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**STANDING COMMITTEE ON FINANCE
(2012-13)**

FIFTEENTH LOK SABHA

MINISTRY OF PLANNING

*[Action Taken by the Government on the recommendations contained in
Thirty-Second Report (15th Lok Sabha) on “Appraisal of BPL Criteria”]*

SEVENTY SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2013, Sravana, 1935 (Saka)

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Presented to Lok Sabha on 7 August, 2013

Laid in Rajya Sabha on 7 August, 2013



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2013, Shravana, 1935 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON FINANCE (2012-13)

Shri Yashwant Sinha - Chairman

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LOK SABHA

2. Shri Suwendu Adhikari
3. Dr. Baliram
4. Shri Sudip Bandyopadhyay*
5. Shri Udayanraje Bhonsle
6. Shri Nishikant Dubey
7. Shri Gurudas Dasgupta
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11. Shri Bhartruhari Mahtab
12. Dr. Chinta Mohan
13. Shri Sanjay Brijkishorlal Nirupam
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15. Shri S.S. Ramasubbu
16. Vacant**
17. Shri Adv. A. Sampath
18. Shri Thakur Anurag Singh
19. Dr. M. Thambidurai
20. Shri Shivkumar Udasi
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RAJYA SABHA

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26. Shri Satish Chandra Misra
27. Dr. Mahendra Prasad
28. Shri Ravi Shankar Prasad
29. Shri P. Rajeeve
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SECRETARIAT

- | | |
|---------------------------------|-----------------------|
| 1. Shri A.K. Singh | - Joint Secretary |
| 2. Shri Ramkumar Suryanarayanan | - Additional Director |
| 3. Shri Sanjay Sethi | - Deputy Secretary |
| 4. Shri Tenzin Gyaltsen | - Committee Officer |

* Nominated as Member of the Standing Committee on Finance w.e.f 13th December, 2012

** *Dr. Kavuru Sambasiva Rao, MP ceased to be the Member of the Committee w.e.f 17.06.2013 consequent upon his induction to the Union Council of Ministers*

INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorized by the Committee, present this Seventy-Second Report on Action Taken by the Government on the Recommendations contained in Thirty-Second Report of the Committee (15th Lok Sabha) on the subject "Appraisal of BPL Criteria".

2. The Thirty-second Report (15th Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 18 March, 2011. Updated replies indicating action taken on all the recommendations contained in the Report were furnished by the Government on 7 December, 2012.

3. The Committee discussed the draft report at their sitting(s) held on 17 May, 2013 and 24 May, 2013 and adopted the same at their sitting held on 24 May, 2013.

4. An analysis of action taken by Government on the recommendations contained in the Thirty-Second Report of the Committee is given in the Appendix.

5. For facility of reference, the observations/recommendations of the Committee have been printed in thick type in the body of the Report.

**New Delhi;
25 July, 2013
03 Shravana, 1935 (Saka)**

**YASHWANT SINHA,
Chairman,
Standing Committee on Finance**

CHAPTER I

REPORT

This Report of the Standing Committee on Finance deals with action taken by the Government on the recommendations/observations contained in their Thirty second Report (Fifteenth Lok Sabha) on the subject 'Appraisal of BPL Criteria' of the Ministry of Planning, which was presented to Lok Sabha on 18 March, 2011 and simultaneously laid in Rajya Sabha on the same day.

2. The Report contained 18 recommendations. Updated action taken notes have been received from the Government on 7 December, 2012 in respect of all the recommendations contained in the Report. These have been categorised as follows:

- (i) Recommendations/Observations which have been accepted by the Government:
Recommendation Nos.1, 2, 3, 4, 5, 6,7,8, 9, 10, 11,12 ,13,15,16,17 & 18

(Total: 17)
(Chapter II)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:
Nil

(Total : Nil)
(Chapter III)
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:
Recommendation No. 14

(Total: 1)
(Chapter IV)
- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:
Nil

(Total : Nil)
(Chapter V)

3. The Committee desire that the replies of the observations contained in Chapter I may be furnished to them expeditiously.

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

BPL Identification - Criteria

Recommendation (Serial No. 1, 5, 6, 7 & 9)

5. The Committee recommended as under:

“Despite six decades of planning, a plethora of schemes and various measures initiated by successive governments, it remains a stark reality that large number of our people are forced to live in abject poverty. It is disconcerting that we still have not yet arrived at a flawless and acceptable poverty estimation formula, which has predictably resulted in large variations of poverty estimates between the Planning Commission/Central government on the one hand and the States on the other, which again, may be at variance with the actual incidence of poverty. Several States have questioned the inconsistency in the criteria determined by the Planning Commission and have termed it absurd, as it seeks to pre-determine state-wise poverty according to certain normative criteria super imposed on the States. Such mis-match and contradictions have inevitably resulted in wrong targeting of different welfare schemes and consequent failure to achieve the objectives envisaged. In the year 2008-09 alone, the actual expenditure incurred in respect of centrally sponsored flagship schemes was to the tune of Rs. 126848.32 crore. It is obvious that the huge amount of anti-poverty funds spent over the years have not yielded the desired and tangible results. This obviously raises issues inter-alia about the role, mandate and functioning of the Planning Commission and the efficacy of the planning process per se. While not attempting a critique on the planning process as a whole at this point, the Committee would like to emphasise in this Report, the key concern areas relating to estimation of poverty, targeting of poverty alleviation schemes and suggest ways to overcome the discrepancies, mis-match and distortions that have crept in the system over the years.”

6. The Ministry of Planning, in their action taken reply, stated as follows:

“The various centrally sponsored schemes/ programmes have been in operation from time to time with the specific objectives. While it is acknowledged that the impact of implementation of these schemes may not have been upto the expectations, but certainly these schemes have brought a tangible impact in improving the standard of living of the people. For example, there has been a significant reduction in the headcount poverty ratio over the years irrespective of the methodology applied for estimation of poverty, increase in life expectancy, reduction in infant mortality rate, improvement in literacy rate, increased access to basic amenities, such as drinking water, sanitation and availability of increased benefits of socio-economic infrastructure in rural and urban areas.

The Planning Commission undertakes the exercise of reviewing the implementation of various centrally sponsored schemes/ programmes especially before the commencement of a five-year plan. During this

review exercise, the utility of the schemes is assessed for their continuation. As a part of the above review, the Centrally Sponsored Schemes (CSS) are restructured/ modified on the basis of feedback received on their implementation. Accordingly, a Committee under the Chairmanship of Shri B.K. Chaturvedi, Member, Planning Commission was constituted to look into the issue of restructuring of CSS to enhance its flexibility, scale & efficiency and the report has already been submitted. Presently, the Twelfth Five-Year Plan is being finalized and the recommendations of the B.K. Chaturvedi Committee will be taken note of. Therefore, it is a part of the planning process and policies are modified on a continuous basis keeping in view the changed situation in the country.

Similarly, the methodology for estimation of poverty including the definition of poverty line has been reviewed from time to time based on the recommendations of the experts in the field of poverty. The methodologies based on the recommendations of the Task Force, Lakadawala Committee and Tendulkar Committee are the examples. Now, another Expert Group has been set up in June 2012 to Review the Methodology for Measurement of Poverty under the Chairmanship of Dr. C. Rangarajan. Poverty itself is a dynamic concept, therefore, requires a review of methodology for its estimation from time to time. There is also a need to have a uniform methodology for the purpose of having a time-series data on poverty in the country which serves as a barometer to assess the success and failure of the policy interventions. Therefore, the Planning Commission adopts a defined methodology to estimate the poverty; however, the problems in identification of BPL families are being addressed to in consultation with the experts, States and other stakeholders through the exercise of Socio-Economic and Caste Census (SECC) 2011. The census is a comprehensive exercise involving the Ministry of Rural Development, Ministry of Housing and Urban Poverty Alleviation, the Office of the Registrar General and Census Commissioner of India and the State Governments/Union Territory Administrations.”

7. The Expert Group is required to submit its report in a year.

8. The Committee recommended as under:

“With a view to ascertaining the extent of divergence in the BPL estimates drawn by the Planning Commission with those identified by the State Governments, the Committee requested the State Governments/UTs to furnish the total number of BPL population identified in the States/UTs in the last BPL census of 2002. The Committee note with surprise that there is a wide divergence between the aggregate estimates made by the Planning commission and those submitted by the State Governments. The divergence is all the more glaring in respect of States like Jammu & Kashmir, Himachal Pradesh, Karnataka, Madhya Pradesh, Bihar and Arunachal Pradesh. The Committee are thus constrained to observe that the estimation of poverty and the consequential identification of BPL households which have been stated as two separate exercises by the

Planning Commission, do not seem to have worked in tandem at the ground level. This has thus resulted in unacceptably high level of divergence in many States, thereby defeating the very purpose of estimation by the Planning Commission. The Committee would, therefore, recommend that the Planning Commission should only confine itself to formulating the indicative criteria for determination of BPL population, while leaving the estimation and enumeration to a better-equipped machinery.”

9. The Ministry of Planning, in their action taken reply, stated as follows:

“The Hon'ble Committee in their report (page 31) analyzed the wide gap between the BPL population as identified by the States/ UTs based on BPL Census 2002, vis-à-vis, Planning Commission's poverty estimates. Column 2 of the table given at page 31 of the report indicates the total BPL population in the States which has been worked out by applying the poverty ratio of 1993-94 to the projected population estimated by the Registrar-General of India as on 1st March, 2000. In fact, the figures in Column 2 in the table at page 31 of this report are not BPL persons, rather it is total number of BPL households. With a purpose to clarify the position, a table indicating the basis of calculating the BPL households in respect of selected States is given as under:

S. No.	State	Projected Population of RGI as on 1-3-2000 (in lakhs)	Average Household Size	Total Household (In lakhs)	Poverty Ratio (1993-94)	BPL Household (in lakhs)	BPL Household Identified By the States In Rural Areas	BPL Population as mentioned in Report (In lakhs)
1	2	3	4	5	6	7	8	9
1.	J&K	99.45	5.52	18.02	40.86	7.36	6.179	37.78
2.	H.P.	67.11	5.34	12.57	40.86	5.14	2.823	23.54
3.	Karnataka	520.91	5.52	94.37	33.16	31.29	19.190	98.41
4.	Rajasthan	535.59	6.04	88.67	27.41	24.31	17.362	21.21
5.	M.P.	548.22	6.65	97.03	42.52	41.25	40.842	68.89
6.	Arunachal Pradesh	11.92	4.93	2.42	40.86	0.99	0.830	40.08
7.	Bihar	731.11	6.16	118.79	54.96	65.23	113.410	113.41
8.	Kerala	322.62	5.28	61.10	25.43	15.54		20.50
9.	Chhattisgarh	249.25	5.65	44.11	42.52	18.75	17.892	34.50

It may be clarified that the number of BPL households as indicated in Col. 7 of the above table has been arrived at by applying the poverty ratio 1993-94 to the projected population of RGI as on 1-3-2000. These poverty estimates were worked out by the Ministry of Consumer Affairs, Food & Public Distribution for the purpose of allocation of foodgrains to the States at BPL prices. As per the information made available by the Ministry of Rural Development, the number of BPL households identified by the States in the rural areas is indicated in Col. 8 of the table. It may be observed from the table that except the State of Bihar there does not seem to be much variation in the poverty figures as identified by the States from that of estimated BPL households. It is pertinent to mention

here that Bihar has identified 113.41 lakh households as BPL as against the total 118.79 lakh households of the State which means 95.4% of the State's population was living below the poverty line. This seems to be different from the ground reality, therefore, cannot be accepted. The State of Kerala did not finalise the list of BPL households on the basis of BPL Census 2002. It seems that in the report the total BPL population identified by the States is compared with the estimated BPL households due to which the variations look very vast. Further, Arunachal Pradesh is reported to have identified 40.08 lakh population as BPL whereas its total population based on 2011 Census is just 13.82 lakhs. It seems there is some typographical error.”

