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**POVERTY IN INDIA: A CONTROVERSIAL APPROACH AND METHODOLOGY OF EXPERT GROUPS**

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**ABSTRACT**

India is the second largest populated country in the world. The total population of India crossed one billion at the beginning of the twenty first century. Poverty in India is still a major issue even in day and age. The population of people living below the poverty line in India is highest in the world and the problem is not going away. According to the official government estimates, about a quarter of the country's total population remains below the poverty line at present. The total number of poor was about 260 million in 1999-2000 but number of poor increases 363 million during 2011-12 in India making it the home to the largest number of poor in the world. Poverty in India is a big issue for government; poverty estimation is required to get exact number of poor and per capita consumption. This estimation is not an easy task so Government has appointed various committees which adopt different methodology for poverty estimation. The objective of the paper is to examine the rural and urban poverty ratio of expert groups during 1973-74 to 2011-12 in India and measure the comparative analysis of methodology of percentage of population living the below poverty line during 1973 -74 to 2011-12 in India. Before 2005 calories consumption was meter for poverty estimation later form Tendulkar committee it has shifted towards baskets of goods and minimum per capita expenditure for surviving, in regional, rural and urban area. Since there are various committees and methodology are introducing for poverty estimation but we can see the results with a huge contrast as percentage of population below poverty line calculated by the Lakdawala Committee and the Tendulkar Committee for the year 2004-05 was 27 % and 37% respectively. So there is huge criticism of poverty line estimation and that is needed up to an extent because welfare schemes that are run for poor people won't be implemented properly if we don't know somewhat exact number of poor people. The present study is based on secondary data. The required secondary data has been collected from Report of the Expert group on Measurement of Poverty, Planning Commission, and Government of India.

**KEYWORDS**

Below Poverty Line (BPL), poverty, poverty estimation, rural and urban poverty ratio.

**INTRODUCTION**

India is the second largest populated country in the world. The total population of India crossed one billion at the beginning of the twenty first century. Poverty in India is still a major issue even in day and age. The population of people living below the poverty line in India is highest in the world and the problem is not going away. According to the official government estimates, about a quarter of the country's total population remains below the poverty line at present. The total number of poor was about 260 million in 1999-2000 but number of poor increases 363 million during 2011-12 in India making it the home to the largest number of poor in the world. Poverty has been described as a situation of "pronounced deprivation in well being" and being poor as "to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled...Poor people are particularly vulnerable to adverse events outside their control. They are often treated badly by institutions of the state and society and excluded from voice and power in those institutions." (IBRD, 2000-2001.) Poverty has many dimensions and as such difficult to define in a simple way. Poverty may be defined by Gandhi ji and said that "That poverty is a curse of God. It deprives of everything: food, clothing, shelter, your self-respect, and your humanity, even your soul. In poverty you suffer not only hunger, nakedness, the cruelty of cold and heat, the blind fury of nature's wild element; you also suffer from humiliation loss of human dignity. Thus it means that poverty is not merely an economic phenomenon but a social one also and we all could made effort to eradicate it. Poverty in India is a big issue for government. Poverty estimation is required to get exact number of poor and per capita consumption. This estimation is not an easy task so Government has appointed various committees which adopted different methodology for poverty estimation, before 2004-05 calories consumption was meter for poverty estimation later from Tendulkar committee it has shifted towards baskets of goods and minimum per capita expenditure for surviving, in regional, rural, urban area. Since there are various committees and various methodology for poverty estimation we can see results with a huge contrast as percentage of population below poverty line calculated by the Lakdawala Committee and Tendulkar Committee for the year 2004-05 which was 27 percent and 37 percent respectively. So there is huge criticism of poverty line estimation and that is needed up to an extent because welfare schemes that are run for poor people won't be implemented properly if we don't know somewhat exact number of poor people.

