

**REPUBLIC OF MAURITIUS**

Ministry of Finance and Economic Development

**STATISTICS MAURITIUS**



# POVERTY ANALYSIS 2017

APRIL, 2020

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## 1. INTRODUCTION

Poverty is multidimensional. It has no single definition and standard way of measurement. It is usually measured in either monetary or non-monetary terms.

This report assesses the poverty situation in the Republic of Mauritius by using the monetary approach. The analysis is based mainly on Household Budget Survey data. Additional data from administrative sources have also been tapped to assess the impact of government transfers and free services on the poor.

### 1.1 POVERTY LINE USED IN THE REPORT

A poverty line is a prerequisite in monetary approach. *What is a poverty line?* A poverty line is an income threshold below which one is classified as poor. There are two types of poverty line – relative and absolute poverty lines.

Relative Poverty Line (RPL) is defined in relation to the distribution of income / expenditure of a country at a given point in time. It is usually set at a certain percentage of the median income. It changes with the median from year to year. Such a line helps to measure dynamic improvements of the poor over time. But, it cannot be used to monitor poverty level over time.

Absolute Poverty Line is fixed at a point in time and adjusted with price changes to monitor poverty level over time. It can be applied to any income/ expenditure distribution

Statistics Mauritius (SM) uses the Relative Poverty Line set at half of the median monthly household income per adult equivalent. In 2017, the relative poverty line was Rs 7,509 for a 1-adult member household and Rs 17,700 for a household comprising 2 adults and 2 children (aged below 16 years).



1-adult member household  
Rs 7,509 per month



2 Adults and 2 Children  
Rs 17,700 per month

The analysis in this report is based mainly on the RPL. It is used to show how the poor people are faring over time as well as how they compare to non-poor. Given its limitation in tracking poverty level over time, a ‘fixed’ threshold is used as an absolute poverty line. The ‘fixed’ threshold is an RPL of any given HBS year which is held fixed and adjusted with price changes over time to obtain equivalent poverty lines to estimate the poverty level<sup>1</sup>.

<sup>1</sup> Sections 7 and 10 give more detailed information on poverty level and methodology used to derive the threshold.

## 2. HIGHLIGHTS

### Trends in poverty

Between 1996/97 and 2017, the proportion of households in relative poverty increased from 8.7% to 9.6%. However, upon keeping the relative poverty line of 1996/97 fixed and adjusting for price changes, the proportion actually decreased from 8.7% to 3.0%.

Also, the situation of people in relative poverty continued to improve. From 1996/96 to 2017, they had a higher income growth (33%) than non-poor households (24%).

### Relative poverty in 2017

In 2017, there were around 36,500 households (9.6%) comprising 131,300 persons (10.4%) in relative poverty.

Poverty was more prevalent among children (aged below 16 years) than among old people (aged 60 and above). The number of children in relative poverty was 44,700, i.e. around 1 out of every 6 Mauritian children was in relative poverty as compared to 1 out of 10 among old people.

The following households were more likely to be in relative poverty:

- Households with 3 or more children (30.2%)
- Households headed by divorced / separated persons (25.1%)
- Households with one parent and unmarried children only (19.2%)
- Female headed households (16.1%)
- Households with 5 or more members (13.2%)
- Households headed by persons who did not have at least an SC<sup>2</sup> qualification (13.0%)

### Household income and expenditure in 2017

The average income<sup>3</sup> of households in relative poverty was Rs 13,100 per month, nine times less than that reported by the richest 10% of households (Rs 112,200).

The average monthly consumption expenditure of households in relative poverty was Rs 10,200, six times less than that reported by the richest 10% of households (Rs 60,400).

### Household debt repayment in 2017

In 2017, 23% of households in relative poverty were in debt. These indebted households in relative poverty disbursed around 14% of their income on debt repayment per month (Rs 1,800).

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<sup>2</sup> SC refers to Cambridge School Certificate

<sup>3</sup> Income comprising disposable income and imputed rent.

### Effect of social welfare programmes on poverty

Government transfers (universal basic pensions and Social Aid benefits), free health services, education and bus transport play a key role in bringing down poverty. Without all of them, the poverty rate would have soared to 34%. Their individual contributions were as follows:

The 2017 poverty rate of 9.6% would have been higher at:

- 23.0% without any Government transfers;
- 20.8% without free services on education, health and bus transport
  - o *16.1% without free education only;*
  - o *13.6% without free health services only; and*
  - o *9.9% without free bus transport only.*

### 3. TRENDS IN RELATIVE POVERTY

#### 3.1 HOUSEHOLDS AND PERSONS IN RELATIVE POVERTY

##### Relative poverty rose from 1996/97 to 2017...

Relative poverty has increased from 1996/97 to reach its highest peak in 2017; but compared to 2012, it increased by only 0.2 percentage points.

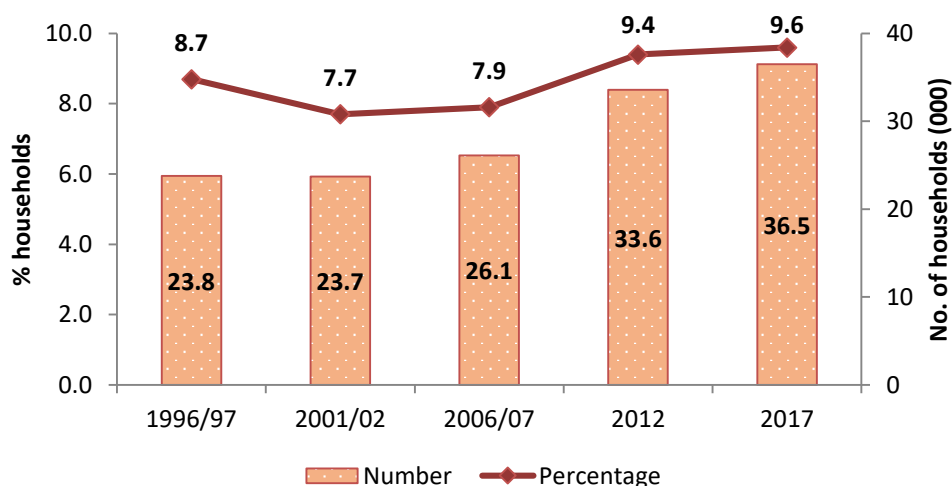
**Table 1 – Summary indicators of relative poverty, 1996/97 - 2017**

	1996/97	2001/02	2006/07	2012	2017
Relative poverty line <sup>4</sup> (Rs)	2,004	2,804	3,821	5,652	7,509
Households in relative poverty					
<i>Number</i>	23,800	23,700	26,100	33,600	36,500
<i>Proportion (%)</i>	8.7	7.7	7.9	9.4	9.6
Persons in relative poverty					
<i>Number</i>	92,700	93,800	105,200	122,700	131,300
<i>Proportion (%)</i>	8.2	7.8	8.5	9.8	10.4

Over the past twenty years, the proportion of households in relative poverty showed a general increase - the poverty rate decreased from 8.7% in 1996/97 to 7.7% in 2001/02, and then continuously increased in the next 15 years i.e. 7.9% in 2006/07, 9.4% in 2012 and 9.6% in 2017. In 2017, the estimated number of households in poverty was around 36,500, around 3,000 more households as compared to 2012.

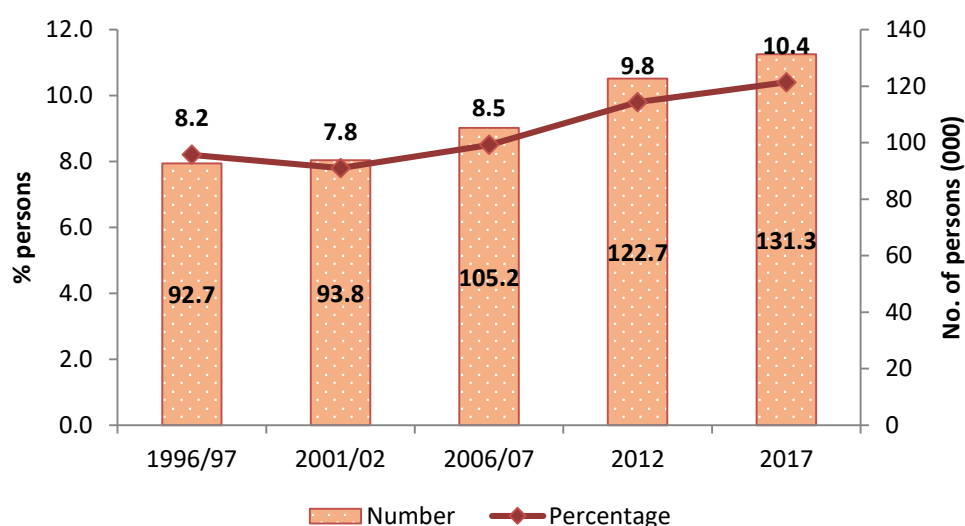
Similarly, the proportion of persons in relative poverty increased from 8.2% in 1996/97 to 10.4% in 2017, but with a drop to 7.8% in 2001/02. In 2017, the estimated number of persons in relative poverty reached 131,300, up from 122,700 in 2012.

**Chart 1 - Households in relative poverty, 1996/97- 2017**



<sup>4</sup> Defined as half of the median monthly household income per adult equivalent; household income comprises disposable income and imputed rent. Section 10 gives more detailed information on the methodology used.

**Chart 2 - Persons in relative poverty, 1996/97- 2017**



### Depth of poverty

Income and poverty gap indicators are useful and commonly used poverty indicators to show the depth and intensity of poverty in the population.

From 1996/97 to 2017, poverty depth, as measured by the income gap ratio, increased from 21.0% to 23.8%. At the same time, poverty intensity went up from 1.7% in 1996/97 to 2.5% in 2017 (Table 2).

The income gap ratio is the percentage by which the mean income of poor households falls below the poverty line.

The poverty gap ratio (PGR) is a more comprehensive measure used to reflect the intensity of poverty. It encompasses both the extent and depth of poverty and is calculated as the mean shortfall of all households from the poverty line. The PGR also indicates the total amount of resources that are needed to bring all poor out of poverty. It is an important indicator for programmes and policies for poverty alleviation.

In 2017, the PGR is estimated at 2.5%, and the amount of money that is required to move people out of poverty is estimated at Rs 1.9 bn.

**Table 2 – Income and poverty gap ratios (*expressed as %*) based on relative poverty lines, 1996/97 - 2017**

	1996/97	2001/02	2006/07	2012	2017
<b>Relative poverty line – Half median monthly household income per adult equivalent (Rs.)</b>	<b>2,004</b>	<b>2,804</b>	<b>3,821</b>	<b>5,652</b>	<b>7,509</b>
Income gap ratio (%)	21.0	22.6	21.9	24.0	23.8
Poverty gap ratio (%)	1.7	1.8	1.9	2.3	2.5

### 3.2 HAS THE SITUATION OF PEOPLE IN RELATIVE POVERTY IMPROVED OVER TIME?

**The income situation of the poor improved over the past twenty years, even more so from 2012 to 2017.**

From 1996/96 to 2017, poor households had a higher income growth (33%) than non-poor households (24%).

Their average household income, after adjusting for inflation, increased by 1.8% annually (against 1.6% for non-poor households) from 2012 to 2017 - the increase mainly triggered by employment and transfer income which grew by 26% and 12% respectively (Tables 3a & 3b).

**Their consumption expenditure also grew significantly,**

Their average household consumption expenditure, after adjusting for inflation, grew significantly by 1.6% annually from 2012 to 2017 as compared to previous 5-year periods.

**Table 3a – Average monthly household income and consumption expenditure for poor households, 1996/97 - 2017**

	<b>Average monthly household income<sup>5</sup> (Rs)</b>	<b>% Real annual change over previous HBS</b>	<b>Average monthly household consumption expenditure<sup>6</sup> (Rs)</b>	<b>% Real annual change over previous HBS</b>
1996/97	3,700		3,800 <sup>7</sup>	
2001/02	5,100	1.3	4,400	-1.7
2006/07	7,100	1.3	6,500	1.6
2012	9,800	1.3	8,300	-1.3
2017	13,100	1.8	10,200	1.6

<sup>5</sup> Household income comprises disposable income and imputed rent.

<sup>6</sup> Household consumption expenditure has been adjusted for infrequently purchased items such as air tickets, household appliances, etc., except for 1996/97 and 2001/02.

<sup>7</sup> Household expenditure is higher than income, since poor households tend to buy goods on credit.



**Table 3b - Average monthly household income and consumption expenditure for non-poor households, 1996/97 - 2017**

	Average monthly household income <sup>1</sup> (Rs)	% Real annual change over previous HBS	Average monthly household consumption expenditure <sup>2</sup> (Rs)	% Real annual change over previous HBS
1996/97	13,500		8,400	
2001/02	17,600	-1.2	10,700	-1.3
2006/07	23,500	-0.8	15,000	1.3
2012	36,300	1.7	22,600	1.7
2017	45,100	1.6	26,900	1.4

**and they took a lesser amount of debt.**

The average monthly debt repayment for households in relative poverty was less in 2017 (Rs 400) than in 2012 (Rs 600). During the same period their debt burden ratio<sup>8</sup>, defined as the share of debt repayment over disposable income, decreased from 8.0% to 3.7% (Table 5).

**Table 4 – Average monthly household income, consumption expenditure and debt, 1996/97 - 2017**

	Average monthly household income <sup>3</sup> (Rs)		Average monthly household consumption expenditure <sup>4</sup> (Rs)		Average monthly household debt repayment <sup>9</sup> (Rs)	
	Poor	Non-Poor	Poor	Non-Poor	Poor	Non-Poor
1996/97	3,700	13,500	3,800 <sup>5</sup>	8,400	100	600
2001/02	5,100	17,600	4,400	10,700	200	1,600
2006/07	7,100	23,500	6,500	15,000	300	2,200
2012	9,800	36,300	8,300	22,600	600	3,300
2017	13,100	45,100	10,200	26,900	400	4,000

<sup>8</sup> Debt burden ratio, expressed in terms of percentages, is based on all poor households irrespective whether they are indebted or not.

<sup>9</sup> In this section, in order to give an overview of the financial situation of the poor over time, household debt has been analysed among all poor households, irrespective of whether they are indebted or not.

