

सचिव
भारत सरकार
ग्रामीण विकास मंत्रालय
SECRETARY
Government of India
Ministry of Rural Development

DO No. P.18023/149/2010-P&P

क० सिन्हा
B. K. SINHA

24th February 2011

Respected Madam,

Kindly refer to your D.O. later No. 15011/1/2010-NAC (Vol-III)-1244 dated 31st January, 2011 on Framework Note as the first step towards the drafting of Comprehensive National Food Security Bill (NFSB). The considered opinion of the Ministry on the subject is as follows:-

- i. The BPL population constitutes the most vulnerable group in the country. The demand of these BPL population should be met first before subsidised Food Grains are made available to others. It has to be ensured that the APL population does not muscle out the BPL.
- ii. The viability of the PDS shops have long being debated. Several studies and practical experience indicate that the margins of profit in the PDS shops are non-cost clearing and as such the shopkeepers are compelled to recourse to malpractices in order to recover costs. There is also a strong political economy that operates around the public distribution to which the supply department and other officials are a party. Very often the political economy extends to senior bureaucrats and others. As such it is necessary to devise a system with adequate incentives-disincentives to support the proposed NFSB.
- iii. Very successful models have evolved around the Self Help Group (SHGs) in several parts of the country. Now that the SHGs are getting organised in the form of Village, Mandal and District level federations they could be inducted into the supply chain. The initiative for evolving such models could be left to the SHGs/ their Federations.
- iv. The Ministry has already gone ahead for conducting a BPL Pilot to test out the different methodologies proposed for conducting the BPL Census 2011 using a simple size of 254 villages out of which the data in respect of 161 villages was used. The survey was further corroborated by a Participatory Rural Appraisal exercise in the same villages. The Pilot Study inter alia indicated that 28 percent of the population could be excluded as non poor using robust exclusion criteria; another approximately 25 percent of the population could be included using the 8 deprivations that have constituted the base of the inclusion criteria in descending order of the number of deprivation met. For instance, a house hold that met all the 8 deprivations would be considered poorest amongst the poor, followed by those who meet 7 deprivations, 6 and so forth. However, there is likely to be a bunching at the end of every deprivation. In order to resolve this the BPL Census proposes to use the Saxena methodology of scoring with marginal variations e.g. the landless labour who depend upon agriculture labour as the major part of their livelihood are assigned a weightage of 3 points while the SC/ST have an equal weightage. A note on the subject is enclosed for your ready reference.

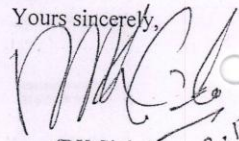
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NAC Diary No. 876
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- v. The results of the BPL Census 2011 will be hosted on a MIS specially designed for this purpose. The MIS will show the village data relating to all HS in the rural areas including the BPL population. It shall be possible to go to any cut off point using this data. It shall be possible for MoFPDS to evolve a new cut off at any point both for the BPL and APL population using this MIS.
- vi. We have already commenced the BPL Census 2011 and a Draft Cabinet Note is under consideration.

With regards,

Yours sincerely,


(BK Sinha) 24.2.11

Encl: As above

Dr Rita Sharma
Secretary
National Advisory Council
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New Delhi

Proposed Methodology for BPL Census 2011

This note describes the methodology to identify the BPL households in the rural areas of the country in the BPL Census 2011.

2. The households in the rural areas are classified in a three-pronged method. First, a set of exclusion criterion are applied to remove some households from the BPL list. Second, a small group of marginalised households are automatically included in the BPL list. Third, the remaining households are ranked on the basis of several deprivation indicators. The BPL list would then comprise of the households from the second and third steps subject to the number of poor determined by the Planning Commission at the level of the states.

