

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:4673

ANSWERED ON:25.08.2010

DEFINITION OF POVERTY LINE

Laguri Shri Yashbant Narayan Singh;Mahto Shri Baidyanath Prasad;Roy Shri Arjun;Singh Shri Rakesh;Yadav Shri Dinesh Chandra

Will the Minister of PLANNING be pleased to state:

- (a) whether some international organisations including the United Nations Development Programme (PNDP) has formulated some policy and norms to define people Living Below Poverty Line;
- (b) if so, the details thereof and the reaction of the government in this regard;
- (c) whether as per the said international norms/criteria, the number of poor are likely to increase;
- (d) if so, the details thereof; and
- (e) the corrective measures proposed to be taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI V. NARAYANASAMY)

(a) to (e): Norms have been formulated by International organizations like the United Nations Development Programme (UNDP) and World Bank to define poverty. In the World Development Indicators 2008 brought out by the World Bank, the global poverty line has been calibrated at US \$ 1.25 per day measured at 2005 international price using Purchasing Power Parity (PPP). For India, the percentage of people living below the global poverty line as defined by World Bank has declined from 59.8% in 1981 to 51.3% in 1990 and further to 41.6% in 2005.

The UNDP has been releasing the Human Poverty Index (HPI) in their annual Human Development Reports (HDR) based on the parameters of long and healthy life, knowledge by the indicator of adult literacy rate and a decent standard of living. They rank countries on the basis of HPI value. Recently the Oxford University and the United Nations Development Programme (UNDP) have launched a new index to measure poverty named, Multidimensional Poverty Index (MPI) based on a research study. This new poverty index is to be featured in the forthcoming 20th anniversary edition of the UNDP Human Development Report, which is likely to be released in October 2010. The MPI has used parameters representing deprivations suffered by the poor broadly under health, education and standard of living irrespective of income or consumption expenditure levels. Based on the above parameters poverty ratio for India has been estimated as 55.4% for 2005.

The MPI has used data from three different sources i.e.(i) Demographic and Health Survey(DHS), (ii) the Multiple Indicators Cluster Survey (MICS), and(iii) the World Health Survey (WHS). The research study itself mentions that three sources of data have been used on account of non- availability of data from single source for all the countries. Further, even the single source data does not pertain to the same year and results have been arrived at after making necessary adjustments. The new index has been accompanied by a disclaimer stating that such studies, though sponsored by UNDP do not represent its official views or policies and that the Human Development Reports are known for their often controversial analyses of critical issues. Therefore, the contents of the study of the Oxford Poverty and Human Development Initiative (OPHI) of Oxford University need to be read with due regard to the above.

Both the World Bank poverty estimates and MPI are not comparable with the official poverty estimates of India because of different methodologies. The official estimates of poverty in India are based on the data obtained from a large sample survey of household consumption expenditure carried out by the National Sample Survey Organisation (NSSO) in the country after an interval of five years approximately. The latest official poverty estimates for the year 2004-05 indicates the poverty ratio as 27.5% (301.7 million persons) for the country as a whole. The Tendulkar Committee which was constituted by the Government in 2005 to review the methodology of estimation of poverty, submitted its report in December 2009. Therein, the poverty headcount ratio for the country as a whole for 2004-05 has been placed at 37.2%.

Alleviation of poverty has been one of the objectives of Development Planning and Some of the major programmes being implemented by the Government to improve the living conditions of the poor include Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Swarnajayanti Gram Swarozgar Yojana (SGSY), Indira Awaas Yojana (IAY), Integrated Child Development Services (ICDS), Mid-day Meal Scheme (MDM), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Targeted Public Distribution System (TPDS), Antyodaya Anna Yojana (AAY), Swarn Jayanti Shahri Rozgar Yojana (SJSRY) etc.