MPI in India:

Seeing success … partially

Christian Oldiges

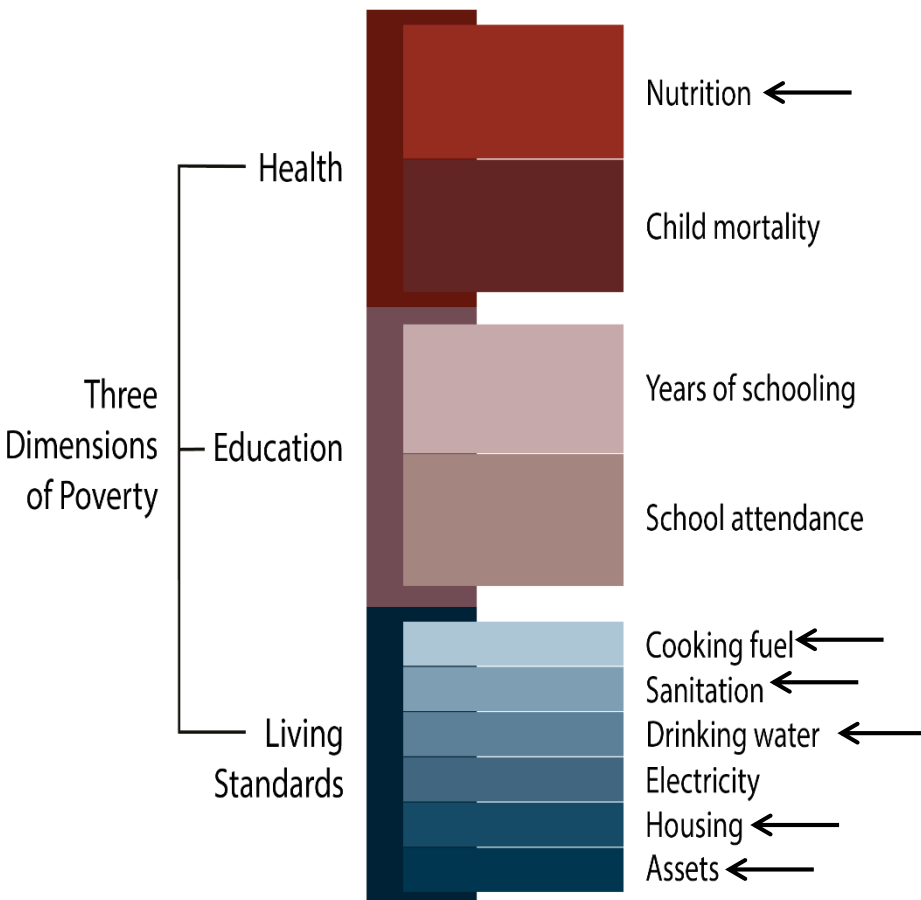with Sabina Alkire & Usha Kanagaratnam
University of Oxford

Poverty Reduction in India
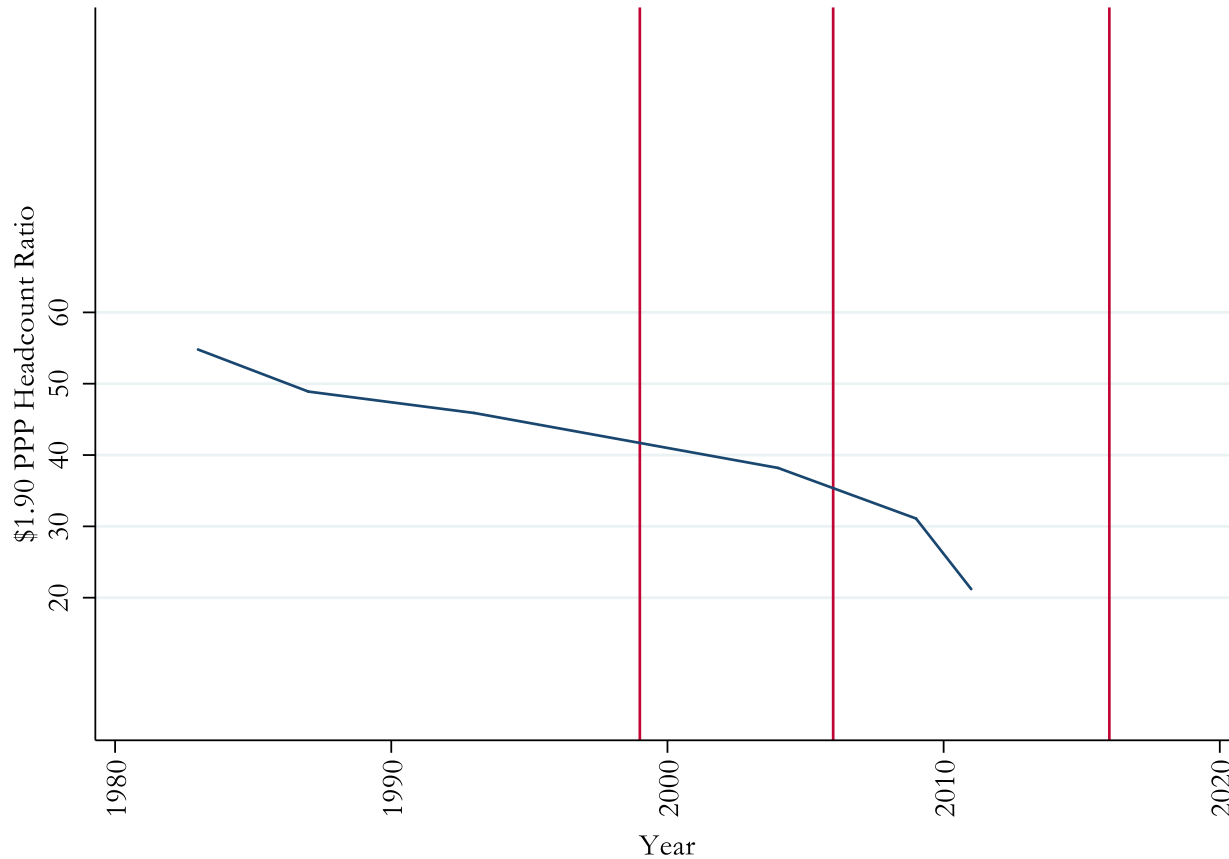
Source: wbopendata

The global MPI

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.

MPI = H x 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**.
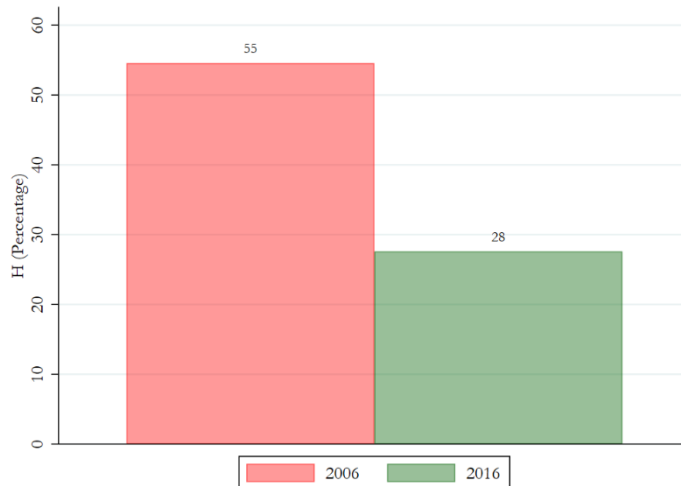
UNIVERSITY OF OXFORD

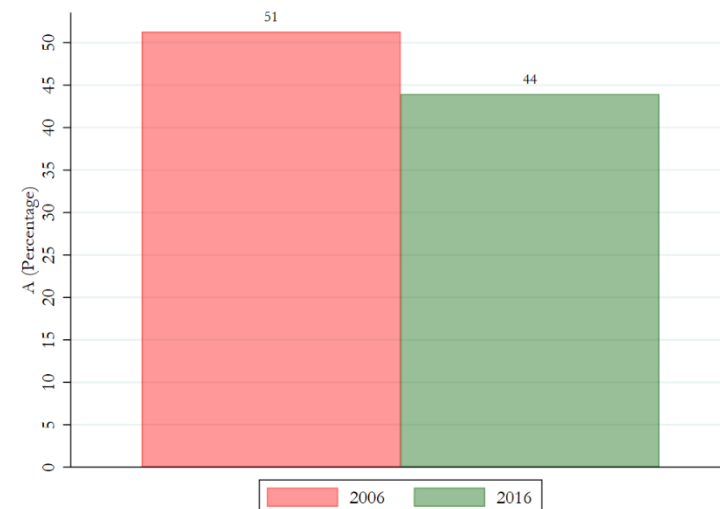# KEY FINDING : DECREASE IS STRONG — MPI MORE THAN HALVED
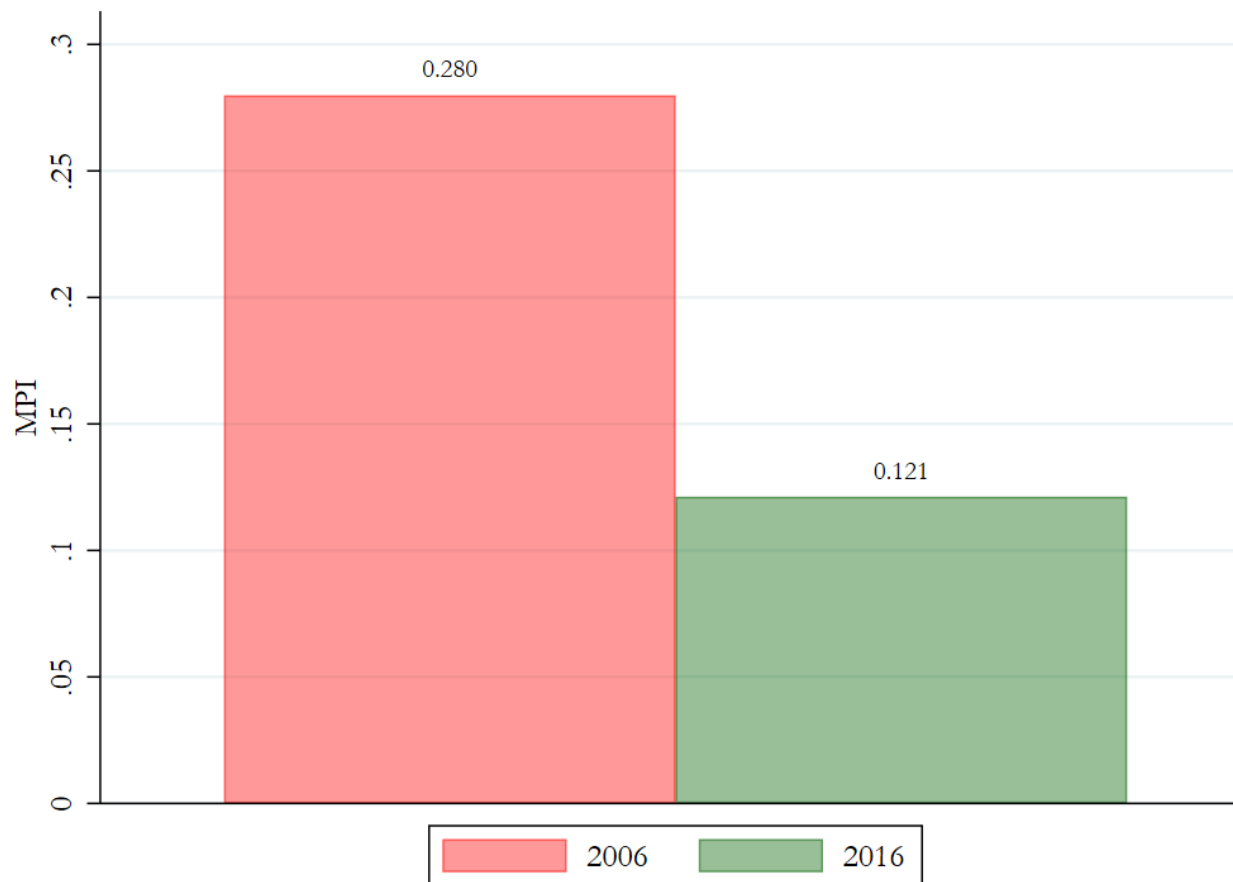
KEY FINDING : DECREASE IS STRONG — H ALMOST HALVED; INTENSITY REDUCED

