

Deriving Poverty Lines of Manipur State using Consumer Price Indices

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Abstract

The main objective of this present paper is to estimate poverty line for the State of Manipur using the methodologies developed by the Tendulkar Committee and Rangarajan. Poverty lines for Manipur are derived by updating poverty lines from 2011-12 to 2018-19 using Consumer Price Indices for urban and rural Manipur. Data of the current study is based on primary and secondary sources. It also used data from the report of the estimation of poverty in Manipur (2019). The present study has recommended three sets of poverty lines for Manipur, namely (i) Rs 1442.6 for all Manipur, (ii) Rs 1442.6 for all urban areas of Manipur and Rs. 1700.6 for all rural areas of Manipur and (iii) Rs 1442.6 for all urban areas of Manipur and Rs. 1716.2 for all rural areas of Manipur. This is not surprising because Manipur is relatively a small State and there is connectivity among the district through relatively good transport system. Therefore, the prices between rural and urban areas and between districts did not differ significantly.

I Introduction

Manipur has a geographical area of 22,327 sq. Kms constituting 0.7 per cent of the total land surface of India. Ninety per cent of the total geographical area of the State (20,089 sq. km) is covered by hills while the remaining area constitutes valley area covering only 2,238 sq. km. There are sixteen districts in Manipur. While the hill districts comprise of ten districts namely (i) Senapati; (ii) Kangpokpi; (iii) Tamenglong; (iv) Noney; (v) Churachandpur; (vi) Pherzawl; (vii) Chandel; (viii) Tengnoupal (ix) Ukhrul; (x) Kamjong; the valley consists of six districts viz. (i) Imphal East; (ii) Jiribam; (iii) Imphal West; (iv) Bishnupur; (v) Thoubal; and (vi) Kakching. It may be noted that the valley districts are densely populated as compared to the hill districts. According to Census data (2011), the number of total population had increased by over 5 lakhs from 2001 to 2011 and the total population of the State accounted for 28.56 lakhs in 2011 with a population density of 128 per sq. km. Out of the total population, male accounted for 14.39 lakhs while females accounted for 14.17. There are seven Scheduled Castes communities and 33 different Scheduled Tribes of different ethnic groups presenting complicated socio-economic phenomena. Poverty in Manipur is associated with its land, population, resources, human activities and socio-economic conditions. It is closely related to the nature of its terrain, the climate and economic characteristics. The problem of poverty continues to be serious in the rural areas and also among the Scheduled Tribes in hill districts of Manipur.

II Objectives & Methodology

The main objective of this present paper is to estimate poverty line for Manipur State based on the Tendulkar Committee's methodology and Rangarajan's methodology. Data of the current study is based on primary and secondary sources. It also used data from the report of the estimation of

poverty in Manipur (2019)¹. Poverty lines for Manipur are derived by updating poverty lines from 2011-12 to 2018-19 using Consumer Price Indices for urban and rural Manipur. The paper is organised into six sections. Section I provides introduction. Section II presents objectives and methodology. Section III and IV present the issues of poverty and poverty line approach. The last two sections provide poverty lines of Manipur and conclusion of the study.

III Issues of poverty

No comprehensive study has been conducted to estimate the poverty rate in Manipur State using a reliable approach with the exception of one report on the estimation of poverty in Manipur conducted in 2019. The State Government of Manipur calculated the poverty rate in 1990 in its Draft Eighth Five-Year Plan, although it did not specify the methodology used. Therefore, a gap existed in the academic sector for social research in the areas of poverty, deprivation, and social exclusion. This is due to the fact that it was unclear whether the study done in 1990s was based on the per capita income or calorie intake. It may be mentioned here that Manipur and a few other States were excluded from the Planning Commission's Expert Group's 1993 assessment of poverty for the 18 states in India. All the north-eastern States of India have been using Assam poverty line based on the recommendation of the Expert Group of the Planning Commission, 1993. The specific reason was based on the similar economic profiles and geographical conditions of the north-eastern States. Since all the north-eastern States vary from one State to another in some respects, their poverty lines do not shed light on the actual poverty figure. It may be said that the estimation of poverty is a necessary condition but not a sufficient condition. The sufficient condition will involve finding suitable poverty lines. This will require poverty lines of Manipur.

