

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

STARRED QUESTION NO:257
ANSWERED ON:29.08.2012
BPL ESTIMATES FOR PDS IMPLEMENTATION
Vijayan Shri A.K.S.

Will the Minister of PLANNING be pleased to state:

- (a) whether the Government has asked the Planning Commission to prepare revised estimates of families living below poverty line for effective implementation of the Public Distribution System and other welfare schemes;
- (b) if so, whether the revised estimates have been prepared by the Commission in this regard; and
- (c) if so, the details thereof, State-wise?

Answer

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

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 257 REGARDING "BPL ESTIMATES FOR PDS IMPLEMENTATION" RAISED BY SHRI A.K.S. VIJAYAN DUE FOR ANSWER ON 29th August, 2012.

(a) to (c): The methodology for estimation of poverty followed by the Planning Commission has been based on the recommendations made by the experts in the field from time to time. The Expert Group headed by Prof. Suresh D. Tendulkar that submitted its report in December 2009, computed the poverty lines at all India level as MPCE of Rs. 447 for rural areas and Rs 579 for urban areas in 2004-05. Large Sample Surveys on Household Consumer Expenditure are conducted every 5 years. After 2004-05, this survey has been conducted in 2009-10. Planning Commission has updated the poverty lines for the year 2009-10 as per the recommendations of the Tendulkar Committee using NSS 66th round (2009-10) data of Household Consumer Expenditure Survey and released poverty estimates for 2009-10 on 19th March 2012. According to this, poverty line at all India level is estimated as Monthly Per-capita Consumption Expenditure of Rs. 673 for rural areas and Rs 860 for urban areas in 2009-10, which amounts to a monthly consumption expenditure of Rs 3,365 in rural areas and Rs 4,300 in urban areas for a family of five at 2009-10 prices. State-wise estimate of poverty ratios for the year 2009-10 is given at annexure.

The Planning Commission regularly reviews the methodology for estimation of poverty by setting up Task Force/ Expert Groups comprising eminent experts in the field of poverty. This is done in order to make poverty line contemporaneous, reflecting the change in income and consumption of the people. In the past, the Planning Commission had constituted Task Force under the Chairmanship of Dr. Y K. Alagh in 1977, Expert Group under the Chairmanship of Prof. D.T Lakdawala in 1989 and Expert Group under the Chairmanship of Prof Suresh Tendulkar in 2005. In conformity with this practice, the 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". In order to ensure the contemporary relevance of the poverty line and to ensure that suitable weightage is given to different parameters in computing the poverty line consistent with the current ground realities the Expert Group under the Chairmanship of Dr. Rangarajan has been given comprehensive terms of reference for computation of poverty estimates. The Terms of Reference of the Group are as follows:

- i. To comprehensively review the existing methodology of estimation of poverty and examine whether the poverty line should be fixed solely in terms of a consumption basket or whether other criteria are also relevant, and if so, whether the two can be effectively combined to evolve a basis for estimation of poverty in rural and urban areas.
- ii. To examine the issue of divergence between consumption estimates based on the NSSO methodology and those emerging from the National Accounts aggregates; and to suggest a methodology for updating consumption poverty lines using the new consumer price indices launched by the CSO for rural and urban areas state-wise.
- iii. To review alternative methods of estimation of poverty which may be in use in other countries, including their procedural aspects; and indicate whether on this basis, a particular method can be evolved for empirical estimation of poverty in India, including procedures for updating it over time and across states.
- iv. To recommend how the estimates of poverty, as evolved above, should be linked to eligibility and entitlements for schemes and programmes under the Government of India.

The Expert Group is expected to submit its report to the Planning Commission within a year.