India cut the poverty rate **from 55% to 28%** The poorest states reduced poverty fastest.

Intensity reduced

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)

      1995-2005 by 268 million (in 2005, 287 million poor).
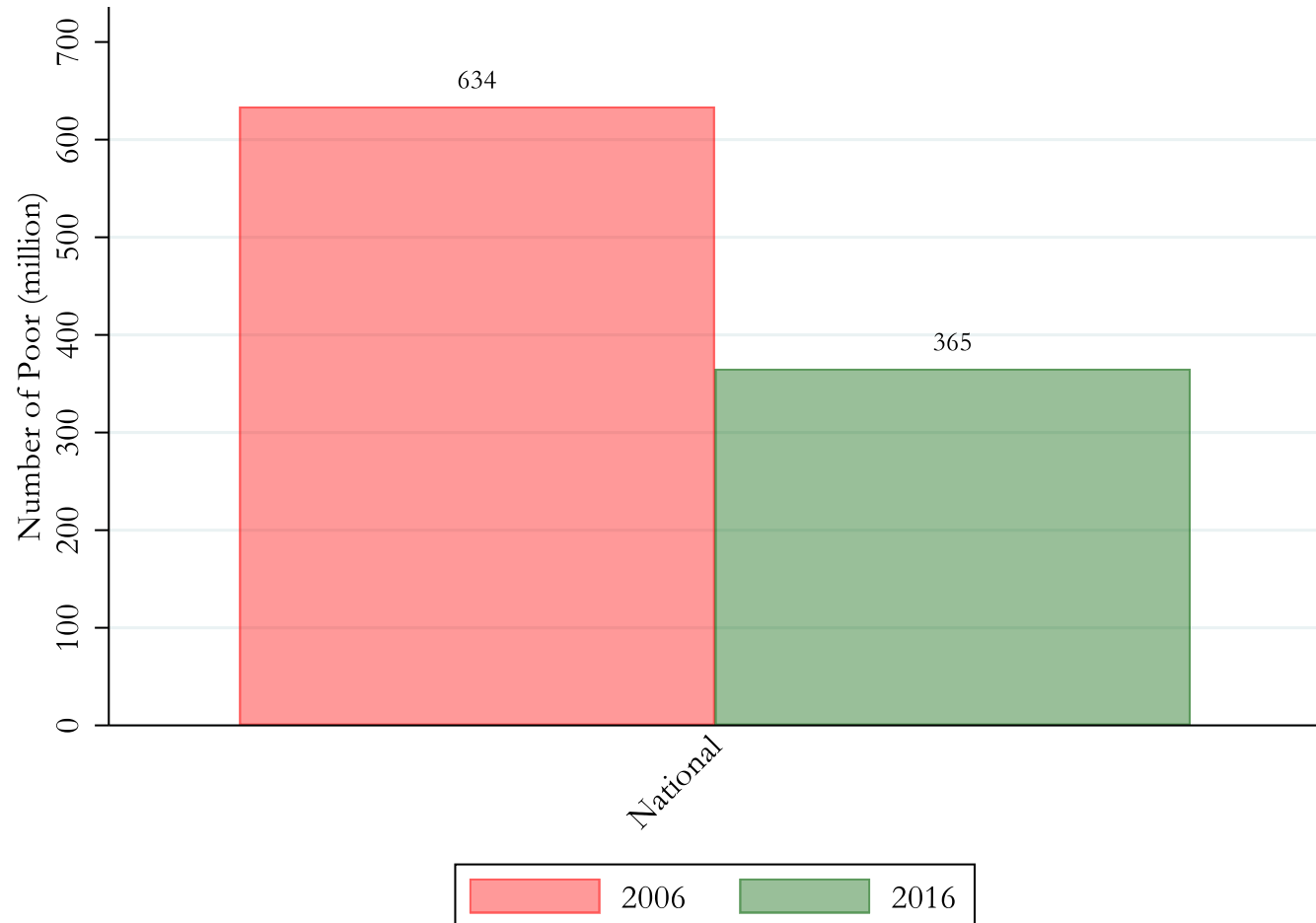
      2000-2010 fell by 297 million

      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
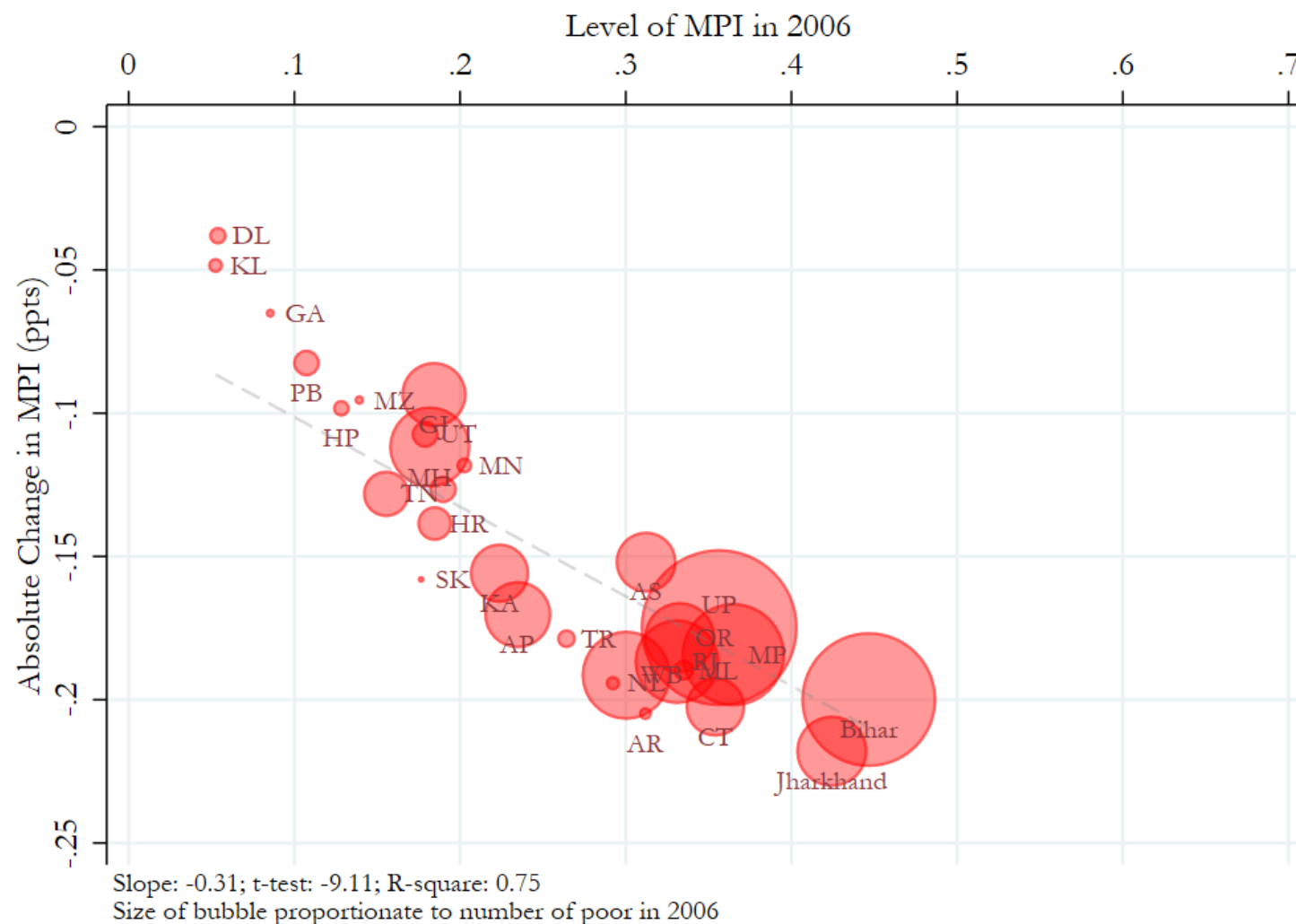
KEY FINDING : ABOUT 270 MILLION PEOPLE MOVED OUT OF POVERTY IN INDIA

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

Level of MPI in 2006

Absolute Change in MPI (ppts)

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.

10

The MPI Headcount trend 1999-2006 was <u>not</u> pro poorest.