**Table 5 – Debt burden of households in relative poverty, 1996/97 - 2017**

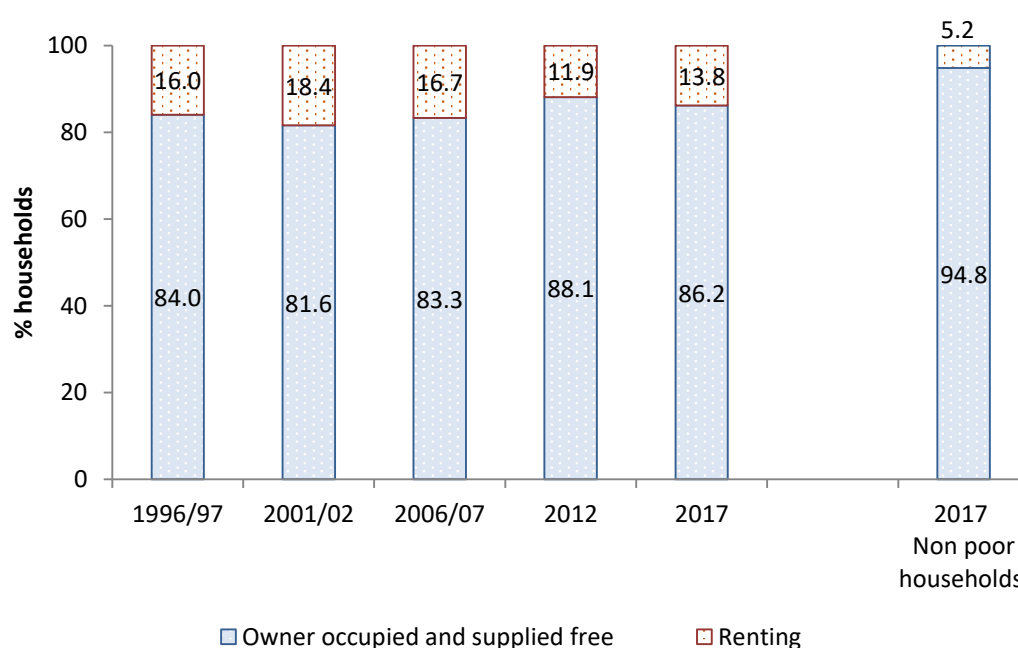
	1996/97	2001/02	2006/07	2012	2017
Average monthly debt repayment (Rs)	100	200	300	600	400
Average monthly disposable income (Rs)	3,000	4,100	5,700	7,900	10,800
<i>Debt burden ratio</i> <sup>7</sup> (%)	3.1	4.8	4.9	8.0	3.7

**Their housing and living conditions improved ...**

**More of them are living in secure tenure and fewer in rented houses**

The percentage of households in relative poverty who lived in secured tenure went up from 84% to 86% from 1996/97 to 2017. By contrast, those who rented their houses showed a decreasing trend from 16% to 14%.

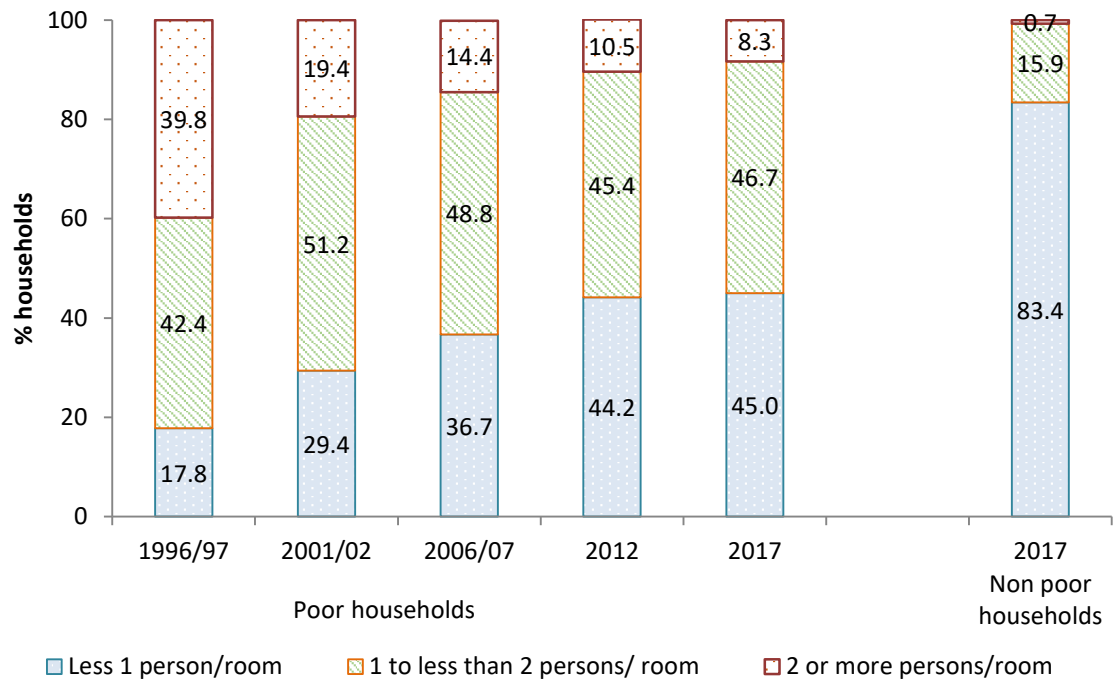
**Chart 3 – Percentage of households in relative poverty by type of tenure, 1996/97 – 2017**



**... they are living in less overcrowded houses**

In 2017, 8% households in relative poverty lived in dwellings with two or more persons per room, compared to 40% in 1996/97.

**Chart 4 – Percentage of households in relative poverty by number of persons per room, 1996/97 – 2017**

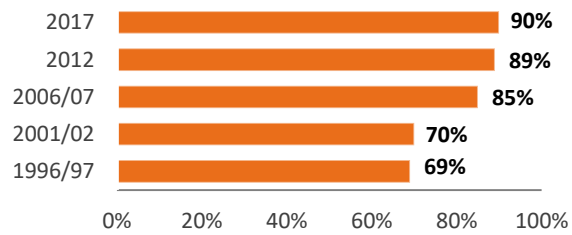


**... and are more likely to own durable goods**

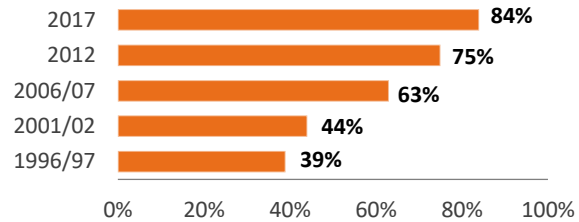
In 2017, a high proportion of households in relative poverty owned basic durable goods like television, refrigerator, mobile phone and a few owned goods like washing machines, microwaves and personal computers (Chart 5).

**Chart 5 - Evolution of ownership of household durables by households in relative poverty**

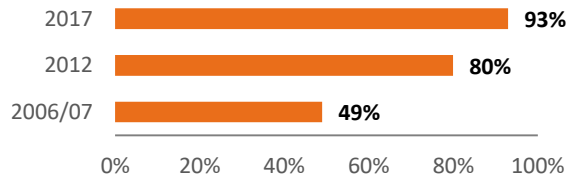
**Television**



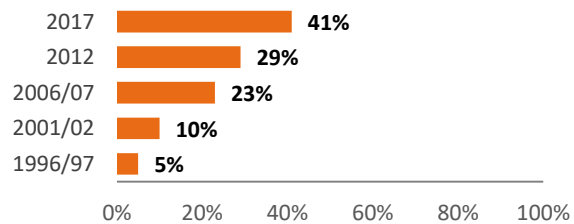
**Refrigerator**



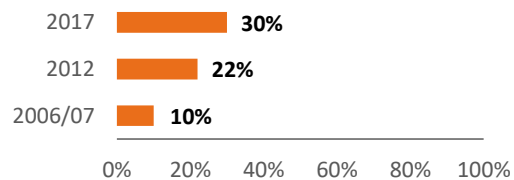
**Mobile telephone**



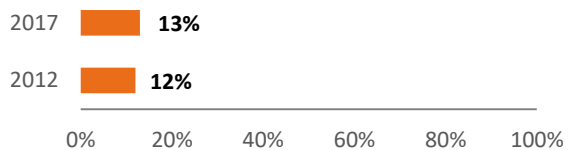
**Washing machine**



**Microwave oven**



**Personal computer  
(including laptop)**



## 4. RELATIVE POVERTY IN 2017

### 4.1 HOW MANY ARE IN RELATIVE POVERTY?

In 2017, around 36,500 households (9.6%) comprising 131,300 persons (10.3%) were in relative poverty in the Republic of Mauritius.

**Table 6 – Selected summary indicators on relative poverty, 2017**

<b>Summary poverty indicators</b>	<b>2017</b>
Estimated total number of households	381,500
Estimated total number of persons	1,264,600
<b>Relative poverty line – Half median monthly household income per adult equivalent</b>	<b>Rs 7,509</b>
<b>Households in relative poverty</b>	
<i>Number</i>	36,500
<i>Proportion</i>	9.6%
<b>Persons in relative poverty</b>	
<i>Number</i>	131,300
<i>Proportion</i>	10.4%

### 4.2 WHO ARE MORE LIKELY TO BE IN RELATIVE POVERTY?

Poverty is mostly likely to be prevalent among specific population groups such as persons lacking a certain level of education or working in certain fields among specific households such as female headed households and those with many children.

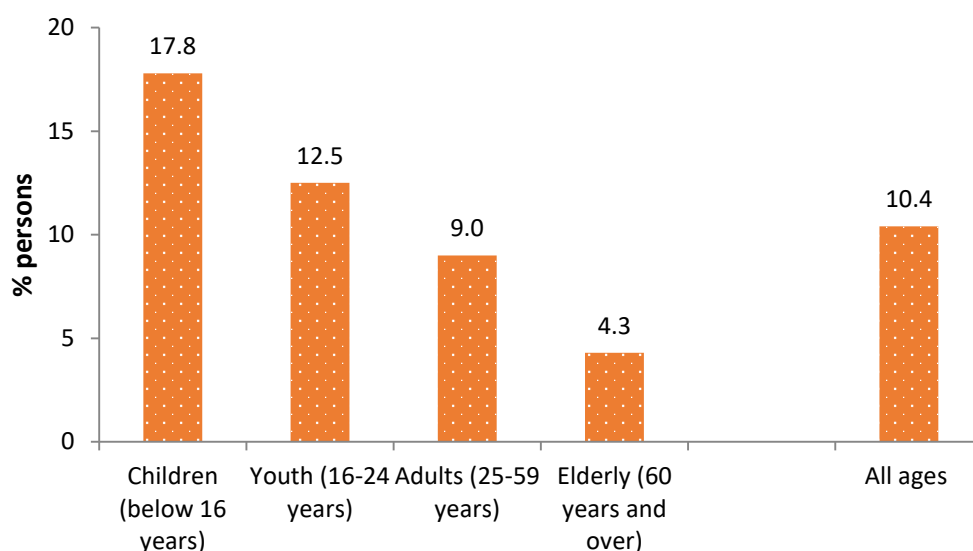
#### **Females and ...**

In 2017, 11.1% of females were in relative poverty against 9.7% of males.

#### **Children**

In 2017, relative poverty was highest among children aged less than 16 years (17.8%), followed by youths aged 16 to 24 years (12.5%).

**Chart 6 – Poverty rate by selected age group, 2017**



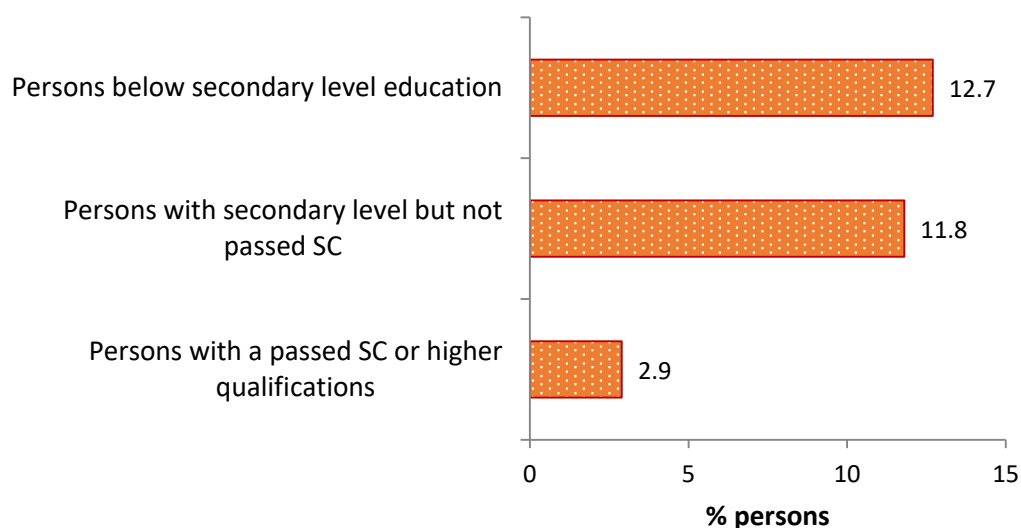
**... as opposed to old people**

Compared to all age groups, poverty was significantly lowest among old people aged 60 years and over – the poverty rate among the old was 4.3%, much lower than 10.4%, the average among all age groups.

**Persons with low education ....**

In 2017, poverty prevalence was high among the population aged 16 years and over who could not acquire a Cambridge School Certificate (SC) – those who reached up to Form III were even more disadvantaged (12.7%).

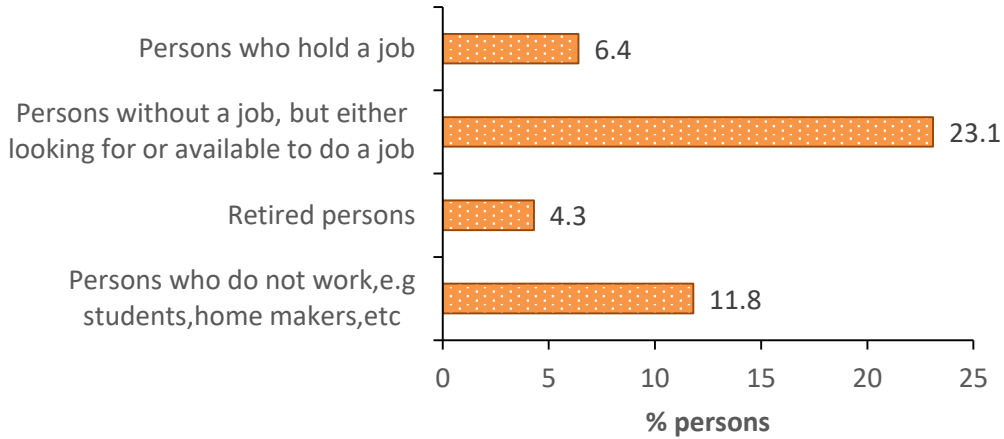
**Chart 7 – Poverty rate by educational attainment, 2017**



### ... as well as the unemployed

Poverty was more prevalent among unemployed persons aged 16 years and over (23.1%) as compared to people of other economic activity groups (Chart 8).

