

## **Title Page**

# **MISUSES OF BELOW POVERTY LINE (BPL) CARDS AND IT'S CONSEQUENCE ON CHRONIC POVERTY: A CASE STUDY OF BALSORE DISTRICT OF RURAL ORISSA**

**By**

**Bijaya Kumar Malik and S. K. Mohanty**

bijayaiips@gmail.com & juleeiips@yahoo.co.in

sanjayiips@yahoo.co.in

**National Council of Educational Research and Training  
Sri Aurobindo Marg,  
New Delhi-110016**

**Authors Affiliation:**

Bijaya Kumar Malik is Lecturer at National Council of Educational Research and Training, New Delhi

# **MISUSES OF BELOW POVERTY LINE (BPL) CARDS AND IT'S CONSEQUENCE ON CHRONIC POVERTY: A CASE STUDY OF BALSORE DISTRICT OF RURAL ORISSA**

## **Abstract**

Poverty methodology has been subject to intense debate and discussion. The official poverty estimates of the Planning Commission and the BPL exercise carried out by the state government under the direction of Ministry of Rural Development do not use uniform criterion in identifying the poor. For implementation of various central and state governments the identification of poor by the state government under the BPL census is used. There has been discontent among the academia, researcher and policy makers not only on the methodology adopted in identifying poor but also the misuse in the distribution of BPL cards.

This paper demonstrates from a field study in rural areas of Balasore district of State of Orissa that there is widespread corruption and manipulation in distribution of Below Poverty Line (BPL) cards at the grass root level. At least one fourth of the non-poor are availing benefits under BPL while about two-fifth of the poor are excluded from such benefits. The reason cited for exclusion is mostly political. Specifically the most marginalized group, that is, schedule tribe population in the state are missed under the protective programme. This is largely due to no political voice, mass illiteracy and high disabled population. The study clearly indicates that all BPL based welfare schemes do not benefit the poor and therefore greater vigilance and concurrent evaluation is recommended for eradication of mass poverty.

# **MISUSES OF BELOW POVERTY LINE (BPL) CARDS AND IT'S CONSEQUENCE ON CHRONIC POVERTY: A CASE STUDY OF BALSORE DISTRICT OF RURAL ORISSA**

## **A. Background: Dimension and Measurement of Poverty**

The concept of poverty is multidimensional. The three main perspective of poverty as defined in context of human development are Income Perspective, Basic Need Perspective, as well as Capability Perspective (Par and Shiva, 2004). Income perspective defined a person is poor if and only if his income is below the defined poverty line. In basic need perspective poverty is deprivation of material requirements for minimal fulfillment of human needs including food, health, education and essential services that have to be provided by the community to prevent people from falling into poverty. Capability perspective represents absence of some basic capability to functions such as well nourished, adequate clothed and shelter and avoiding preventable morbidity and partaking in the life of the community

The major questions relating to poverty is “how to identify poor”?

There are broadly two major approaches to identify poor.

### **1. Per capita income/expenditure criteria**

### **2. Index Scoring**

#### **1. Per capita income/expenditure criteria**

The income criteria measure only one dimension of poverty and required high skill. In the Indian context, this approach is used in assessing the levels of poverty. The definition of poverty line in India was first attempted in 1962 by a working group set up by the planning commission (eminent economists and social thinkers) after taking into account the recommendations of the Nutrition Advisory Committee of the Indian Council of Medical Research (1958) regarding balance diet. The calorie norms of per capita daily requirement of 2400 calories in rural areas and 2100 calories in urban areas. Based on the above, the national level cut-off point on poverty lines for the

base year (1973-74) expressed as monthly per capita consumption expenditure of Rs 49.99 in rural areas and Rs. 56.64 in urban areas. In subsequent years, a state specific price index is used to determine the poverty level. However, the poverty trends in India, in the nineties have been a matter of intense controversy (Sundaram and Tendulkar,) line. Some of the controversies of this approach are

- a. Appropriate recall period: 30 days vs 7 days
- b. Price index applied: Change in composition of food and non-food item
- c. Basket of goods and services included
- d. Appropriate minimum threshold (calories level and the non-food requirement)

The policy makers and administrator are looking for an alternative approach to identify the rural poor household in the country. The Government of India in 1982 set up a Working Group to evolve an acceptable methodology to identify the poor through criteria alternative to per capita income or expenditure. The methodology to be followed and the set of indicators to be considered in identifying the poor household should be acceptable to locals, one should be able to collect the data with minimum efforts and data should be verifiable for reliability

## **2. Index scoring:**

It measures multiple dimension of poverty and simple to measure and the comparability is moderate. This approach uses selected indicators that are seen to reflect strongly on the situation of poverty in various dimensions. The indicators are usually a combination of income, capability, and consumption. The following are some of the attempt to measure poverty in the population using the non-income criterion.

