

REDEFINING POVERTY A NEW POVERTY LINE FOR A NEW INDIA

by
Mohan Guruswamy
Ronald Joseph Abraham

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Centre for Policy Alternatives

94, Uday Park, New Delhi 110049

Website: www.cpasind.com

Email: cpasind@yahoo.co.in

Telephone: 011-4165 0997

Facsimile: 011-4165 0996

Cover Photo: G. S. Srinivas
Typesetting: Tanmay Shukla

Poverty: *The state or condition of having little or no money, goods, or means of support; condition of being poor; indigence.*

Synonyms are penury, destitution, need, want; these words imply a state of privation and lack of necessities. Poverty denotes a serious lack of the means for a proper existence.

Poverty Line: *A minimum income level used as an official standard for determining the proportion of population living in poverty.*

Webster's Encyclopaedic Unabridged Dictionary of the English language.

“I have learnt to seek my happiness by limiting my desires rather than in attempting to satisfy them.”

John Stuart Mill

I. DEFINING AWAY THE POOR

Poverty is an economic condition. Hunger is a physical condition that often arises out of a severe economic condition. While the definition of hunger in terms of calories can remain constant, the definition of poverty is relative to the prevalent levels of general prosperity. However in India, when defining poverty, our planners seem to be taking J. S. Mill literally because for decades the Planning Commission of India has followed a rather limited definition of poverty. The present official poverty line is based only on calories and hence accounts for little else but the satiation of one's hunger. It would have been more accurate to define this as the starvation line, as that is exactly what it is.

This limited definition has allowed successive governments to claim great achievement in the percentage reduction of poverty, if not absolute reduction in the number of poor. But when you

The present official poverty line is based only on calories. This has allowed the Government to claim great achievement in the percentage reduction of poverty. However, a more expanded definition factoring in other basic human needs reveals that a majority of Indians are still extremely poor.

have a more expanded definition by factoring in other basic human needs, minimum living standards and access to public services we will see that a majority of Indians are in fact still

extremely poor. Quite clearly how we define poverty will determine the nature and content of public policy relating to its elimination.

The Official Poverty Line is a “Starvation Line”

The idea of defining poverty in terms of a poverty line was first proposed during the Indian Labour Conference in 1957. A Working Group under the Planning Commission then stipulated a poverty line of Rs. 20 per person per month¹. They derived this poverty line using consumer expenditure

The official poverty lines - Rs. 368 and Rs. 559 per person per month for rural and urban areas - are unsatisfactory and should be renamed “starvation lines” because apart from factoring 650 grams of foodgrains everyday, they make very little provision for the other essentials of life.

data and a caloric norm. The understanding was that anybody spending less than this amount is poor because he or she does not have the purchasing power to buy enough food that met the caloric norm.

delineated Rs. 49 and Rs. 57 per person per month as rural and urban poverty lines respectively at 1973 prices². In 1999-

In 1979, a task force was assigned by the Planning Commission to look at this definition of poverty again. After much deliberation, it too fixed a poverty line largely based on calories. It

¹ Government of India [GoI] (1979): Report of The Task Force on Projections of Minimum Needs and Effective Consumption Demand, pp 8, Perspective Planning Division, Planning Commission, New Delhi.

² The present poverty line is largely based on the work of this taskforce. For a detailed description of the present poverty line, refer to Government of India (1993): Report of

2000, the poverty lines after adjusting for inflation were Rs. 327 and Rs. 454 in rural and urban areas respectively³. As of December 2005, these figures stand at approximately Rs. 368 per person and Rs. 559 per person for rural and urban areas⁴.

These official poverty lines in India are, however, woefully unsatisfactory and should in fact be renamed “starvation lines”. This is because apart from factoring about 650 grams⁵ of food grains everyday, this line makes very little provision for the other essentials of life. Is it enough to consume just calories, when State Institutions – such as the Indian Council of Medical Research – themselves advocate a nutritious diet? What about drinking water? Shelter and sanitation? Essential clothing? Access to education? Healthcare....

Year	Percentage of Poor	Number of Poor (crores)	Real rate of decline in the Number of Poor per annum ^
1973-74	54.9 %	32.13	-
1977-78	51.3 %	32.89	-0.59 %
1983	44.5 %	32.29	0.31 %
1987-88	38.9 %	30.71	1.25 %
1993-94	36.0 %	32.03	-0.70 %
1999-00	26.1 %	26.02	3.40 %
2004**	23.6 %	24.97	0.82 %

* As per the Expert Group Methodology
 ^ A negative rate of decline means the number of poor increased
 ** Based on the estimated population of 2004 and poverty ratio calculated using the latest National Sample Survey in 2004.

Source: National Institute of Rural Development (2004): *Rural Development Statistics, 2002-03*.

the Expert Group on Estimation of Proportion and Number of Poor, Perspective Planning Division, Planning Commission, New Delhi. This report and the abovementioned report are available on the Commission’s website, www.planningcommission.nic.in.

³ Saxena, Dr. N. C. (2001): “Poverty Estimates for 1999-2000”, Planning Commission, New Delhi.

The fact is that the average Indian does not have access to these basic needs. For a country aiming to join the league of developed nations by 2020, such a plight is embarrassing, to say the least. A true and complete definition of poverty should therefore include *all* the basic needs of human life with a modest modicum of quality.

II. IS POVERTY REALLY DECLINING?

It is striking to note that despite what is very obviously a conveniently low threshold of poverty, in 1973 nearly 55% of the population or 32.13 crore people were below the poverty line (see Table 1 above). In 1993, even after twenty years of the State trying to alleviate poverty, the number of poor remained at almost the same level at 32.03 crores. By 2004, the number declined to about 25 crores. However, this is hardly an achievement as the rate of decline of poverty since 1973 has been at a dismal 0.81% per annum⁶. Considering the economy grew at over 5% over the same period, such a low rate of decline of poverty must be deemed unacceptable. It is not surprising that the Planning Commission and the Government prefer not to talk about these figures and instead dwell on the fact that the percentage

⁴ These figures are arrived at by indexing the rural poverty line with the Consumer Price Index for Agricultural Labourers and the urban poverty line with the Consumer Price Index for Industrial Workers. Both are available from the Labour Bureau, Government of India. These are the indices recommended by the Planning Commission (GoI, 1993). However further sophistications such as adjusting the data to state-wise price indices, etc., have not been carried out.

⁵ This is calculated from caloric norm and the Nutrition Chart given in Government of India (2001c): NSS Report No. 471: Nutritional Intake in India, 1999-2000, National Sample Survey Organisation, New Delhi.

⁶ Calculated using the compound growth formula. Rate of decline in Table 1 also calculated using the same formula.

of poor has declined to 26% since reforms. Many experts even dispute this claim.

