



A COMPREHENSIVE POVERTY ESTIMATED INDEX OF INDIA

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Abstract

This Paper divided in to five categories Poverty Estimates, Poverty Estimates of Tendulkar Committee, 66th Round of NSSO, Multinational Poverty Index, 68th Round of NSSO etc. The main Objectives are what is the position of Rural and Urban Poverty and their Challenges and Method of Indian Government is Reducing Poverty.

As pointed out by Tendulkar committee the concept of poverty is associated with socially perceived deprivation with respect to basic human needs. The recommendations of the Expert committee chaired by the Prof. Suresh Tendulkar were adopted by the Planning commission. Applying this methodology to the NSSO large survey of 2009-10 showed that the poverty ratio had declined by 7 percentage points for the country as a whole between 2004-05 and 2009-10 the annual rate of decline in this period was double that for previous periods.

The all India poverty line so defined in 1973-74 was Rs.49.63 for rural areas and Rs.56.64 for urban areas. The all India poverty line for 2004-05 adjusted for prices was Rs.356.30 for rural areas and Rs.538.60 for urban areas for the Year 2009-10 the planning commission has defined the poverty line as Rs.22.40 per capita per day in rural areas and Rs.28.60 per capita per day in urban areas. This translates to Rs.672.80 per capita per month in rural areas and Rs.859.60 per capita per month in urban areas.

The finding that poverty has declined much faster in the period 2004-05 to 2009-10 is valid irrespective of where we choose to draw the poverty line. If we use the Tendulkar poverty line decline in the period is found to be 7.3 percentage points. If we use a poverty line 30 percent higher, the decline would be 7.8 percentage points. Likewise at 50 percent higher the decline is 6.5 percentage points.

INTRODUCTION

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OBJECTIVES

1. To Study Rural and Urban poverty situation in India.
2. To analyze Rural and Urban poverty challenges in India.
3. To Study Govt. policies for reducing poverty.

POVERTY ESTIMATES

The poverty line for urban locations is expectedly higher than that of rural areas. The number of poor estimated on the basis of these poverty lines, reveals a drop in the absolute numbers of persons for rural areas, whereas it registers a rise in the numbers of urban poor.

Table-1, All India poverty line and absolute number of poor in 1993-94 and 2004-05

Year	Poverty line (Rs per capita per month)		Number of poor (in Laks)	
	Urban	Rural	Urban	Rural
1993-94	281.35	205.84	763.37	2440.31
2004-05	538.60	356.30	807.96	2209.24

The inflationary trend reflected in the urban price Index pertaining to the consumption basket has pushed the urban poverty line in 2004-05 to Rs. 538.60 per capita per month from Rs. 281.35 in 1993-94. This is a sharp rise when compared to the rural poverty line. Accordingly the decline in urban poverty has been lower than that in rural areas. (see table-2) while rural poverty declined from 37 percent in 1993-94 to 28 percent in 2004-05 the urban poverty estimates have moved from 32 percent to 26 percent over the same period.

Table-2, Poverty Estimates in 1993-94 and 2004-05

Sector	1993-94(%)	2004-05(%)
Urban	32.4	25.7
Rural	37.3	28.3
Total	36.0	27.5

The number of poor calculated by the Expert group of the planning commission (2007) finds more urban persons in the below poverty line category while the estimates for the rural areas show a drop in absolute numbers. In absolute terms there are 80.8 million urban persons who are poor (using the poverty line provided by the planning commission expert group) of these the number of urban poor women was 403 lakhs and rural poor women 1106 lakhs in 2004-05.

POVERTY ESTIMATES OF TENDULKAR COMMITTEE

The planning commission constituted an expert group under the chairmanship of Suresh Tendulkar to examine the issue in entirety and suggest a new poverty line and estimates. Tendulkar committee submitted its report in December 2009. The committee pointed out there major criticism of the existing official poverty lines.

The Tendulkar committee has estimated the new all Indian poverty line for the year 2004-05 for rural areas at 446.68 per capita per month and for urban areas at 578.80 per capita per month. On this basis 41.8 percent of the rural population and 25.7 percent of the urban population was below the poverty line in 2004-05 for country as a whole 37.2 percent of the people were below the poverty line in 2004-05.

Tendulkar committee is much more than the number estimated in the 61st round of NSSO. The 61st round had estimated the number of people below the poverty line in rural areas at 28.3 percent in 2004-05, following the URP method and merely 21.8 percent following the MRP method. As against this Tendulkar committee estimates the number of rural people below the poverty line at 41.8 percent in 2004-05. As a result the all India incidence of poverty according to the Tendulkar committee is also much more than that estimated in the 61st round.

POVERTY ESTIMATES ON 66TH ROUND OF NSSO:

On March, 2012 the planning commission released the estimated of poverty for the Year 2009-10 computed from the 66th round NSS (2009-10) data on Household consumer expenditure Survey. The poverty line was defined as 22.40 per capita per day in rural areas and 28.60 per capita per day in urban areas this translates to 672.80 per capita per month in rural areas and 859.60 per capita per month in urban areas. On this basis 29.8 percent of the population was below the poverty line in 2009-10. (33.8 percent in rural areas and 20.9 percent in urban areas) This shows a 7.4 percentage point fall in all Indian poverty ratio the five- year period 2004-05 to 2009-10.

MULTINATIONAL POVERTY INDEX

Human development report 2010 introduced the concept of multidimensional poverty index (MPI) to replace HPI. The MPI is the product of the multidimensional poverty headcount (the share of people who are multidimensionally poor) and the average number of deprivations each multidimensionally poor household experiences (the intensity of their poverty). It has three dimensions mirroring the HDI- health, education and living standards which are reflected in 10 indicators. The maximum score is 100 percent; with each dimension equally weighted the maximum score in each dimension is 33.3 percent. The education and health dimension have two indicators each so that each component worth 16.7 percent. The standard of living dimension has six indicators. So each component is worth 5.6 percent.



POVERTY ESTIMATES ON 68TH ROUND OF NSSO

The 68th round of the NSSO Household Consumption Expenditure for 2011-12 has been just completed. Detailed house hold unit wise data will only become available after some time. The NSSO has however released some preliminary summary estimates on uniform recall period (URP) both at current and at constant price. The methodology now in use follows the Tendulkar committee which is based on mixed recall period (MRP). However the VRP distribution by decline categories is available from the NSSO summery data released it appears that monthly per capital consumption expenditure (MPCCE) at constant (2004-05) prices increased in the two year period between 2009-10 and 2011-12 by 18.1 percent and 13.3 percent in rural and urban areas.

The 30th percentile (that is the third deciles from the bottom of the distribution) of MPCE (URP) in the 68th Round show that at constant prices the increase between 2009-10 and 2011-12 was 14.5 percent and 15.3 percent for rural and urban households respectively.

CONCLUSION

The new concept of Multidimensional Poverty Index, (MPI) health, education and living standards. Which are reflected in to indicators? The maximum score is 100 percent. With each dimension equally weighted (thus the maximum score in each dimension is 33.3 percent) urban poor in India are largely the overflow of the rural poor in to the urban areas. These migrants from the rural areas to cities could have crossed the poverty line. The inference is that the rate of decline in poverty in the period 2009-10 to 2011-12 would be much higher than that which emerged from the NSSO surveys for the periods 2004-05 to 2009-10 or to put it another way the rate of decline in poverty in the period 2004-05 to 2011-12 would be much higher than that for the period 1993-94 to 2004-05.

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