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**POVERTY MEASUREMENT AND CHANGING CONCEPTS OF POVERTY:  
ISSUES OF DIVERGENCE AND CONFLICTS IN INDIAN CONTEXT**

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**ABSTRACT**

The issue of poverty has been long time debatable not only in terms of its alleviation but also in terms of defining it and ascertaining it. The problems associated with poverty alleviation somehow also falls in the problem of defining the poverty as till date there is no non-controversial definition or criteria of defining poverty in India or globally. The changing criteria's of defining poverty changes the headcount and the proportion of poor reflecting it as mere aspect which is somehow politically driven. The poverty issue has been so important not only for the political actors but in recent times as just been restricted for the academicians debates and interest which is wide aloof of the actual ground realities. The poverty definition has been continuously changing with the changing criteria's of measuring it. The problem is not only of settling with the set criteria's but also with the method and dimensions of using them. The present paper based on secondary research highlights the changing pattern of defining and demarking poverty in context of India. The paper further surfaces the conflicts that have been raised with the various methodologies of ascertaining poverty line and its impact on the head count ratio. The paper also puts lights on the approaches of different leading economists in the manner poverty issue be treated to deal with the issue of development and social justice.

**KEY WORDS: Poverty line, Calories, consumption, expenditure**

**1.1 DIFFERENTIAL APPROACHES IN DEFINING POVERTY**

There is a very long history of defining poverty by the academicians globally. There approach and discussions sometimes leading to arguments ranges from defining it from broader to narrower dimensions to ascertain it on the basis of living standards or income or also in term of income or capabilities. Further the concept of relative and absolute poverty has also been discussed in different aspects by different economists.

Some of the researchers and academicians have considered poverty only in terms of income or to a greater extent as a command over the financial resources. But this approach has been criticized as it neglects the social status of an individual or a group which are a part of a society. The other important aspect that has to be emphasized is that not only the social status has an effect on the overall living or income status of an individual or a group but sometimes the income status or living status marks their social status and hence participation. Thus apart from income the other important aspects that are to be considered are 'Social exclusion' and participation. (Kandari, P, 2005)

*Nolan and Whelan defined poverty in terms of the inability to participate in society but emphasize that what is distinctive is the 'inability to participate owing to lack of resources'.* (Lister Ruth, 2004). This distinctly points out the importance of social participation which is marked by the control over the financial resources. But it has to be mentioned that this definition is still not as broader as it excludes the non-material elements in defining the poverty. These non-material aspects range from '*lack of participation in decision making*', '*a violation of human dignity*', '*Powerlessness*' and '*susceptibility to violence*'. (Langmore, 2000). Including these social and non-materialistic aspects in defining poverty we could move towards a multi-dimensional definition of Poverty.

Thus the poor are deprived not only because they lack money but because they are deprived in a society, in a range of aspects that might include poor accessibility to education and health, poor or no sense of participation in social and political life, lack of participation in decision making, susceptibility to violence, low self-worth, low dignity and so on. Whilst it is often expedient to evaluate poverty in terms of income, especially at higher levels of aggregation along different regions globally, it is imperative to bear in mind that this is a major shortcoming in getting the exact picture.

The other debatable aspect in defining poverty is that whether it should be conducted purely in terms of income or a much related aspect i.e. 'Living standards' should also be considered. Living standards are explained here in terms of the person's position in the society. The concept could be more clarified with an example, a well-earning female who enjoys a higher level of income could have a low social status if in that strata the females do not enjoy the freedom or the right of expression, choice or

decision making power. Thus in such societies the females having a low living standards will be more vulnerable to poverty. In other words when we are solely taking income for defining poverty we are neglecting the social aspects which directly affects the living standards and increases the vulnerability towards deprivations; and income deprivation is one among such deprivations.