III. AIMING TOO LOW: A CONVENIENT POVERTY LINE HELPS

If Vision 2020⁷ of a developed India is to become reality, a proper definition of poverty is vital. By that time, the State needs to ensure that every citizen not only gets at least two square and wholesome meals a day but also has access to all the basic amenities required to lead a modestly comfortable life with dignity. However the present inadequate definition of poverty has ensured that all the policies aimed at alleviating poverty aim much too low by focussing on eliminating hunger rather than eliminating poverty as a whole.

By 2020, the State needs to ensure that every citizen gets at least two square meals a day and can live a life with dignity. However, the present definition of poverty ensures that policies for alleviating poverty aim much too low by focussing only on eliminating hunger.

A good example of this is the present National Rural Employment Guarantee Scheme (NREGS), which guarantees one able-bodied member of each family work at a wage of Rs. 60 a day. Therefore even if this person works

⁷India Vision 2020 is an official document prepared by the Planning Commission (GoI, 2002). It is meant to be “an articulation of the desired end results in [broad] terms” of development activity by 2020.

on all 30 days of a month, he/she earns only Rs. 1800. For a typical family of 5, that amounts to Rs. 360 per person, which is exactly what the rural poverty line is right now. Therefore, even a scheme released with as much fanfare as the NREGS at best only ensures that each person in the family consumes a certain quantity of food grains. It guarantees little else. Moreover, the guarantee is only for 100 days in a year leaving the poor to fend for themselves for the rest of the 265 days. This surely cannot be our vision for 2020?

In fact, the present ceiling on poverty is so low that even if the Government were to hand out enough money to each poor family to buy just enough food to be just above the official poverty line, it would only cost around Rs. 57,000 crores⁸ per year. This amount is only 25% of what it costs to maintain the entire bureaucracy of India⁹ (around Rs. 2,27,000 crores every year¹⁰) or a little over 6.7% of the annual Central and State budgets combined (about Rs. 8,47,000 crores¹¹) or about 2.1% of the GDP (about Rs. 27,60,000 crores¹²). This is quite telling when you consider that the Central Government spends over Rs. 58,000 crores

⁸ This figure is also referred to as the “poverty gap”. It denotes the amount of total money required to bring everybody just above the poverty line assuming that the money is handed out without any distribution costs. Here, the amount is approximated with the assumption that the population is normally distributed across expenditure classes.

⁹ This bureaucracy accounts for only about 1% of the total population of India according to Government of India (2001): *Government of India's Pensionary Liability*, Ministry of Finance, New Delhi.

¹⁰ Government of India (2005c): *National Accounts Statistics 2005*, pp 62, Central Statistical Organisation, Ministry of Statistics and Programme Implementation.

¹¹ Government of India (2005e): *Indian Public Finance Statistics, 2004-05*, Ministry of Finance, Department of Economic Affairs, New Delhi.

¹² This figure includes the total salaries of Central, State and Local Government employees. Source: Government of India (2005c): *National Accounts Statistics 2005*, pp 62, Central Statistical Organisation, Ministry of Statistics and Programme Implementation.

on salaries and pensions alone, and Rs. 47,500 crores on direct subsidies that mainly benefit the already well-off. It is ironical that the elimination of poverty is topmost on the agendas of not only the government, but all political parties.

The sad reality is that despite electoral catchphrases like “*Garibi Hatao*”, “India Shining” and “*Aam Admi*” being campaign platforms during elections, a determined assault on poverty and backwardness has in reality been low on the list of national priorities. From 1973 to 2004, the poverty *percentage* has reduced by more than half – from 54.9% to 23.6%. This gives one the notion that poverty is declining steadily and soon there will be none of it. However, it is self serving only to look at poverty rates because the decline of the actual number of people below the poverty line has been less than a quarter – from 32 crore people to 25 crore people – or as mentioned above, an annual decline of only 0.81%. Considering that the absolute numbers of those officially deemed poverty stricken has only decreased marginally since 1973, the notion that the problem of poverty is being tackled is an ill-conceived one. When this is considered along with the official notion of what is

From 1973 to 2004, the poverty rate has reduced from 54.9% to 23.6%. However, it is self serving only to look at percentages because the real number of poor has declined from 32 crore to only 25 crore or a sluggish annual decline of 0.81%.

poverty, it should cause much pondering about the true nature of India.

IV. THE PRESENT POVERTY LINE: THREE MAJOR PROBLEMS*

A) People above the Poverty Line do not even meet the Caloric Norm

We have argued earlier, the definition of poverty based just

The average person just above the official poverty line from rural India falls short of the caloric norm by about 22% and in urban India he/she falls short of the norm by about 9%.

on the caloric norm is unacceptable. Now, consider this. Many of those who might be relatively better-off in terms of income may in fact be getting less than the stipulated calories each day, either due to ignorance or due to the lack of availability. It is a fact that

despite the increase in agricultural production, the per capita availability of cereals is about the same since 1981, whereas the per capita availability of pulses has declined from 37.5 grams in 1981 to 28.2 grams in 2003¹³.

The average person just above the official poverty line from rural India falls short of the caloric norm by about 22%. Similarly, a person just above the poverty line in urban India falls short of the norm by about 9% (see Table 2 below).

* There exist more than just three criticisms to the present poverty line. The three elucidated here have the most bearing on policy issues and hence are treated in detail.

¹³ Tata Services Limited (2005): *Statistical Outline of India 2004-05*, pp. 45, Department of Economics and Statistics, Mumbai.

TABLE 2: AVERAGE PER PERSON INTAKE OF CALORIES OF GROUPS BELOW, ON AND ABOVE THE POVERTY LINE (1999-2000)	
Group	Per Person Per Day Intake of Calories (kcal)
Rural	
Below Poverty Line Group	1614
Poverty Line Group (PLG)	1868
Above Poverty Line Group	2386
Urban	
Below Poverty Line Group	1627
Poverty Line Group (PLG)	1912
Above Poverty Line Group	2375

Source: Calculated from Government of India (2001c): NSS Report No. 471: Nutritional Intake in India, 1999-2000, National Sample Survey Organisation, New Delhi.

Therefore, the present poverty line, which was only supposed to ensure a certain calorie intake, fails even on that single front.

The present official poverty line is based on the norm that the average person in rural India should be able to consume 2400 calories and the average person in urban India should be able to consume 2100 calories. In 1979, when the present poverty line was formed, this was the case, i.e. the average person above the poverty line met the caloric norm. However, currently

The caloric standard of 2400 calories set by the Planning Commission is a glaring under-stipulation. The ICMR prescribes 3800 and 2925 calories for an adult male and female doing heavy activity. More importantly, we need to go beyond calories, as the body needs other nutrients as well.