3. The exclusion criteria proposed are:

- Households owning Motorized Two/Three/Four Wheelers/Fishing boats (which require registration)
- Households owning mechanized Three/Four wheeler agricultural equipments such as tractors, harvesters etc.
- Households having Kisan Credit Card with the credit limit of Rs.50,000 and above
- Households with any member as Government Employee: gazetted and non-gazetted employees of Centre government, State government, Public Sector Undertakings, Government-aided autonomous bodies and local bodies. This will exclude incentive and other honorarium based workers like ASHA, Anganwadi workers etc.
- Households with Enterprises registered with the Government for any purpose: any non agricultural enterprise registered with the Central or State Governments
- Households with any member in the family earning more than Rs. 10,000 p.m.
- Households paying income tax or professional tax
- Households with three or more rooms with all rooms having pucca walls as well as pucca roof
- Households owning Refrigerator
- Households owning landline phones
- Households owning 2.5 acres or more irrigated land with at least one irrigation equipment such as diesel/ electric operated borewell / tubewell or 5 acres or more irrigated land
- Households owning 7.5 acres or more land with at least one irrigation equipment such as diesel/ electric operated borewell / tubewell

Based on these exclusion criteria 28% of the rural households are likely to be excluded from the BPL list at the national level. The criteria are found to be robust as per the results of the BPL Pilot.

4. In the second stage, a small group (Primitive Tribal Groups, most discriminated scheduled castes known as Mahadalit etc) would be automatically included in the BPL list subject to the condition that they do not fulfil the exclusion criteria proposed in Para 3.

5. The remaining households (i.e., total number of households /less those excluded from the BPL list as per Para 3 and automatically included in the BPL list as per Para 4) would then be ranked on the basis of several deprivation indicators. The deprivation indicators are:

- Households with only one room with kucha walls and kucha roof
- Households that are homeless or with no homestead land
- Female headed households with no adult male member
- Households with Destitute dependant on begging
- Minor head of households with no adult member
- SC/ST households
- Households with no literate adult above 25 years
- Households headed by Landless agricultural labourer deriving the major part of his income from agricultural labour

6. The deprivation dimensions (constructed from the indicators given in Para 5) vary from a minimum of zero to a maximum of seven. These are added for all the households. The order of priority for inclusion of households in the BPL list is from highest number of deprivations to lowest number of deprivations. The deprivation cut-off is chosen in such a manner that the total percentage of households is equal to or less than the cut-off poverty ratio prescribed by the Planning Commission. The mechanism operates in this way: those with highest deprivation score are included first, followed by the next deprivation score and so on till the cumulative percentage of these households does not (equal or) exceed the poverty cut-offs set by the Planning Commission. Since the Planning Commission determined poverty cut-offs vary state-wise and also since the level and spread of deprivation among the states are different, the deprivation cut-offs would vary from state to state. As a result, the deprivation cut-offs could be decided only after all the households are ranked following the second step (explained in Para 4) and the third step as explained above.

7. There could be households which are one deprivation below the deprivation cut-off. These households would be ranked using a scoring method along the lines suggested by the Saxena committee. The scoring mechanism would be applicable only for this particular set of households (which are not excluded and not included using deprivation scores) and not for all households. (There is a small PTG and Mahadalit group, which have been included automatically are also excluded from the purview of scoring method.) Those with highest scores are included first followed by next score till the percentage of households along with those included using deprivation indicators becomes equal to the poverty cut-offs determined by the Planning Commission. The

deprivation cut-offs and scoring cut-offs, therefore, would depend on the states' poverty ratio. The States may be permitted to include their own scoring indicators and also modify scoring weights depending on the state specificity.

8. The operation of the methodology in two states, one each with high and low poverty is demonstrated using examples.

8.1 The case of a High Poverty State: Suppose the poverty cap set by the Planning Commission is 55%. Using exclusion indicators, 15% of the households are excluded. For the remaining 85% households deprivation scores would be assigned. Suppose all the households with 2 or more deprivations together constitute 50% of the population. Households with 1 deprivation are 20% of the households and 15% of the households with zero deprivation. The procedure would involve including all households with 2 deprivations or more. Scoring would then be applied only to households with 1 deprivation only. These household will be assigned score following the scoring pattern along the lines suggested by the Saxena Committee. Out of these 20% households, 5% (55% poverty cut off minus 50% with 2 or more deprivation) will be selected as per scores obtained by them. The scenario is depicted in Graph 1 attached at the end of this note.