**(i) The BPL Survey:** Three BPL surveys have been successfully conducted throughout the country using three different methodologies during 1992, 1997 and 2002. The BPL survey conducted in 1992 used household income criteria with a limit of Rs 11,000 annually. **The Below Poverty Line Survey (BPL 1997)** used two stage approaches in identifying the rural poor. The 1997 BPL survey used were the indicators such as (i) the size of land holding, (ii)ownership of pucca house as defined in the Census,(iii) receipt of annual income of Rs 20,000 or more,(iv) ownership of consumer durables and (v) ownership of farm equipments. These indicators focus on the deprivations in the capabilities space and have many limitations (Sundaram, 2003).

***In BPL 2002 survey***, a total of 13 variables were used in classifying the poor household. A score of 0, 1, 2, 3 and 4 was assigned to every household in respect of each of the indicator. These indicators are (1) size group of operational holding of land, (2) type of house, (3) average availability of normal wear clothing, (4) food security, (5) sanitation, (6) ownership of consumer durables, (7) literacy status of the highest literate adult, (8) status of household labor force, (9) means of livelihood, (10) status of children (5-14 years, any child), (11) type of indebtedness, (12) reason for migration from household and (13) preference of assistance.

**(ii) *Srinivasan and Mohanty (2004)***, utilizing the data of National Family Health Survey (a set of consumer durables and literacy status of the adult member) classified household as abject deprivation, moderate deprivation, just above deprivation and well above deprivation.

**(iii) *Reddy (2004)*** in his article “How to Identify Rural Poor? An Alternative Approach” utilizing the data of National Sample Survey of 50<sup>th</sup> round used 17 variables to classify poor household. These variables are (1) size of operational land holding, (2) irrigated land owned, (3) possession of milch/draught animals, (4) type of structure of house, (5) floor type, (6) type of latrine possessed, (7) primary source of drinking water, (8) overall condition of the house, (9) primary source of energy for cooking, (10) primary source of energy for lighting, (11) mobility of household members by train/bus, (12) accessibility of household to PAP, (13) social status (caste), (14) type of household (occupation), (15) family size, (16) sex of the household and (17) child/adult composition of household

## **B: Review of Studies:**

The recent study conducted by the National Council of Applied Economic Research (NCAER) in six states found that 40 percent of the BPL cards have been issued to people who are above the poverty line (APL); ranging from 84 percent in Assam, 43 percent in Uttar Pradesh, 50 percent in Rajasthan, 40 percent in Bihar and 38 percent in Chhattisgarh. Even the *Antodaya Anna Yojana* (AAY), initiated during 2000, to provide super-subsidized food grains for the poorest among the BPL category also showed similar misuse (The Bihar Times, 27/12/07). Using large scale data from the National Family and Health Survey-3, Ram, Mohanty and Ram estimated that about two-fifth of BPL cards are with the non-poor in the country (Ram F, Mohanty SK and Usha Ram, 2008). It is often stated that the

distribution of BPL cards is politically influenced and the rich are probably benefit more than the poor irrespective of the criterion adopted in identifying the poor households.

### **C. Need for the Study:**

Eradication of poverty in its all form was pledged in UN millennium declaration and India aimed at reducing the poverty level to below 19 percent by 2015. Though the national targets may be feasible, there will be large regional variation in the poverty and deprivation level in the country. The states with higher incidence of poverty continued to be plagued with mass poverty and larger inequality. The state of Orissa, one of the major state in the country continued to have highest poverty level over the decades. According to the estimates of Planning Commission, 2004-05, about 46 percentage of Orissa's population are living below poverty line in the state and the state maximum percentage of poor in the country. On the other hand the anti poverty measures are not reaching the poor and needy in the state. There is widespread misuse in central and state government programmes meant for the poor.

A number of welfare schemes funded by central and state governments are aimed towards upliftment of the poor using the "Below Poverty Line" (BPL) households as beneficiaries. The households that possess a BPL card are being benefitted from such schemes. Over the years, these schemes have been diversified, ranging from ration under the public distribution system which entitled them to obtain food grain, kerosene, cooking gas, edible oil etc at a highly subsidized rate, a free housing, old age pension, free/subsidized health care services. The recently launched Janani Surakhya Yajona (JSY) of providing cash assistance to mothers under the National Rural Health Mission (NRHM) is latest addition to the list which is primarily for families under the BPL. These benefits aimed at reducing the poverty level in the population and supposed to be for poor. Hence, understanding the context of distribution of BPL card, which is solely used for implementation of anti poverty benefits can help for corrective measures and help in reduction of poverty.