**METHODOLOGY AND OBJECTIVES OF THE STUDY**

The present study is based on secondary data. The required secondary data has been collected from Report of the Expert group on Measurement of Poverty, Planning Commission, and Government of India. The main objectives of the study are as follow: -



1. To examine the rural and urban poverty ratio of expert groups during 1973-74 to 2011-12 in India.
2. To examine the comparative analysis of Lakdawala and Tendulkar estimation of percentage of population living below the poverty line during 1973 -74 to 2011-12 in India.

## REVIEW OF LITERATURE

The present review of literature consists of poverty in states of India. Literature related to poverty examines the trends of rural and urban poverty in India during pre and post reform period. The deprivation aspect of poverty is interred connected with the number of poor. Bardhan (1973) studied the change in the percentage of rural poverty and minimum level of living for the period during 1960-61 to 1968-69 by using the NSS consumption expenditure data. The poverty line considered a Monthly Per Capita expenditure of Rs.15 at 1960-61 prices. Tendulkar and Jain (1995) examined the impact of economic reforms on poverty in 1991-92. They measure the impact of economic reforms by using the indicators namely Poverty gap index (PGI), Foster Greer Thornback or Thorbecke (FGT) and the Head count ratio (HCR) from the consumer expenditure survey conducted by NSSO. The entire indicators have shown the increasing trends of poverty during 1991-92 for both rural as well as urban sectors. Sen (1996) The author also analyzed the trends of poverty given by national sample survey (NSS) and by expert group estimation of proportion the number of poor has been decline in the head count measure of poverty for rural population from 56.4 percent in 1973-74 and 53.1 percent in 1977-78 to 45.6% in 1983, 38.3% in 1986-87 and 37.9% in 1989-90. The evidence in the study shows the general relation between economic growth and poverty in the 1990s. Sen and Himanshu (2004) examine the all level of NSSO shown in 55<sup>th</sup> round, poverty ratio is lower than the earlier rounds but the number of poor increased in 29% in rural and 42% in urban out of 58 percent in NSS estimates in major states. Sen (2005) examined the nutritional norms, poverty lines and consumption behaviour in India by using the NSSO household consumption expenditure data of 1990-2000. The main purpose of this argument was to impart the nutrition content of the food basket of poverty line class. This argument has been fail in both concerned that the share of food in total expenditure of the poverty line class in 1973-74 was 81% and 72% in rural and urban areas respectively. The average calorie consumption has declined both rural and urban areas between 1993-94 and 1999-2000. According to ICMR (Indian council for Medical Research) for a balance diet yielding 2738.6 Calories per day should include 66.6 gram of proteins and 66.9 gram of fat. The below poverty line household seems to have scarified their calorie intake but have increased their protein consumption pattern whose nutritional implications do not appear to have been studied in any depth. But if we saw the previous studies trend and estimates of poverty indicated the poverty decline in India.

## POVERTY ESTIMATE AND MEASUREMENTS

### METHODOLOGY OF EXPERT GROUP'S OF POVERTY IN INDIA

The Planning Commission estimates the incidence of poverty in India on the basis of household consumer expenditure surveys conducted by the National Sample Survey Organisation. Six large sample consumer surveys have been conducted by the NSS on a quinquennial basis since 1973-74. The methodology for estimation of poverty used by the Planning Commission has been based on the recommendations made by Working Group/Task Force/Expert Groups consisting of eminent experts in the field. The Planning Commission has constituted these Groups from time to time to revisit the methodological issues related to the measurement of poverty.

The Planning Commission constituted a Working Group in 1962 to find out a desirable minimum level of living for the population. The Working Group recommended that the national minimum consumption expenditure for a household of five persons (four adult consumption units) should be not less than Rs.100 per month or Rs.20 per capita per month in terms of 1960-61 prices. For urban areas, this figure was Rs.125 per month or Rs.25 per capita per month to cover the higher prices there. The poverty line excluded expenditure on health and education, both of which, it was assumed, were to be provided by the State.

