

Poverty

7. The Planning Commission had been estimating the incidence of poverty at National and State level (both in rural and urban areas) since the Sixth Five Year Plan on the basis of the recommendations of the Task Force (1979) on projections of minimum needs and effective consumption demand. These estimates have been revised as per the methodology recommended by the Expert Group on Estimation of Proportion and Number of Poor chaired by Prof. D.T. Lakdawala. The Expert Group, while accepting the definition of poverty line used by the Task Force, set out an alternative methodology for estimation of poverty ratios using quinquennial consumer expenditure survey data of the NSSO and State-specific poverty lines. As a departure from the

methodology followed by the Task Force, the Expert Group estimated poverty on the basis of consumer expenditure surveys and did not make any adjustments on the basis of National Accounts.

8. The Government finally approved the methodology for estimating poverty with a slight modification of the Expert Group Methodology for updating the urban poverty line on the basis of Consumer Price Index for Industrial Workers alone instead of average of Consumer Price Index of Industrial Workers and Consumer Price Index of Urban Non-manual Employees (CPI-UNME). Estimates of poverty as per the accepted methodology for the years 1973-74, 1977-78, 1983, 1987-88 and 1993-94 (the latest year for which NSS data was available) are given in Table 10.8.

TABLE 10.8
Number and Percentage of Population Below Poverty Line

All India

Year	Rural		Urban		Combined	
	No. of Persons (Lakh)	Percentage of Persons	No. of Persons (Lakh)	Percentage of Persons	No. of Persons (Lakh)	Percentage of Persons
1973-74	2613	56.4	600	49.0	3213	54.9
1977-78	2642	53.1	646	45.2	3289	51.3
1983	2520	45.7	709	40.8	3229	44.5
1987-88	2319	39.1	752	38.2	3070	38.9
1993-94	2440	37.3	763	32.4	3204	36.0

Source: Planning Commission.

9. The head count ratio declined from 56.4 per cent in 1973-74 to 37.3 per cent in 1993-94 in rural sector and from 49 per cent to 32.4 per cent in urban sector resulting in a significant drop of the poverty ratio from 55 per cent in 1973 to 36 per cent in 1993-94 for all India. The absolute number of the poor had, however, remained at the same

level of around 320 million due to population growth. The decline in urban poverty ratio by about one third is very significant as it coincided with a period of rapid urbanisation. Although there has been progress in reducing poverty at the macro level, there exist wide rural, urban and inter-State disparities.