

## REDEFINING POVERTY LINES AND SURVEY OF BPL FAMILIES

( Rural Areas)

### Proposal Submitted to Honb'le CM

1. **8<sup>th</sup> Plan 1992-97** : Ministry of Rural Development, GoI conducts BPL census at the beginning of each Five Year Plan. During 8<sup>th</sup> Plan 1992-97, income upto Rs.11000/- per annum per family was the criterion for identification of BPL families. The number of BPL families during 1993-94 was 10.74 lakh which works out to 11.77 % against 35.97 % in India.

2. **9<sup>th</sup> Plan 1997-2000** : During 9<sup>th</sup> Five Year Plan 1997-2000, a family whose annual income was less than Rs.20,000 (and not having more than 2 hectares of land, TV/Fridge etc.) was classified as BPL. The number of BPL families in Punjab in 1999-2000 was 6.50 lakh which works out to 6.16 % against 26.10 % in India.

3. **Criteria for devolution of funds** - The Department of Rural Development, Punjab Government was under the impression that the methodology for determination of families below poverty line adopted consumption expenditure as the basis, without giving any weightage to cost of living. The argument was that if cost of living was given due weightage, the BPL population in the state would increase which would entitle Punjab for higher share in the devolved funds for poverty alleviation programmes. The matter was taken up by the Hon'ble CM with the the Planning Commission in January 2005. The State Government also recommended to the Inter-State Council for inclusion of this item in the meeting of the Council for deliberation.

The Ministry of Rural Development, GOI vide its letter dated 13/2/2006 informed the State government that – (a) the allocation for poverty alleviation programmes are made on the basis of Adjusted Share which was 0.67% for Punjab and not on the basis of the poverty estimates which was 0.53%. (b) the cost of living is built into poverty estimation methodology. The poverty lines are specific for each State and computed by taking into account inter-State price differences. The rural poverty line for Punjab is about 11% higher than the national average. For examples during 2001-2002, the Poverty Line for Punjab was – per capita monthly income – Rs.371.25 (Rural) and Rs.400.18 (Urban). The minimum was Rs. 263.62 for Andhra Pradesh and maximum was Rs. 484.10 for Andamans. The Department of Rural Development vide its letter dated 14/2/2006 agreed with the

contention of Government of India and decided to withdraw the item from the inter-State Council. This issue is now no longer relevant since the criteria for BPL families has been changed from annual family income to level of deprivation in respect of 13 index/parameters as explained in the following paragraphs.

4. **10<sup>th</sup> Plan 2002-07** : MoRD, GoI vide its letter dated 13/9/2002 requested the state governments to carry out a fresh BPL survey for the 10<sup>th</sup> Plan on the basis of score based ranking on relative deprivations as indicated by 13 parameters - land holding, type of house, clothing, food security, sanitation, consumer durables, literacy status, labour force, means of livelihood, status of children, type of indebtedness, reasons for migrations etc. The state governments were directed to finalise the survey by 31/3/2003.

5. **Maximum limit on BPL families** - MoRD vide its letter dated 30/1/2003 directed the state governments to ensure that number of BPL families as per this new survey should not exceed the number of families as per adjusted share computed by the Planning Commission plus 10 %. As per Planning Commission survey on consumer expenditure carried out by the NSSO the number of BPL families in 1999-2000 in Punjab was 2.04 lakh and the number of BPL families as per adjusted share were 2.962 lakh. The per capita monthly income was taken to be 362.68 (Rs. 21,760 per annum per family). Therefore as per letter dated 30/1/2003 the number of BPL families in Punjab as per the new survey was to be limited to 3.26 lakh (2.96 + 10 %).

6. **Stay on survey 2003-05** - MoRD, GoI vide its letter dated 2/7/2003 directed the state governments not to finalise the new survey in view of Supreme Court order dated 5/5/2003 directing that no person be removed from the BPL list of 1997. MoRD vide its another letter dated 10/10/2005 realised its mistake and directed the state governments that the BPL survey 2002 could be finalised without deleting the BPL families already existing in the BPL list of 1997. The Court had stayed only the deletion of names from the BPL list and not finalisation of the new list.