The criticism of taking income independently as criterion for defining poverty was further taken ahead with the introduction of the concept of 'Capabilities'. The Capability Approach was first articulated by the Indian economist and philosopher Amartya Sen in the 1980s, and remains most closely associated with him. The Capability Approach is defined by its choice of focus upon the moral significance of individuals' capability of achieving the kind of lives they have reason to value. This distinguishes it from more established approaches to ethical evaluation, such as utilitarianism or resourcism, which focuses exclusively on subjective well-being or the availability of means to the good life, respectively. Thus his approach was different from the criteria as used by other economists. This approach of Sen uses functional capabilities instead of economic utility to measure the overall well-being and hence be utilized for defining poverty. A functioning can be thought of as an achievement and commodities are inputs used to achieve a functioning. Some examples of functioning are good health and safety. Commodities used to achieve good health could be nutrition, vaccines, etc. Capability is the opportunity to achieve a certain combination of functionings. Poverty is the deprivation of capability. A person could be deprived of capabilities in many ways – lack of education, bad governance, lack of income, etc. This approach takes into account that happiness is made up of many different components both material and non-material. It also takes into account the fact that not everyone has access to the same opportunities. Thus, Sen made it clear that low income is not the only factor which influences the persons capabilities.

*'Sen takes a step backwards from both income and living standards to ask why they matter. His answer is that they don't matter in their own right, for they are simply instruments to what really matters, namely the kind of life that a person is able to lead and the choices and opportunities open to her in leading that life'.* (Lister, R, 2004).

Sen in his approach emphasizes the differences in the persons abilities and capabilities to utilize the available resources into valuable functioning's (beings and doings). For example pregnant women may need nutritional food while the disabled person would require specific goods to attain mobility. Therefore, evaluation that focuses only on means, without considering what particular people can do with them, is insufficient. In the most basic sense, functionings consist of "beings and doings". Moreover, Amartya Sen contends that functionings are crucial to an adequate understanding of the capability approach; capability is conceptualized as a reflection of the freedom to achieve valuable functionings. Thus rather than goods and resources (the inputs), the focus of Sen's capability approach is people and their capabilities (the end-results). It also provides the frameworks for thinking about issues like poverty and inequality that can't be adequately addressed by the economic tools alone. Presenting in way of policy implementation for state actors this approach requires a change in the policy approach which will be more inclined towards negating the capabilities inequalities rather than income inequalities.

The other debate has been to whether consider the absolute poverty or the relative poverty in dealing with the problem. Absolute poverty is the state of existence of lack of basic resources needed for survival which are determined and ascertained by the state. Relative poverty is ascertained relatively, and shows the number of people who are poor relative to others in particular region. In this sense, poverty is basically a phenomenon of inequality. For example, one could define as poor those individuals that have incomes below a certain level say 30 percent of the average income of the society. The problem with the relative concept of poverty is that in case of third world countries where majority of the population is poor the population which is living in extremely destitution state will be considered as poor relatively. This case was highlighted by Prof. Amartya Sen and hence emphasized on the absolute measurement of poverty for demarcating the target population. Hence the absolute poverty concept is more viable which sets the criteria of basic needs and then determine the population which are at a short fall from it although there is big challenge of defining the basic needs. The challenge of defining basic needs has been quite the same as that of defining absolute poverty, because everything becomes

relative if the concept is pushed far enough. Country like India goes with the absolute poverty while the European countries focus on the relative demarcation of poverty.

## **1.2 DEFINING POVERTY IN INDIA**

The history of counting the poor in India can be dated back to the 19th century. The Dadabhai Naoroji's in his book, 'Poverty and the Un-British Rule in India' presented the first real effort to measure the poverty and poor. He formulated a poverty line ranging from Rs 16 to Rs 35 per capita per year, based on 1867-68 prices. He defined subsistence as "what is necessary for the bare wants of a human being, to keep him in ordinary good health and decency". The poverty line proposed by him was based on the cost of a subsistence diet consisting of 'rice or flour, dhal, mutton, vegetables, ghee, vegetable oil and salt'. He based the necessary consumption on the scale of diet prescribed by the Government Medical Inspector of Emigrants. His subsistence-diet-based poverty line excludes not only energy requirements for work but, as Naoroji himself states, also "all the luxuries, social or religious wants, expense on occasions of joy and sorrow, and any promise for bad season" (Naoroji, 1899 cited in Srinivasan, 2007). Thereafter, in year 1938, the National Planning Committee (NPC) estimated a poverty line ranging from Rs 15 to Rs 20 per capita per month. Following the same method as adopted by Dadabhai Naoroji, the NPC also devised its poverty line based on 'a minimum standard of living perspective in which nutritional requirements are implicit'.

