

**GOVERNMENT ANNOUNCES NEW EXPERT PANEL ON POVERTY ESTIMATES**

Dated: May 24, 2012

The State-wise poverty lines and poverty ratio for 2009-10 have been computed following the extant Tendulkar methodology. Based on the said methodology the Planning Commission has released the estimates through a Press Note issued on 19th March, 2012. As indicated in the Press Note, the poverty ratio in the country has come down from 37.2% in 2004-05 to 29.8% in 2009-10. As a result, the number of poor persons in the country has reduced from 40.7 crore in 2004-05 to 35.5 crore in 2009-10.

The Tendulkar Committee, which submitted its Report in 2009, has incorporated adequacy of expenditure from the normative and nutritional viewpoint. It stated "while moving away from the calorie norms, the proposed poverty lines have been validated by checking the adequacy of actual private expenditure per capita near the poverty lines on food, education and health by comparing them with normative expenditures consistent with nutritional, educational and health outcomes".

Taking note of the various points of views and perspectives expressed in the public domain with respect to the need to revisit poverty estimates and related methodologies, Government has since decided to set up an Expert Technical Group to revisit the methodology for estimation of the poverty and identification of the poor.

The Technical Group comprising of eminent economists under the Chairmanship of Dr. C. Rangarajan, Chairman, Prime Minister's Economy Advisory Council, is as under:

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|----|---|-----|------|-----------------|
| 1. | Dr. C. Rangarajan, Chairman, Prime Minister's Economy Advisory Council      | ... | .... | Chairman        |
| 2. | Dr. Mahendra Dev, Director, Indira Gandhi Institute of Development Research | ... | ...  | Member          |
| 3. | Dr. K. Sundaram, formerly Delhi School of Economics                         | ... | ...  | Member          |
| 4. | Dr. Mahesh Vyas, Centre for Monitoring Indian Economy                       | ... | ...  | Member          |
| 5. | Dr. K.L. Datta, Ex-Adviser (Perspective Planning), Planning Commission      | ... | ...  | Member Convener |

The Terms of Reference of the Expert Technical Group have been finalized as under:

1. "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.

2. 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.

3. 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;

4. 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".