7. **Present BPL figures** : DRDP had carried out a fresh survey in August, 2002 for BPL families. The criteria was the same as followed for 9<sup>th</sup> Plan i.e. a family whose annual income was less than Rs. 20000 and not having more than 2 hectares of land/ pucca house/ TV/Fridge/Motor Cycle etc. A total of 3,87,660

families were found to be BPL out of 26.59 lac rural families. Since the survey for 10<sup>th</sup> Plan has not yet been finalised, the state is still following the figure of 3.87 lac BPL families.

8. **Announcement of New Survey of BPL in State Budget 2005-06** : The Finance Minister in the Budget Speech of 2005-06 announced-

*“Besides, definition of below poverty line (BPL) families mainly with reference to the nutrition needs to be expanded to include access to drinking water, primary health care, elementary education and sewerage and sanitation for better quality of life. Therefore, Government propose to have a new survey carried out by an independent Agency for the enumeration of BPL families with enlarged definition for providing to them a better quality of life. Such a study would be the base for extending benefits under various social security and welfare schemes.”*

9. **Meetings for finalizing new definition of BPL-** Planning Department held a series of meeting in this regard in 2005-06 to formulate a criteria for new BPL survey for state level schemes.

25/7/2005 - A meeting under the chairmanship of Secretary Planning was held on 25/7/2005 with the concerned departments. During discussion, it was noticed that a family is required to spend Rs. 2500/- per month in rural areas and Rs. 3000/- per month in urban areas. Therefore, the income criteria based on consumption expenditure should be raised from Rs 20,000/- per annum to Rs. 30,000/- per annum in rural areas and Rs. 36,000/- per annum for urban areas for a family to be considered below poverty line.

1/8/2005 - In another meeting held under the chairmanship of Dr. S.S. Johl, Vice Chairman, Punjab State Planning Board, views of eminent economist were sought. Dr. R.S. Bawa Registrar, GNDU has recommended income level of Rs. 50,000/- for rural household and Rs. 60,000/- for urban household should be followed in identifying the BPL families.

Dr. S.S.Johl, Vice Chairman, has suggested to the Planning Department that the income criteria of minimum wages for 25 days in a month for a family having five members should be adopted for considering a family to be below poverty line. If, we consider 1.5 earning members in one average family, the annual family income for 25 day employment in a month at the rate of Rs 101 per day ( fixed by Punjab Government for unskilled labour) will work out to Rs. 45,000/-.

24/10/2005 – A meeting was held under the chairmanship of CS and it was decided that since GoI vide its letter dated 10/10/2005 had clarified that the BPL survey 2002 could be finalised, the department of Rural Development should finalise the survey. Once the survey is finalised, the financial implications should be worked out.

10/12/2005 – The case was put to CM who agreed with the CS decision dated 24/10/2005.

10. **BPL Survey 2002 (Finalised in September 2006)** – The BPL Survey carried out as per GoI guidelines dated 13/9/2002 has been finalised. It has been approved by the Minister Rural Development. Some appeals have been filed against deletion/addition and the figure might go up. It is being published shortly. Thereafter the Department of Rural Development will begin the process of preparation of New Yellow Cards. As explained in para 4 above it is based on 13 parameters. Each parameter has been assigned 0-4 scores and the maximum scores a family can get is 52. As explained in para 5 above we cannot have BPL families more than 3.26 lakh. The Department has accordingly declared all the families having less than 15 scores (kindly see the sheet enclosed herewith) as BPL families. The total number of BPL families in Rural Areas comes to 3,18,884 out of 26,59,497 rural families which works out to 11.99 % level of poverty in the rural areas of the state. The sheet gives the details of families having secured scores between 16-52.

