

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:3575
ANSWERED ON:01.12.2010
ESTIMATION OF POVERTY
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Will the Minister of PLANNING be pleased to state:

- (a) the criteria for estimation of poverty in the country;
- (b) the methods used to estimate poverty in the country;
- (c) whether factors like access to health and educational facilities and the level of nutrition which may capture the true extent of poverty are taken into consideration while determining the poverty in the country; and
- (d) if not, the reasons therefor?

Answer

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

(a) to (d): The Planning Commission estimates the number and proportion of persons living below poverty line from a large sample survey of household consumption expenditure carried out by the National Sample Survey Organisation (NSSO) after every five years approximately. The poverty line was first defined by the Task Force on 'Projections of Minimum Needs and Effective Consumption Demand' in 1979 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.

Subsequently, the Expert Group on 'Estimation of Proportion and Number of Poor' (Lakdawala Committee) constituted in 1989 looked into the methodology for estimation of poverty and retained the poverty lines defined by the Task Force. The Expert Group disaggregated the National Poverty lines separately in rural and urban areas into State specific poverty lines in order to reflect the inter state price differentials. For the subsequent years, the State specific rural poverty lines in 1973-74 are updated by using state specific Consumer Price Indices of Agricultural Labourers (CPI-AL). Similarly the urban poverty lines are updated by state specific Consumer Price Indices of Industrial Workers (CPI-IW). Since 1997, the poverty estimates have been based on the Expert Group methodology, the poverty lines in 2004-05 at all India level were calculated as per capita consumption expenditure of Rs. 356.30 per month for rural areas and Rs. 538.60 for urban areas and estimated poverty ratio as 27.5% (30.17 crore persons).

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 Group has also recommended to move away from anchoring the poverty lines to the calorie intake norm. The recomputed poverty lines are reported to have taken into account the adequacy of actual private expenditure per capita near the poverty lines on food, education and health by comparing them with normative expenditures consistent with nutritional, educational and health outcomes. The resulting estimate of the all-India rural poverty head count ratio for 2004-05 was placed at 41.8 %, urban poverty head count ratio at 25.7 % and 37.2 % at all-India level. The poverty lines for the year 2004-05 recommended by the Tendulkar Committee have been accepted by the Planning Commission.