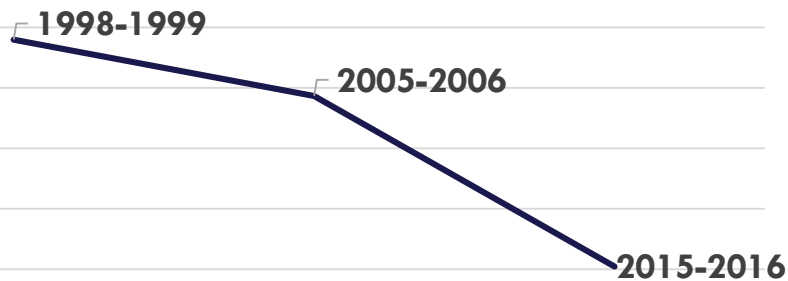**FIGURE 1.5** **A multidimensional lens suggests slower poverty reduction progress in India**

Source: Alkire and Seth 2013.
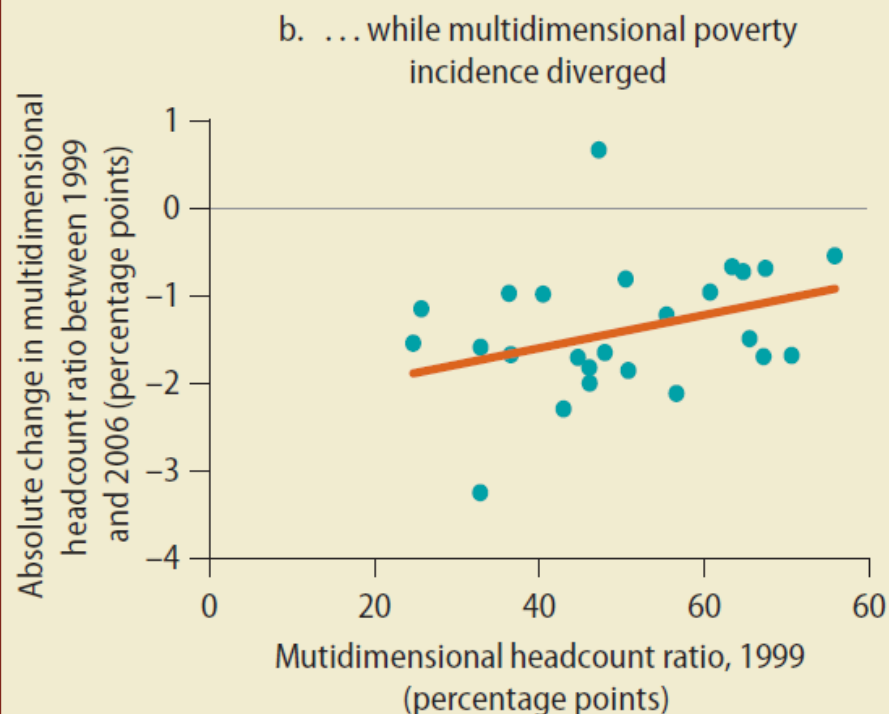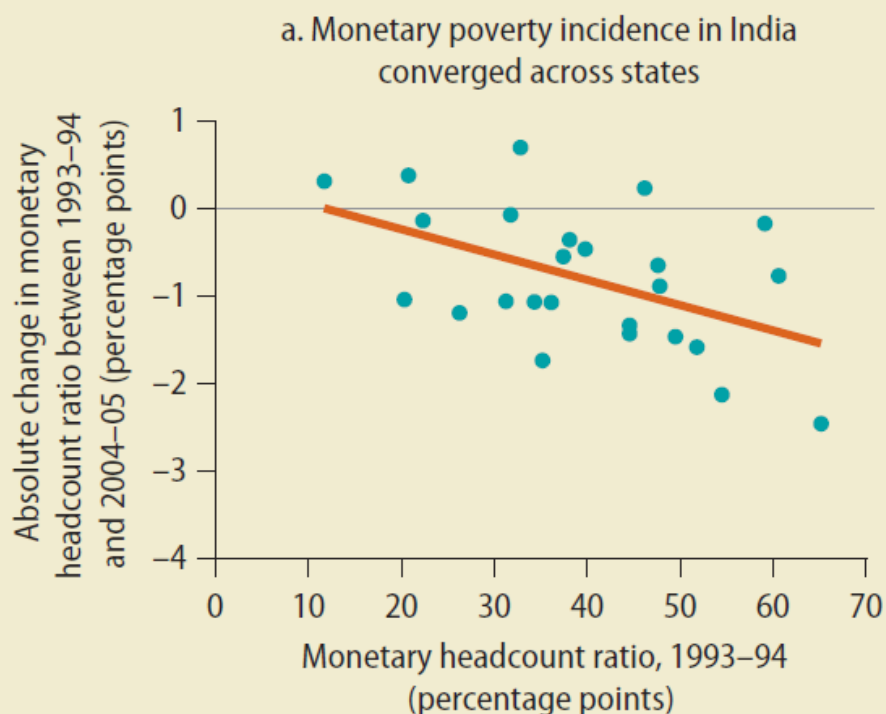
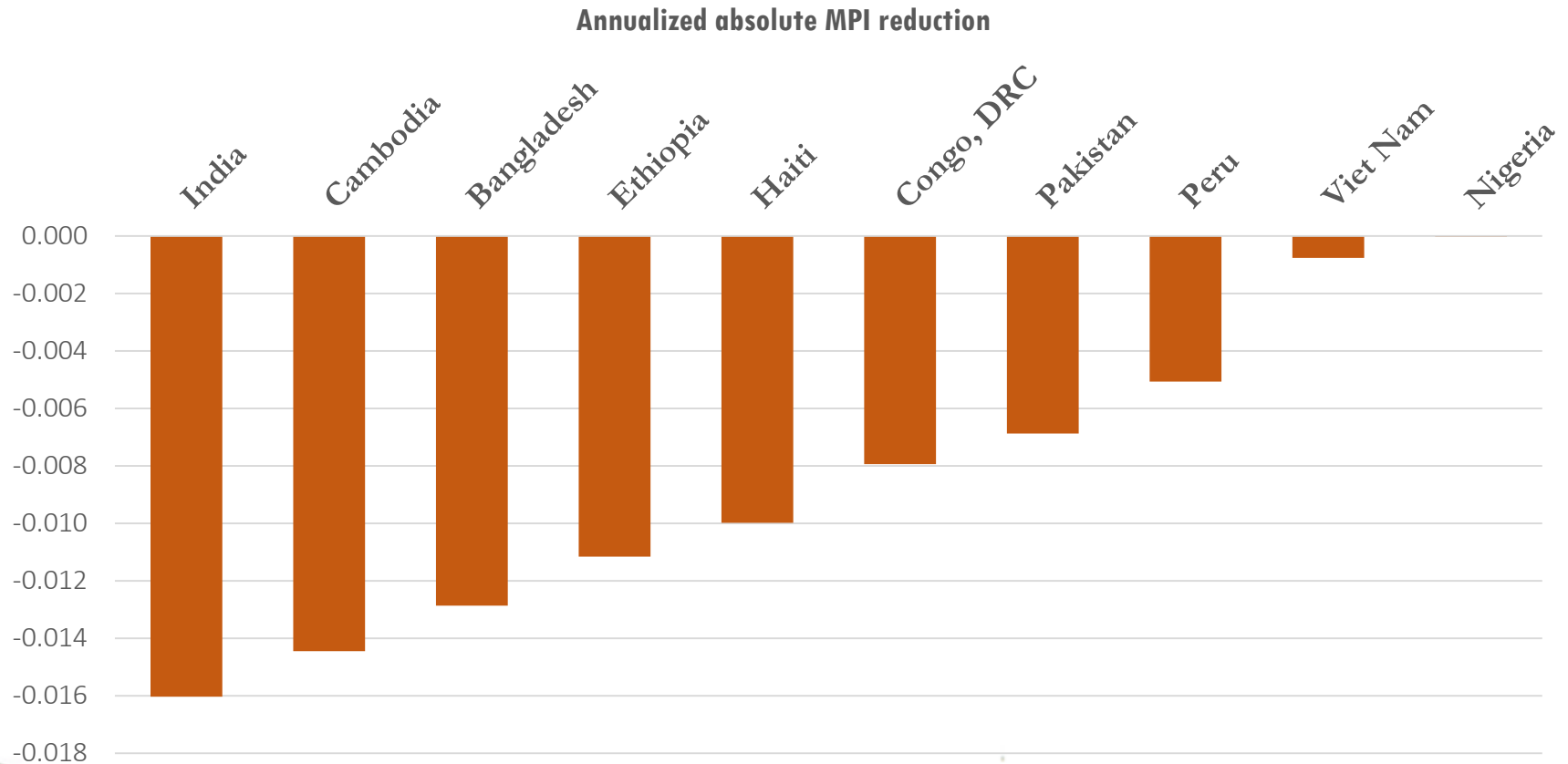# Slow then Fast: India 1998/9 – 2015/16

