

Development Research Methods
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Lecture – 21
Poverty Measures and Analysis

Hello and welcome to week 7 and lesson 2 of the NPTEL MOOC's course on development research methods. Poverty and issues surrounding poverty appears frequently in development research analysis. However, the notion surrounding the concept of poverty confounds many a researchers including researchers that have moved far ahead in their research work, because the notion surrounding poverty are many and therefore it needs to be very clear with regard to what are the different methods of poverty measurements and analysis. So, in this class we will look at some of the very basic notions surrounding the concept of poverty. And how does one approach poverty or issues surrounding poor people, the so-called poor people when we talk in terms of research methods. So, I have titled this class as poverty measurements and analysis which is mostly looking at the applications of these notions of poverty and how they can enter into the field of development research methods.

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So, what we will cover in today's class is as follows. We will first look at what are the different approaches to poverty. Then we will also look at some of the different poverty measures and finally end today's lesson with the ideas of multi-dimensional deprivation and Multidimensional Poverty Index.

So, I was mentioning in the beginning that the notion surrounding poverty confounds many researchers and therefore the perceptions of the researchers themselves regarding how they want to approach the concept of poverty is also extremely important. Different people have different notions of poverty, there are subjective perceptions with regard to who is poor who is not poor. However, when we come to policy analysis particularly, development policy analysis there are certain set ways in which we approach the notion of poverty. And there are many and international guidelines that we follow with regard to what do we mean by the poorer sections of population or poverty. Many of you must have come across the notion of income poverty lines for example, with respect to the developing countries, when we say what is the proportion of population that is facing a situation of poverty, often we use the threshold of people who are surviving a below one dollar a day or dollar 2 a day. So effectively what we are doing when we are referring to a threshold of 1 dollar a day or dollar 2 a day is we are talking about some kind of an income poverty, absolute level of poverty where we are trying to count the total number of poor people by a given minimum.

So, these are the kind of things that we would be looking up in today's lesson. Let us begin with the understanding the different approaches to poverty.

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Different approaches to poverty

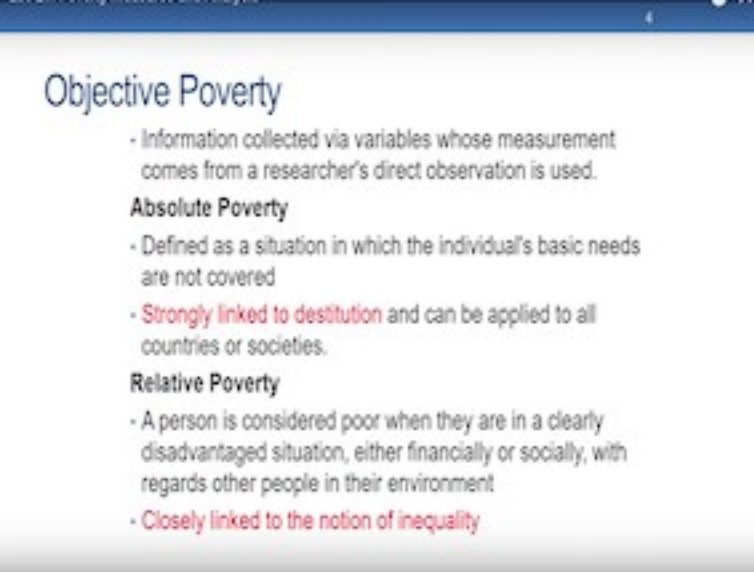
- Many ways of defining and measuring poverty as it is a complex phenomenon
- Based on the type of base information used- **Objective and Subjective poverty**
- Based on the scale or reference used- **Absolute and Relative Poverty.**
- **Static studies and Dynamic studies.** Dynamic studies include the length of duration of poverty
- Analyses based mainly on the impossibility of access to certain basic consumption elements: **Multi-Dimensional Deprivation**

Now from a social researcher's point of view, poverty is a complex phenomenon which is influenced by a large number of factors and which can be studied from many different perspectives. And the study and interpretation of poverty is not really as simple a task as there are many ways of measuring poverty as there are ways of defining it. Now depending on the point of view adopted and the aspects that need to be highlighted, different poverty analysis can be carried out and within the huge variety of possible studies, the first classification refers to the type of base information used, and which can be termed basically objective and subjective poverty. Likewise depending upon the scale or reference used we refer to absolute and relative poverty. And finally, it is also important to distinguish the static studies from the dynamic studies and dynamic studies basically include an essential dimension which is the length of duration of poverty. So, in this way our difference arises between transversal poverty and long-term or persistent poverty. From a completely different perspective analysis based mainly on the impossibility of access to certain basic consumption elements are carried out as it is understood that these limitations can result in a lack of social integration and therefore, we refer to multi-dimensional deprivations.

So, to begin with there are these different very upon there are very different approaches to poverty as I have just mentioned. Going by the base of information you have subjective and objective poverty absolute and relative poverty, which usually refers to income poverty or sometimes we take expenditures as proxy of income. The duration of poverty is also a matter of a

big concern and also looking at poverty in terms of achievements or looking at poverty in terms of the deprivations that an individual or a group of individuals are facing is also extremely important. So, before we enter into the analysis of poverty or analysis of the conditions of poorer sections of population, it is important to decide beforehand what is the approach that we are taking with respect to studying poverty.

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The slide is titled "Objective Poverty" and contains the following text:

- Information collected via variables whose measurement comes from a researcher's direct observation is used.

Absolute Poverty

- Defined as a situation in which the individual's basic needs are not covered
- Strongly linked to destitution and can be applied to all countries or societies.

