Key note address
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It gives me great pleasure to be here with you at the inaugural session of this workshop on Poverty Measurement, Monitoring and Evaluation. The timing of this workshop is most appropriate since issues of human development in general, and poverty in particular, have reemerged as an area of particular focus in recent years after a long period of oblivion. The international community has at long last recognized that poverty and deprivation are matters of concern not merely to national governments but for humanity at large. In this *milieu*, issues of measurement and monitoring of poverty and related measures have become of great significance.

In India, as you are all aware, poverty has been the focus of our development planning for at least the last quarter century. Even so, reduction in poverty ratio as a specific target of our five year plans has come only in the Approach Paper to the Tenth Five Year Plan. The reasons for this inclusion and its implication for policy formulation are matters on which I would like to touch on briefly.

It is well recognized that India has produced pioneering work in the field of defining poverty and of its measurement. We have also had for fifty years an institutional mechanism for collecting appropriate household data. As a result, we have possibly one of the longest continuous time series of estimates of poverty of almost any country in the world. The measurement of the incidence of poverty has not remained a matter of mere intellectual curiosity, but has been translated into an integral part of our planning and development programs.

Since the mid 1970s, we have recognized that poverty reduction needs to go beyond merely generating sufficient economic growth. There are structural features to our economic system which prevent segments of our people from taking adequate advantage of the aggregate growth impulses of the economy to better their conditions of living. Thus, targeting the poor specifically has been a part of public policy for many years now. To this end, not only have we had specific programmes of direct anti-poverty schemes, but we have also recognized that the very existence of such schemes has macroeconomic implications that need to be taken into account within our planning framework. As a result, our planning models specifically distinguish between the consumption needs of the poor and the non-poor.
The implementation of targeted anti-poverty programmes necessarily requires accurate measurement of poverty, not merely at the national level but sub-national levels as well. The distribution of funds for such programmes must clearly be contingent on such poverty estimates. Although we believe that both the data and the methodology that we use for poverty estimation are reasonably accurate, there is always scope for improvement. It is incumbent on us, therefore, to constantly refine our techniques so that the basis on which we take our decisions become progressively more accurate. Such improvements cannot come without continuing research and experimentation. We welcome all efforts in this direction, both within India and abroad.

Although our poverty estimates are reasonably accurate, our understanding of the linkage between growth patterns and poverty are still inadequate. This is perhaps the principal reason why poverty reduction has not been made a specific target in our plans until now. However, we are today in a situation where it is not enough for us to merely assess our progress on the poverty reduction front in an *ex-post* sense. With the direct role of government in the economy progressively declining, it becomes necessary for us to be able to evaluate the extent and manner to which the growth trends likely to impact upon poor. At present, such evaluations are done primarily on the basis of intuition and experience, but useful as they may be they cannot be substitutes for rigorous theoretical and empirical analysis. The methodological and data requirements for carrying out such analysis are not yet available in any satisfactory manner, and I believe that these are issues which should be taken up for focused research.

The shift in poverty analysis from the purely descriptive to the diagnostic and finally to the prescriptive presents an enormous challenge not merely to our academic establishment but also in nature of the data we collect. Whether our data collection framework is suitable for meeting this challenge is an open question. It appears to me that, as with most other things, changes in the nature of data would need to get reflected in the institutional structure of the data collection mechanism. Since the responsibility for accelerating our growth and development processes is increasingly shifting into the domain of the private sector, the data collection mechanism and dissemination system will have to explicitly take into account the requirements of the private sector so that they can not only cater to their individual needs of decision-making but also to understand the manner in which they fit into the national effort.

In recent years, the concept of deprivation has gone beyond merely economic measures. In the Planning Commission we have therefore embarked upon a process by which poverty in its
wider sense can be incorporated into the planning process. The first step in this endeavor is to bring out a National Human Development Report, which is presently at an advanced stage of preparation. One of the factors that was at the forefront of our minds in conceptualizing this report was that there is a need to evolve a human development index which can adequately reflect intertemporal changes and policy-sensitivity in the various dimensions which determine the quality of life. We believe we have succeeded to a significant extent in this endeavor, and that our proposed human development index will reflect the changing conditions in different parts of the country more sensitively and accurately than other such indices. No doubt this index will form the matter of considerable debate in the coming years, and we will certainly make all efforts at refining it. But there is another dimension to which I would like to draw your attention. A human development index would really become a useful tool for policy formulation when it can be integrated into the planning framework in much the same manner in which the growth rate of the GDP is used today. To the best of my knowledge there are no successful examples of such an integration, and most human development indices are primarily used as descriptive statistics. I would suggest that this too should become the subject of intense research in the coming years. Finally, I have wondered whether we have used the data that we collect as efficiently and intensively we could.

Let me only take the example of our poverty estimates. The volume of data collected is enormous and what is generated in terms of its current use is fairly limited. Surely there must be other uses to which this data can be put, provided we are aware of such uses and are able to provide the necessary statistics in time. How such an improvement in the use of our data can be achieved needs consideration.

I see that this workshop has before it a most impressive agenda covering some, or perhaps all, of the issues that I have raised. I sincerely hope that the deliberations would shed light on how we can move forward both in improving the accuracy of our estimates and the manner in which we can integrate them with our development strategy. I wish the workshop all success and I look forward to its proceedings and conclusions.

Thank you.