IV Poverty Line Approach

A poverty line serves as the foundation for the majority of unidimensional measures of poverty, such as the Sen's Index of Poverty (SPI), Foster-Greer-Thorbecke Index (FGTPI), Squared Poverty Gap Index (SPGI), Head Count Ratio (HCR), and Poverty Gap Index (PGI). According to Rowtree (2001), a family is considered poor if their total income is not enough to maintain even their basic physical well-being on a daily basis. Therefore, the poverty line is the lowest amount of money that an average individual needs to be able to afford the necessities of life without endangering their general health. This definition takes into consideration what a person needs to survive, both biologically and nutritionally. The necessities, such as food, clothing, and shelter, are the items taken into consideration for this reason. A household will be classified as poor if they cannot meet the basic requirements. The minimum normative food basket served as the foundation for determining the poverty line. The basis for calculating the poverty line was the minimum normative food basket. In this approach, a fixed set of commodities with specified quantities for consumption is taken as norms. This commodity vector is multiplied by the price vector to get the minimum food cost. The corresponding per capita monthly expenditure is calculated based on observed relation between the food expenditures and the total expenditures of the households whose per capita food costs happen to be around the minimum food cost. The minimum normative food basket approach was not tenable because, the consumption pattern and also the prices of these items were different for different states and for rural and urban sectors of the states. Calorie norm method is used to estimate poverty. It is done by collecting detailed information about the (last 24 hours) activities of household members. Then, the monthly household consumption is compared with the monthly energy requirement. On the one hand, if the household consumption is less than the energy requirement, then the household is considered poor. On the other hand, if the household consumption is more than the energy requirement, then the household is considered non-poor. One

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of the merits of non-income approach is that it does not use Consumer Price Indices as done in the other case.

V Poverty Lines of Manipur

The updated poverty lines for Manipur State based on the Tendulkar Committee and Rangarajan methodology are presented in Table 1. It may be observed from the table that the Consumer Price Index for rural Manipur increases from 108.9 in 2011-12 to 165.6 in 2018-19 showing a percentage change of 52.1 per cent during the corresponding period. The Consumer Price Index for urban Manipur increases from 112.9 in 2011-12 to 139.2 in 2018-19 registering a percentage change of 23.3 per cent during the corresponding period. The study also examined at the prices of different food items in rural and urban districts of Manipur collected during 2018-19 by a team of investigators. Surprisingly, there is very little difference between the rural and urban prices in each district and the prices are almost same in each district of Manipur. The only items which show some changes are the fruits and vegetables. For some items, the urban prices are found to be higher than rural prices and for some items the rural prices are higher than urban prices.

Table 1: Consumer Price Indices (CPI) and Updated Poverty Lines in Manipur

Manipur	CPI*			Poverty Line (Tendulkar)	Updated Poverty Line (Tendulkar)	Poverty Line (Rangarajan)	Updated Poverty Line (Rangarajan)
	2011-12	2018-19	% Change	2011-12	2018-19	2011-12	2018-19
Rural/Urban	2011-12	2018-19	% Change	2011-12	2018-19	2011-12	2018-19
Rural Manipur	108.9	165.6	52.1	1118	1700.5	1185	1802.4
Urban Manipur	112.9	139.2	23.3	1170	1442.6	1562	1925.9

Source: <https://data.gov.in/resources/state-level-consumer-price-index-ruralurban-uptofebruary-2019>

* Prices of different food items during 2018-19 for rural and urban districts of Manipur have been collected during the visit.

This is possibly because indigenously grown food items have higher prices in urban areas whereas the other imported items of fruits and vegetables have higher prices in rural areas. But the difference between the rural and urban prices is not so significant. The average prices of fruits and average prices of vegetables for both rural and urban areas have been calculated and the values are almost same. Based on the Tendulkar Committee's methodology, the updated poverty line for urban Manipur has been calculated at Rs. 1442.6 per capita per month in 2018-19. The corresponding poverty line for rural Manipur has been calculated at Rs. 1700.5 per capita per month. The new poverty lines for both urban and rural Manipur have been calculated by updating the poverty lines of 2011-12 to 2018-19 (both urban and rural Manipur). Tendulkar Committee suggested updating poverty lines from urban poverty line of the same year (2018-19 in our case). This is $1442.6 * (165.6/139.2) = 1716.2$, which is very close to Rs. 1700.5.

VI Conclusion

It may be made of here that no specific poverty line for each district of Manipur is prepared in this study. This is due to the fact that there is very little difference between the rural and urban food prices in each district, and the prices are almost the same in each district of Manipur, as mentioned earlier. The study confirms this phenomenon by comparing the prices of different food items in rural and urban districts of Manipur that have been collected by the team of investigators during 2018-19. For some items, the urban prices are found to be higher than that of the rural prices, and for some items, the rural prices are higher than that of the urban prices. This is possibly because indigenously

grown food items have higher prices in urban areas, whereas the other imported fruits and vegetables have higher prices in rural areas. However, the difference between the rural and urban prices is not so significant. The average prices of fruits and average prices of vegetables for both rural and urban areas have been calculated, and the values are almost the same. In conclusion, the present study has recommended three sets of poverty lines for Manipur, namely (i) Rs 1442.6 for all Manipur, (ii) Rs 1442.6 for all urban areas of Manipur and Rs. 1700.6 for all rural areas of Manipur and (iii) Rs 1442.6 for all urban areas of Manipur and Rs. 1716.2 for all rural areas of Manipur. It is understandable because Manipur is a small state with a relatively good transportation system that connects all the districts. Therefore, the prices between rural and urban areas and between districts did not differ significantly.

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