The Planning Commission in July 1977 constituted the Task Force on "Projections of Minimum Needs and Effective Consumption Demand" under the Chairmanship of Dr. Y. K. Alagh. The Task Force submitted its report in January 1979. The estimated calorie norm was 2400 kcal per capita per day in rural areas and 2100 kcal per capita per day in urban areas. To work out the monetary equivalent of these norms, 28th Round (1973-74) NSS data relating to household consumption both in quantitative and value terms were used. Based on the observed consumer behaviour in 1973-74 it was estimated that, on an average, consumer expenditure (food and non-food) of Rs.49.09 per capita per month was associated with a calorie intake of 2400 per capita per day in rural areas and Rs.56.64 per capita per month with a calorie intake of 2100 per day in urban areas. This Monthly Per Capita Expenditure (MPCE) was termed as poverty line. The poverty lines for later years were estimated by updating the poverty lines of the year 1973-74 for price changes.

The Expert Group (Lakdawala) calculated the state-specific poverty ratios in rural and urban areas from the state-specific poverty lines and the state-specific distribution of persons by expenditure groups obtained from large sample surveys on household consumer expenditure of the National Sample Survey Office (NSSO), which are available once in approximately five years. The NSS consumption distribution was used as it is, that is without adjustment to the NAS (National Accounts Statistics) consumption. This was a major departure from the Task Force method, which did this adjustment on a *pro-rata* basis. The aggregate poverty ratio of the state was worked out by combining its rural and urban poverty ratios. The national poverty ratio was computed as weighted average of state-wise poverty ratios.

The Expert Group under the chairmanship of Suresh D. Tendulkar was constituted by the Planning Commission in December 2005. The Expert Group (Tendulkar) submitted its recommendations to the Planning Commission in November 2009. The national urban poverty ratio in 2004-05 as per the Expert Group (Tendulkar) methodology is identical to the one estimated by the Expert Group (Lakdawala) methodology, which is 25.7 percent. The shift from MPCE estimates on URP (that underlay the poverty ratio with the Lakdawala methodology) to those on MRP in the Expert Group (Tendulkar) methodology significantly raised the all-India Urban poverty line level of MPCE from 538.60 to Rs 578.80. Associated with this higher cut-off level of MPCE is also different poverty line basket (PLB) as compared to that underlying the all-India urban poverty ratio as per Expert Group (Lakdawala). All other poverty lines for the rural and urban areas of individual states proposed by the Expert Group (Tendulkar) are aligned to this new PLB at a higher level of MPCE.

The Expert Group (Rangarajan) computed the average requirements of calories, proteins and fats based on ICMR norms differentiated by age, gender and activity for all-India rural and urban regions to derive the normative levels of nourishment. The new poverty line thus works out to monthly per capita consumption expenditure of Rs.972 in rural areas and Rs.1,407 in urban areas in 2011-12. For a family of five, this translates into a monthly consumption expenditure of Rs. 4,860 in rural areas and Rs. 7,035 in urban areas. Planning Commission of India Define the Poverty, "Poverty line is drawn with an intake of 2400 calories in rural areas and 2100 calories in urban areas. If a person is unable to get that minimum level of calories, then he / she is considered as being below poverty line. But according to Expert group's methodology of (Rangarajan, 2011-12) the poverty line is defined as a maximum level of household income at which a household is unable to meet its consumption expenses. A household is considered poor if it is unable to save. And, the value of income (or expenses) at which households are unable to save is defined to be the poverty line. The poverty line in this methodology is therefore derived entirely from the observed data of household income and expenses. It is not dependent upon any assumptions or norms regarding a minimum standard of living. (Report Press Note on Poverty Estimates, 2009-10, Government of India, Planning Commission, March 2012)

## ESTIMATES OF POVERTY IN INDIA

### Estimated by Expert Group (Lakdawala and Tendulkar) Methodology

The estimates of poverty in the country are made at national and state level by the Planning Commission at an interval of approximately five years from the large sample survey data on consumer expenditure conducted by the National Sample Survey Organisation (NSSO). Because of the changes in methodology of data collection, these two sets of estimates may not be strictly comparable to the earlier estimates of poverty. Comparable estimates based on a consistent methodology and data during 1973-74 to 2011-12 these estimates show a secular decline in the poverty ratio.

