

Studies in Rural Development

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DIRECTOR

SYLLABUS

Rural Development (MA Economics)

Unit – I

Need of Rural Development, Impact of Globalisation, Sector of Rural Development – Agriculture, Diary, Fishery, Animal Resource Development.

Unit – II

Development Strategies for Rural Development: PURA, Role of NGO in Rural Development.

Unit – III

Water Resource Management (Pani Panchayat), Self-help Groups, Institutions for Rural Development, Rural Local Bodies.

Unit – IV

Rural Cooperatives, Rural Banking, Role of Bureaucracy in Rural Development, ORMAS.

Unit – V

Rural Development Programmes: MGNREGS, National Rural Livelihood Mission, Nation Rural Health Mission (NRHM), SGSY Sarva Sikshya Aviyan (SSA), Indira Awas Yojana (IAY).

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Studies in Rural Development (MSW)

Unit – I

Rural Development: Importance, Nature, Scope and Objectives of Rural Development. Approaches to Rural Development: Community Development Programme – Intensive Agricultural District Programme – Concept of Integration – Micro Level Planning. Gandhian Approach to Rural Development: Labour and Mechanisation – Village Economy – Rural Industrialisation – Decentralisation. Rural Unemployment in India – Characteristics of Rural Employment, Incidence of Rural Unemployment, Measures Needed for Employment Generation. Rural Migration – Nature of Rural Migration, Adverse Effects, Measures Needed. Rural Development In 10th Plan – Agriculture and Irrigation, NRHM, JLNURM. Rural Development in the Eleventh Plan, 2007-2012.

Unit – II

The Green Revolution, Food Security in India, Irrigation and Indian Agriculture, Forest Resources in India, Rural Industrialisation, Technology for Rural Development. National Rural Employment Guarantee Programme (NREGY) – The Background, Salient Features – The Approach – The Work-implementing Agencies – Wages – Other Facilities – Funding – Problems – Measures Needed. Integrated Rural Development Programme (IRDP). Salient Features – IRDP: Targets and Achievements, Major Problems – Strengthening IRDP – Swarnajayanti Gram Swarajgar Yojana (SGSY) – Progress and Critical Appraisal of SGSY.

Unit – III

Rationale of Special Schemes, Employment Generation Programmes, TRYSEM, DWCRA, Implementation Monitoring and Evaluation of Rural Development Programmes. Rural Development Administration and Panchayat Raj Institutions: Functions of PR System – Sources of Income for Panchayats – Merits, Weaknesses of PR – Strengthening PR System. People's Participation in Rural Development: Importance of People's Participation – Some Problems – Measures to Strengthen People's Participation.

Unit – IV

Rural Development: Role of Voluntary Agencies. Importance and Changing Role, Superiority of Voluntary Agencies, Strengthening Voluntary Agencies. Basic Needs of Rural India – Rural Housing, Rural Health, Rural Education, Rural Roads, Rural Water Supply. Communication for Rural India. Rural Development in China, Pakistan, Bangladesh, Sri Lanka, Philippines, Tanzania.

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Chapter

RURAL DEVELOPMENT: NATURE, SCOPE, SIGNIFICANCE, NEED AND IMPORTANCE

Objectives

The objectives of this Chapter is to understand the following:

- Importance of Rural Development
- Nature and Scope of Rural Development
- Objectives of Rural Development
- Role of Agriculture and Allied Sectors in Rural Development
- Future Impact and Task of Rural Development
- Impact of Globalisation on Rural Development
- Causes and Effects of Rural Migration

Structure:

- 1.1 Significance and Importance of Rural Development
- 1.2 Nature and Scope of Rural Development
- 1.3 Objectives of Rural Development
- 1.4 Sector of Rural Development – Agriculture, Dairy, Fishery, Animal Resource Development
 - 1.4.1 Agriculture
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- 1.5 Future Task
- 1.6 Impact of Globalisation
- 1.7 Rural Migration: Concept, Causes, Effects and Remedial Measures
- 1.8 Summary
- 1.9 Self Assessment Questions

Rural development involves raising the socio-economic status of the rural population on a sustainable basis through optimum utilisation of local resources, both natural and human. While external help is necessary and appreciated, rural development can be achieved only when the rural people actively participate in the development process.

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The essence of development is not in 'providing' but in 'promoting' the rural sector. The rural population should know how to sustain itself financially and gain economic independence. Therefore, the stress of rural development should be on self-reliance. Also, rural development should result in greater access to the rural population to goods and services.¹

1.1 SIGNIFICANCE AND IMPORTANCE OF RURAL DEVELOPMENT

Rural development is a dynamic process, which is mainly concerned with the rural areas. These include agricultural growth, putting up of economic and social infrastructure, fair wages as also housing and house sites for the landless, village planning, public health, education and functional literacy, communication etc. Rural development is a national necessity and has considerable significance in India on the following grounds:

1. About three-fourth of India's population live in rural areas, thus rural development is needed to develop nation as whole.
2. Nearly half of the country's national income is derived from agriculture, which is major occupation of rural India.
3. Around seventy per cent of Indian population gets employment through agriculture.
4. Bulks of raw materials for industries come from agriculture and rural sector.
5. Increase in industrial population can be justified only in rural population's motivation and increasing the purchasing power to buy industrial goods.
6. Growing disparity between the urban elite and the rural poor can lead to political instability.

Need and Importance of Rural Development

Rural development is a national necessity and has considerable importance in India because of the following reasons.

1. To develop rural area as whole in terms of culture, society, economy, technology and health.
2. To develop living standard of rural mass.
3. To develop rural youths, children and women.
4. To develop and empower human resource of rural area in terms of their psychology, skill, knowledge, attitude and other abilities.
5. To develop infrastructure facility of rural area.
6. To provide minimum facility to rural mass in terms of drinking water, education, transport, electricity and communication.
7. To develop rural institutions like panchayat, cooperatives, post, banking and credit.
8. To provide financial assist to develop the artisans the rural areas, farmers and agrarian unskilled labour, small and big rural entrepreneurs to improve their economy.
9. To develop rural industries through the development of handicrafts, small scaled industries, village industries, rural crafts, cottage industries and other related economic operations in the rural sector.
10. To develop agriculture, animal husbandry and other agricultural related areas.

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11. To restore uncultivated land, provide irrigation facilities and motivate farmers to adopt improved seed, fertilisers, package of practices of crop cultivation and soil conservation methods.
12. To develop entertainment and recreational facility for rural mass.
13. To develop leadership quality of rural area.
14. To improve rural marketing facility.
15. To minimise gap between the urban and rural in terms of facilities availed.
16. To improve rural people's participation in the development of state and nation as whole.
17. To improve scope of employment for rural masses.
18. For the sustainable development of rural area.
19. To eliminate rural poverty.
20. To solve the problems faced by the rural mass for their development.

1.2 NATURE AND SCOPE OF RURAL DEVELOPMENT

Over the years, rural development has emerged as “a strategy designed to improve the economic and social life of a specific group of people — the rural poor. It involves extending the benefits of development to the rural population who seek a livelihood in the rural areas.”²

Rural development is three dimensional in nature. As a method, it seeks people's involvement in all programmes. As a process, it seeks to modernise, through the application of science and technology, the traditionally-oriented rural cultures. Its major objective is to bring about improvement in the quality of life of the rural people.

‘Rural development’ denotes overall development of rural areas with a view to improving the quality of life of the rural people. The concept is comprehensive and multi-dimensional in nature. It encompasses development of agricultural and allied activities, cottage and small-scale industries, traditional crafts, socio-economic infrastructure, rural manpower and improvement in community services and facilities.

Rural development covers, besides agricultural development, a comprehensive set of activities, pertaining to all aspects of rural economy. It confers benefits on a number of classes like cultivators, landless labour and rural artisans.

Agriculture, in its broad sense, itself is very vast. It covers activities like horticulture, irrigation, land development, soil and water conservation, animal husbandry, dairying, poultry, pig farming, fishery, handloom and other village industries, social forestry and setting up of agro-based industries and forest-based industries.

But rural development which is much more than agricultural development, ought to take into account the existing local and area-wise resources and complementary links among them. There are various classes in rural India and sometimes the relations among them may be conflicting. These conflicts have to be resolved.

Rural development requires a vast infrastructure. Provision of this is no easy task, because it has to be undertaken by the Government. Private investment in this area has been meagre and continues to be so. But the trend of meagre investments in the rural sector is gradually changing in terms of economic sustenance. However, evolving an appropriate technology for rural development is no easy task. Such a technology has to

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simultaneously achieve the twin objectives of raising growth rates and stepping up opportunities of employment. The setting up of appropriate institutions and coordinating their activities are crucial to any rural development strategy. The potential of self-reliance in rural areas needs to be exploited in a planned manner.

A single approach to rural development would not be effective. In fact, rural development is the product of interaction between various physical, technological, economic, socio-cultural, institutional and environmental factors. Indeed, the rural sector should experience the required changes so that it can join the mainstream of national development and contribute its share for economic development. It has been rightly said, "In the end, however, rural development should not be seen as a package of specific needs but as a transformation of rural life and conditions."³

1.3 OBJECTIVES OF RURAL DEVELOPMENT

Rural development programmes, in the Indian context, have aimed at achieving a number of objectives. These include:⁴

- (i) Changing the attitude of the rural people towards development/transformation of the village community;
- (ii) Promotion of democratic leadership at the grassroots level by setting up local self governments;
- (iii) Provision of basic needs such as drinking water, health care, better sanitation, housing and employment;
- (iv) Development of both farming and non-farming activities so as to generate gainful employment without adversely affecting the environment;
- (v) Improving infrastructural facilities in villages, particularly transport and communication facilities and
- (vi) Ensuring a tension-free life for the rural population by promoting communal harmony and unity, levels of literacy, education and cultural activities.

Rural development should have the following major objectives: (i) full employment of labour and physical resources, (ii) setting up of agro-industrial complexes, (iii) laying down minimum standards of productivity or efficiency for those owning or using precious resources, (iv) minimum standards of performance by public agencies by making them accountable to the local people and (v) creating a scientific temper which implies a changing of the mind and old habits of thought and action.

According to ESCAP (The Economic and Social Commission for Asia and Pacific), the criterion for rural development involves: (i) drawing the entire rural labour force into the mainstream of economic activity; (ii) realising the creative energies of the rural people, (iii) checking the drift of the rural population to cities, (iv) enhancing participation of women and youth in the rural development process, (v) improving the quality of life through integration between development and environment and (vi) the all-round development of the rural population by tapping the abundant manpower.⁵

Rural development involves generating employment opportunities for the rural people so that they are able to meet their basic needs and ultimately become major agents of economic progress and social change. A climate has to be created which enables the rural poor to realise their full potentialities to attain a higher quality of life with economic security to sustain themselves. This alone can prevent rural exodus.

1.4 SECTOR OF RURAL DEVELOPMENT – AGRICULTURE, DAIRY, FISHERY, ANIMAL RESOURCE DEVELOPMENT

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1.4.1 Agriculture

Agricultural progress has emerged as a potential strategy to economic progress in most developing countries including India. Failures on the agricultural front would create formidable problems for the future development of any country. China gave priority to agriculture in order to absorb the surplus rural population and use its growing productivity for local diversification. Even the classical writers realised the importance of the agricultural sector, particularly in the context of the growing rural population.

Agriculture and Economic Development

Simon Kuznet argued that agricultural development should receive top priority because cost-effective production can be raised more easily in this sector than in any other sector. A country cannot think of a large-scale transfer of the farming population to the non-farming sectors without sufficient food surpluses or considerable reduction in food deficits. A rise in agricultural productivity precedes or accompanies economic development.

Extensive use of modern inputs gradually lead to greater commercialisation and increased levels of agricultural produce. This would help farmers not only to produce more output per unit area, but also to generate surplus crops which would contribute to economic development, raise the income levels of farmers and meet the food requirements of the ever-increasing population.

An increased market surplus resulting from the commercialisation of agriculture would help in releasing the labour force from the agricultural sector to the non-agricultural sector without causing a decline in agricultural output. The boost in agricultural exports would enable the country to import the much-needed capital goods and other raw materials required for rapid industrialisation.

Kulp has distinguished four main stages in the agricultural development process in the rural sectors: (i) traditional subsistence agriculture; (ii) institution-building development; (iii) institution-based development; and (iv) capital intensive development.

Although the share of agriculture in national income declines over the long run, this trend should occur naturally; neglecting agriculture and forcing its share to go down faster which depresses economic growth.

The reasons for the growing importance of the agricultural sector in most developing countries are not far to seek. It is the agricultural sector which supplies basic goods like foodgrains. The demand for food products is bound to go up with the population levels and the per capita incomes in these countries going up. If foodgrains output is not satisfactory, food prices go up affecting the rural population to a great extent the poor, besides raising the prices of industrial goods. In other words, the general price level largely depends on the availability of agricultural goods. Also, food shortage would force a country to resort to food imports on which a poor country cannot afford to spend its precious foreign exchange.

Agricultural prosperity certainly exercises a positive impact on poverty situation. Several studies have shown that the incidence of poverty is lower in regions which have experienced a satisfactory rate of growth in agricultural production. Given the limited

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progress achieved by the non-farming sector, the agricultural sector had opened up adequate employment opportunities for the rural sector. Agricultural backwardness would be a major factor leading to low levels of employment in rural areas and increasing rural poverty subsequently. If stagnation and sharp fall in agricultural production are also accompanied by sharp price rise, the proportion of people below the poverty line is bound to increase.

The interdependence of agriculture and industry is well known. The agricultural sector supplies raw materials and labour force to the industrial sectors which could be met only through the utilisation of surplus labour in the agricultural sector. Agricultural prosperity provides considerable demand for industrial goods. Industrialists get worried in a drought year not only because of fall in the supply of raw materials but equally because of fall in demand for their products from the farming community. Also, the foreign exchange earned through agricultural exports enable a country to import machinery and equipment required for industrialisation.

Agricultural prosperity contributes significantly to capital formation. It is possible to raise agricultural productivity with relatively low investment because of the low capital output ratio in the agricultural sector. If the existing terms of trade move in favour of agriculture, agricultural incomes go up faster than non-agricultural incomes. Also, the consumption pattern in the agricultural sector is such that consumption does not increase at the rate at which the farming incomes rise. All these factors are conducive to a rise in capital formation in the agricultural sector.

When agriculture is well developed through commercialisation, the incomes of farming communities will go up as a result of enhanced market and surplus. This provides stimulus to demand for industrial goods and raises the profits of capitalists, savings and capital formation. Also, adequate availability of food enhances the quality of the labour force.

However, in India, the agricultural sector suffers from reduced capital formation, which is only 10.2 per cent for its contribution of 33 per cent to the Gross Domestic Product (GDP).

In the case of industry, capital formation is said to be around 41 per cent for its 20 per cent contribution to GDP.

Agriculture and Indian Economy

The agricultural sector occupies a predominant place in the Indian economy for various reasons. The prosperity of this sector is important not only to the local population but also to the Government.

Out of the country's geographical area of 329 million hectares, the cultivated area was estimated at 186 million hectares, the gross cropped area at 175 million hectares and the net area used for agriculture at 143 million hectares.

Till the starting of economic planning in India in 1951, growth of foodgrains output recorded was low at 0.3 per cent per year with Canal irrigation as the major input in agriculture. However, subsequently, the growth of foodgrains was found increasing on an average at 2.5 per cent per annum in 1980 which may be attributed mainly to the improved cropping practices, new crop varieties, increased use of chemical fertilisers, better management of inputs and a strong infrastructure in agricultural sector. The growth trends of foodgrains from 2001-02 to 2008-09 is shown in Table 1.

In the Indian economy, the agricultural sector still holds a pre-eminent position for various reasons. First, agricultural sector's share in national income is significant. The share of agriculture and allied sectors in national income was 58.9 per cent in 1950-51; it declined to 41.6 per cent by 1978-79. The percentage also came down to 33 per cent in 1990-91 and was only 25 per cent in 2000-01. It has fallen to 20.8 per cent in 2005-06, to 19.9 per cent in 2006-07, to 18 per cent in 2007-08 and to 17.1 per cent in 2008-09.

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Table 1
Recent Trends in Foodgrains Production in India

(million tonnes)

Crop/Year	2001-02	2005-06	2006-07	2007-08	2008-09
Rice	93.3	91.8	93.4	96.7	99.2
Wheat	72.8	69.4	75.8	78.6	80.6
Coarse Cereals	33.5	34.0	33.9	40.7	39.4
Pulses	13.3	13.4	14.2	14.8	14.7
Foodgrains	212.9	208.6	217.3	230.8	233.9

*Estimates.

Source: Economic Survey 2009-10.

Table 2
Ninth Plan and Tenth Plan Outlays on Agriculture and Rural Development

(₹ crore)

Item	Ninth Plan (1997-2002)	% to the Total	Tenth Plan (2002-07)	% to the Total	Eleventh Plan (2007-12)	% to the Total
Agriculture and Allied Activities	42,462.0	4.9	58,933.0	3.9	1,36,381	3.74
Rural Development	74,686.0	8.7	1,21,928.0	8.0	3,01,069	8.26
Special Areas Programmes	3,649.0	0.4	20,879.0	1.4	26,329	0.72
Irrigation and Flood Control	55,420.0	6.5	1,03,315.0	6.8	2,10,326	5.77
Total Plan Outlay	8,59,200.0	100.0	15,25,639.0	100.0	36,44,718	100.0

Source: Economic Survey 2005-06, pp. S.43, S.44. and 2009-10, p. A-46.

Second, agriculture provides employment to the largest percentage of the labour force in the rural sector. The country's labour force was 419.6 million in 2004-05, and 438.9 million in 2006-07. It may be around 483.6 million in 2011-12. The percentage of workforce depending on agriculture was 61 in 1993-94, 56.6 in 1999-00, and 52.1 in 2004-05.

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However, all major sectors except agriculture, experienced over 3.0 per cent growth of employment per annum during the period 1978 to 1988. Agriculture registered an annual growth of only 0.92 per cent. The farming sector has been suffering from unemployment, all kinds of underemployment and low productivity levels.

Third, agricultural exports play an important role in the country's exports. The agricultural and allied products exported from India include marine products, oilcake, spices, cashew kernels, rice and sugar. The traditional export items included tea, coffee and raw cotton. Exports of agro-based commodities have been steadily increasing, touching a ₹ 5,585.39 crore mark in 1992-93 as against ₹ 2,819.38 crore in 1990-91. Agricultural exports increased from ₹ 28,582 crore in 2000-01 to ₹ 65,230 crore in 2007-08. While agricultural exports generate significant foreign exchange, modernisation of agriculture does not imply a drain on foreign exchange as this sector's dependence on imports is relatively low.

Problems Facing Indian Agriculture**Declining Share of Agriculture in GDP**

The share of agriculture in GDP declined from about 60 per cent in the early fifties to about 33 per cent by the end of the eighties, with a very moderate change in occupation structure as the share of agriculture in the total occupation force is still over at 70 per cent. The trends is not only widened the disparity between the average standard of living and income in the rural and urban areas but also restricted the impact of agricultural development on rural poverty.

Low Growth of Employment in Agriculture

Second, there has been a fall in employment elasticity of output in agriculture from about 0.5 in the seventies to less than 0.4 in the eighties. The average annual growth rate of employment in agriculture has fallen from about 1.3 per cent during the period 1977-83 to 1.1 per cent during 1983-88.

There is a general impression that agriculture is not receiving the attention it deserves has been confirmed with a steady decline in the plan allocation or agriculture, rural development and irrigation from 37 per cent during the First Plan (1951-56) to 21.7 per cent of the total outlay in the Seventh Plan (1985-90). One reason for this is that more than 75 per cent of the farmers belonged to the small and marginal category. As such, they are unorganised, often become victims of financially strong lobbies existing in the rural sector lobbies. No wonder, the disparity ratio between the per capita farming and non-farming incomes which was nearly 1 : 2.2 in 1970-71 has gone up to 1 : 4.2 in 1988-89.

Relative Decline in the Real Per Capita Income of Farmers

The agricultural sector has yet to be strengthened at least for two important reasons: (i) stagnation in the real per income of the agricultural population and (ii) decline in their incomes relative to that of the non-agricultural population. According to a study done by Quizon and Buiswanger for the World Bank (1985), the real per capita income of the rural population increased only by about two per cent in twenty years between 1960-61 to 1980-81.

Disguised Unemployment in Agriculture Sector

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The greatest challenge facing the agricultural sector has been mounting pressure on land available for cultivation because of the growing number of people depending on agriculture. The pressure is there not because agriculture is remunerative but because non-farming employment opportunities are very limited. This obviously leads to underdevelopment and low consumption levels of the farming population. As a result of excess labour force, there is the phenomenon of disguised unemployment. Even if a part of the labour force is withdrawn from agriculture, it is argued that there will not be any fall in agricultural production. It is said that at least 20 per cent of the labour force in the agricultural sector at present is in excess of what is actually required.

Low Marketable Surplus

The agricultural sector is not in a position to generate enough surpluses as it is forced to support unproductive workers. Dobb wrote, "if there is any factor to be singled out as the fundamental limiting factor upon the face of development, then it is this marketable surplus of agriculture; this rather than the total product, or the productivity of agriculture in general."

Instability in Production

A major problem facing the agricultural sector is instability in production; which is largely attributed to the fact that only about 30 per cent of the cultivable land has irrigation facilities. Dry farming technologies have yet to become popular. It is also better to evolve drought resistant varieties rather than high-yielding varieties.

Foodgrains output was 131.9 million tonnes in 1978-79. It fell to 109.7 million tonnes the next year, that is 1979-80. It rose to 133.3 million tonnes in 1981-82, but fell to 129.5 million tonnes in the following fiscal 1982-83. The output also rose sharply to 152.4 million tonnes in 1983-84. It again fell to 140.4 million tonnes in 1987-88. It was placed at 169.9 million tonnes in 1988-89, 171.0 million tonnes in 1989-90 and 176.4 million tonnes in 1990-91. As against the target of 182.5 million tonnes, it was only 167.1 million tonnes in 1991-92. The foodgrains production reached a record level of 208.87 million tonnes in 1999-2000.

Low Productivity of Indian Agriculture

Indian agriculture still suffers from low productivity. Foodgrains productivity, though low, has made significant progress over a period of time. It was 566 kgs per hectare in 1950-51, which rose to 710 kgs in 1960-61, 872 kgs in 1970-71, 1,023 kgs in 1980-81, 1,041 kgs in 1983-84 and 1,182 kgs in 1985-86 respectively.

However, land productivity has shown marked regional variations being low in states like Rajasthan and high in states like Kerala. These variations are due to variations in natural factors, availability of inputs and institutional support. Only a few (48) districts covering less than 13 per cent of the area experienced high growth (more than 4.5 per cent per annum); a large number of districts (102) had medium growth (1.5 to 4.5 per cent); 62 districts experienced low growth (0 to 1.5 per cent) and as many as 70 districts had no growth or negative growth.

Many factors have contributed to low agricultural productivity. The pressure of population on land led to subdivision and fragmentation of land and made holdings economically unviable. While new technology could raise yields considerably in certain areas, plans are on anvil to strengthen dryland farming at the earliest. The small farmers

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are yet to benefit from the green revolution on a war footing. The agrarian relations are hardly favourable for the actual cultivators. Semi-feudal production relations still exist. The infrastructure support to agricultural sector still remains inadequate.

Imbalances in Cropping Patterns

Indian agriculture suffers from imbalances in the cropping pattern. The share of wheat and rice in total foodgrains output has been showing an upward trend, but that of coarse grains and pulses shows a declining trend.

Imbalances in the Spread of New Agricultural Technology

There are regional imbalance in agricultural growth. The spread of new agricultural technology is not uniform throughout the country. According to Bhalla and Tyagi, the authors of *Patterns in Indian Agricultural Development: A District Level Study*, “in the incremental output, between the early sixties and early eighties, the contribution of the north-western region was as much as 53.1 per cent, while that of the eastern region was only 7.7 per cent. Thus, the increase in output added to the already existing inter-regional inequalities in production.” Naturally, the rich regions account for a lion’s share in input use.

The small holdings have the potential to register of a higher output per hectare than the large holdings through the intensive use of agricultural labour. However, as pointed out by C.H. Hanumantha Rao in his work, *Technological Change and Distribution of Gains in Indian Agriculture*, this phenomenon is not valid in the case of new agricultural technology which is characterised by widening income disparities between the large and small farmers.

Concerted efforts were emphasised upon to remove the existing imbalance in the spread of the green revolution, both in terms of crops and areas affected. As things stood at that time, three states (Punjab, Haryana and Uttar Pradesh) accounted for nearly 70 per cent of the total marketable surplus of wheat and only four states accounted for 80 per cent of the marketable surplus in rice.

The public investment in agriculture in real terms has witnessed steady decline from the Sixth Five Year Plan to the Tenth Plan. Trends in public investment in agriculture and allied sectors reveal that it has consistently declined in real terms (at 1999-2000 prices) from the Sixth Plan to the Ninth plan. It was ₹ 64,012 crore in the Sixth Plan, ₹ 52,108 crore in the Seventh Plan, ₹ 45,565 crore in the Eighth Plan and ₹ 42,226 crore in the Ninth Plan. However, in the Tenth Plan (2002-07), public investment in agriculture registered an increase of ₹ 25,034 crore and stood at ₹ 67,260 crore.

The gross capital formation in agriculture and allied sectors as a proportion of total GDP stood at 2.66 per cent in 2004-05 and improved to 3.34 per cent in 2008-09. Similarly, the gross capital formation in agriculture and allied sectors relative to GDP in this sector has also shown an improvement from 14.07 per cent in 2004-05 to 21.31 per cent in 2008-09.

Table 3
Public and Private Investment in Agriculture and Allied Sector
(at 2004-05 prices)

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(₹ crore)

Year	Public	Private	Total
2004-05	16,183	62,665	78,848
2005-06	19,909	73,211	93,121
2006-07	22,978	71,422	94,400
2007-08	23,039	86,967	1,10,000
2008-09	24,452	1,14,145	1,38,597
	(17.6)	(82.4)	(100.0)

Note: Figures in brackets are percentages to the total.

Source: Economic Survey 2009-10, p. 180.

Strengthening Agricultural Sector

For strengthening the agricultural sector, three areas which deserve top priority include rise in the growth rate of productivity by raising inputs; modernisation of the irrigation system and improved water management to reduce the gap between irrigation potential and utilisation and acceleration and resilience of growth in rainfed dryland agriculture and in crops like paddy, oilseeds and pulses and diversification of cropping pattern etc.

Table 4
Growth of Area, Production and Yield of Pulses

Year	Area (m.ha)	Production (m. tonnes)	Yield (kg/ha)
1950-51	19.09	8.41	441
1960-61	23.56	12.70	539
1970-71	22.54	11.82	524
1980-81	22.46	10.63	473
1989-90	23.22	12.61	549
1998-99	23.50	14.90	634
2004-05	22.50	13.40	595
2008-09	22.40	14.70	655

Table 5
Productivity of Foodgrains (kg/ha)

Product	1960-61	1970-71	1980-81	1990-91	1998-99	2008-09
Foodgrains	710	872	1,023	1,380	1,571	1,898
Cereals	753	949	1,142	1,571	1,778	2,175
Pulses	539	524	473	578	634	655
Rice	1,013	1,123	1,336	1,740	1,747	2,186
Wheat	851	1,307	1,630	2,281	2,590	2,891

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Jowar	533	466	660	814	859	952
Maize	926	1,279	1,159	1,518	1,797	2,355
Bajra	286	622	458	658	748	1,011

Conclusion

Yield levels in India continue to be low in respect of both commercial and non-commercial crops. There is vast scope for improving yield levels. The gap between potential yields and actual yields need to be bridged through concerted efforts on the research front and a well thought-out system of incentives to the farmers. As scope for extensive cultivation is limited and higher levels of output are to be achieved by boosting yields.

The need to keep the rate of growth of agricultural production, particularly foodgrains production, on par with that of population is an issue of priority, considering the advancements being made in the agriculture sector on the whole. Otherwise, the problem of poverty would worsen. Among the economic priorities, food self-sufficiency has a special place which calls for concerted efforts to boost agricultural production and productivity mainly through the improved agricultural technology which is often referred to as 'Green Revolution.' In the case of India too, improved methods of production are largely responsible for comfortable foodgrain situation which would meet the needs of the Indian population.

The new agricultural technology was initially confined to wheat in a few north-western states. But it gradually spread to other crops and regions. The success of new strategies is attributed to large-scale investments in irrigation and scientific research. The positive price policy also has served as an incentive to boost agricultural production in the country.

As against a growth rate of 3.1 per cent during 1949-50 to 1964-65, agricultural output registered a rate of growth of 2.6 per cent per annum during 1966-67 to 1984-85. During this period, the contribution of productivity increased to total output growth rate to about 75 per cent compared with only 43 per cent during the earlier period while that of area under cultivation declined from 58 per cent to 25 per cent.

After the mid-sixties, the High Yielding Variety technology in terms of seeds was introduced in wheat and rice. Also, public investment in the agricultural sector was stepped up significantly. The new technology succeeded in raising profitability of investment for the farmers. The gross irrigated area also increased, besides a rise in the annual gross capital formation in agriculture. Of course, the growth of the net sown area slowed down considerably.

Though the agricultural sector has suffered a fall in capital formation in recent years, growth in foodgrains output registered an upward trend. This was made possible with the better utilisation of advanced technological infrastructure. The Green Revolution has been extended to crops and regions hitherto lagging behind. Unlike in the seventies, in the eighties, fertiliser consumption in the kharif season increased at a much faster rate than in rabi season, particularly in the eastern region. This means that the new technology spread to the rainfed and unfavourable areas.

There has been some improvement in the productivity of land, labour and capital, thanks to better utilisation of the available infrastructure. Economists say that between

one-fifth to one-fourth of the increase in the output of foodgrains in the post-green revolution period can be attributed to an increase in the productivity of inputs. Use of high yielding varieties of seeds and fertilisers in rainfed areas in the kharif season has become an important source of agricultural growth during the eighties.

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Table 6
Production of Commercial Crops: Recent Trends

(million tonnes)

Item	1996-97	1997-98	1998-99	2003-04	2008-09
Oilseeds (million tonnes)	24.4	21.3	24.7	25.3	28.2
Sugarcane (million tonnes)	277.6	279.5	288.7	237.3	273.9
Cotton (million bales)	14.2	10.9	12.3	13.9	23.2
Jute and Mesta (million bales)	11.2	11.0	9.8	11.2	10.4

* bales of 170 kgs each.

** bales of 180 kgs each.

1.4.1.1 Green Revolution – An Overview

Green Revolution in India began in the 1960s, through the introduction of high-yield crop varieties and application of modern agricultural techniques with an objective to increase the food production in India. It began after high-yielding wheat was first introduced to India in 1963 by American agronomist Dr. Norman Borlaug, who is known as “the Father of the Green Revolution”. India’s programme of Green Revolution was led by Dr. Dilbagh S. Athwal at Punjab Agriculture University. The introduction of high-yielding varieties of seeds and the increased use of chemical fertilisers and irrigation led to the increase in production needed to make India self-sufficient in foodgrains, thus improving agriculture in India. The measures adopted included:

- Use of High Yielding Varieties (HYV) of seeds
- Irrigation
- Use of insecticides and pesticides
- Consolidation of holdings
- Land reforms
- Improved rural infrastructure
- Supply of agricultural credit
- Use of (chemical) fertilisers
- Use of sprinklers or drip irrigation etc.

The production of wheat has produced the best results in leading India towards its self-sufficiency. Along with high yielding seeds and irrigation facilities, the enthusiasm of farmers mobilised the idea of agricultural revolution or green revolution. The problems of low irrigation status, challenges of frequent famines and lack of self-sufficiency of foodgrains etc. have effectively been dealt by green revolution to a considerable extent as of now. However, due to the rise in use of chemical pesticides and fertilisers, there were many negative effects on the soil and the land such as land degradation besides the disparities felt in paddy cultivated area and other such imbalances of the spread of green revolution across the regions and farm sizes.

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Agriculture certainly occupies an important place in the Indian economy. Employment generation in future has to come mainly from the agricultural sector, including agro and rural industries. It needs to be noted that there is vast scope for raising agricultural output through better use of available resources and inputs.

Agricultural development in India has produced effects, both desirable and undesirable. The growing income disparities between different regions and classes of farmers, witnessed in the first decade of the Green Revolution have been mitigated to some extent. The real wages in agriculture have risen during the 1980s in the less developed regions. There has been some improvement in technology for rice and oilseeds. Farmers have now better access to extension services and institutional credit. In recent years, there has been a decline in the relative prices of foodgrains mainly due to rise in the productivity of inputs.

However, there has been a steep decline in employment generated per unit of output throughout the green revolution period. The green revolution has not helped much to step up the purchasing power of the rural poor. Also, there has been degradation of the rural environment mainly due to deforestation and excessive use of chemical inputs in agriculture.

Farm inputs like irrigation, fertilisers, insecticides and machinery cannot be effective unless farmers have access to HYV seeds. It was during the mid-sixties that the HYV in respect of wheat was evolved. Subsequently, paddy and other cereals also came under the HYV technology.

However, the HYV seeds remained confined to food crops like paddy, wheat, maize, jowar and bajra. The non-food crops have yet to take advantage of this technology. Even among the food crops, the initial success was confined to wheat whereas 90 per cent of the total cropped area under wheat makes use of HYV seeds, and the percentage is around 69 in respect of paddy.

The HYV technology is said to contribute to sustained agricultural growth and poverty alleviation not only through its contribution to improved agricultural performance but also through strong linkages between the agricultural sector and the non-agricultural sector.

Productivity of rainfed crops, which continues to be low, has increased slowly but steadily over the years. For example, coarse cereal yield had risen from 665 kg/ha hectare during 1970-71 to 911 kg/ha hectare by 1989-90.

Table 7
Production of Breeder and Foundation Seeds and Distribution of Certified Seeds

Year	Production of breeder seeds (quintals)	Production of foundation seeds (lakh quintals)	Distribution of certified/quality seeds (lakh quintals)
2004-05	66,460	6.9	113.10
2005-06	68,654	7.4	126.74
2006-07	73,829	7.96	155.01
2007-08	91,960	8.22	179.05
2008-09*	1,00,000	9.69	190.00

*Anticipated.

Source: Economic Survey 2009-10, p. 185.

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The strength of the new agricultural technology in the Indian context lies in evolving dryland farming technology as 70 per cent of the land under cultivation is rainfed. This technology is also the answer to the problem of agricultural instability. There are two approaches: (i) the watershed management approach under dryland and rainfed situation and (ii) comprehensive land use management approach.

During the year 1983-84, dryland farming practices yielded 42 per cent of the total foodgrain production and about 75 per cent of oilseeds production in the country. About two-thirds of the rice crop, one-third of the wheat crop and nine-tenths of sorghum, pearl millet and groundnut crops in the country are still grown without conventional methods of irrigation. The dryland sector also supports a significant population of livestock, besides producing fodder and firewood. It is forecast that there is going to be no significant improvement in irrigation availability in the near future and the importance of the share of dryland farming in the national agricultural output will have to increase at the earliest.

There are a number of schemes to optimise the use of water resources in dryland agriculture for which a national watershed development programme is being implemented, in addition to special programmes for major crops like rice, pulses, coarse grains and oilseeds, there exists the need to initiate subsequently and enhance their research system by being totally responsive to resource poor farmers' needs and working out strategies for generating good agricultural output capabilities.

Scientific dryland farming implies appropriate treatment of land for conservation of moisture. The technology of this farming involves crop rotation and adoption of varieties and practices adjusted to the moisture regimes of an agro-climatically homogeneous area. The aim is to make the best of a limited water supply by storing in the soil as much rainwater as possible and growing suitable crops. Dryland agriculture emphasises water conservation, sustaining crop yields with limited inputs of fertilisers and protecting the soil from the ravages of both wind and water erosion.

Table 8
Fertiliser Consumption in Nutrient Terms

Product	2005-06	2006-07	2007-08	2008-09
Nitrogenous (N)	127.23	137.73	144.19	150.90
Phosphatic (p)	52.04	55.43	55.15	65.06
Potassic (K)	24.13	23.35	26.36	33.13
Total N + P + K per ha	203.40	216.51	225.70	249.09
Consumption (kg)	105.5	111.80	116.80	128.60

Source: Economic Survey 2009-10, p. 186.

The new agricultural technology also has stepped up fertiliser consumption considerably. In fact, fertiliser availability is critical for accelerated food production.

There has been steady increase in the production of fertilisers. The consumption of fertilisers was only 0.13 million tonnes in 1995-96 which has more than doubled since 1981-82 from 60.68 lakh tonnes to 130 lakh tonnes in 1991-92. It was 180.70 lakh tonnes in 1999-2000. The share of imports in total availability came down from 57.1 per cent in 1951-52 and 71.6 per cent in 1960-61 to 12.1 per cent in 1987-88, though it increased to 23.35 per cent in 1990-91.

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Of course, there are some problems relating to fertiliser consumption. There are vast differences in the levels of fertiliser consumption across the regions and crops. Rainfed areas, constituting about 70 per cent of the total area, consume only 20 per cent of the total fertilisers. The per hectare use of fertilisers has been very low in states like Nagaland, Mizoram, Arunachal Pradesh, Assam and Orissa and is very high in states like Punjab, Tamil Nadu and Andhra Pradesh.

Among crops too, wheat, rice and sugarcane account for the largest share in fertiliser consumption. On the other hand, pulses, coarse grains and oilseeds suffer from inadequate fertiliser application.

There are certain constraints on the use of fertilisers. In spite of subsidy element, fertilisers are not yet accessible to small and marginal farmers. The farmers have been to a great extent reluctant to invest in fertilisers because of risk caused by crop failures. In the case of inferior cereals, returns from fertiliser use have been low and unremunerative for various reasons. Because of the failure of the delivery system, the problem of scarcity of fertilisers has been seen in certain areas.

Fertiliser consumption can be boosted by increasing the use of high-yielding, disease resistant, fertiliser responsive, water economising varieties of seeds, regulation of fertiliser strategies and their application, expansion of irrigation facilities, improved soil and moisture conservation techniques.

Irrigation is a crucial input contributing to the successful implementation of new agricultural technology. Yet we have failed to step up considerably the irrigation potential. What is worse, there exists a gap between irrigation potential and its utilisation for various reasons. These problems associated with irrigation management have been discussed in Chapter.

As a result of employment of the new technology of HYV seeds and chemical fertilisers, the need to shift from human and bovine power to machine power was inevitable. But this mechanisation of agriculture in the Indian context has become a subject of controversy. However, mechanisation is essential to realise optimum returns from other inputs like water resources and fertilisers.

Mechanisation is helpful in increasing farm productivity, with the cost-effective adoption of multi-cropping practices and in realising the full potential of lands under cultivation. Of course, there is controversy with regard to the effects of mechanisation on farming and rural employment. Studies have shown that labour use in agriculture subsequently declines with mechanisation.

However, some studies have opined that the overall employment situation may not be adverse because of the mechanisation of the farming sector. When mechanisation steps up farm production and productivity, the existing level of unemployment may decline. Moreover, there is acute labour scarcity during the peak sowing and harvesting seasons. The mechanisation process in the farming sector is capable of generating off-farm employment in the areas of manufacture of farm machinery, distribution of spare parts, fuels and lubricants, repair of equipment etc.

It must be admitted that farm mechanisation is inevitable in the context of new agricultural practices like crop rotation, double cropping, multiple cropping and mixed cropping. Also, the timing of mechanisation is important. For instance, China began to mechanise agriculture after achieving a significant diversification of the rural economy in

which a sizeable proportion of the rural population had already been absorbed in non-agricultural activities and many communes were facing labour shortages in peak seasons.

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Green Revolution: Some Problems

The positive effects of the Green Revolution are slowly disappearing. According to a study by Dr. Minhas *et al.*, while between 1970-71 and 1982-83, the initial years of the green revolution, the number of the poor in Punjab fell at the annual rate of 2 per cent, which in subsequent years, between 1982-83 and 1987-88, increased by 4 per cent per annum. Similarly, in Haryana, the number of the poor decreased by 2.1 per cent in the first twelve years period, then increased by 0.9 per cent in the subsequent four years.

The new agricultural technology is capital intensive. True, as a result of spread of irrigation and resort to multiple cropping, it is possible to increase the labour absorptive capacity of the agricultural sector. All aspects of the Green Revolution are not labour saving. Studies show that adoption of HYV technology has increased human labour employment. The installation of pumping sets has decreased labour use. Tractorisation has reduced labour employment. However, tractorisation has enabled farmers to increase the intensity of cropping which again has a positive effect on labour employment.⁵ It needs to be noted that agricultural technical change may affect employment not only in agriculture but in all industries linked with agriculture.

Strengthening New Agricultural Technology

New strategies have to be evolved to strengthen the agricultural sector. The basis of research needs to be widened so as to cover a large number of new crops grown in diverse agro-climatic situations. The gap between the potential and the actual yields has to be bridged through adaptive research. The reverse communication from land to agricultural research laboratories should be encouraged.

We have been laying stress on adequate availability of modern inputs for individual crops. But future efforts should be directed towards maximising the combined income from all the crops in an agricultural year. This calls for research in inter-cropping and cropping systems including the rotation of crops for the entire year suited to different agro-climatic conditions.

We have to intensify research to conserve and save on inputs. Research in water management including water harvesting techniques, biological fixation of nitrogen, minimising wastages in the use of chemical fertilisers and evolution of high-yielding seeds incorporating multiple resistance to pests and diseases and adverse environmental conditions.

Major inter-crop growth imbalances witnessed in the early years of the Green Revolution are being gradually corrected. Also, the existing GR disparities in growth between the irrigated and rainfed areas may not be as sharp as in the early years of the Green Revolution. The eastern region has shown some improvement in rice yields in the eighties including registering some higher growth than the national average. The gap between potential yield and actual yield can be bridged only by strengthening extension service, training and infrastructure in the central and state sector has been developed substantially.

There are four major pre-requisites for technological change in agriculture: (i) an incentive system that encourages acceptance of innovations, (ii) a set of improved production processes created for local conditions, (iii) an educational system to teach

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farmers how to choose and adopt technology to gain substantially from specific conditions, and (iv) efficient supply to farmers of the added inputs in which technological change is embodied.

It would be necessary to evolve HYV which has a built-in protection against pests. Use of bio-technologies in agriculture has the potential to eliminate the negative effects on the environment. The use of hazardous chemical pesticides too has to be gradually replaced by the use of herbal pesticides, e.g., the pesticides based on neem which are now commercially available.

Every effort should be made to maximise the yields from agricultural inputs in respect of both irrigated and rainfed lands. At the same time, the harmful dimensions of the Green Revolution if any, need to be reviewed.

India is no doubt an agricultural country. Yet, its food security is weak. We do have foodgrain stocks but, food security is different from foodgrain security. There is a change in consumption pattern. Non-foodgrain items such as edible oils, sugar, milk, meat, eggs, vegetable and fruits have assumed importance. They now account for over 60 per cent of the consumer expenditure on food. Besides food availability, the poor ought to have enough purchasing power. Otherwise, there will be no food security.

Food security, as internationally understood, involves physical, economic and social access to a balanced diet, safe drinking water, environmental hygiene and primary health care. The Government has prepared the National Food Security Bill. The draft of the Bill seeks to give the poor a right to get 25 kgs of rice or wheat every month at ` 3 a kg. Of course, this places huge burden on public exchequer.

I. State of Food Security in India

There are various estimates of poverty. The number of below poverty line (BPL) families calculated (taking four persons as the average size of the family) varies from 9.25 crore (Suresh Tendulkar Committee) to 20 crore (Justice D.P. Wadhwa). While the Planning Commission estimates that there are just over 62 million BPL families, the state government claim the existence of nearly double that number. The Arjun Sengupta Commission on the unorganised sector came to the conclusion that 77 per cent of India's adult population spent less than ` 20 a day. It is not possible to meet food requirements with this amount.

The National Family Health Survey (2006) showed that the child undernutrition rate in India is 46 per cent. In Global Hunger Index (2008), India ranks 66th among the 88 countries surveyed by the International Food Policy Research Institute (IFPRI). The recent rise in food prices might have further worsened the situation. In India, the number of undernourished persons has increased from about 210 million in 1990-92 to 252 million in 2004-06. India has about half the world's undernourished children. Also, there has been a general decline in per capita calorie consumption in recent decades. The percentage of children below five years of age who are underweight is now 42.5 per cent. The percentage of children below three years who are undernourished is 40 per cent.

It is true that the foodgrain production has been found increasing significantly leading toward self-sufficiency economy but still the foodgrain production continues to fluctuate with respect to certain products, viz., pulses, milk, oilseed etc. besides cereals.

The foodgrain production increased significantly during the 1970s and 1980s. But, the foodgrain production continues to fluctuate. It was 82 million tonnes in 1960-61,

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108.4 million tonnes in 1970-71, 129.6 million tonnes in 1980-81, and 176.4 million tonnes in 1990-91.

However, foodgrain production which was 209.8 million tonnes in 1999-2000 fell to 196.8 million tonnes in 2000-01. It again fell from 212.6 million tonnes in 2005-06. It may be around 234 million tonnes in 2008-09.

The estimates made of the requirement of cereals in 2020 range from 224 million tonnes to 296 million tonnes. Some put it at 260 million tonnes.

There is no progress in the output of pulses. It was 12.7 million tonnes in 1960-61, but fell to 10.6 million tonnes in 1980-81. It was high at 14.3 million tonnes in 1990-91, but fell to 11 million tonnes in 2000-01. It was high at 14.8 million tonnes in 2007-08. However, the growth in output is not commensurate with growth in population.

Milk production was only 17 million tonnes in 1950-51. It increased to 20 million tonnes in 1960-61, to 60.6 million tonnes in 1992-93, to 80.6 million tonnes in 2000-01 and to 108.5 million tonnes in 2008-09.

Production of eggs was only 1832 million in 1950-51. It increased to 21101 million in 1990-91 and to 36632 million in 2000-01. It was around 55638 million in 2008-09.

Fish production was 752 thousand tonnes in 1950-51. It increased to 5656 thousand tonnes by 2000-01. It was around 7608 thousand tonnes in 2008-09.

The per capita net availability of cereals (per day/grams) was 334.2 in 1951. It increased to 404.1 by 1968, and to 468.5 in 1991. There are year-to-year fluctuations. In 2008, it was placed around 374 only.

Regarding pulses, it was 60.7 in 1951, increased to 74.9 in 1959 but fell to as low as 30.9 by 1980. There are year-to-year fluctuations. It was around 42 in 2008.

The per capita availability of edible oils was 2.5 kgs in 1955-56. It of course increased to 5.8 kgs in 1987-88, and to 7 kgs in 1995-96, and to 12 kgs in 2008-09.

An important factor adversely affecting food security is inflation, especially food inflation. It seems the perishables will keep food inflation high. For instance, in 2009, price rise in respect of food articles was 12.43 per cent. But it was high at 14.57 per cent in respect of meat, eggs and fish. Of course, in the case of fruits and vegetables, it was high at 11.96 per cent.

The overall food inflation touched a decade high of 19.8 per cent in the second week of December, 2009. In 2009-10, while food inflation soared, non-food sector was free from inflation. The FCI and other government organisations have to initiate action as soon as the inflationary situation in food crosses a threshold.

Even subsidised grain is not going to ensure food security. For instance, at the prevailing price of pulses, the poor families will not have access to protein rich foods.

India has carry over stock of rice of 15 million tonnes as of October 1, 2009 with FCI and other state agencies. On top of this, there is accumulated wheat stock of 30 million tonnes as of October 1, 2009 against a buffer stock norm of only 11 million tonnes of wheat. Thus, total grain stocks were of the order 45 million tonnes. Of course, total covered capacity to store in the country is less than 27 million tonnes. Moreover, though the buffer stocks are rising, the off-take of grains for PDS and other schemes is not increasing.

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NSS 61st Round reveals that more than half of rural manual labourers, the section most in need of subsidised food, do not have BPL cards. In Bihar and Uttar Pradesh, such exclusion was 71 per cent and 73 per cent respectively.

II. Measures to Strengthen Food Security

The country will need about 260 million tonnes of foodgrains, about 140 million tonnes of vegetables, about 90 million tonnes of fruits, about 12 million tonnes of meat, 35 billion eggs, about 13 million tonnes of fish, and 12 million tonnes of edible oils to provide adequate nutrition to 1.35 billion people by 2020 AD.

Measures required to strengthen food security in the Indian context should include:

- Setting up of local level community food banks for easy availability of grains in periods of scarcity;
- Promoting the cultivation and consumption of fruits, vegetables and dairy farming;
- PDS should be enlarged to accommodate more items;
- Mid-day meal, scheme need to be implemented effectively;
- Fodder and feed banks should be set up;
- Agro-based industries and food processing units should be encouraged;
- Contract farming with private participation should be encouraged;
- Farmer' cooperative should be strengthened;
- The increasing area under bio fuels should be reversed; and
- Quality input delivery system should be ensured.

III. The Public Distribution System

A major problem facing PDS is the existence of bogus cards. This leads to diversion of PDS items to open market. It also enhances financial burden on the government by increasing food subsidy. The PDS also suffers from high levels of theft, wastage, spoilage and administrative costs. The Planning Commission had estimated, that there are around 6.52 crore poor families, but states have issued over 10.58 crore ration cards.

The Government is contemplating to introduce food coupons for providing the poor with food security. The system of food coupons would end dual pricing of foodgrain. The new system may lead to more efficient private grain handling as beneficiaries would be allowed to directly buy grain of their choice from retail shops against food coupon. Of course, food coupons could 'leak' to the undeserving, given the corrupt administrative machinery we have.

Some have suggested, in the place of PDS, cash transfers. But experts feel that food is far more likely to actually reach the mouths of children and women in a household than cash in the hands of the male adult family head.

A well functioning universal PDS can be the means to ensure adequate physical access to food at affordable prices at the household level.

The PDS has to be supplemented with specific food and nutrition interventions to meet the specific consumption needs of various classes — infants, children, teenage girls, manual worker, pregnant and lactating women and the elderly.

A National Programme of mid-day meals in schools has been in existence But, it suffers from leakages. Recently, the government has revised the food norms for upper

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primary children by increasing the quantity of pulses from 25 to 30 grams, vegetables from 65 to 75 grams of course, transportation assistance is also provide to special category states.

Thus, ensuring food security to the poor is a challenging task. Concerted efforts need to be made on various fronts.

The new agricultural technology would be effective only when the farming community has access to crucial inputs like irrigation. Irrigation plays a vital role in agricultural development as it leads to desirable cropping pattern, registers an increase in yield rates and better labour utilisation. Also, the success and efficiency of other farm inputs largely depend on quantity, quality and timing of water supply, the methods of its use and adequacy of control over it.

Importance of Irrigation

As a consequence of increased yields and more intensive agriculture, irrigation has left a significant impact on the quality of life of the rural population, viz., the agricultural labourers. Irrigation is capable of increasing, besides agricultural wages, the number of working days available for the agricultural workers. Investment in irrigation leads to multiple benefits, both at the micro and macro levels.

According to a World Bank Study, even one per cent increase in irrigation will definitely enhance crop production by 1.6 per cent. Authoritative data reveal that production on irrigated lands is three to five times the output on unirrigated lands. Irrigation is the *sine qua non* for increased agricultural productivity.

Some economists give top priority to irrigation among all the agricultural inputs. It is said, “none of these is as important as the availability of irrigation which alone is the key pre-requisite for determining, the domain of the new technology or of its applicability.” The irrigation factor alone accounts for half the inter-state variation in crop intensity.

Case studies have revealed certain beneficial effects of implementation of irrigation projects. These include: (i) diversification in the cropping pattern, (ii) increased employment due to irrigation, (iii) increased income and (iv) increased consumption and asset formation as a result of increased income. Irrigation performs best in the matter of stability of cultivated area, yield and output. Irrigation indirectly provides a base for the establishment of agro-based industries, servicing, repair centres and other business centres.

Progress of Irrigation

During the last four decades, around ₹ 45,000 crore have been directly invested by the public sector in various categories of water control works. Of this, major and medium irrigation works including Command Area Development (CAD) claimed ₹ 28,000 crore, minor irrigation ₹ 14,000 crore and flood control claimed ₹ 2,500 crore.

The average annual outlay on major and medium irrigation projects including CAD has risen from around ₹ 75 crore in the First and Second Plans to nearly ₹ 2,500 crore in the Seventh Plan. The corresponding addition to potential has, however, been, between two to three million hectares per Five Year Plan with the exception of Second Plan (1.05 m.ha) and Fifth Plan (4.02 m.ha).

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The Eighth Plan outlay for irrigation, CAD and flood control sector as a whole stood at ₹ 32,525.25 crore.

Yet, out of the total 266 million hectares of land, only 46 million hectares held access to irrigation. About 70 per cent of Indian agriculture is rainfed. Only 20.6 million hectares of land was irrigated till 1951. It increased to 73.1 million hectares in 1991-92 averaging about 1.3 million hectares per annum. The average annual increase during fifties was only 0.5 million hectares which went up to 1.6 million hectares during the eighties. It is targeted to grow by about 2.7 million hectares per annum during the Eighth Plan period.

At present, only about 30 per cent of the net sown area is provided with irrigation. The country's cultivated area stands at 186 million hectares, the gross cropped area at 175 million hectares and the net sown area at 143 million hectares.

The ultimate irrigation potential of the country, as estimated by the National Commission on Agriculture (1976) is 113.5 million hectares. This figure has since been revised to 178 million hectares as per the national perspectives of available water resources.

As per the 1986-87 Minor Irrigation Census, to ensure availability of water resources, 95 lakh wells, 0.64 lakh deep tubewells and 4.75 lakh shallow tubewells have been dug; 4.22 lakh surface works completed and the number of pump sets energised rose from 0.2 million in 1950-51 to 11.2 million by 1989-90.

By the end of 1991-92, the cumulative irrigation potential created was 81.2 million hectares comprising 30.9 m.ha under major and medium and 50.3 m.ha under minor irrigation projects. The target for the year 1992-93 was set at an additional 2.7 m.ha (0.7 m.ha under major and medium projects and 2.0 m.ha under minor irrigation projects). Thus, the total potential likely to be created by the end of the year 1992-93 has estimated to be 83.9 m.ha.

A centrally sponsored Command Area Development (CAD) Scheme was initiated in 1974-75 with the sole objective to bridge the existing gap between potential created and potential utilised and increasing agricultural production from the irrigated commands. The programme also made provision for execution of on-farm development works like construction of field channels, land levelling and shaping, implementation of *warabandi* (network of distributors and minors over the command area) for rotational supply of water and construction of field drains. The programme also gives importance to adaptive trials, demonstration and training of farmers and introduction of suitable cropping patterns. Upto March 1992, ₹ 3,214 crore were spent on the programme.

The share of the irrigation sector (states only) in the total public sector investment came down from 14.7 per cent in 1980-81 to only 5.6 per cent in 1990-91. The total public sector investment (at 1980-81 prices) increased at a rate of 6.3 per cent per annum from ₹ 11,767 crore in 1980-81 to ₹ 21,613 crore in 1990-91.

Investments made in the irrigation sector declined at 3.5 per cent per annum from ₹ 1,735 crore in 1980-81 to ₹ 1,215 crore in 1990-91. This decrease was more pronounced at the rate of 6.1 per cent per annum during the Seventh Plan as compared to 2.2 per cent per annum during the Sixth Plan.

Table 9
Development of Irrigation Potential (Cumulative) through Plan Periods
(in million ha)

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Plan Period	Potential Created	Potential Utilised
First Plan	26.26	25.04
Second Plan	29.08	27.80
Third Plan	33.57	32.17
Annual Plan	37.10	35.75
Fourth Plan	44.20	42.19
Fifth Plan	52.02	48.46
Sixth Plan	65.22	58.82
Seventh Plan	76.53	68.59
Annual Plan	81.02	72.86
Eighth Plan	86.26	77.24
Ninth Plan*	93.95	80.06
Target for Tenth Plan (2002-07)*	109.11	90.42

*Provisional

Source: India 2006. Government of India.

The Bharat Nirman Programme envisages creation of 10 million hectares additional assured irrigation during the 4 year period (2005-09). To achieve this, the pace of potential creation will have to increase from 1.42 million hectares per year in recent years to 2.5 million hectares per year. Of the new potential envisaged under Bharat Nirman, about half is planned for 2007-08 and 2008-09 that first 2 years of the 11th Plan. Assuming the same rate continues thereafter a total of about 11 million hectares of new potential can be expected in the 11th Plan consisting of 5.5 million hectares in major and medium irrigation, 3.5 million hectares through minor irrigation and about 2 million hectares through groundwater development. In addition, another 3 to 4 million hectares of land is to be restored through modernisation of major, medium and minor projects and restoration of tanks (Draft Approach Paper of 11th Plan).

Various Systems of Irrigation

The inadequacies of canal and tank irrigation have increased dependence on tubewells. This has resulted in lowering of the water table. The problem is becoming serious even in a state like Punjab. However, groundwater possesses the following virtues:

- (i) Groundwater resource is much more bountiful than surface water;
- (ii) In comparison to big dams, groundwater irrigation is a low cost option for our economy;
- (iii) Groundwater based farming has much higher land productivity;
- (iv) Environmental degradation, forest submergence, population dislocation and rehabilitation problems of dam oustees are absent in groundwater irrigation;

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- (v) Unlike substantial underutilisation of irrigation capacity observed in the case of big dams, there is almost full utilisation in the case of wells and tubewells and
- (vi) Time lag between investment and returns is low in groundwater case, whereas construction of big projects lingers on for decades.

Tank irrigation is the oldest system. It is simple, efficient and environment friendly. Water from the catchment areas flowed into the tanks during the rains. Once a tank is filled up, it overflows, not wastefully into the surrounding areas, but into canals that led to other, bigger tanks in a series. Thus, every drop of water is conserved in the tanks. This method also recharges groundwater, as otherwise the rains would simply go into rivers and thence into the sea.

Of course, tanks need maintenance. They are to be periodically desilted, the fertile silt going into the fields, the tanks and canals are reinforced and repaired and trees are planted in the catchment areas. The new technology removed the need for silt to fertilise the fields.

The canal system has created problems like waterlogging, salinity and weaker sections and tail-end farmers not getting water. In the case of groundwater, overpumping also caused serious problem of drinking water and salinity ingress in coastal areas. It also affected vegetation growth.

A watershed is generally referred to the area of overland drainage which contributes water with the flow of a particular stream at a chosen point. It embraces all the land and water areas which contribute run-off to a common point. It is the drainage area that contributes to the flow of a tertiary river having an area of 4,000 to 40,000 hectares.

Water shed management implies a project type operation developed and applied to all the land and water available in a specific watershed, taking into account physical conditions, needs and problems of the watershed, its relationship to the larger catchment areas and facilities available to accomplish the project. A watershed is used as a unit for planning and management of land, water and other resources in a systematic manner.

The scope of integrated watershed development include levelling and terracing; improving soil quality and productivity, watershed reclamation, *in situ* water harvesting and conservation, percolation ponds, open wells, tanks and small reservoirs, improving water quality and conjunctive use of water from different sources.

The watershed-based technology gives importance to post-harvest cultivation following the post-rainy season crop before the soil hardens; land levelling and shaping, dry-seeding before the monsoon; use of improved seeds and optimum fertiliser doses and timely plant protection.

The watershed based technology has ensured some social benefits also, for instance, reducing the loss of top soil and deep infiltration of water to recharge ground water. Also, farm labour employment is substantially high (and more stable) under the watershed based technology than under traditional technology.

Drip irrigation is the regulation of irrigated water for a longer period through orifices at frequent intervals near the root zone. This system has the potential to convert vast areas of wasteland into productive farmers generating substantial revenues.

The main advantages of drip irrigation are: low application rate, uniformity of water application, controlled root zone environment, improved disease control, water conservation, water and energy conservation, improved tolerance to salinity and crop

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control, reduced labour costs and suitability to various crops. Though the government is extending 50 per cent subsidy, yet drip irrigation covers just 75,000 acres only.

The drip irrigation system ensures ideal soil moisture condition in the root zone and reduces water loss due to evaporation since the area wetted is limited. Also, it does not require any special knowledge and can be used even by farmers not well acquainted with this system.

In sprinkler irrigation, water is sprayed evenly on the crops through revolving nozzle-fitted emitters. Water is applied once in four to seven days. This reduces its moisture stress of the crop area to some extent. However, the water application being controlled only the needed water can be regulated in this system. This has an efficiency of upto 7 per cent. In the conventional method of flooding the fields, losses from evaporation and percolation down to below root zones are high.

Irrigation Management

Irrigation related agriculture, unless carefully managed, can lead to many problems like soil salinity, waterlogging and low yields. Basically, there are three elements of irrigation water management: (i) when to irrigate, (ii) how much irrigation water to be used and (iii) how to irrigate.

With area based water charges presently in use, those who manage to divert disproportionately large quantities of water deprive others their due share, besides non-payment for the excess water drawn.

Lining of water courses has been recognised as an effective measure to minimise water losses in the transit and to avoid subsequent damage to the crops. Unlined watercourses lead to deep seepage and reduced water supply to crops. Salinisation and alkalinisation adversely affect land productivity. Moreover, the watch and ward requirements of unlined watercourses is certainly more due to its very structure.

Regarding groundwater management, field studies have drawn the conclusion that the existing cropping patterns have to be adjusted to the available source of water in order to get the maximum output from the tubewell command areas. Also, private tubewell owners are close to the optimum crop plan than the farmers getting water from state tubewells. It is also noticed that many of the crops are planted at the dates that do not give highest yield potentials.

