Identification of the Poor: A Decentralised Planning Perspective

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Abstract

Clarity has long eluded the efforts made by the state in defining and assessing poverty. The methods adopted for the actual identification of the poor at the micro level for providing various kinds of development assistance have been highly contentious both conceptually and operationally. The existing methods are found to be too opaque and cumbersome besides being top-down in nature leading to gross errors of exclusion (of the poor) and inclusion (of the non-poor). An Expert Group (N.C. Saxena Group) recently has proposed a new methodology using a multi-pronged approach of automatic exclusion, inclusion and grading for identifying the poor. Even this new method has come under severe criticisms on several counts. The paper reviews the new method proposed by the Expert Group and tries to identify alternative directions and methods for addressing the challenge. This is attempted using a decentralised planning and development perspective where in local self-governments are enabled to play a key role.

1. Introduction

A clear understanding of the nature, causes, and magnitude of poverty is deemed essential for meaningful action on the policy front to tackle poverty. However, clarity has long eluded the efforts made by the state in the direction of defining and measuring poverty, leave alone on the ways of eradicating it. The official methods in vogue to measure poverty and to identify the poor have been criticised for being highly top-down in approach and very narrow in their perception of poverty. The crude quantification and empiricism of the official methods are considered highly inappropriate for capturing the various social and economic dimensions of poverty. The state here has been even accused of being manipulative in using convenient methods and of projecting poverty figures that suit its purpose and interest. About the method for the actual identification of the poor at the micro level for providing various kinds of development assistance, the major contention has been the gross error of the exclusion of the poor (and the inclusion of the non-poor) because of the cumbersome and top-down nature of the method adopted.

A more acceptable methodology to identify the poor had become necessary as the existing below poverty line (BPL) census methodology, adopted in 2002, had been largely discredited in the eyes of the

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major stakeholders, including the poor (Jain 2004). Even the Supreme Court had stayed the use of the BPL list prepared on the basis of the 2002 methodology. An Expert Group (EG) headed by N.C. Saxena was constituted by the Ministry of Rural Development for the explicit purpose of identifying a more suitable methodology for carrying out the BPL census, recommending an institutional system for conducting surveys and for redressing grievances, looking at the issue of the relationship between the estimation and the identification of the poor, and putting a limit or cap on the total number of BPL households (GOI 2009). A sound BPL methodology is relevant in the context of the need for effectively targeting the poor under various poverty alleviation programmes, especially in view of the huge controversies created by the application of earlier BPL methodologies. The EG has come with a new method for identification of the poor in its report titled ‘Report of the Expert Group to Advise the Ministry of Rural Development on the Methodology for Conducting the Below Poverty Line (BPL) Census for 11th Five Year Plan’ (GOI 2009).

Does the report shed any fresh light on the challenges pertaining to assessment of poverty and identification of the poor? Has it made any significant attempt to overcome the serious limitations of previous methodologies? The present paper examines these questions by critically reviewing the propositions and recommendations made by the Expert group. The report has been assessed largely from the perspective of decentralised planning and development, which is essential for looking at the challenges of poverty from a bottom-up approach. Using such a framework, the paper identifies possible directions for addressing the major challenge pertaining to the definition of poor and their identification. The paper is broadly divided into three sections including the introduction (section one). The major propositions of the EG’s report on BPL methodology are discussed in section two. Section three makes a critical assessment of the EG’s proposed new methodology. In section four we propose alternative approach and ways for identification of the poor. Section four concludes the with few general observations about the nature and limitations of the official approach to tackle poverty under the current economic scenario.

2. Proposed New Method for the Identification of the Poor

Poverty Ratio and the Cap on the BPL Census

The EG begins with the right premise—that there is a need for universal coverage of households for the provision of basic needs and entitlements like food. However, the EG argues that as there are several programmes that may need targeting, there is a need for holding a BPL census. The EG has felt the need to clarify the issue of a cap on BPL numbers even before it has proposed a new BPL methodology. To arrive at a reasonable cap, the EG has gone into the issue of poverty estimation on its own, giving rise to some serious differences among the members of the group regarding its mandate.

The EG, based on an analysis of the available evidence, concluded that there is large-scale underestimation of rural poverty by official agencies. This is happening because large sections of the poor who are calorie deprived are not being captured by the official poverty lines. The official poverty lines initially arrived at were based on the minimum calorie norms (2,400 for rural and 2,100 for urban) and were updated based on consumer price indices that no longer correspond to the level of expenditure required for meeting the minimum calories needed. There is a major deviation in the calorie consumption at the poverty-line level as compared to the prescribed norm. At the all-India poverty-line level of Rs. 356 per capita per month (at 2004–05 prices) in rural areas, a person can afford an intake of
only 1,820 calories. The actual monetary level of the rural poverty line should have been Rs. 700 to enable an intake of 2,400 calories. Given the actual calorie consumption, there exists huge calorie poverty in rural and urban areas. More than three-fourths of the population—79.8 per cent in rural and 75.8 per cent in urban—is calorie deficient.

