

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:1123
ANSWERED ON:29.11.2006
ECONOMIC DEVELOPMENT AND POVERTY ALLEVIATION
Chinta Mohan Dr. ;Suman Shri Ramji Lal

Will the Minister of PLANNING be pleased to state:

- (a) whether the percentage of people living below the poverty line has decreased only by 0.79 per cent annually whereas the average annual growth rate remained 6 per cent for the period from 1999-2000 to 2004-2005;
- (b) if so, the reasons therefor;
- (c) the reasons behind unsatisfactory percentage achieved in alleviation of poverty despite the high annual economic growth rate;
- (d) whether there is any proposal to bring about in changes the present economic development programmes; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a): Yes, Sir. On the basis of provisional consumer expenditure data of 61st Round of the National Sample Survey (NSS), the poverty ratio in 2004-05 has been estimated as about 22 percent using Mixed Recall Period

(MRP, in which the consumer expenditure data of five non-food items, namely, clothing, footwear, durable goods, education and institutional medical expenses are collected from 365-day recall period and the consumption data for the remaining items are collected from 30-day recall period) in the Draft Approach Paper to the Eleventh Five Year Plan. The poverty estimates in 2004-05 based on MRP consumption (about 22 percent) is roughly (but not strictly) comparable with the poverty estimates of 1999-2000, which is 26.1 percent. This implies a decrease in the poverty ratio by 0.79 percent per year during the period 1999-2000 to 2004-05. The average annual growth rate of gross domestic product (GDP) in real terms for the period 1999-2000 to 2004-05 is estimated as 6 percent.

(b)&(c) : The relationship between the increase in growth rate of economy and reduction of poverty are determined by a complex set of factors. In addition to the rate of income growth (measured by the rate of growth of GDP), its distribution across sectors and regions, and between occupation and social class, as well as the rate of growth of population are also need to be taken into account to explain the change in the incidence of poverty in the country.

(d) & (e): The broad strategy for economic development during the Eleventh Plan Period (2007-2012) has been set out in the Draft Approach Paper to the Eleventh Plan which has been prepared for consideration by the National Development Council.