TABLE-1.1: PERCENTAGE OF POVERTY RATIO ESTIMATED FROM EXPERT GROUP (LAKDAWALA &amp;TENDULKAR) METHODOLOGY

Year	Poverty Ratio of Lakdawala Methodology (%)			Poverty Ratio of Tendulkar Methodology (%)			
	Rural	Urban	Total	Year	Rural	Urban	Total
1973-74	56.4	49	54.9	1993-94	50.1	31.8	45.3
1977-78	53.1	45.2	51.3	2004-05	41.8	25.7	37.2
1983	45.7	40.8	44.5	2009-10	33.8	20.9	29.8
1987-88	39.1	38.2	38.9	2011-12	25.7	13.7	21.9
1993-94	37.3	32.4	36				
2004-05	28.3	25.7	27.5				

Source: Planning Commission of India, 2011.

The Table-1.1 indicated that official estimates of percentage of below poverty line population derived by the Lakadawala and Tendulkar expert group panel. The data show that 54.9 percent population was living below the poverty line during 1973-74 and 51.3 percent was in 1977-78. The planning commission estimates show that poverty was declining continuously in all survey i.e. 44.5 in 1983, 38.9 percent in 1987-88, 36 percent in 1993-94 and 27.5 percent in 2004-05. But Planning Commission Expert Group (Tendulkar) methodology updated the poverty estimates and find that 45.3 percent population was living below the poverty line during 1993-94 which is 9.3 percent more according to Lakadawala estimates. Tendulkar estimates during 2004-05 represent that 37.2 percent of population was living below the poverty line that is also 10 percent more of Lakadawala estimates. Tendulkar estimates show that 29.8 percent population was living below the poverty line during 2009-10. The estimate of poverty ratio and number of poor at the national level for the years 1993-94, 2004-05, 2009-10 and 2011-12 derived from the Expert Group (Tendulkar) methodology based on the same methodology, the poverty ratio for 2009-10 and 2011-12 were derived by the Planning Commission in March 2012 and July 2013 respectively. The estimates of Tendulkar panel represent that poverty ratio decline by 21.9 percent during 2011-12 in which 25.7 percent people are living in rural area and 13.7 percent in urban areas. Thus estimates indicated that poverty ratio remains decline in India but it is still a challenge now. The Expert Group (Rangarajan) recommends the updating of the poverty line and indicates the poverty ratio has declined from 39.6% in 2009-10 to 30.9% in 2011-12 in rural India and from 35.1% to 26.4% in urban India. The decline was thus a uniform 8.7 percentage points over the two years. The all-India poverty ratio fell from 38.2% to 29.5%. Totally, 91.6 million individuals were lifted out of poverty during this period.

## STATE WISE PERCENTAGE OF POVERTY ESTIMATES IN INDIA FROM EXPERT GROUP (LAKDAWALA &amp;TENDULKAR) METHODOLOGY

TABLE -1.2: PERCENTAGE OF POPULATION BELOW POVERTY LINE BY STATES 1973-74 TO 2004-05 (Lakdawala Methodology)

