National Multidimensional Poverty Index

Why in news?

Recently, Niti Aayog has released a report titled "National Multidimensional Poverty Index: A Progress Review 2023".

What is Multidimensional Poverty?

- **Poverty –** According to the World Bank, those who are unable to earn 2.15 dollar per day are living in extreme poverty.
- As per UNDP, it is the measure of poverty that considers various deprivations experienced by people in their daily lives including _poor health, insufficient education and low standard of living._
- It is a means to capture the complexity of poverty that considers dimensions of well-being beyond just monetary poverty.
- **Global MPI Report** – It is jointly published by the _Oxford Poverty and Human Development Initiative (OPHI)_ and the _United Nations Development Programme (UNDP)._
- It is based on the **_Alkire-Foster (AF) methodology_** that captures overlapping deprivations in health, education, and living standards.

What is the Niti Aayog's MPI report about?

- **National Multidimensional Poverty Index: A Progress Review 2023 -** In national level, **_Niti Aayog_** is the nodal agency to release MDP report for states and Union Territories.
- It plays a pivotal role in assessing advancements towards Sustainable Development Goals _(SDGs) 1.2_ - _Reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions._
- It presents the changes in multidimensional poverty between the survey periods of NFHS-4 (2015-16) and NFHS-5 (2019-21).
- Source data - Data inputs are taken from _National Family Health Survey (NFHS-5)._

- **Indicators -** India's national MPI has 3 equally weighted dimensions - Health, Education, and Standard of living – which are represented by 12 indicators.
- **Sub-indices of National MPI**

  - Headcount ratio (H): How many are poor?
  - Intensity of poor (I): How poor are the poor?
  - MPI= H*I

- If the deprivation score (sum of the weighted status of all the indicators) for an individual is more than 0.33, then an individual is considered multidimensionally poor.

Indicators of MDP
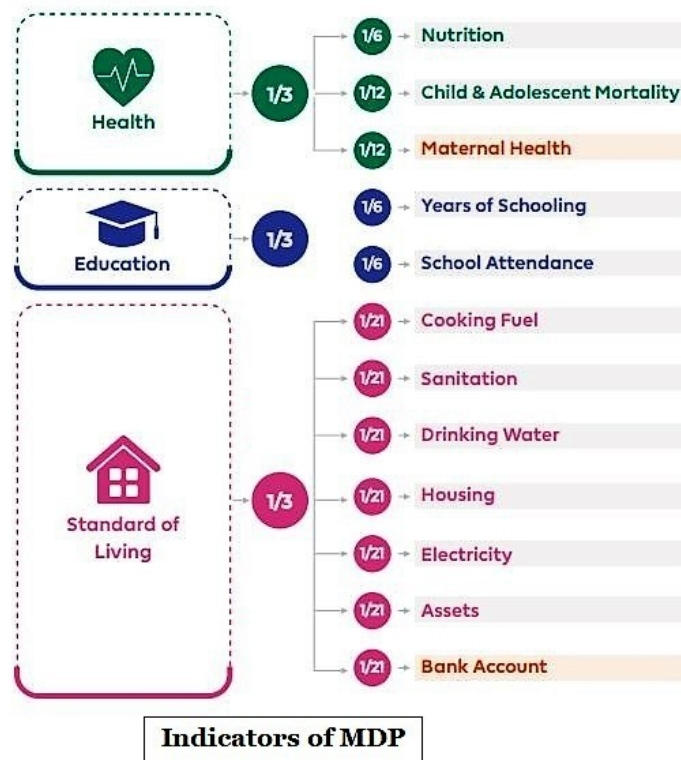
What are the key findings?

- **Poverty in India** - There has been _steep decline in the poverty_, India has achieved a remarkable reduction in its MPI value and headcount ratio between 2015-16 and 2019-21.
- It registered a decline in the number of "multidimensionally poor" individuals, from 24.85 % in 2015-16 to 14.96 % in 2019-2021.
- Around 13.5 crore Indians escaped poverty between the 5 year time period due to improvements in indicators like access to cooking fuel, sanitation, drinking water etc.,
- 1 in 7 Indians multidimensionally poor due to marginal improvement in indicators like nutrition and access to education.

- **Regional disparity-** Rural areas witnessed faster decline in poverty from 32.59% to 19.28% than urban area,
- **Poverty in States -** The number of states with _less than 10%_ people living in multidimensional poverty _doubled in the five years_ between 2016 and 2021.
- The poverty struck states are Mizoram, Himachal Pradesh, Punjab, Sikkim, Tamil Nadu, Goa, and Kerala, Telangana, Andhra Pradesh, Haryana, Karnataka, Maharashtra, Manipur, and Uttarakhand.
- No other state in India has _more than one-third of its population_ living in multidimensional poverty other than **_Bihar._**

Highlights: MPI Progress Report 2023

Steep decline in **Poverty Headcount Ratio**
24.85% (2015-16)
14.96% (2019-21)
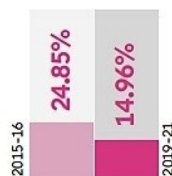
135 million (13.5 crore) people exited multidimensional poverty between 2015-16 and 2019-21

India on track to achieve **SDG Target 1.2** (reducing multi-dimensional poverty by at least half) much ahead of 2030
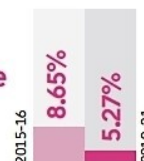
All **12** indicators have shown improvement suggesting that impact of Government interventions is increasingly visible on ground

Fastest decline in percentage of multidimensional poor in rural areas from
32.59% 2015-16
19.28% 2019-21

Reduction in the incidence of poverty in urban areas
8.65% (2015-16)
5.27% (2019-21)

The **Intensity of poverty**, which measures the average deprivation among the people living in multidimensional poverty improved from about
47.14% 2015-16
44.39% 2019-21

UP, Bihar, MP, Odisha and Rajasthan recorded steepest decline in number of **MPI poor**
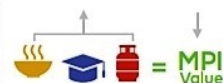
Improvement in **nutrition, years of schooling, sanitation, and cooking fuel** played a significant role in reducing the MPI value
= MPI Value

What is keeping Indians multidimensionally poor?

- **Lack of uniformity-** Poverty reduction is not equally represented in the three main indicators of standard of living, health, and education.
- **Marginal health performance-** Three sub-indicators of health which are nutrition, child and adolescent mortality, and maternal health showed only moderate improvement.
- **Nutrition deprivation-** It contributes close to 30% the highest in calculation of MPI which results in nearly 1/3rd of multidimensional poverty in India.
- **Lack of education-**It is due to lack of years of schooling (16.65%), and less-than-desired school attendance (9.10%).
- **Cooking fuel-** Though it marked a significant improvement, around 44% of Indian population is still deprived of it.
- **Sanitation-** Despite its improvement, sanitation services are still deprived to around 30% of the population.
- **Access to housing-** In India, 41% of the population is still deprived of housing.

References

1. [Indian Express| Explained MDP report](#)
2. [Niti Aayog| MDP report](#)
3. [The Hindu| Decline in Multidimensional poor](#)