The irrigation potential created is not properly utilised. This can be attributed to a number of factors. Most farmers are not familiar with appropriate agro-economic practices. The supporting facilities such as land levelling, land shaping, land consolidation, efficient field channels etc. for optimal use of irrigation facilities are absent in many parts of the country. There is no proper maintenance of major and medium irrigation works. Open wells remain neglected. It has been estimated that about 10 million hectares get affected by waterlogging.

There has been a lag in the utilisation of created potential, particularly in major and medium irrigation projects. At the end of 1991-92, utilisation was 73.1 m.ha against a created potential of 81.2 m.ha. This leaves a gap of 8.1 m.ha (4.3 m.ha in major and medium and 3.8 m.ha in minor irrigation).

However, the underutilisation of irrigation potential has been overestimated for two important reasons: (i) deliberate overassessment of the irrigation capability of an

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irrigation work being promoted for clearance from the Centre and (ii) the incompleteness of distribution network because of resource paucity.

A decentralised irrigation management system under the control of effective panchayats could be highly useful, if panchayats are effective and accountability is assured through regular local body elections.

Of course, the management of any irrigation system becomes effective only when consumers are prepared to pay a much higher price for the benefits of irrigation than is currently the case.

We must solve the problem of low water efficiency. The efficiency of lined canals is almost 90 per cent. The unlined canals' efficiency needs to be improved. The use of plastic to line canals is yet to take-off.

The optimum utilisation of irrigation facility requires infrastructural support such as better transport, marketing, communication, banking, veterinary services, education etc.

Financing Irrigation

In view of the resource crunch, financing irrigation projects has become a big problem. In the First Plan, ₹ 300 crore was spent on major and medium irrigation projects and ₹ 66 crore on minor irrigation projects. These figures rose to ₹ 11,556 crore and ₹ 6,305 crore respectively in the Seventh Plan.

The development of irrigation has become highly expensive. The per hectare cost of irrigation potential under major and medium projects, which was ₹ 1,530 in the First Plan, rose to ₹ 38,000 during the Seventh Plan and may go up to ₹ 60,000 during the Eighth Plan.

The resources available to the state governments for the maintenance of irrigation projects have been squeezed by their failure to collect meaningful user charges and by the growth of staff costs.

By the 1980s, irrigation subsidies accounted for about 70 per cent of total agricultural subsidies. The financial performance of the irrigation sector is poor because of poor maintenance, ownership issues and absence of cost-effective technologies. There has been a large spill over of incomplete irrigation projects from plan to plan. Today, 142 major and 216 medium projects are incomplete.

The Vaidyanathan Committee has observed, "It is difficult to accept the case of subsidising such a user-oriented and capital-intensive infrastructure as irrigation. The Government is not in a position to sustain the subsidies on irrigation, or for that matter or any infrastructure on the present scale."

Under the present arrangement, the disadvantaged farmer who can use water only once, pays the same charge as the advantageously placed farmer who generally opts for multiple cropping. The system has thus failed to ensure equity. By introducing changes at the field level operations, it is possible to link water charges to number of waterings given by a farmer to the crops.

Increased revenues from irrigation need not necessarily come from higher rates. There is scope for increasing the revenues from industry, urban areas and non-agricultural users who should be charged at full cost for the services being used. It is said that strict enforcement and collection of dues at the existing rates should increase collections by at least 35 to 40 per cent on an average. There is also the need for

rationalising the rate structure in such a way that the cost per unit of water consumed by different crops is equalised.

Low water rates have not only deprived the government funds for improving irrigation potential, but resulted in the inefficient use of water. The low returns also mean that there is little incentive to monitor the use of irrigation water.

Strengthening Irrigation Schemes

In 1992, the Report of the Committee on Pricing of Irrigation Water (Chairman: Dr. A. Vaidyanathan) emphasised the importance of farmers' involvement in water pricing and utilisation. It also recommended incentives for the formation of user groups and farmer groups, including discouragement of individual service. There should be a mutually beneficial obligation: the farmers pay full charges and the government ensure timely and contractual water supply. Switch over to volumetric supply of water and volume-based charges rather than area-based ones would emerge as incentives to farmers to use the water saved during the flush season later in the lean season.

Two things appear to be important in irrigation management: (i) maximum agricultural production per unit area where water potential is in excess of land potential and (ii) maximum production per unit of water where land potential is in excess of the utilisable water potential.

All efforts should be made to avoid both cost over runs and time over runs in implementing irrigation projects and to avoid the time lag between the creation of irrigation potential and its full utilisation.

The new irrigation policy, drafted by the Government, seeks to raise water rates and also make improvements in the monitoring of both surface and groundwater irrigation. There is the need for directly linking the recovery of dues with the operation and maintenance of irrigation facilities in each area. The relationship between land and water varies from region to region.

The new policy recognises that the approach to water efficiency must be based on the existing agricultural conditions. It emphasises that the yield per unit of land in areas where usable water potential is greater than land potential and the yield per unit of water where the reverse is true. It also recognises the need for state level irrigation policies that are consistent with the national policy on agriculture.

In a predominantly agricultural country like India, agricultural exports play an important role in boosting the total volume of exports of the country and thereby earning the much-needed foreign exchange.

Agricultural exports do enjoy an advantage over non-agricultural exports. These include low import requirements, cheap labour costs and favourable climate conditions. Some people therefore argue for an agro-export led growth which can augment foreign exchange reserves and ease the pressure on the balance of payments.

While total exports increased from ₹ 6,611 crore in 1981 to ₹ 20,295 crore in 1989, agricultural exports during this period increased marginally from ₹ 2,057 crore to ₹ 3,283 crore. However, exports of agro-based commodities have been steadily on the rise, touching ₹ 5,585.39 crore in 1992-93. Such exports are likely to be around four to five billion dollars at the end of the Eighth Plan against the projected total exports of around 35 billion dollars.

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Agricultural exports (other than raw cotton, including wastes) have registered remarkable growth from ₹ 7,430 crore in 1992-93 to ₹ 10,062 crore during 1993-94. The total exports of agricultural products (including tea, coffee and raw cotton but excluding marine products) during 1995-96 was ₹ 15,659.31 crore. Exports of agricultural and allied products were ₹ 24,576 crore in 1999-2000. India's share in the world trade in agricultural commodities is just about one per cent.

The share of agricultural exports in the country's total exports gradually declined from 44.2 per cent in 1960-61 to 31.8 per cent in 1970-71, to 30.7 per cent in 1980-81 and further to 19.4 per cent in 1990-91. By 1993, the percentage further fell to 16.5 per cent.

The proportion of agri exports to total exports came down from 11.9 per cent in 2003-04 to 10.2 per cent in 2004-05.

There are some problems on the agricultural export front. The primary commodity prices in the world market are unstable and to an extent unremunerative. A strong emphasis on agricultural exports has to be followed by steps to insulate the farmers against price fluctuations. Agriculture, in general, has been facing adverse terms of trade as compared to industry. Moreover, a huge domestic market inhibits the volume of exports.

The country's poor performance in the sphere of agricultural exports can be attributed to a number of factors; poor research efforts on crops other than cereals, low yields and outdated technology, stagnant output, rising domestic demand and growing competition from other countries in the international market. The disintegration of USSR has also adversely affected Indian agricultural exports particularly the export of tea, coffee and tobacco. The recession in the US too has aggravated the situation.

A sharp decline in the share of farm exports in the total exports can be largely traced to infrastructural bottlenecks, a poor linkage of storage requirements and movement of transports, dearth of quality seeds, lack of gradation, inept handling, absence of quality controls, poor packaging facilities and for sometimes, growing home consumption etc.

However, two major developments in the sphere of agricultural exports are discernible: (i) there has been a marked rise in the unit value realisation in respect of important agricultural export items, and (ii) diversification in favour of non-traditional items. For instance, during 1970-71, tea, spices, tobacco, oil cakes and cashew kernel were the principal items. By 1980-81, the relative share of these five commodities stumped while that of coffee, rice, meat, fish, fruits and vegetables increased. During the 1980s, there has been an upsurge in the share of fish, fruits and vegetables and oil cakes.

Rice: India is the world's second largest producer of rice with an area of 41 million hectares and a production of 73 million tonnes. The country became an exporter of rice only in the 1980s. There has been growing demand for basmati rice in the international market. India's rice exports reached a level of over four lakh tonnes by 1989-90. In 1991-92, rice exports reached a record level of 7.5 lakh tonnes valued at ₹ 750 crore. But, the level declined to 5.6 lakh tonnes in 1992-93, though value increased to ₹ 900 crore. Rice exports were valued at ₹ 3,105 crore in 1999-2000. Indian rice exports are a mere 0.5 per cent of the national output.

Rice exports were valued at \$907.1 million in 2003-04 and \$1478.2 million in 2004-05.

1.4.2 Dairy

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As is generally well known, land is perhaps the most important income-generating asset in the rural economies of Asia. Yet, scarcity of land and its skewed distribution are two of the major constraints of the rural Asian landscape. Close to 60 per cent of the world's agricultural population lives in the villages of Asia, but its share of the world's agricultural land is only about 28 per cent. This is much lower than in other developing regions. Furthermore, of this limited available land, a very large portion is comprised of holdings other than small farmers' holdings. While the conditions vary from country to country, small farmers in Asia, although accounting for more than two-thirds of the rural households, have access to only about 20 per cent of the arable land. Against this background, economic activities that are not essentially land-based, such as dairying, have become crucial for small farmers and landless labourers.

While farmers' cooperatives of various types play a useful role in promoting rural development, dairy cooperatives have special attributes that make them particularly suitable. Among these, they can facilitate the development of remote rural economies, thus upgrading the standard of living of the poor.

The main constraint that milk producers seek to overcome by acting collectively is the marketing of their product. The need to be assured of a secure market is a real one. It can be met by dairy farmers cooperatively establishing their own collection system and milk treatment facility in order to convert their perishable primary produce, which requires special and timely attention, into products with longer-keeping quality for marketing purposes.

Most dairy cooperatives adopt either a two- or three- tier system. One village or a group of two or three villages forms the basic unit of the primary cooperative. Only dairy farmers are allowed to enrol as members and they must commit to supplying milk exclusively to the cooperative. While the day-to-day functioning of the cooperative is managed by full-time salaried employees, the committee or board of the cooperative, consisting of only elected members, makes the decisions on the affairs of the cooperative. Primary-level cooperatives bring together members with similar interests at village level to work towards common goals. This system can also identify good leadership talent that would be given a chance to develop through interaction with other community leaders.

A group of primary level cooperatives forms a union, which can be for a district, region or milkshed area. This is the second tier. The third tier is the unions joining up to form a federation at state or national level, depending on the size and system of administration in the country. The federation has the power to act on such issues as pricing policies, extension, training, control of milk and milk product imports, subsidies and credit.

Role of Dairy Industry in Rural Development

The advent of dairying has been a boon for dairy farmers and of particular importance to those segments of the society that have been traditionally weak, the small landholders, landless labourers and women. It has provided a year-round source of income for people who previously could only depend on payments from small seasonal crops or from occasional labour. It is estimated that up to 60-65 per cent of the income of this group (marginal and small-scale farmers) now comes from dairying. Studies have shown that dairying in rural areas surpassed crop production in terms of profit in marginal, small- and medium-sized holdings. For small-scale farmers with irrigated land,

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dairying and crop production together, were more profitable than crop farming alone. Over the period, dairying has also acquired the contours of a full-fledged industry in the country and has positively improved the life of those engaged in this business, directly or indirectly, bringing significant socio-economic changes.

The Indian context for Dairy Indian agriculture is an economic symbiosis of crop and cattle population. Millions of rural smallholder milk producers dominate India's dairy industry, contributing 62 per cent of total milk produced in the country. The milch animals are fed on crop residues and milch animal dung is used as manure for crops. Livestock plays a vital role in the economy; animal husbandry is the most important economic activity in rural areas. The dairy sector today provides 80 million farm households with the triple benefits of nutritive food, supplementary income and productive employment for family labour, mainly for women. Animal husbandry provides self-employment to millions of households in rural areas. Dairying with crossbred cattle and high-yielding buffaloes has become a lucrative business.

Owed to the easy cash provided by animal husbandry components, small-scale farmers prefer it to crop production. Further dairying provides a support system to milk producers without disturbing their agro-economic systems. Dairying is closely interwoven with the socio-economic fabric of rural people in India. Moreover, milk is a cash crop for smallholders, converting low-value agriculture byproducts and crop residues, and using family labour as a value-added market commodity.

Operation Flood

Government is actively supporting the dairy sector by implementing various schemes. It all started with the White Revolution under the title Operation Flood (OF) Programme launched in 1970. By promoting Anand Pattern of dairy cooperatives, OF envisaged sustained increase in resource productivity culminating in improved quality of life of milk producers and assured supply of quality of milk and other dairy products to consumers at reasonable price in a free market environment. Following the cooperative path, market-oriented milk production and modernisation of dairying, milk production, processing and marketing progressed significantly. The bedrock of Operation Flood has been village milk producers' cooperatives, which procure milk and provide inputs and services making modern management and technology available to members.

The objectives of Operation Flood included:

- Increased milk production ("a flood of milk")
- Augmenting rural incomes
- Ensuring fair prices for consumers

In OF areas, the country has more than 1 lakh organised primary village dairy cooperatives at present with an aggregate membership of 1.1 crore producers. These primaries are federated into 170 district cooperative milk unions and further to state cooperative dairy federations. The dairy cooperative network is estimated to have collected close to 229 lakh kilograms per day in 2007-08 resulting in the payment of an aggregate amount exceeding ₹ 7000 crore to the milk producers during the year.

It is observed that 14 major dairying States, viz., Uttar Pradesh, Punjab, Andhra Pradesh, Gujarat, Maharashtra, Madhya Pradesh, Karnataka, Haryana, Tamil Nadu, West Bengal, Bihar, Kerala and Orissa accounts for 92% of India's milk production, 93 per

cent of the rural marketable surplus (i.e., the milk that flows from rural to urban areas, estimated by deducting rural consumption from rural milk production).

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Village Dairy Cooperative Societies (DCSs)

The basic unit in the Anand Pattern is the milk producers' cooperative society, a voluntary association of milk producers in a village who wish to market their milk collectively. Every milk producer who has at least one milch animal that is owned can become a member of the cooperative by paying a nominal entrance fee and purchasing at least one share. At a general meeting of all the members, the representatives are elected to form a managing committee, which runs the day-to-day affairs of the cooperative society by setting the policies and appointing necessary staff. Out of nine managing committee members, one member is elected as chairperson. Every morning and evening the society buys the surplus milk from its producer members.

The producer is paid for milk usually within 12 hours (for morning milk, in the same evening and for evening milk, the next morning). The payment is made on the basis of fat and SNF (solids-not-fat) content of the milk supplied by the individual producer. The district milk union organises the transport of collected milk twice daily (whenever the dairy society has no bulk coolers) or according to the schedule based on the quantity of the milk collected and the capacity of bulk coolers from all its affiliated member cooperatives. The producers in this system are not only ensured regular and remunerative payment for their milk, but also have access to the milk production enhancement inputs, support services, to further improve their productivity and income. The micro-level support services such as veterinary first aid are organised by village societies. One of the staff members of the society is trained to carry out these functions. Societies also market the liquid milk locally at the village level. In addition, supply of balanced cattle feed and fodder seeds and milk products are also channelled through societies. In addition to regular payment and support services, members also receive the price difference, dividend and bonus deriving from the net profit of the society's business as per the provisions of the society's bye-laws.

The Impact on Smallholders and Rural Development (NOT FOR SALE)

The sustenance of rural livelihoods is currently at stake than ever before, in the face of economic liberalisation. Livelihoods options are shrinking in rural areas in general and more so in eco-fragile regions, such as drought, desert prone, hilly areas and other under developed/backward districts. Rapidly growing markets for livestock products in general, and dairy products in particular (owing to rise in per capita incomes) are opening new avenues for enhancing rural incomes. Dairy farming plays significant role in sustaining the rural livelihoods, although the phenomenon of farmers suicides, migration, malnutrition/ill health are widely prevalent in rural India. However, some of the dairy based drought prone districts made rapid strides in ameliorating poverty by substantially contributing to the District/State agriculture economy. Contribution of agriculture and allied sectors to the national GDP has declined during the past few decades, the contribution of the livestock sector has increased from less than 5 per cent in the early 1980s to over 6 per cent in the late 1990s. The Operation Flood programme, which was launched during 1970, organising dairy farmers' cooperatives in rural areas and linking them with urban consumers created a strong network for procurement, processing, and distribution of milk over a lakh villages in rural India.

NOTES**Employment**

Livestock sector provides employment to 18 million people and nearly 70 per cent of them are women. Further, dairy sector is the major source of income for an estimated 27.6 million people. Among these, 65 to 70 per cent are small, marginal farmers and landless labour. The dairy sector supports around 10 million members/farmers through one lakh cooperative societies existing in the country. Apart from employment generated by rearing of animals, the procurement of milk and its processing also provides substantial employment. For example in Punjab, MILKFED, with its network of over 5,000 village Milk Producers' Cooperative Societies, supports over 3 lakh milk producers. Further, MILKFED and its units have a workforce of about 5,000 employees and gives employment to another 10,000 workers who engaged in milk procurement and technical input supply, etc. Similar number of workforce is employed in almost all the milk federations. Further, under SGSY (Swarnajayanti Gram Swarajgar Yojana), the only self-employment programme for rural areas, about 35 per cent swarojgaries opted for dairy farming as income-generating activity. The incremental employment generated was 11 man-days per month and the incremental net income generated was ₹ 865 per month per person (Nationwide Study on SGSY, NIRD, 2005).

Recognising the importance of dairy farming in its substantial contribution to the agriculture economy and to the livelihoods of resource poor farmers/rural population, high priority is attached in several locations strengthening the milk marketing infrastructure, veterinary services for breed improvement and health care, extension support for capacity building of farmers, developing entrepreneurship, technical skills and knowledge on scientific dairy farming practices, etc. Several programmes have been launched from time to time by State/Central Governments for promoting the sector, although the impact of such programmes varied widely.

Progress of Drought-prone Districts

Livestock rearing is a means for sustainable livelihoods in rural India, more so in eco-fragile regions. As per Indian Meteorological Department (IMD), 15 drought years were registered during the past 5 decades registering one out of every third year as drought year. It may be noted that they are 182 DPAP (Drought Prone Areas Programme) and 40 DDP (Desert Development Programme) districts and 150 are backward districts as of now India. It may also be noticed that 60 districts are identified both as DPAP/DDP and backward districts. In all, around 312 districts, out of the 602 Indian districts are either DPAP/DDP or Backward where livelihoods are under constant stress. Some of the districts in these drought-prone areas made spectacular progress in dairying in terms of contribution to the share of agriculture economy and in ensuring sustainability of the rural livelihoods of the resource poor farmers. Dryland agriculture accounts for 68 per cent of the total cultivated area contributing only 44 per cent of the country's food requirement and supporting 40 per cent of human and 60 per cent of the livestock population (National Bureau of Soil Survey and Land Use Planning, 2001).

Contribution to Indian Economy

Dairying has become an important secondary source of income for millions of rural families and has assumed a most important role in providing employment and income generating opportunity. Indian Dairying is unique in more than one ways. Contributing about 5.3 per cent to India's agricultural GDP, milk is a leading agricultural produce. The value output from milk at current prices during 2006-07 has been over ₹ 144386 crore

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which is higher than the output from paddy (₹ 85032 crore) alone and is also higher than the value output from wheat (₹ 66721 crore) and sugarcane (₹ 28488 crore), put together. The unique feature of the system is that about 120 million rural families are engaged in milk production activities as against big specialised dairy farmers in the west. During the post-independence period, progress made in dairy sector has been spectacular. Milk production has increased more than four-folds from a mere 17 million tonnes during 1950-51 to 104.8 million tonnes in 2007-08. However, the country's per capita availability is still lower than the world's daily average of about 285 gms though it has doubled from 124 gms in 1950-51 to 256gms per day in 2007-08. This impressive growth effort speaks volume about the co-coordinated efforts of large number of milk producing farmers, scientists, planners, NGOs and industry in achieving self-sufficiency in milk production.

Dairy industry is of crucial importance to India. The country is the world largest milk producer, accounting for more than 13 per cent of world's total milk production. It is the world's largest consumer of dairy products, consuming almost 100 per cent of its own milk production. Dairy products are a major source of cheap and nutritious food to millions of people in India and the only acceptable source of animal protein for large vegetarian segment of Indian population, particularly among the landless, small and marginal farmers and women.

Dairying has been considered as one of the activities aimed at alleviating the poverty and unemployment especially in the rural areas in the rainfed and drought-prone regions. In India, about three-fourth of the population live in rural areas and about 38 per cent of them are poor. In 1986-87, about 73 per cent of rural households own livestock. Small and marginal farmers account for three-quarters of these households owning livestock, raising 56 per cent of the bovine and 66 per cent of the sheep population. According to the National Sample Survey of 1993-94, livestock sector produces regular employment to about 9.8 million persons in principal status and 8.6 million in subsidiary status, which constitute about 5 per cent of the total workforce. The progress in this sector will result in a more balanced development of the rural economy. This impact of Dairy Industry can be categorised into the following:

- Social impact
- Economic impact
- Impact on infrastructure
- Impact on improved food aid security and nutrition.

Social Impact

Since membership is open to all, lack of discrimination, in caste, creed, gender and financial status has succeeded in breaking down barriers for those with milch animals. Remarkable new awareness has been developed and observed among the producers.

Resolving Social Inequity

This social stigma still exists in many parts of rural India. At all the collection centres of APDCs, morning and evening, hundreds of adults as well as the children of milk producers belonging to all castes come and stand in queue to deliver milk, developing a habit of discipline. The mix of various ethnic and social groups twice a day for a common cause and to their mutual improvement has resulted in reducing social inequity.

NOTES**Democracy**

Elected representatives of the members manage the DCSs and are responsible for all the policy decisions. All the members are entitled to cast their respective votes (one each) to elect the management committee members. This annual election of the management committee and its chairperson by members raises the participants' awareness of the value of their vote and their rights to elect the right person for the right job.

Hygiene and Cleanliness

All the producers are frequently kept informed on the importance of observing hygiene and cleanliness of animals and milkers at the time of milking and at the milk collection centre. It has been observed that such learning is carried with them in their daily living habits.

Superstitions

There were prevailing beliefs in most of the rural areas that milk is a holy commodity and is not meant to be sold and that certain contagious diseases such as rudderpost should not to be treated because they are a curse of God. Regular income and veterinary aid through cooperatives have helped members leave such superstitions behind.

Health Care

The privilege of collecting the milk from members places an obligation on the cooperatives to provide inputs to increase the milk production. Accordingly, the unions operate elaborate veterinary services at their doorstep to take care of cattle health. Exposure to various modern technologies and their applications by the veterinarians to treat their animals have made farmers more aware of health care for their family members as well.

Nutrition

As a part of support services, the cooperative society arranges visits to the cattle feed plant and the sale of balanced cattle feed at the village dairy society. At the cattle feed plant, a nutritionist explains the contents of the feed concentrate, proteins, vitamins and minerals, and why they should be fed to a pregnant cow or buffalo.

Womenfolk

Employment of women is an index of their economic and social status in society. They constitute 90 per cent of marginal workers with some regional variation. The OF Programme recognises that:

- Dairying at the household level is largely a woman's domain.
- The products and income from dairying can be controlled by women.
- Dairying can be practised at a small scale.

Initially, when OF was launched, membership in most of the India's village-level DCSs were heavily dominated by men. Now, the picture has gradually changed in favour of women. Presently, some 2476 all women dairy cooperative societies are operating in the country. Out of 11 million members, 1.9 million are women, i.e., 17 per cent of the total. Even in some of the DCSs, there is female as well as mixed membership; however, women constitute only 3 per cent of the total management committee members. Rural women play a significant role in animal husbandry and are involved in feeding, breeding, management, health care and other operations. Women constitute 71 per cent of the

labour force in livestock farming; there are 75 million women compared to 15 million men, engaged in dairying.

NOTES**Impact on Infrastructure**

Participating farmers have become aware of their responsibility to the community. Every year they generously contribute a portion of their cooperative's profit towards the overall development of the village, such as:

- Improving the village approach road condition
- Providing facilities to youth through establishing village libraries
- Contributing to educational institutions and village primary health centres
- Providing and updating day-to-day knowledge by putting television sets in DCSs
- Providing a telephone facility to members for better and fast communications
- Contributing to establishing the drinking water supply system in the village.
- Cooperative dairying has therefore shown a significant socio-economic impact in rural development.

Impact on Improved Food Aid and Nutrition

Several studies have revealed that India is better-off now in the area of production of food grains, than before. The real problem though, is that even with additional grain availability, malnutrition persists because those in real need have insufficient purchasing power. The milk producers' organisations (MPOs) do make a contribution towards generating additional income for these poor groups and help build a symbiotic relationship between animal and crop husbandry; income generated from one creates demand for the output of the other. In other words, output of one becomes feed for the other. The primary effect of MPOs are to provide greater income to the participating families. As the per capita expenditure increases, so does the expenditure on food products. In other words, there is a proportionate increase in the consumption of food as spending power increases. Thus, additional income provided by MPOs to families below the poverty line actually helps them increase their food intake.

MPOs provided income at regular intervals; usually on a daily basis, but sometimes also once a week. Given the low purchasing power of rural households, items of essential consumption not produced by the families themselves, such as salt, sugar, vegetable oils, spices, lentils and vegetables, have to be purchased daily. The provision of additional cash income daily or weekly undoubtedly helps the families increase their purchase and consumption of such essential commodities.

Conclusion

Apart from cooperatives, the dairy sector is still characterised by small-scale, scattered and unorganised milch animal holders; low productivity; inadequate and inappropriate animal feeding and health care; lack of assured year-round remunerative producer prices for milk; inadequate basic infrastructure for provision of production inputs and services; inadequate basic infrastructure for procurement, transportation, processing and marketing of milk and lack of professional management. Despite all the problems it faces, the dairy sector holds high promises as a dependable source of livelihood for the vast majority of the rural poor in India. The AMUL model of small-scale dairy production and marketing, as it has evolved and been refined over the last 50 years, also holds high promises for smallholder dairy development in India.

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Liberalisation of world trade in dairy products under the new trade regime of the WTO poses new challenges and has opened up new export opportunities for the dairy industry in India. It needs to enhance competitive economic advantage in dairy products in terms of both quality, cost and its credibility in international markets. Milk yield needs to increase so as to decrease the per litre cost of production, quality needs to be enhanced with the adoption of the latest processing and packaging technology will increase export of dairy products.

1.4.3 Fishery

The role of aquaculture in rural development, hunger and malnutrition remain amongst the most devastating problems facing the world's poor. The FAO State of Food Insecurity Report 2002 estimates that 799 million people in 98 developing nations are not getting enough food to lead normal, healthy and active lives. Food demand, and in particular the demand for fish, has continued to rise, and it is forecasted that expanding populations and changing eating habits will make a doubling of food output imperative in the next thirty years. This demand mainly has to be met from local food production systems. Aquaculture contributes to poverty alleviation as it provides employment to millions of people, both in the sector itself as well as in support services. It also generates income, and as prices for most food commodities fall, fish prices are expected to rise reflecting the imbalance between demand and supply.

Contribution of Aquaculture to Rural Development

Aquaculture comprises diverse systems of farming plants and animals in inland and coastal areas and often complements other food production systems. In the context of the rural poor, aquaculture often complements catches from traditional fisheries. Often, the capture or culture of rural development has various dimensions but it is particularly the development of the agricultural sector, which is widely believed to provide the main impetus not only for reducing poverty and hunger but also for ensuring food security for all. The various types of aquaculture form an important component within agricultural and farming systems development.

Aquaculture becomes an attractive and important component of rural livelihoods in situations where increasing population pressures, environmental degradation or loss of access limit catches from wild fisheries.

Aquaculture production intensity, risks, and benefits extensive to semi- intensive aquaculture system are still attributing to the production of bulk of aquaculture products. The system found most frequently is the farming of fish in ponds, however rice-fish farming or the stocking of fish into natural or impounded water bodies are also common. It is extremely difficult to estimate the contribution of these types of aquaculture production since small-scale and dispersed production data do not appear in official statistics and the produce is typically consumed or traded locally. Specific examples of aquaculture activities that have positive impacts on the rural poor include: fry nursing and its development, agriculture and rural development, fish resources of nursing networks, the integration of fish farming with rice crops in floodplains and the more remote mountainous areas in Asia, sustaining and restoring aquatic biodiversity through simple management methods. In coastal areas, the farming of mud crabs, oysters, mussels, cockles, shrimps, fish and seaweeds provides employment for the rural poor mainly related to labour inputs as well as seed and feed collection.

Intensive aquaculture systems yield more output from a given production unit, which is achieved through the use of technology and a higher degree of management control. Intensive inland and coastal cage aquaculture of high-value salmonids has been encouraged and supported to develop remote rural areas in Europe and South America. Similar systems have emerged in Asia and Australia for warm water piscivorous fish such as groupers, yellowtail, snappers and sea bass. Coastal shrimp farming has raised particular interest throughout the tropics because of its high value and opportunities for export and earning foreign exchange. Whilst increasing the cash economies of coastal areas and stimulating local development, there have been wide-ranging negative social and environmental impacts as a result of shrimp culture development. Thus, whilst opportunities have been created and infrastructure developed, this has been realised at a cost to local environments and livelihoods which is unacceptable in some situations. The benefits of aquaculture in rural development relate to health and nutrition, employment, income, reduction of vulnerability and farm sustainability. Aquaculture in small farming systems provides high quality animal protein and essential fatty acids, vitamins and minerals, especially for vulnerable groups such as pregnant and lactating women, infants and pre-school children, generally at prices affordable also to the poorer segments of the community. It creates own enterprise employment, including for women and children, and provides income through sale of what can be a relatively high value product. Income through employment opportunities is possible on larger farms, in seed supply networks, market chains and manufacture/repair supporting services. The most important animals used in aquaculture worldwide have been listed. Although not all aquatic organisms may be suitable for culture, the variety of cultured species is still increasing. Freshwater finfish account for the greatest share of total aquaculture production. This is followed by molluscs and aquatic plants, the majority of which comes from China. How to increase the role of aquaculture in rural development, aquaculture intensification and expansion.

The current trend of increasing production can be maintained either through intensification or expansion of area under aquaculture production. The expansion of land-based culture systems in inland areas has the greatest potential because aquaculture can be integrated with agriculture on current agricultural land in smallholder and commercial farms. Considerable potential lies in the integration of aquaculture and irrigation systems, and aquaculture can also make use of land that is unsuitable for agriculture such as swamps or saline areas. In addition, there is a wide diversity of inland and coastal aquatic resources that provide opportunity for the integration of aquaculture into rural development. This requires cross-sectoral planning and institutional coordination which are often difficult to achieve and can entail significant costs. The difficulties and costs relate to the often cumbersome bureaucratic structures and procedures of government agencies; the complexity of the scientific, technical and economic issues involved; and the potentially large number of indirect benefits include an increased availability of fish in local rural and urban markets and concomitant reduction in household expenditure through sparing consumption of other income generating farm products. Aquaculture can also offer benefits from the utilisation of common resources, particularly for the landless, through cage culture, culture of molluscs and seaweeds, and enhanced fisheries in communal water bodies.

An important, though often overlooked benefit which is particularly relevant for integrated agriculture-aquaculture systems is their contribution to increased farm efficiency and sustainability. Agricultural by-products such as manure from livestock and

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crop residues can serve as fertiliser and feed inputs for small-scale and commercial aquaculture. Fish farming in rice fields contributes to integrated pest management and integrated management of vectors of human medical importance. Ponds become important as on-farm water reservoirs for irrigation and livestock in areas where there are seasonal water shortages.

In view of all these benefits, it is perhaps not surprising that aquaculture production has grown rapidly since the 1970s, and has been the fastest growing food production sector in many countries for nearly two decades; the sector exhibiting an overall growth rate of over 11.0 per cent per year since 1984.

Improving Generic Technologies

Generic technologies for sound aquaculture production exist. Some of the indigenous systems require to be studied and documented in more detail. More emphasis should be given to systems using readily available culture species and local materials, decentralised seed production and seed nursing and trading networks, improving the culture systems for aquatic species feeding low in the food chain and that are preferred for local consumption, assessing and developing native fish species for aquaculture, and adapting and improving these systems through farmer-based learning, and promoting the results through participatory approaches.

Aquaculture contributes to poverty alleviation as it provides employment to millions of people, both in the sector itself as well as in support services. Agriculture and rural development are also positively benefited by the process of aquaculture.

Increasing yields through intensified production requires an increased use of feeds and fertilisers, which may be derived from on- or off-farm sources, or a combination of the two. Development of infrastructure reduces costs and increases availability of feed and fertilisers and in some cases allows farmers to intensify production. Since this requires increased investment in the production system, other enabling features include the development of markets and access to finance. Many of the technical aspects of aquaculture are relatively well developed. However, there is a knowledge gap between what is known globally and what is available to farmers. Weak extension systems and lack of local examples of intensified aquaculture also limit farmer's ability and willingness to risk intensification.

Biotechnology in aquaculture represents a range of opportunities to increase the growth rate in farmed species, improve nutritional value of aquafeeds, improve fish health management, restore and protect environments, extend the range of aquatic species and to improve the management and conservation of wild stocks. There is significant potential to improve production through genetic improvement programmes. Selective breeding programmes have yielded significant and consistent gains of 5 to 20 per cent per generation in species of *inter alia* Atlantic salmon, catfish, and tilapia. Improved breeding capabilities, larval nutrition, and advances in genetic technologies now permit a wide range of genetic manipulations to be performed on aquatic species.

Modern biotechnologies are usually developed for farming systems with high inputs of feed, labour, and husbandry. Many biotechnologies could also be directed at low-input systems, farming systems in marginal areas, or to meet other needs specific to a given rural community, however the requirement for recouping development costs of many forms of biotechnology generally puts this approach to aquaculture out of reach of most

aqua-farmers. Furthermore, the application of biotechnologies often also requires a certain level of capacity and resources. Small hatchery operations increase the local supply of fingerlings and can enable farmers to enter aquaculture as an activity. These small hatcheries are essential for the development of rural aquaculture but often have limited pond areas or water availability, hence may be unable to maintain the genetic quality of their broodstock and over a period of time lose genetic quality and performance. In this situation, the intervention of government hatcheries or of a larger scale commercial hatchery is required. In each case, consideration must be given to the specific stage of rural development in a given area, extension programmes and how to integrate such activities within prevailing livelihood strategies. The introduction of exotic species is another strategy used to increase value from farming systems in rural areas, for example, tilapia production is much higher in Asia than in its native Africa. Introduced species often are genetically improved or domesticated species, to some extent. It is imperative, however, that environmental risk assessment and other applicable regulations are followed since introductions may pose a risk to the environment and the local biodiversity. The way forward Aquaculture's potential for contributing to global food production is far from being fully realised. The decision to establish the Sub-Committee on Aquaculture under the Food and Agriculture Organisation's (FAO) Committee on Fisheries (COFI), during 2001, reflects the importance that FAO Member Governments attach to aquaculture as a tool for national development. Many recent international gatherings recognised the role that aquaculture can play in national economic development, global food supply and achievement of food security, and declared that the sector has the potential to continue to contribute even more to peoples' livelihoods. Land-based culture systems in inland areas have the greatest potential because aquaculture can be integrated with the existing agricultural practice of small-scale farming households. Coastal aquaculture also contributes to rural development by alleviating poverty and enabling livelihood diversification of subsistence fisherfolk. Social, economic and institutional issues have been recognised to be the most important constraints to greater contributions by aquaculture to rural development.

To attain its full potential, the aquaculture sector will require new approaches in the coming decades. These will undoubtedly vary in different regions and countries, and the challenge is to develop approaches that are realistic and achievable within each social, economic, environmental and political circumstance. In an era of globalisation and trade liberalisation, such approaches should not only focus on increasing production, they should also focus on producing a product that is affordable, acceptable and accessible to all sectors of society.

Integration of Aquaculture into National Development

Aquaculture needs to become part of national development plans, developed in consultation with stakeholders and ensuring feedback mechanisms allowing the poor to influence development. Aquaculture planning also needs to be integrated with water resource management planning for inland areas and coastal management planning in coastal areas as well as into other economic and food security interventions for rural areas. This may be done through the establishment of a multi-sectoral coordinating process both at sectoral policy formulation level and at the extension service level. Further emerging issues As aquaculture continues to expand the issue of guidelines and best practices for various culture systems, including for organic aquaculture, will become more important, particularly in the areas of the sustainability of fish feeds and

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management of fish health. Further efforts towards minimising environmental impacts and ensuring sustainable aquaculture development within the framework of the FAO Code of Conduct for Responsible Fisheries will enhance the sectoral contribution to food security, poverty alleviation and rural development. Integrated agriculture aquaculture systems can contribute to more farm efficiency and sustainability, if applied carefully.

Furthermore, aquaculture should be pursued as an integral component of community development, contributing to sustainable livelihoods, promoting human development and enhancing social well-being of poorer sectors. Aquaculture policies and regulations should promote practical and economically viable farming and management practices that are environmentally sustainable and socially acceptable. Aquaculture development should complement wild fisheries to the extent possible. Aquaculture has an important role to play with regard to the conservation and sustainable use of endangered fish as the culture of valuable native fish species can take pressure from wild populations. Public-private sector partnership and regional cooperation. Public-private partnerships in aquaculture and the establishment of aquaculture networks have shown to be able to contribute considerably to the sectoral development. Although the establishment of such partnerships and networks may be a time-consuming, costly and difficult task, they make it possible to address constraints and opportunities in a manner what otherwise would not have been allowed. Cooperation between governments, NGOs and civil society further provides extension services that meet producers' needs, to promote and facilitate the private sector production of feed and seed, to encourage credit for medium- and large-scale producers, to facilitate the formation of farmers' associations and encourage community production, and to encourage investment in building the institutional capacity and knowledge base concerning sustainable aquaculture practices to manage the sector. Information, awareness raising and capacity building. There is a need for assessing and documenting information on experiences and application of good practices, and for raising awareness and advocating products and benefits derived from aquaculture. Information exchange and transfer through collaboration and coordination between national and regional aquaculture institutions and agencies should be promoted. Experiences from traditional and other aquaculture systems that have proven to be sustainable and the lessons learnt should be promoted and disseminated as part of strategies for an effective transfer of aquaculture knowhow into areas and regions where it has no tradition. Capacity building should be based on a participatory farmer-focused and needs-based approach similar to Farmer Field Schools, opportunities for awareness raising, targeting and creating dialogues between the various stakeholders. Regional cooperation between aquaculture farmers, producers and marketing associations, research institutes and governments is essential. South-South Cooperation between Asian countries and those in Africa and Latin America is a useful tool to disseminate these experiences. A supportive institutional environment involving public and private sectors is required for aquaculture to contribute to improved livelihoods. The rural poor need to be provided, at least initially, with public sector support, while commercial aquaculture requires less intervention. In the longer term, aquaculture has to function on a self-financing basis within the private sector.

Necessary action includes to focus limited public resources on strategic government infrastructure and flexible and efficient. In coastal areas, aquaculture not only provides employment but also yields more output from a given production unit.

1.4.4 Animal Resource Development

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It is an undisputed fact that the animal is an important component of the ecosystem that holds the balance between man and nature. “Animals are factories that convert crop residues into milk, meat, wool and other utilities.” Domestic animals, free-living animals and wild animals have, for each, a specific role to play in the ecosystem.

Perhaps, the statement reflected “the mind set” of State and Central governments. One does not find the mention of animals other than farm animals in any policy paper or plan document of governments. In Indian Council of Agriculture Research (ICAR) too, schemes on dogs, cats or pet animals are more an exception than rule. One often wonders if veterinary science in India is meant to deal with livestock alone? If veterinary curriculum is also to be tailored to such a mind set, it may well be a dairy science course. I am at a loss to reckon, why cats that control rodents from devouring our food grains do not figure in any ICAR scheme or project. Benefits from each animal need be identified, debated and discussed be they the cash or non-cash benefits.

The veterinarians are expected to help the community to make use of animal resources fully and in a sustainable manner. Therefore, debate on the potential must precede discussion on Veterinary training. The role of animals may vary from region to region within India.

India has one of the richest animal genetic biodiversity. It has 30 recognised breeds of cattle, 15 breeds of buffaloes, 42 breeds of sheep, 20 of goats, 8 of horses, many ponies, donkeys and innumerable ethnic breeds of dogs. Our own breeds of poultry (18 breed are recorded) and other livestock had been used for evolving some of the world’s best utility animals. India has many uncharacterised breeds of animals, being reared by the animal owners in remote regions. Of late, an attempt has been made to put on record nearly 130 of our livestock breeds, which hitherto evaded the attention of our policymakers and planners.

1. Animals have become an important cultural element, essential in maintaining the traditional lifestyle. Yak has made it possible for humans to live in harsh areas where production of crop is virtually impossible. Animal Husbandry system in India is essentially a vocation of millions of small holders who raise animals on crop residues (CR) and common property resources (CPR). As the system is not grain-based, it does not put animals to compete with man for food. “Behind this system is a time-tested conventional rearing and a large array of indigenous breeds of domestic and semi-domestic animals living in an absolute harmony with man and nature.”

2. The gross national income from animals, by a modest estimate is around ₹ 1,83,000 crore per annum. This would roughly mean ₹ 500.21 crore daily. This income is normally generated without any substantial state support like import of raw materials, training, capital, subsidy or support price; hence has potential for further enhancement.

Table 10
GDP Contribution from Animal Sector-Statistical Facts

Number	Category	GDP per annum	GDP per day
1	Milk	39931.00	109.40
2	Drought	36500.00	100.00
3	Dung	29864.30	81.82

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4	Meat	27736.35	75.99
5	Leather: Finished Products	41393.34	113.41
6	Increment in Stock	5452.8	14.94
7	Eggs	2427.25	6.65
	Total	183305.04	500.21

Source: Extracted from a Lecture of Dr. P. Shamaga Sundaram, Ex. Vice-Chancellor, TNVASU, Chennai at Vigyan Bhavan in 1998.

3. As high as 70 per cent of livestock in India is owned by 67 per cent of small and marginal farmers and by the landless. Animal husbandry (specially dairying) is increasingly becoming an endeavour where only those who do not employ any labour can survive. 60 per cent of livestock farming labour is provided by women and more than 90 per cent of work related to care of animals is rendered by women folk of the family.

4. One-fourth of the energy input needed for crop production comes from animals, saving thereby at least ₹ 2,500 crore worth diesel. (India imports petroleum products worth ₹ 35,000 crore every year tilting our oil pool account considerably.) Use of Drought Animal Power (DAP) provides income earning opportunity to around 45 million people.

5. Animal husbandry generates economic opportunity to the poorest of the poor all through the year. The process evens out seasonal farm labour demands inherent in crop sector and in turn reduces migration of poor in search income-earning opportunities to cities. Migration mainly involves youth especially the male who leaves households to the care of women. The poor migrants end up in slums where they live in sub-human conditions, pollution and social frustration. The contribution of unorganised slums in causing disasters, depression, urban violence and other social evils are well known. Animal husbandry is an ideal vocation to retain the rural poor in villages; it needs minimal capital or training.

6. The animal based vocations like leather processing, provides livelihood to the weaker section of society. Export of leather and finished leather products alone constituted 5.4 per cent of India's export earnings in 1995-96 (as against 5.5 per cent through export of machinery and transport equipment the same year). This income earning process is not dependent on imports of machinery or procurement of raw material outside the country.

7. Animal waste (biomass) reduces the soil abuse caused through overuse of chemical fertilisers and retains precious water needed to sustain crops. Manure is a major source of energy for cooking. In rural India, where 90 per cent of households use crop residues and cow dung cakes for cooking.

It is now known that the residual effect of insecticides like DDT remains up to 8 years in the soil even after its use is stopped. It can be transferred on to the foodgrains, cow's milk and mother's milk.

8. Animals convert organic waste to protein. The role played by pigs in garbage clearing, providing earning opportunity and production of affordable protein to economically weak sections cannot be underemphasised. Statistical facts reveal that only 60 per cent to 80 per cent of urban garbage of our metropolitan cities is cleared by designated agencies. The rest is scavenged (or is it salvage?) by animals.

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9. Livestock of India are reared in close human proximity where they form component of a system of life (and lifestyle) of the people. Cows, buffaloes, bullocks, mules and donkeys are not just utility animals, but are also companions at work for the toiling poor who rear them alongside their own dwellings. Nomadic tribes like Gujjars and Bakharwals (of Jammu and Kashmir and Himachal Pradesh) and “Gaddis” (of Uttar Pradesh), migrate with their animals (sheep, goats, ponies and dogs) who form part of their life. For the ‘Raikas’ of Rajasthan and Gujarat, camels are components of their lifestyle and livelihood.

10. Wild animals and birds play a vital role in sustaining our natural forests. They prey on plant parasites, generate carbon dioxide for photosynthesis; they help pollination, seed distribution etc. Wild herbivores limit the over population of plants; the wild carnivores limit over population of herbivores, who if uncontrolled, can denude the plant kingdom.

11. Animals play a key role in domestic and social security and policing. Watchdogs are used for domestic security; horses are used in riot control; police dogs are used for tracking criminals; dogs are also used for industrial security; in border camels and horses are used for chasing smugglers. Dogs sniff bombs, drugs and contrabands. Nomads use dogs for herding and guarding livestock.

12. Animals are a significant component of our defense force. Horses and camels are part of the cavalry. Mules are used for transport in difficult terrain, specially the hill areas of the border. Military farms provide food (protein) for the men in uniform. Dogs are used in the army for reconnaissance, tracking, guarding and combat.

Animal rearing is the only substantial vocation for the villagers living along international border. They are under threat of disturbances and dislodgment. Constant poverty often forces these people into illegal activities. These people rear sheep and goat, which can be providing protein for army and a source of income for them. The process can build a positive rapport and mutual dependence between border dweller and the army.

13. Experience has now proved beyond doubt that animals can provide mental diversion and an opportunity for and indulgence to soldiers recuperating from war wounds especially from the shock of handicap (loss of limb). Presence of animals can provide a positive environment for their recovery and rehabilitation.

14. During disaster, animals are the only salvageable assets of the poorest victims. Animals help mitigate the impact of disaster and help relief and rehabilitation. Animals also play a key role in search and rescue and transport of injured during disaster.

It is assumed that animal can forewarn, an incumbent disaster (limited to some hazards; not fully proved).

Animals like the dogs are used for search and rescue. During flash floods, people escape holding on to animals; all animals are natural swimmers.

Animals and animal driven carts are the major means of transport of injured and invalid when no other transport is possible. Animals are used for clearance of debris.

During disaster, the people loose their property and livelihood. Loss of crops, infrastructure or machinery takes time to recoup. Animals if salvaged can provide the community with food, energy, transport and the other utilities immediately (as long as they are healthy and cared for).

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Unlike standing crops or infrastructure, the animals can be salvaged and brought to safer places, when disaster can be predicted. In transit camps or in rehabilitated dwellings too, the animals can be utilised for milk, manure, transport and fuel (dung cakes).

Animals are used for fetching water or for lifting water from the water sources, where machine or manpower are not available or cannot be used.

Even in their death animals serve the community; they provide some material gain, through, their leather, bone and carcass.

Partially damaged crops and grains unfit for human consumption can be used gainfully as animal feed.

Since there is major participation of women and children in the care of the animals, this can be a major diversion to tide over the gloom and depression that follows disaster.

Water logged areas of where drainage is slow, can be used for ducks rearing and fish farming. This practice helps in clearing pests that breed during floods.

Free-living animals like the pigs play an important role in clearing garbage and waste materials etc. They provide livelihood to economically weaker section and can be a cheap source of protein to these communities.

Dogs (pets and community animals) keep the creeping reptiles and straying wild animals at bay or forewarn the community of their intrusion.

People marooned during floods or earthquakes in hills and during winter have survived chilly nights taking refuge among the herds of sheep and goats.

War is man-made disaster. In war, animals play a key role in defense. Horses and mules are used for transport in difficult terrain around the border. Dogs are used in the army for reconnaissance, tracking, guarding and combat.

Animal rearing is the only dependable vocation for the border villagers who are under constant threat of disturbances and dislodgment. Animal rearing can generate protein food for army and a source of income for the poor border dweller, thus building a positive rapport and mutual dependence for both. Constant poverty often forces these people into anti-national activities.

Stray dogs consume discarded food, crows' clear spoilt materials that is thrown around and dead animals, snakes control rodents; cats do the same.

15. Animals provide physical and psychological support to epileptic and can help handicapped persons. They provide companionship to lonely children. Children below 19 years constitute 47.7 per cent of the total population of India. For rural children who graze the goats, calves or donkeys (often in company of their dogs), these animals are companions to indulge, interact and often play with. These animals provide a fillip to their life through a care giving behaviour and the care seeking behaviour. Expert say that such interaction contribute towards the awareness of self and self-worth, the absence of which can be at the heart of several psychological problems.

16. Animals provide companionship to the aged citizens who find animals a source of interaction and a means to livelihood. Handicap is physical and mental in old age. Animals provide the aged a driving force to get involved thus helping them to lead an active life. Aging phenomenon in India is growing at alarming speed. We have 70 million people who are aged 60 plus. 90 per cent of them are from unorganised sector, i.e., no

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pension, provident fund, medical insurance or gratuity. 80 per cent of them are in rural area. 40 per cent are living below poverty line, i.e., with hardly any means for food, clothing or shelter. Animals provide income earning opportunity and companionship to them.

17. Animals and birds help community to clear pests and parasites. Dogs and geese keep creeping reptiles at bay and protect man. Domestic goats, sheep and cattle clear the grass, shrubs and bushes around human habitat that can harbor reptiles like snakes. Ducks and fish help clear the water holes and paddy fields of larvae of mosquitoes. Free ranging poultry scavenge through manure and dung pits and clear larvae of beetles that parasite plants; they feed on ticks that transmit protozoan diseases in cattle. The role of cat in biological control of rodents that deplete our grain stores is well known.

18. Animals are the mainstay of biological research. A number of studies of behavioural science and discoveries in bio-science place these in the forefront, because, many of these discoveries (be it a technique, food, medicine or vaccine) have first to be tested in animals whether in the form of products administered or feed given to them. 70 per cent of the Nobel Prize Winners in biology had laboratory animals as subjects of their research.

19. Animals are part of relaxation, amusements and sports. Being a tool for interaction and relaxation for man, they are often used in sports and games. In most of the games and sports, there exists an intense man animal interaction, indulgence and involvement. In races or polo, the horse and the rider are partners at work; they develop a perfect harmony of behaviour and action.

20. Media especially the advertisement media and use animals or animal cartoons to attract attention and entertain public. Movies too make use of animals as part of story telling. Many animals form brand icons for companies. Stock market too uses animal icons to indicate the trends, viz., Bear and Bull (bearish, bullish).

21. Animals are part of tourism, be it horse riding, races, elephant and camel ride. Rich animal bio-diversity of our country and the rich natural animal habitation, attract tourists and in the process help the country earn foreign exchange.

22. Poultry farming has assumed the role of an industry in some pockets of India. But here too it is a production by masses in place of mass production. India produces 30 billion eggs and 0.6 million tonnes poultry meat, through one-lakh small-scale farms providing livelihood for 1.5 million people. In contrast, a developed country like Russia produces 50 billion eggs and 2.5 million tonnes poultry meat through 600 layer farms and 270 broiler farms (Desai, A. 1998). Furthermore, 70 per cent of the poultry of India is still reared in the backyards where they produce eggs and meat by salvaging food, available around their environment.

23. Multiple Income Earning Opportunity (MIEO): When in some developed countries, less than 3 per cent of the adult population is engaged in agricultural and animal production, 70 per cent of Indian population is dependent on crop agriculture and animal husbandry. 30 per cent of these people being landless and 80.6 per cent of landed rural population being marginal and small holders, land-based production system hold limited promise for India. In the backdrop of the fact that nearly 40 per cent people are living below poverty line and employment opportunities in the country is limited to less than 3 per cent of the population, empowerment of the rural masses in an equitable manner is possible only through a Multiple Income Earning Opportunity (MIEO).

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Conventional animal Husbandry system prevalent in various regions of India can make this possible.

Most of the poor people in rural areas of our State are dependent on mixed crop-livestock farming system for their livelihood. Animal Resources Development Department, thus, plays a major role in supplementing family income and generating gainful employment in the villages, particularly among the landless labourers, small and marginal farmers and especially women. The significance of the livestock sector in the economy of our State can be judged from the fact that it contributes 4.41 per cent of the total SDP and 18.6 per cent of the agricultural SDP. It is pertinent to mention here that employment opportunities in traditional agriculture sector are shrinking rapidly and there is virtually no scope for employment of rural unskilled youths in capital intensive industrial units. On the other hand, demands for milk, meat, egg and other livestock related products are growing exponentially due to population explosion, high GDP growth, growing urbanisation and change in the food habits of the middle and upper strata of the society. Animal Husbandry and Dairy sectors, therefore, have the seminal potential to open up new vistas for large-scale employment generation.

Unfortunately, in our State, we have not yet utilised the potential of the livestock sector and as a consequence our productions of milk, meat and egg are inadequate to fulfill even our internal demands as per ICMR norms. Most of our existing Livestock and Poultry are still of indigenous low productive species except “Black Bengal Goat”, “Garole” sheep and “Ghoongru” pig. Scarcity of Green Fodder, escalating prices of animal feed and other inputs are other major constraints which are severely affecting the growth of livestock sector in our state.

Therefore, the leitmotif of our Department is to improve the quality of animal of resources and livestock products to usher in sustainable improvement in the quality of life of the rural people. The Department is striving hard to progressively reduce the gap between demand and supply of milk, meat and egg through genetic upgradation of breeds of different livestock and poultry birds with the aid of modern scientific techniques, increase in production of green fodder and quality feed, extension of animal health services up to Gram Panchayat level, formation of village level institutions in cooperative sector to manage dairy activities, milk procurement and processing through Milk cooperatives and Dairies through cold chain, promotion of processing and marketing of livestock products and imparting technical training to Government officials, farmers, SHGs and unemployed youths. Especial emphasis has been given to enhance quality and production of milk by launching the Bishesh Go-Sampad Avhijan 2009-10 in five districts.

Animal Husbandry and Dairy Sectors

1. The States were generally in agreement that improvement of the livestock breed through genetic upgradation is important for enhancing livestock production.
2. Disease control is of immense importance from the farmers' point of view. Therefore, a massive programme is required to eradicate some of the diseases like Foot and Mouth Disease. The coverage of FMD-CP should be extended to cover all districts if possible for effective control of the disease.
3. It was suggested that Central Government should provided 100 per cent assistance to the States, which are unable to meet the matching share.

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4. Many States were also of the opinion that there is a need to form a separate body for carrying out research in the field of animal husbandry. This body may be called the Indian Council of Veterinary Research and should be placed directly under this Department so that better synergies can be developed between the farmers and various research institutions.
5. Import of milk powder should be controlled by increasing the import duty to serve the interests of local milk producers.
6. The Government of India may take up with the State Governments the issue of fodder development on wastelands and degraded lands so as to overcome the deficit in fodder supply.
7. Development of poultry and small ruminants like sheep, goats is very important from the point of view of small and marginal farmers and especially in the hilly and backward areas of the country.
8. Development of piggery should be taken up in North-eastern States with full Central assistance.
9. The State Governments suggested that the Government of India's proposed livestock policy must reflect the regional cattle wealth of the country and ensure preservation of the indigenous breeds of livestock.
10. It was suggested that Livestock Insurance could be made production-linked.
11. There is a need for establishing more veterinary hospitals/dispensaries and polyclinics for effective and timely control of animal diseases.

1.5 FUTURE TASK

Rural development is a complex process. It can, therefore, be achieved only through concerted efforts on various fronts. It is rightly said, "It seems that of major weak links in rural development planning are absence of total approach at the strategy level, lack of coordinated planning at the programme level and weak planning component of individual programmes."

Rural development programmes cannot be successful without adequate regional planning, strong central coordination, effective local level organisation and people's active participation at the planning and implementation stages.

Even well-conceived rural development schemes have run into rough weather because of inefficiency and corruption at various levels which are again attributed to "the absence of proper accountability and deterring punishment for failures."

The rural population is said to be coping with a dependency syndrome, forcing them to look up to the Government for financial help. While external help is necessary and desirable, the initiative for developing areas should come from the rural people themselves. It may be necessary to form self-help groups. These have to be linked with formal financial institutions before chalking out location-specific development schemes in the rural sector.

Rural exodus could be arrested through a wider dispersal of industries which would generate financial returns for the development of the rural sector. This indicates that the feasibility of setting up of economically viable industries is important before investing in the rural sector. There is, however, a strong case for intensifying non-agricultural activities in rural areas in the service sector as much as in manufacturing. The tendency

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towards 'rurbanisation' (urbanisation of rural areas) is quite welcome. The latest NSS data indicates that non-agricultural activity in the rural areas is on the rise. If this trend is strengthened, it would be easy to convert villages into small towns.

Rural development can be possible if only there is proper balance between service-oriented programmes and development-oriented and self-reliant-centred programmes. The importance attached to service-oriented schemes, besides retarding rural development, has also resulted in the wastage of precious resources.

1.6 IMPACT OF GLOBALISATION

Globalisation refers to increases the movement of all economic aspects cutting across boundaries of native states aiming at the integration of the Domestic economy with Global economy. India which is considered for the widespread poverty and malnutrition has recognised recently to achieve millennium development goal of reducing half of the poverty by the end of 2015 by initiating necessary reforms and structural adjustments especially in agricultural sector. To achieve it, India also accorded to the World Trade Organisation agreement in order to integrate with the global trade under which several reforms initiated in farm sector since the 1990s. A number of crucial issues have surfaced in the agricultural sector which needs immediate focus to enable the country to take a realistic stand under agreement on agriculture and also need to adopt certain strategies for safeguarding their existence livelihood and culture.

Due to the globalisation, there is a impact on agriculture in India. The growth rate in agriculture declined from 1990s to 2007. Further, growth rate in employment in rural areas was also declined during the post-reform period. The support of Government for agriculture sector development have been gradually declined during the reform period. Thus, the impact of globalisation on agriculture sector has worsened. Hence, there is need to bring out structural changes for strengthening agricultural sector.

Globalisation is the new buzz word that has come to dominate the world since the nineties of the last century. Globalisation can be simply defined as "the expansion of economic activities across political boundaries of native states". Globalisation refers to increases the movement of finance, inputs, outputs, information and science across vast geographic areas.

Globalisation aims at the integration of the Domestic Economy with the Global Economy and the optimum utilisation of growth potential. The process of globalisation has revolutionised world agriculture and allied sectors of are directed to improve the efficiency productivity and cost competitiveness. Globalisation has brought in new opportunities to developing countries. Greater access to developed country markets and technology transfer hold out promise improved productivity and higher living standard. The negative aspect of globalisation is that a great majority of developing countries remain removed from the process. Till the nineties, the process of globalisation of the Indian economy was constrained by the barriers of trade and investment liberalisation of trade, investment and financial flows initiated in the nineties has progressively lowered the barriers to competition and hastened the peace of globalisation.

India is widely considered as one of the hotspots for the widespread poverty and malnutrition, which shelters about one-fourths of the worlds poor, although it accounts for only 17 per cent of the Global population and with only 2.4 per cent of world

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Geographical area. One of the widely recognised strategies recently in developing countries including in India to achieve the millennium development goal of reducing absolute poverty by half in the year 2015 is to improve rural household income by initiating necessary reforms and structural adjustments in rural sector especially in agriculture sector. The 1990s have witnessed a significant shift in the Macroeconomic Policy Environment around the globe including in India. India also acceded to the World Trade Organisation agreement in order to integrate its economy with the global trade.

Challenges to Indian Agriculture under Globalisation Scenario

Several crucial issues has surfaced in the agriculture sector, which need immediate attention and debate within the country to enable India to take a realistic stand at the mandated negotiations under agreement on agriculture. The following are some of the strategic issues that will have a major bearing on the future of agricultural activities. The transitional period available for India to implement the provisions of agreement on agriculture need to be extended by another five years. The conditions, terms and structure of tariffs that enhance India's access to other market are to be specified. The domestic support measures shall ensure food security and distribution on to all areas at reasonable of affordable prices. Indian Government has to restructure the export subsidies to ensure Indian exports to be competitive in world market. The safeguard provisions that impose import rustications under certain conditions are to be considered discriminatory against India and developed countries. Indian has to study the impact of phasing out quantitative restrictions on the basis of her balance of payments problems.

India has to expand its access to cost effective modern technologies particularly the agricultural biotechnology to make a major impact on the cost of production and prices to agricultural commodities. Favourable aggregate measure of support is to be maintained to derive the benefits from across the board commitments for tariff reduction in agricultural trade. Equally important for India is the full utilisation of special and differential treatment provisions available to developing countries. India has to study and assess the possible ramifications of settlements under the mandated reforms process on agricultural production and distribution. Addressing of these issues immediately assumes immense importance in the context of the negotiations at the World Trade Organisation meetings. The items of investment, competition policy, transparency in Government procurement and trade facilities were place in the agenda for Doha meet and the Indian delegation negotiated very hard on the implementation issues. Ultimately, a trade negotiating committee has been established to supervise the overall conduct of the negotiations scheduled to be concluded be the end of 2004.

Strategies: In the era of globalisation, the rural societies can be adopting certain strategies for safeguarding their existence, livelihood and culture.

The strategies include:

- Mobilisation of the small farmers for regional campaigns. Building good coalition with different like-minded organisations (NGOs and Trade Unions).
- Establishing a mechanism, to challenge the MNCs.
- Having deliberations with bankers and industrialists in order to consult them with NGOs.
- Setting goals with specified objectives so that they reach the grass root level of the rural societies.

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- Planning at grass root level with full people participating in different levels.
- Keeping gender balance.
- Forming network among leaders in various levels with solidarity and commitment.
- Creating common understanding and purpose among the people in all the sectors of the society.