In India the Planning commission has acted as a main body in estimating the poor and ascertaining the poverty line in India. These methodologies of ascertaining the poverty line has been based on the recommendations of the working groups and task forces in India, which were set up by the Planning commission, itself. These working group/task force/expert groups were set up by the planning commission at the gap of 12 to 16 years. The first task force was set up the planning commission in 1962 comprising Prof. D.R. Gadgil, Dr. B.N. Ganguli, Dr. P.S. Lokanathan, Shri M.R. Masani, Shri Ashok Mehta, Shri Pitambar Pant, Dr. V.K.R.V. Rao, Shri Shriman Narayan, Shri Anna Saheb Sahasrabuddhe. Thereafter in year 1977 the Planning Commission constituted a Task Force under the chairmanship of Dr Y. K. Alagh. Thereafter in year 1989, planning commission set up an expert group under the chairmanship of Professor D. T. Lakdawala. The next expert group for determining the poverty line was set up by the planning

commission in year 2005 under the chairmanship of Professor Suresh D. Tendulkar. Finally, an expert group was set up in the year 2012 under the chairmanship of Dr. C. Rangarajan.

Keeping in perspective the growing poverty in India and Social challenges faced by the Indian economy the planning commission formed an expert group in 1962 to devise a certain methodology to demarcate the poor in the country. The Working Group submitted its report in the same year and the Planning Commission accepted its recommendations immediately. The working group set up a separate poverty line for urban and rural areas on the basis of recommendations of the Nutrition Advisory Committee of the Indian Council of Medical Research (ICMR, 1958) regarding balanced diet.

The Working Group recommended (in 1962) that:

(i) The national minimum for each household of 5 persons (4 adult consumption units) should be not less than Rs. 100 per month in terms of 1960-61 prices or Rs.20 per capita. For urban areas, this figure will have to be raised to Rs.125 per month per household or Rs.25 per capita to cover the higher prices of the physical volume of commodities on which the national minimum is calculated.

(ii) This national minimum excludes expenditure on health and education, both of which are expected to be provided by the State according to the Constitution and in the light of its other commitments.

(iii) An element of subsidy in urban housing will have to be included after taking Rs. 10 per month, or 10 per cent as the rent element payable from the proposed national minimum of Rs. 100 per month.

Following the recommendation of the working group this recommended poverty line was widely used in the 1960s and 1970s to estimate the poverty ratio at both national and state level.

However, It was Dandekar and Rath (1971), where probably the first to define an income/consumer expenditure norm for poverty with reference to an explicit average daily per capita calorie intake norm of 2250 kcals for both rural and urban areas. This estimation was based on National Sample Survey (NSS) data from 1960-61. This generated deliberations on minimum calorie consumption norms while estimating

poverty and variations in these norms based on age and sex and lead to a more prominent measure of demarcating poverty. Dandekar and Rath hence set up a minimum consumption line in the seventies based on a calorie norm, and that line was used to define the poverty line for roughly two decades, after making adjustments for price changes for each Indian state. The numbers of poor below the state-specific poverty lines were then aggregated to get the national poverty estimates.

The Task Force set up under the chairmanship of Dr. Y.K. Alagh, in year 1977 submitted its report in the year 1979 and the Planning Commission accepted its recommendations in the same year. Based on the nutritional requirements and related consumption expenditure based on 1973-74 price levels, the task force set minimum calories consumption of Rs. 2400 in rural areas and per capita consumption expenditure of Rs. 49.16 while the minimum calories consumption of Rs. 2100 and per capita consumption expenditure of Rs. 56.7 was set up for the urban areas. To work out the monetary equivalent of the calories norms, 28th Round (1973-74) NSS data relating to household consumption both in quantitative and value terms were used. Thus this Monthly Per Capita Expenditure (MPCE) was termed as poverty line demarked separately both for urban and rural areas. The poverty lines for ensuing years were estimated by updating the poverty lines of the year 1973-74 for price changes.

