

Press Note on Poverty Estimates, 2011-12



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POVERTY ESTIMATES FOR 2011-12

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The Planning Commission has periodically estimated poverty lines and poverty ratios for each of the years for which Large Sample Surveys on Household Consumer Expenditure have been conducted by the National Sample Survey Office (NSSO) of the Ministry of Statistics and Programme Implementation. These surveys are normally conducted on quinquennial basis. The last quinquennial survey in this series was conducted in 2009-10 (NSS 66th round). However, since 2009-10 was not a normal year because of a severe drought, the NSSO repeated the large scale survey in 2011-12 (NSS 68th round). The summary results of this survey were released on 20th June 2013.

Estimates for 2004-05 and 2009-10

2. The methodology for estimation of poverty followed by the Planning Commission has been based on the recommendations made by experts in the field from time to time. In December, 2005, Planning Commission constituted an Expert Group under the Chairmanship of Prof. Suresh D. Tendulkar to review the methodology for estimation of poverty. The Tendulkar Committee submitted its report in December 2009 and computed poverty lines and poverty ratio for 2004-05. For comparison they also computed poverty line and poverty ratio for 1993-94 with identical methodology. These were accepted by the Planning Commission.

3. The next Large Sample Survey of Household Consumer Expenditure was conducted in 2009-10. Following the Tendulkar Committee methodology, Planning Commission made estimates of poverty for 2009-10 which were released through a Press Note on 19th March 2012.¹ Since several representations were made suggesting that the Tendulkar Poverty Line was too low, the Planning Commission, in June 2012, constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan to once again review the methodology for the measurement of poverty.

¹ Tendulkar methodology uses implicit prices derived from quantity and value data collected in household consumer expenditure surveys for computing and updating the poverty lines.

4. The Rangarajan Committee is deliberating on this issue and is expected to submit its report by middle of 2014. Since the data from the NSS 68th round (2011-12) of Household Consumer Expenditure Survey is now available, and the Rangarajan Committee recommendation will only be available a year later, the Planning Commission has updated the poverty estimates for the year 2011-12 as per the methodology recommended by Tendulkar Committee.

Estimates for 2011-12

5. The estimates of state wise poverty lines for rural and urban areas for 2011-12 are given in **Table 1**. The percentage and number of persons below poverty line for all States/UTs for rural areas, urban areas and combined are given in **Table-2**. The all India poverty ratio is obtained as state-population weighted average poverty ratio, and the all India poverty line is the per capita per month expenditure that corresponds to the all India poverty ratio.

6. The NSSO tabulates expenditure of about 1.20 lakh households. Since these households have different number of members, the NSSO for purpose of comparison divides the household expenditure by the number of members to arrive at per capita consumption expenditure per month. This is called Monthly Per Capita Consumption Expenditure (MPCE) and is computed on the basis of three different concepts: Uniform Reference Period (URP), Mixed Reference Period (MRP), and Modified Mixed Reference Period (MMRP). As per Tendulkar Methodology, the poverty line has been expressed in terms of MPCE based on Mixed Reference Period. State-wise estimates of Average Monthly Per Capita Expenditure for rural and urban areas separately for the year 2011-12 are given in **Table-3**.

7. For 2011-12, for rural areas the national poverty line using the Tendulkar methodology is estimated at Rs. 816 per capita per month and Rs. 1,000 per capita per month in urban areas. Thus, for a family of five, the all India poverty line in terms of consumption expenditure would amount to about Rs. 4,080 per month in rural areas and Rs. 5,000 per month in urban areas. These poverty lines would vary from State to State because of inter-state price differentials.

8. The national level poverty ratio based on comparable methodology (Tendulkar Method) for 1993-94, 2004-05 and 2011-12 estimated from Large Sample Survey of Household Consumer Expenditure data of 50th, 61st and 68th round respectively are given below.