Impact on India

India opened up the economy in the early nineties following a major crisis that led by a foreign exchange crunch that dragged the economy to close to defaulting on loans. The response was a slew of domestic and external sector policy measures partly prompted by the immediate needs and partly by the demand of the multilateral organisations. The new policy regime radically pushed forward in favour of a more open and market-oriented economy.

The Indian tariff rates reduced sharply over the decade from a weighted average of 72.5 per cent in 1991-92 to 24.6 per cent in 1996-97. Though tariff rates went up slowly in the late nineties, it touched 35.1 per cent in 2001-02. India is committed to reduce tariff rates. Peak tariff rates are to be reduced to the minimum with a peak rate of 20 per cent. The liberalisation of the domestic economy and the increasing integration of India with the global economy have helped step up GDP growth rates, which picked up from 5.6 per cent in 1990-91 to a peak level of 77.8 per cent in 1996-97. Growth rates have slowed down since the country has still be able to achieve 5.6 per cent growth rate in three of the last six years. Though growth rates has slumped to the lowest level 4.3 per cent in 2002-03 mainly because of the worst droughts in two decades, the growth rates are expected to go up close to 70 per cent in 2003-04. A global comparison shows that India is now the fastest growing just after China. This is major improvement given that India's growth rate in the 1970s was very low at 3 per cent and GDP growth in countries like Brazil, Indonesia, Korea, and Mexico was more than twice that of India. Though India's average annual growth rate almost doubled in the eighties to 5.9 per cent, it was still lower than the growth rate in China, Korea and Indonesia. The pick up in GDP growth has helped improve India's global position. Consequently, India's position in the global economy has improved from the 8th position in 1991 to 4th place in 2001 when GDP is calculated on a purchasing power parity basis.

Globalisation and Poverty

India has to concentrate on five important areas or things to follow to achieve this goal. The areas like technological entrepreneurship, new business openings for small and medium enterprises, importance of quality management, new prospects in rural areas and privatisation of financial institutions. The manufacturing of technology and management of technology are two different significant areas in the country. There will be new prospects in rural India. The growth of Indian economy very much depends upon rural participation in the global race. After implementing the new economic policy, the role of villages got its own significance because of its unique outlook and branding methods. For example, food processing and packaging are the one of the area where new entrepreneurs can enter into a big way. It may be organised in a collective way with the help of cooperatives to meet the global demand. Agricultural produces are of two kinds – foodgrains and non-foodgrains. The foodgrains contribute 75 per cent of the total agricultural production. According to the agricultural growth analysis, annual growth rate

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has been declined from 3.9 per cent to 2.6 per cent in the pre- and post-reform periods respectively. The growth rate of foodgrains during 1980-1990 was 2.9 per cent whereas it declined to 1.4 per cent during 1996-2006. Similarly, there was a decline in growth rate of non-foodgrains from 4.3 per cent to 1.8 per cent during the same period. Average foodgrains available per Indian in 1951, 470 grams per day or 167 kilos per year whereas in 1991 it was 175 kilos. In post-reform period, it gradually reduced to 154 kilos per year or 445 grams per day. In 2005, likely pulses per head in 1951 is 61 grams, whereas in 1991 it rises 75 grams. Again, in 2005 it declines 32 grams per head. Even after sixty-five years independence and 11 Five Year Plans completed, Indian agriculture is still at the crossroads. Indian Agriculture has been hit hard during past WTO period. The share of agro foods in India's global export has declined during the post WTO period, agricultural subsidies of developed countries has been rather increased. Therefore, it is very difficult for India to face global agricultural competitiveness. In this scenario, the global agricultural trade would likely become oligopolistic. The returns of various crops have declined due to increased cost of productions, slow growth rate of agricultural productivity, weak marketing mechanism and increase in input intensity. Realising the present situation and problem, the Indian government should take effective steps to protect and strengthen our agriculture sector. The organisations and structural changes needed to bring about increased production in our farms cover a whole variety of measures.

Some of these especially change of attitudes and production of increased inputs; have to be approached on a long-term basis.

Market-demand research in the importing countries has to be strengthened and protection could be planned accordingly in terms of quantity and quality.

Long-term price trends favour fishery, livestock, traditional products, and horticultural and processed products. Hence, export of these could be promoted.

Government at central and state levels could go for increased investment on infrastructure relation to post-harvest management including expansion of highways and improvements in rural roads.

Computerised networking of germless centers are essential to evolve improved varieties of crops and by birds.

The most important requirement is to improve the quality standard, efficiency and cost-effectiveness of our agricultural products.

To cope with the challenge of WTO, we have to reduce our cost of production which can be reduced by cultivation of hybrids and by adopting integrated pest management strategies. Emphasis should be laid on imparting training to the farmers on hybrid seed production and multiplication. There is also a need for strict agro-climatic regional. The areas having potential for production of different agriculture commodities should be earmarked and their production and marketing should be encouraged there.

Trade liberalisation in agriculture has the potential to bring rich dividends to developing countries, including India. To realise this potential, India must work towards establishing and strengthening rule-based multilateral trading system through WTO negotiations.

Government should make efforts to reduce cost of transport for agriculture export commodities.

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To enlighten the necessity of the growth in agriculture sector, time has come to take the necessary steps and to implement innovation methods. If not, there will be a heavy shortage in food production. To increase the production, we need a Second Green Revolution. Punjab became number one state in production of wheat as a result of the first Revolution. Hence, only solution to control the deficit in growth of agriculture is to have a second Green Revolution. In essence, the Second Green Revolution will keep the world green and save it from becoming a dreary desert.

Government must introduce rigorous measures to end corruption in checkposts and reduce taxes on transport firms to reduce cost of movement.

The Government may emphasise on the export of the agricultural produce, which would bring in its wake rural prosperity and large employment avenues. It is possible, if steps are taken immediately, to make agriculture more buoyant, competitive and commercial.

In the future, India has to take very strong position in the negotiation at WTO.

1.7 RURAL MIGRATION: CONCEPT, CAUSES, EFFECTS AND REMEDIAL MEASURES

Migration – Causes and Effects

Migration is the movement of people from one geographical location to another, involving permanent or temporary settlement. The region where people are leaving is referred to as the source region whereas the region to which people are entering is known as destination region. Since the dawn of human evolution migration has been taking place across regions or geographical location for various reasons such as in search of food, shelter, safety, hospitable weather, job relocation, overpopulation etc.

Different types of Migration include:

- Daily human commuting
- Seasonal human migration is mainly related to agriculture
- Permanent migration, for the purposes of permanent or long-term stays
- Local
- Regional
- Rural to Urban, more common in developing countries as industrialisation takes effect
- Urban to Rural, more common in developed countries due to a higher cost of urban living
- International migration

Rural Migration

The rural-urban migration is the movement of people from rural areas (villages) to urban centres (cities). One noticeable aspect in the society today is the rate at which people migrate from the rural to the urban centres. While the urban centres are increasing in population, the rural areas are decreasing in population. The migration literature has come to regard rural-urban migration as “the major contributing factor to the ubiquitous phenomenon of urban surplus labour and as a force which continues to exacerbate already serious urban unemployment problems” (Todaro, 1976). Population growth in

urban areas has soared over the last few decades. When cities grow rapidly, the movement of people from rural communities into cities is considered to be the main cause. This kind of growth is especially commonplace in developing countries. Rural migrants are attracted by the possibilities that cities can offer, but often settle in slums and experience extreme poverty.

Causes of Rural-Urban Migration

The major causes of rural-urban migration is identified as; search for better wages, education, political and social stability, better technologies, employment and business opportunities. Others are poverty, unemployment, crop failures and famine, inadequate social amenities and facilities in the rural areas such as pipe borne water, electricity, good roads, hospitals, schools, vocational centres.

The causes of rural to urban migration can be categories as Push (force someone into migration) and Pull (encourage someone into migration) factors as follows:

PUSH FACTORS

- Poor medical care
- Not enough jobs
- Few opportunities
- Primitive conditions
- Political fear
- Fear of torture and mistreatment
- Not being able to practice religion
- Loss of wealth
- Natural disasters etc.

PULL FACTORS

- Chances of getting a job
- Better living standards
- Education
- Better medical care
- Security
- Recreation
- Family links etc.

Effects of Rural-Urban Migration

Adverse Effects

- As more and more people arrive in the urban centre, there will be insufficient jobs for them and the unemployment rate will increase. There will be more workers chasing too few jobs. This will lead to straining the resources of the government. (Harris-Todaro model may be referred.)
- Rural-urban migration brings pressure on urban housing and the environment as migrants arrive from rural areas they live on the streets and makeshift sub-standard accommodation before establishing themselves.
- The high rate of population growth in the urban centres also lessens the quality of life because it destroys resources, such as water and forests, needed for sustenance.

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- Rural-urban migration leads to overpopulation of the urban centres, thus, encouraging and raising the rate of crime in the society.
- Rural-urban migration not only adversely affect the agricultural production and productivity but also slows down the pace of development of the rural areas.

Positive Effects

- After migration, members of the family are supposed to pooling and sharing their incomes as a form of insurance against uncertain flows from specific markets. Thus, if future earnings are uncertain and imperfectly but positively related in a geographically specific area, and taking into account the roles of risk aversion and imperfect capital and insurance markets, the migration decision of a member family regarded as an investment implies a risk-reducing portfolio diversification of income sources (Stark and Katz, 1986; Stark, 1991).
- Migration increases in volume as industries and commerce develop and transport improves, and the major direction of movement is from agricultural areas to centres of industry and commerce.
- Migration has some positive cultural effect.
- Migration can reduce the problem of disguised unemployment often observed in rural sector (W.A. Lewis model and Fei-Ranis model may be referred in this context).

Remedial Measures for Rural Migration

The following are some of the measures to be taken:

- In view of the effects of rural-urban migration, the Government should strive to provide social amenities and facilities in the rural areas.
- The Government should also provide jobs for the citizens in the rural areas.
- Vocational training centres should be established in the rural centres for training of the productive youths for self-employment with institutional credit linkage.
- The agricultural and allied activities required to be strengthened through the provision of adequate modern know-how, credit facilities, market and infrastructure etc.
- The rural development programmes and anti-poverty programmes to be implemented properly for phasing more employment and income
- Rural institutions to be made more active and vibrant not only to provide effective services but also to reduce information asymmetry.

The rate of rural-urban migration is alarming in recent years and its effects are not only felt by the destination regions alone but also felt by the source regions. As facilities in the destination regions are overstretched, the source regions are virtually deserted. Unless the government provides the basic necessities of life to the rural areas and provide the productive youth in the rural areas with employment opportunities, people will continuously drift in to the urban centres from the rural areas in search for better life and employment.

1.8 SUMMARY

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The term “rural development” is a word that can be described as multi-faceted, dynamic, interesting, challenging, controversial, complex, political in nature, full of hope and frustrations, subject to a lot of meanings and debate, study and interpretations as there are individuals conceptualising, thinking, and using it. ‘Rural development’ through the years, as it becomes a field of study is a concept or subset of a broader term development. Every person in his normal state dreams of a development state which he aspires and works for himself and family, others work for the greater glory of God, others for the community or country and for the whole world. It becomes an intrinsic or extrinsic motive to wake you up everyday of your life.

Hence, it is not surprising that there is need to write a book that put in writing meaningful insights, observations, experiences, conclusions, unified and acceptable definitions of what it should be for a particular person, group, society, community or a country. Let us try to explore and present its meaning in order to crystallise ever changing concepts, your concepts and others who have been working, dreaming, and aspiring for it to guide us on what are we really doing and where we are going.

Development is a moving state or target, progressing every minute, happening unnoticed, intentional or unintentional, deliberate or not, influenced by people’s values, religion, discipline, status in life, education, position, work experiences and the inner desire to be — powerful, wealthy, healthy, wise, holy and most of all people-centred and God-centred. Generally, development connotes change in various aspects of human life such as physical, emotional, mental, social, spiritual, cultural including man’s environment and all the resources around him and all those in his capacity to control and develop.

The scope of rural development is very broad as it encompasses the totality of human life such as:

1. Agriculture, Fisheries, Forestry and Natural Resources Management
2. Micro, Small and Medium Scale Industries
3. Irrigation Development
4. Domestic Water Resource Development
5. Power and Energy Utilisation
6. Educational Programmes and Services
7. Health Programmes and Services
8. Credit and Financing Institutions
9. Nutrition Programmes and Services
10. Human Rights
11. Religious and Spiritual Development
12. Sports and Recreation
13. Tourism Development
14. Environmental Protection
15. Forest Management
16. Trading and Marketing
17. Local Governance

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18. Cooperative Development
19. Values Development
20. Infrastructure Development
21. Agrarian Reform

1.9 SELF ASSESSMENT QUESTIONS

1. Define rural development and discuss the importance of rural development.
2. Explain the nature and scope of rural development.
3. What are the typical objectives of rural development?
4. Narrate the different characteristics of rural development in India.
5. What is rural migration? Describe its causes and effects on rural development.
6. What is green revolution? Discuss its effects on agricultural and rural development.
7. Discuss the impact of globalisation on rural development.

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Chapter

GANDHIAN APPROACH TO RURAL DEVELOPMENT

Objectives

The objectives of this Chapter is to understand the following:

- Role of Labour and Mechanisation in Rural Development
- Impact of Village Economy in Rural Development
- Rural Industrialisation and Decentralisation

Structure:

- 2.1 Labour and Mechanisation
- 2.2 Village Economy
- 2.3 Rural Industrialisation
- 2.4 Decentralisation
- 2.5 Conclusion
- 2.6 Summary
- 2.7 Self Assessment Questions

Mahatma Gandhi (1869-1948) was not only a freedom fighter but also a greater thinker of the 20th century.

Gandhiji's views on rural reconstruction are an integral part of his philosophy of life which is characterised by truth and non-violence, respect for human nature, dislike for all kinds of injustice and exploitation.

Gandhiji did express his views on a number of economic and social issues. Majority of the population of India lives in villages. As such, it is but natural that Gandhiji paid attention to the problems of our villages. Gandhiji did anticipate the problems of unplanned growth. True Economics, according to Gandhiji, must be life-oriented and a servant of humanity at large. Gandhiji was not a pessimist. He declared: "Earth provides enough to satisfy every man's need but not for every man's greed."

On the economic plane, Gandhiji strongly believed in certain principles. These include:

- (i) The aim of economic planning is self-sufficiency, full employment and decentralisation of power;
- (ii) The promotion of the village industries is basic to the economic development of the country and

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- (iii) The principles of 'trusteeship' and 'cooperation' are capable of achieving both growth and social justice.

2.1 LABOUR AND MECHANISATION

According to Gandhiji, human resources are precious. For him, keeping human resources idle is a sin. All countries, rich and poor, should therefore know how to utilise abundantly the available manpower. There is no point in stepping up output by degrading, fragmenting and alienating labour.

The ILO feels that fuller employment is the means for producing more goods and simultaneously for acquiring the purchasing power to gain access to them. Better employment opportunities is an essential step towards fuller participation in society. What Gandhiji wanted was production by masses, not mass production.

Gandhiji's views on mechanisation have not been properly understood: Gandhiji was against machines if they keep people idle, if they create an employment problem for them. Otherwise, mechanisation is welcome. Gandhiji made his stand clear when he declared in the Harijan: "Mechanisation is good when hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for the work as is the case in India. The problem with us is not how to find leisure for the teeming millions inhabiting our villages. The problem is how to utilise their idle hours which are equal to the working days of six months in a year."

According to Gandhiji, machines should help man improve his productivity, but they should not throw men out of employment. Man should handle machine at will without being its slave. Gandhiji wrote:¹

"We should not substitute lifeless machines for the living machines scattered over the seven lakh villages in India. The machine is well used if it aids men's labour and simplifies it. Today, it is used to pour wealth in the pockets of the chosen few. Little attention is paid to crores of people from whom the machine snatches away their bread. "

Thus, Gandhiji thought that machines should not be allowed to dominate men. What he really objected to was not machinery as such but the craze for machinery. Indiscriminate use of machines is not desirable. Gandhiji observed, "What I object to is the craze for machinery, not machinery as such — the craze is for what they call labour saving machinery." He also said, "I am aiming, not at eradication of all machinery, but its limitation."

Gandhiji was clear on the actual place of machinery. He declared that in a labour surplus economy like ours, too much dependence on machines will create problems for the labour, and this would adversely affect the performance of the economy sooner or later.

2.2 VILLAGE ECONOMY

The Gandhian strategy of 'rural reconstruction' is based on his programme of 'village swaraj' and the 'swadeshi' movement. Under these two programmes, he introduced many apparently very simple activities like Charkha (spinning wheel and khadi — handmade cloth), revival of household/cottage industries and village handicrafts,

village sanitation and hygiene, basic education for harmonious development of the whole personality etc.

Gandhi advocated a self-sufficient village economy and 'self-reliant village community' and emphasised the full utilisation of local resources for development purposes.

Most of the decision-making powers will vest in the village panchayat rather than in the regional or national government.

The villages would be self-sufficient as far as their basic needs like food, clothing, shelter, education, health etc. are concerned. In certain matters, interdependence would also be necessary. No village can be totally self-sufficient, but it would strive to attain that goal.

Describing the conditions of the villages of his time, Gandhiji said, "Go to the village and you will find misery and despair written in the faces of the inhabitants. Both they and their cattle are underfed; mortality is on the increase, they have no resisting power against diseases like malaria which carries away thousands of villagers year by year."²

According to Gandhiji, as far as possible, every activity should be conducted on cooperative basis.³ Gandhiji favoured cooperative cattle farming because individuals cannot raise cattle in a proper and scientific manner. Cooperative activities, said Gandhiji, would develop fellow feelings and would abolish poverty and idleness from the villages.⁴ Gandhiji thought of village republics, completely free to manage their own affairs and united by mutual help.⁵

According to Gandhiji, the village is the ideal social order. He saw an inherent contradiction in the city and the village. He declared: "the village civilisation and the city civilisation are totally different things. One depends on machinery and industrialisation and the other on handicrafts."⁶

2.3 RURAL INDUSTRIALISATION

According to Gandhiji, revival and encouragement of village industries would create opportunities for self-employment. This would make man independent and free so that his creativity and expression are stimulated.⁷

Gandhiji believed that rural prosperity can be ensured by setting up a large number of small industrial units in villages. Gandhiji observed: "When our villages are fully developed, there will be no dearth in them of men with a high degree of skill and artistic talent."⁸ Gandhian economic units have a degree of specialisation, according to the natural skill talent, aptitude and capabilities of its inhabitants.

Production by masses is production to meet local needs.

Gandhiji pleaded for revival of khadi and village industries. He gave 'charkha' the highest place of honour. Promotion of village industries will not create heavy demands on capital. A policy of decentralisation and modernisation of rural industries would provide immediate solution to the problem of open unemployment.

Of course, there must be a spirit of 'Swadeshi'. People should attempt to produce all the necessities they require in the villages themselves. 'Swadeshi' according to Gandhiji,

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is the key to the economic salvation of India. It is also the responsibility of the Government to extend protection to small units until they became economically viable. Small units also do not adversely affect the environment.

If industrialisation is spread to the villages, it has many advantages. It facilitates integration of villages and towns. It curbs economic disparities — inequalities in income and wealth. It also reduces regional disparities in development. In India, these disparities are wide. For instance, Punjab's per capita income is more than double the per capita income of Bihar. This situation changes when all villages are industrially developed. Above all, when industrialisation spreads to villages, rural infrastructure facilities develop. The economic dualism (vast income and regional disparities) disappears.

2.4 DECENTRALISATION

Gandhiji chose the village to be the basic operational unit in India to be developed along the lines of decentralisation and self-sufficiency. He wrote:¹⁰ “independence must begin at the bottom, thus every village will be a republic or panchayat having full powers.”

According to Gandhiji, “every village of India will almost be a self-supporting and self-contained unit exchanging only such necessary commodities with other villages where they are not locally producible.”¹¹

Capital should flow into the rural areas rather than that labour should flow into urban areas.¹²

Gandhiji strongly believed in the principle of decentralisation not only to step up growth but to ensure distributive justice. It ends concentration of economic power. It also promotes local initiative.

Gandhiji disliked the practice of producing commodities in towns and cities while the majority of the population lives in the villages. Even a small, essential item like soap is now produced in towns and cities.

According to Gandhiji, workplaces have to be created in the areas where the people are living now. This would create demand for labour and generate employment opportunities. Production should be mainly from local materials and mainly for local use.

Rural India can prosper only through the revival of Gram Panchayats and creation of self-sufficient and self-governing village republics.

When Gandhiji talked of self-sufficient village units, what he had in mind was that a village community should not depend on the higher government for those needs which it could satisfy with local resources and local efforts. He visualised decentralised planning with local participation.¹³ This would put pressure on local representatives to respond to local needs.

According to Gandhiji, distribution can be equalised only when production is localised. He pointed out:¹⁴ “When production and consumption both become localised, the temptation to speed up production, indefinitely and at any price, disappears. All the endless difficulties and problems that our present-day economic system presents, too, would then come to an end. There would be no unnatural accumulation or hoards in the

pockets of the few, and want in the midst of plenty in regard to the rest, as is happening today.”

Decentralisation curbs all kinds of exploitation, restores human freedom and dignity and promotes human values like fellow feelings and cooperation. According to Gandhiji, the essence of non-violence is decentralisation.

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2.5 CONCLUSION

Gandhian economic ideas are becoming increasingly relevant to the world today, particularly the Third World countries. Economic development ought not to be the job of the government alone. People should know how to utilise precious resources. Economic growth alone is not important. Equally important are fair distribution of income and wealth, and also protection of the environment.

2.6 SUMMARY

Mahatma Gandhi, was probably the first among our leaders to promote rural development in India. His concept of rural development meant self-reliance with least dependence on outsiders. The Swadeshi Movement was launched through spinning and weaving to promote Khadi. This also provided livelihood to the rural people. The other emphasis was curb on consumption as excessive consumption causes pressure on resources and adds to wastage and pollution. His thought provoking statement, ‘there is enough on this earth to meet the need, but not the greed’ has now become a universal slogan for ensuring environmental protection and sustainable development. The Gandhian model of development can provide solutions to our rural problems which are linked to the basic needs of the people, such as ‘Anna’ (livelihood), ‘Akshar’ (literacy), ‘Arogya’ (health) and ‘Acharan’ (moral values). While the development programmes should aim at meeting these needs, it is essential to blend these activities with ‘Dharam’ – not any particular religion but the essence of all religions along with a focus on moral values ‘Acharan’. In the absence of moral values, particularly non-violence, non-addiction to gambling, drugs and alcohol and marital discord, the development may shape our future generations as demons, instead of citizens of a civilised society. If one can insist on adopting moral values, it will be easy to curb one's greed and with sincere efforts, there will be no difficulty in meeting one's needs.

2.7 SELF ASSESSMENT QUESTIONS

1. Explain the role of Labour and Mechanisation in Rural Development.
2. What is the impact of Village Economy in Rural Development?
3. Write a short note on Industrialisation and Decentralisation.
4. Write short notes on:
 - (a) Gandhian approach to Rural development
 - (b) Village economy
 - (c) Rural industrialisation

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Chapter

APPROACHES TO RURAL DEVELOPMENT

Objectives

The objectives of this Chapter is to understand the following:

- Community Development Programme for Rural Development
- Intensive Agricultural District Programme
- Growth Centre Strategy and Concept of Integration
- Micro Level Planning for Rural Development

Structure:

- 3.1 Approaches to Rural Development: A Brief Outline
- 3.2 Development Strategies Approaches for Rural Development: PURA
- 3.3 Community Development Programme
- 3.4 Intensive Agricultural District Programme
- 3.5 Growth Centre Strategy
- 3.6 Concept of 'Integration'
- 3.7 Micro Level Planning
- 3.8 Summary
- 3.9 Self Assessment Questions

India has gained vast experience in the implementation of rural development programmes. The approaches to rural development and area planning have also changed over a period of time. In the light of the experience gained by following a particular approach, a new approach has been evolved. The shift in emphasis is intended not only to accelerate the pace of growth in the rural sector but to ensure social justice by minimising wastage and leakages.

Any pragmatic approach to rural development in the Indian context should concentrate on: (i) removal of disabilities (lack of necessary skills, absence of access to crucial inputs etc.) from which the rural population generally suffers and (ii) programmes meant to enhance gainful employment opportunities and raise the productivity levels of the rural sector.

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3.1 APPROACHES TO RURAL DEVELOPMENT: A BRIEF OUTLINE

The eradication of poverty has been a major concern of third world countries. Various approaches of rural development have been adopted to eradicate rural poverty such as:

- Community Development (CD) Approach
- Integrated Rural Development (IRD) Approach
- Basic Needs (BN) Approach

Community Development (CD) Approach

The Community Development (CD) emerges as a dominant approach in 1950s in many third world countries including India. The economic, social and political development objectives were included in CD. The first CD programme was launched in India in 1952 with support from the Ford Foundation and the United States foreign assistance agency. India's national CD programme was comprehensive and intended to "affect every aspect of rural life". It covered agriculture, health, education, public works and social welfare. Its initial emphasis was based on the assumption that widespread local participation was crucial to the success of the programme and that to secure such participation, it would be necessary to "awaken rural people to the resources already available to them and to induce them to begin to participate in local activities utilising those resources". The purpose of India's national CD programme was general rural development in which agriculture was recognised as essential. However, besides people's participation, emphasis was placed on building grassroots democratic institutions and improvement of well-being of rural people. The CD is a multidisciplinary approach to development. It was defined as "a process, method, programme, institution, and/or movement which: (a) involves people on community basis in the solution of their common problems, (b) teaches and insists upon the use of democratic processes in the joint solution of community problems, and (c) activates and/or facilitates the transfer of technology to the people of a community for more effective solution of their common problems".

However, the CD movement lost momentum in the late 1950s and by the 1960s some of these programmes collapsed. Some of the reasons for the failure in CD approach in India are: (a) disparities in the distribution of benefits of the programme between different interest groups and between villages became more widespread, (b) the programme did very little to reach the poor in India and it was not accepted by people, and (c) one of the main aims of the programme, i.e., to stimulate the initiative and action of communities at the village level was not achieved.

Integrated Rural Development (IRD) Approach

The period 1955-70 has been characterised by an exclusive focus on economic growth and since 1970 the focus has been on equitable income distribution. There was pressure for oriented programmes of the 1960s did little to improve the welfare of the poor. The focus of bilateral and multilateral development assistance shifted to IRD 1972-73. These activities included the provision of farm credit, extension, agricultural inputs, reliable marketing facilities, assured agricultural product price, rural public works, and stronger village institutions. IRDA, thus became one of the major approaches for addressing the problem of rural inequality in the 1970s because of the growing realisation that rapid economic growth does not necessarily guarantee the availability or equitable

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access to social services or amenities. There was also a realisation that the achievement of rapid growth in agricultural production and the improvement of rural welfare require an integrated programme implementation. Thus, IRDA projects that combined activities for increasing agricultural production with social activities aimed at providing basic human needs started to emerge. Since the early 1970s, rural development projects became more complex and multi-sectoral. In course of time, it was found that some of the targets which these projects were supposed to achieve were not achieved or replicated successfully. Therefore, major multilateral and bilateral donors lost confidence in the IRD strategy or development model in the early 1980s. Hence, after a decade of rapid buildup in the seventies, IRD was in decline by 1980.

The major reasons for the failure of the IRD Approach are: (a) adverse policy environment for agriculture, (b) failure of governments to provide counterpart funding for implementation of programmes, (c) lack of appropriate agricultural technology especially in dry land areas, (d) lack of beneficiary participation arising from the top-down approach which was adopted in the design of the programmes, and (e) the coordination problem which was a consequence of delegating the execution of sub-programmes to highly centralised bureaucracies.

Basic Needs (BN) Approach

The focus of development assistance shifted from CD programme to IRD and BN programmes in the early 1970s. The shift in focus resulted from the awareness that the benefits of economic growth were not “trickling down” to the masses and reducing poverty and unemployment. In the 1950s and 1960s, development objectives were expressed in terms of Gross National Product (GNP) per capita without paying much attention to the alleviation of poverty. Hence, this criterion of development was questioned when it was evident that the benefits of growth did not “trickle down” as was envisaged.

In the early 1970s, governments and development agencies became concerned about the distributional impact of economic growth, unemployment among the poor, and the meeting of their ‘basic needs’. The **concept of basic needs** entails two elements, namely (a) minimum requirements for private consumption such as adequate food, shelter, clothing, certain household equipment and furniture, and (b) essential services provided by and for the community at large. These include safe drinking water, sanitation, public transport, health, and educational facilities. The Basic Needs (BN) approach requires a departure from the “top-down” approach which characterised central planning to participation by the people in the decision-making process. Such participation is essential especially in the determination of basic needs. A BN strategy incorporates both a rapid rate of economic growth and improvement in the quality of employment or conditions of work. It means not only should output rise over time but the structure of production must change.

The BN approach also came under severe criticism in the 1980s as it failed to solve one of the most fundamental rural development problems achieving a reliable food surplus. The lack of effective decentralisation and required professionalisation in executing the programmes were the major reasons for the failure.

The failure of the above stated approaches lead to redesigning of the programmes during 1990s with similar objectives as envisaged by CD, IRD and BN approaches of

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rural development so as to achieve the targeted growth of rural development by taking care of all the pitfalls of earlier approaches.

3.2 DEVELOPMENT STRATEGIES APPROACHES FOR RURAL DEVELOPMENT: PURA

PURA

Provision of Urban Amenities to Rural Areas (PURA) is a strategy for rural development in India. This concept was given by former president Dr. A.P.J. Abdul Kalam. The genesis of PURA concept can be traced to the work done by Nimbkar Agricultural Research Institute in early 1990s on Taluka energy self-sufficiency. It was shown in the study that energy self-sufficient talukas can be a new development model for rural India in terms of creation of jobs and better amenities to its population.

PURA proposes that urban infrastructure and services be provided in rural hubs to create economic opportunities outside of cities. Physical connectivity by providing roads, electronic connectivity by providing communication network, and knowledge connectivity by establishing professional and technical institutions will have to be done in an integrated way so that economic connectivity will emanate. The Indian central government has been running pilot PURA programmes in several states since 2004.

To make the basic amenities like good roads and drinking water accessible to people even in remote villages, The Ministry of Rural Development (MoRD), Government of India has relaunched the scheme Provision of Urban Amenities in Rural Areas (PURA) as a Central Sector Scheme during the remaining period of the Eleventh Five Year Plan. MoRD, with support from Department of Economic Affairs and the Asian Development Bank (which provided the technical assistance), intends to implement the PURA scheme under a Public Private Partnership (PPP) between Local executive bodies like the Gram Panchayat(s) and private sector partners. The vision of the scheme in particular is providing dual benefits like rural infrastructure development coupled with economic regeneration activities; it is the first attempt of the government in this direction of delivering basic amenities and infrastructure through this model to people in remote rural areas. All the efforts are directed to obtain dual benefits, provide a different framework for the efficient implementation of rural infrastructure development schemes and benefit from the private sector efficiencies in the management of assets and delivery of services.

The main purpose and scope of the scheme is to involve private players who will use their expertise and select them to develop livelihood opportunities, urban amenities and infrastructure facilities to prescribed service levels and to be responsible for maintenance of these services for a period of ten years in select Panchayat(s)/cluster of Panchayats.

After India gained its independence, despite of a plethora of welfare schemes and activities aimed at rural areas in successive five year plans, a skewed development model increasing the disparities between the rural and the urban areas has proliferated. Lack of livelihood opportunities, modern amenities and services for decent living in rural areas lead to migration of people to urban areas. There are wide gaps in the availability of physical and social infrastructure between rural and urban areas. To address these issues, the President of India A.P.J. Abdul Kalam highlighted a vision of transformation of rural

India by launching a large-scale mission for Provision of Urban Amenities in Rural Areas (PURA).

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3.3 COMMUNITY DEVELOPMENT PROGRAMME

India launched the First Five Year Plan in 1951. It was rightly thought that planning would not be effective without substantial participation of the people, thus suggesting that planning ought to be a 'people's movement.' Surely, development effort cannot be the sole responsibility of the Government. The Government may create a climate conducive to development, but the pace of development depends on the initiative and dynamism exhibited by people who must be equipped with necessary skills and resources to take advantage of and benefit from the government-sponsored programmes.

The National Community Development Programme (NCDP) was launched in 1952 — its aim being to bring about the overall development of the rural community with people's participation in the development process. The Government, on its part, decided to provide technical and other services in a coordinated fashion. An institutional structure was provided in the form of panchayati raj, cooperative and village schools. The approach to rural development is a holistic one.

Table 1: Rural Development Strategies: Evolution

	Approach	Emphasis
(i)	Rural reconstruction	Village centred movement based on principles of voluntary effort.
(ii)	Community development	Rural development based on ideas of motivation, self-help and self-reliance.
(iii)	Target sector	Intensive development of a selected sector or sectors of activity with emphasis on concentrating in areas of comparative advantage.
(iv)	Target groups	Growth with social justice for the weaker sections of the population.
(v)	Growth centres	Spatial planning and development.
(vi)	Backward area development	Reduction of regional imbalances in development.
(vii)	Minimum needs	Equalisation of social consumption.
(viii)	Area planning with full employment	Rural development in an area frame with the removal of unemployment and poverty as an important aim.

An important objective of the NCDP was to develop local leadership and self-governing institutions. Of course, the emphasis was on raising food and agricultural production by strengthening programmes of resource development, improving the effectiveness of farm inputs, supply systems and by providing and extending agricultural services to farmers.¹

Initially, the NCDP was launched only in some parts of the country, but sooner or later, the entire country had to be brought under the programme. Therefore, a new programme of National Extension Service (NES) was launched in 1953. The intention was to provide the essential staff and funds so as to speed up development in the rural sector.

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The tasks entrusted to NCDP and NES were enormous involving an all-round development of rural areas. They had to cover a vast area for agricultural and related programmes, communication, education, health, training, social welfare, supplementary employment and housing.

These tasks cannot be successfully undertaken without organisational support at the national, state, district and block levels. At the national level, a central committee was formed. At the State level, a State Development Committee or similar body was constituted. At the district level, a District Development Officer was made responsible for the implementation of Community Development (CD) programmes. Of course, all the districts do not have the same organisational structure.

The block level is specially important so far as CD programmes are concerned. The Block Development Officer (BDO) is made responsible for the implementation of the programme within the block. He is assisted by eight or nine extension officers specialising in fields like agriculture, animal husbandry, rural engineering, public health, cooperation, social education, women's and children's programmes and rural industries.

The responsibility for successfully implementing CD programmes in a cluster of villages was entrusted to ten Village Level Workers (VLWs) or Gram Sevaks and two Gram Sevikas. They work under the advice and control of the BDO.

The CDP met with limited success since the environment required for its success was absent. The agricultural sector remained weak. The block team neither exhibited the required unity and coordinated effort, nor did it secure the help of non-official leadership. The local level organisations like cooperatives and panchayats remained weak. The quality of services provided at the block level lacked essence. The social structure of the village society did not undergo much change. Too much stress on welfare at the expense of development is not feasible.²

The financial, material and administrative resources of the CDP were spread too thinly. Therefore, the programme could not produce a lasting impact on any sector, particularly the agricultural sector. There are other problems too: while the success of CDP largely depends on people's cooperation, people remained passive and the extension workers lacked the necessary training. As such, the programme was carried out in a perfunctory manner. In the absence of functional responsibility, inter-departmental jealousies assumed ominous dimensions.

The CDP also suffered because of paucity of trained and managerial staff. There has been shortage of professional managers for local enterprises and agencies. As such, even well conceived programmes could not be successfully implemented.

An appropriate combination of populist and paternalistic approaches to development will, without doubt, ensure rural development on a sustainable basis.

Though CDP met with limited success, the experience gained is worth recalling and implementing its future programmes. It has drawn attention to the crucial role of agriculture in economic development and also the need for extending incentives to farmers. It also made it clear that resources are to be diverted to most responsible areas to ensure and realise maximum gains in the shortest possible time.

A mere bureaucratic approach to rural development is not enough. Local people and organisations (voluntary agencies, cooperatives etc.) are to play a positive and productive

role in rural reconstruction. The Government has been working on strategies to implement and coordinate their community development programmes.

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3.4 INTENSIVE AGRICULTURAL DISTRICT PROGRAMME

As the agricultural yields were very low, the Government thought it wise to evolve a new strategy to boost foodgrain output. Whereas CDP is based on equity principle, the Intensive Agricultural District Programme (IADP), launched in 1960, aimed at concentrating resources in better agriculturally placed areas.

The essence of IADP strategy has been to attain foodgrain self-sufficiency in the shortest period possible, calling investment for substantial in favourable areas with maximum irrigation facilities and minimum natural hazards, providing simultaneously all the requisite essential inputs and services which was needed. Thus, a package approach to step up agricultural production was evolved.

Seven districts were selected initially for IADP. These were: Thanjavur (Tamil Nadu), West Godavari (Andhra Pradesh), Shahabad (Bihar), Raipur (Madhya Pradesh), Aligarh (Uttar Pradesh), Ludhiana (Punjab) and Pali (Rajasthan). The Government of India declared these seven as IADP districts in June 1960, and suggested that one district in each state may be selected for IADP.

For the successful implementation of the IADP, appropriate infrastructure was made available at the national, state and district levels. At the block level, the staff responsible for implementing the CDP was strengthened with additional staff. The subject-matter specialists provided technical assistance and training to the block level staff.

Credit must be given to the efficiency of IADP that it has achieved its major objectives. It has created a new dynamism in the farming community, popularised the High Yielding Variety (HYV) programme, greatly enhanced the technical inputs at the district level and also contributed to the growth of marketing and storage facilities as well as supporting services.

However, the IADP strategy faced many problems. The administration at the district level failed to generate benefits for the rural sector because of inadequate staff and inadequate training. Crucial inputs like fertilisers, cooperative credit and supporting services were not given to the rural population for becoming self-reliant. A unified responsibility at the district level with full control over all interrelated disciplines was absent.

3.5 GROWTH CENTRE STRATEGY

It is argued that if investment activities are intensified in select areas of a region, they will produce sufficient 'spread effect' leading to the all-round development of the region. A leading industry exerts its influence on the economy through inter-industrial linkages, itself playing a leading and innovative role through backward and forward linkages. When once inter-industry linkages are well established, the process of development becomes smooth.

The concept of 'growth pole' was first introduced by Perroux in 1955, is based on one simple truth: human activities must cluster together to generate internal and external

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economies. This may, however, involve some social costs which can be minimised in due course through policy interventions.

The village is neither a homogeneous unit nor is it necessarily a viable unit. In order to avoid wastage of resources, Prof. V.K.R.V. Rao has suggested formation of clusters of villages implying that, it is necessary to determine the minimum size of rural settlements. Regrouping of a small cluster of census villages with a central village or a small town as its focus point and with functional interlinkages should be the ideal unit/area for planning.

After the formation of clusters of villages, it is necessary to identify the dynamic clusters among them and locate the growth foci within them. These growth foci have to be interlinked with one another in such a way that hierarchy is established with service centres at the local level, growth points at the sub-regional level, growth centres at the regional level and growth pole at the national level. Obviously, the focus should be on those clusters which have the largest development potential.

In India, in the Fourth Five Year Plan (1969-74), a pilot research project for growth centres was launched, establishing 20 centres in various states. Each growth centre consisted of about 20 blocks (two million population). An attempt was made to intensify location-specific activities.

The Draft Five Year Plan (1978-83) suggested setting up of rural growth centres. The selection of such centres is to be based on the availability of infrastructure including cooperative institutions, presence of progressive farmers and effective local participation.

Walter Stohar has observed that “growth centres have essentially led to a shift of disparities from the inter-regional to the intra-regional level, but rarely seem to have led to an overall reduction of spatial disparities in living levels.”³

The policy of growth centres in India is concerned more with the development of areas rather than with their rates of growth. However, the growth pole theory is inapplicable to all developmental situations and is too rigidly linked to industrialisation.⁴

In the Indian context, two approaches have emerged towards integration of spatial units, namely, villages. These are: (i) the growth centre approach as developed by Gadgil and Sen, and (ii) the village cluster approach as developed by V.K.R.V. Rao and V.M. Rao. The former suggests a vertical integration between the hierarchy of human settlements, i.e., villages and towns. It is assumed that such a link up will transmit to the lower point in the hierarchy growth impulses from the top growth centres. The latter, on the other hand, advocates a horizontal link-up among the villages themselves so that they support each other functionally so as to make the cluster of villages an economically viable unit. Of course, both approaches stress on linkages, backward and forward.⁵

3.6 CONCEPT OF ‘INTEGRATION’

It has been realised that development should be an integrated one. This is possible when sectoral development programmes, human resource development programmes, social welfare schemes and infrastructural development programmes “are brought within the framework of a prospective plan for implementation, where each programme reinforces the other through their linkages.”⁶

The ‘integration’ in the decentralised framework has three dimensions: (i) spatial balance, which is to be achieved through location, accessibility, efficiency and viability,

(ii) sectoral balance, to be achieved through national and state priorities, local relevance, economic efficiency and internal consistency and (iii) the operational balance which can be achieved through organisation, delegation of functions, management procedures and personal systems.⁷

The most important single reason for laxity in the performance of various rural development programmes has been the negligence of inter-sectoral linkages and lack of co-ordination among various functionaries. For instance, when programmes for agricultural development are planned, an assessment of the backward linkages which include supply of seed, fertilisers and pesticides, agricultural implements, water, draught animals, power, storage and credit facilities gain priority. The forward linkages include supply of raw materials, fodder and provision of storage, transport, marketing and agricultural processing facilities.

Spatial integration refers to 'spatial planning' which in turn, implies appropriate location of social and economic activities over a physical space for the development of a region. Proper spatial planning is necessary to provide adequate inputs and infrastructural facilities to various rural sectoral programmes. As inputs and infrastructure are scarce, they have to be put to the optimum use. A uniform spatial planning may not be appropriate to all regions, in a country like India, because of their diverse nature. However, appropriate methodologies for spatial planning have been evolved through identification of central places (growth centres, service centres and central villages).

It has been rightly observed by John P. Lewis: "A serviceable rural development programme in India must deal with the several aspects of the rural economy in an integrated fashion. An isolated agricultural development effort unrelated to, and unsupported by other kinds of rural policies would be doomed to failure almost surely."⁸

There is need for integrating objectives, namely, more production, more employment and more equitable distribution of income. A particular growth model may be successful in stepping up growth rates, but very often it fails to solve the more important problem of poverty elimination and unemployment. While a high rate of growth is no doubt welcome in the Indian context, how it has been achieved is also important. In other words, the economic and social costs of development cannot be ignored, particularly in a country suffering from inequalities in income and wealth and regional disparities in development. Hence, the increasing stress on rural development and local level planning.

The concept of integration is also viewed as integration of low income segments with the rest of the rural community by ensuring them a better participation in the production process and a more equitable share in the benefits of development.⁹

3.7 MICRO LEVEL PLANNING

In a vast country like India, problems of poverty and unemployment cannot be solved unless attention is paid to local level planning. Developmental programmes ought to be related to local resources and needs. This alone can make both quantitative and qualitative difference to the planning process. The quantum of output can be increased by better utilisation of resources, both natural and human. It can also lead to a socially relevant production pattern.

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One of the lessons learnt during the period of experimentation is that, rural development must focus on manageable areas in which development activity can be responsive to the specificity of natural endowment and social order. But, planning at the micro level faces a number of problems. It cannot be effective unless attention is paid to production programmes for the target groups, manpower planning and skill development, provision of basic minimum needs and a programme for institutional support.

The tasks before block level planning are many. It has to compile an integrated resource inventory, prepare draft action plans and undertake a malady remedy analysis and select appropriate programmes with the involvement of the local community. The stress should be obviously on the generation of gainful employment.

Briefly, the methodology for block level planning may be envisaged in seven phases which are not necessarily sequential: (i) the acquaintance phase, (ii) the resource inventory phase, (iii) project formulation phase, (iv) employment planning phase, (v) spatial planning phase, (vi) credit planning phase and (vii) the coordination and implementation phase. The most important formation which the planning team should collect involves listing of the number of families living below the poverty line.

Of course, there must be consistency between macro and micro planning. Macro-planning naturally gives importance to growth, while micro planning lays stress on redistributive aspects of development. But funds cannot be wasted on projects of doubtful utility at the micro level in the name of social justice. Both macro planning and micro planning should strive to step up growth rates. This is possible only when there is consistency between both the levels of planning.

Thus, it is clear that the approaches to rural development in India have changed over a period of time. Each approach, while achieving its basic objective, has also created certain problems. However, because of the rich experience gained by India in the rural field, planning process at the micro level has become pragmatic. The country has been able to eliminate a number of constraints on rural development.

3.8 SUMMARY

Besides the CD, IRD and BN approaches or strategies of rural development, PURA strategy added a new dimension to the development of rural areas.

Provision of Urban Amenities to Rural Areas (PURA) is a strategy for rural development in India. This concept was given by former President Dr. A.P.J. Abdul Kalam. PURA proposes that urban infrastructure and services be provided in rural hubs to create economic opportunities outside of cities.

The management of NGO is mainly in the hands of the persons who have formed it as per the bye-laws and regulations prescribed by the government. Since most of the NGOs are run on government donated funds, some measures to ensure the appropriate expenditure of the funds given by the government are taken at the management level. Government also seeks the audit of the funds and the way in which the funds have been spent. This all is done in a transparent manner which provides a lot of operational freedom to the NGO to operate and achieve its goals. In most of such cases, there is a provision in the bye-laws that all the income, earning, movable and immovable properties of the NGO shall be solely utilised and applied towards of the promotion of its aims and objects as set for in the memorandum of association. No profit on there of shall be paid or

transferred directly by way of dividends, bonus, profits or in any manner whatsoever to the present or future members of the society or any person, through any one or more of the present or the future members. No member of the society shall have any personal claim on any movable or immovable properties of the society or make any profit whatsoever by virtue of this membership. There is a large amount of freedom to run and operate the NGO; the government seeks the compliance of the spending of money by the NGO as per the terms of the grants.

Rural Development in India is one of the most important factors for the growth of the Indian economy. India is primarily an agriculture-based country. Agriculture contributes nearly one-fifth of the gross domestic product in India. In order to increase the growth of agriculture, the Government has planned several programmes pertaining to Rural Development in India. The Ministry of Rural Development in India is the apex body for formulating policies, regulations and acts pertaining to the development of the rural sector. Agriculture, handicrafts, fisheries, poultry and dairy are the primary contributors to the rural business and economy.

Rural development in India has witnessed several changes over the years in its emphasis, approaches, strategies and programmes. It has assumed a new dimension and perspectives as a consequence. Rural development can be richer and more meaningful only through the participation of clienteles of development. Just as implementation is the touchstone for planning, people's participation is the centrepiece in rural development. People's participation is one of the foremost pre-requisites of development process both from procedural and philosophical perspectives. For the development planners and administrators, it is important to solicit the participation of different groups of rural people, to make the plans participatory.

An approach to rural development includes community development programme, Intensive agricultural District programme, Growth centre strategy, Integration and micro level planning. These all approaches lead towards the rural development.

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3.9 SELF ASSESSMENT QUESTIONS

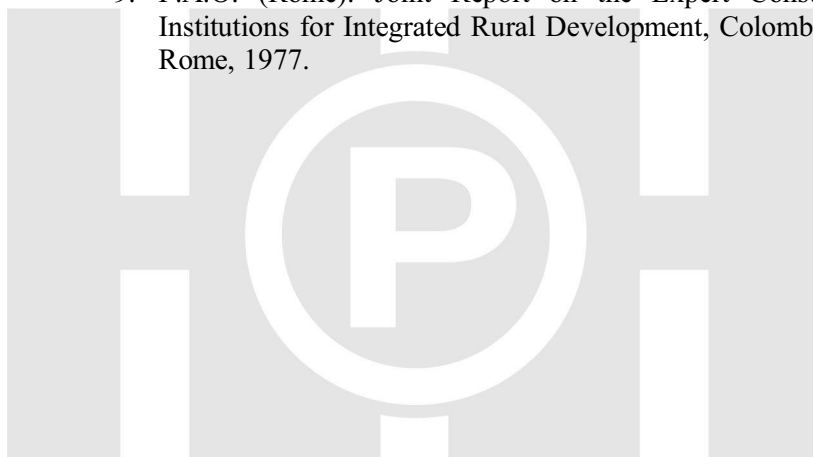
1. Explain different approaches of Rural Development.
2. What is the role of NGO in Rural Development?
3. Explain PURA in brief.
4. What are different approaches to rural development? Discuss.
5. Explain various Community Development Programme related to Rural development.
6. Write a short note on Intensive Agricultural District Programme.
7. Explain the concept of Integration.
8. Explain the role of micro level planning in Rural Development.

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4

Chapter

INTEGRATED RURAL DEVELOPMENT PROGRAMME

Objectives

The objectives of this Chapter is to understand the following:

- Integrated Rural Development Programme
- SPDA/MFALDA Programmes
- IRDP: Targets and Achievements

Structure:

- 4.1 SFDA/MFALDA Programmes
- 4.2 IRDP: Salient Features
- 4.3 IRDP: Targets and Achievements
- 4.4 Summary
- 4.5 Self Assessment Questions

The rural poor have to be assisted to cross the poverty line either by providing wage employment or by providing assets to create self-employment. Generation of wage employment may not be feasible in all the regions. Hence, the Government has initiated certain programmes in the direction of self-employment.

4.1 SFDA/MFALDA PORGRAMMES

The central sector schemes of Small Farmers Development Agency (SFDA) and the Marginal Farmers and Agricultural Labourers Development Agency (MFALDA) were included in the Fourth Five Year Plan (1969-74) with the specific objective of ameliorating the economic conditions of small, marginal farmers and agricultural labourers and to bring them into the mainstream of national development. A sum of ₹ 103 crore was allocated for this purpose in the plan. The schemes were introduced gradually on a pilot basis in certain selected areas of the country from 1970-74 onwards.

The scope of activities of SFDAs was enlarged in November 1971 to cover not only small farmers but also those holding land smaller than the minimum limit fixed for small farmers.

The functions of each SFDA were to: (i) identify the eligible small farmers in its area, (ii) investigate and identify their problems, (iii) formulate programmes incorporating suitable measures to deal with the problems and (iv) devise ways and means for implementing the programmes.

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The main objective of the scheme was to make potentially viable small farmers surplus producers.

The MFAL agencies are to promote interest, of marginal farmers and agricultural labourers. They were called upon to:

- identify eligible marginal farmers and agricultural labourers to be covered by the project,
- investigate their problems,
- formulate economic programmes for providing gainful employment to them,
- promote rural industries,
- evolve adequate institutional, financial and administrative arrangements for implementing various programmes,
- promote creation of common facilities for production, processing, storage and marketing of products and
- evaluate the programmes from time to time.

Generally, the SFDA and MFAL agencies were not expected to administer programmes directly. They are to be implemented through institutions sponsored by them. The agencies are expected to help —

- in strengthening the existing cooperatives,
- in organising and developing functional cooperatives (e.g., dairy and poultry assistance, labour cooperatives), and
- cooperatives and other agencies implementing the programmes to develop essential common facilities (e.g., poultry and cattle feed mixing units, bulk coolers for milk).

However, these agencies did experience some difficulties. Inadequacy of the extension staff had been a major handicap in efficient implementation of the programme of the agencies. The block level staff have been overburdened with numerous duties.¹

The Coordination and Review Committees at the state level were expected to review the progress of work, assess and evaluate the programmes, discuss the difficulties/bottlenecks, if any, and suggest actions which may be taken. They also expected to bring about coordination between various development departments concerned at the state level. But these committees failed to perform their functions properly.²

The small/marginal farmers do not have access to institutional credit. The SFDAs do not provide credit directly to the beneficiaries. They help beneficiaries in securing credit from institutions, particularly cooperatives. Project agencies were also empowered to grant subsidy.

However, the PEO study has shown that project assistance has been least fruitful in areas where cooperative movement was weak.

The evaluation study carried out by the PEO has revealed many deficiencies in the implementation of SFDA/MFAL projects. The selection of areas in many cases was not in consonance with the guidelines issued by the Department of Rural Development, Ministry of Agriculture and Irrigation. Most of the project areas were poorly served by cooperatives.

The PEO study pointed out that the administrative set-up of agencies has generally not been effective. There have been delays in the appointment of executive staff. Their

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frequent transfers have also impaired efficiency. In most cases, measures were not taken to strengthen the extension staff. Supervision, coordination and direction have been neglected.

The progress of identification of the target groups was slow in most of the project areas. This is mainly due to the lack of understanding of the precise scope and extent of the identification work, absence of up-to-date land records and inadequate instruction. The schemes taken up were not based on the actual needs of the area and often lacked coordination in their implementation. Naturally, income and employment generation was not up to the mark. Credit facilities were also inadequate because cooperative infrastructure was inadequate in most of the project areas.

The PEO study also pointed out that only physical and financial targets were monitored. The monitoring system needs to be restructured and oriented more towards the impact of various programmes. The study recommended the introduction of concurrent evaluation.

4.2 IRDP: SALIENT FEATURES

The provision of productive employment to the rural poor on a sustainable basis has become an issue of priority. It was realised that this can be achieved only when there is integration of major sectors of the economy. The linkages between these sectors need to be strengthened. The various programmes meant for the poor should be coordinated to minimise wastage. The concept of 'integration', thus, assumes importance.

The IRDP was first introduced in March 1976 on a pilot basis in 20 selected districts, representing different socio-economic and ecological conditions. It was extended to 2300 blocks by 1979. All the 5011 blocks in the country were brought under the programme on October 2, 1980. The IRDP is being implemented through the District Rural Development Agencies (DRDAs).

The major thrust of the programme has been to provide income generating assets to identified families below the poverty line through a mix of credit and subsidy and to enable them to improve their income levels so as to eventually cross the poverty line. It has been said that IRDP as a strategy of development.³

Emphasises to begin with scientific management of resources and providing adequate work to the mass of workers in the region and in the process increases the internal potential rate of growth. It also emphasises the retaining of growth impulses in the region through providing backward and forward linkages in the non-agricultural sector and in the region.

The IRDP aims at providing assets to poor households so as to enable them cross the poverty line with the help of income generated from such assets. The scheme is in the nature of asset distribution through credit-subsidy with a view to providing self-employment.

The target group includes small and marginal farmers, agricultural and non-agricultural labourers, rural craftsmen and artisans, scheduled castes and scheduled tribes and virtually all families below the poverty line.

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It was also envisaged that for the purpose of the grant of subsidy and sanction of loans for schemes under IRDP, at least one-third of the beneficiaries should be the women heads of households.

For the selection of beneficiaries, the guidelines recommended a household survey covering all the clusters with the help of a prescribed proforma for collecting information and details regarding the size of the family, social status, literacy, occupation, land holding assets, income and indebtedness etc.

The families below the poverty line so identified were to be classified into various income ranges and the poorest amongst them were to be selected for providing the assistance. The final selection of the poorest families was required to be done in the scheduled meetings of the Gram Sabha.

The poverty line for a family was fixed at ₹ 11,000 in 1992-93. The IRDP is expected to first cover rural population with an annual family income below ₹ 4,800 (or ₹ 7,500 from 1992-93).

There are reservations for families belonging to the SCs and STs (50 per cent of the beneficiaries); women (40 per cent); physically handicapped persons (3 per cent) and liberated bonded labourers (overriding priority).

Financial assistance is provided through the District Rural Development Agencies (DRDAs) partly as a government subsidy and partly as bank loans. The expenditure on the subsidy as well as administration and infrastructure is borne equally by the Central and State governments. The responsibility for implementing IRDP is that of the Ministry of Rural Development at the Centre, the departments dealing with rural development in the states and the DRDA at the district level.

The scheme for providing assistance towards the Risk Fund for Consumption Credit has been in operation since 1977-78. However, banks do not appear to encourage consumption credit unless the state governments make necessary provisions in their budgets.

In the selection of schemes, the basic approach is to select from a package of schemes sanctioned by the authorities one or more schemes in which the individual beneficiary had experience and motivation for deriving benefits from these schemes.

The typical schemes under the priority sector are minor irrigation works (individual and community), supply of milch animals, poultry units, sheep units, pig farming, goats, ducks, fisheries, sericulture etc.

Activities coming under secondary and tertiary sectors include setting up of cottage or artisan-based rural industries, shoe repairing units, tailorings, grocery and petty shops, rickshaw, bullock carts, camel carts etc.

The block level officials are expected to take care that only such schemes get selected which hold economic viability, are technically feasible and also acceptable, to the beneficiaries.

The choice of the schemes would ultimately depend on the availability of the requisite inputs, marketing facilities and other supporting infrastructure.⁴ The schemes should be economically viable, keeping in view the resource potential and other conditions of the areas concerned.

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In respect of schemes under the Industry, Services and Business (ISB) sector, it was visualised that arrangements for the supply of raw materials as well as the sale of the products be prioritised.

The capital cost of the assets under IRDP is subsidised to the extent of 25 per cent for small farmers, 33 1/3 per cent for marginal farmers, agricultural labourers, rural artisans and 50 per cent for tribal families. An individual family receives ₹ 3,000 by way of subsidy. For areas coming under Draught Prone Area Programme (DPAP), the limit is ₹ 4,000 and in tribal areas, the beneficiary is entitled to ₹ 5,000 as subsidy. Only tribals are entitled to 50 per cent subsidy of the capital cost of the scheme.

A Pilot Project on Family Credit Plan (FCP) was launched in 40 districts during 1991-92 to ensure higher investment and consequently higher incremental income through provision of assistance to more than one member of an IRDP family. In each district, 200 families were to be provided multiple assets. By 1994, the FCP had been extended to 213 districts in the country. More than one lakh rural families were reported to benefit under the scheme during 1994-95.

The system of purchase committees in 50 per cent blocks has already been abolished. Under the new Cash Disbursement Scheme, the beneficiaries had the option to purchase assets of their own choice.

In order to discourage low investment which have poor returns and do not cause any viable impact on poverty, the Government decided to increase the level of investment per family to at least ₹ 12,000.

The allocation of funds to the districts, which until 1993-94 was on a state devised formula has been streamlined. Currently, district-wise allocation is made on the basis of poverty levels.

The compensation under life insurance for IRDP beneficiaries has been revised upwards from January 1, 1994. The nominee of IRDP beneficiary will henceforth receive ₹ 5,000 in case of natural death and ₹ 10,000 in case of accidental death.

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4.3 IRDP: TARGETS AND ACHIEVEMENTS

IRDP is funded on 50 : 50 basis by the Centre and the States. It was estimated that each block was to be provided with an outlay of ₹ 5 lakh in the first year, ₹ 6 lakh in the second year and ₹ 8 lakh in each of the remaining three years of the Sixth Plan. Each block would thus have a total of ₹ 35 lakh for IRDP during the Sixth Plan period. The Centre and the States provide ₹ 1,500 crore for IRDP during this plan. Banks would provide ₹ 3,000 crore as credit. The total investment for IRDP during the Sixth Plan was fixed at ₹ 4,500 crore. The subsidy and loan components are expected, on an average, to be in the ratio of 1 : 2.

The IRDP, during the Sixth Plan period, aimed at assisting 15 million rural families to cross the poverty line (three million of the poorest of the poor families per year). It also envisaged to cover 600 families per year in each of the 5011 blocks. On an average, it was also proposed to assist 400 families in agriculture and allied activities including animal husbandry, poultry, piggy, fishery, forestry, sericulture etc. About 100 families were reportedly assisted in the secondary sector (rural industries) and another 100

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families in the services and business sector. The segment of poor families were given financial cover under the ISB.

Against the financial allocation of ₹ 3,000.27 crore for IRDP during the Seventh Plan, the total utilisation of funds (taking into account the opening balances with the DRDAs and other miscellaneous receipts) totalled to ₹ 3,315.82 crore. The credit mobilisation amounted to ₹ 5372.53 crore. Thus, the total investment under IRDP during the Seventh Plan was ₹ 8,688.35 crore.

While the centre's allocation for IRDP in the Eighth Plan is ₹ 3,350 crore, states' share was fixed at ₹ 3,300 crore taking the total to ₹ 6,650 crore.

Against the target of 160.38 lakh families assisted during the Seventh Plan, it came to be 181.77 lakh which is 113 per cent of the target fixed on the basis of Annual Plans and 90 per cent of the target fixed as per the plan document. The coverage of SC/ST families ranges between 43 per cent and 46 per cent of the total families assisted. The coverage of women beneficiaries has been of the order of 18.89 per cent.

During the Eighth Plan, 1.26 crore families have been proposed to be assisted with central and state allocation of ₹ 6,650 crore.

By 1994, about 4 crore and 22 lakh families have been assisted at an investment of ₹ 18,728.3 crore under IRDP. Substantial portion of assistance (over 50 per cent) has gone to SC/ST families during 1993-94. Coverage of women under the programme has steadily increased from about 10 per cent to the total families assisted in 1985-86 to about 32 per cent during 1993-94.

The Eighth Plan provision for the centre as well as the states is ₹ 6,650 crore and the target is to assist over 1.25 crore families. Under the IRDP, the ceiling on subsidy has already been enhanced by ₹ 1,000 from April 1993.5 During the Eighth Plan (1992-97), 108.36 lakh families were covered and ₹ 11.54 thousand crore were invested.

The approach of uniformity in allocation of funds target fixation has been changed to one of selectivity based on incidences of poverty in block/state. The coverage of women beneficiaries has also been increased to 30 per cent.

The budgetary outlay on IRDP has gone up from ₹ 356.46 crore in 1990-91 to ₹ 623.70 crore in 1994-95.

The budget allocation for IRDP during 1995-96 was ₹ 640 crore. The assistance should reach 19.5 lakh rural families below poverty line.