¹⁴ Pronab Sen (2005) gives a counter argument to this by suggesting that this fall in calorie intake reflects a choice on the part of the consumer and his capability to buy food is still intact as it was before. He shows that if the Poverty Line Group (PLG) buys calories

(1999-2000), those people who are just above the official poverty line do not meet this norm¹⁴. This can clearly be seen in Table 2 below where the group just above the poverty line (called the Poverty Line Group or PLG) consumes an average of 1868 calories in rural areas and 1912 calories in urban areas. Therefore, these groups fall short of the caloric norm by 22% in rural areas and 9% in urban areas.

B) Looking at only Calories is not enough

The current caloric standard is anyway an insufficient nutritional norm; there are two reasons for this. Firstly, the caloric standard set by the Planning Commission is a glaring under-stipulation. The Indian Council of Medical Research (ICMR) prescribes 3800 calories for an adult male doing heavy activity and 2925 calories for an adult female carrying out heavy activity¹⁵. From this, it is amply clear that for the millions of poor unskilled wage labourers in India carrying out heavy manual labour every day, a stipulation of 2400 (2100) calories in rural (urban) areas is grossly insufficient¹⁶.

(food) at the same rate (prices) as those below the PLG, then they can reach the prescribed caloric standard. This is, however, an untenable and tautological argument. Firstly, calories bought by people below the poverty line are cheaper because of its lower quality. It is therefore unreasonable to ask the PLG class to consume a basket of food of lower quality than they deemed fit as revealed by their preference. Secondly, and more importantly, if this argument was valid, then the Planning Commission, while calculating the poverty line in 1979, should have used the cheapest rate of calories to calculate the poverty line. If it had done so, the poverty line would have been even lower than it is today.

¹⁵ Indian Council of Medical Research (2004): *Nutrient Requirements and Recommended Dietary Allowances for Indians*, National Institute of Nutrition, Hyderabad.

¹⁶ The Planning Commission reached these figures after looking at the caloric need of the whole population based on their age, sex and occupations. This ensures a conveniently low caloric standard because it includes the well-off members of society who do not physically exert themselves and therefore don't need as many calories as someone who is doing manual labour. Instead, while stipulating a caloric standard for the poor in India, it should be taken for granted that adults are carrying out manual labour and thus doing heavy activity. Taking this into consideration and the age and gender of the population, the prescribed caloric standard should be 2700 calories per day. This is 300 (600) calories more than the Commission's recommendation for those in rural (urban) areas.

One clear implication of this is that the minimum wages in the various states need to be substantially raised.

Secondly and more importantly, there exists a need to go beyond a simple caloric standard, as the body also needs proteins, fat, minerals, iron and vitamins¹⁷. The boxed item is an excerpt from ICMR's book on dietary guidelines for Indians¹⁸.

Man needs a wide range of nutrients to lead a healthy and active life and these are derived through the diet he consumes daily. The components of his diets must be chosen judiciously to provide all the nutrients he needs in adequate amounts and in proper proportions.... The body needs energy [calories are the primary source of this] for maintaining body temperature, metabolic activity, supporting growth and physical work.... Proteins provide amino acids for the synthesis of body.... In the adult, dietary protein is essential to synthesise new proteins.... Fat is a concentrated source of energy ... and also helps in the absorption of beta-carotene and other fat-soluble vitamins.... While a minimum amount of fat has to be present in the diet, excess of fat in the diet is considered harmful.... Minerals that are important in human nutrition are calcium, phosphorous and magnesium and the electrolytes, sodium and potassium.... [Iron is important because] iron deficiency anaemia is widespread in our country, the prevalence varying from 45% in male adults to 70% or more in women or children.... Vitamins are accessory food factors, which carry out diverse functions in the body.

¹⁷ Indian Council of Medical Research (2004): *Nutrient Requirements and Recommended Dietary Allowances for Indians*, National Institute of Nutrition, Hyderabad.

¹⁸ *Ibid.*

Nutrition deficiency is also a leading cause for disease. According to the UNICEF, “malnutrition limits development and the capacity to learn. It also costs lives: about 50 per cent of all childhood deaths are attributed to malnutrition”¹⁹. Lack of vitamin C leads to scurvy, a disorder that affects our bones. Vitamin B₁ deficiency leads to mental confusion, muscle weakness and heart disorder. Osteoporosis, or the tendency to lose bone mass, is linked with lack of calcium in our diet. A zinc deficit in children leads to growth retardation²⁰. Therefore, it is amply clear that a nutritious diet is a fundamental need of the human body; this must not be ignored when formulating a poverty line.

Out of all the nutritional requirements mentioned above, the present Poverty Line only fulfils the minimum protein requirement of 50 gm per day. This is mainly because 75% of total protein is derived from cereals²¹. However, to ensure adequate consumption of *all* the essential nutrients, a commodity-basket should be formulated that includes a minimum diet of cereals, pulses, oils, vegetables, fruits, etc. Thereafter, the cost of this diet should be calculated and included when constructing the poverty line. This will ensure that if someone is above this renewed poverty line, he or she will have the capability to consume a nutritious diet. This has been elaborated in Section V which attempts to delineate an alternative poverty line.

¹⁹ United Nations International Children’s Emergency Fund (2005): “Nutrition, The Picture in India”. Collected from the UNICEF website: www.unicef.org/india/nutrition.

²⁰ Information on the impact of nutrition deficiency from MSN Encarta Encyclopaedia (2005).

²¹ Government of India (2001): *NSS Report No. 471: Nutritional Intake in India, 1999-2000*, National Sample Survey Organisation, New Delhi.

C) No norms for Non-Food Basic Needs

The title of the 1974 Hindi movie – *Roti, Kapda aur Makan* (Bread, Clothing and Shelter) – captures very well the notion that man does not live by bread alone. The present poverty line not only ignores important nutritional needs but also the other basic needs of life: shelter, clothing, healthcare, sanitation, drinking water and equal opportunity education.

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In 1979, when the present poverty line was defined, the expenditure on non-food items of the group of people who consumed over 2400 (2100) calories in rural (urban) areas was calculated. In addition to the total expenditure on calories, this non-food expenditure was also included into the poverty line. However, such a method is akin to suggesting that whatever the poor spend on non-food items is “enough”. Instead, one needs to analyse what is consumed through non-food expenditure and verify whether it meets the basic needs of a human being. For example, as per the latest national sample survey on consumer expenditure, those who are just above the poverty line in rural India spend only around Rs. 8 per month on medical care. Clearly, this is grossly insufficient. It is not as if the Planning Commission has not taken note of the fault in its methodology:

The [Planning Commission Expert] Group recognises the desirability of defining the normative standard for non-food consumption and its constituents without reference to actual behaviour, but until this is done, the existing basis seems to be the most practical and reasonable²².

Despite this apparent “recognition” by the Commission no such norms exist in reality. Considering that most of these norms can be derived scientifically, there seems to be no explanation for why this has not taken place? The only plausible explanation can be that since raising the poverty bar higher will only compound the task of our policy makers and economic planners, it remains at a ridiculously low level to enable claims of better achievement and to avoid deployment of resources to areas and people who deserve them more.

