We have now reached the conclusion of two stimulating and productive days of presentations and discussions. It is my pleasure to offer the Workshop’s closing remarks. First, I would like to thank all those who made the Workshop possible and who contributed to the high level of quality that it has displayed. The quality of its presentations are a tribute both to the scholars and policy makers who have authored them, and to the scope and richness of the data upon which the presentations have been based. I’d like to extend a special note of appreciation to the National Sample Survey Organization (NSSO) for making its wealth of recent survey data widely available.

My remarks will be organized in terms of three central questions:

- First, have we learned during the two-day course of the India Workshop on Poverty Measurement, Monitoring and Evaluation?
- Second, what has changed in India in the period since systematic data collection began?
- And third, how should we respond to these changes, and what recommendations should be offered for the future?

During the past two days, a broad consensus has been forged among the Workshop's participants that India indeed has made progress on the poverty reduction front. The evidence strongly indicates that poverty in India has fallen by an overall five-to-ten percentage points during the second half of the 1990s. The discussion of poverty reduction and its measurement has revealed a number of complexities. For example, although the poverty head count is important, income is not the only dimension of well-being that matters. What is more, although there is consensus around the fact that poverty is on the decline, it has been more difficult to determine whether or not the rate of progress has accelerated during the 1990s. Evidence suggests that no deceleration has occurred in comparison to earlier decades. Nonetheless there have been important changes in the geographic and sectoral composition of growth that require further scrutiny. A number of participants have suggested that our ability to obtain an accurate estimate of the rate of poverty reduction in the second half of the 1990s is compromised by the fact that comparability has been lost between the 1999/2000 55th round and earlier rounds of the National Sample Survey (NSS). The weight of the evidence, however supports the view that comparability has not been entirely lost; and that in the effort to preserve and restore it, we have learned a great deal about how to cope with problems of data comparability and measurement.

In addition to the issues surrounding the aggregate process in reducing poverty, questions have been raised concerning the composition of growth. There is strong regional growth divergence going on in India and agriculture continues to lag. Moreover, there are ambiguities surrounding estimates of both levels and trends in poverty in rural and urban areas, as well as across the states. The quality of information and analysis presented on some of India’s states has been impressive, and the Workshop also has included a wealth of new analysis and information on rural areas. It is clear that there have been a number of changes in the rural economy and growing evidence that the quality of life for the rural poor is improving in many regions. In the 27 years in which I and my colleagues have been observing a single UP village, for example, we have seen a wide range of positive developments. Thus, while a great deal has been learned, additional research will be called for if variations among different regions and settings are to be fully understood. Much remains to be learned about the growth process itself and how markets work, or do not work, for the poor. The roles of the regulatory environment and of infrastructure development need to be explored. It is necessary to think carefully about the kinds of information that will be needed to carry out this analyses, since existing data collection initiatives may not be appropriate to the task of examining complex and sensitive poverty issues such as, for example, the feminization of poverty.
Turning now to the question of the changes that have taken place in India, it is important to emphasize that there have been significant changes in the structure of the Indian economy in recent years. There is no doubt that the prominence of the private sector has increased. The service sector is also growing rapidly, and one of the challenges confronting the GOI is the fact that the tax base and many of the current administrative structures took shape when this sector was considerably smaller. Urbanization is on the rise and is reflected both in the form of urban migration as well as the growing number of rural households who now receive income from an urban source. The relationship between rural and urban areas is changing and this is reflected e.g. in changes in the Indian family structure. There appears to have been a decrease in the number of joint families, and this has implications for security and for informal insurance systems. Underpinning many of these changes is a shift in the basic role of government. The previous era, dominated by strong central planning, is giving way to a new era – one in which government increasingly plays an enabling, rather than a determining, role in its dealings with the private sector. These developments are opening many new opportunities for India’s poor, but they entail significant risks as well.

These changes should be reflected in public policy making, buttressed by sound decisions concerning the types of data needed to support the policy formulation process. India’s statistical system is still designed to serve a view of development that was prevalent in the 1950s, not only in India but throughout the world. Substantial resources could be saved if information that has become obsolete — such as detailed input-output data — were eliminated from the data collection system. Moreover, if we recommend potentially costly additional work, then we are equally obliged to offer advice on where compensating cut-backs could be made.

New information needs also have appeared in relation to the increased attention now being given to the issues of accountability and decentralization. An informed populace is a country’s best defense against corruption and poor governance. Better public accountability, therefore, requires open access to statistical information and calls for a loosening of restrictions on the availability of data. There is an active debate about challenges of decentralization in India. This is leading to a greater focus on local sources of information and on statistics for smaller areas and administrative units. This poses challenges for statistical agencies: larger sample sizes will be required to track changes in these smaller units and there is an urgent need to improve the quality of administrative data collected through various ministries.

Lastly perspectives have changed in recent years to embrace the broader dimensions of poverty which complement conventional income measures. Poverty as an issue in itself is gaining attention in India, and awareness of the multidimensionality of poverty is growing. Poor health and low educational attainments are now understood to be important components of human deprivation, as are more subtle problems such as vulnerability, exclusion and lack of political voice. Gender issues are also receiving increased attention and recognition in poverty analysis. Moreover, there are important interactions between human development, social factors, and pro-poor growth that must be addressed in order to better inform policy design. Informed debate on these issues and questions will not be possible without the collection and open availability of appropriate statistical information.