Relative Poverty

- A person is considered poor when they are in a clearly disadvantaged situation, either financially or socially, with regards other people in their environment
- Closely linked to the notion of inequality

If we look at objective poverty, objective poverty use our information collected via variables and whose measurement comes from a researcher's direct observation which basically gives the researcher a very high degree of objectivity and the most commonly used variables as I just mentioned are household income and sometimes expenditure. And by applying an objective focus an analysis of both absolute and relative poverty can be carried out.

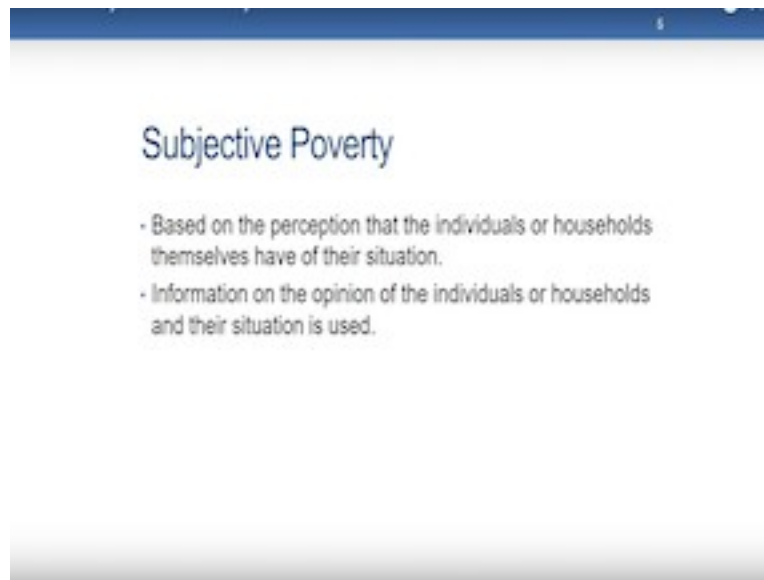
So, let us try to look at what is it that we mean when we say absolute poverty and relative poverty. Many of you may be aware of these descriptions, however for a development research method student who is from disciplines coming from other than development economics or developing sociology some of these terms will be very new. So therefore, it makes sense to have an overall idea of where are we going in terms of these concepts.

So, let us look at absolute poverty, now absolute poverty is defined as a situation in which the individual's basic needs are not covered. Or in other words there is a lack of basic goods and services and this normally relating to the very basic needs. For example, food clothing and shelter and often with time the list of basic needs also keeps on expanding. However, some of these issues related to housing or electricity, sanitation and drinking water has remained a constant for over a large period of time. This concept of poverty is also strongly linked to destitution and can be applied to all countries or all societies. So, when I was referring to the number of poorer people or poorer sections of population living below 1 dollar a day what we are essentially referring to is absolute poverty and this is something that can apply to all countries or all societies. So, a person who is considered poor under this criterion is classified in the same way throughout the world.

And a related concept is what is called relative poverty. From the perspective of relative poverty, a person is considered poor when we are in a clearly disadvantaged situation either financially or socially with regards to other people in their environment. So here the focus is mostly on the notion of inequality. Income inequalities between different groups reflect a relative poverty. And the classification between poor people and those who are not poor in accordance with this last criterion depends on the degree of development of the society under study and cannot be transferred to a different society. So, for example when we can consider one country may have poor people, we can categorize a country to be having poor people on the basis of a threshold, let us say the threshold of all those households or families who have an annual income of less than 3000 euros per year may be considered as a poorer people in a country, in a country A. Whereas in a country B depending upon the level of development of that country B all those families who have income levels below 7000 euros per annum may be considered as a poor in those country. So, in country B the person or the family who is being considered who or may not be considered so in country A. So, this is what we mean by relative poverty that depending upon the stage of development that our country is in the notion of poverty may also differ because the cutoffs are the thresholds will differ depending upon the levels of development. So, a supposedly poor person in the second country may not be classified as a poor person in a country A.

Now let us move on to the concept of subjective poverty.

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Subjective poverty studies are based on the perception that the individual or households themselves have of their situation. So, in this case we usually depend upon information on the opinion of the individuals or households and their situation. So, this way of understanding poverty is basically influenced by a subjective view that households have of their financial situation mostly as opposed to the objective view of what policy makers might think of their situation as. Or the objective focus that only uses observable and measurable variables.

Now so after being introduced to these concepts of absolute relative poverty and subjective poverty let us look at some of the issues of measurement of poverty. So, one is we understand that there is a situation of poverty in a certain society or in a certain country and then the next step for us is to go ahead and start measuring the number of people who may be considered as poor. And the question to ask is why are we interested in measurement. We are mostly interested in measurement particularly in the field of development research because we are talking about policy interventions here and measurements usually are the first step that goes on to help us to decide what are the different kinds of policies that may be designed, keeping the poorer sections of the population in mind.

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Absolute Poverty Lines

- These lines reflect the value of the resources needed to maintain a minimum level of welfare.
- Measure the cost involved in purchasing a basket of essential products (goods and services), which allow a person to reach minimum levels of satisfaction in terms of basic needs.
- Results that are sensitive to economic development can be obtained from these lines even when changes are homogeneously shared out among the population.
- One of these absolute lines that is widely used fixes a dollar per capita a day as the value of minimum resources needed for a person to not be considered in poverty. This line can be used in a world context with the implication therefore that any person who lives on less than a dollar a day is poor.
- Absolute lines are of limited interest in developed countries. In underdeveloped or developing countries they are better accepted and are used to a greater extent.

