

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

STARRED QUESTION NO:42
ANSWERED ON:03.08.2011
ASSESSMENT OF BPL FAMILIES
Semmalai Shri S.

Will the Minister of PLANNING be pleased to state:

- (a) the norms evolved by the Suresh Tendulkar Committee to assess the BPL people in rural and urban areas in the country;
- (b) whether there exists a difference between Tendulkar Committee and the N. C. Saxena Committee in assessing and estimating BPL population;
- (c) if so, the details thereof;
- (d) whether the Government proposes to redefine poverty in the light of different poverty estimates; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE FOR PLANNING, 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. 42 REGARDING "ASSESSMENT OF BPL FAMILIES" BY SHRI S. SEMMALAI DUE FOR ANSWER ON 3RD OF AUGUST 2011

(a): The poverty line has been traditionally defined by the Planning Commission on the basis of Monthly Per Capita Consumption Expenditure (MPCE) as the criterion. The number and proportion of persons living below the poverty line (BPL) are computed using the data from Large Sample Surveys on Household Consumer Expenditure carried out by the National Sample Survey Organisation (NSSO).

The method for estimation of poverty has been reviewed by the Planning Commission from time to time. Prior to the Tendulkar Committee recommendations, the estimation was based on separate rural and urban poverty lines from the Lakdawala Committee recommendations which were updated using different price indices for rural and urban areas.

The Tendulkar Committee, which submitted its Report in 2009, recommended changing the rural poverty line to make it more comparable with the urban poverty line which it felt was appropriate. A copy of the press note is available on the website of Planning Commission.

The Tendulkar Committee has incorporated adequacy of expenditure from the normative and nutritional viewpoint. It stated:

"while moving away from the calorie norms, the proposed poverty lines have been validated by checking 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."

In the calculation of poverty line Tendulkar Committee took the urban headcount ratio of 25.7% in 2004-05, arrived at by following Lakdawala methodology, as the starting point. It used Mixed Recall period (MRP) based MPCE corresponding to this ratio as the new reference Poverty Line Basket (PLB) in urban areas and recommended that the rural poverty line should be recomputed to reflect money value in rural areas of the same PLB.

The all-India poverty line was estimated by the Tendulkar Committee as Rs.446.68 and Rs.578.80 per capita per month at 2004-05 price level in rural and urban areas respectively. This corresponds to rural poverty ratio of 41.8 percent, urban poverty ratio of 25.7 percent and aggregate poverty ratio of 37.2 percent in the country. On applying price increase using Consumer Price Index for Industrial Workers (CPI-IW) for urban areas and Consumer Price Index for Agricultural Labourers (CPI-AL) for rural areas, the poverty line at June 2011 price level comes to Rs. 965 per capita per month in urban areas and Rs. 781 per capita per month in rural areas. For a family of 5 this poverty line would amount to Rs 4,824 per month in urban areas and Rs 3,905 per month in rural areas at June 2011 price level.

(b) & (c): While estimation of poverty is undertaken by the Planning Commission, Ministry of Rural Development conducts a Census to identify the individual BPL households in rural areas consistent with the poverty estimates. Accordingly, the Ministry of Rural

Development constituted the Saxena Committee to recommend a suitable methodology for identification of BPL families in rural areas. While prescribing the methodology for ranking households, the Saxena Committee suggested that the rural poverty ratio be assumed as 50% at the national level as reproduced below:

"The Committee would therefore strongly recommend that the percentage of people entitled to BPL status should be drastically revised upwards to at least 50%, though the calorie norm of 2400 would demand this figure to be about 80%. The figure of 50% in rural areas would correspond to a calories intake of about 2100 k cal which would imply that whatever calories were considered minimum for a healthy living in urban areas in 1973-74 would now be needed for healthy living in rural areas in view of general reduction in hard manual work (though it can still be argued that such reduction has been only marginal for the rural poor, and that too confined to prosperous regions). Our recommendation of 50% is based on a calorie consumption norm of 2100 for rural areas, as well as on a minimum cereal consumption of 12.25 kg per month, which is still less than what the top two quintiles consume despite their sedentary life style and better access to non-cereal food."

It may be pointed out that corresponding to the poverty line of Tendulkar Committee, the monthly per capita consumption of cereals in rural areas comes to 12.22 Kg as per NSSO survey for 2004-05.

(d) and (e): In the light of recent directions of the Supreme Court, the Planning Commission is in the process of estimating the revised per capita poverty line as per the Tendulkar Methodology on the basis of 2009-10 survey data on Household Consumer Expenditure, which are now available; and keeping in mind the price index of May 2011 when the data for the same is available.