**Chart 8 – Poverty rate by activity status, 2017**



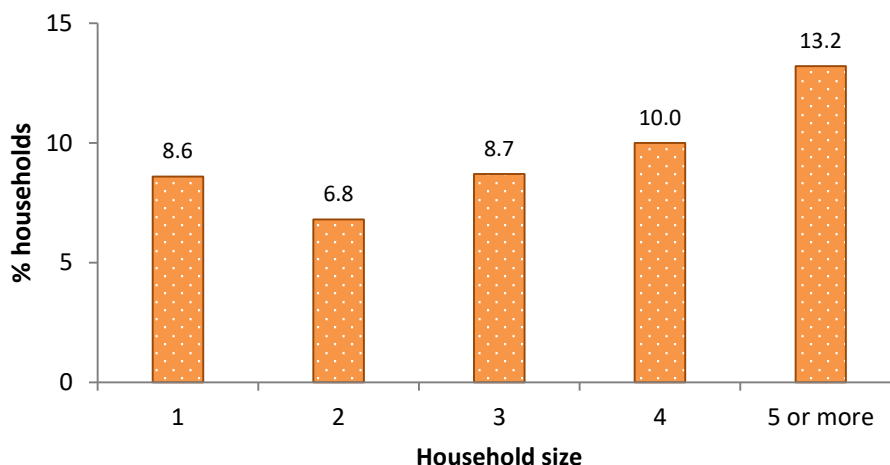
It is worth noting that among the unemployed persons in poverty,

- over 50% were males,
- over 50% were youth aged 16-24 years, and
- over 70% did not acquire an SC qualification.

### Large households, ....

Poverty rate was highest among large households with 5 or more persons (13.2%) and lowest for those with two persons (6.8%).

**Chart 9 – Poverty rate by size of household, 2017**

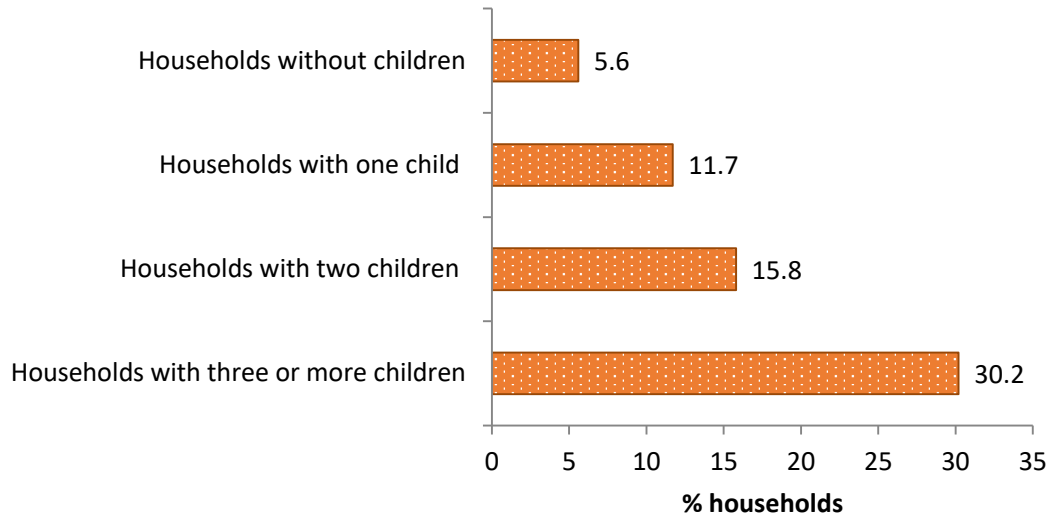


**... households with large number of children,**

In 2017, the poverty rate for households with at least one child (15.2%) was significantly higher than that for households without children (5.6%).

As shown in Chart 10 below, poverty level increases consistently with the number of children in households. The poverty rate for households with one child worked out to 11.7% against 30.2% for households with three or more children.

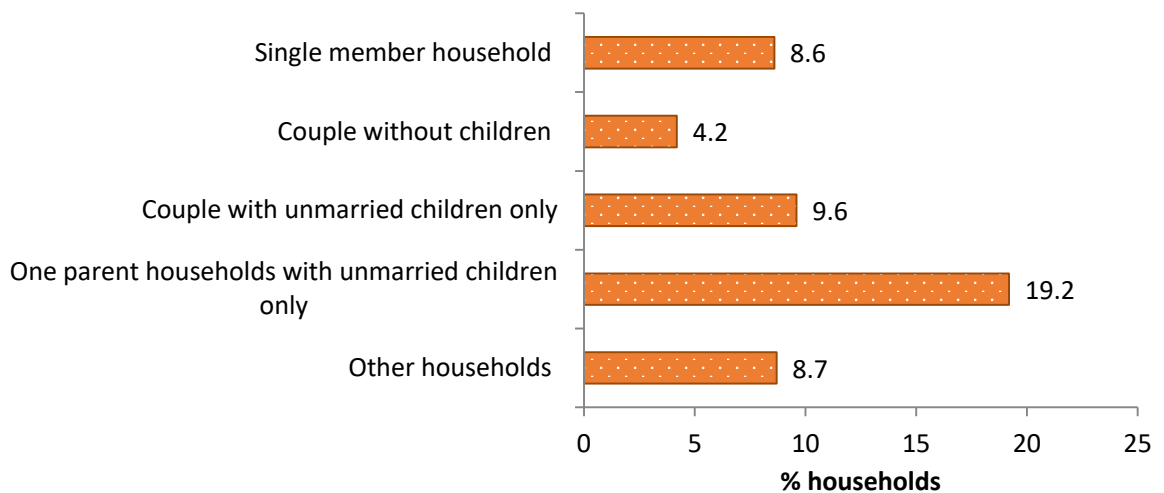
**Chart 10 – Poverty rate by number of children in households, 2017**



**...one-parent households,**

One parent households with unmarried children had the highest poverty rate (19.2%) compared to other types of households.

**Chart 11 – Poverty rate by type of household, 2017**



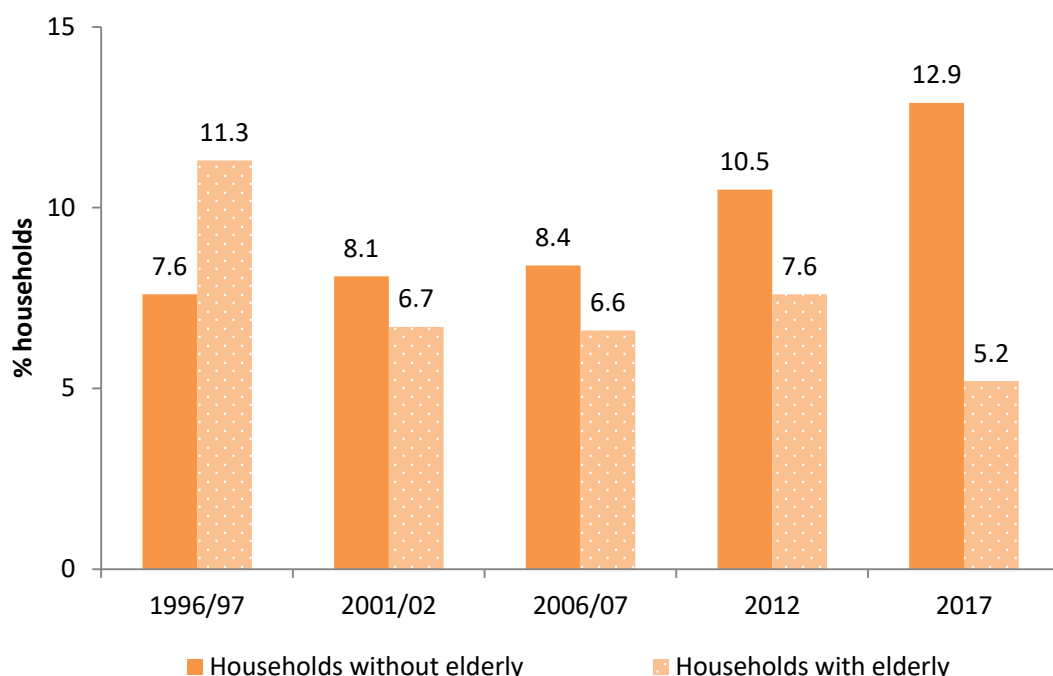


**... households without old people.**

In 2017, the poverty rate for households without elderly (12.9%) was significantly higher than that for households with elderly (5.2%).

From 1996/97 to 2017, the situation of households without elderly deteriorated – their poverty rate increased from 7.6% to 12.9% while that of households with elderly improved significantly (Chart 12).

**Chart 12 – Poverty rate for households with and without elderly, 1996/97 to 2017**



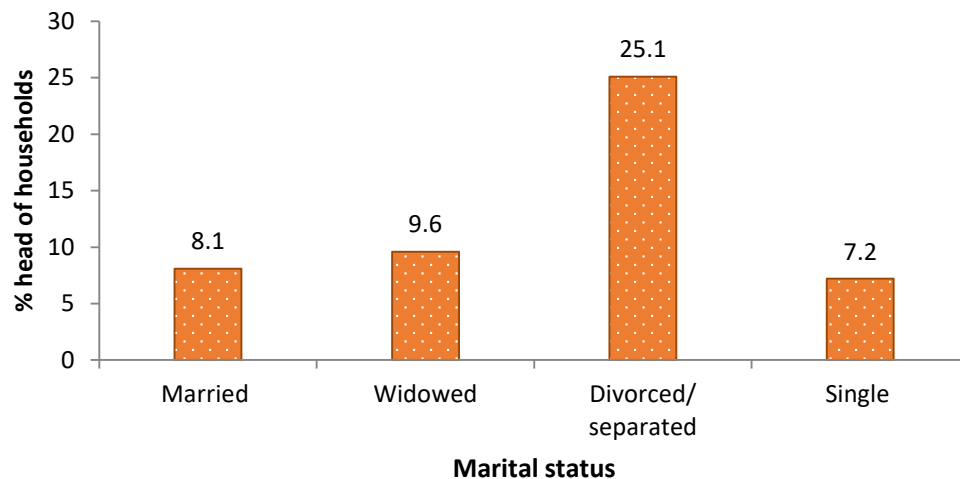
**...households headed by female, ...**

In 2017, 16.1% of female headed households were in relative poverty as compared to 7.7% of male headed households.

**... and those headed by separated and divorced persons.**

Poverty rate was highest among households headed by persons who were either separated or divorced (25.1%), of whom around 85% were females (Chart 13).

**Chart 13– Poverty rate by marital status of head, 2017**



**Households in relative poverty are mostly headed by**

**Females, ...**

In 2017, 37% of them were headed by females.

**... adults aged between 25 to 59 years, ...**

Nearly 80% of them were headed by people aged 25 to 59 years.

**... married people, ...**

60% of them comprises married couples; another 36% were headed by either widowed or divorced or separated persons

**... less qualified people, ...**

71% of heads of households in relative poverty did not reach lower secondary; some 23% attained secondary level but did not possess an SC qualification

**... working people.**




60% were working people; 34% were either retired or home makers. Among the working heads, around 70% were engaged as craft and related trade workers, machine operators and assemblers, and elementary occupations like cleaners, labourers.

## 5. SITUATION OF PEOPLE IN RELATIVE POVERTY COMPARED TO THE OTHERS

This part of the analysis shows a comparison between households in relative poverty and other non-poor households in terms of socio-economic characteristics, financial resources, and living and housing conditions.

For this purpose, households are categorised as follows:

- (i) Poor – households living below the relative poverty line set at half the median of monthly household income<sup>10</sup> per adult equivalent
- (ii) Middle income - households falling in the fifth and sixth decile<sup>11</sup> groups of monthly household income per adult equivalent
- (iii) High income - households falling in the tenth decile group of monthly household income per adult equivalent.

<b>Poor</b>	<b>Middle income households</b>	<b>High income households</b>
		
Less than Rs 7,509 Monthly household income per adult equivalent	Rs 13,201 - Rs 17,430 Monthly household income per adult equivalent	Rs 34,990 and above Monthly household income per adult equivalent

### Poor households tend to be larger households with more children and youths, ...

In 2017, average household size for the poor was 3.7 against 3.4 for middle and 3.2 for high income households.

Poor households had more children and youths, but fewer elderly people who could bring additional resources from Government pensions.

**Table 7 – Average number of persons by selected age group and household category, 2017**

	<b>Poor households</b>	<b>Middle income households</b>	<b>High income households</b>
Average household size	3.7	3.4	3.2
Average number of:			
<i>Children (&lt; 16 years)</i>	1.2	0.6	0.5
<i>Youth (16 - 24 years)</i>	0.7	0.6	0.3
<i>Adults (25 – 59 years)</i>	1.5	1.6	1.6
<i>Elderly (60 years and over)</i>	0.3	0.6	0.7

<sup>10</sup> Household income comprises disposable income and imputed rent. More information at Section 10

<sup>11</sup> Decile is a specific type of quantile which divides the sorted household data in ten equal parts i.e. Decile 1 (lowest household income) to Decile 10 (highest household income). More information at Section 10.

**... they have fewer income earners**

Poor households had considerably fewer income earners (1.4) as compared to middle (2.1) and high (2.3) income households – less working and elderly people, and even fewer qualified people.

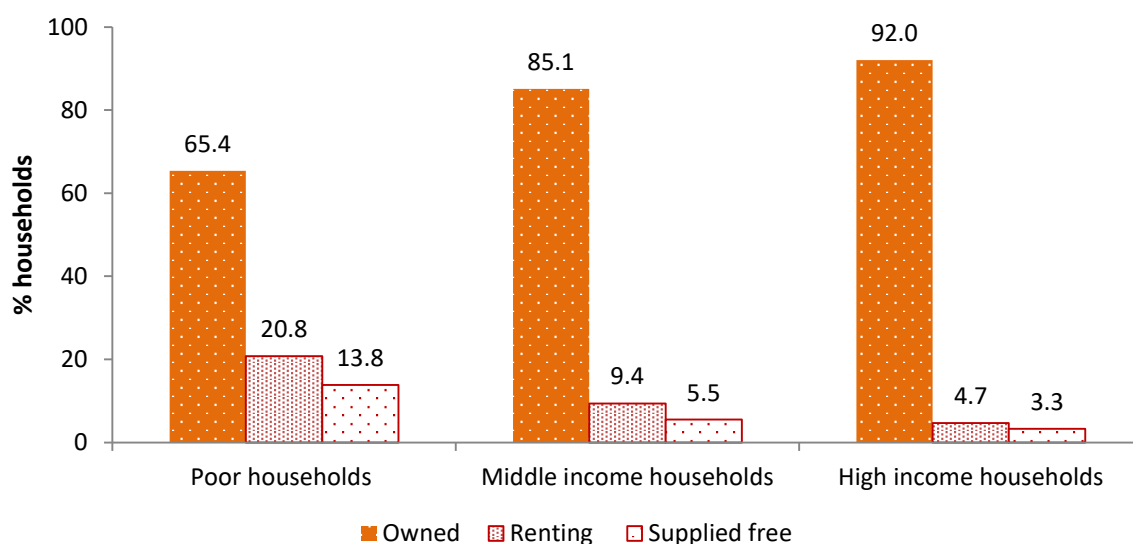
**Table 8 – Socio-economic profile of members by household category, 2017**

	<b>Poor households</b>	<b>Middle income households</b>	<b>High income households</b>
Average number of income earners	1.4	2.1	2.3
Average number of elderly	0.3	0.6	0.7
Average number of persons with a job	1.0	1.5	1.8
Average number of persons with at least an SC qualification	0.3	0.9	2.3

**Poor households are less likely to be home owners ...**

In 2017, the proportion of owner occupied households among poor households (65%) was significantly lower than middle (85%) and high income (92%) households.