So, in the objective methodology is the so-called poverty lines are used to classify people as poor or as not poor depending on which side of the line of barrier they are placed. The lines are normally expressed using indicator values usually monetary or chosen to measure poverty. The Indian students might have heard of a concept such as above poverty line and be below poverty line. So, these poverty line concepts, basically come from these notions of absolute poverty lines and relative poverty lines. In the Indian context income poverty is considered to be the criterion for deciding upon people who are poorer in our society.

So, if we have to come up with a definition of poverty line, these lines basically reflect the value of the resources needed to maintain a minimum level of welfare and then measured the cost involved in purchasing a basket of essential products usually goods and services which allow a person to reach minimum levels of satisfaction in terms of basic needs. So, when we are referring to basket of essential products here, we are mostly referring to income. So, we are measuring the cost involved in purchasing a basket. So, let us say we decide upon a certain basket of goods that are being consumed by households or families in the form of let us say cereals and vegetables and pulses and so on. So, when we come up with the cost of the food basket and then we compare it with the household income or the family income that helps in purchasing of the food basket. Then it helps us determine whether that family is able to access the food basket given the income that the family possesses. So that essentially gives us a sense of if accessibility is poor

because the family does not have the required income to be able to access the basket of goods and services then we may say that the concerned family is poor.

So, it measures the cost involved in purchasing a basket of essential products which allow a person to reach minimum levels of satisfaction in terms of basic needs. The results that are sensitive to economic development can be obtained from these lines even when changes are homogeneously shared out among the population. And one of these absolute lines that is widely used fixes a dollar per capita a day as the value of minimum resources needed for a person to not be considered in poverty. Now this line can be used in a world context with the implication therefore that any person who lives on less than a dollar a day is poor, and this is basically widely used in today's world when we look out for countries where we do a headcount of people in different countries particularly in the developing countries of the world where they are living below dollar 1 a day per capita. And that gives us a notion of the incidence of poverty in some of the countries.

So absolute lines are of limited interest in developed countries and therefore we say that one of the characteristic features of developing countries is said to be absolute poverty and not relative poverty. In the developed countries of the world the concept that is most used is relative poverty. So absolute lines that of limited interest in developed countries. In underdeveloped countries or developing countries they are better accepted and are used to a larger extent.

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Relative Poverty Lines

- Relative poverty lines classify people in the society under study into two groups; those that are most disadvantaged, who are called poor, and the rest.
- If there is a homogenous increase of income in a society, the relative poverty lines provide the same poverty rates before and after this rise.
- The poverty threshold will be greater, but the proportion of poor people will remain the same.
- In order for the percentages of poor people calculated with this type of line to diminish, it is necessary for there to be changes in income distribution.

Let us also now look at relative poverty lines. So these lines classify people in the society under study in two groups- those that are most disadvantaged who are called poor and the rest. So, if there is a homogeneous increase of income in a society, the relative poverty lines provide the same poverty rates before and after this rise. And the poverty threshold will be greater but the proportion of poor people will remain just the same. And in order for percentages of poor people calculated with this type of line to diminish it is necessary for there to be changes in income distribution. If the income distribution remains more or less the same, relative poverty over a period of time shows similar percentages of people below and above the poverty line.

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Subjective Poverty Lines

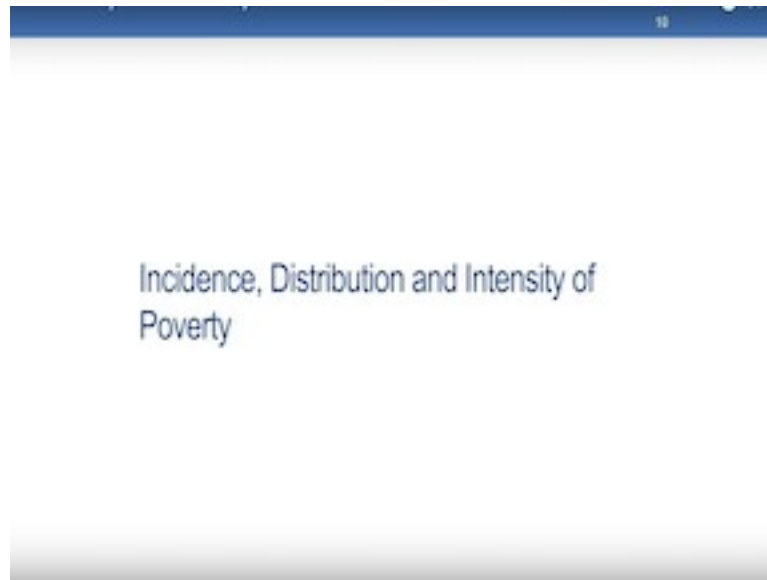
- Subjective poverty lines are based on the opinion held by individuals on themselves in relation to society as a whole.
- It is assumed that "each individual is the best judge of their own situation" (Van Praag et al, 1980) and we avoid to a certain extent the opinions of value implicit in the relative poverty measures, choice of threshold, use of equivalence scales, etc.
- The best-known subjective poverty lines are,
 - The Kapteyn Line
 - Leyden Lines
 - The Delecock Line

Now subjective poverty lines are also introduced with respect to when we talk about absolute and relative poverty lines. So, these lines are based on the opinion held by individuals on themselves in relation to society as a whole. And this is a concept which has been very widely discussed in the domain of human development as well, where particularly in the underdeveloped countries of the world or even in the developed countries a certain level of deprivation may not be considered as indicating a situation of poverty. Whereas people perceptions of themselves as being deprived of certain rights or has been deprived of certain basic needs because of not having access to those rights can also give us a sense of the situation of poverty that they are in. So, in this sense subjective poverty is also something which had been under discussion for a very long time right from the 1960s in the 1970s, and it has made a comeback in a very big way after the human development paradigm shift from the 1990s and 2000 onwards. So here in this case it is assumed that each individual is the best judge of their own situation and we avoid to a certain extent the opinions of value implicit in the relative poverty measures, choice of threshold, use of equivalence scales etcetera.