According to the EG, the actual level of calorie intake is not only lower for the poverty classes (bottom 50 per cent) but has also been showing a declining trend. The EG is of the view that this decline is attributable more to the declining purchasing power of the poor than to the perceived notion of declining calorie needs due to improved living standards. This is substantiated by the fact that cereal consumption levels for the poor are much lower as compared to those for the richer sections (10 kg average for the bottom 10 per cent of the population, as compared to 12 kg for the top 30 per cent). While one can observe that cereal consumption for the rich has come down, for the poor there has been no corresponding increase, resulting in the calorie deficit. The EG hence argues that the poverty line cut-off and the official rural poverty ratio of 28.3 per cent are artificially low, resulting in a vast section being deprived of BPL status and the attendant benefits.

The EG has taken a firm view that the poverty line has to be corrected to arrive at more realistic numbers before the BPL census can be held. The EG has recommended that the level of rural poverty be fixed at 50 per cent (as against 28.3 per cent). As per the EG, at a 50 per cent ratio, the calorie intake at least corresponds to 2,100 (advocated for urban areas for the poverty class) and 12.25 kg of cereal consumption per month. For the EG, the 50 per cent ratio, although lower than the actual deprivation level (79.8 per cent), compares well with other indicators like the actual nutritional status, the number of BPL card holders, and the poverty estimates made by the World Bank for India.

The EG has advocated that this ratio (50 per cent) be accepted immediately and that a pro rata adjustment be made in the rural poverty ratios of all the states. These state-level poverty ratios should then be translated into district, block, and village (panchayat) level ratios. The district poverty ratios are to be arrived at based on the three indicator criteria used for fund disbursement under the wage employment programmes, that is, SC/ST (Scheduled Caste/Scheduled Tribe) population ratio, per capita agricultural productivity, and agricultural wage rate. The poverty ratios so arrived at would serve as the cap or limit for conducting the new BPL survey. The EG has recommended that districts with a poverty ratio of over 80 per cent should be excluded for the purpose of the census.

**BPL Methodology**

According to the EG, an effective BPL methodology should be simple and less prone to errors. Before suggesting its own methodology, the EG has assessed the major learnings from the past censuses. The EG argues that the earlier BPL methods have resulted in huge exclusion and inclusion errors in the BPL list. The census surveys conducted in 1992, 1997, and 2002 using different methodologies have turned out to be faulty in many ways. The EG is critical of all the earlier methods, especially the one adopted in 2002, for their top-down and non-transparent nature. The EG concludes these methods have encouraged corruption and led to the adoption of perverse incentives among rural families for accessing benefits like schooling, housing, and toilets. Moreover, the past methods lacked a credible system for rectifying any genuine exclusion or inclusion error.
The EG has arrived at three broad methods for the identification of the poor: (i) automatic exclusion; (ii) automatic inclusion; and (iii) grading the rest to identify the poor matching the limit or the cap given. As a first step, the EG has recommended the adoption of the principle of exclusion. The visible rich are to be identified for exclusion using local knowledge and official information. Five criteria have been suggested in this regard, namely owning an amount of land that is double (wet) or treble (dry) the district average; possessing three- or four-wheel motor vehicles; having at least one mechanised piece of farm equipment; having a family member drawing a regular salary of over Rs. 10,000 per month employed in the government or private sector; and paying income tax. The states may add other indicators, if needed, to the criteria. Similarly, the EG has proposed the automatic inclusion of the very poor and the destitute categories of households. The groups suggested for automatic inclusion includes primitive tribal groups, the most discriminated Scheduled Caste (SC) groups, single-woman-headed households, households headed by a disabled person and minors, destitute and houseless households, and households with bonded labourers.

After the automatic exclusion and inclusion has been carried out, the rest of the poor are to be identified based on the grading of households on a ten-point scale. The households are to be surveyed on a five-parameter schedule and given an assigned score for each parameter to determine their overall position. The five parameters pertain to caste/religious status, nature of occupation, educational level of adults, prevalence of a chronic disease (tuberculosis, HIV/AIDS, disability), and age of the head of the household. The classification of households for scoring under each parameter as suggested by the EG is given below:

- SC/ST: 3 points; Denotified Tribes and Designated Most Backward Castes: 2 points; Muslim/Other Backward Castes (OBC): 1 point.
- Landless agricultural worker: 4 points; agricultural labourer (with some land): 3 points; casual worker: 2 points; self-employed artisan or self-employed fisher folk (including those employed by others in such professions): 2 points.
- No adult (> 30 years) has studied up to class 5 in the household: 1 point.
- Any member of the household who has TB, leprosy, disability, mental illness, or HIV/AIDS: 1 point.
- Household headed by an old person of age 60 years and above: 1 point.

The survey is to be conducted by an earmarked government official from a block or mandal different from the one in which the village panchayat is located. A team of three residents (including at least one SC/ST member and one woman) nominated by the panchayat will accompany the government official during the survey. The list with the gradation of households will be put up before the gram sabha for its authentication. The meeting of the gram sabha is to be conducted in a transparent way, if possible by videotaping the proceedings. The lists at every stage will be computerised again for transparency and verification. The district authorities using their discretion can identify either 95 per cent or 100 per cent of the total cap given to the panchayat. For identification to provide assistance, no cut-off score is suggested. The households are to be merely graded and identified in an ascending order based on their score on the ten-point scale. In the case of similar scores, the EG has suggested that SC/ST groups may be placed at a higher position in the list, preferably by the gram sabha.

