

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:2275
ANSWERED ON:09.03.2011
ESTIMATION OF POVERTY
Tandon Annu

Will the Minister of PLANNING be pleased to state:

- (a) whether the Government is considering setting up a new committee to accurately measure the number of people living Below Poverty Line (BPL);
- (b) if so, the details thereof; and
- (c) the method by which the Government is planning to resolve inconsistencies in poverty estimates between Suresh Tendulkar Committee, Arjun Sengupta Committee and the Planning Commission and the figures available from the National Sample Survey (NSS)?

Answer

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

(a)& (b): No, Madam. The government has no such proposal at present.

(c): The 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. As per the latest estimates of poverty made by the Planning Commission for the year 2004-05, the percentage of people living Below Poverty Line (BPL) in the country is 27.5% comprising 28.3% for rural areas and 27.5% for urban areas. NSSO does not bring out any poverty estimate separately.

The National Commission for Enterprises in the Unorganised Sector (NCEUS) set up by Ministry of Micro, Small and Medium Enterprises (MSME) in 2004 under the chairmanship of Shri Arjun Sengupta, submitted its report in 2007. In this report, it was reported that 77% of the population had a per capita daily consumption of up to Rs.20 in 2004-05 and this section of population was termed as poor and vulnerable. The Committee did not provide any justification for using the cut-off amount of Rs. 20 per day. However, the Economic Survey 2008-09, brought out that based on the calculations on data on household consumption expenditure for 2004-05 (NSS 61st round-2004-05), the population with less than Rs 20 per day per capita consumption expenditure was 60.5% only. In any case, the findings of Arjun Sengupta Committee were not based on official poverty lines.

The methodology followed by the Planning Commission to estimate poverty has been reviewed recently 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 official 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 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 at all-India poverty ratio at 37.2 percent. These poverty ratios have been accepted by the Planning Commission for the present.