Some of the best-known subjective poverty lines have been indicated here and since the purpose of this lesson is not to go into the details of each of the poverty lines but to familiarize the students with regard to the existence of these concepts. It is requested that for those interested, you may follow up on these subjective poverty lines and get into the details of these lines to have

a better understanding of how to approach the notion of poverty, if in case you want to take up the issue of poverty with a subjective poverty line lens.

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Let us move on to the issue of incidence, distribution or intensity of poverty. It is one thing to understand that there is a state of poverty. There is a situation of poverty and also have a lens of understanding the situation of poverty in a certain location or among certain sections of population. And therefore, to be able to go into measurement the finalization of a lens of poverty is also important. However, moving further, it is also important to look at the incidence, the distribution and the intensity of poverty. And today we have a number of indices, number of measures that have been constructed that can be used in different contexts to be able to, in different combinations as well to come up with a good notion of where we are with respect to a poverty analysis and it is important to use a combination of measures and a combination of concepts as it gives us a clearer picture of where we stand in terms of policy interventions. So, let us have a look at some of these issues surrounding incidence, distribution and intensity of poverty.

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Incidence of Poverty

- The incidence poverty measures provide information on the extent of the problem, in other words they provide data on the quantity of people or households that are affected.
- The indicator that measures the incidence of poverty will be the percentage of poor people (under the relative poverty threshold) within the total population. It is calculated in the following way:

$$\text{Poverty_rate(PR)} = p/n$$

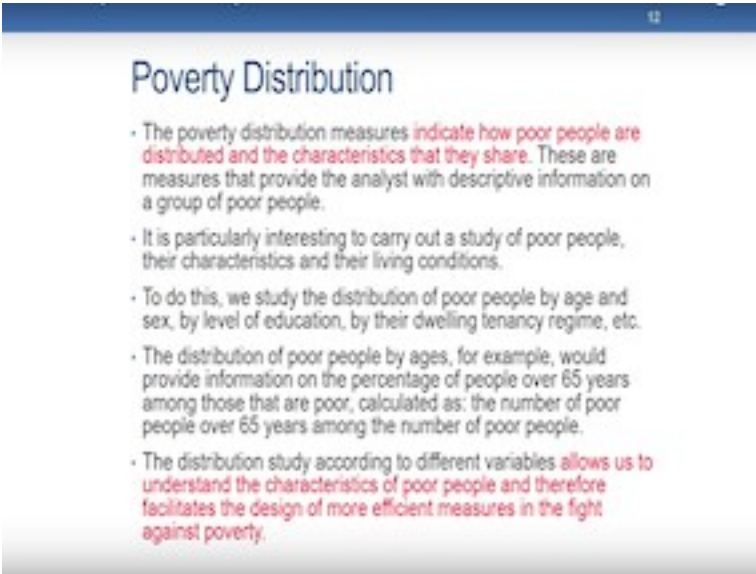
- Where p is the number of poor people and n is the total number of people, poor or not, in the group within which the poverty rate is being calculated.
- Very often, the poverty rate is called **headcount ratio**.
- Poverty rates can be calculated for different population groups according to demographic or socio-economic variables: sex and age, level of education, professional situation, etc.

Now one of the first things when we look at incidence of poverty is that this incidence of poverty can be looked at as a measure which provides us information on the extent of the problem. In other words that provide data on the quantity of people or households that are affected. In the Indian scenario for example, we often make use of the term call official headcount ratio of poverty. So, this is what we are referring to when we are seeing had headcount ratio of poverty. When we say that what is the official rate of poverty in India, effectively what we are referring to is what is the incidence of poverty in India, what is the headcount ratio of poverty in India. So, this indicator measures the incidence of poverty with regard to percentage of poor people under a certain threshold within the total population and it is calculated in such a manner where we count the total number of poor persons depending upon a threshold divided by the total number of people whether poor or not in the group within which the poverty rate is being calculated. And the threshold in our case is income. So, if we are dividing the entire population of this country into poor and non-poor let us say. So here the poorer sections of the population basically refer to all those people who are below a certain threshold of income and then we find a proportion of all those below the threshold of income as a part of the total population, we are giving the head count ratio.

And very often this poverty rate is called the headcount ratio and poverty rates can also be calculated for different population groups according to demographic or socioeconomic variables- sex and age, level of education, professional situation etc. So, if we are calculating for example

the issue of income poverty in India, if we classify the number of poorer people by gender, by age, by level of education and professional situation we might find a different scenario altogether. And often you will see that there is a lot of income poverty among the female gender. There is a lot of income poverty among underage population. A lot of income poverty among all those people who have not attained at least a secondary level of education or higher education. And also, all those people who are not in the formal sector and are found more in the informal sector have a very high incidence of income poverty. Therefore, looking at income poverty by different population groups also give us a very good picture of where we are in terms of our analysis. And that is where we come into the domain of what is called distribution. So essentially what we are doing is we are looking at the distribution of poverty.