The panchayats are expected to take due care of both immigrants and out-migrants so that they are not excluded from the survey. Although a household (joint family) will be the basis for the survey, the EG
has suggested that a single woman, an old individual above 60 years, every adult with a chronic disease, and every bonded labourer with spouse and children are to be treated as a household. The list will be revised every two years to incorporate various demographic and economic changes, and the survey results will be valid for ten years. Any household, if aggrieved, can seek redressal by applying to the gram sabha. The application has to be disposed of within a one-month period, with scope for appeal to the CEO (chief executive officer) of the district panchayat against the gram sabha’s decision.

3. Assessment of the EG’s BPL Method

The EG’s report begins with a few correct premises about the incidence of poverty and approaches for the identification of the poor. The EG states that all basic entitlements like food, health, education, and work should be provided on a universal basis, and that identification of the poor based on a BPL methodology should not curtail universal access to these services. The EG has clearly identified that the use of the expenditure norm based on calorie needs severely underestimates the incidence of poverty. The EG makes an important observation here that policy measures based on poverty numbers arrived at using the official poverty line have resulted in the widespread exclusion of the poor from accessing basic entitlements. Hence there is a strong case for enlarging the category of the poor who can access basic services like food.

While the stand of the EG regarding the extent of underestimation is broadly in tune with other independent assessments (Patnaik 2007), the method adopted by the EG to arrive at all-India and state-wise poverty ratios, and for fixing a cap for the BPL survey, is highly questionable. Apparently, the EG has gone beyond the terms of its references in estimating the poverty ratios. Moreover, despite appreciating the need for universalisation, the EG has failed to recommend actual universal provisions even for food. Several compulsions seem to have influenced the EG against universalisation. Given the mixed composition 2 of the EG, the suggestion of universalisation has not found support within the group. In addition, having made its own estimation of the extent of poverty, and possibly finding the levels too high for acceptance by the government, the EG seems to have adopted a via media between universalisation and targeting.

Many members of the EG have vehemently questioned the mandate assumed by the group to estimate poverty ratios in view of the fact that a separate expert group appointed by Government of India was looking into the matter simultaneously. Much more than the mandate, poverty line estimation is a specialised and complicated issue, needing relevant expertise for the purpose. Hence a group not constituted for such a purpose should possibly not enter such a domain. Even if the group felt a strong need for estimating poverty afresh, it either should have waited for the other expert group to submit its report or should have possibly commissioned a separate study, at least for its own internal use.

More substantively, the poverty cut-off arrived at by the EG is arbitrary and top-down in nature. The method adopted is based more on practical than on normative considerations. The poverty line has been arrived at based on the rural poverty ratio (i.e. 50 per cent) with which the EG was comfortable. Hence, the ex-post normative bases of 2,100 calories and 12.25 kg of cereals come up more as a rationalisation, although these norms are higher than the levels actually prevailing for the poor as per the National Sample Survey Organisation (NSSO) surveys. This also goes against the accepted norm that the poverty

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2. The EG has largely consisted of members who represent government or government institutions.
line and the poverty ratio at the national level are arrived at based on the weighted aggregation from state-level poverty estimations. The EG has adopted the reverse method in a top-down way and has suggested that the state-level rural poverty ratios should be arrived at based on a proportionate adjustment of the existing ratios to match the new all-India head count ratio (HCR) of 50 per cent arrived at by the EG.

An even more glaring limitation of the EG’s approach is the fixing of the cap for the BPL census based on the arbitrary poverty ratio arrived at. The existing state-wise cap imposed for the BPL survey by the Planning Commission based on the official poverty estimation has been severely criticised because it negates the very spirit of the decentralised nature of the exercise conducted by the states with the involvement of the local self-governments. Many states have resented such an imposition in the past and have adopted a variety of means to overcome the limitation of the cap given the political nature of the issue. The EG has gone one step further and has even fixed district/block and village panchayat-level caps for local-level poverty estimation. The BPL numbers to be arrived at based on the new census methodology have to be within the cap recommended by the EG.

The EG’s recommendation on the cap thus not only justifies the existing system pertaining to the issue but even lends support for its continuation by extending it up to the village panchayat level. The poverty estimations arrived at by the Planning Commission based on the NSSO data are used for monitoring the objectives of the five-year plans and for allocating resources under several development schemes. As the Head-Count Ratio (HCR) of the Planning Commission gives impersonal figures, we need the actual identification of the poor at the grass-roots level based on a census to provide the needed assistance under the different poverty alleviation and social security programmes. Theoretically, if the concept of poverty as used by the Planning Commission matches truly with the grass-roots reality of poverty, as captured by BPL census, the estimations of both the exercises, that is, the macro estimation and the BPL census, should largely tally with each other. Unfortunately, this match has never occurred because of the glaring differences in the concept and methods adopted by the two exercises. Given such a mismatch, and given the top-down planning system, the wisdom of the higher-level policy-making bodies like the Planning Commission has prevailed over the wisdom of the states and local self-governments in arriving at the final BPL numbers. The knowledge at the higher level has come to be considered more superior and objective than the knowledge prevailing at the lower level when it comes to poverty assessment. The EG’s approach is no less different when it tries to extending the logic of the cap up to the village panchayat level.