**Chart 14 – Distribution (%) of households by household category and type of tenure, 2017**



**... and less likely to live in spacious houses**

In 2017, the average number of persons per room worked to 1.0 for poor households as compared 0.5 for high income households.

**Table 9 – Average number of persons per room by household category, 2017**

	<b>Poor households</b>	<b>Middle income households</b>	<b>High income households</b>
<i>Average household size</i>	3.7	3.4	3.2
Average number of persons per room	1.0	0.6	0.5

**...they owned fewer durable goods**

Poor households are less likely to own durable goods than middle and high income households.

**Table 10 - Proportion of households owning selected durable goods by household category, 2017**

<b>Durable goods</b>	<b>Household category</b>		
	<b>Poor</b>	<b>Middle income</b>	<b>High income</b>
Television	90.4	98.7	99.5
Refrigerator	83.7	97.8	99.7
Fixed telephone	26.1	70.4	90.0
Mobile	93.4	95.3	99.4
Washing machine	40.6	82.4	93.2
Microwave	30.4	73.8	93.4
Personal computer	13.0	44.8	83.7
Air conditioner	...	15.8	47.7

## The income of a poor household is one ninth of that of a high income household...

In 2017, a poor household drew an average monthly income<sup>12</sup> of Rs 13,100, nearly three times less than that of a middle income household (Rs 33,500) and one ninth that of a high income household (Rs 112,200).

**Table 11 – Average household income and size by household category, 2017**

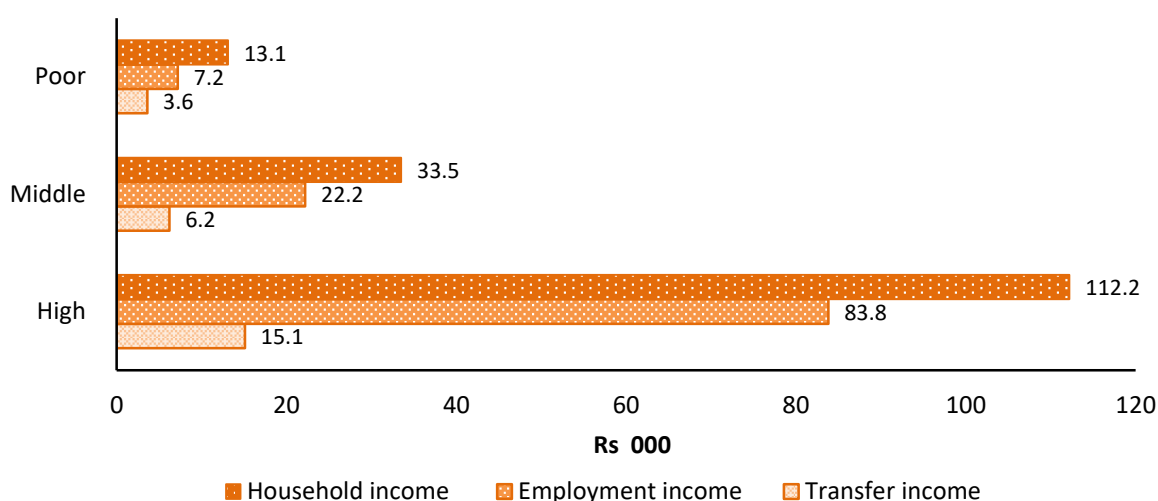
	Poor households	Middle income households	High income households
Average monthly household income <sup>11</sup> (Rs)	13,100	33,500	112,200
Average household size	3.7	3.4	3.2
Average number of income earners	1.4	2.1	2.3

## ...mainly due to disparities from employment

In 2017, the employment income<sup>13</sup> of poor was Rs 7,200 per month, one twelfth that of a high income household (Rs 83,800).

Their transfer income was also lower but, to a lesser extent. It was Rs 3,600 per month, one quarter that of a high income household (15,100).

**Chart 15 – Average monthly household income (Rs) by household category and source, 2017**



<sup>12</sup> Household income comprises disposable income and imputed rent. More information at Section 10.

<sup>13</sup> Employment income refers to net employment income excluding compulsory deductions like income tax and contributions pensions schemes like NPF. More information at Section 10.

## Poor households are more reliant on transfers, ...

A poor household derives 27% of its income from transfers against only 13% for a high income household.

**Table 12 – Share of household income<sup>11</sup> by household category and source, 2017**

	Poor households	Middle income households	High income households
Share (%) of income from:			
Employment	54.8	66.2	74.7
Transfers	27.4	18.6	13.5
Other sources <sup>14</sup>	17.8	15.2	11.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### ... particularly on government pensions

86% of the transfer income of a poor household comes from basic pensions for the old (60 years and over), widows and disabled as well as other social security cash benefits designed specifically for poor households. For a high income household, such transfers made up only 31% of its total transfer income.

Poor households are less likely to derive contributory pension – these are pensions received by people who worked before and have contributed to any pension schemes. Their share of contributory pensions on total transfers is substantially low (5%) as compared to high income households (66%).

**Table 13 –Transfer income (Rs) by household category and type, 2017**

	Poor households	Middle income households	High income households
Average monthly household transfer income (Rs)	3,600	6,200	15,100
<i>of which</i>			
Government transfers (Rs)	3,100	4,500	4,700
Contributory pensions (Rs)	200	1,500	10,000
<i>Share of Govt. transfers on total transfer income (%)</i>	<i>85.6</i>	<i>71.4</i>	<i>30.9</i>
<i>Share of Contributory pensions on total transfer income (%)</i>	<i>5.1</i>	<i>24.3</i>	<i>66.3</i>

<sup>14</sup> Includes property income, income from own produced goods and services, and imputed rent i.e. a rental value for non-renting households

### **A poor household's consumption expenditure is one sixth that of a high income household ....**

In 2017, on average, a poor household spent Rs 10,200 per month – half that of a middle income household (Rs 21,300) and one sixth that of a high income household (Rs 60,400).

**Table 14 – Average household consumption expenditure (Rs) by household category, 2017**

	<b>Poor households</b>	<b>Middle income households</b>	<b>High income households</b>
Average monthly household consumption expenditure (Rs)	10,200	21,300	60,400
Average monthly household income <sup>11</sup> (Rs)	13,100	33,500	112,200
Average household size	3.7	3.4	3.2

### **Poor households devote a higher share of their budget on basic items like food and housing**

In 2017, poor households devoted nearly two third (65%) of their total spending to food, housing and transport<sup>15</sup>. Housing expenses comprised mainly utility bills, and rents since they are more likely to be tenants.

Middle income households have more or less the same expenditure pattern like poor households – but they devoted a lower share of their budget on food and housing (43.6%), and a higher share on transport (11.8%).

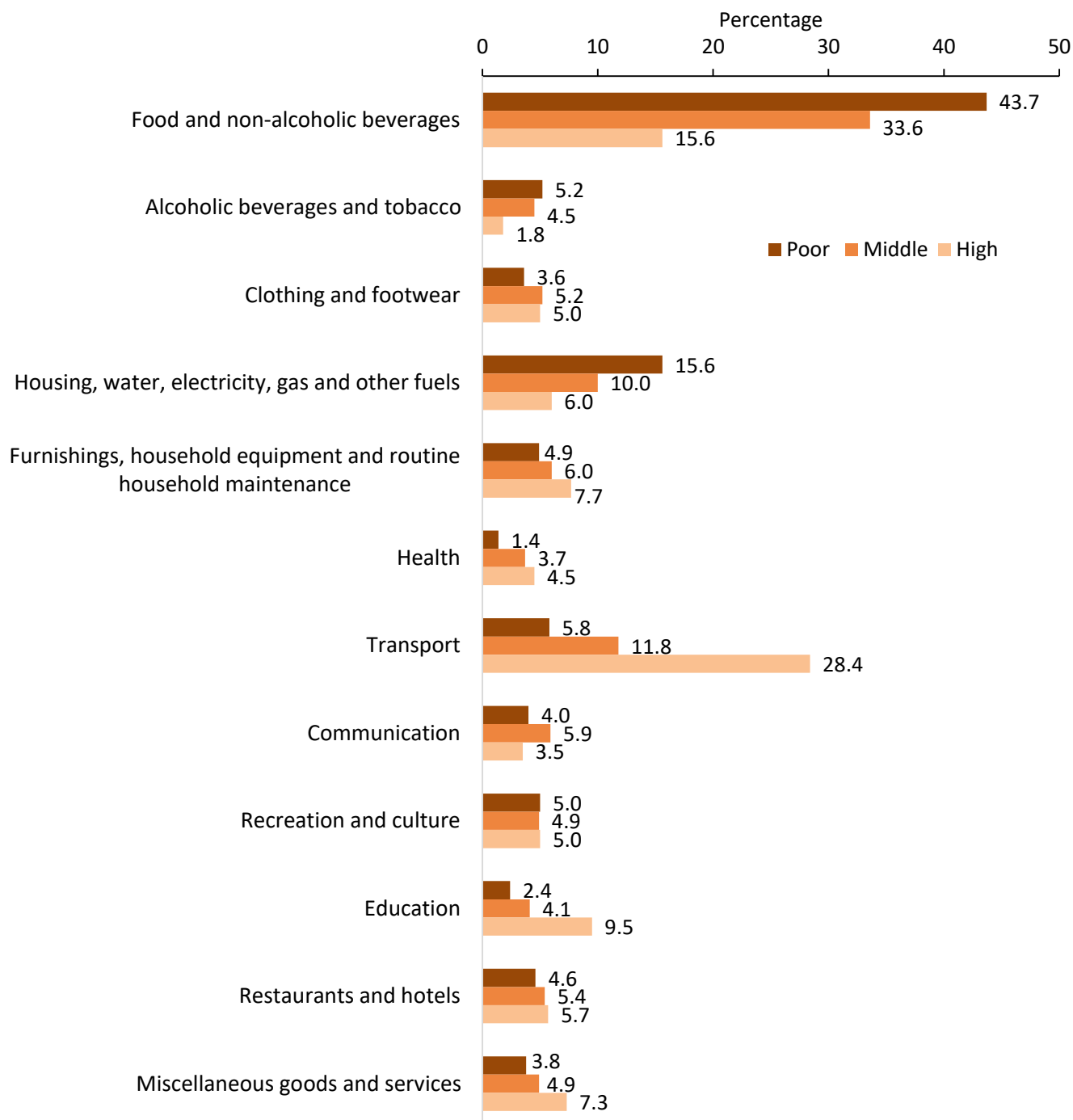
For high income households, their expenditure pattern is different. They spent mainly on transport (28.4%), food (15.6%) and education (9.5%).

With regard to other important items of expenditure such as education and health, poor households spent merely 3.8% of their budget on same as compared to 14.0% among high income households.

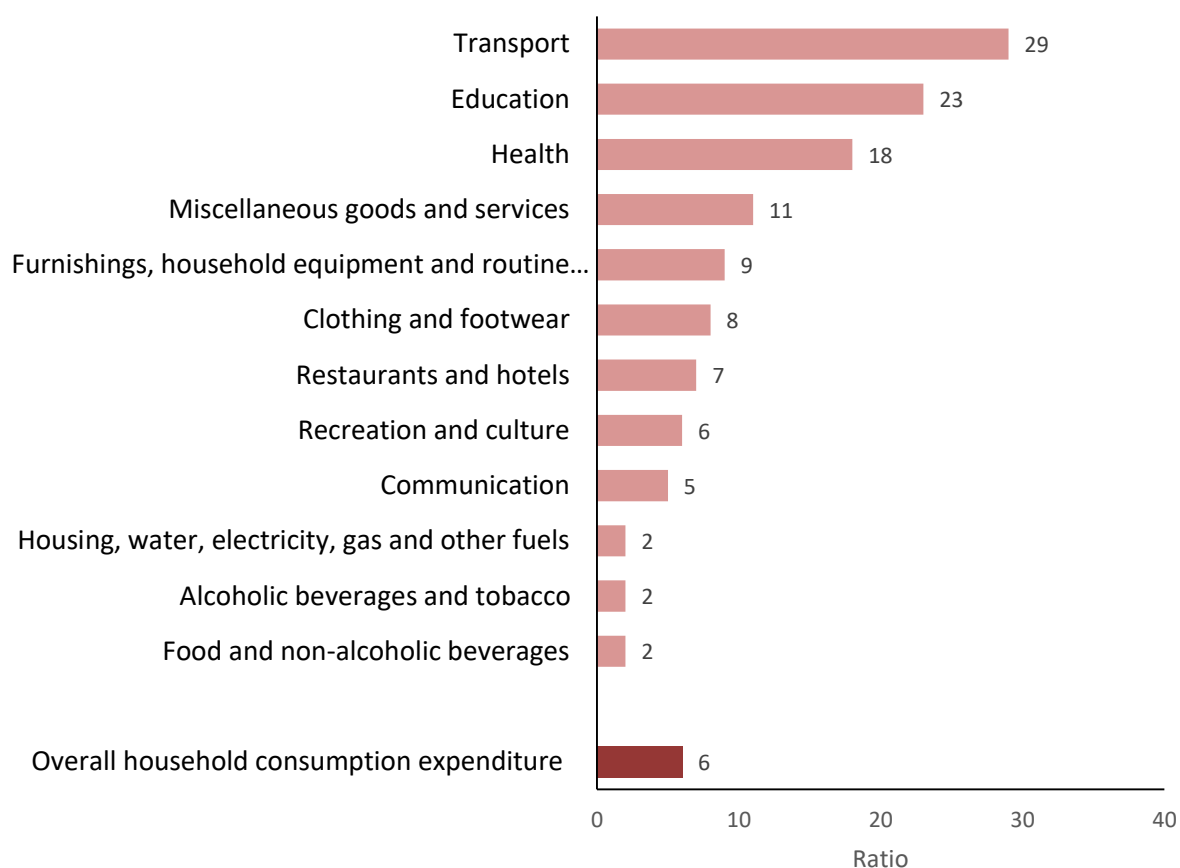
<sup>15</sup> Household consumption expenditure items are categorised based on COICOP; COICOP refers to UN classification of Consumption Expenditure according to Purpose, which consists of 12 major divisions. Food refers to 'Division 1: Food and non-alcoholic beverages'; Housing – Division 4: 'Housing, water, electricity, gas and other fuels'; Transport – Division 7: 'Transport'.



**Chart 16 - Distribution (%) of household consumption expenditure by household category and COICOP division, 2017**



**Chart 17 - Ratio of consumption expenditure of high income to poor households by COICOP division, 2017**



When it comes to their level of spending, poor households spend much less than high income households on transport and education. For every Rs100 spent by high income household on same poor households spend a mere Rs3.50. The disparity is least on food, alcoholic beverages, tobacco and housing. For every Rs100 spent by a high income household on these items, a poor household spends Rs50.