MPI Reduction over time

1998-1999

2005-2006

2015-2016

Reduction in M Poverty Rate

1998-1999

2005-2006

2015-2016
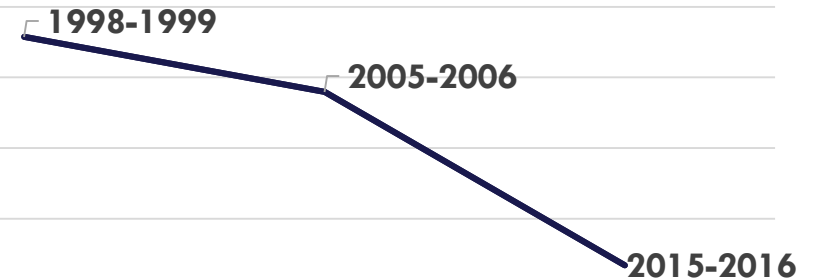
Per year, considering population growth rates, the number of people who exited poverty was over 8 times higher in the second period than in the first.
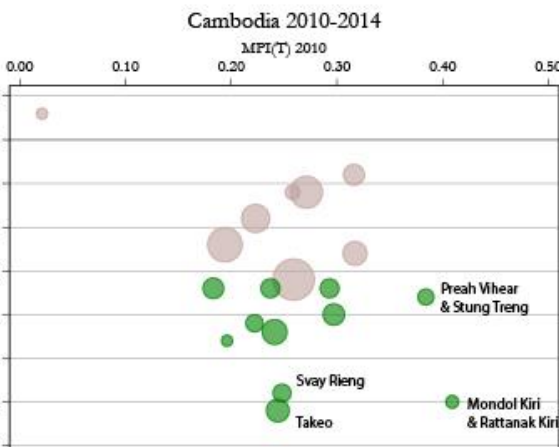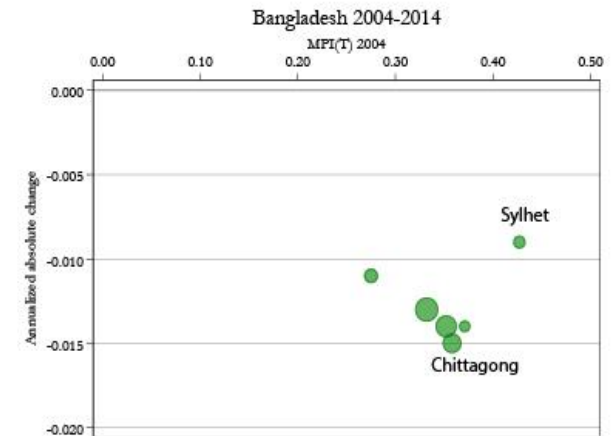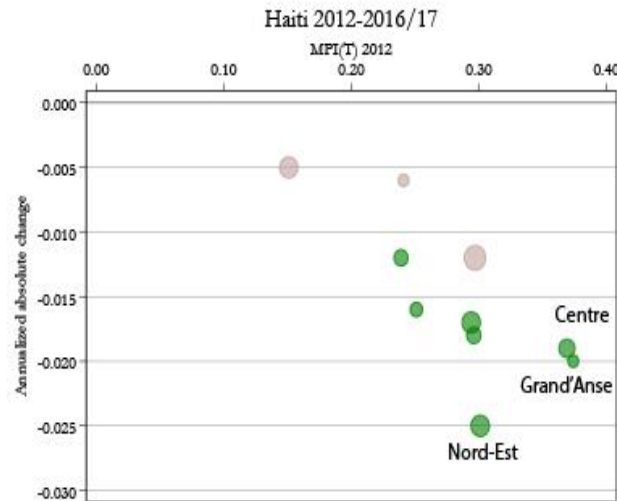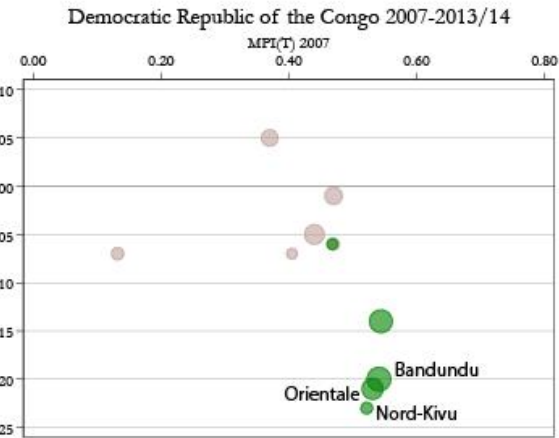
* definition is harmonized in nutrition and housing.
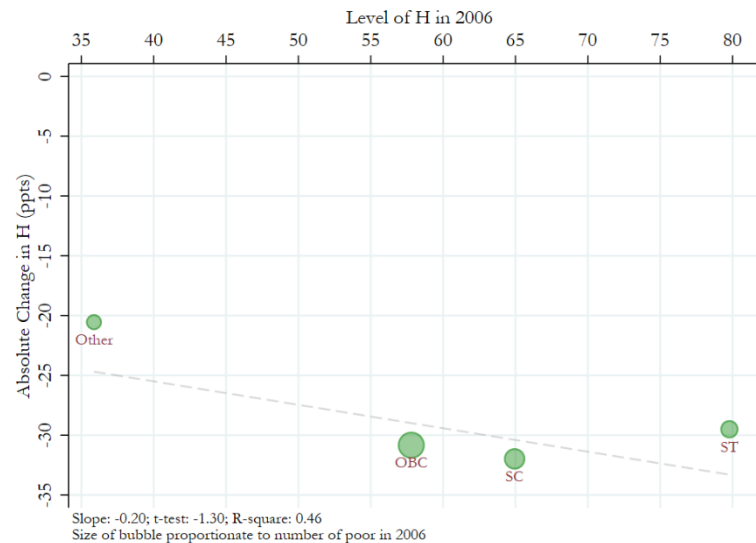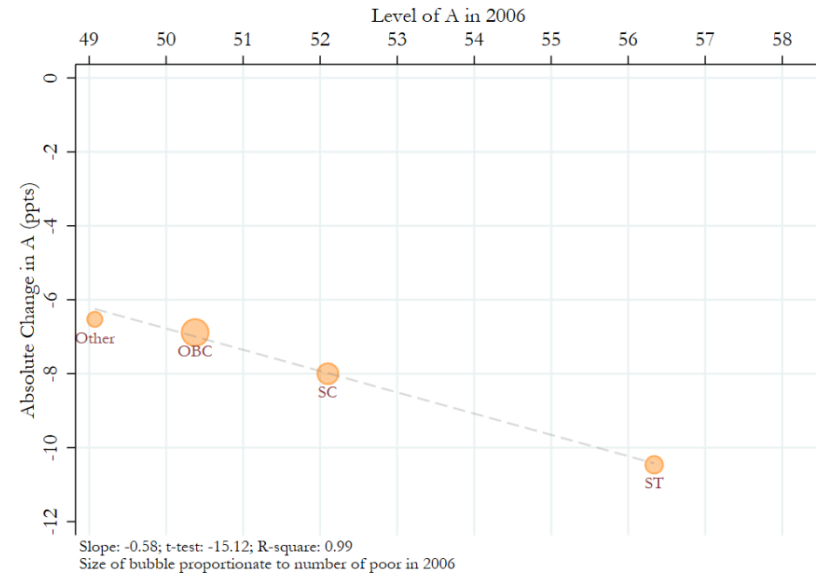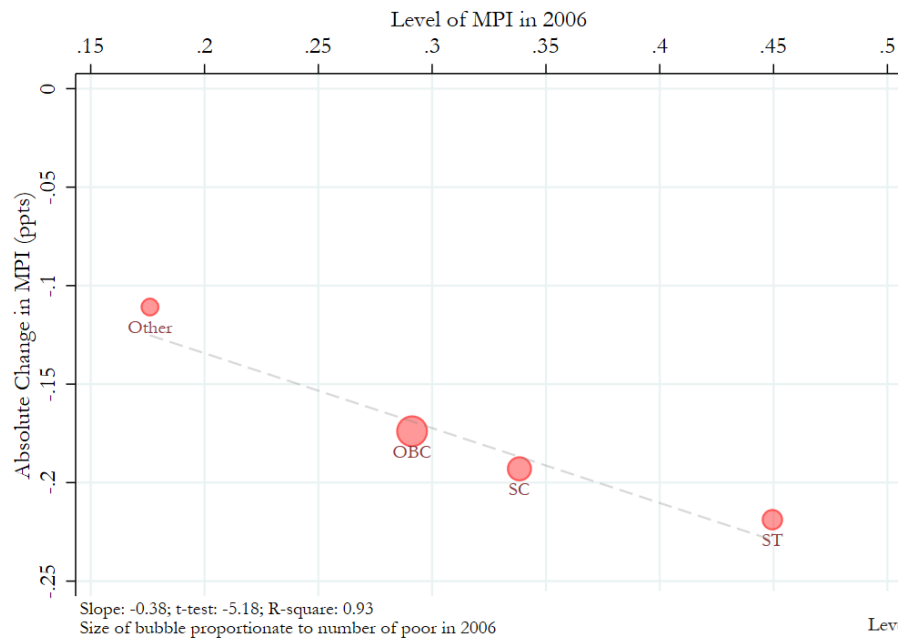
UNIVERSITY OF OXFORD

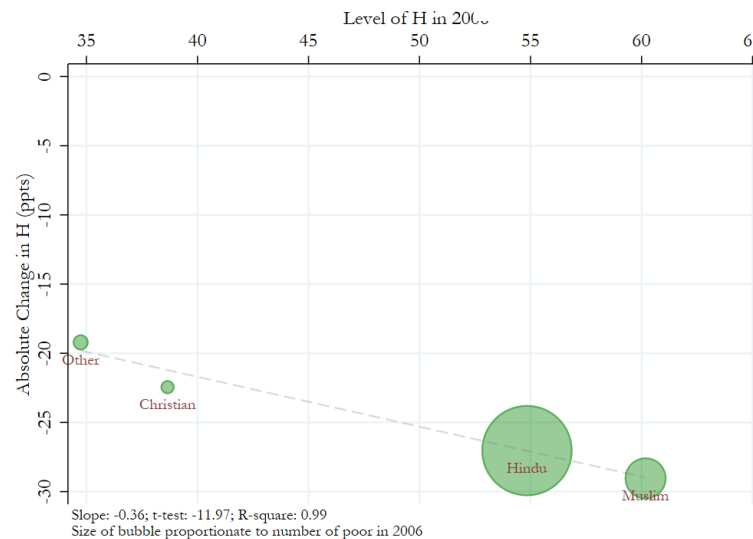# Plus, in 2019 we compare India to 10 other countries (periods differ). It <u>remains</u> the fastest.

Annualized absolute MPI reduction

…and has the clearest pro-poor trends.

Democratic Republic of the Congo 2007-2013/14 — MPI(T) 2007; Bandundu, Orientale, Nord-Kivu

Haiti 2012-2016/17 — MPI(T) 2012; Centre, Grand'Anse, Nord-Est

Bangladesh 2004-2014 — MPI(T) 2004; Sylhet, Chittagong

Ethiopia 2011-2016 — MPI(T) 2011; Oromiya, Amhara, Addis Ababa, Benishangul-Gumuz, SNNPR, Gambel

Cambodia 2010-2014 — MPI(T) 2010; Preah Vhear & Stung Treng, Svay Rieng, Takeo, Mondol Kiri & Rattanak Kiri

India 2005/6-2015/6 — MPI(T) 2005/6; Delhi, Kerala, Bihar, Jharkhand

Peru 2004/6-2012 — MPI(T) 2004/6; Selva, Sierra

Pakistan 2012/13 - 2017/18 — MPI(T) in 2012/13; Khyber Pakhtunkhwa, Islamabad (ICT), Sindh, Balochistan, Punjab