There has been a significant increase in per capita investment under IRDP from ₹ 3,746 during 1993-94 to about ₹ 11,000 in 1994-95. It was ₹ 16,917 in 1997-98.

The new scheme called 'family credit plan' has been under operation in 213 districts to give more than one asset simultaneously to all the adult members of the family. The scheme has seen a substantial level of success.

A new scheme of supply of modern tool kits to rural artisans has been in operation since 1992. The average cost of a tool kit is ₹ 2,000 on which 90 per cent subsidy is given by the Centre. The scheme proposed to cover 5 lakh rural artisans during the Eighth Plan.

The beneficiaries now enjoy greater freedom in the purchase of assets. The purchase committees have been abolished in about 50 per cent of the blocks in each district. An experienced family credit plan scheme for higher incomes per family has been extended from 51 districts to 236. The scheme was devised to check out whether higher per family investment would lead to higher incomes.

Over the years, there has been diversification of activities under the scheme. Investments in the primary sector such as irrigation and animal husbandry have fallen from 94 per cent to about 51 per cent. The percentage in respect of secondary sector activities like weaving and food processing has risen from below three per cent to about 18 per cent. The tertiary sector (service and business) could improve its percentage from four to about 31.

Since the launching of the IRDP till the end of the financial year 1994-95, bank credit of ₹ 1,320 crore and government subsidy amounting to ₹ 8,202 crore, aggregating to ₹ 21,432 crore, had been provided to 447 lakh families below the poverty line.

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Table 1
Performance of IRDP in the Seventh Plan (1985-90)

Item	Achievement
Total expenditure (₹ crore)	3,315.81
Total term credit mobilised (₹ crore)	5,372.53
Total investment (₹ crore)	8,688.34
Total number of families covered	
Old (in lakhs)	51.80
New (in lakhs)	129.97
Total (in lakhs)	181.77
No. of SC/ST beneficiaries (in lakhs)	81.97
Percentage of SC/ST to total	45.10
No. of women beneficiaries covered (in lakhs)	34.33
Percentage of women to total	18.92
Per capita subsidy (Gross) (₹)	1,824.00
Per capita credit (Gross) (₹)	2,956.00
Per capita investment (Gross) (₹)	4,780.00
Subsidy credit ratio	1:1.98
Sector-wise coverage (%)	
Primary sector	43.75
Secondary sector	18.64
Tertiary sector	37.61

* Net Subsidy Credit Ratio.

Source: Eighth Five Year Plan 1992-97, Vol. II, p. 48.

Table 2
Expenditure on IRDP during the Eighth Plan (1992-97)

(₹ in crore)

Year	Expenditure
1992-93	693.03
1993-94	956.65
1994-95	1008.32
1995-96*	1077.16
1996-97*	1139.49
Total	4874.65

* Provisional

Source: Ninth Five Year Plan 1997-2002, Vol. II, p. 47.

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Table 3

Performance of IRDP in the Eighth Plan (1992-97)

(lakh families)

Year	Target	Achievement
1992-93	18.75	20.69
1993-94	25.70	25.39
1994-95	21.15	22.15
1995-96*	No Target	20.89
1996-97*	No Target	19.12
Total		108.24

* Provisional

Source: Ninth Five Year Plan 1997-2002, Vol. II, p. 47.**4.4 SUMMARY**

IRDP will be a holistic programme covering all aspects of self-employment, namely, organisation of beneficiaries and their capacity building, planning of activity clusters, infrastructure, technology, credit and marketing.

The existing sub-schemes of TRYSEM, DWCRA, SITRA and GKY to be merged into IRDP. Progressive shift from the individual beneficiary approach to the group and/or cluster approach. To facilitate group approach SHGs will be formed and steps will be taken to nurture them. For cluster approach, each district will identify 4 to 5 activity clusters in each block based on local resources and occupational skills of the people. The infrastructure needs for the identified activities will be met in full.

The banks will be closely involved in the planning and preparation of projects, identification of activity clusters, infrastructure planning as well as capacity building and choice of activity of the SHGs.

Promotion of multiple credits rather than one time credit injection.

The IRDP would continue to be the major self-employment programme, targeted towards families living below the poverty line in the rural areas. However, in the Ninth Plan, the focus would be on pursuing an integrated approach under IRDP by subsuming the existing sub-schemes of Training of Rural Youth for Self-employment (TRYSEM) and Supply of Improved Toolkits to Rural Artisans (SITRA), Development of Women and Children in Rural Areas (DWCRA) and Ganga Kalyan Yojana (GKY) into the main programme. This integration of schemes is necessary to develop the appropriate forward and backward linkages to achieve a synergistic complementarity in the overall implementation of the programme.

4.5 SELF ASSESSMENT QUESTIONS

1. Explain in brief about the scheme SFDA and MFALDA.
2. What are the targets and achievements of IRDP?
3. Write a short note on IRDP.

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5

Chapter

BASIC NEEDS OF RURAL INDIA

Objectives

The objectives of this Chapter is to understand the following:

- Rural Housing
- Present Position of Rural India
- Measures Needed to Develop Rural India
- Rural Health and its Present Position
- Rural Education
- Rural Water Supply
- Rural Roads

Structure:

- 5.1 Rural Housing
- 5.2 Rural Health
- 5.3 Rural Education
- 5.4 Rural Water Supply
- 5.5 Rural Roads
- 5.6 Summary
- 5.7 Self Assessment Questions

The basic needs of rural India still remain unmet. Rural areas still suffer from poor housing, health, education, water supply and transport facilities. This chapter examines the progress so far achieved in these spheres, problems these sectors are facing, and also the measures needed to improve the situation.

It is indeed paradoxical that though rural India is having abundance of manpower, this could not be effectively utilised to provide basic services to our villages. The country is now having more than 40 million tonnes of foodgrain surpluses. However, these are not being used to improve the rural infrastructure. Earlier, the Food for Work Programme was implemented to generate employment and improve infrastructure in rural areas. There is need for reviving this programme.

As a result of economic reforms undertaken, the flow of funds into the social sectors is likely to slow down. The relative allocations to the sub-sectors of the social sector are found to have been disturbed, even showing declining trends.¹

Plan and non-plan expenditure of the Central government on various social sector services increased from a level of ₹ 9,608 crore in 1992-93 to ₹ 36,270 crore in 2000-01 (BE); an increase of about four times in eight years. As a ratio to total expenditure, the combined plan and non-plan expenditure of the Centre rose from 8.1 per cent in 1992-93 to 10.7 per cent in 2000-01. Expressed as a ratio to GDP at current market prices, the expenditure on social services of Central government increased from 1.28 per cent in 1992-93 to 1.66 per cent in 2000-01 (BE). Thus, in spite of the severe budgetary pressures faced by the Central government, it has attempted to enhance outlays for the social sectors.²

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5.1 RURAL HOUSING

Housing and shelter have been a basic and fundamental pre-requisite for human existence. Housing facilities ensure decent human existence. Housing is also a labour-intensive activity. Rural housing assumed importance because a section of the rural population appreciated doing business from home, thus making it their workplace.

In India, the problem of housing is both quantitative and qualitative.

Present Position

According to the 1991 census, the overall shortage of housing in India was of the order of about 185 lakh dwelling units – the rural areas account for 140 lakh units.

According to the National Building Organisation (NBO), the total housing shortage would be around 200 lakh units in the country by the year 2000 AD. Rural housing shortage would be around 130 lakh units. Also, it was estimated that in the Eighth Plan (1992-97), about 122 lakh units require substantial upgradation to make them habitable.³

Table 1
Housing Shortage in India

(in million units)

Year	Rural	Urban	Total
1991	14.67	8.23	22.90
1992	14.53	8.01	22.54
1993	14.37	7.97	22.34
1994	14.21	7.91	22.12
1995	14.04	7.82	21.86
1996	13.85	7.71	21.56
1997	13.66	7.57	21.23
1998	13.45	7.36	20.81
1999	13.23	7.18	20.41
2000	13.00	6.93	19.93
2001	12.76	6.64	19.40

Source: National Building Organisation.

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In the rural areas, 91 per cent of the houses do not have toilets; 93 per cent are without bathrooms, 45 per cent are using a part of the living room as a kitchen and the rest are cooking in the open. The National Sample Survey on housing conditions further revealed that only about five per cent of the rural households have access to tap water supply. Overcrowding and congestion are some of the other disturbing factors in the country's housing scenario.

The average unit cost of house is estimated at ₹ 20,900 and therefore construction of 7.36 million new houses would cost ₹ 15,382 crore. In addition, upgrading of 10.3 million houses at an average unit cost of ₹ 10,000 would amount to ₹ 10,300 crore. Thus, the total funds required to alleviate the housing shortage would be estimated at ₹ 25,700 crore. Of course, a part of this is met by the beneficiaries themselves.⁴

The housing problem continues to be severe because of the rapid growth of population, worsening poverty and high cost of materials and labour. The finances available and the number of houses built is nowhere near solving the rural housing problem. It is also clear that the number of houses have increased, but the conditions have not improved.⁵

The new housing policy (1994) envisaged a major shift in the government's role from builder to facilitator of housing activities. The policy aimed at providing the poor access to appropriate building materials and technology, besides involving voluntary agencies in house construction activities.

The 1998 National Housing and Habitat Policy, announced on July 30, 1998, aimed at constructing two million dwelling units every year, with focus on the poor. It called for a progressive shift from a subsidy-based housing scheme to cost-sharing, or cost-recovery-cum-subsidy scheme for rural housing.

According to the 2001 census, the housing shortage is placed at 31.1 million dwelling units. The shortage for rural areas is 14.8 million units. The estimated housing shortage does not include the anticipated need arising due to growth of population during the decade 2001-2011.

Under Bharat Nirman Programme, 60 lakh houses are likely to be constructed in the four year period beginning 2005 for below poverty line households.

Measures Needed

Housing shortage is a multi-dimensional problem and as such, it requires a multi-dimensional approach. The Government holds responsibility to take up different housing schemes, keeping in view their basic requirements and their affordability.⁶

Efforts should be made to utilise to the maximum extent the local materials and low cost technology developed by various institutions. More and more houses in rural India are going to be constructed with biomass materials, depending less and less on burnt bricks. A variety of industrial and agricultural wastes are available and technologies for using them need to be given due publicity.

Too much importance should not be given to cost reduction. With overemphasis on low cost, there has been a proliferation of structures which are inadequate. It would be much better to construct less number of houses, with pucca roofs, so that the expenditure on upgradation can be avoided year after year.⁷

The financial assistance for housing can be routed through the gram panchayat, and it should ensure proper utilisation of funds. Also, the activities of various agencies should be well coordinated to overcome the problems of overlapping and duplication.⁸

House, as far as possible, should be built in clusters so that common facilities can be provided for the clusters.

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5.2 RURAL HEALTH

In most developing countries, access to health facilities has not been ensured for the poor for various reasons. As per the World Health Organisation (WHO) statistics, 80 per cent of diseases in the developing countries are related to unsafe water supply and inadequate sanitation, causing high child mortality, low life expectancy and poor quality of life.

Present Position

The existing health system has several lacunae. The current outlay for the health sector which is around 3.5 per cent of the GDP, needs to be enhanced to at least 5 per cent. Also, the current situation of almost 80 per cent of the funds available are being spent on salaries and only a meagre balance is available for medicines, and equipment and other necessary supplies is rather deplorable.

During the period 1983 to 1997, the crude birth rate dropped from 33.7 to 27.2; crude death rate from 11.9 to 8.9 and infant mortality rate from 105 to 71.

Life expectancy at birth rose from 55.6 years in 1985-86 to 62.8 years in 1996 in respect of men and from 56.4 to 64.2 in respect of women. Total fertility rate has declined from 4.5 in 1983 to 3.0 in 2001. India is going to achieve polio zero incidence. The incidence of leprosy has been brought down from 57 to 5 per thousand.

India requires 1,34,108 sub-centres (SCs), 22,349 primary health centres (PHCs) and 5,587 community health centres (CHCs). Against this as on June 30, 1998, the country had 1,36,318 SCs, 22,991 PHCs, and 2712 CHCs. At the national level, there is shortage of CHCs only. But, state-wise figures show that out of the 32 States and Union Territories, 13 have shortfall in respect of SCs, 14 have shortfall in respect of PHCs and 22 have shortfall in respect of CHCs.⁹

Nearly 50 per cent of the urban population has no sanitation facilities. Health services in rural areas are so poor that many people prefer to go to private practitioners. Also, studies show that the services are grossly underutilised due to lack of availability of appropriate institutions, staff, medicine, equipments, transport etc.¹⁰

The PHCs are normally expected to provide services around six to seven hours a day, but the availability of doctors during these hours varied greatly. The duration of availability of at least one doctor at PHC in a day was around three hours. There were no fixed timings, and hence, the patients were never sure when the doctor would be available at the PHC.¹¹

The total financial requirement for rural primary health infrastructure and manpower to deliver health and family welfare services to the population during the Ninth Plan (1997-2000) is placed at ₹ 18,052.08 crore.¹²

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The National Rural Health Mission (NRHM) was launched on April 12, 2005 for a period of 7 years (2005-2012). With a sector-wise approach to family welfare, the programme attempts a decentralised process by inviting each state/UT to prepare its own programme implementation plan based upon a situational analysis of ground realities and requirements.

The Mission would be implemented throughout the country with special focus on 18 states with weak health infrastructure. It wants to mainstream the Indian system of medicines to facilitate comprehensive healthcare. It aims at capacity building, besides increasing the fund allocation to health sector.

One has to welcome NRHM because according to NSSO Report, 2005, three out of every thousand rural households do not get enough to eat.

The National Rural Health Mission (NRHM) was launched in 2005 to provide accessible, affordable and accountable quality health services to rural areas with emphasis on poor persons and remote areas.

There has been a steady increase in healthcare infrastructure available over the plan period. However, there is still a shortage of 20,486 SCs, 4,477 PHCs and 2,337 CHCs as per the 2001 population norm. Further, almost 29 per cent of the existing health infrastructure is in rented buildings, poor upkeep and maintenance and high absenteeism of manpower in rural areas are the main problems in the health delivery system in the public sector (Economic Survey 2009-10, p. 286).

Measures Needed

The non-availability of government functionaries at their places of duty is a major problem. Two years of rural service should be made mandatory for any medical graduate before he can seek admission for post-graduation. A short-term orientation should also be made mandatory for other PHC staff before they resume duty.¹³

The order to avoid duplication of efforts, all health, population and women and children related welfare programmes at the rural level should be converged.¹⁴

Village health committees are being organised to help in the planning and implementation of health programmes and the village health guides scheme is increasingly being supervised by such committees.¹⁵

The village panchayats (or local women bodies) should start and manage village health facilities — commensurate with their resources.¹⁶

Also, we have vast number of untrained medical practitioners in the countryside. Their services need to be utilised in a rational manner.¹⁷

Development of mobile clinics is a step in the right direction. Already, some of the medical colleges have adopted certain nearby villages and have been catering to their health and medical needs through mobile clinics.

What rural India requires is low cost health services. Some voluntary agencies like the Bhagavathula Charitable Trust (BCT) at Yellmanchili in Andhra Pradesh have evolved low cost health delivery strategies. For instance, the BCT hires the services of doctors retired from government service. They are paid a nominal honorarium. The patients have to pay the cost of medicines only. Medicines are supplied free of charge to the very poor only.¹⁸

Experiences indicate that a large proportion of illnesses in the rural areas can be attended by the paramedicals and that they are known to handle such cases of minor ailments effectively.¹⁹

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5.3 RURAL EDUCATION

Education is an important conduct by which a person can think of development as an individual and a member of society. Yet, our progress on literacy and education fronts is not up to the mark.

Present Position

According to a UNDP Report, there were 45 million children out of primary schools in 1995 in India. The figure is however 55 million as per an NCAER survey. Add to this, the children in the 11-14 age group as well as those who enrol but drop out before reaching class V and the non-school going child population comes close to 150 million.

In 1967-68, functional literacy programme was started. Non-formal education programme for the age group of 15-25 was introduced in 1975, and the National Adult Education Programme began in 1978 which later became the basis for launching of a massive literacy programme during 1988 in the form of the National Literacy Mission.

Table 2
Progress of Literacy

Year	(Percentage)				
	Male	Female	Total	Rural	Urban
1951	27	9	18	NA	NA
1961	40	15	28	13	24
1971	46	22	34	28	34
1981	57	30	41	34	65
1991	64	39	52	45	73
2001	76	54	65	NA	NA

NA: Not Available.

At the time of independence, the rate of illiteracy was only about 14 per cent, which rose to 52.11 per cent in 1991. According to the 2001 population census, the literacy rate rose to 65 per cent. This means that one-third of all Indians still do not possess even the basic proficiency in literacy. Of course, for the first time, there has been absolute decline in the number of illiterates from 364 million in 1991 to 332 million in 2001. India accounts for one-third of the world's unlettered and 22 per cent of 'out of school' children.

The situation is worse in respect of females. The ratio of female literates to male literates is 4 : 7. The literacy rate amongst them is only 39.4 per cent as compared to 63.9 per cent amongst males. Females form 62 per cent of total illiterates.

Most educational schemes suffer from inadequate staff. Even adult education programmes have suffered considerably due to transfers and postings of key functionaries at critical junctures of the implementation of the programmes.²⁰

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The outlay for elementary education proposed under the Eighth Plan (1992-97) is ₹ 8,936 crore – ₹ 2,880 crore by the Centre and ₹ 6,056 crore by the states. Although this is more than three times the outlay on elementary education during the Seventh Plan, it is only one-sixth of the required amount for attaining universal elementary education. In 1995, it was estimated that 4.95 lakh new schools were needed by 2000 AD.

Sarva Shiksha Abhiyan (SSA) is being implemented in partnership with the states to address the needs of children in the age group of 6-14 years. The achievements of the SSA till September end 2009 are: Opening of 2,88,155 new schools, construction of 2,40,888 school buildings, construction of 10,26,831 additional classrooms, 1,84,652 drinking water facilities, construction of 2,86,862 toilets, supply of free textbook to 9.05 crore children, appointment of 10.11 lakh teachers and in-service training for 21.79 lakh teachers.

Measures Needed

Elementary schooling should become a fundamental right. In the Mohini Jain case, the Supreme Court declared the Right to Education to be a fundamental right, covered by the Right to Life as enshrined in Article.

The important ingredients of a universal adult literacy programme should be:

- (i) light learning load (without arithmetic);
- (ii) less learning time (not more than two months);
- (iii) a playful teaching method.

Literacy and primary education are supplementary and complementary to each other. Emphasis on literacy therefore has to be preceded/accompanied and followed by emphasis on the universalisation of primary education.²¹

Our approach to universal primary education should be an integrated one — the questions of literacy, non-formal education and school education should be treated as different aspects of the same universal functional education.²²

Two major initiatives taken during the Eighth Plan (1992-97) are: the District Primary Education Programme (DPEP) and the Nutrition Support to Primary Education (Midday Meal) Programme. These are meant to ensure equity, access, retention and quality at the primary stage.

Improving the teaching quality and teachers' educational qualification and providing good school facilities will be extremely useful in motivating and preparing children to go to schools.²³

The question of retention is yet another problem. Many who achieve basic minimum essential skills relapse into illiteracy in course of time if follow-up programmes are not launched effectively. In fact, the level of literacy is as important or even more important than the content of literacy.²⁴

Multiplicity of agencies working in the field of adult literacy should be avoided so that accountability becomes easy.²⁵

Also, a healthy combination of approaches, flexible enough to suit the needs of the adults and the volunteers may be adopted instead of a single monolithic strategy.²⁶

Decentralisation, coupled with strong accountability systems, with each school linked to the local community could be the answer to our failure on literacy front.

Integrating different schemes of universalisation of primary education with related services such as early childhood care, education, health and nutrition programmes etc. is also needed.²⁷

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5.4 RURAL WATER SUPPLY

Water-borne and other allied diseases are responsible for large incidences of mortality and morbidity in the community. These can be brought under control by providing protected water.

Most villages in India are without adequate facilities for drinking water. True, several rural water supply schemes have been taken up under the programmes for community development, local development works and welfare of backward classes. Towards the end of 1954, the Central Government introduced the National Water Supply and Sanitation Programme (NWSSP).

The Village Water Supply Programme (VWSP) was introduced during the Third Plan (1961-66) period. It was intended primarily to deal with rural water supply at the village level. While executing the programme, emphasis was laid on providing water to areas which suffered from water scarcity and salinity and where water-borne diseases were endemic.

The Minimum Needs Programme was introduced in the Fifth Plan. At the beginning of the Sixth Plan (1980-85), 2.31 lakh villages were identified as 'problem villages.' Also, the programme was brought under the revised 20-Point Economic Programme in 1982-83.

In the Seventh Plan (1985-90), low cost methods were preferred. It was realised that the maintenance of the assets created for water supply was neglected due to lack of funds and equipment. Therefore, 10 per cent of the plan fund under the minimum needs programme was earmarked for maintenance of water supply system in rural areas. The help of voluntary agencies was also sought.

In the Eighth Plan (1992-97), the stress was on community management of services, backed up by measures to strengthen local institutions in implementing and sustaining water and sanitation programmes. Importance was also given to sound financial practices, achieved through better management of existing assets and extensive use of appropriate technology.²⁸

Present Position

At present, about 18 per cent of the rural population and 15 per cent of the urban population has no access to safe drinking water. A survey conducted in 1985 revealed that 1.62 lakh problem villages still remained uncovered for safe drinking water sources. As on April 1, 1997, there were 61,724 habitations without safe sources of drinking water (called not covered habitation), 3.78 lakh habitations which were partially covered and 1.51 lakh habitations which had quality problems like excess fluoride, salinity, iron and arsenic etc. In order to cover this backlog in rural drinking water supply, it has been estimated that approximately ₹ 40,000 crore will be required including the funds required for operations and maintenance and funds to tackle quality problems.²⁹

Budget 2005-06 allocated ₹ 4,750 crore to increase access to clean potable water. According to the available data, upto 2005, an amount of ₹ 45,000 crore has been spent

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in a period of 30 years on rural water supply. More than 3.70 million hand pumps and 1.7 lakh piped water schemes have been installed in the rural areas.

According to 2001 census figures, almost 77.9 per cent households in India has access to safe drinking water. It includes nearly 90 per cent of the urban households and about 73 per cent rural households.

The rural water supply schemes suffered from many drawbacks:³⁰

- (i) Personnel at all levels not sufficiently trained;
- (ii) Systems were recommended without taking into account the cultural and social realities;
- (iii) Technology chosen was often difficult to operate and
- (iv) In the absence of workable plane, thousands of hand pumps and water supply systems remained unrepaired.

Table 3
Tenth Plan Outlay (Central) for Rural Drinking Water

(₹ crore)

Year	Outlay	Actual
2002-03	2110.00	2100.70
2003-04	2585.00	2564.90
2004-05	2900.00	2930.79@
2005-06	4050.00*	4098.03@
2006-07	5200.00	—

@ The increase in actuals is on account of utilisation of unutilised NE funds of Sanitation for Rural Water Supply.

Measures Needed

The programmes of drinking water supply require:³¹

- (i) A more decentralised manner with the involvement of the people and local institutions at all stages — planning, project formulation, execution, operation and maintenance, monitoring and evaluation;
- (ii) Technical support from the district planning machinery and
- (iii) Appropriate linkage between soil conservation and land/water management and drinking water supply in order to provide sustained supply.

Now, panchayats are given more powers and responsibilities. There is a change in approach. Water supply and sanitation programmes are now conceived with a blend of physical and community-related activities.³²

5.5 RURAL ROADS

Rural transport assumes special significance because the country has 6 lakh villages. These villages cannot hope to develop unless they are connected with towns and cities through better transport systems. In fact, mobility is a sign of modernisation and development. Rural transport would facilitate the introduction of modern inputs such as fertilisers and improved seeds.

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Studies show that connecting the habitations to a neighbouring market or to the main road leading to market helps the agricultural producer and those engaged in services and trade to raise their incomes. Lower transport costs increase farmer's access to markets. Banks' costs of doing business also came down.³³

Construction of rural roads also implies road maintenance. Roads are to be kept in good condition to help efficient and quick movement of goods and passengers.³⁴

Present Position

The country has to go a long way in providing and improving rural roads. By 1991-92, only one-third of the villages were well connected. Only in small states, the performance is good. Only a few states like Kerala, Punjab and Goa can talk of 100 per cent rural connectivity.

The Road Development Plan for India (1981-2001) envisages total rural connectivity by 2001. In order to connect all the villages with population above 500 in the country has required roads which should be 21,89,000 km, according to an estimate.

Official reports say that 1,12,190 villages out of 1,29,852 villages with a population of 1000 and above in the country are estimated to have been connected by March 1995.

In the Ninth Plan (1997-2002), the target is to ensure that 85 per cent of the village population (not 85 per cent of the villages) are connected by all-weather roads. As much as 75 per cent of the villages with population of 500 to 1000 should be covered on a priority basis.

All rural areas should be provided with approach/link roads to centres of business within a particular time frame. The seasonal or untarred roads be converted into tarred or all-season roads.

Construction of rural roads for connectivity has been one of the components of Minimum Needs Programme since the Fifth Five Year Plan (1974-79). The programme continued in the sixth and seventh five-year plans. Rural roads also received importance under schemes like the Rural Landless Employment Guarantee Programme (RLEGP), and National Rural Employment Programme (NREP).

On 15th August 2000, the Government announced a centrally sponsored scheme called the Pradhan Mantri Gram Sadak Yojana (PMGSY). The objective of the programme is to provide road connectivity through good all-weather roads to all rural habitations with a population of more than 500 persons by the year 2007.

The Government has to mobilise ₹ 48,000 crore for the rural roads component of the Bharat Nirman Programme. The budget 2006-07 allocated ₹ 4853.06 crore for PMGSY. By 2009, the length of roads to be laid is 1,46,185 km. This would benefit 66,802 villages.

Currently, the funds for rural roads comes partly from the cess on diesel and from external funding.

The Eleventh Five Year plan has projected an investment requirement of ₹ 41,347 crore (at 2006-07 prices) for rural roads. During the first three years of the Eleventh Plan, the flow of expenditure under Prime Minister's Grameen Sadak Yojana (PMGSY) seems to be on course formatting the plan target. In addition to the PMGSY there are roads built by PWDs and Panchayati Raj institutions in rural areas.

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Table 4
Progress under the PMGSY

Year	Length of Road Work Completed (km)	Expenditure (₹ crore)
2005-06	22,891	4,100.4
2006-07	30,710	7,304.3
2007-08	41,231	10,618.7
2008-09	52,405	15,162.0
April-Dec. 2009	36,273	12,993.1

Source: Economic Survey 2009-10. P. 254.

Measures Needed

Roads connecting villages could be of earthwork in order to minimise costs, with suitable lasting admixture to permit their all-season use. Roads connecting the primary market centres and towns could be semi-pucca built from locally available wastes of brick kilns or kankar or murram.

The Central Road Research Institute (CRRI) has developed a few cost-effective technologies which meet the immediate needs of rural India. The CRRI has also developed low cost cross drainage technology involving the use of bitumen drums etc.

To be effective, rural transportation should have the following features:³⁵

- (i) **Accessibility:** Must involve less time to walk between the area and the system;
- (ii) **Economical:** Save the costs involved in the movement;
- (iii) **Efficient:** Move the things as speedily as possible;
- (iv) **Effective:** Save the things moved from damage, leakage etc.
- (v) **Durable and Reliable:** Must be available round the year and in all seasons; and
- (vi) **Adequacy:** Must be adequate enough to move things and people.

Thus, achieving full accessibility in a time-bound manner is an important means to ensure rural prosperity. The rural schemes should give importance to rural transport, but funds misuse should be curbed.

Conclusion

Funds shortage is no doubt a problem for successfully implementing rural service schemes. However, there is also need for better utilisation of the available funds. Also, the schemes require cooperation from local people, voluntary agencies and self-help groups.

5.6 SUMMARY

India has been an agrarian state ever since her independence and the primary objective is of alleviation of rural poverty and development of rural areas. With focus on elimination of poverty, ignorance, diseases and inequality of opportunities and providing a better and higher quality of life for the rural areas are the basic premises. Rural

development implies bringing the economic betterment of people as well as greater social transformation/equity.

In order to provide the rural people with better prospects for economic development, the focus has to be on increased participation of people in the rural development programmes, decentralisation of planning to villages, better enforcement of the land reforms and greater access to credit and employment opportunities. The focus, of course, is in the 74th Amendment of Constitution that provides for Panchayat-level planning and development.

India still has nearly half its people living in rural areas and that poses a challenge for the rural development task. With large-scale decentralisation and empowering panchayats to plan and undertake development comes the need to plan and develop our villages in a systematic manner, invest in rural infrastructure and improve the quality of life in our rural areas. There is an urgent need to address the downside of proliferating unemployment, increasing drought and agriculture loss, address rural poverty, of relentless march of rural amenities and address environmental issues.

One of the major requirements for rural development is to have the accurate and timely information – information in geo-spatial forms that allows generation and use of different maps, GIS data and applications. Information of rural areas that characterises the social and economic environment, physical environment and rural services and amenities are critical in planning and development of rural areas.

Focus of Rural Development and Planning: In the rural framework, there are four core areas that are focus of planning and development:

Rural Development – This focuses on development of rural manner in a holistic manner and improvement of quality of life.

Important schemes for generation of self-employment and wage employment, provision of housing and minor irrigation assets to rural poor and rural roads.

Land Resources – This focuses on assessing and managing land as a resource unit in rural areas. The need is for increasing the soil and moisture conservation and productivity of the wasteland of the degraded lands thereby increase the income of the people.

Drinking Water and Sanitation – This focuses on providing basic drinking water and sanitation facilities in rural areas.

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5.7 SELF ASSESSMENT QUESTIONS

1. What are the basic needs for rural development in present situation? Explain.
2. What is the present position of Rural Housing in India?
3. What are the measures needed to develop rural India?
4. Explain in detail about Rural Education.
5. Explain the position of Rural Roads in India?
6. Discuss the rural development programmes of China.
7. Describe rural development programmes implemented in different countries.
8. Explain the technology which leads to rural development.
9. Explain the concept of food security and its relation to rural development.

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10. Write short notes on:
 - (a) Rural Housing
 - (b) Rural Communications
 - (c) Rural Health
 - (d) Rural Education
 - (e) Rural Water Supply
 - (f) Rural Irrigation

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6

Chapter

RURAL DEVELOPMENT IN SOME ASIAN COUNTRIES – AN OVERVIEW

Objectives

The objectives of this Chapter is to understand the following:

- The Key Features of the Rural Development Aspect of Some LDCs of Asia, viz., China, Pakistan, Bangladesh, Sri Lanka, Philippines and Tanzania

Structure

- 6.1 Rural Development in China
- 6.2 Rural Development in Pakistan
- 6.3 Rural Development in Bangladesh
- 6.4 Rural Development in Sri Lanka
- 6.5 Rural Development in Philippines
- 6.6 Rural Development in Tanzania
- 6.7 Summary
- 6.8 Self Assessment Questions

6.1 RURAL DEVELOPMENT IN CHINA

China has made great advances in its agricultural and rural development since the reforms and opening up that began in 1978. It has not only fed its population of 1.3 billion, but has also contributed to international agricultural development and food security. The strategy for rural development is dependent on the agricultural development in China besides other facts and factors. The followings are the strategies adopted by China for agriculture and rural development.

- Giving top priority to solve problems relating to agriculture, rural areas and farmers and balance development of urban and rural areas; more efforts to build a harmonious society.
- Speeding up strategic readjustment of agriculture and rural economy;
- Focusing on pursuing a combination of high yield, good quality, high competition and efficiency with ecology improvement instead of simply seeking high yields;
- Keeping sustainability based on conservation of energy, water, land, material consumption and recycle resources utilisation become prior policy

Three key approaches for Rural Development:

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- Enhancing agricultural infrastructure construction
- Speeding up advances of agricultural science and technology
- Increasing capability of agricultural comprehensive production

Issues on Rural Development in China

The Agriculture and Rural Development Task Force (ARDTF) was established in 2003 to investigate a series of issues affecting the incomes, development opportunities and living conditions of rural citizens. The specific issues included:

- reform of rural fiscal policy and public services
- grain marketing and grain-reserve management reform
- trade liberalisation and poverty
- farmer associations in agricultural and rural development
- labour migration off the farm
- agricultural research, extension services and water management
- land security and rental markets for cultivated land
- reform of rural financial services
- food security
- cultivated land protection
- environment and rural development

The main achievements of China's agricultural and rural development are as follows:

First, agricultural production registered great development.

Second, farmers' living standards improved remarkably.

Third, rural public utilities and services were greatly enhanced.

Main challenges of China's agricultural and rural development:

First, agriculture is still one of the weakest industries in China.

Second, it is difficult to sustain increases in grain output and farmers' incomes.

Third, the problems of uneven development in rural areas have become increasingly prominent.

6.2 RURAL DEVELOPMENT IN PAKISTAN

Pakistan after gaining independence during 1947 inherited a vicious cycle of century-old stagnation and poverty. The people were living in the scattered and interior villages with low subsistence level. The problem of reviving of rural life came into picture due to mass poverty, population increase, stagnation in agricultural production,

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neglect of various social services, lack of basic necessities of life as health, better a higher education, transportation and communication facilities healthy drinking water and electricity etc., wide gap and the disparity in the income distribution and non-adopting trend for modern technology. Thus, for the development of Pakistan, the development of rural area is necessary. In Pakistan, attempts at rural development have been going on for the last three decades.

Agriculture plays the part of backbone in Pakistan economy. Agriculture cut the poverty rate in the country, employment rate increase with the increase in the demand of non farm products; it can also help in reducing poverty.

Policies made for the rural development mainly focuses on the farmer with large land holding and the farmer with small lands are ignored. These small landholders are making 90 per cent of the total farms are ignored along with the side of the landless labour community. Natural resources are decaying by passing years, due to bad agricultural system and climate change; the quality of the land has also being reduced; almost 40 per cent of agricultural land is useless now; high population and bad health of the people in rural area are effecting the productive rate too. Almost 30-50 per cent people are malnourished. Water and sanitation system are not well-managed in rural areas, 87 per cent of total population gets clean water and 37 per cent gets access to salutory system. There is no activities for the youth in rural areas, leading to unemployment of rural youth.

Since the creation of Pakistan number of work has been done for the development of the life of people of rural area and to increase the agricultural production level. Rural Works Programme, Integrated Rural Development, Local Government and Rural Development, People's Programme, Tameer-e-Watan, Social Action Programmes, Shushan Pakistan, Tameer-e-Pakistan and Khushal Pakistan Programme. These programmes boost in almost all parts of the country. The main goals of these programmes are the agricultural development, social welfare of the rural people and improve the standard of living of people living in the rural areas. But as these programmes conflict with one another, many programmes just not only failed but cause harm to other programmes too because of the conflicting aims of the programmes. Main cause of failure of these programmes are the lack of active institutions, absence of efforts to help evolve rural leadership from the grassroots; lack of proper supervision; follow-up; research and evaluation of projects.

- All these issues can be solved by adopting innovative and cost saving technologies.
- To overcome unemployment and rural-urban migration, there is a strong need that agro-based industry should be promoted so that on one hand employment opportunities can be created and on other rural poverty can be eliminated.
- Saving habitat must be provoked in rural areas so that the people can invest and improve the income of whole rural community.
- All the rural developments must be monitored and evaluated on strong basis so that successful implementation of programmes can be ensured and those persons who are not obeying the programmes must be held accountable.
- In order to overcome health and education problems of growing population, more schools and public health institutions should be developed

Pakistan had a very long history of Government interference in the rural sector to improve the economic and social conditions of the rural people. However, there are no absolute policies adopted by the government to improve the conditions of the people living in rural areas. Long-term plans should be made to ascertain the development of the people living in rural areas and for the development of agriculture sectors.

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6.3 RURAL DEVELOPMENT IN BANGLADESH

Almost all the developing nations of the world are facing the challenges of providing adequate employment and food entitlement to their present population. Bangladesh is not an exception from this. Thus, the rural development strategy aims at improving the economic and social life of a specific group of people in the rural area through institutional and policy intervention. The dimension of the approaches to rural development pertaining to rural development of Bangladesh can be viewed as follows:

- Rural Development as Poverty Alleviation
- Rural Development as Agricultural Development
- Rural Development as Ruralisation of Development
- Rural Development as Peasantisation of Development

The rural development process reveals a remarkable shift from the community development approach to poverty alleviation by increasing the productivity of poor and providing them greater access to goods and services.

Rural development signifies the growth of agriculture which is the mainstay of peasant society in Bangladesh. Through policy initiatives of the government, rural development encourages the progressive farmer to boost up production. Institution building, micro credit, extension support, marketing facilities, land use development etc. give a boost to agricultural development. In this context, the approach of intervention of institutions and community organisation has been adopted to diffuse the idea of adopting modern technology in agriculture.

The information asymmetry and skewed pattern of accessibility to resources are the major cause for miseries of peasants in rural area. Thus, the making the anti-poverty and rural development programme to the reach of the target group is the approach for this purpose. Further, empowerment parameter altogether with tangible programme of income generation, social mobilisation and capacity building can lead the policy success meant for the development of rural sector.

Peasantisation of development through the active participation of peasants in various organisations and committees can lead to rural development. The programmes like Rural Works Programme, Green Revolution, PWP, Swanirvar Gram Sarkar, TVD, CVD, SFLDP etc. more or less lead to peasantisation of development.

Above all, the micro finance initiative taken for the poor in Bangladesh is also one of the praiseworthy initiatives for rural development.

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6.4 RURAL DEVELOPMENT IN SRI LANKA

Sri Lanka is a tropical island of 65 000 km², with approximately 75 per cent of the total population of living in areas defined as rural and nearly half of the population depending on agriculture for their living.

During the last five decades, Sri Lanka has been investing a significant part of her resources in three major social development programmes: the food subsidy programme, education programme and health services. The cumulative effect of the investments, in the provision of a minimum food basket, education and health services, was the exceptional gains Sri Lanka made in living standards in comparison with low income and middle income countries. In most instances, the social development indicators of Sri Lanka were better than those of middle income countries.

However, high unemployment rates and macroeconomic imbalances have been significant problems in Sri Lanka since mid-1960s and it virtual leads to collapse of the economy in the mid-1970s. In 1977, with a change of government, saw a shift in policies for opening up and liberalising the economy and since the 1980s, the centerpiece of the macroeconomic strategy has been the Structural Adjustment Programmes (SAP) and the Stabilisation Programmes initiated in consultation with the World Bank and the International Monetary Fund (IMF) in 1988 aimed at removing a number of entrenched impediments including poverty alleviation programmes and human resource development to economic growth.

The rural development initiatives undertaken by Sri Lanka at different period of time have been highlighted as follows:

The Period 1948-1977

- Agricultural development
- Food security
- Welfare service
- Village Development through Rural Development Societies (RDSs)
- Promote rural industry, cottage industry and vocational training for employment generation in rural villages on a limited scale
- Agricultural inputs, credit and technology transfer were thus established, servicing the rural sector
- Marketing facilities were provided through a network of cooperatives in addition to their role of distribution of: (a) basic food items and (b) agricultural inputs to the rural areas
- Women's participation in community development work and income generation activities through Women's Rural Development Societies
- Greater opportunities of rural employment
- Linked to the system of cooperative societies at the village level
- Agricultural Productivity Law of 1972, comprising of farmer representatives and operated from the newly established Agrarian Service Centres

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- Paddy Lands Act of 1958 to promote agricultural development and safeguard the provisions of the Act including protection of the rights of tenant farmers
- Decentralisation of power and budget
- Another important delegation of a function of national importance was the Land Reform Commission established under an Act of Parliament in 1972 to nationalise all lands in excess of 50 acres as well as foreign company-owned plantations

The Period 1977-1987

- Establishment of *Gramodaya Mandalayas* (a new village level institution) with specific purposes such as death donation societies and temple societies
- Establishment of *Pradeshiya Mandalayas* (a new divisional level institution) with the chairpersons of all the Gramodaya Mandalayas in the respective Divisional Government Agent division
- Initiation of projects satisfying the basic needs of the community, serving the many rather than a few with the objectives of encouraging self-reliance and community participation
- Restructuring of the main welfare programme and the Food Subsidy Programme which was converted to a more selective and target oriented Food Stamp Scheme for the poorest segments of the population to assure their food security.
- Field workers in agriculture were remarkably increased in number
- Social mobilisation for self-help activities under the Village Reawakening (Gam Udawa) Programme, to assist the rural poor in low cost house construction
- The other community participatory activities were limited to small-scale community initiatives

It can be concluded that dramatic changes were visualised from outside as the open economic policies could not benefit the poor and the incidence of poverty grew in the country after the liberalisation of the economy.

The Period 1987 Onwards

There is a common agreement on the issue of how the poor can be protected during the period of adjustment and how the SAP can be designed in a way that allows integration of the poor into the productive economy.

The Integrated Rural Development Approach

Sri Lanka has over the years adopted a series of different development approaches, particularly in rural areas, to correct regional imbalances and alleviate poverty. Failure of one approach led to experimentation with a different approach. Initially, efforts were directed at implementing a number of independent rural development projects in more or less randomly selected areas. A renewed attempt at improving coordination of regional development interventions was made when the district administrative unit (district development council) became the focus for development approaches.

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Recognising the inadequacy of the many development efforts, which had been made for solving the poverty problems, the government introduced during the 1970s the idea of a more comprehensive thrust in some districts. This soon came to be known as the Integrated Rural Development Strategy operationalised in selected districts under the name of Integrated Rural Development Projects (IRDP).

The main objectives of the national Integrated Rural Development (IRD) efforts were to widen economic opportunities and enhance the general standard of living in rural areas; focus development efforts, especially to meet local needs and to encourage local institutions; reduce inter- and intra-district disparities and thereby promote balanced growth; encourage quick response, mutually supportive low cost productive investments along with necessary institutional improvement; assist in removing constraints, thereby contributing to better utilisation of district resources; improve the planning process in districts.

Role of Non-government Organisations in Rural Development

Non-government organisations (NGOs) have operated in Sri Lanka for several decades. They were initially few, but in the late 1980s began increasing in number with varied objectives, capacities and organisational structure.

Voluntary organisations in Sri Lanka have come to play an important role in delivering services to meet basic human needs. VOs run day care centres, nursery schools, health clinics, homes for destitute children and homes for the elderly; they also provide vocational training, non-formal education and sports and recreation programmes. They operate rural development projects and community self-help programmes providing social overhead capital, i.e., roads, water tanks, irrigation canals, sanitation facilities and wells. Many provide working capital for local small-scale agriculture, handicraft projects and market outlets for goods produced in villages. Such private groups either supplement or exclusively provide services offered in other countries by government agencies. NGOs are legally recognising when registered under Act No. 91 of 1980. They may raise funds locally or abroad for the activities identified under the organisation's objectives.

One significant recent development was the recognition of national/divisional level NGOs to be entrusted with the implementation of National Development Trust Fund programmes. These programmes aimed at functioning on a non-profit basis to identify, promote and support sustainable income generation opportunities among the poor and the unemployed youth and women and to improve the nutritional status of children under five years.

Poverty Alleviation, Social Welfare

One important aspect of structural adjustment programmes to address poorer segments of society. As such, the Poverty Alleviation Programme (*Janasaviya*) originated in the emerging awareness of the aspirations of the poor and social tensions which arise from their not being fulfilled. In a wider perspective, Janasaviya was a people-based programme which intended to put people first; considered human beings as a primary resource; depended mainly on self-reliance and bottom-up approach in decision-making; it was culturally harmonious; and it could be realised truly island-wide.

The method suggested to improve the quality of life of the poor has been the enhancement of their capabilities through providing food security for the household during its two-year period of operation.

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The Janasaviya Trust Fund, the other counterpart programme which had a holistic approach to poverty alleviation included: Social mobilisation process; Training process; Credit component and Community project component.

The two programmes were the main poverty alleviation programmes that came into operation in the late 1980s. Their impact on rural families could be assessed in the following categories: self-development orientation; access to basic needs; participatory decision-making; village level group formation; access to formal credit; access to technical/vocational training; participation in community infrastructure development. Since 1994, they have been replaced by the Samurdhi Programme, also aimed at the rural poor, but more specifically targeting rural unemployed youth.

6.5 RURAL DEVELOPMENT IN PHILIPPINES

Rural development as a social goal has long been given major attention by policymakers in the Philippines. The dominant production activity in the rural sector is of course agriculture. Rural development is part of the process of “structural transformation” characterised by a diversification of the economy away from agriculture. The role of rural non-farm enterprises (RNEs) and the expansion of rural non-agricultural activities are a crucial aspect of Philippines rural development, without which the development process as a whole is not likely to be self-sustaining and equitable. Agriculture being the dominant source of income for the rural population, “getting agriculture moving” is necessary to generate the demand stimulus for a decentralised, rural-based industrialisation which is a critical determinant of the country’s long-run development prospects. But the agricultural growth is not sufficient in Philippines to support RNEs. However, as a matter of rural development, the government has taken initiatives to link credit market, labour market and land market with the agricultural production besides creating avenues for production and consumption linkages so that agricultural productivity will be enhanced and RNEs will be boosted up which will ultimately lead to generate employment and income in rural sector.

6.6 RURAL DEVELOPMENT IN TANZANIA

The basic goals of the rural development programmes or approaches in Tanzania are:

- To alleviate poverty
- To increase food security and incomes of rural households
- To develop agricultural productivity
- To developed access to formal financial services
- To improve quality education for pre-primary, primary and early secondary students
- To improve health of women of reproductive age, children under five and youth
- To enhance effective local ownership of development processes etc.

In order to achieve the objectives besides various Government initiatives, The Coastal Rural Support Programme in Tanzania, or CRSP(T), a multi-input area

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development programme of the Aga Khan Foundation (AKF) in collaboration with the government of Tanzania has taken pioneered initiative through market development approach to support rural livelihoods, alleviate poverty and improve the quality of life through increased rural income.

The followings are some of the initiatives taken in Tanzania in the context of rural development.

Agriculture

The economy is based on subsistence agriculture, with about 87 per cent of the population engaged in rainfed agriculture. Low agricultural productivity has increased the risk of food insecurity for many households even though there exists good agricultural potential, the soil in most areas is reasonably fertile and the region farmers in most regions have experienced low agricultural yield.

With five years (2010-14) funding from DFID, CRSP(T) is focusing initially on rice as a sub-sector with subsequent expansion into other crops such as sesame. The overarching goal of the rice intervention is to significantly increase food security, productivity and incomes for poor rice producing households. The intervention is currently focusing on all the lowland rice schemes the intervention is expected to reach more farmers, farms and other crops like sesame producing areas of different regions.

The current approach used is the Participatory Learning and Action Research for Integrated Rice Management (PLAR-IRM) framework, an approach that strengthens farmers' capacity for integrated rice management through co-learning and innovation. PLAR emphasises the search for solutions that are adapted to locally specific problems and aims at maximising the use of local resources.

Intervention in the rice sector will increase rice productivity through assisting producers, groups and associations in improved rice management techniques and increase productivity and competitiveness of the rice value chain through facilitation of backward and forward linkages. These results will in turn improve food security and incomes of rice growing households.

Savings and Credit

By increasing access to financial services, including both savings and credit, the livelihood of farmers can be improved substantially. It is found that very poor and remote populations have the capacity to save, and do save, significant amounts. They also need access to very small amounts of credit to help smooth incomes, meet predictable expenses and reduce shocks in emergencies. But approximately 57 per cent of Tanzanians above 16 years are excluded from semi-formal or formal financial services and services that do exist are restricted to urban and peri-urban areas.

In response, CRSP(T) has begun implementing the Community Based Savings Groups (CBSGs) project to provide access to both savings and credit to rural households across selected areas in certain regions. A CBSG enables a group of 15 to 30 people to come together and save. Once a sufficient level of savings has been reached, money is then loaned out to the members who pay interest on the amount borrowed. Group members agree to their own leadership, constitution, entry level payments and interest rates. The CBSG project aims to increase access to financial services for the needy people in many districts of various regions.

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CRSP(T) is also expecting to work with the Aga Khan Agency for Microfinance (AKAM) to encourage increased outreach to the rural areas, including the possibility of developing micro leasing products and other working capital/fixed assets credit products for micro- and small-medium enterprises. The programme will also promote financial literacy and dissemination of information on financial services and products provided by various organisations in the area.

Enterprise Development

The tourism sector has been developing over the past few years attracting more investment in certain regions. Trading is the primary off-farm occupation in the certain regions, providing a means of livelihood diversification for many rural families.

CRSP(T) will promote off-farm opportunities and diversification of incomes through enterprise development, specifically in the areas of tourism, handicrafts and agro-processing.

Health

The health sector especially in certain region is faced by a number of challenges that act in combination against the development of a healthy and productive population. Poor communications, poor water supply, poverty, poor rural health services and malnutrition are only some of the factors that contribute towards ill-health.

CRSP(T)'s health component will contribute to the improved health status of women of reproductive age and children under five years. This will be achieved through a number of strategies: community mobilisation; health education and behavioural change and communication that are culturally relevant; capacity and performance enhancement of health professionals at the facility and district levels; and strengthening of the public-private health delivery system.

Education

Ensuring continuity of learning and smooth transitions is a serious challenge in education. Factors such as high pupil/teacher ratios, overcrowded classes, lack of early stimulation, travelling long distances to reach school and the need to balance home chores and schoolwork all negatively impact learners' progress. These and other factors result in delayed enrolment and poor learning achievements.

CRSP(T) will build the capacity of school stakeholders to design and structure effective and appropriate classroom interventions and make the environment conducive to teaching and learning. In order to achieve this, the following strategies will be used: Improving learning, student assessments and achievement; increasing awareness of inclusive education; improving transition from ECD to primary and secondary levels; and strengthening teacher development and management systems as well as community structures (i.e., school management committees).

Strengthening of Civil Society

The programme focuses on two components in the civil society sector. The first component involves research that will help assess competencies of civil society organisations (CSOs) and support their development. Secondly, AKF will support

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government policy to encourage participation between communities and local government by underpinning that policy with mutual education, mutual training and encouraging mutual creative problem solving for villages, encouraging wide and multi-input approaches.

6.7 SUMMARY

The objectives and approaches of rural development undertaken in the above stated countries are found almost similar even though a little variation in approaches is observed depending on the socio-economic condition of the people, geographical and demographic features of the nations. The objectives and policy prescriptions of these countries are centric around the problems of employment, poverty, food securities, social security and other basic amenities of life. The countries (mainly LDCs of Asia) have been addressing these problems and impediments of rural development through various approaches and measures even though the targeted success rate in all most all countries as stated is still below the desired level. However, being an integral part of economic growth the rural development should be prioritized in all the Less Developed Countries (LDCs).

6.8 SELF ASSESSMENT QUESTIONS

1. Discuss the key issues of Rural development in Tanzania.
2. Discuss in brief the objectives, approaches and progress of rural development of China.
3. What are the factors given more importance in Bangladesh for rural development?

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7

Chapter

RURAL DEVELOPMENT IN THE ELEVENTH PLAN, 2007-12

Objectives

The objectives of this Chapter is to understand the following:

- Agriculture and Rural Development in the 11th Five Year Plan
- The Union Budget 2010-11 and Rural Development

Structure:

- 7.1 Agriculture and Rural Development in the 11th Plan
- 7.2 The Union Budget 2010-11
- 7.3 Summary
- 7.4 Self Assessment Questions

The growth rate achieved in the Ninth Plan (1997-2002) was only 5.5 per cent. However, the Tenth Plan (2002-07) could achieve a growth rate of 7.8 per cent. The Indian Economy on the eve of the 11th Plan was in a much stronger position than it was a few years earlier.

The Tenth Plan achievements were close to the targets set. While the growth rate anticipated was 8 per cent per annum, the plan could achieve a growth rate of 7.8 per cent. It is the highest growth rate achieved ever in any plan period.

However, the performance of the agricultural sector during the 10th Plan was not up to the mark. The growth rate achieved was 3.42 per cent per annum against the target of 4 per cent. This vital sector could achieve a growth rate of 3.5 per cent in 2002-03, 3.7 per cent in 2003-04, 4 per cent in 2004-05, 4.2 per cent in 2005-06, and 1.7 per cent in 2006-07.

The total Eleventh Plan outlay for Centre, States and Union Territories is projected (at 2006-07 prices) at ₹ 36,44,718 crore. Agriculture and allied sector have been allocated ₹ 1,36,381 crore. Rural development has been allocated ₹ 3,01,069 crore. Amount of ₹ 26,329 crore has been allocated to special area programmes. The amount allocated to irrigation and flood control is ₹ 2,10,326 crore. All these four subject claimed 18.5 per cent of the total outlay (Economic Survey, 2009-10, p. A-46).

7.1 AGRICULTURE AND RURAL DEVELOPMENT IN THE 11TH PLAN

Agriculture GDP grew at around 3.6 per cent between 1980 and 1996 after which it collapsed to less than 2 per cent. The Paper, Approach to the 11th Plan, observed, “one of the major challenges of the 11th Plan must be to reverse the deceleration in agricultural

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growth from 3.2 per cent observed between 1980 and 1996-97 to a trend average of only 1.5 per cent subsequently.” It said that the stress should be not only on small and marginal farmers, but even middle and large farmers who also suffer from production stagnation arising from a variety of constraints.

The Steering Committee Report on agriculture for the 11th Plan has identified the possible reasons for deceleration in agriculture since the mid-1990s. It said the major sources of agricultural growth are public and private investment in agriculture and rural infrastructure including irrigation, technological change, diversification of agriculture and fertilisers. The progress on all these sources slowed down in the 1990s particularly since mid-1990s.

Public investment in agriculture and allied sectors (at 2004-05 prices) was ₹ 23, 039 crore. This has gone up to ₹ 24,452 crore in 2008-09. During this period, private investment increased from ₹ 86,967 crore to ₹ 1,14,145 crore (Economic Survey 2009-10, p. 180).

During the period 2005-06 to 2008-09, foodgrain production recorded an average annual increase of over 8 million tonnes. Total foodgrain in 2008-09 was estimated at 233.88 million tonnes as against 230.78 million tonnes in 2007-08.

Distribution of certified/quality seeds stood at 179.05 lakh quintals in 2007-08. It may be around 190 lakh quintals in 2008-09.

Total fertiliser consumption in nutrient terms (NPK) was 203.4 lakh tonnes in 2005-06. It increased to 225.70 lakh tonnes in 2007-08, and to 249.09 lakh tonnes in 2008-09.

Growth in GDP in agriculture and allied sectors was 4.7 per cent in 2007-08, but it fell to 1.6 per cent in 2008-09. The share of agriculture and allied sector in GDP was 16.4 per cent in 2007-08, but it fell to 15.7 per cent in 2008-09. The share of agriculture and allied sectors in total gross capital formation was 7.01 per cent in 2007-08, but increased to 9.05 per cent in 2008-09 (all figures at constant prices, 2004-05). In 2004-05, the agricultural sector accounted for 52.1 per cent of the total employment.

7.2 THE UNION BUDGET 2010-11

The Budget laid stress on the following: (i) agricultural production, (ii) reduction in wastage of produce; (iii) credit support to farmers; and (iv) a thrust to the food processing sector.

The Budget strongly feels that the green revolution need to be extended to the north-eastern region consisting of Bihar, Chattisgarh, Jharkhand, Eastern UP, West Bengal and Orissa. To achieve this, the Budget made a provision of ₹ 400 crore.

It is proposed to organise 60,000 pulses and oilseed for villages in rainfed area during 2010-11, and provide an integrated intervention for water harvesting, watershed management and soil health to enhance the productivity of the dry land farming area. The Budget made a provision of ₹ 300 crore for this.

The Government has advanced a Nutrient Based Subsidy Policy for the fertiliser sector. It became effective from April 1, 2010. The policy is expected to promote balanced fertilisation through new fortified product and focus on extension services by

the fertiliser industry. The new system will move towards direct transfer of subsidies to the farmers.

There is wastage of grain procured from buffer stocks and public distribution system due to acute shortage of storage capacity in the Food Corporation of India (FCI). Of course, the scheme of private partnership is there. The FCI has been hiring godowns from private parties for a guaranteed period of 5 years. This period is now being extended to 7 years.

Regarding institutional credit to agriculture, for the year 2010-11, the target has been raised to ₹ 3,75,000 crore from ₹ 3,25,000 crore in 2009-10.

The Budget also gave priority to food processing sector which is getting state of the art infrastructure. In addition to the ten mega food park projects already being set up, the Government has decided to set up five more such parks.

The Budget made a provision of ₹ 66,100 crore for rural development for the year 2010-11. The Mahatma Gandhi National Rural Employment Guarantee Scheme covers more than 4.5 crore households. The allocation for this scheme has been stepped up to ₹ 40,110 crore in 2010-11.

Bharat Nirman has made a major contribution to the development rural infrastructure through its various programmes. The allocation for this scheme during 2010-11 is ₹ 48,000 crore. Rural housing scheme Indira Awas Yojana gets ₹ 10,000 crore.

Thus, during the 11th Plan period, the Government is keen on taking up some concrete measures to boost agricultural production and productivity, and also protect the interests of vulnerable sections like agricultural labourers. The well conceived programmes need to be implemented effectively.

7.3 SUMMARY

New Schemes Proposed under the 11th Plan: Some new schemes, viz., State Rural Road Connectivity, State Rural Housing, State SGSY, Training, Master Plan and Sutradhar are proposed for 11th Five Year Plan period. The provision made under new schemes for 2007-12 is ₹ 18,110.60 lakh and for 2007-08 is ₹ 6,720.00 lakh. Scheme-wise activities have been described briefly as follows:

State Rural Connectivity: Under PMGSY, the construction of all-weather roads is not permitted if the villages are less than 500 meters away from the main route/road. Such left-out roads and bridges will be covered and connected under the scheme with state support. During annual plan 2007-08, a provision of ₹ 25 crore has been made to construct such missing links.

Mukhya Mantri Awas Yojana: In spite of the scheme being under Bharat Nirman, as against nearly 38 lakh houseless families in the state, annual allocation under Indira Awas Yojana is only about 46,000. At this rate, it will take about nine decades to fulfill the existing need. The State Government has decided to flag off the Chief Minister Rural Housing Scheme. The main objective of the scheme is to provide housing to the houseless SC/ST families. During annual plan 2007-08, a provision of ₹ 32 crore has been provided for constructing 12,800 houses.

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State SGSY: To strengthen the SHG movement, it has been decided to constitute SHG Federations on the basis of activity and the geographical location. ₹ 5 crore and ₹ 18 crore have been proposed for Annual Plan 2007-08 and 11th Five Year Plan 2007-12 respectively.

Training IEC Scheme: A new scheme will be initiated from 2007-08 for the training on project implementation and its monitoring. For this scheme, during 2007-08, ₹ 0.1 crore is proposed.

Working Plan for Water Storage: It is a plan on the basis of a survey of the catchment areas and flow of water direction. On the basis of watershed specificities, identification and cost estimation of the probable water harvesting structures is done. On the basis of this study, the master plans have been prepared for all the districts of the State. On the basis of the master plan, works of nature of pond deepening and renovation, check dam construction and other watershed activity will be taken up in a planned and systematic manner in 14 districts not covered by NREGS and BRGF. For the implementation of works, according to the Master Plan, an outlay of ₹ 5 crore is proposed for the 2007-08.

Sutradhar Yojana: The establishment of the kiosks has been planned to facilitate access in rural areas to electronic communication and information and government schemes and programmes. These kiosks will facilitate provisioning of up-to-date information about Centre/State Government organizations and schemes. For this scheme, ₹ 0.1 crore is proposed for the annual plan 2007-08. An outlay of ₹ 7, 17,783.60 lakh for the 11th Five Year Plan is proposed. Out of this, ₹ 18,110.60 lakh is proposed under new state schemes. An outlay of ₹ 1, 29,196.60 lakh is proposed for Annual Plan 2007-08, of which ₹ 6,720.00 lakh has been allocated for new schemes.

7.4 SELF ASSESSMENT QUESTIONS

1. Explain the provisions for Agriculture in the 11th Five Year Plan.
2. Describe rural development programme in 11th Plan period.
3. Which issues related to Agriculture are given in Union Budget 2010-11?
4. Explain the role of Union Budget Rural Development.
5. What is green revolution? Discuss the impact of green revolution for rural India.

8

Chapter

RURAL DEVELOPMENT: ROLE OF VOLUNTARY AGENCIES

Objectives

The objectives of this Chapter is to understand the following:

- Importance and Changing Role of Voluntary Agencies in Rural Development
- Supervisory of Voluntary Agencies
- Limitations of Voluntary Agencies in Rural Development
- Strengthening of Voluntary Agencies

Structure:

- 8.1 Importance and Changing Role
- 8.2 Supervisory of Voluntary Agencies/NGO
- 8.3 Limitations of Voluntarism
- 8.4 Strengthening Voluntary Agencies
- 8.5 Summary
- 8.6 Self Assessment Questions

In a vast field like rural development, governmental efforts are certainly inadequate to solve the crucial problems of poverty and unemployment. Rural development is a complex process as it involves continuous reorientation of ongoing development efforts. Even the funds available at the disposal of the government are limited. Also, the bureaucracy suffers from serious limitations and therefore it alone cannot take up the gigantic task of rural reconstruction through various programmes.

The voluntary agencies concentrate less on objectives and more on results. Adopting a broader view, the voluntary agencies can easily move from being on the periphery of the rural economy to becoming active players in the development of the rural areas.¹ Of course, their credibility would be high only when they are accountable in this capacity.

8.1 IMPORTANCE AND CHANGING ROLE

There are always some missing links in the long chain of rural reconstruction. The voluntary agencies are expected to provide these missing links. Considering the

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magnitude of rural poverty and unemployment, the government is keen on associating voluntary agencies with its anti-poverty drive.