11. **Separate criteria/definition for BPL families in the state** - As per the survey finalised in September 2006, the number of BPL families is 3.18 lakh in rural areas. This definition is as per GoI guidelines dated 13/9/2002 and therefore this list would be valid for assistance under GoI schemes. We cannot have a separate BPL list of our own for GoI assistance. However, for schemes of the state government, we are at liberty to choose any definition. This matter came up for discussion during a meeting on 21/8/2006 in the presence of CS and PSCM. We did not favour a separate definition/survey for BPL families for state level schemes. Our contention was that the list of BPL families could be enlarged for the state level schemes by including families who had secured 16-20 scores or even higher depending upon the financial resources of the state. CS and PSCM were of the view that relevance of BPL definition adopted by Kerala government to our state be studied and examined.

**12. Urban BPL Families :** Before coming to Kerala study it is relevant to give details of urban BPL families. As per August 2002 survey carried out alongwith the rural survey, number of BPL families in urban areas was estimated to be 97,774. A fresh survey was carried out in February 2004 for identification of BPL families. The survey was based on 7 para meters – roof, floor, water, sanitation, education level, type of employment & status of children in a house. The maximum score, a family can get is 540. Higher score indicates more deprivation. As per the survey of 2004, the total number of BPL families is 1,25,524 out of 15,52,296 urban families which constitutes 8.08 % of poverty level in urban areas. This figure is considered for grant of benefits mainly under Swaran Jayanti Shahari Rozgar Yojana. No fresh survey is to be conducted.

**13. Kerala definition** – The definition of BPL families in Kerala differs from the definition adopted by us in the following 3 aspects –

- (1) Kerala has more or less same criteria for both urban and rural poor families. They have 9 point criteria for both urban and rural poverty. 8 para meters are common while the 9<sup>th</sup> para meter is families without colour TV in urban areas and families with an illiterate adult member for rural areas. We have 13 para meters for rural poverty and 7 para meters for urban poverty.
- (2) We have scores for each para meter and families upto a particular score are classified as BPL families. The Kerala definition does not have any scores and absence of any 4 or more factors out of the 9 factors would make the family BPL. For example, for toilets, we have score from 0-4 depending upon water supply, open or private or community owned but for Kerala it is either yes or no.
- (3) Kerala has 3 altogether new parameters – Women headed house hold/presence of a widow, divorcee/abandoned lady/unwed mother ; SC/ST family; presence of mentally or physically challenged person.

The para meters for defining BPL families have been compared in a sheet enclosed herewith. The definition of poverty for Kerala is quite simple. The definition adopted by us and GoI is some what more comprehensive and elaborate. 6 parameters are common among the GoI and Kerala definition. The 3 new parameters i.e. presence of widow, SC/ST & presence of physically challenged persons do not figure in the GoI definition. As explained above mere absence of 4 factors will make a family BPL in Kerala. Too much emphasis has been given to

toilets (may be because of high density of population), presence of illiterate adult member in the family (due to very high literacy level in the state) & no access to safe drinking water. The definition adopted by Kerala state will therefore be not appropriate.

14. **No need for a Separate BPL Definition and Survey** - It is felt that there is no need for a fresh survey and a separate BPL list for the state level schemes for the following reasons -

- (1) The BPL survey involves visit and interview with about 27 lakh families. The definition adopted by us does not suffer from any infirmity justifying a fresh and a new survey.
- (2) There are 3 categories of beneficiary oriented schemes – (a) GoI assisted schemes for which BPL families identified as per GoI definition will be eligible for assistance. (b) State level schemes for which we can choose any definition of BPL. (c) Other welfare schemes in which the beneficiaries are not required to be from the BPL families.

The details of these schemes are enclosed herewith. The amount earmarked under these schemes during 2006-07 is –

- GoI assisted schemes (BPL as per GoI definition is eligible) – Rs. 277 crore
- State Level Schemes (we can have its own definition of BPL) – Rs. 124 crore. Out of this Rs. 120 crore is earmarked for construction of toilets in the villages for which BPL families have preference but if no BPL families are available then the money will be given to APL families. Therefore, effectively a sum of Rs. 4 crore only is earmarked exclusively for BPL families in the State Plan.
- Other state welfare schemes (Beneficiary need not be BPL) – Rs. 110 crore
- Other GoI welfare schemes (Beneficiary need not be BPL) – Rs. 9.50 crore

The amount earmarked for the state level schemes for which BPL families are eligible is too small to justify a fresh survey based on a new definition.