10. The Committee recommended as under:

“The Committee are given to understand that the Planning Commission uses the poverty ratio of Assam (estimated at 19.73% in 2004-05) for estimating poverty in seven States, namely, Sikkim (20.06% in 2004-05), Arunachal Pradesh (17.60% in 2004-05), Meghalaya (18.52% in 2004-05), Mizoram (12.62% in 2004-05), Manipur (17.34% in 2004-05), Nagaland (19.05% in 2004-05) and Tripura (18.94% in 2004-05). According to the Member Secretary, Planning Commission, they have to rely on Assam data because the data for other States is either not available or the sample size of the NSSO is so small as to be virtually unusable. The Committee find such a situation unsatisfactory where accurate poverty estimates for North-eastern States are not available at all. This raises serious questions about the adequacy and veracity of poverty related statistics in the country. The Committee are astonished that loose estimation is being done without undertaking proper household survey. When the Ministry of Rural Development is conducting household survey, there does not appear to be any need on the part of Planning Commission to go for mere estimates, resulting in wastage of resources. In the opinion of the Committee, such duplication of exercise, added with the issues of divergence in approach and mis-match in determining the incidence of poverty and the poor households are problem areas that need to be addressed. The Committee would thus recommend that a joint-mechanism may be instituted for this purpose, comprising of all the concerned Central Departments viz., Planning Commission, Ministry of Rural Development, Ministry of Housing and Urban Poverty Alleviation, NSSO under the Ministry of Statistics and Programme Implementation, Registrar General of Census under the Ministry of Home Affairs, Unique Identification Authority of India (UIDAI) etc., the concerned state Government Departments including the Panchayati Raj Institutions, for a joint and comprehensive poverty survey. Since different wings of government cannot be allowed to function at cross-purposes and jeopardize the goal of poverty eradication, the proposed survey in 2011 should thus be undertaken on a joint basis. “

11. In their action taken reply, the Ministry of Planning, have stated as under:

“It is true that the poverty ratio of Assam was applied to other North-Eastern States also based on the methodology recommended by Expert Group headed by Prof. D.T. Lakadawala. But now the Planning Commission has already accepted the poverty estimates for 2004-05 as computed by the Tendulkar Committee. The Tendulkar Committee estimated the poverty for all the North-Eastern States separately, therefore, the issue of applying the poverty ratio of Assam is not relevant now. Regarding the relevance of estimation of poverty by Planning Commission in the context of Ministry of Rural Development's household survey, it is submitted that there is no overlapping in this exercise. The Ministry of Rural Development is conducting the survey for the purpose of identification of BPL families in the rural areas. This exercise does not give us the total number of BPL persons in the country because there is no definition of poverty in terms of proxy parameters being used in the survey, which would make the distinction between poor and non-poor. It is therefore, clarified that estimation of poverty and identification of BPL families are two separate exercises which are complimentary to each other. For the purpose of identification of BPL families, the role of Panchayati Raj Institutions (PRIs) is defined as the BPL list is to be approved in the Gram Sabha. The methodology for conducting the Socio-Economic and Caste Census has been finalized in consultation with the stakeholders. The census is a comprehensive exercise involving the Ministry of Rural Development, Ministry of Housing and Urban Poverty Alleviation, the Office of the Registrar General and Census Commissioner, India and the State Governments and the Union Territory Administrations.”

12. The Committee recommended as under:

“The Committee note that various Expert Groups/agencies have indicated different estimates of poverty based on different assumptions and context. The Expert Group headed by Prof. Tendulkar, which was constituted by the Planning Commission to review the methodology for poverty estimation, suggested moving away from anchoring the poverty lines to the calorie intake norm and incorporating the changing consumption patterns of the people which would reflect more accurately their nutritional status. On the basis of their proposed methodology, the all-India rural poverty head count ratio for 2004-05 was estimated at 41.8%, urban poverty head count ratio at 25.7% and all India level at 37.2%. The Ministry of Rural Development constituted an Expert Group in 2008 under the Chairmanship of Dr. N.C. Saxena to advise them on the suitable methodology for conducting the BPL Census for the Eleventh Five Year Plan. This Expert Group suggested that ‘the percentage of people entitled to BPL status should be drastically revised upwards to at least 50%, though the existing calorie norm of 2400 would warrant this figure to be about 80%. This Group also suggested identification of poor families according to ‘automatic exclusion and inclusion criteria’. The remaining

households will be surveyed according to specified weightages. The Economic Survey, 2008-09 had brought out that based on the calculations on data on household consumption expenditure for 2004-05 (NSS 61st round 2004-05), the population with less than Rs. 20 per day per capita consumption expenditure was 60.5%. the National commission for Enterprises in the Unorganised Sector (NCEUS) under the Chairmanship of Late Shri Arjun Sengupta in their report on 'conditions of work and promotion of livelihood in the Unorganised Sector' estimated that 77% of the population had a per capita daily consumption of upto Rs. 20 in 2004-05, which could be considered as 'poor and vulnerable'. The proposed Survey/Census to be conducted by the Ministry of Rural Development in 2011 may further produce different results. The Committee are confounded at such a wide variation in the estimates of poverty made by Expert Groups constituted by the Government based on different sets of criteria. These facts only add credence to the emphasis placed by the Committee on the need for harmonizing the criteria for identifying and enumerating the poor through a joint mechanism of the concerned central, state and local agencies."

13. The Ministry of Planning, in their action taken reply, stated as follows:

"Officially, the Planning Commission is the only nodal Government agency entrusted with the responsibility of estimation of poverty. The poverty estimates recommended by the Tendulkar Committee for the year 2004-05 have been accepted as official poverty estimates. The number of BPL persons arrived at by other committees/ experts are based on different methodologies/ perceptions and may have been mentioned in a specific context. This position was explained to the committee in detailed written submissions. However, for identification of BPL families, the State Governments and local agencies have been involved in the exercise of SECC, 2011 which is being carried out under the guidelines of Ministry of Rural Development and Ministry of Housing & Urban Poverty Alleviation."

14. In response to observations of the Committee that the criteria and estimates formulated by the Planning Commission have proved to be inadequate, unrealistic and thus eluded proper implementation at the State level, the Ministry of Planning, in their written reply, stated that the Planning Commission estimates poverty at the national and State-level, separately for rural and urban areas from a large size sample survey of household consumption expenditure carried out the NSSO after every five years approximately. These poverty estimates are worked out with reference to the State specific poverty lines defined in terms of monthly per capita consumption expenditure. The States undertake the exercise to identify the Below Poverty Line (BPL) households for which proxy parameters are used for household consumption expenditure. The reason for using proxy parameters is that the collection of data on household consumption expenditure on census basis becomes a huge exercise which

requires a large number of trained enumerators besides being a time-consuming process. Therefore, for identification of BPL families, the indicators reflecting various types of deprivations and vulnerabilities are taken into account. The Ministry further added that the number of BPL families identified on the basis of proxy parameters used for consumption expenditure are not strictly comparable to the poverty estimates because poverty line is not defined in terms of these parameters and no common cut-off is imposed.

15. The Committee recommended as under:

“The Committee are sanguine that the poverty ratio needs to be estimated objectively and realistically and the criteria therefore should stretch beyond the current norm which lays emphasis on calorific value and reflect faithfully the changing nutritional profile and living status of the masses. The Committee, therefore, recommend that the operational methodology for identification of the poor should be based inter-alia on collectible information covering aspects relating to access to primary health including the number of illnesses of household members in a period of about a month which would give an indicative account on the extent of economic burden of households owing to poor health outcomes; level of indebtedness which often leads households into destitution and the reasons therefore; ownership and type of residence like kuccha, semi-pukka and pukka; proportion of total household members to the total members engaged in economically productive occupation or are self employed; schooling status of children along with number of working children in a household; and proportion of dependent children and the elderly, which would indicate the extent of economic strain on a household. Aspects relating to access to basic education, banking channels and micro credit should be suitably factored in operationalising the criteria for identification of the poor. The criteria may also provide for automatic exclusion of specified categories like those (a) possessing irrigated land double that of district average, (b) possessing two/four wheel mechanized transport vehicle, (c) income tax payees, (d) residence in a pucca house more than specified covered area, say 1,000 sq. ft (e) households with at least one person holding pensionable job etc. Keeping in view such a broader approach, the Committee feel that there need not be any specific ‘automatic inclusion criteria’. In view of the Committee, it would thus be in order to have a more comprehensive and multi-dimensional approach to determine poverty, which will also take into account dynamic aspects like slipping back and forth across the poverty line as also issues relating to empowerment of masses.”

16. The Ministry of Planning, in their action taken reply, *inter-alia*, stated as follows:

“The methodology to estimate poverty reviewed by the Expert Group headed by Prof. Suresh D. Tendulkar recommended to move away from anchoring the poverty line in calorie norm. The extracts from the report are reproduced under:

“.....a conscious decision was taken by the Expert Group to move away from anchoring the PL in calorie norm as in the past because (a) there is overwhelming evidence of downward shift in calorie Engel curves over time and (b) calorie consumption intake calculated by converting the consumed quantities in the last 30 days as collected by NSS has not been found to be well correlated either over time or across States with the nutritional outcomes observed in other specialized nutrition outcome surveys such as the National Family Health Surveys (NFHS).” (pages 7-8)

The report also mentions that:

"Even while moving away from the calorie norms, the proposed poverty lines have been validated by checking the adequacy of actual private expenditure per capita near the poverty lines on food, education and health by comparing them with normative expenditures consistent with nutritional, educational and health outcomes. Actual private expenditures reported by households near the new poverty lines on these items were found to be adequate at the all-India level in both the rural and the urban areas and for most of the states. It may be noted that while the new poverty lines have been arrived at after assessing the adequacy of private household expenditure on education and health, the earlier calorie-anchored poverty lines did not explicitly account for these. The proposed poverty lines are in that sense broader in scope.” (page 2/ para 5)

Recently, the Planning Commission appointed an Expert Group in 2012 ‘to Review the Methodology for Measurement of Poverty’ under the Chairmanship of Dr. C. Rangarajan. The Terms of Reference of the Expert Group are: (i) to comprehensively review the existing methodology of estimation of poverty and examine whether the poverty line should be fixed solely in terms of a consumption basket or whether other criteria are also relevant, and if so, whether the two can be effectively combined to evolve a basis for estimation of poverty in rural and urban areas; (ii) to examine the issue of divergence between consumption estimates based on the NSSO methodology and those emerging from the National Accounts aggregates; and to suggest a methodology for updating consumption poverty lines using the new consumer price indices launched by the CSO for rural and urban areas state-wise; (iii) to review alternative methods of estimation of poverty

which may be in use in other countries, including their procedural aspects; and indicate whether on this basis, a particular method can be evolved for empirical estimation of poverty in India, including procedures for updating it over time and across states and (iv) to recommend how the estimates of poverty, as evolved above, should be linked to eligibility and entitlements for schemes and programmes under the Government of India.

