

## Poverty

10.9 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 National Sample Survey Organisation (NSSO) at an interval of approximately five years. The latest available large sample survey data on consumer expenditure are for the 55<sup>th</sup> Round covering the period July 1999 to June 2000 (Table 10.6).

10.10 In the earlier Surveys, the NSSO estimated monthly consumption expenditure on the basis of responses using a 30-day recall period for all food and non-food items. In the 55<sup>th</sup> Round, the consumption expenditure on clothing, footwear, medical (institutional) and durable goods were collected using a 365 day-day recall period. In the case of all other non-food items, the 30-day recall period was used as earlier. The data on consumption expenditure on food items were collected using two different reference periods of last 30-days and last 7-days from the same households. The poverty ratios indicated in Table 10.6 are estimated on the basis of 30-day recall period for 1973-74 to 1999-2000. Poverty at the national level is estimated as the weighted average of State-wise poverty levels.

10.11 The success of the anti-poverty strategy is reflected in the decline in the combined poverty ratio from 54.9 percent in 1973-74 to 36.0 percent in 1993-94. The poverty ratio declined by nearly 10 percentage points in the 5 year period between 1993-94 to reach 26.1 percent in 1999-00. While the proportion of poor in the rural areas declined from 56.4 percent in 1973-74 to 27.1 percent in 1999-00, the decline in urban areas has been from 49 percent to 23.6 percent during this period. In absolute terms, the number of poor declined to 260 million in 1999-00, with about 75 percent of these being in the rural areas.

10.12 Wide inter-State disparities are visible in the poverty ratios between rural and urban areas as also in the rates of decline of poverty. Among major States, Orissa, Bihar, West Bengal and Tamil Nadu had more than 50 percent of their population below the poverty line in 1983. By 1999-2000, while Tamil Nadu and West Bengal had reduced their poverty ratios by nearly half, Orissa and Bihar continued to be the two poorest States with poverty ratios of 47 and 43 percent respectively. In 1999-2000, 20 States and Union Territories had poverty ratios which were less than the national average. Among other States, Jammu and Kashmir, Haryana, Gujarat, Punjab, Andhra Pradesh, Maharashtra and Karnataka also succeeded in significantly reducing the incidence of poverty.

**Table 10.6 : Estimates of incidence of poverty in India**

Year	Poverty ratio (%)			Number of poor (million)		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	56.4	49.0	54.9	261.3	60.0	321.3
1977-78	53.1	45.2	51.3	264.3	64.6	328.9
1983	45.7	40.8	44.5	252.0	70.9	322.9
1987-88	39.1	38.2	38.9	231.9	75.2	307.1
1993-94	37.3	32.4	36.0	244.0	76.3	320.3
<b>1999-00</b>	<b>27.1</b>	<b>23.6</b>	<b>26.1</b>	<b>193.2</b>	<b>67.1</b>	<b>260.3</b>
2007*	21.1	15.1	19.3	170.5	49.6	220.1

\* Poverty projection for 2007  
Source : Tenth Five Year Plan, Vol. I, Planning Commission.

10.13 Apart from an indicative target of an 8 percent average GDP growth rate, specific monitorable targets for key indicators have been finalised for the Tenth Plan (2002-07) and beyond. One of these pertains to the reduction in poverty ratio by five percentage points by 2007 and by 15 percentage points by 2012.

The poverty reduction target set by the Planning Commission for the Tenth Five Year Plan aims at achieving a poverty ratio of 19.3 percent for the country as a whole by 2007, 21.1 percent for the rural, and 15.1 percent for the urban areas.