It would be a mistake, however, to focus our attention exclusively upon ex post outcomes; our conceptual approach to poverty not only considers ex post outcomes but also ex ante possibilities. The three principles underpinning the recent World Development Report on poverty – widening opportunities, reducing vulnerability, and promoting empowerment of poor—are really ex ante concepts that reflect what is possible. Amartya Sen’s vision of development as freedom is also an ex ante concept of poverty. It is important to keep in mind that the concept of poverty we are working toward is not fully captured by looking only at outcomes; for example, while health and education outcomes are good indicators in themselves, they also reflect ex ante processes that determine what is possible to achieve. These
processes are fundamentally important in understanding outcomes. There is a lot of commonality in the variables one uses, whether working from an *ex post* or *ex ante* perspective. The point here is that it is crucial to keep in mind the concept of poverty as we think about how better to measure it. It is particularly important as we start to change the way we look at poverty, and rethink the concept in light of changes in the economy and the development paradigm.

What are the implications of these changes for the future, and what actions should be taken in response? First, the Workshop participants have issued a strong endorsement of the policy of open access to statistical information. India’s Department of Statistics and in particular National Sample Survey Organization (NSSO) has made significant moves in the direction of openness, and this is to be welcomed and encouraged. However many of the line ministries are less forthcoming and need to develop greater openness. In addition, there are many private agencies and research institutions that are collecting data and openness here is equally vital.

The Workshop has generated a great deal of discussion of the National Sample Survey (NSS), particularly with regard to the question of how balance innovation and stability in the design of subsequent rounds. The past few years have been a period of strong innovation, experimentation and active debate. Its now time for a period of stability. That is not to suggest that innovation should be eliminated entirely, but rather that the criteria for innovation should be carefully considered. Cost should be one consideration, and maintaining comparability should be another.

Data and policy must be closely entwined: the statistical information collected by government agencies should be useful to decision-makers and to those formulating policy. Good policy should be based on good research, and good research be oriented toward sound policy formulation. In this context, many interesting ideas have been presented at the workshop on the use of survey data in policy evaluation. Evaluation of progress, however, is only possible if the statistical system includes a consistent set of variables that permit comparisons over time. One way of achieving a balance between innovation and consistency, therefore, is to maintain a core set of data while allowing for change in peripheral subsets. The core set should not be too small, and attention should be devoted to determining its optimal size. It would be useful to convene a small group of distinguished researchers and officials to look closely at this question before further innovations are planned.

The World Bank stands ready to offer support and assistance to the Government of India and to the Indian states in undertaking statistical reform initiatives. In fact, a statistics modernization loan is already under discussion. We hope that this discussion will build upon lessons derived from this workshop and its many fine contributions. The Government of India is the decision-maker on all issues related to its statistical system. The World Bank, however, is ready to offer suggestions and to facilitate any collaborations or consultations that might prove helpful.

I would like to close by briefly examining some of the broader issues concerning poverty monitoring and India’s information needs more generally. First, it is clear that the prevailing view of development has expanded to include the development of human capabilities, particularly capabilities required to engage in employment or entrepreneurial activities. The development of capabilities depends heavily on broad access to high-quality education and health care. Survey data on the availability and use of education and health services is therefore critical for building a better understanding of the factors that underpin the ability of the poor to take advantage of existing and emerging opportunities. In addition, more extensive information on “job suppliers” – especially the small firms and service organizations that typically hire the poor – would offer insights into the ways in which the economy works for the low-income, unskilled worker. An closer examination of issues such as the use of capital by small firms, their revenues stream, and key constraints they encounter, can enrich and clarify our understanding of the processes by which employment is – or indeed is not – generated for the poor and low-skill workers.
Second, we must pay greater attention to gender concerns in India. The Planning Commission recently released the India Human Development report, which shows slower than hoped for progress in reducing gender inequities. The statistical information currently available is not really adequate to undertake a systematic analysis of the relationship between gender and poverty. Because the full range of critical issues has yet to be articulated, it is suggested that a small group be constituted to delineate the key issues think through the information needs for monitoring as well as analysis and policy making.

The fact that poverty has multiple dimensions, both economic and non-economic, has been emphasized a number of times in this forum; but this point is an important one and deserves reiteration. Recognition of poverty’s many -- and inter-related -- dimensions has implications for India’s future development goals, as well as for the types of information needed to assess progress in reaching these goals. India herself must select the attributes and indicators that define poverty, based on national needs and priorities. The question has also attracted a great deal of outside interest, however, and it is not merely an idle interest for outsiders. There is heavy competition for multilateral and bilateral aid resources and concessionary lending. This competition is not limited to comparative performance in trade markets and investment capital markets. To a greater and greater extent, performance in poverty reduction shapes the allocation of international assistance. The Millennium Development Goals, which many countries have embraced, are in fact based on a multidimensional definition of poverty reduction and broader development objectives.

Lastly, the results of the workshop highlight the importance of qualitative research as a valuable adjunct to quantitative data collection. Because of the complex and multidimensional nature of poverty, one research method alone may not be enough to yield a full understanding of the characteristics, causes and dynamics of poverty. Qualitative research methods may be better suited to exploring poverty issues that are difficult to capture through surveys, such as vulnerability and uncertainty in relation to factors such as volatility in the economy, idiosyncratic shocks, and informal safety nets. In addition, issues of gender and poverty, and broader links with culture, may be particularly apt subjects for qualitative research, as are questions concerning supply and quality of educational resources. In short, qualitative research is an important tool for the examination of *ex ante* questions concerning the mechanisms and processes that underlie and perpetuate poverty -- and for developing hypotheses concerning the most effective means of combating it.

The World Bank would like to express its thanks to all who have shared their views, insights and the results of their recent work. The World Bank is a partner to and supporter of statistical initiatives in the public sector; we would like to be a good partner to the research community as well. It is our intention to provide encouragement and support for future analytic work and policy analysis, and to continue to contribute to the important discussion that has taken place over the past two days – and is taking place throughout India on a continuing basis.