Besides, macro level estimation of poverty, the current SECC-2011 is gathering the information on a host of socio-economic indicators through a door-to-door enumeration of all the households in rural and urban areas of the country for actual identification of BPL households.

From amongst the rural households, the SECC 2011 is gathering the following information; for likely use as inclusion criteria, the data are collected on: (a) households without shelter, (b) destitutes/living on alms, (c) manual scavengers, (d) Primitive Tribal Groups, and (e) legally released bonded labourers.

The deprivation of the households is assessed from the following deprivation indicators. (a) Households with only one room with kucha walls and kucha roof; (b) Households with no adult member between age 16 to 59; (c) Female headed households with no adult male member between age 16 to 59; (d) Households with any disabled member and no able bodied adult member; (e) SC/ST households; (f) Households with no literate adult above 25 years; (g) Landless households deriving the major part of their income from manual casual labour;

The data on the following indicators are being gathered for use as possible exclusion criteria: (a) Households owning Motorized Two/Three/Four Wheelers/Fishing boats (which require registration); (b) Households owning mechanized Three/Four wheeler agricultural equipments such as tractors, harvesters etc; (c) Households having Kisan Credit Card with the credit limit of Rs.50,000 and above; (d) 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;); (e) Households with Enterprises registered with the Government for any purpose: any non agricultural enterprise registered with the Central or State Governments; (f) Households with any member in the family earning more than Rs. 10,000 p.m.; (g) Households paying income tax or professional tax; (h) Households with three or more rooms with pucca walls and pucca roof; (i) Households owning Refrigerator; (j) Households owning landline phones; (k) Households owning 2.5 acres or more irrigated land with at least one irrigation equipment such as diesel/ electric operated borewell/ tubewell; (l) 5 acres or more land irrigated for two or more crop seasons; (m) Households owning 7.5

acres or more land with at least one irrigation equipment such as diesel/ electric operated borewell / tubewell.

Similarly for urban areas, the information through SECC 2011 is being collected on a number of parameters which includes occupation, status of wage earnings, caste, educational status, disability, chronic illness, type of house/material used, ownership of house, size of the house, access to amenities such as drinking water, sanitation and source of lighting besides ownership of assets such as refrigerator, telephone/mobile phones, computer/laptop with or without internet, motorized wheelers, air conditioners, washing machines, etc.

The manner and method of utilizing this information for identification of beneficiaries for Government programmes have not been finalized.”

17. The Committee had expressed serious concern over non-existence of a flawless and acceptable poverty estimation formula resulting in failure to achieve objectives envisaged in different Welfare Schemes despite allocation of huge amounts of anti-poverty funds for them. While acknowledging the fact that the impact of implementation of various Centrally Sponsored Schemes/programmes may not be upto the expectations, the Ministry have contended that these Schemes have brought a tangible impact in improving the standard of living of the people. The Committee, however, would like to emphasise that schemes must be well-designed and money allocated for them well-spent. The Committee note that an Expert Group under the Chairmanship of Dr. C. Rangarajan has been set up in June, 2012 to review the methodology for measurement of poverty, whose terms of reference also include linking the estimates of poverty proposed to be evolved to eligibility and entitlements for schemes and programmes under the Government of India. The Expert Group is required to submit its report in a year. The Committee express their concern that constitution of one Expert Group after another may not resolve the problems. The Committee hope that in arriving at the estimates of poverty the ground realities are reflected. The Committee, therefore, desire that the Expert Group utilizes the data collected from the SECC-2011 and accordingly formulate reliable criteria for identification of BPL

population. The Committee expect the Government to ensure that the Expert Group submits its report within the stipulated period.

18. The Committee had also expressed serious concern over wide variation in the estimates of poverty made by Expert Groups constituted by the Government based on different sets of criteria. The Committee note that while the Planning Commission is the only nodal government agency entrusted with the responsibility of estimation of poverty, the Ministry of Rural Development and the Ministry of Housing & Urban Poverty Alleviation are the nodal agencies responsible for identification of BPL families in rural and urban areas respectively. The Committee have been informed that the estimation of poverty and identification of BPL families are two separate exercises which are complimentary to each other. The Committee have also been informed that the problems in identification of BPL families are being addressed to in consultation with the experts, States and other stakeholders through the exercise of Socio-Economic and Caste Census (SECC) 2011. The census is a comprehensive exercise involving the Ministry of Rural Development, Ministry of Housing and Urban Poverty Alleviation, the Office of the Registrar General and Census Commissioner of India and the State Governments/Union Territory Administrations. The Committee had, however, recommended setting up of a joint-mechanism comprising all the concerned Central/State Government Departments including Planning Commission for a joint and comprehensive poverty survey. The Committee strongly feel that mere involvement of concerned Departments will not yield the desired results and the joint mechanism as recommended by the Committee would serve the purpose better. The Committee fail to understand why Planning Commission is not even involved in the exercise. The Committee observe that the perpetual problem in arriving at estimates of poverty and identification of BPL families is only because of different parameters being adopted by the Planning Commission for estimation and the line Ministries *i.e.* the Ministry of Rural Development and the Ministry of Housing & Urban

Poverty Alleviation for enumeration. The Planning Commission have admitted that the number of BPL families identified on the basis of proxy parameters used for consumption expenditure are not strictly comparable to the poverty estimates because poverty line is not defined in terms of these parameters and no common cut-off is imposed. The Committee are of the considered view that Planning Commission, being the apex body entrusted with the responsibility of allocation of resources for various anti-poverty schemes, should take a lead role and work in close coordination with the Ministry of Rural Development/ Ministry of Housing & Urban Poverty Alleviation to ensure accurate enumeration of poverty in the country. The Committee, therefore, reiterate their recommendation for setting up of a joint mechanism comprising all the concerned Central/State Government Departments under the overall supervision of Planning Commission for a joint and comprehensive poverty survey with a view to ensuring accurate enumeration of poverty and obviating over estimation by some States for garnering more resources. This will ensure even distribution of central funds available for the States.

In this regard, the Committee would like to emphasise that identification of BPL families at the ground level should invariably be done and video graphed by the Gram Sabha in every State, which should be checked by a Government agency of the State with a provision of random cross-check of say 10% by an independent agency from outside the State.

19. The Committee had expressed surprise that there was a wide divergence between the aggregate BPL estimates made by Planning Commission and those submitted by State Governments. The Committee felt that there was no need on the part of Planning Commission to rely on loose estimation when the Ministry of Rural Development was conducting household surveys, terming it as wastage of resources and duplication of exercise. The Committee had, therefore, recommended that Planning Commission should only confine itself to formulating the indicative criteria for determination of BPL population, while leaving the estimation and enumeration to a better equipped machinery. The Committee are

constrained to note that the Ministry has not taken any tangible measure to implement the same. The Committee note that though the criteria for determination of poverty is yet to be fixed by the Expert Group under Chairmanship of Dr. C. Rangarajan, Socio- Economic and Caste Census(SECC 2011) has already started. It would have been better if the exercise of SECC 2011 was undertaken after finalization of the criteria by the Expert Group so that Planning Commission is able to arrive at authentic picture of poverty instead of mere estimates. The Committee regret to note that the Ministry is treading on the same path, which in the past produced results indicating glaring mismatch in poverty figures. The Committee, therefore, reiterate that Planning Commission should confine itself to formulating the indicative criteria for determination of BPL population, while leaving the estimation and enumeration of poverty to a joint mechanism to be taken up subsequently.

20. The Committee also note that for the identification of BPL households, Socio-Economic and Caste Census (SECC) 2011 is gathering information from rural/urban areas on a variety of socio-economic parameters including occupation; income; education; type and ownership of house; income tax/professional tax payees; ownership of assets such as two/three/four wheeler (which require registration)/refrigerator/washing machine/air-conditioners/ telephone/mobile phone/computer/laptop etc. The Committee are happy to note that most of the parameters recommended by it have been included. The Committee would like to be apprised of the present status of SECC – 2011 and the time frame by which the exercise is proposed to be completed. The Committee would also like to emphasize that the manner and method of utilizing information for identification of beneficiaries for Government programmes be finalized at the earliest. An action taken reply in this regard may be submitted to the Committee within a period of three months from the date of presentation of the Report.

Streamlining and restructuring/re-organisation of Centrally Sponsored Schemes (CSSs)

Recommendation (Serial No. 14)

21. The Committee recommended as under:

“The Committee would like to avail this opportunity to extend the discourse and suggest that the plethora of schemes and programmes obtaining now should be streamlined and rationalized to manageable proportions. There is no reason why there should be a scheme seeking to touch every aspect of human or livestock life. Such proliferation of schemes eventually leads to slipping of ‘plan’ expenditure to ‘non-plan’ segment, thereby slowing down the process of creation of capital infrastructure or durable assets in rural areas. The Committee suggest that the Central Government Schemes should focus on areas such as (i) rural road (ii) drinking water (iii) electricity (iv) irrigation (v) housing (vi) employment (vii) health (viii) education (ix) agriculture and (x) small and cottage industries. It is also necessary that the variety of schemes should be harmonized and integrated within the ambit of a region-specific plan. This approach thus requires that very detailed or schematic programmes should not be super-imposed on the States and levels below. Such a decentralized yet holistic approach will also ensure better utilization of earmarked funds under the centrally sponsored programmes. In this context, the Committee would also recommend multi-disciplinary monitoring of schemes simultaneously with their implementation as well as post-facto.”

22. The Ministry of Planning, in their action taken reply, stated as follows:

“The Ministry of Rural Development has been implementing several rural development programmes such as Pradhan Mantri Gram Sadak Yojana (PMGSY) for all weather rural roads, IAY for housing for rural poor, MGNREGA for supplementary wage employment and NRLM for enhancement of livelihood opportunities for rural poor. The Ministry places special emphasis on monitoring of its programmes with a view that these are implemented effectively and the benefit reach to the targeted groups of the society. The monitoring tools are (a) Periodical Progress Reports and web-based Management Information System (MIS), Performance Review Committee (PRC), Area Officer’s Scheme, Vigilance and Monitoring Committee at the State/District Level, National Level Monitors (NLM) and National Quality Monitors (NQM). The Ministry evaluates its programmes, both post-facto and concurrently. The main objectives of the Evaluation Studies are to evaluate the performance of the schemes at the field level, and to assess the impact of the programmes and to identify the problems in course of implementation so as to make mid-course corrections, wherever necessary.