States and UTs	Total % of BPL persons in 1973-74 (Lakdawala Methodology)	Total % of BPL persons in 1977-78 (Lakdawala Methodology)	Total % of BPL persons in 1983 (Lakdawala Methodology)	Total % of BPL persons in 1987-88 (Lakdawala Methodology)	Total % of BPL persons in 1993-94 (Lakdawala Methodology)	Total % of BPL persons in 1999-2000 (Lakdawala Methodology)	Total % of BPL persons in 2004-05 (Lakdawala Methodology)
Andhra Pradesh	48.86	39.31	28.91	25.86	22.19	15.77	15.8
Arunachal Pradesh	51.93	58.32	40.88	36.22	39.35	33.47	17.6
Assam	51.21	57.15	40.47	36.21	40.86	36.09	19.7
Bihar	61.91	61.55	62.22	52.13	54.96	42.6	41.4
Goa	44.26	37.23	18.9	24.52	14.92	4.4	13.8
Gujarat	48.15	41.23	32.79	31.54	24.21	14.07	16.8
Haryana	35.36	29.55	21.37	16.64	25.05	8.74	14
Himachal Pradesh	26.39	32.45	16.4	15.45	28.44	7.63	10
Jammu & Kashmir	40.83	38.97	24.24	23.82	25.17	3.48	5.4
Karnataka	54.47	48.78	38.24	37.53	33.16	20.04	25
Kerala	59.79	52.22	40.42	31.79	25.43	12.72	15
Madhya Pradesh	61.78	61.78	49.78	43.07	42.52	37.43	38.3
Maharashtra	53.24	55.88	43.44	40.41	36.86	25.05	30.7
Manipur	49.96	53.72	37.02	31.35	33.78	28.54	17.3
Meghalaya	50.2	55.19	38.81	33.92	37.92	33.87	18.5
Mizoram	50.32	54.38	36	27.52	25.66	19.47	12.6
Nagaland	50.81	56.04	39.25	34.43	37.92	32.67	19
Orissa	66.18	70.07	65.29	55.58	48.56	47.15	46.4
Punjab	28.15	19.27	16.18	13.2	11.77	6.16	8.4
Rajasthan	46.14	37.42	34.46	35.15	27.41	15.28	22.1
Sikkim	50.86	55.89	39.71	36.06	41.43	36.55	20.1
Tamil Nadu	54.94	54.79	51.66	43.39	35.03	21.12	22.5
Tripura	51	56.88	40.03	35.23	39.01	34.44	18.9
Uttar Pradesh	57.07	49.05	47.07	41.46	40.85	31.15	32.8
West Bengal	63.43	60.52	54.85	44.72	35.66	27.02	24.7
A & N Island	55.56	55.42	52.13	43.89	34.47	20.99	22.6
Chandigarh	27.96	27.32	23.79	14.67	11.35	5.75	7.1
Dadra & Nagar Haveli	46.55	37.2	15.67	67.11	50.84	17.14	33.2
Delhi	49.61	33.23	26.22	12.41	14.69	8.23	14.7
Lakshadweep	59.68	52.79		34.95	25.04	15.6	16
Pondicherry	53.82	53.25	50.06	41.46	37.4	21.67	22.4
Daman & Diu	-----	---	-----	-----	15.8	4.44	10.5
Chhattisgarh	-----	---	-----	-----	-----	-----	40.9
Jharkhand	-----	---	-----	-----	-----	-----	40.3
Uttrakhand	-----	---	-----	-----	-----	-----	39.6
ALL INDIA	54.88	51.32	44.48	38.86	35.97	26.1	27.5

Source: Planning Commission of India, 2011

Table-1.2 depicts state wise Percentage of below poverty line persons in India, on the basis of Lakdawala methodology during period 1973-74 to 2004-05. It shows that while there is a decrease in poverty for almost all states, there are wide inter-state disparities in the percentage of poor below the poverty line. It is clear from the table that Lakdawala methodology, Orissa and Bihar have once again topped India's poverty list. The percentage of abjectly poor people in these two states has declined faster than in any other between 1973-74 and 2004-05. The incidence of poverty is not same in all states. On the one hand the states where poverty ratio is very high, like Orissa (46.4), Bihar (41.4), Madhya Pradesh (38.3), Assam (19.71), and Uttar Pradesh (32.8) and the states where poverty ratio is very low,