V. TOWARDS A MORE REALISTIC DEFINITION OF POVERTY IN INDIA

The aim of this section is to define poverty in India in a manner that visualises it in more human and humane terms rather than the animal life levels of the present definition. Quite clearly a more reasonable poverty line ought to be based on the cost of all basic needs. Thus this section details the cost of nutrition, healthcare, clothing, etc. In addition some needs that cannot be quantified in money terms – such as access to water, education, etc. – are also identified and included.

²² Government of India (1993): *Report of the Expert Group on Estimation of Proportion and Number of Poor*, Perspective Planning Division, Planning Commission, New Delhi.

²³ United Nations Development Programme (2005): *Human Development Report 2005*, United Nations, New York

A) Nutritional norms and cost

Even in this day and age, around one in four Indians are malnourished. The consequences of such a plight are devastating as nutrition is the most important need of a human being after water. Presently 47% of Indian children below the age of 5 are underweight for their age²³. The UNICEF reports that one in every three malnourished children in the world is in India.

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Food Groups	Infants		Years						Adult	
	6-12	1-3	4-6	7-9	10-12	13-18	(Heavy Activity) ²⁴			
	Months				F	M	F	M	F	M
Cereals & Millets (g)	45	120	210	270	270	330	300	420	480	690
Pulses (g)	15	30	45	60	60	60	60	60	90	90
Toned Milk (ml)	500	500	500	500	500	500	500	500	300	300
Roots & tubers (g)	50	50	100	100	100	100	100	200	200	200
Green leafy vegetables (g)	25	50	50	100	100	100	100	100	100	100
Other vegetables (g)	25	50	50	100	100	100	100	100	100	100
Fruits (g)	100	100	100	100	100	100	100	100	100	100
Sugar (g)	25	25	30	30	30	35	30	35	45	55
Fats/oils (visible) (g)	10	20	25	25	25	25	25	25	40	55

Source: Indian Council of Medical Research (2003): *Dietary Guidelines for Indians – A Manual*, National Institute of Nutrition, Hyderabad.

²⁴ To calculate the nutritional requirement of adults, it is assumed that they undertake

However, it is not as if the government is not in the know about the importance of balanced nutrition because the National Institute of Nutrition (NIN) under the aegis of the ICMR itself recommends what it considers is a nutritious diet for healthy living. The NIN has also published a balanced diet for Indians, reproduced in Table 3 above. In fact, the apathy

TABLE 4: PRICES OF FOODSTUFFS AS OF 2005		
Food Product	Price (Rs/kg)	Remarks
Rice	11.23	Result for 2005; average of South and East Zone
Wheat	8.71	Result for 2005; average of North and West Zone
Tur (Arhar, pulses)	28.99	Result for 2005; all-India average
Mustard Oil	52.98	Result for 2005; average of North and East Zone
Sugar	19.2	Result for 2005; all-India average
Vegetables	7.83	Calculated using the weighted average of the rate at which urban and rural India bought vegetables as given in GoI 2001b. The figure is adjusted for inflation.
Fruits	16.59	Calculated using the weighted average of the rate at which urban and rural India bought fruits as given in GoI 2001b. The figure is adjusted for inflation.
Milk	15.00	Using the standard MRP for toned milk

Source: Government of India (2005a): Prices of Food stuffs from Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution; Government of India (2001b): *NSS Report No. 461: Consumption of Some Important Commodities in India, 1999-2000*, National Sample Survey Organisation, New Delhi; MRP of toned milk.

of the Government is quite evident from the fact that despite having sponsored detailed studies on nutrition in India, it still adopts a norm that only sees poverty in terms of calories.

Given above in Table 4 are the prices of these foodstuffs with information on how they have been computed.

heavy activity, and not moderate or sedentary activity. This is because the poor in India are invariably carrying out unskilled manual labour.

TABLE 5: COST OF DIET (IN RUPEES)										
Food Groups	Infants		Years							
	6-12 Months	1-3	4-6	7-9	10-12		13-18		Adult	
					F	M	F	M	F	M
Cereals	0.45	1.2	2.09	2.69	2.69	3.29	2.99	4.19	4.79	6.88
Pulses	0.44	0.87	1.31	1.74	1.74	1.74	1.74	1.74	2.61	2.61
Milk	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	4.5	4.5
Vegetables	0.78	1.17	1.57	2.35	2.35	2.35	2.35	3.13	3.13	3.13
Fruits	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Sugar	0.48	0.48	0.58	0.58	0.58	0.67	0.58	0.67	0.864	1.056
Fats/oils (visible)	0.53	1.06	1.32	1.32	1.32	1.32	1.32	1.32	2.12	2.91
Total daily cost	11.84	13.94	16.03	17.84	17.84	18.53	18.14	20.21	19.67	22.75
Total monthly cost	360	424	487	543	543	563	552	615	598	692
Note: Cereals include an average of rice and wheat (Rs. 9.97) Price of Arhar is used for pulses Mustard oil is used for calculations on visible fats/oils										
<i>Source: Calculated using Table 3 and 4</i>										

With the recommended diet given in Table 3 and the prices in Table 4, one can calculate the cost of this diet. This is shown in Table 5 above.

The last row in Table 5 provides the ideal monthly expenditure on food that enables one to have a complete nutritious diet. Using the age-sex distribution information of the population, one can calculate that the per capita expenditure on food that provides for the recommended balanced diet for the average Indian person should be around Rs. 573 per month. Therefore, for a typical family of five,

The monthly expenditure to consume a nutritious diet should be Rs. 573 per head.

the total monthly expenditure on just food should be about Rs. 2900. If the two adult members of a family work for 25

days a month on the officially prescribed minimum wage of Rs. 60 each²⁵, they would just about earn Rs. 3000 between them.

Therefore in order to have a nutritious diet, nearly all the money that can possibly be earned needs to be spent on food. It must be remembered that daily wage labourers account for over 80 of our workforce of over 422 million²⁶. The average number of working days available to agricultural labour has also decreased drastically over the last two decades: from 123 days in 1981 to 72 days in 2003²⁷. Two policy implications are very obvious. One is the immediate revision of minimum wages and the other is to greatly expand work opportunities for the least qualified and majority of our work force.

*B) The cost of meeting Basic Health Needs**

India is a signatory to the *Alma Ata Declaration* during the International Conference on Primary Health Care (ICPHC) in 1978 which states, “A main social target of governments ... should be the attainment by all peoples of the world by the year 2000 of a level of health that will permit them to lead a socially and economically productive life”. The declaration further identifies primary healthcare as “the key to attaining this target”. According to the declaration, primary healthcare “addresses the main health problems in the

²⁵ We use Rs. 60 here for our calculation as that is the prescribed minimum wage as per the National Rural Employment Guarantee Scheme which takes into account the range of minimum wages prescribed in various Indian states.

