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REPORT OF THE EXPERT GROUP  
TO RECOMMEND  
THE DETAILED METHODOLOGY FOR  
IDENTIFICATION OF FAMILIES LIVING BELOW  
POVERTY LINE IN THE URBAN AREAS

**Planning Commission  
Perspective Planning Division  
Government of India  
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**REPORT OF THE EXPERT GROUP TO RECOMMEND THE DETAILED  
METHODOLOGY FOR IDENTIFICATION OF FAMILIES LIVING BELOW POVERTY  
LINE IN THE URBAN AREAS**

We, the undersigned, Members of the Expert Group constituted by the Planning Commission to recommend the detailed methodology for identification of families living below poverty line in urban areas have adopted the Report and submitted it.

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## ABBREVIATIONS

BPL	Below the Poverty Line
DFID	Department for International Development
EG	Expert Group
EWS	Economically Weaker Sections
HCR	Head Count Ratio
IHD	Institute of Human Development
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
LIG	Low Income Groups
MIHH	Minor-Headed Household
M/o HUPA	Ministry of Housing & Urban Poverty Alleviation
M/o MSME	Ministry of Micro, Small and Medium Enterprises
MoRD	Ministry of Rural Development
MOSPI	Ministry of Statistics & Programme Implementation
MPCE	Monthly Per Capita Consumption Expenditure
NAS	National Accounts Statistics
NCEUS	National Commission for Enterprises in Unorganised Sector
NCU	National Commission on Urbanisation
NIUA	National Institute of Urban Affairs
NPR	National Population Register
NSSO	National Sample Survey Organisation
PLB	Poverty Line Basket
RAY	Rajiv Awas Yojna
RGI	Registrar General of India
RVF	Residential Vulnerability Factor
SC	Scheduled Castes
SECC	Socio Economic and Caste Census
SJSRY	Swarna Jayanti Shahri Rozgar Yojna
ST	Scheduled Tribes
SVF	Social Vulnerability Factor
TPDS	Targeted Public Distribution System
URP	Uniform Recall Period
UT	Union Territory
VADR	Vulnerability Adjusted Dependency Ratio

**CHAPTER I**  
**INTRODUCTION**

- 1.1 Identification of urban poor households is a necessary condition for more effectively targeting the beneficiaries under various poverty alleviation programmes being implemented by the Central and the State Governments. Programmes of the Ministry of Housing and Urban Poverty Alleviation, such as the Swarna Jayanti Shahri Rozgar Yojna (SJSRY) for Livelihoods, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for services and the more recent ones like Rajiv Awas Yojna (RAY) for housing a slum free India, along with national programmes such as food security, aim to ensure nutrition, livelihoods and decent shelter and services for the urban poor. In order to be able to plan and design appropriate interventions, and to ensure their targeted delivery, it is not enough only to know who the poor are and where they live, it is also important to know the precise nature of the vulnerability or deprivation that they face, as also the extent of such deprivation, both absolute and relative.
- 1.2 On the rural side a “Below the Poverty Line” (BPL) Census has been conducted by the Ministry of Rural Development every five years, beginning in 1992. The criterion for identifying rural poor, however, has varied from Census to Census. With a view to evolving a standard methodology, the Ministry of Rural Development constituted an Expert Group under the Chairmanship of Dr. N.C. Saxena in 2009. The Expert Group recommended an approach based on transparent and objectively verifiable indicators applicable in the rural setting. No corresponding initiative had so far been taken for identifying the urban poor. In the absence of a standard methodology, the states/UT’s devise their own methodology/criteria to conduct the BPL surveys on the basis of state specific poverty lines for urban areas as defined by the Planning Commission from time to time.

1.3 With the objective of putting in place a uniform criteria to identify the BPL households in urban areas so that objectivity and transparency is ensured in delivery of benefits to the target groups, the Planning Commission constituted an Expert Group vide Notification No.M-11019/10/2010-PP dated 13 May 2010 under the Chairmanship of Professor S.R. Hashim. The terms of reference of the Expert Group are as follows:

- (i) To recommend appropriate detailed methodology with simple, transparent and objectively measurable indicators, to identify Below Poverty Line (BPL) Households in urban areas for providing assistance under various schemes targeted at the urban poor;
- (ii) To recommend periodicity for the conduct of BPL Survey in Urban Areas or the mechanisms to review such a BPL list;
- (iii) To recommend institutional mechanisms for the conduct of BPL survey, survey questionnaire, processing of data, training, validation and approval of urban BPL list at various levels;
- (iv) To recommend suitable institutional mechanisms to address the grievances of public on exclusion/inclusion in the urban BPL List;
- (v) Any other suggestions/recommendations to make the exercise of Urban BPL survey simple, transparent and acceptable.

The details of the constitution of the Expert Group and other Terms of its working are given in **Annexure I**. Later on, three more experts were also appointed as non-official members of the Expert Group. The details of the changed composition of the Expert Group are given in **Annexure II**.

1.4 Since its constitution, the Expert Group has met fifteen times to deliberate upon the multidimensional nature of urban poverty, the extent of vulnerability and the degree of deprivation of the poor. The Group had the opportunity of deliberating on various notes and papers prepared by its members and institutions such as SEWA and IHD. The Expert Group submitted its Interim Report on 6th May, 2011

which is given in the **Annexure III**. A Sub-Group was also formed under the Expert Group to suggest suitable parameters and methodology to capture vulnerabilities and deprivations faced by the Families Living below Poverty Line in Urban Areas. The Sub Group met thrice and prepared a discussion note on the possible alternative options for determining the BPL households in urban areas. The Expert Group also held a consultation with the representatives from various State/ UT Governments before giving final shape to the methodology for identification of urban poor because it was felt that the methodology so finalised will ultimately be used by the States/UTs only. During the consultations with the States /UTs, a lot of constructive suggestions were given by the representatives of various States/UTs regarding the methodology in general as well as in particular with reference to the specific circumstances / situations prevailing in their respective States /UTs and these suggestions were duly factored in while arriving at the final methodology.

- 1.5 The Expert Group acknowledges the valuable inputs and suggestions provided by the members during the course of its tenure for arriving at a detailed Methodology for Identification of Families Living below Poverty Line in Urban Areas. The Expert Group would like to place on record its deep appreciation to the members namely Shri Pronab Sen, Shri K.L. Datta, Shri B.D. Virdi and Shri Harsh Mander for contributing papers for effective deliberations of the Group. The Group is also thankful to Dr. Ashok Sahu, the then Principal Adviser, Perspective Planning Division, Planning Commission for his valuable inputs. The Expert Group is also indebted to Sub Group of the Expert Group especially Shri Pronab Sen and Shri Harsh Mander for preparing discussion notes which helped the Expert Group to identify the parameters to be used for Identification of BPL families in Urban Areas. The Group acknowledges its gratitude to Shri Harsh Mander for his valuable contribution for the Chapter on vulnerability and Shri Alakh N. Sharma for contributing a note on Urban Poor and their Occupational Profile. The Group is also thankful to Ministry of Housing and Urban Poverty Alleviation (M/o HUPA) for submitting a note on “Need for a Uniform Methodology for Identification of BPL

population”. The Group would like to thank especially Dr. P.K. Mohanty, Additional Secretary, M/o HUPA, Shri Avanish Kumar Mishra, Deputy Secretary and Ms. Kimberly Mary Noronha for providing valuable insights and analysis into the various aspects of Socio Economic and Caste Census (SECC) relevant for the identification of urban poor. The Expert Group places on record the efforts of the officers of Perspective Planning Division of Planning Commission especially, Ms. Sibani Swain, Former Director; Shri Dinesh Kapila, Director; Ms. Urmila, Senior Research Officer; Ms. Remya Prabha G., Research Officer and Ms. Ankita Dhingra & Ms. Simarpreet Kaur both Young Professionals for providing active support in arranging the meetings, drafting the minutes of the meetings, analyzing the data and drafting the report.

- 1.6 The report of the Expert Group is structured as follows. After introduction, the second chapter of the report deals with the Estimation of Poverty and Identification of Poor – Differences in Approach. The third chapter describes the Characteristics and trends of Urban Poverty. The next chapter discusses the vulnerability of urban poor under three broad categories such as ‘Residential’, ‘Occupational’ and ‘Social’. The fifth chapter specifies the recommendations of the Expert Group to arrive at a detailed methodology for identification of the urban poor households. The sixth chapter is on Grievance Redressal Mechanism and Periodicity of Survey in Urban Areas. The last chapter contains the summary of recommendations.

**CHAPTER II**  
**ESTIMATION OF POVERTY AND IDENTIFICATION OF POOR – DIFFERENCES IN**  
**APPROACH**

- 2.1 At conceptual level a definition of poverty is involved both in the estimation of proportion of population living in poverty (a macro level estimate) and the identification of poor households for targeted delivery of various poverty alleviation programmes, and it is intellectually elegant to think of a common definition for both the exercises. In practice, however, the two approaches have followed different paths. The overall estimation of poverty is based on the data available from NSSO's all-India sample survey of household consumption expenditure, where, poverty is defined with reference to a poverty line which is the level of monthly per capita consumption expenditure considered to be a minimum necessary for living. Identification of poor households requires a census and therefore, has necessarily to go by visible and quickly assessable indicators of level of living. It is extremely difficult to get reliable data on income or collect details of consumption expenditure in a census operation. The two approaches, thus, have to depend on entirely different data base and necessarily have to have different indicators of poverty. Given such differences in approaches to estimating poverty and counting the poor, the results from the two approaches would not be exactly the same.

**Poverty Estimates**

- 2.2 Poverty has conventionally been estimated with reference to a poverty line – The line of cut-off between poor and non-poor. That poverty line is derived, *a la* Dandekar and Rath, on the basis of notion of a minimum nutritional requirement of a person, expressed in calories. From the household consumption data available from NSSO's all-India sample surveys of households (suitably grouped by level of consumption categories in descending order) one could see at which level of consumption the required calories are met. Total consumption expenditure – food

and non-food – for that group of households could then be taken as the poverty line. The assumption is that at this poverty line, the minimum food requirements are met and also some non-food requirements are met which could be assumed to be the minimum necessary. All the households whose consumption level was less than what this line requires are considered to be poor. Since this exercise is done for the sample data, a ratio (proportion) of poor in the sample population is obtained. Applying that ratio to the total population one obtains the total number of the poor in the country or in states.

We will briefly trace the history of official estimates of poverty in India.

### **The Task Force (1979)**

- 2.3 The Planning Commission, in 1977, constituted a Task Force on 'Projections of Minimum Needs and Effective Consumption Demand' under Chairmanship of Prof. Y.K. Alagh. The Task Force (reported in 1979) defined the poverty line as monthly per capita consumption expenditure (MPCE) level of Rs.49.09 for rural areas and Rs.56.64 for urban areas at 1973-74 prices at national level. These corresponded to the money value of a basket of goods and services that would cover per capita daily calorie requirement of 2400 kcal in rural areas and 2100 kcal in urban areas, along with other non-food items such as clothing, footwear, education, health and transport, etc. in observed quantities in the basket corresponding to the recommended level of calories. These poverty lines were applied by Planning Commission uniformly across all the states. The Head Count Ratio for each State separately for urban and rural areas was computed by applying the defined poverty line to the "Adjusted" MPCE class wise population distribution of each State as obtained from NSSO Household Consumption Expenditure Survey of 1973-74. It was observed that the aggregate (for the country as a whole) private household consumption expenditure as obtained from NSS data was less than the aggregate private consumption expenditure estimated in the National Accounts Statistics (NAS). Therefore, the Task Force

recommended upward adjustment of the expenditure level reported by the NSS uniformly across all expenditure classes by a factor equal to the ratio of the total private consumption expenditure obtained from the NAS to that obtained from the NSS. The 'Adjustment' had the effect of yielding lower poverty ratios than would have been obtained from the unadjusted NSS data.

### **The Expert Group (Lakdawala Committee, 1993)**

2.4 An Expert Group on 'Estimation of Proportion and Number of Poor' was constituted under the Chairmanship of Professor D.T. Lakdawala, former Deputy Chairman of Planning Commission, to look into the methodology for estimation of poverty and re-define the poverty line, if necessary. The Expert Group submitted its report in 1993. The Expert Group recommended that the poverty line approach anchored in a calorie norm and associated with a fixed consumption basket (as recommended by the Task Force) might be continued. However, the Expert Group further recommended that the state –specific poverty lines be worked out. This was done in two steps. The first was to work out State-specific poverty line for the base year 1973-74 by taking the standardized commodity basket corresponding to the poverty line at the national level and valuing it at the prices prevailing in each state in the base year. The second step was updating the poverty line to reflect current prices in a given year by applying state-specific consumer price indices. Another important recommendation of the Expert Group was to abandon the pro-rata adjustment of NSS based total household consumption expenditure to NAS based total private consumption expenditure (The gap between the two had widened overtime). The Expert Group observed that it was better to rely exclusively on the NSS for estimating the poverty ratios. The Government of India accepted the recommendations of the Expert Group with minor modifications in 1997. The poverty estimates from 1973-74 to 2004-05 based on the methodology recommended by the Expert Group are given in the table below:

**Table 1: Percentage and Number of Poor based on the methodology recommended by Lakdawala Committee**

Year	Poverty Ratio (%)			Number of Poor (in Million)		
	Rural	Urban	Total	Rural	Urban	Total
1973-74	56.4	49.0	54.9	261.3	60.0	321.3
1977-78	53.1	45.2	51.3	264.3	64.6	328.9
1983	45.7	40.8	44.5	252.0	70.9	322.9
1987-88	39.1	38.2	38.9	231.9	75.2	307.1
1993-94	37.3	32.4	36.0	244.0	76.3	320.3
2004-05	28.3	25.7	27.5	220.9	80.8	301.7

Source: Planning Commission

### **Tendulkar Committee (2009)**

2.5 An expert Group headed by Professor Suresh D. Tendulkar was constituted in 2005 to review the methodology for official estimation of poverty and recommend changes in the existing procedures. The Committee submitted its report in 2009. In comparison with the procedure suggested by the 1993 Expert Group and used in the official poverty estimates, Tendulkar Committee's approach made four major departures, which, in their view constituted significant improvements over the existing official poverty estimation procedure; i) consciously moving away from calorie anchor; ii) recommending to provide a uniform 'poverty line basket' (PLB) to both the rural and urban population; iii) recommending a price adjustment procedure that is predominantly based in the same data set that underlies the poverty estimation, and iv) incorporating an explicit provision in price indices for private expenditure on health and education.

Worked out as per Tendulkar Committee recommendations, the all – India HCR for both the rural and urban areas for the years 1993-94, 2004-05 and 2009-10 are given in the following table.

**Table 2: Percentage of Poor based on the methodology recommended by Tendulkar Committee**

<b>Poverty Ratio (%)</b>			
<b>Year</b>	<b>Rural</b>	<b>Urban</b>	<b>Total</b>
1993-94	50.1	31.8	45.3
2004-05	41.8	25.7	37.2
2009-10	33.8	20.9	29.8

Source: Tendulkar Committee Report and Press Note, Planning Commission

### **What the Poverty Estimates do not Capture**

- 2.6 While this is not a place to enter into a long debate on the merits of various assumptions or the relative strength of various poverty estimates, the implications of some of the major assumptions in poverty estimates need to be kept in view. One important assumption is that the group of households who are able to meet the minimum food (calorie) requirements, their non-food expenditure also meets the minimum level of non-food requirements. There being no norm for non-food requirements, this is just an assumption.
- 2.7 And this assumption is more likely to be wrong than correct. There is the widely observed phenomenon (Engle's law) that there is an order of preference in which the consumer makes the allocation of expenditure. In that order of preference, the food requirement is the first. It is most likely that a household has been just able to meet the food requirement with the available resources but is left with little to meet the non-food requirement (clothing, housing, health and education) even at the minimum necessary level. Hence the assumption that the household which is able to meet the food requirement at the minimum necessary level, that household is also able to meet the non-food requirement at the minimum necessary level is questionable.

- 2.8 As noted by Ladkawala Committee, the poverty line, quantified as a number is reductionist. It does not capture important aspects of poverty – ill health, low educational attainments, geographical isolation, ineffective access to law, powerlessness in civil society, caste and / or gender based disadvantages, etc. Poverty line does not take into account items of social consumption such as basic education and health, drinking water supply, sanitation, environmental standards, etc., in terms of normative requirements or effective access.
- 2.9 It may be noted that both the Expert Groups (EG 1993 and EG 2009) avoided working out a fresh poverty line from the latest available consumer expenditure survey data, and suggested a complex procedure of adjustment and updating of poverty line. This was mainly because one of the two main official uses of poverty estimates was to be able to compare the state of poverty of the nation over time. The other was that these estimates were used for allocation of poverty alleviation plan assistance to the States. At the base still is the Task Force poverty line embedded in the consumer behavior of 1973 -74, yielding a consumption basket which has become redundant. Comparison of poverty over such a long period may be even meaningless. Possession of a mobile phone even a decade ago was a luxury. Today its possession is no indicator that the person is certainly above poverty line. Not only the consumption basket changes radically, but even the perception as to what is poverty changes over time, particularly when the society and the economy is changing fast.

### **Identification of Rural Poor**

- 2.10 For rural areas a number of beneficiary oriented programs were launched especially in the eighties targeting the rural poor. The Ministry of Rural Development was prompted to introduce a system of uniform identification of BPL households in rural areas in order to more accurately and effectively target the poor families. BPL census has thus been conducted by M/o RD in 1992 for the 8<sup>th</sup>

Five Year Plan, in 1997 for the 9<sup>th</sup> Five Year Plan and in 2002 for the 10<sup>th</sup> Five Year Plan. The 1992 BPL Census was based on income as the main parameter to identify poor households whereas 1997 BPL Census was conducted on the basis of consumption expenditure as the major criteria besides provisions of exclusion of families owning certain assets.

- 2.11 Both the income and expenditure criteria adopted during the BPL survey of 1992 and 1997 had severe limitations and were criticized of having subjectivity. In this background, the M/o RD set up an Expert Group which recommended the methodology of Score Based Ranking of each household indicating their quality of life. The last BPL Census conducted in 2002 was based on the methodology of Score Based Ranking of rural households for which 13 socioeconomic parameters representing various deprivations faced by the poor were used such as Land Holdings, Type of House, Availability of clothing, Food Security, Sanitation, Ownership of Consumer durables viz. TV, Electric Fan, Kitchen appliances, Cooker, Radio, etc., Literacy status of highest literate, Status of Household Labour, Means of livelihood, Status of Children, Type of indebtedness, Reasons for migration and Preference for Assistance. For each of these parameters, the households were awarded scores in a five-point scale as 0,1,2,3 and 4. The scores were inversely related to poverty and deprivation of the household. A low score indicated higher level of poverty and deprivation, and vice-versa. The lower the score of the household, the greater was the chance of being included in the BPL list. In addition, information under some non-scorable parameters was also collected. The census was conducted on the eve of a five year plan so that its results could be factored in the plan and its methodology as decided by an Expert Group constituted by the Ministry of Rural Development. The state government/UT Administration actually conducted the enumeration with financial and technical assistance from the Central Government.
- 2.12 The States and UTs were asked to identify the number of BPL households in such a way that the total number of households should be equal to the poverty

estimates in 1999-00 or the adjusted share worked for 1993-94, whichever was higher. In addition, a flexibility of another 10% was allowed to account for the transient poor. The states were given the liberty to decide the cut-off score for determining the total number of BPL households either uniformly across the districts or at the district and below level as the case might be. Though an attempt was made to provide flexibility to the States/UTs in deciding the numbers, but putting a cap on the number of poor became a major point of criticism.

2.13 For conducting the next BPL census, the Ministry constituted an Expert Group headed by Shri M. Shankar. Shri M. Shankar relinquished this assignment after six months. Thereafter, Shri N.C. Saxena was appointed Chairman of the Expert Group. The terms of reference of N.C. Saxena Committee included, among other, the following:

- (a) To recommend a suitable methodology for conducting the next BPL Census with simple, transparent, and objectively measurable indicators for identification of BPL for providing assistance under the programmes of Ministry of Rural Development.
- (b) To briefly look at the relationship between estimation and identification of poor and the issue of putting a limit on the total number of BPL households to be identified.

2.14 The Expert Group submitted its report in August 2009 and recommended to do away with the methodology of score-based ranking of rural households followed for BPL census 2002. The committee recommended the criteria of (i) Automatic Exclusion and (ii) Automatic Inclusion and (iii) assignment of scores to the middle group of population who were neither automatically excluded nor included.

## **Socio-Economic Pilot Survey in Rural Areas**

2.15 The Ministry of Rural Development, instead of conducting the BPL Census using the methodology suggested by the Saxena Committee, decided to field test the proposals and parameters associated with several methodologies<sup>1</sup> through a pilot socio-economic survey.<sup>2</sup> The results of the pilot survey were used to examine the strength and robustness of the indicators in their ability to objectively assess the relative well-being of households. The pilot survey brought out suitable exclusion, inclusion and deprivation indicators so that the households could be ranked in terms of their poverty and deprivation status.

## **Socio-Economic and Caste Census (SECC)**

2.16 The SECC-2011 is a comprehensive door-to-door enumeration across the country. It would generate information on housing conditions, work profile and other indicators of social and economic status of the households, both in urban and rural areas. This data could be used to identify the vulnerable or poor households. The census is still in progress.

## **States' Efforts to Identify BPL Households in the Urban Areas**

2.17 While attempts have been made, as discussed above, to evolve a methodology or identification of BPL families in the rural areas, there is no such uniform methodology in existence for identification of BPL households in urban areas. In the absence of this, the States/UTs devise their own methodology/criteria to conduct the BPL Surveys on the basis of state specific poverty lines for urban areas, as defined by the Planning Commission for poverty estimates from time to time. However, guidelines of Swarna Jayanti Shahari Rozgar Yojana (SJSRY) stipulate applying non-monetary parameters (i.e. parameters, other than

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<sup>1</sup> This include the parameters suggested by Saxena Committee, the State Governments and others

<sup>2</sup> This is in contrast to the first three BPL censuses conducted in 1992, 1997 and 2002 when the methodology suggested by the Expert Groups was straightaway taken to the field.

income/consumption) also to prioritize the beneficiaries under the scheme so as to cover poorest of the poor first under the scheme. Seven such parameters have been identified for this purpose. These relate to living conditions, comprising the following attributes: (i) Roof of Dwelling Unit, (ii) Floor of Dwelling Unit, (iii) Access to Water, (iv) Access to Sanitation, (v) Education level, (vi) Type of Employment, and (vii) status of Children in Household. Each parameter consists of six attributes indicating the condition from 'worst to better'. Accordingly, a weightage score has been assigned to each attribute i.e. from 100 (worse condition) to 0 (better condition). In other words, a beneficiary who has been assigned highest weightage score amongst other urban poor will be given top priority under the programme.

- 2.18 The state and local governments are identifying urban poor households for urban poverty alleviation programmes and for BPL ration cards, mainly based on the assessments made by local officials on household incomes, self-reporting and personal verification. These lead to outcomes which are invariably highly subjective and unverifiable which results in incoherent poverty estimates across the country.
- 2.19 As there have been changes in the consumption behavior and consumption pattern of residents in cities, with housing shortages and exorbitant house rents, especially for EWS/LIG categories and shrinking access to free health, education and rising transportation cost, there is a need for arriving at new detailed methodology for identification of BPL urban households for better targeting of various poverty alleviation central and state schemes.
- 2.20 Various welfare and developmental programmes are presently under implementation by the Government. Ministry of Housing & Urban Poverty Alleviation (HUPA) is implementing, inter-alia, Swarna Jayanti Shahari Rozgar Yojana (SJSRY) for livelihoods, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for providing basic services to the urban poor. Besides, there

are National programmes like programmes for ensuring food security under Targeted Public Distribution System (TPDS) which aim at provisioning of sufficient food with adequate nutritional level to the target population. Effective implementation of these schemes at the grass root level would necessitate identification of the target beneficiaries at the first instance.

- 2.21 Appropriate identification of the poor households in urban areas serves two purposes. First, the identified nature and dimension of deprivation that the poor are subjected to in the urban areas serve as the requisite diagnostic and planning tool for effective designing of specific programmes that can be made contextual. Secondly, it serves the purpose of ensuring efficient public service delivery at the beneficiary level and achieving optimality in resource utilisation.

**CHAPTER III**  
**URBAN POVERTY: FEATURES AND TRENDS**

**Urban Poverty**

- 3.1 One of the most remarkable features of the second half of the twentieth century has been the spectacular growth of urban population in the world. Developing countries, in particular, have experienced rapid urbanization and the mushrooming of huge metropolises. However, the level of urbanisation in India is one of the lowest in the world. With about 31% of the total population living in the urban areas (Census 2011), India is less urbanized compared to many countries of Asia, viz., China (49%), Indonesia (50%), Japan (91%), South Korea (83%), and Pakistan (36%)<sup>3</sup>. Urbanisation can result from (1) natural increase in population (2) net migration from rural areas to urban areas and (3) reclassification of villages as towns largely because of changes in the nature of economic activities.
- 3.2 After independence, there have been several changes that have contributed to increased mobility and migration. Some of these factors include shift of workforce from agriculture to industry and tertiary activities, progress in the field of education, better transport and communication facilities and modernization of norms and values.<sup>4</sup> Withdrawal or displacement of workforce from rural economy and their absorption in urban sectors have created serious stress in receiving regions. The capacity of the cities and towns to assimilate the migrants by providing employment, access to land, basic amenities etc. are limited. Rural urban migration has often been considered the major factor for growth of slums in urban areas.<sup>5</sup> The recent report on Migration in India (2007-08) by NSSO, Ministry of Statistics & Programme Implementation (MOSPI) reveals that migration rate was found to be lowest for bottom MPCE decile class in both rural

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<sup>3</sup> World Urbanization Prospects: The 2011 Revision, United Nations, Department of Economic and Social Affairs, Population Division

<sup>4</sup> Urban Poverty Report – 2009, Ministry of Housing and Urban Poverty Alleviation, Government of India

<sup>5</sup> Kundu, Amitabh "Migration and Urbanisation in India in the Context of Poverty Alleviation."

and urban areas and there is an increasing trend in rate of migration with the increase in level of living, with the migration rate attaining peak in top decile class. Therefore, it is necessary to view urban poverty as distinct from rural poverty and not as mere transfer of rural poverty into urban areas.

