

# Understanding the Distribution of BPL Cards: All-India and Selected States

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Using the recent National Family and Health Survey-3 data, this paper examines the distribution of below poverty line cards. The possession of BPL cards by the households in various economic and social settings index is analysed. The findings suggest that about two-fifths of the BPL cards in India are with the non-poor households. On the other hand, in many of the states a majority of households in abject deprived groups do not possess a BPL card. The extent of misuse is higher in Andhra Pradesh, Karnataka and Kerala, while it is lower in Tamil Nadu. In economically weaker states like Orissa and Bihar, a higher proportion of non-poor households possess a BPL card.

A number of welfare schemes funded by federal and state governments are aimed at the upliftment of poor and the reduction of inequality.

## 1 Background

In order to identify the poor, the concept of “below poverty line” (BPL) is used. The local agencies with the guidelines of the ministry of rural development of the government of India carry out the exercise of identifying the BPL households and then distribute the cards. The households that possess a BPL card benefit from such welfare schemes. Over the years, these schemes have been diversified, ranging from ration cards under the public distribution system which entitled them to obtain foodgrain, kerosene, cooking gas, etc, at highly subsidised rates, free housing, old age pension, free/subsidised healthcare services, etc. The provision of edible oil at subsidised rates to the BPL cardholders is a recent addition to the already existing long list of free or subsidised items earmarked for the poor. These benefits account for a very large part of the national and state government expenditures and therefore their proper utilisation is often debated.

The BPL cards are distributed after identifying the households based on population based surveys in each state in accordance with the guidance provided by the ministry of rural development. So far, three BPL surveys – 1992, 1997 and 2002 – have been conducted throughout the country using three different methodologies. The BPL survey conducted in 1992 used the household income criteria with a limit of Rs 11,000 annually. The 1997 BPL survey used two schedules, namely, schedule A and schedule B for identifying the poor households. Schedule A used the exclusion criteria based on any of the five variables, namely, ownership of a pucca house, annual income of the family being more than Rs 20,000, ownership of more than two hectares of land, ownership of consumer durables such as a television, refrigerator, ceiling fan, motorcycle/scooter, three-wheeler and ownership of farm equipment such as a tractor, power tiller, or combined threshers/harvester. The underlying assumption was to exclude the “visibly non-poor” families. Schedule B canvassed only the non-poor families (identified using schedule A), about the consumption expenditure in the last 30 days along with other demographic and social information. If the monthly per capita household expenditure was less than the Planning Commission’s estimates of the poverty line, the household was categorised as poor, otherwise not. This methodology was subject to intense criticism for the exclusion criterion, non-availability of official poverty line for all states, inconsistency of results of official poverty estimates

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of the Planning Commission and absence of any provision for inclusion of persons who have subsequently become poor to the BPL list (Sundaram 2003).

Before launching the 2002 BPL survey, an expert group was constituted in November 2001 with senior officials of the central government, academia, state government representatives and other professionals to advise on the methodology and analysis of data. The committee recommended a score-based ranking of each household indicating the quality of life. With a score ranging from 0 to 4, a set of 13 socio-economic indicators which included the size of the operational landholding, type of house, availability of clothes, food security, sanitation, ownership of consumer durables, literacy status, status of household labour force, means of livelihood, status of school-going children, type of indebtedness, reason of migration and preference of assistance, were used. The total score ranged from 0 to 52 and the states were given flexibility of deciding the cut-off points. However, the 2002 BPL lists were not operationalised until mid-February 2006 due to a stay order passed by the Supreme Court on a writ petition filed by the People's Union for Civil Liberties. The petitioner alleged that the new methodology would reduce the number of persons identified as BPL and a large number of the poor families would lose their entitlements.

## 2 Need for the Study

Besides the ongoing debate on the methodologies used in various BPL surveys, there has been some amount of discontent among the people with respect to the sincerity in identifying and the distribution of BPL cards. It is often believed that the distribution of BPL cards is politically influenced and the rich probably benefit more than the poor irrespective of the criterion adopted in identifying the poor households. A recent study conducted by the National Council of Applied Economic Research (NCAER) in six states found that 40% of the BPL cards have been issued to people who are above the poverty line (APL), ranging from 84% in Assam, 43% in Uttar Pradesh, 50% in Rajasthan, 40% in Bihar and 38% in Chhattisgarh. Even the Antodaya Anna Yojana (AAY), initiated during 2000, to provide super-subsidised foodgrains for the poorest among the BPL category also showed similar misuse (*Bihar Times*, 27 December 2007).