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Poverty Distribution

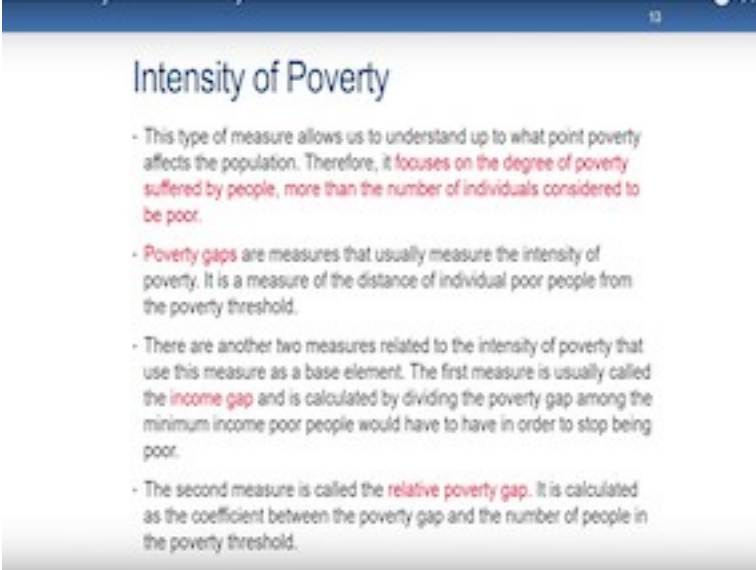
- The poverty distribution measures indicate how poor people are distributed and the characteristics that they share. These are measures that provide the analyst with descriptive information on a group of poor people.
- It is particularly interesting to carry out a study of poor people, their characteristics and their living conditions.
- To do this, we study the distribution of poor people by age and sex, by level of education, by their dwelling tenancy regime, etc.
- The distribution of poor people by ages, for example, would provide information on the percentage of people over 65 years among those that are poor, calculated as: the number of poor people over 65 years among the number of poor people.
- The distribution study according to different variables allows us to understand the characteristics of poor people and therefore facilitates the design of more efficient measures in the fight against poverty.

So, poverty distribution measures indicate how poor people are distributed and the characteristics that they share. These are measures that provide the analysis with descriptive information on a group of poor people. Now within the poverty analysis it is particularly interesting to carry out a study of poor people, their characteristics and their living conditions. To do this we study the distribution of poor people by age and sex, by level of education, by their dwelling tendency regime etc. And the distribution of poor people by ages for example would provide information and percentage of people over 65 years among those that are poor, calculated as the number of poor people over 65 years among the number of poor people. So, the distribution study according

to different variables allows us to understand the characteristics of poor people and therefore facilitates the design of more efficient measures in the fight against poverty.

And this poverty distribution also gives us a sense of the inequality existing within the society which is why poverty and inequality measures usually go hand in hand. First, we try to get a sense notion of poverty, when we look at the incidence of poverty, the distribution of poverty, the depth of poverty. And that gives us a sense of the levels of inequality existing within a society and then we go on to frame policies and interventions that can address the issue of inequality within a society coming from a social justice point of view.

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Intensity of Poverty

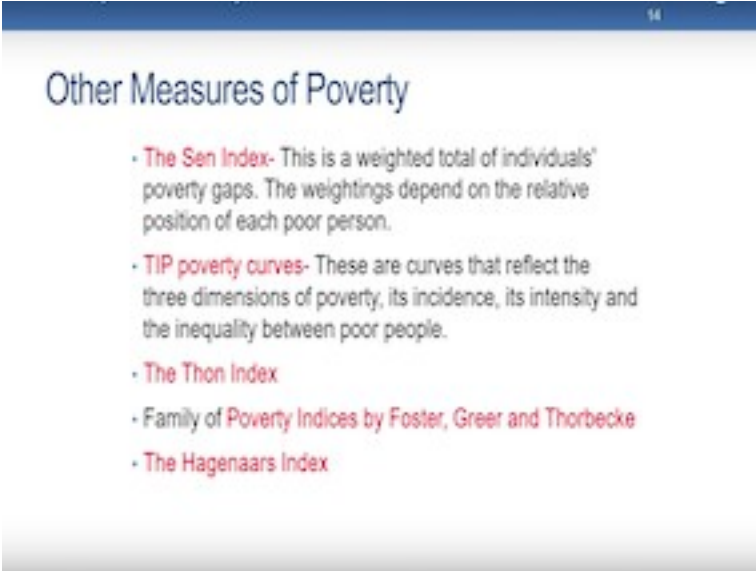
- This type of measure allows us to understand up to what point poverty affects the population. Therefore, it focuses on the degree of poverty suffered by people, more than the number of individuals considered to be poor.
- Poverty gaps are measures that usually measure the intensity of poverty. It is a measure of the distance of individual poor people from the poverty threshold.
- There are another two measures related to the intensity of poverty that use this measure as a base element. The first measure is usually called the income gap and is calculated by dividing the poverty gap among the minimum income poor people would have to have in order to stop being poor.
- The second measure is called the relative poverty gap. It is calculated as the coefficient between the poverty gap and the number of people in the poverty threshold.

Similarly, in intensity of poverty is also a measure. This measure allows us to understand up to what point poverty affects the population. So, the focus is on the degree of poverty suffered by people more than the number of individuals considered to be poor. And therefore, here in the case of intensity of poverty we make use of poverty gaps. These poverty gaps are measures that usually measure the intensity of poverty and it is a measure of the distance of individual poor people from the poverty threshold.

There are the other measures related to intensity of poverty that use this measure as a base element and the first measure is usually call the income gap. We look at what is the income gap

by dividing the poverty gap among the minimum income poor people would have to have in order to stop being poor. And the second measure is called the relative poverty gap which is calculated as the coefficient between the poverty gap and the number of people in the poverty threshold. Now some other measures of poverty also which is very frequently used in development research, I will just flag off some of these indices without going into the details of these. These may be followed up by students who would like to make use of these indices.

