MPI in India:
Seeing success ... partially

Christian Oldiges
with Sabina Alkire & Usha Kanagaratnam
University of Oxford
Poverty Reduction in India

Source: wbopendata
A person who is deprived in 1/3 or more of the weighted indicators is MPI poor.

This person is poor: she and her family are deprived in more than 1/3 of the MPI weighted indicators.

\[ \text{MPI} = H \times A \]

**H:** Headcount Ratio or Incidence

**A:** Average Intensity among the Poor
Data: NFHS 4 (2015/16) and NFHS 3 (2005/6)

These are nationally representative as well as representative by rural-urban areas and by states.

They can be disaggregated by major caste groups, and by major religious groups as well as by age and household type.

The 2015/16 is also representative by 640 districts.
KEY FINDING: DECREASE IS STRONG — MPI MORE THAN HALVED
**Key Finding: Decrease is Strong — H almost Halved; Intensity reduced**

India cut the poverty rate from 55% to 28%
The poorest states reduced poverty fastest.
China: 10-year reduction by 268 million

According to Govt of China’s 2010 income poverty line, the number of income poor in China reduced

1990-2000 by 196 million (in 2000, over 300M poor)
2000-2010 fell by 297 million
2005-2015 fell by 231 million, leaving 56 million poor

Chen and Ravallion (2010) use the $1.25 a day poverty line. They find that from 1990-2002, 267 million people came out of $1.25 a day consumption poverty
Key Finding: About 270 million people moved out of poverty in India

By the old MPI, it’s 286 million; for the 20 MPI trials, in all but one, more than 270 exited poverty.

India still has the largest number of people living in poverty in the world: 365 million
FASTEST CHANGE IN MPI: POOREST STATES

Slope: -0.31; t-test: -9.11; R-square: 0.75
Size of bubble proportionate to number of poor in 2006
Why is this so surprising?

• In 2015, we published a study comparing the old MPI using NFHS2 and NFH3 data — so 1999-2006 (Alkire & Seth).
• According to that, both the pace and the pattern are different.
• That study was republished by the World Bank.
The MPI Headcount trend 1999-2006 was not pro poorest.

**FIGURE 1.5** A multidimensional lens suggests slower poverty reduction progress in India

- a. Monetary poverty incidence in India converged across states
- b. ...while multidimensional poverty incidence diverged

*Source: Alkire and Seth 2013.*
Per year, considering population growth rates, the number of people who exited poverty was over 8 times higher in the second period than in the first.

* definition is harmonized in nutrition and housing.
Plus, in 2019 we compare India to 10 other countries (periods differ). It remains the fastest.
...and has the clearest pro-poor trends.
**Fastest Change in MPI: ST**

- **Level of MPI in 2006**
- **Level of A in 2006**
- **Level of H in 2006**

- Absolute Change in MPI (ppps): -0.38; t-test: -5.18; R-square: 0.93
  Size of bubble proportionate to number of poor in 2006

- Absolute Change in A (ppps): -0.58; t-test: -15.12; R-square: 0.99
  Size of bubble proportionate to number of poor in 2006

- Absolute Change in H (ppps): -0.20; t-test: -1.30; R-square: 0.46
  Size of bubble proportionate to number of poor in 2006
Fastest Change in MPI: Muslim

Level of MPI in 2006

Absolute Change in MPI (ppp)

Other
Christian
Hindus
Muslim

Slope: -0.52; t-test: -15.28; R-square: 0.99
Size of bubble proportionate to number of poor in 2006

Level of A in 2006

Absolute Change in A (ppp)

Other
Christian
Hindus
Muslim

Slope: -0.34; t-test: -8.64; R-square: 0.97
Size of bubble proportionate to number of poor in 2006

Level of H in 2006

Absolute Change in H (ppp)

Other
Christian
Hindus
Muslim

Slope: -0.36; t-test: -11.97; R-square: 0.99
Size of bubble proportionate to number of poor in 2006
FASTEST CHANGE IN MPI: CHILDREN
FASTEST CHANGE IN MPI: NOT ONLY DUE TO H
FASTEST CHANGE IN MPI: NEEDS A

Slope: -0.46; t-test: -9.91; R-square: 0.78
Size of bubble proportionate to number of poor in 2006

Level of A in 2006
KEY FINDING: DISTRIBUTIONAL SHIFT

From left to right: least deprived percentile to most deprived percentile.
RURAL/URBAN: DISTRIBUTIONAL SHIFT

From left to right: least deprived percentile to most deprived percentile.
Caste groups: Distributional Shift

From left to right: least deprived percentile to most deprived percentile.
Fastest Change by Indicator: Censored Headcount Ratios
Fastest Change by Indicator
CHANGE IN NUMBER OF POOR: STATES DIFFER

Sample: Major states changes higher than 4 million.
INDICATOR CHANGES BY STATE: CENSORED HEADCOUNT RATIOS
But only partial... please help tell the full story

MPI leaves lots out — money, voice, empowerment, work, safety, relationships

10 year period is very long: when were there growth spurts?

Links to public expenditure, to public actions of different types
- Reservation system
- Schemes — MNREGA, ICDS, PDS, Anganwadi, etc etc

Links to governance, institutions, conflict, political constituencies

Qualitative assessments

Political leadership at different levels
THANK YOU!