A new approach to rural development has to be evolved as the existing programmes have reportedly met with limited success. The voluntary agencies, which are in touch with grassroot realities, are expected to help the government in evolving a new strategy to tackle mass poverty and the consequent growing levels of unemployment. Also, development does not mean a mere increase in production output. It ought to include improvement in the quality of human life. The voluntary agencies do enjoy an edge over others in improving the living economic conditions in the targeted rural areas.

One cannot but notice the changing role of voluntary agencies. In the past, these agencies used to undertake relief work whenever there were natural calamities like earthquakes and floods threatening diseases and subsequent outbreaks of life. Gradually, they had taken up welfare and development schemes.

The changing role of voluntary agencies is also understandable. Voluntary action has emerged from social consciousness generated by organised interest groups of people who are committed to the people-centred approach. Local initiative and leadership have received a boost.² The action is targeted to benefit individuals on the whole.

The voluntary agencies have given a new boost to rural development. Working with the rural poor is no longer considered *infra dig*. The voluntary agencies have conducted experiments and also provided new leadership at the grassroot level. They are not handicapped by rules and regulations.

Voluntary action has become a major global phenomenon today. There are local level organisations and also international agencies. Most of the voluntary agencies in India are inspired by Gandhian teachings or the Church.

The activities of voluntary agencies can be broadly divided into four categories:

- (i) Simple charity, supplementing welfarism of the state;
- (ii) Encouraging people's participation and implementing programmes launched by the Government for larger benefit of the rural community at large or the village;
- (iii) Involving people in programme planning, raising resources, implementing activities and sharing fruits of development and
- (iv) Conscience instilling and organising people thus enabling them to demand and undertake planning and implementation of development programmes beneficial to them.

The development of the local leadership has received new impetus because of the emphasis on the role of the 'change agent' who was expected to act as catalyst in the mobilisation of local manpower and resources and for bringing about development and social change in the rural population.

At present, the voluntary agencies are active in a number of spheres. Some voluntary agencies may not take up development works, but they try to improve the delivery system by placing checks on corruption and inefficiency.

Some voluntary agencies have concentrated on rural technology with the belief that the available technology should come to the rescue of small farmers and artisans. They are interested in areas like improvement in the designs of bullock carts.

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A new class of professionals have entered the field of voluntarism which has been appreciated as a significant development. As a result of this, the voluntary agencies are in a position to evolve a low cost delivery system.

Voluntary agencies generally adopt a holistic approach to rural development by planning and organising activities in such a way as to cover all aspects of rural life. However, of late, voluntary agencies started specialising in certain services.

The Bharatiya Agro Industries Foundation (Urlikanchan, Pune) concentrates on the promotion of hybrid milch animals, fodder development and social forestry.

The Bhartiya Grameena Mahila Sangh organises its training activities for rural women in self-reliance and leadership. The Harijan Sevak Sangh concentrates on constructive work among the Harijans in rural areas.

The Sarvodaya Shramadan Movement (Founder: A.T. Ariyaratne) of Sri Lanka is a unique movement in the share of community development. The movement from its very beginning has been guided by Gandhian ideals. The movement has laid stress on educating people to achieve self-fulfillment and better living standards etc.

The movement is having sixty village centres which coordinate development plans in their areas and provide training programmes. The apex body, located outside Colombo, has been taking major decisions concerning policies, priorities and initiating new development programmes. The movement had set up a 'revolving fund' for providing low interest loans for small-scale development projects.

The Bhoomi Sena (Land Army) Movement in Maharashtra emerged in response to the oppression of the Adivasis (aborigines) by the local elite. The Bhoomi Sena helped the Adivasis in securing land forcibly taken away by the landlords. The army has also expanded its activities over a period to such areas like credit, digging wells and trading in grass. The Bhoomi Sena launched campaigns against alcohol and bonded labourers, unnecessary and unproductive expenditure on cultural rituals and social practices. The Land Army has also laid special emphasis on cost effective organisation of the rural sector.

The Social Work Research Centre (SWRC) at Tilonia in Rajasthan has emerged as a reputed voluntary organisation. The organisation is led by young professionally trained experts in various spheres. The emphasis has been on an integrated approach to ensure rural development and a strong linkage between action and research. The SWRC proved beyond doubt that formal educational qualifications are not necessary for serving the financially deprived rural sector.

The SWRC is a non-profit organisation. The professionals are paid nominal remuneration. The staff lead a modest life. The Centre, believes that the young professionals should be committed towards rural development a challenge. The work should not be influenced by ideological considerations. There should be flexibility and freedom enough for a change in thinking, in strategies, in emphasis and in shifting responsibility.

The ultimate goal of SWRC has been to call for the effective participation by villagers to initiate projects and take advantage of government programmes that would enable them to bring about change.

The Dasholi Gram Swarajya Mandal (DGSM), founded in 1964 by the creative workers of the district Chamoli in the Central Himalayan range of Uttar Pradesh, aims at

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conservation of forest wealth, the provision of employment opportunities for the local youth and propagation of the village, industry. The aim has been to encourage forest-based industries. The DGSM launched a scheme to educate the rural people about the evils of alcoholism and strived to preserve the art and culture of the region. The Mandal also worked for the upliftment of women and weaker sections in the region.

Thus, the voluntary agencies are rendering a wide variety of services to the rural population. Their role has completely changed over a period of time. They have started concentrating on both development and change. It is therefore necessary to create a favourable climate for the healthy growth of voluntary agencies.

8.2 SUPERVISORY OF VOLUNTARY AGENCIES/NGO

The voluntary agencies do enjoy an edge over government departments in many important spheres as they adopt a practical outlook and are guided by a spirit of sacrifice. The voluntary agencies try to see that the communities become as independent as possible. The voluntary agencies are capable of creating the right social climate in support of the state laws.

Voluntary action is said to be essential in areas where awareness and conscious participation of the people is critical for success. Voluntary agencies being small and independent of bureaucratic constraints, can afford to experiment with ideas, technologies, organisation and anything else.³

The strength of voluntary organisations lies in their capacity to understand the local needs, problems and resources; their capacity to involve local people and secure their cooperation and participation; and their desire to experiment with new programmes, strategies and approaches for rural development without incurring large expenditures.⁴

The government has been implementing a number of anti-poverty programmes which have failed due to irregularities in the identification of beneficiaries and assets; lack of co-ordination among the activities and agencies; a large incidence of leakages etc. The voluntary agencies can help in removing these deficiencies.

The voluntary agencies adopt a flexible and pragmatic approach which is considered an advantage because of diverse conditions prevailing in the rural areas. Concrete issues are discussed and decided with high degree of participation and commitment. The stress is more on action-based forums than on representative bodies. The voluntary agencies are not only task-oriented but service-oriented, as pointed by Nitish De.⁵

However, the voluntary agencies are specialising in their chosen fields. This is desirable because they can render better service through specialisation. After all, the limited resources available should produce optimum results.

The voluntary agencies have been successful in organising the weaker sections of the people, improving the rural delivery system and countering exploitation of all kinds. Above all, they have given a new boost to local initiatives and efforts.

Some voluntary agencies have made successful innovations in the field of application of science and technology and in the use of local resources. They can thus help exploit the underutilised rural resources.

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In a sphere like adult education, voluntary agencies do have an edge over government departments. The adult education programme requires a special quality of service-personnel. People are not generally motivated towards programmes which do not yield immediate rewards or material gains. Educating the rural adults is no easy task, as they have a low level of motivation. The learning task should be made meaningful by relating it to the day-to-day activities of the adult learners. Post-literacy and follow-up work including the organisation of library services, production and dissemination of literature for neo-literates, creation of organisation of neo-literates etc. are very important. Voluntary agencies which are very close to the local environment are the most appropriate ones to take up responsibility for conducting adult literacy classes.

One of the major causes for failure in the implementation of land reform measures is the noninvolvement of the landless agricultural labourers, insecure tenants and the share croppers.⁶

The voluntary agencies can also contribute significantly in the successful implementation of land ceiling laws. The land reform measures failed because of lack of political will. The voluntary agencies can help the informal tenants in getting their tenancies regularised in the village records. They can also identify the benami transfers of surplus lands. Some former land owners, in collusion with local revenue machinery, continue to enjoy land availability. Voluntary agencies command respect among the poor, if only they are able to strengthen the delivery system.

In the sphere of land reforms, the voluntary agencies can — (i) organise the beneficiaries so that they will be made aware of their rights and (ii) bring pressure on the implementing machinery so that the implementation of ceiling laws will be expedited.

The voluntary agencies can ensure people's participation in the development process. They can ensure a mechanism of social control over the developmental bureaucracy. The voluntary agencies can seek, more easily than a government department, people's co-operation. People's participation can be ensured only by genuine grassroot organisations and these alone can keep a watch on the delivery system.⁷

The voluntary agencies are best suited to take up sensitive issues. Organisation of the rural poor is one such issue. Only one per cent of the agricultural labourers is covered by the trade union activity. This implies making them conscious of their deteriorating conditions, their handicaps and their strength.

The organisation of the rural poor is required to secure their full participation in the execution of government plans for integrated rural development. Political parties and mass organisations should see that the benefits of the plan schemes reach those for whom they are intended.

Organising this sector is a complex and difficult task as it is to a large extent divided on caste and other lines. They lack even the mental awareness and eagerness to stand up against injustices done against them. Also, the rural rich try to arrest the emergence of unions. Hence, there may be conflicts whenever attempts are made to unionise the rural poor.

The voluntary agencies must keep in view the various difficulties in attempting to organise the poor. They must seek the co-operation of the government departments and political parties in taking up sensitive issues.

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The voluntary agencies can also be helpful in the sphere of monitoring and evaluation of plans targeted to benefit the rural sector. Most programmes at present are not subject to proper evaluation. As a result of this, corrective measures cannot be initiated in time. The voluntary agencies can objectively evaluate the anti-poverty programmes. The voluntary agencies should be involved in concurrent evaluation (ongoing evaluation) and also post-mortem evaluation (evaluation after the completion of a project).

8.3 LIMITATIONS OF VOLUNTARISM

True, the voluntary agencies can do significant service in a number of spheres. Yet, in actual operation, they are facing a number of problems. The main problem relates to leadership. Some people who rendered voluntary services earlier have become politicians. Moreover, the success of a voluntary agency largely depends on a charismatic leader and with his exit, the organisation shows either signs of growth or decay. Moreover, the interlocking of leadership results in inadequate and ineffective supervision.

The activities of voluntary agencies are fragmented and spread over a variety of fields. In the case of India, about 60 per cent of the organisations are concentrated in Eastern and Western regions. The central funds too flowed more into areas already developed. Moreover, most voluntary agencies are having their headquarters in urban areas. This is not a healthy trend as a major job opportunity has to be developed in rural areas.

In the case of most voluntary agencies, dedication, rapport with the local people and commitment are on the decline. Most of the organisations still adopt the traditional approach — trying to motivate people and introducing an element of professionalism.

Unfortunately, most voluntary agencies are unwilling to establish even a working relationship with the government departments. This would subsequently deprive the voluntary agencies of their independence, autonomy and identity, leading to unnecessary harassment.

Some feel that voluntary agencies are basically front organisations for political activity. Suspicion, competitiveness, the ambitions of leaders, the loaves and fishes offered by international funding agencies divides voluntary agencies even within one ideological frame.⁸ Most agencies also fail to understand the social and economic structures of the community they wish to serve. This alienates them from the community itself. The problem worsens because of unfavourable power structure. Moreover, the number of voluntary agencies which are actively involved in rural development with headquarters in rural areas is very limited.⁹

The specific problems of voluntary agencies include: lack of proper planning and the absence of clearly laid down policies, lack of proper appreciation and recognition, identification with a particular group and a high turnover of the workers.

The major problems facing the voluntary agencies have been summarised as follows:¹⁰

- (i) Inadequacy and lack of certainty of the inflow of funds;
- (ii) Ambivalent relations with the government and official agencies;
- (iii) Scarcity of competent and committed persons to serve the voluntary agencies;

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- (iv) Inadequate and only symbolic participation of the beneficiaries in the management of voluntary agencies and their negative inclination towards self-help, the desire to benefit from programmes sponsored by the voluntary agencies and
- (v) Antagonism and occasional conflicts with the local political interests.

The rural development bureaucracy does not generally appreciate autonomous institutions like voluntary agencies. The bureaucracy tends to have this attitude to exercise control over these agencies directly or indirectly, to render these agencies unable to extend services to the extent they desire. The situation worsens when local politicians too interfere in the work of the voluntary agencies.

Lack of professionalism is a major problem facing the voluntary agencies. This creates problems in the preparation of project reports. While some agencies have developed professionalism, others do not try to acquire professional help. Hence, they are not in a position to properly assess the development potential of the local and regional resources.¹¹

The voluntary agencies do face problems in the mobilisation of funds. There are some voluntary agencies which unduly depend on external institutions and funds. Most voluntary agencies are unable to mobilise resources locally. Also, it is not desirable for the voluntary agencies to spend their limited resources on too many programmes and areas.

The cooperation extended by the people to voluntary agencies is not up to the mark. People generally want benefits only without any sacrifice on their own part. The rural sector by and large feels that the voluntary agencies emerged out of the initiative of the village elite. Even assets like community halls constructed by voluntary agencies are inadequately managed by the villagers.

Concerted efforts should be made to minimise the problems being faced by voluntary agencies. So long as these agencies render service to the community, they deserve the cooperation from the government departments and the people at large.

8.4 STRENGTHENING VOLUNTARY AGENCIES

The voluntary agencies can achieve their goals if only they have clear priorities. It has been rightly pointed out:¹² “Voluntary action should first and foremost mobilise popular support and action for the success of the government plans and efforts through educational and motivational programmes and concrete schemes of employment and production.”

The voluntary agencies must concentrate on income generating projects not only in the interests of the beneficiaries, but even for strengthening their own resource base.

It needs to be noted that voluntary agencies by themselves cannot complete the task of rural reconstruction. They must therefore seek the cooperation of the government departments and the local people. In fact, people's active participation in the planning process is necessary for the success of any development and welfare scheme.

Voluntary action cannot be a substitute for the government's role in the rural sphere. These two should be viewed as partners in progress. The relationship between voluntary

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agencies and government departments should be one of partnership, mutual faith, trust and confidence and utilising the strong points of the other partners in the process.¹³

The voluntary agencies sometimes work in competition with government department. This would only lead to duplication of the infrastructure, leading to wastage of resources. It would be better if the voluntary agencies concentrated on tasks which generally do not receive due attention of the government departments.

There is some rapport between government departments and voluntary agencies. This is seen in the following three areas:¹⁴

- (i) Involving voluntary agencies in select activities like training of service functionaries such as school teachers, auxiliary nurses, mid-wives, community health workers etc.;
- (ii) Providing voluntary agencies some annual recurring grants to cover part of their maintenance expenses and
- (iii) Nominating them to committees which review programmes at the local level. Some voluntary agencies may be entrusted with the task of preparation of block plans with support from the government departments. In fact, several state governments have been using the services of reputed voluntary agencies. The state itself is going to be benefited from various experiments being carried out by the voluntary agencies.

The voluntary agencies should help the government departments in successfully implementing anti-poverty programmes. They can help in the proper identification of beneficiaries and also leakages. It would be better if the evaluation work is entrusted to the voluntary agencies.

The government departments can help voluntary agencies in a number of ways. The voluntary agencies may be associated with the preparation of development plans. The government should extend administrative support and encouragement to the voluntary agencies. This includes a great level of interest by the government in the regulation of funds from both national and international agencies and accountability. Voluntary agencies also need technical help which can be provided by the government.

It also needs to be noted that there should be rapport among the voluntary agencies themselves. There is need for coordinating the activities of various agencies engaged in rural reconstruction. Interchange of information and experience between organisations engaged in constructive work in different states and across the country would need immediate attention.

Of course, the voluntary agencies should not depend on the government at every stage. They should be free to function on their own and should even be assisted and encouraged to do so.

8.5 SUMMARY

Rural development is an important component of national development in any agrarian economy. Rural development being the main sector in the national development aims to improve the standard of living of rural poor. It is an integrated process of series of sectoral programmes aiming at increasing the purchasing power of the rural people through better utilisation of the existing resources. To quote from the World Bank Sector

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Policy Paper on Rural Development, “A national programme of Rural Development should include a mix of activities including projects to raise agricultural output, create new employment, improve health and education, expand communication and improve housing.” In the changing context of globalisation, we can see multi-agencies involvement in rural development administration, such as Government, Industrial Bank, Cooperatives, Voluntary Organisations and Self-help Groups etc. In this context, analyses the impact of voluntary organisations in rural development.

Nowadays, there is huge investment by voluntary organisation in rural development in rural area. On the one hand, voluntary organisations are availing funds from the Government and on the other hand these organisations are also given tax concession. Major rural development programmes of the NGOs were agricultural programmes, health programmes, human resource development programmes, community development and industrial and trade programmes. Majority of the beneficiaries, non-beneficiaries, workers of NGOs and workers of other development agencies considered rural development works of the NGOs as effective for rural development. Non-government organisations with their advantage of non-rigid locality specific, felt need-based, beneficiary oriented and committed nature of service have established multitude of roles which can effect rural development.

8.6 SELF ASSESSMENT QUESTIONS

1. Explain the importance and changing role of voluntary agencies in rural development.
2. Write a short note on supervisory of voluntary agencies.
3. What are the limitations of voluntary agencies in Rural Development?
4. How voluntary agencies can be strengthened?

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9

Chapter

PEOPLE'S PARTICIPATION IN RURAL DEVELOPMENT

Objectives

The objectives of this Chapter is to understand the followings:

- People's Participation in Rural Development
- Problems with People's Participation in Rural Development
- Various Measures to Strengthen People's Participation

Structure:

- 9.1 Importance of People's Participation
- 9.2 People's Participation: Some Problems
- 9.3 Measures to Strengthen People's Participation
- 9.4 Summary
- 9.5 Self Assessment Questions

In any development scheme, people matter because it is for their welfare that such programmes are implemented. Yet, very often, people may be passive as they wrongly think that development is the job of the government. Schemes can be successful only when people take an active part in them. Unless people have a stake in their own development, it is unlikely to be sustainable.¹

The participation of beneficiaries can be understood in terms of participation in: (i) decision-making; (ii) implementation of development programmes; (iii) monitoring and evaluation of the programme and (iv) sharing the benefits of development.

9.1 IMPORTANCE OF PEOPLE'S PARTICIPATION

Popular participation enriches the planning process by checking the reliability of data, ensuring commitment of the people to targeted projects for the rural sector; rationalising proposals by the agencies concerned; reducing unreasonable pressure through informal channels and finally basing the proposals on the judgement of the people affected by the programmes.² People's involvement ensures strict supervision at the cutting edge of level of the administration.³

The local communities are in a better position to develop integrated programmes which alone can avoid duplication, minimise delay and ensure easy accountability. As a result of participation, the rural people will be in a better position to assess their own

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rights and responsibilities. Also, as a result of participation, the talent pool becomes larger.⁴

The way to a successful approach to development lies in enabling the poor to become conscious of the factors leading their critical financial status.⁵

Local people know their problems better and how and where a facility should be located. They are the best judges of their own interest. The government's responsibility is to create an environment that permits the local people to seek their best interests freely.

Popular participation is to be commended as it places obligation on people. The participation relates to decision-making, participation in benefits of growth and implementation of strategies in the work of development. Participation would also enable people to implement meaningful and productive programmes instead of going in for 'softer' projects. Also, as a result of the people's participation, the beneficiaries can get the maximum from the administrative agencies.

According to the Working Group on District Planning, public participation is needed at the local level for the following reasons: (i) To take note of the needs of the population; (ii) To mobilise local resources for plan implementation, including people's labour, (iii) To decrease the level of conflict during the planning and implementation stages; (iv) To increase the speed of implementation by securing the cooperation of the people; (v) To increase the legitimacy of authority; and (vi) To reduce popular resistance to decision.

In the implementation of many anti-poverty programmes, assets have been provided without knowing the capacities/conditions of the beneficiaries. In one case, the beneficiaries belonging to the low caste obtained superior breed of buffaloes. But, they failed to derive any benefit from them as they could not provide them the required dry and green fodder. Some of them are therefore forced to sell them to higher caste big farmers. Likewise, though loans and subsidies are provided to dig open bore wells, electricity is not provided for the pumps. Such costly mistakes could have been avoided, if only people's participation in rural development has been ensured. In the absence of this, even the data collected provided to be unreliable. People's participation is required not only in the construction of assets but also in their proper maintenance.

People's participation is specially important when the government is aiming at providing the basic needs. Participation will also strengthen the claim for material basic goods. For the local people, the basic needs are more important than anything else. As such, they show positive interest in the provision of basic needs.

It has been rightly observed by Rajani Kothari, "participation is not some process of involving everyone and reducing all to a common denominator, rather it consists of evolving institutional structure from which diverse individuals get a sense of dignity and self-respect as beings that are able to determine their own destinies."

The Balwant Rai Mehta Committee observed, "rural development and rural welfare are possible only with local initiative and local direction. In the ultimate analysis, it must be an instrument of expression of the local people's will taking in view the local development."⁶

The main objectives of people's participation can be (i) better planning and implementation of rural development programmes; (ii) mobilisation of additional

resources required for rural development programmes and (iii) empowering the people, particularly the poor to play an effective role in rural development.⁷

There should be an in-built mechanism to involve people in the conceptualisation, planning, implementation, monitoring and management of resources (funds). This would go towards increasing the efficacy and acceptance of the programme on the one hand and reducing the operational and administrative cost on the other.⁸

The constitution of the local level institutions like the panchayati raj institutions is based on one simple truth: that is, people not only know what is good for themselves, but also have the power to go about getting it done themselves.⁹

People's participation needs to be ensured in the area of monitoring which is particularly essential to see that benefits flow to the intending beneficiaries. Each programme may have its own constraints or problems at the implementation stage. These can be better understood as a result of participation in the monitoring mechanism.¹⁰

In the rural sphere, the Participative Rural Appraisal (PRA) technique is recommended for better understanding of rural problems. The PRA is based on certain simple truths: (i) There is a lot of information available with the local people; about local resources and local problems; (ii) If local people are involved in planning any scheme meant for them, they can come up with useful ideas and contribute to the success of the planning process, and (iii) This would also ensure proper use of the facilities made available to them.¹¹

The PRA technique help us understand the rural poor and appreciate their perceptions, their needs and aspirations and also involve them in a participatory manner in planning and decision-making for the betterment of their quality of life.¹²

It is rightly said, "The people, for whom all the schemes are chalked out, had not been consulted either for diagnosis of the problem or for the prognosis of the schemes."¹³ The officials ought to learn a lot from the experience of the rural poor and this calls for effective interact with them.

In order to implement programmes relevant to rural conditions, a new methodology called PRA is suggested. The PRA is defined as "a semi-structured process of learning from, with and by rural people about rural conditions."

The basic principles governing the PRA are: (i) Learning the rural problems through the methods suitable to them without following tight jacketed programmes; (ii) Offsetting the preconceived notions leading to various kinds of biases about rural development and while collecting the information, the investigator need not hurry, he/she could be calm with the mass, so that much insight could be gained; (iii) Learning with the rural people about their problems, needs and priorities; (iv) Get clarification and justification for their; needs, problems and priorities; and (v) Introspection regarding the work done.¹⁴

The PRA approach has some merits. It promotes a community forum to study local problems and find out solutions for them. It also serves as catalyst for local and external elements to introduce positive change.¹⁵ In short, people's participation in the planning process enables the government to have a better understanding of local problems.

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9.2 PEOPLE'S PARTICIPATION: SOME PROBLEMS

Though people's participation in rural development is necessary; there are several problems associated with such participation. We have to first decide at what stage in the planning process is it desirable to ensure the much talked about participation. It is also necessary to understand the value one has to give to the opinions of the villagers. If they put forward a list of demands based on narrow local perspectives, the ultimate gains may not be impressive. Even the collection of data for the people may suffer from personal or group bias.

Under the present set-up, the participation of the rural poor in the development process can only be a gradual process. The process can be speeded up only when the poor become conscious of their rights and privileges and subsequently build up strength to achieve justice for themselves in the sharing of benefits of development.¹⁶

The major obstacles to popular participation are: absence of a strong commitment on the part of the government; unhelpful attitude of the civil servants; monopoly of local organisations by the local elites; divisions among the rural poor themselves and a lax communication media.¹⁷

Ensuring people's participation has become a difficult task for various reasons; non-involvement of the community and local leadership, lack of awareness among the rural poor about various rural development programmes; village factionalism and rural power structure; apathy of the bureaucracy; lack of incentives for change agents and inadequate use of the mass media.¹⁸

The rural society in India is a heterogeneous one. The rural population, to a great extent, differs in economic and social status. Generally, the richer sections show an attitude of indifference to programmes meant for the economically poorer sections.

The implementation of anti-poverty programmes may also create a climate of tension, given the rural power structure. The organisation of the beneficiaries has the capacity to work out strategies to ease such tensions.

9.3 MEASURES TO STRENGTHEN PEOPLES PARTICIPATION

Researchers have also noticed certain pre-conditions for the success of any programme aiming at people's involvement. Of course, a democratic system is essential to ensure a proper place for the people's representatives. The extent of participation depends on the institutional arrangements, the content of programmes and the spectrum of beneficiary groups to which they appeal.

People's participation is to be ensured through generation of awareness and the promotion of motivation. As the rural community is not homogenous, it would be necessary to ensure the much-needed participation of the weaker sections in the planning process.

Participation would be meaningful if only the poor have access to correct and reliable information. Institutions need to be set up at the local level through which the poor can express their views pertaining to ongoing programmes, and these views should receive due attention at higher levels.

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There is also the danger that participation may be abused. Also, participation may come in the way of taking quick decisions on imminent issues. Yet, without popular participation in the planning process, it would be impossible to change the direction of development in favour of the population which would also end all kinds of exploitation. However, it needs to be remembered that the task of educating and mobilising the people in this direction could be more effectively accomplished when it is institutionalised. The concept of decentralised planning would be nebulous until and unless people's active participation is ensured in the planning process at the grassroot level.

The planner should educate the beneficiaries on the benefits that flow from various programmes and the sacrifices involved. Participation should start at the stage of deciding what to do and how to do it. For proper participation, leaders should preferably emerge from within the rural population. It is also observed that in an egalitarian society, leaders are in a better position to secure people's cooperation.

Beneficiaries should be involved in the review of programmes underway. Their direct feedback will be particularly valuable.¹⁹

The following measures may be taken to mobilise people to join the mainstream of development:²⁰

- (i) Measures should be taken to understand the group dynamics and the heterogenous character of society. It is necessary to understand how a community views a particular problem;
- (ii) Special attention must be given to identify the resources of the people and to educate them to understand their needs and problems;
- (iii) It would be better if individual and household development plans were drawn up and people motivated to take active part in their own development;
- (iv) People must realise that the ultimate responsibility of supporting the programme lies with them only and for which they have to work consistently and collectively towards the mobilisation of resources and
- (v) Monitoring should be an in-built feature of the programme in order to avoid any undesirable incidents. Attempts should be made to stabilise various interest groups and people's organisations.

Popular participation should be ensured through voluntary organisations which are closer to the local people. Of course, the nature of institutional structure, the prevailing value system and the relationship between the elite group and the citizens do influence the nature and extent of people's participation in development.²¹

Thus, participation is valuable and indispensable from more than one point of view. People themselves are the assets and the largest beneficiaries of such participation. Ultimately, economic development is based on individual and group initiatives.

9.4 SUMMARY

Rural development implies both the economic betterment of people as well as greater social transformation. In order to provide the rural people with better prospects for economic development, increased participation of people in the rural development programmes, decentralisation of planning, better enforcement of land reforms and greater access to credit are needed. This section provides complete information on initiatives taken by the government for bridging the urban-rural divide by upgrading the standard of

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living of people in rural areas. Information about programmes, schemes, employment opportunities, Panchayati Raj institutions, development authorities, drinking water, sanitation, road construction, electrification of villages and food supply etc. is provided.

Participation of people in the rural development programmes can be understood in terms of participation in:

- Decision-making
- Implementation of development programme
- Monitoring and evaluation of the programme
- Sharing the benefits of development.

9.5 SELF ASSESSMENT QUESTIONS

1. Write a short note on people's participation in Rural Development.
2. What are the problems associated with people's participation in rural development?
3. Explain various measures to strengthen people's participation in rural development.

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10

Unit

INSTITUTIONS FOR RURAL DEVELOPMENT

Objectives

The objectives of this Chapter is to understand the following:

- To Understand the Water Resource Management (Pani Panchayat)
- To Understand the Self-help Groups
- To Understand the Institutions for Rural Development
- To Understand the Rural Local Bodies

Structure:

- 10.1 Water Resource Management (Pani Panchayat)
- 10.2 Self-help Groups
- 10.3 Institutions for Rural Development
- 10.4 Summary
- 10.5 Self Assessment Questions

10.1 WATER RESOURCE MANAGEMENT (PANI PANCHAYAT)

Water Resource Management (Pani Panchayat) is given in the The Orissa Pani Panchayat Act, 2002.

Orissa Act 10 of 2002

An Act to provide for farmers' participation in the management of irrigation systems and for matters connected therewith or incidental thereto.

Whereas in the State of Odisha, which is essentially an agricultural State depending on an efficient and equitable supply and distribution of water, which is a National Wealth, ensuring optimum utilisation of water by farmers for improvement of agricultural production is the utmost need; and whereas, scientific and systematic development and maintenance of irrigation infrastructure is considered best possible through farmers' participation;

And whereas, such Farmers' Organisation have to be given an effective role in the management and maintenance of the irrigation system for equitable and dependable supply and distribution of water;

And whereas, it is necessary in the State of Odisha to enact a law for farmers' participation in the management of irrigation systems by way of forming Pani Panchayat.

Be it enacted by the Legislature of the State of Odisha in the Fifty-third Year of the Republic of India as follows:

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Preliminary

Short Title, Extent and Commencement

1. (1) This Act may be called the Orissa Pani Panchayat Act, 2002.
- (2) It extends to the whole of the State of Odisha.
- (3) It shall come into force on such date as the Government may, by notification in the Odisha Gazette appoint and different dates may be appointed for different areas and for different provisions.

Definitions

2. (1) In this Act, unless the context otherwise requires
 - (a) "area of operation" in relation to farmers organisation means contiguous patch of land in the commanded area of an irrigation system as may be notified for the purposes of this Act;
 - (b) "ayacut road" means a road within the area of operation of a farmers' organisation for the purpose of irrigation and agriculture but does not include a road vested in a Gram Panchayat, Panchayat Samiti, Zilla Parishad, Municipality, Municipal Corporation or Roads and Buildings Department of the Government;
 - (c) "chak" means an area irrigated by one outlet;
 - (d) "Chief Engineer/Chief Engineer and Basin Manager" means the Chief Engineer under whose jurisdiction the irrigation system is situated and includes any officer specially notified by the Government to perform all or any of the functions of the Chief Engineer under this Act;
 - (e) "commanded area" means an area irrigated or capable of being irrigated either by gravitational flow or by lift irrigation or by any other method from a source funded by Government or by Cooperative Society and includes every such area whether it is called 'ayacut' or by any other name under any law for the time being in force;
 - (f) "competent authority" means the authority appointed under Section 21;
 - (g) "distributary system" means and includes:
 - (i) all main canals, branch canals, distributaries and minor canals constructed for the supply and distribution of water for irrigation;
 - (ii) all works, structures and appliances connected with the distribution of water for irrigation but does not include head works; and
 - (iii) all field channels and other related channels and structures under a outlet or pipe outlet.
 - (h) "Farmers' Organisation" means and includes –
 - (i) "Pani Panchayat" at the primary level consisting of all the water users, as constituted within a specified hydraulic boundary of a major, medium,

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minor (flow and lift – both surface and ground water) and creek irrigation projects funded by government as constituted under Section 4.

- (ii) Distributary Committee at the secondary level, as constituted under Section 5 and Section 6, and
- (iii) Project Committee at the project level, as constituted under Section 7.
- (i) “field channel” includes a channel existing or to be constructed by the Government or by the land holders or by any agency to receive and distribute water from a pipe outlet.
- (j) “field drain” includes a channel excavated and maintained by the land holder or by any other agency, to discharge waste or surplus water from the land holding under a pipe outlet; and includes drains, escape channels and other similar works existing or to be constructed.
- (k) “Financial Year” means a year commencing from the 1st April of the relevant year to the 31st March of the ensuing year;
- (l) “Financing Agency” means any organisation or bank in India which lends money and includes any commercial bank, or any cooperative society or any other bank or organisation established or incorporated under any law, for the time being in force, which lends money or any External organisation such as European Community, World Bank, Kreditanstalt Fur Wiederaufbau (KFW) Germany, Department of International Development (DFID) UK, etc. for the development of the area of operation of the farmers’ organisation;
- (m) “Government” means the State Government of Odisha;
- (n) “Hydraulic basis” means the basis for identifying a viable irrigated area served by one or more hydraulic structures such as headworks, distributaries, minors, pipe outlets and the like;
- (o) “Irrigation system” means a system of irrigation for harnessing water by different methods having several types such as major, medium, minor and creek irrigation system and other allied uses from Government/or Cooperative source and includes reservoirs, open head channels, diversion systems, anicuts, lift irrigation schemes, tanks, wells, etc.

Explanation:

- (i) ‘Major Irrigation System’ means irrigation system under an Irrigation Project having irrigable commanded area of more than 10,000 hectares.
- (ii) ‘Medium Irrigation System’ means irrigation system under an Irrigation Project having irrigable commanded area of more than 2,000 hectares and upto 10,000 hectares.
- (iii) ‘Minor Irrigation System’ means irrigation system under an Irrigation Project having irrigable commanded area upto 2,000 hectares and shall include Lift Irrigation Points and Creek Irrigation Projects.
- (p) “land holder” means an owner of land or a tenant or Both recorded as such in the record of rights under the Odisha Survey and Settlement Act, 1958;

Explanation:

- (i) In case the recorded land holder is dead, his legal heirs will be treated as land holders for the purposes of this Act;

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- (ii) In case the land is sold by the land holder through a registered sale deed, the seller will cease to be the land holder and the purchaser shall be treated as the land holder for the purposes of this Act;
- (q) “maintenance” means execution of such works on the irrigation system as are necessary to ensure that the physical system designed to the standards operates for proper distribution of water to the land holders in the area of operation;
- (r) “notification” means a notification published in the Odisha Gazette, and the expression ‘notified’ shall be construed accordingly;
- (s) “operational plan” means a schedule of irrigation deliveries with details of the mode and duration of supplies drawn up for regulation of irrigation in the commanded area of an irrigation system;
- (t) “Pani Panchayat” means an organisation declared as such under this Act consisting of such members as mentioned in sub-section (4) of Section 3 of this Act;
- (u) “Prescribed” means prescribed under rules made under this Act;
- (v) “warabandi” means a system of distribution of water allocation to water users by turn, according to an approved schedule indicating the day, duration and the time of supply;
- (w) “water allocated” in relation to an irrigation system means distribution of water determined from time to time by a farmers’ organisation in its area of operation; and
- (x) “water user” means any individual or body corporate or a society using water for agriculture and domestic purpose from an irrigation work.

(2) Words and expressions used in this Act, but not defined, shall have the same meaning as respectively assigned to them in the Orissa Irrigation Act, 1959 and the Orissa General Clauses Act, 1937.

Farmers’ Organisation

Delineation of Water Users area as Pani Panchayat and Constitution of Pani Panchayat

3. (1) The Superintending Engineer of an irrigation project may by notification and in accordance with the rules made under this Act, in this behalf, delineate every commanded area under each of the irrigation systems on a hydraulic basis ordinarily between 300 to 600 hectares which may be considered administratively viable; and declare it to be the area of a Pani Panchayat for the purpose of this Act:

Provided that in respect of the commanded area under lift irrigation systems, the entire commanded area may, as far as possible, form a single area of Pani Panchayat and may be notified as such by the concerned Executive Engineer of Orissa Lift Irrigation Corporation.

(2) Every Pani Panchayat’s area shall be comprised of several Chaks which shall as far as possible cover the area irrigated by one outlet. The number of Chaks shall not be less than four or as may be specified by the concerned Superintending Engineer.

Provided that there is no necessity of formation of any chak for constituting a Pani Panchayat in case of Lift Irrigation points having a commanded area of less than 40 hectares.

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(3) There shall be a Pani Panchayat called by its local distinct name for every area as delineated under sub-section (1).

(4) (i) Every Pani Panchayat shall consist of all the water users who are land holders in the area of a Pani Panchayat;

Explanation I – A land holder may nominate any adult member of his/her family to be the member of the Pani Panchayat.

Explanation II – A minor land holder shall be represented by his/her legal guardian.

(ii) Government may, by notification nominate atleast one officer each from Department of Water Resources, Department of Agriculture, Department of Revenue to be members of the Pani Panchayat without having the right to vote.

(5) Members specified in clause (i) of sub-section (4) shall constitute the General Body of a Pani Panchayat and shall have the right to vote.

Election of Members of Chak Committee and that of the President and Members of the Executive Committee of Pani Panchayat

4. (1) All the land holders in a Chak will elect three members in the manner as may be prescribed to form a Chak Committee in such a way that there shall be one member from the upper reach, one from the middle reach and one from the lower reach within the Chak. They will also simultaneously elect one among those three to represent the Chak in the Executive Committee of the Pani Panchayat. In case of Lift Irrigation Points, the members of the Executive Committee of a Pani Panchayat shall be elected by the members of the General Body of the said Pani Panchayat.

A person eligible to become a member of more than one Chak Committee of a Pani Panchayat under sub-section (i) shall be entitled to be a member of all the respective Chak Committees but he can be an Executive Committee Member of only one Pani Panchayat of his/her choice.

(2) There shall be an Executive Committee for each Pani Panchayat consisting of the representatives of the Chaks elected by the land holders of each Chak. In case of Lift Irrigation Points, the number of members of Executive Committee shall not be less than four or more than ten.

(3) The Superintending Engineer shall cause arrangements for the election of a member of the Executive Committee from each Chak by all the land holders of the Chak by the method of secret ballot in the manner prescribed. In case of Lift Irrigation points, the Executive Engineer of Orissa Lift Irrigation Corporation or any other officer authorised by Government in this regard shall cause arrangements for the election of the members of the Executive Committee of the Pani Panchayat.

(4) The Superintending Engineer shall make arrangements for the election of the President of the Executive Committee of the Pani Panchayat by the members of the Executive Committee by the method of secret ballot in the manner prescribed. In case of Lift Irrigation points, the Executive Engineer of Orissa Lift Irrigation Corporation or any other officer authorised by Government in this regard shall make arrangements for the election of the President of the Executive Committee by the method of secret ballot in the manner prescribed.

(5) If at an election held under sub-sections (3) and (4) the members or the President of the Executive Committee of the Pani Panchayat, as the case may be are not elected,

fresh elections shall be held within a period of 90 days from the date of such failure in the manner prescribed.

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(6) The President shall if not recalled earlier be in office for a period of three years from the date of the first meeting and the members of the Executive Committee shall be in office for a period of three years from the date of the first meeting of the Executive Committee.

(7) The Executive Committee shall exercise the powers and perform the functions of the Pani Panchayat.

(8) The Executive Committee shall elect one Secretary and one Treasurer in the manner as may be prescribed from among the members of the Executive Committee to assist its President. The Secretary and the Treasurer shall function at the pleasure of the majority members of the Executive Committee.

(9) Government may, by notification, nominate one officer not below the rank of Junior Engineer of the Department of Water Resources and another officer not below the rank of Junior Agriculture Officer of the Department of Agriculture without having the right to vote, to be the permanent invitees to the meetings of the Executive Committee.

Delineation of Distributary Area and Constitution of Distributary Committee

5. (1) The Chief Engineer may, by notification and in accordance with the rules made in this behalf delineate every commanded area of a major irrigation system, comprising of one or more Pani Panchayat and declare it to be a distributary area for the purpose of this Act.

(2) There shall be a Distributary Committee called by its local distinct name for every distributary area declared as such under sub-section (1).

(3) (a) Every Distributary Committee shall consist of all the Presidents, Secretaries and Treasurers of the Pani Panchayats in the distributary area, so long as they hold such office, and shall be the General Body of the Distributary Committee.

(b) Government may, by notification, nominate atleast one officer each from the Department of Water Resources, the Department of Agriculture and the Department of Revenue to be the members of the Distributary Committee without having the right to vote.

(4) The term of the General Body of the Distributary Committee shall be coterminous with the term of the Executive Committee of the Pani Panchayat.

Election of President, Secretary, Treasurer and Constitution of Executive Committee of Distributary Committee

6.(1) There shall be an Executive Committee for every Distributary Committee which shall consist of the members elected from among the General Body of the Distributary Committee in the manner prescribed and by the method of secret ballot and shall not be more than nine.

(2) The members of the Executive Committee shall elect its President from among themselves in the manner prescribed and the Chief Engineer shall make the arrangement for such election.

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(3) If, at an election held under sub-section (1) and (2), the members and the President of the Executive Committee are not elected, fresh elections shall be held within a period of 90 days from the date of such failure in the prescribed manner.

(4) The term of office of the President if not recalled earlier and that of the members of the Executive Committee shall, be coterminous with the term of the General Body specified in sub-section (4) of Section 5.

(5) The Executive Committee shall exercise the powers and perform the functions of the Distributary Committee.

(6) The Executive Committee shall elect one Secretary and one Treasurer in the manner as may be prescribed from among the members of the Executive Committee to assist its President. The Secretary and the Treasurer shall function at the pleasure of the majority members of the Executive Committee.

(7) Government may, by notification, nominate one officer not below the rank of Executive Engineer of the Department of Water Resources and another officer not below the rank of District Agriculture Officer of the Department of Agriculture without having the right to vote, to be the permanent invitees to the meetings of the Executive Committee.

Delineation of Project Area and Constitution of Project Committee

7. (1) The Government may, by notification and in accordance with the rules made under this Act in this behalf, delineate every commanded area part there of, of a major irrigation system and declare it to be a project area for the purposes of this Act. The Chief Engineer may by notification and in accordance with the rules made under this Act in this behalf, delineate the entire area of a Minor or Medium Irrigation Projects as the project area.

(2) There shall be a Project Committee called by its distinct name for every project area declared under sub-section (1).

(3) (a) Every Project Committee shall consist of all the Presidents, Secretaries and Treasurers of the Distributary Committees in the project area, so long as they hold such office and shall be the General Body for the Project Committee.

(b) Government may, by notification nominate atleast one officer each from the Department of Water Resources, the Department of Agriculture and the Department of Revenue to be the members of the Project Committee without having the right to vote.

(4) The term of the General Body of the Project Committee shall be for a period of three years from the date of its first meeting.

(5) The project area of a Medium and Minor (Flow) Irrigation Project shall cover the entire commanded area of the Project. All the Presidents of the Pani Panchayats within the project area so long as they hold such office shall constitute the General Body for the Project Committee.

(6) In the Irrigation systems having one Pani Panchayat, there shall be no Distributary or Project Committee.

Election of President and Constitution of the Executive Committee of the Project Committee**NOTES**

8. (1) There shall be an Executive Committee for every Project Committee shall consist of the members elected by the General Body of the Project Committee in the manner prescribed and by the method of secret ballot and shall not be more than nine.

(2) The members of the Executive Committee shall elect its President from among themselves in the manner prescribed and the Chief Engineer shall make the arrangement for such election.

(3) If, at an election held under sub-section (1) and (2), the members and the President of the Executive Committee are not elected, fresh elections shall be held in the prescribed manner within a period of 90 days from the date of such failure.

(4) The term of office of the President if not recalled earlier, and that of the members of the Executive committee shall, be coterminous with the term of General Body specified in sub-section (4) of Section 7.

(5) The Executive Committee shall exercise the powers and perform the functions of the Project Committee.

(6) One Secretary and one Treasurer shall be elected from among the members of the Executive Committee to assist its President. The Secretary and the Treasurer shall function at the pleasure of the majority members of the Executive Committee.

(7) Government may, by notification, nominate one officer not below the rank of Executive Engineer of the Department of Water Resources and another officer not below the rank of District Agriculture Officer of the Department of Agriculture without having the right to vote, to be the permanent invitees to the meetings of Executive Committee.

State Level Committee

9. (1) The Government may, by notification constitute a State Level Committee with such number of Presidents of the Project Committees as may be considered necessary, but not exceeding ten.

(2) The Government may, by notification nominate such number of Government officials and professionals not exceeding ten as may be considered necessary, to be the members of the State Level Committee.

(3) The Committee, constituted under sub-section (1) and (2) may exercise such powers and functions as may be necessary to:

- (i) lay down the policies for implementation of the provisions of this Act; and
- (ii) give such directions to any Farmers' Organisation, as may be considered necessary, in exercising their powers and performing their functions in accordance with the provisions of this Act.

(4) The term of the State Level Committee shall be for a period of three years from the date of its constitution, which may be extended by the Government for a further period till another Committee is constituted.

Procedure for Recall

10. (1) A motion for convening a special meeting of the General Body for recall of a President of a Farmers' Organisation may be moved by giving a written notice written

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notice in the manner as may be prescribed, signed by not less than one-third of the total number of members of the Farmers' Organisation, who are entitled to vote:

Provided that no notice of motion under this section shall be made within one year of the date of assumption of office by the person against whom the motion is sought to be moved.

(2) If the motion is carried with the support of two-third majority of the members present and voting at a meeting of the General Body specially convened for the purpose, the Chief Engineer shall by order remove him from office and the resulting vacancy shall be filled in the same manner as a casual vacancy:

Provided that the quorum for the specially convened General Body shall be 50 per cent of the total members of the General Body.

Constitution of Sub-committees in Farmers' Organisation

11. The Executive Committee of a Farmers' Organisation may constitute sub-committees from among its members to carry out all or any of the functions vested in each such organisation under this Act.

Farmers' Organisation to be a Body Corporate

12. Every Farmers' Organisation shall be a body corporate with a distinct name having perpetual succession and a common seal and subject to the provisions of this Act vested with the capacity of entering into contracts and of doing all things necessary, proper or expedient for the purposes for which it is constituted and it shall sue or be sued in its corporate name represented by the Secretary.

Changes in Farmers' Organisation

13. The authority competent to delineate the boundary of a Farmers' Organisation may in the interest of a Farmers' Organisation in the commanded area by notification and in accordance with the rules made in this behalf,

- (a) form a new Farmers' Organisation by separating the area from any Farmers' Organisation;
- (b) increase the area of any Farmers' Organisation;
- (c) diminish the area of any Farmers' Organisation;
- (d) alter the boundaries of any Farmers' Organisation; or
- (e) cancel a notification issued under this Act for rectifying any mistake:

Provided that no such separation, increase, diminution, alteration and cancellation shall be effected unless a reasonable opportunity is given to the organisation likely to be affected.

Disqualification of Candidates or Members

14. (1) No officer or servant of the Government of India or any State Government or of local authority shall be qualified for being elected as or for being a President or a member of the Executive Committee of a Farmers' Organisation.

(2) No person shall be qualified for being elected as a President or a member of an Executive Committee who on the date fixed for scrutiny of nominations for election, or on the date of nomination:

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- (a) has been convicted by a criminal court of any offence involving moral turpitude committed under any law for the time being in force; or
- (b) is of unsound mind and has been so declared by a competent court; or
- (c) is an applicant to be adjudicated as an insolvent or declared as an insolvent or an undischarged insolvent; or
- (d) is a defaulter of land revenue or water tax or charges payable either to the Government or to a Cooperative Society or to the Farmers' Organisation; or
- (e) is interested in a subsisting contract made with, or any work being done for, the Gram Panchayat, Panchayat Samiti, Zilla Parishad or any State or Central Government or the Farmers' Organisation:

Provided that a person shall not be deemed to have any interest in such contract or work by reason only of his share or interest in:

- (i) a company as a mere shareholder but not as a Director; or
- (ii) any lease, sale or purchase of immovable property or any agreement for the same; or
- (iii) any newspaper in which any advertisement relating to the affairs of the Farmers' Organisation is inserted.

(3) A President or a member of Executive Committee shall also become disqualified to continue in office if he:

- (a) is convicted in a criminal case involving moral turpitude; or
- (b) absents himself from attending three consecutive meetings without reasonable cause.

Filling Up of Vacancies

15. (1) A vacancy arising either due to disqualification under sub-section (3) of Section 14 or due to death or resignation or any, reason, shall be filled up by nomination till the vacancy is filled up in the manner prescribed.

- (a) A vacancy in the Executive Committee of the Pani Panchayat shall be filled by nomination by the Executive Committee of the Distributary Committee in the case of Major Irrigation Projects, or by the Executive Committee of the Project Committee in case of Medium and Minor Irrigation Projects, in the manner prescribed;
- (b) A vacancy in the Executive Committee of the Distributary Committee shall be filled by nomination by the Executive Committee of the Project Committee in the manner prescribed; and
- (c) A vacancy in the Executive Committee of the Project Committee shall be filled by nomination of the Government, in the manner prescribed.

(2) The Chief Engineer or the Superintending Engineer or the Executive Engineers as the case may be, shall take necessary steps to conduct elections to fill up any vacancy caused within a period of three months from the date of occurrence of such vacancy.

(3) The term of office of a member of an Executive Committee or a President of the Farmers' Organisation, elected under sub-section (2), shall expire at the time at which it would have expired, if he had been elected at the ordinary election.

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Objects and Functions of the Farmers' Organisations**Objects**

16. The objects of the Farmers' Organisation shall be to promote and secure distribution of water among its users, adequate maintenance of the irrigation system, efficient and economical utilisation of water to optimise agricultural production, to protect the environment, and to ensure ecological balance by involving the farmers, inculcating a sense of ownership of the irrigation system in accordance with the water budget and the operational plan.

Functions of Pani Panchayat

17. The Pani Panchayat shall perform the following function, namely:

- (a) to prepare a cropping programme suitable for the soil and agro-climatic condition with due regard to crop diversification;
- (b) to prepare a plan for the maintenance of irrigation system in the area of its operation at the end of each crop season and carry out the maintenance works of both distributary system and minor, sub-minor and field drains in its area of operation with the funds of the Pani Panchayat from time to time;
- (c) To manage the Lift Irrigation Points as may be handed over to the Farmers' Organisation through a mutual agreement between two parties, as may be prescribed;
- (d) to regulate the use of water among the various pipe outlets under its area of operation according to the warabandi schedule of the system;
- (e) to promote economy in the use of water allocated;
- (f) to assist the Revenue Department in the preparation of demand and collection of water rates;

Explanation: In case of European Community Aided Minor Irrigation (Flow) Projects, the Farmers' Organisation will be exempted from Payment of Water Tax to the Revenue Department as laid down in Resolution No. 48049 dtd. 04.12.1999 of Department of Water Resources;

- (g) to collect fees from the water users of the Lift Irrigation points for payment of energy charges, for repair, maintenance of machineries and distribution system, future replacement of machines etc;
- (h) to maintain a register of land holders;
- (i) to prepare and maintain an inventory of the irrigation system within the area of operation;
- (j) to monitor flow of water for irrigation;
- (k) to resolve the disputes, if any, between the members and water users in its area of operation;
- (l) to raise resources;
- (m) to maintain accounts;
- (n) to cause annual audit of its accounts;
- (o) to assist in the conduct of elections to the Executive Committee;
- (p) to maintain other records as may be prescribed;
- (q) to abide by the decisions of the Distributary and Project Committees;

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- (r) to conduct General Body meetings, as may be prescribed;
- (s) to encourage avenue plantation on canal bunds and tank bunds by leasing such bunds;
- (t) to conduct regular water budgeting; and
- (u) to conduct periodical social audit, as may be prescribed.

Functions of Distributary Committee

18. The Distributary Committee shall perform the following functions, namely:

- (a) to prepare an operational plan based on its entitlement, area, soil, cropping pattern at the beginning of each irrigation season, consistent with the operational plan prepared by the Project Committee;
- (b) to prepare a plan for the maintenance of both distributaries and field drains within its area of operation at the end of each crop season and execute the maintenance works with the funds of the Committee from time to time;
- (c) to regulate the use of water among the various Pani Panchayats under its area of operation;
- (d) to resolve disputes, if any, between the Pani Panchayats in its area of operation;
- (e) to maintain an inventory of the irrigation system in the area of its operation, including drains;
- (f) to promote economy in the use of water allocated;
- (g) to maintain accounts;
- (h) to cause annual audit;
- (i) to maintain other records as may be prescribed;
- (j) to monitor the flow of water for irrigation;
- (k) to conduct General Body meetings as may be prescribed;
- (l) to abide by the decisions of the Project Committee;
- (m) to cause regular water budgeting and the periodical social audit as may be prescribed;
- (n) to assist in the conduct of election to the Executive Committee; and
- (o) to encourage avenue plantations in its area of operation.

Functions of the Project Committee

19. (1) The Project Committee shall perform the following functions, namely:

- (a) to approve an operational plan based on its entitlement, area, soil, cropping pattern as prepared by the competent authority in respect of the entire project area at the beginning of each irrigation season;
- (b) to approve a plan for the maintenance of irrigation system including the major drains within its area of operation at the end of each crop season and execute the maintenance works with the funds of the Committee from time to time.
- (c) to maintain a list of the Distributary Committees and Pani Panchayats in its area of operation;
- (d) to maintain an inventory of the distributary and drainage systems in its area of operation;

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- (e) to resolve disputes, if any, between the Distributary Committees;
- (f) to promote economy in the use of water;
- (g) to maintain accounts;
- (h) to cause annual audit of its accounts;
- (i) to maintain other records as may be prescribed;
- (j) to conduct General Body meetings as may be prescribed;
- (k) to cause regular water budgeting and the periodical social audit as may be prescribed; and
- (l) to encourage avenue plantations in its area of operation.

(2) In addition to the above functions, a Farmers' Organisation may perform the following functions, namely:

- (a) to supply seeds, fertilisers and other inputs and at rates to be approved by the General Body;
- (b) to market the agricultural products of the members as may be decided by the General Body;
- (c) to undertake enterprise for value addition to the products of the members as may be decided by the General Body;
- (d) to establish Agro Service Centre for providing services to the farmers in their agricultural operations as may be approved by the General Body;
- (e) to act as a Self-help Group for providing credit to the members as may be approved by the General Body.

Power to Levy, Collect Fee and Water Tax

20. (1) A Farmers' Organisation may for carrying out the performances of this Act, achieving the objects of the organisation and performing its function, levy and collect such fees as may be prescribed by Government and/or decided by the organisation from time to time.

(2) In case of Lift Irrigation points, the Farmers' Organisation shall fix a water rate which may cover the cost of the energy charges and maintenance charges of the Project. In case a water user does not utilise any water in any particular season, the Farmers' Organisation shall be competent to fix such minimum charges as may be decided by the General Body of the Farmers' Organisation. No water tax will be collected by the Orrisa Lift Irrigation Corporation from the members of the Farmers' Organisation.

(3) The Farmers' Organisation may collect water tax in such of the projects and in the manner specified by the Government from time to time.

Appointment of Competent Authority and its Functions

21. (1) The Government may by notification appoint such officer from the Department of Water Resources, or any other Department or Corporation as they consider necessary, to be the competent authority in respect of every Farmers' Organisation for the purpose of this Act.

(2) The competent authority appointed under sub-section (1) shall perform such of the duties as may be prescribed.

Resources**NOTES****Resources of Farmers' Organisation**

22. The funds of the Farmers' Organisation shall consist of the following namely:

- (a) funds as may be granted by the State and Central Government for the development of the area of operation;
- (b) resources raised from any financing agency for undertaking any economic development activities in its area of operation;
- (c) income from the properties and assets managed by Farmers' Organisation;
- (d) fees collected by the Farmers' Organisation from the water users for the services rendered in better management of the irrigation systems; and
- (e) amounts received from any other source including MLA Local Area Development Fund and MP Local Area Development Fund etc.

Offences and Penalties

23. Whoever without any lawful authority:

- (a) damages, alters, enlarges, or obstructs any irrigation system; or
- (b) interferes with, increases, or diminishes the water supply in, or the flow of water from, through, over or under any irrigation system; or
- (c) being responsible for the maintenance of the irrigation system neglects to take proper precautions for the prevention of wastage of the water thereof or interferes with the authorised distribution of water therefrom or uses water in an unauthorised manner, or in such manner as to cause damage to the adjacent land holding; or
- (d) corrupts or fouls, water of any irrigation system so as to render its less fit for the purposes for which it is ordinarily used; or
- (e) obstructs or removes any level marks or water gauge or any other mark or sign fixed by the authority of a public servant; or
- (f) opens, shuts, or obstructs or attempts to open, shut or obstruct any sluice or outlet or any other similar contrivance in any irrigation system, shall, on conviction, be punished with imprisonment which may extend to one month or with fine which may extend to two hundred rupees or, with both.

Punishment under Other Laws Not Barred

24. Nothing in this Act shall prevent any person from being prosecuted and punished under any other law for the time being in force for any act or omission made punishable by or under this Act:

Provided that no person shall be prosecuted and punished for the same offence more than once.

Compounding of Offences

25. (1) A Farmers' Organisation may accept from any person who committed or in respect of whom a reasonable belief can be inferred that he has committed has committed an offence punishable under this Act or the rules made there under, a sum of rupees one

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hundred or an amount equivalent to the loss caused to the Farmers' Organisation which ever is higher as a consideration for compounding of such offence.

(2) On payment of such sum of money, the said person, if in custody, shall be discharged and no further proceedings shall be taken against him in regard to the offence, so compounded

Settlement of Disputes

26. (1) Any dispute or difference touching the constitution, management, powers or functions of a Farmers' Organisation arising between members shall be settled by the Executive Committee of the concerned Farmers' Organisation.

(2) Any such dispute or difference arising between a member and the Executive Committee of a Pani Panchayats or between two or more Pani Panchayat shall be settled by the Executive Committee of the Distributary Committee.

(3) Any such dispute or difference arising between a member and the Executive Committee of a Distributary Committee or between two or more Distributary Committees shall be settled by the Executive Committee of the Project Committee.

(4) Any such dispute or difference arising between a member and the Executive Committee of a Project Committee or between two or more Project Committees shall be settled by the State level Committee, whose decision shall be final.

(5) Every dispute or difference specified under this section shall be disposed of within thirty days from the date of reference of the dispute or difference.

Appeals

27. (1) A party to a dispute or difference aggrieved by any decision made or order passed by the Executive Committee of a Pani Panchayat may prefer an appeal to the Executive Committee of the Distributary Committee, whose decision thereon shall be final.

(2) Any party to a dispute or difference aggrieved by any decision made or order passed by the Executive Committee of a Distributary Committee may prefer an appeal to a Project Committee, whose decision thereon shall be final.

(3) Any party to a dispute or difference aggrieved by any decision made or order passed by the Executive Committee of a Project Committee may prefer an appeal to the State level Committee whose decision thereon shall be final.

(4) In case of Lift Irrigation Points, any dispute between a member and the Executive Committee and between the members of Executive Committee, which can not be resolved by the Executive Committee, shall be placed before any competent authority as may be prescribed whose decisions shall be final and binding.

(5) Any appeal under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (4) shall be preferred within 15 days of communication of the decision or the order to the person aggrieved.

Miscellaneous**NOTES****Accounts, Records and Documents to be Kept by Farmers' Organisation**

28. (1) Every Farmers' Organisation shall keep at its office the following accounts, records and documents, namely:

- (a) an up-to-date copy of this Act and the Rules made thereunder;
- (b) a map of the area of operation of the Farmers' Organisation along with map of the structures and distributary networks prepared in consultation with the Department of Water Resources;
- (c) a list of members;
- (d) a statement of the assets and liabilities;
- (e) minutes book;
- (f) books of account showing receipt and payments;
- (g) books of account of all purchases and sales of goods by the Farmers' Organisation;
- (h) register of measurement books, level field books, work orders and the like;
- (i) copies of audit reports and enquiry reports; and
- (j) all such other accounts, records and documents as may be prescribed.

(2) The books of accounts and other records shall be open for information to the members of the Farmers' Organisation and to the Inspecting Officers of the Department of Water Resources or of the Orissa Lift Irrigation Corporation, as the case may be.

Audit and Inspection

29. (1) Every Farmers' Organisation shall get its accounts audited in the manner prescribed.

(2) The officers of the Department of Water Resources and of the Orissa Lift Irrigation Corporation (OLIC), as the case may be shall inspect the records of the Farmers' Organisation in the manner prescribed.

Recovery of Dues

30. All the amounts payable or due to a Farmers' Organisation by the water users shall be recovered from them as arrears of land revenue.

Meetings

31. The meetings of the Farmers' Organisation and the Executive Committee thereof, at such intervals, the procedure, the presidency and the quorum thereof and the cessation of membership thereof shall be, as may be prescribed.

Resignation

32. (1) A member of the General Body of the Executive Committee of a Farmers' Organisation may resign his office by a letter sent by registered post or tendered in person to the President of the Executive Committee concerned.

(2) The President of the Executive Committee of a Pani Panchayat may resign his office by a letter sent by registered post or tendered in person to the President of the Distributary Committee concerned.

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(3) The President of the Executive Committee of a Distributary Committee may resign his office by a letter sent by registered post or tendered in person to the President of the Project Committee concerned.

(4) The President of the Executive Committee of a Project Committee may resign his office by a letter sent by registered post or tendered in person to the President of the State level Committee.

(5) Such resignation as mentioned above shall take effect from the date of its acceptance or on the expiry of 30 days from the date of its receipt whichever is earlier.

Appointment of a Commissioner

33. (1) The Government may by notification appoint a Commissioner to exercise general control and superintendence over the competent authorities in performance of their functions under this Act or the rules made thereunder.

(2) The powers to be exercised and the functions to be performed by the Commissioner shall be such as may be prescribed.