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Other Measures of Poverty

- **The Sen Index**- This is a weighted total of individuals' poverty gaps. The weightings depend on the relative position of each poor person.
- **TIP poverty curves**- These are curves that reflect the three dimensions of poverty, its incidence, its intensity and the inequality between poor people.
- **The Thon Index**
- **Family of Poverty Indices by Foster, Greer and Thorbecke**
- **The Hagenaars Index**

And there are plenty of materials available on them. For example, the Sen Index, we have the FGT index, the Foster-Greer and Thorbecke index. So, these are certain indices that helps us look up dimensions of poverty through its incidence, intensity and inequality between poor people.

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Persistent or Long-term Poverty

- Without leaving behind the context of relative poverty and in order to incorporate the time dimension into the analysis, measures of persistent or long-term poverty are calculated.
- Persistent or long-term poverty measures deal with information over a number of years in order to calculate the number of poor people. Information is obtained from people over consecutive years. People are classified as poor or not in each of these years following relative poverty criteria.
- Persistent poverty indicators aim to reflect structural poverty situations and they therefore do not consider people as poor who have circumstantially or momentarily fallen into poverty.

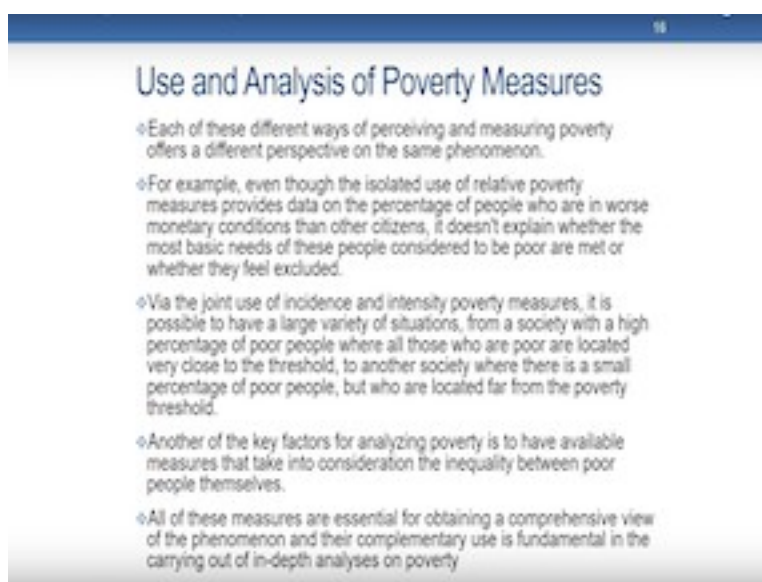
Now there is also an issue with regard to when we are looking at the issue of poverty we should also be concerned about the duration of poverty. Because, poverty is not something which is very static. It is also a dynamic process. So, people who are not poor today may enter into a state of poverty because of various reasons, because of various risk factors. It could be because of natural factors. It could be because of social factors, environmental factors and so on. People who are poor today may not be poor tomorrow and therefore it is important to look at the duration of poverty.

So, without leaving behind the context of relative poverty and in order to incorporate the time dimension into the analysis measures of persistence of long-term poverty are calculated. So persistent or long-term poverty measures deal with information over a number of years in order to calculate the number of poor people. So, what happens here is information is obtained from poor people over consecutive years and people that classified as poor or not in each of these years following relative poverty criteria and the persistent poverty indicators aim to reflect structural poverty situations. And they therefore, do not consider people as poor who have circumstantially or momentarily fallen into poverty.

There are two important concepts that are used in this context. One is referred to as a chronic poverty and acute poverty. So basically, we refer to long term and short-term duration of poverty and usually you would see that a short-term measures of poverty occurs mostly because of certain shocks as a risk factor. Could be because of a medical condition, could be because of

environmental concerns, could be because of natural calamities where families enter into a state of poverty. Whereas chronic poverty maybe because of long-term structural features of the family, could be because of caste issues, because of lack of assets in the form of land ownership and so on. So, it is important to look at the duration of poverty and the reasons thereof and understanding the duration and reasons they are of also gives us a foundation to build our notion of poverty as well and then develop our analysis based upon the notion that we have developed.

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Use and Analysis of Poverty Measures

- Each of these different ways of perceiving and measuring poverty offers a different perspective on the same phenomenon.
- For example, even though the isolated use of relative poverty measures provides data on the percentage of people who are in worse monetary conditions than other citizens, it doesn't explain whether the most basic needs of these people considered to be poor are met or whether they feel excluded.
- Via the joint use of incidence and intensity poverty measures, it is possible to have a large variety of situations, from a society with a high percentage of poor people where all those who are poor are located very close to the threshold, to another society where there is a small percentage of poor people, but who are located far from the poverty threshold.
- Another of the key factors for analyzing poverty is to have available measures that take into consideration the inequality between poor people themselves.
- All of these measures are essential for obtaining a comprehensive view of the phenomenon and their complementary use is fundamental in the carrying out of in-depth analyses on poverty

Let us now look at the uses and analysis of poverty measures. Now each of these different ways of perceiving and measuring poverty offers a very different perspective on the same phenomenon as I have just mentioned. So, for example even though the isolated use of relative poverty measures provides data on percentage of people who are in worse monetary conditions than other citizens, it does not explain whether the most basic needs of these people considered to be poor are met or whether they feel excluded. And this is one of the problems of the concept of relative poverty. Via the joint use of incidence and intensity poverty measures, it is possible to have a large variety of situations- from a society with a high percentage of poor people where all those who are poor are located very close to the threshold to another society where there is a small percentage of poor people but who are located far from the poverty threshold.

Just to make this point much clearer. So, imagine a poverty threshold of let us say income. Let us say in India we consider 12000, this is a hypothetical situation where we consider 12000 rupees per annum per family as some kind of a poverty threshold. So, all those families who are earning an annual income of rupees 12000 or less will be considered as below poverty line. And all those who are earning an annual income of more than rupees 12000 per annum will be considered as above poverty line.