- 3.3 The Ninth Plan Document identifies the main features of urban poverty as follows: (a) proliferation of slums and bustees<sup>6</sup>; (b) fast growth of the informal sector; (c) increasing casualisation of labour; (d) increasing pressure on civic services; (e) increasing educational deprivation and health contingencies. In addition there are problems like illegal existence, in terms of livelihood and shelter and the resultant insecurity, criminalisation and violence. There is need to acknowledge also the special burdens borne by women, their physical insecurity, poor health, lack of privacy and sanitation insecurity. The existential experience and reality of the urban poor, as established by innumerable micro and macro level studies, is a life of insecure low-wage, low-productive employment, poor and uncertain shelter, low access to basic amenities such as clean drinking water, sewerage and sanitation, and poor nutritional levels.

### **Features of Urban Poverty**

- 3.4 The urban poverty apart from being distinct from rural poverty also has another dimension which reveals that the problems being faced by the poor in small urban areas are different from that of large cities. However, in general, the urban poverty manifests in the form of inadequate provision of housing and shelter, water, sanitation, health, education, social security and livelihoods along with special needs of vulnerable groups like women, children, differently abled and aged people. Most of the poor are involved in informal sector activities where there is constant threat of eviction, removal, confiscation of goods and almost non-existent social security cover. Even when segments of the urban population are not income-poor, they face deprivation in terms of lack of access to sanitary living

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<sup>6</sup> Settlements comprising modest houses

conditions, and their well-being is hampered by discrimination, social exclusion, crime, violence, insecurity of tenure, hazardous environmental conditions and lack of voice in governance. These deprivations are often cumulative in nature i.e. one dimension of poverty is often the cause of or contributor to another dimension.<sup>7</sup> The main features of urban poverty could be summarized as follows:

- (a) **Informalisation of labour markets:** Most of the urban poor are engaged in informal sector activities as they lack adequate education and skills. They have a relatively low asset base, which is based mostly on their own labour and human resources. The urban poor working in informal sector often face relatively poor working conditions, lack of social insurance, job insecurity and are more prone to economic shocks.
  
- (b) **Migration Patterns:** The plight of urban poor is further complicated by the issue of migration. Data from NSSO 64th Round reveals that the migration rate (proportion of migrants in the population) in the urban areas (35 per cent) was far higher than the migration rate in the rural areas (26 per cent). Among the migrants in the urban areas, nearly 59 per cent migrated from the rural areas and 40 per cent from urban areas. Employment and livelihoods of the High numbers of male migrants, living in temporary shelters, in the labour force is a common feature of urban life. Nearly, 56 per cent of urban male migrants had migrated due to employment related reasons. However, all migrants do not necessarily belong to the category of the poorest or the poor in the urban areas. But at the same time there is a large floating population with shifting camps (mostly construction labour) which poses problems in delivery and services.
  
- (c) **Poor Living Conditions:** In many urban areas, a large number of people live in cramped, overcrowded and often unsanitary conditions especially in slums which are prone to environmental hazards such as natural (floods,

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<sup>7</sup> Figure, Urban Poverty: Deniz Baharoglu and Christine Kessides

landslides, etc.) and man-made disasters (e.g. fire, accidents, pollution, etc.)

- (d) **Problem of housing:** Most of the urban poor live in deplorable housing conditions with high implicit and explicit costs of housing. The Census 2011 data reveals that 3.1 percent of the urban population does not have an exclusive room for living, while 32.1 percent live in one room house. Another major problem the urban poor face is the lack of legal entitlements on property and assets. Due to lack of security of tenure, affordable housing and shortage of living space, urban poor are forced to live in “resettlement colonies” at more and more distant areas, needing for long commutes, by using generally inadequate public transport. There are also houseless people without any address. Their number and proportion is difficult to estimate.
  
- (e) **Lack of access to Education:** In the urban areas, the poor face a lack of access to quality education which results in higher proportions of the monthly income of the urban poor being spent on basic education for their children. It also results in the filtering out of female children from secondary education with the drop-out rates of female students at the secondary level being very high.
  
- (f) **Lack of Access to Health Care:** Urban slums and low income settlements are faced with a multitude of health problems. The nutritional health indicators of urban poor are worse than rural people. Increasing number of communicable and non-communicable diseases, malnutrition among children, inadequate water and sanitation facilities, etc. add to poor health conditions of the urban people. About 29.4 percent of the urban population does not have access to tap water and 18.6 percent have no latrine facility within the house.

- (g) **Lack of access to Financial Services:** The poor standard of living and lack of basic services is aggravated by the limited access to financial services. The urban poor work largely in the unorganized sector, which has not received priority from the formal financial sector in the absence of secured income, assets and lack of credit history.
- (h) **Lack of Social Safety Nets:** In the urban areas, some slums residents live in clearly defined occupational or caste based groupings, however, most of them do not have clearly defined safety nets. The social fabric of the urban poor is strained as support from family, community based networks and safety nets are limited whereas in the rural areas such social networks do exist and provide the necessary support. This social exclusion restricts people from participating on fair terms in local and national social life.<sup>8</sup>

### **Trends in Urban Poverty and Inequality**

3.5 Reduction of poverty has always been one of the priority areas of development planning. Policies have focused on improving the poor standard of living by ensuring food security, promoting self-employment through greater access to assets, increasing wage employment and improving access to basic social services. Many plans/programmes for alleviation of poverty have been initiated by the Government. However, most of these plans/programmes have been directed towards alleviation of poverty in the rural areas. For want of a specific/targeted poverty alleviation programmes in the urban areas, the pace of reduction of poverty in urban areas has somewhat been lagging behind that in rural areas.

3.6 As per the poverty estimates for the year 2009-10 released by Planning Commission, an estimated 355 million people are below the poverty line, of which 278.2 million are in the rural areas and 76.4 million are in urban areas. Based on the Tendulkar methodology, rural poverty declined by 8.3 percentage points from

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<sup>8</sup> World Bank 2006 (Social Exclusion)

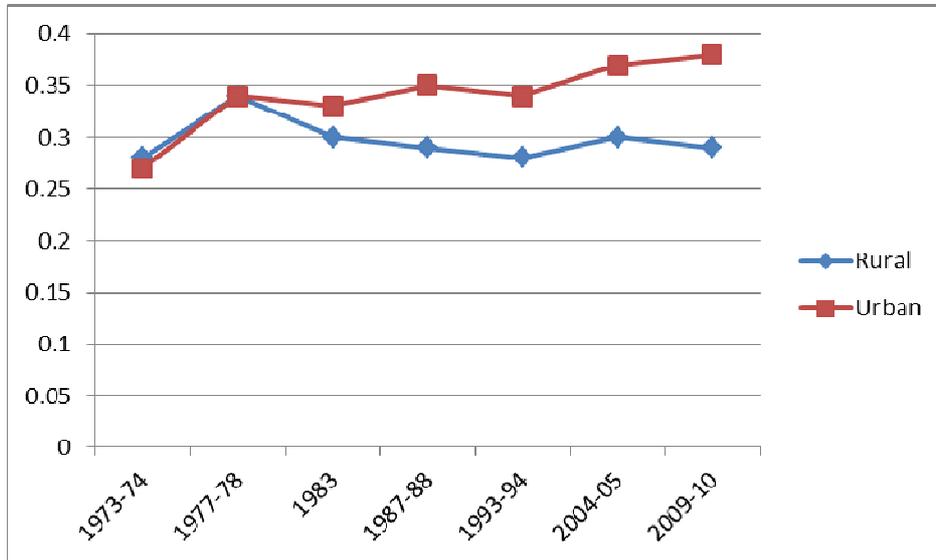
50.1% in 1993-94 to 41.8% in 2004-05 and further to 33.8% in 2009-10 registering a decline of 8 percentage points. The urban poverty declined by 6.1 percentage points from 31.8% to 25.7% and by only 4.8 percentage points to 20.9% over the corresponding period. The rate of decline in rural poverty has been higher than decline in urban poverty.

- 3.7 During the phase of high economic growth in the country as observed over the last decade, it was expected that the higher growth in urban income/ consumption will lead to a faster decline in poverty at least in urban areas and subsequently in rural areas due to growth diffusion. However, this does not seem to have taken place and along with rising divergence between rural and urban consumptions, it has also been accompanied by increasing inequality.<sup>9</sup> On the basis of NSSO data, it is estimated that in the rural areas, the average monthly per capita consumption expenditure (MPCE) of the top 10% of population was 5.76 times that of the bottom 10% of the population for the year 2009-10 as compared to 5.26 times in 2004-05. Similarly, it is estimated that in urban areas the average MPCE of the top 10% of population was 10.11 times that of the bottom 10% of the population for the year 2009-10 as compared to 8.41 times in 2004-05. This indicates that increase in inequality in consumption expenditure in urban areas during this period was higher than that in rural areas.
- 3.8 A comparison of the Gini ratios (another measure of consumption inequality) estimated on the basis of MPCE data provided by the NSSO using the Uniform Recall Period (URP) Consumption method indicates that the extent of inequality in the consumption expenditure is higher in urban areas as compared to the rural areas. The Gini ratio for rural areas declined from 0.30 in 2004-05 to 0.29 in 2009-10 and for urban areas it increased from 0.37 to 0.38 during the same period. Chart 1 below gives the Gini coefficients in rural and urban areas since 1973-74. (Data from NSS 55<sup>th</sup> Round (1999-2000) has been omitted as it was not strictly comparable with other Rounds of NSS).

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<sup>9</sup> Himanshu "Urban Poverty in India by Size-Class of Towns: Level, Trends and Characteristics"

**Chart 1: Gini Coefficients of MPCE (URP)**



Source: Planning Commission

3.9 As is clear from the chart above, over the years rural inequality has been showing a declining trend. Rural Gini started declining from 1977-78 till 1993-94, it rose by 0.02 points during 2004-05 and again declined by 0.01 points in 2009-10. However urban inequality has been increasing almost steadily over the years. Urban Gini rose from 0.27 in 1973-74 to 0.34 in 1977-78 to 0.38 in 2009-10. Compared to the same Gini ratio of 0.34, for both rural and urban areas in 1977-78, the gap between them rose to as high as 0.09 points in 2009-10. Steady increase of the urban Gini in comparison to the decline registered in the rural Gini indicates that the inequalities in terms of Per Capita Consumption Expenditure have widened in the urban areas as compared to that of rural areas between 1977-78 and 2009-10.

3.10 With given resources and higher pace of urbanisation in the country, the pressure on the existing civic amenities and health facilities will increase, leading to deterioration in the quality of these services and reduced access to these services

for the poor thereby increasing the deprivation, unless there are special efforts to carry the poor along.

- 3.11 Poor people in most urban areas are forced to live in cramped, overcrowded and unsanitary conditions, and are highly dependent on public bodies to provide goods and services (water, health care, regulation of job contracts etc). This is not from choice, but because they have much less control over their immediate environment than in rural areas. Options for support from family and community-based networks and safety net systems (developed over generations in rural villages) are almost non-existent. The poor people in urban areas have the feeling as if they live amongst the strangers and they do not necessarily trust, and rely on short-term transactions, which can be completed immediately, more than enduring relations molded and nurtured by tradition in the countryside. Though the position with regard to access to basic amenities may look somewhat better in urban areas as compared to rural areas, but the life in urban areas is much more vulnerable.

**CHAPTER IV**  
**VULNERABILITY: DEFINITION AND CATEGORISATION**

- 4.1 During its various deliberations and interactions with other stakeholders, the Expert Group attempted to understand the various facets of Urban Poverty. It has been acknowledged that poverty is multi-dimensional in nature and vulnerability is a critical aspect of poverty. Vulnerability is a highly dynamic situation which the poor always confront throughout their lives in the absence of proper social security measures. It is defined in terms of the threat of the family falling into poverty in future. It is a measure of the volatility of household incomes and exposure to various external risks<sup>10</sup>. Poverty is an ex-post measure of a household's well-being (or lack thereof). It reflects a current state of deprivation, of lacking the resources or capabilities to satisfy current needs. Vulnerability, on the other hand, may be broadly interpreted as an ex-ante measure of well-being, reflecting not so much how well off a household currently is, but what its future prospects are. What distinguishes the two is the presence of risk—the fact that the level of future well-being is uncertain.
- 4.2 The poor are a dynamic population, as they continuously move in and out of poverty, possibly with seasonal periodicity especially during times of economic uncertainty (poor monsoon, strikes and lockouts etc.). It is always important to go beyond assessing who is currently poor, how poor they are, and why they are poor to an assessment of households' vulnerability to poverty i.e. to identify those who are expected to be poor ex ante -who is likely to be poor, how likely are they to be poor, how poor are they likely to be, and why are they likely to be poor, for the precise formulation and effective implementation of anti-poverty interventions<sup>11</sup>.

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<sup>10</sup> urbanomics.blogspot.com, Wednesday, October 31, 2012, 'Poverty and vulnerability in India'

<sup>11</sup> Jonathan Haughton and Shahidur R. Khandke 2009, 'Handbook on Poverty and Inequality', World Bank Training Series, The World Bank, Washington, DC.

- 4.3 The higher level of urbanization which India is witnessing now is associated with more severe strains on urban employment and urban housing and problems of congestion, inadequate urban infrastructure, insufficient urban amenities, lack of appropriate social security measures and degradation in the quality of urban life adding to urban poverty, deprivations and vulnerabilities. In this backdrop, the Expert Group was of the view that poverty in the urban areas could be best captured in three categories of vulnerabilities that the urban poor is subjected to such as a) residential vulnerability; b) occupational vulnerability; and c) social vulnerability. They agreed to evolve an appropriate methodology to identify urban poor based on the various dimensions of these three areas of vulnerability which will be described in detail below.

#### **Residential Vulnerability**

- 4.4 The most visible manifestation of urban poverty is in the crowding of large masses of the urban poor under the open sky, completely vulnerable to the extremes of nature, or in precarious and unsanitary slums in sub-human conditions of survival and always lacking a sense of safety and security.
- 4.5 The 2001 census estimated that the numbers of urban homeless persons by this definition in India are around 2 million. This is likely to be a gross underestimate, because this is a notoriously difficult population to survey. The houseless poor has by definition no stable address, no ration card (which in many parts of India is much more than an instrument to access subsidised food and it has become a de facto identity card) and hence, the houseless poor usually does not appear on any voting lists. And because, as we shall observe, this population has been rendered illegal by the law, it would tend to avoid any contact with representatives of the state.
- 4.6 In a continuum with the houseless, are those who are precariously housed, and who live mainly in slums. A nation-wide survey of slums was conducted by NSSO in its 49th round (covering a six-month period between January and June, 1993).

It estimated that there were 1,17,227 'declared' and 'undeclared' slums in the country during the reference period of the study. Of these, 56,311 slums (around 48 per cent) with 59.34 lakh households were in the urban sector. Assuming 5 persons per household, the total estimated population in urban slums comes to 29.67 million. A nation-wide survey of slums was again undertaken by NSSO in its 65th round during July 2008 to June 2009. As per the report there are 49,000 slum settlements in urban India till 2008-09 (it includes both notified and non notified slums).

- 4.7 In the absence of national urban BPL surveys, for the 2001 Census of India, data on slums pan-India was collected in 640 cities/towns with a population of 50,000 persons or more, which was later extended to 1321 towns having population of over 20,000. In total, across both phases, 1961 towns were surveyed, and out of these 1743 towns reported the presence of slums. In 2008, a Committee chaired by Dr. Pronab Sen, which was constituted by the Ministry of Housing and Urban Poverty Alleviation to look into various aspects of Slum Statistics/Census, estimated that the slum population in 2001 across 5161 towns was 75.26 million. However, while the habitat-based approach has been useful in enabling the targeting of shelter and services towards people living in slums and slum-like conditions, not all those living in slums can be characterized as living below the poverty line. Similarly, a purely habitat based methodology excludes a large number of persons who may not live in slums, but nevertheless face substantive deprivation or vulnerability that would qualify them as being poor. In this context, it becomes necessary to identify "people" (and households) falling below the poverty line for the design and delivery of appropriate interventions aimed at the wider goals of urban poverty alleviation and inclusive urban development.
- 4.8 Due to definitional problems, it is likely that these are gross underestimates. Independent studies have established that anything between a quarter or one-third of the population in most cities and towns live in slums or are precariously

housed or houseless, and that at least half the population in slums is estimated to be below the official poverty line.

- 4.9 Swelling populations, fragile and insecure incomes and a legal and regulatory regime that is extremely hostile to the urban poor, combine to exclude poor people from safer, higher value sites in the city. Instead, they are crowded in precarious or illegal locations, such as open drains, low-lying areas, the banks of effluent tanks, the vicinity of garbage dumps, open pavements and streets and survive in chronic fear of eviction, fire or flood. Housing for those who do not sleep in the open is in shambles- literally. Over-crowded inside and outside the house, the house itself is just constructed of whatever material is available and often fails to keep out the cold or the rain.
- 4.10 In these crowded, illegal and insecure settlements, there is acute denial of minimum basic amenities required for human survival. According to the 65th round of the NSSO in 2008-09, about 49 thousand slums were estimated to be in existence in urban India in 2008-09, 24% of them were located along nallahs and drains and 12% along railway lines. For 95% slums, the major source of drinking water was either tap (usually public tap) or tubewell. About 73% notified and 58% non-notified slums had a motorable approach road. About 10% notified and 23% non-notified slums did not have any drainage facility. Only 1% notified and 7% non-notified slums did not have electricity connection. About 78% of notified slums and 57% of the non-notified slums had a pucca road inside the slum<sup>12</sup>.
- 4.11 In conditions of abysmal hygiene and sanitation, it is not surprising that health conditions in slums are dreadful, to which children are particularly vulnerable. Infant mortality rates are higher by 1.8 times in slums as compared to non-slum

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<sup>12</sup> Ministry of Statistics and Programme Implementation, Government of India. 2009. 'Some Characteristics of Urban Slums'. National Sample Survey Office, National Statistical Organisation. *Report No.* 534(65/0.21/1).

areas. Nearly 50 per cent of urban child mortality is the result of poor sanitation and lack of access to clean drinking water in the urban slums.

### **Social Vulnerability**

- 4.12 Socially vulnerable groups are defined as those groups who routinely face severe social barriers to livelihood, food and dignified living. In any analysis of the problems of the urban poor, it is important to disaggregate their population, and to recognise that there are some particularly vulnerable groups, even more at risk in an environment of urban poverty. A study by the National Institute of Urban Affairs (NIUA), quoted by the National Commission on Urbanisation (NCU), 1988 (*ibid.*), points out that 68 per cent of the urban poor are women, who are socially treated as expendable and entitled to the poorest nutrition and health care. Single women headed households and girl children are particularly assailable in these circumstances.
- 4.13 Among other most defenceless groups are the aged who are without care, people with disabilities, the homeless, and people living with leprosy, mental illness and AIDS. There are no reliable surveys available to estimate the actual proportion of these groups in the total population. But case studies portray sub-human conditions of stigma, exclusion and a desperate struggle for survival.
- 4.14 The evidence also indicates that there is a much higher incidence of poverty among people belonging to the scheduled castes and tribes than is warranted by their proportions in the general population of a city.
- 4.15 Of paramount vulnerability in conditions of urban poverty are children, and particularly those who are especially at risk, such as children without adult care, street and working children, and children of destitute and stigmatised parents. They are vulnerable because of poor sanitary conditions, inadequate nutrition, psycho-social stresses, exclusion from schools, erratic or unreliable adult

protection or sometimes its absence and the coercion to work. The school enrolment and retention rates in the urban slums are alarmingly low<sup>13</sup>. For children who are forced to work, conditions are particularly precarious. Children in poor households are engaged in debilitating forms of work that not only keep them in poverty but are hazardous to life and ultimately rob them of the personal development that society offers to other children. Children usually start working in extremely arduous jobs at a very early age and never get the opportunity in subsequent years to go to school or to achieve incomes to raise them above the levels of extreme poverty, even after attaining adulthood.

### **Occupational Vulnerability**

4.16 The 2009 National Commission for Enterprises in the Unorganised Sector (NCEUS) report<sup>14</sup> estimates that an overwhelming proportion of workers belonging to the poor and vulnerable groups (between 94% and 98%) are informal workers, while they constitute a much smaller proportion of the work force in the middle or higher income groups. The growth rate of employment also was much less among the poor and vulnerable groups compared to the Middle and Higher income groups. In other words, both in terms of quantity and quality of employment, the poor and vulnerable groups had been lagging far behind the others during the period of rapid economic growth (1993-2004).

4.17 The NCEUS, Ministry of Micro, Small and Medium Enterprises (M/o MSME), Government of India, recommended the following classification of labour:

- Severely Unemployed if persons were unemployed for 3.5 days or more in the reference week;
- Part-time workers if persons were employed for 0.5 to 3.5 days in the reference week; and

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<sup>13</sup> Venkateswarulu Ummareddy (1999). "Urbanisation in India: Problems and Prospects", New Age International Publishers (p.208).

<sup>14</sup> National Commission for Enterprises in the Unorganised Sector (NCEUS). 2009. The Challenge of Employment in India: An Informal Economy Perspective. New Delhi: NCEUS (April 2009)

- Underemployed if persons were employed for 0.5 to 3.5 days in the reference week and reported at least 0.5 days of unemployment.

4.18 The above methodology, while useful for ascertaining time of employment or unemployment, does not detail the nature of employment i.e. whether formal or informal, or whether skill-based or enterprise-based. Therefore, a comprehensive measure of occupational vulnerability is called for. An individual is not just occupationally vulnerable in terms of the time, but also the kind and quality of employment.

4.19 The phenomenon of burgeoning poverty in cities and towns is related not to open unemployment (recorded unemployment in cities is 4.5 per cent of the labour force<sup>15</sup>), but to the fact that the large majority of the urban poor are trapped in low-end jobs – insecure low paid, low productivity with debilitating work conditions – mainly in the informal sector. This is an extremely heterogeneous sector, comprising daily wage workers, construction labour, petty traders, hawkers, street children, sex-workers, rikshaw puller, domestic workers, etc. Labour markets remain highly segmented, in which the vulnerability and desperate survival needs of the unorganised workers and high levels of competition amongst the large army of work-seekers, enable exploitation by employers, and sometimes middlemen who mediate access.

4.20 The National Commission on Urbanisation (NCU) (1988) states that:

The capacity of urban areas to create jobs well above the poverty line in the formal sector has been dwindling. The capital intensity of modern urban enterprises, industrial location policy, energy crises, industrial sickness, labour unrest, restrictive legislation, frozen housing activity and low level of investment in the development of urban infrastructure and services have colluded to keep down the growth of urban employment. A non-formal sector has been growing in

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<sup>15</sup> NSSO, Report No. 15, pp 167, 171 and 176 cited in Awasthi, D et. al.. 'Changing Sectoral Profile of the Urban Economy and Implications for Urban Poverty'. India Urban Poverty Report 2009. Oxford University Press.

interstitial spaces of economic activities ignored or exploited by the formal sector. It includes waste collection and recycling, shelter development in marginal and ordinarily uninhabitable lands, car and lorry transport, low cost catering services, repair and maintenance services, street vending, etc.

- 4.21 According to NIUA survey, the 15 most dominant occupations of the poor are: weavers (8.3 per cent), sweepers (6.5 per cent), unskilled labourers (6.3 per cent), street vendors (5.4 per cent), construction workers (5.3 per cent), rickshaw pullers (5.3 per cent), peons (4.1 per cent), domestic servants (3.5 per cent), petty shopkeepers (3.2 per cent), agricultural labourers (3.0 per cent), rag pickers (2.8 per cent), bidi makers (2.7 per cent), drivers (2.6 per cent), petty salesmen (2.2 per cent), and clerks (1.9 per cent).
- 4.22 A little over 70 per cent of the workers work long hours, in many cases exceeding 12 hours per day. Only 23.5 per cent of the poor workers reported work of less than 8 hours. When this evidence is considered in conjunction with the number of days they work in a year, it would seem that the poor do not lack work; rather, they are overworked in low-productivity occupations<sup>16</sup>.
- 4.23 Unlike the countryside in which livelihoods are closely linked to access or control over natural resources, in cities these are related directly to access to opportunities for wage or self-employment. The failure of the formal sector to absorb the bloated urban labour force has led to the outgrowth of the informal and casual sectors. The majority of the urban poor are self-employed or casually employed<sup>17</sup>.

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<sup>16</sup> Mathur, Om Prakash (1994). "The State of India's Urban Poverty", Asian Development Review, Manila.

<sup>17</sup> Kundu, Amitabh. 'Trends and Processes of Urbanization in India'. Available online at <http://www.iied.org/pubs/pdfs/G02541.pdf>

4.24 The precarious livelihood situation of the urban poor is summarised in a study report by Lough-head *et al* for Department for International Development (DFID) in:

- Labor markets are continually shifting in skill requirements as well as sectors. The poor often have low skill levels, and so there is intense competition, with a large reserve army of unemployed and under-employed labour present in any locality.
- There is overcrowding and saturation of high turnover, low return petty trading and services activity, driving down everyone's margins (an argument against micro-credit to support such activities, often below subsistence levels. This converts into reliance upon other family members to contribute income, placing pressure therefore upon children to work.
- Access to employment is usually mediated through others. In some cases, particularly in the protected sector, it is through formal closed shop practices; in others, through patron classes, who receive a commission on wages, reducing its value to the worker.
- Without any social protection at work (health and safety, provision for sickness benefit or even just leave, no tolerance of interruptions to labour availability due to family crises or child care needs), people have to work when they are sick, tired through long hours, and at low nutritional levels, which increases the likelihood of being unavailable for work leading to instant dismissal.
- There is little opportunity for skill upgrading on the job to enter more secure, higher return employment.
- Many forms of casual employment are seasonal – e.g. fishing, construction<sup>18</sup>

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<sup>18</sup> Loughhead, Susan and Onkar Mittal (1999). "Urban Poverty and Vulnerability in India", November, DfID India.