### **Poor households are less likely to be indebted than middle and high income household, ...**

At the Household Budget Survey, households were asked to report on their monthly household debt repayment<sup>16</sup>.

In 2017, 23% of poor households were reported as being indebted whereas 43% of middle income and 63% of high income household were indebted,

Poor households are more likely to contract debts on hire-purchase of items such as furniture, audio visual equipment and household appliances (61%) than on housing, vehicle and education. (Table 15).

<sup>16</sup> For this analysis, household debt refers to specific debt such as loans on housing, education, health, motor vehicles, hire purchases goods (e.g. household appliances, television, etc.) taken from financial institutions.

**Table 15–Indebted households by household category, 2017**

	Poor households	Middle income households	High income households
Percentage of indebted households	22.8	43.5	63.0
Percentage of indebted households indebted on:			
- Housing	27.4	52.2	69.1
- Vehicles	....	7.6	42.2
- Education	....	3.3	13.3
- Durable goods	61.2	41.7	14.3
- Personal <sup>17</sup>	....	22.2	26.9
- Others <sup>18</sup>	18.5	15.1	9.3

**... and reported a lower debt burden than non-poor household**

A poor indebted household disbursed around Rs 1,800 monthly on debt repayment, 11 times less than a high income household. The percentage of its disposable income going to debt repayment, is 14% as compared to 19% for a high income household.

**Table 16 – Debt burden ratio<sup>19</sup> of indebted households by household category, 2017**

	Poor households	Middle income households	High income households
Average monthly household debt repayment (Rs)	1,800	5,300	19,900
Average monthly household disposable income <sup>18</sup> (Rs)	12,600	31,400	106,500
<b>Debt burden ratio (%)</b>	<b>14.0</b>	<b>17.0</b>	<b>18.7</b>

<sup>17</sup> refers to loan incurred by households to have sufficient cash in hand to meet financial responsibilities.

<sup>18</sup> Include debt on health and debt incurred on specific items such to spend on wedding, or to purchase computer, mobile phone, etc.

<sup>19</sup> Debt burden ratio expressed in terms of percentages is based on indebted households; the household disposable income and debt repayment also refer to indebted households.

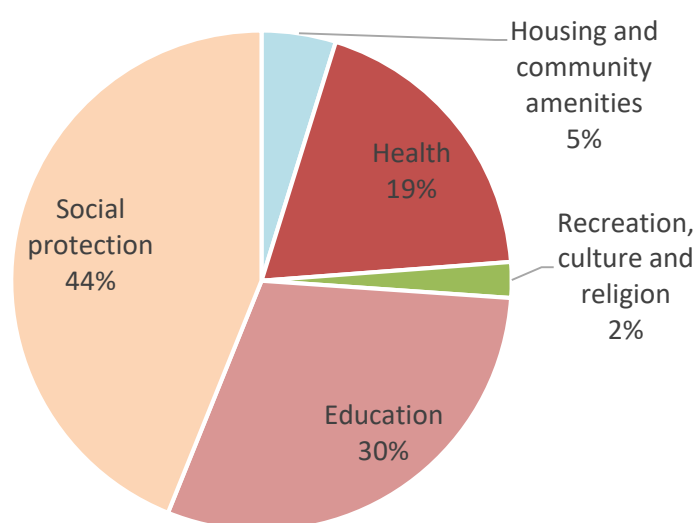
## 6. IMPACT OF GOVERNMENT INTERVENTIONS ON POVERTY

This section sheds light on the impact of Government interventions in tackling poverty. The analysis below makes use of the Household Budget Survey (HBS) data as well as administrative data on Government Expenditures on social protection, primary and secondary education, health services and free bus transport.

### Government Expenditures at national level

At national level, Government implements various social welfare programmes in many sectors such as education, health, and housing for the wellbeing of the population. Every year, more than half of the spending of the Government Budget is allocated to such programmes. In 2016/17, expenditure on community welfare and social security programmes<sup>20</sup> amounted to Rs 60,624 M, representing 53% of total Government expenditure<sup>21</sup> (Rs 115,205 M).

**Chart 18 – Distribution (%) of Government expenditure on Community welfare and social security programmes, 2016/17**



Social protection, education and health services are the three main social welfare programmes. The highest spending is devoted to social protection (Rs 26,605 M, in 2016/17)<sup>22</sup> referred to hereunder as Government transfers. These comprise mainly universal basic pensions such as Basic Retirement Pensions (payable to all old persons aged 60 years and above), Basic Widows Pensions, Basic Invalid Pensions, and Social Aid which is payable to the needy.

<sup>20</sup> Community welfare and social security programmes include Social Protection, health, education, housing and community amenities and recreation, culture and religion.

<sup>21</sup> Government expenditure comprises expenditure for Central Government (e.g. all ministries and departments, Extra Budgetary Units and social security schemes), administration for Rodrigues island, Municipalities and District Councils, etc.

<sup>22</sup> Government expenditure on Education: Rs 18,214 M; Health: Rs 11,529 M; Housing and community amenities: 2,886 M; and Recreation, culture and religion: Rs 1,390 M)

The analysis below is based on data from the HBS and administrative sources.

**Over the past fifteen years, Government spending on social welfare programmes has continuously contributed in reducing poverty**

**Without Government transfers and free services, the 2017 poverty rate would have been 34% instead of 9.6%**

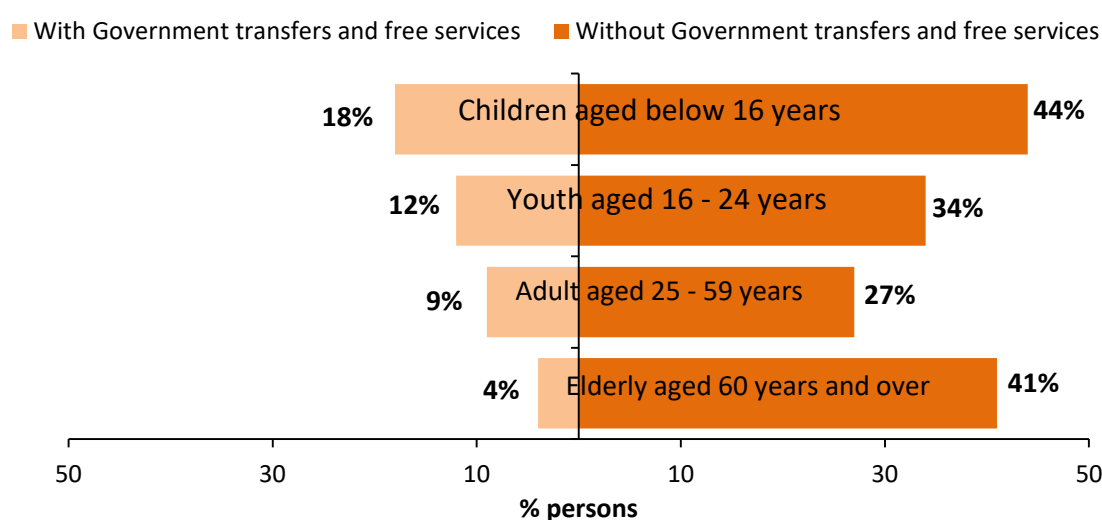
In 2017, without Government transfers<sup>23</sup> and free health services, education and bus transport, poverty would have soared to more than three times its level i.e. at 34.1% instead of the actual rate of 9.6%.

The estimated number of poor households would have increased from 36,500 to 130,000.

**Table 17– Impact of Government transfers and free services on poverty, 2001/02 – 2017**

	2001/02	2006/07	2012	2017
<b>Poverty rate (%)</b>	<b>7.7</b>	<b>7.9</b>	<b>9.4</b>	<b>9.6</b>
<b>Without Government transfers and free services</b>	<b>24.4</b>	<b>27.2</b>	<b>30.4</b>	<b>34.1</b>
Without Government transfers	14.0	16.0	18.8	23.0
Without Government free services on:	17.8	19.1	20.9	20.8
- Education <sup>24</sup> only	13.8	14.0	15.0	16.1
- Health only	11.2	12.1	13.4	13.6
- Free bus transport only	....	8.6	10.1	9.9

**Chart 19– Impact of Government transfers and free services on poverty by age group, 2017**



<sup>23</sup> Government transfers refer to basic pensions and other social security benefits like Social Aid.

<sup>24</sup> Free Government services on education refers to primary and secondary levels only.

The impact of Government transfers is most significant among the elderly – the poverty rate among this age group which stands at 4% would have been 10 times more without Government transfers and free services. For the younger age group, the poverty rate would have been 2 to 3 times more.

Government transfers and free services (when converted in money terms) represent 96% of the total income resources of poor households – if these services were not granted, poor households would have been extremely hit.

### **Government transfers plays an important role in tackling poverty**

Government transfers is one of the main social welfare programmes designed by the Government to supplement the income of needy households<sup>25</sup>. It accounts for nearly a quarter of the total Government spending (23% of the total budget in 2016/17). It comprises mainly universal basic pensions such as Basic Retirement Pensions (payable to all old persons aged 60 years and above), Basic Widows Pensions, Basic Invalid Pensions, and Social Aid which is payable to the needy.

### **Government transfers is an important source of income for the poor**

Based on data from 2017 HBS, a poor household received on average Rs 3,100 monthly from Government transfers. This represents 28.5% of its disposable income – as compared to a share of 11.7% for a non-poor household.

**Table 18 – Monthly Government transfers for poor and non-poor households, 2017**

	<b>Poor households</b>	<b>Non-poor households</b>
Average monthly household disposable income	10,800	39,600
Average monthly transfer income (Rs)	3,600	7,800
of which		
Government transfers	3,100	4,600
<i>Share of Government transfers on household disposable income (%)</i>	28.5	11.7

Data from the past four HBS reveals that Government transfers have been instrumental in bringing down poverty (Table 19). The poverty rate was halved during 2001/02 to 2017 as a result of Government transfers.

<sup>25</sup> At international level, the United Nations 2030 Agenda: Sustainable Development Goals emphasises on the implementation of social protection system to achieve SDG 1 – End poverty in all in its form.

**Table 19 – Impact of Government transfers on poverty, 2001/02 – 2017**

	2001/02	2006/07	2012	2017
Poverty rate (%)				
With Government transfers	7.7	7.9	9.4	9.6
Without Government transfers	14.0	16.0	18.8	23.0
<i>of which</i>				
<i>Basic Retirement Pension</i>	11.9	13.4	16.1	20.4

Basic Retirement Pensions (BRP), also called old age pension, represents a huge share in the total Government spending on Government transfers. Without the BRP only, poverty rate in 2017 would have been 20.4% instead of 9.6%. The impact among households with elderly persons would have been even more – their poverty rate would have been 30% instead of 5%.

#### **Government free services also contribute significantly in reducing poverty**

In 2017, the cost of free primary education borne by Government represented 43% of the income of poor households with primary school students as compared to 11% of high income households.

**Table 20 – Cost of free primary education borne by Government for poor and non-poor households, 2017**

	Households with primary school students	
	Poor households	Non-poor households
Average monthly household disposable income (Rs)	11,900	42600
Average monthly cost of free primary education borne by Government (Rs)	5,100	4,800
<i>Cost of free primary education borne by Government relative to household disposable income (%)</i>	42.7	11.2

With regard to secondary education, it is estimated that the cost of free secondary education borne by Government represents 63% of the income of poor households (with students in secondary schools) as compared to 18% for high income households.

**Table 21 – Cost of free secondary education borne by Government for poor and non-poor households, 2017**

	Households with secondary school students	
	Poor households	Non-poor households
Average monthly household disposable income (Rs)	11,900	41,700
Average monthly cost of free secondary education borne by Government (Rs)	7,500	7,400
<i>Cost of free secondary education borne by Government relative to household disposable income (%)</i>	62.9	17.9

**Without free education, the 2017 poverty rate would have been 16% instead of 9.6%**

If households had to pay for primary and secondary education provided by Government, many would fall into poverty. In 2017, the rate would have been 16.1% instead of 9.6%. More households with children would have been in poverty – the poverty rate for households with children would increase dramatically from 15% to 30%.

**Table 22 – Impact of free education on poverty, 2001/02 - 2017**

	2001/02	2006/07	2012	2017
Poverty rate (%)				
With free education	7.7	7.9	9.4	9.6
Without free education	13.8	14.0	15.0	16.1

**Without free health services, the 2017 poverty rate would have been 14% instead of 9.6%**

At the 2017 HBS, over 95% of households reported that they usually make use of public health services. For these households, the cost of free health services borne by Government represented 6% of their income; for poor households, it represented around 24%. If health services were not free, the 2017 poverty rate would have been 13.6% instead of 9.6%.

**Without free bus transport, the 2017 poverty rate would have been 10% instead of 9.6%**

As from 2005, free bus transport is being granted to elderly people (aged 60 years and over), disabled people and students.



In 2017, the cost of free bus transport borne by Government represented 3% of the income of poor households; for non-poor households, the corresponding share was only 1%. It is estimated that the poverty level would have been 9.9% instead of 9.6% in 2017 if bus transport were no longer granted free.

**Table 23 – Impact of free bus transport on poverty, 2006/07 – 2017**

	2006/07	2012	2017
Poverty rate (%)			
With free bus transport	7.9	9.4	9.6
Without free bus transport	8.6	10.1	9.9

## 7. TREND IN POVERTY LEVELS, 1996/97 to 2017

This part of the analysis elaborates on the evolution of poverty level by making use of Absolute Poverty Lines.

*What is an Absolute Poverty Line?* An Absolute poverty line is a line which is fixed at a point in time and adjusted for price changes to obtain equivalent poverty lines at different points in time.

It can be applied to any income/ expenditure distribution. It is, therefore, not affected by the distribution and hence, allows one to track the evolution of poverty over time<sup>26</sup>. Examples of absolute poverty lines are: World Bank \$1.90 (PPP) a day line and European Union – At risk poverty threshold (set at 60 % of the national median equivalised disposable income) anchored at point in time.

Mauritius does not have an absolute poverty line. In its absence, a ‘fixed’ threshold is derived from the Relative Poverty Line (RPL) of any HBS year and adjusted with price changes over time.

The analysis that follows presents the evolution of poverty over the past twenty years based on the World Bank global poverty lines and the ‘fixed’ thresholds as mentioned above.

### The World Bank \$1.90 and \$5.50 a day lines<sup>27</sup>

The World Bank poverty lines are poverty lines developed primarily to quantify global poverty, and to monitor its level across countries and over time. It is more relevant for international comparisons, and to measure progress on global goals set by the Bank, United Nations, etc.<sup>28</sup>

In 2015, the World Bank (WB) has reworked the International Poverty lines of \$1.25 and \$2 (PPP<sup>29</sup>) a day to \$1.90 and \$5.50 (PPP) respectively based on the latest data of the 2011 International Comparison Program.

