

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

STARRED QUESTION NO:266

ANSWERED ON:12.12.2012

ESTIMATES OF POVERTY

Choudhary Shri Harish;Singh Rajkumari Ratna

Will the Minister of PLANNING be pleased to state:

- (a) the poverty estimates worked out by various committees/study/expert groups and the methodology used by them for estimation of poverty and the identification of the poor in the country;
- (b) the details of the action taken by the Government on the suggestions/ recommendations given by the said committees/study/expert groups;
- (c) whether the poor people are denied the benefits of the schemes run by the Government in the absence of a clear cut assessment of poverty in the country; and
- (d) if so, the details thereof and the corrective measures taken by the Government in this regard?

Answer

MINISTER OF STATE FOR PARLIAMENTARY AFFAIRS & PLANNING(SHRI RAJEEV SHUKLA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 266 REGARDING "ESTIMATES OF POVERTY" RAISED BY SHRI HARISH CHAUDHARY AND SHRIMATI RAJKUMARI RATNA SINGH DUE FOR ANSWER ON 12th DECEMBER, 2012.

(a) to (d): 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. Subsequently, the Expert Group on 'Estimation of Proportion and Number of Poor' (Lakdawala Committee) constituted in 1989 retained the national poverty lines defined by the Alagh Committee and disaggregated them into state-specific poverty lines in order to reflect the inter-state price differentials.

Based on the Lakdawala methodology, the poverty lines in 2004-05 at all India level were calculated as monthly per capita consumption expenditure of Rs. 356.30 for rural areas and Rs. 538.60 for urban areas. These poverty lines were derived from Uniform Reference Period (URP) consumption distribution of household consumer expenditure survey of National Sample Survey Office (NSSO) in which the consumer expenditure data of all the items are gathered from the households using 30-day reference period. The resulting poverty ratios are 27.5% at all India level with 28.3% in rural areas and 25.7% in urban areas.

The Planning Commission in December, 2005 constituted an Expert Group under the Chairmanship of Prof. Suresh D. Tendulkar which submitted its report in December, 2009. It adopted the Poverty Line Basket (PLB) corresponding to urban poverty ratio of 2004-05 as derived from the Lakdawala method and applied it to rural as well as urban population in all the States. The poverty line was derived using the PLB and the Mixed Reference Period (MRP) consumption distribution, in which 365-day reference period is used to collect the consumer expenditure data of five infrequently purchased non-food items (clothing, footwear, education, institutional medical care and durable goods) and 30-day recall period for the remaining items. The resulting national poverty line for rural and urban areas is monthly per capita consumption expenditure of Rs 446.68 and Rs 578.80 respectively for the year 2004-05. This yields rural poverty ratio for 2004-05 as 41.8 percent, urban poverty ratio as 25.7 percent and all-India (rural and urban combined) poverty ratio as 37.2 percent. These poverty lines and poverty ratios recommended by the Tendulkar Committee have been accepted by the Planning Commission.

Following Tendulkar methodology, the Planning Commission has computed poverty lines for the year 2009-10 based on the large scale survey on household consumer expenditure collected by NSSO in its 66th round, 2009-10. These have been released through a Press Note issued 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.

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'.

While estimation of poverty is undertaken by the Planning Commission, the identification of BPL families is carried out by the concerned State Governments. The identification is done through a complete door-to-door enumeration of the households, known as BPL Census. The Central Government assists the State Governments with technical and financial support in conducting the census. The BPL Census to identify the rural households living Below the Poverty Line is generally conducted at the beginning of a Five Year Plan. The last BPL Census in rural areas was conducted in 2002 based on the methodology of Score Based Ranking of rural households using 13 socio-economic parameters. The Ministry of Rural Development, through the Socio-Economic and Caste Census (SECC) has commenced a door-to-door census in rural and urban areas in the country in June 2011 to gather household level data for identification of BPL households to ensure better targeting of anti-poverty programmes.