- 4.25 The literature on urban poverty has largely concentrated on larger cities and metropolitan cities, it is in this context that the Expert Group assigned the Institute of Human Development (IHD) the task of identifying simple and visible indicators which are best related to household poverty and deprivation to bring about the creation of more universally applicable indicators for a broader range of urban settlements. The IHD study titled “Nature of Poverty and Identification of Poor in Small and Medium Towns” focused on understanding the nature of poverty in small and medium towns in India, concentrating on housing and housing related vulnerabilities, occupational and social vulnerabilities of households.
- 4.26 Six small and medium towns viz. Parbhani (Maharashtra), Bidar (Karnataka), Mansa (Punjab), Madhubani (Bihar), Jangaon (Andhra Pradesh) and Pakur (Jharkhand) were selected for the study on the basis of factors such as size, nature of economic activities and employment pattern and locations. Vulnerabilities were identified on the basis of variables such as housing materials, source of lighting, cooking area, drinking water source, cooking fuel, assets categories, caste, education level, female headed households, households with disabled persons, activity status and occupation of household. Monthly per capita expenditure quintiles have been used to understand the nature of these variables with poverty and deprivation. The major findings of the study on the three vulnerabilities are as follows:

### **Housing and Housing Related Vulnerabilities**

- There was a clear trend of households with more number of rooms being relatively better-off. However, there were many households, having more than three rooms, which belonged to the lower consumption expenditure quintiles. Therefore, the number of rooms in a dwelling could not be used as a criteria for inclusion or exclusion without large errors.
- To segregate the large middle bracket among the poor a combination of other indicators would be required. On applying combination criteria such

as excluding those living in dwellings of more than 3 pucca rooms, errors were much less. However, about 10 per cent of those excluded had vulnerable characteristics and can be categorized as households which should not be excluded.

- Presence of kuccha roofs could be used as an inclusion criterion, but presence of pucca roof could not be used as exclusion criteria, as exclusion errors were large. Use of flooring material as inclusion and exclusion criteria had large errors. Most kuccha walls could be used for inclusion, with some errors; however exclusion of pucca walls would entail large errors.
- Household criteria based on public goods and town connectivity such as electricity in the household, water supply and piped water showed little difference across expenditure quintiles.
- Assets such as four wheelers, heavy vehicles, air conditioners, computers, washing machine, heaters and geysers were being used by very few and relatively better off households. These could be used for exclusion with small exclusion errors.

### **Social Vulnerability**

- Households having a disabled person in the household were highly concentrated in the lowest two quintiles and there was a clear trend of such households decreasing with increasing per capita income and expenditure giving greater inclusionary weight to such households.
- Female headed households and single women were repeatedly reported as the most vulnerable and poor in all towns and settlements therefore should be considered for greater inclusionary weight.
- Households with no literate person could be considered for higher inclusionary weight.
- No clear conclusion could be drawn regarding inclusion or exclusion on the basis of religion of the household.

- Scheduled Castes (SC) and Scheduled Tribes (ST) showed a decreasing trend with increasing expenditure quintiles, thus, greater weight should be placed on their inclusion as poor.

### **Occupational Vulnerabilities**

Self-employed employers were concentrated in the top two quintiles of income, beggars in the bottom two quintiles and own account workers were distributed uniformly across quintiles. Regular wage workers were slightly more concentrated in the higher quintiles but had a sizeable proportion in the bottom quintiles. Households with cobblers, beggars, rag pickers, rickshaw pullers, casual wagers etc. could be automatically included with little error.

4.27 The study concluded that no indicator was universal or extremely sensitive for identifying poor. It further pointed out the need for a regional approach to identification of poor considering issues related with hidden poverty due to disbursement of benefits, use of regional fuels and construction material and different valuations of materials across time and regions. The study thus helped the Expert Group to understand the nature of poverty in the small and medium towns under the three vulnerabilities (residential, social and occupational) and hence provided a backdrop to the methodology proposed by the Expert Group.

**CHAPTER V**  
**METHODOLOGY TO IDENTIFY THE URBAN POOR**

- 5.1 The mandate of this Expert Group is to suggest methods to identify urban poor households. Although there have been regular attempts to estimate levels of urban poverty, there has been no attempt to undertake any nation-wide census for identification of urban poor families.
- 5.2 Till now no uniform methodology/criteria has been evolved to identify BPL households in the urban areas. While the Ministry of Rural Development (M/o RD) took the initiative to put in place a systematic approach for identification of BPL families in a uniform manner in the rural areas, for the urban areas there has not been any such mechanism except certain guidelines through which the States/UTs devised their own methodology/criteria on the basis of state specific poverty lines for urban areas, as defined by the Planning Commission for poverty estimates from time to time.
- 5.3 In the absence of any official census of urban poor households, state and local governments are identifying urban poor households for urban poverty programmes and for BPL ration cards, mainly by assessments by local officials of household incomes, based on self-reporting and personal verification. These lead to outcomes which are invariably highly subjective and unverifiable and result in incoherent poverty estimates across the country. As a result, in targeting of programmes in urban areas even more than for rural development programmes, there is lack of transparency, diversion and extraordinary exclusion errors. Accordingly, there is a need for arriving at a detailed methodology for identification of BPL urban households for better targeting of various poverty alleviation central and state schemes.
- 5.4 There has been a consensus that the methodology to identify BPL urban households should be based on simple, transparent and objectively measurable

indicators in respect of housing conditions, access to sanitation /latrine, access to safe drinking water, employment/ work status and regularity of earnings, social security measures-like life and health insurance etc., access to financial institutions/services, the extent of the presence of socially-disadvantaged groups within the households such as female headed households/presence of widows/divorcees that are not income earners & differently-abled members in the family, SC/ST, status of the family and the percentage of monthly income spent on health care facilities, rent, transportation, education, etc.

- 5.5 Taking note of the multi-dimensional nature of urban poverty, the Expert Group is of the view that income-based identification of the urban poor would be flawed because there was no objective mechanism by which the declared income of the applicant could be verified by the Government Authorities. This process of focusing on income has, in the past, led to significant inclusion and exclusion errors.
- 5.6 The Expert Group also took a view about consumption expenditure as a substitute of income. It was felt that, since obtaining data on consumption expenditure of the household requires a complex and lengthy investigation, it would be difficult to load such an investigation on a census operation, and any data obtained through an abridged and short investigation in this respect was not likely to yield reliable results.
- 5.7 The Expert Group, therefore, decided to rely on more visible and easily recordable indicators of levels of living and quality of life, like the type of house, access to essential conveniences, nature and quality of work and various other social disabilities from which the household might suffer. In terms of these indicators, a poor (or commonly called a BPL) household would stand out on the basis of three categories of vulnerabilities: Residential Vulnerability, Occupational Vulnerability and Social Vulnerability. Each one of these vulnerabilities would be qualified by a

number of indicators which would also give an idea of the depth or intensity of the vulnerability.

- 5.8 Possession of a range and type of assets (other than the house) by the household is also an indicator of its well-being. Hence the Expert Group desires to collect data on the possession of certain type of assets. NSS, had, in some of the earlier rounds of its surveys collected data on possession of certain type of assets and these data could be correlated with the household consumption expenditure levels from the same rounds. Though the asset profile of the urban households varied from State to State and also overtime, it was clear that certain types of assets like motor car, air conditioners were possessed only by very rich households, and these could be used for a priori exclusion of the households from the BPL set. The details regarding households possessing specific durable goods in five fractile classes of MPCE for some of the major States and all-India as per the 61<sup>st</sup> Round (2004-05) of NSS are given in **Annexure IV**.
- 5.9 Taking note of the decision of the Government of India to undertake Socio Economic and Caste Census (SECC) and also that the Ministry of Rural Development had included in the SECC questions pertaining to identification of rural poor households, the Ministry of Housing and Urban Poverty Alleviation also decided to include in SECC questions helpful to identification of urban poor. The specific questions covering the nature and intensity of all the three vulnerabilities (Residential, Social & Occupational) and asset profile of the households in urban areas were prepared by the Expert Group in close association with the Ministry of HUPA. As part of its Interim Report, the Expert Group had recommended the questionnaire for canvassing among the urban households. The questionnaire canvassed in the SECC is at **Annexure V**.
- 5.10 The SECC captures the residential status (own/rented), the physical condition of the dwelling, the number of rooms occupied, provision of civic amenities, occupational status of each household member as well as their employment

condition, health & education status, age structure & other social vulnerabilities as discussed in above section.

- 5.11 A Sub-Group of the Expert Group was constituted under the Chairmanship of Dr. Pronab Sen to discuss the parameters to be used for the identification of BPL families in the Urban areas. The Sub-Group held three meetings and a discussion paper on “The Possible Alternative Options for Determining the BPL Households in the Urban Areas” was drafted which is at **Annexure VI**. The Report of this Sub-Group was the basis of further deliberations in the Expert Group, where the Expert Group adopted the recommendations of the Sub-Group with some modifications.
- 5.12 After detailed deliberations and discussions, the Expert Group recommended a 3-Stage identification process: (i) Automatic Exclusion; (ii) Automatic Inclusion; and (iii) A Scoring Index. In the first stage, a household fulfilling any of the indicators given in ‘Stage 1’ below will be automatically excluded from the BPL List. The remaining households are then screened for automatic inclusion as per the criteria set in ‘Stage 2’ below. All the household satisfying criteria set in ‘Stage 2’ are automatically included in the BPL List. The residual households are then assigned scores from 0 to 12 based on the scoring pattern described in ‘Stage 3’ below. The households with score zero are added to the ‘excluded’ set, i.e., they are not eligible to be in the BPL List. Those households with scores from 1 to 12 are to be considered eligible for inclusion in the BPL List in the increasing order of the intensity of their deprivations. That is, those with higher scores are more deprived. The sequence of automatic exclusion, automatic inclusion and scoring index is of vital importance for the proper identification of urban poor.

### 5.13 **Stage 1: Automatic Exclusion**

For identification of poor households in urban areas, at the first instance one need to begin with automatic exclusion of households from BPL List based on indicators listed below.

1. If the number of dwelling rooms exclusively in possession of the household is 4 and above (Dwelling rooms with wall of concrete or burnt bricks or stone packed with mortar, roof of concrete or burnt bricks or machine made tiles), that household will be excluded.
2. Households possessing any one of the following assets will be excluded:
  - i. 4 wheeler motorised vehicle,
  - ii. A.C. set,
  - iii. Computer or laptop with internet.
3. Households possessing any 3 of the following assets will be excluded:
  - i. Refrigerator,
  - ii. Telephone (land-line),
  - iii. Washing machine,
  - iv. 2 wheeler motorised vehicle.

### 5.14 **Stage 2: Automatic Inclusion**

In the second stage, households facing any of the vulnerabilities listed below will be included in the BPL List automatically.

#### **a) Residential Vulnerability**

- i. If the household is 'houseless'<sup>19</sup>.
- ii. If the household has a house of roof and wall made of plastic/polythene.

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<sup>19</sup> Households who do not live in buildings or census houses (structure with roof) but live in the open on roadside, pavements, in hume pipes, under fly-overs and staircases, or in the open in places of worship, mandaps, railway platforms, etc. are treated as Houseless households (The Census of India, 2001).

- iii. If the household has a house of only one room or less with the material of wall being grass, thatch, bamboo, mud, un-burnt brick or wood and the material of roof being grass, thatch, bamboo, wood or mud.

**b) Occupational vulnerability**

- i. If the household has no income from any source, then that household will be automatically included.
- ii. Any household member (including children) who is engaged in a vulnerable occupation like beggar/rag picker, domestic worker (who are actually paid wages) and sweeper/sanitation worker /mali) should be automatically included.
- iii. If all earning adult members in a household are daily wagers or ir-regular wagers, then that household should be automatically included.

**c) Social Vulnerability**

- i. Child-headed household i.e. if there is no member of the household aged 18 years and above.
- ii. If there is no able-bodied person aged between 18 and 60 years in the household, i.e. all members of the household aged between 18 and 60 years either have a disability<sup>20</sup> or are chronically ill<sup>21</sup>.
- iii. If all earning adult members in a household **are either disabled, chronically ill or aged more than 65 years** then that household should be automatically included.

It is important to reiterate that this segment of the population faces severe poverty and deprivation and hence deserve to be included in the BPL list at all costs.

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<sup>20</sup> SECC defines disability as disability in terms of seeing, hearing, speech, movement, mental retardation, mental illness, other disability, multiple disability.

<sup>21</sup> According to SECC chronic illness include cancer, TB, leprocy, other illness.

### 5.15 Stage 3: Scoring Index

In the third stage, the remaining households will be ranked on the basis of an index score. It was decided to settle the overall cap to 12 points (maximum of 5 points for residential vulnerability, maximum of 5 points for social vulnerability and maximum of 2 points for occupational vulnerability). The household with zero score will be excluded from the BPL List. The household with the highest score will have the highest priority for inclusion in the BPL List. The indicators and their respective scores by type of vulnerability are given below.

#### **Residential Vulnerability**

S. No.	Indicator	Score
A	Households living in houses of more than one room with roof of Grass/thatch/bamboo/wood/mud etc. and wall of grass/thatch/bamboo etc.	2
B	Households living in houses with roof of handmade tiles or G.I./metal/asbestos sheets and wall of mud/unburnt brick or wood or stone not packed with mortar or G.I./metal/asbestos sheets	1
C	Household with non-availability of drinking water source within or near the premises	1
D	Households with main source of lighting other than electricity	1
E	Households with no exclusive water-seal latrines	1

Maximum Score- 5

### Social Vulnerability

S. No.	Indicator	Score
A	Female-headed households i.e. households where there is no adult male member or where the principal bread-earner in the family is a woman	2
B	Household with a widow below the age of 50 years as a member of that household	1
C	Scheduled Caste (SC) households	2
D	Scheduled Tribe (ST) Households	2
E	No Literate Adult	2
F	No adult in the household educated up to primary level	1
G	For every Disabled/Chronically ill person in the household	1

Maximum Score- 5

### Occupational Vulnerability

S. No.	Indicator	Score
A	Any of the following occupations of the head of the household: <ul style="list-style-type: none"> <li>• Street vendor/cobbler/hawker</li> <li>• Construction/plumber/mason/labour/painter/welder/sec guard</li> <li>• Home-based/artisans/Tailor</li> <li>• Transport worker/driver/conductor/helper to drivers and conductors/ cart puller/ rickshaw</li> <li>• Washermen/ Dhobi/ Chowkidar</li> <li>• Coolie/Head-loader</li> </ul>	2

S. No.	Indicator	Score
B	Any of the following occupations of the head of the household: <ul style="list-style-type: none"> <li>• Shop-worker / Assistant / Helper / Peon in small establishment / Attendant / Waiter</li> <li>• Electrician / mechanic / assembler / repair worker</li> </ul>	1
C	Households where the main source of income of the head of the household is through a weekly /daily wage earning.	2
D	Households where there is no enterprise / wage earning i.e. non-work and the earning is chiefly through any one of the following means i.e. (a) Pension; (b) Interest; and/or (c) Rent	1

Maximum Score- 2

5.16 The automatic exclusion and inclusion criteria and the scoring scheme recommended above has been adopted after considerable deliberations in the Expert Group. It may be noted that the scoring scheme as recommended above deviates from the one initially recommended by the Sub-Group, both in respect of the scores assigned and in respect of the criteria to be included in the scoring scheme. More notable are (in the 'social vulnerability' category of scoring), exclusion of score for being a 'Muslim' and inclusion of score for a household with a 'widow below the age of 50 years'. The Sub-Group was strongly in favour of including 'Muslims' as a vulnerable social group along with SC and ST on account of their general socio-economic conditions. But the difficulty was that the data on religious identification from SECC will not be accessible along with other data for use in our context. Inclusion of 'widows below age 50' as scoring criteria was pleaded on the ground that presence of a relatively younger widow (possibly with children) imposes extra burden on a poor family.

5.17 The data from SECC are not yet available, and it will take some more time before the Census is completed and data are available for use. The scheme of automatic

exclusion, automatic inclusion and scoring will be applied to the Census data. It goes without saying that there will be variations in the results of this scheme between the States. From whatever data the Expert Group could lay hands on for testing this scheme the Group is satisfied with the results.

- 5.18 The Expert Group recommends that the set of households qualified for automatic inclusion in the set of BPL households should be taken as hard core poor. Of the middle group of households (neither automatically excluded nor automatically included) a substantial number of households will score zero. These households will be added to the excluded group. The remaining of the households subject to scoring, will be distributed largely between score 1 and 8. If the objective is to divide the entire urban population in two groups, i.e., above poverty line and below poverty line, then all those households with score 4 and above could be added to the automatically included households in order to get the population below poverty line. Alternately depending upon resources available for assistance to the poor and nature of vulnerability targeted under different programmes, Government of India/States could take the population: automatically included + score 7 & above, or automatically included + score 6 & above, or automatically included + score 5 & above, and so on in that order till one reaches score one, giving increasing number of households to be assisted.

## **CHAPTER VI**

### **GRIEVANCE REDRESSAL MECHANISM AND PERIODICITY OF SURVEY IN URBAN AREAS**

- 6.1 The Expert Group feels that the identification of urban poor should be a participatory exercise involving general public at the ward level with an appropriate grievance redressal mechanism. This is to guarantee proper targeting of the urban poor and to confirm that the true vulnerable sections of the society are not left out from the exercise. There should be proper sharing of the information so that the urban poor are made aware of the precise nature of the vulnerability that they face and get the benefits of the specific policies and programmes implemented by the Central and State government. This would also ensure greater transparency and accountability in the process. It was also proposed by the Expert Group to give greater flexibility to the State Government regarding the appointment of nodal officers and how to carry out the mechanism.
- 6.2 The methodology discussed in the previous chapter to identify the urban poor will be applied to the results of the Socio- Economic and Caste Census (SECC) which is ongoing at present. As SECC captures vast data with regard to socio-economic position of an individual, it is in itself a difficult exercise. Thus errors and omissions are bound to happen. For example there could be an investigation error resulting in exclusion of a vulnerable individual or erroneous inclusion of a person who is not entitled. Also there could be a problem with respect to the stipulation of scoring parameters and its specification etc. A faulty beneficiary list would erode the effectiveness of the delivery mechanism of the various government schemes and programmes and would drive us away from the objective of faster and more sustainable inclusive growth.
- 6.3 At first the State Government will identify and appoint officers who will apply the proposed methodology (automatic exclusion, automatic inclusion and scoring index) to the SECC data. These officers will accordingly prepare a tentative list

classifying each urban household on the basis of the methodology with special reference to the three types of vulnerabilities. The ward-wise list of household so prepared clearly specifies the reasons for classifying the households in different categories. i.e. the list must include details of criteria under which a household is automatically excluded/automatically included or scored. In case of scoring index the list should mention the scores allotted to different vulnerabilities so as to indicate the extent and dimension in which they are more vulnerable. Such a detailed list will definitely improve the transparency of the exercise and will also enable the general public to have a better awareness of the degree of deprivation to which they are subjected to.

- 6.4 The detailed list must be made available to the public by uploading it in the NIC/ State Government/ M/o HUPA website. Draft list will also be made available in the offices of Area Sabhas, Ward office, Charge Centre and Municipal Commissioner for perusal by any person interested in it. The objective of publishing the lists of urban poor is to ensure that the eligible people are not left out and the people are enabled to file their grievances, if any. Just putting the lists on website will not serve the purpose as these lists are primarily meant for the urban poor and most of them do not have access to the internet facility. A notice regarding the draft publication will be printed in the local media/newspaper and will also be put up at convenient places like metro stations, schools, community centres, bus stops etc. for awareness of the public.
- 6.5 In cases where the households are not satisfied with their status or that of others (i.e., they are wrongly included or excluded from the BPL list) or if they feel that they are being wrongly placed in a particular classification or if they have doubts about their scoring of vulnerabilities, they can approach their respective Ward offices and make their claims with appropriate documentary evidence. For this purpose the State Government will designate officers who will be competent to facilitate the inspection and accept/take a decision on claims and objections from the public.

- 6.6 Given the increased usage of mobile phones and computer in urban areas, a number of methods to help the people register their complaints can be plugged into the system. Some of them include SMS service, helpline numbers, email etc which would make the system more user-friendly and less time consuming. For example a person dissatisfied with his status in the list can message a simple “NO” expressing his discontent following which he could be given a token number based on which he can go to ward office with his supporting documents. This would save his time waiting in queues etc. He may also call up the helpline number and get his queries clarified. The third way possibly could be an email service where the person can explain his situation to the designated officer and seek further information about his classification.
- 6.7 Thus a user friendly Grievance Redressal Mechanism should be a part of the system to ensure that all the urban poor are included. This will help in avoiding the inclusion and exclusion errors which are likely to occur in any BPL surveys. This will also make the system more accountable, responsive and transparent. The grievance redressal mechanism will be the gauge to measure the efficiency and effectiveness since it will provide a feedback on the exercise. The whole process of grievance redressal should take place within a stipulated period of time which would be decided by the State Governments.
- 6.8 The claims and objections are properly recorded and if the claims are genuine, that will be incorporated in the list by the designated officer. The list so revised will also be made available to the public. Persons not satisfied with their status in the revised list have a right to appeal at the district level. The State Government will also appoint officers at the District/Municipal Corporation level competent to take decisions at this level within a pre-determined time period. The final appeal against the orders of the Area-Sabha will be to the Municipal Commissioner of the Municipal Corporation and his/her decision which will state reasons in writing will be final and binding. Once the list is finalized and published there should be a

lock-in period of one year. Till the next census is conducted, the Expert Group recommends that in the intervening period, there has to be some mechanism under which the eligible households could get themselves registered as BPL after submitting the proof of their status of being a deserving BPL household. It is suggested that the entire exercise should be under the supervision of District Magistrate/Municipal Commissioner. Thus the Expert Group feels that the entire process should be grounded in the Principle of Natural Justice ensuring people opportunity to receive unbiased service and fair hearing.

### **Periodicity for the conduct of BPL Survey in Urban Areas & Mechanism to review the BPL list between Surveys**

6.9 As it has been brought out in the opening chapters of this Report, the identification of BPL households is a distinct exercise and perhaps more complicated than the estimation of poverty. While the Ministry of Rural Development has the benefit of conducting the extensive exercise of census to identify the rural poor families, a similar mechanism has not been followed for urban areas so far. The Ministry of Rural Development has been conducting the detailed exercise of identification of BPL households in rural areas called 'BPL Census'. This exercise used to coincide with the beginning of Five Year Plan. However, the last BPL census conducted for 2002 got delayed because the matter was pending before the Supreme Court. The purpose of conducting the BPL Census on the eve of Five Year Plan was perhaps to give effect to the restructured initiatives of the development policy.

6.10 It is acknowledged that conducting a BPL census of this magnitude is a huge exercise which involves deployment of a large scale human resources, training of the personnel, requirement of funds and other relevant infrastructure. The accuracy with which the Census is conducted matters in targeting the poor families under various Programmes and the success of such programmes. Further, the Expert Group also acknowledges that the status of poverty cannot remain static. An economy like ours which is developing at a faster rate is bound

to result in the changes of the standard of living of the people. With the achievement of higher levels of development the aspirations of the people in a country like ours also increase. Therefore, the Government has to take into account the changed environment while formulating the policies and programmes aiming at further improving the standard of living of its masses.

- 6.11 In view of the situation mentioned in the aforementioned para, the Expert Group is of the view that, when a fresh census is conducted, it should be based on the methodology suitably revised taking into account the changes which had taken place during the interim period. Thus the whole exercise i.e. devising a suitable methodology for identifying the BPL families/potential beneficiaries of various welfare schemes in urban areas and the conduct of the massive exercise of census could be undertaken at a little longer time say after every 5 years. However, keeping in view that 5 years is a long period, it is necessary to have some mechanism of flexibility to incorporate the changes in the status of the potential beneficiaries of the various welfare schemes of the Government. While the census may be conducted after every 5 years, as an interim measure there could be a provision of review of BPL list to include new entrants to the poverty set due to changes in status of households or immigration. This has to be done on a continuing basis.

**CHAPTER VII**  
**SUMMARY OF RECOMMENDATIONS**

7.1 In order to evolve an objectively, transparent and uniform mechanism to identify BPL families in the urban areas, an Expert Group was set up to make recommendations in this regard. The summary of the recommendations of the report of the Expert Group is as below:

- Keeping in view the limitations of income and consumption expenditure approach, the Expert Group decided that poverty in Urban areas could be best captured by identifying three categories of vulnerabilities, i.e., residential vulnerability, occupational vulnerability and social vulnerability that the urban poor is subjected to. It was agreed to evolve a methodology to identify urban poor based on the various dimensions of these three areas of vulnerabilities to be qualified by a number of indicators which would also give an idea of the depth/intensity of the vulnerability.
- Based on the above broad approach, the Expert Group recommends a three stage identification process (i) Automatic Exclusion ; (ii) Automatic Inclusion ; and (iii) Scoring Index.
- Stage 1: Automatic Exclusion: If the number of dwelling rooms exclusively in possession of the household is 4 and above (dwelling rooms as specified in the Report) that household will be excluded. Secondly, the household possessing any one of the assets, i.e., '4 wheeler motorized vehicle', 'AC Set' and 'computer or laptop with internet' will also be excluded. Besides the households possessing any three of the following four assets, i.e., refrigerator, telephone (landline), washing machine, two wheeler motorized vehicle will also be excluded.