The EG believes that the states and the Panchayati Raj Institutions (PRIs) that conduct the BPL census are susceptible to many local biases and pressures, resulting in the overestimation of BPL numbers. The influence of the elites and the powerful sections may cause large-scale inclusion and exclusion errors, which is described in the EG’s words as ‘in aggregation at a higher level there is incentive for the lower level to cheat and a built-in disincentive to remain honest’ (GOI 2009a:12). This concern over the perceived morally hazardous behaviour on the part of the lower agencies has led to the placing of the limit or cap on BPL so that these bodies behave only in an expected way. In doing so, the EG not only justifies the cap imposed earlier by the Planning Commission but even argues that not fixing the cap on the village panchayat would be a grave error.

The imposition of the cap on BPL households goes against all norms of decentralised planning and development, especially when we now have created a framework for local self-governance based on the
73rd Constitutional Amendment. With the cap, the PRIs are reduced to being mere agents or intermediaries that will identify the poor based on the given criteria. There is no scope for accommodating any genuine deviation in the number of the poor due to local variations, particularly when the number is going to be fixed for a village panchayat based on the average HCR for the block or district. In prescribing this, the EG has shown scant regard about the ability of the PRIs, which are seen as being highly prone to ‘cheating’. Unless the PRIs are seen as empowered institutions, their mere involvement for the purpose of conducting the survey will continue to yield the same results for BPL estimation as in the past. Moreover, many of the problems in the past surveys occurred not because of the PRIs alone. Some of the state governments had adopted highly ad hoc measures for the survey, which had led to many errors. Fixing the number itself may give rise to the reverse kind of morally hazardous tendencies, especially when the village-level estimates are on the lower side of the cap. The panchayats may then liberally apply the criteria to reach the cap given to them. If entrusted fully with some broad guidelines, the PRIs are more likely to come up with realistic estimates of BPL poverty households than those given by the official agencies.

Coming to the actual methodology suggested for the BPL census, the EG has proposed adopting a three-pronged strategy involving exclusion, inclusion, and grading. Given the varied constraints in identifying the poor, such a multi-pronged approach may help to some extent in addressing the exclusion and inclusion errors. The addition of the automatic inclusion of the poor is the major strength of the EG’s report. The inclusion and exclusion criteria, however, suffer from a few limitations. No scope is given for the identification of the poor based on local knowledge and context. As poverty and deprivation exhibit many local variations, it would be useful also to identify locally relevant indicators besides those suggested by the EG. The local community/gram sabha should be given scope to identify its own relevant criteria for automatic inclusion and exclusion. Ignoring such considerations would make the EG’s criteria top-down. Considerable evidence is now available in the literature on participatory development (Shylendra 2009) about the usefulness of involving the local community in identifying the poor/rich.

Further, it is not fully clear from the EG’s report as to how the exercise for exclusion and inclusion will be actually carried out. The report mentions that the panchayats will have complete information about such categories and hence would be able to prepare the list on their own. Data on many exclusion parameters—like ownership of vehicles or farm equipment, salary of organised sector employees, and income tax payments—are not available with the panchayats. Otherwise, a survey or a PRA (Participatory Rural Appraisal) may become necessary for this purpose. For automatic exclusion, it may be helpful to include even a voluntary exclusion category. Better-off households may be encouraged to voluntarily file self-declarations with the panchayat for exclusion from the BPL list. Even if a small percentage of these better-off households come forward, the exercise to that extent may become less complicated. Moreover, implementing land-based exclusion may face difficulty because of benami holdings. The EG has suggested a relative landholding cut-off based on the district average, which no doubt is an improvement over the absolute landholding used in the earlier surveys. (Agro zone within a dist. may be better than a distrct. Distrcts show wide variation within; However, the suggestion to calculate the size of the average landholding based on the gross cultivated area may help those with bigger landholdings as the actual identification is supposed to be done based on the net landholdings.

With regard to automatic inclusion, while the EG has identified many well-deserving categories like woman-headed households, destitutes, and maha dalits, the challenge will be in ensuring that the
panchayats proactively identify such groups. It would be useful here to actively involve some local credible non-governmental organisations (NGOs) and gram sabhas for ensuring such inclusion. Self-exclusion due to reticence and migration is common among such groups. The help of public agencies may be taken for gathering and analysing information about such groups. The panchayats may also give due publicity to the inclusion criteria and invite eligible households to come forward on their own, wherever possible.