Punjab (8.4), Himachal Pradesh (10) and Haryana (14). There has been a significant reduction in poverty ratio during 1973-74 to 2004-05 in Himachal Pradesh, Haryana, Karnataka, Kerala, Tamil Nadu and Union Territories. Reduction in poverty has been unsatisfactory in Orissa, Madhya Pradesh, Uttar Pradesh and North East states. In Orissa, the proportion of people below the poverty line (BPL) fell by 20 per cent, from 66.18 per cent in 1973-74 to 46.4 per cent in 2004-05. Bihar, which logged the fastest growth rate poverty, fell by an estimated 20.51 per cent to 41.4 per cent in 2004-05, compared to 61.91 per cent in 1973-74. Orissa has the largest percentage of poor (46.4) followed by Bihar (41.4), Chhattisgarh (40.4), Madhya Pradesh (38.3 per cent) and Maharashtra (30.7). One significant fact about poverty is that while the poverty ratio has been declining in India, the absolute number of poor had remained more or less the same. Poverty ratio was 36 per cent in 1993-94 which means 32.0 crores people were below poverty line. Though poverty ratio declined by 8.5 per cent between 1973-74 and 2004-05 but the absolute number of poor was estimated at 30.2 crores persons. The current estimate shows that even while poverty is lessening, it is becoming more chronic in states with a history of poverty the poorest cannot move out of the poverty trap. India had 301.7 million 'poor' people in 2005, using up figures. Of these, 72 per cent were in rural areas in which more than 57 per cent were concentrated in five states Maharashtra, Uttar Pradesh, Madhya Pradesh, Bihar, and West Bengal. Uttar Pradesh had the largest number of poor with 59 million below the poverty line. In Maharashtra, Orissa, Rajasthan, Uttar Pradesh and Madhya Pradesh poverty has increased during 1993-2005 while in Madhya Pradesh, Chhattisgarh and Orissa the number of rural poor has increased.

**TABLE 1.3: PERCENTAGE OF POPULATION BELOW POVERTY LINE BY STATES FROM 2004-05 TO 2011-12 (TENDULKAR METHODOLOGY)**

States and Uts	Total % of BPL persons in 2004-05 (Tendulkar Methodology)	Total % of BPL persons in 2009-10 (Tendulkar Methodology)	Total % of BPL persons in 2011-12 (Tendulkar Methodology)
Andhra Pradesh	29.9	21.1	9.2
Arunachal Pradesh	31.1	25.9	34.7
Assam	34.4	37.9	32
Bihar	54.4	53.5	33.7
Chhattisgarh	49.4	48.7	39.9
Delhi	13.1	14.2	9.9
Goa	25	8.7	5.1
Gujarat	31.8	23	16.6
Haryana	24.1	20.1	11.2
Himachal Pradesh	22.9	9.5	8.1
Jammu & Kashmir	13.2	9.4	10.3
Jharkhand	45.3	39.1	37
Karnataka	33.4	23.6	20.9
Kerala	19.7	12	7.1
Madhya Pradesh	48.6	36.7	31.6
Maharashtra	38.1	24.5	17.4
Manipur	38	47.1	36.9
Meghalaya	16.1	17.1	11.9
Mizoram	15.3	21.1	20.4
Nagaland	9	20.9	18.9
Orissa	57.2	37	32.6
Pondicherry	14.1	1.2	9.7
Punjab	20.9	15.9	8.3
Rajasthan	34.4	24.8	14.7
Sikkim	31.1	13.1	8.2
Tamil Nadu	28.9	17.1	11.3
Tripura	40.6	17.4	14
Uttar Pradesh	40.9	37.7	29.4
Uttrakhand	32.7	18	11.3
West Bengal	34.3	26.7	20
A & N Island	-----	0.4	1
Chandigarh	-----	9.2	21.8
Dadra & Nagar Haveli	-----	39.1	39.3
Daman & Diu	-----	33.1	9.9
Lakshadweep	-----	6.8	2.8
<b>ALL INDIA</b>	<b>37.2</b>	<b>29.8</b>	<b>21.9</b>