- Stage 2: Automatic Inclusion: households facing various kinds of deprivations and vulnerabilities viz. residential, social and occupational vulnerabilities would be automatically included in the BPL List.
  - i. Under residential vulnerability, If the household is 'houseless' as defined in the Report or the household has a house with roof and wall made of plastic/polythene or the household having only one room or less with the material of wall being grass, thatch, bamboo, mud, un-burnt brick or wood and the material of roof being grass, thatch, bamboo, wood or mud, then that will be automatically included.
  - ii. Under occupational vulnerability, the household having no income from any source; any household member (including children) engaged in a vulnerable occupation like beggar/rag picker, domestic worker (who are actually paid wages) and sweeper/sanitation worker /mali); and all earning adult members in a household are daily wagers or ir-regular wagers, then that household should be automatically included.
  - iii. Under social vulnerability, if there is no member of the household aged 18 years and above (Child-headed household) or there is no able-bodied person aged between 18 and 60 years in the household or all earning adult members in a household are either disabled, chronically ill or aged more than 65 years, then that household should be automatically included.
  
- Stage 3: Scoring Index: In the third and final stage, the remaining households will be assigned scores from 0 to 12 based on various indicators of residential, social and occupational vulnerabilities as given in chapter 5 of the Report. Those households with scores from 1 to12 are to be considered eligible for inclusion in the BPL List in the increasing order of the intensity of their deprivations meaning thereby that those with higher scores are more deprived.
  
- Following the sequence of automatic exclusion, automatic inclusion and scoring index in that order is of vital importance.

- The Expert Group recommends that the set of households qualified for automatic inclusion in the set of BPL households should be taken as hard core poor.
- Of the middle group of households (neither automatically excluded nor automatically included) a substantial number of households will score zero. These households will be added to the excluded group.
- The remaining of the households subject to scoring, will be distributed largely between score 1 and 8. If the objective is to divide the entire urban population in two groups, i.e., above poverty line and below poverty line, then all those households with score 4 and above could be added to the automatically included households in order to get the population below poverty line.
- Alternately depending upon resources available for assistance to the poor and nature of vulnerability targeted under different programmes, Government of India/States could take the population: automatically included + score 7 & above, or automatically included + score 6 & above, or automatically included + score 5 & above, and so on in that order till one reaches score one, giving increasing number of households to be assisted.
- The Expert Group felt that the identification of urban poor should be a participatory exercise involving general public with an appropriate grievance redressal mechanism ensuring greater transparency and accountability in the process.
- The State Governments should be given flexibility regarding the appointment of nodal officers in establishing the grievance redressal mechanism.
- The State Government will identify and appoint officers who will prepare a tentative list classifying each urban household on the basis of the methodology with special reference to the three types of vulnerabilities. Whole process of grievance redressal should take place within a stipulated period of time which would be decided by the State Governments.

- The detailed list must be made available to the public by uploading it on the NIC/ State Government/ M/o HUPA website. Draft list will also be made available in the offices of Area Sabhas, Ward office, Charge Centre and Municipal Commissioner for perusal by any person interested in it.
- A notice regarding the draft publication will be printed in the local media/newspaper and will also be put up at convenient places like metro stations, schools, community centres, bus stops etc. for awareness of the public.
- The households not satisfied with their status or that of others (i.e., believing they are wrongly included or excluded from the BPL list) can approach their respective Ward offices and make their claims with appropriate documentary evidence. For this purpose the State Government will designate officers who will be competent to take a decision on the claims and objections from the public and revise the list.
- The Expert Group recommends that there should be a more user-friendly (SMS service, helpline numbers, email etc.) and less time consuming grievance redressal mechanism.
- The persons not satisfied with their status in the revised list will have the right to appeal at the district level. The State Government will also appoint officers at the District/Municipal Corporation level competent to take decisions at this level within a pre-determined time period. The final appeal can be made to the District Magistrate/Municipal Commissioner.
- Once the list is finalized and published there should be a lock-in period of one year.
- The Census/Survey to collect information on various indicators should be carried out after every 5 years. In order to factor into the dynamism of the economy the methodology for identification of BPL families in urban areas should also be revisited after every 5 years.

- In the intervening period between two censuses/ surveys, there has to be some mechanism under which the eligible households could get themselves registered as BPL after submitting the proof of their status of being a deserving BPL household. It is suggested that the entire exercise should be under the supervision of District Magistrate / Municipal Commissioner. The entire process should be grounded in the principle of natural justice ensuring people opportunity to receive unbiased service and fair hearing.

F.No. M-11019/10/2010-PP  
(Planning Commission)  
[Perspective Planning Division]

Yojana Bhavan, New Delhi  
Dated: 13<sup>th</sup> May, 2010

NOTIFICATION

**Sub.: Constitution of an Expert Group to recommend the detailed methodology for Identification of Families living Below Poverty Line in the Urban Areas.**

The estimation of the poverty in the country at the National and State level separately for rural and urban areas is done by the Planning Commission. The identification of families living Below Poverty Line both in rural and urban areas is very crucial to make the implementation of poverty alleviation programmes effective and to achieve the objective of poverty alleviation in the country. While the Ministry of Rural Development has been conducting 'Below Poverty Line (BPL) Census' since 1992 based on a uniform methodology/parameters to identify the BPL households in the rural areas for providing assistance under its programmes, no such uniform methodology/ criteria has been evolved by the Government of India to identify the BPL households in the urban areas. The States and Union Territories devise their own criteria/ methodology to conduct the BPL surveys on the basis of State specific poverty lines for urban areas as defined by the Planning Commission for poverty estimates from time to time. With the launch of various welfare measures for the poor including the proposed legislation on National Food Security, the need has been felt to put in place a uniform criteria to identify the BPL households in urban areas also so that objectivity and transparency is ensured in delivery of benefits to the target groups.

2. An Expert Group is constituted for this purpose with the following composition:

- |        |  |   |          |
|--------|--|---|----------|
| (i)    | Prof. S.R. Hashim, Ex-Member, Planning Commission.                               | - | Chairman |
| (ii)   | Dr. Pronab Sen, Secretary, Min. of Statistics & Programme Implementation         | - | Member   |
| (iii)  | Shri R.C. Srinivasan, Pr.Adviser(DPPPD) Planning Commission.                     | - | Member   |
| (iv)   | Shri K.L. Datta, formerly Chief Economic Adviser, Ministry of Rural Development. | - | Member   |
| (v)    | Sr.Adviser/ Adviser (HUD) Planning Commission.                                   | - | Member   |
| (vi)   | Shri Ramesh Ramanathan, Founder, 'Janagraha', Bangalore.                         | - | Member   |
| (vii)  | Representative from Ministry of Housing & Urban Poverty Alleviation.             | - | Member   |
| (viii) | Shri B.D. Virdi, Adviser (PP) Planning Commission.                               | - | Convener |

3. The Chairman of the Expert Group may include one or two experts as members of Expert Group if need be. He may also consult the experts to get requisite inputs.

4. The Terms of Reference (ToR) of the Group would be as under:

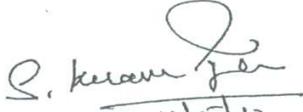
- (i) To recommend appropriate detailed methodology with simple, transparent and objectively measurable indicators, to identify Below Poverty Line (BPL) households in Urban Areas for providing assistance under various schemes targeted at the urban poor;
- (ii) To recommend periodicity for the conduct of BPL Survey in Urban Areas or the mechanisms to review such BPL list;

- (iii) To recommend suitable institutional mechanism for the conduct of BPL survey, survey questionnaire, processing of data, training, validation and approval of urban BPL list at various levels;
- (iv) To recommend suitable institutional mechanism to address grievances of public on exclusion/ inclusion in the urban BPL list.
- (v) Any other suggestions/recommendations to make the exercise of Urban BPL survey simple, transparent and acceptable.

5. The Expert Group will hold its meeting with frequency as per requirement. The secretariat support to the Expert Group will be provided by DPPP Division of the Planning Commission, The Telephone number of the convener in Planning Commission is 011-23096763. The Group will submit its report within four months.

6. The expenditure towards TA/DA in respect of non-official members for attending the meetings of the group, will be borne by the Planning Commission, as per the Rules & Regulations of TA/ DA applicable to Grade-I Officers of the Government of India.

7. This issues with the approval of the Deputy Chairman, Planning Commission.

  
13/5/10

(S. KESAVA IYER)

Under Secretary to the Government of India  
Planning Commission

To  
The Chairman and Members of the Expert Group.

## Annexure II

F.No. M-11019/10/2010-PP  
Planning Commission  
(Perspective Planning Division)

Yojana Bhavan, New Delhi  
Dated: 17<sup>th</sup> June, 2010

### NOTIFICATION

**Sub.: Constitution of an Expert Group to recommend the detailed methodology for Identification of Families living Below Poverty Line in the Urban Areas- Change in Composition.**

This has reference to the notification of even number dated 13<sup>th</sup> May 2010 of Planning Commission Constituting of an Expert Group to recommend the detailed methodology for Identification of Families living Below Poverty Line in the Urban Areas. With the approval of competent authority, it has been decided to appoint three more experts as non-official members of the Expert Group. The new composition of the Expert Group is as under:

- |   |   |          |
|---|---|----------|
| i. Prof. S.R. Hashim, Ex-Member, Planning Commission  | - | Chairman |
| ii. Dr. Pronab Sen, Secretary, Min. of Statistics & Programme Implementation  | - | Member   |
| iii. Shri R.C. Srinivasan, Pr.Adviser(DPPPD) Planning Commission.   | - | Member   |
| iv. Shri K.L. Datta, formerly Chief Economic Adviser, Ministry of Rural Development.  | - | Member   |
| v. Shri L.P. Sonkar, Adviser (HUD) Planning Commission.   | - | Member   |
| vi. Shri Ramesh Ramanathan, Founder, 'Janagraha', Bangalore   | - | Member   |
| vii. Dr. P.K. Mohanti, Addl. Secretary & Mission Director(JNNURM), Ministry of Housing & Urban Poverty Alleviation.   | - | Member   |
| viii. Ms. Renana Jhabvala, National Coordinator, Self employed Women's Association (SEWA), SEWA Reception Centre, Opp. Victoria Garden, Bhadra, Ahmedabad - 380 001. India. | - | Member   |

Phone : 91-79-25506444 / 25506477 / 25506441,  
Fax : 91 - 79 - 25506446, Email :mail@sewa.org

(Also Chairperson, SEWA Bank and SEWA Bharat)

- ix. Sh. Alakh N. Sharma, - Member  
Professor and Director of the Institute for Human  
Development, NIDM Building, IIPA Campus Indraprastha  
Estate, New Delhi -110002  
Phone: + 91 11 2335 8166/2332 1610  
Fax: +91 11 2376 5410  
Email: ihd@vsnl.com  
: info@ihdindia.org
- x. Sh. Harsh Mander, - Member  
Social Activist and Writer and  
Member of National Advisory Council (NAC) of the UPA  
Government
- xi. Shri B.D. Viridi, Adviser (PP) - Convener  
Planning Commission.

The Terms of Reference of the Expert Group remains the same.

  
(BHARAT BHUSHAN)  
Director (PP)  
Planning Commission

To  
The Chairman and Members of the Expert Group.

**SURVEYING THOSE BELOW THE POVERTY LINE IN URBAN AREAS:**

**INTERIM REPORT OF THE EXPERT GROUP TO RECOMMEND THE DETAILED  
METHODOLOGY FOR IDENTIFICATION OF FAMILIES LIVING BELOW POVERTY  
LINE IN THE URBAN AREAS<sup>22</sup>**

**1. Introduction**

1.1. Reliable and comprehensive identification of the urban poor is critical to the effective implementation of poverty alleviation programmes implemented by the Ministry of Housing & Urban Poverty Alleviation, and other Central and State Ministries engaged in this endeavour. Programmes of the Ministry such as the Swarna Jayanti Shahari Rozgar Yojana (SJSRY) for livelihoods, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for services and the recently announced Rajiv Awas Yojana (RAY) for housing a slum free India, along with national programmes such as food security, aim to ensure nutrition, livelihoods and decent shelter and services for the urban poor. Not only is it essential to know who the poor are and where they live, it is also important to know the precise nature of the vulnerability or deprivation that they face, as also the extent of such deprivation, both absolute and relative, to be able to plan and design appropriate interventions, and to ensure their targeted delivery. Reliable and effective identification of those falling below the poverty line in urban areas hence becomes vital as both a requisite diagnostic and planning tool for the successful design and delivery of various poverty alleviation and inclusive programmes at the national and State levels.

1.2. In the absence of national urban BPL surveys, for the 2001 Census of India, data on slums pan-India was collected in 640 cities/towns with a population of 50,000 persons or more, which was later extended to 1321 towns having population of over 20,000. In total, across both phases, 1961 towns were surveyed, and out of these 1743 towns reported the presence of slums. In 2008, a Committee chaired by Dr.

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<sup>22</sup>Prepared by the Policy & Programme Support Unit (PPSU) of the Gol-DFID Project, Support to National Policies for Urban Poverty Reduction

Pranob Sen, which was constituted by the Ministry to look into various aspects of Slum Statistics/Census, estimated that the slum population in 2001 across 5161 towns was 75.26 M. However, while the habitat-based approach has been useful in enabling the targeting of shelter and services towards people living in slums and slum-like conditions, not all those living in slums can be characterized as living below the poverty line. Similarly, a purely habitat based methodology excludes a large number of persons who may not live in slums, but nevertheless face substantive deprivation or vulnerability that would qualify them as being poor. In this context, it becomes necessary to identify “people” (and households) falling below the poverty line for the design and delivery of appropriate interventions aimed at the wider goals of urban poverty alleviation and inclusive urban development.

- 1.3. On the rural development side, a “Below the Poverty Line” (BPL) Census has been conducted every five years by the M/o Rural Development (RD) to identify poor households in rural areas to be assisted under various programmes of the M/o RD. BPL Censuses have thus been conducted in 1992 for the 8<sup>th</sup> Five Year Plan, in 1997 for the 9<sup>th</sup> Five Year Plan, and in 2002 for the 10<sup>th</sup> Five Year Plan<sup>23</sup>. In 2009, the M/o RD constituted an Expert Group under the Chairpersonship of Dr. N. C. Saxena, to evolve a methodology for conducting the rural BPL census to identify the rural poor. The Expert Group recommended an approach that combined exclusion and inclusion criteria based on transparent and objectively verifiable indicators. On the basis of the suggestions by the expert group, a pre-testing of the methodology and the various indicators has since been conducted by the M/o RD. These suggestions, and the results of the testing, are expected to inform the final methodology for identifying BPL households and conducting the BPL census by the M/o RD.
  
- 1.4. In a bid to devise a uniform methodology and/or criteria for the identification of BPL households in urban areas, the Planning Commission constituted an Expert Group vide Notification No. M-11019/10/2010-PP dated 13 May 2010 chaired by Prof. S. R. Hashim. The Terms of Reference of the expert group are as follows:

- 1.4.1. To recommend appropriate detailed methodology with simple, transparent and objectively measurable indicators, to identify Below Poverty Line

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<sup>23</sup> Poverty estimates in India are based on the recommendations of the Expert Group on “Estimation of Proportion and Number of Poor” (1993) chaired by Dr. D. T. Lakdawla, which based its estimation of poverty on a norm of food expenditure; This methodology focused on income poverty, with consumption poverty as a proxy measure.

- (BPL) Households in urban areas for providing assistance under various schemes targeted at the urban poor;
- 1.4.2. To recommend periodicity for the conduct of BPL Survey in Urban Areas or the mechanisms to review such a BPL list;
  - 1.4.3. To recommend institutional mechanisms for the conduct of BPL survey, survey questionnaire, processing of data, training, validation and approval of urban BPL list at various levels;
  - 1.4.4. To recommend suitable institutional mechanisms to address the grievances of public on exclusion/inclusion in the urban BPL List;
  - 1.4.5. Any other suggestions/recommendations to make the exercise of Urban BPL survey simple, transparent and acceptable.

## **2. The Approach: Inclusion through the identification of Social, occupational and residential vulnerabilities**

- 2.1. Based on analysis and discussions, the Expert Group, has proposed to take into consideration certain important indicators for the proper identification of the urban poor. During their deliberations, taking note of the multi-dimensional nature of urban poverty<sup>24</sup>, the Expert Group was of the view that it is not necessary to define extensive exclusion criteria. The group felt that an income-based identification of the urban poor would be flawed because there was no objective mechanism by which the declared income of the applicant could be verified by the Revenue or Food Authorities. This process of focusing on income has, in the past, led to significant inclusion and exclusion errors.
- 2.2. The Expert Group also considered consumption as a substitute of income. It was felt that exclusion of households on the basis that they own assets<sup>25</sup> may not always indicate the absence of vulnerability/urban poverty as many urban poor do in fact, own, or in certain cases, come into possession, of such assets without necessarily suffering any diminution of vulnerability. In addition, it was felt that consumption being a complex issue, in a census of this size, the quality of responses to such an issue could not be guaranteed<sup>26</sup>. However, the inclusion of

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<sup>24</sup> May also see paper prepared by M/o HUPA on "Need for a Uniform Methodology for Identification of BPL Population" submitted to the Expert Group in July 2010 detailing the various dimensions of urban poverty

<sup>25</sup> Such as telephones, computers, refrigerators, or transport

<sup>26</sup> The NSS survey round devotes at least 2.5 hours per interview schedule.

assets<sup>27</sup> (as a measure of consumption) was agreed upon as a question in the schedule to allow for later analysis by the Expert Group.

- 2.3. Rather than looking at indicators of income, which would exclude those above the poverty line, the consensus in the Expert Group was that poverty could be better identified in urban areas through the identification of specific ‘vulnerabilities’ that would properly ‘include’ the urban poor during the survey. These identified vulnerabilities fell in the three broad categories of, residential, occupational and social. The aim of the exercise, therefore, was to develop verifiable and measurable indicators to identify the vulnerable urban poor in the form of questions that could be canvassed along with the forthcoming round of the Rural BPL survey for the 12<sup>th</sup> Five Year Plan period.
- 2.4. The Expert Group felt the need to capture both the categories of vulnerability (range), as well as the attributes of vulnerability (depth); the reason being two-fold. Firstly, with a simple aggregate, one may not be able to apply a poverty cut-off, in the absence of an ordinal ranking. Second, the depth of vulnerabilities, once defined, would enable the Government of India to have both a clearer understanding of the nature of urban poverty, as well as allow the crafting and calibrated delivery of interventions that would address the specific vulnerability or deprivation of the household/ individual.
- 2.5. **Residential Vulnerability:** The primary definition of urban poverty is intrinsically linked to the type of residence of the household and its legal relationship with that residence. A paper prepared by the M/o HUPA on the “Quality of Dwellings and Residential Vulnerability in Urban Areas” recommended the classification of the following categories of households as ‘residentially vulnerable’:
  - 2.5.1. Houseless: This includes the census definition of houseless populations i.e. those who do not live in buildings or censes houses, but live in the open on roadsides, pavements, in hume pipes, under flyovers and staircases, or in the open in places of worship, mandaps, railway platforms, etc;
  - 2.5.2. Persons living in Kutchha/temporary houses: Here the walls may be made from any of the following temporary material – grass, thatch, bamboo,

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<sup>27</sup> The questionnaire will measure possession of assets like refrigerator, land-line telephone, computer/laptop with an internet connection, air conditioner, washing machine, motorized vehicle (2-wheeler, 3-wheeler, 4-wheeler) and/or motorized boat

plastic, polythene, mud, unburnt bricks or wood. Roofs may be constructed from any one of the following temporary material – grass, thatch, bamboo, wood, mud, plastic or polythene.

2.5.3. Persons living in semi-pucca/semi-permanent houses: As per the 2001 census, these are defined as houses 'in which the wall or the roof is made of permanent material or the other is made of temporary material'.

2.5.4. Persons in pucca houses, with less than two pucca rooms. However as this category of households is likely to be quite substantial, they would then need to be assessed for access to basic amenities of water and toilets within the premises.

2.6. While considering the aforementioned recommendations, the Expert Group felt that the following would constitute residential vulnerability:

2.6.1. Houseless: This includes the census definition of houseless populations i.e. those who do not live in buildings or census houses, but live in the open on roadsides, pavements, in hume pipes, under flyovers and staircases, or in the open in places of worship, mandaps, railway platforms, etc. This also includes persons living in shelters for the homeless run by charities, religious institutions and government;

2.6.2. Persons living in Kutchha/temporary houses: Here the walls may be made from any of the following temporary material – grass, thatch, bamboo, plastic, polythene, mud, unburnt bricks or wood. Roofs may be constructed from any one of the following temporary material – grass, thatch, bamboo, wood, mud, plastic or polythene.

2.6.3. Insecurity of tenure: Usage of dwelling spaces in urban areas by the urban poor, whether ownership based or rented accommodation are susceptible to insecurity of tenure. With uncertain or illegal land tenure, low income, high-density settlements also lack the most basic infrastructure and services. Increased security of tenure for "owner-occupiers" in slum settlements reduces the risk of eviction, increases the value of the asset and increases the possibility of obtaining credit

- 2.6.4. Absence of basic civic services: This is the lack of civic services such as electricity, water supply, sanitation and sewerage which ensure a basic necessary quality of life for all individuals.
- 2.7. **Occupational Vulnerability:** The 2009 NCEUS report<sup>28</sup> estimates that an overwhelming proportion of workers belonging to the poor and vulnerable groups (between 94% and 98%) are informal workers, while they constitute a much smaller proportion of the work force in the middle or higher income groups. The growth rate of employment also was much less among the poor and vulnerable groups compared to the Middle and Higher income groups. In other words, both in terms of quantity and quality of employment, the poor and vulnerable groups had been lagging far behind the others during the period of rapid economic growth (1993-2004).
- 2.8. The National Commission for Enterprises in the Unorganised Sector (NCEUS), Ministry of Micro, Small and Medium Enterprises (M/o MSME), Government of India, recommended the following classification of labour:
- 2.8.1. Severely Unemployed if persons were unemployed for 3.5 days or more in the reference week;
- 2.8.2. Part-time workers if persons were employed for 0.5 to 3.5 days in the reference week; and
- 2.8.3. Underemployed if persons were employed for 0.5 to 3.5 days in the reference week and reported at least 0.5 days of unemployment.
- 2.9. The above methodology, while useful for ascertaining time of employment or unemployment, does not detail the nature of employment i.e. whether formal or informal, or whether skill-based or enterprise-based. Therefore, a comprehensive measure of occupational vulnerability is called for. An individual is not just occupationally vulnerable in terms of the time, but also the kind and quality of employment. Within this context, the following categories of households could be classified as occupationally vulnerable:
- 2.9.1. *Time-based* occupational vulnerability: if a person is unemployed for a significant proportion of time and/or the duration of his/her employment is uncertain or irregular.
- 2.9.2. Vulnerability based on *type/ nature* of occupation:
- 2.9.2.1. Informal/Casual, low-end occupations with low and uncertain wages/earnings: such as domestic workers, washer man,

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<sup>28</sup>National Commission for Enterprises in the Unorganised Sector (NCEUS). 2009. The Challenge of Employment in India: An Informal Economy Perspective. New Delhi: NCEUS (April 2009)

caretakers, street vendors, cobbler, hawker, other service providing workers on streets, home based workers, artisans, handicraft workers, tailors, transport workers, drivers, conductors, helpers to drivers and conductors, cart puller, rickshaw puller, shop workers, assistants/peons in small establishments, helpers, delivery assistant, attendants, and waiters

2.9.2.2. Employment also characterized by informality, but in addition subject to unsanitary, unhealthy and hazardous work conditions, oftentimes bonded/semi-bonded in nature or undignified and oppressive in the conditions of labour: such as beggars, rag-pickers, sweeper, sanitation workers, construction workers, plumbers, masons, electricians, mechanics, assemblers, Repair Workers labor, painter, welder, security guards, coolie and other head load workers

2.9.3. Vulnerability based on *stability / nature /periodicity* of payment: Whether the payment of wages is daily, weekly or monthly; and whether the periodicity of payment is predictable and regular

2.10. **Social Vulnerability:** points to the determinants of a satisfactory quality of life that are neither occupational nor residential; and the exposure to which increases the exclusion of an individual from full and free urban life and citizenship in varying degrees. These can roughly be classified into:

2.10.1. Gender-based vulnerabilities: In particular, this refers to female-headed households where a gender-bias in poverty incidence is clearly manifested in the lack of education of women who head households<sup>29</sup>, the lack of physical capital (owned or accessible)<sup>30</sup> and the lack of access to viable, regular employment<sup>31</sup>. This reduces the earning capacity of women, which has a direct impact on income and consumption of female-headed households, especially in the case of children whose education and nutrition intake/consumption suffer.

2.10.2. Age-based vulnerabilities: Here reference is made to two categories:

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<sup>29</sup> Girls may be discriminated against within the household if less household resources are spent on them compared to what is spent on the boys. Or, girls could be made to spend more time in household chores while boys spend their time learning skills that will make them economically productive. This will often show up in boys having more schooling than girls

<sup>30</sup> Like human capital, girls may be discriminated against in the physical capital they own where inheritance (e.g. land) may go more to boys than girls

<sup>31</sup> Employers may discriminate against prospective female employees, giving them lower wages or not hiring them in the better paying jobs

- 2.10.2.1. **Minor-headed households (MiHHs):** these are households headed by children with no adult member present. MiHHs are particularly vulnerable to poverty. First the children heading the household are vulnerable to a lack of education leading to a lack of capability to earn in the future. Second, MiHHs are particularly vulnerable to income shocks from health issues such as injury or illness, where oftentimes, no medical help is sought for lack of money. Finally, MiHHs are particularly vulnerable to crime and violence on the streets as their chief form of income generation is begging.
- 2.10.2.2. **Old-age:** The urban poor, who are aged have a considerably lower quality of life with the greater risk of injury and debilitating disease and incapability to engage in economic activity to generate income<sup>32</sup>. This increases their dependency on the household.
- 2.10.3. **Education vulnerabilities:** The lack of education is a long-term indicator of the possibility and/or the incidence of poverty. As described above, this can lead to the debilitating poverty of FHHs or MiHHs in a cyclical nature where the need to earn can take priority over the need to educate, drawing individuals deeper into poverty in the long-term; where the lack of education and therefore skills does not enable the head of household and earning members of the family to engage in viable and well paying employment/enterprise.
- 2.10.4. **Health vulnerabilities:** Being able-bodied and poor is difficult enough, but this is compounded by illness. For those who are already/borderline poor, a sudden/prolonged illness of any of its members can drive an entire household into chronic poverty. Vulnerability to illness can take two forms here:
- 2.10.4.1. **Disability:** such as disability of sight, speech, hearing, movement and forms of mental retardation; this can include multiple disabilities/illness
- 2.10.4.2. **Chronic Illness:** such as cancer, HIV/AIDS, Leprosy and other mental illnesses; or a combination of both

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<sup>32</sup> Where the old exist within poor households, they become another non-contributing mouth to feed. Oftentimes, this results in them leaving these households to fend for themselves on the streets as part of the houseless population.

