GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:2351
ANSWERED ON:24.11.2010
POVERTY ESTIMATES IN URBAN AREAS
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Will the Minister of PLANNING be pleased to state:

(a) whether the poverty estimates based on recommendations of the Tendulkar Committee do not reflect the ground reality as reported in the media;

(b) if so, the facts thereof;

(c) the ground reality of poverty estimates in urban areas across the country;

(d) the justification on which the Ministry of Housing and Urban Poverty Alleviation differs with the estimates recommended by the Tendulkar Committee;

(e) whether there is any proposal to re-define the urban poverty line; and

(f) if not, the reasons therefor?

Answer

MINISTER OF STATE FOR PLANNING, PARLIAMENTARY AFFAIRS, PERSONNEL PUBLIC GRIEVANCES & PENSION (SHRI V. NARAYANASAMY)

(a) to (c): An Expert Group constituted by the Planning Commission in December 2005 under the Chairmanship of Prof. Suresh D. Tendulkar to review the methodology for estimation of poverty in the country submitted the report in December 2009. The Committee has computed the Mixed Reference Period (MRP) equivalent Poverty Line Basket (PLB) corresponding to urban poverty ratio of 25.7% at all India level as the new reference PLB. This new reference PLB has been applied to rural as well as urban population in all the states. The State specific poverty lines for urban and rural areas are arrived at after adjusting the new reference PLB for within-state urban-relative-to-rural and rural and urban state-relative-to-all-India price differentials.

(d) to (f): The Ministry of Housing and Urban Poverty Alleviation (HUPA) have raised concerns on the methodology recommended by the Tendulkar Committee on the ground that the consumption basket of minimal needs may keep expanding with economic and social progress in the society and in urban areas the expenditure on education, health and transport is proportionately higher than in rural areas. However, Tendulkar Committee is reported to have taken note of it by conducting external validation checks for the consumption expenditure on education and health by comparing the same with the normative expenditure, per capita, derived from the 61st Round of National Sample Survey (NSS) on Employment-Unemployment and 60th Round (January-June 2004) on Morbidity and Health Care respectively. The actual reported private household expenditure, per capita, on education and health services together was found to be 14 percent and 22 percent higher at the all India poverty lines than the normative level.

The recomputed poverty lines, recommended by the Tendulkar Committee have since been accepted by the Planning Commission and there is no proposal to redefine the urban poverty line, as yet.