FASTEST CHANGE IN MPI: ST

Fastest Change in MPI: Muslim
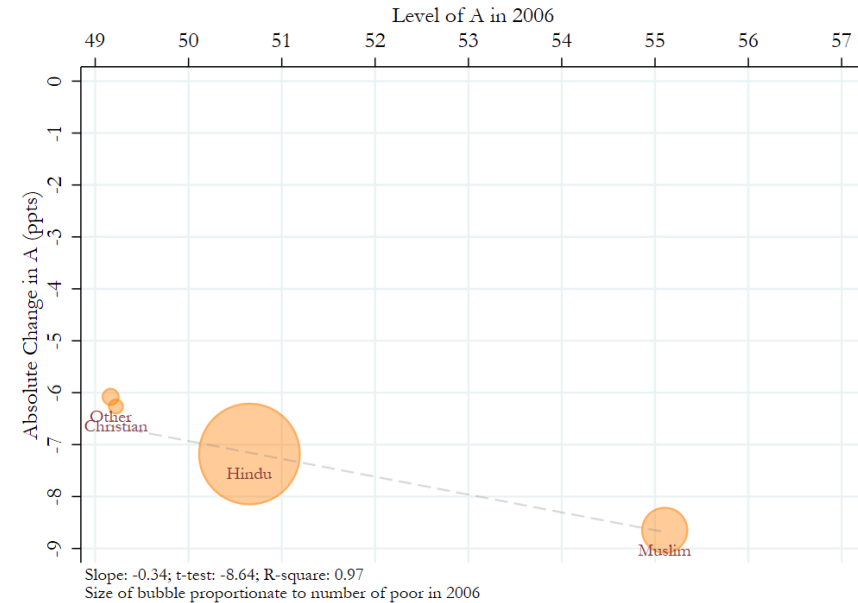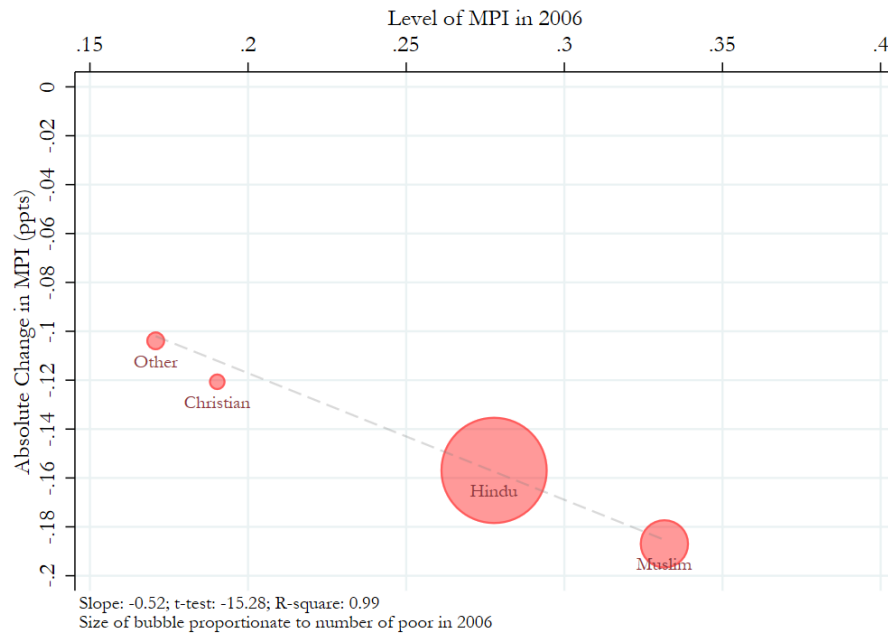
FASTEST CHANGE IN MPI: CHILDREN

FASTEST CHANGE IN MPI: NOT ONLY DUE TO H

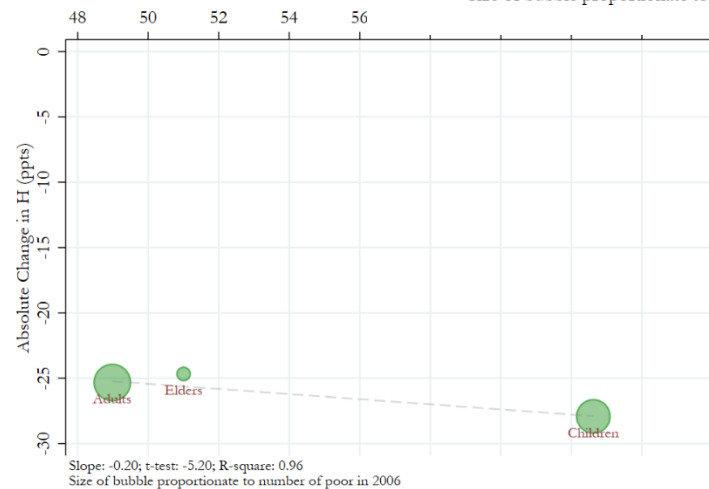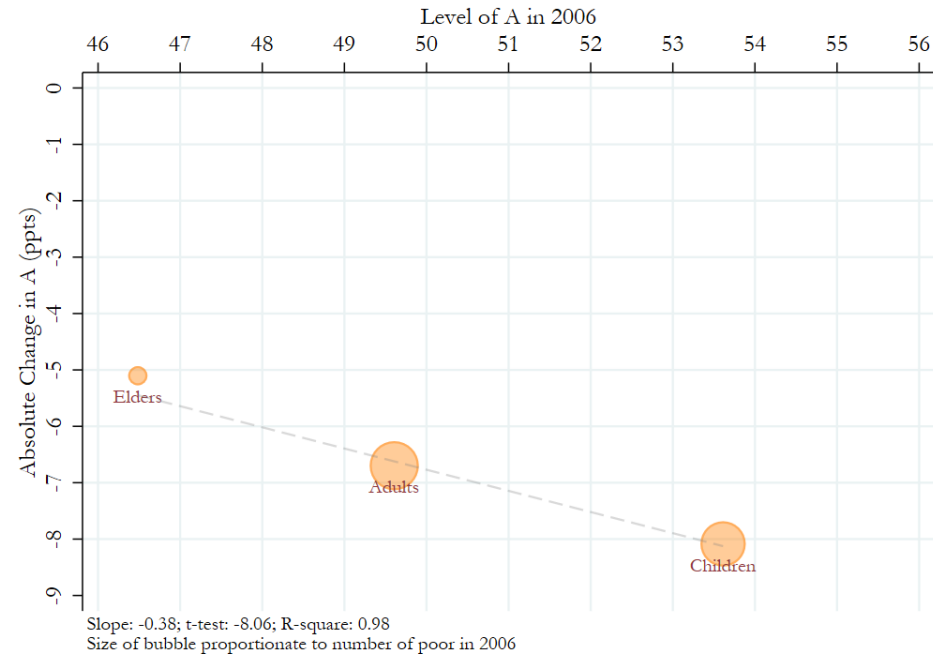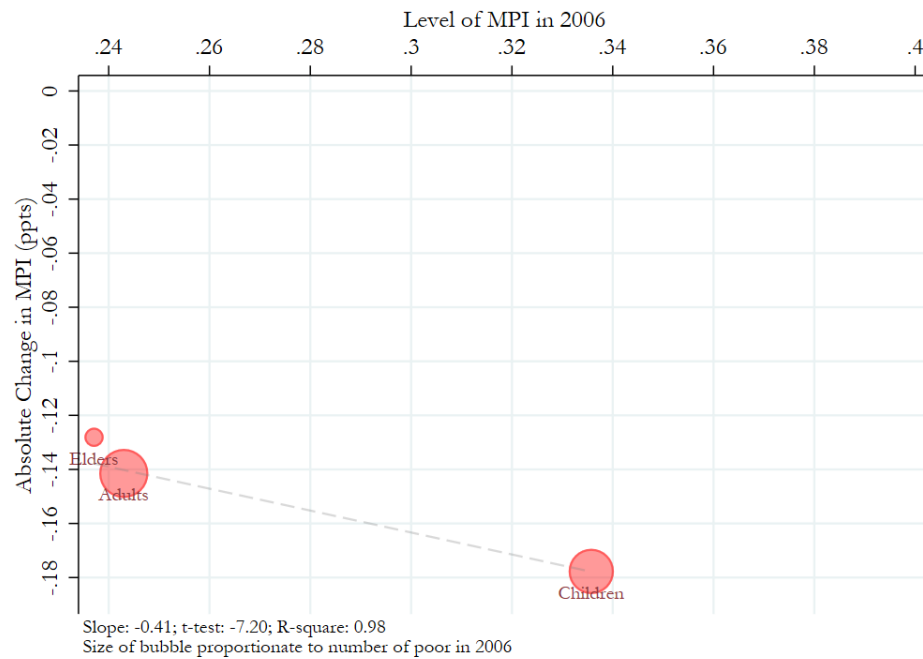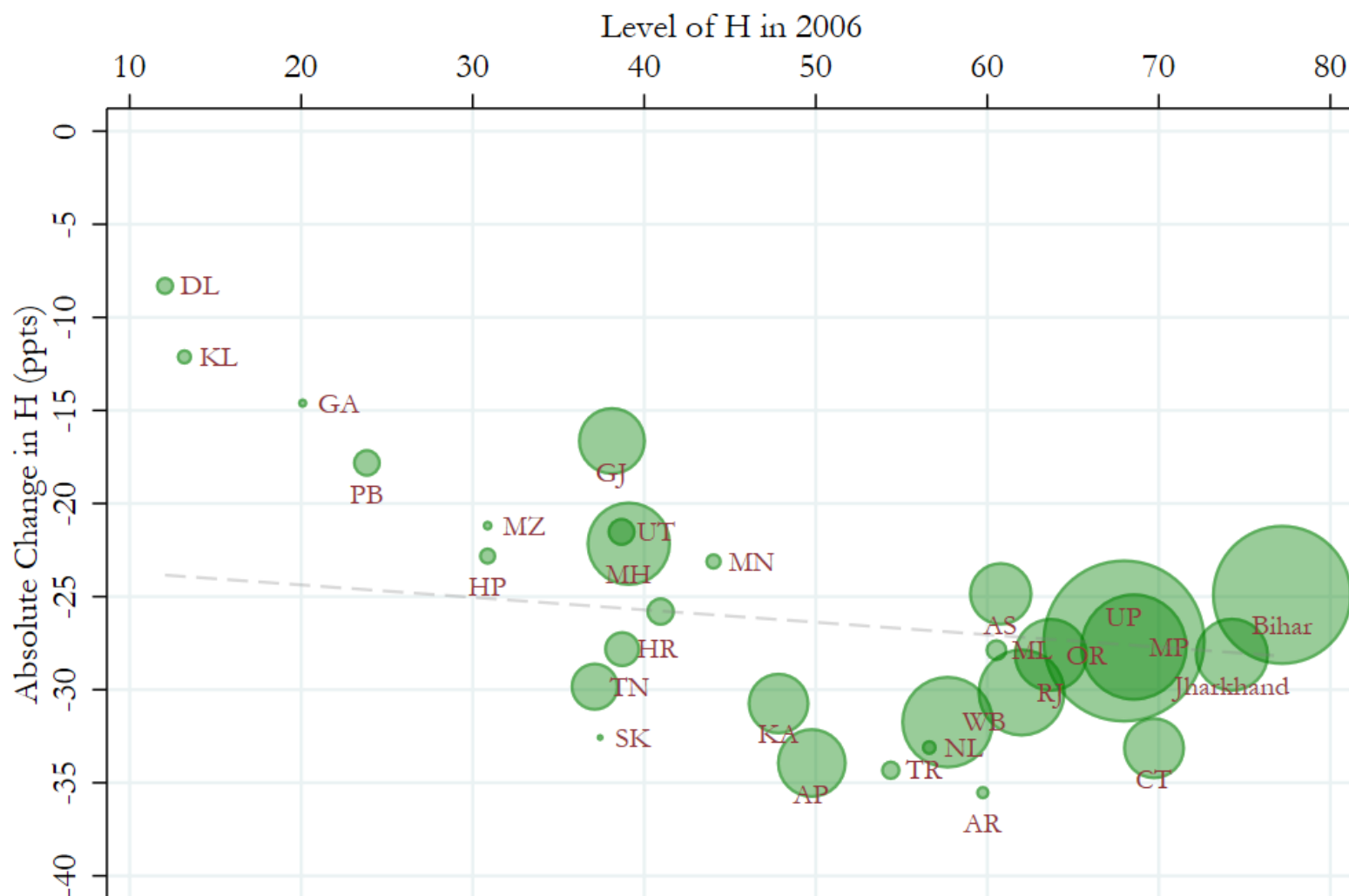Slope: -0.07; t-test: -1.22; R-square: 0.05
Size of bubble proportionate to number of poor in 2006