- (3) We can have a separate BPL list for the state level schemes by enlarging the newly prepared BPL list (as per GoI definition) finalised in September 2006. We can have any number of BPL families depending upon the

resources of the state government and more people can be covered. But as argued above, there is no need for such a separate list.

15. **Financial Implications** - The next question is about the financial implications of having a separate BPL list for the state. As already explained above and as per the list enclosed herewith, in the Annual Plan 2006-07 a sum of Rs. 124 crore has been earmarked for the state level schemes for which such a BPL list would be valid. Any enlargement of the list would mean increase of BPL families from 3,18,884 to 3,70,357 (about 16 %) as is clear from the Sheet – BPL Survey 2006 (Rural). The financial requirement may at the most increase by 16% from Rs. 124 crore to Rs. 144 crore per annum. The financial implication involved will, however, be of the order of Rs. 1 crore or so, since only Rs. 4 crore are targeted exclusively at BPL families. For Rural toilets, BPL families have preference but if there are no BPL families in the village the grant can be given to APL families and therefore enlargement of the BPL list will not make any difference. It is also relevant to mention that not all eligible BPL families get assistance due to limited allocations.

16. **BPL families** – The details of BPL families are (Detailed enclosed herewith) -

<i>Category</i>	<i>Date Survey</i>	<i>Total No. of families</i>	<i>No. of BPL families</i>	<i>% age of BPL families</i>
Rural	Sept 2006 (Yet to be finalised)	26,59,497	3,18,884	11.99 %
Rural	Aug 2002 (Presently in force)	26,59,497	3,87,660	14.57 %
Urban	Feb 2004	15,52,296	1,25,524	8.08 %
<b>Total</b>	<b>After adoption of new survey for rural area</b>	<b>42,11,793</b>	<b>4,44,408</b>	<b>10.55 %</b>

17. **Comments of Department of Rural Development-** The department in its comments dated 25/9/2006 has stated -

- That they agree with the suggestions of Planning Department for finalizing the survey as per which the number of BPL families is 3,18,884.

- That the survey has been approved by the Minister Rural Development. Some appeals have been filed against inclusion/deletion of the names and the number of BPL families might increase and go upto 3.26 lacs.
- It is not advisable to have a new definition and the consequent survey near the assembly elections. Already for want of finalisation of survey BPL families have been deprived of the benefits admissible to them.
- If the State government wants to cover more people, then the families having score upto 20 could be declared as BPL. Besides the State government can given extra benefit to the families covered in the score 0-5, who are poorest of the poor.

18. **Conclusion-** The Finance Minister had announced a BPL definition linked to quality of life, based on access to education, drinking water and sanitation etc. in the Budget Speech of 2005-06. The survey finalised in September, 2006 is based on GoI guidelines linking poverty to access to 13 parameters. There is no justification for having a separate Punjab specific BPL definition. As explained in para 14 above, there are basically 4 State level schemes (List-II placed below), having allocation of Rs. 4 crore in 2006-07, which are targeted exclusively at BPL. Most of the State welfare schemes (List-III) having allocation to the extent of Rs. 1100 crore including the proposed waiver of electricity bills are not targeted at BPL as such.

It is therefore, suggested that the BPL survey conducted as per GoI guidelines may also be adopted for the State level schemes and we may not have any separate state specific BPL list.

This matter came up for discussion in a meeting with the CS on 28-9-06 attended by PSF and JDC( Rural Dev). It was decided that we should not go for a separate definition of BPL, different from GoI.

( Satish Chandra )  
Secretary Planning  
28/9/2006

FM