

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

SUPPLEMENTARY PRESS NOTE ON POVERTY ESTIMATES

Dated: March 20, 2012

Yesterday the Planning Commission released the poverty estimates emerging from the latest NSS Household Consumer Expenditure Survey for 2009-10. These estimates are based on updating the Tendulkar poverty line for 2004-05 to 2009-10, as per the methodology suggested by the Tendulkar Committee for updating of poverty line.

Although the Press Note released yesterday has been widely reported in the press, a press conference has been called to clarify issues if any. The following points should be noted:

1. The Tendulkar poverty line is defined in terms of per capita consumption expenditure on a **monthly** basis. It can be also converted into a corresponding consumer budget per month for a family of five. On this basis the family based poverty lines per month for the country as a whole are as follows:

Year of NSS Survey	Rural (In Rs.)	Urban (In Ss.)
2004-05	2,234	2,894
2009-10	3,364	4,298

Note: *At prices prevailing in 2004-05 and 2009-10 respectively.*

2. Several newspapers have reported the consumption data on a per day basis. While this can be done as a pure arithmetical calculation, the official consumption poverty line is not defined on a daily basis. It may be noted that the practice around the world is to define poverty lines in terms of year or month. The NSS surveys, which are the basis of measuring consumption poverty, collect **household** consumption expenditure data on a **monthly** basis.

3. The main point that emerges from the latest estimates is that the rate of reduction in poverty, using the Tendulkar poverty line, has accelerated considerably after 2004-05 and the rate of reduction in the five years between 2004-05 and 2009-10 is about 1.5 percentage points per year. This is twice as fast as the rate of reduction in the previous eleven years, i.e., 1993-94 to 2004-05. The comparative position for the reduction in urban and rural areas on an annual basis in the two periods is given below:

Year of NSS survey	Rural	Urban	Total
1993-94	50.1	31.8	45.3
2004-05	41.8	25.7	37.2
2009-10	33.8	20.9	29.8
Rate of reduction between 1993-94 to 2004-05 (per year)	0.8	0.6	0.7
Rate of reduction between 2004-05 to 2009-10 (per year)	1.6	1.0	1.5

4. The pace of reduction in poverty varies across States. The rate of reduction was higher than average in Madhya Pradesh, Maharashtra, Odhisa, Tamil Nadu, Karnataka, Uttarakhand, Himachal Pradesh and Sikkim. The rate of reduction was much lower than the average in Bihar, Uttar Pradesh and Chattisgarh.

5. The Tendulkar poverty line has been criticised on the grounds that it is too low, and therefore, under-estimates the scale of the population that needs special assistance. Any poverty line is essentially arbitrary and the Planning Commission has only accepted the line recommended by the Tendulkar Committee. We have also indicated that the line will be revised from time to time based on the recommendations of experts.

It is important to emphasise that the Government has already stated that entitlements for food subsidy benefits will not be linked to the number of persons estimated to be below the official poverty line. For the purpose of food security the size of the beneficiary population will be much larger and will be determined as per entitlements stated in the food security bill.

The real purpose of estimating a population below a fixed poverty line is to judge whether progress is being made over time. For this purpose, the poverty line must be the same over time and updated to reflect price changes on the basis of an established methodology. If a higher poverty line is used, the absolute number of people below the line will obviously be larger. However, the results regarding trends in poverty will not be altered.

Several other comparative measures of change over time are indicated in the Tables attached.

NNK/MD