Transitional Arrangement

34. The Government may by notification appoint an officer or officers to exercise the powers and perform the functions of a Farmers' Organisation and the Executive Committee thereof till such Farmers' Organisation is duly constituted or reconstituted and such Executive Committee assumes office under the provisions of this Act.

Authentication of Orders and Documents of Farmers' Organisation

35. All permissions, orders, decisions, notices and other documents of the Farmers' Organisation shall be authenticated by the signature of the President of the Farmers' Organisation or any other member of the Executive Committee authorised by the Executive Committee in this behalf.

Actions Not to be Invalidated

36. No action or proceedings of the Executive Committee of a Farmers' Organisation shall be invalid by reason only of the Existence of any vacancy in, or defect in the constitution of the said Committee.

Deposit and Administration of Funds

37. (1) The Farmers' Organisation shall keep their funds in a Nationalised Bank or a Cooperative Bank or the District Cooperation Central Bank or the Orissa State Cooperative Central Bank in the names of such office bearers as may be prescribed.

(2) The funds shall be applied towards meeting of the expenses incurred by the Executive Committee of the concerned Farmers' Organisation in the administration of this Act and for no other purpose.

Sinking Fund

38. (1) The Executive Committee of the Farmers' Organisation shall maintain a Sinking Fund in the manner as may be prescribed for the repayment of money borrowed and shall pay every year into the Sinking Fund such sum as may be sufficient for repayment within the period fixed of all money so borrowed.

(2) The Sinking Fund or any part thereof shall be applied in or towards, the discharge of the loan for which such fund was created, and until such loan is wholly discharged, it shall not be applied for any other purpose.

NOTES**Budget**

39. The Executive Committee of a Farmers' Organisation shall prepare a budget in such form in every financial year in respect of the financial year next, showing the estimated receipts and expenditure of the Committee and shall place before the General Body of the Farmers' Organisation for its approval as may be prescribed.

Protection of Action Done in Good Faith

40. No suit, prosecution or other legal proceedings shall be instituted against any person for anything which is, in good faith done or intended to be done under this Act or under the rules made thereunder.

Power to Remove Difficulties

41. (1) If any difficulty arises in giving effect to the provision of this Act or as the first constitution or reconstitution of any Farmers' Organisation after the commencement of this Act, the Government, as the occasion may require, by order published in the Odisha Gazette, do anything which appears to them necessary for removing the difficulty.

(2) All orders made under sub-section (1) shall, as soon as may be after they are made, be laid before the State Legislature and the Legislature may make any modification if it so like and thereafter such order shall have effect subject to such modifications, if any.

Savings

42. (1) Nothing contained in this Act shall affect the rights or properties vested in a Gram Panchayat, Zilla Parishad, Panchayat Samiti, Municipality or Municipal Corporation under any law for the time being in force.

(2) Nothing contained in this Act shall apply to the minor water bodies if any, in the Schedule Areas in the State of Odisha.

Explanation I - Minor water bodies mean the projects which irrigate less than forty hectares of land.

Explanation II – Scheduled areas mean such areas as the President of India may by order declared to be schedule areas, under the Fifth schedule of the Constitution of India.

Power to Make Rules

43. The State Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act.

10.2 SELF-HELP GROUPS

The micro-credit is being provided through self-help groups (SHGs). In India, the SHGs have been functioning since 1996. At present, there are over 16 lakh SHGs operating all over the country.

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The SHGs are small informal groups aiming at collective action. They are generally formed by the funding agencies and voluntary agencies in the context of microfinance.

The members pool their savings and relend it among themselves on a rotational basis. The SHGs come together for the purpose of solving their common problems through self-help and mutual help. The savings are kept with a bank. The common fund is in the name of the SHG. Usually, the number of members in one SHG is between 15 and 20. According to NABARD, more than 90 per cent of the SHGs have exclusively women members.

The basic principles of the SHGs are group approach, mutual trust, organisation of small and manageable groups, group cohesiveness, spirit of thrift, demand based lending, collateral free, women-friendly loan, peer group pressure in repayment, skill training, capacity building and employment.

There are certain broad principles which govern the functioning of SHGs. These include:

- Savings first, no credit without saving;
- Saving as partial collateral;
- Bank lends to the group, for on-lending to members;
- Credit decisions for on-lending to member by the group;
- Interest rates and other terms and conditions for loans to members to be decided by the group;
- Joint liability as a substitute for physical collateral;
- Ratio between savings and credit contingent upon creditworthiness of the group, increasing over time with good repayment record; and
- Small loans to begin with.

The SHGs are provided with Revolving Fund of ₹ 25,000 – ₹ 10,000 from the District Rural Development Agency and ₹ 15,000 from Bank – after six months of their formation, and upon qualifying the first grading to kick start the loaning activities, second grading is done six months after receiving of Revolving Fund for taking up economic activities.

The revolving fund helps the members draw from it for medical and education expenses or to perform marriages and undertake family obligations. Sometimes, a member may approach it to support her husband's business enterprise.

The SHG selects from among its members a leader called animator. The animator conducts two to three meetings every month. After the group stabilises in management of funds, it gives loan to the members.

Formation of SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes.

The SHGs are able to provide banking services to their members which may not be sophisticated but are cost-effective, simple, flexible, accessible to their members and above all without any defaults in repayment of loans.

The SHGs are also facing some problems. Hence, measures should be initiated to strengthen the self-interest and self-motivation on the part of members. Change of leader

periodically is necessary. Women should think of occupation mobility to enhance their incomes. The quality of economic activity should be improved.

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10.3 INSTITUTIONS FOR RURAL DEVELOPMENT

The rural poor can derive due benefits from welfare schemes only when they get administrative support. The local level institutions have to ultimately take up the task of rural reconstruction as they can appreciate better local needs and ensure local participation in the formulation of development plans. It is precisely for this reason that the Panchayati Raj Institutions (PRIs) emerged at various levels. This also puts in place the importance of administration for rural development.

The organisational framework of anti-poverty programmes requires careful planning, taking into account the socio-economic features of each area. If greater decentralisation is to be achieved so that the programmes are made responsive to local problems, the needs and potentials, district and block level implementing agencies will have to be given much greater flexibility.

The Government has towards this end, initiated certain measures to strengthen the PRIs. Some of the important features of the Constitutional (Seventy-third Amendment) Act, 1992 are:

- (i) The Gram Sabha will be a body comprising of all the adult members registered as voters in the panchayat area.
- (ii) There shall be three-tier system of panchayat at village, intermediate and district levels. Smaller states with population below 20 lakh will have the option to have intermediate level panchayat.
- (iii) Seats in panchayats at all the three levels shall be filled by direct election. In addition, chairpersons of village panchayats can be made members of the panchayats at intermediate level and chairpersons at this level can be members of the panchayat at the district level. MPs, MLAs and MLCs could also be members of panchayats at the intermediate or the district level.
- (iv) In all the panchayats, seats would be reserved for SCs and STs in proportion to their population and one-third of the total number of seats will be reserved for women. One-third of the seats reserved for SCs and STs will also be reserved for women.
- (v) Every panchayat shall have a uniform five-year term and elections to constitute new bodies shall be completed before the expiry of the term. In the event of dissolution, elections will be compulsorily held within six months. The reconstituted panchayat will serve for the remaining term period of five years.
- (vi) It will not be possible to dissolve the existing panchayats by amendment of any act before the expiry of its duration.
- (vii) A person who is disqualified under any law for elections to the Legislature of the state or under any law of the state, will not be entitled to become the member of panchayats.
- (viii) Specific responsibilities will be entrusted to the panchayats to prepare plans for economic development and social justice in respect of matters listed in

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Schedule XI. For the implementation of development schemes, the main responsibility will be entrusted to the Panchayat and

- (ix) The panchayat will receive adequate funds for carrying out their functions. Grants from the state government will constitute an important source of funding but state governments are also expected to assign the revenue of certain taxes to the panchayat. In some cases, panchayat will also be permitted to collect and retain the revenues raised by them.

I. The Panchayati Raj (PR) System

The Balwant Rai Mehta Committee which was appointed in January, 1957, has suggested a three-tier system of decentralisation. At the village level – village panchayats, at the block level – panchayat samitis and at the district level – Zilla Parishads were suggested. However, no rigid institutional pattern was laid down for the panchayati raj, but the fundamental principles governing the set-up are:

- (i) A three-tier structure of local self-governing bodies from the villages structure of local self-governing bodies, from the village to the district, the bodies being organically linked up;
- (ii) Genuine transfer of power and responsibility to them;
- (iii) Adequate resources should be transferred to these bodies to discharge the responsibilities devolving on them and
- (iv) The system should facilitate further devolution and dispersal of power and responsibility in the future.

The village panchayats are the elected bodies of the people. All adults from Gram Sabhas participate in the elections. The village panchayats send their elected representatives to Panchayati Samities (at the block level) which act as a link between the village panchayats and the Zilla Parishads. The Samiti elects its President and Vice-President. The Zilla Parishads (at the district level) are constituted by the presidents of the Panchayat Samitis along with the MPs and MLAs in the district. Of course, the collector and the technical departments of the government offer guidance and assistance to the block Panchayat Samities. These Samities are autonomous. Thus, the Panchayat Raj is associated with people's representatives at all levels.

Functions of the PR System

While some of the functions of the panchayats are obligatory; others are discretionary, but these differ from state to state. The obligatory functions include: opening and maintenance of burial grounds, maintenance and improvement of public streets; proper drainage, electricity supply, lighting and medical relief; construction and maintenance of public toilets, registration of births and deaths, organisation of melas and fairs, provision of primary education, water supply etc.

The discretionary functions include: plantation of trees, improving the breed of cattle, promotion and improvement of cottage industries, relief against famine; construction of new bridges, dharmashalas and culverts, wells and ponds, provision of medical facilities, reading rooms, control and management of village forests, supervision and control of cooperatives etc.

The panchayats collect taxes, cesses, fees and other dues for the government, regulate harmful trade practices and organise recreational and social functions. Another

priority area for the panchayats is working on land reforms. Some of the village panchayats have also been entrusted with judicial powers. These relate to the trial of civil suits for money due on contracts, recovery of movable property or its value. Their powers of punishment are limited to the imposition of moderate fines, and they employ simple and summary procedure for the disposal of cases.

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Sources of Income for Panchayats

The main sources of income for village panchayats are:

- (i) Taxes like house tax, profession tax, vehicle tax, octroi, pilgrim tax, animal tax, entertainment tax etc. Some taxes are obligatory, others are optional;
- (ii) Different types of fees which include fees for services, licence fees, registration fees, fines and penalties etc.;
- (iii) Communal income includes income from fisheries, fairs and markets, gross sales, panchayat forests etc. and
- (iv) The miscellaneous sources of income include interest and deposits, government assistance, stamp duty, sale of old articles, newspapers, rent and product of land, loans and advances and district board contract work.

The panchayats usually suffer from the want of funds. The Balwant Rai Mehta team had suggested that in all states, panchayats should have the power to levy special tax based on land revenue, house tax or on some other basis of executing specific development projects. It felt that there is an urgent need to convert idle labour into useful public assets.

The Asoka Mehta Committee also observed that the panchayats at all levels should mobilise substantial resources of their own and should not unduly depend on budgetary devolution. It declared: “for discharging the developmental responsibilities entrusted to PRI, the state governments should make available the commensurate funds from its total budget on a continuing basis. The non-plan expenditure pertaining to the decentralised times will be administered by the Zilla Parishad. The financial devolution must correspond to the functional decentralisation.”

Merits of PR System

The PRIs are responsible for the emergence of new leadership which is better than the previous one. They have also contributed significantly to social welfare and increased agricultural production in the rural sector. They have been successful in encouraging the intelligence, self-reliance, initiative and social sense amongst the rural people. The success of anti-poverty programmes depends on the capacity of the rural people to acquire these qualities.

They have provided an opportunity for the people to study the problems facing the village economy. By providing equal opportunities to all, they have strengthened the foundations of democracy at the micro level. If they fail to function well, it is because of the lack of active involvement of the rural people in developmental programmes.

The Asoka Mehta Committee has well summed up the benefits emerged from the PR system. It declared: “Politically speaking, it has become a process of democratic seed-drilling in the Indian soil, making an average citizen more conscious of his rights than before. Administratively speaking, the system has bridged the widening gulf between the bureaucratic elite and the people. Socio-culturally speaking, it has generated

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a new leadership which was not merely relatively young in age but also modernistic and pro-social change in outlook. Finally, looked at from the developmental angle, the PRI system has successfully helped rural people to cultivate a development psyche.”

The PR system has three main advantages:

- (i) The people will have a better understanding of what the government proposes to do. In other words, this system is an instrument of self-education;
- (ii) The participation of the people both in decision-making and implementation of development programmes helps to choose programmes which serve the felt needs of the people, improve the cost-benefit analysis and bring about a radical social change, and
- (iii) Involvement of the people in the programmes of economic and social activity increases the likelihood of proper maintenance of such activities.

A purely bureaucratic approach to rural development fails to deliver the goods. Hence, the relationship between administration and the duly elected democratic bodies at the local level should be cordial.

The case for decentralising the planning process rests on the simple truth: the local problems are best understood by the local people themselves. Hence, democracy and devolution of powers should go together.

The PR system, by enlarging the scope of decentralisation, not only ensures the democratic character of the government, but also improves the effectiveness of planned development. Too much power with the bureaucracy no doubt curbs the initiative of the rural people. Decentralisation helps control the power of bureaucracy. It alone can ensure people's participation in the development process.

Despite limitations, the PRIs will help lower castes to move up in governing their own affairs in villages. In a country like India, the shift of power to the rural poor and weaker sections of society has been slow. If the weak use their votes and are encouraged to take wise decisions, they can occupy the driver's seat. The fragmentation and division among themselves must be ironed out.

Thus, the PRIs are local level agencies (to be more specific, democratic institutions) having unique responsibilities to promote and strengthen development consciousness amongst people; ensure people's participation in the planning process; contribute to the success of anti-poverty programmes and bring the marginalised communities into the main stream of progress. Above all, they have the rare opportunity to train the future leaders of the country on the right lines.

Weaknesses of PR System

The panchayat set-up has also created some problems. It has failed to produce benefits expected of it. The major deficiencies of rural development administration in India are:

- (i) Development programmes in India have often been marked by a fragmented and compartmentalised approach in formulation on the one hand, and a top-down, inflexible, one-way system of implementation on the other;
- (ii) Lack of emphasis on primary tasks, and inadequate appreciation of the linkages between various schemes/activities and the primary task or core activity;

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- (iii) A higher salience of power and status orientation, authoritarianism, unresponsiveness, formalism and rigidity;
- (iv) Inadequate operational planning, resulting in duplication, wastage, compliance with formal instructions and relative indifference to results and performance and
- (v) Defective supervision and reporting, often negative, perfunctory and inquisitorial.

The following are the major weaknesses of the PR system. First, the panchayats are not able to arrive at a consensus due to emerging factions among the villagers. Consequently, there is considerable delay in taking decisions, and the decisions are very often coloured by the factional interests of the members. The elected village panchayats may be free from party politics, but they are not free from village politics

Second, all is not well with the leadership at this level. Persons who lack a sense of responsibility, integrity and dedication have become leaders. It is but natural that they have failed to inspire the villagers. Political power has been concentrated in the hands of those having money, power and prestige. The role of such leadership in serving the rural poor is bound to be limited.

Third, the development work undertaken by panchayats is sufficiently hampered by political interference. There is also inadequate and vague communication from the higher authorities. Sometimes, the political consequences have to be assessed by the officials before they take an administrative decision. No wonder, qualified and competent persons are generally unwilling to work in these institutions. The posts are treated more as a means of prestige, patronage and power than of service to the community. In practice, the system has turned to be a power mechanism.

Fourth, the attitude of the bureaucracy towards the poor is rather hostile. The officers look upon the elected representatives with contempt and resentment; suffer from superiority complex due to higher education, urban background, higher position, status, power and authority, suffer from general contempt for illiterate and semi-illiterate villagers; and afraid to face the popular leadership for fear of loss of power, prestige and privileges.

Fifth, the benefits of developmental programmes have not been equitably distributed amongst different sections of the rural community. They have been largely appropriated by the high caste and financially well-off sections. Instead of preparing the ground for social equality, the PRIs have allegedly institutionalised injustice, favouritism and factionalism. Benefits such as subsidies extended by the Government are mostly enjoyed by the rural rich. Hierarchy and exploitation are so deep-rooted in rural India, that they are accepted and are running rampant without questioning.

Sixth, a major objective in recommending them is to transfer adequate powers and responsibilities to them. However, in actual practice, this has not been achieved to the desired extent. The government departments are still dominant and the collector is made responsible for every function of the government in the district. Thus, they are converted into mere agents of the state government, without due powers and responsibilities. One of the major causes for the ineffective implementation of land reform measures is the non-involvement of the landless labourers, the insecure tenants and the share-croppers in the process.

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Seventh, the financial resources at the disposal of the panchayats are too inadequate to take up developmental works on a significant scale. Naturally, they are showing less interest in development and more interest in petty administrative matters such as posting and transfer, grant of licences or contracts. Some panchayats have also showed an initiative to make use of the matching grants. Yet, Panchayat Samities and Zilla Parishads heavily depend on grants and assigned revenues indicating thereby that the popular representation in these bodies has not led to any appreciable effort to use the available powers of taxation. There is a great potential for receipts for remunerative enterprises which can be developed by a dynamic and imaginative leadership at the official and non-official levels.

Last, the developmental work taken up is not properly planned. The people have had a very limited share in the preparation and execution of the plans even at the village level and therefore they lack any social purpose. The administrative structure is so inappropriate that the whole system revolves around detailed targets set from above and is bedevilled by shortages. The entire structure suffered from party politics, absence of constructive leadership, apathy of bureaucracy and lack of cooperation of rural people.

In a democracy, political will is needed for the success of any programme. A critical factor for the success of PRIs is political will. Yet, this factor is missing. It has been rightly pointed out.

Evidence suggests that there were deliberate plans by political leaders, in collusion with the bureaucracy and local vested interests, to emasculate and eventually discard panchayati raj.

The lack of political will is understandable. Leaders of the ruling political party may find a danger to their authority and influence in the PRIs. Also, some elections were lost by the ruling political party in areas in which they are strong. The politicians also feared that strengthening them would mean creation of more competing centres of influence and power.

Strengthening the PR System

The Asoka Mehta Committee observed that there is confusion even with regard to the concept of panchayati raj. Some treat it just as an administrative agency; others as an extension of democracy at the grassroot level and still others as a charter of the local rural government. However, there is need for improving the PR infrastructure and not the total abolition of the system.

The Committee has favoured open participation of political parties in panchayati raj affairs as this may 'ultimately convert their mutual competition into constructive cooperation for rural development.' The Committee also felt that funds earmarked for the weaker sections must be subjected to social audit by a district level agency as well as by a committee of legislatures in which scheduled castes and scheduled tribes and MLAs have a majority of representation. It also observed that unless the state governments devolve planned and non-planned funds commensurate with the decentralisation of functions, the scheme of decentralised democratic management would suffer a drawback.

Autonomy to lower formations is essential to improve their effectiveness. There is need to identify the area where such modifications in line authority are required. There is also need for setting up public vigilance committees to see that the schemes meant for the

rural poor are effectively implemented. Proper evaluation of the programmes can be entrusted to these committees.

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Decentralisation would be effective only when the states are serious about it. Without political will, the PRIs will not be able to discharge their functions successfully.

Some of the pre-conditions for the success of PRIs are:

- (i) State governments should set up special organisations devoted to rural planning to train them in the techniques of economic planning;
- (ii) Steps should be taken to ensure the administrative neutrality of panchayati raj officers with regard to the policy decisions at the panchayati level;
- (iii) The concept of 'partyless democracy' is relevant in the context of the panchayati raj and
- (iv) There is need for a separate District Development Officer to look after development and administration of PRIs along with administrative and technical personnel and financial resources.

They should enjoy financial autonomy. Provision of adequate funds is not enough. This brings into focus the need to remove state approaches and supervision over the decisions of these institutions, involving financial commitments relating to budget, taxation, expenditure, contracts, staff appointments, disposal of assets etc., of course, panchayats alone are responsible for their decisions and failures.

They must levy and collect their own taxes and manage their resources. However, most revenue sources under the control of local governments would be of inelastic nature. As such, they find it a challenging task to meet the growing expenditure commitments. Through a judicious allocation of tax sharing and a general and selective grants-in-aid, the state financial commission has to ensure vertical fiscal equity.

The PRIs should be the main mechanism to provide democratic governance at the grassroot level. Strengthening them will go a long way in revamping the rural delivery system. Their success largely depends on the proper mandate, self-governance and financial autonomy which are three areas of priority indicating the power of the PR system.

II. Rural Development Administration

A good administrative set-up can bring the public and the government closer and ensure maximum participation and cooperation of the masses in the formulation and implementation of target plans initiated to help the rural sector. On the other hand, a bad administration leads to corruption and inefficiency, arrests the spirit of enthusiasm and idealism and results in the wastage of resources.

If returns from huge investments made in the rural sector are not impressive, it is mainly because of faulty planning and inefficient implementation. A rigid bureaucratic administration is not appropriate to tackle the complex problems facing rural India.

The rural people have to develop the capacity to elicit the services of the development administration. The schemes have to be popularised so as to make them more of people's programmes than official programmes.

No doubt, new institutions like the District Rural Development Agency (DRDA) and the District Industries Centre (DIC) have emerged, but they suffer from inadequate

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facilities and are not fully prepared to take up tasks entrusted to them. For instance, the trained personnel available with the DRDA is inadequate, and the frequent transfers of the staff have undermined the efficiency of this institution.

Most project directors are on the verge of retirement and therefore their interest in programmes continue to be at a low ebb. They do not as a rule belong to any specialist cadre. Moreover, the DRDAs have neither the formal authority for coordination at the district level nor have they been given direct control over the block agencies.

The PRIs should have greater role in the implementation of anti-poverty programmes. Notwithstanding their limitations, they should be made responsible for the implementation of these programmes. Also, unless the various rural development programmes are brought under one agency, it is difficult to achieve the objectives set with the implementation of the anti-poverty schemes.

The administration also should acquire some additional features such as flexibility, innovativeness and people-oriented stance to undertake the new responsibilities.

There must be coordination at both the preparation and implementation stages. Hence, it is rightly said:

The problem is not only of structural and organisational changes in the attitudes of public servants and the people's representatives and the promotion of decentralised, real self-governing popular institutions.

The block level administration will have to be so structured that the desired degree of horizontal coordination is achieved. It should be strengthened by bringing together the various technical officers under the administrative control of the Block Development Officer (BDO). At present, the block level personnel continue to remain under the control of their respective 'line' departments and with the result, the inter-sectoral linkage becomes tenuous.

A single development authority should take up the responsibility of formulating appropriate programmes at the micro level. Again, a single development authority should be made responsible and accountable for the successful implementation of such programmes. A beneficiary should come under only one single programme/scheme and is given adequate assistance to cross the poverty line permanently.

The proposed decentralisation principle is basically sound. But the district/block plan must be in accordance with the national priorities. There is a tendency to ignore this. Another problem relates to the lack of expertise at the district/block level in the art of planning.

In 1987, the Central Government appointed an expert group on 'Systems development for the centrally sponsored schemes' to suggest ways of removing the bottlenecks afflicting these schemes. The group submitted its report in 1988. Its very first recommendation was that "before any new centrally-sponsored scheme is introduced, detailed discussions should be held with the state governments and their views should be given due weight in the guidelines framed for the implementation of the scheme." But, a year later, the JRY was launched without observing this norm.

The development administration in India has become unwieldy. It is highly centralised as most of the programme schemes were designed, implemented and monitored at the central and state levels. Another serious problem relates to limited accountability.

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Studies have shown that development administration continued to favour the rich and the powerful. This made the rural population emerge as passive recipients. The administration suffers from deficiency in staff having expertise and specialisation. The system also lacks the much-needed participation culture and therefore neglects effective communication, joint consultation, democratisation and decentralisation. Hence, it continues to suffer from favouritism, nepotism, corruption etc. In short, the present development administration has failed to ensure participation of people and their organisation in the development process.

Any scheme of priorities evolved at the centralised levels is bound to ignore the diverse situations prevailing in rural areas. The multi-disciplinary anti-poverty programmes launched in the country required a more cohesive team to function in a unified manner from a common platform.

The administration should be in constant touch with outsiders, experts, and people's organisations. If necessary, the required changes should be brought about in the structure of administration to achieve this end.

Decentralisation of the administration structure also requires horizontal coordination at various levels. An attempt should be made to reduce the number of departments by streamlining the administration on two lines: (i) Avoid splitting of jobs over many departments and (ii) Scrap programmes/schemes when there is overlapping of functions.

The Government has created certain agencies like the DRDA and the DIC to strengthen development administration at the district level. But they can function effectively only when they establish rapport with the elected bodies like the Panchayati Raj Institutions. "Their interaction and interdependence are expected to strengthen development activities as they supplement and complement each other."

The DRDAs are corporate bodies registered under the Societies Registration Act. In most cases, the District Collector is the Chairman of the DRDA.

The governing body includes district level officials of different developmental departments, representatives of financial institutions including the Lead Bank, MPs and MLAs of the district, representatives of Scheduled Castes/Scheduled Tribes.

The staff of the DRDA usually consists of a project director, assistant project officers for Agriculture, Animal Husbandry, Rural Industries, Cooperation, Credit Planning Officer and Economist-cum-statistician. Below the district level, the block is the basic unit for IRDP. However, at the block level, the extension staff is depleted. For augmenting the staff, the Ministry of Rural Development has offered to provide 50 per cent of the financial aid needed.

The block plans are prepared by the DRDAs, without proper involvement of block functionaries. Even people's representatives are bypassed. This is responsible for the wrong identification of beneficiaries. Also, wrong decisions are taken by the functionaries. The bureaucrats hardly take any decision due to lack of confidence or their anxiety to play safe.

The DICs were set up to provide assistance to rural artisans, village industries and small industries at pre-investment, investment and post-investment stages of production under one umbrella. The collaboration and coordination between the DRDA and DIC is different from state to state.

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An important issue in rural development administration is accountability. If rural development, administration is to be accountable only to the superior command at the district and state levels, as is the case at present, administration cannot be responsive to the needs and aspirations of the local people. As such, rural development administration ought to be made accountable to the local population. This alone would ensure that rural projects and investments serve the actual needs and priorities of the rural population. The arrangement would also diminish existing disparities rather than accentuate them or draw as much as possible from local resources. So, there is need for deemphasising the system of hierarchical and centralised control.

Another important ingredient of rural development administration is giving due importance to technical personnel. Technical, managerial and administrative manpower is available with our large network of technical, social and educational institutions outside the bureaucracy. It is necessary to use this available manpower for successfully implementing rural projects and programmes.

It is necessary to bring the whole rural development programmes under one integrated authority which would call for bringing together all the elements of the programmes right from input supply to marketing of the finished products including planning and extension advice.

10.4 SUMMARY

The Orrisa Pani Panchayat Act, 2002 provide for farmers' participation in the management of irrigation systems and for matters connected therewith or incidental thereto.

A self-help group (SHG) is a village-based financial intermediary committee usually composed of 10-20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro-credit.

Overall development of country is the main objective of Indian government since its independence. Earlier the main thrust for development was laid on Agriculture, Industry, Communication, Education, Health and Allied sectors but soon it was realised that the all-round development of the country is possible only through the development of rural India. Keeping this in view, Panchayati Raj Institutions have been introduced under the 73rd Amendment Act of the Constitution of India. Rural Development includes measures to strengthen the democratic structure of society through the Panchayati Raj Institutions (PRIs). It also includes measures to improve the rural infrastructure, improve income of rural households and delivery systems pertaining to education, health and safety mechanisms. Government of India has taken many steps to develop rural India and for this Department of Rural Development has been setup under the control of Ministry of Rural Development. The department through PRIs has launched various development schemes such as Sampoorna Swachhta Abhiyan, Gram Vikas Yojna, Farmer Market and Livestock Market, Underground Drainage System Construction Scheme and so on.

Through these schemes, Government of India seems to accomplish its dream of rural India's development. Although some loopholes may also be seen. Without overcoming these drawbacks, Government of India won't be able to foster the growth of rural India.

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10.5 SELF ASSESSMENT QUESTIONS

1. Explain the role of Water Resource Management (Pani Panchayat).
2. Explain the role of Self-help Groups.
3. Explain the role of institutions for Rural Development.



11

Unit

AGENCIES FOR RURAL DEVELOPMENT

Objectives

The objectives of this Chapter is to understand the following:

- To Understand the Rural Cooperatives
- To Understand the Rural Banking
- To Understand the Role of Bureaucracy in Rural Development
- To Understand the ORMAS

Structure:

- 11.1 Rural Cooperatives
- 11.2 Rural Banking
- 11.3 Role of Bureaucracy in Rural Development
- 11.4 ORMAS
- 11.5 Summary
- 11.6 Self Assessment Questions

11.1 RURAL COOPERATIVES

The rural cooperatives are doing a good job both in credit and non-credit spheres. They are fully familiar with local conditions and problems and as such are ideal institutions to serve the rural poor. The rural cooperative structure mainly consists of credit cooperatives, land development banks and farmers' service societies.

I. The Cooperative Banks

The cooperative movement is more than 100 years old. The movement has a rural as well as an urban structure, a credit as well as a non-credit component and within its credit segment, has a short-term and long-term structure.

Historically, cooperatives in India have developed as an adjunct of the state activity. They have largely depended on state support even for their structural reorganisation and managerial upgradation and also financial viability.

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The credit cooperatives have been able to develop a unique delivery system at the doorsteps of the farmers through institutional structure providing not only credit but other farm inputs as well. They are rendering significant support for increasing agricultural production and productivity.

The International Labour Organisation (ILO) considered “cooperatives to be established and developed as a means of increasing national income, export revenues and employment by a fuller utilisation of resources ... aimed at bringing fresh areas into productive use and in the development of modern industrial, preferably scattered, processing local raw materials.” (Recommendation No. 127, 1996).

The state government assistance to the cooperative credit structure includes provision of managerial staff on deputation, financial assistance by way of equity participation, guaranteeing of their borrowings etc. As at the end of 1991-92, the state government contribution to the share capital of the cooperative credit institutions in both short-term (ST) and long-term (LT) sectors amounted to ₹ 592.76 crore accounting for 13.6 per cent of the total.

The agricultural cooperative credit structure has two parts: one engaged in short- and medium-term credit consisting of three-tier system, state cooperative banks, central cooperative banks and primary credit societies. The other part is engaged in long-term credit, consisting of a two-tier system, State Cooperative Agricultural and Rural Development Banks (SCARDBs) and Primary Cooperative Agricultural and Rural Development Banks (PCARDBs). The primary agricultural credit societies form the kernel of the Cooperative Movement in India and constitute the largest number of cooperative institutions.

“The agricultural primary credit society is the foundation stone on which the whole cooperative edifice is built.”

The primary credit societies provide short- and medium-term credit supply, agricultural and other production requirements and undertake marketing of agricultural produce. They also help in formulating and implementing a plan for agricultural productions for the village and take such educative, advisory and welfare functions as the members might be willing to take up. They are expected to inculcate the habit of thrift and saving among their members.

The membership is open for agriculturists, artisans and small traders in villages. Universal membership has now been accepted as the policy so that the weaker sections would become members of the cooperatives and enjoy the services offered by them. Regarding management, the ultimate authority in the affairs of the society is the general body which could meet at least once a year. The General Body elects a small managing committee to look after the day-to-day working. The office bearers usually render honorary services, an honorarium out of the profits maybe paid to the President or Secretary in certain cases. A society with heavy transaction appoints a clerk on monthly salary basis.

The cooperatives operate through a multi-tiered federal structure, with the base or grassroot level institutions engaged in financing the ultimate user of credit with the funds provided by the higher tiers, which are mainly responsible for mobilising resources for the purpose by way of deposits and borrowings.

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The ST credit structure comprises of the Primary Agricultural Credit Societies (PACS) or, Farmers' Service Cooperative Societies (FSCS) or, Large Area Multipurpose Cooperative Societies (LAMPCS) at the grassroot level affiliated to Central Cooperative Banks (CCBs) at the district level, which in turn are federated at the apex level to the State Cooperative Banks (SCBs).

However, in some of the smaller states and union territories, the intermediate level structures, i.e., CCBs are dispensed with and the PACS are directly affiliated to the SCB. Thus, in this structure, while the individuals are members of the PACS, the membership of the higher tiers, i.e., CCBs and SCBs are generally restricted to societies. These institutions are engaged in the provision of short and medium duration credit mainly to meet the working capital requirements of the members and to a limited extent their investment credit needs involve relatively low outlays.

The cooperatives originated as an institutional agency for delivering crop loans in a minor way. There are now 3.53 lakh cooperative societies bringing within their fold a membership of ₹ 17.51 crore and employing a working capital of over ₹ 76,000 crore, enveloping almost every conceivable economic activity.

Table 1
Distribution of Capital Base for Rural Cooperative Banks (2012- 13)
(Amount in lakhs)

	Short-term			Long-term	
	SCBs	DCCBs	PACS	SCARDBs	PCARDBs
Number of PACS/ Cooperative Banks	31	371	93488	20	739
(i) Owned Funds (Share Capital + Reserves)	1319170 (8.7)	3328992 (11.5)	1851625.82 (10.3)	64000 (27.23)	48000 (25.53)
(ii) Deposits	8990513 (59.0)	19572643 (67.3)	6711309.77 (37.5)	11000 (4.68)	5000 (2.66)
(iii) Borrowings	4926999 (32.3)	6173116 (21.2)	9335915.9 (52.2)	160000 (68.09)	135000 (71.81)
Total Capital Base	15236682 (100)	29074751 (100)	17898852 (100)	235000 (100)	188000 (100)
Recovery of Loans to Demand Ratio (%)	96	78	73	41.3	47.3

Table 2
Number of PACS in India in 2012-13

State	Number
Maharashtra	21394
West Bengal	7402
Uttar Pradesh	8929
Gujarat	8810
Bihar	8463
Rajasthan	5671
Odisha	2701
All India	93488

Table 3
Flow of Cooperative Credit to Agriculture
(in ₹ Crore)

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Year	Cooperative Credit
1999-2000	18,260.00
2000-01	20,718.00
2001-02	23,524.00
2002-03	23,716.00
2003-04	26,958.79
2004-05	31,424.23
2005-06	39,403.77
2006-07*	42,479.80
2007-08	33,070.17
2012-13	59,309.17

* Provisional.

Table 4
Number of Kisan Credit Cards and Amount Sanctioned by Cooperative Banks

Year	Credit Cards Issued (in lakhs)	Amount Sanctioned (in ₹ crore)
2001-02	54.36	15,952
2002-03	45.79	15,841
2003-04	48.78	9,855
2006-07	22.97	13,141
2007-08	20.91	19,991
2008-09	13.44	8,428
2012-13	45.25	32,127

Advantages of Cooperative Institutions

What distinguishes a cooperative enterprise from other forms of business organisations is that in a cooperative, there is no 'sleeping partnership' concept. Members belonging to a cooperative must actively participate in that organisation. The participation is the essence of cooperative democracy. Of course, actually this participation is poor.

Cooperatives are said to be the ideal institutions as they enjoy several advantages. First, they are in close touch with the members and therefore aware of their repaying capacity or lack of it. Second, they can provide strong incentives for thrift and saving and promote a feeling of responsibility for repayment. Third, they follow financial operations which are simple and not complicated since identification and similar problems do not exist. Fourth, cooperative financing is not restricted to a class, it is the only means by which even the poorest of the poor can hope to get loans. Fifth, around 100 per cent villages and 100 per cent rural households are covered by the network of agricultural credit cooperatives in India.

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It is also observed that credit cooperatives are relatively better in areas where:

- (i) The crop loan system is in vogue;
- (ii) The number of large size societies is more and
- (iii) Sizeable attempts have been made in introducing the integrated rural credit scheme.

The success of cooperatives largely depends on:

- (i) The progressive role played by the Central Bank;
- (ii) The satisfactory functioning of the institution of field workers conference and
- (iii) Coordination between the departmental agencies and the central financing agency.

Problems of the Cooperative Structure

The cooperative structure suffers from a number of drawbacks. It has been observed that “the cooperative sector is being totally neglected, in fact, throttled by too much intervention. It is a case of killing with kindness, through over regulation, official diktat and curbing of freedom to perform.” The bureaucratisation of the cooperatives is complete. The movement is denied of the educative process and its experience in the democratic self-government has not been acknowledged.

These are marked regional disparities in the flow of cooperative credit as the availability of credit measured in unit (per borrower or per hectare or in aggregate terms) is still biased towards some state leaving the other states at the lower level.

The credit cooperatives have become unviable and uncompetitive mainly because of state government interference in their day-to-day operations and an antiquated management structure.

Though there is a substantial increase in the total membership of PACS, the percentage of borrowing members to the total membership has shown a steady decline. This reveals the organisational weakness of PACS.

The cooperative banks meet about 46 per cent of the credit needs of small farmers, marginal farmers, and sub-marginal farmers in the country. Yet, they are not healthy, as the cooperative credit institutions have suffered from low resource base, high transaction cost (because of standardised business model, overstaffing), high risk cost (because of low recovery level) with excessive dependency on the government. Total accumulated losses of rural cooperative credit institutions are mounting over time.

Also, market share of credit cooperatives in rural credit is steadily declining. From a meager credit share of 2.7 per cent during early 1950s, the share in rural credit increased phenomenally to 62 per cent in 1990s. However, the market share declined sharply from 43 per cent in 1998-99 to 31 per cent in 2003-04, and to 27 per cent by 28 February, 2005 and to 17 per cent by 2012-13.

Recovery position is a matter of serious concern, as the inadequate recovery position has been marking the foundation of the cooperative credit structure weaker over time.

State government's interference, dormant membership lack of professionalism, low skilled staff, weak MIS, poor house keeping and internal checks and control, lack of

transparency and accountability for laxity in granting and monitoring loans have led to poor quality of loan portfolio.

NOTES**Strengthening Cooperative Structure**

For strengthening the cooperative movement, various committees have recommended several measures. Among various committees, Rural Credit Survey Committee (1963), Committee to Review Arrangements for the Institutional Credit for Agriculture and Rural Development (CRAFICARD), 1981, Ardhanarees-Waran Committee (1985), Agriculture Credit Review Committee (ACRC), 1989, Choudhary Brahma Prakash Committee (1990), National Policy on Cooperatives (2002) and Vaidyanathan Committee (2006) etc. have recommended various policies and measures to strengthen the agriculture credit cooperative structure in particular and cooperative movement in general. Some of the important recommendations in this regard are:

1. Ensuring autonomous and democratic management in cooperatives
2. Strengthening of the cooperative credit structure all levels
3. Ensuring vertical and horizontal cooperation between/among the cooperatives effectively
4. Timely disbursement of agriculture credit
5. Effective diversification of business by PACS/FSCS/LAMPS for their growth, survival and sustainability.
6. Reducing imbalance between PACs and CCBs by way of revitalisation and recapitalisation of agricultural credit cooperatives as per Vaidyanathan Committee recommendations
7. Revival of Long-term Agricultural Credit Structure (SCARDBs and PCARDBs)
8. Uniformity of Cooperative Societies Act in India as per model Act or otherwise
9. Minimising the ill-effects of bureaucratisation and politicalisation in cooperatives
10. Improvement of training facilities (for both employees and board of directors)
11. Awareness programme on cooperatives for the members
12. Ensuring professionalisation in work and management
13. Promotion of storage and warehousing
14. Ensuring recovery of loan outstanding (preferably through persuasive method) and reducing problems of overdues/NPA
15. Effort to increase active members participation for not only increasing the volume of business of cooperatives but also for increasing the number of transacting members
16. Conducting regular elections in cooperatives as per the Act and Rules
17. Amending the relevant sections (if needed) in the existing or parallel Act (Self-help Cooperative Act) in the interest of members or, for mere transparency.
18. Strengthening the MIS system in cooperatives and core banking solutions (CBS) in agricultural cooperative credit sector

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The cooperative should be made vibrant as an institution of rural development by way of reducing information asymmetry, moral hazard problems, problem of adverse selection etc. as per the dictum of institutional economics pertaining to the economic development vide institutional development.

11.2 RURAL BANKING

The banking sector in India has undergone a sea-change during the past quarter century. It has emerged as one of the important agents of rural development. Gone are the days when commercial banks were only 'purveyors of credit', now they are catalytic agents in the nation's economic progress. It is for this reason that major commercial banks were nationalised in July, 1969 and six more were nationalised in April, 1980. Efforts are also being made to see that at least 50 per cent of the institutional credit goes to the weaker sections. Separate sub-targets have been prepared for the weaker sections and further within this group for the landless labourers, artisans etc.

The social objectives would be achieved through — (i) rapid expansion of banking services through vigorous branch expansion programme specially in the unbanked and neglected areas and (ii) the provision of adequate liberal finances to the 'priority sector' which includes most neglected areas such as agriculture, small-scale industries, professional and self-employed persons, education, transport operators etc.

Progress of Commercial Banks

The number of public sector banks increased from 22 in 1969 to 28 in 1980 and their share in deposits increased from 83.3 per cent to 90.9 per cent; in credit, from 83.8 per cent to 90.5 per cent; in offices, from 79.8 per cent to 87.9 per cent during the same period.

In 1992, there were about 100 major commercial banks with over 60,000 branches in the country. Together, they had more than 20 crore deposit accounts and over two crores of borrowal accounts. By the end of March, 1992, the total deposits of the banking sector were of the order of more than ₹ 1,30,000 crore while credit worth ₹ 96,000 crore had been advanced by India's commercial banks.

Between June 1969 and March 1991, the total number of commercial bank offices rose from 8,262 to as much as 60,190. The number of rural branches went from 1,833 to 35,187 during the same period, accounting for 58.4 per cent of the total when compared to hardly 22 per cent in 1969. In terms of these data, the average population served per bank office declined from 65,000 in 1969 to about 11,000 in March, 1991. The total number of nationalised bank offices increased from 7,015 in 1969 to 57,561 in 1994, the increase in their number being 50,561 during the 25 years' period. Of the total increase in the number of nationalised bank branches during this period, as much as 62 per cent were in rural areas.

In 1969, the number of branches of all commercial banks was 8,262. This rose to 65,907 in 2001, and to 67,376 in 2004. These are estimated at 68,500 in 2005.

The rural branches formed 49.9 per cent of the total branches of public sector banks in 2005. This percentage is 46.9 for all commercial banks.

As a result of policy prescriptions, the number of borrowal accounts of public sector banks increased from 2.60 lakh in June, 1969 to 331.01 lakh in June, 1989. By 1996, the number of deposit accounts reached around 500 million and the number of borrowal accounts was recorded to be 100 million.

Bank deposits which in 1969 constituted just 13 per cent of the GDP have increased to over 40 per cent of the GDP in 1993.

Total liabilities of all scheduled commercial banks rose from ₹ 6,168 crore at the end of December, 1969 to ₹ 95,483 crore at the end of December, 1983. Their deposits rose from ₹ 5,295 crore to ₹ 81,761 crore on December 20, 1985, that is, at the average compound annual growth rate of 18.7 per cent. On the other hand, total credit rose at an average annual growth rate of 18 per cent from ₹ 3,729 crore in December, 1969 to ₹ 52,423 crore on December 20, 1985. The number of bank offices which was only 8,262 on the eve of nationalisation of the 14 major banks in July, 1969 rose very rapidly to nearly 48,932 in February 1985. Of the increase of around 40,670 offices, 32,491 or four-fifth were in rural and semi-urban centres. All these are no small achievements.

The total bank credit of public sector banks increased from ₹ 3,017 crore to ₹ 3,16,427 crore in March 2001, to ₹ 3,41,291 crore in March 2002, to ₹ 3,94,064 crore in March 2003, and to ₹ 5,60,819 crore in March 2004.

Recent Trends

Indian bank's loan growth has slowed down from around 27 per cent in November 2008 to 15.8 per cent in June 2009, recovering partially to 19.7 per cent in July 2009.

Total earnings of commercial banks have steadily increased from ₹ 1,72,116 crore in 2002-03 to ₹ 3,68,884 crore in 2007-08, and total expenses increased from ₹ 1,39,454 crore in 2002-03 to ₹ 2,85,212 crore in 2007-08. Profits increased from ₹ 11,175 crore in 2002-03 to ₹ 42,733 crore in 2007-08.

As against an increase of 22.3 per cent in 2007-08, bank credit increased by 17.5 per cent 2008-09. Non-food credit during the same periods was 23 per cent and 17.8 per cent respectively. During 2009-10, on financial year basis, growth in bank credit extended by scheduled commercial banks (SCBs) stood at 8.4 per cent (end-March 2009 to January 15, 2010) as compared to 11.9 per cent during the corresponding period in 2008-09 (Economic Survey 2009-10, p. 91).

Table 5
Branch Expansion of Public Sector Banks and Other Commercial Banks

Bank Group	1969	2004	2009	Rural Branches as on 30-06-09
SBI and Associates	2462	13621	16294	5619
Nationalised Banks	4553	33359	39703	13425
Regional Rural Banks	—	14486	15100	11644
Total of Public Sector Banks (A + B + C)	7015	61446	71196	30688
Other scheduled commercial banks	900	5807	8979	1126
Foreign Banks	130	218	295	4

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All Scheduled Banks	8045	67491	80470	31818
Non-scheduled Commercial Banks	217	32	44	11
All Commercial Banks	8262	68523	80514	31829

Source: Economic Survey 2009-10, p. A-58.

Table 6
Total Credits and Deposits of Scheduled Commercial Banks

Items	June 1969	June 1979	June 1989	March 1999	March 2009
Total Deposits	4,646	28,671	1,47,854	7,22,203	38,34,140
(a) Demand Deposits	2,104	—	—	1,17,423	5,23,085
(b) Time Deposits	2,542	—	—	6,04,780	33,11,025
Total Credit	3,599	19,116	89,080	3,68,837	—
Credit/Deposit Ratio	77.5	65.87	60.32	51.1	72.39
Deposit per capita (in ₹)	—	417	1,788	7,264	33,225

Table 7
Rural Credit by Scheduled Commercial Banks

(in ₹ crore)

Items	June 1969	June 1979	June 1989	March 1999	March 2006	March 2008
Rural Credit	55	1661	14553	53909	199423	323133
% Share of Rural Credit	1.5	8.4	16.2	14.1	13.17	13.37
Total Credit	3609	19822	89361	382425	1513842	2417006

Table 8
The Composition of NPAs of Scheduled Commercial Bank

Items	1998	2008	2009
Gross NPA (₹ crore)	48,306	55,842	67,497
Gross NPA (per cent)	14.78	2.39	2.42
Net NPA (₹ crore)	23,013	24,891	30,924

Recent Trends

Advances to agriculture and other priority sectors by public sector banks increased from ₹ 441 crore in June 1969 to ₹ 7,20,083 crore in March 2009 (provisional). Advances to agriculture during this period increased from ₹ 162 crore to ₹ 2,98,211 crore (provisional).

Priority sector advances as percentages of total advances was 14.6 in June 1969. It increased to 44.8 by March 2008, but fell to 42.5 in March 2009 (provisional) (Economic Survey 2009-10, p. A- 59).

Table 9
Advances to Agriculture and Other Priority Sectors by Public Sector Banks
(in ₹ crore)

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Sr. No.	Items	June 1969	March 2009 (P)
1	Agriculture	162	2,98,211
	Direct Finance ^(a)	40	2,15,642
	Indirect Finance ^(a)	122	82,569
2	Small-scale Industries ^(b)	257	NA
3	Micro and Small Enterprises	—	1,91,307
4	Setting up of Industrial Estate	—	—
5	Small Road and Water Transport Operators	5	—
6	Retail Trade	19 ^(d)	43,061
7	Small Business	—	—
8	Professional and Self-employed Persons	—	—
9	Micro Credit	—	3,943
10	Education	1	26,913
11	Consumption	—	—
12	State-sponsored Organisation for ST/ST for Purchase and Supply of Inputs and Marketing of Outputs	—	58
13	State-sponsored Corporations/Organisations for On-lending to Other Priority Sector	—	—
14	Housing loans	—	1,56,590
15	Funds Provided to RRBs	—	—
16	Advances to Self-help Groups	—	—
17	Advances to Software Industries	—	—
18	Advances to Food and Agro Processing Sector	—	—
19	Investment in Venture Capital	—	—
20	Total Priority Sector Advances ^(c)	441	7,20,083

P – Provisional

(a) Excludes advances to plantations other than development finance.

(b) No. of units.

(c) Total priority sector advances is the total of items 1 to 12 and 14 to 17 and half of item 13.

Return on assets is an indication of the efficiency with which banks deploy their assets. During 2007-08, the net profits to assets ratio of scheduled commercial banks improved moderately to 1.0 per cent from 0.9 per cent to 2006-07. Though net profits as percentage of total assets improved across all bank groups, the improvement was more pronounced in the case of old private sector banks. Foreign banks continued to show the highest returns on assets.

The flow of commercial banks credit to agriculture increased from ₹ 33,587 crore in 2001-02 to ₹ 81,481 crore in 2004-05 to ₹ 1,25,859 crore in 2005-06.

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The total amount of priority sector advances to SSI increased from ₹ 31,542 crore in 1997 to ₹ 49,743 crore in 2002 to ₹ 67,800 crore in 2005 and to ₹ 104,703 crore in 2007. Total advances to micro and small enterprises by public sector banks stood at ₹ 1,51,137 crore and by private sector banks at ₹ 46,912 crore in March 2008.

Priority Sector Lending

The need for the rural orientation of commercial banks, with stress on neglected sectors and sections, was first highlighted by a Report of the National Credit Council.¹ The report pointed out that commercial banks met large proportion of the credit requirements of the large scale industry, wholesale trade and commerce whereas important activities like agriculture were left in the lurch. For instance, in 1967, over four-fifths of the advances of commercial banks went to the industry and commerce with only about two per cent of bank credit for agriculture (mostly to large plantations) and less than two per cent of the advances for retail trade.

In June 1969, total priority sector advances accounts of public sector banks numbered 260. These increased to 30,080 by March 2004.

The amount outstanding under priority sector for public sector banks was ₹ 441 crore in June 1969. This increased to ₹ 1,27,478 crore in March 2001, and to ₹ 2,44,456 crore in March 2004.

In 1969, priority sector advances formed just 14.6 per cent of total advances of public sector banks. This rose to 40.3 per cent in March 2001 and to 43.6 per cent in March 2004.

Banks were required to ensure that minimum of 33 1/3 per cent of total advances was lent to priority sectors by the end of March 1980 and this target was raised to touch 40 per cent at the end of March 1985. Within this overall target of 40 per cent, banks were advised to achieve a target of 15 per cent of the total bank credit in respect of direct finance to agriculture and 10 per cent in respect of advances to weaker sections by the end of March, 1985. Public sector banks exceeded the overall target and attained a ratio of 41.3 per cent and made good progress in achieving the sub-targets by achieving 14.2 per cent and 9.4 per cent as against 15 per cent and 10 per cent prescribed for direct finance to agriculture and advances to the weaker sections respectively.

In 1981, the Ghosh Working Group re-examined the components of the priority sector. It felt that the scope of 'weaker sections' needs to be enhanced to include: (i) Small and marginal farmers, landless labourers, tenant farmers and share-croppers; (ii) Artisans, village and cottage industry; (iii) IRDP beneficiaries; (iv) Scheduled castes and scheduled tribes and Differential Interest Rate (DIR) scheme beneficiaries.

Earlier, the weaker sections included only small and marginal farmers, landless labourers, persons in allied activities with borrowal limits up to ₹ 10,000 and SSI units with borrowal limits upto ₹ 25,000.

The Group fixed a composite target for weaker sections, instead of separate targets for various sub-sectors. Within retail trade, the ceiling on the turnover was removed and all retail traders in fertilisers, mineral oils and fair price shops were included. A ceiling of ₹ 1 lakh was placed on credit to professional and self-employed persons. The following targets have been stipulated as per the recommendations of the Ghosh Committee:

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- (i) 40 per cent of the total advances should be for priority sectors;
- (ii) 16 per cent in the total advances should be for direct agricultural advances;
- (iii) One per cent of the previous year's advances should be under the Differential Interest Rate (DIR) Scheme;
- (iv) 40 per cent of the DIR advances should be lent to scheduled castes and scheduled tribes; and
- (v) Two-thirds of the DIR advances or 25 per cent of the priority sector advances should be lent to the weaker sections.

In order to ensure flow of adequate credit to the priority sectors, the Government has stipulated that 40 per cent of advances of commercial banks should be earmarked for the priority sector. From November 1978, the private sector banks were also expected to achieve the various targets and sub-targets for priority sector advances in the same way as public sector banks.

Within the priority sectors, the following sub-targets have been in force:

- (i) Direct finance to agriculture — to reach 18 per cent by March 1990. This has been raised from 16 per cent in March 1987 and 17 per cent in March 1989 and
- (ii) Advances to weaker sections to form 25 per cent of the priority sector advances or 10 per cent of total bank credit. The 'weaker sections' have been defined to conform to the Ghosh Committee recommendations.

The amount of the priority sector advances increased significantly from ₹ 441 crore to ₹ 34,874 crore during the period 1969 to 1989. Its share in total advances also spurted from 14.6 per cent to 44.6 per cent, thus exceeding the target of 40 per cent.

However, total priority sector advances stood at ₹ 46,652.77 crore — 36.64 per cent of the total credit of the banks. Public sector banks achieved a priority sector lending level of 36.54 per cent during 1994-95. Within the priority sector, direct agricultural advances of public sector banks formed 16.5 per cent of total bank credit at the end of June 1989, advances to small-scale industries constituted 16.9 per cent. Advances to weaker sections within the priority sector at ₹ 8,641 crore at the end of June 1989 formed 11.1 per cent of the total outstandings as against the prescribed target of 10 per cent.

Total public sector bank credit to agriculture — direct and indirect — increased from ₹ 165 crore in June 1969 to ₹ 14,369 crore in June 1989. Commercial bank credit emerged as the major source of institutional credit for agriculture and at the end of June 1987, accounted for 58.2 per cent of the outstanding agricultural credit. The share of bank credit in the outstanding borrowings of rural households rose from 1.1 per cent in 1951-52 to 28.0 per cent in 1981-82.

In 1989, agriculture and allied activities constituted the largest portion of priority sector advances (41.2 per cent) followed by small-scale industries (37.9 per cent). Taken together, they formed 79.1 per cent of priority sector advances or 35.3 per cent of net bank credit. Thus, within the priority sector, the other categories accounted for only 20.9 per cent of priority sector advances.

The priority advances as a percentage of total advances are reportedly on the decline. For instance, in 1991-92, the priority sector target fell by one per cent and in 1992-93 by more than 3 per cent.

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The priority sector advances are in difficulty because of poor absorptive capacity. The viable schemes are difficult to come by banks are not in a position to achieve artificial targets.

According to the RBI Report on Currency and Finance, 1993-94, priority sector lending as a percentage of gross bank credit has tended to lag behind the 40 per cent target. From 36.1 per cent in 1991-92, it came down to 33.8 per cent in 1992-93 which in 1993-94 improved to 34.4 per cent. The erosion seems to have occurred mainly in agricultural lending which came down from 14.4 per cent in 1991-92 to 13.5 per cent in 1992-93.

In March 2000, the total priority sector advances by public sector banks (PBS) accounted for 43.6 per cent of their net bank credit.

Within the priority sector, the flow of credit to agriculture from PBS accounted for 15.8 per cent in 2000.

Advances from PSBs to SSI accounted for 15.6 per cent of net bank credit in March 2000.

A system of mandatory allocation of credit to the relatively backward sectors of the economy was adopted. This envisaged the stipulation of targets and sub-targets for financing specific sectors — which were accorded a 'priority' status.

Targets have also been laid down for attaining credit-deposit ratio at rural and semi-urban branches, financing under the DIR scheme, IRDP, Self-Employment to Educated Unemployed Youth (SEEUY), Self-Employment Programme for Urban Poor (SEPUP), 20-point programme etc. Financing of women and minority communities is also being monitored.

In order to promote growth in the backward rural areas, only advances to professional and self-employed persons in notified backward regions and rural and semi-urban areas should be treated as priority sector advances and given concessional credit.

The RBI is mulling over introducing tradable certificates to help banks to meet the mandatory priority sector lending target. It is proposed to constitute a working group to examine the issues involved in the introduction of priority sector lending certificates (PSLCs) and make suitable recommendations. These certificates could be traded in the open market, and banks having shortfall in meeting the priority sector lending targets could buy such certifications and thus meet the priority sector lending norms.

Commercial Banks: Some Problems

As the commercial banks are actively involved in social banking, some operational problems do eventually arise. These include:

- (i) Problems of reporting and control due to vast expansion of branches;
- (ii) Adverse effect in yield on advances due to the high service cost of small accounts;
- (iii) Increasing establishment and operational costs; and
- (iv) Problems of recycling of funds.

These factors have placed pressure on the profitability of banks.

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The viability of rural banking had been under great strain for several reasons. Priority sector lending carries low interest rates. A sizeable part of the lending is with concessional rates of interest. Several schemes have been sponsored by the state for the benefit of the weaker sections. Banks have been closely associated with these schemes. Rural lending, by and large has become a losing proposition, with the negative margins for the credit institutions.

Among the internal causes are the absence of proper credit delivery mechanism, unwillingness of personnel to work in the rural branches, inadequate field work, deficiencies in lending schemes, non-viability of some of the schemes, faulty repayment schedules and inadequate appraisal and follow-up of loans.

Important among the external factors are target-oriented lending, undue political and bureaucratic pressure to reach targets, frequent disturbances in the recovery climate on account of announcement about loan waivers by political parties and willful default by village influentials.

The changing role of the commercial banks has created a number of problems. It has been rightly observed that —

With the multiple institutional agencies operating in the field of rural credit — cooperatives, RRBs and commercial banks — a number of problems arose, such as uncoordinated credit disbursal, diversion to unproductive purposes, inability of the credit agencies to formulate agricultural programmes on the basis of an area approach, overlapping and duplication of banking facilities, lagging recovery and numerous problems arising out of different systems, procedures, security norms, service charges, interest rates etc.

One has to admit that commercial banks are facing a number of difficulties in financing the agricultural sector for various reasons. First, the credit requirements of the agricultural sector have been rapidly increasing but commercial banks do not have refinancing facilities to meet these requirements. Second, credit absorption capacity is low due to the presence of a large number of uneconomic holdings. Third is the poor performance in respect of repayment of loans. The recovery performance of commercial banks has been unsatisfactory and was only 50.2 per cent in the case of public sector banks in June end, 1978. Fourth, commercial banks lack close contact with the borrowers. Fifth, absence of guarantee facilities has been reported in the case of rural advances to small-scale industrialists. Lastly, the absence of proper securities for the farmers and the heavy risk involved in farming has been reported.

With regard to direct agricultural finance, there is uneven distribution of credit among farmers with different sizes of land holdings, and the disparity is more marked in the case of term loans. Over two-thirds of the term loans amount outstanding is accounted for by farmers with holdings over five acres.

While the banks' performance and progress of commercial banks are commendable, one also finds a few regional imbalances in their progress. It has been noticed that the credit of commercial banks has tended to flow largely to the very areas where cooperative credit structure was strong enough, while the areas of low credit availability continue to suffer from paucity of funds.

The Credit Deposit (CD) ratio of metro-centres is 77 per cent, urban centres with 51.6 per cent, rural 49.1 per cent and semi-urban centre has a low CD ratio or 38.6 per

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cent. In the process, public sector banks draw resources from small centres and deploy in large centres.

It has been pointed out that in 97 out of the 409 districts, the rural credit deposit ratio was 40 per cent or less. These districts, with total deposits of ₹ 2,582 crore, accounted for a third of all rural deposits. These 97 districts yielded surplus funds to the rest of the country. In the next higher ratio category are 43 districts with deposits of ₹ 981 crore. These had a CD ratio of 10 to 50 per cent. These districts too were generators of surplus funds. In the remaining 269 districts, the CD ratio in June 1983 exceeded 50 per cent, especially in 218 districts where the ratio was 60 per cent and above. The low average credit deposit ratio in the semi-urban centres suggests an outflow of funds from these centres to the cities and the metropolitan centres. Perhaps, there is a shortage of bankable projects in the semi-urban centres.

The bias of commercial banks lending credit in favour of large farmers is particularly noticeable in Gujarat, Maharashtra, Punjab and Madhya Pradesh. Though commercial banks' agricultural credit has been additive, has failed to fill the geographical gap in the availability of credit not covered by cooperatives. The lack of interest on the part of commercial banks in the identification of right customers has led to the fulfilment of specified targets but failed in the attainment of genuine developmental goals.

According to one study, the 46 Indian scheduled commercial banks together incurred a net loss of ₹ 3,316 crore in 1992-93, as against a profit of ₹ 875 crore in the previous year.

The huge loss incurred by 20 nationalised banks amounting to ₹ 36.48 crore in 1992-93 and ₹ 6,889 crore in 1993-94 could not be wiped out by the meagre profits of the State Banks of India and its associated banks, thus amounting to ₹ 280 crore and ₹ 357 crore respectively in these two years.

Priority sector lending is also facing many problems. For example, the recovery under IRDP has been below 30 per cent. According to evaluation studies, the main reasons for low recovery performance of banks are incorrect identification of beneficiaries and activities, inadequate availability of proper infrastructure and the lack of adequate marketing facilities.

Over ₹ 37,000 crore of assets of the banking system are non-performing. This means that 24 per cent of the assets do not yield income and repayment of the principal is suspect to varying degrees. Also, more than 73 per cent of these non-performing assets comprise loans in excess of ₹ 10 lakh, indicating that defaulters are mainly medium and large industries.