In 1993, an under the chairmanship of Professor D. T. Lakdawala an expert group constituted to review methodology for poverty estimation made the following suggestions:

- (i) Consumption expenditure should be calculated based on calorie consumption as earlier; thus he did not redefine the poverty line but it retained the one defined by the Task Force (Alagh) which was at national level in rural and urban areas.
- (ii) State specific poverty lines should be constructed and these should be updated using the Consumer Price Index of Industrial Workers (CPI-IW) in urban areas and Consumer Price Index of Agricultural Labour (CPI-AL) in rural areas. The expert group thus disaggregated these national poverty lines into state-specific poverty lines in order to reflect the inter-state price differentials. The state-specific price indices were constructed by taking weighted average of the commodity group-wise Consumer Price Index of Industrial Workers (CPIIW) of (a) food (b) fuel and light (c) housing (d) clothing,

bedding and footwear and (e) miscellaneous with their respective weights in the national consumption basket of the poor in 1973-74.

(iii) Discontinuation of 'scaling' of poverty estimates based on National Accounts Statistics. This assumes that the basket of goods and services used to calculate CPI-IW and CPI-AL reflect the consumption patterns of the poor. Thus the NSS consumption distribution the Expert Group (Lakdawala) uses the state-wise consumption distribution of the NSS without any change in it, which means without adjustment to the NAS (National Accounts Statistics) consumption. This was a major difference from the Task Force method, which did this adjustment on a *pro-rata* basis.

This was further cited by the planning commission in 1993, 'dis-continuation of adjustment for the difference between NSS estimate of mean consumption expenditure and the NAS estimate due to increasing divergence between the two and since the adjustment increased the level of consumption expenditure for all the households and decreased the estimated rate of poverty as compared to the unadjusted data'.

The Expert Group (Professor D. T. Lakdawala) submitted its Report in July 1993. The Government accepted the Expert Group methodology in March 1997 as the basis for computing the official estimates of poverty in India.

In year 2005, planning commission set up an expert group under the chairmanship of Prof. Suresh D. Tendulkar. The expert group submitted its final report in year 2009, which consisted of the following suggestions:

(a) a shift away from calorie consumption based poverty estimation

Thus the expert group for the first time expanded the scope of poverty norms by including expenses on health and education. Tendulkar's results however relied on average calorie intake based on actual consumption figures reported by the NSSO, which turned out lower than the normative estimates that were used earlier. The committee reduced the calorie intake requirement in 1973-74 from 2100 to 1776 calories in urban areas and 2400 to 1999 calories in rural areas per person per day. The contention was that people in rural areas consumed far less calories for the same income today compared to what they did in the early 70s. So, even after including expenses on education and health, Tendulkar's revised numbers were roughly similar to the old urban poverty line (and higher than the old rural poverty line), after adjusting for inflation.

(ii) a uniform poverty line basket (PLB) across rural and urban India. Thus expert group suggested considering same consumption basket as for the urban poor as used for the rural poor, but apply the prices prevailing in rural areas to estimate the poverty line for rural areas.

In this context in the Tendulkar Committee report, it is stated that:

*“ As urban living standard is generally regarded as better than and preferable to its rural counterpart, this Expert Group recommends that the purchasing power represented by the MRP equivalent PCTE underlying the all-India HCR of 25.7 percent be taken as the new reference PLB for measuring poverty and made available to both the rural and urban population in all the states after correcting for urban-rural price differentials as well as urban and rural state-relative-to all-India price differentials. ”*

Thus the Expert Group (Tendulkar) used the all-India urban poverty line basket as the reference to derive state-level rural and urban poverty. This was a departure from the earlier practice of using two separate poverty line baskets for rural and urban areas.