Now this is one aspect of the headcount ratio of poverty, but it is also important to see when we are looking at the threshold, what is the proportion of people who are closer to the threshold, both in terms of those who are below the poverty line and those who are above the poverty line. So, we may have a situation where there is 70% of the population above the poverty line but of these 70% of the population where are they located with respect to the threshold. Are they 70% located very closer to the threshold or are they located farther from the threshold. These are estimates that will help us give us a better sense of where we are in terms of our poverty analysis.

Another of the key factors for analyzing poverty is to available measures that take into consideration the inequality between poor people themselves. And all of these measures that are essential for obtaining a comprehensive view of the phenomenon and their complimentary use is fundamental in the carrying out of in-depth analysis and poverty. So, one thing that is very clear here is that it is not just the notion of poverty that is important along with looking at the incidence of poverty and the distribution of poverty and the depth of poverty, all of these different measures need to be looked at together to be able to come up with a clearer understanding of where we are in terms of the question that we are looking at.

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Multi-Dimensional deprivation and Multi-dimensional poverty index

Now let me end this lesson with the notion of multidimensional deprivation and Multidimensional Poverty Index. For a very long time in the history of development research, because there are measurement issues surrounding the notion of poverty, development economics have for a very long time focused mostly on income and expenditure measures. However, with the coming in of the human development paradigm we have slowly started moving away from only income and expenditure measures to multiple indicators that go on to examine the situation of poverty. We have also gone on to a plane where we are trying to understand not just the levels of achievements in a society but also the levels of deprivation in a society. So, it is in this context that the concept of multidimensional poverty and multidimensional deprivation is used. Let us get introduced to some of the basic thoughts surrounding multidimensional poverty.

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Multi-Dimensional deprivation

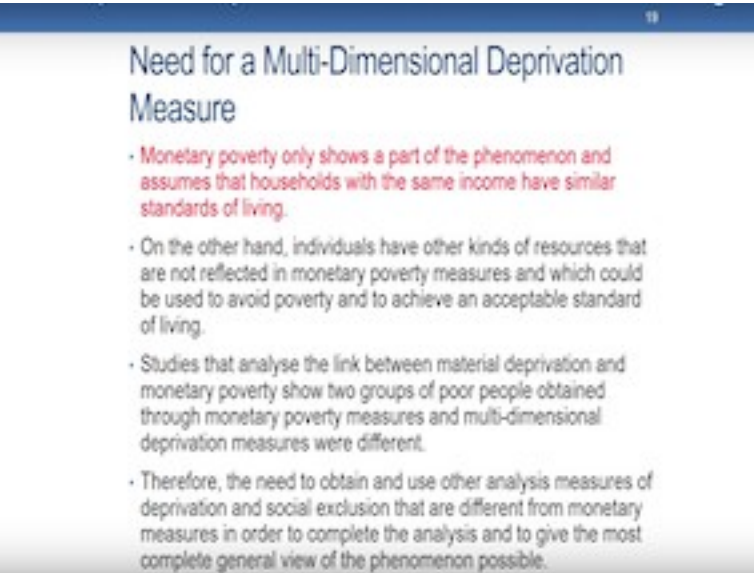
- Closely linked to social exclusion and is related to deprivation or the lack of access to certain goods and services considered necessary for society, whether basic or not.
- Poverty is measured with non-monetary variables and deprivation indicators, using breakdowns of these indicators to construct poverty measures.
- This type of multi-dimensional deprivation has also been called severe poverty.

So, this concept of multidimensional deprivation is closely linked to social exclusion. To deprivation or the lack of access to certain goods and services which is considered necessary for society whether it is basic or not. For example, when we are considering social exclusion, let me take a complex example of gender and caste. We may be talking about a labor market, where the female labor force is not allowed to participate by the fact of belonging to a certain gender. Similarly, certain caste people may not be allowed to enter a certain market because of belonging to a certain caste. So, in this case there is a measure of social exclusion that has occurred because of gender and because of caste issues.

However, when we talk in terms of relative poverty or absolute poverty these measures do not enter into our calculation and therefore it becomes important to look at multi-dimensional deprivation. I may be a high-income person however I may not be included in a certain activity because I belong to the female gender. Similarly, I may be a relatively high-income person however I may not be allowed to be included in a certain activity because I belong to a lower caste and so on. And when all of these identities mix, when you are a low caste as well as a person belonging to the female gender and so on then there are a number of multiple deprivations that one faces because of identity issues. And these calculations or these concerns does not enter into the calculations of absolute and relative poverty lines. And therefore, it is in this context that multidimensional poverty assumes a lot of importance.

So, a poverty here is measured with non-monetary variables and deprivation indicators using breakdowns of these indicators to construct poverty measures. And this type of multidimensional deprivation has also been called severe poverty. If you follow the Human Development Reports, the UN human development reports that we will come across with a variety of measures that these reports have been churning out over the past two decades. And that has gone on to highly strengthen poverty analysis in this field and it is highly recommended that students have this course make use of the Human Development Reports' analysis on poverty and various in business surrounding multidimensional poverty and deprivation.