With regard to the grading, the EG’s admitted principle and procedure is to follow a simple formula, which is transparent, grants the least amount of discretion to enumerators, and does not create any disincentives for the poor. The emphasis is on identifying the chronic poor based on developmental outcomes as well as social and economic structural factors that influence poverty. The proposed indicators are aimed at identifying the poor through an aggregation of the social status of the household as determined by caste or tribal or religious affiliation; economic position based on occupation combined with landownership; working capacity of the breadwinner based on age and health status (determined by the prevalence of chronic diseases); and educational attainment of the adults based on years of schooling. The poverty condition of a household is thus seen as a multidimensional phenomenon. As per the scores assigned, the indicators focusing on caste/religion and occupational status become the key determinants of poverty status. Again, in relation to these two indicators, certain groups given their historic status—like SC/ST households or agricultural labour households with or without land—have been assigned higher scores so as to give them a greater chance of being graded higher on the ten-point scale. Other indicators focusing on education, health, and age and with a score of one each serve more as supplementary variables for inclusion.

However, the assignment of a small weightage (1) for the minority Muslim community under the social status indicator comes as a little surprise, and appears to have been influenced by the recommendations of the Sachar Committee, which had recently assessed the social and economic progress of the Muslims in the country (GOI 2006). The EG, however, has suggested that Muslims be taken as a homogeneous (minority) group. The Sachar Committee had specifically identified Arzals and Ajlafs among Muslims as the socially disadvantaged groups needing attention for developmental purposes.

Compared to the 2002 BPL method, the scoring suggested by the EG is no doubt much easier. It not only proposes a fewer number of indicators (five as against thirteen in 2002) but also is simpler for scoring. However, the parameters suggested by the EG for the census may pose many operational and other difficulties. The simplification may possibly ignore the wide variations that exist with regard to defining or characterising poverty. The EG in a sense has sacrificed diversity for the sake of simplicity in the identification of the poor. Regarding occupation, the same mistake has been made of assuming sole occupation by household. The parameter may pose difficulty at the time of enumeration. Agricultural workers have been treated separately from casual workers without any clear basis. A household having both agricultural workers and casual workers is to be treated as an agricultural labourer household. This ignores the extent or magnitude of the household’s involvement in these two work categories. In many areas where migration is a major livelihood strategy, agricultural work constitutes only a small proportion of the total employment for the household. For agricultural labour with some land, it is not clear what the landholding limit should be. In addition, what if the casual workers possess land in much greater quantities than self-employed artisans or fisher folk who get two points on the occupation parameter? Would they still be given a higher score of three?
With regard to education, a household will get one point if no adult (> 30 years) has studied up to the fifth class. This is a developmental outcome variable trying to capture educational deprivation. To the EG, the rationale for considering only adults is based on the assumption that a perverse incentive is likely to be created for the family if young children are included for the purpose. Without a clear basis it would not be entirely right to assume that the poor would desist from sending their children to school just to obtain BPL status. Including children also in the variable would give a much better and more realistic picture of educational deprivation given the changing perception about the importance of education among the poor.

Regarding the parameter of households headed by an adult aged 60 years and above, the difficulty would be in obtaining proof of age. In addition, culturally, most communities consider the eldest (male) person as the household head. In that case, even a rich or a better-off household would earn a point on this count unless it is specified that such an adult is still the breadwinner.

A major concern, which was raised even within the EG, is the inability of the proposed ten-point grading scale to differentiate adequately the depth of poverty among the poor. As caste and occupation are the two most prominent variables, most of the poor households are likely to score between 3 and 7 on the scale. Giving preference to the needy while distributing various kinds of programme assistance might pose a difficulty as many are likely to have the same scores. This is a valid criticism, especially given the long wait list that is often prepared for programmes like the Indira Awaz Yojana (IAY). The EG has recommended that in such an eventuality, preference should be given to SC/ST and landless households, which amounts to giving an implicit additional weightage to the first two indicators. It would be more useful to involve the gram sabha in the task of prioritising the really needy in the case of a large number of households obtaining similar scores.

The EG’s approach with regard to defining a household for survey purposes also has led to some confusion. In the definition of a household for inclusion, the EG recommends that single women, old individuals, adults with chronic diseases, and bonded labourers may be treated as a separate household, even if they are part of the family being surveyed and share a common kitchen and roof. This amounts to separating or splitting these individuals from their households, which may have a negative impact. It may create a tendency of artificially dividing the household for the sake of obtaining BPL status and assistance. Care must be taken to ensure that these individuals are not forced to seek a separate livelihood based on BPL assistance while foregoing the protection of the primary household to which they belong.

With regard to the grievance-redressal mechanism, the EG has advocated that the gram sabha should be the forum for verifying any complaint against the BPL list, with a provision for appeal against its decision. The appeal may be filed with the CEO of the district panchayat. In the past, the grievance-redressal mechanism did not work properly as the village panchayats had no clear say regarding inclusion or exclusion of the households once the list had been approved. The cap also came in the way of the inclusion of genuine BPL households, even if they had made an appeal. Indeed, panchayats found it difficult to exclude even ineligible households against whose inclusion objections had been raised. Assigning the role to the gram sabha here by the EG is a step in the right direction. However, the gram sabha should be clearly vested with the power to include or exclude genuine cases, irrespective of the cap. Otherwise, the grievance-redressal mechanism may lose its significance, as it did in the past. In
addition, as suggested by the EG, it would be more convenient for the poor if the appeal were handled at the sub-divisional or block level rather than at the district level.