The NCAER study was the first of its kind which provided an insight into the extent of misuse of the BPL cards in India. However, the study was limited to six states. In the present paper we therefore attempt to throw more light on some of these issues using data from the National Family and Health Survey-3 (NFHS-3).

## 3 Objectives

The broad objective of the study is to understand the social and economic context of the distribution of the BPL cards in India. The specific objectives are: (1) to examine the consistency in distribution of BPL cards by selected social and economic characteristics of the households; and (2) to estimate the extent of BPL cards among non-poor in India and a few selected states.

## 4 Data and Methods

The three rounds of NFHS, NFHS-1 conducted during 1992-93, NFHS-2 conducted during 1998-99, and NFHS-3 conducted during 2005-06 are large sample surveys, conducted under very scientific

sampling design and survey procedures. All these rounds of survey are nationally representative and cover more than 99% of the country's population. There were improvements in coverage of topics, methodology and sample size in subsequent rounds and a number of additional issues (such as family life, education, prevalence of HIV/AIDS, etc) were covered in the recent round of the survey. The NFHS-3, for the first time, collected information on the possession of BPL cards along with other socio-economic characteristics of households in the household schedule. The survey covered a total of 1,09,041 households in all the states of the country. The survey asked the question: "Does the household have a BPL card?". The responses were coded as "yes", "no" and "do not know". The "do not know" category constitutes 0.5% of the total cases and has been added with "no" in the present analysis. It may be mentioned that the missing cases (less than 0.5%) were not included in the analysis.

To understand the association with economic characteristics of households, the variables such as wealth index and other economic indicators are used. The wealth index based on consumer durables, housing quality, water and sanitation facility of the household has been largely used as a proxy for economic status in many demographic and health surveys (Montgomery et al 2000; Vyas and Kumaranayake 2006). It reflects the household's long term economic status and is used as a proxy for the economic well-being of households (Filmer and Pritchett 2001).

In the present analysis, the wealth index, as constructed in the NFHS-3, has been used as the key economic variable to classify the households as poor and non-poor. The wealth index is constructed using the principal component analysis. Wealth quintiles are obtained such that each quintile consists of nearly 20% of the surveyed population. However, the wealth index is computed only at the national level and no separate index is computed for the states and hence for state level analysis national weights have been applied. The details of the variables in construction of wealth index may be found in NFHS-3 report (IIPS and ORG Macro 2007).

In the present analysis, we conceptualise that the households belonging to the third, fourth and fifth wealth quintiles are not poor and in the subsequent analysis we refer to them as non-poor households. This is logical given the fact that as per the Planning Commission estimates based on consumption expenditure data on uniform recall period, 21.8% and on mixed recall period (Planning Commission 2007) 27.5% of the country's total population lives BPL.

Additionally, in the analysis, we have included individual items like the type of house, motorcycle, scooter, car, tractor, television, refrigerator, landline telephone, mobile as well as the size of landholding. It may be mentioned that many of these variables were used for exclusion of the visibly non-poor in the 1997 BPL survey. Since the 2002 BPL survey was not operational at the time of NFHS-3, the BPL cards were more likely to be based on the 1997 BPL survey. A number of composite economic indicators; such as the own pucca house with three or more sleeping rooms (defined as households living in pucca houses owned by them and having three or more sleeping rooms), possession of

any motorised vehicles (motorcycle/scooter/car/tractor) and telephone (landline/mobile), have been obtained to assess the economic status of the households.

The social attributes used in the present analysis are the educational status of the household head, presence of any adult literate member in the household, caste and religion of the household. The analysis has been carried out for the entire country and for some selected states. Bivariate analysis has been carried out to examine differentials in possession of BPL cards and its socio-economic associates. The estimation of the number of BPL cards by the poor and non-poor has also been worked out for India as a whole and a few selected states.