The WB \$1.90 (PPP) a day line is the most commonly used poverty line to assess extreme poverty in the world. This poverty line, so called Global/ Extreme poverty line, is also being used in measuring progress towards the first Sustainable Development Goal (SDG1), namely ‘End poverty in all its forms everywhere’.

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<sup>26</sup> *relative poverty changes according to the income distribution of the population, it is not appropriate to monitor the evolution of poverty levels over time*

<sup>27</sup> <http://povertydata.worldbank.org/poverty/home/>

<sup>28</sup> *More information about World Bank Poverty lines can be accessed by using the URL below:*  
<http://www.worldbank.org/en/topic/poverty/brief/global-poverty-line-faq>

<sup>29</sup> *PPP refers to Purchasing Power Parity - the amount of money in a country's currency needed to buy goods and services equivalent to what can be bought with \$1 in the US.*

*US \$1 PPP is equivalent to Rs 18.2854 based on private consumption data of the last 2011 International Comparison Program.,*

Based on HBS data, the proportion of population living in extreme poverty is estimated to be less than 1% in 1996/97, 2001/02, 2006/07, 2012 and 2017 (Table 24). This compares with a global poverty rate of 10% in 2015 based on latest World Bank estimates.

**Table 24 – Poverty incidence based on World Bank \$1.90 and \$5.50 (PPP<sup>30</sup>) a day poverty lines, 1996/97 - 2017**

	1996/97	2001/02	2006/07	2012	2017
<b>Poverty line of \$1.90 (PPP) per person per day</b>	<b>460</b>	<b>620</b>	<b>805</b>	<b>1,100</b>	<b>1,245</b>
<b>- per person per month (Rs)</b>					
Proportion of poor persons (%)	<1%	<1%	<1%	<1%	<1%
<b>Poverty line of \$5.50 (PPP) per person per day</b>					
<b>- per person per month (Rs)</b>	<b>1,330</b>	<b>1,790</b>	<b>2,330</b>	<b>3,180</b>	<b>3,600</b>
Proportion of poor persons (%)	26.1	22.5	19.1	17.1	12.2

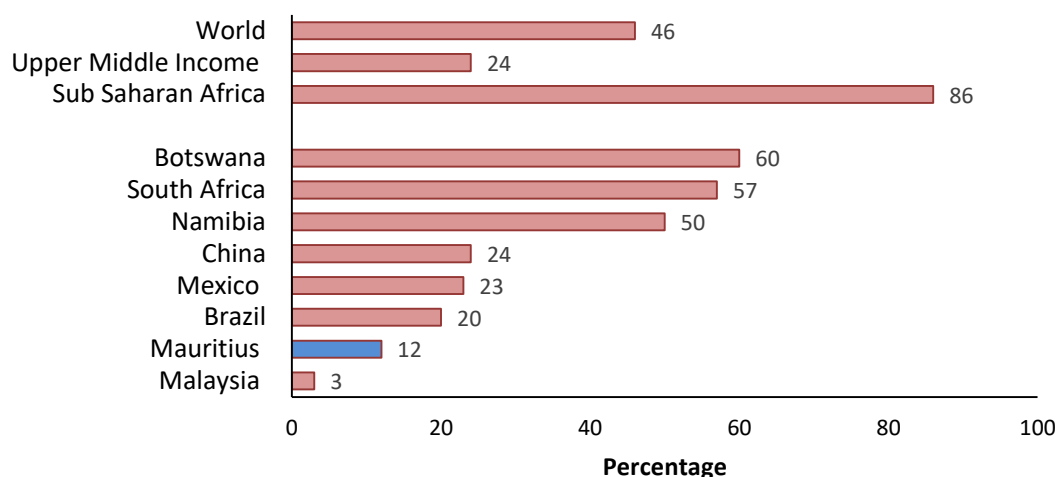
The \$5.50 (PPP) a day poverty line is used to assess poverty in upper middle income countries such as Mauritius. From 1996/97 to 2017, the proportion of people living below this poverty line decreased from 26.1% to 12.2% (Table 24)

Based on WB estimates<sup>31</sup>, Mauritius has a lower poverty rate (12%) than that of the world estimate (46% in 2015), Sub Saharan Africa (average estimate of 86% in 2015) and Upper Middle Income countries (average estimates of 24% and 18% in 2015 & 2018 respectively). The rate for some selected countries is given at Chart 20.

<sup>30</sup> At 2011, US \$1 PPP = Rs 18.2854, based on individual household consumption expenditure data of the last 2011 International Comparison Program

<sup>31</sup> Source: Data based on latest available figures World Bank website <https://data.worldbank.org/indicator/SI.POV.UMIC>

**Chart 20 - Proportion of population living below the US \$5.50 (PPP) a day line for selected countries<sup>32</sup>, 2015-2018**



### Fixed poverty threshold

In the absence of a National Absolute Poverty Line, the relative poverty line of 1996/97 is being used as a fixed threshold and adjusted for price changes to obtain equivalent lines for 2001/02, 2006/07, 2012 and 2017<sup>33</sup>.

### **Over the past twenty years, poverty level dropped significantly**

There is a decreasing trend in the poverty level from 1996/97 to 2017. The proportion of poor households decreased from 8.7% to 3.5%, bringing the number down from 23,800 to 11,400. In terms of persons, the proportion also declined from 8.2% to 3.5%; the number declined from 92,700 to 44,900.

It is worth noting that this decreasing trend in poverty is maintained regardless of whether the RPL is 'fixed' at any HBS year (Table 8A at Section 10.1).

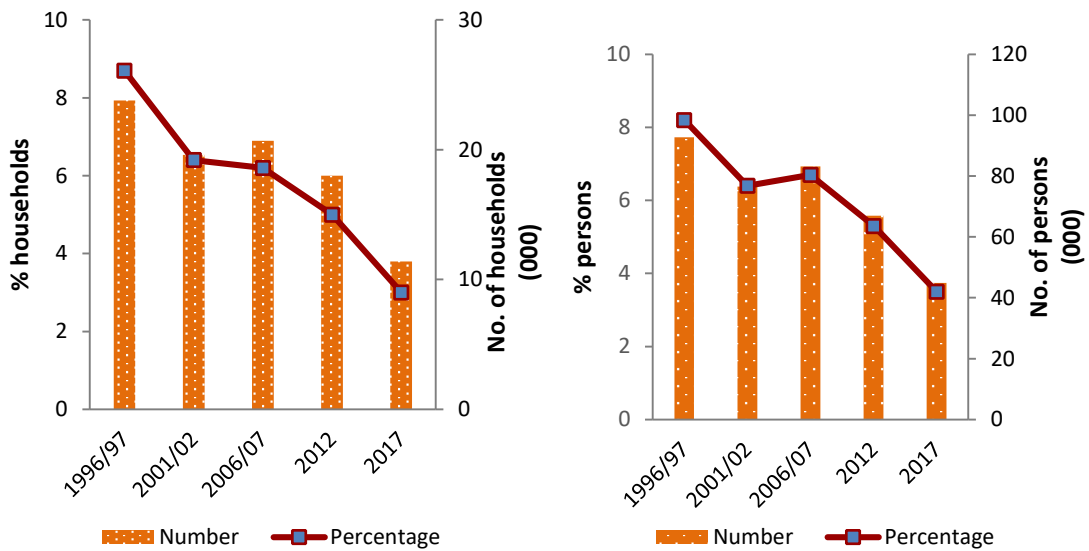
**Table 25 - Poverty indicators based on 'Fixed threshold', 1996/97 - 2017**

	1996/97	2001/02	2006/07	2012	2017
<b>Poverty line using 1996/97 Relative poverty line as a 'Fixed threshold' in Rs per adult equivalent per month</b>	<b>2,004</b>	<b>2,665</b>	<b>3,572</b>	<b>4,750</b>	<b>5,382</b>
Estimated number of poor households	23,800	19,600	20,700	18,000	11,400
<i>Proportion of poor households (%)</i>	8.7	6.4	6.2	5.0	3.0
Estimated number of poor persons	92,700	76,500	83,100	67,000	44,900
<i>Proportion of poor persons (%)</i>	8.2	6.4	6.7	5.3	3.5

<sup>32</sup> Mauritius figure refers to 2017; however, figures for other countries refer to period 2015-2018 as available on WB website.

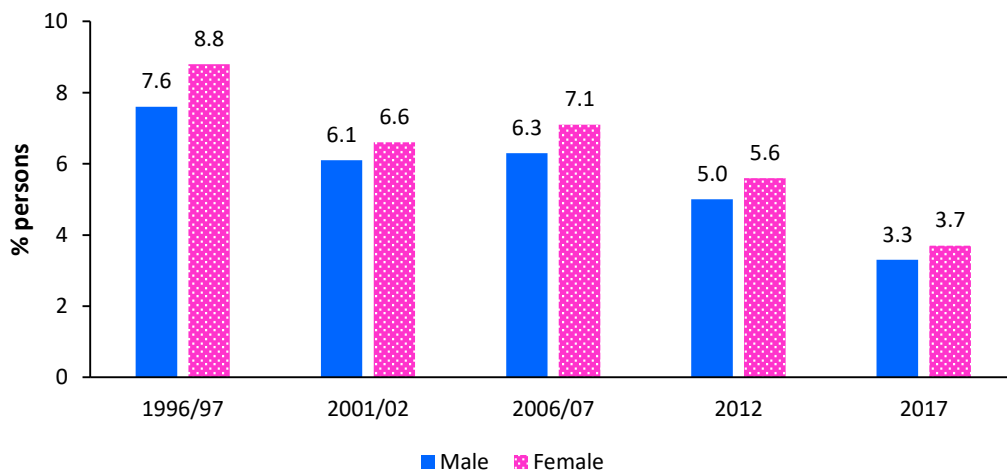
<sup>33</sup> Section 10 gives detailed information on the methodology used.

**Chart 21 – Trend in poverty level based on fixed threshold, 1996/97-2017**



Using the same thresholds and disaggregating the data by sex reveals that poverty level for both males and females decreased. But, females were consistently more likely to be in poverty than males (Chart 22).

**Chart 22 – Trend in poverty level based on fixed threshold by sex, 1996/97 - 2017**

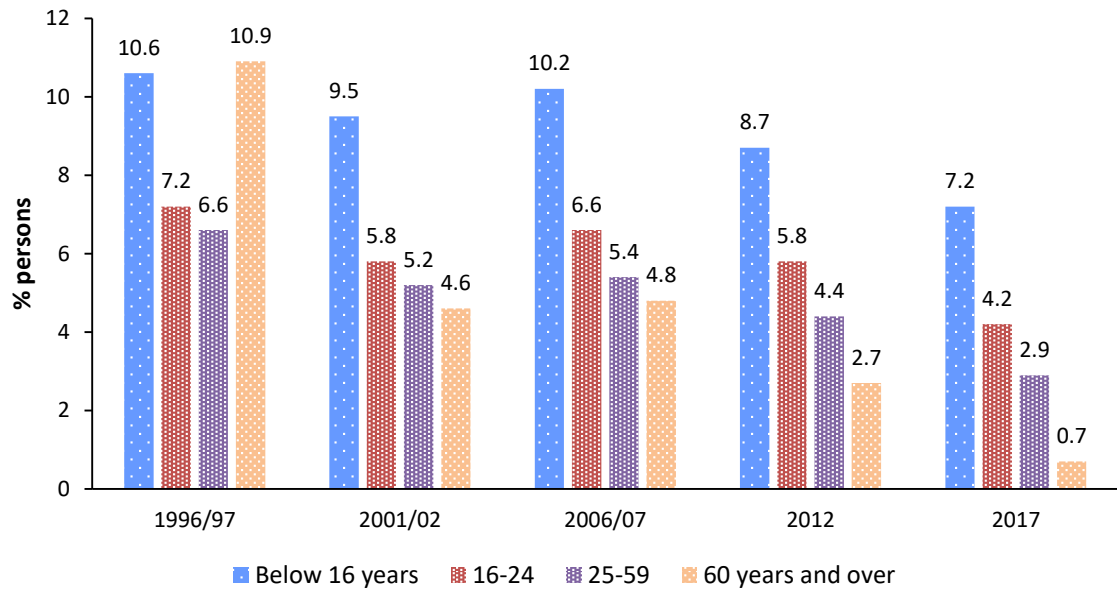


Poverty declined across all age groups (Chart 23). The rate among people aged 60 years and over decreased substantially from 10.7% in 1996/97 to 0.7% in 2017 – mainly due to increase in Basic Retirement Pension (BRP) that is, for 60 - 89 years, the pension rate rose from Rs 1,100<sup>34</sup> to Rs 5,450 per month).

<sup>34</sup> Average of Rs 1,055 in 1996 and Rs 1,150 in 1997

Poverty rate for children aged below 16 years also decreased but to a lesser extent – 10.6% in 1996/97 to 7.2% in 2017.

**Chart 23 – Trend in poverty level based on fixed threshold by selected age group, 1996/97-2017**



## 8. POVERTY IN RODRIGUES

This section gives a snapshot on the poverty situation in the island of Rodrigues based on Household Budget Survey (HBS) data.

In 2017, the proportion of households in relative poverty based on the Relative Poverty Line (RPL) of Rs 7,509 for the Republic of Mauritius is estimated at 37.3% in the island of Rodrigues, against 9.6% for Republic of Mauritius.

Given that the standard of living in Rodrigues differs from that of Mauritius, it is more appropriate to use an RPL specific to the island in order to assess its poverty situation. Based on 2017 HBS data, an RPL specific for the Island of Rodrigues is estimated at Rs 5,063. Upon using this line, the proportion of households in relative poverty is estimated at 17.1% (Table 26).

**Table 26 - Poverty indicators based on Relative Poverty Line specific for the island of Rodrigues, 1996/97 - 2017**

	1996/97	2001/02	2006/07	2012	2017
<b>RPL specific for Island of Rodrigues per month per adult equivalent (Rs)</b>	<b>1,303</b>	<b>2,012</b>	<b>2,716</b>	<b>3,474</b>	<b>5,063</b>
<i>Proportion of households in relative poverty (%)</i>	<i>12.7</i>	<i>15.6</i>	<i>17.9</i>	<i>17.1</i>	<i>17.1</i>
<i>Proportion of persons in relative poverty (%)</i>	<i>13.5</i>	<i>16.1</i>	<i>18.9</i>	<i>19.7</i>	<i>20.5</i>

Over the past twenty years, relative poverty has increased from 12.7% in 1996/97 to reach a peak of 17.9% in 2006/07 (the highest poverty level); it then decreased and flattened at 17.1% in 2012 and 2017.

In the terms of persons, the relative poverty level has consistently increased from 13.5% in 1996/97 to 20.5% in 2017 – this could be explained by the increase in the number of persons in poor households.