**Percentage and Number of Poor Estimated by Tendulkar method,
using Mixed Reference Period (MRP)**

| | Poverty Ratio (%) | | | Number of Poor (million) | | |
|---|-------------------|--------------|--------------|--------------------------|--------------|--------------|
| | <i>Rural</i> | <i>Urban</i> | <i>Total</i> | <i>Rural</i> | <i>Urban</i> | <i>Total</i> |
| 1. 1993-94 | 50.1 | 31.8 | 45.3 | 328.6 | 74.5 | 403.7 |
| 2. 2004-05 | 41.8 | 25.7 | 37.2 | 326.3 | 80.8 | 407.1 |
| 3. 2011-12 | 25.7 | 13.7 | 21.9 | 216.5 | 52.8 | 269.3 |
| Annual Average Decline: 1993-94 2004-05 (percentage points per annum) | 0.75 | 0.55 | 0.74 | | | |
| Annual Average Decline: 2004-05 2011-12 (percentage points per annum) | 2.32 | 1.69 | 2.18 | | | |

9. The percentage of persons below the Poverty Line in 2011-12 has been estimated as 25.7% in rural areas, 13.7% in urban areas and 21.9% for the country as a whole. The respective ratios for the rural and urban areas were 41.8% and 25.7% and 37.2% for the country as a whole in 2004-05. It was 50.1% in rural areas, 31.8% in urban areas and 45.3% for the country as a whole in 1993-94. In 2011-12, India had 270 million persons below the Tendulkar Poverty Line as compared to 407 million in 2004-05, that is a reduction of 137 million persons over the seven year period.

10. During the 11-year period 1993-94 to 2004-05, the average decline in the poverty ratio was 0.74 percentage points per year. It accelerated to 2.18 percentage points per year during the 7-year period 2004-05 to 2011-12. Therefore, it can be concluded that the rate of decline in the poverty ratio during the most recent 7-year period 2004-05 to 2011-12 was about three times of that experienced in the 11-year period 1993-94 to 2004-05.

11. It is important to note that although the trend decline documented above is based on the Tendulkar poverty line which is being reviewed and may be revised by the Rangarajan Committee, an increase in the poverty line will not alter the fact of a decline. While the absolute levels of poverty would be higher, the rate of decline would be similar. To illustrate the point, details about the magnitude of decline in poverty ratio at various levels above and below the Tendulkar Poverty Line are presented in **Chart-1**.

12. The decline in poverty flows from the increase in real per capita consumption. The per annum increase in real MPCE for each of the ten deciles is presented at **Chart-2**. The clear inference is that: (a) the real MPCE increased by much more in the second period (2004-05 to 2011-12) as compared to the first (1993-94 to 2004-05), (b) that the increase was fairly well distributed across all deciles of the population, and (c) the distribution was particularly equitable in rural areas.

Table 1
State specific Poverty Lines for 2011-12

| S.No. | States | Monthly per capita (Rs.) | |
|-------|-------------------|-----------------------------|--------------|
| | | RURAL | URBAN |
| 1 | Andhra Pradesh | 860 | 1,009 |
| 2 | Arunachal Pradesh | 930 | 1,060 |
| 3 | Assam | 828 | 1,008 |
| 4 | Bihar | 778 | 923 |
| 5 | Chhattisgarh | 738 | 849 |
| 6 | Delhi | 1,145 | 1,134 |
| 7 | Goa | 1,090 | 1,134 |
| 8 | Gujarat | 932 | 1,152 |
| 9 | Haryana | 1,015 | 1,169 |
| 10 | Himachal Pradesh | 913 | 1,064 |
| 11 | Jammu & Kashmir | 891 | 988 |
| 12 | Jharkhand | 748 | 974 |
| 13 | Karnataka | 902 | 1,089 |
| 14 | Kerala | 1,018 | 987 |
| 15 | Madhya Pradesh | 771 | 897 |
| 16 | Maharashtra | 967 | 1,126 |
| 17 | Manipur | 1,118 | 1,170 |
| 18 | Meghalaya | 888 | 1,154 |
| 19 | Mizoram | 1,066 | 1,155 |
| 20 | Nagaland | 1,270 | 1,302 |
| 21 | Odisha | 695 | 861 |
| 22 | Punjab | 1,054 | 1,155 |
| 23 | Rajasthan | 905 | 1,002 |
| 24 | Sikkim | 930 | 1,226 |
| 25 | Tamil Nadu | 880 | 937 |
| 26 | Tripura | 798 | 920 |
| 27 | Uttarakhand | 880 | 1,082 |
| 28 | Uttar Pradesh | 768 | 941 |
| 29 | West Bengal | 783 | 981 |
| 30 | Puducherry | 1,301 | 1,309 |
| | All India | 816 | 1,000 |