8.2 The case of a Low Poverty State: The scenario in case of a low poverty state is depicted in Graph 2 attached at the end of this note.

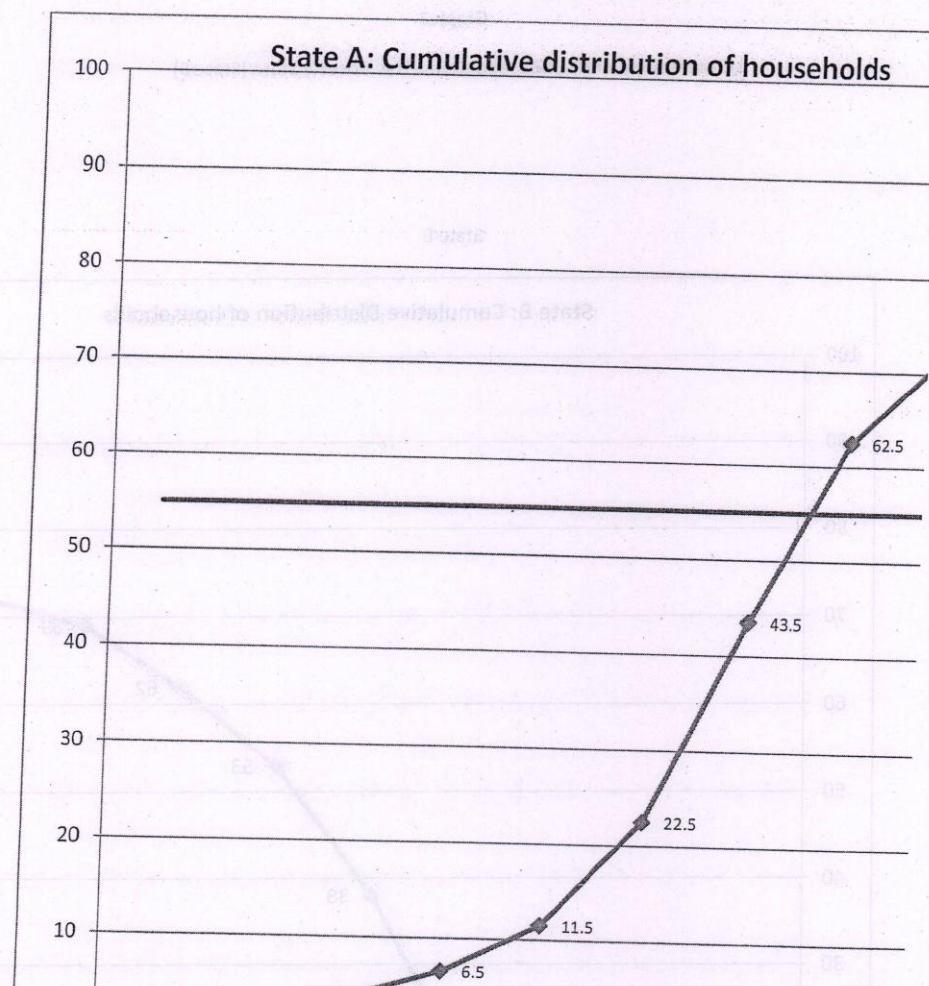
9. The scoring is proposed for ranking of the households as: Landless agricultural labourer depending on agriculture labour for major part of their livelihood: 3 Points; SC/ST: 3 Points; Agriculture Labourer with some land: 2 Points; Casual Labourer: 1 Point; No literate adult member: 2 Points; Chronic illness/TB/Leprosy/AIDS: 1 Point; Self employed artisan/fisherfolk with no motorised boats: 1 Point; OBC/Muslims: 1 Point. The above scoring mechanism is along the lines recommended in the Saxena Committee report with minor modifications in the awarding of points.