*A summary statistic for the island based on Relative Poverty line specific to the island (Rs 5,063) is given at Table 27.*

**Table 27 – Selected statistics based on Relative Poverty Line specific to island of Rodrigues by poor and non-poor household, 2017**

	<b>Poor households</b>	<b>Non-poor households</b>
<b>Household characteristics</b>		
Average household size	4.1	3.3
Average number of children ( <i>aged below 16 years</i> )	1.8	1.0
Percentage of female (%)	55.9	51.6
Proportion of houses fully concrete (%)	48.9	82.1
Average number of persons per room	1.2	0.7
<b>Household income and expenditure</b>		
Average monthly household income <sup>35</sup> (Rs)	9,000	32,300
<i>Share of employment income (%)</i>	49.0	63.7
<i>Share of transfer income (%)</i>	28.7	21.6
Average monthly household consumption expenditure (Rs)	7,200	17,200
<b>Household debt</b>		
Average monthly household debt repayment (Rs)	1,200	8,100
<b>Availability of selected household durables</b>		
Television	86%	96%
Refrigerator	69%	91%
Mobile telephones	95%	95%
Washing machine	...	35%

<sup>35</sup> Household income comprises disposable income and imputed rent



## 10. NOTES

### 10.1 ANNEX TABLES – REPUBLIC OF MAURITIUS

**Table 1A – Distribution (%) of persons in relative poverty by sex, 2017**

Sex	Poor households	Non-poor households	All households
Male	45.6	49.4	49.0
Female	54.4	50.6	51.0
<b>Both sexes</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 2A – Distribution (%) of persons in relative poverty by selected age group, 2017**

Age group (in years)	Poor households	Non-poor households	All households
Below 16	33.4	17.8	19.4
16 - 24	17.1	13.8	14.2
25 - 59	42.1	49.6	48.8
60 and above	7.4	18.8	17.6
<b>All ages</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 3A – Distribution (%) of households in relative poverty by type of households, 2017**

Household type	Poor households	Non-poor households	All households
Single member household	8.2	9.2	9.1
Couple without children	5.8	14.1	13.3
Couple with unmarried children only	45.5	45.3	45.3
One parent households with unmarried children only	20.3	9.0	10.1
Other households	20.2	22.4	22.2
<b>All households</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 4A – Poverty rates based on relative poverty lines, 1996/97 - 2017**

	1996/97	2001/02	2006/07	2012	2017
<b>Relative poverty line – Half median monthly household income per adult equivalent (Rs.)</b>	<b>2,004</b>	<b>2,804</b>	<b>3,821</b>	<b>5,652</b>	<b>7,509</b>
Estimated number of households in relative poverty	23,800	23,700	26,100	33,600	36,500
<i>Proportion of households in relative poverty (%)</i>	<i>8.7</i>	<i>7.7</i>	<i>7.9</i>	<i>9.4</i>	<i>9.6</i>
Estimated number of persons in relative poverty	92,700	93,800	105,200	122,700	131,300
<i>Proportion of persons in relative poverty (%)</i>	<i>8.2</i>	<i>7.8</i>	<i>8.5</i>	<i>9.8</i>	<i>10.4</i>

**Table 5A - Average monthly household income<sup>36</sup> for poor<sup>37</sup> and non-poor households by source of income, 1996/97 - 2017**

	Poor households					Non-poor households				
	1996/97	2001/02	2006/07	2012	2017	1996/97	2001/02	2006/07	2012	2017
<b>Household income</b>	<b>3,700</b>	<b>5,100</b>	<b>7,100</b>	<b>9,800</b>	<b>13,100</b>	<b>13,500</b>	<b>17,600</b>	<b>23,500</b>	<b>36,300</b>	<b>45,100</b>
Household disposable income	3,000	4,100	5,700	7,900	10,800	11,800	15,100	20,200	31,700	39,600
<i>Net employment income</i>	<i>2,100</i>	<i>3,000</i>	<i>4,000</i>	<i>5,000</i>	<i>7,200</i>	<i>10,500</i>	<i>13,200</i>	<i>17,000</i>	<i>26,800</i>	<i>31,300</i>
<i>Transfer income</i>	<i>900</i>	<i>1,100</i>	<i>1,700</i>	<i>2,800</i>	<i>3,600</i>	<i>800</i>	<i>1,600</i>	<i>2,700</i>	<i>4,400</i>	<i>7,800</i>
<i>Other<sup>38</sup></i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>100</i>	<i>0</i>	<i>400</i>	<i>300</i>	<i>500</i>	<i>500</i>	<i>500</i>
Imputed rent	700	900	1,400	1,800	2,300	1,800	2,500	3,300	4,600	5,500

<sup>36</sup> Figures in the table may not add up to totals due to rounding.<sup>37</sup> Poor households refer to those in relative poverty.<sup>38</sup> Figures for poor households are negligible for 1996/97 to 2006/07.

**Table 6A – Average monthly household consumption expenditure<sup>39</sup> for poor<sup>40</sup> and non-poor households by COICOP division<sup>41</sup>, 2001/02 – 2017**

		Poor households				Non-poor households			
		2001/02	2006/07	2012	2017	2001/02	2006/07	2012	2017
01	Food and non-alcoholic beverages	2,000	3,000	3,900	4,500	3,500	4,700	6,800	7,400
02	Alcoholic beverages and tobacco	300	400	400	500	500	600	800	900
03	Clothing and footwear	200	200	200	400	700	900	1,100	1,400
04	Housing, water, electricity, gas and other fuels	600	1,000	1,300	1,600	1,100	1,500	2,100	2,400
05	Furnishings, household equipment and routine household maintenance	200	300	400	500	700	1,100	1,600	1,800
06	Health	100	100	200	100	300	500	1,000	1,200
07	Transport	400	400	500	600	1,500	2,500	3,900	4,500
08	Communication	100	200	300	400	400	600	1,000	1,400
09	Recreation and culture	200	300	400	500	500	800	1,100	1,300
10	Education	100	100	300	200	400	500	1,200	1,600
11	Restaurants and hotels	200	200	300	500	500	600	1,000	1,500
12	Miscellaneous goods and services	100	200	200	400	600	700	1,000	1,600
<b>Total consumption expenditure</b>		<b>4,400</b>	<b>6,500</b>	<b>8,300</b>	<b>10,200</b>	<b>10,700</b>	<b>15,000</b>	<b>22,600</b>	<b>26,900</b>

<sup>39</sup> Figures in the table may not add up to totals due to rounding.

<sup>40</sup> Poor households refer to those in relative poverty.

<sup>41</sup> COICOP refers to UN classification of Consumption Expenditure according to Purpose, which consists of 12 major divisions. Table does not include figures for 1996/97, since the classification of items was different at that period; there were 9 groups.

**Table 7A - Distribution of average monthly household consumption expenditure by household category<sup>42</sup> and COICOP division, 2017**

COICOP Division	Poor households		Middle income households		High income households	
	Rs	%	Rs	%	Rs	%
01. Food and non-alcoholic beverages	4,500	43.7	7,200	33.6	9,400	15.6
02. Alcoholic beverages and tobacco	500	5.2	1,000	4.5	1,100	1.8
03. Clothing and footwear	400	3.6	1,100	5.2	3,000	5.0
04. Housing, water, electricity, gas and other fuels	1,600	15.6	2,100	10.0	3,600	6.0
05. Furnishings, household equipment and routine household maintenance	500	4.9	1,300	6.0	4,600	7.7
06. Health	100	1.4	800	3.7	2,700	4.5
07. Transport	600	5.8	2,500	11.8	17,200	28.4
08. Communication	400	4.0	1,300	5.9	2,100	3.5
09. Recreation and culture	500	5.0	1,000	4.9	3,100	5.0
10. Education	200	2.4	800	4.1	5,700	9.5
11. Restaurants and hotels	500	4.6	1,200	5.4	3,500	5.7
12. Miscellaneous goods and services	400	3.8	1,000	4.9	4,400	7.3
<b>Total</b>	<b>10,200</b>	<b>100.0</b>	<b>21,300</b>	<b>100.0</b>	<b>60,400</b>	<b>100.0</b>

<sup>42</sup> Category of households – Poor refers to households below Relative Poverty Line; Middle and high income households are defined in terms of decile – Refer to Section 5.

**Table 8A – Poverty indicators based on ‘Fixed thresholds’, 1996/97 - 2017**

	1996/97	2001/02	2006/07	2012	2017
<b>Poverty line - using 1996/97 RPL as 'fixed threshold'</b>					
<b>- Per adult equivalent per month (Rs)</b>	<b>2,004</b>	<b>2,665</b>	<b>3,572</b>	<b>4,750</b>	<b>5,382</b>
Estimated number of households below poverty line	23,800	19,600	20,700	18,000	11,400
<i>Proportion of households below poverty line (%)</i>	8.7	6.4	6.2	5.0	3.0
Estimated number of persons below poverty line	92,700	76,500	83,100	67,000	44,900
<i>Proportion of persons below poverty line (%)</i>	8.2	6.4	6.7	5.3	3.5
<b>Poverty line - using 2001/02 RPL as 'fixed threshold'</b>					
<b>- Per adult equivalent per month (Rs)</b>	<b>2,108</b>	<b>2,804</b>	<b>3,757</b>	<b>4,997</b>	<b>5,662</b>
Estimated number of households below poverty line	28,600	23,700	25,000	21,700	14,100
<i>Proportion of households below poverty line (%)</i>	10.4	7.7	7.5	6.1	3.7
Estimated number of persons below poverty line	110,100	93,800	101,200	81,800	54,000
<i>Proportion of persons below poverty line (%)</i>	9.8	7.8	8.2	6.5	4.3
<b>Poverty line - using 2006/07 RPL as 'fixed threshold'</b>					
<b>- Per adult equivalent per month (Rs)</b>	<b>2,144</b>	<b>2,851</b>	<b>3,821</b>	<b>5,082</b>	<b>5,758</b>
Estimated number of households below poverty line	30,300	24,600	26,100	23,200	14,800
<i>Proportion of households below poverty line (%)</i>	11.0	8.0	7.9	6.5	3.9
Estimated number of persons below poverty line	116,900	97,400	105,200	87,400	56,600
<i>Proportion of persons below poverty line (%)</i>	10.4	8.1	8.5	6.9	4.5
<b>Poverty line - using 2012 RPL as 'fixed threshold'</b>					
<b>- Per adult equivalent per month (Rs)</b>	<b>2,384</b>	<b>3,171</b>	<b>4,250</b>	<b>5,652</b>	<b>6,404</b>
Estimated number of households below poverty line	40,800	35,700	38,800	33,600	20,900
<i>Proportion of households below poverty line (%)</i>	14.9	11.7	11.7	9.4	5.5
Estimated number of persons below poverty line	160,300	141,700	152,600	122,700	79,400
<i>Proportion of persons below poverty line (%)</i>	14.2	11.8	12.3	9.8	6.3
<b>Poverty line - using 2017 RPL as 'fixed threshold'</b>					
<b>- Per adult equivalent per month (Rs)</b>	<b>2,796</b>	<b>3,719</b>	<b>4,983</b>	<b>6,627</b>	<b>7,509</b>
Estimated number of households below poverty line	62,600	59,400	64,200	54,600	36,500
<i>Proportion of households below poverty line (%)</i>	22.8	19.4	19.3	15.3	9.6
Estimated number of persons below poverty line	254,900	240,000	252,200	193,400	131,300
<i>Proportion of persons below poverty line (%)</i>	22.6	20.0	20.4	15.4	10.4

## 10.2 CONCEPTS AND DEFINITIONS

Household	A household is either: (i) a one-person household, i.e., a person who makes provision for his own food or other essentials for living without combining with any other person to form part of a multi-person household; or (ii) a multi person household, i.e, a group of two or more persons living together to make common provision for food or other essentials for living. The person in the group may pool their incomes and have a common budget to a greater or lesser extent: they may be related or unrelated persons or a combination of both
Disposable income	It comprises income from employment, transfers, property, and income obtained from own produced goods; it excludes compulsory deductions such as income tax (PAYE) and contributions to pension and social security schemes.
Household income	For poverty analysis, it is defined as the sum of disposable income and imputed rent i.e., the rental value of houses of non-renting households.
Household consumption expenditure	Household consumption expenditure includes: (i) money expenditure on goods and services intended for consumption by the household; and (ii) consumption of goods and services which are either own produced, received free or at reduced price by the households.
Relative poverty line	It is defined in terms of the poverty of a lower income group relative to a higher income group; it is set at 50% of the median monthly household income per adult equivalent. Households with monthly income per adult equivalent below this poverty line are considered to be in relative poverty.
Adult equivalent	The number of adult equivalents (E) in a household is determined according to the Bank and Johnson's equivalence scale as follows: $E = (A+0.7C)^{0.7},$ where A = No. of adults C = No. of children (< 16 years) e.g. A household of 2 adults and 2 children = 2.36 adult equivalents
Household income per adult equivalent or equalised household income	It is the total household income divided by the number of adult equivalent (number of household members converted into equalised adults). This adjustment allows comparison of income levels between households of differing size and composition.

<p>Absolute poverty line</p>	<p>An absolute poverty line is fixed at a point in time and is usually updated with price changes. It allows to track the evolution of poverty over time. It is commonly estimated as the cost of basic needs of a household in terms of food, housing, clothing and other essentials for living.</p> <p>There exist many Absolute Poverty Lines. In this analysis report, the International Poverty lines, namely \$1.90 &amp; \$5.50 (PPP) a day, are used to show the country status at global level. At national level, a 'Fixed threshold' is used.<sup>43</sup>. The lines are explained as follows:</p> <p>(i) <u>\$1.90 &amp; \$5.50 (PPP) a day International Poverty Lines</u></p> <p>These are poverty lines developed by World Bank to quantify global poverty rate and to monitor its level across countries and over time. It is more relevant for international comparisons, and to measure progress on global goals set by the Bank, United Nations</p> <p>The \$1.90 (PPP) a day line is meant to track extreme poverty in the world. A person whose consumption expenditure<sup>44</sup> is below \$1.90 (PPP) a day is considered to be in extreme poverty. The \$5.50 (PPP) a day line is relevant for Upper Middle Income countries like Mauritius.</p> <p>The International Poverty Lines are expressed in PPP (<i>Purchasing Power Parity</i>) terms. PPP is the amount of money in a country's currency needed to buy goods and services equivalent to what can be bought with \$1 in the US.</p> <p><u>The US \$ 1 PPP is equivalent to Rs 18.2854 based on private consumption data of the last 2011 International Comparison Program<sup>40</sup>.</u></p> <p>(ii) <u>Fixed threshold</u></p> <p>Mauritius does not have a National Absolute Poverty Line. In its absence, a 'fixed' threshold is used. It is derived from the Relative Poverty Line (RPL) of any year of the Household Budget Survey and adjusted with price changes over time. It is expressed in terms monthly household income per adult equivalent.</p>
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## 10.3 METHODOLOGY USED

### 10.3.1 Data Source

Household Budget Survey (HBS) data are the most important data sources for poverty analysis.