²⁶ Government of India (2001e): *Census of India 2001*, Ministry of Home Affairs, New Delhi.

²⁷ Sivaraman B. (2006): “Contours of the Deepening Agrarian Crisis”, *Liberation*, January 2006.

* The authors would like to thank Dr. Rajeev Ahuja for his personal views on per capita medical expenditure. Dr. Ahuja is an expert on Health Insurance.

community, providing promotive (*sic*), preventive, curative and rehabilitative services accordingly”. Furthermore, the Indian wing of this health movement, championed by the National Human Rights Commission, states that primary healthcare should be provided free of cost.

However, India is a long way away from providing free healthcare to all.

According to the present Health Minister’s public “Message”, only 20% of Indians are covered by public healthcare and the rest take recourse to the private sector²⁸. Evidently even many Indians below the official poverty line seek medical care from the private sector. Financing one’s own healthcare is clearly a burden for the poor in India. Even where the services are available, medicines and drugs are often not available. In addition, implicit and indirect costs of accessing healthcare are often not accounted for; such as loss of wages, cost of travel, etc²⁹. These factors make it imperative to calculate the average minimum per capita expenditure on healthcare and include it in the poverty line.

Average monthly per capita healthcare cost can be calculated by multiplying the probability of requiring medical care with

Only 20% of Indians are covered by public healthcare and the rest take recourse to the private sector. Financing one’s own healthcare is clearly a burden for the poor in India.

²⁸ Ramadoss, Dr. Anbumani (2004): “National Rural Health Mission”, Ministry of Health and Family Welfare.

²⁹ Ahuja, Rajeev (2005): Personal Communication on December 29, 2005.

the actual cost of such medical care³⁰. This is called the ‘expected value’ of healthcare expenditure. This is exactly the computation undertaken by actuaries while calculating premiums for health insurance. The ‘Universal Health Insurance Scheme’ is one such scheme targeted at the low-income group. As per this scheme, for a premium of Rs. 365 per annum, an individual can get insured for all in-patient medical care up to a sum of Rs. 30,000³¹.

Therefore Rs. 365 per annum or Rs. 30 per month per capita is the ‘expected value’ of health expenditure for the poor in India.

The monthly expenditure for obtaining healthcare should be Rs. 30 per head.

Clearly even this is a small amount, but nonetheless at least this much should be ensured to every citizen of this country.

C) Access to Water

The minimum water consumption as per the World Health Organisation should be about 50 litres a day per person to cover consumption and hygiene needs³². However, as per

³⁰ While one can use the average expenditure on health (as reported by the NSSO) for this purpose, it would be tautological to do so for reasons similar to the ones discussed in Section IV.C.

³¹ Ahuja, Rajeev (2004): “Health Insurance for the Poor in India”, Working Paper No. 123, Indian Council for Research on International Economic Relations.

There are certain limitations for using this scheme as a proxy. Firstly, it only includes in-patient care and does not cover outpatient costs, i.e. visits to the doctor for minor ailments. This tends to understate the actual expenditure on health. Secondly, insurance premiums include the transaction costs for the insurer and the profit margin. This tends to overstate the actual expenditure. Thirdly, the Universal Health Insurance Scheme is not a tested model and thus the premiums mentioned are still on trial-basis (Ahuja, 2005).

³² Howard, Guy (2003): *Domestic Water Quantity, Service Level and Health*, World Health Organisation.

the latest National Family Health Survey of 1999-00, 37.7% of households do not have access to safe water supply within 15 minutes of their home³³.

In a typical family of five, if two persons each fetch a traditional vessel full of water daily, they will be able to bring back at the most 40 litres of water between

37.7% of Indian households do not have access to safe water supply within 15 minutes of their home.

them. That is about 8 litres of water or approximately 8 mugs of water per person in a family of five. Therefore, at least one in three Indians does not get this basic daily water requirement. This is without any comment on the quality of water.

D) Access to Shelter and Sanitation

It is only humane that every human being should have a secure shelter with at least basic amenities and comforts. If we were to define minimum housing standards that provide for the bare minimum, the following should be reasonable to expect.

- A housing unit with two bedrooms, a kitchen and a covered toilet.
- One electric lamp each in all the four rooms
- One fan each in the 2 bedrooms
- One tap each in the toilet and kitchen
- One septic tank or connection to a sewage
- Reinforced Cement Concrete (RCC) Roof ³⁴
- Brick or stone walls reinforced with cement

³³ International Institute of Population Sciences [IIPS] and ORC Macro (2000): *National Family Health Survey (NFHS-2), 1998-99*, IIPS, Mumbai.

³⁴ It is important to insist on RCC roofing because asbestos is a major indoor pollutant and hence should not be used for roofing purposes (Medappa, Ed., 2001).

While there does not exist information on the availability of housing with the above features specifically, information on the percentage of households living in ‘*pucca*’, ‘semi-*pucca*’ or ‘*katcha*’ houses is available in a nationwide survey on housing done in 2002³⁵. A *pucca* house is one which has a roof and walls made of *pucca* materials such as cement, concrete, oven burnt bricks, metals, etc. A *katcha* house is one with a roof and walls made of non-*pucca* materials such as bamboo, mud, grass, etc. A semi-*pucca* house is one, which has either a roof or the walls made of *pucca* materials, but not both.

49% of all Indian households do not have access to shelter that meets minimum standards. Also, 69.5% of Indians do not have access to a latrine facility.

For security and protection against the elements, a dwelling unit should at least be a *pucca* house. In rural and urban areas, 64% and 23% of the households respectively do not have a

pucca house³⁶. Thus a weighted average of 49% of all households do not have shelter that meets our minimum standards. Will we be able to provide this minimum standard shelter to these households by 2020?

The condition of public sanitation can be seen all along our roads and railway tracks. Even the most basic living standard

³⁵ Government of India (2004b): *NSS Report No. 488: Housing Condition in India, Housing Stock and Constructions, NSS 58th Round, July 2002-December 2002*, National Sample Survey Organisation, New Delhi.

³⁶ *Ibid.*

demands that a dwelling unit should have access to a latrine that is either connected to a sewage line or a septic tank. However, 89% and 37% of rural and urban India respectively or a weighted average of 69.5% of Indians do not have access to such a latrine facility³⁷.

E) Cost of Energy

Presently about 57% of Indian households do not have access to electricity³⁸. Even in households that have an electricity connection, the supply of electricity is extremely erratic³⁹. Clearly, if India is to be considered a developed country, each household should have an electricity connection and there should be enough electricity available for all at all times.

About 57% of Indian households do not have access to electricity.

The basic house described above needs a few basic electrical fittings – four bulbs and two fans – that constitute the bare minimum need for electrical appliances. We assume that each ceiling fan is on for 8 hours during the night and 4 hours during daytime, thus a total of 12 hours. We also take that the two bulbs are turned on for about 4 hours each in the evenings, mainly for reading or cooking purposes. With these

³⁷ Government of India (2004b): *NSS Report No. 488: Housing Condition in India, Housing Stock and Constructions, NSS 58th Round, July 2002-December 2002*, National Sample Survey Organisation, New Delhi.