Source: - Planning Commission of India, 2011

Table 1.3 shows state-wise poverty estimates for 2004-05 and 2011-12 of Tendulkar Methodology. The Percentage of below poverty line persons in India, according to the Tendulkar committee during period 2004-05 to 2011-12 was recorded as 37.2%, 29.8 and 21.9%, respectively. The worrisome feature of poverty estimates in 2009-10 as compared with 2004-05 is that decline in poverty estimates across various states of India are very uneven. As compared to fall in poverty from 37.2 per cent in 2004-05 to 29.8 per cent in 2009-10, that is, 7.4 percentage points fall in poverty ratio for all India, the states of Orissa, Maharashtra, and Madhya Pradesh were top performers in poverty reduction recording a decline in poverty ratio at a higher rate than all India average. The best performance in poverty reduction was recorded in three states of Orissa, Maharashtra and Madhya Pradesh. Surprisingly, the top performance regarding poverty reduction is Orissa which pushed down poverty ratio by 20 percentage points. It was followed by Maharashtra where poverty ratio declined by 13.7 percentage points and Madhya Pradesh which succeeded in lowering poverty ratio by 11.9 percentage points. Besides these best performers, Tamil Nadu, Uttrakhand, Himachal Pradesh and Rajasthan also recorded a fall in poverty ratio more than the national ratio by registering a decrease in poverty ratio by 10 percentages or more. The prominent states which recorded below national average performance regarding poverty reduction are Bihar where there was only 0.9 percentage fall in poverty ratio, Uttar Pradesh where there was fall in poverty by 3.7 percentage points. On the other hand, in Assam, the poverty ratio increased in 2009-10 as compared to 2004-05. Similarly, the percentage of poor went up marginally in as many as eight states and Union Territories, mostly in the northeast. Equally discomfoting is the absolute number of the poor in some large states such as Bihar where the number of poor rose to five million and in UP, Assam and Chhattisgarh where the number of poor went up by million each. The Percentage of below poverty line persons in India, according to the Tendulkar committee during period 2004-05 to 2011-12 was recorded as 37.2%, 29.8 and 21.9%, respectively. Orissa and Bihar have once again topped India's poverty list this time for all the right reasons. The percentage of abjectly poor people in these two states has declined faster than in any other between 2004-05 and 2011-12. Despite this, however, in a measure of how poorly off they were earlier, the proportion of the poor in these states remains well above the national average. The national BPL average is 21.9 per cent, translating into nearly 270 million people. The government has set the bar low, defining anyone earning Rs 27.20 or less in rural areas as BPL, while those earning up to Rs 33.30 a day in urban areas are classified as poor, though these benchmarks vary from state to state. Only Rajasthan has managed to do better than the national average with the share of BPL in its population estimated at 14.7% in 2011-12, compared to 34.4% in 2004-05. In fact, the state has outperformed even Gujarat. Often cited as

a model of good governance, rapid growth and robust infrastructure, it has 16.6% people living below the poverty line. Chhattisgarh became a state in 2000 after its separation from Madhya Pradesh. It has recorded 39.9% BPL persons in 2011-12. Jharkhand was a part of Bihar till 2000. Jharkhand has recorded 37%BPL persons in 2011-12 followed by Manipur 36.9%. Andhra Pradesh state has recorded 31.1% BPL Persons in 2004-05 which decreased up to 21.1% in 2000-10 and then decreased to 9.2% in 2011-12. Arunachal Pradesh showed 31.1% in 2004-05 which decreased to 25.9 in 2009-10 again, it increased up to 34.7% in 2011-12. Haryana had 24.1% BPL persons in 2004-05 and it was decreased up to 20.1 in 2009-10 and after that it decreased to 11.2% in 2011-12. Karnataka had 33.4% BPL Persons in 2004-05 which decreased up to 23.6 in 2009-10 and then decreased to 20.9% in 2011-12. Kerala also showed the declining trend in reduction in BPL Persons over the given time period which was 19.7% in 2004-05, 12% in 2004-05 and 7.1% in 2011-12. Madhya Pradesh had 48.6% BPL Persons in 2004-05 which continuously decreased to 36.7 in 2009-10 and then decreased to 31.6% in 2004-05. Maharashtra 38.1% BPL persons in 2004-05 which decreased to 24.5% in 2009-10 after that it continuously decreased and reached to 17.4% in 2011-12. Punjab had 20.9% in 2004-05 and continuously decreased to 15.9% in 2009-10 and 8.3% in 2011-12. It shows that while there is a decrease in poverty for almost all states, there are wide inter-state disparities in the percentage of poor below the poverty line.