#### **D. Objective:**

The broad objective of the study is to understand the extent of misuse in distribution of BPL cards and its consequence on chronic poverty in Balasore district of Orissa.

#### **E. Data and Methods:**

A primary survey was conducted in 12 villages of Balasore district of Orissa under the ongoing doctoral work “Demographic Differentials of Poor and Non-poor: A case study of Balasore District of Rural Orissa”. The primary objective of the study was to devise the effective criterion for identifying the poor and understand the fertility behavior of poor in the district. Two set of questionnaire, namely, the household and women questionnaire were developed. The household questionnaire canvassed had 10 sections covering the housing characteristics, consumer durables, employment, income, consumption expenditure etc. In addition there was a specific section on the possession, use and reason for exclusion under the BPL scheme. This was designed primarily to know the extent of misuse of anti-poverty measures in the district. This paper is based on the household schedule. A total of 12 districts were selected with Systematic Random Sampling, covering of 600 households. From each village a total of 50 households were covered. The survey result is presented in Table 1. It may be noted that the response rates was universal for both the household and women schedule

In the present analysis, we have conceptualized as set of 12 variables most effective for identifying the poor. A bivariate analysis is used to understand the distribution of BPL cards in the households. The Principal Component Analysis (PCA) is used in to arrive a composite index based on the 12 variables used in identifying the poor.

The social attributes used in the present analysis are; educational status of the household head, presence of any adult literate member in the household and caste of the household.

## **F. Results:**

Table 2 presents the percentage distribution of households possessing a BPL card, duration of BPL card, type of BPL card and reasons of exclusion of BPL card. About 41 percent of households in the district holds a BPL card which is probably the guidelines by the state government to keep matching figure with the planning commission estimates of poverty. The possession of BPL cards by duration suggests that about one fourth holds such as card for more than five years. Among those excluded from the BPL cards, about two-fifth felt that it is *political* reason that deprived them from getting the benefits despite their economic backwardness. The question on perception of chronic poor indicates that about 34 percent households felt that their economic condition had either deteriorated or remained same compared to their parents, an indication of chronic poverty in the district.

Table 3 describes the mean, standard deviation and factor score of a set of 12 variables used in construction of composite index. We recommend that these variables are best suited in the context and may be part of BPL exercise. The variables used covered both the economic and non-economic domain. The variables like any adult member in the household, the purchase of staple food and the main occupation of the household are very powerful in identifying the poor. All these variables are dichotomized to 0 and 1, a prerequisite for PCA. The variables were also made unidirectional. It is heartening to note that all the score obtained from the PCA are in expected direction variables justifying their statistical significance. Based on the factor score a composite index is computed and termed as wealth index.

Table 4 and table 5 shows the possession of BPL card by specific economic and social characteristics of households respectively. With respect to housing characteristics, it may be noted that about 45 percent households belonging to third quintile, 25 percent in fourth quintile and 8 percent in fifth quintile are classified under BPL card. We expect that the percentage of households under such categories should be minimum. On the otherhand, about 40 percent household under the first quintile and 33 percent under the second quintile does not get benefits under the BPL scheme. This is an indication of the misuse of BPL card and exclusion of the poor and marginalized from the programme targeted for the poor.



The pattern is similar to the monthly wage income. Though the percentage of households with higher monthly income has less access to BPL card, it is still higher. One of the typical variables is the *Pucca* house with three or more rooms. About 11 percent of such households have a BPL card as an indication of the misuse of such facilities

We have also examined the possession of BPL card by abject deprivation of households. The abject deprivation has been defined as a situation where a household does not have any adult literate member, lives in a *Kaccha* house in rural areas and in Kaccha or semi pucca in urban areas, no land in rural areas and no toilet facility in urban areas, no drinking water facility of his own, does not own any of the consumer durables such as bicycle or television or radio and no electricity for his/her house. The deprivation score ranges from 0 to 6 where the score 0 is termed as abject deprivation (Srinivasan and Mohanty, 2002). It may be noted that about two-fifth of the households in the abject deprivation group do not have a BPL card. This is a clear indication that the BPL card and the welfare schemes implemented based on BPL card have failed to reach the majority of the poorest of the poor group.