Similarly for urban areas, revamped SJSRY guidelines specifically point the need for convergence in the delivery of various programmes at the

ULB level such as JNNURM, Rajiv Awas Yojana, Prime Minister's Employment Generation Programme, Aam Aadami Bima yojana, Rashtriya Swasthya Bima Yojana, Health Mission, Sarv Shiksha Abhiyan, Mid Day Meals Scheme, Integrated Child Development Scheme, National Social assistance Programme, Skill Development Initiative etc. To ensure quality and effective delivery of services to the target groups, Ministry of Housing & Urban Poverty Alleviation has placed monitoring systems for its schemes. Apart from institutional monitoring machinery at various levels, Third Party Inspection & Monitoring (TPIM), social audit and concurrent evaluation of the schemes are being done to plug the loopholes in the implementation of the schemes. Ministry of Housing & Urban Poverty Alleviation has initiated the process of evaluation study of performance of SJSRY Scheme during the 11th Plan for the country as a whole in the context of continuation of the Scheme in the 12th Five Year Plan.”

23. In the context of the restructuring of Centrally Sponsored Schemes, the 12th Plan document *inter alia* mentions as under :

“In view of the scarcity of resources, it is essential to take bold steps to improve the efficiency of public expenditure through plan programmes. To this end the Planning Commission had established a Committee under Member, B. K. Chaturvedi to make recommendations for rationalisation and to increase efficiency of Centrally Sponsored Schemes (CSSs) and for improving their efficiency. There has been a proliferation of CSS over the years, many of which are quite small. The Chaturvedi Committee had recommended that the number of CSSs should be drastically reduced and the guidelines under which the schemes are implemented should be made much more flexible. The recommendations have been discussed with the Ministries and the States and have generally been welcomed. It is proposed to implement these recommendations with effect from 2013–14”.

24 The Finance Minister in his Budget Speech 2013-14 has also *inter alia* mentioned that Government is concerned about the proliferation of Centrally Sponsored Schemes (CSSs) and Additional Central Assistance (ACA) Schemes. They were 173 in number at the end of the 11th Plan. The schemes will be restructured into 70 Schemes and each scheme will be reviewed once in two years.

25. While the emphasis made in the Committee’s recommendation had been to streamline and rationalize various Centrally Sponsored Schemes (CSSs) to manageable proportions with a view to ensuring better utilization of funds earmarked, the reply of the Ministry in this regard is evasive and,

therefore, not acceptable. The Committee, however, note from the Budget Speech 2013-14 of the Finance Minister that 173 CSSs at the end of 11th Plan will now be restructured into 70 Schemes and each Scheme will be reviewed once in two years. The Committee in their 69th Report (15th Lok Sabha) have felt that further streamlining, restructuring and rationalizing the number of CSSs will only enhance their productiveness. The Committee have also emphasized that while reviewing the Schemes, an element of accountability be built in the mechanism. In this context, the Committee would like to reiterate their earlier recommendation made in their 69th Report. The Committee also feel that frequent restructuring/re-organisation of Centrally Sponsored Schemes would not be necessitated, if these Schemes are conceived empirically during the initial stage itself with focus primarily on a few major schemes.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1)

Despite six decades of planning, a plethora of schemes and various measures initiated by successive governments, it remains a stark reality that large number of our people are forced to live in abject poverty. It is disconcerting that we still have not yet arrived at a flawless and acceptable poverty estimation formula, which was predictably resulted in large variations of poverty estimates between the Planning Commission/Central government on the one hand and the States on the other, which again, may be at variance with the actual incidence of poverty. Several States have questioned the inconsistency in the criteria determined by the Planning Commission and have termed it absurd, as it seeks to pre-determine state-wise poverty according to certain normative criteria super imposed on the States. Such mis-match and contradictions have inevitably resulted in wrong targeting of different welfare schemes and consequent failure to achieve the objectives envisaged. In the year 2008-09 alone, the actual expenditure incurred in respect of centrally sponsored flagship schemes was to the tune of Rs. 126848.32 crore. It is obvious that the huge amount of anti-poverty funds spent over the years have not yielded the desired and tangible results. This obviously raises issues inter-alia about the role, mandate and functioning of the Planning Commission and the efficacy of the planning process per se. While not attempting a critique on the planning process as a whole at this point, the Committee would like to emphasise in this Report, the key concern areas relating to estimation of poverty, targeting of poverty alleviation schemes and suggest ways to overcome the discrepancies, mis-match and distortions that have crept in the system over the years.

Reply of the Government

The various centrally sponsored schemes/ programmes have been in operation from time to time with the specific objectives. While it is acknowledged

that the impact of implementation of these schemes may not have been upto the expectations, but certainly these schemes have brought a tangible impact in improving the standard of living of the people. For example, there has been a significant reduction in the headcount poverty ratio over the years irrespective of the methodology applied for estimation of poverty, increase in life expectancy, reduction in infant mortality rate, improvement in literacy rate, increased access to basic amenities, such as drinking water, sanitation and availability of increased benefits of socio-economic infrastructure in rural and urban areas.

The Planning Commission undertakes the exercise of reviewing the implementation of various centrally sponsored schemes/ programmes especially before the commencement of a five-year plan. During this review exercise, the utility of the schemes is assessed for their continuation. As a part of the above review, the Centrally Sponsored Schemes (CSS) are restructured/ modified on the basis of feedback received on their implementation. Accordingly, a Committee under the Chairmanship of Shri B.K. Chaturvedi, Member, Planning Commission was constituted to look into the issue of restructuring of CSS to enhance its flexibility, scale & efficiency and the report has already been submitted. Presently, the Twelfth Five-Year Plan is being finalized and the recommendations of the B.K. Chaturvedi Committee will be taken note of. Therefore, it is a part of the planning process and policies are modified on a continuous basis keeping in view the changed situation in the country.

Similarly, the methodology for estimation of poverty including the definition of poverty line has been reviewed from time to time based on the recommendations of the experts in the field of poverty. The methodologies based on the recommendations of the Task Force, Lakadawala Committee and Tendulkar Committee are the examples. Now, another Expert Group has been set up in June 2012 to Review the Methodology for Measurement of Poverty under the Chairmanship of Dr. C. Rangarajan. Poverty itself is a dynamic concept, therefore, requires a review of methodology for its estimation from time to time. There is also a need to have a uniform methodology for the purpose of

having a time-series data on poverty in the country which serves as a barometer to assess the success and failure of the policy interventions. Therefore, the Planning Commission adopts a defined methodology to estimate the poverty; however, the problems in identification of BPL families are being addressed to in consultation with the experts, States and other stakeholders through the exercise of Socio-Economic and Caste Census (SECC) 2011. The census is a comprehensive exercise involving the Ministry of Rural Development, Ministry of Housing and Urban Poverty Alleviation, the Office of the Registrar General and Census Commissioner of India and the State Governments/Union Territory Administrations.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Comments of the Committee

[Please see Para No. (s) 17-20 of the Chapter I]

Recommendation (SI. No. 2)

Presently, incidence of poverty is estimated by the Planning Commission on the basis of sample surveys of household consumer expenditure conducted by the National Sample Survey Office (NSSO) on a quinquennial basis. Accordingly, the estimates of poverty were worked out for the years 1973-74, 1977-78, 1983, 1987-88, 1993-94, 1999-2000 and 2004-05. The latest poverty estimates have been made for the year 2004-05 based on the poverty line adopted at all-India level as Rs. 356.30 per capita per month at 2004-05 prices for rural areas; and Rs. 538.60 per capita per month for urban areas. On this basis, the percentage of population below poverty line for rural, urban and all India during 2004-05 was estimated at 28.3%, 25.7% and 27.5% respectively. While the estimation of poverty in the country is done by the Planning commission, the Ministry of Rural Development conducts the Below Poverty Line (BPL) census to identify the BPL households in rural areas which could be targeted under its various programmes. The Ministry of Rural Development has thus been conducting BPL census every five years since 1992 to identify the BPL households in the rural areas. In the latest BPL census conducted in 2002 by the Ministry of Rural Development, the States were given the option to identify the

number of BPL families equal to the poverty estimates of 1999-2000 or the adjusted share worked out by the Planning Commission, whichever was higher;; an additional 10% was allowed to account for the transient poor. However, no such census/survey has been conducted by the Ministry of Housing & Urban Poverty Alleviation for the urban areas on the plea that it is very costly and that the size of urban poverty alleviation programme handled by the Ministry had hitherto been very small.

Reply of the Government

Above is a statement of facts. However, in order to evolve a uniform methodology for identification of urban BPL, the Planning Commission, in May 2010, constituted an Expert Group under the Chairmanship of Professor S. R. Hashim to recommend the detailed methodology for identification of BPL families in the urban areas. In its Interim Report, the Expert Group recommended to follow a broad approach to capture urban poverty in terms of 'vulnerabilities' i.e. residential, occupational and social. Based on the aforementioned approach, the Expert Group recommended a set of questions to be canvassed for capturing information on indicators of these vulnerabilities.

Taking into account the interim recommendations of Expert Group, the Ministry of Housing and Urban Poverty Alleviation (HUPA) has launched the Socio-economic and Caste Census (SECC) in June, 2011, throughout the Country, jointly with Ministry of Rural Development. The States/UTs have initiated the survey work with financial support from Ministry of Rural Development (RD) for both rural and urban areas while technical support for SECC is being provided by both the Ministries of HUPA and RD. Final report of the Expert Group containing the detailed methodology for identification of poor families in urban areas is expected very soon.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No. 3)

During the course of examination of the subject by the Committee, significant lacunae came into sharp focus such as multiple indicators/criteria used for identification of the poor, divergence of official estimates of poverty ratio

with the actual incidence of poverty, no poverty census in urban areas, use of different methodologies for estimation and identification of BPL households, restricting the identification of poor in States to the cap fixed by the Planning Commission, variation in estimates, wrong-targeting of beneficiaries of welfare schemes etc. The Committee have sought to address these issues in the succeeding paragraphs.