(iii) Convert the URP-consumption based urban poverty line into MRP-consumption based poverty line. Hence for the first time, Uniform Recall Period (URP) and Mixed Recall Period (MRP) concepts have been used in 2004-05 to determine BPL population in India. The URP and MRP are based on consumer expenditure data both for food and non food items. In case of URP, consumer expenditure data for all the items were collected from 30-day recall period. On the other hand, Mixed Recall Period (MRP data) study throws light on food and non-food items. For MRP, consumer expenditure data for five non-food items namely, clothing, footwear, durable goods, education and institutional medical expenses are collected from 365-day recall period and the consumption data for the remaining items are collected from 30-day recall period.

Amidst the controversies and criticism from all the sections of the society, faced by the report presented by the Tendulkar expert group, planning commission immediately set up an expert group to review the methodology of for measurement of poverty, under the chairmanship of Dr. C. Rangarajan in year 2012. Following are the major recommendations of the expert group which are yet (till Jan, 2016) to be accepted by the Government.

- i. The poverty line should be based on certain normative levels of adequate nourishment, clothing, house rent, conveyance and education, and a behaviorally determined level of other non-food expenses.
- ii. The Expert Group computed the average requirements of calories, proteins and fats based on ICMR norms differentiated by age, gender and activity for all-India rural and urban regions to derive the normative levels of nourishment.
- iii. The Expert Group uses the Modified Mixed Recall Period consumption expenditure data of the NSSO as these are considered to be more precise compared to the MRP, which was used by the Expert Group (Tendulkar) and the URP, which was used by earlier estimations. 67% of the increase in the rural poverty line and 28% of the increase in the urban poverty line is because of the shift from MRP to MMRP.
- iv. The Expert Group recommends the updation of the poverty line in the future using the Fisher Index. The weighting diagram for this effort can be drawn from the NSSO's Consumer Expenditure Survey.

Following are the changes made in the expert group (Rangarajan) than from the earlier expert group (Tendulkar):

- The Expert Group (Rangarajan) reverts to the practice of having separate all-India rural and urban poverty basket lines and deriving state-level rural and urban estimates from these.
- The Expert Group (Rangarajan) prefers NSSO's estimates and decides not to use the NAS estimates. This is in line with the approach taken by Expert Group (Lakdawala) and Expert Group (Tendulkar).
- The Expert Group (Rangarajan) has considered an alternate view in estimating the poverty line by reference to the ability of households to save.

### **1.3 CRITERIA'S FOR MEASURING POVERTY AND CHANGING PERSPECTIVES IN INDIA**

#### **1.3.1 Calorie**

Calorie as measure to ascertain the poverty level was developed in the early 1970s, when a group of experts decided the appropriate line would be set according to the average monthly consumption expenditure of households whose members consumed (per capita) 2,400 calories of food per day in rural India and 2,100 calories per day in urban India.

Subsequently, the poverty line has simply been updated using consumer price indices. These numbers now have little to do with actual calorie consumption because food consumption patterns have changed. Thus the question that largely is being raised is that is the calorie intake sufficient and relevant in the different situations and with the changing time. Although since expert group (Tendulkar) along with the calories, overall nutrition was also brought in the purview. Further moving ahead the Expert Group (Rangarajan) has recomputed the average requirements of calories, proteins and fats, per-capita per-day at the all- India level for 2011-12, separately for the rural and the urban populations. This has been done by reference to the 2010 ICMR norms differentiated by age, gender and activity-status; the age and gender distribution of All-India rural and urban populations as per the 2011 Population Census. Even after including these aspects the calories and nutrition aspects fails to demarcate the minimum needs and requirements necessary for survival. Keeping in purview the poverty status in India and the maximum number of such population is engaged in the informal sector which demands hard labour utilizing large calories. This deficiency in the calorie demands a higher amount of calories and nutrition which is not taken care of by the minimum calories set up by the various expert groups. In case of the calories intake and nutritional aspect there is a strong need to consider the overall health status in demarcating the poverty line.