Note: Computed as per Tendulkar method on Mixed Reference Period (MRP)

Table 2
Number and Percentage of Population below poverty line by states - 2011-12
(Tendulkar Methodology)

| S.No. | States | Rural | | Urban | | Total | |
|-------|---------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
| | | %age of Persons | No. of Persons (lakhs) | %age of Persons | No. of Persons (lakhs) | %age of Persons | No. of Persons (lakhs) |
| 1 | Andhra Pradesh | 10.96 | 61.80 | 5.81 | 16.98 | 9.20 | 78.78 |
| 2 | Arunachal Pradesh | 38.93 | 4.25 | 20.33 | 0.66 | 34.67 | 4.91 |
| 3 | Assam | 33.89 | 92.06 | 20.49 | 9.21 | 31.98 | 101.27 |
| 4 | Bihar | 34.06 | 320.40 | 31.23 | 37.75 | 33.74 | 358.15 |
| 5 | Chhattisgarh | 44.61 | 88.90 | 24.75 | 15.22 | 39.93 | 104.11 |
| 6 | Delhi | 12.92 | 0.50 | 9.84 | 16.46 | 9.91 | 16.96 |
| 7 | Goa | 6.81 | 0.37 | 4.09 | 0.38 | 5.09 | 0.75 |
| 8 | Gujarat | 21.54 | 75.35 | 10.14 | 26.88 | 16.63 | 102.23 |
| 9 | Haryana | 11.64 | 19.42 | 10.28 | 9.41 | 11.16 | 28.83 |
| 10 | Himachal Pradesh | 8.48 | 5.29 | 4.33 | 0.30 | 8.06 | 5.59 |
| 11 | Jammu & Kashmir | 11.54 | 10.73 | 7.20 | 2.53 | 10.35 | 13.27 |
| 12 | Jharkhand | 40.84 | 104.09 | 24.83 | 20.24 | 36.96 | 124.33 |
| 13 | Karnataka | 24.53 | 92.80 | 15.25 | 36.96 | 20.91 | 129.76 |
| 14 | Kerala | 9.14 | 15.48 | 4.97 | 8.46 | 7.05 | 23.95 |
| 15 | Madhya Pradesh | 35.74 | 190.95 | 21.00 | 43.10 | 31.65 | 234.06 |
| 16 | Maharashtra | 24.22 | 150.56 | 9.12 | 47.36 | 17.35 | 197.92 |
| 17 | Manipur | 38.80 | 7.45 | 32.59 | 2.78 | 36.89 | 10.22 |
| 18 | Meghalaya | 12.53 | 3.04 | 9.26 | 0.57 | 11.87 | 3.61 |
| 19 | Mizoram | 35.43 | 1.91 | 6.36 | 0.37 | 20.40 | 2.27 |
| 20 | Nagaland | 19.93 | 2.76 | 16.48 | 1.00 | 18.88 | 3.76 |
| 21 | Odisha | 35.69 | 126.14 | 17.29 | 12.39 | 32.59 | 138.53 |
| 22 | Punjab | 7.66 | 13.35 | 9.24 | 9.82 | 8.26 | 23.18 |
| 23 | Rajasthan | 16.05 | 84.19 | 10.69 | 18.73 | 14.71 | 102.92 |
| 24 | Sikkim | 9.85 | 0.45 | 3.66 | 0.06 | 8.19 | 0.51 |
| 25 | Tamil Nadu | 15.83 | 59.23 | 6.54 | 23.40 | 11.28 | 82.63 |
| 26 | Tripura | 16.53 | 4.49 | 7.42 | 0.75 | 14.05 | 5.24 |
| 27 | Uttarakhand | 11.62 | 8.25 | 10.48 | 3.35 | 11.26 | 11.60 |
| 28 | Uttar Pradesh | 30.40 | 479.35 | 26.06 | 118.84 | 29.43 | 598.19 |
| 29 | West Bengal | 22.52 | 141.14 | 14.66 | 43.83 | 19.98 | 184.98 |
| 30 | Puducherry | 17.06 | 0.69 | 6.30 | 0.55 | 9.69 | 1.24 |
| 31 | Andaman & Nicobar Islands | 1.57 | 0.04 | 0.00 | 0.00 | 1.00 | 0.04 |
| 32 | Chandigarh | 1.64 | 0.004 | 22.31 | 2.34 | 21.81 | 2.35 |
| 33 | Dadra & Nagar Haveli | 62.59 | 1.15 | 15.38 | 0.28 | 39.31 | 1.43 |
| 34 | Daman & Diu | 0.00 | 0.00 | 12.62 | 0.26 | 9.86 | 0.26 |
| 35 | Lakshadweep | 0.00 | 0.00 | 3.44 | 0.02 | 2.77 | 0.02 |
| | All India | 25.70 | 2166.58 | 13.70 | 531.25 | 21.92 | 2697.83 |

