urban areas. Contrasting the experience of this class with that of classes of cultivators or of other rural or urban classes throws light on aspects of increasing

relative inequalities. While total expenditure is unsuitable for a meaningful measurement of absolute poverty, it can be safely used for comparisons among different classes at different points of time.

We can discard the poverty line that arises from an obsession with the presentation of a single number as the poverty ratio. We can then replace it with comparative interregional studies of the important facets of poverty and inequality as they emerge now under the new economic regime. This can certainly lead to better planning for the deployment of resources for poverty alleviation programmes.

Indeed, the sensible arguments some are now making in favour of a universal public distribution, and for free access to education and health hinge upon the abandonment of the poverty line.