- 2.10.5. Social stratification-based vulnerabilities: These include society-based and/or religion-based stratification with wider implications for inclusion or exclusion of access to civic services or social security, health and/or education such as Scheduled Castes/Tribes, OBCs, Minorities or religious-based exclusion/inclusion.

### 3. The Draft Questionnaire Surveying Those Below the Poverty Line in Urban Areas

- 3.1. The draft questionnaire has been designed keeping in mind the need for reliable conduct of the survey and verifiability of indicators and criteria chosen. The draft questionnaire (Annexure I of the Interim Report) is divided into two sides: Side A and Side B;
- 3.2. **Side A** of the draft questionnaire covers the following aspects of residential vulnerability and consumption:
- 3.2.1. Household particulars including the head of household
  - 3.2.2. Section 1: includes questions on homelessness, quality of dwelling units including numbers of rooms, and ownership status;
  - 3.2.3. Section 2: includes questions on the availability of basic civic services such as drinking water, electricity, sanitation, and sewerage as well as the accessibility to a kitchen.
  - 3.2.4. Section 3: includes questions on assets within a house that measure the level of household consumption such as refrigerator, land-line telephone, computer/laptop with an internet connection, air conditioner, washing machine, motorized vehicle (2-wheeler, 3-wheeler, 4-wheeler) and/or motorized boat.
- 3.3. **Side B** of the draft questionnaire covers the following aspects of occupational and social vulnerabilities:
- 3.3.1. Occupational vulnerability is covered through inclusion of questions on nature/type of occupation & stability and periodicity of payment;
  - 3.3.2. Social vulnerability is covered through inclusion of questions on gender, age, education, disability and/or chronic illness, and social stratification (caste and religion)
- 3.4. With reference to questions on time-based occupational vulnerability, as with issues of measuring consumption successfully, the Expert Group decided not to include questions as it felt that this being a complex issue, in a survey of this

size, the quality of responses could not be guaranteed nor would successful disaggregation of this data be possible.

#### **4. Conclusion & Recommendations:**

- 4.1. The Expert Group noted the decision to undertake the rural BPL survey along with the forthcoming caste enumeration exercise with the assistance of the Registrar General of India (RGI). The Expert Group also took cognizance of the proposal linking the urban BPL survey questions with the National Population Register (NPR) household data for programmatic purposes. While acknowledging that the depth of detail that could be collected would be slightly more limited in going in for a nation-wide survey, the Expert Group noted that the advantages in terms of comprehensive coverage and reliability of the data collected, would significantly outweigh the disadvantages.
- 4.2. The Expert Group therefore recommended that the conduct of the BPL survey in the urban areas be concurrent with the forthcoming round of the BPL survey in rural areas.
- 4.3. The Expert Group also observed that it would be necessary to conduct pilots covering a mix of cities and towns to field test the methodology. It was decided that a separate meeting of the Expert Group be convened to discuss this.
- 4.4. This may be treated as an interim report of the Expert Group. The group would continue its work to make recommendations on the detailed methodology of identification of the urban poor based on the analysis of data obtained from this questionnaire.



**BELOW POVERTY LINE SURVEY 2011 - DRAFT QUESTIONNAIRE**

**Side B**

Sl. No	Name of the person (Start with the head of the household)	Relationship to the head of the household (Record the relationship in full)	Sex: 1=Male, 2=Female	Date of Birth (As per English Calendar)	Name of father	Name of Mother	Occupation/ Activity (Describe the actual work)	Main source of Income/earnings from (Give Code)	Are wages earned daily, weekly, mothly or irregularly (Give Code)	Marital Status (Give Code)	Religion (Give Code)	Caste/Tribe Status		Highest educational level completed (Give Code)	Disability/ Chronic illness (Give Code)
												Whether SC/ST-Give Code: 1=SC, 2=ST, 3=Others	Write name of SC/ST or Other Caste. If no caste, put X		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
<b>Codes</b>															
Col. 9	Work: 1=Beggar/rag-picker, 2= Domestic worker/, 3= Street vendor/ Cobbler/Hawker/other service providing worker on streets, 4= Construction worker/plumber/mason/ labor/painter/ welder/ security guard/coolie and other head load worker, 5= Sweeper/ sanitation worker, 6=Home based worker/Artisan/ Handicraft worker/Tailor, 7= Transport worker/ Driver/ Conductor/Helper to drivers and Conductors/Cart Puller/Rickshaw Puller, 8= Shop Worker /Assistant/Peon in small establishment/Helper/Delivery Assistant/Attendant/Waiter, 9=Electrician/Mechanic/ Assembler/Repair Worker, 10=washer-man/chowkidar														
Col.10	Daily=1; weekly=2; monthly=3; and irregularly=4														
Col.11	Marital Status: 1=Never married; 2=Currently Married; 3=Widowed; 4=Separated; 5=Divorced														
Col.12	Religion: 1=Hinduism; 2=Islam; 3=Christianity; 4=Sikhism; 5=Buddhism; 6=Jainism; 7=Parisis; 97=Other (specify)														
Col.15	Highest educational level completed: 1=Illiterate; 2=Literate but below primary; 3=Primary; 4=Middle; 5=Secondary; 6=Higher Secondary; 7=Graduate or higher; 97=Other (Specify)														
Col.16	Disability/Chronic illness: 1=seeing; 2=Hearing; 3=Speech; 4=Movement; 5=Mental Retardation; 6=Mental Illness; 7=Other Disability; 8=Multiple; 9=Cancer; 10=HIV/AIDS; 11=TB; 12=Leprosy; 13=Other Illness; 97=Not disabled/not chronically ill														

## Annexure IV

**Number per 1000 households possessing specific durable goods in five fractile classes of MPCE for some of the major States and all-India (61<sup>st</sup> Round (2004-05) of NSS)**

Item code	Item	Per 1000 no. of possessor households						No. of sample hhs reporting possession
		percentile class of MPCE						
		0-20	20-40	40-60	60-80	80-100	all	
<b>Andhra Pradesh</b>								
561	radio	47	40	67	99	282	115	319
562	television	337	541	628	751	848	658	1795
590	electric fan	653	817	868	874	895	842	2380
591	air conditioner	0	1	0	8	97	23	40
592	air cooler	5	34	86	158	368	147	384
594	sewing machine	33	37	79	127	226	110	313
598	refrigerator	3	19	97	256	592	220	537
610	bicycle	273	368	418	390	284	357	939
611	motorcycle, scooter	12	68	118	288	555	235	605
612	motor car, jeep	1	1	4	10	80	21	48
<b>Bihar</b>								
Item code	Item	0-20	20-40	40-60	60-80	80-100	all	No. of sample hhs
561	radio	304	385	447	439	491	432	644
562	television	128	287	398	718	552	464	562
590	electric fan	159	493	613	776	760	621	687
591	air conditioner	0	10	0	7	2	4	6
592	air cooler	1	12	17	121	142	75	71
594	sewing machine	31	106	150	257	257	185	209
598	refrigerator	4	9	16	262	214	128	136
610	bicycle	372	437	415	464	320	395	635
611	motorcycle, scooter	6	9	32	277	282	155	154
612	motor car, jeep	0	6	3	4	26	10	17

Gujarat								
Item code	Item	0-20	20-40	40-60	60-80	80-100	all	No. of sample hhs
561	radio	187	130	222	230	369	235	408
562	television	359	630	751	784	757	698	1323
590	electric fan	774	888	947	926	948	914	1745
591	air conditioner	0	0	1	21	138	34	48
592	air cooler	0	11	9	57	124	44	73
594	sewing machine	75	135	237	249	244	207	338
598	refrigerator	32	207	394	634	687	442	789
610	bicycle	316	518	597	443	386	473	882
611	motorcycle, scooter	47	208	419	605	760	459	809
612	motor car, jeep	0	11	15	42	205	58	105
Haryana								
Item code	Item	0-20	20-40	40-60	60-80	80-100	all	No. of sample hhs
561	radio	112	99	172	185	333	191	194
562	television	511	730	786	621	784	698	727
590	electric fan	773	947	946	894	998	922	958
591	air conditioner	0	5	0	29	161	46	32
592	air cooler	222	330	423	480	704	458	484
594	sewing machine	340	463	576	488	691	528	554
598	refrigerator	173	296	510	514	739	479	487
610	bicycle	589	641	634	618	482	590	591
611	motorcycle, scooter	12	70	173	360	655	290	303
612	motor car, jeep	0	0	29	70	299	93	70

Kerala								
Item code	Item	0-20	20-40	40-60	60-80	80-100	all	No. of sample hhs
561	radio	446	411	542	544	543	504	1024
562	television	468	594	694	783	760	680	1302
590	electric fan	661	750	862	883	905	828	1556
591	air conditioner	4	9	0	13	80	24	45
592	air cooler	0	0	0	0	11	3	6
594	sewing machine	110	205	181	264	346	234	412
598	refrigerator	126	154	334	499	698	395	722
610	bicycle	187	243	279	294	243	255	459
611	motorcycle, scooter	43	92	132	364	456	242	415
612	motor car, jeep	4	10	31	63	279	90	165
Madhya Pradesh								
Item code	Item	0-20	20-40	40-60	60-80	80-100	all	No. of sample hhs
561	radio	140	203	191	320	451	279	502
562	television	399	523	727	825	803	691	1332
590	electric fan	615	806	857	936	965	860	1720
591	air conditioner	2	3	5	7	43	14	19
592	air cooler	100	167	390	498	710	416	755
594	sewing machine	91	194	343	437	550	356	649
598	refrigerator	6	57	152	361	665	289	476
610	bicycle	503	556	589	593	518	556	1114
611	motorcycle, scooter	38	48	229	485	726	353	600
612	motor car, jeep	0	0	8	24	119	35	54

Maharashtra								
Item code	Item	0-20	20-40	40-60	60-80	80-100	all	No. of sample hhs
561	radio	147	243	298	357	467	309	1484
562	television	464	633	787	766	837	715	3500
590	electric fan	624	794	902	891	956	848	4174
591	air conditioner	1	8	3	10	147	32	167
592	air cooler	51	80	132	147	172	121	666
594	sewing machine	90	137	194	173	235	171	937
598	refrigerator	15	122	322	523	740	360	1809
610	bicycle	392	418	321	257	199	313	1566
611	motorcycle, scooter	27	101	232	305	365	218	1164
612	motor car, jeep	0	8	12	32	185	45	256
Orissa								
Item code	Item	0-20	20-40	40-60	60-80	80-100	all	No. of sample hhs
561	radio	114	109	202	159	180	158	212
562	television	215	325	534	720	696	536	567
590	electric fan	310	500	789	898	914	728	782
591	air conditioner	0	0	2	6	40	12	13
592	air cooler	23	32	103	241	409	188	175
594	sewing machine	27	22	54	104	159	82	95
598	refrigerator	5	34	92	317	506	225	209
610	bicycle	557	519	706	738	690	656	769
611	motorcycle, scooter	34	42	153	421	568	283	267
612	motor car, jeep	0	2	6	18	70	23	18

Uttar Pradesh								
Item code	Item	0-20	20-40	40-60	60-80	80-100	all	No. of sample hhs
561	radio	169	182	235	280	335	255	997
562	television	295	487	527	654	691	566	1751
590	electric fan	480	723	769	802	871	760	2379
591	air conditioner	2	4	19	10	66	23	58
592	air cooler	24	128	262	362	574	314	813
594	sewing machine	177	297	394	466	484	393	1137
598	refrigerator	11	84	193	340	497	266	749
610	bicycle	488	569	579	535	432	519	1850
611	motorcycle, scooter	13	62	124	276	468	224	653
612	motor car, jeep	5	10	6	33	102	37	98
All-India								
Item code	Item	0-20	20-40	40-60	60-80	80-100	all	No. of sample hhs
561	radio	200	267	319	364	475	336	15067
562	television	362	577	689	761	795	661	27677
590	electric fan	580	775	845	879	921	818	33562
591	air conditioner	2	5	5	15	114	31	1025
592	air cooler	44	93	172	232	306	182	6689
594	sewing machine	103	176	237	288	329	238	9970
598	refrigerator	28	99	231	451	647	319	12652
610	bicycle	426	473	460	417	316	417	18102
611	motorcycle, scooter	26	90	212	361	501	260	10306
612	motor car, jeep	2	4	15	30	162	46	1938

SOCIO-ECONOMIC AND CASTE CENSUS 2011 - QUESTIONNAIRE - URBAN

Side - A

Block - A: Identification Particulars										Type of Household:						
State: <input type="text"/>		Code: <input type="text"/>		District: <input type="text"/>		Code: <input type="text"/>		Tahsil/Taluk/P.S./ Dev.Block/Circle/Mandal <input type="text"/>		Code: <input type="text"/>						
Village/Town: <input type="text"/>		Code: <input type="text"/>		Ward code No. (Only for town) <input type="text"/>						If 'Houseless', is the household living in shelter for homeless? (1=Yes, 2=No) <input type="checkbox"/>						
Block - B: To be pre-printed from NPR Schedule								Block - C: To be copied from the Abridged Houelist								
Houselist Block Number <input type="text"/>		Household No. <input type="text"/>				Enumeration Block Number & Sub-Block No. (Item-6, Section-1) <input type="text"/>		Serial Number of household (Column 8 of section 2 or 3 or column 6 of section 4) Type of EB (Slum/Non-Slum) (For Statutory Towns) <input type="checkbox"/>								
Block - D: Individual Particulars										Caste/Tribe Status						
Serial Number	Name of the person	Relationship to head	Sex	Year of birth	Marital status	Name of father	Name of Mother	Occupation/Activity	Highest educational level completed	Main source of income/ earnings from	Are Wages earned (give code)	Disability	Chronic illness	Religion	Give Code	If code 1, 2 or 3 in Col. 16, Write Name of Caste/Tribe
	Start with the head of the household	(record the relationship in full)	1=Male 2=Female	(as per English Calendar)	1=Never married 2=Currently married 3=Widowed 4=Separated 5=Divorced			Describe the actual work	1=Illiterate 2=Literate but below primary 3=Primary 4=Middle 5=Secondary 6=Higher secondary 7=Graduate or higher 8=Other (Specify)	1=Beggar/ rag-picker 2=Domestic worker 3=Street vendor/ cobbler/hawker / other service provider working on streets 4=Construction worker/ plumber/ mason/ labor/ painter/ welder/ security guard/ coolie and other head-load worker 5=Sweeper/ sanitation worker / mall 6=Home-based worker/ artisan/ handicrafts worker / tailor 7=Transport worker/ driver/ conductor/ helper to drivers and conductors/ cart puller/ rickshaw puller 8=Shop worker/ assistant/ peon in small establishment/ helper/ delivery assistant / attendant/ waiter 9=Electrician/ mechanic/ assembler/ repair worker 10=Washer-man/ chowkidar 11=Other work 12=Non-work (Pension/ Rent/ Interest, etc.) 13=No income from any source	1=daily 2=weekly 3=monthly 4=ir-regularly 5=not wage earner	1=In Seeing 2=In Hearing 3=In Speech 4=In Movement 5=Mental Retardation 6=Mental illness 7=Other disability 8=Multiple disability 9=Not disabled	1=Cancer 2=--- 3=TB 4=Leprosy 5=Other illness 6=No chronic illness	(Write name of the religion in full)	Scheduled Caste (SC)-1 Scheduled Tribe (ST)-2 Other-3 No Caste/Tribe-4	If code 4 in Col. 16, put 'X'
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1																
2																
3																
4																
5																
6																
7																
8																

**SOCIO-ECONOMIC AND CASTE CENSUS 2011 - QUESTIONNAIRE - URBAN**

**Block - E : Household Particulars**

**Side - B**

<b>Section-1 Housing/ Dwelling</b>				<b>Section-2 Amenities</b>					<b>Section - 3 Assets</b> Does the household own the following assets (Give code)					
Predominant material of wall of the dwelling room (s) (Give code)	Predominant material of roof of the dwelling room (s) (Give code)	Ownership status of this house (Give code) 1=Owned, 2=Rented, 3=Shared, 4=Living on premises with employer, 5=House provided by employer, 6=Any other	Number of dwelling rooms exclusively in possession of this household (Record 0,1,2,3...)	Availability of drinking water source: 1=Within the premises, 2=Near the premises, 3=Away	Main source of lighting: 1=Electricity, 2=Kerosene, 3=Solar, 4=Other oil, 5=Any other, 6=No lighting	Water-seal latrine exclusively for the household (1=Yes, 2=No)	Waste water outlet connected to 1=Closed drainage, 2=Open drainage, 3=No drainage	Separate room used as kitchen exclusively for the household (1=Yes, 2=No)	Refrigerator (1=Yes; 2=No)	Telephone/Mobile phone: Yes: 1=Landline only, 2=Mobile only, 3=Both/ 4=No	Computer/Laptop: Yes: 1=With internet, 2=Without internet/ 3=No	Motorized Wheelers (1=Two, 2=Three wheeler, 3=Four wheeler; 4=No)	A. C. (1=Yes, 2=No)	Washing machine (1=Yes; 2=No)
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>	<b>(9)</b>	<b>(10)</b>	<b>(11)</b>	<b>(12)</b>	<b>(13)</b>	<b>(14)</b>	<b>(15)</b>

**Codes for Block E**

<b>Col.1 Predominant material of Wall of dwelling room</b>
1=Grass/thatch/bamboo etc. 2=Plastic/polythene 3=Mud/unburnt brick 4=Wood 5=Stone not packed with mortar 6=Stone packed with mortar 7=G.I./metal/asbestos sheets 8=Burnt brick 9=Concrete 0=Any other

<b>Col.2 Predominant material of Roof of dwelling room</b>
1=Grass/thatch/bamboo/wood/mud etc. 2=Plastic/polythene 3=Hand made tiles 4=Machine made tile 5=Burnt brick 6=Stone 7=Slate 8=G.I./metal/asbestos sheets 9=Concrete 0=Any other

**Block F : Mandatory declaration**

At the end of the canvassing the enumerator should ask the following specific question to the respondent:

“Is the Household giving its consent to place the information in public domain, except data on religion and Caste/Tribe? (1=Yes, 2=No)” Then appropriate code should be given. Yes-1, No-2.

**POSSIBLE ALTERNATIVE OPTIONS FOR DETERMINING THE BPL HOUSEHOLDS  
IN URBAN AREAS  
- A DISCUSSION PAPER**

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SUB-GROUP OF THE EXPERT GROUP TO RECOMMEND THE DETAILED  
METHODOLOGY FOR IDENTIFICATION OF FAMILIES LIVING BELOW THE  
POVERTY LINE IN URBAN AREAS

(Draft Dated: 19<sup>th</sup> January 2012)

**1 Introduction**

- 1.1 In a bid to devise a uniform methodology and / or criteria for the identification of BPL households in urban areas, the Planning Commission constituted an Expert Group vide notification No. M-11019/10/2010-PP dated 13 May 2010 chaired by Prof. S. R. Hashim. The Expert Group submitted its Interim Report to the Planning Commission on 6<sup>th</sup> May 2011 wherein the Government of India's decision to undertake an urban BPL survey along with the rural BPL survey and caste enumeration exercise was noted. The Expert Group took cognizance of the proposal linking the urban BPL Survey questions to the National Population Register (NPR) household data for programmatic purposes and recommended a draft questionnaire for the same on a vulnerability based approach looking at occupational, social and residential vulnerabilities in urban areas.
- 1.2 A Sub-Group of the Expert Group was constituted with the following members to prepare a discussion note on the "Possible Alternative Options for Determining the BPL Households in the Urban Areas":
- 1.2.1 Dr. Pranob Sen, Principal Adviser, Planning Commission - Chair
- 1.2.2 Shri Harsh Mander, Member, National Advisory Council – Member; and
- 1.2.3 Dr. P. K. Mohanty, Additional Secretary & Mission Director (JNNURM), M/o HUPA – Member
- 1.3 The group agreed that as the process of the Socio-Economic and Caste Census (SECC) 2011 was already underway, the process of identification would be derived solely on the basis of data collected through the SECC 2011 questionnaire. In this regard, the Sub-Group examined the indicators contained within the questionnaire being used to gather information under SECC 2011 in urban areas. In the first instance, the principle for automatic exclusion and inclusion will be applied to the urban households. Once the automatic exclusion

and inclusion criteria had been applied, in then third phase the remaining households will be subjected to a methodology to be devised by the sub-group for identification as either BPL or non-BPL in urban areas. The members agreed that the methodology chosen should be simple and lucid enough to be communicated to all states and cities undertaking both the survey and the identification process.

- 1.4 The Sub-Group met twice - on 21<sup>st</sup> November 2011 and 29<sup>th</sup> November 2011 - and two possible methodologies for identification of the BPL households in urban areas were discussed. The first methodology, proposed by Dr. Pranob Sen, focused on the calculation of a vulnerability adjusted dependency ratio for each remaining household once the automatic exclusion and inclusion criteria were applied, taking into account various aspects of occupational and social vulnerabilities. The second methodology, proposed by Mr. Harsh Mander, focused on a scoring index across all three vulnerabilities to be applied for each remaining household once the automatic exclusion and inclusion criteria were applied. A copy of the methodology presented by the aforementioned members is at Annexure I and II of Sub-Group Report respectively.

## 2 **Recommendations of the Sub-Group:**

- 2.1 While the group appreciated Dr. Pronab Sen's approach for its elegance and sophistication, the methodology recommended by Mr. Harsh Mander gained consensus of all the members of the committee on grounds of simplicity and ease of on the ground implementation.
- 2.2 The Sub-Group recommends a 3-stage identification process: (i) automatic exclusion; (ii) automatic inclusion; and (iii) a scoring index on the remaining households.

### 2.3 **Stage 1: Automatic Exclusion**

- 2.3.1 For identification of poor households in urban areas, at the first instance the process should begin with an automatic exclusion of non-poor households based on indicators below. As a note of caution, it is noted that the usage of dwelling space in urban areas by the poor, whether on an ownership or rented basis are susceptible to insecurity of tenure. Therefore the application of automatic exclusion criteria specified here should be done with the utmost caution to ensure that the urban poor are not excluded.

- a) A household possessing a dwelling unit of more than 2 Rooms; with walls of concrete/ burnt brick and stone packed with mortar; with a roof of concrete / machine-made tiles; used exclusively for living will be automatically excluded. It is further clarified that the household would be automatically excluded if it possesses the above mentioned residential status as an owner in the slum/non-slum area. However, in the non-slum area, the household on rent having the above characteristics of residence would also be automatically excluded because it may have the location advantage which could get the household arbitrage incentives.
- b) Urban households possessing any one of the following assets, namely (i) 4 wheeler motorised vehicle; (ii) air conditioner; and (iii) computer and/or laptop with an internet connection will be automatically excluded, as these assets indicate a high level of income/expenditure level of the household. The exclusion of such households was justified by the members, who felt that such assets are normally acquired by non-poor households, which can afford to purchase and/or maintain these assets; the maintenance cost of these assets itself is quite a significant household expense.
- c) With reference to household assets such as (i) refrigerator (non-commercial); (ii) land-line telephone; (iii) washing machine (non-commercial); and (iv) a two-wheeler motorised vehicle, it was felt that in certain cities (especially large and metropolitan cities) assets such as washing machines, refrigerators, mobile phones and two-wheeler motorised vehicles were used by certain occupational groups such as dhobis, street vendors, plumbers, and electricians to enhance their enterprise's accessibility to potential and existing customers. However the SECC 2011 questionnaire does not record whether these assets are for personal household use or commercial use. Therefore it was agreed that only those households that possess any three or more of the above mentioned assets will automatically be excluded.

2.3.2 Automatic exclusion of the household if the dwelling unit consists of a separate room used exclusively as a kitchen was also debated. However it was felt that the use of kitchen as a separate room is a culturally distinguishing factor and does not necessarily indicate poverty. Therefore will not be considered as a separate criterion for automatic exclusion.

## 2.4 **Stage-2: Automatic Inclusion:**

- 2.4.1 The overall methodology recommended by the Expert Group is vulnerability-based taking into account various deprivations faced by the poor in urban areas. It is therefore recommended that criteria for automatic inclusion be used on the basis of the 3 vulnerabilities specified by the Expert Group, namely occupational, social and residential vulnerability<sup>33</sup>. It is also recommended that for those households automatically included on the basis of the indicators specified in this section, no further computation or scoring be applied as it is felt that these are indicators of extreme poverty and vulnerability.
- 2.4.2 In order to ensure that all eligible households get included and to allow for new eligible entrants (e.g. urban poor migrants), to be correctly identified as the urban poor, households that qualify for automatic inclusion should be free to apply for inclusion on the list at any point in time and at any stage in the process. The following automatic inclusion criteria would be applied in the second stage
- 2.4.3 **Residential Vulnerability:**
- (a) If the household is found to possess qualities of being 'houseless' as per the definition provided in the Census of India<sup>34</sup>, it will automatically be included. This includes those who do not live in buildings or houses, but live in the open on roadsides, pavements, in hume pipes, under flyovers and staircases, or in the open in places of worship, mandaps, railway platforms, etc. This also includes persons living in shelters for the homeless run by charities, religious institutions and government
  - (b) If the household has a house with the roof made up of temporary material- (i.e. any of the following - grass, thatch, bamboo, wood, mud, plastic or polythene) and walls made from any temporary material (i.e. any of the following - grass, thatch, bamboo, plastic, polythene, mud, unburnt bricks or wood) it will be automatically included. The idea here being to identify households that are 'precariously housed' i.e. fall between the

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<sup>33</sup> Ref. Interim Report of the Expert Group to Recommend the Detailed Methodology for Identification of Families living below the poverty line in urban areas (dated 6<sup>th</sup> May 2011)

<sup>34</sup> The definition reads as follows: "Households which do not live in buildings or Census houses but live in the open or roadside, pavements, in hume pipes, under fly-overs and staircases, or in the open in places of worship, mandaps, railway platforms, etc., are to be treated as Houseless households" (Source: para 3.15 on p. 9 In RGI, M/o Home Affairs. 2011. *Census of India, 2011: Instruction Manual for Houselisting and Housing Census*. Available from: <http://www.censusindia.gov.in/2011-Documents/Houselisting%20English.pdf>)

category of houseless and that demonstrating slum-like household characteristics

#### 2.4.4 **Occupational Vulnerability**

- (a) If the main source of income of the household is either through begging / rag picking, domestic work, daily-wage work that household will automatically be included;
- (b) If the household has no income from any source, that household will automatically be included.