The EG has suggested that the actual survey should be conducted by a government official from a block/mandal different from the one in which the survey is to be held. The government official should be assisted by three village residents nominated by the village panchayat, of which at least one must be a SC/ST member and one must be a woman. Apparently, the EG has not looked into the experience of previous BPL surveys in this regard. Glaring errors have occurred in the survey processes in the past (Jain 2004). Different states had used different types of agencies for conducting the survey. For example, in Bihar, a ten-member committee of the panchayat conducted the survey, and in Gujarat, informal teachers undertook the exercise. The surveyors exhibited considerable differences in their motivation and capacity, which resulted in huge variations and discrepancies in the survey results. Ideally, the survey should be conducted by trained staff drawn from the government, NGOs, and panchayats. The involvement of credible NGOs should be encouraged widely across the board in the new survey. In the past, although PRIs were supposed to be involved, the experience clearly shows that they were largely ignored and that the survey had become largely a bureaucratic exercise.

The EG has recommended that the new BPL list should be accepted by all other departments and agencies instead of these bodies preparing separate lists for their own schemes. Many state governments have also conducted their own surveys for certain specific purposes, such as identifying the houseless or the landless. It may not be appropriate to prescribe that the BPL list should be used universally by all agencies, especially when it is ridden with grave errors of inclusion and exclusion. Moreover, the BPL list may not indicate the specific needs of the households as it is expected to capture only the general status of household poverty.

To conclude, the new BPL method of the EG, while certainly making improvements over the past methods, is unable to break any new ground and hence may not be able to address the major pitfalls of the previous methods. The outcome based on the proposed methodology may not be too different from the results of the previous methodologies. Under these circumstances, a census of this type conducted in a top-down manner is unlikely to help resolve the glaring issues of exclusion and inclusion. The review of the EG’s new method clearly suggests that we are no wiser than before about poverty and ways of tackling it. The muddle of the official poverty discourse still continues. It is unlikely also that we will see any dramatic changes in such methods in the near future. This is attributable both to the top-down approach for identification of the poor and the trap of fiscal conservatism. Both these limitations emerge as the real barriers to breaking any new ground in this regard. The report emerges largely as status quoist lest its recommendations turn the prevailing framework topsy-turvy. Deviations are possible only to the extent that they are considered feasible under the current political economy. Thus, the EG while having clearly accepted that the official estimates of poverty are an underestimation even on the basis of the narrow definition, is found to be so obstinate in its recommendations for universalisation or removing the poverty cap as not to disturb the official positions in any significant way.

No doubt, the EG’s report is a marked improvement as it has tried to look at poverty using a multidimensional perspective combining structural factors and developmental outcomes. But by imposing a cap on the village-level estimation of poverty, the report has failed to escape the limitations of the top-down framework.
Compounding the problem further is the pervasive neoliberal policy framework buttressed by fiscal conservatism. The official committees can never dare to tread beyond the perceived feasibility of the state for poverty eradication. Attempts to look at poverty more broadly or arrive at a more realistic estimation of the poverty magnitude or by recommending measures like the universal provision of basic needs and the radical redistribution of assets are by design ruled out of the purview of such exercises. All that one can expect is mere tinkering with the existing methods, while the problem calls for a totally different approach for a meaningful and effective solution. To conclude, under the current political economy, there seems to be no escape from the prevailing muddle over understanding poverty and the trap of reformism laid by the neoliberal framework in our efforts to banish poverty.

4. Identifying the Poor: Decentralised Planning Perspective

Poverty is a multi-dimensional phenomenon which is the result of historical deprivations—social and economic, the poor face. Poverty when seen in a top-down way is likely to be perceived narrowly and result in several negative fallouts. A narrow and a top-down approach is likely to miss out the wider and diverse deprivations the poor face. For example, in the case of calorie norm, the needs of the poor are seen more in an existential sense, ignoring other relevant requirements needed for a dignified or emancipated living. The second major consequence is the likely underestimation of poverty and deprivation for planning and development purpose resulting in adoption of narrow or partial policy strategies to eradicate poverty.

Specifically, when it comes to identifying the poor, any top-down approach and method is likely to result in several errors. The narrow and/or quantitative description is likely to ignore poor who face deprivations in a wide variety of way resulting in gross exclusion of the poor and deprived. The top-down method may fail to capture wider and local realities of poverty. Further, operationalisation of such top-down concept and method might bring in further bias in the assessment and identification aggravating the problem of exclusion.

A decentralized approach to identifying the poor becomes relevant on several counts. A decentralized approach here refers to understanding and assessing poverty from a grassroots perspective. Here the diverse/unique deprivations are captured based on local level understanding and assessment. There is involvement of local community, their leaders in the poverty assessment and identification. Civil society may also play an active role as catalyst in the whole process. The poor and weaker sections may themselves get a say in reflecting on poverty and participate in the assessment process.