- Notes:**
1. Population as on 1st March 2012 has been used for estimating number of persons below poverty line. (2011 Census population extrapolated)
 2. Poverty line of Tamil Nadu has been used for Andaman and Nicobar Island.
 3. Urban Poverty Line of Punjab has been used for both rural and urban areas of Chandigarh.
 4. Poverty Line of Maharashtra has been used for Dadra & Nagar Haveli.
 5. Poverty line of Goa has been used for Daman & Diu.
 6. Poverty Line of Kerala has been used for Lakshadweep.

Table 3**State-wise estimates of Average Monthly Per Capita Expenditure (MPCE) as per Mixed Reference Period (MRP) for 2011-12**

| S.No. | States/UTs | Rural | Urban |
|-------|-------------------|----------------|----------------|
| 1 | Andhra Pradesh | 1563.21 | 2559.30 |
| 2 | Arunachal Pradesh | 1455.87 | 2241.63 |
| 3 | Assam | 1056.98 | 2090.18 |
| 4 | Bihar | 970.41 | 1396.65 |
| 5 | Chhattisgarh | 904.04 | 1776.21 |
| 6 | Delhi | 2690.24 | 3160.76 |
| 7 | Goa | 2460.77 | 2934.87 |
| 8 | Gujarat | 1430.12 | 2472.49 |
| 9 | Haryana | 1925.96 | 3346.32 |
| 10 | Himachal Pradesh | 1800.62 | 3173.30 |
| 11 | Jammu & Kashmir | 1601.51 | 2320.28 |
| 12 | Jharkhand | 919.59 | 1894.41 |
| 13 | Karnataka | 1395.10 | 2898.94 |
| 14 | Kerala | 2355.53 | 3044.22 |
| 15 | Madhya Pradesh | 1024.14 | 1842.35 |
| 16 | Maharashtra | 1445.89 | 2937.06 |
| 17 | Manipur | 1334.55 | 1448.91 |
| 18 | Meghalaya | 1315.11 | 2293.82 |
| 19 | Mizoram | 1384.44 | 2426.53 |
| 20 | Nagaland | 1756.70 | 2279.42 |
| 21 | Odisha | 904.78 | 1830.33 |
| 22 | Punjab | 2136.39 | 2743.07 |
| 23 | Rajasthan | 1445.74 | 2206.93 |
| 24 | Sikkim | 1445.06 | 2528.11 |
| 25 | Tamil Nadu | 1570.61 | 2534.32 |
| 26 | Tripura | 1194.14 | 1996.66 |
| 27 | Uttarakhand | 1551.42 | 2452.02 |
| 28 | Uttar Pradesh | 1072.93 | 1942.25 |
| 29 | West Bengal | 1170.11 | 2489.89 |
| 30 | A & N Island | 2508.19 | 4439.03 |
| 31 | Chandigarh | 2543.57 | 3000.27 |
| 32 | Dadra and Nagar | 1094.20 | 2346.15 |
| 33 | Daman and Diu | 2239.45 | 2163.94 |
| 34 | Lakshwadeep | 2533.07 | 2666.49 |
| 35 | Puducherry | 2309.92 | 2959.82 |
| | ALL INDIA | 1287.17 | 2477.02 |