## 5 Results

The analysis has been presented in two sections, the national level and the state level results.

### 5.1 National Level

Table 1 presents the percentage distribution of households possessing a BPL card by selected economic indicators and wealth quintiles. About 27% of households in India hold a BPL card which is close to the Planning Commission estimates on poverty in 1999-2000 (26% based on mixed recall basis). The possession of BPL cards by wealth quintile suggests that 39% among the poorest households, 37% among the poorer, 32% among the middle, 21% among the richer and 7% among the richest hold BPL cards. On combining the first and second quintile (poor) and the third, fourth and fifth quintiles (non-poor), we notice that nationally, only two-fifths of poor households and one-fifth of non-poor households possess a BPL card. In other words, a majority of the poor do not possess a BPL card in the country. The pattern is similar in rural and urban areas with a relatively higher percentage in rural than urban areas possess a BPL card.

The possession of BPL cards by households with other specific economic characteristics is also given in the table. With respect to housing characteristics, it may be noted that about 11% households living in their own pucca houses having three or more sleeping rooms possess a BPL card. This is even higher in rural India (15%) than urban areas (8%). The possession of BPL cards by those owning motorised vehicles as well as those with access to means of modernity, such as households having a television or refrigerator, also shows a similar pattern. For example, about 10% of the households owning motorised vehicles and 8% of those owning both television and refrigerator possess BPL cards. This suggests that a substantial number of BPL cards are with the non-poor section of the society.

Landholding is a critical indicator in rural India. With respect to the size of landholding in rural India it is found that while 38% landless own a BPL card compared to 16% among those with 10 acres or more land. It is evident that there is gross misuse of BPL cards, to the extent that 20% among the non-poor in India avail this facility. At the same time, a large proportion of poor have been deprived from availing the BPL card.

We have also examined the possession of BPL cards by households based on the criteria of abject deprivation. Abject deprivation has been defined as a situation where a household does

not have any adult literate member, lives in a *kaccha* house in rural areas and in *kaccha* or semi pucca in urban areas, no land in rural areas and no toilet facility in urban areas, no drinking water facility of his or her own, not owning any consumer durables such as a bicycle, television or, radio and no electricity for

