

Problems of poverty in India

- The problems of poverty and unemployment in India is considered as biggest challenge to development planners in India.

High poverty levels are synonymous with

- poor quality of life
- deprivation
- Malnutrition
- Illiteracy
- Low human resource development

Problems of poverty in India

Poverty Estimates:

- The calculation of poverty measures requires two components:
- A distribution of household expenditure
- Poverty line or cut-off that separates poor from non-poor household.

Poverty line is linked to the amount of money that households need to buy a minimally satisfactory diet.

Problems of poverty in India

- Most acceptable figures are 2,400 calories per person per day in rural areas and 2,200 calories per person per day in urban areas.
- Next step is to translate the nutrient requirement into monetary terms.
- The expenditure level of households which are able to spend this requisite amount to obtain the desired calories serves as cut-off point or the poverty line

Problems of poverty in India

- To adjust the poverty line over a period of time price variation have to be considered and an appropriate price deflator has to be selected.
- Following elements mainly affect the magnitude of poverty ratio:
 - The nutrition norms(translated into monetary terms)
 - The price deflator used to update poverty line
 - Proportional adjustment in number of H.H below and above the poverty line

Problems of poverty in India

- For some time , the magic number of Rs. 20 per head at 1960-61 prices was used.
- For late 1970s into the mid 1990s the planning commission used two poverty lines for per capita household expenditure in India
- Rs. 49 for rural household
- Rs. 57 for urban household

Problems of poverty in India

- Planning Commission provided poverty estimates based on large sample survey of H.H consumption expenditure carried out by NSSO approximately every five year.
- This estimates is for national and state level as well as for rural and urban area.
- The methodology for estimation of poverty has been reviewed from time to time.

Problems of poverty in India

- The planning commission constituted an Expert Group under Chairmanship of Pro. Tendulkar in December 2005 which submitted its report in December 2009.
- They recomputed poverty estimates for years 1993-94 to 2004-2005.
- As per Tendulkar Committee report, the national poverty line at 2004-05 price was a monthly per capita expenditure on consumption for rural was rs.446.68 & Rs. 578.80 in urban areas in 2004-05.
- With Tendulkar estimation % of poverty in year 2004-05 was 37.2.
- 2011-12 *MPCE was RS.816 for rural & Rs. 1000 for urban areas.
- Poverty ratio has declined from 37.2 % 2004-05 to 21.9% in 2011-12.

*monthly per capita expenditure

Problems of poverty in India

- Planning Commission constituted an Expert group under Chairmanship of Dr.C Rangarajan | June 2012.
- Rangarajan extended the concerns beyond food to some basic non-food essentials like clothing, education, health, home rent and conveyance.
- This takes poverty line from Rs.816 to Rs.972 per capita per month in rural area and from Rs.1000 to Rs.1407 per capita per month in urban area.
- Poverty estimates were 30.9% in rural and 26.4% in urban areas.