

**Prasad's socio-economic status classification- An update for 2014**Shankar Reddy Dudala¹, K Ashok Kumar Reddy², G Ravi Prabhu³

Department of Community Medicine, S.V.Medical College, Tirupati, A.P. 1- Assistant Professor, 2- Professor & HOD, 3- Vice Principal (Acad- PG)

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Dr.Shankar Reddy Dudala, Assistant Professor, Department of Community Medicine, S.V.Medical College, Tirupati, A.P.

Email: drshankarreddy1979@gmail.com**Abstract:**

Almost all community- based studies focus on socio-economic stratification, which is the key parameter for proper understanding the affordability of the community of health services, amenities and their purchasing capacity. Prasad's socioeconomic status scale measures socioeconomic status of both rural and urban community based on per capita monthly income of the family.

Key words: All India Consumer Price Index; Linking factor; SES**Introduction**

All community-based studies focus on socio-economic stratification, as this is the key to understanding affordability of health services, amenities, and purchasability [1]. In the present day situations social scientists and researchers need economic revision of income variable in SES. Almost all community- based studies focus on socio-economic stratification, which is the key parameter for proper understanding the affordability of the community of health services, amenities and their purchasing capacity. When it is taken as a summation of education, occupation and income, it reflects the value system expected for that level of education and occupation [2].

SES influences on the incidence and prevalence of various health related conditions. Socio-Economic Status also influences social security in terms of the accessibility, affordability, acceptability and actual utilization of various health facilities [3].

Several experts recommended different scales to measure the Socio-Economic Status in both rural and urban areas. However, Prasad's classification (1961) based on the per capita monthly income has been widely in use in India. It is computed as [4]:

Per capita monthly income = Total monthly income of the family/Total members of family.

Prasad's classification takes into consideration of income as a variable and it is simple to calculate. This can be applied to assess the socio-economic status in both rural and urban areas. This classification was modified in 1968 [5] and 1970 [6] by Prasad BG. 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 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 [7].

Correction factor (CF) has been developed in relation to the base year of 1993-1994 as 4.93%, when the new series of the All India Consumer Price Index for Industrial Workers (AICPI) started [8]. The hypothetical value was calculated based on the concept of the cost-of-living index (COLI), which is pertaining to the existing Wholesale Price Index (WPI) in India.

As the COLI is not directly observable, the WPI employs a number of formulae that offer approximations to the measurement objectives. WPI uses the Laspeyres formula to average the price changes due to inflation across different categories of items, because COLI for the each current month is based on the cost of that month's market prices for the items used by the community. COLI changes due to inflation in wholesale price [9].

The Correction Factor should be multiplied with value of AICPI to get the multiplication factor and divided by 100. It is a simple method of multiplying the income limits of classification with a multiplication factor and rounding off the values to the nearest rupee. The next step is to multiply Prasad's income limits by the multiplication factor. AICPI for Industrial Workers (Base 1982 = 100) shows the current Price index as 1130 in May 2014 [8]. Therefore, the multiplication factor = Value of AICPI [7] x CF/100

Income limits thus obtained, are far more practical and realistic. For example, to compute a social economic status classification for May 2014, the multiplication factor will be = $1130 \times 4.93/100 = 55.71$. Multiplication factor so derived has to be multiplied with BG Prasad's value of 1961 and rounded of to the nearest rupee. ($Rs100 \times 55.71 = Rs 5571$). The updated classification for 2014 is given in [Table - 1].

Table 1: Prasad's SES classification (1961) [4]

SES Class	BG Prasad's Classification of 1961
I	Rs 100 and above
II	Rs 50-99
III	Rs 30-49
IV	Rs 15-29
V	Below Rs 15

Table 2: Revision of Prasad's SES classification revised for the year 2014

SES Class	January-2014	February-2014	March-2014	April-2014	May-2014
I	₹ 5410 and above	₹ 5433 and above	₹ 5458 and above	₹ 5522 and above	₹ 5571 and above
II	₹ 2705-5409	₹ 2717-5432	₹ 2729-5457	₹ 2761 -5521	₹2786-5570
III	₹ 1623-2704	₹ 1630-2577	₹ 1637-2728	₹ 1657 -2760	₹ 1671-2785
IV	₹ 812-1622	₹ 815-1629	₹ 819-1636	₹ 828-1656	₹ 836-1670
V	Below ₹ 812	Below ₹ 815	Below ₹ 819	Below ₹ 828	Below ₹ 836

Limitations:

- One of the main critiques of using income per capita is that it does not actually measure development. Although a rise in income per capita can indicate that development is taking place, in reality the only thing it can reliably show is economic growth and not development.
- As per capita income is a mean value, it does not reflect actual income distribution. If the distribution of income within a country is skewed, a small wealthy class can increase per capita income far above that of the majority of the population. In this respect, Median income is a more useful measure of prosperity than per capita income, because, it is less influenced by the outliers [10].
- Economic activity that 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.

Conflict of Interests: None

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