**Table 1: Percentage of Households Possessing a BPL Card**  
(According to Selected Economic Characteristics, 2005-06)

| Characteristics                                 | Combined |          | Rural |        | Urban |        |
|---|----------|----------|-------|--------|-------|--------|
|   | %        | N        | %     | N      | %     | N      |
| <b>Housing characteristics</b>                  |          |          |       |        |       |        |
| No separate kitchen                             | 30.6     | 34,612   | 35.0  | 24,929 | 19.2  | 9,683  |
| Kaccha house                                    | 38.6     | 14,933   | 38.7  | 14,033 | 36.8  | 900    |
| Semi pucca house                                | 34.5     | 43,500   | 35.2  | 37,879 | 29.6  | 5,622  |
| Pucca house                                     | 17.7     | 50,029   | 24.8  | 21,131 | 12.5  | 28,897 |
| <b>Own a pucca house with</b>                   |          |          |       |        |       |        |
| three or more sleeping rooms                    | 11.3     | 7,694    | 14.5  | 3,794  | 8.2   | 3,899  |
| <b>Ownership of motorised vehicle</b>           |          |          |       |        |       |        |
| Motorcycle or scooter                           | 10.2     | 18,758   | 14.0  | 7,932  | 7.4   | 10,854 |
| Car   | 5.0      | 2,894    | 10.8  | 734    | 3.1   | 2,160  |
| Tractor   | 7.7      | 1,876    | 8.0   | 1,707  | 4.8   | 168    |
| Any of the above three                          | 10.1     | 19,489   | 14.1  | 8,165  | 7.1   | 11,323 |
| <b>Ownership of television and refrigerator</b> |          |          |       |        |       |        |
| Television (any)                                | 18.6     | 48,156   | 25.0  | 22,132 | 13.1  | 26,023 |
| Refrigerator                                    | 8.1      | 16,722   | 14.6  | 4,821  | 5.4   | 11,901 |
| Either television or refrigerator               | 18.7     | 49,848   | 24.9  | 23,417 | 13.1  | 26,431 |
| Both television and refrigerator                | 6.8      | 15,599   | 11.4  | 4,081  | 5.2   | 4,081  |
| <b>Ownership of telephone and computer</b>      |          |          |       |        |       |        |
| Landline  | 9.4      | 15,338   | 14.7  | 5,851  | 6.1   | 9,487  |
| Mobile  | 9.9      | 18,326   | 15.8  | 5,407  | 7.5   | 12,919 |
| Computer  | 4.4      | 3,283    | 9.2   | 426    | 3.7   | 2,856  |
| Any of the above three                          | 10.8     | 25,701   | 16.1  | 9,363  | 7.8   | 16,338 |
| <b>Ownership of landholding</b>                 |          |          |       |        |       |        |
| None  | 27.6     | 59,260   | 38.1  | 30,465 | 16.5  | 28,795 |
| Less than 2.5 acres                             | 30.4     | 31,572   | 32.3  | 27,945 | 15.5  | 3,629  |
| 2.5-5 acres                                     | 25.2     | 8,503    | 27.4  | 7,291  | 12.4  | 1,211  |
| 5-10 acres                                      | 19.8     | 5,540    | 21.8  | 4,583  | 10.2  | 957    |
| 10 acres or more                                | 14.1     | 3,734    | 16.0  | 2,946  | 7.1   | 789    |
| <b>Wealth quintile</b>                          |          |          |       |        |       |        |
| Poorest (Q1)                                    | 39.1     | 22,490   | 39.1  | 21,370 | 37.5  | 1,121  |
| Poorer (Q2)                                     | 37.2     | 21,611   | 38.0  | 19,277 | 31.2  | 2,335  |
| Middle (Q3)                                     | 31.5     | 21,646   | 33.0  | 16,477 | 26.7  | 5,169  |
| Richer (Q4)                                     | 21.4     | 21,361   | 23.0  | 11,098 | 19.8  | 10,264 |
| Richest (Q5)                                    | 7.1      | 21,903   | 9.2   | 5,219  | 6.4   | 16,684 |
| Poor (Q1 and Q2)                                | 38.2     | 44,102   | 38.6  | 40,646 | 33.2  | 3,456  |
| Non-poor (Q3, Q4 and Q5)                        | 20.0     | 64,909   | 25.8  | 32,794 | 14.0  | 32,115 |
| Abject deprivation                              | 40.0     | 1,763    | 40.4  | 1,508  | 38.0  | 255    |
| All   | 27.3     | 1,09,011 | 32.9  | 73,441 | 15.8  | 35,573 |

his/her house. The deprivation score ranges from 0 to 6 where the score 0 is termed as abject deprivation (Srinivasan and Mohanty 2002). It may be noted that 60% of the households in the abject deprivation group do not have a BPL card. This is equally true in both rural and urban areas. This is a clear indication that the BPL card and the welfare schemes implemented based on BPL card have failed to reach the majority of the poorest of the poor group.

Table 2 (p 69) presents the percentage distribution of households possessing a BPL card by social characteristics. With respect to education, two of the variables, namely, the presence of any adult literate member and educational level of the head of the

household is given in the table. It is found that among households without an adult literate member, only 37% have a BPL card. On the contrary, among households with high school and above education, about 7% have a BPL card. The possession of BPL cards by caste groups indicates that it is higher among the