In Mauritius, the HBS is conducted every five years by Statistics Mauritius. It constitutes the most reliable data source for household income and expenditure data. The main objective of the survey is

<sup>43</sup> The computation method is given at Section 10.3.12

<sup>44</sup> It also includes imputed rent – a rental value for non-renting households

to obtain up to date information on the consumption pattern of Mauritian households to update the basket of goods and services used for the computation of the monthly Consumer Price Index (CPI).

The HBS is conducted in the islands of Mauritius and Rodrigues. The number of households surveyed at the past five HBS are as follows:

HBS years	Island of Mauritius	Island of Rodrigues	Republic of Mauritius
1996/97	5,755	480	6,235
2001/02	6,240	480	6,720
2006/07	6,240	480	6,720
2012	6,240	480	6,720
2017	6,520	480	7,000

In addition to information on household income and expenditure, the HBS data comprised demographic and socio-economic details that allow more in-depth analysis of poverty<sup>45</sup>.

### 10.3.2 Absolute / Relative Poverty Lines

The poverty line is set in two main ways —relative or absolute.

- Relative poverty line is defined in relation to the distribution of income / expenditure of a country at a given point in time. It is usually set at a certain percentage of the median income. It changes with the median from year to year. Such a line helps to measure dynamic improvements of the poor over time. But, it cannot be used to monitor poverty level over time.
- Absolute Poverty line is fixed at a point in time and adjusted with price changes to monitor poverty level over time. It can be applied to any income/ expenditure distribution

### 10.3.3 Use of income or expenditure data for poverty measurement

Poverty can be measured using either household income or expenditure data. The relative advantage of expenditure is that it is less subject to under-reporting than income in household surveys. However, expenditure data can also present problems since it results in distorted consumption measures in cases of stock piling and infrequent purchases of durables. In the light of this and due to the fact that income data is more appropriate for assessing the degree to which pensions affect poverty in the country, the relative poverty line used is based on income.

### 10.3.4 Definition of income for poverty measurement

The income resources used for poverty analysis are based on disposable income since it represents what the household can actually spend to acquire the goods and services that it needs. In the case of

<sup>45</sup> More information on the conduct of HBS can be obtained at <http://statsmauritius.govmu.org/English/CensusandSurveys/Pages/Household-Budget-Survey.aspx>



owner-occupiers and households not paying rent, the income resources additionally include the “imputed rent” i.e. the equivalent rental value of their house.

The components of the “income measure” used for the poverty analysis are: -

- a. employment income both for employees and the self-employed
- b. property income (interests, dividends and rent of buildings, land, etc.)
- c. transfer income (pensions, allowances and other social benefits)
- d. other income derived from own-produced goods
- e. imputed rent for non-renting households

### 10.3.5 Level of median household income

The relative poverty line used for poverty analysis is based on half median household income. In fact, the poverty line can be set at different level of median income. The most commonly used levels are at 40%, 50% and 60% median income.

The poverty incidence based on these levels of 40%, 50% and 60% median income is presented in the table below.

	Survey year	Level of median household income per adult equivalent		
		40%	50%	60%
Poverty line (Rs.)	1996/97	1,603	2,004	2,405
% of households below poverty lines		4.0	8.7	15.1
Poverty line (Rs.)	2001/02	2,243	2,804	3,365
% of households below poverty lines		3.5	7.7	14.1
Poverty line (Rs.)	2006/07	3,057	3,821	4,585
% of households below poverty lines		3.6	7.9	15.0
Poverty line (Rs.)	2012	4,522	5,652	6,782
% of households below poverty lines		4.4	9.4	16.1
Poverty line (Rs.)	2017	6,007	7,509	9,010
% of households below poverty lines		4.4	9.4	16.3

### 10.3.6 Definition of the relative poverty line used

The relative poverty line used for poverty analysis is **the half median monthly household income per adult equivalent**. For the past four HBS, the relative poverty lines are estimated as follows:

- Rs 2,004 in 1996/97
- Rs 2,804 in 2001/02
- Rs 3,821 in 2006/07
- Rs 5,652 in 2012
- Rs 7,509 in 2017

### 10.3.7 Why equivalised household income?

The requirements of a household depend largely on its size as well as its composition in terms of age of members. For example, in larger households requirements are expected to be higher than those in smaller households. Also, a child's requirements differ from that of an adult. Thus, in order to take into consideration these intra-household differentials, adjustment for household size and household composition is important to obtain the number of adult equivalents in each household.

The table below presents poverty indicators for the Republic of Mauritius based on income from the past five HBS using different relative poverty lines.

	1996/97	2001/02	2006/07	2012	2017
Half median monthly household income (Rs)	4,935	6,650	8,698	12,776	16,500
% of households below the half median income	12.3	11.5	12.3	15.3	15.5
Half median monthly household income per capita (Rs)	1,265	1,834	2,554	3,879	5,292
% of households below the half median income per capita	9.3	9.5	10.1	11.0	12.0
Half median monthly household income per adult equivalent (Rs)	2,004	2,804	3,821	5,652	7,509
% of households below the half median income per adult equivalent	8.7	7.7	7.9	9.4	9.6

### 10.3.8 Equivalence Scale used

The Bank and Johnson's non-linear equivalence scale is used in this report as recommended by the World Bank. This scale caters for intra-household differentials as mentioned above and also for economies of scale.

The Equivalence Scale is of the form

$$E = (A + 0.7 * C)^{0.7}$$

where

- E = Number of adult equivalents
- A = Number of adults (aged 16 years and over)
- C = Number of children (aged below 16 years)

The table below gives the number of adult equivalents by household type:-

Household type	Household size (unadjusted)	Number of adult equivalents
<b>One adult</b>	<b>1</b>	<b>1.00</b>
One adult, one child	2	1.45
One adult, two children	3	1.85
Two adults, one child	3	2.00
<b>Two adults, two children</b>	<b>4</b>	<b>2.36</b>
Three adults, one child	4	2.50
Three adults, two children	5	2.82

The household income per adult equivalent or equivalised household income is, thus, obtained by dividing the household income by the number of adult equivalent. This adjustment allows comparison of income levels between households of differing size and composition.

### 10.3.9 Determining relative 'poor' households

For each household covered in the survey, information is available on its size, composition, age of its members and on its different income components.

For the purpose of the analysis, a household is determined poor as follows:-

- (i) The monthly resources of the households ( R ) is calculated as the sum of total household disposable income and imputed rent
- (ii) The number of adult equivalents in the household ( A ) is calculated using the Bank & Johnson's non-linear equivalence scale
- (iii) The monthly household resources per adult equivalent =  $R_a = R/A$
- (iv)  $R_a$  is then compared with the relative poverty line. If  $R_a$  is less than the poverty line, the household is considered to be relative 'poor'.

For example, in 2017, the relative poverty line was estimated at Rs 7,509; a household was considered as relative 'poor' if  $R_a$  was less than Rs 7,509 in 2017.

### 10.3.10 Poverty line for selected household compositions

The poverty lines based on the 'equivalence scale' for some selected household compositions are given below.

Household type	Relative poverty line (Rs)				
	1996/97	2001/02	2006/07	2012	2017
<b>One adult</b>	<b>2,004</b>	<b>2,804</b>	<b>3,821</b>	<b>5,652</b>	<b>7,509</b>
One adult, one child	2,900	4,100	5,500	8,200	10,900
One adult, two children	3,700	5,200	7,100	10,500	13,900
Two adults, one child	4,000	5,600	7,600	11,300	15,000
<b>Two adults, two children</b>	<b>4,700</b>	<b>6,600</b>	<b>9,000</b>	<b>13,300</b>	<b>17,700</b>
Three adults, one child	5,000	7,000	9,500	14,100	18,800
Three adults, two children	5,600	7,900	10,800	15,900	21,200

### 10.3.11 Fixed poverty threshold

In the absence of an official absolute poverty line for the country, a 'Fixed threshold' is used to monitor poverty over time. It is determined by 'fixing' the relative poverty line in a given year, i.e. by adjusting it with price inflation to obtain the equivalent poverty lines for other years.

For example, the 1996/97 Relative poverty line, i.e. Rs 2,004 is held 'fixed' and adjusted for price changes to obtain equivalent poverty lines for 2001/02, 2006/07, 2012 and 2017 HBS. These poverty lines are used to monitor the poverty level over time (Re:annexed Table (8A)).

The fixed poverty threshold is, therefore, based on household income expressed in terms of 'per adult equivalent per month'

### 10.3.12 \$1.90 and \$5.50 (PPP) a day lines

\$1.90 and \$5.50 (PPP) a day lines have been developed by the World Bank to quantify poverty at global, and to monitor poverty level over time and across countries.

\$1.90 (PPP) a day line is relevant to assess extreme poverty, whereby a person whose consumption expenditure (incl. imputed rent – a rental value for non-renting households) is below the amount is considered to be in extreme poverty.

This extreme poverty line is measured in terms of PPP; it was originally set at \$1 in 1980, then updated to \$1.08 in 1993, \$1.25 in 2005 and \$1.90 in 2011.

The poverty levels based on \$1.90 PPP a day line is calculated as follows:

- Step 1 - The poverty line \$1.90 (PPP) a day is converted into Mauritian Rupees using the 2011 PPP estimates for Mauritius (\$1 PPP = Rs 18.2854 in 2011);
- Step 2 -The poverty line in Rs is then adjusted for local price inflation to obtain equivalent poverty line for the required year; and
- Step 3 – The household survey data is used to obtain the number of persons below the poverty line.

The \$5.50 (PPP) a day line is more appropriate to Upper Middle Income countries and the same methodology (as described above for \$1.90 PPP) is used to estimate the number of persons living below the line.

### 10.3.13 Poverty indicators

#### 10.3.13.1 Poverty rate / headcount ratio / poverty incidence rate

The **Poverty rate** is the most common indicator used for poverty measurement. It is defined as the proportion of households or population whose income is below the poverty line. It is computed as follows:

$$\text{Poverty rate (\%)} = \frac{\text{Number of poor persons / households}}{\text{Total number of persons / households}} \times 100$$

The headcount ratio is easy to interpret; it is an indicator of the *incidence of poverty* and indicates how many poor there are.

#### 10.3.13.2 Income gap ratio

Income Gap Ratio (IGR) is a measure of the depth of poverty; it is the difference between the poverty line and the mean income of the poor expressed as a ratio of the poverty line as follows:

$$\text{IGR} = \frac{\text{Poverty line} - \text{Average income of poor}}{\text{Poverty line}}$$

#### 10.3.13.3 Poverty gap ratio

Poverty Gap Ratio (PGR) is a measurement of both the extent and depth of poverty; it considers both the number of poor people and how poor they are.

$$\text{Poverty gap ratio} = \text{Poverty rate} \times \text{Income gap ratio}$$

It also indicates the total amount of money needed to bring all the poor out of poverty.

$$\text{Amount in Rs} = \text{PGR} \times \text{Poverty line (Rs)} \times \text{Number of adult equivalents in the population}$$

### 10.3.14 Decile group of household income per adult equivalent

The category of households used in the analysis of Section 5 is based on decile group of monthly household income per adult equivalent. The 10 deciles are ten equal groups of households ranked from the lowest to highest income – decile 1 (poorest 10% households) to decile 10 (richest 10% households).

The table below presents the threshold of each decile for 2017 HBS.

<b>Decile group of monthly household income per adult equivalent (Rs)</b>	<b>Distribution (%) of households</b>	<b>Threshold of monthly household income per adult equivalent (Rs)</b>
Decile 1	10%	7,650 or less
Decile 2	10%	7,651 to 9,640
Decile 3	10%	9,641 to 11,450
Decile 4	10%	11,451 to 13,200
Decile 5	10%	13,201 to 15,000
Decile 6	10%	15,001 to 17,430
Decile 7	10%	17,431 to 20,370
Decile 8	10%	20,371 to 25,270
Decile 9	10%	25,271 to 34,990
Decile 10	10%	34,991 and above
<b>All households</b>	<b>100%</b>	

### 10.3.15 Relative poverty and Gini

The Relative poverty and Gini coefficient are both measures of income inequality and vary with income distribution from year to year; they tend to follow same pattern but not always. The difference is that relative poverty is more concerned with changes occurring in the middle of the income distribution whilst the Gini considers the whole distribution.

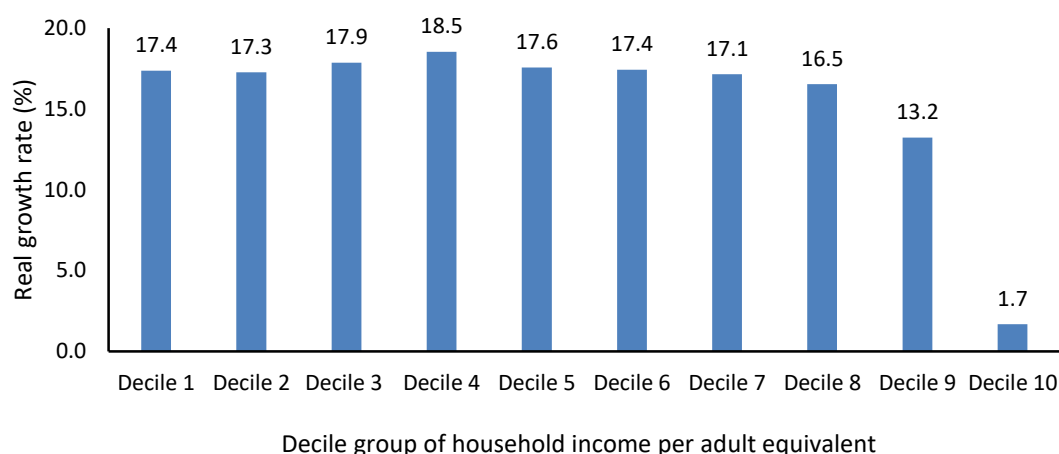
From Table below, Gini coefficient and relative poverty level followed the same trend from 1996/97 to 2012. However, in 2017, the trend is reversed that is, Gini went down to 0.400 (there is more equality) whilst relative poverty increased to 9.6% (poverty situation deteriorated). The reason is that

in 2017, households in relative poverty witnessed a lower income growth compared to those households in the middle of the income distribution (Chart below).

**Table – Relative poverty rate and Gini coefficient, 1996/97 - 2017**

	1996/97	2001/02	2006/07	2012	2017
<b>Relative poverty line – Half median monthly household income per adult equivalent (Rs)</b>	<b>2,004</b>	<b>2,804</b>	<b>3,821</b>	<b>5,652</b>	<b>7,509</b>
Proportion of households in relative poverty (%)	8.7	7.7	7.9	9.4	9.6
Gini	0.387	0.371	0.388	0.414	0.400

**Chart – Real growth rate of household income (per adult equivalent) by decile group of household income per adult equivalent, 2012 - 2017**



### 10.3.16 Statistical Package

The data analysis is done using the statistical package, STATA, Statistics Data Analysis, together with Microsoft Excel.

### 10.4 CONTACT PERSON

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