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
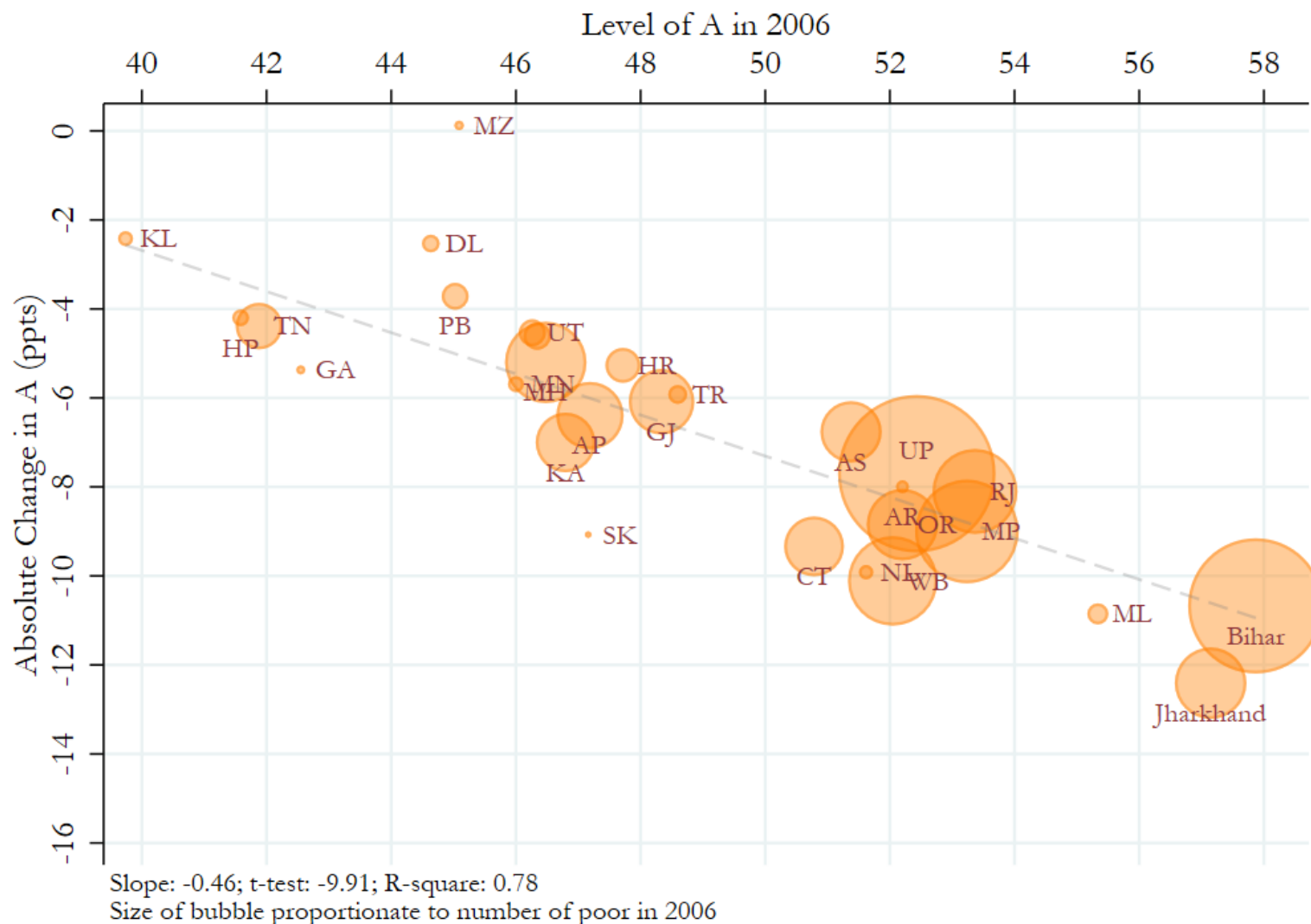
KEY FINDING : DISTRIBUTIONAL SHIFT
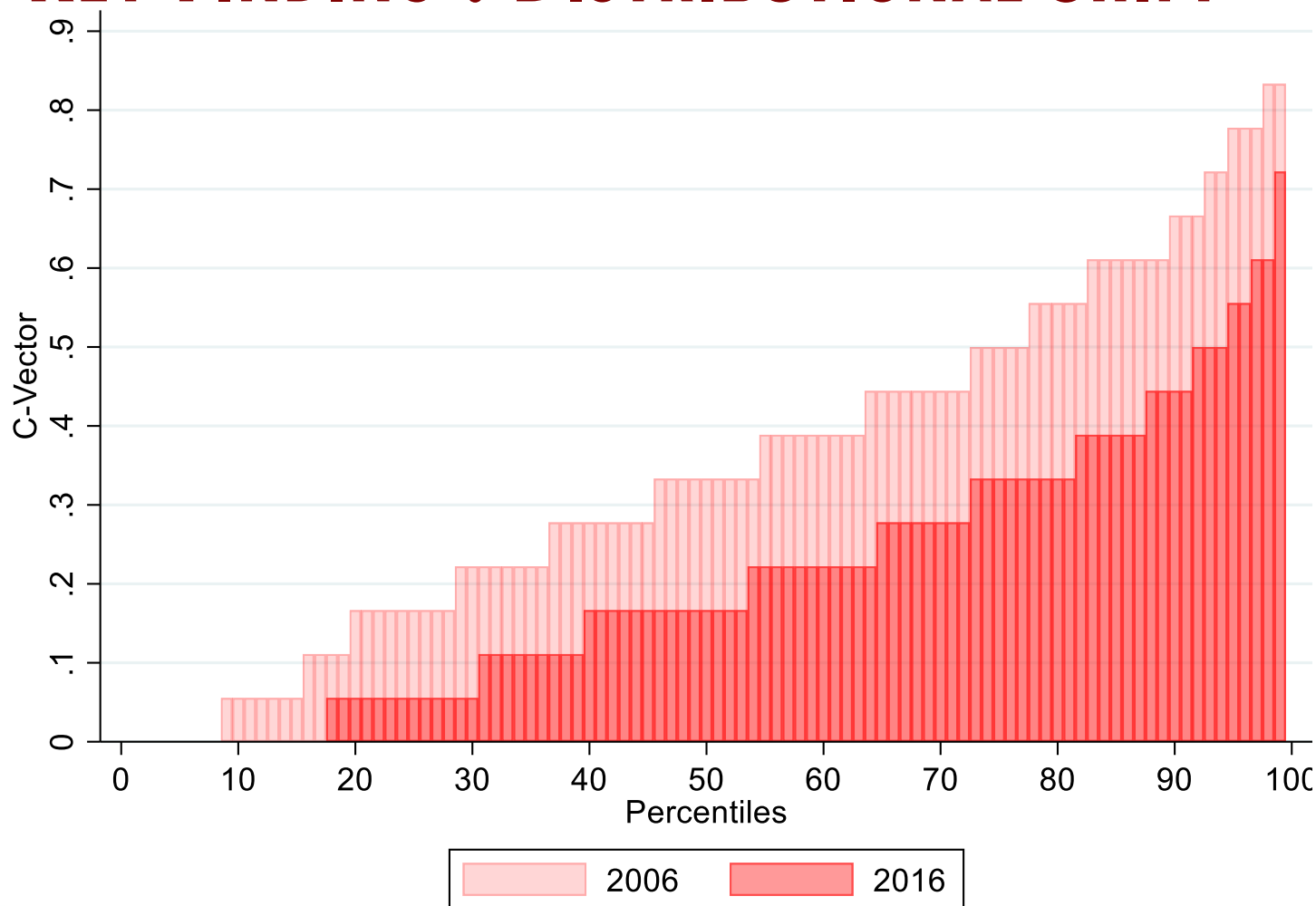
From left to right: least deprived percentile to most deprived percentile.

OPHI Oxford Poverty & Human Development Initiative

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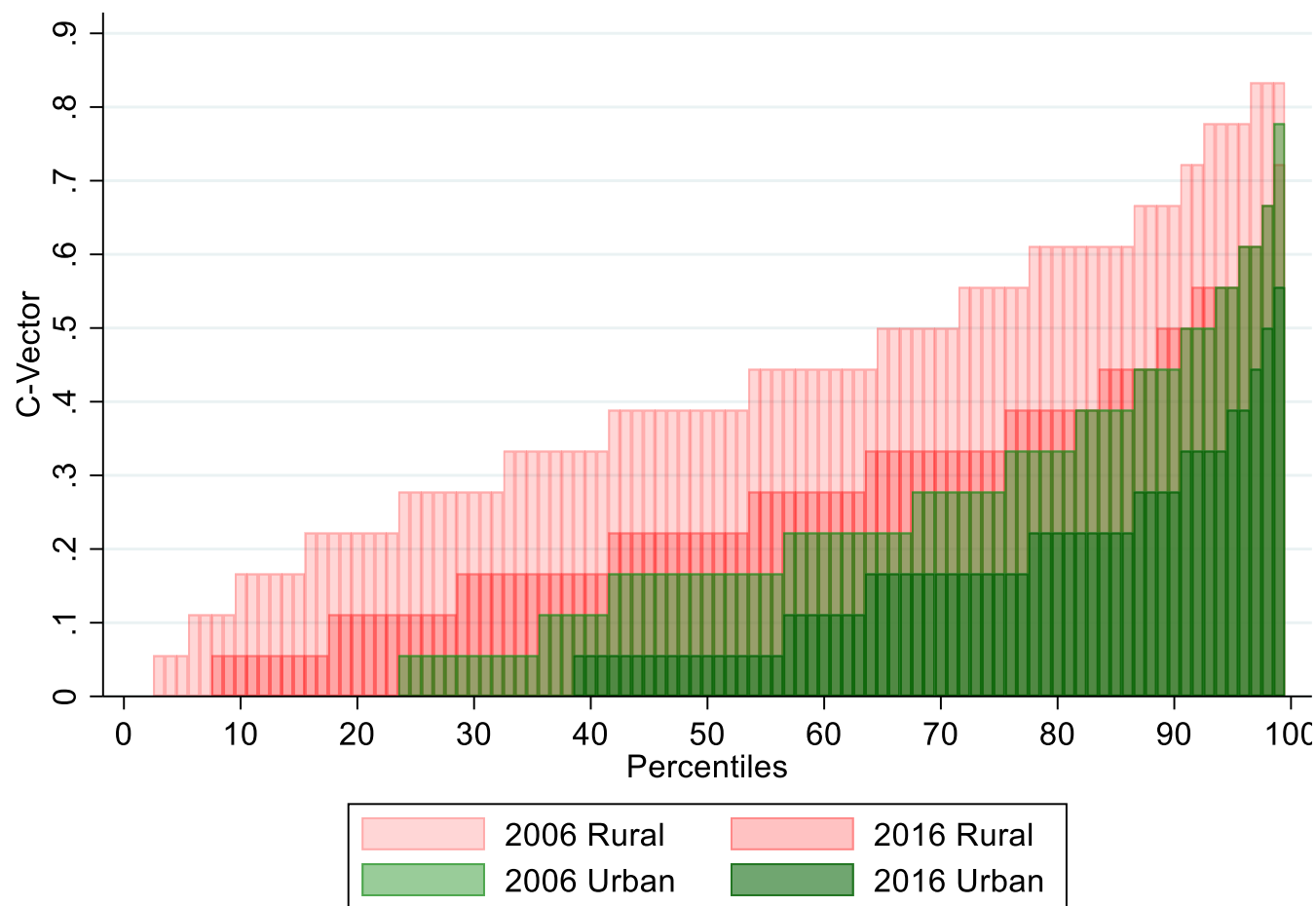
From left to right: least deprived percentile to most deprived percentile.