#### 2.4.5 **Social Vulnerability:** Households found to possess the following characteristics will automatically be included:

- (a) **Age-based vulnerabilities:** Minor-headed households or Old-aged headed households i.e. if there is no member of the household aged between 18-59 years.
- (b) **Health vulnerabilities:** Households where there is no able-bodied person aged between the ages of 18 and 60 years i.e. all members of the household aged between 18 and 60 years are found to either have a disability and/or are chronically ill.

### 2.5 **Stage-3: Scoring Index**

2.5.1 Once the automatic exclusion and inclusion criteria had been applied, in the third stage, only the remaining households will be ranked on the basis of an index score that ranges between 0 and 15 as specified in this section. A maximum score of 5 each will be assigned for criteria listed under residential, social and occupational vulnerability. In addition if a household scores more than 5 under any of these sub-categories (residential, social and occupational vulnerability), the maximum score awarded will be 5 under that sub-category.

2.5.2 It is clarified here that the exercise being specified in this section is purely to ensure identification of those below the poverty line in urban areas. It is recommended that the data collected in the SECC 2011 under various vulnerabilities can be used by the Government of India to determine the depth and characteristics of each vulnerability, such that interventions in policy and programme may be suitably tailored to each vulnerability. However, as this is not the mandate of either the Sub-group or the Expert Group, the methodology for this has not been specified in this report.

#### 2.5.3 **Residential Vulnerability**

The scoring recommended here takes into account both, the physical condition of the house in which the household lives, as well as the presence / absence of the most basic infrastructure and civic services such as electricity, water supply, sanitation and sewerage which ensure a basic necessary quality of life. The recommended scoring for residential vulnerability is specified as per the table below:

<b>S. No.</b>	<b>Indicator</b>	<b>Score</b>
A	Households living in houses in which the roof is of corrugated sheets/ country tiles; and walls of corrugated sheets/ bricks without mortar	2
B	Households with no drinking water	2
C	Households with no electricity	2
D	Households with no water-seal latrines	2
E	Houses with no waste water outlets to closed or open drains	1

#### 2.5.4 Social Vulnerability:

The scoring recommended here takes into account households facing gender-based vulnerabilities, education-based and social stratification based vulnerabilities in the following manner

<b>S. No.</b>	<b>Indicator</b>	<b>Score</b>
A	Female-headed households i.e. households where there is no adult male member or where the principal bread-earner in the family is a woman	4
B	Scheduled Caste (SC) households	2
C	Scheduled Tribe (ST) Households	2
D	Other Backward Classes (OBC) Households	1
E	Muslim Households	2
F	No adult in the household educated up to primary level	2
G	No adult in the household educated up to the middle level	1

#### 2.5.5 Occupational Vulnerability:

The scoring recommended here takes into account households characterized by vulnerability based on *type or nature* of the occupation they are engaged in.

<b>S. No.</b>	<b>Indicator</b>	<b>Score</b>
A	Any of the following occupations: • Sweeper/ sanitation worker/ mali	2

<b>S. No.</b>	<b>Indicator</b>	<b>Score</b>
	<ul style="list-style-type: none"> <li>• Street vendor/cobbler/hawker</li> <li>• Construction/plumber/mason/labour/painter/welder/security guard</li> <li>• Home-based/artisans/Tailor</li> <li>• Transport worker/driver/conductor/helper to drivers and conductors/ cart puller/ rickshaw</li> <li>• Washermen/ Dhobi/ Chowkidar</li> <li>• Coolie/Head-loader</li> </ul>	
B	Any of the following occupations <ul style="list-style-type: none"> <li>• Shop-worker / Assistant / Helper / Peon in small establishment / Attendant / Waiter</li> <li>• Electrician / mechanic / assembler / repair worker</li> </ul>	1
C	Households where the main source of income is through a weekly-wage earner	2
D	Households where there is no enterprise / wage earning i.e. non-work and the earning is chiefly through any one of the following means i.e. (a) Pension; (b) Interest; and/or (c) Rent	1

2.6 A table summarising the three stages is at Annexure III of Sub-Group Report.

2.7 The group is clear that under no circumstances should any member qualifying under automatic inclusion (stage 2) or whose score under the scoring index (stage 3) is 10 points and above, should be excluded. However, beyond this, in the absence of data from SECC 2011 (which is still currently underway), about the size of each of the sub-categories of vulnerability, it is not possible to prescribe where, if any, should the Government of India draw its poverty line.

**Proposed Methodology for Identification of Urban Poor  
(Pronab Sen)**

A Sub Group is constituted by the **Expert Group to recommend the detailed Methodology for Identification of Families Living Below Poverty Line in Urban Areas** to prepare a Discussion Note on 'The Possible Alternative Options for Determining the BPL Households in the Urban Areas'. The first meeting of the Sub Group was held on 21<sup>st</sup> November, 2011. The major decisions taken and observations made during the deliberations in the first meeting are as below:

- i. For identification of poor households in urban areas, at the first instance following automatic exclusion criteria would be applied:

Households having the following will be excluded:

- (a) Motorized vehicle – 4 wheeler
- (b) Air Conditioner
- (c) Two wheeler, computer, washing machine, refrigerator (any two items or more)
- (d) Own Pucca house with more than one room

- ii. The following automatic inclusion criteria would then be applied in the second stage:

- (a) If the household is 'houseless', the household will be automatically included;
- (b) If the main source of income is either beggar / rag picker, domestic worker, or if the household has no income from any source, that household will be automatically included;
- (c) If there is no member of the household aged 18 and above, that household will be automatically included;
- (d) If there is no able-bodied person aged between 18 and 60 years in the household i.e. all members of the household aged between 18 and 60 years either have a disability or are chronically ill, that household will be automatically included

- iii. Once the automatic exclusion and inclusion criteria had been applied, the remaining households need to be ranked by using some agreed upon methodology.

The methodology proposed by Dr. Pronab Sen, is based on calculation of a dependency ratio for each remaining household by taking into consideration various aspects of occupational and social vulnerabilities.

**Vulnerabilities Adjusted Dependency Ratio (VADR)**

Computation of this ratio will be solely based on the information obtained on different indicators from SECC Data.

$$\text{VADR} = \frac{\text{[No. of 'Persons' in household]} * \text{SVF} * \text{RVF}}{\text{No. of 'Earners' in household}}$$

Where,

**SVF** refers to Social Vulnerability Factor

**RVF** refers to Residential Vulnerability Factor

Either (or both) of the numerator and denominator of VADR need to be moderated on the basis of the degree of the deprivation or vulnerability related to each member of the household.

**Definition of a 'Person'**

For calculation of Vulnerability Adjusted Dependency Ratio it is important to value each person residing in the household differently by assigning different numbers on the basis of the type and degree of the vulnerability. In other words, while a normal person defined as an 'able-bodied person' would be considered as 'ONE PERSON' in the list of dependent a member having disability or chronic illness or suffering from old age etc., who are defined as socially vulnerable will be defined as 'MORE THAN ONE PERSON' in the dependent list. This is because the economic burden of sustaining one socially vulnerable individual is always higher than that for a normal individual. Accordingly, the following values are suggested for individuals suffering from different vulnerabilities.

'Person'	Assigned Values for VADR
Able-Bodied person	1
Disabled person	2
Chronically ill	2
Old age	1.5
Children < 6	1.5

In case a person suffers from 2 vulnerabilities the factor would be the multiple of the two values. For example: if a person is disabled and old, the assigned value would be a multiple of 2 and 1.5 i.e. 3.

Number of 'persons' in the numerator of VADR will be calculated as the sum of the assigned values to each member in the household as described above. **Eg: A household having 5 members including 2 able-bodied person, 2 children <6 years, 1 chronically ill old person, would be assigned a value of 8 [(1+1) + (1.5+1.5) + (2\*1.5)] in the numerator.**

**Definition of an 'Earner'**

For calculation of number of Earners in the denominator it is suggested to assign some multiplicand to each of the earner on the basis of attributes covered under four characteristics viz: gender, age group, level of education and pay frequency, since these characteristics have implication for the earning capacity and economic stability of the 'earner'. The attributes under specific characteristics and the corresponding multiplicand are suggested in the following table. Figures in bracket are the multiplicand.

<b>Gender</b>	<b>Age Group</b>	<b>Education</b>	<b>Pay Frequency</b>
Female (0.9)	60 + (0.8)	illiterate (0.5)	daily/weekly (0.7)
Male (1.0)	18-60 (1.0)	primary (0.7)	monthly (1.0)
	0-18 (0)	MSS/SS (0.9)	
		higher secondary + (1.0)	

As can be noted, the best case scenario for the 'earner' is the one being a male, in the age group of 18-60, with an education level of higher secondary and more and earning a monthly salary. With the suggested multiplicand the assigned value in the denominator for the earner in the best case scenario will be 1 (one). The value assigned to the earner in the age group of 0-18 would be 0 (zero). The worst case scenario for an earner excluding the person in the age group (0-18) will be 0.252.

Best case scenario – value for earner	1
Worst case scenario – value for earner	0.252

For computation purposes if an household has two earning members with one best case scenario and one worst case scenario then the computed **value for no. of 'earners' in the denominator will be 1.252.**

### **Social Vulnerability Factor (SVF)**

Households falling under SC / ST / Minorities category would be assigned a multiplicand of 1.25 which will be multiplied to the VADR calculated for a general category household. Female headed households would be assigned a multiplicand of 1.2. In case a household is both female headed as well as from a socially vulnerable category, the factor would be the multiplicand, i.e. (1.25 \*1.2) 1.5

<b>Household Category in terms of Social Vulnerability</b>	<b>Multiplicand</b>
SC / ST / Minorities	1.25
Female headed households	1.2

### **Residential Vulnerability Factor (RVF)**

<b>Type of House</b>	<b>Location</b>	<b>Value</b>
Pucca house	Non slum area	1
Pucca house	Slum area	1.5
Temporary construction (plastic/hatch for both roof & walls)	Irrespective of area	1.5
House of any material without concrete roof	Non slum area	1.5
House of any material without concrete roof	Slum area	2

VADR would be multiplied with either/or SVF and RVF depending on the social vulnerability of the household and residential vulnerability as described above. After arriving at the VADR for each household, the households having VADR above a cut off line (to be decided) would be treated as a BPL family in the urban areas.

**Suggested indicators for identifying the urban poor and vulnerable families: For consideration of the Hashim Committee Sub-Group, 29 November 2011  
(Harsh Mander)**

It is proposed to follow a 3 phase identification process:

- 1) We begin with automatic exclusion of wealthier households based on indicators below in 1.
- 2) Next we go in for automatic inclusion of all households which fulfill any one of the indicators given below in 2. These are indicators of ultra-poverty and greatest vulnerability. If any household fulfills any of the criteria given here, these will be included with no other computation and scoring required.
- 3) There will be no caps, and categories of households which are automatically included will have a right to be included at any stage.
- 4) In the third phase, we will go for scoring an index with a maximum score of 15 and a minimum score of 0. There will be a maximum score of 5 each for criteria listed under residential, social and occupational vulnerability. If a household scores more than 5 under any of these sub-categories (residential, social and occupational vulnerability), the maximum score awarded will be 5 under that sub-category.

1. **Automatic Exclusion**

- 1) 2 room house with walls of cement / brick and mortar; roof of cement / manufactured tiles (whether as owner or on rent)
- 2) Separate room used exclusively as kitchen
- 3) Households with any one of the following:
  - a. 4 wheeler
  - b. AC
  - c. Computer or laptop with internet
- 4) Households with any 2 of the following:
  - a. Fridge (non-commercial)
  - b. Land-line
  - c. Washing machine (non-commercial)

## 2. **Automatic Inclusion**

### 1) RESIDENTIAL

- (i) Homeless
- (ii) Roof of plastic / thatch; and walls of plastic / thatch

### 2) OCCUPATIONAL

- (i) Beggar / rag picker
- (ii) Domestic worker
- (iii) No income from any source
- (iv) No literate adult above 25
- (v) Daily wage

*(I propose we also consider the following for automatic inclusion – but if not agreed, these categories may be shifted to scoring indicators 3(3) below)*

- (i) Sweeper / sanitation worker / mali
- (ii) Street vendor / cobbler / hawker
- (iii) Construction / plumber / mason / labour / painter / welder / sec guard
- (iv) Home-based / artisans / tailor
- (v) Transport worker / driver / conductor / helper to drivers and conductors / cart puller / rickshaw
- (vi) Washermen / dhobi / chowkidar
- (vii) Coolie / head loader – 2

### 3) SOCIAL

- (i) Child-headed household (no member of household above the age of 18 years)
- (ii) Households in which any member has Multiple Disability
- (iii) Households in which any member has HIV / AIDS
- (iv) Households in which any member has leprosy
- (v) Households in which any member has Cancer

## 3. **Scoring (maximum score 15)**

### 1) RESIDENTIAL (Maximum score 5)

- (i) Houses in which the roof is of corrugated sheets / country tiles; and walls of corrugated sheets / bricks without mortar – 2
- (ii) No drinking water – 2

- (iii) No electricity – 2
- (iv) No water-seal latrines – 2
- (v) No waste water outlets to closed or open drain – 1

2) SOCIAL VULNERABILITY (Maximum score 5)

- (i) Female headed (no male 18 to 60) - 2
- (ii) Old headed (no person 18 to 60) – 2
- (iii) Disabled headed (no non-disabled person 18 to 60)
- (iv) SC/ST – 2
- (v) Muslim – 2

3) OCCUPATIONAL VULNERABILITY (Maximum score 5)

*Those of the following not included in automatic inclusion*

- (i) Sweeper / sanitation worker / mali – 2
- (ii) Street vendor / cobbler / hawker – 2
- (iii) Construction / plumber / mason / labour / painter / welder / sec guard – 2
- (iv) Home-based / artisans / tailor – 2
- (v) Transport worker / driver / conductor / helper to drivers and conductors / cart puller / rickshaw – 2
- (vi) Washermen / dhobi / chowkidar – 2
- (vii) Coolie / head-loader – 2

*In addition, the following indicators and proxy indicators of occupational vulnerability to be included*

- (i) Shop-worker / assistant / helper / peon in small establishment / attendant / waiter – 1
- (ii) Non-work (pension / interest / rent) – 1
- (iii) No adult educated up to primary level – 2
- (iv) No adult educated up to middle level – 1
- (v) Weekly wage - 2

## SUMMARY OF METHODOLOGY PROPOSED

<b><u>STAGE 1: Automatic Exclusion</u></b>	<b><u>STAGE 2: Automatic Inclusion</u></b>	<b><u>STAGE 3: Scoring Index</u></b>
<p><b>1) RESIDENTIAL</b></p> <p>i) More than 2 Room House with walls of concrete/ burnt brick and stone packed with mortar; roof of concrete/ machine made tiles (whether as owner in slum/non-slum area or on rent in non slum area) used exclusively for living</p>	<p><b>1) RESIDENTIAL</b></p> <p>If the household is 'houseless' as per the definition of the Census of India</p> <p>i) If the household has a house with the roof made up of temporary material- (i.e. any of the following - grass, thatch, bamboo, wood, mud, plastic or polythene) <b>and</b> walls made from any temporary material (i.e. any of the following - grass, thatch, bamboo, plastic, polythene, mud, unburnt bricks or wood)</p>	<p><b>1) RESIDENTIAL</b> <b>(Maximum score 5)</b></p> <p>i) Households living in houses in which the roof is of corrugated sheets/ country tiles; and walls of corrugated sheets/ bricks without mortar – 2</p> <p>ii) Households with No Drinking Water – 2</p> <p>iii) Households with No Electricity – 2</p> <p>iv) Households with No Water-seal Laterines – 2</p> <p>v) Households with No Waster Water Outlets to Closed or Open Drain – 1</p>
<p>Households possessing any one of the following:</p> <p>i. 4-Wheeler motorised vehicle</p> <p>ii. air conditioner</p> <p>iii. Computer or laptop with an internet connection</p>	<p><b>2) OCCUPATIONAL</b></p> <p>i) If the main source of income of the household is either through begging / rag picking, domestic work, daily-wage work;</p> <p>ii) If the household has no income from any source</p>	<p><b>2) OCCUPATIONAL</b> <b>(Maximum score 5)</b></p> <p>iii) Sweeper/sanitation worker/mali -2</p> <p>iv) Street vendor/cobbler/hawker -2</p> <p>v) Construction/plumber/mason/labour/painter/welder/sec guard -2</p> <p>vi) Home-based/artisans/Tailor -2</p> <p>vii) Transport worker/driver/conductor/helper to drivers and conductors/cart puller/rickshaw -2</p> <p>viii) Washermen/Dhobi/Chowkadar -2</p> <p>ix) Coolie/Head-loader – 2</p> <p>x) Shop-worker / Assistant / Helper /</p>

<b><u>STAGE 1: Automatic Exclusion</u></b>	<b><u>STAGE 2: Automatic Inclusion</u></b>	<b><u>STAGE 3: Scoring Index</u></b>
		<p>Peon in small establishment / Attendant / Waiter – 1</p> <p>xi) Electrician / mechanic / assembler / repair worker – 1</p> <p>xii) Households where the main source of income is through a weekly-wage earner – 2</p> <p>xiii) Households where there is no enterprise / wage earning i.e. non-work and the earning is chiefly through any one of the following means i.e. (a) Pension; (b) Interest; and/or (c) Rent - 1</p>
<p>Households possessing any 3 or more of the following:</p> <p>i) refrigerator</p> <p>ii) land-line telephone</p> <p>iii) washing machine</p> <p>iv) two wheeler motorised vehicle</p>	<p><b>3) SOCIAL</b></p> <p>(i) Minor-headed households or Old-aged headed households i.e. if there is no member of the household aged between 18-59 years</p> <p>(ii) Households where there is no able-bodied person aged between the ages of 18 and 60 years i.e. all members of the household aged between 18 and 60 years are found to either have a disability and/or are chronically ill</p>	<p><b>3) SOCIAL VULNERABILITY</b> (Maximum score 5)</p> <p>(i) Female-headed households i.e. households where there is no adult male member or where the principal bread-earner in the family is a woman – 4</p> <p>(ii) SC Households – 2</p> <p>(iii) ST Households – 2</p> <p>(iv) OBC Households - 1</p> <p>(v) Muslim Households-2</p> <p>(vi) No adult in the household educated up to primary level - 2</p> <p>(vii) No adult in the household educated up to the middle level - 1</p>

**A Note on Urban Poor and Their Occupational Profile  
(Prepared by the Institute for Human Development, New Delhi)**

**Background**

Understanding urban poverty presents a set of issues distinct from general poverty analysis and thus may require additional information. In urban India, economically weaker or vulnerable sections of the population compelled to participate in the labour market due to poverty not out of choice. They are mostly engaged in low income activities as casual labourer or self employed in the informal sector without any social security. They can be easily identified in urban areas by their occupations or activities like casual labour in construction, beggars, hawkers, domestic service workers, rag pickers and small vendors etc. Therefore, occupational classification would be one of the approaches to identify the poor in urban areas. In the first part of this note an attempt has been made to explore the said approach through employment and unemployment round carried out by National Sample Surveys Organization (NSSO) in 2009-10. In the second part, an attempt has been made to measure deprivations of the urban poor households based on nine indicators. For this purpose data has been taken from a recent study conducted by Institute for Human Development (IHD) on "Work and Livelihood of the Poor in NCR" supported by Sir Dorabji Tata Trust (SDTT), Mumbai. This study was conducted in 2011 and covered more than twenty thousand households.

**Part I**

The NSSO survey collects information of the sample households in both rural and urban areas for the states in India. It contains demographic details including household's monthly per capita expenditure (MPCE), individual's employment status (self employed; casual labour; regular); occupations (national classification of occupational codes) and daily wage or salaries. In the following section, 66th round (2009-10) of NSSO is analyzed to explore the objective.

The following three stage procedure is used to identify the poor:

1. First, identify the occupations of workers, who belong to poor households as classified by first and second MPCE quintile by using the benchmark of planning commission head count poverty ratio (37% poor) [occupations with 40% and above worker in first two quintile].
2. Second, examine the status of employment (regular, casual and self employed) of the identified occupations.
3. Third, weekly average earning of workers and average MPCE for self employed for the identified occupations.

Finally, there are occupations falling in the first category with poor employment status (casual or self employed) with low wage or earnings. People having these as their main occupations can be classified as poor. These selected occupations are further examined at the skill profile of the workers and the level of their education.

**Table 1: Main Occupations of Urban Workers (15-59 Age groups) by concentration and share\***

S.no.	Occupations (NCO)	First stage (Q1+2)		No (000')
		R%	C%	
1	Potters, Glass Makers and Related Trades Workers	82	0.8	309
2	Subsistence Agricultural and Fishery Workers	80	0.2	70
3	Agricultural, Fishery and Related Labourers	77	7.4	2817
4	Transport Labourers and Freight Handlers	64	4.6	1750
5	Painters, Building Structure Cleaners & Related trade worker	60	4.5	1722
6	Food Processing and Related Trades Workers	60	2.3	868
7	Mining and Construction Labourers	59	7.6	2875
8	Street Vendors and Related Workers	59	3.4	1288
9	Wood Treaters, Cabinet Makers and Related Trades worker	56	0.9	340
10	Handicraft Workers in Wood, Textile, Leather and related matter	54	0.6	227
11	Market –Oriented Animal Producers and Related	52	0.9	345
12	Building Frame and Related Trades Workers	52	3.3	1265
13	Agricultural and Other Mobile Plant Operators	51	0.2	64
14	Market Gardners & Crop Growers	51	4.2	1608
15	Domestic and Related Helpers, Cleaners and Launderers	47	3.5	1347
16	Fishery Workers, Hunters and Trappers	46	0.3	132
17	Manufacturing Labourers	46	3.3	1238
18	Blacksmith, Tool Makers and Related Trades Workers	46	0.3	98
19	Pelt, Leather and Shoe Making Trades Workers	45	0.4	169
20	Shoe Cleaning and Other Street Services Elementary Occupations	45	0.1	30
21	Building Caretakers, Window and Related Cleaners	44	0.2	89
22	Garbage Collectors and Related Labourers	43	1.6	596
23	Textile, Garment and Related Trades Workers	43	6.9	2608
24	Food and Related Products Machine Operators	43	0.5	174
25	Miners, Shotfirers, Stone Cutters and Carvers	43	0.2	91
26	Market- Oriented Crop and Animal Producers	41	0.1	36
27	Printing, Binding and Paper Products Machine Operators	40	0.4	134

\*40% and above

**Table 2: Main Occupations of Urban Workers (15-59 Age groups) by Status of Employment**

S.No.	Occupations (NCO)	Second Stage (Status) %		
		SE	RE	CL
1	Potters, Glass Makers and Related Trades Workers	<u>47</u>	<u>21</u>	<u>32</u>
2	Subsistence Agricultural and Fishery Workers	<u>90</u>	2	9
3	Agricultural, Fishery and Related Labourers	2	5	<u>93</u>
4	Transport Labourers and Freight Handlers	<u>50</u>	8	43
5	Painters, Building Structure Cleaners and Related trade worker	7	3	<u>89</u>
6	Food Processing and Related Trades Workers	<u>66</u>	15	19
7	Mining and Construction Labourers	3	4	<u>93</u>
8	Street Vendors and Related Workers	<u>96</u>	2	2
9	Wood Treaters, Cabinet Makers and Related Trades worker	<u>68</u>	17	15
10	Handicraft Workers in Wood, Textile, Leather and related matter	<u>75</u>	9	17
11	Market –Oriented Animal Producers and Related	<u>91</u>	6	4
12	Building Frame and Related Trades Workers	33	5	<u>63</u>
13	Agricultural and Other Mobile Plant Operators	<u>40</u>	<u>41</u>	19
14	Market Gardners & Crop Growers	<u>98</u>	1	1
15	Domestic and Related Helpers, Cleaners and Launderers	17	<u>48</u>	35
16	Fishery Workers, Hunters and Trappers	<u>40</u>	8	<u>52</u>
17	Manufacturing Labourers	11	<u>35</u>	<u>54</u>
18	Blacksmith, Tool Makers and Related Trades Workers	<u>49</u>	<u>30</u>	21
19	Pelt, Leather and Shoe Making Trades Workers	32	18	<u>50</u>
20	Shoe Cleaning and Other Street Services Elementary Occupations	<u>89</u>	7	4
21	Building Caretakers, Window and Related Cleaners	1	<u>54</u>	<u>45</u>
22	Garbage Collectors and Related Labourers	10	<u>71</u>	19
23	Textile, Garment and Related Trades Workers	<u>56</u>	<u>24</u>	20
24	Food and Related Products Machine Operators	<u>37</u>	<u>29</u>	34
25	Miners, Shotfirers, Stone Cutters and Carvers	30	<u>28</u>	42
26	Market- Oriented Crop and Animal Producers	<u>100</u>	-	-
27	Printing, Binding and Paper Products Machine Operators	16	65	19

#Note: nearly 40% and above and at least 10 occupations

SE: Self Employed

RE: Regular Employed

CL: Casual labourer

The following occupations emerged as the main occupation of the poor after the second stage analysis given in table 2.