Reply of the Government

The para contains the summary of issues which the Standing Committee on Finance has addressed to in their report and needs no comments at this stage.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No. 4)

The issue of BPL criteria and identification of people 'below the poverty using the family based income level of Rs. 11000 per year. However, line' assumes significance in view of its crucial role in the efficacy and functioning of the Public Distribution System (PDS) as also the identification of beneficiaries of targeted poverty alleviation programmes and different welfare schemes of the Government. The BPL Survey done by the Ministry of Rural Development in 1992 used the income criterion to determine poverty. This survey determined the poor the Committee notes that in the next BPL census of 1997, the consumption criterion was adopted to identify the poor. Also for the first time, exclusion criterion was used to rule out ineligible families in the first place. For the BPL census of 2002, the Ministry of Rural Development adopted a methodology of score-based ranking of household, as suggested by an Expert Group. In this process, thirteen socio-economic indicators were used to identify the poor families. The Committee, however, find that while using this criterion, errors of inclusion and exclusion in the BPL list far exceeded acceptable limits. Serious discrepancies also came to the fore as a result of the guidelines issued by the Ministry of Rural Development for the BPL Survey of 2002 which stipulated a ceiling on the number of BPL households to be identified, in order to be in

conformity with the poverty estimates of the Planning Commission. The Committee find it strange that the State Governments were asked to select the poor households so that the total percentage of such families did not exceed the limit already fixed by the Planning Commission. Paradoxically, this was like “the feet being made to fit the shoe”. As was to be expected, several States fixed their BPL number in excess of the Planning Commission limit, while objecting to be cap imposed by the Planning Commission. The fact that a large number of complaints were received on this mis-match in poverty estimates and also that “a part of the BPL population had been missed out” was conceded by the Secretary (Rural Development) in his deposition before the Committee. In this connection, the Committee were astonished to learn from the Secretary that there have been specific findings that 86% of the APL population ended up in the BPL and almost 17% of the richest quintile of the rural population were provided BPL cards. The committee is alarmed that such glaring inconsistencies, distortions and irregularities have plagued the BPL enumeration process. It is axiomatic that the criteria and estimates formulated by the Planning Commission have proved to be inadequate, unrealistic and thus eluded proper implementation at the State level. The Committee do not consider it prudent, practical and fair that the Planning Commission should impose a ceiling or limit on poverty to be strictly adhered to by the States. Such a top-down approach can only yield the kind of distorted results evidenced so far.

Reply of the Government

The Planning Commission estimates poverty at the national and State-level, separately for rural and urban areas from a large size sample survey of household consumption expenditure carried out the NSSO after every five years approximately. These poverty estimates are worked out with reference to the State specific poverty lines defined in terms of monthly per capita consumption expenditure. The States undertake the exercise to identify the Below Poverty Line (BPL) households for which proxy parameters are used for household consumption expenditure. The reason for using proxy parameters is that the collection of data on household consumption expenditure on census basis

becomes a huge exercise which requires a large number of trained enumerators besides being a time-consuming process. Therefore, for identification of BPL families, the indicators reflecting various types of deprivations and vulnerabilities are taken into account. It is submitted that Planning Commission provides the broad poverty estimates at the State-level. So far as the ceiling on identification of BPL household during BPL Census 2002 is concerned, it is submitted that during the time of this Census, the poverty estimates for 1999-2000 were available which indicated the poverty ratio as 26.1% at the National level, but this poverty ratio was not enforced for the purpose of identification of BPL families through this Census exercise. The States were given the option to identify the BPL households either in line with the poverty estimates of 1999-2000 or the adjusted share worked out for the year 1993-94, whichever is higher. It is pertinent to mention that the adjusted share reflected the poverty ratio of 36% as compared to poverty ratio of 26.1% of 1999-2000. The States were also allowed to permit an additional 10% in the BPL list to account for the transient poor. Therefore, the limit of poverty estimates worked out by the Planning Commission were not arbitrary, rather were based on State specific poverty ratios with reasonable flexibility. Moreover, the number of BPL families identified on the basis of proxy parameters used for consumption expenditure are not strictly comparable to the poverty estimates because poverty line is not defined in terms of these parameters and no common cut-off is imposed. Further the poverty estimates are for proportion and number of persons whereas identification exercise focuses on BPL household as a unit. Moreover, the States also have the flexibility of extending the benefits to a larger group of people that the State considers to be poor, by using their own resources. In any case, the objective of BPL census undertaken by the States is to identify the eligible and potential BPL families under various schemes rather than estimating the poverty. The presence of a large number of APL households and a significant percentage of richest quintile of the rural population in the BPL list only reflects that BPL Census exercise was not strictly monitored by the States/UTs. It is also submitted that the guidelines of BPL Census provided a two stage appeal mechanism on a continuous basis to settle the claims of the eligible households and also to

exclude the ineligible households, etc. In order to give recommendation on methodology for inclusion of eligible families and exclusion of ineligible families from the existing BPL list, the Ministry of Rural Development constituted a multi-disciplinary committee of experts with Prof. Abhijit Sen, Member Planning Commission as chairperson.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No. 5)

With a view to ascertaining the extent of divergence in the BPL estimates drawn by the Planning Commission with those identified by the State Governments, the Committee requested the State Governments/UTs to furnish the total number of BPL population identified in the States/UTs in the last BPL census of 2002. The Committee note with surprise that there is a wide divergence between the aggregate estimates made by the Planning commission and those submitted by the State Governments. The divergence is all the more glaring in respect of States like Jammu & Kashmir, Himachal Pradesh, Karnataka, Madhya Pradesh, Bihar and Arunachal Pradesh. The Committee are thus constrained to observe that the estimation of poverty and the consequential identification of BPL households which have been stated as two separate exercises by the Planning Commission, do not seem to have worked in tandem at the ground level. This has thus resulted in unacceptably high level of divergence in many States, thereby defeating the very purpose of estimation by the Planning Commission. The Committee would, therefore, recommend that the Planning Commission should only confine itself to formulating the indicative criteria for determination of BPL population, while leaving the estimation and enumeration to a better-equipped machinery.

Reply of the Government

The Hon'ble Committee in their report (page 31) analyzed the wide gap between the BPL population as identified by the States/ UTs based on BPL Census 2002, vis-à-vis, Planning Commission's poverty estimates. In column 2 of

the table given at page 31 of the report indicates the total BPL population in the States which has been worked out by applying the poverty ratio of 1993-94 to the projected population estimated by the Registrar-General of India as on 1st March, 2000. In fact, the figures in Column 2 in the table at page 31 of this report are not BPL persons, rather it is total number of BPL households. With a purpose to clarify the position, a table indicating the basis of calculating the BPL households in respect of selected States is given as under:

S. No.	State	Projected Population of RGI as on 1-3-2000 (in lakhs)	Average Household Size	Total Household (In lakhs)	Poverty Ratio (1993-94)	BPL Household (in lakhs)	BPL Household Identified By the States In Rural Areas	BPL Population as mentioned in Report (In lakhs)
1	2	3	4	5	6	7	8	9
1.	J&K	99.45	5.52	18.02	40.86	7.36	6.179	37.78
2.	H.P.	67.11	5.34	12.57	40.86	5.14	2.823	23.54
3.	Karnataka	520.91	5.52	94.37	33.16	31.29	19.190	98.41
4.	Rajasthan	535.59	6.04	88.67	27.41	24.31	17.362	21.21
5.	M.P.	548.22	6.65	97.03	42.52	41.25	40.842	68.89
6.	Arunachal Pradesh	11.92	4.93	2.42	40.86	0.99	0.830	40.08
7.	Bihar	731.11	6.16	118.79	54.96	65.23	113.410	113.41
8.	Kerala	322.62	5.28	61.10	25.43	15.54		20.50
9.	Chhattisga	249.25	5.65	44.11	42.52	18.75	17.892	34.50

It may be clarified that the number of BPL households as indicated in Col. 7 of the above table has been arrived at by applying the poverty ratio 1993-94 to the projected population of RGI as on 1-3-2000. These poverty estimates were worked out by the Ministry of Consumer Affairs, Food & Public Distribution for the purpose of allocation of foodgrains to the States at BPL prices. As per the information made available by the Ministry of Rural Development, the number of BPL households identified by the States in the rural areas is indicated in Col. 8 of the table. It may be observed from the table that except the State of Bihar there does not seem to be much variation in the poverty figures as identified by the States from that of estimated BPL households. It is pertinent to mention here that Bihar has identified 113.41 lakh households as BPL as against the total 118.79 lakh households of the State which means 95.4% of the State's population was living below the poverty line. This seems to be different from the

ground reality, therefore, cannot be accepted. The State of Kerala did not finalise the list of BPL households on the basis of BPL Census 2002. It seems that in the report the total BPL population identified by the States is compared with the estimated BPL households due to which the variations look very vast. Further, Arunachal Pradesh is reported to have identified 40.08 lakh population as BPL whereas its total population based on 2011 Census is just 13.82 lakhs. It seems there is some typographical error.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Comments of the Committee

[Please see Para No. (s) 17-20 of the Chapter I]

Recommendation (Sl. No. 6)

The Committee are given to understand that the Planning Commission uses the poverty ratio of Assam (estimated at 19.73% in 2004-05) for estimating poverty in seven States, namely, Sikkim (20.06% in 2004-05), Arunachal Pradesh (17.60% in 2004-05), Meghalaya (18.52% in 2004-05), Mizoram (12.62% in 2004-05), Manipur (17.34% in 2004-05), Nagaland (19.05% in 2004-05) and Tripura (18.94% in 2004-05). According to the Member Secretary, Planning Commission, they have to rely on Assam data because the data for other States is either not available or the sample size of the NSSO is so small as to be virtually unusable. The Committee find such a situation unsatisfactory where accurate poverty estimates for North-eastern States are not available at all. This raises serious questions about the adequacy and veracity of poverty related statistics in the country. The Committee are astonished that loose estimation is being done without undertaking proper household survey. When the Ministry of Rural Development is conducting household survey, there does not appear to be any need on the part of Planning Commission to go for mere estimates, resulting in wastage of resources. In the opinion of the Committee, such duplication of exercise, added with the issues of divergence in approach and mis-match in determining the incidence of poverty and the poor households are problem areas that need to be addressed. The committee would thus recommend that a joint-mechanism may be instituted for this purpose,

comprising of all the concerned Central Departments viz., Planning Commission, Ministry of Rural Development, Ministry of Housing and Urban Poverty Alleviation, NSSO under the Ministry of Statistics and Programme Implementation, Registrar General of Census under the Ministry of Home Affairs, Unique Identification Authority of India (UIDAI) etc. the concerned state Government Departments including the Panchayati Raj Institutions, for a joint and comprehensive poverty survey. Since different wings of government cannot be allowed to function at cross-purposes and jeopardize the goal of poverty eradication, the proposed survey in 2011 should thus be undertaken on a joint basis.