**Table 2: Percentage of Households Possessing a BPL Card**  
(According to Selected Social Characteristics, 2005-06)

| Characteristics                            | Combined |        | Rural |        | Urban |        |
|--|----------|--------|-------|--------|-------|--------|
|  | %        | N      | %     | N      | %     | N      |
| <b>Educational level of household head</b> |          |        |       |        |       |        |
| No education                               | 36.9     | 40,909 | 39.1  | 33,538 | 27.1  | 7,373  |
| Primary                                    | 31.5     | 20,265 | 35.0  | 14,848 | 22.0  | 5,418  |
| Secondary                                  | 19.9     | 38,007 | 24.6  | 22,073 | 13.3  | 15,934 |
| Higher                                     | 7.1      | 9,617  | 12.9  | 2,833  | 4.7   | 6,782  |
| <b>Sex of the household head</b>           |          |        |       |        |       |        |
| Male                                       | 26.8     | 93,357 | 32.6  | 62,486 | 15.2  | 30,871 |
| Female                                     | 30.4     | 15,654 | 34.8  | 10,954 | 20.3  | 4,701  |
| <b>Caste of the household head</b>         |          |        |       |        |       |        |
| Scheduled caste (SC)                       | 34.9     | 20,970 | 39.5  | 15,193 | 22.9  | 5,777  |
| Scheduled tribe (ST)                       | 42.0     | 9,189  | 44.3  | 81,68  | 23.8  | 1,021  |
| Other Backward Classes (OBC)               | 27.5     | 43,211 | 31.6  | 29,819 | 18.3  | 13,392 |
| Others (Non-SC/ST/OBC)                     | 18.9     | 35,641 | 25.3  | 20,260 | 10.5  | 15,381 |
| <b>Religion of the household head</b>      |          |        |       |        |       |        |
| Hindu                                      | 27.9     | 88,947 | 33.5  | 61,145 | 15.5  | 27,803 |
| Muslim                                     | 25.1     | 13,639 | 28.9  | 8,406  | 19.1  | 5,233  |
| Christian                                  | 24.1     | 2,952  | 30.9  | 1,677  | 15.1  | 1,275  |
| Sikh                                       | 16.5     | 1,710  | 21.5  | 1,200  | 4.9   | 510    |
| Others                                     | 30.9     | 1,762  | 43.5  | 1,012  | 14.0  | 750    |
| No adult literate in the household         | 36.7     | 21,623 | 38.3  | 18,589 | 26.4  | 3,034  |

**Table 3: Estimated Number of BPL Cards by Wealth Quintiles (2006)**

| Wealth Quintile   | Number of Household Having a BPL Card | Proportion of the Households Having a BPL Card | Estimated Number of Households Having a BPL Card (in Millions) |
|---|---------------------------------------|--|--|
| Poorest   | 8,784                                 | 0.2948   | 17.94  |
| Poorer  | 8,050                                 | 0.2702   | 16.44  |
| Middle  | 6,826                                 | 0.2291   | 13.94  |
| Richer  | 4,580                                 | 0.1537   | 9.35   |
| Richest   | 1,553                                 | 0.0521   | 3.17   |
| All   | 29,793                                | 1  | 60.85  |
| Total population as of 2006 <sup>a</sup> (in million):                                  |                                       |  | 1,112.12   |
| Estimated number of total households (in million):                                      |                                       |  | 222.88   |
| Percentage of households having a BPL card (2006):                                      |                                       |  | 27.3   |
| Estimated number of households having a BPL card (in millions):                         |                                       |  | 60.85  |
| Households having a BPL card in 1st and 2nd wealth quintile (poor in million):          |                                       |  | 34.38  |
| Households having a BPL card in 3rd, 4th and 5th wealth quintile (non-poor in million): |                                       |  | 26.47  |
| Percentage of BPL cards with non-poor households:                                       |                                       |  | 43.5   |

<sup>a</sup> Based on estimated population for 2006 by the Office of the Registrar General and Census Commissioner of India 2006. The number of households has been estimated by dividing total population by 4.99; assuming average household size at 4.99 persons per household.

scheduled tribes (STs) followed by scheduled castes (SCs), Other Backward Classes (OBCs) and others. There are very little variations in possession of BPL cards by major religion; for example, about 24 to 28% of the households belonging to Hindu, Muslim and Christian possess a BPL card. The rural-urban differences in the possession of BPL card by these characteristics are notable and significant. There are a few categories where the urban-rural differences are remarkable, for example, percentages of ST households possessing a BPL card in rural areas was 45% compared to 24% in urban areas.

Table 3 gives the estimated number of BPL cards in each of the wealth quintile as well as the percentage of non-poor holding a BPL card in India. The population estimate of the expert group for the year 2006 has been used along with the other information from NFHS-3 (Office of the Registrar General and Census Commissioner 2006). The proportion of households holding a BPL card declines with wealth quintile. Our estimates show that in India, the total number of BPL cards in 2006 were about 61 million, of which 34 million were distributed to the poor households while the remaining 27 million were distributed among non-poor households. In other words, about 44% of BPL cards are distributed to the non-poor in the country. In other words, four out of every 10 BPL cards are going to the non-poor households. Our estimate is close to that of NCAER estimate (of 40%) based on a study conducted in six states of India.

