

## Livelihood Assessments through Living Income Benchmarks

At Arcus Policy Research, we are dedicated to ensuring sustainable livelihoods for all individuals and their families. This is why we draw inspiration from the concept of a living incomes and are actively engaged in researching and applying the concept of a living income benchmark with a specific focus on Indian farmers.

A living wage is defined as a threshold wage that allows a worker to support themselves and their family while maintaining a decent standard of living. It considers the cost of basic needs and how much a worker's minimum wage should be to ensure his/her family a basic but decent life. However, the income of a household can come from multiple sources and not just wages. Therefore, the concept of a living wage has been expanded to encompass all sources of income. A living income, as defined by the Living Income Community of Practice, is the annual income required for a household to afford a decent standard of living for all its members. It includes essential needs such as food, water, housing, education, healthcare, transportation, clothing, and provisions for unexpected events.



We have developed a robust methodology for estimating the living income benchmark, drawing from the well-regarded approach developed by Richard Anker and Martha Anker. Our methodology considers the specific conditions of each locality, where it accounts for costs associated with a nutritious diet, safe housing, healthcare, education, transportation, and unexpected events. We also recognize the impact of regional dietary habits on nutritional requirements, acknowledging that people in different geographic areas may have varying preferences, for instance the people belonging to the northern states of India, usually prefer wheat as the major cereal in their diet, however people belonging to the southern states depend on rice. These localized changes reflect in overall nutrition and cost of the model diet. By using reliable secondary data and conducting field investigations, we ensure that our estimates are realistic and reflective of the actual costs faced by households.

One important outcome of estimating the living income benchmark is identifying the "Living Income Gap." This represents the additional value that a household would need to earn to meet their basic

needs. Our approach goes beyond mere poverty reduction and emphasizes the concept of a decent income that allows individuals and families to live comfortably.

By providing a robust living income benchmark, our intention is to redefine poverty elimination goals, shifting the focus from mere subsistence to enabling a decent lifestyle. This baseline metric will guide our partners in designing interventions and tracking outcomes.

### **Projects Undertaken by Arcus Policy Research for estimating LIB**

