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Multidimensional Poverty in India: A Cross State Analysis

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Basically poverty is not a one-dimensional concept. Rather it is a multidimensional concept. Therefore it is undeniable that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development of all the countries in the Globe. In fact, with the advent of the capability approach of Amartya Sen and the evolution of the human development paradigm, there has been a growing interest on the part of the economists, researchers, policy makers, and also of the various institutions to focus on the narrowness of the traditional one dimensional approach of measuring poverty using income or consumption expenditure and to emphasize on the necessity of multidimensional approach to the measurement of poverty. Actually the money metric measure of poverty based on income or consumption expenditures does not provide a comprehensive evaluation of human well being that depends on both monetary and non monetary attributes and, hence its poverty, which is the manifestation of insufficient well being. It does not take into account of the deprivation of people in the access to various basic needs. Therefore the necessity of the non-monetary measure of poverty i.e. the multidimensional poverty looking beyond income has gained immense importance and it identifies how people of a country or region are being left behind across three basic dimensions viz; health, education and standard of living.

The Multidimensional Poverty Index (MPI) was initially developed by Alkire and Santos (2010). Since then several revisions of MPI have taken place (Alkire and Jahan, Sept 2018). On the other hand the cross country empirical measurement of multidimensional poverty index (MPI) was introduced by UNDP in its Human Development Report, 2010. In fact the Millennium Development Goals (MDGs) adopted by UNDP in 2000 has been eventually succeeded by the Sustainable Development Goals (SDGs) in 2015. Amongst the goals the first one has been “No Poverty”. The targets for realization of SDGs came into effect from January 1, 2016 and were committed to be brought into reality by 2030. Actually the application of multidimensional poverty measures has been proliferating partly due to the emphasis in goal 1 of SDGs on ending poverty in its all forms and dimensions (Atkinson Commission Report, World Bank, 2017). Interestingly in 2018 the UNDP and OPHDI jointly revised and unified their methodologies on poverty measurement and considered the improvement of indicators for better monitoring the SDGs. This has engendered the New Global MPI aligning with SDGs

which is expected to make cross country comparison easier. (Alkire and Jahan, Sept 2018; Alkire Kanagaratam and Suppa,(2018): Alkire, June 2018.

However , due to the severe cross country socio-economic ,cultural, geographical and political divides the modification of MPI in respect of choice of dimensions and their components is necessary. So while estimating the MPI for any country or region the problem arises about the choice of dimensions and the estimation of deprivation profiles pertaining to different aspects of living standard of each household or person, selection of weights, aggregation of dimensions etc. Further for country specific study on MPI both at National and sub-national levels there is likely to be the problem of availability of data on all the chosen indicators. In that case selection of indicators may be restricted and may be required to be modified. There has indeed been a plethora of literature on the estimation of MPI both at the cross-country level and also at the National and Sub-national levels (Alkire et al Sept 2018; Dhury and Mohanty,2015; Acar,2014; Muller ,Kannan and Alcindor, 2016; Ravellion,2011;Abu-ismail et al.,2015; Suppa,2015 Alkire and Roche, 2011 etc). The literature clearly reveals the data restrictions, modification of the choice of the indicators and formation of deprivation profiles. Interestingly the study on the estimation of MPI of India at its cross state level is almost scarce.

So following the literature and the method of new Global MPI we will estimate the MPI in a modified form for India at its cross state level. In our study we will : (i) estimate the MPI for sixteen major states of India at two different points of time by using the household level data of National Family Health Survey No 3 and 4 for the years 2005-06 and 2015-16 and also the household level data of National Sample Survey of Government of India; (ii) see the changes in the intensity of multidimensional poverty across states at the inter-temporal level; (iii) find out the determinants of cross state variations of MPI ; (iv) Compare the official estimates of one-dimensional poverty with our estimates of MPI; and finally examine the correlation between the state specific growth and MPI. We will also derive some policy conclusions towards the ending of extreme poverty.

Unlike other studies, we will select five dimensions for multidimensional poverty analysis viz; health, education, social insurance and social assistance, Living conditions, access to information and social participation. We will follow the method developed by Alkire and Foster (2007,2011) for measuring and ranking multidimensional poverty. In our study, each dimension will have several component indicators (to be chosen depending on the availability of household level data). Then we will determine the threshold level of deprivation of each component indicator which will be followed by the estimation of deprivation score in which case the values of weight of component indicator will depend on the number of dimensions and numbers of component indicators within each dimension. For determining the poverty rate we will determine poverty cut off or the threshold level by following Alkire and Foster method such that the households having deprivation score below this threshold level will be termed as multidimensional poor.