Reply of the Government

It is true that the poverty ratio of Assam was applied to other North-Eastern States also based on the methodology recommended by Expert Group headed by Prof. D.T. Lakadawala. But now the Planning Commission has already accepted the poverty estimates for 2004-05 as computed by the Tendulkar Committee. The Tendulkar Committee estimated the poverty for all the North-Eastern States separately, therefore, the issue of applying the poverty ratio of Assam is not relevant now. Regarding the relevance of estimation of poverty by Planning Commission in the context of Ministry of Rural Development's household survey, it is submitted that there is no overlapping in this exercise. The Ministry of Rural Development is conducting the survey for the purpose of identification of BPL families in the rural areas. This exercise does not give us the total number of BPL persons in the country because there is no definition of poverty in terms of proxy parameters being used in the survey which would make the distinction between poor and non-poor. It is therefore, clarified that estimation of poverty and identification of BPL families are two separate exercises which are complimentary to each other. For the purpose of identification of BPL families, the role of Panchayati Raj Institutions (PRIs) is defined as the BPL list is to be approved in the Gram Sabha. The methodology for conducting the Socio-Economic and Caste Census has been finalized in consultation with the stakeholders. The census is a comprehensive exercise involving the Ministry of Rural Development, Ministry of Housing and Urban Poverty

Alleviation, the Office of the Registrar General and Census Commissioner, India and the State Governments and the Union Territory Administrations.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Comments of the Committee

[Please see Para No. (s) 17-20 of the Chapter I]

Recommendation (Sl. No. 7)

The Committee note that various Expert Groups/agencies have indicated different estimates of poverty based on different assumptions and context. The Expert Group headed by Prof. Tendulkar, which was constituted by the Planning Commission to review the methodology for poverty estimation, suggested moving away from anchoring the poverty lines to the calorie intake norm and incorporating the changing consumption patterns of the people which would reflect more accurately their nutritional status. On the basis of their proposed methodology, the all-India rural poverty head count ratio for 2004-05 was estimated at 41.8%, urban poverty head count ratio at 25.7% and all India level at 37.2%. The Ministry of Rural Development constituted an Expert Group in 2008 under the Chairmanship of Dr. N.C. Saxena to advise them on the suitable methodology for conducting the BPL Census for the Eleventh Five Year Plan. This Expert Group suggested that 'the percentage of people entitled to BPL status should be drastically revised upwards to at least 50%, though the existing calorie norm of 2400 would warrant this figure to be about 80%. This Group also suggested identification of poor families according to 'automatic exclusion and inclusion criteria'. The remaining households will be surveyed according to specified weightages. The Economic Survey, 2008-09 had brought out that based on the calculations on data on household consumption expenditure for 2004-05 (NSS 61st round 2004-05), the population with less than Rs. 20 per day per capita consumption expenditure was 60.5%. the National commission for Enterprises in the Unorganised Sector (NCEUS) under the Chairmanship of Late Shri Arjun Sengupta in their report on 'conditions of work and promotion of livelihood in the Unorganised Sector' estimated that 77% of the population had a

per capita daily consumption of upto Rs. 20 in 2004-05, which could be considered as 'poor and vulnerable'. The proposed Survey/Census to be conducted by the Ministry of Rural Development in 2011 may further produce different results. The Committee are confounded at such a wide variation in the estimates of poverty made by Expert Groups constituted by the Government based on different sets of criteria. These facts only add credence to the emphasis placed by the Committee on the need for harmonizing the criteria for identifying and enumerating the poor through a joint mechanism of the concerned central, state and local agencies.

Reply of the Government

Officially, the Planning Commission is the only nodal Government agency entrusted with the responsibility of estimation of poverty. The poverty estimates recommended by the Tendulkar Committee for the year 2004-05 have been accepted as official poverty estimates. The number of BPL persons arrived at by other committees/ experts are based on different methodologies/ perceptions and may have been mentioned in a specific context. This position was explained to the committee in detailed written submissions. However, for identification of BPL families, the State Governments and local agencies have been involved in the exercise of SECC, 2011 which is being carried out under the guidelines of Ministry of Rural Development and Ministry of Housing & Urban Poverty Alleviation.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Comments of the Committee

[Please see Para No. (s) 17-20 of the Chapter I]

Recommendation (Sl. No. 8)

The Committee would also like to point out that the existing poverty line approach has its inherent limitations and may not capture important aspects of the real living conditions of the people. This is also abundantly evident from the fact that though States like Assam, Andhra Pradesh and J&K have a high

malnourishment ratio, the poverty estimates of these States, as per the Planning Commission's figures are much lower. This leads us to the key question of appropriate criteria to estimate poverty and its various facets. While economic growth and Government welfare programmes have made some impact on the living standards of the people, conditions relating to basic health, nutrition, education and social security have not improved to the desired extent. The Committee cannot help expressing regret over the fact that the criteria/approach recommended by various expert groups set up from time to time for defining and determining 'poverty' or 'poverty line' thus far have only left question marks and have failed in capturing the actual incidence of poverty in the country. Important aspects such as ill health, low educational attainments, geographical isolation, powerlessness or dis-empowerment in civil society, caste or gender based inherent disadvantages etc. remain to be conclusively captured in identifying and enumerating the poor. The wide variation in determining the population of the poor is illustrated by the fact that as per one of the expert groups appointed recently, the BPL population in the country would be as much as 80% as per the existing calorie norm of 2400, while as per another norm it is only 37.2%.

Reply of the Government

It is true that the poverty is a multi-dimensional and complex issue. For estimation of poverty, though the poverty line is defined in terms of monthly per capita consumption expenditure which is considered to represent the level of living of the people. However, the methodology of identification of poor households adopted in the successive BPL Censuses has taken cognizance of health, educational attainments, caste and gender based disparities. For example, the BPL Census 2002 determines the socio-economic status of the rural households based on 13 criteria, which include (a) land holding, (b) shelter, (c) clothing, (d) food security, (e) sanitation, (f) ownership of consumer durables, (g) education, (h) labour characteristics, (i) occupation category, (j) children's status, (k) indebtedness, (l) migration, and (m) preference towards state assistance. The Socio-Economic and Caste Census (SECC), 2011 is collecting information on a number of indicators

relating to the socio-economic status of the rural and urban households. These are capable of capturing the health, educational, caste and gender based disparities in the identification of poor households. The data captured through the on-going SECC would address the concern of the Committee to a considerable extent.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No. 9)

The Committee are sanguine that the poverty ratio needs to be estimated objectively and realistically and the criteria therefore should stretch beyond the current norm which lays emphasis on calorific value and reflect faithfully the changing nutritional profile and living status of the masses. The Committee, therefore, recommend that the operational methodology for identification of the poor should be based inter-alia on collectible information covering aspects relating to access to primary health including the number of illnesses of household members in a period of about a month which would give an indicative account on the extent of economic burden of households owing to poor health outcomes; level of indebtedness which often leads households into destitution and the reasons therefore; ownership and type of residence like kuccha, semi-pukka and pukka; proportion of total household members to the total members engaged in economically productive occupation or are self employed; schooling status of children along with number of working children in a household; and proportion of dependent children and the elderly, which would indicate the extent of economic strain on a household. Aspects relating to access to basic education, banking channels and micro credit should be suitably factored in operationalising the criteria for identification of the poor. The criteria may also provide for automatic exclusion of specified categories like those (a) possessing irrigated land double that of district average, (b) possessing two/four wheel mechanized transport vehicle, (c) income tax payees, (d) residence in a pucca house more than specified covered area, say 1,000 sq. ft (e) house-holds with at least one person holding pensionable job etc. Keeping in view such a broader approach, the Committee feel that there need not be any specific 'automatic inclusion criteria'. In view of the Committee, it would thus be in order to have a

more comprehensive and multi-dimensional approach to determine poverty, which will also take into account dynamic aspects like slipping back and forth across the poverty line as also issues relating to empowerment of masses.

Reply of the Government

The methodology to estimate poverty reviewed by the Expert Group headed by Prof. Suresh D. Tendulkar recommended to move away from anchoring the poverty line in calorie norm. The extracts from the report are reproduced under:

“..... a conscious decision was taken by the Expert Group to move away from anchoring the PL in calorie norm as in the past because (a) there is overwhelming evidence of downward shift in calorie Engel curves over time and (b) calorie consumption intake calculated by converting the consumed quantities in the last 30 days as collected by NSS has not been found to be well correlated either over time or across States with the nutritional outcomes observed in other specialized nutrition outcome surveys such as the National Family Health Surveys (NFHS).” (pages 7-8)

The report also mentions that:

"Even while moving away from the calorie norms, the proposed poverty lines have been validated by checking the adequacy of actual private expenditure per capita near the poverty lines on food, education and health by comparing them with normative expenditures consistent with nutritional, educational and health outcomes. Actual private expenditures reported by households near the new poverty lines on these items were found to be adequate at the all-India level in both the rural and the urban areas and for most of the states. It may be noted that while the new poverty lines have been arrived at after assessing the adequacy of private household expenditure on education and health, the earlier calorie-anchored poverty lines did not explicitly account for these. The proposed poverty lines are in that sense broader in scope." (page 2/ para 5)

Recently, the Planning Commission appointed an Expert Group in 2012 'to Review the Methodology for Measurement of Poverty' under the Chairmanship of

Dr. C. Rangarajan. The Terms of Reference of the Expert Group are: (i) to comprehensively review the existing methodology of estimation of poverty and examine whether the poverty line should be fixed solely in terms of a consumption basket or whether other criteria are also relevant, and if so, whether the two can be effectively combined to evolve a basis for estimation of poverty in rural and urban areas; (ii) to examine the issue of divergence between consumption estimates based on the NSSO methodology and those emerging from the National Accounts aggregates; and to suggest a methodology for updating consumption poverty lines using the new consumer price indices launched by the CSO for rural and urban areas state-wise; (iii) to review alternative methods of estimation of poverty which may be in use in other countries, including their procedural aspects; and indicate whether on this basis, a particular method can be evolved for empirical estimation of poverty in India, including procedures for updating it over time and across states and (iv) to recommend how the estimates of poverty, as evolved above, should be linked to eligibility and entitlements for schemes and programmes under the Government of India.

Besides, macro level estimation of poverty, the current SECC-2011 is gathering the information on a host of socio-economic indicators through a door-to-door enumeration of all the households in rural and urban areas of the country for actual identification of BPL households.

From amongst the rural households, the SECC 2011 is gathering the following information; for likely use as inclusion criteria, the data are collected on: (a) households without shelter, (b) destitutes/living on alms, (c) manual scavengers, (d) Primitive Tribal Groups, and (e) legally released bonded labourers.

The deprivation of the households is assessed from the following deprivation indicators. (a) Households with only one room with kucha walls and kucha roof; (b) Households with no adult member between age 16 to 59; (c) Female headed households with no adult male member between age 16 to 59;

(d) Households with any disabled member and no able bodied adult member; (e) SC/ST households; (f) Households with no literate adult above 25 years; (g) Landless households deriving the major part of their income from manual casual labour;

The data on the following indicators are being gathered for use as possible exclusion criteria: (a) Households owning Motorized Two/Three/Four Wheelers/Fishing boats (which require registration); (b) Households owning mechanized Three/Four wheeler agricultural equipments such as tractors, harvesters etc; (c) Households having Kisan Credit Card with the credit limit of Rs.50,000 and above; (d) 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;); (e) Households with Enterprises registered with the Government for any purpose: any non agricultural enterprise registered with the Central or State Governments; (f) Households with any member in the family earning more than Rs. 10,000 p.m.; (g) Households paying income tax or professional tax; (h) Households with three or more rooms with pucca walls and pucca roof; (i) Households owning Refrigerator; (j) Households owning landline phones; (k) Households owning 2.5 acres or more irrigated land with at least one irrigation equipment such as diesel/ electric operated borewell/ tubewell; (l) 5 acres or more land irrigated for two or more crop seasons; (m) Households owning 7.5 acres or more land with at least one irrigation equipment such as diesel/ electric operated borewell / tubewell.

Similarly for urban areas, the information through SECC 2011 is being collected on a number of parameters which includes occupation, status of wage earnings, caste, educational status, disability, chronic illness, type of house/material used, ownership of house, size of the house, access to amenities such as drinking water, sanitation and source of lighting besides ownership of

assets such as refrigerator, telephone/mobile phones, computer/laptop with or without internet, motorized wheelers, air conditioners, washing machines, etc.