OPHI Oxford Poverty & Human Development Initiative

CASTE GROUPS: DISTRIBUTIONAL SHIFT

From left to right: least deprived percentile to most deprived percentile.
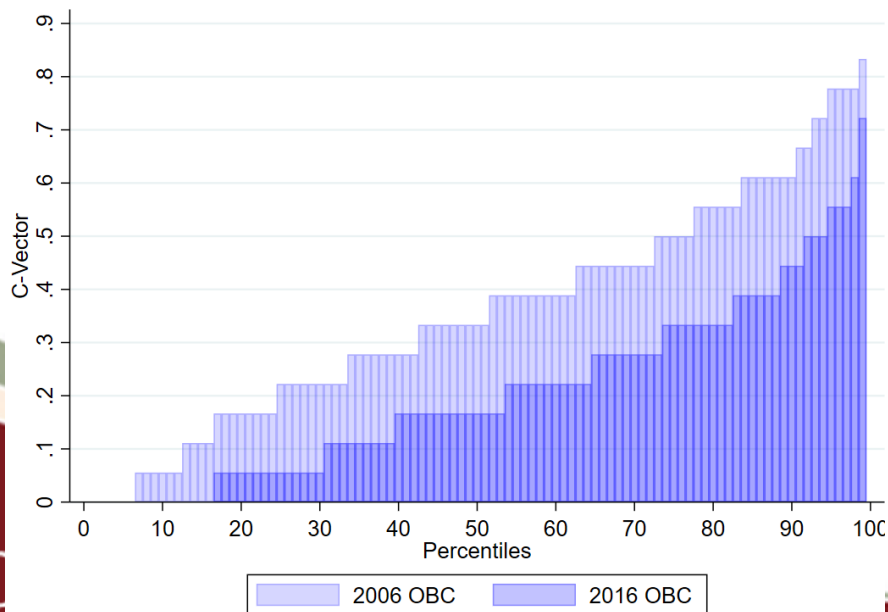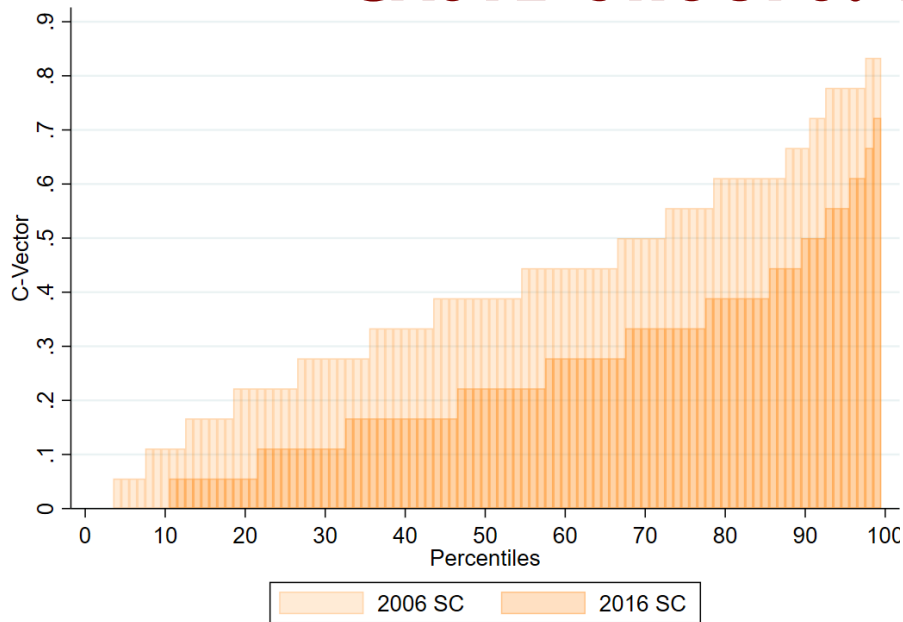
From left to right: least deprived percentile to most deprived percentile.

Fastest Change by Indicator: Censored Headcount Ratios

FASTEST CHANGE BY INDICATOR

Level of Censored Headcount Ratio in 2006

Absolute Change in CH (ppts)

Legend:
- Nutrition
- Child Mortality
- Years of Schooling
- School Attendance
- Cooking Fuel
- Sanitation
- Drinking Water
- Electricity
- Housing
- Assets

