

COMMENTARY

BG Prasad's Socio-economic Status Classification – An Update For The Year 2015

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ABSTRACT

Most of the studies in India use BG Prasad's Socio-economic status scale to assess the socioeconomic status of the study population. Being an income based scale it needs to be constantly updated taking into consideration the inflation and depreciation of the national currency. The All India Average Consumer Price Index for Industrial Workers (CPI-IW) is used to calculate the revised updated categories of income for February 2015. Prasad's socio-economic status scales measures socioeconomic status of people of both rural and urban community based on the per capita monthly income of the family.

Keywords: BG Prasad Socio-economic status scale, All India Average Consumer Price Index, Per capita monthly income.

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INTRODUCTION

Several studies namely hospital and community based require assessment of socio-economic status of an individual/family. This reflects the affordability of health services, necessities and purchasing power of the same. Several methods or scales have been proposed for classifying different populations by socioeconomic status:

Rahudkar scale 1960, Udai Parikh scale 1964, Jalota Scale 1970, Kulshrestha scale 1972, Kuppuswamy scale 1976, Shrivastava scale 1978, Bharadwaj scale 2001. However, social transformation and fast growing economy have rendered these scales ineffective in measuring the SES over the years.¹⁻⁸

Several experts have recommended different scales to measure the socio-economic status in both rural and urban areas. However, BG Prasad's classification originally devised in 1961 based on the per capita monthly income has been widely in use in India. It is computed as : Per capita monthly income = Total monthly income of the family / Total members of family.⁹

Prasad's classification takes into consideration of income as a variable and it is simple to calculate. This can be applied to calculate the socioeconomic status in both rural and urban areas. BG Prasad later modified this classification in 1968¹⁰ and in 1970.¹¹ This was later modified by Kumar due to the inflationary trend in economy in 1993-94. An attempt has been made to link it with the All India Average Consumer Price Index (AICPI) and a modified classification has been proposed with a built in provision of its upgrading from time to time to make it relevant and useful.¹² Previously it was pointed out that any income-based classification remains relevant to the study period only.¹³

Modified BG Prasad Socio-economic status Scale (Revised)

The BG Prasad Socio-economic status Scale was first formulated in 1961 keeping the base of All India Consumer Price Index for Industrial workers (AICPI) for 1960 as 100.⁹ This was revised in 1982 by introducing a linking factor of 4.93 to convert AICPI (1982) from the new base of 100 to the old base AICPI (1960). This was revised again in 2001 by introducing a linking factor of 4.63 to convert AICPI (2001) from the

new base of 100 to the old base AICPI (1982). These linking factors are provided by the Labour bureau.^{14,15} To calculate the new income values, first we have to find out the current All India Consumer Price Index for Industrial workers (AICPI, base 2001=100).

Then we have to calculate the Multiplication Factor which is given by the following formula.¹⁶
Multiplication Factor = Current AICPI value / Base Index value in 2001 (i.e. 100).

The new income value is calculated using the following formula.¹⁶

New Income value = Multiplication Factor x Old Income value x 4.63 x 4.93

where 4.63 and 4.93 are the linking factors provided by the Labour bureau.

The AICPI values are available for every month of the year. It is released on the last working day of the succeeding month and is updated on the same day.¹⁵ The revised income categories for February 2015 for all India is given in Table-1. They have been computed using the AICPI for February 2015 as 253.¹⁵

CRITICAL ANALYSIS

It is seen as that inflation affects the socioeconomic status of the people by affecting their purchasing power. The increasing cost of goods and services in the country perennially puts the families at risk of poverty. Inflation in India is measured by five major national indices. They are the Wholesale Price Index (WPI), the All India Average Consumer Price Index for Industrial workers (AICPI for IW base 2001), the All India Average Consumer Price Index for Agricultural labourers (AICPI for AL base 1986-1987), the All India Average Consumer Price Index for Rural labourers (AICPI for RL base 1986-1987), and the Consumer Price Index for Urban non-manual employees (CPI for UNME base 1984-1985) used to measure inflation for four different sections of labour force.^{17,18}

The first three CPIs are given by the Labour Bureau in the Ministry of Labour and Employment¹⁵ and the fourth is compiled by Central Statistical Organization (CSO) in the Ministry of Statistics and Programme Implementation.¹⁹

The WPI is the most widely used index of inflation in India. It captures the comprehensive

Table-1: Modified BG Prasad socioeconomic status classification (revised)

Socioeconomic status class	Per capita monthly Income(INR)	
	BG Prasad's SES classification 1961	Modified BG Prasad's SES classification 2015
I (Upper Class)	100 and above	5775 and above
II(Upper middle class)	50-99	2887-5774
III(Middle class)	30-49	1732-2886
IV(Lower middle class)	15-29	866-1731
V(Lower class)	<15	<866

price movements at the first bulk sale for a basket of goods which is pre-decided.¹⁸ But the major flaw in using the WPI for socioeconomic classification scale revision as suggested by some researchers in the past is that the general public does not buy at wholesale level.^{20,21} The WPI is based on a basket of items (646 for the latest WPI) and does not cover services which form a major chunk of expenditure at the household level.(e.g. education, health, etc).¹⁷ The AI CPI on the other hand measures price changes from the perspective of the retail buyer. It is the real index of inflation of common people. It is based on changes in the retail prices of selected goods and services spent by a defined group of the population.¹⁷

The most commonly used and the most appropriate AICPI for revision of socioeconomic status classifications has been AICPI (IW) as it represents the working class family.¹⁷ The drawback of using this or the other CPIs was that they did not include all the sections of the population and it could not reflect the effect of inflation on the entire population of the entire country. Therefore to measure CPI for the entire country in a comprehensive manner covering the entire rural and urban populations, the Central Statistics Office (CSO) of the Ministry of Statistics and Programme Implementation began compiling the following series of CPI : CPI for the entire urban population (CPI Urban) base

2010, CPI for the entire rural population (CPI Rural) base 2010, and Consolidated CPI for the urban and rural population having the base 2010.^{19,21} These indices when used would probably give a more accurate picture of socioeconomic status for the entire urban and rural population and for the country as a whole. These indices can be put to use when the appropriate linking factors are given to link them to the previously used series of CPI (IW) for a more precise construction of socioeconomic status classification based on the income of the individual.

There is also a limitation in such classifications like non – inclusion of economic activities which does not result in monetary income such as services provided within the family or for barter, which is usually not counted while arriving at the per capita income. The importance of the said services varies widely among different economies.²²

CONCLUSION

Socioeconomic status Classification is an important indicator of the health status and health seeking behavior of an individual or a family. In view of the change in inflation and thereby the change in price of services and goods in the country it is mandatory to constantly update the income based socioeconomic status scales or classifications. This article is an attempt to keep abreast the young researchers of the changes in socioeconomic status scales and further spur to invent or construct new socioeconomic status scales. This is necessary so as to cover all the ever evolving goods and services not only for research but also to help and guide the government of the day in reaching out the genuinely economically weaker sections of the society with various welfare and health programmes in order to bridge the lacunae between the haves and the have-nots.

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