

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:1655
ANSWERED ON:22.08.2012
GROWTH WITH DISTRIBUTION
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Will the Minister of PLANNING be pleased to state:

- (a) whether despite the decline in poverty during 2004-2011, the inequality has increased;
- (b) if so, the details thereof and the reasons therefor;
- (c) the steps being taken by the Government to achieve the objective of 'growth with distribution'; and
- (d) the other steps being taken by the Government to rectify the situation?

Answer

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

(a) to (d): The poverty estimates based on the extant methodology reveal that the percentage of population below poverty line has declined from 37.2% in 2004-05 to 29.8% in 2009-10. The data on distribution of income is not compiled centrally. However, the data on household consumption expenditure collected by the National Sample Survey Office (NSSO) could be used as a proxy to capture the economic disparities. On the basis of such data, it is estimated that in the rural areas, the average monthly per capita consumption expenditure (MPCE) of the top 10% of population was 5.76 times that of the bottom 10% of the population for the year 2009-10 as compared to 5.26 times in 2004-05. Similarly, it is estimated that in urban areas the average MPCE of the top 10% of population was 10.11 times that of the bottom 10% of the population for the year 2009-10 as compared to 8.41 times in 2004-05. This indicates that increase in inequality in consumption expenditure in rural areas during this period was much lower as compared to the increase in urban areas.

Reduction of economic inequalities has been one of the primary policy objectives of the development planning in India. International experience suggests that the inequalities tend to increase in the early phase of development. However, because of sound economic fundamentals, the high rate of economic growth that India witnessed recently has enormously improved the capacity to make a decisive impact on the quality of life of the masses, especially the poor and the marginalized. This has enabled the Government to allocate substantial amount of resources on the development of social, economic and physical infrastructure which has started showing positive results and the harsh edges of poverty have been blunted. In addition, the Eleventh Five Year Plan adopted the strategy of inclusive growth to ensure that the benefits of growth reach all the sections of the society. To achieve this objective, the Government have implemented a number of flagship programmes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Swarnajayanti Gram Swarozgar Yojana (SGSY), Swarna Jayanti Shahri Rozgar Yojana (SJSRY), Integrated Child Development Scheme (ICDS), Mid- Day Meal Scheme, Sarva Shiksha Abhiyaan (SSA), National Rural Health Mission (NRHM), Rural Drinking Water Supply and Total Sanitation Campaign, Indira Awaas Yojana (IAY), Targeted Public Distribution System (TPDS) and social security measures like National Social Assistance Programme (NSAP), Rashtriya Swasthaya Bima Yojana (RSBY) etc. Through these measures the Government has tried to ensure that the increase in inequalities is minimized. As a result of these interventions, it is estimated that, in absolute numbers, there is a net reduction of around 5.25 crore persons living in abject poverty between 2004-05 to 2009-10.

The Government remains fully committed to ensure balanced regional growth and reduction of inequalities. The Approach Paper to the 12th Five Year Plan also emphasizes the need to build upon the achievements of the 11th Five Year Plan and strive for faster, sustainable and more inclusive growth. It will further help in reducing economic disparities in India in future.