

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:1520
ANSWERED ON:30.11.2011
FORMULA FOR ASSESSING POOR
Singh Shri Sushil Kumar

Will the Minister of PLANNING be pleased to state:

- (a) whether the Government has devised any concrete formula for assessing the poor in the country based on the Tendulkar Committee report;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government has any information of exact percentage of population under poverty at present; and
- (d) if so, the details thereof, State-wise?

Answer

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

(a) & (b): 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. Based on the Tendulkar Committee methodology, the poverty lines in 2004-05 at all India level were calculated as per capita consumption expenditure of Rs 446.68 per month for rural areas and Rs. 578.80 for urban areas. 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."

(c) & (d): The Planning Commission estimates poverty lines and poverty ratios for the years for which Large Sample Surveys on Household Consumer Expenditure have been conducted by the National Sample Survey Office (NSSO). These surveys are conducted quinquennially. As per Tendulkar Committee Report, percentage of population under poverty for the year 2004-05, for all India is estimated as 37.2 percent out of which 41.8 percent is Rural and 25.7 percent is Urban. The details of the State-wise percentage of population under poverty during the year 2004-05 are at Annexure-I. The Large Sample Surveys on Household Consumer Expenditure are conducted quinquennially. After 2004-05, this survey has been conducted in 2009-10 the results of which are now available. A final view on the methodology for measuring poverty in future can be taken inter-alia on the basis of 2009-10 NSSO survey and by taking into consideration all relevant indicia of poverty as identified by experts. A holistic view as to the approach to poverty measurement will be taken and if considered necessary, the issue will be revisited to arrive at the most credible methodology for poverty estimation. A Committee of experts will be set up to decide a comprehensive criteria for identifying the BPL families in consultation with states and other stakeholders.