## 5.2 State Level

In this section we provide the possession of BPL cards by economic and social characteristics of households in some states of India. The estimates of the number of BPL cards and the percentage of non-poor having BPL cards are given for a few selected states. We have also used the similar assumption that the households in third, fourth and fifth wealth quintile are visibly non-poor in the states of India.

Table 4 presents the percentage of households possessing a BPL card by economic variables as discussed earlier. It is found that the relatively better-off households possessing a BPL card is highest in Andhra Pradesh followed by Karnataka; incidentally both the states are considered to be progressive states and levelled as

**Table 4: Percentage of Households Having a BPL Card**

(by Selected Social and Economic Characteristics of the Households, 2005-06)

| States               | Percentage Households with a BPL Card                     |                              |                                     |   |
|----------------------|---|------------------------------|-------------------------------------|---|
|                      | Live in Own Pucca House with Three or More Sleeping Rooms | Who Have a Motorised Vehicle | Who Own Television and Refrigerator | Own More Than Five Acres of Agricultural Land |
| Andhra Pradesh       | 39.5  | 37.1                         | 29.2                                | 66.3  |
| Assam                | 5.5   | 3.6                          | 1.0                                 | 9.2   |
| Bihar                | 12.7  | 13.1                         | 7.0                                 | 8.7   |
| Gujarat              | 11.2  | 9.8                          | 6.4                                 | 18.2  |
| Haryana              | 1.8   | 4.7                          | 5.3                                 | 1.3   |
| Himachal Pradesh     | 6.8   | 2.0                          | 4.8                                 | NC  |
| Jammu and Kashmir    | 18.2  | 6.5                          | 6.0                                 | NC  |
| Karnataka            | 29.2  | 23.3                         | 15.8                                | 33.1  |
| Kerala               | 23.3  | 10.6                         | 8.3                                 | NC  |
| Madhya Pradesh       | 10.8  | 10.2                         | 5.5                                 | 16.4  |
| Maharashtra          | 8.5   | 7.4                          | 5.2                                 | 15.1  |
| Orissa               | 21.6  | 17.4                         | 8.1                                 | 29.4  |
| Punjab               | 12.2  | 9.3                          | 10.9                                | 3.9   |
| Rajasthan            | 3.7   | 3.9                          | 2.7                                 | 10.0  |
| Tamil Nadu           | 3.5   | 1.7                          | 0.4                                 | 4.0   |
| West Bengal          | 5.3   | 5.8                          | 2.1                                 | 2.2   |
| Uttar Pradesh        | 3.6   | 4.4                          | 2.7                                 | 6.1   |
| Chhattisgarh         | 8.7   | 7.1                          | 4.1                                 | 13.2  |
| Jharkhand            | 8.8   | 9.2                          | 2.0                                 | 27.8  |
| Uttarakhand          | 11.1  | 7.0                          | 4.9                                 | 30.9  |
| North-eastern states | 10.1  | 7.9                          | 6.8                                 | 16.7  |
| All-India            | 11.3  | 10.1                         | 6.8                                 | 17.5  |

NC: Not computed due to small sample size.

“good governance states”. This is true for all other economic variables as well. On the other hand, it is lowest in the case of Tamil Nadu. For example, among households owning a pucca house with three or more sleeping rooms, about 40% in Andhra Pradesh, 29% in Karnataka, 23% in Kerala and 22% in Orissa possess a BPL card. About 10 to 20% households living in own pucca houses with three or more living rooms in Bihar, Gujarat, Jammu and

