

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2830  
ANSWERED ON:26.11.2010  
INCREASE IN BPL DUE TO INFLATION  
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**Will the Minister of FINANCE be pleased to state:**

- (a) the norms adopted for classifying people Below Poverty Line (BPL) and the percentage of population come in the category of poor during the last three years;
- (b) whether the number of poor people are increasing due to inflation; and
- (c) if so, the details thereof and reaction of the Government thereto?

**Answer**

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c) The Planning Commission as the nodal agency estimates the poverty from a large sample survey of consumption expenditure of households carried out by the NSSO after every five years approximately. Since 1997, the poverty estimates are based on the methodology contained in the Expert Group (Lakdawala Committee) Report on Estimation of Proportion and Number of Poor. The Expert Group adopted the poverty line as per capita consumption expenditure level of Rs.49.09 per month in rural areas and Rs.56.64 per month in urban areas at 1973-74 prices at national level. These poverty lines correspond to a basket of goods and services anchored on a norm of per capita daily calorie requirement of 2400 kcal in rural areas and 2100 kcal in urban areas applied uniformly for all the states.

The Planning Commission in December, 2005 constituted another Expert Group under the Chairmanship of Prof. Suresh D. Tendulkar to review alternate concepts of poverty and to recommend changes in the existing procedures used for official estimates of poverty. The Tendulkar Committee submitted its report in December, 2009 and recommended 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 resulting estimate of the all-India rural poverty head count ratio for 2004-05 was placed at 41.8 percent, urban poverty head count ratio at 25.7 percent and for all-India level at 37.2 percent.

The poverty lines for rural and urban areas as per capita consumption expenditure of Rs 446.68 and Rs 578.80 per month respectively for the year 2004-05 recommended by the Tendulkar Committee have been accepted by the Planning Commission. There has been a significant reduction in the poverty ratio in the country over the years which are evident from the Table given below.

Official Estimates Tendulkar Committee Estimates

Urban Rural Total Urban Rural Total

1993-94      32.4 37.3 36.0 31.8 50.1 45.3

2004-05      25.7 28.3 27.5 25.7 41.8 37.2