i) Self employment:-

- Market- Oriented Crop and Animal Producers
- Subsistence Agricultural and Fishery Workers
- Street Vendors and Related Workers
- Market –Oriented Animal Producers and Related
- Market Gardners & Crop Growers
- Shoe Cleaning and Other Street Services Elementary Occupations
- Blacksmith, Tool Makers and Related Trades Workers
- Wood Treaters, Cabinet Makers and Related Trades worker
- Food Processing and Related Trades Workers
- Potters, Glass Makers and Related Trades Workers

ii) Regular employment:-

- Domestic and Related Helpers, Cleaners and Launderers
- Agricultural and Other Mobile Plant Operators
- Building Caretakers, Window and Related Cleaners
- Garbage Collectors and Related Labourers
- Blacksmith, Tool Makers and Related Trades Workers
- Potters, Glass Makers and Related Trades Workers
- Miners, Shotfirers, Stone Cutters and Carvers
- Food and Related Products Machine Operators
- Textile, Garment and Related Trades Workers
- Blacksmith, Tool Makers and Related Trades Workers

iii) Casual labourer:-

- Mining and Construction Labourers
- Agricultural, Fishery and Related Labourers
- Painters, Building Structure Cleaners and Related trade worker
- Building Frame and Related Trades Workers
- Fishery Workers, Hunters and Trappers
- Manufacturing Labourers
- Pelt, Leather and Shoe Making Trades Workers
- Domestic and Related Helpers, Cleaners and Launderers
- Food and Related Products Machine Operators
- Food and Related Products Machine Operators

**Table 3: Main Occupations of Urban Workers (15-59 Age groups) by Weekly Earning of Workers and Monthly per Capita Consumption of Self Employed**

S.No.	Occupations (NCO)	Weekly Earning (Rs.)		Average MPCE
		RE	CL	SE
1	Potters, Glass Makers & Related Trades Workers	<u>1036</u>	<u>632</u>	<u>748</u>
2	Subsistence Agricultural and Fishery Workers	1506	849	785
3	Agricultural, Fishery and Related Labourers	<u>1000</u>	<u>535</u>	<u>697</u>
4	Transport Labourers and Freight Handlers	1646	709	<u>737</u>
5	Painters, Building Structure Cleaners and Related trade worker	1601	802	<u>726</u>
6	Food Processing and Related Trades Workers	<u>1048</u>	<u>519</u>	<u>707</u>
7	Mining and Construction Labourers	1734	810	<u>732</u>
8	Street Vendors and Related Workers	<u>920</u>	732	<u>762</u>
9	Wood Treaters, Cabinet Makers and Related Trades worker	1157	864	<u>699</u>
10	Handicraft Workers in Wood, Textile, Leather and related matter	<u>1038</u>	667	795
11	Market –Oriented Animal Producers and Related	1250	671	806
12	Building Frame and Related Trades Workers	1552	960	769
13	Agricultural and Other Mobile Plant Operators	2027	952	874
14	Market Gardners & Crop Growers	1730	612	762
15	Domestic and Related Helpers, Cleaners and Launderers	<u>701</u>	<u>457</u>	766
16	Fishery Workers, Hunters and Trappers	1168	745	819
17	Manufacturing Labourers	<u>989</u>	<u>599</u>	791
18	Blacksmith, Tool Makers & Related Trades Workers	1507	<u>591</u>	<u>758</u>
19	Pelt, Leather and Shoe Making Trades Workers	<u>981</u>	<u>542</u>	793
20	Shoe Cleaning and Other Street Services Elementary Occupations	1390	753	<u>672</u>
21	Building Caretakers, Window & Related Cleaners	1549	<u>638</u>	772
22	Garbage Collectors and Related Labourers	1341	<u>481</u>	817
23	Textile, Garment and Related Trades Workers	<u>1003</u>	<u>607</u>	799
24	Food and Related Products Machine Operators	1246	712	<u>707</u>
25	Miners, Shotfirers, Stone Cutters and Carvers	2311	868	833
26	Market- Oriented Crop and Animal Producers	2116	793	806
27	Printing, Binding & Paper Products Machine Operators	<u>1026</u>	<u>430</u>	833

#Note: At least 10 occupations with relatively low payment or expenditure

Further analysis of the occupation by weekly earning of regular and casual workers and monthly expenditure of the household of self-employed presented in table 3. The following occupations are emerged as low paid jobs:

ii) Regular employment:-

- Potters, Glass Makers and Related Trades Workers
- Agricultural, Fishery and Related Labourers
- Food Processing and Related Trades Workers
- Street Vendors and Related Workers
- Handicraft Workers in Wood, Textile, Leather and related matter
- Domestic and Related Helpers, Cleaners and Launderers
- Manufacturing Labourers
- Pelt, Leather and Shoe Making Trades Workers
- Textile, Garment and Related Trades Workers
- Printing, Binding and Paper Products Machine Operators

iii) Casual labourer:-

- Potters, Glass Makers and Related Trades Workers
- Agricultural, Fishery and Related Labourers
- Food Processing and Related Trades Workers
- Domestic and Related Helpers, Cleaners and Launderers
- Manufacturing Labourers
- Blacksmith, Tool Makers and Related Trades Workers
- Pelt, Leather and Shoe Making Trades Workers
- Textile, Garment and Related Trades Workers
- Printing, Binding and Paper Products Machine Operators
- Building Caretakers, Window and Related Cleaners

iii) Self-employment:-

- Potters, Glass Makers and Related Trades Workers
- Agricultural, Fishery and Related Labourers
- Transport Labourers and Freight Handlers
- Food Processing and Related Trades Workers
- Wood Treaters, Cabinet Makers and Related Trades worker
- Blacksmith, Tool Makers and Related Trades Workers
- Shoe Cleaning and Other Street Services Elementary Occupations
- Food and Related Products Machine Operators

- Subsistence Agricultural and Fishery Workers
- Painters, Building Structure Cleaners and Related trade worker

**Table 4: Skill Profile of the Urban Workers (15-59 years) by their Main Occupations**

Occupation	upto primary	Middle	Secondary	Higher Secondary	Graduate & above in other subject	Total
Potters, Glass Makers and Related Trades Workers	72	16	9	2	0	100
Subsistence Agricultural and Fishery Workers	47	7	17	11	17	100
Agricultural, Fishery and Related Labourers	75	17	5	1	1	100
Transport Labourers and Freight Handlers	76	18	3	2	0	100
Painters, Building Structure Cleaners and Related	64	19	11	4	2	100
Food Processing and Related Trades Workers	65	22	10	2	1	100
Mining and Construction Labourers	70	19	7	3	1	100
Street Vendors and Related Workers	69	17	8	5	0	100
Wood Treaters, Cabinet Makers and Related Trades	57	34	5	3	0	100
Handicraft Workers in Wood, Textile, Leather and	43	21	23	12	1	100
Market –Oriented Animal Producers and Related	67	17	12	5	0	100
Building Frame and Related Trades Workers	59	26	10	5	0	100
Agricultural and Other Mobile Plant Operators	32	56	0	10	2	100
Market Gardners & Crop Growers	51	21	15	7	5	100
Domestic and Related	79	13	5	3	0	100

Helpers, Cleaners and Fishery Workers, Hunters and Trappers	60	29	8	3	0	100
Manufacturing Labourers	60	24	12	4	1	100
Blacksmith, Tool Makers and Related Trades Workers	58	11	13	17	1	100
Pelt, Leather and Shoe Making Trades Workers	49	18	24	2	7	100
Shoe Cleaning and Other Street Services Elementary	98	0	0	2	0	100
Building Caretakers, Window and Related Cleaners	43	10	14	30	3	100
Garbage Collectors and Related Labourers	71	21	8	1	0	100
Textile, Garment and Related Trades Workers	55	26	14	4	1	100
Food and Related Products Machine Operators	63	21	14	2	0	100
Miners, Shotfirers, Stone Cutters and Carvers	60	22	17	0	1	100
Market- Oriented Crop and Animal Producers	56	12	11	10	10	100
Printing, Binding and Paper Products Machine Operators	49	25	8	16	2	100

From Table 4, it is quite evident that the occupations with poor employment status which have been identified earlier is also validated from their skill profile.

## Part II

In order to measure deprivations of the urban poor households, it was first necessary to identify indicators which were related to the basic needs of a household, lack of which lead a household to be categorized as deprived. Therefore, firstly indicators were selected to measure deprivations. These indicators were related to housing, water, sanitation facilities, educational, social status, migration and work status. In total nine indicators were taken to study deprivations of the urban poor households in National Capital Region (NCR) as presented in Table 5.

The minimum and maximum score a household can get is 0 and 9. Zero represents deprivation in all the nine dimensions and nine represents no deprivation at all in the given nine dimensions. If a household total score was 4 that means, the household was

deprived of 5 indicators out of nine and was good only in four indicators. In the next section the results, their distribution and discussion are presented.

**Table 5: List, Description and Score of Indicators Used to Measure Deprivations among the Urban Poor in NCR**

Indicators	Description of Indicators	Score
Housing Type	Kutcha/Serviceable or Unserviceable Kutcha	0
	Pucca/Semi-Pucca	1
Number of Rooms in House	Number of Room in House = 1	0
	Number of Room in House = >1	1
Access to Sanitation Facilities	Open Defecation	0
	Others	1
Access to Drinking Water	Other Sources	0
	Own Sources	1
Educational Attainment of the Head of the Household	Illiterate	0
	Others	1
Asset Holding of the Household	No Asset Holding	0
	Any Asset Holding	1
Caste Category	SC/ST	0
	Others	1
Migrant Status of the Household	Migrant (<10 Yrs of duration of stay in NCR)	0
	Non-Migrant (>10 yrs of duration of stay in NCR)	1
Work Status of the Head of the Household	Casual wage/Piece Rated/ Attached Labour	0
	Others	1

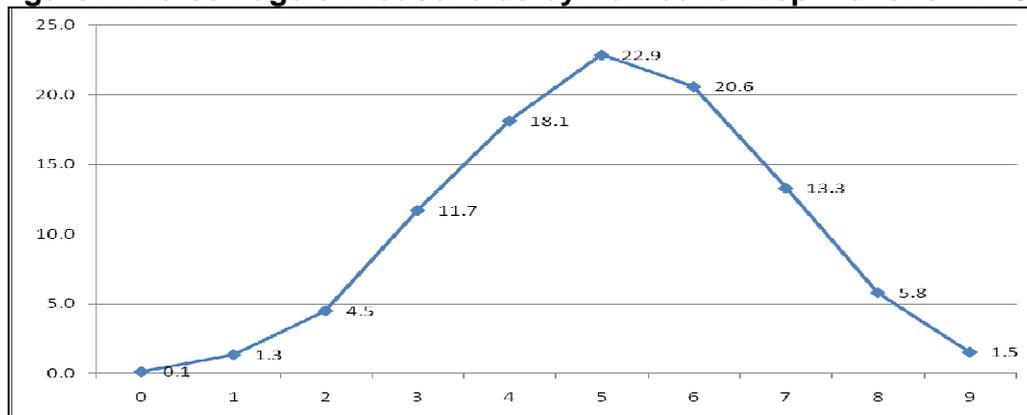
Source: IHD-SDTT Study on Work and Livelihoods of the Poor in NCR.

Figure 1 shows the curve of the score obtained by households of NCR. It begins with a modest figure at score one and peaks at score 5 and then again declines. The peak is at the average deprivation score obtained by all the households and their proportion in total households is nearly 23 per cent. There were 36 per cent households which had more deprivations than the average deprivation level. On the other hand 41 per cent households were lower than the average level of deprivations.

The distribution of deprivation score obtained by total 20,244 households in its constituent state is presented in Table 6. It reflects that among the total number of households, 29 households were fully deprived households and can be said to be suffering from the most penury state of being. Distribution of these households in the

constituent states of NCR showed that proportion of these households were relatively higher in Haryana and Uttar Pradesh part of NCR than Delhi. Though in percentage terms these households were quite low but they were fully deprived of all the nine indicators of socio-economic dimensions and were living in the most precarious conditions.

**Figure 1: Percentage of Households by Number of Deprivations in NCR**



Source: Based on IHD-SDTT Study on Work and Livelihoods of the Poor in NCR.

Another 272 households, which is 1.3 per cent of the total households, were deprived in 8 indicators and was not deprived in only one indicator. They are no better than the fully deprived households. Their distribution is proportionately higher in Haryana part of NCR than Uttar Pradesh and Delhi. Number and percentage of households whose deprivation score is 2 and which is deprived in 7 different dimensions is 914 and 4.5. Their distribution was again very high in Haryana followed by Delhi. Proportion of such households was very low in Uttar Pradesh. Deprivation score of 3 had been obtained by 2373 households which was 11.7 per cent of the total households. Another 18 per cent of the households (3674) were deprived in five different dimensions. Their share was highest for Haryana followed by Delhi and Uttar Pradesh.

**Table 6: Number and Percentage of Households by Number of Deprivations in NCR and Its Constituent States**

Deprivation Score	Haryana		Delhi		Uttar Pradesh		NCR		Cumulative Number of HH
	No. of HH	%	No. of HH	%	No. of HH	%	No. of HH	%	
0	9	0.2	14	0.1	6	0.2	29	0.1	29
1	117	3.0	145	1.1	10	0.3	272	1.3	301
2	250	6.4	628	4.8	36	1.1	914	4.5	1215
3	535	13.7	1683	12.9	155	4.7	2373	11.7	3588

4	850	21.7	2359	18.1	465	14.0	3674	18.1	7262
5	862	22.0	2899	22.3	868	26.1	4629	22.9	11891
6	713	18.2	2605	20.0	853	25.7	4171	20.6	16062
7	381	9.7	1705	13.1	610	18.4	2696	13.3	18758
8	156	4.0	755	5.8	265	8.0	1176	5.8	19934
9	45	1.1	211	1.6	54	1.6	310	1.5	20244
Total	3918	100.0	13004	100.0	3322	100.0	20244	100.0	
Mean Deprivation Score	4.7		5.1		5.6		5.1		
Mode of Deprivation Score	5		5		5		5		

Source: Based on IHD-SDTT Study on Work and Livelihoods of the Poor in NCR.

The maximum number of households obtained a deprivation score of 5. Such households were 4629 in number and their proportion in the total households was 22.9 per cent. These households were deprived in four different dimensions. From this score onwards, one can observe the distribution of households more in Uttar Pradesh and Delhi and less in Haryana. Households having a deprivation score of 6 were 20.6 per cent (4171). Similarly, households which had a deprivation score of 7 and 8 were 13.3 per cent (2696) and 5.8 per cent (1176) respectively. 310 households which is only 1.5 per cent of the total households obtained a deprivation score of 9 which was completely devoid of any of the dimensions of the deprivations. Such households were almost equal in proportion in Delhi and Uttar Pradesh but lesser for Haryana.

**A NOTE ON  
NATURE OF POVERTY AND IDENTIFICATION  
OF POOR IN SMALL AND MEDIUM TOWNS  
(Prepared by the Institute for Human Development, New Delhi)**

In recent years, urban poverty has received a lot of attention thanks to the increasing pace of urbanization in the country and the movement of large masses of rural poor to urban centres. However, the problems of poverty and livelihoods in small and medium towns (SMTs) have hardly been systematically studied and the research conducted so far has largely concentrated on larger cities and metropolises.

In this context, the Institute for Human Development (IHD) was given the task of conducting the study on “Nature of Poverty and Identification of Poor in Small and Medium Towns” by the Expert Group on Identification of Urban Poor constituted by the Planning Commission of India.

The study focused on the occupational, environmental and social vulnerabilities of households and also explored the indicators (both simple and visible) that are best related to household poverty and deprivation in these towns. The study was conducted in six SMTs, namely, Parbhani (Maharashtra), Bidar (Karnataka), Mansa (Punjab), Madhubani (Bihar), Jangaon (Andhra Pradesh), and Pakur (Jharkhand).

A total of 2168 structured household questionnaires were administered in 59 poor localities in these towns. The survey covered approximately 1 per cent to 2.7 per cent of the respective town populations (as per the decennial Census of India 2001) and was conducted in 2011. Focus Group Discussions (FGDs) and Poverty Ranking Exercises (PREs) were conducted in 44 settlements out of the 59 settlements covered.

<b>Table 1. Selection of Towns</b>			
	<b>Name of the Town</b>	<b>State</b>	<b>Population (2001 Census)</b>
<b>Class A towns (Population between 1 and 3 lakh)</b>	Parbhani	Maharashtra	2,59,170
	Bidar	Karnataka	1,72,877
<b>Class B towns (Population between 50,000 and 1 lakh)</b>	Mansa	Punjab	72,627
	Madhubani	Bihar	66,340
<b>Class C towns (Population less than 50,000)</b>	Jangaon	Andhra Pradesh	43,996
	Pakur	Jharkhand	36,029

## I. Income and Expenditure of Households in the Towns

The households covered in the study were all located in poor localities and slums. The total income of these households ranged from 'no income' (those living on community sympathy) to up to Rs. 39,000 per capita per month. However, the monthly mean per capita income of the lowest income quintile was Rs. 499, while that of the fourth income quintile was Rs. 1651, and of the fifth income quintile was Rs. 4581.

Similarly, the total expenditures of the households ranged from 'no expenditure' (again, those living on sympathy) and went up to Rs. 25,850 monthly per capita. However, the mean monthly per capita expenditure (MPCE) of even the fifth quintile was as low as Rs. 3428 and only a few households had made large expenditures on health or loan repayment during the last one month before the survey. Almost all households in the first three quintiles had per capita expenditures that were lower than the poverty line of Rs. 859.60 per capita per month.

An item-wise analysis of the household expenditure patterns revealed an average of 60 per cent expenditure on food items. The expenditure on food items was the lowest in Jangaon (46.3 per cent) and the highest in Mansa (71.6 per cent). Approximately 16 per cent of the household expenditure was incurred on education and health, and about 24 per cent on other non-food items.

	Monthly Per Capita Income			Monthly Per Capita Expenditure		
	Minimum	Mean	Maximum	Minimum	Mean	Maximum
<b>Lowest Quintile</b>	0	499	675	0	320	439
<b>Second Quintile</b>	678	808	950	440	529	620
<b>Third Quintile</b>	960	1110	1329	623	736	873
<b>Fourth Quintile</b>	1333	1651	2000	874	1088	1400
<b>Fifth Quintile</b>	2025	4581	39,000	1403	3428	25,850

Source: IHD Fieldwork Data

The towns themselves featured differently among the income and expenditure quintiles. Broadly speaking, Parbhani was poorer and two-thirds of its households featured in the bottom two quintiles and the rest in the third and fourth quintiles. On the other hand,

Bidar featured in the better-off brackets as one-third of its households were concentrated in the fifth quintile and 45 per cent in the third and fourth quintiles. The households in Mansa were concentrated in the bottom two quintiles, and almost 80 per cent of the households in Madhubani were concentrated in the middle three quintiles. In Jangaon, the households were better-off than in all the other SMTs with respect to income and expenditure, and were highly concentrated in the fourth and fifth quintiles, which constituted 82 per cent of the total households in the town.

## **II. Housing and Living Conditions in the Towns**

The living conditions were largely unsanitary in settlements across towns and the housing conditions were dramatically different from those in the larger cities. The main reason for this was the high incidence of self-owned dwellings among the poor (82.6 per cent, on an average), of which a very large majority reported living in ancestral houses. Such a high degree of ownership of housing and ancestral homes translated into a lower incidence of precarious housing in some of the towns (especially in Madhubani and Pakur). Apart from tenure security, other factors also seemed to contribute to low degrees of precariousness in these towns. In most of the towns, land prices had not increased dramatically over the years (except in Jangaon, which is situated close to Hyderabad), and the density of the infrastructure such as big drains and railway tracks, which are common sources of precariousness, was itself low.

Speaking of precariousness, a major concern in these towns stemmed from the approach roads of the localities and the inner settlement lanes. Within many settlements, these roads and lanes could not be traversed during the monsoons and led to massive opportunity costs for the households. In comparison with the other towns, precarious housing was more significant in the largest two towns, viz. Parbhani and Bidar. In Parbhani, the infrastructure was relatively denser and a very large proportion of the poor were living on public land, which had encouraged the temporary nature of the housing and unplanned nature of the settlement. In the case of Bidar, the reasons behind the precariousness were the natural rate of growth along with unplanned and incremental extensions to housing.

In the case of Parbhani, Madhubani and Pakur, the housing was mostly unplanned. As such, the settlements on the outskirts were well spaced out and the inner town settlements were denser. Housing in Mansa, on the other hand, was more planned and the house sizes were bigger as compared to the other towns. Resettled housing in Jangaon accounted for a large percentage of its poor, and even in Bidar, a significant number of poor had been resettled. These settlements were planned, and also well-maintained in the case of Jangaon.

In terms of the number of rooms per household, approximately 35 per cent of the households were living in one-room dwellings, 42 per cent in two-room dwellings, 13 per cent in three-room dwellings, and 5.6 per cent and 3.3 per cent in four and more than four-room dwellings, respectively. There was a clear trend of households living in a higher number of rooms being relatively better-off than those living in fewer-room dwellings. However, there were many households having more than three rooms, which were in the lower quintiles.

The housing construction materials varied considerably across towns. Overall, about one-third of the house roofs were *pucca* (made of cement and bricks), three-fifths were semi-*pucca* (made of tiles, tin sheets, asbestos sheets and wood) and almost one-tenth were *kuccha* (made of thatched grass and tarpaulin). About 43 per cent of the houses had *kuccha* flooring (earthen and semi-earthen), while the rest had more or less *pucca* flooring (made of bricks, cement, chips/tiles, marble/stone). Overall, one-fourth of the households had *kuccha* walls (made of straw, wood, bamboo, tin), one-fifth of the households had semi-*pucca* walls, and almost 57 per cent of the households had *pucca* walls (made of tiles, bricks and concrete).

As reported in the Poverty Ranking Exercises (PREs), those living in *kuccha* houses were the poorest of the poor while those living in *pucca* houses were placed among the relatively better-off amongst the poor. Jangaon and Bidar were exceptions, as the poorest of the poor were living in *pucca* houses that were publicly provided. In the case of semi- *pucca* housing, there was no clear perception based consensus regarding the deprivation level of these households in the community.

The presence of *kuccha* roofs and the presence of *kuccha* walls was considered as a good indicator for determining deprivation, but the presence of *pucca* roofs and *pucca* walls was not seen as a definite indicator of being better-off. The flooring material as such was not seen as a good indicator of deprivation or well-being by the communities.

In most communities, the households with separate kitchens were perceived as being better-off, but in many cases, the very poor also had separate kitchen spaces. Many households in Jangaon, including those of the very poor, had been provided housing by the government, which had separate spaces for kitchens.

On the basis of housing-related criteria, the poorest of the poor could be easily identified and the relatively better-off could also be identified in the communities. However, the middle section was large and the middle brackets among the poor were difficult to distinguish by using only housing-related criteria.

An analysis of the combination criteria for the exclusion of dwellings having more than 'three *pucca* rooms' (with *pucca* walls and *pucca* roofs) emerged as a robust indicator. About 23 per cent of the households had both *pucca* walls and *pucca* roofs. An application of the exclusion criteria indicated that approximately 3 per cent of the total sample households were excluded, of which 0.5 per cent of the households could be categorised as being 'very deprived'.

### III. Water, Sanitation and Electricity

All towns reported having a piped **water** network, but the network was limited to its original coverage and had not been expanded with urban extension. Access to piped water was, therefore, dependent on the town coverage of the water network. Some poor settlements within the network zone had piped water supply, however, in many instances, poorer settlements had not been connected to the network, even when they were servicing adjacent high-income and middle-income settlements. For about 10 per cent of the households, piped water supply was the main source of supply. Issues related to regularity and timings of water supply were raised in all towns, but were particularly prominent in Parbhani.

Other sources of water were both town- and settlement-specific. Overall, the most common source of water was the public handpump (28 per cent overall and more than 60 per cent in Madhubani and Pakur), followed by the private handpump (17.4 per cent overall, 40 per cent in Mansa, 30 per cent in Parbhani, and 24 per cent in Madhubani). The public standpost was the main water source for about 16 per cent of the households, and a striking 10 per cent reported purchasing water (81 per cent of the Jangaon households bought water due to issues related to groundwater). Similarly, more than 2 per cent of the households were using wells as the main drinking water source, and these households were concentrated in old Bidar.

Water quality issues were reported in all towns and about 7.2 per cent of the households reported treating water before consumption.

As such, access to private sources of water was largely considered as an indicator of being better-off by the communities. However, the general notion of piped water supply being an indicator of being better-off within the poor was not supported by the communities, as access to piped water supply was largely dependent on the town's coverage of the water network.

Within the settlements, **drainage** was largely informal while some peripheral settlement drains were formal. However, they too were largely uncovered and lacked designed outlets. Drainage systems were relatively better planned in Jangaon.

As in the case of water supply, **sewerage** connections only serviced centrally-located settlements, and did not cover many central and poor-dominated settlements. Three towns out of the six (Parbhani, Bidar and Jangaon) did not have a sewerage system.

Household **toilet** use was close to 36 per cent on an average (of all towns). However, differences within the towns were stark. Parbhani had the highest rate of open defecation (81 per cent) and the lowest rate of the use of toilets (17 per cent), while Pakur had very similar rates of open defecation and toilet use, followed by Madhubani. Relative to other towns, open defecation was significantly lower in Jangaon (28 per cent) and Mansa (32 per cent). However, even where households had in-built toilets, many were not using them due to the associated costs, lack of water and lack of sewerage connectivity.

Makeshift **bathing areas** were visible in many settlements, and they were built over both formal and informal drains and were visibly more common in the Muslim-dominated areas.

More than 83 per cent of the households were using **electricity** as the main source of lighting, while 17 per cent were using kerosene and other oils. Of those with access to electricity, 9 per cent reported illegally connecting to overhead wires. Many households which did not have electricity supply reported that they could afford monthly bills, but could not afford the one-time installation cost and related bribes. The rate of electrification was near-universal in Parbhani, Mansa and Jangaon (close to 98 per cent in all the three towns), 90 per cent in Bidar, 67 per cent in Pakur, but only 33 per cent in Madhubani. In Madhubani, power cuts were reported to be of long durations and a large number of households were paying for the private generator supply of electricity for a few hours a day.

