

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:4060
ANSWERED ON:05.09.2012
INFLATION RATE FOR POVERTY LINE
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Will the Minister of PLANNING be pleased to state:

- (a) whether inflation rate and its effects are considered while fixing the poverty line;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) the steps taken by the Government to refix the poverty line on the basis of current rate of inflation; and
- (d) the success achieved in view of the above?

Answer

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

(a) to (d): The Planning Commission defines poverty line on the basis of Monthly Per Capita Consumption Expenditure (MPCE). The methodology for estimation of poverty has been reviewed 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. These poverty lines are updated for subsequent years by using inflation indices.

Planning Commission estimates poverty based on data obtained from Large Sample Survey on Household Consumer Expenditure carried out by the National Sample Survey Office (NSSO). These Surveys are conducted every 5 years. After 2004-05, the results are available for the survey 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. The 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.

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 including suggesting a methodology for updating consumption poverty lines using the new consumer price indices launched by the CSO for rural and urban areas state-wise. The committee is yet to submit its report.