

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:186
ANSWERED ON:08.08.2012
TENDULKAR COMMITTEE POVERTY METHODOLOGY
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Will the Minister of PLANNING be pleased to state:

- (a) the details of methodology recommended by the Tendulkar Committee;
- (b) the poverty line estimated by Tendulkar committee methodology as per the NSSO survey 2009-10 for rural and urban areas;
- (c) the poverty line estimated by Tendulkar Committee methodology as per the NSSO survey 2004-05 for rural and urban areas;
- (d) the Central and State Government schemes for which the poverty line set by the Planning Commission is used; and
- (e) the other areas where the poverty line set by the Planning Commission is used?

Answer

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

(a) to (c): 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 based 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."

The Planning Commission has computed poverty lines for the year 2009-10 based on the latest data of large scale survey on household consumer expenditure collected by National Sample Survey Office (NSSO) in its 66th round conducted during 2009-10 following Tendulkar methodology. These have been released through a Press Note issued on 19th March 2012. According to this Press Note, poverty line at all India level is estimated as monthly per capita consumption expenditure (MPCE) of Rs. 673 for rural areas and Rs 860 for urban areas in 2009- 10.

Planning Commission, in June 2012, has constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan to "Review the Methodology for Measurement of Poverty". This Committee will review the methodology for measurement of poverty and also recommend, inter-alia, how the estimates of poverty should be linked to eligibility and entitlements for schemes and programmes under the Government of India.

(d) & (e): Generally, the beneficiaries for various anti-poverty schemes such as Swarnajayanti Gram Swarozgar Yojana (SGSY), Indira Awas Yojana (IAY), Targeted Public Distribution System (TPDS), National Social Assistance Programme (NSAP) are selected using poverty line as one of the criteria.