
Poverty Line and Poverty Ratio: Myth or Realty

Dr Hemant Kumar Singh¹

Poverty Line and Poverty ratio are estimated by planning commission in India. This estimation of poverty line and poverty ration is based on large sample surveys on household consumption expenditure conducted by National Sample Survey Office (NSSO) of the Ministry of Statistics and Programme Implementation. In order to estimation of poverty line and poverty ratio, the commission has constituted an expert group headed by Professor Suresh Tendulkar in 2005. The Tendulkar committee as presented a methodology to compute poverty in December 2009 which was accepted by the Planning commission. The Tendulkar computed poverty lines and poverty ratio for 1993-94 and 2004-05 with established methodology. As per Tendulkar methodology, the poverty line has been calculated for the year 2011-12, too. The poverty line is calculated by Tendulkar methodology that suggests factors of money spent on health and education besides calories intake.

Poverty Line

The Planning Commission has accepted the Suresh Tendulkar Committee's recommendation of calculating poverty ratio and poverty line. The committee considers spending of Rs 18 on food is required as daily per capita consumption in rban area, while it's Rs 16 in rural area. Expending on non food items is added, daily per capita consumption will be approximately Rs 33 and Rs 27 for urban and rral areas respectively. This calculation follows Food and Agriculture (FAO) norms, which considers 700 calories are enough on to sustain. It means if one spends $\text{Rs } 33.33 \times 30 \approx \text{Rs } 1000$ monthly on consumption, they will be above poverty line in urban area. Similarly if one consumes $\text{Rs } 27.20 \times 30 \approx \text{Rs } 860$ monthly in rural area, they are nor poor. The amount of spending is calculated for per each

¹ Assistant Professor, Economics Demartment, Madan Mohan Malviya PG College Deoria, UP

person, not per family, as it is known in public domain and media. For a family 'n' members, it has to be multiplied by 'n'. For example, for a family of 5 members, it has to be multiplied by 5. Thus, a family of 5 needs $33.33 \times 5 \approx \text{Rs } 166.66$ daily per family consumption in urban area. Then it will not be assumed poor family. Similarly, a family of 5 members will not be assumed poor in rural area if it spends $27.20 \times 5 \approx \text{Rs } 136$ daily per family consumption.

As per Tendulkar Methodology, poverty line was presented in terms of Monthly Per Capita Expenditure (MPCE) based on Mixed Reference Period. The poverty line of each state is different due to price differences as given below.

- Intentionally left blank space –
Article continues at the next page

State specific Poverty Lines for 2011-12

S.No.	States	Monthly per capita (Rs.)	
		RURAL	URBAN
1	Andhra Pradesh	860	1,009
2	Arunachal Pradesh	930	1,060
3	Assam	828	1,008
4	Bihar	778	923
5	Chhattisgarh	738	849
6	Delhi	1,145	1,134
7	Goa	1,090	1,134
8	Gujarat	932	1,152
9	Haryana	1,015	1,169
10	Himachal Pradesh	913	1,064
11	Jammu & Kashmir	891	988
12	Jharkhand	748	974
13	Karnataka	902	1,089
14	Kerala	1,018	987
15	Madhya Pradesh	771	897
16	Maharashtra	967	1,126
17	Manipur	1,118	1,170
18	Meghalaya	888	1,154
19	Mizoram	1,066	1,155
20	Nagaland	1,270	1,302
21	Odisha	695	861
22	Punjab	1,054	1,155
23	Rajasthan	905	1,002
24	Sikkim	930	1,226
25	Tamil Nadu	880	937
26	Tripura	798	920
27	Uttarakhand	880	1,082
28	Uttar Pradesh	768	941
29	West Bengal	783	981
30	Puducherry	1,301	1,309
	All India	816	1,000

Note: Computed as per Tendulkar method on Mixed Reference Period (MRP)

Poverty Ratio

The planning commission presented Poverty Ratio for

India for year 1993-94, 2004-05, and 2011-12. These ratios are based on NSSO's data of 50th, 61th, and 68th round respectively. The estimation of poverty ratios are given below.

Percentage and Number of Poor Estimated by Tendulkar method,
using Mixed Reference Period (MRP)

	Poverty Ratio (%)			Number of Poor (million)		
	Rural	Urban	Total	Rural	Urban	Total
1. 1993-94	50.1	31.8	45.3	328.6	74.5	403.7
2. 2004-05	41.8	25.7	37.2	326.3	80.8	407.1
3. 2011-12	25.7	13.7	21.9	216.5	52.8	269.3
Annual Average Decline: 1993-94 to 2004-05 (percentage points per annum)	0.75	0.55	0.74			
Annual Average Decline: 2004-05 to 2011-12 (percentage points per annum)	2.32	1.69	2.18			

Myth or Reality

According to Tendulkar Methodology, poverty in India declined at 21.9% from 45.3% during years 1993-94 and 2011-12. Poverty ration remained 37.2% in year 2004-05. Is this golden period for poverty reduction? Abhijeet Sen, a member of Tendulkar Committee claimed, "We went by the globally acceptable FAO norms and surveys showing falling intake of cereals." But different political parties of opposition and social institutions condemned the conclusion of the Tendulkar Committee. Several representations were made that the poverty line was very low.

I have made an exercise to examine the reality of the poverty line. As per Tendulkar Methodology, about Rs 33 and 27 are benchmarks of poverty line in urban and rural areas respectively. Is daily spending of Rs 33 on consumption enough for anyone in urban area? Can anyone sustain his life at spending of Rs 27 in rural areas daily? These questions are very important to examine reality of poverty line and poverty ratio, too.

I have collected some facts from different parts of Varanasi city. Lanka, Lahuraberi, Godawlia, Maidagin, Sagra, Bhojuberi, Pandeypur are main parts of Varanasi city. I have conversed with 21 housewives from these places. These housewives are from medium or low class families. I tried to get monetary value of lunch and supper of each concerned family. I have conversed

with each housewife during last week of May 2013. All the 21 families had used different varieties of lunch and supper in given time period. I met housewife of each family and tried to find approximate monetary value of daily lunch and supper. Then I had estimated that per capita price of daily lunch and supper by dividing numbers of family members and total expenditure. I found no family where daily per member expenditure is less than Rs 34.

I have taken five villages Karwat, Dulhipur, Kunda Kala, Mohammadpur, and Satpokhri of block Niyamtabad of Chandauli district. I got contact with 20 families of these villages to evaluate the cost of daily food during first week of June 2013. I have followed the same approach as above and found that the price of per member daily food expenditure is much higher than Rs 27.

Although, this study has numerous limitations, but it can reflect a clear idea about reality of the poverty line. It may be based on global norms but it neglects ground status of India. Actually, it's very difficult to sustain at daily expenditure of Rs 33 and Rs 27 in urban and rural areas respectively.

REFERENCES

- Planning Commission further lowers poverty line to Rs.28/per day - PTI NEW DELHI, MARCH 19, 2012
- In 2011-12, only 21.9% of Indians were below poverty line – Business Standard – 9th September, 2013
- <http://www.voanews.com/content/india-records-sharp-drop-in-poverty-rate/1710492.html>
- India winning battle against poverty, says Planning panel – The Hindu – Business Line – 13th July 2013
- Towards New Poverty Lines for India – Economic & Political Weekly – 2nd January 2010