The manner and method of utilizing this information for identification of beneficiaries for Government programmes have not been finalized.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Comments of the Committee

[Please see Para No. (s) 17-20 of the Chapter I]

Recommendation (Sl. No. 10)

The Committee believe that poverty cannot be eliminated by understating the figures or simply wishing away the problem. Government programmes can be more effectively delivered if the multiple dimensions of poverty are recognized and the criteria nuanced accordingly. The proposed criteria for poverty estimation should thus be easily defined and measurable, stable in the medium term and should also not become a disincentive for progress.

Reply of the Government

As mentioned earlier, the criteria for estimation of poverty is based on the level of consumption expenditure and it takes into account inter-state and intra-state price differentials to capture the real position. As mentioned in the preceding paras, the dynamic nature of poverty is acknowledged and in line with the changing situation, the methodology for estimation of poverty and the definition of poverty line has been revisited by the Expert Groups from time to time. Even now, another Expert Group under the Chairmanship of Dr. C. Rangarajan has been set up to look into the methodology of estimation of poverty afresh. The information being collected through SECC, 2011 is based on parameters which can be physically verified. Therefore, any methodology applied on this information to identify BPL families for delivering benefits under different programmes/schemes should be more transparent and simple.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No. 11)

As the special category or the 'poorest of the poor' comprise a vast chunk of the people, the Committee are of the view that we can make a real dent on poverty only by paying special attention to this category by devising and implementing focused and exclusive schemes/programmes for them. The Committee would, therefore, emphasise that a set of exclusive criteria may be specially considered to identify 'the poorest of the poor' so that Government schemes and programmes particularly aimed at them including the PDS are targeted in a fail-safe manner. Such a strategy distinguishing the 'poorest of the poor' from the general BPL will help ensure that this particularly vulnerable category does not get marginalized in the scheme of things. It will also help the Government devise and implement exclusive programmes to address problems of endemic hunger, starvation, acute malnourishment and agrarian distress. The Committee would therefore recommend that schemes such as Indira Awas Yojana (IAY) with suitable modifications, should be made universal for the 'poorest of the poor', while schemes such as NREGA should try to cover the BPL segment as well.

Reply of the Government

Ministry of Rural Development has been acting as a catalyst effecting the change in rural areas through the implementation of wide spectrum of its programmes which are aimed at poverty alleviation, employment generation, infrastructural development, social security and sustainable development with the main objective of alleviating rural poverty and provide an improved quality of life for the rural population especially those living below the poverty line. The Ministry of Rural Development is implementing various poverty alleviation schemes namely Mahatma Gandhi National Employment Guarantee Act (MGNREGA), National Rural Livelihood Mission (NRLM)/Ajeevika and Indira Awaas Yojana(IAY).

Mahatma Gandhi National Employee Guarantee Act, 2005 provides for the enhancement of livelihood security of the households in the rural areas of the

country by providing at least one hundred days of guaranteed wage employment in every household whose adult members volunteer to do unskilled manual work, irrespective of his status in terms of being below or above poverty line. MGNREGA is demand driven and does not differentiate on the basis of socio-economic status.

National Rural Livelihood Mission (NRLM) aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services. The agenda to cover BPL households in the country through self-managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives in a period of 8-10 years. To ensure inclusion of all the poor, participatory identification of the poor is to be followed. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment. NRLM believes in harnessing the innate capabilities of the poor and complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to participate in the growing economy of the country.

Under Indira Awaas Yojana (IAY), financial assistance is provided for the people living the poverty line. The programme positively discriminates in favour of marginalized sections of the society such as SCs, STs, disabled and minorities.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No. 12)

With a view to avoiding a rat race to be identified under BPL category for availing benefits of Government schemes and programmes including the PDS, the Committee would like the Government to encourage more community-based schemes, whose benefits will accrue to the identified communities/hamlets/villages as a whole. The mutual compatibilities amongst the related schemes/programmes, aimed at a common pool of beneficiaries, will go a long way in minimizing their mis-use, while imparting credibility and sustainability

to the BPL identification process. The Committee would, therefore, recommend that separate criteria may be formulated for community-centric programmes focusing on villages having more than two-third BPL population.

Reply of the Government

The Ministry of Rural Development is following precisely this approach in the implementation of right based MGNREGA. It entitles 100 days of work to every rural household willing to do unskilled manual labour. The community is involved in planning the works through the labour budget. The new programme of poverty reduction, namely National Rural Livelihood Mission/ Ajeevika intends to follow the community centric project focusing on Self Help Groups and their networked federations to ensure inclusion of all eligible persons and promote the community based approach to poverty reduction.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No. 13)

With a view to ensuring that every rupee reaches the person it is meant for, the Committee would like the Government to examine direct cash transfer scheme as tried out successfully in large countries like Brazil. The Committee gather that under their Bolsa Familia Programme (BFP) cash transfers via banks to poor Brazilian families are made on the condition that their children attend school and are vaccinated. Accordingly to a World Bank Study, the BFP in Brazil helped lift 20 million people out of poverty between 2003 and 2009, as the income of Brazil's poor grew seven times faster than that of the rich, and three times the national average. There are also experiments such as that in Indonesia where even the entire village is identified as 'poor' for targeted action and the people are incentivized to come out of the 'poverty trap'. The committee desire that the Government should evaluate such popular programmes successfully tried out in countries similarly placed like ours with a large population of poor and the marginalized. In this context, the Committee would like to emphasise that direct cash transfers to bank accounts of beneficiaries will also facilitate the

process of 'financial' inclusion being attempted by the banking sector. Such a scheme may also be integrated with the 'Aadhar' project of the Unique Identification (UID) programme to be implemented on a national scale, which will go a long way in plugging the rampant leakages in the dissemination of benefits to the poor.

Reply of the Government

Promotion of rural livelihood is addressed through various programmes of the Ministry of Rural Development like Mahatma Gandhi National Employment Guarantee Act (MGNREGA) and National Rural Livelihood Mission (NRLM)/Ajeevika. In order to minimize leakages in payments of wages under MGNREGA and pension disbursement under National Social Assistance Programme (NSAP), steps have been initiated to utilize Aadhaar numbers. However, adopting Conditional Cash Transfer for enhancing livelihoods of rural poor is not under consideration at present.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No. 15)

During the course of their discussions with the representatives of Life Insurance Corporation at Mumbai, the Committee found to their dismay that the coverage of BPL households under social insurance schemes such as Aam Aadmi Bima Yojana (AABY) was quite negligible and far from achieving the BPL target. Considering the absolute number of poor in the country, social insurance products/schemes of the Government seem to be now only 'scratching at the surface'. The Committee would therefore recommend that schemes such as AABY should be made universal so as to cover the entire BPL population within a pre-stipulated period.

Reply of the Government

The Social Security Insurance Schemes namely Aam Aadmi Bima Yojana(AABY) & Janashree Bima Yojana(JBY) for the economically backward section of society are being monitored by the Department of Financial Services, Ministry of Finance. The schemes are being implemented through Life Insurance

Corporation of India (LIC) in the country. The Aam Admi Bima Yojana (AABY) was launched to provide insurance cover to the head of family or one earning member of rural landless households. Under the scheme, the head of the family or an earning member of the family is eligible to receive the benefit of Rs. 30,000/- in case of natural death, Rs.75,000/- for accident death, Rs. 75,000/- for total permanent disability (loss of two eyes or two limbs or loss of one eye and one limb in accident) and Rs.37,500/- for partial permanent disability (loss of one eye or one limb in an accident). The premium under the scheme is Rs. 200/- per member per annum equally shared in the ratio of 50:50 between Central Government and respective State Government/UT. AABY also includes Shiksha Sahyog Yojana (SSY), a free add-on benefit of scholarship of Rs. 100 per month up to a maximum of two children of the beneficiaries studying between class IX and XII. LIC has informed that since launch of the AABY in the year 2007, LIC has covered 2,22,85,785 (65.72%) lives as on 31.10.2012 out of a potential of 3,39,10,346 households. The total number of lives in force as on 31.10.2012 is 1,77,90,636 (52.46%). Besides the Aam Admi Bima Yojana, another social security insurance scheme i.e. Janashree Bima Yojana (JBY) is also being implemented through LIC in the country.

JBY provides life insurance protection to the rural and urban persons living below poverty line and marginally above poverty line. A person between age 18 years and 59 years and who are the members of the identified occupational / vocational groups are eligible to participate in this policy. Under JBY a total number 2,69,15,274 lives have already been covered as on 31.10.2012.

The persons eligible for insurance coverage i.e. Rural Landless households (RLHs) under AABY have also been covered under JBY under different occupational categories. LIC has informed that potential of Rural Landless Households for the following states have already been covered under Janashree Bima Yojana.

Name of the State	Total No. of RLHs potential	Remarks
Rajasthan	7,38,000	All families have been covered through Pannadhay JBY scheme
Uttaranchal	1,24,000	All the BPL families have been covered through JBY Scheme
Goa	37,000	All the BPL families have been covered through JBY Scheme
Total	8,99,000	

AABY is a scheme, under which State Government needs to contribute 50% of the premium amount. LIC has reported that some States /UTs in the country are yet to give their consent for implementation of AABY. The status of such States/ UTs is as follows:-

<u>Name of the State</u>	<u>Total No. of RLH potential</u>	<u>Remarks</u>
<u>Tamil Nadu</u>	<u>42,03,000</u>	<u>Consent not given as they have their own scheme with similar benefits</u>
<u>Haryana</u>	<u>5,65,000</u>	<u>Consent given. Followup is made for implementation</u>
<u>Tripura</u>	<u>1,48,000</u>	<u>Consent given. Not implemented</u>
<u>Delhi</u>	<u>70,000</u>	<u>Only very limited potential is available</u>
<u>Manipur</u>	<u>13,000</u>	<u>Consent not given.</u>
<u>Meghalaya</u>	<u>12,000</u>	<u>Consent not given.</u>
<u>Arunachal Pradesh</u>	<u>8,000</u>	<u>Consent not given.</u>
<u>Dadar & Nagar Haveli</u>	<u>4,000</u>	<u>Consent given. Not implemented</u>
<u>Daman & Diu</u>	<u>3,000</u>	<u>Consent given. Not implemented</u>
<u>Mizoram</u>	<u>2,000</u>	<u>Consent not given as the population of RLH is very low and difficult to identify</u>
<u>Sikkim</u>	<u>2,000</u>	<u>Consent not given.</u>
<u>Total</u>	<u>50,28,000</u>	

As per LIC, the AABY scheme has not been renewed in the states of Bihar, Himachal Pradesh and Punjab and in the Union Territory of Puducherry. LIC has informed that the total number of potential RLHs in these States/UTs are as follows:

Name of the States	Total No. of RLH potential	Coverage since inception	Total lives in force
Bihar	37,12,000	19,21,604	NIL

Himachal Pradesh	38,000	5,000	NIL
Punjab	8,73,000	19,013	NIL
Puducherry	1,48,452	1,48,452	NIL
Total	47,71,452	20,94,069	NIL

LIC has been taking up the matter with the concerned State Government and is making all efforts to ensure that the Scheme is implemented in these states at the earliest. In a parallel development, the two schemes viz. AABY & JBY are being merged to ensure better coverage, administration and smooth implementation of the scheme. The Cabinet approval in this regard is already obtained. The State-wise coverage under AABY is at **Annexure-I**.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No.16)

Keeping in view the need to revisit the methodology for identification of urban poor, the Committee learn that the Planning Commission has constituted an Expert Group recently to recommend suitable methodology for identification of BPL families in urban areas under the chairmanship of Prof. S.R.Hashim. While estimating urban poverty, since it is necessary that incidence of rural-urban migration is taken into account, the Committee would urge the Planning Commission and the Ministry of Housing and Urban Poverty Alleviation to include this aspect in the terms of reference of the Expert Group, so that the rural-urban continuum is adequately captured in the estimates.