Poverty assessment hence when seen and approached in a decentralized way is likely to help mitigate the consequences of errors resulting from top-down approach. The local self-governments will play a key role in such a decentralized approach. Involvement of local self-governance agencies in poverty assessment is likely to bring advantages both in the instrumental and empowering sense. In the instrumental sense, there is likely to be more equitable and efficient outcomes in poverty assessment especially when applied based on the principle of subsidiarity. There can be no better agency than a local government for identification of the poor and needy (and exclusion of the non-needy). The process will also empower the local governance agencies and community. The local agencies will participate in the process in a more involved way and enable the decentralized planning process to take
deeper roots. It will also give scope as mentioned above, for poor and deprived sections to have a say in the process. The outcome will be greater empowerment of the local community and their institutions.

The constitutional framework clearly envisages such an empowered approach. The decentralized approach to identification of poor and such other measures can enable realization of the constitutional goal of having decentralized planning and development. The PRIs as local self governments should be enabled to address the rights and entitlements of the needy and deprived and ensure justice in the delivery.

Preparing a BPL List

In a radical approach to decentralization, there can be no BPL list of the kind we have been preparing using a top-down approach wherein poverty criteria are given to the local self-governments. In a radical empowerment sense or approach, any such list will be prepared by the local governments on their own using criteria as evolved by them and as deemed relevant to assess poverty locally. At the most the higher level governments may give some broad guidelines to protect the interest of the socially and economically weaker sections. If the goal of decentralized development in an integrated sense is to be realized, there is no way but to move towards such an approach development planning. Till such an approach is realized we follow a methodology which has basic tenets of such decentralized framework. Hence the BPL list even if it were to be prepared as per existing (top-down) methodologies, but at least should go with the spirit of such empowered approach.

Another radical policy approach which can obviate preparation of the BPL list is the adoption of universalisation with respect to all basic services/needs. Universalised provision of food and other essential needs requires no such (BPL) list as all needy citizens would be entitled to receive the basic needs.

Both the above strategies mentioned could be termed as first-best in terms of addressing the questions of both empowerment and entitlements. While we should attempt to move towards attaining the first-best solution, any other methods we may adopt in the prevailing conditions must help or enable us to realize at least some of the basic tenets and principles of the first best solution. In this regard we propose a modified multi-pronged strategy (as a second best solution) based on decentralized planning principle. The multi-pronged strategy will include automatic exclusion and inclusion and grading for depth of poverty / deprivation. Multi-pronged strategy may serve the useful purpose of overcoming the problems or initiations associated with any single measure given the complexities involved in identifying the poor.

**No Cap:** There will not be any cap on the BPL numbers. The Top-down cap militates against decentralised approach. Removing the cap with few safeguards can result in more realistic estimation of the poor.

**Exclusion:** As regards automatic exclusion, besides the EG’s criteria we should give scope for states and panchayats to identify and add their own parameters for exclusion as per local realities. Certain illustrative parameters may be added which occur uncommonly but clearly capture poverty or wellness. Presence of landline telephone, private tap, private toilet, and use of multiple bulbs in a house as possible indicators of better-off households. However utopian it may appear, scope for voluntary exclusion should not be ruled out.
**Inclusion:** Here also besides the EG’s criteria, states may add their own parameters for inclusion. The EG’s list can also be expanded by adding other illustrative categories for inclusion by states like those pursuing stigmatized occupations. PRIs should be allowed to come up with locally relevant parameters for inclusion. For certain special groups like PwDs and widows, PRIs should be able to automatically include such households, even if they tend to fall under non-BPL categories.

**Grading:** The automatic exclusion and inclusion may not pose significant difficulty as these are households at the extremes of rural development/poverty and constitute only a smaller proportion of the total households/population in most part of India. The difficulty lies in identifying those who are in the middle of the poverty scale. Not only such households are in large numbers but belong to diverse social and economic categories/class.

Given also the multi-dimensional nature of poverty there is no easy way or criteria by which they can be easily and fully identified both in terms of the width and depth of their poverty/deprivation. Dynamics of local politics including dominance of the powerful also may come in the way of clear and unbiased identification. The cap imposed by the central government over the actual number to be identified is more likely to compound the problems further. PRIs should be enabled to adopt a more systematic method which can help in the preparation of an unbiased list of all the needy and deprived households.

The EGs criteria as discussed above though simple but fails to gauge the depth of poverty. Differentiation of poor households becomes difficult especially if prioritisation is needed. The method should be able to capture the chronic poverty both in terms of its key social and economic causes and characteristics, and able to differentiate in terms of the depth of poverty. The differentiation problem is not only due to low scale (1-10) but also because of inclusion of certain variables which occur less frequently among the poor households. Variables should also be diverse to clearly discriminate across households irrespective of whether the village is homogenous or not (socially and economically). These are possible only when there are adequate number of variables, if not many, which represent historical, social and economic characteristics of poverty and deprivation both in terms of causes and outcomes, and lend themselves for objective measurement and scaling. Even panchayats should be able to add certain locally relevant variables, if needed. Simultaneously, the data gathering should be less cumbersome and easy for arriving at final scoring. It should give scope of accommodating all possible unique situations locally which the EGs method would have failed. Keeping these issues in view an illustrative modified grading criteria is given in Table below.