### **1.3.2 Methodology of data collection**

In India, there were two main ways of collecting data: Uniform Reference Period (URP) and Mixed Reference Period (MRP). Up until 1993-94, the poverty line was based on URP data. This involved asking people about their consumption expenditure across a 30-day recall period. In other words, the information was based on the recall of consumption expenditure over the last month alone. Since 1999-2000, however, data are being collected according to MRP. Under this method, data on five less-frequently used items are collected over a one-year period, while sticking to the 30-day recall for the rest of the items. The low-frequency items include expenditure on health, education, clothing, durables etc. Currently, all poverty line data are compiled using the MRP method. The Expert Group (Rangarajan) uses the Modified Mixed Recall Period consumption expenditure data of the NSSO as these are considered to be more precise compared to the

MRP, which was used by the Expert Group (Tendulkar) and the URP, which was used by earlier estimations.

In Modified Mixed Recall Period (MMRP) method, for some food items, instead of a 30-day recall, only a 7-day recall is collected. Further for some low-frequency items, instead of a 30-day recall, a 1-year recall is obtained. This MMRP method is believed to deliver a more exact indication of consumption expenditures. The data collected on MMRP method depicted that consumption expenditures for people in both urban and rural areas went up by 10 per cent to 12 per cent because people could better recall their food expenditure over a shorter, 7-day period than what they might have done over the longer 30-day period. The higher expenditures, combined with the high population density around the poverty line, essentially meant that the poverty rate for India (for 2011-12) came down sharply.

### **1.3.3 National sample survey (NSSO) or National Account Statistics (NAS)**

Sample survey agency known as NSS (National Sample Survey) came into existence in 1950. The Directorate of NSS was assigned the job of conducting the field work. In March 1970, the NSS was reorganized and all aspects of its work were brought under a single Government organization, namely NSSO under the overall technical guidance of Governing Council. NSSO has been conducting multi subject integrated sample surveys since 1950 which are mainly of following four types; Household Surveys, Enterprise Surveys, Village Facilities and Land & Livestock holdings.

For coordination of statistical activities of the different Central Ministries and the State governments and for promotion of statistical standards, the Central Statistical Organisation (CSO) was created in May 1951. CSO prepares national accounts, compiles and publishes industrial statistics and conducts economic census and surveys. The first official estimates of the national income, prepared by the CSO at constant prices with base year 1948-49, as well as at current prices, were brought out in 1956. The coverage of the National Accounts Statistics was gradually extended to incorporate, successively, estimates of private consumption, expenditure, capital formation and savings, factor incomes, consolidated accounts of the nation and detailed accounts of the public sector.

The Private final consumption expenditure in India is generated by the two main sources in India which are National Account Statistics (NAS) and National sample survey (NSS).

As a part of NAS the CSO annually compiles the estimates of the private consumption while in the case of NSS, the household consumer expenditure surveys (HCES) of the NSSO delivers the estimates of private consumption. The NAS estimates are generally macro in nature i.e. for the nation as a whole while the NSS estimates are distributed state wise which are thereafter aggregated to yield the national estimates.

The Task Force used the percentage distribution of persons in different expenditure classes in the National Sample Survey (NSS) data on household consumer expenditure to estimate the percentage of persons living below the poverty line. The NSS distribution of private consumption was adjusted *pro-rata* to correspond to the consumption estimates of National Accounts Statistics (NAS) made by the Central Statistical Office (CSO). Using the poverty line and the adjusted distribution of persons by expenditure classes for the reference year the percentage of persons below the poverty line was estimated. The Expert Group (Rangarajan) recognized the NSSO's estimates and fixed on to not use the NAS estimates. This approach is similar to as taken up by the Expert Group (Lakdawala) and Expert Group (Tendulkar). The problem with doing away with the NAS estimates is due to the growing gap between the consumption as measured in the NSS and the NAS. Although both the estimates extracted from NAS and NSS due to be different as they are extracted using different methodologies. *'The difference in two sets of estimates is obvious but the concern is the increase in the difference over the years. The data from two sources for the years from 1972-73 to 2004-05 shows that the difference has increased from 5 percent to 50 percent'*. (Sharma. S, Yadav, J, 2010)