Rapid expansion of the branches of banks had led to numerous problems like deterioration in customer service, strain on bank managements, dilution of control and lowering of motivation through reduced contact of the higher management with branches, delays in communication, decision-making and disposal of business, decline in profitability and inefficiency. It is not necessary that banks should endeavour to maximise their net profits, and not that the net profits should grow from year to year. A steady profit trend may be an adequate and positive reflection on the health of the system.

The old habit of monitoring performance merely by reference to quantitative targets of lending must yield place to the performance criteria which takes into account quality of lending as well. Within each bank or branch, the staff performance needs to be judged

on comparable criteria, i.e., the innovative ability not merely in deposit mobilisation but also in improving the quality of loans, the latter requires an in-depth contact with the clientele and sustained work specially in backward regions to understand their needs and problems. The system of rewards and punishments does not always encourage such work.

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Coordination between Cooperatives and Commercial Banks

In order to serve the rural farmers better, there must be coordination between the cooperatives and commercial banks. Some members of cooperatives may be eligible for loans, but they are denied cooperative credits because the resources of the cooperatives are meagre or the members may need medium or long-term loans which the cooperatives are not in a position to provide. Such members can be assisted by commercial banks. Second, the cooperatives also suffer from poor management. The commercial banks therefore should offer them technical advice on short-term financing. Third, since the cooperatives are in touch with local conditions, they can help commercial banks in identifying eligible borrowers or in recovering loans.

There has been no perceptible progress in the scheme for functional coordination between the PACS and the LDBs. The need for effective coordination between the short-term and long-term cooperative credit structure had been emphasised by various expert committees and the RBI, the latest of which was the committee to Review Arrangements for the Institutional Credit for Agriculture and Rural Development (CRAFICARD), 1981.

The Hazari Committee had even recommended the integration of these structures so that the credit needs of the farmer could be met at a single point. But CRAFICARD had recommended that a greater degree of functional co-ordination between PACS and LDBs at the grassroots level could ensure the same benefits as integration.

Following CRAFICARD's recommendations, the agricultural credit board of the RBI had proposed in 1977 that PACS might act as agents of the LDBs in the disbursement of long-term credit so that farmers could get credit and requirements of inputs at one contact point. In 1980, the PACS were probably entrusted with the responsibility to act as agents of LDBs in the disbursement of long-term credit. It was also suggested that the applications for term credit prescribed by the LDBs should also provide an indication of the sources from which the borrower would raise resources to meet the credit requirements for production expenses. The LDBs also were expected to send a list of their requirements for loans to meet the production expenses. The LDBs also were expected to send a list of their loanees to PACS so that the latter could be enrolled as members, if they were not already members.

Such functional coordination, it was felt, would not only give the convenience of a single contact point for borrowers but could also be mutual advantage to both credit agencies in ensuring better supervision and close monitoring of credit.

Joint financing of individual projects by cooperatives and commercial banks should be innovated. The commercial banks should support the cooperatives:

- (i) By subscribing to the debentures of cooperatives and
- (ii) By rediscounting the bills of LDBs.

In extending this linkage, banks should give preference to areas where:

- (i) They have already done some agricultural financing (i.e., direct) and gained experience in the field and

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- (ii) Environment and market conditions encourage the adoption of new (i.e., better) technology.

Thus, we have to study the option and potential of combining the resource mobilisation aspect of the commercial banks with the credit expansion function of the cooperatives.

Measures to Strengthen Commercial Banks

The Government and the RBI have taken a number of steps time and again for strengthening the earnings of the banking system. Some of the steps taken are:

- (i) Increase in rate of interest on food credit;
- (ii) Increase in the coupon rates on central government securities;
- (iii) Increase in the rate of interest on eligible Cash Reserve Ratio (CRR);
- (iv) Rationalisation of service charges;
- (v) Consolidation of banking operations;
- (vi) Effective and timely monitoring of the banking operations and
- (vii) Introduction of Action Plans and their effective monitoring by the RBI.

The overdues problem has also assumed ominous dimensions. It has to be tackled at the earliest. It is suggested that for re-establishing the ethics of repayment, some sort of group guarantee may also be adopted in suitable areas.

There is need for redefining the economic feasibility of the priority sector. It is realised that not all priority sector advances go to the disadvantaged groups. This aspect has already specifically been examined by two committees in the past.

For instance, the Krishnaswamy Working Group suggested that all SSI units with limits upto and inclusive of ₹ 25,000 should be included under the weaker sections and advances to them should constitute 12.5 per cent of the total advances to the small-scale industries.

The committees also suggested that direct advances to the weaker sections should reach a level of at least 50 per cent of the total direct lending to agriculture, including allied activities by 1983.

The Narasimham Committee Report on the Financial System (1991) observed that the priority sector should be redefined to comprise the small and marginal farmers, the tiny sector of the industry, small business and transport operators, village and cottage industries, rural artisans and other weaker sections in the rural sector.

The credit target for this redefined priority sector should henceforth be fixed at 10 per cent of the aggregate credit which would be broadly in line with the credit flows to these sectors at present. The Committee felt that a review may be undertaken at the end of three years to see if directed credit programmes need to be continued.

The concessional credit should only go to the weaker sections within the priority sector; others should be charged commercial rates of interest. The Chakravarty Committee had observed that —

In the interest of promoting effective use of credit on the one hand, as also operational efficiency of lending agencies on the other, it would appear that in the present

structure of interest rates, there is considerable scope for eliminating concessional interest rates or reducing the extent of concessionality apart from reducing the number of categories for which different concessional rates are specified.

The Khusro Committee¹⁶ has also pointed out that —

While in the context of the present day socio-economic milieu, a degree of concessionality needs to be retained in favour of the very weak sections of the community, there is hardly any justification for continuing such concessionality in the case of other borrowers.

Given the complex nature of the rural credit system, it would be better if voluntary agencies, which are in touch with ground realities, are also involved in the rural credit system with a view to reducing the transaction costs and ensuring prompt repayment.

Thus, the commercial banks have the only options to make concerted efforts to meet the new challenges. It is reasonable to assume that they can carry out the task successfully if they are allowed reasonable functional autonomy.

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11.3 ROLE OF BUREAUCRACY IN RURAL DEVELOPMENT

Many development programmes involving substantial investments have run into rough weather because of flaws reported in the implementation, monitoring and evaluation of such programmes. Monitoring and evaluation thus assume importance because development is a continuous process and the direction of development too needs to be well targeted and watched. Also, most socio-economic problems are multi-dimensional which need to be scrutinized by an in-depth study. Higher allocations for rural development would not be of much help unless the implementation, monitoring and evaluation stages of these programmes are given priority. Of course, these three stages are closely related, in other words, a chain reaction. For instance, inputs are necessary to generate outputs. These inputs may take many forms — physical facility such as an effective irrigation system or a health clinic.

The inputs may be in the form of advice which the beneficiaries are to be encouraged to adopt. Likewise, the outputs may also be in the form of skill acquisition, larger school attendance and greater use of health facilities. These outputs will, in turn, generate effects amongst the target population such as changes in income and expenditure patterns and improvement in social conditions, e.g., health and economic upliftment etc. These effects will have an impact on the social and economic life of the community. As a result of improved incomes, better services may come up in the area providing wider income and employment opportunities. Likewise, better education, and health would mean a general improvement in the quality of life.

There is one clear distinction between monitoring and evaluation. Evaluations are meant to be a detailed assessment of all aspects of the implementations of schemes. They are therefore time-consuming. Monitoring, on the other hand, is needed by planners and administrators as a different process to deliver a substantial information at very short intervals, not exceeding three months in any case. It is said that

Its purpose is to help administrators keep track, every quarter or every month of the progress of the construction or operation of a project in relation to targets and the flow of

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expenditures and employment and to identify major slacks and bottlenecks which call for immediate remedial action.

Monitoring is an integral part of the project management structure, but evaluation need not be such an integral component. Evaluation is a kind of achievement audit and mostly takes place after the programme/project ran for some specific period.

Of course, implementation, monitoring and evaluation should go together to derive optimum results.

Thus, when one talks of failures of implementation, one should look upon planning, implementation and evaluation as an integral process, each deriving strength from the other and transmitting its weaknesses all the way through the process.

It must be admitted that the monitoring and evaluation techniques employed in the industry are more advanced than those employed in respect of elimination of poverty and restructuring of social services sectors.

The Eighth Plan document has identified the following defects in the implementation of rural development schemes:

- (i) Wrong selection of beneficiaries/type of assistance, without considering their needs, capabilities and skills.
- (ii) Lack of flexibility. Straight-jacket guidelines, issued centrally, often ignore local needs/situations and variations.
- (iii) Inadequate delivery mechanisms, pilferages, malpractices etc.
- (iv) Lack of co-ordinated approach with many sectoral organisations working independently for different levels of the programmes and
- (v) Lack of commitment of the part of agencies/agents responsible for the delivery of the programmes.

I. Implementation

The implementation of any project/programme involves two aspects: (i) proper utilisation funds and (ii) achievement of desired objectives and results.

The implementation stage at present suffers from many deficiencies:

First, the involvement of the implementing agency in terms of efficiency and responsiveness in the programmes lacks commitment.

Second, the implementing agency is not fully aware of the implications of the guidelines received from the above. These guidelines often ignore the local conditions.

Third, the schemes, which are omnibus in character, are not based on realities, particularly regional variations. The details of the village economy do also not receive due attention.

Fourth, the, district administration has by and large remained a regulatory agency. When it is called upon to discharge the developmental functions, it may face many difficulties. The regulatory and developmental functions are not always complementary.

Last, the implementing machinery is not concerned with as to how the resources for development would be raised and it has no responsibility towards raising of resources either.

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The implementing agencies have to take seven steps. These are:

- (i) Planning which includes orientation-training for the functionaries. The field staff should be aware of the task ahead. The area has to be surveyed and the data has to be properly analysed.
- (ii) Formulation of schemes and projects should be done taking into account the views of the intended beneficiaries. Awareness building amongst beneficiaries is important. There should be interaction 'between functionaries and beneficiaries. The selection of schemes and projects and ensuring proper integration by following a cluster approach are important. The intention is to pool up mutually supportive programmes.
- (iii) Planning and formulation of infrastructure development schemes are crucial to the success of schemes. Besides providing infrastructural facilities, the planners should see that backward and forward linkages are ensured. Implementation of schemes without provision of infrastructure amounts to putting the cart before the horse.
- (iv) The execution of schemes/projects should be carried out in an orderly manner. The constraints like inadequate skills and inefficiency should be overcome and coordination amongst various departments should be ensured.
- (v) Effective implementation of the project should be ensured by organising the beneficiaries and training the group leaders.
- (vi) Monitoring of programmes is important to take mid-course correctives. Reports have to be obtained to analyse them for a follow-up action.
- (vii) Evaluation is needed to judge the quality of implementation. This would help both to improve the plans and ensure effective implementation of programmes in future.

It has been rightly observed:

The psychological needs of promoters of the target programme in terms of autonomy and motivation should be recognised. Decentralisation of decision-making gives, implementers (promoters) a personal stake in the performance of their jobs. Internal stimuli rather than only material incentives increase commitment Governments create a new bureaucracy whenever a social problem appears; the need is to carry it to its logical conclusion of sharing decision-making with field implementers and clients.

It has also been rightly pointed out that:

There is further indication from experience that deficiencies in implementation may also be due to inadequate planning of projects at the initial stage, causing slippages in schedules, cost overruns and poor performance generally.

II. Monitoring

Monitoring is the provision of information for the management to assess progress of implementation and the timely decisions to ensure that progress is maintained according to schedule.

Monitoring seeks to know whether project inputs are being delivered and being used as intended and are having the initial effects as planned.

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The fruits of development are not percolating down to the poorest of the poor, mainly because of the ineffective monitoring system coupled with lack of will power.

According to the terminology of the World Bank, “monitoring is the provision of information and the use of that information to enable management to assess progress of implementation and take timely decisions to ensure that progress is maintained according to schedule”. Monitoring thus examines whether —

- (i) The inputs of the programme are properly delivered;
- (ii) The use of inputs are according to programme intentions and the set goals and
- (iii) The inputs are able to achieve initial impacts as desired. It has been rightly observed:

The essence of a good monitoring system is the speed of communication of dependable information on key result areas, the competence of the monitor to interpret the signals and the ability to lead to intervention in a constructive manner.

Monitoring process consists of three components:

- (i) Information generating and gathering system;
- (ii) Information processing and communication system and
- (iii) Decision-making and follow-up action.

The imperative purpose of monitoring is to see whether the targeted activities are completed within a given time-frame and what are the factors influencing the progress.

Monitoring systems are to determine whether —

- (i) The project is being implemented according to the agreed plan and procedures and
- (ii) The initial response by the intended beneficiaries is in accordance with expectations.

The monitoring system therefore concentrates on issues of physical and financial progress of a project. It has to ensure that inputs reach the intended beneficiaries and such inputs are utilised to the maximum.

A monitoring system must have the capacity to identify not only the deviations from targets but also the causes of these deviations. This would help the management to take decisions for remedial actions. Of course, the targets set must be realistic. Otherwise, deficiencies would reflect not only implementation deficiencies but inappropriate projections.

When some information is not already available, the monitoring unit has together required information either from project records or from sources external to the project. The project staff have to maintain appropriate records and resort to regular reporting.

There is a tendency to collect too much data. As a result, the reports become too long and they are submitted too late to allow timely action and subsequent implementation of the planned project. After all, the chief task of a monitoring system is the provision of information that contributes to effective decision-making.

III. Evaluation

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Evaluation assesses the overall effects — both intentional and unintentional, and their impact. It involves comparisons requiring information from outside the project. Evaluation is to be recognised not only as a management tool for those in charge of planning, but also as a medium through which the public are informed about how the programmes proceed. The scale of evaluation depends on the type of project.

The objective of an evaluation system is to determine whether the project objectives set in terms of expected outputs, effects and impact are being, or will be, met. It is said that “evaluation assesses the overall project effects, both intentional and unintentional and their impact.” The extent of coverage for purposes of evaluation will be determined by the constraints of time and availability of resources, both human and financial.

Evaluation assumes special significance in a planned economy. Without such a system, it would be difficult to know whether the planned schemes are moving in the right direction or whether the schemes are cost-effective. Any improvement in the future policy must be based on evaluation. As evaluation is time-consuming, it is confined to a few projects.

The evaluation exercise is essentially directed towards — (i) Identification of areas of success and failures; (ii) appraisal of efficacy of methods adopted and (iii) possible fresh approaches for restructuring of the programmes to attain the desired objectives.

In the context of rural development administration, evaluation performs certain important functions: (i) It provides a sort of mechanism for measuring success; (ii) By measuring the outcome of programme, it shows the area of success and failures thereby helping in minimising failures; (iii) It acts as a guide for further programming by recommending improvements and (iv) It facilitates repeating the success stories of a particular programme.

The essence of evaluation is proved to be missing in the whole of IRDP system. The present evaluation is mostly target-oriented and does not give emphasis to socio-economic evaluation. Clientele dimension is missing in the current evaluation set-up. Without the clientele dimension, evaluation is meaningless especially in rural development.

In June 1978, the Government of India set up a committee for Training in Evaluation. It has come to two major conclusions:

- (i) Training facilities for evaluation personnel are lacking in almost all the States/Union Territories. Whatever little training is there, it is by deputing their staff for training to Central Programme Evaluation Organisation and other research institutes. There is a need to organise systematic training for the evaluation personnel and to tailor the training programmes to suit the requirement of evaluation work and
- (ii) There is scope for improving the quality, timeliness, and follow-up action of the reports completed by the various state evaluation organisations. Training would go a long way in improving the quality of these evaluation reports.

Conducting concurrent evaluation of major rural development programmes through independent research institutions has been given importance in recent years. This has thrown useful light on the working of the programmes and also the administration.

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IV. Measures Needed

Monitoring has yet to be perfected. Evaluation is primarily carried out in terms of the targets. As such, it is very difficult to assess the quality of work submitted by the administration.

It needs to be noted that evaluation is more than a progress analysis and review or inspection. Also, it has been the general experience that evaluation by an independent organisation could eliminate possible bias in findings. In the ultimate analysis, the utility of an evaluation system rests on the quality and analysis of information gathered by the evaluator.

The study group set up by the PEO of the Planning Commission has made some useful suggestions:

- (i) The system of qualitative monitoring should be introduced to take care of the quality aspect of the functioning;
- (ii) Periodical evaluation of programmes/schemes in the context of the goals should be organised;
- (iii) Studies should also be conducted periodically to examine the adequacy of the basic approach as well as the conceptualisation and designing of various programmes and schemes. This would enable the policymakers to assess the relevance of the programmes and schemes in the changing environment and
- (iv) Upward communication in the system should be encouraged as this will throw light on the field level problems and prospects of the various programmes/schemes etc. Participative consultation should therefore be encouraged at all levels.

It would be better if monitoring and evaluation are undertaken by some independent external agency rather than by the implementing authorities themselves. Enough scope should be left for mid-term correction and imparting flexibility to the system. The three stages of evaluation should be adopted, i.e., ex-ante evaluation, mid-term evaluation and ex-post evaluation.

The issue of decentralisation should be taken up seriously. Rural programmes ought to become responsive to local problems, needs and potentials. District and block level implementing agencies will have to be given more flexibility. The block level administration will have to be so structured and strengthened so that it would ensure the desired degree of horizontal coordination.

Rural development programmes can be successful only when people's active participation is ensured at various stages, particularly at the implementation stage. It has been observed:

The selection of the specific tasks, however, is governed by local conditions and in assigning priorities, it might be necessary to involve both the local administration as well as the representatives of people particularly of the beneficiary groups.

The Seventh Five Year Plan document has observed:

A measure of local flexibility in working out the details of each scheme is necessary. The geographically diffuse nature of development programmes makes it difficult to control implementation from a central level. Hence, leakages and misappropriation tend to take place. Greater local involvement can play an important role in reducing these abuses.

For the success of anti-poverty programmes, two things appear to be absolutely essential:

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- (i) Involvement of beneficiaries in the implementation of the programmes through organisation of beneficiaries and/or panchayats and
- (ii) Introducing flexibility in the programmes by giving more autonomy to the local bodies and panchayats to plan according to the needs and resources available at the local area level.

Thus, rural development schemes can deliver the goods only when the three stages, namely, implementation, monitoring and evaluation are strengthened.

11.4 ORMAS

ORMAS (Orissa Rural Development and Marketing Society) is a self-governing apex body, which is run by the Panchayati Raj Department under the Government of Orissa. The main aim of ORMAS is to facilitate a better livelihood to the rural poor of Orissa by implementing advanced technologies.

The main objective with which the state government has set up the Orissa Rural Development and Marketing Society under the supervision of Panchayati Raj Department, are:

- (i) To incorporate better technology
- (ii) To provide new marketing strategies for better networking
- (iii) To undertake development measures to sharpen the skills of the rural producers to generate better products

This is one of the major steps taken by the state government for the amelioration of the rural business in Orissa. This also ensures a sustainable living for the rural section of society who are involved in the manufacturing of rural products that are sold in the markets across the country and also in the international market.

The chief activities of the industrial sectors of ORMAS include Handloom, Handicraft and other Utility items. Apart from these three items, Orissa Rural Development and Marketing Society is also involved in manufacturing minor forest and agri-based products which possess a great foundation of raw materials and skills. The activities carried out by ORMAS (Orissa Rural Development and Marketing Society) involve producing siali and sal leaf plate and cups, hill broom, Rock Bee honey processing, dal processing, kewda leaf products, and many more. ORMAS also does a countrywide networking for marketing purposes for products such as Tamarind, Amla, Harida, Kalmegh and few other MFPs and medicinal plants. In the recent period, ORMAS promoted few more agricultural rural products for a better trading such as Onion, Turmeric and Ginger.

ORMAS also facilitates proper input connections for the promotion of these rural products. ORMAS works at macro-level that ensures smooth implementation of the programs involved in the welfare activities. The other activities of the ORMAS include helping in the formation and promotion of Self Help Groups, to facilitate the banking operations of the SHGs, and to offer marketing linkages with lucrative prices to the producers. The ORMAS also facilitates capacity building of the self-help groups by offering them basic orientation and training to develop their skill further. Moreover linkages are created by the ORMAS for meeting the infrastructure requirements of these groups and to provide them the appropriate technology required for further development. The ORMAS (Orissa Rural Development and Marketing Society) have taken up product promotion programs as well in order to supply more standardized products.

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11.5 SUMMARY

The National Rural Employment Guarantee Act 2005, also known as the “Mahatma Gandhi National Rural Employment Guarantee Act”, and abbreviated to MGNREGA, is an Indian labour law and social security measure that aims to guarantee the ‘right to work’ and ensure livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

National Rural Livelihood Mission (NRLM) is a poverty alleviation project implemented by Ministry of Rural Development, Government of India. This scheme is focused on promoting self-employment and organization of rural poor. The basic idea behind this programme is to organize the poor into SHG (Self-help Groups) groups and make them capable for self-employment. In 1999 after restructuring Integrated Rural Development Programme (IRDP), Ministry of Rural Development (MoRD) launched Swarnajayanti Grameen Swarojgar Yojana (SGSY) to focus on promoting self-employment among rural poor. SGSY is now remodeled to form NRLM thereby plugging the shortfalls of SGSY programme.

The National Rural Health Mission (NRHM) is an initiative undertaken by the government of India to address the health needs of underserved rural areas. Founded in April 2005 by Indian Prime Minister Manmohan Singh, the NRHM was initially tasked with addressing the health needs of 18 states that had been identified as having weak public health indicators.

Sarva Shiksha Abhiyan (SSA) is Government of India’s flagship programme for achievement of Universalisation of Elementary Education (UEE) in a time bound manner, as mandated by 86th amendment to the Constitution of India making fee and compulsory Education to the Children of 6-14 years age group, a Fundamental Right. SSA is being implemented in partnership with State Governments to cover the entire country and address the needs of 192 million children in 1.1 million habitations. The programme seeks to open new schools in those habitations which do not have schooling facilities and strengthen existing school infrastructure through provision of additional class rooms, toilets, drinking water, maintenance grant and school improvement grants. Existing schools with inadequate teacher strength are provided with additional teachers, while the capacity of existing teachers is being strengthened by extensive training, grants for developing teaching-learning materials and strengthening of the academic support structure at a cluster, block and district level. SSA seeks to provide quality elementary education including life skills. SSA has a special focus on girl’s education and children with special needs. SSA also seeks to provide computer education to bridge the digital divide.

11.6 SELF ASSESSMENT QUESTIONS

1. Explain the role of Rural Cooperatives.
2. What is Rural Banking?
3. Explain the role of Bureaucracy in Rural Development.
4. Explain ORMAS in detail.

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Chapter

VARIOUS SCHEMES FOR RURAL DEVELOPMENT

Objectives

The objectives of this Chapter is to understand the following:

- Salient Features of NREGP
- Problems with NREGP
- Measures Needed to Implement NREGP
- Understand the Rural Development Programmes :
 - MGNREG S
 - National Rural Livelihood Mission (NRLM)
 - National Rural Health Mission (NRHM)
 - Swarnajayanti Grameen Swarojgar Yojana (SGSY)
 - Sarva Shiksha Abhiyan (SSA)
 - Indira Awaas Yojana (IAY)

Structure:

- 12.1 The Background
- 12.2 Salient Features of NREGP
- 12.3 NREGP: Some Problems
- 12.4 NREGP: Measures Needed
- 12.5 Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGS)
- 12.6 National Rural Livelihood Mission (NRLM)
- 12.7 Nation Rural Health Mission (NRHM)
- 12.8 Swarnajayanti Grameen Swarojgar Yojana (SGSY)
- 12.9 Sarva Shiksha Abhiyan (SSA)
- 12.10 Indira Awaas Yojana (IAY)
- 12.11 Summary
- 12.12 Self Assessment Questions

Rural India suffers from high incidence of poverty and unemployment. Hence, employment guarantee has special significance. The National Rural Employment Guarantee Bill, 2004, with necessary changes, was introduced in the Lok Sabha on

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August 18, 2005. It was passed by the Lok Sabha on August 23, and by the Rajya Sabha on August 24, 2005.

The National Rural Employment Guarantee Programme (NREGP) was formally launched on October 12, 2005 in Bandlapalli of Anantapur district of Andhra Pradesh. To start with, the scheme would be implemented in 200 districts of the country. The NREGP covered all the districts of the country in 2008-09. At present, 619 districts are covered under the NREGP. During the year, 2008-09, more than 4.51 crore households were provided employment under the scheme. As against the budgeted outlay of ₹ 39,100 crore for the year 2009-10, an amount of ₹ 24,758.50 crore has been released to the States/UTs till December, 2009. During the year, 2009-10, 4.34 crore households have been provided employment under the scheme. Out of the 182.88 crore person days created under the scheme during this period, 29 per cent and 22 per cent were in favour of SC and ST population respectively and 50 per cent in favour of women. Union Budget 2010-11 provided ₹ 40,100 crore for NREGP.

Agriculture by itself cannot provide productive employment to the growing labour force. The rural non-farm employment has to be stepped up. What the rural poor require is not merely a guarantee of 1200 days of work in a year, but uninterrupted employment for most part of the year.¹

As there are many irregularities in the implementation of wage employment programmes, meaningful employment guarantee scheme would be one that is not targeted, but is universal and demand-driven.²

12.1 THE BACKGROUND

In July, 2004, a draft National Rural Employment Guarantee Act was prepared by concerned citizens and sent to the National Advisory Council (NAC).

Some important provisions of the draft Act have been watered down in the Bill. The NAC insisted on two principles — universality and self-selection. Under the Bill, there is no guarantee of time-bound extension of the Act to the whole of rural India. The Guarantee of employment applies only “in such rural area in the state and for such period as may be notified by the Central Government.” This means the guarantee can be withdrawn anywhere at any time.

The Bill stipulates that both the employment guarantee and the unemployment allowance are to be confined to “the poor households.” There may be irregularities in identifying the households. The Bill defines poor households as those below the poverty line in the relevant financial year. But, the BPL (below poverty line) list is known to be highly unreliable. The Bill dispenses with minimum wages. In the NAC draft, labourers were entitled to the statutory minimum wage of agricultural labourers in the relevant state. In the Bill, this has been replaced by a central norm.

Also, the transparency provisions have been severely diluted. In the NAC draft, muster rolls and other records were to be made available for public scrutiny. But, the Bill states that “these documents will be available on demand after paying such fee as may be specified in the scheme.”

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The Bill, in essence, leaves labourers to the mercy of the states. The state's discretionary powers under the Act can also be used at any time to phase out the whole projects.

On December 23, 2004, the National Rural Employment Guarantee Bill 2004 was referred to the standing committee on Rural Development whose final report has been placed before the Parliament.

The committee consisting of 31 MPs has suggested that:

- A universal, self-targeting guarantee, ensured by the nature of the work, is to be provided;
- The guarantee should be not to a household, but to each workers; and
- There should be a time limit of four years for its extension to all rural areas of the country.

12.2 SALIENT FEATURES OF NREGP

The NREGP has some important characteristics. These should be kept in view while implementing the scheme.

The Approach

A household is entitled for 100 days of work in a year. Within the household entitlement, all adult members of a rural household have the right to demand employment.

The household demanding work should submit name, age, sex and addresses of its adult members to the Gram Panchayat for registration.

Upon registration, a job card will be issued by the Gram Panchayat with photographs of adult members of the registered household. It will be valid for five years.

To get employment, the registered adult must submit an application on a plain paper in writing to Gram Panchayat or the Programme Officer (at the block level) and get a dated receipt of the application. The application should be submitted for at least 14 days of continuous work. One-third of persons who are given employment are women.

Within 15 days from submitting the application or from the date when employment is sought, employment should be provided by the Gram Panchayat. No contractor will be allowed to work under the scheme.

The Works

The main objective of NREGP is to create durable assets. As per Schedule 1 of the Act, the focus of the programme should be on works like water conservation, drought proofing, minor irrigation works, land development, flood control, rural connectivity, and any other work that may be notified by the Central government in consultation with the State government. Work will be provided within 5 kms of applicant's residence. If it is provided beyond this distance, an additional 10 per cent wage is paid.

Implementing Agencies

At the village level, Gram Sabha and Gram Panchayat take up the responsibility. At the block level, the responsibility is with intermediate panchayat, and programme officer.

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At the district level, the district panchayats and District Programme Coordinator are responsible. At the State level, the employment guarantee commissioners, and at the Central level, Central Employment Guarantee Council are responsible for the successful implementation of the programme. Local Vigilance and Monitoring Committees will be set up.

Wages

Every person working under the scheme shall be entitled to wages at the minimum wage rate fixed by the State government. Equal wages shall be paid to both men and women workers. It is recommended that wages should be paid on a weekly basis on a pre-specified day of the week in each Gram Panchayat. If workers are willing, a proportion of the wages may be earmarked and contributed to welfare schemes.

If a worker who has applied for work is not provided employment within 15 days from the date on which work is requested, an unemployment allowance shall be payable by the State Government at the rate prescribed in the Act. The payment of unemployment allowance shall be made no later than 15 days from the date on which it becomes due for payment.

Other Facilities

At work site, safe drinking water, shades for children, periods of rests and first aid box shall be provided. A person may be entrusted with childcare if there are more than five children brought along on the site. Such a person gets the usual wage. If a worker gets injured working on the site, free medical treatment will be given by the State government.

In case of death or permanent disability to the registered labourers due to accident at work site, an ex gratia payment of ₹ 25,000 or such amount as may be notified by the Central government shall be paid to the legal heir of the diseased or to the disabled as the case may be.

Funding

The centre bears the entire cost of wages for unskilled manual workers, and also 75 per cent of the cost of material and wages for skilled and semi-skilled workers. It also bears administrative expenses.

The State government has to bear 25 per cent of the cost of material and wages for skilled and semi-skilled workers. It is also responsible for payment of unemployment allowance. The State meets the administrative expenses of the State Employment Guarantee Council.

During the year, 2005-06, states received 1,61,76,944 applications for registration, and 55,90,658 job cards have been issued. Funds released amounted to ₹ 1,46,498.71 lakhs.³

12.3 NREGP: SOME PROBLEMS

One problem with the special schemes like NREGP is that works that are usually taken up for rural employment generation may be shown as NREGP works for funding

by the centre. As a result of this, there will not be any substantial increase in employment level in the states.

From the employment data, we find that in nine of the 15 major states, the observed wage for earning members of rural labour households is less than the statutory minimum wage. If the workers under the NREGP are paid the statutory minimum wage, it might well attract participation from the non-poor as well.⁴

The provision for unemployment allowance if work is not provided within the time period specified is meaningless. There has been such provision in Maharashtra Employment Guarantee Scheme also but it remained only on paper.⁵

Some doubt the efficacy of the scheme. This is because of the gap between the predominantly central funding of the scheme and the predominantly state/local responsibility of its administration.⁶

The financial burden of the scheme needs to be examined. It is believed that the Draft Act has been diluted for financial reasons. According to Jayati Ghosh, around ₹ 40,000 crore would be needed to implement NREGP all over rural India which forms 1.5 per cent of the GDP. Of course, there is scope for raising the tax-GDP ratio.

The scheme suffers from three major drawbacks:

- (i) confusion about the operational requirements of the Act;
- (ii) absence of any grievance redress system and
- (iii) lack of independent monitoring.

The CAG Report (2007) has pointed out a number of deficiencies at the implementation stage. These include lack of professional skill, lack of proper project planning, bureaucratic resistance, lack of transparency and absence of social audit and inappropriate rates of payment.

Also, there remain considerable delay in the release of funds, leading to delays in initiating works, abandoning the work already started, and delay in payment of wages.

According to a study done by the National Council of Applied Economic Research (NCAER) in 2008, food secure households got more workdays compared to those who are food insecure. The survey covered 3,200 poorest households in villages in seven states.

12.4 NREGP: MEASURES NEEDED

Generation of productive employment in the Indian context requires diversification of agriculture, and also the entire rural sector. The priority areas are: raising farm productivity through improved management of micronutrients and water; expanding the total irrigated area, emphasising on more labour-intensive crops (such as sugar, cotton, flowers and vegetables, sericulture, aquaculture etc.), reclamation of waste land and increasing income from animal husbandry and poultry.

All employment schemes suffer from high incidence of leakages. Very often, employment figures are inflated. Hence, each worker is to be provided with a job card which is an official record of days of employment, work done, and wages paid. All records are to be subject to social audit in ward sabhas where utilisation certificates are to be issued after the works are completed.⁷

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It is preferable to offer guarantee (with or without restrictions) to individuals rather than households.⁸ Also, effective childcare facilities should be arranged so that women are free to take up employment without making their children suffer.⁹

It would be better if the NREGP is integrated with the ongoing Bharat Nirman which aims at development of rural infrastructure like irrigation, roads, water supply, electrification, housing etc.¹⁰

Also, the list of permissible work should be expanded by an appropriate Central government notification. For instance, the types of work which would be required in the aftermath of a disaster should be added to the list.¹¹

There should be incentive compatibility between the funding and the implementing agencies. A 90 : 10 centre-state funding ratio provides little incentive for the State government machinery to ensure that funds are spent efficiently.¹²

The NREGP has the potential to strengthen social security in rural India; strengthen community mobilisation, ensure better response from local administration to felt needs and priorities and also ensure better governance.¹³

We have to create institutional mechanisms to check rampant corruption, and strengthen social audit mechanisms.¹⁴

There is need to move away from large centralised bureaucracies that treat rural folk as clients to a more decentralised control over the programme anchored in the panchayati raj institutions.¹⁵

Some of the measures necessary to strengthen NREGP include: appointing full time professionals for implementing the scheme, specific efforts to reduce the gap between work done and payment received, evolving monitoring mechanisms to check leakages and misappropriation of funds.

The Government is making social audits compulsory. It has finalise procedures to ensure that Gram Sabha meeting be videographed. The aim is to see that the NREGP fund is spent after adequate debate and preparation.

The panchayats should take up NREGP seriously, and create socially and economically useful infrastructure. There must be some arrangement whereby panchayats can access the expertise of line departments without pressure from these departments. Also, panchayats have to prepare and maintain a shelf of works as part of an overall village development plan.¹⁶ The asset maintenance responsibility should be taken up by local people.

The National Rural Employment Guarantee Act 2005 was later renamed as the “Mahatma Gandhi National Rural Employment Guarantee Act” (or, MGNREGA), is an Indian labour law and social security measure that aims to guarantee the ‘right to work’. It aims to ensure livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

The MGNREGA was initiated with the objective of “enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year, to every household whose adult members volunteer to do unskilled manual work”. Another aim of MGNREGA is to create durable assets (such as roads, canals, ponds, wells). Employment is to be provided within 5 kms of an applicant’s

residence, and minimum wages are to be paid. If work is not provided within 15 days of applying, applicants are entitled to an unemployment allowance. Thus, employment under MGNREGA is a legal entitlement.

MGNREGA is to be implemented mainly by gram panchayats (GPs). The involvement of contractors is banned. Labour-intensive tasks like creating infrastructure for water harvesting, drought relief and flood control are preferred.

Apart from providing economic security and creating rural assets, NREGA can help in protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity, among others

The law provides many safeguards to promote its effective management and implementation. The act explicitly mentions the principles and agencies for implementation, list of allowed works, financing pattern, monitoring and evaluation, and most importantly the detailed measures to ensure transparency and accountability.

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12.5 MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGS)

The National Rural Employment Guarantee Act 2005, also known as the “Mahatma Gandhi National Rural Employment Guarantee Act”, and abbreviated to MGNREGA, is an Indian labour law and social security measure that aims to guarantee the ‘right to work’ and ensure livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The UPA Government had planned to increase the number of working days from 100 to 150 before the 2014 Lok Sabha Elections in the country but failed. The statute is hailed by the government as “the largest and most ambitious social security and public works programme in the world”. The more comprehensive survey of Comptroller and Auditor General (CAG) of India, a ‘Supreme Audit Institution’ defined in Article 148 of the Constitution of India, reports serious lapses in implementation of the Act.

Targeting poverty through employment generation using rural works has had a long history in India that began in the 1960s. After the first three decades of experimentation, the government launched major schemes like Jawahar Rozgar Yojana, Employment Assurance Scheme, Food for Work Programme, Jawahar Gram Samridhi Yojana and Sampoorna Grameen Rozgar Yojana that were forerunners to Mahatma Gandhi NREGA. The theme of government approach had been to merge old schemes to introduce new ones while retaining the basic objective of providing additional wage employment involving unskilled manual work and also to create durable assets. The major responsibility of implementation was also gradually transferred to the Panchayati Raj Institutions. Unlike its precursors, the Mahatma Gandhi NREGA guaranteed employment as a legal right. However, the problem areas are still the same as they were in the 1960s. The most significant ones are: lack of public awareness, mismanagement and above all mass corruption.

The statement of the law provides adequate safeguards to promote its effective management and implementation. The Act explicitly mentions the principles and agencies for implementation, list of allowed works, financing pattern, monitoring and evaluation, and most importantly the detailed measures to ensure transparency and

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accountability. Further, the provisions of the law adhere to the principles enunciated in the Constitution of India.

The comprehensive assessment of the performance of the law by the constitutional auditor revealed serious lapses arising mainly due to lack of public awareness, mismanagement and institutional incapacity. The CAG also suggests a list of recommendations to the government for corrective measures. The government, however, had also released a collection of reportedly independent researches evaluating the functioning of the act whose results significantly differed from the CAG report. Meanwhile, the social audits in two Indian states highlight the potential of the law if implemented effectively.

12.6 NATIONAL RURAL LIVELIHOOD MISSION (NRLM)

National Rural Livelihood Mission (NRLM) is a poverty alleviation project implemented by Ministry of Rural Development, Government of India. This scheme is focused on promoting self-employment and organisation of rural poor. The basic idea behind this programme is to organise the poor into SHGs (Self-help Groups) and make them capable for self-employment. In 1999 after restructuring Integrated Rural Development Programme (IRDP), Ministry of Rural Development (MoRD) launched Swarnajayanti Grameen Swarojgar Yojana (SGSY) to focus on promoting self-employment among rural poor. SGSY is now remodeled to form NRLM thereby plugging the shortfalls of SGSY programme. This scheme was launched in 2011 with a budget of \$5.1 billion and is one of the flagship programmes of Ministry of Rural Development. This is one of the world's largest initiatives to improve the livelihood of poor. This programme is supported by World Bank with a credit of \$1 billion.

Background

The basic idea behind SGSY scheme was to form SHGs and help them to start some entrepreneurial activities. But individual SHGs were not able to sustain and they collapsed due to lack of initial support and skill. Here, each SHG worked individually. They got limited support for forward linkage and backward linkage. They had to face heavy competition and had little help from government. Government support limited to giving fund and forming SHGs. They didn't concentrate on capacity building or any other forward linkages. Since each group acted individually they were not able to get help from other self-help groups. The banks which gave loan to start these programmes later on started to hesitate to give further loans as they doubted the capability of poor. Thus even a decade after its implementation 4.5 crore rural households out of 7 crore total rural household still need to be organised into SHGs. But in states where federations of SHGs were formed under poverty alleviation programmes, they worked in a better manner. By forming federation of SHGs, each SHG will work closely with members of other groups in their own village and also with members of other blocks and district. This will be a bigger collective group, organising all the rural poor in a state under one programme.

Mission, Principles and Values

The core belief of National Rural Livelihood Mission (NRLM) is that the poor have innate capabilities and a strong desire to come out of poverty. They are entrepreneurial, an essential coping mechanism to survive under conditions of poverty. The challenge is

to unleash their capabilities to generate meaningful livelihoods and enable them to come out of poverty.

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Mission

“To reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong and sustainable grassroots institutions of the poor.”

Guiding Principles

Poor have a strong desire to come out of poverty, and they have innate capabilities.

An external dedicated and sensitive support structure is required to induce the social mobilisation, institution building and empowerment process.

Facilitating knowledge dissemination, skill building, access to credit, access to marketing, and access to other livelihoods services enables them to enjoy a portfolio of sustainable livelihoods.

Values

The core values which guide all the activities under NRLM are as follows:

- Inclusion of the poorest, and meaningful role to the poorest in all the processes
- Transparency and accountability of all processes and institutions
- Ownership and key role of the poor and their institutions in all stages – planning, implementation, and, monitoring
- Community self-reliance and self-dependence

Approach

In order to build, support and sustain livelihood of the poor, NRLM will harness their capability and complement them with capacities (information, knowledge, skill, tools, finance and collectivisation), so that the poor can deal with the external world. NRLM works on three pillars – enhancing and expanding existing livelihoods options of the poor; building skills for the job market outside; and nurturing self-employed and entrepreneurs.

Dedicated support structures build and strengthen the institutional platforms of the poor. These platforms, with the support of their built-up human and social capital, offer a variety of livelihoods services to their members across the value chains of key products and services of the poor. These services include financial and capital services, production and productivity enhancement services that include technology, knowledge, skills and inputs, market linkages etc. The interested rural BPL youth would be offered skill development after counselling and matching the aptitude with the job requirements, and placed in jobs that are remunerative. Self-employed and entrepreneurial oriented poor would be provided skills and financial linkages and nurtured to establish and grow with micro-enterprises for products and services in demand. These platforms also offer space for convergence and partnerships with a variety of stakeholders, by building an enabling environment for poor to access their rights and entitlements, public services and innovations. The aggregation of the poor, through their institutions, reduces transaction

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costs to the individual members, makes their livelihoods more viable and accelerates their journey out of poverty.

NRLM will be implemented in a mission mode. This enables:

- (a) shift from the present allocation based strategy to a demand driven strategy, enabling the states to formulate their own livelihoods-based poverty reduction action plans.
- (b) focus on targets, outcomes and time bound delivery.
- (c) continuous capacity building, imparting requisite skills and creating linkages with livelihoods opportunities for the poor, including those emerging in the organised sector.
- (d) monitoring against targets of poverty outcomes.

As NRLM follows a demand driven strategy, the States have the flexibility to develop their own livelihoods-based perspective plans and annual action plans for poverty reduction. The overall plans would be within the allocation for the state based on *inter-se* poverty ratios.

The second dimension of demand driven strategy implies that the ultimate objective is that the poor will drive the agenda, through participatory planning at grassroots level, implementation of their own plans, reviewing and generating further plans based on their experiences. The plans will not only be demand-driven, they will also be dynamic.

Criticisms

NRLM is one of the major programme run by Ministry of Rural Development (MoRD). But it has some serious shortcomings.

NRLM plans to generate livelihood and provision of other rural services through SHGs. But making it mandatory to be a part of SHG for access to various services may exclude some people from this system. Not everyone in rural area may be a member of SHG and not everyone would like to be a member of such group. Some people may like to form other aggregation mechanism or would like to start up new livelihood individually. So if the government make it mandatory to be part of SHG as a means to access various service, the process will get corrupted and exploitative. For example, in Tamil Nadu, a new group of moneylenders (microfinance agents) have been formed who act as the intermediary between SHGs and banks. Through the nexus between banks and microfinance agents, banks try to achieve their targets for financial inclusion, loan payment etc. These agents receive commission from the SHGs. In order to achieve the targets, the banks have given loans arbitrarily to the SHGs via microfinance agents. These kinds of loans are not used in creation of income generating activity and so there will be default in loan repayment. After this the poor SHG members will be targeted by banks for loan repayment. So, it is important to check the misuse of this scheme at the ground level.

There are lot of cases where SHG have been disintegrated or taken over by elites among the poor. The highhandedness of elites in the group should be checked otherwise the poor will be alienated. So, it will be better that NRLM focus on household as primary target of the programme.

Rural economy is very diverse, many segments are there within the rural low income group and also across broader rural economy. So, it is important that a range of

services are provided to different group as per their need and necessity. For this the scheme should be very flexible even at the village level.

NRLM has not given serious attention to value added agriculture and rural MSMEs (Micro, small and medium enterprises) – which, according to the experience of most the countries play an important role in enabling and sustaining inclusive growth in rural areas. MSMEs are the growth engines of emerging and developing economies and they need targeted intervention. One thing that NRLM can focus on is developing vibrant ecosystem for agro MSMEs.

Strategy of NRLM is very broad and sweeping. So, instead of attempting to do a whole lot of thing, NRLM can focus on areas that could bring impact livelihoods of large number of rural people.

The design of NRLM looks far too academic and as top-down approach. This is the main reason for the failure of earlier projects like IRDP and SGSY.

Prof. Malcolm Harper notes three aspects with regard to using SHGs:

1. Groups take time, lots of it, and we have always said that poor women are very busy.
2. Groups tend to exclude individualist (sometimes they are called as entrepreneurs) who dare to be different, to do mad things like starting new types of businesses, which may even create jobs for others.
3. Men are generally bad at working in groups, and they take bigger risk and are less reliable than women, but when they do succeed they tend to create more jobs than women do, for the vast majority who prefer to employed than to be self-employed.'

In Andhra Pradesh (Indira Kranti Pathaam) and Kerala (Kudumbashree), the experiment with mass SHG programme has shown positive results, the same need not happen in other states. In these two states, the programmes were led and supported by brilliant and committed officers and they had long tenure in that organisation/position. The same cannot be expected in all states.

12.7 NATION RURAL HEALTH MISSION (NRHM)

The National Rural Health Mission (NRHM) is an initiative undertaken by the government of India to address the health needs of underserved rural areas. Founded in April 2005 by Indian Prime Minister Manmohan Singh, the NRHM was initially tasked with addressing the health needs of 18 states that had been identified as having weak public health indicators.

Under the NRHM, the Empowered Action Group (EAG) States as well as North Eastern States, Jammu and Kashmir and Himachal Pradesh have been given special focus. The thrust of the mission is on establishing a fully functional, community owned, decentralised health delivery system with inter-sectoral convergence at all levels, to ensure simultaneous action on a wide range of determinants of health such as water, sanitation, education, nutrition, social and gender equality. Institutional integration within the fragmented health sector was expected to provide a focus on outcomes, measured against Indian Public Health Standards for all health facilities.

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As per the 12th Plan document of the Planning Commission, the flagship programme of NRHM will be strengthened under the umbrella of National Health Mission. The focus on covering rural areas and rural population will continue along with up scaling of NRHM to include non-communicable diseases and expanding health coverage to urban areas. Accordingly, the Union Cabinet, in May 2013, has approved the launch of National Urban Health Mission (NUHM) as a sub-mission of an overarching National Health Mission (NHM), with National Rural Health Mission (NRHM) being the other sub-mission of the National Health Mission.

Initiatives

Some of the major initiatives under National Health Mission (NHM) are as follows:

Accredited Social Health Activists

Community Health volunteers called Accredited Social Health Activists (ASHAs) have been engaged under the mission for establishing a link between the community and the health system. ASHA is the first port of call for any health related demands of deprived sections of the population, especially women and children, who find it difficult to access health services in rural areas. ASHA Programme is expanding across States and has particularly been successful in bringing people back to Public Health System and has increased the utilisation of outpatient services, diagnostic facilities, institutional deliveries and inpatient care.

Rogi Kalyan Samiti (Patient Welfare Committee)/Hospital Management Society

The Rogi Kalyan Samiti (Patient Welfare Committee)/Hospital Management Society is a management structure that acts as a group of trustees for the hospitals to manage the affairs of the hospital. Financial assistance is provided to these Committees through untied fund to undertake activities for patient welfare.

Untied Grants to Sub-centres

Untied Grants to Sub-Centers have been used to fund grassroot improvements in health care. Some examples include:

- Improved efficacy of ANMs^[clarification needed] in the field that can now undertake better antenatal care and other health care services.
- Village Health Sanitation and Nutrition Committees (VHSNC) have used untied grants to increase their involvement in their local communities to address the needs of poor households and children.

Health Care Contractors

NRHM has provided health care contractors to underserved areas, and has been involved in training to expand the skill set of doctors at strategically located facilities identified by the states. Similarly, due importance is given to capacity building of nursing staff and auxiliary workers such as ANMs. NHM also supports co-location of AYUSH services in Health facilities such as PHCs, CHCs and District Hospitals.

Janani Suraksha Yojana (JSY)

JSY aims to reduce maternal mortality among pregnant women by encouraging them to deliver in government health facilities. Under the scheme, cash assistance is provided to eligible pregnant women for giving birth in a government health facility.

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Large-scale demand side financing under the Janani Suraksha Yojana (JSY) has brought poor households to public sector health facilities on a scale never witnessed before.

National Mobile Medical Units (NMMUs)

Many unserved areas have been covered through National Mobile Medical Units (NMMUs).

National Ambulance Services

Free ambulance services are provided in every nook and corner of the country connected with a toll free number and reaches within 30 minutes of the call.

Janani Shishu Suraksha Karyakarm (JSSK)

As part of recent initiatives and further moving in the direction of universal healthcare, Janani Shishu Suraksha Karyakarm (JSSK) was introduced to provide free to and fro transport, free drugs, free diagnostic, free blood, free diet to pregnant women who come for delivery in public health institutions and sick infants up to one year.

Rashtriya Bal Swasthya Karyakram (RBSK)

A Child Health Screening and Early Intervention Services has been launched in February 2013 to screen diseases specific to childhood, developmental delays, disabilities, birth defects and deficiencies. The initiative will cover about 27 crore children between 0-18 years of age and also provide free treatment including surgery for health problems diagnosed under this initiative.

Mother and Child Health Wings (MCH Wings)

With a focus to reduce maternal and child mortality, dedicated Mother and Child Health Wings with 100/50/30 bed capacity have been sanctioned in high case load district hospitals and CHCs which would create additional beds for mothers and children.

Free Drugs and Free Diagnostic Service

A new initiative is launched under the National Health Mission to provide Free Drugs Service and Free Diagnostic Service with a motive to lower the out of pocket expenditure on health.

District Hospital and Knowledge Center (DHKC)

As a new initiative District Hospitals are being strengthened to provide multi-specialty health care including dialysis care, intensive cardiac care, cancer treatment, mental illness, emergency medical and trauma care etc. These hospitals would act as the knowledge support for clinical care in facilities below it through a tele-medicine center located in the district headquarters and also developed as centers for training of paramedics and nurses.

National Iron+ Initiative

The National Iron+ Initiative is an attempt to look at Iron Deficiency Anaemia in which beneficiaries will receive iron and folic acid supplementation irrespective of their Iron/Hb status. This initiative will bring together existing programmes (IFA supplementation for: pregnant and lactating women and; children in the age group of 6-60 months) and introduce new age groups.

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12.8 SWARNAJAYANTI GRAMEEN SWAROJGAR YOJANA (SGSY)

The S.R. Hashim Committee reviewed the rural development and poverty alleviation programmes in 1997. It recommended a single self-employment programme. It also suggested that the individual approach should be replaced by group approach and cluster approach for financial assistance.

The implementation of a number of programmes resulted in lack of proper social intermediation, absence of desired linkages among these programmes, undue importance given to target achievement instead of sustainable income generation.

The SGSY, launched on 1st April, 1999, after restructuring the IRDP and allied schemes, is the only self-employment programme for the rural poor.

Six rural development programmes have been integrated into SGSY. These are: IRDP, TRYSEM, DWCRA, SITRA (Supply of Improved Toolkits to Rural Artisans), GKY (Ganga Kalyan Yojana) and MWS (Million Wells Scheme).

The SGSY aims at bringing the self-employed above the poverty line within a period of three years by providing them income generating assets through bank credit and government subsidy. The District Rural Development Agencies (DRDAs) implement the scheme.

The assisted families known as Swarozgaris can be either individuals or groups, and would be selected from BPL families by a three-member team consisting of Block Development Officer, Banks and Sarpanch.

The SGSY has some good features which make it an improvement over IRDP. These are:

- the cluster approach for selection of activities;
- credit channelled mainly through self-help groups;
- training and infrastructure component; and
- involvement of NGOs.

Salient Features of SGSY

According to the Ministry of Rural Development, the following are the salient features of SGSY:

- Each district will draw up a comprehensive plan of the resources and the strategies for poverty eradication. Identifying 4 to 5 activity clusters in each block based on the resources and also on the occupational skills of the people.
- SGSY will focus on Group approach organising the poor and their capacity building. Self-help groups (SHGs) will be formed and steps will be taken to help them function effectively as well as to choose their economic activity.
- The Gram Sabha will authenticate the list of families below the poverty line identified in the BPL census.
- SGSY will seek to lay emphasis on skill development through well-designed courses.

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- SGSY will seek to develop close linkages with the credit mechanism in such a manner as would promote multiple credit rather than a one-time credit 'injection.'
- The subsidy admissible to the general individual beneficiaries under the integrated programme will be uniform at 30 per cent (50 per cent for SC/ST) of the project cost subject to a ceiling of ₹ 7,500 (₹ 10,000 for SC/ST). For group beneficiaries, the existing pattern of subsidy at 50 per cent of the cost of the scheme, subject to a ceiling of ₹ 1.25 lakh, will continue.
- SGSY will seek to ensure that the infrastructure needs for the identified activities are met in full so as to enable the rural poor to derive the maximum advantage from their investments. Critical gaps in investments will be made up under SGSY subject to a ceiling of 20 per cent (25 per cent in the case of North Eastern States) of the total programme allocation for each district. This amount will be maintained by the DRDAs as "SGSY-Infrastructure Fund."
- SGSY will ensure upgradation of technology in the identified activity clusters.
- SGSY will provide for promotion of marketing of the goods produced by the SGSY beneficiaries.
- In respect of land based activities, SGSY will focus on creation and extension of minor irrigation facilities to enable the small and marginal farmers to take up activities such as horticulture, floriculture etc.
- Credit is a critical component in SGSY, subsidy being only a minor and enabling component. It is proposed to involve banks and other financial institutions closely in the planning and preparation of projects, identification of activity clusters, infrastructure planning as well as capacity building and choice of activity of the SHGs.
- Women and weaker sections will be the focus of poverty eradication effort under SGSY. Fifty per cent of the benefits under the programme will accrue to the SC/STs, 40 per cent to women and 3 per cent to handicapped persons.
- SGSY will seek to cover the rural artisans in a significant manner, enabling them to utilise the inherent skill to overcome poverty.

Funds under the SGSY are shared by Central and State governments in the ratio of 75 : 25. Emphasis is laid on multiple dose of assistance. This would mean assisting a swarozgari over a period of time with second and subsequent doses of credit enabling him/her to cross the poverty line.

All loans granted under the scheme are to be treated as advances under priority sector. Loan applications should be disposed of within 15 days and at any rate not later than one month.

For individual loans upto ₹ 50,000 and group loans upto ₹ 3 lakhs, the assets created out of bank loan would be hypothecated to the banks as primary security. In case where movable assets are not created as in land based activities such as dug well, minor irrigation etc. mortgage of land may be obtained.

Insurance cover is available for assets/livestock bought out of the loan. Swarozgaris are covered under the Group Insurance Scheme.

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Banks are eligible for refinance from NABARD for the loans disbursed under SGSY as per their guidelines. The eligibility for refinance is related to the recovery position of the banks.

Progress of SGSY

During 1999-2000, as against an allocation of ₹ 1472.33 crore (₹ 1,105 crore central allocation and ₹ 376.34 crore state allocation), ₹ 1,131.02 crore were released under the programme. Against the total credit target of ₹ 3205 crore, credit mobilised was ₹ 1056.46 crore which was 32.96 per cent of the stipulated target. The credit-subsidy ratio comes to 1.95 : 1 against the target of 3 : 1. Per capita investment was ₹ 17,113 against the target of ₹ 25,000.

In the year 2004-05, as against the budgetary allocation of ₹ 1000 crore, a sum of ₹ 523.49 crore has been released. During this year, 400 million man-days of employment were generated under SGSY.

Upto November 2005, the centre and states, sharing the costs on 75 : 25 basis had allocated ₹ 8,067 crore, of which ₹ 6,980 crore had been utilised to assisting 62.75 lakh self-employed.³

Up to December 2009, 36.78 lakh self-help groups (SHGs) had been formed and 132.81 lakh swarozgaris have been assisted with a total investment of ₹ 30,896.80 crore (Economic Survey 2009-10, p. 277).

The National Institute of Rural Development (NIRD) conducted a study in 10 states of India in 2007-08. The study covered 1116 SHGs and 1111 members of SHGs in the 10 states and so one can imagine the magnitude of the study. According to the study, income of Swarozgaris has substantially gone up in almost all cases, as shown in the Table.

Table 1
SGSY and Income Generation

State	Before Project/Swarojgari/Month (₹)	After Project/Swarojgari/Month (₹)
Andhra Pradesh	480	1705
Assam	982	1525
Bihar	661	1283
Chattisgarh	490	1057
Jharkhand	547	800
Rajasthan	433	1392
Orissa	423	641
Madhya Pradesh	304	398
Tripura	1418	2038
Uttar Pradesh	314	640

Source: Micro Credit for Self-employment, NIRD Study, 2007-08.

A Critical Appraisal of SGSY

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The choice of activity under SGSY must be governed by the resources and skills available in the area, and also the market.

The process of technology identification should be closely inter-linked with the identification of key activity itself.

The technology identified for each activity should be such that it can be managed comfortably by the Swarozgaris, and at the same time leads to quality products.⁴

The DRDA could not effectively implement IRDP. As such, it will not be successful in monitoring and grading the assisted SHGs. Also, the SGSY continues to be implemented and monitored in a deterministic manner.

The Working Group for the Tenth Plan identified the following factors as responsible for slow progress of SGSY.

- Delayed start of the programme during 1999-2000 and initial preparatory works;
- Time involved in sensitisation of different stakeholders;
- DRDA continued to assist individual swarozgaris more than the SHGs with the resource available with them under the scheme;
- Flow of bank credit was also not as desired during the period;
- Inadequate delegation of powers to bank branches to sanction loan beyond a certain limit.
- Demand by bank to collateral security for loan beyond ₹ 50,000.

Also, inadequate availability of credit has adversely affected average per family investment and credit subsidy ratio during the first two years of the programme.

The National Conference of the State Ministers of Rural Development, NGOs, Field Level Functionaries, Banks, SHG members held at the National Institute of Rural Development, Hyderabad, during 23-24 June, 2001 made some suggestions to strengthen SGSY. These include:

- relaxation in the number of key activities per block/district;
- relaxation in the size of self help group;
- relaxation in minimum time involved for gradation of groups, first for Revolving Funds and then for assistance to take up economic activities;
- increasing the loan limit for collateral security both for individual and groups;
- increasing the amount of Revolving Fund;
- bankers accountability in implementation of the scheme;
- active involvement of voluntary sector in social mobilisation of the poor;
- continuous sensitisation of all concerned; and
- gradual shift from individual finance to group finance and ultimately making group finance 100 per cent under the scheme.

The SHG movement should not be assessed by the number of groups formed, and the amount of credit disbursed. What is important is income generation on a sustainable basis. SGSY has now become target-driven. There is perceptible pressure put on village, block and district level administration to achieve group target within a limited time-frame.

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It is necessary to see that the SGSY does not suffer from the irregularities associated with earlier schemes like IRDP. The self-employment created should be productive and durable.

12.9 SARVA SHIKSHA ABHIYAN (SSA)

Sarva Shiksha Abhiyan (SSA) is Government of India's flagship programme for achievement of Universalisation of Elementary Education (UEE) in a time-bound manner, as mandated by 86th Amendment to the Constitution of India making free and compulsory Education to the Children of 6-14 years age group, a Fundamental Right. SSA is being implemented in partnership with State Governments to cover the entire country and address the needs of 192 million children in 1.1 million habitations. The programme seeks to open new schools in those habitations which do not have schooling facilities and strengthen existing school infrastructure through provision of additional class rooms, toilets, drinking water, maintenance grant and school improvement grants. Existing schools with inadequate teacher strength are provided with additional teachers, while the capacity of existing teachers is being strengthened by extensive training, grants for developing teaching-learning materials and strengthening of the academic support structure at a cluster, block and district level. SSA seeks to provide quality elementary education including life skills. SSA has a special focus on girl's education and children with special needs. SSA also seeks to provide computer education to bridge the digital divide.

History

As an intervention programme, SSA has been operational since 2000-2001. However, its roots go back to 1993-1994, when the District Primary Education Programme (DPEP) was launched, with the aim of achieving the objective of universal primary education. DPEP, over several phases, covered 272 districts in 18 states of the country. The expenditure on the programme was shared by the Central Government (85 per cent) and the State Governments. The Central share was funded by a number of external agencies, including the World Bank, DFID and UNICEF. By 2001, more than US\$1500 million had been committed to the programme, and 50 million children covered in its ambit. In an impact assessment of Phase I of DPEP, the authors concluded that its net impact on minority children was impressive, while there was little evidence of any impact on the enrolment of girls. Nevertheless, they concluded that the investment in DPEP was not a waste, because it introduced a new approach to primary school interventions in India.

The Right to Education Act (RTE) came into force on 1 April 2010. Some educationists and policymakers believe that, with the passing of this Act, SSA has acquired the necessary legal force for its implementation.

Present Goals

Its goals of 2015 were to:

- Open new schools in areas which do not have them and to expand existing school infrastructures and maintenance.
- Address inadequate teacher numbers, and provide training a development for existing teachers.

- Provide quality elementary education including life skills with a special focus on the education of girls and children with special needs as well as computer education.

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12.10 INDIRA AWAAS YOJANA (IAY)

Housing is one of the basic requirement for human survival. For a shelterless person, possession of a house brings about a profound change in his existence, endowing him with an identity, thus integrating him with his immediate social milieu. With a view to meeting the housing needs of the rural poor, Indira Awaas Yojana (IAY) was launched in May 1985 as a sub-scheme of Jawahar Rozgar Yojana. It is being implemented as an independent scheme since 1 January 1996. The Indira Awaas Yojana aims at helping rural people below the poverty line (BPL) belonging to SCs/STs, freed bonded labourers and non-SC/ST categories in construction of dwelling units and upgradation of existing unserviceable kutch houses by providing assistance in the form of full grant. From 1995-96, the IAY benefits have been extended to widows or next-of-kin of defence personnel killed in action. Benefits have also been extended to ex-servicemen and retired members of the paramilitary forces as long as they fulfil the normal eligibility conditions of Indira Awaas Yojana. Three per cent of funds are reserved for the disabled persons living below the poverty line in rural areas. Since 2006-07, IAY funds are also being earmarked for minorities.