The caste/tribe parameter is retained from the EGs schedule. Only in the case of Muslims, specific backward groups have been included (Arzals and Ajlafs) as per Sachar Committee’s recommendation. The criteria/variables could be further fine tuned to suit local situations or deviations. Certain variables and category of households which as per local assessment falls into particular group even states/PRIs can identify. We have felt the need to add land. Land is an important variable in the rural context which influence or determine the social and economic status of a household. Though in many cases land and occupations may overlap (ex-landless and landless labours), but there is considerable diversity in the case of occupations poor pursue. Only can follow each states criteria for classification based on land.
## Grading Criteria

<table>
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<th>3</th>
<th>4</th>
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<tbody>
<tr>
<td>1.</td>
<td>SC/ST</td>
<td>MBC/DT</td>
<td>OBC Including A &amp; A of Muslims</td>
<td>Other Castes</td>
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<tr>
<td>2.</td>
<td>Landless</td>
<td>Marginal farmers (Quantitative &amp; Qualitative)</td>
<td>Small farmers</td>
<td>Others (medium &amp; Large)</td>
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<td>3.</td>
<td>Landless labourers (Farm &amp; Non-farm) - Landless Artisans/Traditional services, Fishermen, Nomads, Landless</td>
<td>Labour (Farm &amp; Non-farm) and tenant - Artisans/Traditional services with land equivalent to marginal farmers - Labour with trade &amp; business</td>
<td>Labour with land equivalent to SF - Trade/business only without land - Artisans/traditional services with land equivalent to SF</td>
<td>Others (those with jobs, trade business with land)</td>
</tr>
<tr>
<td>4.</td>
<td>Members illiterate or studied or studying upto &lt; 5 class (0-5)</td>
<td>Member studied upto 10th class (5-10)</td>
<td>A member of HH studied &gt;10 Class</td>
<td>Others</td>
</tr>
<tr>
<td>5.</td>
<td>Kutch house</td>
<td>Semi-pucca without electricity/tap, etc.</td>
<td>Semi-pucca with electricity, tap or toilet</td>
<td>Pucca &amp; others</td>
</tr>
<tr>
<td></td>
<td>Possibly a Health Variable</td>
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We have also added two variables on development outcome pertaining to education and housing. They have been specified in such a way as to represent the development or deprivation status of the households. One can also add a variable to capture the health status so that grading schedule has all basic developmental variables. However, one need to clearly identify some variable which can be objectively measure or capture the health status. This could include variables like presence or absence of certain chronic diseases associated with poverty, BMI, Anemia, etc. These would require careful assessment for grading and scoring.

One can possibly identify varied cut-off scores (0-5 very very poor, 5-10 very poor, 10-15 poor, 16-20 non-poor). The PRIs should be allowed to prioritise among the poor using the list based on the need and deprivation. Such prioritization can be worked out for each development scheme or intervention. For example, for housing the houseless should become the basis for prioritisation than the score per se. Such distinction is possible only when PRIs are given scope for need based prioritization among the poor. The list is to be updated or revised by the VP as per demographic and other changes on a concurrent basis. This only can make the list dynamic, and enable PRIs to respond to such changes.

**Field Methods:** For grading, inclusion and exclusion a combination of field / data methods have to be used. Reliance on any one method or source may lead to bias or inaccuracy. Household survey, official data and PRA methods may have to be used to supplement and complement each other. PRA should be used only as supplementary mechanism, especially in bigger villages. A complete list of all the households in the village/s should be prepared before the exercise. PRA and gramasabha / ward sabha
can help in this preparation. PRA can also help to generate inclusion and exclusion criteria. Trained staff/ NGOs have to be employed in conducting these exercises and surveys.

**Role of PRIs at different Level:** All the three PRIs will play assigned role in the exercise. Higher level PRIs like ZP/IPs will oversee the operations, and consolidate the list for block and district. They may also identify and suggest parameters for inclusion and exclusion. The higher level PRIs will address grievance appeals and rectify any major discrepancies in the exercise or list. The village level exercise will be fully conducted by the village panchayats. The VPs could be supported by designated government officials, NGOs and citizens.

The village panchayat and gramasabha should be fully authorized to handle grievances. There can be scope for appeals to next higher level PRI. The gramasabha should be enabled to play a crucial role at various levels like exclusion, inclusion, PRA exercises and final authentication of the list. The gramasabha should also be taken into confidence for redressing appeals, revision or updation of the list and prioritization of households for various schemes.

**5. Conclusion:**

Poverty is a multi-dimensional phenomenon. Only a strategy based on the principle of entitlement and empowerment can effectively help to address the poverty challenge. Entitlement approach calls for universalisation of all the basic services. Widespread deprivation can be tackled only through universalisation. Universalisation clearly obviates the need for BPL census type exercises. Along with universalisation, a highly decentralised approach wherein the local self-governments are empowered to fully integrate poverty assessment with grassroots planning should be the way forward. PRIs should be given a clear say in poverty assessments if decentralized planning and development process is to emerge in a true sense. It is almost ‘a-now-or-a-never’ situation when it comes involving panchayats. Let us give panchayats a chance at last.

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References