Table 5 presents the percentage distribution of households possessing a BPL card by social characteristics. With respect to education, two of the variables, namely the presence of any adult literate member and educational level of the head of the household is given in the table. It is found that among households without an adult literate member, only 39 percent does not have a BPL card. The possession of BPL card by caste group indicates that it is higher among the Scheduled Tribe (ST) followed by Scheduled Caste (SC), Other Backward Caste (OBC) and others.

## **G. Discussion and Conclusion:**

The analysis suggests that a large number of BPL cards in the district are distributed to the non-poor households. This also confirms to the fact that households in possession of expensive assets such as *pucca* house with 3 or more sleeping rooms, a motorized vehicle, both television and refrigerator and land holdings of 3 acres or more, also possess a BPL card. It is estimated that, at least one fourth of the non-poor holds a BPL card while about three-fifth of the poorest does not have a BPL card.

What are the implications of such a trend? First, whatever methodology may be adopted in identifying the poor, there is a need for more vigilant and transparent mechanisms to exclude the non-poor. In case of false reporting, stringent action should be taken against all involved so as to make the poverty reduction successful. Second, the omission of the poorest of the poor (the abject deprived group) in distribution of BPL card is a grave concern. It is an indication that the poorest of the poor does not have a voice and omitted in many of the states from government welfare schemes like BPL. Last, we suggest vigilant and concurrent evaluation by autonomous institution to reduce the misuse of BPL schemes. By doing this miss-uses of BPL card among tribal population ,they are not only getting many benefits under BPL card as Rs 2 per k.g. rice but also they are excluded for a decade due to they have no strong political voice and mass illiteracy. It's ill effects restrict them from the vicious circle of chronic poverty in remote rural areas where no all weather road and no government beneficiary programme touching them in that remote areas.

## References:

**International Institute for Population Sciences (IIPS) and Macro International.** 2007. *National Family Health Survey (NFHS-3), 2005-06: India, Volume 1.* Mumbai: IIPS.

**Montgomery, M.R., Gragnolati, M., Burke, K.A. & Paredes, E.** (2000) Measuring living standards with proxy variables, *Demography*, 27: 155-174

**Office of the Registrar General & Census Commissioner,** India, (2006) Population Projection for India and States 2001-06, *Report of the Technical Group on Population Projections Constituted by the National Commission on Population,* India.

**Planning Commission, Government of India,** (2007) Poverty estimates for 2004-05, accessed on line: <http://planningcommission.nic.in/news/prmar07.pdf>.

**Ram F., S.K. Mohanty and Usha Ram.** (2008), "Understanding the context of BPL card distribution in India," (forthcoming) *Economic and Political Weekly*.

**Srinivasan, K and Mohanty S.K.** (2002), "Deprivation of basic amenities by caste and religion in India: An empirical study using NFHS Data", *Economic Political Weekly*, XXXIX (7): 728-735, February 14-20, 2004.

**Sundaram, K.** (2003). "On Identification of Households Below Poverty Line: Some Comments on the Proposed Methodology", *Economic and Political Weekly*, XXXVIII (9): 896 -902, March 1-7, 2003

The Bihar Times, 27/12/07

**Vyas, S. & Kumaranayake, L.** (2006), "Constructing socio-economic status indices: how to use principal component analysis", *Health Policy and Planning* 21 (6), 459-468.

**Table 1: Result of the household and women surveyed in Balasore district, Orissa**

Result	
<b>Household interviews</b>	
Household selected	612
Household interviewed	600
Household response rate (Percentage)	98.03
<b>Interview with women age 15-40</b>	
Number of eligible women	612
Number of eligible women interviewed	600
Eligible women response rate (Percentage)	98.03

Household Response rate= Household interviewed / Household selected \* 100

Women Response rate= Women Interviewed / Women selected \* 100

**Table 2: Percentage of household by selected characteristics of BPL card and perception on chronic poor**

BPL	Percentage	Number
<b>Have classified under BPL</b>		
Yes	41.2	247
No	58.8	353
Total	100	600
<b>Have seen BPL card (among those having BPL card)</b>		
Yes	98.0	242
No	02.0	5
Total	100	247
<b>Duration of BPL card (among those having BPL card)</b>		
Less than 1 year	34.4	83
1-5 years	42.3	102
5-10 years	23.2	56
Total	100	241
<b>Type of BPL card (among those having BPL card)</b>		
Antodaya	26.3	65
Annapurna	12.6	31
Ration excluding antodaya and Annapurna	61.1	151
Total	100	247
<b>Reason for exclusion( among those Not having BPL card)</b>		
Economically better off	49.0	169
Local political intervention	41.4	143
Others	09.6	33
Total	100	345
<b>Perception about chronic poor</b>		
Remained same	23.3	140
Improved marginally	52.0	312
Improve a lot	11.3	68
Detoraiated	13.3	80
Total	100	600

