

Poverty

10.4 High poverty levels are synonymous with poor quality of life, deprivation, malnutrition, illiteracy and low human resource development. The eradication of poverty has been an integral component of the strategy for economic development in India. The Planning Commission has been estimating the incidence of poverty at the national and state level using the methodology contained in the report of the Expert Group on Estimation of Proportion and Number of Poor (Lakdawala Committee) and applying it to consumption expenditure data from the large sample surveys on consumer expenditure conducted by the NSSO at an interval of approximately five years. On this basis, comparable estimates of poverty are available at national and state level from 1973-74 to 1999-2000.

10.5 According to the latest large sample survey data on consumer expenditure made available by the National Sample Survey Organisation (NSSO) from its 55th Round Survey (July 1999-June 2000), the poverty ratio on a 30 day recall basis, is estimated at 27.09 per cent in rural areas, 23.62 per cent in urban areas and 26.10 per cent for the country as a whole. The incidence of poverty expressed as a percentage of people living below the poverty line has witnessed a steady decline from 55 per cent in 1973-74 to 36 per cent in 1993-94 and 26 per cent in 1999-2000. (Table 10.4). Though the poverty ratio declined, the number of poor remained stable at around 320 million for a fairly long period of two

decades, (1973-1993), due to a countervailing growth in population. The latest estimates for 1999-2000 reveal a significantly reduced number of poor, at about 260 million out of a total population of 997 million.

10.6 Poverty at the national level is estimated as the weighted average of state-wise poverty levels. The poverty ratio is estimated from the state-specific poverty lines and the distribution of persons by expenditure groups obtained from the NSS data on consumption expenditure. The state specific poverty ratios at the national and state levels are listed at Table 10.5 . State-wise poverty ratios have witnessed a secular decline from 1973-74 to 1999-2000. Though poverty has declined at the macro-level, rural – urban and inter-state disparities are visible. The rural poverty ratio is still relatively high in Orissa, Bihar and the North Eastern States. In Orissa, Madhya Pradesh, Bihar and Uttar Pradesh, the urban poverty ratios were in the range of 30.89 to 42.83 per cent in 1999-2000. The combined rural and urban poor make up 47.15 per cent of Orissa and 42.60 per cent of Bihar. For the states of Madhya Pradesh, Sikkim, Arunachal Pradesh and Assam the combined poverty ratios in 1999-2000 were in the range of 33.47 to 37.43 per cent. There has been a significant reduction in poverty during the period in Kerala, Jammu & Kashmir, Goa, Lakshdweep, Delhi, Andhra Pradesh, Gujarat, Tamil Nadu, Karnataka, West Bengal and Andaman and Nicobar Islands. Thus, while some states such as Punjab and Haryana have succeeded in reducing poverty by following the

TABLE. 10.4

Estimates of Poverty

Year	All India Number (Million)	Poverty Ratio (per cent)	Rural Number (Million)	Poverty Ratio (per cent)	Urban Number (Million)	Poverty Ratio (per cent)
1973-74	321	54.9	261	56.4	60	49.0
1977-78	329	51.3	264	53.1	65	45.2
1983	323	44.5	252	45.7	71	40.8
1987-88	307	38.9	232	39.1	75	38.2
1993-94	320	36.0	244	37.3	76	32.4
1999-2000	260	26.1	193	27.1	67	23.6

Source: Planning Commission

and empowerment of Panchayats, and Andhra Pradesh on direct public intervention in the form of public distribution of foodgrains.

(per cent)

Source : Planning Commission.