The electrification status of the households was not reported as an indicator of deprivation by households in PREs except for identification of the poorest of the poor in towns with near-universal electrification.

Overall, the household criteria based on public goods and town connectivity such as electricity in the household, water supply and piped water showed little difference across expenditure quintiles. These services were available to the richer sections, but within the poorer groups and localities, they were equally difficult to access even for the relatively better-off.

#### IV. Transportation, Roads and Healthcare Services in the Towns

Bus services for purposes of internal travel were present in Bidar. Most of the respondents reported walking or using their own cycles and autos/rickshaws during incidents of emergency. A total of 5.3 per cent of the gross household expenditure was being incurred on transportation. The settlement **roads** were reported to pose a major issue for the households, especially during the rains. The households reported that the approach roads and settlement lanes were precarious due to muddy water during the rains, which greatly affected those going to school along with other opportunity costs.

Both private **healthcare** and government facilities were being accessed by the residents. Perceptions regarding the quality of services in government hospitals varied and also showed some connection with the distance of the settlement from the hospital, possibly due to lack of public transport.

#### V. Cooking Fuel and Assets

Almost 57 per cent of the households reported using firewood, leaves and wood-shavings as the most frequently used **cooking fuel**. In Parbhani, 85 per cent of the households were using these fuels. LPG was the second most common cooking fuel and was being used by almost 23 per cent of the households. Some other fuels were available locally, such as coal in Pakur, and *gobar* gas, cowdung and agricultural waste in Mansa and other towns. In fact, due to the availability of cheap coal in Pakur, the households were not using communal property resources such as firewood and leaves.

As such, the use of LPG for cooking was seen as an indicator of being relatively better-off, but could not be perceived as a universal indicator for excluding the better-off, due to the government disbursements of cooking stoves and cooking gas (such as in Jangaon and Bidar). Again, the use of poorer fuels was not a direct function of economic constraints but also emanated from habit, availability and the low opportunity cost of collecting fuel.

**Asset holdings** varied across towns—they were significantly lower in Madhubani and Pakur, which could in part be due to the lack of electricity itself. Mansa, as a part of Punjab, which is often characterised as having a cultural tendency for consumer goods and white goods, had high asset holdings. The rate of asset holdings was towards the higher side in Jangaon and Bidar.

As regards asset distribution, white goods such as refrigerators and air-coolers were being used by many poor households. In the lowest MPCE quintile, about 10 per cent of the households had a refrigerator or an air-cooler. Assets such as four wheelers, heavy vehicles, air-conditioners, computers, washing machines, heaters and geysers were being used by very few and only the relatively better-off households.

Those households which possessed only lighting-related electric gadgets (such as bulbs/tubelights) were reported to be the poorest of poor during community rankings.

## VI. Social Groups and Deprivations

In all towns, old persons with no caretakers, households with the disabled and handicapped, and leprosy patients, and women-headed households were reported to be more deprived than the others. Caste-based discrimination and religious discrimination were not reported; however, certain castes were reported to be particularly poor, such as the *chamaar* caste, whose members were reported to be extremely poor in all the towns. Similarly the *Sikalgadh* Muslims in Madhubani and the *Singicut* Hindus in Mansa were reported to be very poor.

A total of 8.3 per cent households reported having a **disabled member**. These households were highly concentrated in the lowest two quintiles and there was a clear trend of such households decreasing with increasing per capita income and expenditure.

Similarly, **female-headed households** and **households with single women** were repeatedly reported as being the most vulnerable and poor in all the towns and settlements. Twelve per cent of the households were female-headed; these households were more concentrated in the lowest quintile. Households having **leprosy patients** and **households with only elderly members** were reported to be very poor in all the communities.

Among the **caste groups**, both the Scheduled Castes (SCs) and Scheduled Tribes (STs) emerged as being particularly deprived and demonstrated a decreasing trend with increasing quintiles. Seventy per cent of both the SCs and STs were in the bottom three quintiles, whereas more than 70 per cent of members of the General Category and Other Backward Castes (OBCs) were in the top three quintiles, thereby demonstrating their relative well-being.

In the case of **religious groups**, the number of Sikhs and Buddhists (who were concentrated in Mansa and Parbhani, respectively) declined with increasing expenditure and income quintiles; the number of Muslims declined in the case of income quintiles but

not expenditure quintiles. The number of Hindus showed a slightly increasing trend with increasing quintiles, while the number of Christians showed an increasing trend with the quintiles.

## **VII. Educational Levels and Children's Education**

Overall in the SMTs, 17 per cent of the households did not have a literate member. The highest level of education in 17 per cent of the households was of primary education, while for 18 per cent of the households, it was secondary education, and for 13 per cent of the households, it was higher secondary education. Only 7 per cent of the households had a degree-holder or a more educated member. The quality of education emerged as a widely-stated problem during the FGDs.

Among children (in the age group of 6-14 years), 82.4 per cent of the males and 81.3 per cent of the females were studying, though there were wide variations in the child-education patterns across towns.

In these towns, the level of education was not seen as an indicator of poverty or as a real vehicle for economic mobility by communities. Despite having completed graduation, many individuals, especially the youth, reported being inappropriately unemployed as casual wage labourers. However, with regard to the highest level of education of the households, there was a clear decreasing trend in the households with increasing income and expenditure till middle school education. This trend reversed from the secondary school onwards, wherein the number of households started increasing with increasing income and expenditure.

## **VIII. Work, Employment and Occupations**

Overall, 36 per cent of the total number of earning individuals were casual wagers, followed by own account workers (25 per cent), and regular wage/salaried workers (22 per cent). A total of 5.8 per cent of the total earners were engaged in piece rate work, 4.2 per cent were pensioners, 2.5 per cent were self-employed employers, and 1.9 per cent were beggars.

The households wherein the main working member was a self-employed employer were concentrated in the top two quintiles, and beggars in the bottom two quintiles, and there

was a clear trend of casual wagers being poorer than the other workers. While own account workers were distributed uniformly across quintiles, regular wage and salaried workers were slightly more concentrated in the higher quintiles but had a sizeable proportion in the bottom quintiles.

Child labour was reported in all towns. About 1.5 per cent of the girls and 3 per cent of the boys in the age group of 6-14 years reported working outside the house and 1 per cent of both the boys and girls in this age group were working as unpaid family labourers.

Irregular and insecure employment and the seasonal non-availability of work were reported as major issues in all the six towns studied. Unemployment was also reported as a major concern among the youth, and many with higher education reported feeling 'inappropriately employed' in casual work.

The wages and salaries varied across towns. An analysis revealed that workers such as construction labourers, agricultural labourers, cobblers, head-load workers, *rickshaw*-pullers, cart-pullers, hotel waiters, rag-pickers, scrap workers, private sweepers, and domestic workers were clearly more deprived, as their number clearly declined with increasing income quintiles.

On the other hand, the number of workers such as welders, carpenters, polishers, fabricators, electricians, and higher-rung professionals such as doctors and engineers, small business owners, contractors, *raj mistris*, masons and government employees increased with increasing income quintiles.

Households with government teachers and doctors had the highest monthly per capita income (MPCI) of Rs. 9,425, and the highest monthly per capita expenditure (MPCE) of Rs. 3,493. They were followed by households with engineers and doctors, and those employed in the security forces, and other middle level government jobs.

Private teachers, small business owners, construction and other supervisors, government peons and drivers, privately employed lower level administrative staff and government sweepers had an MPCI of more than Rs. 2,500 and an MPCE of more than Rs. 1,700.

Households with welders, carpenters, plumbers, electricians, saw mill labourers, traditional artisans, hawkers and vendors, tailors, auto drivers, other drivers, *mistris*, masons, shop-owners, small household manufacturers, tea, *paan* and *beedi* shop owners, salesmen, repair mechanics, nurses, ward boys, shop assistants, priests, and

barbers had an MPCl ranging between Rs. 1,500 and Rs. 2,500, and an MPCE ranging between Rs. 1,000 and Rs. 2,000.

Cobblers had the lowest MPCl of Rs. 852, followed by beggars at Rs. 1,004, and rag-pickers at Rs. 1,096. Households with cobblers, beggars, rag-pickers, unskilled casual wage labourers and rickshaw pullers were clearly the most deprived.

## **IX. Present Targeting for Welfare Benefits in Towns**

Although the public distribution of food items and kerosene to households was taking place in all the SMTs, about 21 per cent of the sample households reported not having any Above the Poverty Line (APL), Below the Poverty Line (BPL), Antyodaya or other cards. This percentage was very high in Parbhani and Pakur—almost 40 per cent of the households—and the lowest in Mansa, where almost one-tenth of the households did not have any card. Issues related to the regularity and amounts of dispersal were raised in all towns, though in the case of Jangaon, the households reported regular and appropriate disbursements. In Mansa, the Punjab government had distributed cards known as 'blue cards' to the poor households.

In relation with the MPCE quintiles, there was an increase in APL cards with an increase in quintiles, however, 12.5 per cent, 14.7 per cent and 16.8 per cent of the lowest, second and third quintiles, respectively, had APL cards. A greater percentage - 20.4 per cent, 25 per cent, and 22.4 per cent of the first, second and third quintiles, respectively, had no cards. Of all quintiles, the fifth quintile had the lowest percentage of households that did not have a card.

The number of households with a BPL/Antyodaya or other card was more or less uniform across the quintiles, but was slightly higher in the first and fifth quintiles. The trends were similar in case of the MPCl quintiles.

It is evident that the existing targeting for the distribution of welfare benefits has had many problems, as 20 per cent of the lowest quintiles did not have any card and 25 per cent of the second quintile did not have any card. Similarly, 12.5 per cent of the lowest-quintile households had APL cards, while 14 per cent of the second-quintile households had APL cards.

## **X. Identifying the Poor in SMTs**

The present targeting of the poor for the public distribution of food in SMTs was poor. Of the indicators assessed for their relation with per capita expenditure, no indicator was universal or extremely sensitive for identifying the poor.

In fact, some issues with the present state-specific criteria and targeting were raised by municipality staff and residents, such as cases wherein the possession of a cell phone was reported as being used as an exclusion criterion. Similarly, where brick housing was being excluded from the benefits, the households complained that even though their walls were made of bricks, they had only been stacked and had no mortar, making their housing vulnerable. This merits careful surveying and incorporating the nuances of building materials and layouts in order to capture housing and other vulnerabilities.

It was also seen that the places with a high disbursement of government benefits had hidden poverty that was not captured by criteria such as housing, fuels (such as LPG), and assets, among others. Dependency on such benefits was also widespread. The danger of excluding the poor and vulnerable households in such contexts is very high, particularly in some states and regions, which makes it imperative to account for government benefits in these areas and states.

As discussed earlier, the household criteria based on public goods and town connectivity such as electricity in the household, water supply and piped water, showed little difference across expenditure quintiles. These services were definitely better available to the richer sections, but within the poorer groups, they were equally difficult to access for even the relatively better-off.

On their own, criteria such as the material of the floor, material of the roof and material of the wall were not robust indicators. Household dwellings comprising *kuccha* walls and *kuccha* roofs were definitely more deprived than the others. On applying combination criteria such as excluding those living in dwellings of more than three *pucca* rooms (having both *pucca* walls and *pucca* roofs), the errors were minimal.

Assets such as four-wheelers, air conditioners, washing machines, and geysers were largely used by the relatively better-off groups, and the presence of these assets could be used for exclusion after controlling for livelihood motivations behind their possession.

As discussed earlier, social categories such as households with a disabled member, female-headed household, households of SCs and STs, and households with leprosy patients were largely more deprived and in need of greater public assistance.

Similarly, households having members in occupations such as cobblers, rickshaw-pullers, beggars, rag-pickers and unskilled casual wagers were significantly poorer than the others.

It was observed that with little inclusion error, poor settlements in towns such as Madhubani and Pakur as a whole can be identified as poor due to the homogenous nature of the settlements; this would not be possible in the other towns. In Jangaon, for instance, settlements wherein middle-income households, rich households and the very poor were living together were common. This was due to the soaring demand for land and gentrification due to the availability of basic services in these settlements.

The dominance of regional materials, regional fuels and regional practices, such as the use of stone, *khapra* and local fuels, was high in the SMTs. It could be said that regional elements may not be as dominant in the bigger cities and towns where modern materials and processes are readily available and are the norm.

It was also noted that the value of materials changed with the passage of time and the availability of newer materials—for example, *kaveli* and *khapra* were the only options after thatched roofs in Pakur. However, *kaveli* and *khapra* are now considered in the more expensive range due to the availability of other cheaper materials such as brick, tin and asbestos.

In case of the six SMTs under study, there was also an issue in the valuation of indicators due to regional and local supplies and subsidies—for example, coal may not be considered as a cheap fuel, but is very cheaply available in Pakur (Jharkhand) and is being used by a large majority of the poor. This makes it important to understand the relative values of housing materials and other indicators in a regional context before using them for purposes of inclusion, exclusion or greater weight.

Issues related with hidden poverty due to the disbursement of benefits, the use of regional fuels and construction material, different valuations of materials across time and regions indicate the need for a regional approach to the identification of the poor. It becomes imperative to include some regional criteria in the identification process in order to address the issues of relative and absolute poverty across towns and states.

***Dissent Note by Shri Harsh Mander:***

**Rationale for the socio-religious group of Muslims who are not excluded because of wealth indicators, for inclusion in the scoring scale for urban poverty**

As a member of the Expert Group presided over by Prof Hashim, I endorse most of its recommendations for the methodology to identify the urban poor. I have no doubt that universal entitlements to all important public goods would be the most effective way to reach all poor households, because of extensive evidence and long experience of many serious problems of official agencies identifying poor households. However, if government decides to proceed with the idea of targeting urban BPL households, then I feel convinced that the methodology developed by the Expert Committee presided over by Prof. Hashim are the best under the circumstances.

However, there is one point about which I feel I must place on record my grave disagreement. This is with regard to the majority decision in the Committee rejecting my suggestion that in the third phase of the methodology, namely after automatic exclusion and automatic inclusion are completed, in the scoring of the remaining households, those Muslim households which have not been automatically excluded (or included) should qualify for a score of 1.

The reasons for the recommendation are given in the note below. I am happy that all non-excluded SC and ST households will be awarded a score of 2 points. But after the Sachar Committee demonstrated that the socio-economic condition of Muslims reveals development deficits comparable to SC and ST, it is fitting to award a score of 1 to Muslims as well. For those who believe that there could be a Constitutional or legal bar on such affirmative action for Muslims as a socio-religious group, a legal rationale is also given in this note.

**1. The socio-economic condition of Muslims remains extremely poor**

The poor socio-economic condition of Muslims in general, and urban Muslims in particular, has been well-documented in the Sachar Commission report and various government surveys. It should also be noted that while the country's Muslim population remains predominantly rural, Muslims have historically had higher levels of urbanisation than the overall population. In 2001, 35.7% of the Muslim population was urban compared to 27.8% of the overall population. In this context, tackling the high levels of poverty and socio-economic deprivation among Muslims in urban areas, which is discussed in detail below, assumes critical importance.

**Literacy:** The educational status of Muslims remains extremely concerning and on most indicators, Muslims are similar to or even worse off than the historically disadvantaged SCs/STs. Moreover, the gap between Muslims and the other social and religious categories is generally found to be higher in urban areas than in rural areas.

The literacy rate among Muslims in 2001 was 59.1 %. This was higher than SCs/STs who had a literacy level of 52.2%, but far below the national average of 65.1 %. In urban areas, the gap between the literacy levels of Muslims (70.1%) and the national average is 11 percentage points. While the SCs/STs remain the least literate group, they have been able to significantly reduce their educational gap relative to other groups, in large part due to the benefits of affirmative action and government schemes for their education. In contrast, increases in Muslim literacy rates have lagged, widening the gap between them and other more literate groups, particularly since the 1980s. This deterioration is confirmed in data from the NSS 61<sup>st</sup> Round in 2004-05, which shows that literacy levels for Muslims in younger age groups are lower than even SCs/STs. If such a trend continues, the already poor educational performance of Muslims relative to other social and religious categories will become more pronounced in the future.

Muslims lag other social and religious categories on a broad range of other educational indicators as well. In 2001, mean years of schooling for children in the 7-16 year age groups was lowest for Muslims, in both rural and urban areas. In 2004-05, 25% of Muslim children in the 6-14 year age group had either never attended school or had dropped out, which was higher than all other groups, including SCs/STs. Specifically for urban areas, the All India Survey of Out-of-school Children Aged 6-13 years in 2009 estimated that 6.7% of Muslim children were out of school, which was much higher than SCs (4.67%) and STs (2.25%).

These poor indicators are probably even more pronounced in higher education. The gap in matriculation rates and 'Graduate Attainment Rates' between Muslims and All Others (which excludes Muslims and SCs/STs) has widened steadily over the years, in both urban and rural areas. There is little difference in overall matriculation and graduate attainment rates between Muslims and SCs/STs, and in urban areas, Muslims tend to lag SCs/STs on these indicators.

**Employment and Labour Markets:** Muslims have low aggregate work participation ratios primarily due to the very low economic participation of Muslim women, particularly for urban areas. Only about 27% of the Muslim workers in urban areas are engaged in regular work (which is generally perceived to be a more secure and stable means of employment), compared to 40% for SCs/STs workers. Muslims with regular employment are mostly involved in inferior or low-end work, and as a result their job conditions (contract length, social-security, etc.) are generally much worse than those of other regular workers, including SCs/STs. Data compiled by the Sachar Committee shows that in aggregate, only 5% of employees in government departments, agencies and institutions were Muslims, which was much lesser than their 13.4% share of the population. The proportion of Muslims was found to be only 3% in the IAS, 1.8% in the IFS and 4% in the IPS. In urban areas, the proportion of Muslims engaged in self-employment is much higher than other groups.

Given the high concentration of Muslims in self-employment and the informal sector, access to adequate financing and credit is critical for ensuring sustainable livelihoods. However, access of Muslims to bank credit, including priority sector lending, remains

highly inadequate. The aggregate amount lent to Muslims is generally much lower than their share of the population, and average loan sizes are also small compared with other social and religious categories. Such financial exclusion of Muslims has a major impact on their socio-economic condition.

**Income and Poverty:** The relative deprivation of the Muslim community in terms of consumption expenditure is much higher in urban areas than in rural areas. The all India average monthly per capita consumer expenditure (MPCE) in 2004-05 was Rs. 712. Muslims, with an MPCE of Rs. 635, were better off than SCs/STs. However, when urban areas are considered, inequalities rise sharply. The MPCE for Muslims in urban areas was about the same as SCs/STs, and it significantly lagged expenditure by other social and religious categories.

The Planning Commission's latest poverty estimates for 2009-10 reiterate this fact. In urban areas, 33.9% of Muslims are estimated to be poor, which is only marginally lower than SCs, and significantly higher than poverty rates for other groups and the all India average of 20.9%. In states with high Muslim populations like Bihar and Uttar Pradesh, poverty among Muslims is as high as 56.5% and 49.5% respectively.

## **2. There exists a clear constitutional and legal basis for affirmative action for the Muslim community**

The recommendation of affirmative action for Muslims does not require the government to work outside the Constitutional framework in ensuring benefits to the Muslim community. Article 14 permits reasonable classification based upon intelligible differentia that has a rational nexus with the object to be achieved. Further, Articles 15 & 16 facilitates affirmative action<sup>35</sup> for the socially and economically backward classes, including Muslims. A careful reading of Articles 15 & 16 of the Constitution of India, in light of the Supreme Court jurisprudence, shows that the recommendation of affirmative action does not fall outside the ambit of the Constitution.

### ***Affirmative action can also be initiated only for the Muslim Community***

Examining the various provisions of the Constitution, in light of the catena of Supreme Court judgments, it is evident that there is nothing that precludes Muslims from affirmative action, if they fulfill the criteria of being socially and economically backward. There is no bar, either in the Constitution, or the Supreme Court jurisprudence, that affirmative action must be for all minorities. What is laid down constitutionally is that within a particular criteria, say religion, all groups should be considered, but if one of those groups is found more socially and educationally backward, then nothing prevents the State from initiating affirmative action, including scholarships and other related special measures for that group. The procedure for identification was articulated in the ***Indra Sawhney (Supra)*** judgment of the Supreme Court:<sup>36</sup>

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<sup>35</sup> For the purposes of this note, the term affirmative action has been used to refer to special measures provided for the backward communities in the Constitution, including but not limited to special provisions and reservations.

<sup>36</sup> Paras 796-801.

880 3 (b) *Neither the Constitution nor the law prescribes the procedure or method of identification of backward classes. Nor is it possible or advisable for the court to lay down any such procedure or method. It must be left to the authority appointed to identify. It can adopt such method/procedure as it thinks convenient and so long as its survey covers the entire populace, no objection can be taken to it. Identification of the backward classes can certainly be done with reference to castes among, and along with, other occupational groups, classes and sections of people. One can start the process either with the occupational groups or with castes or with some other groups. Thus one can start the process with the castes, wherever they are found, apply the criteria (evolved for determining backwardness) and find out whether it satisfies the criteria. If it does - what emerges is a "backward class of citizens" within the meaning of and for the purposes of Article 16(4). Similar process can be adopted in the case of other occupational groups, communities and classes, so as to cover the entire populace. The central idea and overall objective should be to consider all available groups, sections and classes in society. Since caste represents an existing, identifiable social group/class encompassing an overwhelming majority of the country's population, one can well begin with it and then go to other groups, sections and classes.*

As Section 1 of this note highlights, a relative comparison of the socio-economic situation of Muslims with other social and religious communities shows the Muslims are more socially and educationally backward. Therefore, special programs initiated for them would not be *ultra vires* the Indian Constitution. This is also the principle that has been laid down and reiterated by the Courts. ***T. Muralidhar Rao v. State of A.P., 2004 (5) ALT 634*** upheld this principle unequivocally:

110. *Therefore, sections/groups among the Muslim Community or the Muslim Community itself can be identified as a Socially and Educationally Backward Class for the purpose of Article 15(4) and as Backward Class of Citizens for the purpose of Article 16(4) provided they satisfy the test of social backwardness.*

Furthermore in the above case, the five Judge Bench of the Andhra Pradesh High Court in no uncertain terms stated that the Muslims as a group are entitled to affirmative action including reservations within the Constitutional dispensation, provided they are identified as socially and educationally backward class for the purposes of Article 15(4) and backward class of citizens under Article 16(4). The Court further stated that providing social reservations to the Muslim community or sections or groups amongst them in no manner militate against secularism, which is a part of basic structure of the Constitution.<sup>37</sup>

Thus, identifying religious entities for the purpose of reservation is not constitutionally impermissible so long as the factors, which contribute to providing such reservation, are not solely religious. In ***R. K. Jain v. Union of India, AIR 1993 SC 1769***,<sup>38</sup> the Supreme Court upheld the reservation in the Sikkimese Legislative Assembly in favour of a

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<sup>37</sup> Although the Government Order was set aside by the Court it was done not on the ground that Muslims could not benefit from affirmative action, but rather on the fact that the procedure to determine backwardness was not the appropriate one in this particular case.

<sup>38</sup> Paras 59, 83.

religious body called Sangha. The Court reasoned that the provision for reservation was not made purely on the basis of religious considerations but on the nature of Sangha, which was shown to historically function as a political and social institution in Sikkim. Similarly, the Sachar Committee report has concluded that the Muslims are comparatively socially and economically backward as a community. Therefore, in identifying the backward among the Muslim community as a Social and Economic Backward Class and providing affirmative action for the same, would not be based merely religious considerations but the nature of the community which is characterised by social and economic backwardness.

As recently as 2010, a seven-judge bench of the High Court of Andhra Pradesh, in its inquiry into the legality of the *Andhra Pradesh Reservation in Favour of Socially and Educationally Backward Classes of Muslims Act, 2007*, delved into the more expansive question of affording reservations under Articles 15(4) and 16(4) of the Constitution to Muslims in the State of Andhra Pradesh. The key question addressed in this decision was whether the methods utilized by the State Government, relying on the report of the *Andhra Pradesh Commission for Backward Classes* [hereinafter '*BC Commission*'], were appropriate for the purpose of identifying backward classes of Muslims to whom the protection of the impugned statute would extend.

For the purposes of the discussion on the constitutional permissibility of reservations for Muslims, the Court clarified that reservations for specific Muslim communities, such as those identified in the Schedule to the impugned statute, are allowable, provided they have been identified through legitimate means that preclude the possible exclusion of similarly placed persons. The Legislature, in the methods it utilises to identify backwardness, must be sure to assess its impact on others to whom such protection is *not* extended. In this case, it was untenable to include a category of 'other Muslim groups' for the purposes of the reservations contemplated, unless this category is defined so definitively as to ensure that the rights of those who do not fall within the proposed category are preserved. It was not.

Although the majority in this case declared that neither the statute nor the BC Commission's report (upon which the statute is based) satisfy the constitutional requirements for affirmative action, the judgments, both assenting and dissenting, emphasise more than once that if social and educational backwardness are conclusively identified as the characteristics of a particular community, the argument that the provision of reservations is based on religion, merely because the community has been identified on this basis, must necessarily fail.

Thus, as long as the criteria for identifying backwardness is *proper* and *valid*, the provision of reservations for specified Muslim communities that have been identified as being backward shall satisfy the requirements of Articles 15 and 16. In the instant case, the impugned statute was problematic because the State failed to satisfy the Court as to why similarly situated groups were not also afforded the benefits of its provisions.

In the limited mandate of the Hashim Committee, our concern of course is not for any kind of reservations for Muslims. It is merely to acknowledge a significant probability of poverty among those Muslims who have not been excluded because of possessing assets reflecting wealth and well-being. I believe it can be no one's case that award of 1 scoring point to non-excluded Muslims, for which the first section established a robust socio-economic rationale, is in any way in violation of the law or Constitution.

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