**Table 3: Mean score, Standard deviation and Factor score of variables used in computation of composite index**

<b>Variable</b>	<b>Value</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Factor score</b>
Pucca House with two or more rooms (X1)	1= Pucca House with two or more rooms 0= Otherwise	.1583	.3653579	<b>0.30013</b>
Those owning a bank or post office account (X2)	1= yes 0=No	.3700	.4832	<b>0.34900</b>
Have own arrangement of drinking water (X3)	1= Have own arrangement of drinking water 0=Not own arrangement of drinking water	.7167	.4509	<b>0.35084</b>
Any of the landline or mobile phone (X4)	1= Any of the landline or mobile phone 0= Otherwise	.2217	.4157	<b>0.32724</b>
Either television/refrigerator (X5)	1= Either television/refrigerator 0= Otherwise	.6333	.4822	<b>0.37505</b>
Any one of motorcycle/scooter/car/tractor (X6)	1= Any one of motorcycle/scooter/car/tractor 0=Otherwise	.4500	.4979	<b>0.25274</b>
Cultivators, laborer and rickshaw pullers, others (X7)	1= Non agricultural and daily wage labourer 0= Cultivators, laborer and rickshaw pullers, others	.6416	.4799	<b>0.30486</b>
Poorest of the poor identified by the programme (X8)	0= Poorest of the poor identified by the antodaya programme 1= Otherwise	.8916	.3110	<b>0.09986</b>
Frequency Purchase of staple food (X9)	0=daily purchase of staple rice 1= Otherwise	.7566	.4294	<b>0.20255</b>
Children not going to school (X10)	1= At least one child not going to school 0= Otherwise	.9183	.2740	<b>0.313813</b>
Any adult literate member in the household (X11)	1= Any adult literate member in the household 0= Otherwise	.8700	.3365	<b>0.18019</b>
Electricity legal ( X12)	1= Those are consumer 0= Otherwise	.7433	.4371	<b>0.39739</b>

**Table 4: Percentage of households possessing a BPL card according to selected characteristics of the households in Balasore district of Orissa**

Characteristics		
	Percentage	Number (N)
<b>Wealth Quintile (based on composite score using PCA)</b>		
Poorest (Q1)	59.5	121
Poorer (Q2)	64.7	133
Middle (Q3)	44.5	110
Richer (Q4)	25.0	124
Richest (Q5)	08.0	112
Poor (Q1, Q2)	62.20	254
Non-poor ( Q3, Q4 and Q5))	25.72	346
<b>Monthly wage Income</b>	52.3	197
Less than 1500	51.4	111
1501-2000	46.4	69
2001-3000	34.4	61
Above 3001	21.0	162
<b>Bank account</b>		
<b>Yes</b>	22.34	327
<b>No</b>	56.88	273
<b>Housing characteristics</b>		
Separate kitchen	28.29	304
No Separate Kitchen	54.39	296
Kaccha House	57.1	303
Semi Pucca House	31.11	135
Pucca House	19.75	162
<b>Own a pucca house with 3 or more sleeping rooms</b>	11.05	247
<b>Ownership of motorized vehicle</b>		
Yes	36.3	270
No	45.15	330
<b>Ownership of either television and refrigerator</b>		
Yes	36.6	380
No	49.1	220
<b>Ownership of land holding</b>		
None		
Up to 1 acres	37.85	362
1-2 acres	61.43	140
2-3 acre	27.03	27
More than 3 acre	13.95	37
<b>Family Type</b>		
Nuclear	38.57	477
Non-nuclear	51.22	123
<b>All</b>	<b>41.17</b>	<b>600</b>

**Table 5: Percentage of households possessing a BPL card according to selected characteristics of the households in Balasore district of Orissa**

Characteristics		
	Percentage	Number ( N)
<b>Family Type</b>		
Nuclear	38.57	477
Non-nuclear	51.22	123
<b>Any adult literate member in the household</b>		
Yes	55.13	78
No	39.08	522
<b>Caste of the household head</b>		
Scheduled Caste (SC)	37.44	219
Scheduled Tribe (ST)	58.70	46
Other Backward Caste (OBC)	45.78	83
Others (Non SC/ST/OBC)	39.68	252
<b>Main occupation of the household</b>		
Cultivator	71.64	67
Agricultural or non agricultural labourer	50.70	215
Others	28.3	318
<b>All</b>	<b>41.17</b>	<b>600</b>