³⁸ However, according to a National Sample Survey on Housing (GoI, 2004b), only 46% of Indian households are not electrified. According to this report, a household with external or temporary wiring is also electrified. Source for the figure we use: World Bank (2005): *World Development Indicators 2005*, International Bank for Reconstruction and Development, World Bank, Washington.

³⁹ Government of India (2003): *Electricity Act, 2003*, Ministry of Power, New Delhi.

minimal fittings and reasonable usage, the monthly cost on electricity comes to Rs. 175 for a household (see Table 6 below). Considering that there are 4.99 persons to a household in India, the per capita monthly expenditure on electricity comes to Rs. 35.

TABLE 6: MINIMUM ELECTRICITY CONSUMPTION IN A HOUSEHOLD IN A MONTH					
Appliance	Wattage (A)	Qty (B)	Usage (C)	Units/Mth (AxBxCx30)/ 1000	Cost (Rs. 2.2 per unit)
Ceiling Fan	80	2	12	57.6	126.72
Light Bulb	40	2	4	9.6	21.12
Fixed Charges					20.00
Tax *					7.39
TOTAL				67.2	175.23
* 5% tax on variable cost					
<i>Source: Rate list printed by BSES, 2005</i>					

Electricity is the most expensive and least preferred energy source for cooking. On the other hand, the widely used low-grade fuels – such as wood, dung, hay, coal – are a significant source of indoor air-pollution as per a report by the Indian Council of Medical Research⁴⁰. This report also states that

Over 90% of rural India uses harmful and polluting low-grade fuels indoors.

there is growing evidence linking indoor air pollution and diseases such as respiratory diseases, tuberculosis, asthma, heart diseases, cataract etc.

However, as Table 7 below shows, over 90% of rural India

⁴⁰ Medappa, Dr. N. (Ed., 2001): “Indoor Air Pollution – a Major Environmental and Public Health Concern”, *ICMR Bulletin*, Vol. 31, No. 5, May 2001.

uses these very low-grade fuels indoors! Though urban India performs relatively better, it too has a 30% prevalence of harmful indoor fuels. Clearly such use of these disease-causing fuels should be minimised.

Type of Fuel	Urban	Rural	All-India
Wood	23.1	73.1	59.3
Crop residues	0.5	8.1	6.0
Dung Cakes	1.4	8.4	6.5
Coal/Coke/ Lignite/Charcoal	4.9	1.7	2.6
Kerosene	21.5	2.7	7.9
Electricity	0.8	0.2	0.4
LPG	46.9	5.1	16.7
Biogas	0.6	0.5	0.5
Others	0.2	0.2	0.2
Total	100	100	100

Source: International Institute of Population Sciences (IIPS) and ORC Macro (2000): National Family Health Survey (NFHS-2), 1998-99, IIPS, Mumbai.

While LPG is the ideal cooking fuel, its setup costs are high. It is mainly an urban middle class fuel (see Table 7 above). Despite the fact that most people using LPG are not the ones needing financial support from the State, the Government continues to subsidise it. Kerosene is a more affordable substitute and can be used more widely by the poor. Moreover, it is a reasonably clean fuel and can be recommended for use over polluting and harmful fuels like wood, dung, coal, etc⁴¹. However, as Table 8 below shows, over the past few years, kerosene has received lesser budgetary

⁴¹ Hughes, Gordon; Dunleavy, Meghan; Lvovsky, Kseniya (undated): "The health benefits of clean fuels in India: A case study of Andhra Pradesh", accessed from www.cleanairnet.org.

The State been reducing its support towards LPG and kerosene consumption and has been doing so at the cost of kerosene.

support as compared to LPG. In 1993-94, the LPG subsidy was a third of kerosene. However, in 2002-03, it is more that that of kerosene. It would seem that not only has the State

been reducing its support towards LPG and kerosene consumption, it has been doing so at the cost of kerosene.

TABLE 8: SUBSIDY ON KEROSENE AND LPG (RS. CRORE)

Year	Kerosene	LPG
1993-94	3773	1261
1994-95	3740	1410
1995-96	4190	1630
1998-99	5770	2600
1999-00	8151	4493
2000-01	7522	6724
2001-02	5310	5830
2002-03	3018	3691

Source: Government of India (2004): Central Government Subsidies in India, Ministry of Finance, Department of Economic Affairs, New Delhi.

Presently kerosene is sold at a subsidised rate of around Rs. 9 under the public distribution system (PDS). The quota ranges from around 10 to 12 litres per ration card per month⁴². Thus the consumption norm of kerosene for a typical family of 5 is around 2.2 litres per head per month. Assuming that such kerosene is available to all, the monthly per capita expenditure on kerosene comes to around Rs. 20. Thus the

⁴² Taken from the distribution quota of Punjab and Karnataka. Information from Department of Food and Supplies, Government of Punjab and Ministry of Food and Civil Supplies, Government of Karnataka.

total per capita monthly expenditure on cooking fuel (Rs. 20) and electricity (Rs. 35) should be around Rs. 55.

The monthly expenditure on cooking fuel (Rs. 20) and electricity (Rs. 35) should be **Rs. 55 per head.**

F) Clothing requirement

Clothing is the second part of “*Roti, Kapda aur Makaan*”. It is also the most variably priced as clothing requirements varies considerably according to region, gender, age and culture. To overcome these problems to an extent, this paper suggests

TABLE 9: MINIMUM CLOTHING REQUIREMENTS AND COST		
	Clothing Requirements	Cost of Cloth
Child (Age: 0-4)	*1 metre of shirt material *0.8 metre of trouser material (includes two pairs of children’s wear)	150.68
Male (Age 5-17)	*3.6 metres of shirt material *2 metres of trouser material (includes one pair of clothing and two uniform shirts and one uniform shorts/trousers)	267.96
Female (Age 5-17)	* 3.3 metres of shirt material *1.8 metres of skirt/salwar material (includes one pair of clothing and two pairs of school uniform)	343.00
Male Adult	*1.4 metres of shirt material *1.2 metres of trouser material (includes one pair of clothing)	190.39
Female Adult	*1 three-metre sari * 1 metre of blouse material (includes one sari and a blouse)	131.07
Price of cloth for shirt, pyjama, cloth, etc: Rs. 47.85 Price of cloth for coat, trousers, overcoat, etc: Rs. 102.83 Price of sari (3 m): Rs. 83.22 Prices are calculated using the weighted average of the rate at which urban and rural India bought cloth material as given in GoI 2001c. The figure is adjusted for inflation.		

the minimum amount of cloth required and its cost for persons by age and gender although seasonal requirements are disregarded for the sake of simplicity (see Table 9 above).