#### **1.3.4 Ascertaining poverty line basket**

Rural and urban poverty lines in India were first defined in year 1973-74 with the help of Per Capita Total Expenditure (PCTE). Consumption is measured in terms of a collection of goods and services known as Poverty Line Baskets (PLB). For both urban and rural areas these PLB were determined separately and were based on a per-day calorie intake of 2400 (rural) and 2100 (urban). The PLB for both rural and urban areas contains items such as food, clothing, fuel, rent, conveyance and entertainment, among others. Tendulkar (expert group) moved away from calorie anchor while testing the adequacy of actual food expenditure. The method uses same consumption basket for rural and urban poor, but applies different price levels of rural and urban areas to arrive at the poverty

estimate. The major departure from the original method is the provision for including expenditure on health and education. The latest official estimate of India's poor, from an expert group committee chaired by C Rangarajan, is based on certain normative standards of food and non-food consumption, as well as behavioural aspects of classes concerned for consumption of some other items. It not only takes normative levels for adequate nourishment, clothing, house rent, conveyance and education, but also considers behaviourally-determined levels of other non-food expenses.

Determining composition of the basket is among most debated part of the issue. The problem is due to several issues associated with ascertaining the PLB, which items to include in them, what weight should be given to them relatively, further, consumption varies as per age groups, occupation, regions, cultures and gender. This variation is hard to capture. Over the last few decades the consumption by Indians has risen constantly and share of food in total consumption has fallen. Also, within food share of calorie rich cereals have fallen and Share of proteins, fat, nutrient rich items like pulses, milk, fruit has risen. This has further raised the questions and need of updating the PLB but keeping in concern that how significant and to what amount such changes has taken place.

#### **1.4 POVERTY POLICY CONFLICT WITH THE DEVELOPMENT ISSUE: INDIAN PERSPECTIVE**

The Indian a developing economy is facing the problem of two knife sword. If the country goes for development process then it will shortfall in meeting the demands of the social sector in term of alleviating the poor households who almost represents one third of the country's population. Focusing on the poverty issue will also halt the development process of the country as the financial resources has to be diverted to this sector. The same issue has been more highlighted by the academic debate between the two noted Indian origin Economists, Prof. Amartya Sen and Prof. Jagdish Bhagwati. The debate between Bhagwati and Panagariya on the one side, and Sen and Dreze on the other has sharpened after the two sets of researchers released their new books on India. While Sen believes that India keeping its social structure should invest more in its social infrastructure to boost the productivity of its people and thereby raise growth, Bhagwati on the other hand argues that only a focus on growth can yield enough resources for investing in social sector schemes. Sen believes that investment in health and education

to improve human capabilities should be the policy directive for Indian economy and without such investments, inequality will widen and the growth process itself will weaken. Bhagwati in response to it states that growth may raise inequality initially but sustained growth will eventually raise enough resources for the state to redistribute and alleviate the effects of the initial inequality.

## CONCLUSION

To go through the poverty issue in terms of defining and ascertaining it leaves everyone astonished in fact confused to ascertain the acceptable definition of poverty as we move to length from various literatures, findings and an assortment of studies their output and recommendations and so on. Moving through the literature does not clear the real aspects of poverty and way of defining it but often confuses and mixes the academic aspects from the reality which are often two different notions as revealed in the various studies. The same difference and its existence have been reflected in the following observation:

*If the term 'Poverty' carries with it the implication and moral imperative that something should be done about it, then the study of poverty is only ultimately justifiable if it influences individual and social attitudes and action. This must be borne in mind constantly if discussion on the definition of poverty is to avoid becoming an academic debate worthy of Nero- a semantic and statistical squabble that is parasitic, voyeuristic and utterly unconstructive and which treats 'the poor' as passive objects for attention, whether benign or malevolent- a discussion that is part of the problem rather than part of the solution. (Piachaud, 1987)*

The variation in the different poverty line (in Indian context) not only reflects the significant difference but also raises the question of suitability of criteria which should be adopted to demarcate the poor from the non-poor. Until and unless we did not develop or accept the correct and uniform methodology of demarcating the poor it will be considerably difficult to frame the appropriate policy for the actual beneficiaries and their alleviation. It is really hard to accept the fact that although in the name of updating the poverty demarcation criteria's we have evolved different poverty lines but still long after independence we have failed to correctly separate the destitution line with the poverty line which often increases the conflicts in defining the poverty in India.

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