**Table 5: Percentage of Poor, Non-Poor and Abject Deprived Households Who Own BPL Card (2005-06)**

| States               | All Households (Q1 and Q2) | Poor Households (Q3, Q4 and Q5) | Non-Poor Households | Abject Deprived Households |
|----------------------|----------------------------|---------------------------------|---------------------|----------------------------|
| Andhra Pradesh       | 65.1                       | 79.6                            | 58.9                | 79.2                       |
| Assam                | 18.6                       | 26.0                            | 11.1                | 19.6                       |
| Bihar                | 38.6                       | 48.6                            | 23.3                | 49.5                       |
| Gujarat              | 25.4                       | 46.3                            | 19.6                | 22.7                       |
| Haryana              | 12.3                       | 22.7                            | 10.3                | 28.6                       |
| Himachal Pradesh     | 15.0                       | 34.3                            | 12.6                | NC                         |
| Jammu                | 27.1                       | 43.7                            | 23.9                | NC                         |
| Karnataka            | 46.8                       | 66.2                            | 37.0                | 60.0                       |
| Kerala               | 32.1                       | 60.0                            | 30.3                | –                          |
| Madhya Pradesh       | 26.6                       | 33.5                            | 15.1                | 36.7                       |
| Maharashtra          | 19.5                       | 37.5                            | 12.7                | 34.6                       |
| Orissa               | 47.8                       | 58.8                            | 29.7                | 55.6                       |
| Punjab               | 17.7                       | 30.4                            | 16.5                | –                          |
| Rajasthan            | 14.5                       | 22.1                            | 8.9                 | 3.3                        |
| Tamil Nadu           | 7.8                        | 15.2                            | 4.8                 | 14.8                       |
| West Bengal          | 24.5                       | 34.9                            | 14.7                | 32.3                       |
| Uttar Pradesh        | 14.4                       | 20.4                            | 7.8                 | 22.2                       |
| Chhattisgarh         | 30.3                       | 37.1                            | 14.9                | 55.6                       |
| Jharkhand            | 32.3                       | 42.4                            | 11.7                | NC                         |
| Uttarakhand          | 24.5                       | 47.7                            | 17.4                | NC                         |
| North-eastern states | 22.3                       | 31.6                            | 18.5                | 35.0                       |
| All-India            | 27.3                       | 38.2                            | 20.0                | 40.0                       |

NC: Not computed due to small sample size.

**Table 6: Percentage of BPL Cards with Non-Poor Households for Selected States of India (2005-06)**

| Variable  | Andhra Pradesh | Karnataka | Rajasthan | West Bengal | Uttar Pradesh |
|---|----------------|-----------|-----------|-------------|---------------|
| Population of the state in 2006 as per RGI <sup>a</sup> (in million)      | 80.72          | 56.26     | 62.28     | 85.22       | 183.3         |
| Average number of person per household (2006)                             | 4.0            | 4.8       | 5.5       | 4.7         | 5.9           |
| Estimated number of households in 2006 (in million)                       | 19.94          | 11.67     | 11.40     | 18.18       | 30.83         |
| Percentage of households possessing a BPL card, 2005-06                   | 65.1           | 46.8      | 14.5      | 24.5        | 14.4          |
| Estimated number of households holding a BPL card (in million)            | 12.98          | 5.46      | 16.53     | 4.46        | 44.40         |
| Percentage of poor households who possess a BPL card                      | 0.369          | 0.477     | 0.645     | 0.695       | 0.745         |
| Percentage of non-poor households who possess a BPL card                  | 0.631          | 0.523     | 0.355     | 0.305       | 0.255         |
| Estimated number of households (in million) with a BPL card in 2006 among |                |           |           |             |               |
| Poor  | 4.79           | 2.60      | 10.66     | 3.10        | 33.07         |
| Non-poor  | 8.19           | 2.86      | 5.87      | 1.36        | 11.33         |
| Percentage of BPL card with non-poor households                           | 63.1           | 52.3      | 35.5      | 30.5        | 25.5          |

<sup>a</sup> Based on estimated population for 2006 by the Office of the Registrar General and Census Commissioner of India 2006.

Kashmir, Madhya Pradesh, Uttarakhand and north-eastern states own BPL cards. On the other hand, the percentage of such households is fewer than 10% in the remaining states, for example, in Haryana (2%), Tamil Nadu (4%) and Rajasthan (4%). It may be pointed out that in Orissa where the poverty level is highest in the country, about 22% of non-poor households possess a BPL card. The pattern remains quite similar for other composite economic indicators, namely, the possession of a motorised vehicle, owning both televisions and refrigerators and having more than five acres of land. Among households with a motorised vehicle or both televisions and refrigerators or more than five acres of land, the percentage of those holding a BPL card is highest in Andhra Pradesh followed by Karnataka and is lowest in Tamil Nadu.