The weighted average of the total costs shown in the last column of Table 9 is Rs. 207 per annum on clothing. That makes it an approximate per capita monthly expenditure of Rs. 17 on clothing.

The monthly expenditure on clothing should be Rs. 17 per head.

G) The Right to Education

As per the 93rd amendment of the Constitution of India, education is a fundamental right of every citizen⁴³. It states

The State should ensure that each youngster has access to a free school with adequate infrastructure and qualified teachers. Such schooling should lie within a 2 km radius, failing which, the State should provide transport.

“The State shall provide free and compulsory education to all children of the age of six to fourteen years in such manner as the State may, by law, determine”. It also stipulates that it is the fundamental duty of

“a parent or guardian to provide opportunities for education to his child or, as the case may be, ward between the age of six and fourteen years.”

⁴³ Rajalakshmi, T. K. (2001): “A Regressive Bill”, *Frontline*, Volume 18, Issue 25, December 08-21, 2001.

It should be the minimum responsibility of the State to ensure that each young citizen has access to cost-free schooling with adequate infrastructure (a stipulated classroom size and physical amenities including furniture, library, laboratory etc.) and qualified teachers. Such a school should be able to provide each citizen of this country so as to provide complete and quality education. Moreover, we propose that such an institution should lie within a 2 km radius of each person's home so as to ensure not more than 30 minutes are spent walking to school. Failing this, it should be the responsibility of the State to provide transport to the school.

At present it is not easy to get information on access to free and high quality education. Data largely shows information on the number of schools

85.2% of India's villages do not have a secondary school. Considering this, it is not surprising that 71.16% of India's youth has not completed a secondary education, their constitutional right.

without information on the quality of these institutions. However, without delving into the question of quality, we can see what percentage of the population receives their fundamental right to education till the secondary level or standard 10. Those who have turned 15 should ideally have completed their secondary education.

As per the latest National Sample Survey on Education in 1999-00, 71.16% of the people in the 15-19 year age group had not completed a secondary education. Therefore, nearly

three-fourths of Indian youngsters have not been able to access their fundamental right of education accorded to them by the Constitution⁴⁴. This clearly shows that establishing rights is of no value if means to achieve them are not simultaneously provided. As of 2002-03, about 85.2% of the nearly 6 lakh villages in India did not have a school providing secondary education⁴⁵.

H) Access to an All-Weather Road and Public Transport

Connectivity is probably the single most important factor guiding whether people of a particular region are being able to access their basic needs of education, healthcare, shelter etc. Road connectivity will ensure transfer of not only people to and fro from different

43% of Indian villages, including 25% of villages with a population of over a thousand, are not connected by road.

regions, but will also ensure trade of goods and services. However, in India it is not uncommon to hear anecdotal stories

of villagers from remote parts of the country travelling for hours on end to reach even an all-weather road. Upon reaching such a road, they wait further in hope for a bus that will stop. Such stories are not surprising

⁴⁴ Interestingly, this is in contrast with the Pratham Report on Education (2005), which suggests that 93.1% of kids between the age of 6 and 14 are enrolled in schools. However, the number of people who have completed secondary education (28.84% as per the survey) is a much truer indicator about the effectiveness of schooling in India. Pratham's own finding proves this that over 50% of the "enrolled" students could not read a standard II level simple story. In addition, it has been repeatedly argued that low access to education is a major problem in the India. See Shariff and Husain, 2006.

⁴⁵ Department of Secondary and Higher Education, Ministry of Human Resource Development, Govt. of India.

considering the fact that around 43% of Indian villages or over 2,70,000 villages are not connected by road⁴⁶. Furthermore, around 25% of villages that have a population of over 1000 are not connected by road⁴⁷.

1) Miscellaneous expenditures

Of all the basic needs highlighted above, four of them – nutrition, healthcare, clothing and energy consumption – have been quantified in rupee terms. The total cost of obtaining these needs comes to Rs. 675 per person per month. However, apart from this cost, various other unavoidable expenditures invariably arise that are hard to account for in advance. Moreover, more often than not, such expenditure by the poor is incurred while trying to obtain one's basic needs. For example, obtaining healthcare would often mean spending money travelling to the doctor; obtaining a nutritious diet involves buying utensils to cook in; getting clothes can include stitching costs; etc.

Therefore, while computing a poverty line, we need to factor these miscellaneous expenses. The present official poverty line accounts for miscellaneous expenditure by adding to the poverty line the total non-food expenditure of the group just on the poverty line. This paper follows a variation of this. Instead of including total non-food expenditure, only expenditure under the heads of 'miscellaneous consumer goods', 'miscellaneous consumer services' and 'durable goods' are included. 'Durable goods' are included because items such as vessels, furniture, etc. all come under this head

⁴⁶ Lok Sabha Starred Question No. 238, dated 13.03.2001.

⁴⁷ Government of India (2002b): *National Human Development Report*, Planning Commission, New Delhi.

and typically families need to buy some of these items every year. Table 10 below shows the amount spent under these heads.

Total non-food expenditure is not used because it includes expenditure on clothing, healthcare, etc. that has already been accounted for above through proposed norms. Additionally, total non-food expenditure also includes expenditure on tobacco, intoxicants, etc. which need not be part of a poverty line. Similarly, our poverty line does not include expenditure on leisure, festivities, all of which are an integral part of society. However, the responsibility of the State does not extend to these, as its primary task is to ensure that each citizen has access to the basic essentials of life. Therefore a person who is just above the poverty line, as we define it, is only ensured of the most basic needs.

TABLE 10: MONTHLY PER CAPITA MISCELLANEOUS EXPENDITURE (IN RS., ADJUSTED FOR INFLATION)			
Item	Rural	Urban	Weighted Average
Miscellaneous Consumer Goods	51.57	67.40	54.14
Miscellaneous Consumer Services	74.86	85.76	74.66
Durable Goods	30.25	22.55	26.23
Total	157	176	164
<i>Source: Government of India (2001a): NSS Report No. 454: Household Consumer Expenditure in India, 1999-2000 – Key Results, National Sample Survey Organisation, New Delhi.</i>			

Thus from Table 10, we can see that total monthly miscellaneous expenditure comes to Rs. 164 per person.

The total monthly miscellaneous expenditure should be Rs. 164 per head.

I) What it really costs to live with a modicum of Dignity?⁴⁸

Summing up minimum costs for nutrition (Rs. 573), health (Rs. 30), clothing (Rs. 17), energy consumption (Rs. 55) and miscellaneous expenditure (Rs. 164); the poverty line in India should be about Rs. 840 per capita per month.⁴⁹

The poverty line in India should be Rs. 840 per capita per month. At this expenditure level nearly 69% of the total and 84% of the rural population lives below the poverty line.

