

## Poverty

10.14 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). Comparable estimates based on a consistent methodology and data set are available until 1993-94. These estimates show a secular decline in the poverty ratio, though the number of poor remained stable for a fairly long period of two decades (1973-93) (Table 10.5), mainly due to increase in population.

10.15 Some of the key results of the latest large sample survey data on consumer expenditure have been made available by the NSSO from its 55th Round Survey (July 1999-June 2000). In this Round, the NSSO introduced certain innovations in the manner and method of data collection which may have a bearing on the comparability of the poverty estimates made from this Round relative to the earlier Rounds (See Box 10.1). Using the data available from the Consumer Expenditure Survey of the 55th Round two separate estimates have been made of the incidence of poverty. The consumer

Year	All India	Rural	Urban
1973-74	54.9	56.4	49.0
1977-78	51.3	53.1	45.2
1983	44.5	45.7	40.8
1987-98	38.9	39.1	38.2
1993-94	36.0	37.3	32.4
<b>1999-2000</b>			
30 day recall	<b>26.10</b>	<b>27.09</b>	<b>23.62</b>
7 day recall	<b>23.33</b>	<b>24.02</b>	<b>21.59</b>
Source: Planning Commission			

expenditure data of the 55th Round on a 30 day recall basis yields the poverty ratios for 1999-2000 of 27.09 per cent in rural areas, 23.62 per cent in urban areas and 26.1 per cent for the country as a whole. The corresponding figures from the 7 day recall period are 24.02 per cent in rural areas, 21.59 per cent in urban areas and 23.33 per cent for the country as a whole. 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.

### Box 10.1

#### Methodological Innovations in the 55th Round of Household Consumer Expenditure Survey

The National Sample Survey Organisation (NSSO) in its large sample surveys has been collecting consumer expenditure data on the basis of a uniform 30 day recall period. In the 55th Round, the NSSO made a departure from the past. It collected the consumer expenditure data on food, pan, tobacco and intoxicants for two different reference periods of one week and one month from the same households, and in respect of the remaining items the data has been collected only with 365 day as reference period. Such methodological innovations can affect the estimates of consumption. In the thin samples of 51st through 54th Round, the NSSO experimented with the recall period by dividing the entire sample into two halves, and using recall period of 30 days uniformly for all the goods in one half. For the other half of the sample, the recall period was:—

- one week for food, pan, tobacco and intoxicants,
- one month for fuel and light and certain non-food items, and
- one year for clothing, footwear, education, institutional medical expenditure and consumer durables.

These experiments show that the per capita consumption expenditure on food obtained from one week as recall period was about 30 per cent more than that collected using one month as recall period. On the other hand, the expenditure on non-food was found to be lower with the 365 days as recall period. On the aggregate, the difference has ranged between 13 per cent and 18 per cent. The consistent difference between the consumption estimates from the two separate recall periods in the 51st to 54th Rounds (thin rounds) is not evidenced in the experiment with recall periods carried out in the 55th round.