## CONCLUSION

The concept of the poverty line was first introduced by a working group of the Planning Commission in 1962 and subsequently expanded in 1979 by a task force. The 1962 working group recommended that the national minimum for each household of five persons should be not less than Rs 100 per month for rural and Rs. 125 for urban at 1960-61 prices. These estimates excluded the expenditure on health and education, which both were expected to be provided by the state. It was later decided to measure poverty precisely as starvation i.e. in terms of how much people eat. Y K Alagh eventually defined the first poverty line in India. Lakdawala Formula till as recently as 2011, the official poverty lines were based entirely on the recommendations of the Lakdawala Committee of 1993. This poverty line was set such that anyone above them would be able to afford 2400 and 2100 calories worth of consumption in rural and urban areas respectively in addition to clothing and shelter. These calorie consumptions were derived from YK Alagh committee only. According to the Lakdawala Committee, a poor is one who cannot meet these average energy requirements. However, Lakdawala formula was different in the following respects in comparison to the previous models. In the earlier estimates, both health and education were excluded because they were expected to be provided by the states. This committee defined poverty line on the basis of household per capita consumption expenditure. The committee used CPI-IL (Consumer Price Index for Industrial Laborers) and CPI- AL (Consumer Price Index for Agricultural Laborers) for estimation of the poverty line. The method of calculating poverty included first estimating the per capita household expenditure at which the average energy norm is met, and then, with that expenditure as the poverty line, defining as poor as all persons who live in households with per capita expenditures below the estimated value. The fallout of the Lakdawala formula was that number of people below the poverty line got almost double. The number of people below the poverty line was 16 per cent of the population in 1993-94. Under the Lakdawala calculation, it became 36.3 per cent. Suresh Tendulkar Committee in 2005, Suresh Tendulkar committee was constituted by the Planning Commission. The current estimations of poverty are based upon the recommendations of this committee. This committee recommended to shift away from the calorie based model and made the poverty line somewhat broad based by considering monthly spending on education, health, electricity and transport also. It strongly recommended target nutritional outcomes i.e. instead of calories; intake nutrition support should be counted. It suggested that a uniform Poverty Basket Line be used for rural and urban region. It recommended a change in the way prices are adjusted and demanded for an explicit provision in the Poverty Basket Line to account for private expenditure in health and education. Tendulkar adopted the cost of living as the basis for identifying poverty. The Tendulkar panel stipulated a benchmark daily per capita expenditure of Rs. 27 and Rs. 33 in rural and urban areas, respectively, and arrived at a cut-off of about 22% of the population below poverty line. Then government appointed another committee under Prime Minister's Economic Advisory Council Chairman C. Rangarajan to review the poverty estimation methodology. Brushing aside the Tendulkar Committee. Rangarajan committee raised these limits to Rs. 32 and Rs. 47, respectively, and worked out poverty line at close to 30%. With estimates of Rangarajan committee, Poverty stood at around 30% in 2011-12. The number of poor in India was estimated at 36.3 crore in 2011-12. Current Status on Poverty Line The discussion about Lakdawala Formula, Suresh Tendulkar Committee and Rangarajan Committee make it clear that defining a poverty line in India has been a controversial issue since 1970s. The latest poverty line defined was by Rangarajan Formula. However, this report also did not assuage the critics. Till now, calorie norms being used are of 1973-74 that means it cannot refer to an actual poverty line. Currently, poverty line is calculated by indirect method. Various researchers claim that using direct method can give better results. It is also argued that having different poverty line for rural and urban areas is ethically wrong. Also India is geographically very diverse nation, that's why it might do injustice to people in places where life is difficult. There is need to switch from constrained income-poverty approach to right based approach i.e. an approach which ensures that no citizen stays deprived of his/her fundamental rights. The new NDA Government turned down this report also. The NDA Government has now constituted a 14-member task force under NITI Aayog's vice-chairman Arvind Panagariya to come out with recommendations for a realistic poverty line. Currently, this task force is heading towards defining a sensible poverty line.

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