At this expenditure level nearly 69% of India's total population is below the poverty line; that is over 75 crore people (see Table 11). Additionally, it is over two-and-a-half times the present official poverty rate of 26.1%. The situation in rural India is much worse with over 84% of the rural populace below this more realistic poverty line.

TABLE 11: POVERTY RATE USING A HOLISTIC POVERTY LINE

Area	Percentage
Rural	84.6
Urban	42.4
Weighted Average	68.5

Calculated using Government of India (2001a): NSS Report No. 454: Household Consumer Expenditure in India, 1999-2000 – Key Results, National Sample Survey Organisation, New Delhi & Government of India (2005b): "Statistics, Index Numbers", Labour Bureau, October 2005 & a poverty line of Rs. 840.

⁴⁸ Denis Goulet (1979) summed up the "meaning of development" as the three core values of sustenance, self-esteem and freedom from servitude. These three values also highlight the need to define poverty in terms of human dignity.

⁴⁹ The actual sum is Rs. 839; we round it off for convenience.

Though the poverty line of Rs. 840 per month established above is more inclusive of the basic needs of human life, it still only partially reveals the true state of poverty in India. This is clearly seen in Table 12 below which shows that 24.4% of all households above the poverty line of Rs. 840 do not have *pucca* houses. Therefore, a person spending more than Rs. 840 per month does not necessarily have access to all the fundamental needs of life.

TABLE 12: PERCENTAGE OF HOUSEHOLDS LIVING IN Pucca OR NON-Pucca HOUSES BY MPCE* CLASS			
MPCE*	Pucca House	Non-Pucca House	
0-235	23.2	76.8	Weighted average of 61.6% of households <i>below</i> the poverty line of Rs. 840 living in Non-Pucca Houses
235-265	23.6	76.4	
265-320	27.1	72.9	
320-365	29.8	70.2	
365-410	33.3	66.7	
410-460	39.2	60.8	Weighted average of 24.4% of households <i>above</i> the poverty line of Rs. 840 living in Non-Pucca Houses
460-520	43.6	56.4	
520-605	48.4	51.6	
605-730	56.4	43.6	
730-980 (PLG**)	64.4	35.6	
980-1285	78.4	21.6	
1285 or more	91.0	9.0	
* MPCE: Monthly Per Capita Expenditure			
** PLG: Poverty Level Group			
<i>Source: Government of India (2004b): NSS Report No. 488: Housing Condition in India, Housing Stock and Constructions, NSS 58th Round, July 2002-December 2002, National Sample Survey Organisation, New Delhi.</i>			

Therefore, in addition to the poverty line, a proper definition of who is poor should also include ‘access parameters’ that measure access to drinking water, shelter, etc. To sum up what we saw earlier, listed below are basic needs and the percentage of households that do not have access to them.

- ▶ 37.7% of Indian households do not have access to a nearby water source.
- ▶ 49% do not have a proper shelter.
- ▶ 69.5% do not have access to suitable toilets.
- ▶ 85.2% of Indian villages do not have a secondary school.
- ▶ 43% of Indian villages do not have an all-weather road connecting them.

The realistic poverty line that we propose along with these access parameters will provide a real, more inclusive and clear picture of poverty in India. Quite clearly, this is the most important tool for the task of poverty alleviation. Our definition of poverty is given in the box below.

A person is poor in India if he or she has a monthly per capita expenditure lesser than Rs. 840 OR does not have access to either drinking water; proper shelter; sanitation; quality secondary education; or an all-weather road with public transport.

VI. GETTING IT RIGHT: REDEFINING THE POVERTY LINE

Clearly, the present official definition of poverty grossly misrepresents the real situation. It is entirely inappropriate to have a simple caloric measure as the yardstick of poverty. The responsibility of the state exceeds this manifold. We need to upgrade the concept of food security to that of nutritious food security. In addition, it should also be the right of every Indian citizen to have access to safe shelter,

We need to upgrade the concept of food security to that of nutritious food security. In addition, it should also be the right of every Indian citizen to have access to safe shelter, sanitation, healthcare, education and clothing.

sanitation, healthcare, education and clothing. Therefore when we aim policy for the poor, these benchmarks should be our target. Only worrying about each citizen's food grain intake is clearly aiming too low.

This poverty line should be calculated for each state separately to account for regional differences in taste, clothing requirement, housing requirement, etc. It is also important to understand that norms of basic needs and what can be constituted as luxuries evolve over time. For example, presently one tap in the bathroom is considered a minimum norm. However, in a few years as more and more households fulfil this norm, the norm may be upgraded to include a flush

toilet in each bathroom. Similarly, by 2020, piped gas for cooking and heating may even become the norm.

To account for such changes in established norms, the poverty line should be updated every five years. The present poverty line is updated only to account for increases in prices. In the long run, however, this distorts the picture of poverty. For example, as shown earlier, even those just above the poverty line do not consume the requisite amount of calories. However, one of the most frequent arguments used against updating the poverty line except for with the inflation index is the fact that over-time comparisons become untenable.

However, this argument is unjustified as you can always compute a “food expenditure level” which can be increased every year based on inflation. This can be used to see what percentage of the population is below this expenditure line and how it has changed over time. The international one-dollar-a-day and two-dollars-a-day lines are such similar thresholds.

VII. CONCLUDING REMARKS

By now it is quite clear that the Indian State needs to revisit its concept of poverty. The present unrealistically low poverty line only serves the purpose of making the Government and its development efforts – or the lack of it – look good. If the State is as committed to the task of ridding the country from the ills of poverty as it claims, it should start by redefining the current poverty line. This will ensure that the Government gets its priorities straight and is able to target policy effectively.

Based on our proposed poverty line of Rs. 840 per month, the State should try to ensure that a typical household of five people is able to earn around Rs. 50,000 per year, or

If the State is as committed to the task of ridding the country from the ills of poverty as it claims, it should start by redefining the current poverty line. This will ensure it is able to target policy effectively.

about Rs. 4200 per month. This

household should have access to a *pucca* house with basic amenities such as a toilet connected to a sewage system and electrical fittings.

Access to water to a household should be within ten to fifteen metres if not within the dwelling unit – which would be ideal. The children of the household should be able to access their fundamental constitutional right to education. Moreover, the State needs to go beyond just offering an accessible school but should also ensure that the schooling guarantees each student equal opportunities in life.

Such a household with its most fundamental of needs met should be the ideal that the State aims towards. This calls for a paradigm shift in the sphere of development policy in this country. A shift that is imperative if we truly wish for a New India.

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ABOUT THE AUTHORS

Mohan Guruswamy, Chairman, Centre for Policy Alternatives, New Delhi was a former Advisor to the Finance Minister. He also has many years of experience in academia and the private sector; and is a graduate of the John F. Kennedy School of Government, Harvard University.

Ronald Joseph Abraham graduated in Economics from St. Stephen's College, New Delhi, and is currently a Research Associate at Centre for Policy Alternatives.

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