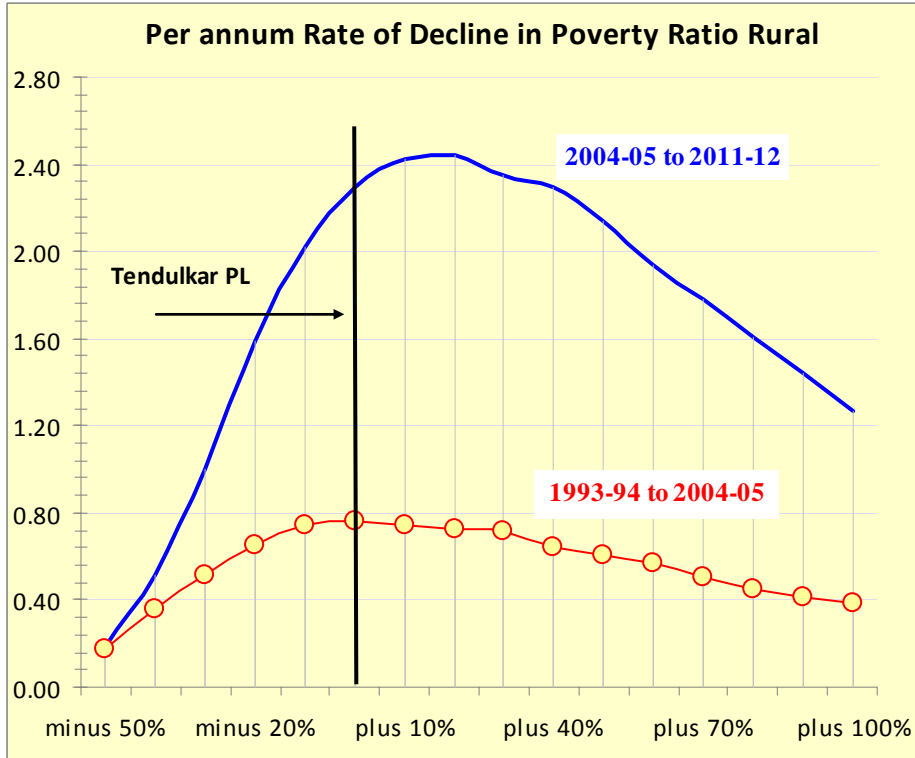
Source: NSSO Report No. KI.(68/1.0) on Key Indicators of Household Consumer Expenditure in India 2011-12, NSS 68th round

Chart 1

Decline in poverty at various points above and below the Tendulkar Poverty Line

(Annualized Rate of Decline on Y-axis and the variations from Tendulkar PL on X-axis)