Table 5 presents the percentage of households in the poor (first and second quintile), non-poor (third, fourth and fifth quintile) and in abject deprivation possessing a BPL card. The findings suggest that the percentage of households possessing a BPL card is the highest in Andhra Pradesh (65%) followed by Karnataka and Orissa (47-48%) and is the lowest in Tamil Nadu.

The possession of BPL cards among the poor and the non-poor indicates that Andhra Pradesh once again tops the list as far as possession of BPL cards among non-poor households is concerned (65%). This is followed by Karnataka (37%) and Kerala (30%). It is as high in the poverty-ridden states like Orissa and Bihar. In the economically progressive states of Gujarat, Punjab, Haryana and Maharashtra, about 10-12% of the non-poor households possess BPL cards. In the economically weaker states such as Bihar, Orissa and Jharkhand, for example, only 32-48% of poor families possess a BPL card. It may be inferred from the data that, if the gap between the poor and non-poor with respect to percentage of households possessing a BPL card is narrow, the misuse is high and vice versa. Some of the states falling in these categories are Assam, Madhya Pradesh, Uttar Pradesh and Rajasthan. What is more shocking is that a majority of the population in many of the states that are experiencing abject deprivation including Bihar, Madhya Pradesh, and Uttar Pradesh, do not have a BPL card.

In Table 6, we have provided the numerical estimates of BPL cards and the percentage of non-poor holding a BPL card in some selected Indian states. The selected states are Andhra Pradesh, Karnataka, Rajasthan, West Bengal and Uttar Pradesh. They have been selected keeping in mind that about 30-50% households in these states fall in the first or second wealth quintile. These states also reflect the geographical heterogeneity of the country. As noticed in previous discussions, the extent of misuse is higher in some of these states.

The findings in Table 6 suggests that the number of non-poor households having a BPL card is higher than the number of poor households having such cards in Andhra Pradesh and Karnataka. The distribution of BPL cards among poor and non-poor households indicates that about 63% of the BPL cards in Andhra Pradesh and about 52% of them in Karnataka are with non-poor households. Contrary to this, the percentage of such households in Rajasthan is 36%, 31% in West Bengal and 26% in Uttar Pradesh.

## 6 Discussion and Conclusions

The analysis suggests that a large number of BPL cards in India are distributed to the non-poor households. This also confirms the fact that households in possession of expensive assets such as pucca houses with three or more sleeping rooms, a motorised vehicle, both televisions and refrigerators and landholdings of 5 acres or more, also possess a BPL card. It is estimated that, about 44% of the BPL card (27 million) were distributed to the non-poor households in the country. On the other hand, about three-fifths of the poorest (those in abject deprivation) do not possess BPL cards.

The state-level analysis suggests that the extent of misuse of BPL card is highest in Andhra Pradesh followed by Karnataka and Kerala. Even in poorer states like Bihar and Orissa, a sizeable proportion of non-poor households possess a BPL card. On the other hand, the possession of BPL cards among the non-poor is lower in Tamil Nadu. However, in many of the states, the poorest of the poor (those living in the abject deprivation) do

not hold a BPL card. This is probably an indication that the welfare schemes meant for the poorest are not reaching the poor and downtrodden.

What are the implications of such a trend? First, whatever methodology may be adopted in identifying the poor, there is a need for a more vigilant and transparent mechanism to exclude the non-poor. In case of false reporting, stringent action should be taken against all involved so as to make the poverty reduction successful. Second, the omission of the poorest of the poor (the abject deprived group) in the distribution list of BPL cards is a serious concern. It is an indication that the poorest of the poor do not have a voice and in many states are omitted from government welfare schemes. Third, there is a need to explore multiple options to assess the eligibility of beneficiaries for various welfare schemes rather than exclusively depending on any one scheme, such as the BPL card, for example. Finally, we suggest vigilant and concurrent evaluation by autonomous institutions to reduce the misuse of BPL schemes.

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