

**GOVERNMENT OF INDIA  
PLANNING  
LOK SABHA**

UNSTARRED QUESTION NO:3518  
ANSWERED ON:24.08.2011  
POVERTY LINE IN URBAN AND RURAL AREAS  
Gandhi Shri Feroze Varun

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

- (a) whether there is difference between the poverty line in India in urban and rural areas; and  
(b) if so, the details thereof and the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PLANNING, SCIENCE & TECHNOLOGY AND EARTH SCIENCES (DR. ASHWANI KUMAR)

(a) & (b): Yes, Madam. As per Tendulkar Committee Report, the poverty line at the national level is fixed at Rs. 446.68 per capita per month in rural areas and Rs. 578.80 per capita per month in urban areas at 2004-05 price level.

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 method for estimation of poverty has been reviewed by the Planning Commission from time to time.

The Planning Commission constituted a Task Force (Alagh Committee) on 'Projections of Minimum Needs and Effective Consumption Demand' in 1977 which defined the poverty line as per capita consumption expenditure 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 retained the poverty lines defined by the Alagh Committee and disaggregated the National Poverty lines into State specific poverty lines in order to reflect the inter-state price differentials.

The Tendulkar Committee, which submitted its Report in 2009, 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.