10. In case of bunching of households around a particular point, all the households will be included, subject to the limit of poverty caps plus 10% of the poverty incidence as transient poor for that State.

Graph 1

Identification of BPL Households in a High Poverty State (State A)

State A:

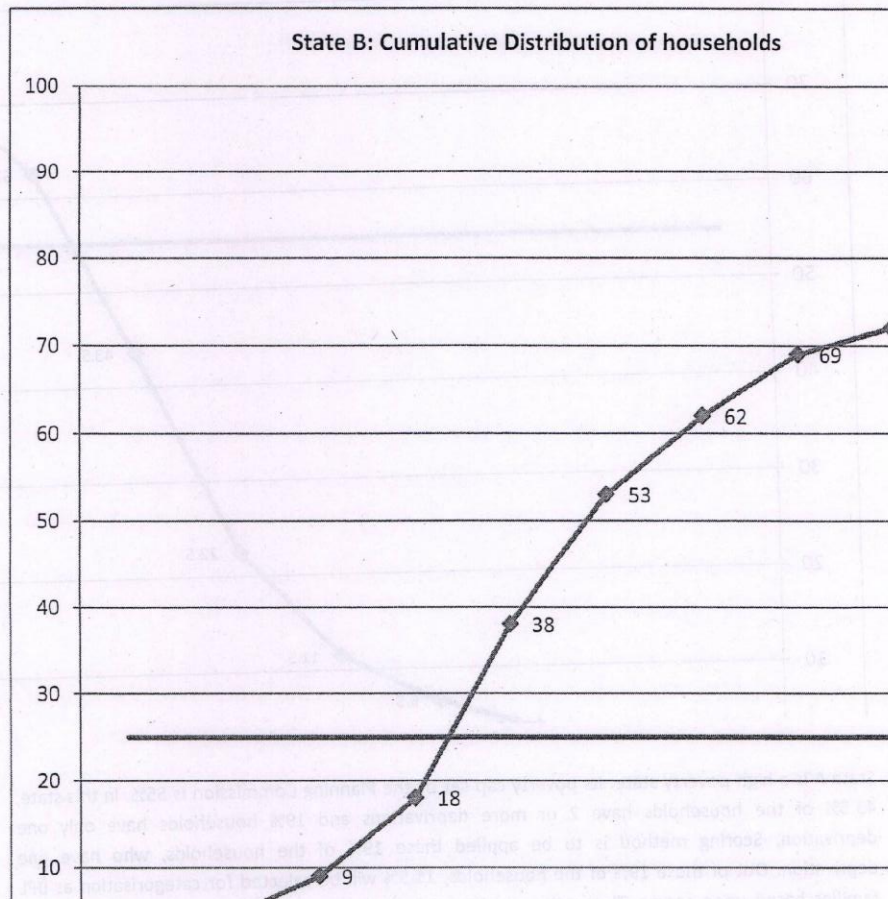


State A is a high poverty state. Its poverty cap set by the Planning Commission is 55%. In this state, 43.5% of the households have 2 or more deprivations and 19% households have only one deprivation. Scoring method is to be applied these 19% of the households, who have one deprivation. Out of these 19% of the households, 11.5% will be selected for categorisation as BPL families based upon scores. Thus, total number of households categorised as BPL (which is 55%) would therefore, consist of 43.5% of the households having 2 or more deprivations and 11.5% households from scoring mechanism.

Graph 2

Identification of BPL Households in a Low Poverty State (State B)

State B



State B is a low poverty state. Its poverty cap set by the Planning Commission is 25%. In this state, 18% of the households have 5 or more deprivations and 20% of the households have 4 deprivations. Scoring method is to be applied to the 20% of the households, who have 4 deprivations. Out of these 20%, 7% households will be selected for categorisation as BPL families based upon scores. Thus, total number of households categorised as BPL (which is 25%) would therefore, consist of 18% households having 5 or more deprivations and 7% households from scoring mechanisms.