OPHI Oxford Poverty &
Human Development Initiative
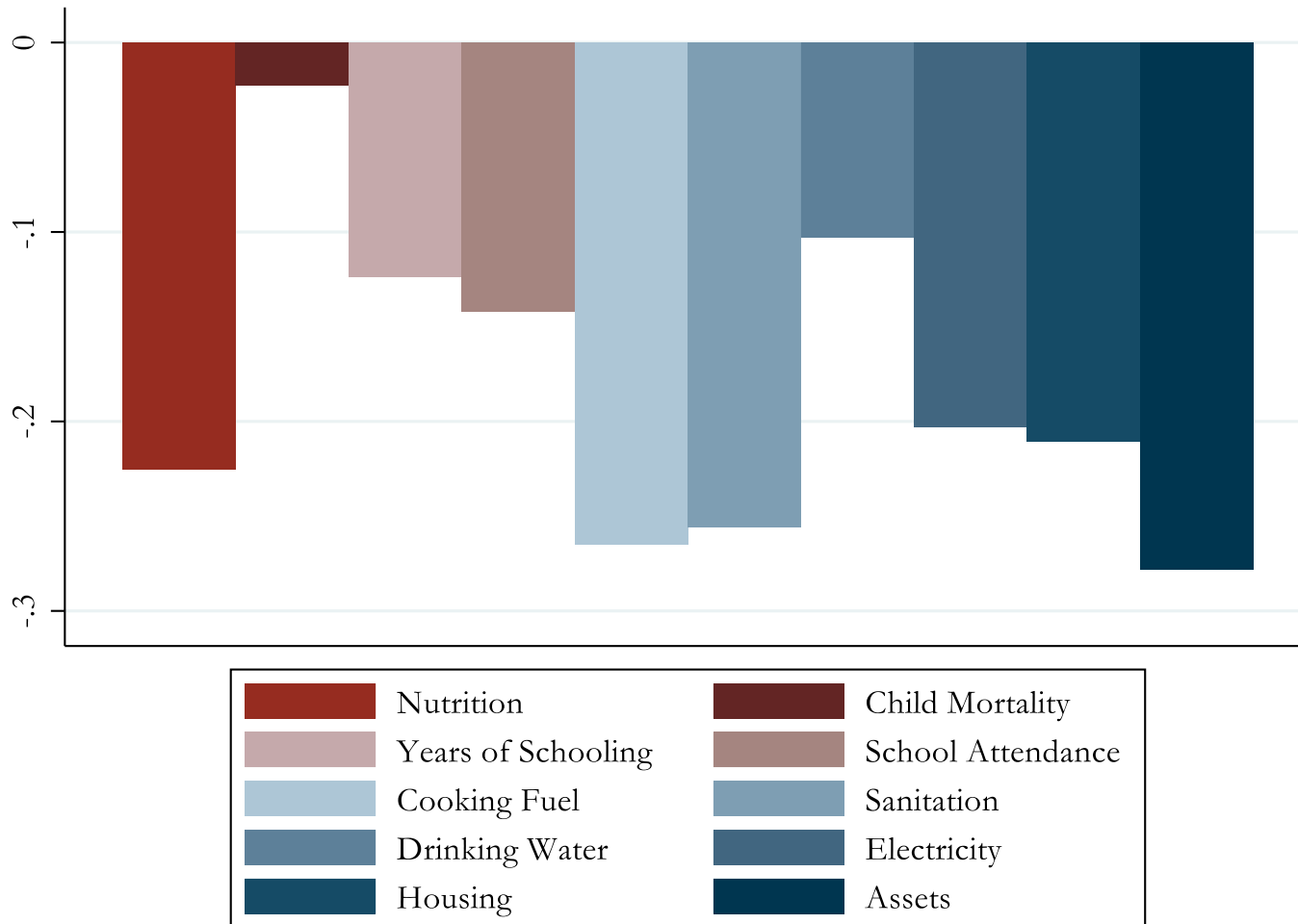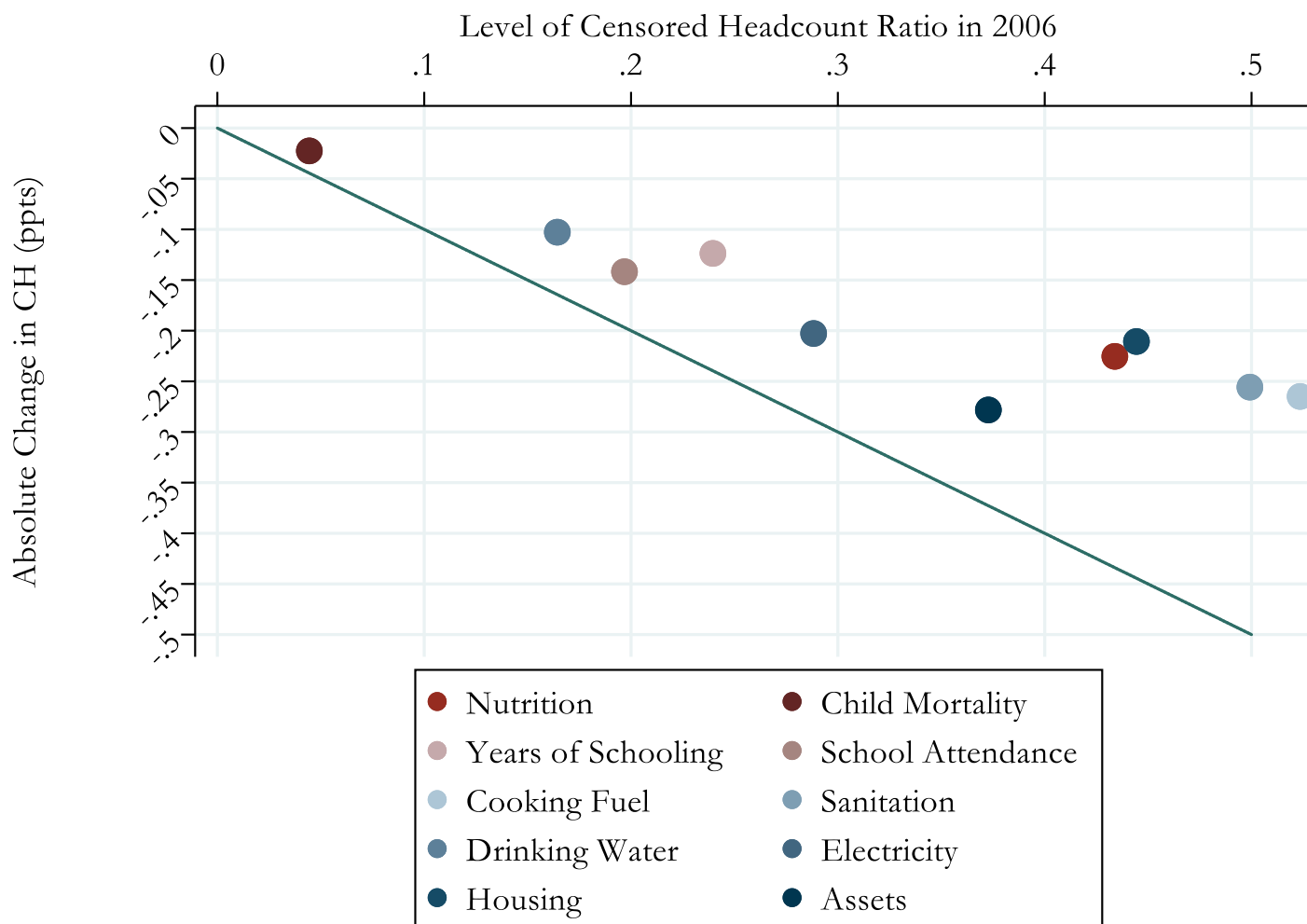
CHANGE IN NUMBER OF POOR: STATES DIFFER
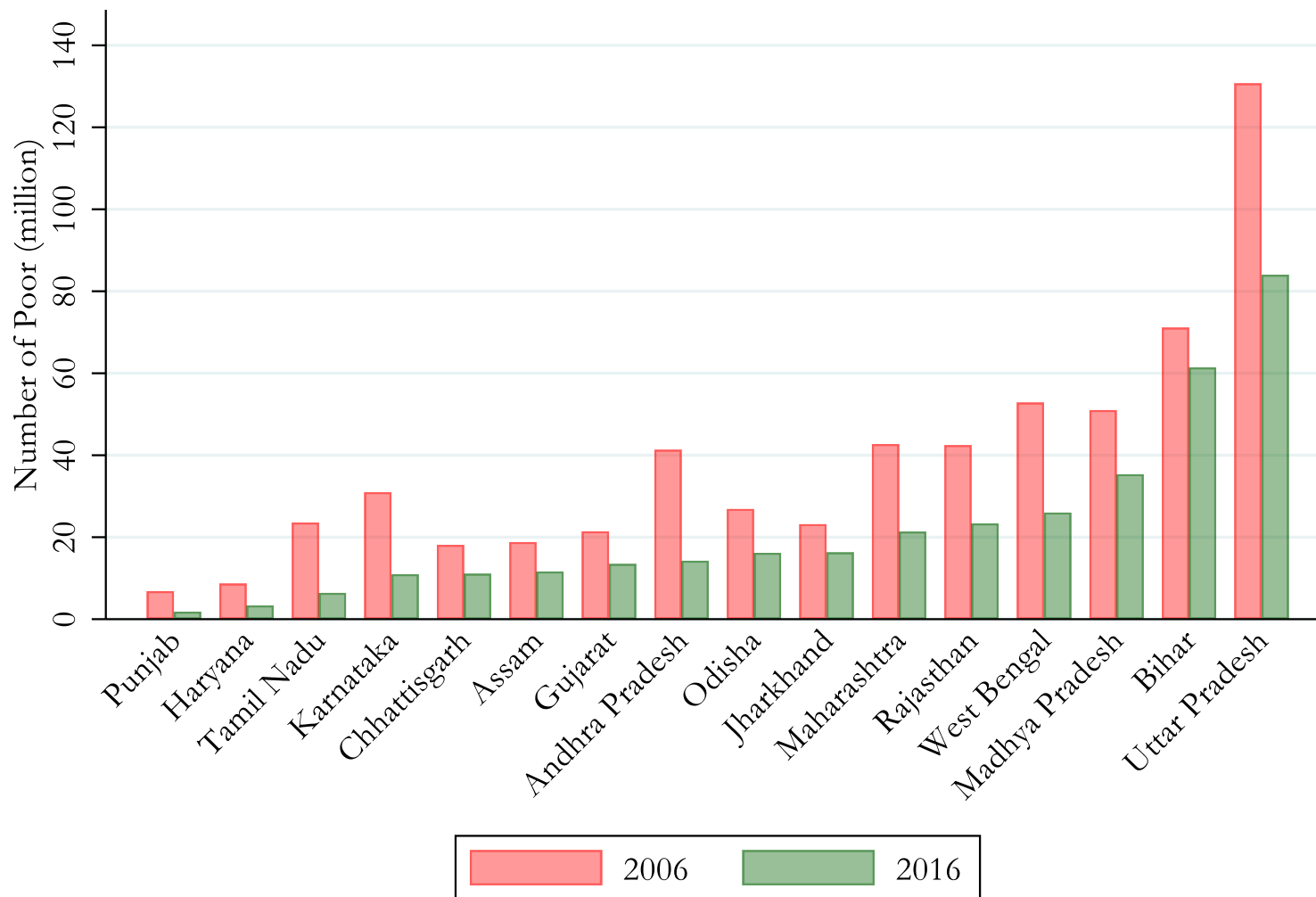
Sample: Major states changes higher than 4 million.

INDICATOR CHANGES BY STATE: CENSORED HEADCOUNT RATIOS

Legend:
- Nutrition
- Child Mortality
- Years of Schooling
- School Attendance
- Cooking Fuel
- Sanitation
- Drinking Water
- Electricity
- Housing
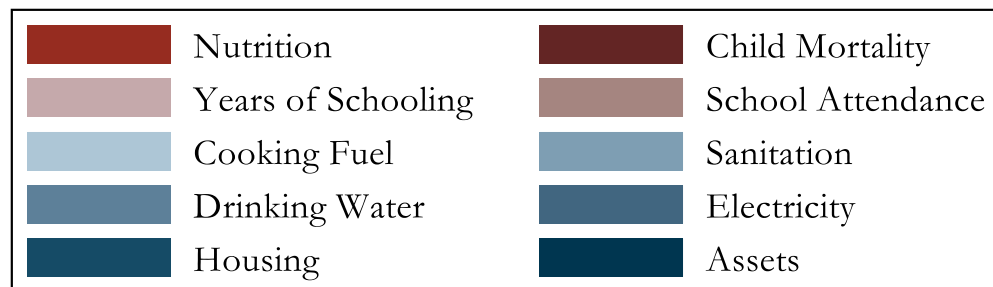- Assets

States: Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal
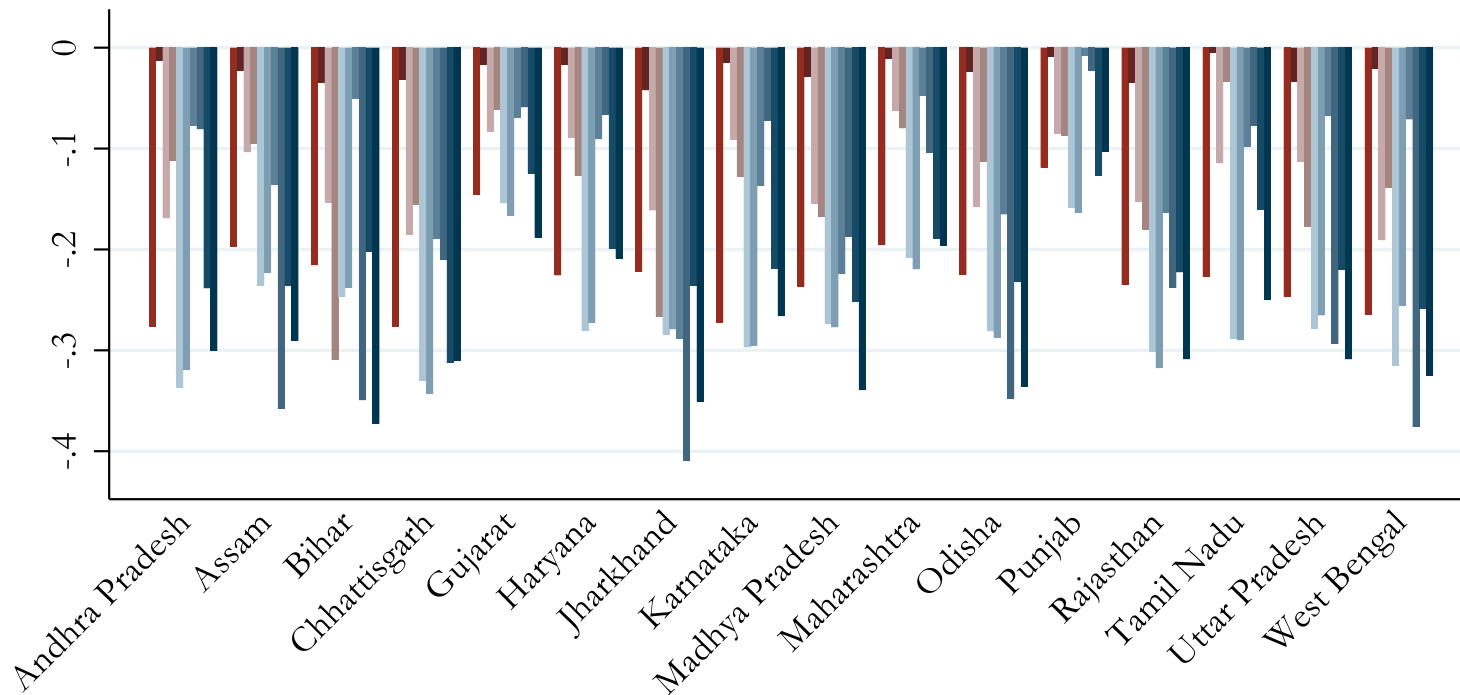
But only partial... please help tell the full story

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!