

**GOVERNMENT OF INDIA  
PLANNING  
LOK SABHA**

STARRED QUESTION NO:32

ANSWERED ON:23.02.2011

POVERTY ESTIMATION

Jaiswal Shri Gorakh Prasad ;Mahendrasinh Shri Chauhan

**Will the Minister of PLANNING be pleased to state:**

- (a) whether deficient data to assess poverty estimation is one of the reasons for the inadequate implementation of poverty eradication schemes;
- (b) if so, the reaction of the Government thereto;
- (c) whether a family earning Rs. 356.30 per month living in rural area and Rs. 538.60 in the urban area is considered to be poor on the basis of 2004-2005 prices;
- (d) if so, the reasons for retaining such irrational income basis even at the current prices;and
- (e) the corrective steps taken by the Government in this regard?

**Answer**

MINISTER OF STATE FOR PLANNING, PARLIAMENTARY AFFAIRS, SCIENCE & TECHNOLOGY AND EARTH SCIENCES(DR. ASHWANI KUMAR)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 32 REGARDING "POVERTY ESTIMATION" BY DR. MAHENDRASINH P. CHAUHAN AND SHRI GORAKH PRASAD JAISWAL DUE FOR ANSWER ON 23rd FEBRUARY, 2011.

(a) & (b): Planning Commission estimates the number and proportion of people living below the poverty line at the national and state levels separately for rural and urban areas on the basis of Monthly Per capita Consumption Expenditure (MPCE) data obtained from the large sample survey on household consumption expenditure carried out by the National Sample Survey Office (NSSO) of Ministry of Statistics & Programme Implementation after an interval of five years approximately. There is no deficiency of data to assess poverty in the country.

(c) & (d): The official poverty estimates based on the methodology recommended by the Expert Group (Lakadawala Committee) Report on 'Estimation of Proportion and Number of Poor' and adopted by the Government in 1997, were calculated using the all-India poverty line of consumption expenditure of Rs. 356.3 per capita per month for rural areas and Rs. 538.60 per capita per month for urban areas in 2004-05. Thus, the official poverty estimates are based on per capita per month consumption expenditure rather than earnings per family. These official poverty lines are:

(i) on a per person basis and not for a family,

(ii) based on actual expenditures on goods and services and not on income,

(iii) are regularly updated on the basis of the Consumer Price Index for Agricultural Labour (CPIAL) for rural areas and Consumer Price Index for Industrial Workers (CPIIW) for urban areas.

(e): The Planning Commission has been calculating the poverty estimates with an interval of about five years. Besides, the methodology for estimation of poverty is reviewed from time to time. Recently, the methodology has been reviewed by an Expert Group headed by Prof. Suresh D. Tendulkar which submitted its report in December 2009. The Tendulkar Committee concluded that while the urban poverty ratio yielded by the traditional method was generally acceptable as being less controversial, the rural poverty ratio was heavily criticized as being too low.

The Committee recommended to adopt the Mixed Reference Period (MRP) based household consumption expenditure as the basis for estimation of future poverty lines and the MRP equivalent of urban Poverty Line Basket (PLB) corresponding to traditional urban headcount ratio (25.7%) as the new reference PLB. The recomputed poverty lines take 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. On the basis of above methodology, the all- India poverty lines are computed as monthly per capita consumption expenditure of Rs. 579 for urban areas and Rs. 447 for rural areas for the year 2004-05.