Indira Awaas Yojana (IAY), a flagship scheme of the Ministry of Rural Development has since inception been providing assistance to BPL families who are either houseless or having inadequate housing facilities for constructing a safe and durable shelter. This effort has been part of a larger strategy of the Ministry's poverty eradication effort, supporting the development of an environmentally sound habitat with adequate provisions for incremental expansion and improvement.

Ministry's commitment of shelter for all gained further momentum when India became a signatory to the Istanbul Declaration on Human Settlement in June 1996 recognising thereby the need for access to safe and healthy shelter and basic services as are essential of a person's physical, psychological, social and economic well-being. The object of the habitat approach is to achieve adequate shelter for all, especially the deprived urban and rural poor through an enabling approach leading to development and improvements in access to basic facilities like infrastructure, safe drinking water, sanitation, electricity etc.

The Constitution of India places rural housing in the domain of State Governments and the Panchayati Raj Institutions. Central Government has been implementing IAY as part of the enabling approach to shelter for all, taking cognizance of the fact that rural housing is one of the major anti-poverty measures for the marginalised. The house is recognised not merely as a shelter and a dwelling place but also an asset which supports livelihood, symbolises social position and is also a cultural expression. A good home would be in harmony with the natural environment protecting the household from extreme weather conditions, has the required connectivity for mobility and facilities for economic activities.

NOTES**Historical Background**

1. Public housing programme in the country started with the rehabilitation of refugees immediately after independence. Till 1960, nearly 5 lakh families were provided houses in different parts of northern India.

2. In 1957, as a part of the Community Development Movement (CDM), a Village Housing Programme (VHP) was introduced providing loans to individuals and cooperatives of upto ₹ 5,000/- per unit. Only 67,000 houses could be constructed in this scheme till end of the 5th Five Year Plan (1974-1979). Another scheme introduced in the 4th Plan called House Sites-cum-Construction Assistance Scheme (HSCAS) was also transferred to the State Sector from 1974-75.

3. Indira Awaas Yojana (IAY) is the biggest and most comprehensive rural housing programme ever taken up in the country. It has its origin in the wage employment programmes of National Rural Employment Programme (NREP), which began in 1980, and the Rural Landless Employment Guarantee Programme (RLEGP), which was started in 1983, as construction of house was permitted under these programmes. However, there were no common norms.

4. It was in June, 1985 that Indira Awaas Yojana was launched as a sub-scheme of RLEGP by earmarking a part of the fund for construction of houses for SCs/STs and freed bonded labourers. When Jawahar Rozgar Yojana (JRY) was launched in April, 1985, 6 per cent of the funds was allocated for housing for the SCs/STs and freed bonded labourers. In 1993-94, the coverage was extended to non-SC/ST families by increasing the earmarked fund for housing under JRY to 10 per cent and allowing the use of the additional 4 per cent for this category of beneficiaries.

5. Indira Awaas Yojana was made an independent scheme with effect from 1st January, 1996. It is now a flagship programme of the Ministry of Rural Development as part of the larger strategy of rural poverty eradication, in order to reduce the rigours of poverty and to provide the dignity of an address to the poor households to enable them to access different rural development programmes.

Approach and Strategies

1. Housing is a fundamental human need; it is a basic requirement for human survival as well as for a decent life. Housing is not just for individual families alone; it is for the community. Basically, houses afford shelter from the elements of nature, privacy and protection from the hustle and bustle of the external world. As a dwelling place, it provides security and enables access to different facilities based on its location. Going beyond mere shelter, dwelling and house, ultimately everyone desires a 'home' which gives a sense of ownership and identity, affords psychological satisfaction and promotes self-esteem and confidence. A home contributes significantly to well-being and is essential for a person's social and economic development. It supports livelihoods and promotes social integration. It is a form of cultural expression and symbolises social position.

2. To have a comfortable home is the fulfilment of a deep and, often, long cherished wish. By giving shape and form to desires and preferences, in turn, the home shapes family and social life. It is a major factor in moulding the life and behaviour of individuals and contributes significantly to formation of character and creates an eco-system for holistic development. A good home would be in harmony with the natural

environment and protect the household from extreme weather, remaining warm in winter, cool in summer and dry during the rains. The household should be able to maintain the home and carry out the required repairs within its financial resources and utilising locally available skills and materials. The home would have the right external connectivities for mobility, for facilities, for economic activities and for natural resources.

3. A house is both a consumer good as well as a capital good. It is an economic good which enhances the standard of living. It is a critical entitlement in a welfare state to be provided to citizens who cannot afford it on their own. Investment in public housing stimulates local economic development besides expanding welfare.

4. Public housing essentially aims to provide the basic requirements of functional space for a family that is, a 'core house' or a 'starter house'. While it provides essential dwelling space in a limited area, it is complete in all respects, including a toilet. Such a house lends itself to expansion and development as the family grows or improves its economic status. Design and adequacy of a core house would vary from culture to culture. It is more than just a roof over one's head. It implies sufficiency of space, ease of accessibility, availability of minimum needs, provision of physical comfort and a pleasant, micro-climate within and around, existence of a good environment and guarantee of safety and stability. It has to be organically linked to social, livelihood and ecological surroundings. It has to enable linkages to stimulate progress so as to free the next generation from the travails of the present one, mainly through options for education and vocation.

5. It has to be noted that a large portion of existing housing stock in rural India is community financed, self-built and self-managed, mostly using locally available materials and labour creatively with traditional technologies and, often improved in quality and extended in area over time. It is the result of a 'social production process' which is people-centred. It naturally is an environment friendly product, Government initiatives, therefore, should focus on enabling access to resources and improved knowledge, technology and skill.

6. Rural housing development has to be seen in the context of poverty alleviation and overall rural development and the following strategies are relevant:

- (i) Strengthening the ongoing process and helping people to carry it forward by supporting the process instead of supplanting it with inappropriate designs and technologies;
- (ii) Supporting the construction of a 'core house' with adequate provisions for incremental expansion and improvement – also incorporating workspaces as acceptable within the house;
- (iii) Determining the design of dwelling units on the basis of user requirements;
- (iv) Promoting choice of materials and construction technologies keeping in view affordability, adaptability, employment generation, environmental benefit (green technologies), energy consumption over the life cycle, ease of maintenance and sustainability;
- (v) Identifying appropriate building technologies and upgrading of traditional and local technologies which could result in construction of durable houses which would last for at least 30 years with normal maintenance;

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- (vi) Focusing on the habitat as an organic entity which conserves use of natural resources like water, sunlight and greenery and is also sensitive to the socio-economic aspects of rural livelihood;
- (vii) Preserving the organic nature of the settlement;
- (viii) Promoting affirmatively equity and social justice by enabling SC/ST families, women-headed households and people with disabilities and, particularly marginalised groups who cannot even express their need for shelter, to access the scheme and construct houses;
- (ix) Engendering the decision-making process in respect of design, technology and financing of the house;
- (x) Reskilling and sensitising traditional masons and construction workers as also engineers and developing women mason groups with an understanding of good design, appropriate building technologies and also cost-effective construction practice along with efficient site and construction management;
- (xi) Providing greater role to the Panchayats especially at the village level in the planning and implementation of the housing programme.

7. IAY, thus, provides an opportunity for reinventing people as builders and promoting a kind of reverse participation, with Government participating in the indigenous process of the people to house themselves.

Salient Features of the Scheme

1. Target Group: Indira Awaas Yojana is essentially a public housing scheme for the houseless poor families and those living in dilapidated and kutcha houses with a component for providing house sites to the landless poor as well. The scheme is designed to enable Below Poverty Line (BPL) households identified by the community through Gram Sabhas following criteria suggested for such identification from time to time, to build their houses or get house sites with financial and technical assistance from the Government.

2. Components of the Scheme: IAY has the following components:

2.1 Assistance for construction of a new house

The unit cost of an IAY house in plain areas and in hill states and difficult areas (including IAP districts) would be as given in the Schedule attached. Difficult areas are those where due to reasons like low availability of materials, poor connectivities and adverse geographic, climatic and geological conditions, the cost of construction goes up significantly. The identification of 'difficult area' within a State shall be done by the State Government based on the methodology developed by it and approved by the Empowered Committee for the programme.

Village Panchayats may be treated as the unit.

Note: A 'new house' would mean a house constructed with a minimum built up area of at least 20 sq. mts. excluding the toilet. IAY house has to be 'pucca' in the sense that it should be able to withstand normal wear and tear due to usage and natural forces including climatic conditions, with reasonable maintenance, for at least 30 years. It should have roof of permanent material and its walls should be capable of withstanding local climatic conditions and need to be plastered only when the outer surface of the

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walls is erodible. Any building technology which helps achieve durability of 30 years can be adopted by the State Government including mud and bamboo houses constructed with appropriate specifications. Materials and technologies approved by reputed organisations like HUDCO, BMPTC, IITs, engineering colleges and eminent NGOs in the field of building construction could be used. Technologies and materials which have BIS specifications may also be included. Reuse/recycling of used construction material is permitted. 'Green Technologies' need to be specially encouraged. If any new technology is to be adopted, prior approval may be taken of the Empowered Committee or any agency approved by the Empowered Committee. The beneficiary should have the final informed choice of materials and technology. Every house should include a toilet, soak pit and compost pit. Smokeless chulhas should also be included, which however can be dispensed with wherever households have an LPG/biogas connection. Roof water harvesting system as appropriate locally should also be set up. Every household should be actively encouraged to construct a bathroom. If States provide additional assistance, minimum built up area can be enhanced. Maximum area can be fixed by States to prevent people from falling into debt.

Normally, individual buildings alone may be taken up under the scheme. Wherever the beneficiaries specifically so prefer, duplex housing can be permitted. In congested localities where the cost of land is very high, the beneficiaries may be allowed to construct multi-storey building with each floor being given to one family. In such cases, it shall not exceed three floors including the ground floor and there should be a multi-party agreement with the State Government specifying the construction and maintenance responsibilities.

2.2 Upgradation of kutchha or dilapidated houses

This would involve upgradation of roof/walls, repair/replacement of parts and the like. Upgradation may reuse/recycle materials. Through use of additional material/replacement of material, changes in design enabling durability, and/or better workmanship, the house should, with reasonable maintenance, be capable of lasting at least 30 years. Assistance would be as given in the Schedule to the guidelines.

Note: A 'kutchha' house is one in which walls and/or roof is made of material, such as un-burnt bricks, bamboos, mud, grass, reeds, thatch, loosely packed stones, etc. which are not durable due to inappropriate application of techniques and are not able to withstand normal wear and tear.

A "dilapidated house" means a pucca house rendered unserviceable through wear and tear or damaged by any other cause. Upgradation means improvement of such a kutchha/dilapidated house to a standard similar to a new house.

2.3 Provision of house sites

The landless poor are particularly vulnerable as they bear the double disadvantage of being unsheltered and with no land to build a house on. Assistance as per Schedule would be provided for the purpose of providing house sites.

State Governments may notify the entitlements for house sites in their respective States. If justified, this could vary within the State. Different extents of land may be prescribed for different localities based on the availability of land and its cost. Ideally, 10 cents of land should be provided.

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For the house sites component, the District Collector should identify public lands available in the habitations and allot them to the eligible landless. In case public land is not available, the required land may be purchased by following the procedure prescribed by the State government. If this is not possible, land acquisition may be undertaken as the last resort.

While selecting land, it should be ensured that it is fit for construction of houses especially in terms of connectivity, availability of drinking water, access to public institutions, etc. The State should ensure that site is chosen with the involvement of the people for whom it is meant and is fully acceptable to them. If money provided under the scheme is not sufficient, additional funds may be provided by the State Government. If the beneficiary is willing to purchase the land, she may be reimbursed the eligible amount after due verification. States should issue detailed guidelines for this component. The States may prepare projects for providing houses to all such landless people who have been given land sites and give special priority to them under IAY. Once the details of such landless people to be given housing sites are available, Ministry of Rural Development would earmark a stream of IAY funds exclusively for the benefit of this group based on a formula and this amount would be non-divertible.

2.4 Special projects

Five per cent of IAY allocation would be retained at the Central level as reserve fund. Special Projects for utilising the reserve fund can be posed by the States/UTs for the following purposes:

1. Rehabilitation of BPL families affected by natural calamities.
2. Rehabilitation of BPL families affected by violence and law and order problems.
3. Settlement of freed bonded labourers and liberated manual scavengers.
4. Settlement of particularly vulnerable tribal groups.
5. New technology demonstration – especially with focus on affordable and green technologies.

These projects would have to be submitted by State Governments with adequate details and justification to the Ministry of Rural Development by September [except (1) and (2)] and it will be considered by the Empowered Committee constituted for the purpose of approval.

3. Funding Pattern: The cost of the scheme except the component for provision of house sites would be shared between Government of India and State Governments in the ratio 75 : 25. In the case of North Eastern States, the ratio is 90 : 10. The cost of providing house sites would be shared 50 : 50 between Government of India and State Governments. Government of India would provide the full cost in respect of Union Territories (UTs).

4. Earmarking of Funds: At the national level, 60 per cent of the funds would be earmarked for SCs and STs with the proportion between SCs and STs being decided from time to time by the Ministry of Rural Development and reflected in the targets. Further, 15 per cent of the funds would be set apart for beneficiaries from among the minorities. The State should ensure that atleast 3 per cent of beneficiaries are from among persons with disabilities. State-wise allocation of funds will be as given in para 3.5. The earmarking is only the minimum limit that should be achieved by the State and

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States, if they so desire may add to the target under these categories. The targets in these categories should not be reduced. However, targets from SC and ST can be interchanged if there are no eligible beneficiaries from either of the category and it is certified as such.

If a district has no eligible persons under any category, it should be certified as such by the District Collector or CEO Zilla Parishad. A certificate once accepted shall be irrevocable. The targets shall then be reallocated proportionately among other districts to the same category. The consequential changes should be made in AwaasSoft immediately. For selection of Minority beneficiaries, States can use the existing Permanent waitlist and go lower in the list to cover them. If States have a separate waitlist for Minorities, the same can be used.

5. Allocation of funds: 95 per cent of the total budget would be utilised for the components relating to new houses, upgradation of houses and provision of house sites and administrative expenses. The remaining 5 per cent would be reserved for special projects as indicated in para 3.2.4. Allocation to States/UTs and from States/UTs to districts, blocks and wherever the States so desire, to the Village Panchayats would be on the basis of houseless people from among the BPL population for each category, i.e., SC, ST, minorities and others, once the Socio-economic Caste Census (SECC) currently underway is finalised. Till such time data are available to make such allocations, the Ministry would fix the annual allocation for the States/UTs broadly on the basis of 75 per cent weightage to housing shortage in rural areas as per the latest census data and 25 per cent weightage to the number of people below poverty line (BPL). Within this overall target, allocation of funds for SCs, STs and Minorities would be made on the basis of the proportionate population of these categories in the States/UTs, suitably adjusted to avoid distortions. State shall follow this principle for allocating targets below the State level. States which decide to adopt any other alternative formula using data/relevant to the scheme should seek prior approval of the Empowered Committee with full justification (para 3.8). Upto 20 per cent of the district allocation can be used for upgradation of kucha/dilapidated houses of families below poverty line as decided by the States on the basis of need.

6. Administrative Expenses: Upto 4 per cent of the funds released can be utilised for administering the scheme, of which upto 0.5 per cent can be retained at the state level and the balance shall be distributed to the districts. The district allocation would include two parts, one part to meet fixed expenditure which would be same for all districts in a State and the other part proportional to the targets allotted to the district in order to meet working expenses. The States may decide the formula and also the formula for distribution to the intermediate and Village Panchayat levels in accordance with workload assigned to them. The norms adopted by States for distribution of funds under this category shall be intimated to the Ministry of Rural Development within six months.

Eligible items of expenditure under administrative expenses are the following:

- (i) Preparation of IEC material including electronic material especially on different designs and technology options;
- (ii) Imparting habitat and housing literacy to beneficiaries;
- (iii) Construction of prototypes and preparation of small-scale models for demonstration;
- (iv) Cost of photographs of the house at various stages and of uploading them;

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- (v) Cost of quality supervision and monitoring through visits;
- (vi) Cost of hardware/software for MIS;
- (vii) Cost of data entry in AwaasSoft, including hiring of personnel on contract;
- (viii) Training of master masons and beneficiaries providing labour, including training on maintenance practices;
- (ix) Training of Community Resource Persons (CRPs) and NGOs;
- (x) Payment of honorarium to CRPs and service charges to NGOs;
- (xi) Training of officials and elected representatives of Panchayats;
- (xii) Conduct of assessments and evaluation studies.

The administrative expenses shall be shared by the Centre and States in the same ratio as applicable to the main programme expenditure.

7. Agency for Implementation: At the district level, the implementation should be entrusted to Zilla Parishad or its equivalent in States where there are no Zilla Parishads. At the local level, the Village Panchayat, or its equivalent where the State has no Village Panchayats, would implement the programme. If Village Panchayats are too small to implement the scheme, the State may entrust the task to the Panchayat at the intermediate level. In such cases, Village Panchayats should be given clear roles in selection of habitats and beneficiaries and in supervision and monitoring.

8. Empowered Committee: There shall an Empowered Committee chaired by Secretary(RD)/Additional Secretary(RD) consisting the of following members:

- (i) Joint Secretary (Rural Housing)
- (ii) Adviser (Planning Commission)
- (iii) Representative of HUDCO
- (iv) Representative of Knowledge Network
- (v) Representatives of two eminent NGOs from the field of building construction
- (vi) Secretary dealing with Rural Housing, of the state concerned
- (vii) Representative of IFD

The Empowered Committee may invite experts as required to assist it in its meetings.

The functions of the Empowered Committee are:

- (i) To approve State's criteria for determination of difficult areas (para 3.2.1)
- (ii) To decide on targets for completion of houses and for new construction (para 4.5)
- (iii) To approve any alternative formula adopted by States for the district-wise allocation of targets (para 3.5)
- (iv) To decide on reallocation of funds (para 5.3)
- (v) To sanction special projects for the 5 per cent allocation (para 3.2.4)
- (vi) To clear special projects for subsidy-linked schemes availing bank loans [para 6.9(iv)]
- (vii) To permit cash payments temporarily in exceptional case [para 4.7(iii)]

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- (viii) To permit transfer of Central share by state agency in a single instalment to difficult areas (para 5.6.1.IV)
- (ix) To approve new construction technologies proposed by State Governments which have not been approved by any technical body (para 3.2.1 Note)
- (x) To review the programme, suggest studies etc.
- (xi) To issue clarifications in matters where there are genuine difficulties in operationalising the guidelines

Implementation of IAY**4.1 Implementation approaches**

The implementation strategy for IAY needs to be developed by each State by balancing the needs and advantages of habitation or cluster approach and individual household approach. In order to achieve economies in construction and provide a bouquet of basic minimum needs to poor families and ease of extension and monitoring, IAY should be implemented following the habitation approach, as far as possible. All habitations of the following categories may be covered on priority to achieve saturation:

1. PTGs
2. Beneficiary families of the Forest Rights Act

Other habitations may be identified by the State Government for coverage using locally relevant, transparent socio-economic criteria. However, to cover eligible beneficiaries of certain categories who may be living scattered within a Village Panchayat, the individual household approach can be used: While following this approach, first priority should be given to families of manual scavengers, including those rehabilitated and rehabilitated bonded labourers. Thereafter, the priority to be adhered to is as follows:

- (i) Women in difficult circumstances, including widows, those divorced or deserted, women victims of atrocities and those whose husbands are missing for at least three years, and, women headed families
- (ii) Mentally challenged persons (with at least 40 per cent disability)
- (iii) Physically challenged persons (with at least 4 per cent disability)
- (iv) Transgender persons
- (v) Widows and next-of-kin of members of defence/paramilitary/police forces killed in action (even if not BPL)
- (vi) Other houseless BPL families

This would also ensure coverage of the most vulnerable people in the priority list. The above suggested priority needs to be followed for SCs, STs, persons with disabilities, minorities and others. States may decide the proportion of houses to be taken up following the habitation approach and those to be taken up for scattered individual beneficiaries. Once this is done, action may be initiated following the procedure suggested in para 4.2 and para 4.3.

4.2 Identification of habitations

The habitations have to be prioritised on the basis of transparent criteria to be developed by the State Government – with a five year and annual priority list. As soon as

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the habitations are selected, a detailed survey should be got done by the State Implementing Agency with the involvement of the Panchayats concerned, collecting details of houses as well as other facilities in the habitations like physical connectivity, power connectivity, water supply, environmental sanitation and social infrastructure like anganwadis, libraries, community halls, work sheds, etc. This survey should be complemented by participatory methods like transect walks, focus group discussions and people's planning. All the eligible beneficiaries from the selected habitations have to be listed out.

4.3 Baseline survey and preparation of five year priority list

In the first year (2013-14), the existing priority list for IAY may continue to be used. Within the first six months of the availability of the SECC data, the list has to be revised. Baseline data should be taken from Socio-economic Caste Census 2011. A five year priority list of people who need to be given assistance should be prepared using the SECC baseline data through a participatory process. Identification and ranking of beneficiaries may be done using locally acceptable norms of priority for different categories following the methodology for participatory identification of the poor (PIP). Ministry of Rural Development would issue detailed guidelines for PIP. SECC data should also be used to identify the landless households. All families having less than two cents of land would be considered landless for the purpose of the scheme. A list, thus, extracted should be verified on the ground through a survey in which the Village Panchayats and local community are fully involved. Once the landless poor are identified, they may be prioritised, as per the PIP process indicated for the IAY houses component with separate lists prepared for SCs/STs, minorities, persons with disabilities and others. The five year priority list of IAY beneficiaries and the list of landless households generated from the above process and the list of beneficiaries from the identified habitations should be presented in the Gram Sabha and its approval taken. The meeting should be attended by a representative of the District Collector and it should be videographed. In order to correct errors of inclusion and exclusion, the process of appeal indicated for SECC may be adopted. The five year priority list once approved by the Gram Sabha should be uploaded on AwaasSoft for habitations and for scattered households.

4.4 Finalisation of annual select list of beneficiaries

In order to finalise the annual select list of IAY beneficiaries, it would be expedient to complete the process mentioned in para 4.3 and place the five year priority list before the Gram Sabha and draw the annual select list based on the target assigned for habitations and for scattered households. The Gram Sabha meeting to approve the annual select list shall also be attended by a nominee of the District Collector and it shall be videographed. While doing so, list of new inclusions and list of exclusions if any shall be marked as such with reasons. The Gram Sabha meetings should be completed by 30th November and the finalised list sent to the Zilla Parishad before 31st December, so that, based on the tentative targets, the annual beneficiary list of the district can be finalised. Details of beneficiaries selected should be entered on AwaasSoft.

4.5 Setting of targets

The State-wise targets would be set by the Ministry of Rural Development annually for two aspects of the programme:

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- (i) For completion of houses sanctioned during the previous years.
- (ii) For selection of beneficiaries for new houses to be started during the year.

The Targets would be set after setting apart 4 per cent from 95 per cent of the allocation for administrative expenses. The targets, thus, set would be vetted by the Empowered Committee before being communicated to the States.

4.6 Sensitisation of beneficiaries

All the beneficiaries selected for the year should be requested to assemble at a place and at a time convenient to them. Persons with disabilities and old and infirm persons should be specially assisted for this. The beneficiaries should be informed of the details of the programme and their rights and responsibilities including the assistance which they are eligible to get and the conditions which they need to satisfy. More importantly, they should be sensitised in detail on the housing designs and construction technologies which are available and their costs for labour and materials and facilitated to make an informed choice based on affordability and cultural preference. For this purpose, states should devise easy-to-read diagram-based handbooks in the local language. Videos should be made of different designs/technologies and shown to the beneficiaries. Small-scale models should also be exhibited. Prototypes could be built in selected localities with easy access within the Block, for demonstration. The beneficiaries should be requested to indicate the assistance they need.

4.7 Issue of sanction letter and release of first instalment

When beneficiaries come for the above meeting, the following procedures may be completed:

- (i) A sanction order shall be issued in favour of each beneficiary in the local language in the format prescribed by the State Department/Agency detailing the terms and conditions especially the payment schedule.
- (ii) An entitlement card has to be given to every beneficiary, indicating in local idiom understood by the lay public, all her/his entitlements and obligations. This should indicate the support services available and the outer time limits for different services and how grievances would be redressed.
- (iii) The fund transfer orders releasing first instalment to each beneficiary should also be given. The fund should be transferred into the Bank/Post Office account of each beneficiary. Release of instalments in cash to beneficiaries is not permissible under IAY.
- (iv) For exemption, permission of Empowered Committee may be obtained after providing adequate justification and that too for a limited period of time, subject to the following conditions:
 - (a) The payment will be made in Gram Sabha meeting in the presence of all members.
 - (b) The total amount sanctioned for construction of the house and the amount of instalment being paid will be announced for information of all members
 - (c) Receipt of payment shall be taken from the beneficiary and kept on record in the Gram Panchayat
 - (d) This will be verified specifically in Social Audit.

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The State Government may decide on a particular day to mark the above event which could be observed across the state as Awaas Divas. The beneficiaries of house site component could also be given the land titles on the same day. Holding of such an event would ensure transparency and stimulate community participation in implementation and monitoring.

4.8 Allotment of houses

Allotment of the IAY house shall be jointly in the name of husband and wife except in the case of a widow/unmarried/separated person. The State may also choose to allot it solely in the name of the woman. In the case of beneficiaries selected under the quota for persons with disabilities, the allotment should be only to such persons. The allotment order should be in a form which may be prescribed by the State conferring the title to the house. In the case of house sites, the land identified may be assigned in the name of the eldest woman of the household except in the case of all-male households and pucca title granted as patta and house for the assignee of the land should also be allotted to that person. There should be a provision for non-alienation for at least 15 years.

4.9 Construction

The construction should be carried out by the beneficiary himself/herself. No contractor should be involved in the construction of houses under IAY. If any case of construction through contractors comes to notice, the Ministry of Rural Development will have the right to recover the releases made to the State for those IAY houses. The house should also not be constructed by any Government department/agency. The spirit of IAY requires that the house is not to be constructed and delivered by any external agency. However, Government departments or agencies can give technical assistance or arrange for coordinated supply of material such as cement, steel or bricks or prefabricated components if the beneficiaries so desire. But construction may be entrusted to reputed agencies in the case of very old beneficiaries above sixty years of age and persons with disabilities who may not be able to stand the strain of supervisory construction and who request for such support in writing. Also services of reputed NGOs/Charitable Organisations, Youth clubs of standing, Nation Service Scheme (NSS), Units of Schools and Colleges may be utilised to provide necessary support services to the beneficiaries especially for adopting suitable materials and building technologies, managing construction and in monitoring. States may accredit such agencies based on transparent criteria and fix reasonable service charges to be paid to them from the provisions for administrative expenses.

4.10 Design and construction standards

There should not be any mandatory type design. A menu of options in respect of use of materials and building technologies as appropriate locally, may be provided to the beneficiary along with the cost implications and the choice should be left to the beneficiary. There should be special effort to promote green housing, which will include improved use of local materials, appropriate building designs and construction techniques. The objective is to reduce the negative environmental impact of housing and improve user comfort. This is through greater reliance on renewable and locally available material, through reduced use of energy during the life cycle of the house and the use of materials and designs appropriate to local weather patterns.

The layout of the house should also be decided by the beneficiary who may, however, be advised on a good layout as suitable to the locality. For households having

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persons with disabilities, barrier-free design should be adopted to facilitate smooth and free movement in the house. In areas prone to natural calamities, disaster resilient features should be built in. It is also desirable that the house should have, in addition to the mandatory components, the following:

- (i) Adequate space for pursuing livelihood activities;
- (ii) A verandah;
- (iii) Stair case to go to the top of the house.

4.11 Technical support

Support in the form of technical and managerial guidance should be provided for construction of IAY house. Foundation laying and lintel level are critical stages for maintaining the quality of the house. Therefore, technical support should be provided at least at these two stages.

4.12 Stages of construction and release of instalments

The number of instalments given to beneficiaries should be fixed at three. The release of instalments should be linked to the level of construction reached.

- (i) The 1st instalment should be given on the Awaas Divas along with the sanction order. It should not be more than 25 per cent of the unit cost.
- (ii) The 2nd instalment should be released on reaching the level lintel. It should not be less than 60 per cent of the unit cost.
- (iii) The 3rd instalment should be given only after the house including the sanitary latrine is constructed and the beneficiary starts living in the house. But floor finish, fixing of shutters to doors and windows, plastering other than what is essential to withstand natural forces, and painting need not be insisted on for receiving the assistance. It should be an amount not more than 15 per cent of the unit cost; Release of each instalment should be preceded by site visit by the designated official and verification of the work details of which would be uploaded to the programme website (AwaasSoft) along with photographs in support.

4.13 Timelines for construction

Generally, subject to weather and other factors, the stages of construction should be managed within the following timelines:

Stage Level	Time limit
Stage 1	Construction upto lintel level Nine months from date of release of first instalment
Stage 2	Completion Nine months from date of release of second instalment

4.14 Completion

Completion of a dwelling unit normally should not take more than two years from the date of sanction of first instalment. However, since the beneficiaries are from the PBL category who often find it difficult to mobilise the resources required to complete the house, cases of delay must be monitored and the beneficiaries facilitated to complete the house within a maximum period of three years. On completion of an IAY dwelling unit, the Zilla Parishad concerned should ensure that for each house so constructed, a display

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board is fixed indicating the IAY logo, year of construction, name of the beneficiary etc. The expenditure on this account can be met from the funds available under the scheme. The cost of each stage should be fixed by the State Government but the central share shall not exceed ₹ 100/- from the programme fund.

Release and Management of Funds**4.15 Allocation**

The allocation of funds to the States and from the States to districts and below has been discussed above.

4.16 Proposals to be made state-wise

The State shall be the unit for purpose of sending proposals to the Government of India. The State shall send one consolidated proposal to Ministry of Rural Development for each instalment, giving district-wise information required for the release of the instalment as required in para 5.4 and 5.5. All information should be as per entries in AwaasSoft only. The State Governments will have to put in place a robust mechanism to ensure adequate scrutiny of the district level documentation. Due diligence on district level proposals will be carried out by the State Government department concerned. The consolidated proposal for the first instalment should also indicate the district-wise allocations and the formula and methodology used to arrive at the allocation. Conditionalities will now be applicable at State level, monitoring mechanisms will also need to be improved to ensure that delay or default in any one District does not affect flow of funds to the State. The Ministry will continue to release funds to Districts directly on the basis of the consolidated proposal, till such time an alternative system is worked out.

4.17 Release of Funds

Fund releases shall be as follows:

- (i) The annual allocation will be released in two instalments.
- (ii) First instalment shall be equal to 50 per cent of annual allocation fixed in accordance with the provision in para 3.5.
- (iii) Second instalment shall be equal to the annual allocation minus first instalment and applicable deductions as in para 5.6.
- (iv) All releases would be made to designated accounts of Districts as per guidelines issued by the Ministry from time to time.
- (v) In the case of Districts/UTs namely, Kinnaur, Lahul – Spiti, Leh and Kargil districts and the UT of Andaman & Nicobar Islands having limited working season and any other such areas as may be decided by the Empowered Committee, the entire central assistance may be released in one instalment. The State should also release its share in one instalment.

4.18 Procedure for release of first instalment

- (i) 1st instalment shall be released in respect of all Districts who have taken the 2nd instalment in the previous year. From 2014-15, this will also be subject to the fulfilment of the condition that the selection of beneficiaries is completed and the list is uploaded in AwaasSoft.
- (ii) Districts who have not received the 2nd instalment of previous financial year have to submit proposals for 1st instalment along with all requisite documents

which were required to be submitted for the release of 2nd instalment of previous financial year.

4.19 Procedure for release of second instalment

Release of second instalment to the State will be subject to the following conditions:

- (i) Utilisation of at least 60 per cent of total available funds (equal to opening balance plus releases during the year and miscellaneous receipts).
- (ii) Fulfillment of conditionalities, if any, indicated during earlier releases.
- (iii) Completion of 100 per cent of sanctioned houses more than three years old and 75 per cent of houses sanctioned two to three years ago.
- (iv) Data entry in AwaasSoft reflecting utilisation of funds and completion of houses.

The State Government shall furnish the following documents along with the proposal:

- (i) Utilisation Certificate (for State as a whole) for the funds received during the previous financial year based on Utilisation Certificate and Audit Reports received from the districts.
- (ii) Utilisation Certificate for funds received during the current financial year.
- (iii) A certificate that Utilisation Certificate/Audit Report and Bank Reconciliation Statement for the previous financial year have been received from all the districts and these have been examined and found to be in order. The certificate will specifically mention that the Audit Report does not refer to any irregularities on which ATR is required or the ATR on the observations have been received and they are in order.
- (iv) Statement indicating the district-wise financial position covering the following:
 - (a) Opening Balance (including unencashed cheques and unadjusted advances), Central and State share received and miscellaneous receipts during previous financial year;
 - (b) Total availability of funds, Expenditure and Closing Balance during previous financial year as per Utilisation Certificate/Audit Report received from districts;
 - (c) The Central and State shares received, interest accrued and miscellaneous Receipts during the current financial year upto the latest date available;
 - (d) Total availability of funds and expenditure during the current financial year up to the latest date available.
- (v) A certificate that the administrative expenses have been incurred on permissible items within the approved ceiling.
- (vi) A certificate that funds have been transferred to the beneficiaries as per provisions of the guidelines.
- (vii) Copies of sanction orders releasing the state share for the previous and current financial year.
- (viii) Non-diversion and non-embezzlement certificate.

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- (ix) Certificate that the IAY funds have been kept in a separate Savings Bank account in a nationalised bank.
- (x) Bank details in prescribed format.

A check list for release of 2nd instalment and a proforma for submission of the proposal for 2nd instalment are at Annexes I and II. A model format for Utilisation Certificate is given at Annexe III.

The State should nominate a senior officer (Head of Department) to sign the proposal (Authorised Signatory) to be sent to Government of India. The State should nominate another officer (nodal officer) to monitor the progress of data entry in the AwaasSoft and ensure that the proposal is in line with the data.

4.20 Release of state share

The State Government should release the full state share corresponding to the central share and allocate it among the districts within 15 days of release of central share. The state share of the 4 per cent administrative expenses should also be released simultaneously. A copy of the allocation order should be endorsed to the Ministry. If there is shortfall in state share pertaining to the previous financial year, proportionate deduction shall be made to the extent of unmatched central release from the 2nd instalment of central share (i.e., 03 times the shortfall in case of Non- NE states and 09 times the shortfall in case of NE states).

4.21 Reallocation

No proposal for 2nd instalment will be entertained after end of December of the financial year. However, for States to adjust to the new cycle, a grace period of three years from 2013-14 would be given during which period the proposals could be submitted till end of January. If proposal for 2nd instalment is not received by this date, the balance allocation earmarked for the defaulting States as well as any available savings out of the 5 per cent reserve fund shall be proportionately reallocated among other States in the month of February on the basis of magnitude of expenditure of above 60 per cent including second instalment as the determining factor. Reallocation would be done to State Governments submitting specific proposal for additional release after having utilised 60 per cent of available funds by January. And if the reserve of 5 per cent is fully committed and there are more eligible proposal for special projects, they would be given priority. Reallocation will be done with the approval of the Empowered Committee.

4.22 Management of IAY account

- (i) At the district level, IAY funds (Central share as well as State share) shall be kept in a nationalised bank in an exclusive and separate Savings Bank account by the Zilla Parishad/DRDA. The State government will communicate to the Ministry details of the Bank Branch and Account numbers and also enter the details in AwaasSoft and CPSMS.
- (ii) The interest amount accrued on the deposits of the IAY funds shall be treated as part of the IAY resources (in the ratio of 75 : 25 as Central and State shares).
- (iii) The Districts will follow the accounting procedures prescribed by the Ministry of Rural Development. The finalised district level accounts of the previous year shall be got approved by the Zilla Parishad on or before 30th June and got

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audited on or before 31st August of the same year. The accounts Zilla Parishad/DRDA shall show the interest earned separately.

- (iv) Drawal of funds from the accounts shall only be made for incurring expenditure under the IAY.
- (v) All such accounts will be auditable by the CAG.

4.23 Payment to beneficiaries

Payment to beneficiaries shall be made into her/his Bank/Post Office account only except in cases where prior permission to pay in cash has been taken from the Empowered Committee. The account details and Aadhaar number, if any, shall be entered in AwaasSoft so that the account of the beneficiary can be directly credited using the eFMS module of AwaasSoft as soon as the module is operationalised. All payments to beneficiaries must be reflected in AwaasSoft so as to enable the Implementing Agency and the Ministry to know the status of expenditure and balance in hand at the District level and below.

Support Systems

States need to put in place a robust system to provide support services to the families constructing houses under the Scheme. These include:

5.1 Dissemination of appropriate building technologies

The State should proactively identify appropriate building technologies focusing on use of local materials. These should be conveyed to the beneficiaries through booklets, pamphlets, videos, models and prototypes built in accessible locations. Natural factors such as building orientation, wind direction, vegetation, drainage, and contours of the land along with awareness of locally available materials should be factored into housing design. Good construction practices in such housing would include:

- (a) Half Brick Wall
- (b) Rat-trap Bond
- (c) Jali Wall
- (d) Filler Slabs
- (e) Arches
- (f) Frameless Doors and Windows
- (g) Rubble Masonry
- (h) Bamboo Construction
- (i) Mud Construction
- (j) Built-in Furniture

5.2 Capacity building

States should prepare a capacity building plan to strengthen the quality of implementation. The States may assign the task to SIRD or any other State level institution for this purpose. The capacity building plan should have the following elements:

- (a) Training of district level officials;
- (b) Training of cutting edge level functionaries;

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- (c) Training of trainers especially for community resource persons, masons and other extension workers;
- (d) Orientation and training of Quality Monitors;
- (e) Training of elected representatives of Panchayats

5.3 Transfer of technology

The States must put in place a system for transfer of technology. This can be done best through utilisation of Community Resource Persons (CRPs) suitably trained for this purpose availing services of reputed NGOs. The CRPs and NGOs have to closely work with the beneficiaries as well as the local masons and help the beneficiary families to make a proper choice and later assist them in implementing it on ground.

5.4 Technology facilitation centres

Utilising the facilities of educational institutions or building centres, Technology Facilitation Centres may be opened at convenient locations and all beneficiaries informed about them at the time of selection itself.

5.5 Fixing rates of material

District Collector may fix rates for materials at different points and empanel suppliers following due procedure and intimate these to the beneficiaries so that they can benefit. However, the final choice would be that of the beneficiary. For cement, steel and similar items, State Government could fix the maximum price after negotiation with the suppliers and let the beneficiaries know of the details.

5.6 Prefabrication

Prefabrication of certain structures and materials may be done where volumes at the district level justify and the beneficiaries prefer them. This could include doors, windows, tiles, roofing etc.

5.7 Training masons

Master masons should be trained in different building technologies which are relevant locally and in cost reduction methods. Wherever feasible, women mason groups should also be created after adequate training. The list and contact addresses of such masons and groups should be made available to the beneficiaries.

5.8 Convergence

- (i) **Toilet:** For all IAY houses, construction of toilets under Nirmal Bharat Abhiyan (NBA) is mandatory. The State Governments should put in place a system which facilitates this, covering fund flows, accounting, reporting, etc. It should be ensured that the beneficiary has to approach only one agency for the IAY and NBA components.
- (ii) **Drinking water:** Potable drinking water should be provided to all IAY households by converging the State and Central Government programmes relating to drinking water. Also drinking water wells can be constructed using MGNREGS for an individual house or a group of houses.
- (iii) **Electricity:** Electrification should be provided under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) or any State scheme and in areas where there is no electricity, solar lights should be provided.

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- (iv) **Land development:** The lands of individual beneficiaries or habitats may be developed using MGNREGS. The Scheme can also be used for soil conservation and protection, bio-fencing, planting of avenue trees, construction of playgrounds, etc.
- (v) **Social security:** Since IAY beneficiaries are below poverty line, they may be automatically provided benefit of Rastriya Swasthiya Bima Yojana (RSBY) or State Level Health Insurance Scheme in those States where RSBY is not implemented. Life Insurance Corporation runs insurance policies for the poor like Janshree Bima Yojana and Aam Aadmi Bima Yojana. The IAY beneficiaries may be enrolled into one of the schemes as suitable to them.
- (vi) **Connectivity:** Connectivity may be provided in the form of paved pathways, roads or steps using MGNREGS and relevant State schemes. In order to bring about convergence a state level meeting may be held exclusively for the purpose by the Chief Secretary by January of every year in which all the State level departments/agencies responsible for different schemes may be called and an action plan for convergence prepared to ensure that there is automatic and simultaneous convergence in favour of IAY beneficiaries, as they all belong to families in real need.

5.9 Mobilising additional resources

The amount provided under IAY may not be sufficient in all places for construction of houses with facilities adequate for the family. Therefore, additional resources need to be mobilised as follows:

- (i) **Supplementary grants from the State Government:** State Governments may provide supplementary grants from their budget as additionality. This is particularly relevant for SCs/STs where funds may be pooled from SCSP and TSP.
- (ii) **Mobilisation of DRI Loans:** Nationalised Banks have been instructed by the RBI to provide loans upto ₹ 20,000/- per house at an interest rate of 4 per cent per annum under the Differential Rate of Interest (DRI) Scheme to SC/ST beneficiaries. To ensure its implementation, the following methodology is suggested:
 - (a) Hold a meeting of State Level Bankers Committees (SLBC) to discuss the scheme and take collective decision on modalities;
 - (b) Assign responsibilities to the DLBC as per district level targets;
 - (c) At the district level, bank-wise targets may be finalised according to their service area;
 - (d) Once the beneficiary selection is finalised, in the initial meeting of the beneficiaries, applications for DRI loan should be collected and submitted in the bank branch concerned. A functionary may be assigned the task of following up these applications.
 - (e) Monitoring of the sanction of DRI loans should be done at the block, district and state levels including at BLBC/DLBC/SLBC levels. At the district and state level, a senior officer should be made responsible for responding to grievances related to non-sanction of DRI loans and sort them out in consultation with the banks concerned.

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- (iii) **Mobilisation of other loans:** States may also arrange loans from banks, including cooperative banks to IAY beneficiaries, to supplement the grant assistance, in a schematic manner. The maximum amount of such loan could be ₹ 50,000/- and the rate of interest could be subsidised on prompt payment. Detailed guidelines may be issued after working out the scheme in consultation with the banks and cooperatives. Wherever such loans are provided, the beneficiaries have to be sensitised on repayment requirements and their willingness obtained.
- (iv) **Formulation of subsidy-linked projects availing loans from banks/financial institutions:** State Governments are free to formulate projects which would provide subsidy using IAY funds (within the amount permissible), linked to assured loans from banks including cooperative banks or financial institutions like HUDCO. For coordinating implementation, the States could use the services of organisations of repute and meet their service charges from the provision for administrative expenses and if they are not sufficient, from state funds. Such special projects need the prior approval of the Empowered Committee.

Role of Panchayats

6.1 The Gram Panchayats have the most critical role to play in the actual implementation of the scheme. They include the following:

- (i) The baseline survey using Socio-economic Caste Census data would be coordinated by the Village Panchayats. They would also facilitate the participatory identification of the eligible beneficiaries.
- (ii) They should ensure maximum participation in the Gram Sabha held to finalise the five year priority list and the annual select list of beneficiaries.
- (iii) The Village Panchayats should conduct IEC campaign through the various field level functionaries of Government, Bharat Nirman Volunteers, SHGs and the representatives of Civil Society Organisations, in order to build awareness of the scheme among the people.
- (iv) They should arrange the meeting of beneficiaries either at the level of the Village Panchayat or for a cluster of Village Panchayats, depending on the number of beneficiaries, and facilitate the sensitisation of beneficiaries on different aspects of construction of houses and access of support services from different sources. They would proactively promote affordable and green technologies.
- (v) The Village Panchayats with the help of the Gram Sabha would identify families who cannot construct houses on their own and help in identifying NGOs/Civil Society Organisations of repute to handhold such beneficiaries to construct the houses in time.
- (vi) They would facilitate the beneficiaries in accessing materials required for construction at reasonable rates and also the masons needed for construction.
- (vii) The Village Panchayats would ensure convergence of schemes using resources over which they have command like MGNREGS, BRGF, State and Central Finance Commission grants, etc.

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- (viii) They should discuss the progress of the scheme in their monthly meetings.
- (ix) They should also proactively assist the social audit teams to conduct Social Audit.
- (x) For coordinating different activities under IAY, a special Functional Committee or Task Force should be set up in each Village Panchayat consisting of the elected head, Chairpersons of Standing Committees, volunteers from the SHG network, representatives of NGOs/Civil Society Organisations and local officials.

6.2 The Panchayat at the intermediate level should provide technical assistance especially relating to building materials and construction technologies. It should act as a resource centre to assist the beneficiaries on a continuing basis. It should be the custodian of the publications and electronic material on different aspects of construction and proactively disseminate their contents.

6.3 The Intermediate Panchayat should also redress grievances of the beneficiaries. It should undertake field-level monitoring and send reports to the Zilla Parishad. It has a special role in getting the houses completed without delay.

6.4 The Zilla Parishad should coordinate the overall implementation of the programme in the district by ensuring that the different provisions of the guidelines are adhered to in practice. Wherever there are delays and other problems, the Zilla Parishad has to sort out the issues concerned. It should monitor the progress of the scheme and ensure smooth flow of funds. In order to enable the Panchayats to play their role effectively, the State Government should do the following:

- (i) Organise training programme to equip the Panchayats to carry out the tasks assigned to them.
- (ii) Provide the Panchayats IEC material particularly on materials and building technologies.
- (iii) Provide share of administrative expenses commensurate with workload.
- (iv) Issue an order specifying the roles and responsibilities of each tier of Panchayat as appropriate to the States. This should be done within six months.

Note: It is clarified that in States where there are no Panchayats, democratic institutions at the appropriate levels should be assigned the roles specified for Panchayats. In States where Gram Panchayats are too small, clusters of Gram Panchayats should be formed and enabled to perform their tasks.

Accountability

7.1 Disclosure

7.1.1 Details of implementation of all components of IAY should be proactively disclosed in the local area and the following are mandatory:

- (i) Wall paintings or notice boards at the Village Panchayat level;
- (ii) Proactive dissemination of details to all organisations of SHGs under NRLM.

8.1.2 The details should include the following:

- (i) The names and addresses of families in the five year priority list.
- (ii) The names and addresses of the beneficiaries selected for a year under different components.

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- (iii) The norms used for selection.
- (iv) Money each family is eligible and the amount dispensed.
- (v) Date of completion of the house.

7.1.3 There should be compulsory and pro-active disclosure of the following to the beneficiaries through local level officials, Anganwadi Workers, ASHAs, SHG Leaders and Community Resource Persons:

- (i) The rights and entitlements of the beneficiaries
- (ii) The responsibilities of the beneficiaries
- (iii) Registration in AwaasSoft, including entry of mobile number in the system
- (iv) Support services available from the State Government and the persons/agencies responsible for providing them
- (v) The various options for appeal and grievance redressal.

7.1.4 There should be concurrent independent monitoring using Community Resource Persons, representatives of civil society organisations and students from Higher Secondary Schools and Colleges. They should be given a format covering the points mentioned above.

7.1.5 Photographs of every beneficiary should be taken in the front of existing house as well as in front of the new IAY house after construction, in addition to different stages.

7.2 Audit

The State will ensure that the accounts at all levels are audited by a Chartered Accountant selected from a panel approved by the C&AG. The auditing should be completed before 31st August of the next financial year. All the IAY Accounts at all levels shall also be open to audit by the C&AG as well as by the Internal Audit Wing of the Pay and Accounts Office of the Ministry of Rural Development.

7.3 Social Audit

7.3.1 Social Audit is a continuous and ongoing process, involving public vigilance and verification of implementation of the scheme. Formal Social Audit is to be conducted in every Gram Panchayat at least once in a year, involving a mandatory review of all aspects.

7.3.2 The basic objective is to ensure public accountability in implementation and provide an effective means for its achievement. The process combines people's participation and monitoring with the requirements of the audit discipline. It is a fact finding process and not a fault finding process.

7.3.3 Social Audit Units (SAU) set up by the state government under MGNREGA can be roped in to facilitate conduct of Social Audit of all components of IAY including implementation of the house site programme. Resource Persons identified by the SAU at different levels may be involved with the Gram Sabha in conducting social audit. The resource persons can be drawn from primary stakeholders, civil society organisations, SHGs under NRLM, Bharat Nirman Volunteers (BNV) and other organisations or individuals, who have knowledge and experience in working for the rights of the people. The Quality Monitors and Community Resource Persons under the scheme should be a part of the Social Audit process.

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7.3.4 The Social Audit process can be scheduled for an entire year and carried out in a staggered manner all over the State. The process of beneficiary selection for different components of IAY for the next year and the social auditing of the implementation of the previous year can be carried out in the same Gram Sabha meeting. The beneficiaries who have received the benefits in the past year and those in the IAY priority list should be informed about the date and venue where the Gram Sabha would conduct the audit.

7.3.5 The following procedure is suggested for social audit:

- (1) State Government should issue an order enabling the Social Audit Unit set up under MGNREGS to take up the social audit of IAY. The Social Audit Unit should identify resource persons at the district, block and village levels. It should prepare reporting formats and issue detailed guidelines for social audit of IAY.
- (2) Social Audit Teams should be set up at the Village Panchayat level or for a group of Village Panchayats. Women SHG leaders should, as far as possible be included in the team, as also those from disadvantaged social groups like SCs/STs, persons with disability and so on. The Social Audit team members should not be from the Village Panchayat in which they are doing social audit. Adequate training should be given to all the resource persons and Social Audit team members.
- (3) A time-table for Social Audit should be prepared at the beginning of the year in such a way that at least one audit is conducted every year.
- (4) The Social Audit Unit may be provided all details of implementation of IAY like guidelines, five year priority list, annual select list, past beneficiary lists, payments made, support services provided, monitoring visits made from different levels, major inspections carried out etc.
- (5) The Social Audit Teams and the resource persons along with the beneficiaries shall verify the following, with respect to processes and procedures:
 - (i) Five Year priority list of all components of IAY.
 - (ii) Selection of beneficiaries for the year including changes made if any and its justification – for all components of IAY
 - (iii) Progress of completion of houses
 - (iv) Quality of construction of houses
 - (v) Quality of house sites distributed
 - (vi) Quantum and timeliness of payments
 - (vii) Bank loans obtained by the beneficiaries including DRI loans
 - (viii) Other debt incurred by the beneficiaries
 - (ix) Support services provided
 - (x) Grievances and their proper and timely redressal
- (6) Following the verification mentioned above, the Gram Sabha shall meet chaired by an elderly person who is not part of the Village Panchayat or implementing agency to discuss the findings of the Social Audit Team. The Gram Sabha will be a platform for all beneficiaries and persons in the five year priority list and annual select list and other villagers to raise issues related to

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implementation of IAY. Government may depute an observer to the Social Audit Gram Sabha. The entire proceedings should be videographed, suitably compressed and uploaded in the website.

- (7) The Social Audit reports should be prepared in the local language and signed by the Chairperson of the Social Audit Gram Sabha and displayed in the notice board of the Village Panchayat. The Village Panchayats and others responsible for implementation should take follow up action on the findings of Social Audit and send the action taken report to the State Social Audit Unit. This should also be placed before the next Social Audit Gram Sabha.

7.4 Grievance redressal

7.4.1 There should be a grievance redressal system at the block and district level to look into the following:

- (i) Irregularities in selection of beneficiaries
- (ii) Irregularities in release of instalments
- (iii) Non provision of support services
- (iv) Non provision of convergence schemes
- (v) Refusal to agree to the choice of design/construction technology made by the beneficiary

7.4.2 Multiple modes must be provided to the complainant for registering a complaint with the authorised officer including written complaints and complaints made through the provision available on the website. All such complaints must be duly acknowledged with a dated receipt. Time limits must be set for disposal of complaints. Monitoring of disposal of complaints must be done at the next higher level every month. The report generated by the MIS can be used to monitor the action taken on grievances.

Monitoring

The scheme needs to be monitored very closely. Monitoring should be done at all levels and with special emphasis on quality and timely completion of construction.

8.1 Monitoring by Government of India

All data regarding beneficiaries, progress of construction and release of funds, including photographs and inspection reports shall be placed on AwaasSoft and would form the basis for follow up on both the financial and physical progress of the scheme.

The physical progress in construction would be monitored through the photographs to be uploaded every quarter. Photograph is to be uploaded irrespective of whether there is progress or not. A photograph should be uploaded on completion. The cost of taking the photograph and uploading it will be chargeable to administrative expenses and the beneficiary must not be asked to pay for this process. National level Monitors and Area Officers of the Ministry would also visit IAY houses during the field visits, to the extent possible.

8.2 Monitoring by implementing agencies

Officers at the Block level should inspect 10 per cent of the houses at each stage of construction. The list of such houses may be generated at random by AwaasSoft and the

inspection report uploaded. District level officers should inspect 2 per cent of the houses at each stage of construction from the random list generated by AwaasSoft.

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8.3 Quality monitoring

The State Government should put in place a system of quality monitoring to guide and assist the beneficiary in achieving satisfactory quality in respect of the following:

- (i) Site selection
- (ii) Use of appropriate cost-effective technology
- (iii) Selection of design and materials for construction such that the negative environmental impact is reduced
- (iv) Quality of workmanship which ensures longevity and user comfort
- (v) Construction of sanitary latrines, smokeless chullahs, soakpits and compost pits and provision of electricity connection under RGGVY or any state scheme
- (vi) Finishing including electrical, plumbing and sanitary fittings
- (vii) Integration with existing water supply and sanitary systems of the locality

States may put in place a system to measure the greenness of housing through a simple set of indicators. This could be a measure against a baseline of a standard pucca house utilising conventional inputs such as bricks and cement concrete, with flat roofs and typical construction design.

8.4 Community/participatory monitoring

In the meeting of the Gram Sabha to approve the annual select list, the list of ongoing IAY houses and list of houses completed during the year should be read out and copy posted in the Panchayat office notice board. A community based participatory monitoring system should be put in place utilising the services of the SHG network under NRLM.

8.5 Management Information System

AwaasSoft is a local language-enabled workflow-based transaction level Management Information System in place to facilitate e-governance of IAY. The System has been prepared and deployed at <http://iay.nic.in> by NIC in collaboration with Ministry of Rural Development. The System is designed for all stakeholders of IAY including the beneficiary. The portal <http://iay.nic.in> is accessible to all including the national/international community.

8.5.1 Features of AwaasSoft

The MIS has nine different modules designed to capture all the transactions that would be required in implementation of the scheme. The modules are:

- (i) **Target setting for a year:** Deals with the target setting (physical and financial) at Ministry of Rural Development, State, District, Block and Gram Panchayat levels.
- (ii) **Beneficiary Management:** Facilitates registration of the beneficiary, allowing for capturing of her personal details, Bank/Post Office Account number and Aadhaar number.
- (iii) **Inspection/Verification of Houses:** Deals with the regular inspection of houses at the level of Gram Panchayat and Block Panchayat. It also provides space for noting verification of houses by officials and monitors.

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- (iv) **Fund Management:** Captures transfer of fund from Ministry of Rural Development upto the beneficiary through the various tiers.
- (v) **Online Submission for Demand of Fund:** Allows the Districts to submit their proposals online to the State and the States to the Ministry of Rural Development. It includes options for the preparation of Audit report, Utilisation Certificate and other documents. The system calculates the amount to be released.
- (vi) **Proposal Processing in Ministry of Rural Development:** Proposals sent by the States are received by the Programme Division for processing. The status of the proposal under process can be tracked by the stakeholders.
- (vii) **Personnel Module:** Captures profile of officials engaged in IAY.
- (viii) **Grievance Redressal System:** Allows stakeholders to lodge complaints and to trace the subsequent response. Complaints will escalate automatically to next higher level after every 30 days, if not attended to.
- (ix) **Linkage with Financial Institutions:** Captures the Account Details of all stakeholders including beneficiaries and this information can be shared with financial institutions through web services or the financial institutions can access the IAY portal and give information of credit of fund into the beneficiary's account.

8.5.2 Process of data entry at different levels

A designated officer manages the MIS at the Ministry of Rural Development working closely with the NIC. The targets and allocation for the States once finalised would be entered by the Ministry. At the state level, state governments have to nominate Nodal Officers who would manage the MIS. The number of instalments in which the fund would be transferred and in what proportion, the district-wise targets and allocation need to be entered at the State level. The Nodal Officer would also serve as the converging point for queries and issues faced by the districts and a single window for communication with NIC in respect of AwaasSoft. The status of usage of AwaasSoft at the district level shall be monitored regularly. The reporting of special projects, house site component, etc, needs to be made separately under the corresponding provision in AwaasSoft and this should be ensured at the state level. At the district level, dedicated staff should be identified in order to manage data entry. They would continuously interact with the state Nodal Officer. The targets and allocation for the Blocks/Gram Panchayats need to be entered by them. The pendency status and exception reports generated from AwaasSoft should form the basis for monitoring. In states where the Zilla Parishad/ implements the scheme, the registration of beneficiaries on AwaasSoft, and authentication of their Bank/Post Office accounts also needs to be done by them. Where the implementation is done by Blocks/Gram Panchayats the Bank/Post Office account details should be cross checked by the district level officers. Data entry operations should be planned to ensure timely entry of information. Regarding the uploading of photographs the operation may be carried out by the officers concerned or may be outsourced preferably to SHGs under NRLM in order to ensure that the photographs of all houses are taken and uploaded every three months, regardless of whether the inspection is done.

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The process of data entry starts with the registration of the beneficiaries for the year. The profiles need to be complete including information on Bank accounts. The list of beneficiaries should be consolidated at the Zilla Parishad/Block/Gram Panchayat, whichever is the ultimate fund dispersing agency. The hiring of the required staff can be charged on the 4 per cent allowed for administrative expenses. It should be ensured that the man power hired is IT trained and are utilised efficiently.

8.5.3 Fund flow through AwaasSoft

- (i) The selected beneficiaries should be released first instalments through the ordersheets generated from the MIS.
- (ii) All transactions by the disbursing agency should be consolidated and verified at the next higher level and authenticated.
- (iii) The disbursing agencies should also identify two signatories for the digital signatures that would be issued in order to approve electronic generation of Fund Transfer Orders and transfer of funds to beneficiary accounts.
- (iv) The physical transactions of funds should follow the transactions on AwaasSoft. The entries should be made and kept updated to ensure that there is no lag between transaction on the system and the physical transaction. The proposal for release of second instalments would be examined based on the utilisation reflected in the MIS. Hence, a lag in updating financial transactions would reflect as poor utilisation of funds on the MIS thereby hindering further releases.

8.6 Monitoring through MIS

A number of reports are generated by the MIS which can be used for monitoring and reporting purposes. These can be drilled down to the implementing agency level. The pendency reports and exception reports generated from AwaasSoft should be used for monitoring purposes.

- (i) The date of sanctions would be taken as the date for start of the monitoring process.
- (ii) The inspections would have to be done before release of further instalments. The timeline for inspection should be as in para 4.12.
- (iii) Each inspection should be used to capture photographs of the house under construction and ensure the same is uploaded.
- (iv) The following parameters would be monitored in the relevant quarter of the year to ensure timely release of funds and timely completion –

Quarter	Parameters
1st and 2nd quarter	Number of completed beneficiary profiles
	Number of beneficiaries from ordersheets generated
3rd quarter	Number of beneficiaries in ordersheet of 2nd instalment
	Number of houses inspected
4th quarter	Number of houses inspected
	Number of houses completed
Later	Number of houses completed

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To start with the minimum level of achievement, the above parameters would be set by the Ministry of Rural Development and then progressively raised to full level. These would be linked to the allocation and release of funds.

8.7 Training on AwaasSoft

All manpower at all levels have to be trained in data entry and management. Master trainers would be trained by the NIC and they would be responsible to train the district and block level operators. The people using digital signatures shall be trained and enlightened about the security aspects of using them. The use of emails for communication between the state nodal officer and district officers concerned may be emphasised in order to make it faster and efficient.

12.11 SUMMARY

A Indira Awaas Yojana is a social welfare programme, created by the Indian Government, to provide housing for the rural poor in India. The differentiation is made between rural poor and urban poor for a separate set of schemes operate for the urban poor (like the Basic Services for Urban Poor). It is one of the major flagship programs of the Rural Development Ministry to construct houses for BPL population in the villages. Under the scheme, financial assistance worth ₹ 70,000/- in plain areas and ₹ 75,000/- in difficult areas (high land area) is provided for construction of houses. The houses are allotted in the name of the woman or jointly between husband and wife. The construction of the houses is the sole responsibility of the beneficiary and engagement of contractors is strictly prohibited. Sanitary latrine and smokeless chullah are required to be constructed along with each IAY house for which additional financial assistance is provided from Total Sanitation Campaign and Rajiv Gandhi Grameen Vidyutikaram Yojana respectively. This scheme, operating since 1985, provides subsidies and cash-assistance to people in villages to construct their houses, themselves.

12.12 SELF ASSESSMENT QUESTIONS

Write a short note on following Rural Development Programmes independently:

1. National Rural Livelihood Mission
2. Nation Rural Health Mission (NRHM)
3. SGSY Sarva Sikshya Aviyan (SSA)
4. Indira Awas Yojana (IAY)
5. Briefly explain the salient features of NREGP.
6. What one the problems associated with NREGP?
7. Which measures should be taken care while implementing NREGP?
8. Write a short note on NREGY.

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