RURAL AREAS



URBAN AREAS

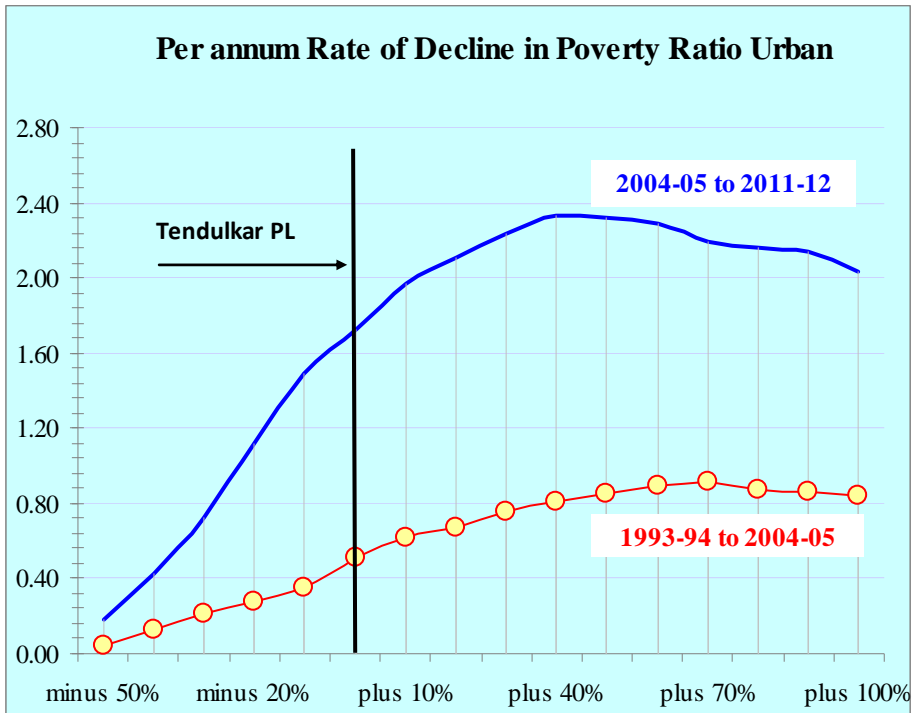
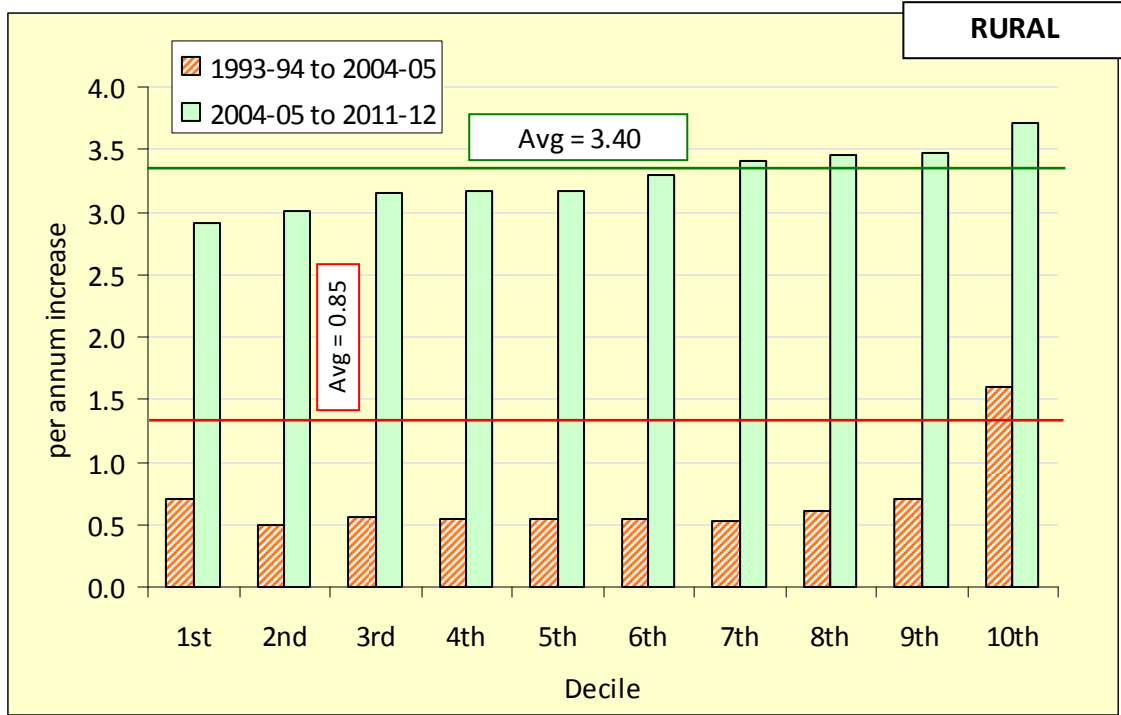


Chart 2
Increase in Real Monthly Per Capita Consumption Expenditure (MPCE) – URP
Annualized – for two periods
 (Rate of Increase in Real MPCE on Y-axis and Decile class on X-axis)

RURAL AREAS



URBAN AREAS