Reply of the Government

The Hashim Committee has submitted its interim report which included a questionnaire for collection of information under some socio-economic parameters for the urban areas. The information collected through these parameters is to be used for finalizing the final detailed methodology to identify the BPL households in the urban areas. During its deliberations, the issue of rural-urban migration prominently figured and empirical data available on the issue was also looked at.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No.17)

The committee regret that no survey has so far been conducted for establishing head count of urban poor. This has thus rendered infructuous the formulation and implementation of urban poverty schemes, which are being operated without any scientific basis. This has obviously resulted in low urban poverty ratio and has also led to inconsistencies such as Jharkhand having only about 20 per cent urban poor as compared to a much higher ratio for a State like Bihar. While deprecating the Government for delay and laxity in this matter, the Committee would recommend that a household surveys should also be conducted to determine the extent of urban poverty.

Reply of the Government

The Planning Commission has been estimating the poverty separately for rural and urban areas of the States. However, there has not been a common methodology to conduct the survey for identification of BPL families in the urban areas. Now, the Hashim Committee has already submitted its interim report alongwith the questionnaire to collect information for the urban areas. The Ministry of HUPA is coordinating the exercise of the Socio-Economic Caste Census in the Urban Areas. Thus, a common methodology for identification of BPL households in urban areas will also be in place which addresses the concerns of the Hon'ble Committee.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Recommendation (Sl. No. 18)

The Committee are also concerned about the efficacy of the proposed Food Security Bill when the criteria of identification of the poor remains nebulous. When this was pointed out to the Planning Commission, they sought to shift the onus to the Department of Food and Public Distribution, who are now expected to 'address the issues of errors of inclusion and exclusion to avoid anomalies'. The Committee would thus urge the Government to thrash out all the issues

relating to poverty criteria, estimation, identification and targeting before finalising the Food Security Bill.

Reply of the Government

The Government has accepted the recomputed poverty lines as recommended by the Tendulkar Committee for the year 2004-05. The poverty estimates based on the 66th Round of NSS for the year 2009-2010 have also been released. The SECC, 2011 for collection of vital statistics for the purpose of actual identification of BPL families both in rural and urban areas is in progress. Therefore, the application of the provisions of the proposed National Food Security Bill can be applied if so warranted.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

CHAPTER – III

**RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT
DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES**

- NIL -

CHAPTER – IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 14)

The Committee would like to avail this opportunity to extend the discourse and suggest that the plethora of schemes and programmes obtaining now should be streamlined and rationalized to manageable proportions. There is no reason why there should be a scheme seeking to touch every aspect of human or livestock life. Such proliferation of schemes eventually leads to slipping of 'plan' expenditure to 'non-plan' segment, thereby slowing down the process of creation of capital infrastructure or durable assets in rural areas. The Committee suggest that the Central Government Schemes should focus on areas such as (i) rural road (ii) drinking water (iii) electricity (iv) irrigation (v) housing (vi) employment (vii) health (viii) education (ix) agriculture and (x) small and cottage industries. It is also necessary that the variety of schemes should be harmonized and integrated within the ambit of a region-specific plan. This approach thus requires that very detailed or schematic programmes should not be super-imposed on the States and levels below. Such a decentralized yet holistic approach will also ensure better utilization of earmarked funds under the centrally sponsored programmes. In this context, the Committee would also recommend multi-disciplinary monitoring of schemes simultaneously with their implementation as well as post-facto.

Reply by the Government

The Ministry of Rural Development has been implementing several rural development programmes such as Pradhan Mantri Gram Sadak Yojana (PMGSY) for all weather rural roads, IAY for housing for rural poor, MGNREGA for supplementary wage employment and NRLM for enhancement of livelihood opportunities for rural poor. The Ministry places special emphasis on monitoring of its programmes with a view that these are implemented effectively and the benefit reach to the targeted groups of the society. The monitoring tools are (a)

Periodical Progress Reports and web-based Management Information System (MIS), Performance Review Committee (PRC), Area Officer's Scheme, Vigilance and Monitoring Committee at the State/District Level, National Level Monitors (NLM) and National Quality Monitors (NQM). The Ministry evaluates its programmes, both post-facto and concurrently. The main objectives of the Evaluation Studies are to evaluate the performance of the schemes at the field level, and to assess the impact of the programmes and to identify the problems in course of implementation so as to make mid-course corrections, wherever necessary.

Similarly for urban areas, revamped SJSRY guidelines specifically point the need for convergence in the delivery of various programmes at the ULB level such as JNNURM, Rajiv Awas Yojana, Prime Minister's Employment Generation Programme, Aam Aadami Bima yojana, Rashtriya Swasthya Bima Yojana, Health Mission, Sarv Shiksha Abhiyan, Mid Day Meals Scheme, Integrated Child Development Scheme, National Social assistance Programme, Skill Development Initiative etc. To ensure quality and effective delivery of services to the target groups, Ministry of Housing & Urban Poverty Alleviation has placed monitoring systems for its schemes. Apart from institutional monitoring machinery at various levels, Third Party Inspection & Monitoring (TPIM), social audit and concurrent evaluation of the schemes are being done to plug the loopholes in the implementation of the schemes. Ministry of Housing & Urban Poverty Alleviation has initiated the process of evaluation study of performance of SJSRY Scheme during the 11th Plan for the country as a whole in the context of continuation of the Scheme in the 12th Five Year Plan.

[Ministry of Planning, O.M. F. No. M-11019/1/2011-PP(Pt.), dated 7.12.2012]

Comments of the Committee

(Please see Para No. 25 of the Chapter – 1)

CHAPTER- V

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL
REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

- NIL -

**New Delhi;
25 July, 2013
03 Shrawana, 1935 (Saka)**

**YASHWANT SINHA,
Chairman,
Standing Committee on Finance.**

**MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON FINANCE
(2012-13)**

The Committee sat on Friday, the 17th May, 2013 from 1130 hrs. to 1450 hrs.

PRESENT

Shri Yashwant Sinha – Chairman

LOK SABHA

1. Shri Sudip Bandyopadhyay
2. Shri Nishkant Dubey
3. Shri Gurudas Dasgupta
4. Shri Deepender Singh Hooda
5. Shri Bhartruhari Mahtab
6. Dr. Chinta Mohan
7. Shri Sanjay Brijkishorlal Nirupam
8. Shri S.S. Ramasubbu
9. Dr. Kavuru Sambasiva Rao
10. Shri Adv. A. Sampath
11. Shri Shivkumar Udasi

RAJYA SABHA

12. Shri Naresh Agrawal
13. Smt. Renuka Chowdhury
14. Shri Ravi Shankar Prasad
15. Shri P. Rajeeve
16. Dr. Yogendra P. Trivedi

SECRETARIAT

1. Shri A.K. Singh – Joint Secretary
2. Shri Ramkumar Suryanarayanan – Additional Director
3. Shri Sanjay Sethi – Deputy Secretary
4. Shri Kulmohan Singh Arora – Under Secretary

**Part I
(1130 hrs. to 1200 hrs.)**

2.	XX	XX	XX	XX
	XX	XX	XX	XX

3. xxxxxx. Thereafter, the Committee took up draft report on action taken by the Government on the recommendations/observations contained in the 32nd Report on the subject 'Appraisal of BPL Criteria' and decided to defer consideration of the same to the next sitting.

Part II
(1200 hrs. to 1450 hrs.)

WITNESSES

4.	XX	XX	XX	XX
	XX	XX	XX	XX
5.	XX	XX	XX	XX
	XX	XX	XX	XX
6.	XX	XX	XX	XX
	XX	XX	XX	XX

A verbatim record of the proceedings was kept.

The witnesses then withdrew.

The Committee then adjourned.

MINUTES OF THE SIXTEENTH SITTING OF THE STANDING COMMITTEE ON FINANCE (2012-13)

The Committee sat on Friday, the 24th May, 2013 from 1100 hrs to 1405 hrs.

PRESENT

Shri Yashwant Sinha – **Chairman**

Lok Sabha

1. Shri Sudip Bandyopadhyay
2. Shri Gurudas Dasgupta
3. Shri Chandrakant Khaire
4. Dr. Chinta Mohan
5. Shri S.S. Ramasubbu
6. Dr. Kavuru Sambasiva Rao
7. Shri Adv. A. Sampath
8. Shri Thakur Anurag Singh
9. Shri Shivkumar Udasi

RAJYA SABHA

10. Shri Naresh Agrawal
11. Smt. Renuka Chowdhury
12. Shri Satish Chandra Misra
13. Shri Ravi Shankar Prasad
14. Shri P. Rajeeve
15. Shri Praveen Rashtrapal

SECRETARIAT

1. Shri A.K. Singh – Joint Secretary
2. Shri Ramkumar Suryanarayanan – Additional Director
3. Shri Sanjay Sethi – Deputy Secretary
4. Shri Kulmohan Singh Arora – Under Secretary

Part I

(1100 hrs. to 1135 hrs.)

2. The Committee took up draft report on action taken by the Government on the recommendations/observations contained in the 32nd Report on the subject 'Appraisal of BPL Criteria' and adopted the same with some minor modifications as suggested by Members. The Committee authorised the Chairman to finalise the Report in the light of the modifications suggested and present the same to Hon'ble Speaker / Parliament.

Part II
(1135 hrs. to 1405 hrs.)

WITNESSES

3.	XX	XX	XX	XX
	XX	XX	XX	XX .
4.	XX	XX	XX	XX
	XX	XX	XX	XX

A verbatim record of the proceedings was kept.

The witnesses then withdrew.

The Committee then adjourned.

APPENDIX
(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE
GOVERNMENT ON THE RECOMMENDATIONS
CONTAINED IN THE THIRTY-SECOND REPORT OF THE
STANDING COMMITTEE ON FINANCE (FIFTEENTH LOK
SABHA) ON "APPRAISAL OF BPL CRITERIA"

	Total	% of total
(i) Total number of Recommendations	18	
(ii) Recommendations/Observations which have been accepted by the Government (vide Recommendation Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13,15,16,17,18)	17	94.45%
(iii) Recommendations/Observations which the Committee do not desire to pursue in view o the Government's replies	Nil	-
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (vide Recommendation No. 14)	1	5.55%
(v) Recommendations/Observations in respect of which final reply of the Government are still awaited	Nil	-