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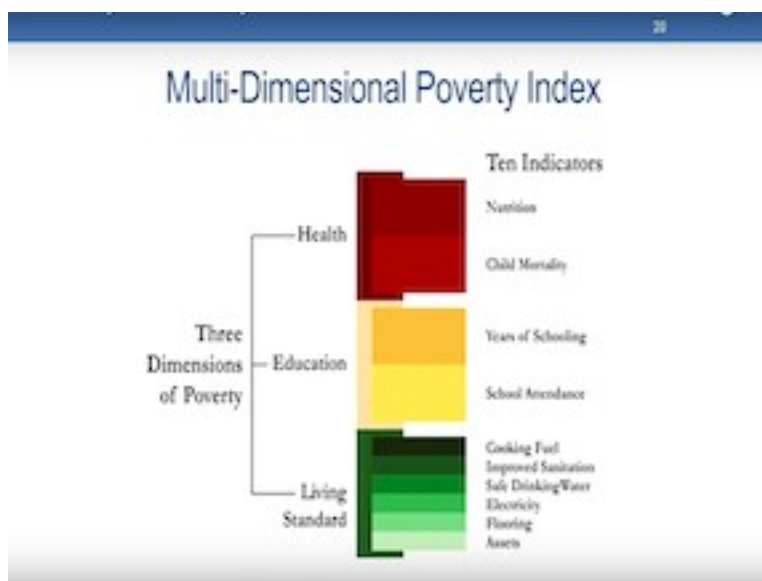
Need for a Multi-Dimensional Deprivation Measure

- Monetary poverty only shows a part of the phenomenon and assumes that households with the same income have similar standards of living.
- On the other hand, individuals have other kinds of resources that are not reflected in monetary poverty measures and which could be used to avoid poverty and to achieve an acceptable standard of living.
- Studies that analyse the link between material deprivation and monetary poverty show two groups of poor people obtained through monetary poverty measures and multi-dimensional deprivation measures were different.
- Therefore, the need to obtain and use other analysis measures of deprivation and social exclusion that are different from monetary measures in order to complete the analysis and to give the most complete general view of the phenomenon possible.

Now what is the need for a multidimensional deprivation measure I have just mentioned. However, let us also look at some of these points. A monetary poverty only shows a part of the phenomenon and assumes that households with same income have similar standards of living. But individuals have other kinds of resources that are not reflected in monetary poverty measures and which could be used to avoid poverty and to achieve an acceptable standard of living. Studies that analyze the link between material deprivation and monetary poverty show two groups of poor people obtain through monetary poverty measures and multidimensional deprivation measures were different. As I was just pointing out, one may not appear in the list of income poverty or income poor sections of population, however, I may be multi-dimensionally deprived because of facing other kinds of deprivations in life. So therefore, there is a need to

obtain and use other analysis measures of deprivation and social exclusion that are different from monetary measures in order to complete the analysis and to give the most complete general view of the phenomenon possible.

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Now this is a multi-dimensional poverty index which has been taken from the United Nations Human Development Report. The Oxford Poverty Human Initiative and the UNDP for the first time came up with the multidimensional poverty index. So here if you see there are three dimensions of poverty and these are also the same three dimensions of poverty which we make use of for calculating the Human Development Index. Those of you are aware of the Human Development Index will know that health, education and income. These are the three dimensions that we consider for a calculation of the Human Development Index. And in the Human Development Index what we are essentially doing is we are calculating the levels of achievements of a country with respect to education, health and income. Whereas in multidimensional poverty we are calculating the deprivations faced by different countries with regard to these dimensions of health, education and living standard and here the questions pertaining to a multidimensional poverty is based upon the perceptions of the families themselves with regard to their deprivation. So, the questions are answered by the families themselves based on a number of field surveys carried out.

Now these three dimensions of health, education and living standard are further divided into 10 indicators. Health has two indicators- nutrition and child mortality. So, nutrition within the family and child mortality are process indicators that go on to explain, they could also be outcome indicators which go on to explain the state of health. Education has two indicators, years of schooling and school attendance and living standard has six indicators, cooking fuel, improved sanitation, drinking water, electricity, flooring and assets.

And so, you would see that in terms of a measurement, instead of focusing only on income or expenditure focusing on all of these basic indicators which characterize basic needs of families and some achievements in each of these indicators can go on to inform various other long-term achievements, intergenerational achievements in the families. And therefore, this seems like a better measure than the absolute and relative measures of poverty.


So, in this class we tried to look at some of the basic concepts surrounding applications of development research methods with respect to poverty. As I was saying poverty frequently appears in research pertaining to development studies, development practice. However, there seems to be a lot of confusion surrounding the notion of poverty and as a serious researcher of development studies or development practice, it is important that we first begin with a very clear notion of what is it that we are investigating when we are doing poverty studies. And therefore, it is important for us to have some clarity with regard to whether we are investigating absolute poverty, whether we are relative poverty or whether we are trying to come up with a subjective perception, subjective poverty analysis depending upon what the individuals themselves feel with regard to poverty.

Now once we have focused on our lens with regard to the notion of poverty, we then move on to understanding the different measures of poverty. Because measurement is the first step that can go on to explain how to take our notion of poverty further by informing policy framing and policy interventions. It is in this context we also need to look at the incidence of poverty, the intensity of poverty as well as the distribution of poverty. And therefore, as I mentioned poverty and inequality studies usually go hand in hand.

And today we have also moved very far ahead in terms of poverty analysis because instead of focusing only on income and expenditure which earlier was considered to be two of the most

measurable indicators or variables, today we have different other indicators, surveys are being carried out to improve the databases which can help us come up with better measures of poverty and therefore we have started making use of multi-dimensional poverty. So, I hope that this lesson would give you a chance to make use of these notions of poverty within the development research methods framework that we have been discussing so far.

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References used for this lecture

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For a comprehensive literature on the topics covered in this lecture it is also suggested that students go through the reference list of the above cited papers.

So, these are some of the literature that I have used for this lesson and for a comprehensive literature and the topics covered in this lecture I also suggest that you go through the reference list of all the above cited papers. Thank you so much and see you in the next class.